

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Bank of China Limited** (中國銀行股份有限公司) (the “Bank”), you should at once hand this circular and the enclosed proxy form and reply slip to the purchaser or transferee or to the bank or licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



ANNUAL GENERAL MEETING

A notice convening the Annual General Meeting of Bank of China Limited to be held at Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong, China and at Bank of China Head Office Building, No.1 Fuxingmen Nei Dajie, Beijing, China at 9:30 a.m. on Friday, 17 May 2019 (registration will begin at 8:30 a.m.) is set out in pages 4 to 7 of this circular.

Whether or not you are able to attend the Annual General Meeting, you are advised to read the notice of Annual General Meeting and to complete and return the enclosed proxy form in accordance with the instructions printed thereon. For H-Share Holders, the proxy form should be returned to the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited in person or by post as soon as possible but in any event not less than 24 hours before the time stipulated for convening the Annual General Meeting or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting at the Annual General Meeting or at any adjourned meeting if you so wish.

If you intend to attend the Annual General Meeting in person or by proxy, you are required to complete and return the reply slip to the Bank's Board Secretariat or to Computershare Hong Kong Investor Services Limited on or before Saturday, 27 April 2019.

The English and Chinese versions of this circular and the accompanying form of proxy and reply slip are available on the Bank's website at www.boc.cn and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. You may access the aforesaid documents by clicking "Investor Relations" on the homepage of the Bank's website or browsing through the website of Hong Kong Exchanges and Clearing Limited.

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	2
NOTICE OF ANNUAL GENERAL MEETING	4
APPENDIX I BUSINESS OF THE ANNUAL GENERAL MEETING	8
ATTACHMENT A 2018 WORK REPORT OF THE BOARD OF DIRECTORS	17
ATTACHMENT B 2018 WORK REPORT OF THE BOARD OF SUPERVISORS	23
ATTACHMENT C ELECTION OF MR. ZHANG JIANGANG TO BE APPOINTED AS NON-EXECUTIVE DIRECTOR OF THE BANK	28
ATTACHMENT D ELECTION OF MR. MARTIN CHEUNG KONG LIAO TO BE APPOINTED AS INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE BANK	29
ATTACHMENT E ELECTION OF MR. WANG CHANGYUN TO BE RE-APPOINTED AS INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE BANK	31
ATTACHMENT F ELECTION OF MS. ANGELA CHAO TO BE RE-APPOINTED AS INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE BANK	33
ATTACHMENT G ELECTION OF MR. WANG XIQUAN TO BE RE-APPOINTED AS SHAREHOLDER REPRESENTATIVE SUPERVISOR OF THE BANK	35
ATTACHMENT H ELECTION OF MR. JIA XIANGSEN TO BE APPOINTED AS EXTERNAL SUPERVISOR OF THE BANK	36
ATTACHMENT I ELECTION OF MR. ZHENG ZHIGUANG TO BE APPOINTED AS EXTERNAL SUPERVISOR OF THE BANK	37
APPENDIX II REPORT ON THE CONNECTED TRANSACTIONS FOR 2018	38
APPENDIX III DUTY REPORT OF INDEPENDENT DIRECTORS FOR 2018	42
APPENDIX IV REPORT ON THE IMPLEMENTATION ON THE SCHEME ON THE AUTHORIZATION TO THE BOARD OF DIRECTORS GRANTED BY THE SHAREHOLDERS' MEETING OF BANK OF CHINA LIMITED FOR 2018	51

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“A Shares”	Domestic shares with nominal value of RMB1.00 each in the share capital of the Bank which are listed on the Shanghai Stock Exchange (stock code: 601988)
“A-Share Holder(s)”	Holder(s) of A Shares
“AGM” or “Annual General Meeting”	The annual general meeting of the Bank to be held at Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong, China and at Bank of China Head Office Building, No. 1 Fuxingmen Nei Dajie, Beijing, China at 9:30 a.m. on Friday, 17 May 2019 (registration will begin at 8:30 a.m.)
“Articles of Association”	Articles of Association of the Bank (as amended from time to time)
“Bank” or “Bank of China”	Bank of China Limited (中國銀行股份有限公司), a joint stock limited company incorporated in the PRC, the H Shares and A Shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
“Board” or “Board of Directors”	The Board of Directors of the Bank
“Board of Supervisors”	The Board of Supervisors of the Bank
“Company Law”	The <i>Company Law of the PRC</i> (as amended from time to time)
“CSRC”	China Securities Regulatory Commission
“Director(s)”	The Director(s) of the Bank
“Executive Director(s)”	The Executive Director(s) of the Bank
“Group” or “BOC Group”	The Bank and its subsidiaries
“H Shares”	Overseas listed foreign shares with nominal value of RMB1.00 each in the share capital of the Bank which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars (stock code: 3988)
“H-Share Holder(s)”	Holder(s) of H Shares
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Hong Kong Dollar”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong Listing Rules”	The <i>Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited</i> (as amended from time to time)
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Non-executive Director(s)” or “Independent Director(s)”	The Independent Non-executive Director(s) of the Bank
“Non-executive Director(s)”	The Non-executive Director(s) of the Bank
“PRC”	The People’s Republic of China
“Preference Shares”	Preference shares with nominal value of RMB100 each in the preference share capital of the Bank
“Preference Shareholders”	Holder(s) of Preference Shares
“RMB”	Renminbi, the lawful currency of the PRC
“Supervisor(s)”	The Supervisor(s) of the Bank

LETTER FROM THE BOARD



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

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

Board of Directors:

Mr. Chen Siqing (Chairman)

Mr. Liu Liange

Mr. Wu Fulin

Mr. Lin Jingzhen

* Mr. Zhao jie

* Mr. Li Jucai

* Ms. Xiao Lihong

* Ms. Wang Xiaoya

* Mr. Liao Qiang

** Mr. Lu Zhengfei

** Mr. Leung Cheuk Yan

** Mr. Wang Changyun

** Ms. Angela Chao

** Mr. Jiang Guohua

* Non-executive Directors

** Independent Non-executive Directors

Registered Office:

No. 1 Fuxingmen Nei Dajie

Beijing 100818

PRC

Place of Business in Hong Kong:

8th Floor

Bank of China Tower

1 Garden Road

Hong Kong

1 April 2019

Dear H-Share Holders,

1. INTRODUCTION

The Board of Directors hereby invites you to attend the AGM to be held at Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong, China and at Bank of China Head Office Building, No.1 Fuxingmen Nei Dajie, Beijing, China at 9:30 a.m. on Friday, 17 May 2019 (registration will begin at 8:30 a.m.).

The purpose of this circular is to provide you with all the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the AGM.

2. BUSINESS TO BE CONSIDERED AT THE AGM

The items of business to be considered at the AGM are described in detail in the notice of AGM set out in pages 4 to 7 of this circular. At the AGM, ordinary resolutions will be proposed to approve (i) 2018 Work Report of the Board of Directors; (ii) 2018 Work Report of the Board of Supervisors; (iii) 2018 Annual Financial Report; (iv) 2018 Profit Distribution Plan; (v) 2019 Annual Budget for Fixed Assets Investment; (vi) Appointment of the Bank's External Auditor for 2019; (vii) Election of Mr. Zhang Jiangang to be appointed as Non-executive Director of the Bank; (viii) Election of Mr. Martin Cheung Kong Liao to be appointed as Independent Non-executive Director of the Bank; (ix) Election of Mr. Wang Changyun to be re-appointed as Independent Non-executive Director of the Bank; (x) Election of Ms. Angela Chao to be re-appointed as Independent Non-executive Director of the Bank; (xi) Election of Mr. Wang Xiquan to be re-appointed as Shareholder Representative Supervisor of the Bank; (xii) Election of Mr. Jia Xiangsen to be appointed as External Supervisor of the Bank; (xiii) Election of Mr. Zheng Zhiguang to be appointed as External Supervisor of

LETTER FROM THE BOARD

the Bank; (xiv) 2017 Remuneration Distribution Plan for Chairman of the Board of Directors and Executive Directors; (xv) 2017 Remuneration Distribution Plan for Chairman of the Board of Supervisors and Shareholder Representative Supervisors; special resolutions will be proposed to approve (xvi) General Mandate to Issue New Shares of the Bank; (xvii) the Issue of Bonds; (xviii) the Issue of Write-down Undated Capital Bonds; (xix) the Issue of Qualified Write-down Tier 2 Capital Instruments.

In order to enable you to have a better understanding of the resolutions to be proposed at the AGM and to make an informed decision thereof, we have provided in this circular detailed background information, including the relevant information and explanation, to the resolutions to be proposed at the AGM (see Appendix I).

Pursuant to the relevant regulatory requirements, the annual report on connected transactions, the annual duty report of Independent Directors and the annual report on the implementation on the *Scheme on the Authorization to the Board of Directors Granted by the Shareholders' Meeting of Bank of China Limited* are matters to be reported to the Annual General Meeting but not for shareholders' approval. The *Report on the Connected Transactions for 2018*, the *Duty Report of Independent Directors for 2018* and the *Report on the Implementation on the Scheme on the Authorization to the Board of Directors Granted by the Shareholders' Meeting of Bank of China Limited for 2018* are set out in Appendix II, Appendix III and Appendix IV to this circular, respectively, for shareholders' information.

3. THE AGM

The proxy form and the reply slip of the AGM are also enclosed herewith.

If you intend to appoint a proxy to attend the AGM, you are required to complete and return the enclosed proxy form in accordance with the instructions printed thereon as soon as possible. For H-Share Holders, the proxy form should be returned to the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited in person or by post as soon as possible but in any event not less than 24 hours before the time stipulated for convening the AGM or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting at the AGM or at any adjourned meeting if you so wish.

If you intend to attend the AGM in person or by proxy, you are required to complete and return the reply slip to the Bank's Board Secretariat or to Computershare Hong Kong Investor Services Limited on or before Saturday, 27 April 2019.

The Bank's Board Secretariat is located at Bank of China Head Office Building, No. 1 Fuxingmen Nei Dajie, Beijing 100818, PRC (Telephone: (8610) 6659 4582, Fax: (8610) 6659 4579, E-mail: ir@bankofchina.com). The Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited, is located at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (Telephone: (852) 2862 8555).

4. VOTING BY POLL

Pursuant to the *Hong Kong Listing Rules*, each of the resolutions set out in the Notice of AGM will be voted on by poll. Results of the poll voting will be published on the Bank's website at www.boc.cn and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk after the AGM.

5. RECOMMENDATION

The Board of Directors considers that the proposed resolutions set out in the Notice of AGM are in the interests of the Bank and its shareholders as a whole. Accordingly, the Board of Directors recommends the shareholders to vote in favour of the proposed resolutions.

The Board of Directors of Bank of China Limited

NOTICE OF ANNUAL GENERAL MEETING



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

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“AGM” or “Annual General Meeting”) of Bank of China Limited (the “Bank”) will be held at Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong, China and at Bank of China Head Office Building, No. 1 Fuxingmen Nei Dajie, Beijing, China at 9:30 a.m. on Friday, 17 May 2019 (registration will begin at 8:30 a.m.) for the purpose of considering and approving the following resolutions:

ORDINARY RESOLUTIONS

1. To consider and approve the 2018 Work Report of the Board of Directors
2. To consider and approve the 2018 Work Report of the Board of Supervisors
3. To consider and approve the 2018 Annual Financial Report
4. To consider and approve the 2018 Profit Distribution Plan
5. To consider and approve the 2019 Annual Budget for Fixed Assets Investment
6. To consider and approve the Appointment of the Bank's External Auditor for 2019
7. To consider and approve the Election of Mr. Zhang Jiangang to be Appointed as Non-executive Director of the Bank
8. To consider and approve the Election of Mr. Martin Cheung Kong Liao to be Appointed as Independent Non-executive Director of the Bank
9. To consider and approve the Election of Mr. Wang Changyun to be Re-appointed as Independent Non-executive Director of the Bank
10. To consider and approve the Election of Ms. Angela Chao to be Re-appointed as Independent Non-executive Director of the Bank
11. To consider and approve the Election of Mr. Wang Xiquan to be Re-appointed as Shareholder Representative Supervisor of the Bank
12. To consider and approve the Election of Mr. Jia Xiangsen to be Appointed as External Supervisor of the Bank
13. To consider and approve the Election of Mr. Zheng Zhiguang to be Appointed as External Supervisor of the Bank
14. To consider and approve the 2017 Remuneration Distribution Plan for Chairman of the Board of Directors and Executive Directors
15. To consider and approve the 2017 Remuneration Distribution Plan for Chairman of the Board of Supervisors and Shareholder Representative Supervisors

NOTICE OF ANNUAL GENERAL MEETING

SPECIAL RESOLUTIONS

16. To consider and approve the General Mandate to Issue New Shares of the Bank
17. To consider and approve the Issue of Bonds
18. To consider and approve the Issue of Write-down Undated Capital Bonds
19. To consider and approve the Issue of Qualified Write-down Tier 2 Capital Instruments

The Board of Directors of Bank of China Limited

1 April 2019

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

* *Non-executive Directors*

Independent Non-executive Directors

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. Details of the above resolutions are set out in Appendix I to this circular. Additional information of the *2018 Work Report of the Board of Directors*, the *2018 Work Report of the Board of Supervisors*, the *Election of Mr. Zhang Jiangang to be Appointed as Non-executive Director of the Bank*, the *Election of Mr. Martin Cheung Kong Liao to be Appointed as Independent Non-executive Director of the Bank*, the *Election of Mr. Wang Changyun to be Re-appointed as Independent Non-executive Director of the Bank*, the *Election of Ms. Angela Chao to be Re-appointed as Independent Non-executive Director of the Bank*, the *Election of Mr. Wang Xiquan to be Re-appointed as Shareholder Representative Supervisor of the Bank*, the *Election of Mr. Jia Xiangsen to be Appointed as External Supervisor of the Bank*, the *Election of Mr. Zheng Zhiguang to be Appointed as External Supervisor of the Bank* are set out in Attachment A, Attachment B, Attachment C, Attachment D, Attachment E, Attachment F, Attachment G, Attachment H and Attachment I to this circular, respectively.
2. Pursuant to the relevant regulatory requirements, the annual report on connected transactions, the annual duty report of independent directors and the annual report on the implementation on the *Scheme on the Authorization to the Board of Directors Granted by the Shareholders' Meeting of Bank of China Limited* are reporting matters to Annual General Meeting but not for shareholders' approval. The *Report on the Connected Transactions for 2018*, the *Duty Report of Independent Directors for 2018* and the *Report on the Implementation on the Scheme on the Authorization to the Board of Directors Granted by the Shareholders' Meeting of Bank of China Limited for 2018* are set out in Appendix II, Appendix III and Appendix IV to this circular, respectively, for shareholders' information.
3. **The Board of Directors has recommended a final dividend of RMB0.184 per share (before tax) for the year ended 31 December 2018 and, if such proposed dividend distribution set out in Resolution No. 4 is approved by the shareholders, the final dividend will be distributed to those shareholders whose names appear on the register of shareholders of the Bank on Friday, 31 May 2019.**

In accordance with Chinese tax laws and regulations, the dividends and bonuses received by overseas resident individual shareholders from stocks issued by domestic non-foreign investment enterprises in Hong Kong are subject to the payment of individual income tax, which shall be withheld by the withholding agents. However, overseas resident individual shareholders of stocks issued by domestic non-foreign investment enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax agreements signed between the countries in which they are residents and China, or to the tax arrangements between the Chinese mainland and Hong Kong and Macau. Accordingly, the Bank generally withholds 10% of the dividends to be distributed to the individual H-Share Holders as individual income tax unless otherwise specified by the relevant tax laws, regulations and agreements.

In accordance with the provisions of the *Notice on Issues concerning Withholding the Enterprise Income Tax on Dividends Paid by Chinese Resident Enterprises to H-share Holders who are Overseas Non-resident Enterprises* (Guoshuihan [2008] No. 897) published by the State Administration of Taxation of PRC, when Chinese resident enterprises distribute annual dividends for 2008 onwards to H-share holders who are overseas non-resident enterprises, the enterprise income tax shall be withheld at a uniform rate of 10%.

In accordance with the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends on H Shares paid by the Bank.

The tax and tax relief of Shanghai-Hong Kong Stock Connect shall comply with the *Notice on the Relevant Taxation Policy regarding the Pilot Programme that Links the Stock Markets in Shanghai and Hong Kong* issued jointly by the Ministry of Finance of the PRC, the State Administration of Taxation of the PRC and the China Securities Regulatory Commission.

The H-Share register of shareholders of the Bank will be closed from Monday, 27 May 2019 to Friday, 31 May 2019 (both days inclusive) for the purpose of determining the list of shareholders entitled to the final dividend. For such entitlements, H-Share Holders who have not registered the relevant transfer documents are required to lodge them, together with the relevant share certificates, with the H Share Registrar of the Bank, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell

NOTICE OF ANNUAL GENERAL MEETING

Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Friday, 24 May 2019. The ex-dividend date of the Bank's Shares will be on Thursday, 23 May 2019.

4. Pursuant to the *Hong Kong Listing Rules*, each of the resolutions set out in the Notice of AGM will be voted on by poll. Results of the poll voting will be published on the Bank's website at www.boc.cn and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk after the AGM.
5. Any shareholder entitled to attend and vote at the AGM convened by the above notice is entitled to appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a shareholder of the Bank.
6. In order to be valid, the instrument appointing a proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney or authority, must be completed and deposited at the H Share Registrar of the Bank, Computershare Hong Kong Investor Services Limited, at least 24 hours before the AGM or any adjourned meeting thereof. Computershare Hong Kong Investor Services Limited is located at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. Completion and return of a proxy form will not preclude a shareholder from attending and voting at the AGM or any adjourned meeting thereof should he/she so wish.
7. **The H-Share register of shareholders of the Bank will be closed, for the purpose of determining shareholders' entitlement to attend the AGM, from Wednesday, 17 April 2019 to Friday, 17 May 2019 (both days inclusive), during which period no transfer of shares will be registered. In order to attend the Annual General Meeting, all share transfers, accompanied by the relevant share certificates, must be lodged for registration with the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Tuesday, 16 April 2019. H-Share Holders who are registered with Computershare Hong Kong Investor Services Limited on or before the aforementioned date are entitled to attend the Annual General Meeting.**
8. In case of joint shareholdings, the vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint shareholder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of shareholders of the Bank in respect of the joint shareholding.
9. Shareholders who intend to attend the Annual General Meeting in person or by proxy should return the reply slip for the Annual General Meeting to the Board Secretariat of the Bank or the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited, by hand, by post, by fax or by e-mail on or before Saturday, 27 April 2019. The address of the Bank's Board Secretariat is Bank of China Head Office Building, No. 1 Fuxingmen Nei Dajie, Beijing 100818, PRC (Telephone: (8610) 6659 4582, Fax: (8610) 6659 4579, E-mail: ir@bankofchina.com). Computershare Hong Kong Investor Services Limited is located at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (Telephone: (852) 2862 8555).
10. According to the *Articles of Association* of the Bank and the circumstances of the AGM, resolutions proposed at the AGM are not required to be considered and approved by the Preference Shareholders. Therefore, the Preference Shareholders will not attend the AGM.
11. Shareholders who attend the meeting in person or by proxy shall bear their own traveling, dining and accommodation expenses. Shareholders or their proxies shall produce their identity documents when attending the AGM.
12. According to the *Articles of Association* of the Bank, if the number of shares of the Bank pledged by the shareholder is equal to or greater than 50% of the shares held by such shareholder in the Bank, the voting right attached to the pledged shares may not be exercised at the shareholders' meeting. Upon completion of the share pledge registration, the shareholder shall timely provide the Bank with information relating to the share pledge.
13. As a token of appreciation for attending the AGM, each shareholder who attend the meeting in person or by proxy will receive a gift set provided by the Bank upon completion of registration. In case a shareholder or proxy represents more than one shareholder to attend the AGM at the same time (including himself/herself), a maximum of THREE gift sets will be given.

1. THE 2018 WORK REPORT OF THE BOARD OF DIRECTORS

According to the relevant regulatory requirements and the requirements of *Articles of Association*, at the 2019 second meeting of the Board of Directors held on 29 March 2019, the Board has reviewed and approved the *2018 Work Report of the Board of Directors*.

Details of the above work report of the Board are set out in **Attachment A** to this circular.

2. THE 2018 WORK REPORT OF THE BOARD OF SUPERVISORS

According to the relevant regulatory requirements and the requirements of *Articles of Association*, at the 2019 first meeting of the Board of Supervisors held on 29 March 2019, the Board of Supervisors has reviewed and approved the *2018 Work Report of the Board of Supervisors*.

Details of the above work report of the Board of Supervisors are set out in **Attachment B** to this circular.

3. THE 2018 ANNUAL FINANCIAL REPORT

At the 2019 second meeting of the Board of Directors held on 29 March 2019, the Board has reviewed and approved the 2018 Annual Financial Report. Please refer to the Consolidated Financial Statements Part of the 2018 Annual Report of the Bank for more details.

4. THE 2018 PROFIT DISTRIBUTION PLAN

According to the audited results for 2018 and relevant laws and regulations, the Profit Distribution Plan of the Bank for the year 2018 is proposed as follows:

- (1) Appropriation to statutory surplus reserve of RMB16.217 billion.
- (2) Appropriation to general and regulatory reserves of RMB24.123 billion.
- (3) No appropriation shall be made to the discretionary reserve.
- (4) Considering the bank's business performance, financial position, and the capital requirements for future development of the Bank, it is proposed to distribute RMB0.184 per ordinary share (before tax) as dividend to A-share Holders and H-share Holders whose names appear on the register of shareholders of the Bank as at the close of market on Friday, 31 May 2019.
- (5) The Bank is not proposing any capitalization of capital reserve into share capital for this profit distribution.
- (6) The 2018 final dividend of the Bank's ordinary shares will be denominated and declared in RMB and be paid in RMB or equivalent amount in Hong Kong dollars. The dividend paid in Hong Kong dollars will be converted from RMB based on the average of the exchange rates announced by People's Bank of China in the week before 17 May 2019 (inclusive), being the date for holding the Bank's 2018 Annual General Meeting.

5. THE 2019 ANNUAL BUDGET FOR FIXED ASSETS INVESTMENT

In 2019, the Bank's fixed asset investment will implement the Group's development strategies, enhance the quality of globalized, digitalized and diversified development, strongly support the implementation of projects for "Enable Advancement Through Technology and Drive Development Through Innovation" strategy, and increase resource allocation to overseas development. The Bank will highlight the orientation of benefits, efficiency and capital saving, remain balanced on all fronts by continuously strengthening the support of resource allocation to business development. In the full year, the Bank will earmark a total fixed asset investment budget of RMB18.0 billion, as detailed in the table below:

Item (Unit: RMB100 million)	Group	Domestic institutions	Overseas institutions
	Budget 2019	Budget 2019	Budget 2019
IT equipment	81.2	59.9	21.3
Comprehensive operation device and vehicle	25.8	20.0	5.8
Channel construction	38.6	35.0	3.6
Construction of comprehensive business properties	25.4	16.6	8.8
Subtotal	171.0	131.5	39.5
Reserved flexible budget		9.0	
Total		180.0	

6. THE APPOINTMENT OF THE BANK'S EXTERNAL AUDITOR FOR 2019

The Board of Directors proposed to engage Ernst & Young Hua Ming LLP as the Bank's domestic auditor and external auditor on internal control for 2019 where it will offer auditing service on the Bank's financial statements in accordance with China Accounting Standards as well as internal control auditing service, and to engage Ernst & Young as the Bank's international auditor for 2019 where it will offer auditing service on the Bank's financial statements in accordance with International Financial Reporting Standards, with an aggregate fee of RMB143.13 million for 2019 which includes the financial statement audit fee of RMB129.13 million and the internal control audit fee of RMB14 million.

7. ELECTION OF MR. ZHANG JIANGANG TO BE APPOINTED AS NON-EXECUTIVE DIRECTOR OF THE BANK

At the 2019 second meeting of the Board of Directors held on 29 March 2019, the Board has reviewed and approved the proposal on the nomination of Mr. Zhang Jiangang to be appointed as Non-executive Director of the Bank. Details of the proposal are set out in **Attachment C** to this circular.

8. ELECTION OF MR. MARTIN CHEUNG KONG LIAO TO BE APPOINTED AS INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE BANK

At the 2019 second meeting of the Board of Directors held on 29 March 2019, the Board has reviewed and approved the proposal on the nomination of Mr. Martin Cheung Kong Liao to be appointed as Independent Non-executive Director of the Bank. Details of the proposal are set out in **Attachment D** to this circular.

9. ELECTION OF MR. WANG CHANGYUN TO BE RE-APPOINTED AS INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE BANK

At the 2019 second meeting of the Board of Directors held on 29 March 2019, the Board has reviewed and approved the proposal on the nomination of Mr. Wang Changyun to be re-appointed as Independent Non-executive Director of the Bank. Details of the proposal are set out in **Attachment E** to this circular.

10. ELECTION OF MS. ANGELA CHAO TO BE RE-APPOINTED AS INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE BANK

At the 2019 second meeting of the Board of Directors held on 29 March 2019, the Board has reviewed and approved the proposal on the nomination of Ms. Angela Chao to be re-appointed as Independent Non-executive Director of the Bank. Details of the proposal are set out in **Attachment F** to this circular.

11. ELECTION OF MR. WANG XIQUAN TO BE RE-APPOINTED AS SHAREHOLDER REPRESENTATIVE SUPERVISOR OF THE BANK

At the 2019 first meeting of the Board of Supervisors held on 29 March 2019, the Board of Supervisors has reviewed and approved the proposal on the nomination of Mr. Wang Xiquan to be re-appointed as Shareholder Representative Supervisor of the Bank. Details of the proposal are set out in **Attachment G** to this circular.

12. ELECTION OF MR. JIA XIANGSEN TO BE APPOINTED AS EXTERNAL SUPERVISOR OF THE BANK

At the 2019 first meeting of the Board of Supervisors held on 29 March 2019, the Board of Supervisors has reviewed and approved the proposal on the nomination of Mr. Jia Xiangsen to be appointed as External Supervisor of the Bank. Details of the proposal are set out in **Attachment H** to this circular.

13. ELECTION OF MR. ZHENG ZHIGUANG TO BE APPOINTED AS EXTERNAL SUPERVISOR OF THE BANK

At the 2019 first meeting of the Board of Supervisors held on 29 March 2019, the Board of Supervisors has reviewed and approved the proposal on the nomination of Mr. Zheng Zhiguang to be appointed as External Supervisor of the Bank. Details of the proposal are set out in **Attachment I** to this circular.

14. 2017 REMUNERATION DISTRIBUTION PLAN FOR CHAIRMAN OF THE BOARD OF DIRECTORS AND EXECUTIVE DIRECTORS

In accordance with relevant national policies and relevant management measures of the Bank, the 2017 Remuneration Distribution Plan for the Chairman and Executive Directors is proposed based on the 2017 annual evaluation results of the above personnel. Details are as follows:

I. Remuneration Distribution Plan for the Chairman and Executive Directors

Unit: RMB10,000/before tax

Name	Current position	Annual basic salary (1)	Annual performance salary (2)	Remuneration payable (3)=(1)+(2)	Incentive income during the term of office in 2015-2017 ¹
CHEN Siqing	Chairman	31.20	39.47	70.67	51.11
Left office					
TIAN Guoli ²	Chairman	18.20	23.02	41.22	43.63
REN Deqi ³	Executive Director and Executive Vice President	28.08	35.52	63.60	45.98
GAO Yingxin ⁴	Executive Director and Executive Vice President	28.08	35.45	63.53	40.92
ZHANG Qingsong ⁵	Executive Director and Executive Vice President	28.08	35.47	63.55	17.46

1. The "salary payable" to the Chairman and Executive Directors includes the annual basic salary and annual performance salary for 2017. According to relevant national policies, the salary to be distributed for 2017 also includes the incentive income that should be distributed to the personnel who served as the Chairman, Presidents, Executive Vice Presidents and other deputy heads during their term of office from 2015 to 2017.
2. Mr. TIAN Guoli ceased to serve as the Chairman, Executive Director, and the Chairman and Member of the Strategic Development Committee of the Board of Directors of the Bank due to work transfer as of 16 August 2017.
3. Mr. REN Deqi ceased to serve as the Executive Director, the member of the Connected Transactions Control Committee of the Board of Directors, and the Executive Vice President of the Bank due to work transfer as of 12 June 2018.
4. Mr. GAO Yingxin ceased to serve as the Executive Director, the member of the Risk Policy Committee of the Board of Directors, and the Executive Vice President of the Bank due to work transfer as of January 24, 2018.
5. Mr. ZHANG Qingsong ceased to serve as the Executive Director, the member of the Risk Policy Committee of the Board of Directors, and the Executive Vice President of the Bank due to work transfer as of September 18, 2018.

II. Remuneration Distribution Plan for Executive Directors Who Left Office in Previous Years

Unit: RMB10,000/before tax

Name	Position	Incentive income during the term of office ⁶	Departure time
LI Zaohang	Executive Director and Executive Vice President	7.05	June 2015
ZHU Hexin	Executive Director and Executive Vice President	13.61	June 2016

6. According to relevant national policies, the Executive Directors who left office in 2015–2016 can participate in the distribution of incentive during the term of office, and the amount for distribution is determined according to their tenure.

The above salary distribution plan has been reviewed and approved by the meeting of the Board of Directors held on 28 August 2018.

15. 2017 REMUNERATION DISTRIBUTION PLAN FOR CHAIRMAN OF THE BOARD OF SUPERVISORS AND SHAREHOLDER REPRESENTATIVE SUPERVISORS

In accordance with the relevant national policies and management measures of the Bank, the 2017 Annual Remuneration Distribution Plan for Chairman of the Board of Supervisors and Shareholder Representative Supervisors is proposed based on their 2017 annual assessment results. Details are as follows:

I. Remuneration Distribution Plan for Chairman of the Board of Supervisors

i. Remuneration Distribution Plan for Current Chairman of the Board of Supervisors

Unit: RMB10,000/Before tax

Name	Position	Basic annual remuneration (1)	Performance-based annual remuneration (2)	Accrued remuneration (3)=(1) + (2)	Incentive income linked to term appraisal ¹ for 2015–2017
Wang Xiquan	Chairman of the Board of Supervisors	31.20	39.47	70.67	19.46

1. The “salary payable” to the Chairman of the Board of Supervisors includes the annual basic salary and annual performance salary for 2017. According to relevant national policies, the salary to be distributed for 2017 also includes the incentive income that should be distributed to the personnel who served as the Chairman of the Board of Supervisors during his term of office from 2015 to 2017.

ii. Chairman of the Board of Supervisors Leaving Office

Unit: RMB10,000/Before tax

Name	Position	Incentive income linked to term appraisal ²	Departure time
Li Jun	Chairman of the Board of Supervisors	31.90	November 2016

2. According to relevant national policies, Chairman of the Board of Supervisors Leaving Office in 2015–2016 has incentive income linked to term appraisal, and the distribution amount shall be determined according to the tenure.

II. Remuneration Distribution Plan for Shareholder Representative Supervisors

Unit: RMB10,000/Before tax

Name	Position	Basic annual remuneration	Performance-based annual remuneration	Accrued remuneration
Liu Wanming	Shareholder Representative Supervisor	53.38	78.41	131.79
Leaving office				
Wang Xueqiang ³	Shareholder Representative Supervisor	57.04	83.91	140.95

3. Mr. Wang Xueqiang ceased to serve as Shareholder Representative Supervisor and member of the Duty Performance and Due Diligence Supervision Committee of the Board of Supervisors of the Bank as of March 31, 2018 due to the reason of age.

According to relevant regulations, more than 50% of the performance-based annual remuneration of the shareholder representative supervisors is paid in a deferred manner according to future operating performance, and the deferred payment period is not less than 3 years.

The above remuneration distribution plan has been reviewed and approved by the meeting of the Board of Supervisors held on August 28, 2018.

16. THE GENERAL MANDATE TO ISSUE NEW SHARES OF THE BANK

In order to satisfy the capital requirements of the Bank so as to ensure the continued development of its business, to flexibly and effectively utilize the Hong Kong and Shanghai capital fund raising platforms, after consideration of the actual conditions of the capital markets and in accordance with the relevant laws and regulations in the PRC, the listing rules of the places where the Bank's securities are listed and the Articles of Association, it is proposed that, the shareholders' general meeting approve of the general mandate to issue new shares. After Shareholders' approval at the general meeting, the Board being authorized, and being approved to delegate the authority to the Chairman, the President of the Bank and other persons authorized by the chairman jointly or individually, in the form and on the terms of the General Mandate, to allot, issue and/or deal in additional A Shares and/or H Shares (including those additional A Shares and/or H Shares converted from Preference Shares with provisions for conversion) and/or Preference Shares, and to make, grant or enter into offers, agreements, options, conversion rights or other rights (including, but not limited to, rights to recover voting rights) for such A Shares, H Shares and/or Preference Shares. The shares to be so allotted, issued or dealt in (to be calculated in accordance with paragraph 1(ii) below) shall be up to a maximum of 20% of the aggregate number of each of the existing A Shares and/or H Shares as at the date on which the General Mandate is approved by the Shareholders.

The special resolution in respect of the General Mandate is as follows:

- Subject to the conditions in paragraphs (i), (ii) and (iii) below, the Board be and is hereby unconditionally authorized, and be approved to delegate the authority to the Chairman, the President of the Bank and other persons authorized by the chairman jointly or individually, to exercise, during the Relevant Period (as defined below), all powers of the Bank to allot, issue and/or deal in separately or concurrently additional A Shares and/or H Shares (including those additional A Shares and/or H Shares converted from Preference Shares with provisions for conversion) and/or Preference Shares and to make, grant or enter into offers, agreements, options, conversion rights or other rights (including rights to recover voting rights) for such A Shares, H Shares and/or Preference Shares:
 - such approval shall not extend beyond the Relevant Period save that the Board be and is hereby authorized, during the Relevant Period, to make, grant or enter into offers, agreements, options,

conversion rights or other rights (including, but not limited to, the rights to recover voting rights) for such A Shares, H Shares and/or Preference Shares, which require or may require the exercise of such powers after the end of the Relevant Period;

- (ii) the number of (a) A Shares and/or H Shares, and/or (b) Preference Shares (based on the A Shares and/or H Shares to be fully converted from Preference Shares at the initial compulsory conversion price, or the equivalent number of A Shares and/or H Shares which would result from the simulated conversion of the recovered voting rights of Preference Shares at the initial simulated conversion price), to be allotted, issued and/or dealt in or agreed conditionally or unconditionally to be allotted, issued and/or dealt in by the Board shall not exceed 20% of the aggregate number of each of the existing A Shares and/or H Shares as at the date of the passing of this special resolution; and
 - (iii) the Board shall only exercise its powers given to it by this special resolution in accordance with the Company Law of the PRC and the listing rules of the places where the Bank's securities are listed (as amended from time to time) and applicable laws, rules and regulations of governmental or regulatory bodies and only if all necessary approvals from the CSRC and other relevant PRC governmental authorities are obtained.
2. For the purpose of this special resolution, "Relevant Period" means the period from the date of passing of this special resolution until the earliest of:
- (i) the conclusion of the next annual general meeting of the Bank following the passing of this special resolution;
 - (ii) the expiration of the 12-month period following the passing of this special resolution; and
 - (iii) the date on which the authority granted to the Board set out in this special resolution is revoked or varied by a special resolution of the Shareholders in a Shareholders' meeting.
3. Based on the actual conditions such as the method, class and number of shares issued and the Bank's capital structure after such issuance, the Board shall be authorized to delegate the authority to the Chairman, the President of the Bank and other persons authorized by the chairman jointly or individually to make, at the appropriate time, such amendments to the Articles of Association as appropriate and necessary to reflect the new capital structure and the registered capital of the Bank (if applicable), and to take any other action and complete any formality required (including but not limited to the obtaining of approvals from the relevant regulatory authorities and the handling of industrial and commercial registration and filing procedures) to give effect to the issuance of shares pursuant to this special resolution.

17. THE ISSUE OF BONDS

To expand the source channels of funds for the Bank and meet the needs of business development, the Bank hereby submits the following bond issuance plan to the shareholders' meeting for review and approval:

On the premise of complying with relevant laws and regulations, listing rules in the localities where the Bank's securities are listed as well as all applicable laws, regulations and rules issued by any other governments or regulators, approve the Bank to issue bonds (excluding the bonds with the nature of capital replenishment, such as tier-2 capital bonds and convertible corporate bonds, etc.) in overseas and domestic markets, with the net increase balance of bonds no more than 1% of the latest audited total assets of the Bank, and the proceeds being used for general purposes of the Bank. The resolution on the bond issue shall be valid since the first day after the review and approval of the issue plan by the shareholders' meeting of the Bank, and will expire on the date of the annual shareholders' meeting held in 2020.

To ensure effective performance of work related to the bond issue, the shareholders' meeting is hereby requested to authorize the Board of Directors and the Board of Directors be allowed to delegate such authority to the Senior Management to handle all matters concerning the abovementioned bond issue and the subsequent work, including but not limited to: deciding on specific terms and conditions regarding issue scale, tenor, interest rate, markets for issue and issue modes pursuant to market conditions and the Bank's asset-liability structure.

The Bank will perform the obligation of disclosing the information concerning bond issuance and the subsequent work, in accordance with relevant laws and regulations, as well as the listing rules in the localities where the Bank's securities are listed.

18. THE ISSUE OF WRITE-DOWN UNDATED CAPITAL BONDS

The matter on the issuance of the write-down undated capital bonds is hereby submitted to the Shareholders' Meeting for approval, in order to further enhance the capital adequacy level and strengthen the capability of sustainable development of the Bank. Upon the approval by relevant regulators, the write-down undated capital bonds shall be issued in accordance with the terms and conditions hereunder:

- (1) Total issuance amount: not more than RMB40 billion, or equivalent in foreign currencies;
- (2) Types of capital instruments: write-down undated capital bonds, which meet the relevant requirements as stipulated in Capital Rules for Commercial Banks (Provisional), and can be used to replenish capital of commercial banks;
- (3) Target markets: including domestic and overseas markets;
- (4) Tenor: The Bonds will continue to be outstanding so long as the Bank's business continues to operate;
- (5) Means of loss absorption: upon the occurrence of triggering events as specified in the issuance document, the loss shall be absorbed through a write-down mechanism;
- (6) Interest rate: to be determined with reference to market interest rates;
- (7) Use of proceeds: to replenish additional Tier 1 capital of the Bank;
- (8) Term of validity of the resolution: from the date of approval by the Shareholders' Meeting to 31 December 2021.

Authorization is proposed to be granted by the Shareholders' Meeting to the Board of Directors and authorized to be delegated from the Board of Directors to the Senior Management for the determination of the specific terms on the issuance of the write-down undated capital bonds and handling of all related matters pursuant to the rules and approval requirements promulgated by relevant regulatory authorities and the aforementioned terms and conditions. The validity of such authorization shall commence from the date on which the Shareholders' Meeting approves the issuance of the write-down undated capital bonds to 31 December 2021; authorize the Senior Management to handle all the related matters such as coupon payment, redemption and write-down pursuant to the rules and approval requirements promulgated by relevant regulatory authorities in the duration of the write-down undated capital bonds. However, it should be approved by the Shareholders' Meeting that the Bank partially or entirely cancel coupon payments.

19. THE ISSUE OF QUALIFIED WRITE-DOWN TIER 2 CAPITAL INSTRUMENTS

The matter on the issuance of the qualified write-down Tier 2 capital instruments is hereby submitted to the Shareholders' Meeting for approval, in order to further enhance the capital adequacy level and strengthen the capability of sustainable development of the Bank. Upon the approval by relevant regulators, the qualified write-down Tier 2 capital instruments shall be issued in accordance with the terms and conditions hereunder:

- (1) Total issuance amount: not more than RMB70 billion, or equivalent in foreign currencies;
- (2) Types of capital instruments: qualified write-down Tier 2 capital instruments, which meet the relevant requirements as stipulated in Capital Rules for Commercial Banks (Provisional), and can be used to replenish capital of commercial banks;
- (3) Target markets: including domestic and overseas markets;

- (4) Tenor: not less than five years;
- (5) Means of loss absorption: upon the occurrence of triggering events as specified in the issuance document, the loss shall be absorbed through a write-down mechanism;
- (6) Interest rate: to be determined with reference to market interest rates;
- (7) Use of proceeds: to replenish Tier 2 capital of the Bank;
- (8) Term of validity of the resolution: from the date of approval by the Shareholders' Meeting to 31 December 2021.

Authorization is proposed to be granted by the Shareholders' Meeting to the Board of Directors and authorized to be delegated from the Board of Directors to the Senior Management for the determination of the specific terms on the issuance of the qualified write-down Tier 2 capital instruments and handling of all related matters pursuant to the rules and approval requirements promulgated by relevant regulatory authorities and the aforementioned terms and conditions. The validity of such authorization shall commence from the date on which the Shareholders' Meeting approves the issuance of the qualified write-down Tier 2 capital instruments to 31 December 2021; authorize the Senior Management to handle all the related matters such as coupon payment, redemption and write-down pursuant to the rules and approval requirements promulgated by relevant regulatory authorities in the duration of the qualified write-down Tier 2 capital instruments.

2018 WORK REPORT OF THE BOARD OF DIRECTORS

2018 marked the 40th anniversary of China's reform and opening-up and the start of implementation of a new strategy by the Bank of China (the "**Bank**"). Over the past year, the Board of Directors of the Bank earnestly implemented the important decisions and requirements of the Party and the State and made progress while ensuring stability. Dedicated to the main path of the supply-side structural reform, the Board of Directors attached importance to serving the real economy, preventing and mitigating financial risks and promoting reform and innovation. In practice, the Board of Directors strictly implemented resolutions of the Shareholders' Meeting, kept improving corporate governance, worked out the development strategy and supervised its implementation, and strengthened the Group's risk control. It attached importance to the Group's development quality, and actively performed the responsibilities of a large bank, ensuring the Bank's smooth and sustained development. In 2018, the Bank achieved optimal operating results, steady improvement in development quality and continuous consolidation in features and advantages.

Under the PRC accounting standards, the Group generated an after-tax profit of RMB192.40 billion in 2018, a year-on-year increase of 4.03%, including an after-tax profit attributable to equity holders of RMB180.10 billion, up 4.45% year on year. The Group's total assets, total liabilities and shareholders' equity reached RMB21.2673 trillion, RMB19.5419 trillion and RMB1.7254 trillion respectively at the end of 2018, up 9.25%, 9.23% and 9.43% over the end of last year. Non-performing loan (NPL) ratio was 1.42%, a decrease of 0.03 percentage point from the end of the previous year.

Major work done by the Board of Directors of the Bank in 2018 is reported as follows:

I. Enhancing Strategic Guidance Capability and Driving Development by the New Strategy

In 2018, the Board of Directors earnestly implemented the decisions of the Central Committee of the CPC and the State Council, focused on the key fields like serving the real economy, advancing inclusive finance and alleviating poverty, built the decisions of the Central Committee of the CPC with respect to economic and financial work into the Development Strategy of Bank of China, and applied them to all aspects of operation management.

i. Serving the real economy and performing the responsibilities of a large bank

Over the past year, the Board of Directors enhanced credit extension, actively adjusted credit structure and granted most newly increased loans to weak infrastructure fields in accordance with the requirements on "stabilizing employment, finance, foreign trade, foreign investment, investment and anticipation", to meet the need of serving the real economy. As a lead bank for exclusive project syndicated loans, the Bank leveraged its integrated service advantages in Guangdong, Hong Kong and Macao to support the official operation of Hong Kong-Zhuhai-Macao Bridge. It constantly improved service network and service facilities, enriched various financial products and provided support for the preparatory work of Beijing Olympic Winter Games. The Bank relied on its global resources to serve the first China International Import Expo, and successfully held the supply-demand matchmaking meeting for exhibitors, receiving a positive response from the market. Meanwhile, the Board of Directors earnestly implemented the requirements on inclusive finance, and the growth rate of inclusive finance loans of the Bank was higher than that of total loans. The Board of Directors guided the Bank to issue the *20 Measures of Bank of China for Supporting Private Enterprises*, organized symposia of private enterprises, served and supported the development of small and medium enterprises, and improved service quality and efficiency. The Bank launched BOC "Lai Ju Cai" and other popular innovative products, and increased support for "agriculture, countryside and farmers", medium, small and micro businesses, resident consumption and other fields. It reviewed and approved the establishment of investment management-oriented community banks, further improved the management of BOC Fullerton Community Bank, and extended its financial services to less developed areas in the central and western regions of China.

ii. Highlighting strategic position and clarifying development path

In 2018, the Board of Directors of the Bank kept a close eye on international and domestic economic development situations, financial policy environment and hot spots of banking operation and management, steadfastly seized and leveraged opportunities, turned challenges into opportunities, and reviewed and approved the new development strategy. In the year, the Board of Directors strengthened strategic guidance and conducted in-depth surveys on the Group's strategy and key operation management matters at grass-roots institutions. The Board of Directors accelerated the asset restructuring in Southeast Asia, and reviewed and approved the establishment of Riyadh Branch and Buenos Aires Branch. In 2018, the Board of Directors reviewed a number of proposals, including establishment of investment management-oriented community bank, issuance of bonds and preference shares and establishment of asset and wealth management subsidiary. Under the guidance and with the support of the Board of Directors, the Management enhanced implementation efforts, and advanced the Bank's development strategy orderly. The implementation results have gradually become evident: advancement through technology has preliminarily functioned; development driven by innovation has quickened up; performance through transformation has been steadily pushed forward; enhancement of strength through reform has been carried out in an all-round way.

iii. Relying on opening-up advantages and highlighting development characteristics

In 2018, the Board of Directors leveraged the Bank's advantages of global and integrated business to constantly advance the building of a "Belt and Road" financial artery, and to better serve enterprises committed to "going global" and "bringing in" as well as the enterprises established along the "Belt and Road". As at the end of 2018, the Bank had 548 overseas institutions, which cover 56 countries and regions, including 23 countries along the "Belt and Road", making it the biggest one among all Chinese-invested bank in terms of the number of institutions in the world and along the "Belt and Road". In addition, the Bank has been dedicated to serving as a main channel for cross-border RMB fund flows, a key driver of RMB internationalization, and a leader in financial product and service innovation. In 2018, the People's Bank of China appointed BOC Tokyo Branch as a RMB clearing bank in Japan. So far the Bank has acted as RMB clearing bank in 12 countries and regions, ranking first in terms of the number of clearing banks in the market.

In 2018, the Bank successively won the awards like the "Best Socially Responsible Financial Institution", the "Special Contribution Outlet Award in Social Responsibilities" and the "Best Social Responsibility Manager" from the China Banking Association, the "Best Responsible Enterprise among State-owned Listed Enterprises" from the Southern Weekly, and the "Biggest Dividend Distributor among the Most Socially Responsible Listed Companies" from the Securities Daily.

II. Enhancing Capital Management Capability and Ensuring New Development by Rigorous Risk Control

The Board of Directors has always been attaching great importance to risk prevention and mitigation, and constantly strengthening risk management capability suited to modern financial development, from the perspective of safeguarding national financial security. Besides, it has been focusing on the Bank's capital adequacy ratio, sustainable development capability and internal control, and improving the Group's audit.

i. Enhancing capital management and capital strength

In 2018, following the principle of "placing equal emphasis on internal capital accumulation and external capital replenishment", the Board of Directors raised capital by various channels and means, and increased its capital adequacy. It adhered to the concept of quality development, highlighted the awareness of value creation, and further improved capital budget allocation mechanism. It developed a system of remuneration allocation linked to value creation, and strengthened the management of capital assessment. It advanced the structural adjustment of on and off-balance sheet assets, actively developed businesses with low capital assumption, lowered the asset risk weights, reasonably controlled the growth of off-balance sheet risk assets and exerted to improve value contributions. It actively and steadily pushed forward external financing, reviewed and approved the proposal on the issuance of qualified write-down tier 2 capital instruments, the proposal on the issuance of write-

down undated capital bonds and the proposal on the issuance of domestic and offshore preference shares, and completed the issuance of RMB80 billion worth of tier 2 capital bonds, effectively increasing its CAR. In 2018, the Bank's CAR reached a record high and was obviously higher than regulatory requirements.

ii. Enhancing risk prevention and mitigation and observing risk appetite

In 2018, the Board of Directors guided the whole Bank to earnestly observe regulatory requirements on global systemically important banks based on the principles of rationality, soundness and prudence. It kept reinforcing risk management responsibilities and included risk management in the Group's overall strategy. It improved the comprehensive risk management report system and kept abreast of the Group's risk status. It improved risk management mechanism and risk measurement and control means, strengthened the building of risk management information system, and reinforced risk data governance. In 2018, the Board of Directors reviewed and approved such proposals as the *Liquidity Risk Management Policy of Bank of China Limited (2018 Edition)* and the *Data Governance Policy of Bank of China Limited (Version 2018)*, and heard the *Risk Report of the Bank* and reports on regulatory opinions and the Bank's remediation results.

iii. Strengthening internal control and audit and reinforcing the compliance defense line

The Board of Directors of the Bank strictly implemented various regulatory requirements, actively responded to changes in internal and external environment and situations, kept reinforcing the three defense lines for internal control and vertical management system of audit, and continuously inspected and assessed the effectiveness of the Bank's risk management and internal control. The Board of Directors attached great importance to the continuous improvement of compliance management mechanism and process, constantly improved the building of internal control and fraud prevention system and actively conducted governance of internal control and fraud prevention. The Bank improved the governance structure of anti-money laundering of the Group as well as the related policies, systems and mechanism. It enhanced the development of the team of compliance officers, conducted ongoing training covering all staff, and nurtured the culture of anti-money laundering compliance. In addition, it optimized the anti-money laundering system and the transaction monitoring model, and enhanced risk identification, monitoring and analysis capability. It served the Group's strategic development, pressed forward with IT application to audit, strengthened the Group's audit planning and supervision, and kept enhancing its audit performance capability. The Bank strengthened the management of its related parties and consolidated the foundation for managing its related party transactions. In addition, it enhanced the daily monitoring and inspection of related party transactions, and strictly controlled related party transaction risks. In the compliance assessment conducted by the State Administration of Foreign Exchange in 2018, the Bank was marked as A for its overall good performance, and won the "Annual Best Contribution Award" and the "Annual Self-discipline Vanguard Award" conferred by the National Foreign Exchange Market Self-discipline Mechanism.

III. Enhancing Corporate Governance Capability and Driving New Development by Efficient Operation

The Bank constantly pursued the best practice in corporate governance, integrated the Party's leadership with improvement of corporate governance, and kept improving its corporate governance framework mainly consisting of the Shareholders' Meeting, the Board of Directors, the Board of Supervisors and the Senior Management. It persisted in optimizing the operation rules and mechanisms of the Board of Directors and each special committee, and constantly improved corporate governance level and efficiency. In 2018, the Bank won the 13th Golden Round Table Award for Boards of China's Listed Companies "Special Contribution Award for Board Governance".

i. Improving the corporate governance system

In 2018, the Bank continuously followed up and implemented regulatory requirements on capital market, whichever is stricter, and comprehensively and systematically reviewed the Articles of Associations and the rules of procedure of each special committee, among other rules. Upon review by the Board of Directors and the Shareholders' Meeting, some terms relating to the authorization to the Board of Directors granted by the Shareholders' Meeting and the authorization to the President granted by the Board of Directors have been updated. The Bank improved information disclosure rules and enhanced the initiative and timeliness of information disclosure.

ii. Improving the corporate governance operation mechanism

The Bank continuously improved the operation mechanism of the Shareholders' Meeting, to ensure that minority shareholders are properly informed and able to participate and make decisions. The AGMs were held in Beijing and Hong Kong by way of onsite conference and the sessions in the two places were connected by way of video-conference, allowing shareholders from both the Chinese Mainland and Hong Kong to attend in person. In addition, the rights of minority shareholders are effectively guaranteed. The Bank continuously improved the operation mechanism of the Board of Directors, as well as information support, coordination of special committees, information disclosure and other procedures, and strengthened the communication between the Board of Directors and the Board of Supervisors as well as the Senior Management. Through symposia, workshops and other means, the Board of Directors deeply understood the operation management situation, and effectively provided support to ensure that its decisions are made in a scientific and efficient manner. In addition, the Bank facilitated the Board of Directors' acceptance of the supervision by the Board of Supervisors, and ensured that the Shareholders' Meeting, the Board of Directors, the Board of Supervisors and the Senior Management functioned smoothly with clear duties and obligations. Besides, the Board of Directors put forward professional guiding opinions by in-depth surveys, and the Management specially studied such opinions and translated them into practicable measures, achieving positive interaction with the Board. Meanwhile, the Board of Directors strengthened the supervision and assessment on the Management's implementation of board decisions, and regularly listened to the Management's report and implementation on board resolutions and suggestions at board meetings.

iii. Continuing to build a diversified Board of Directors

In 2018, the Bank continued to implement the *Policy on Diversifying the Members of the Board of Directors of Bank of China Limited*, and appointed the members of the Board of Directors based on the skills and experience necessary for sound operation of the Board of Directors. In the selection and appointment of Directors, especially Independent Directors, the Bank fully considered the board member diversification objectives and requirements, including but not limited to regulatory requirements, directors' gender, age, culture and educational background, region, professional experience, skills, knowledge.

IV. Enhancing Investor Relations Management and Improving Information Disclosure

In 2018, the Board of Directors guided the Bank to continuously strengthen the relationship with investors and received market recognition. The Bank won the award of "Top 100 Listed Companies in Comprehensive Strength" from Top 100 Hong Kong Listed Companies Research Center and the "Quam IR Award 2017" from Quamnet. Meanwhile, the Bank regained the highest rating of A in the annual assessment of Shanghai Stock Exchange on information disclosure, and its annual report won the Gold Award in the Annual Report Competition held by the League of American Communications Professionals, the "Excellence Award for H Share & Red Chip Entries" of the Best Annual Reports Awards of the Hong Kong Management Association annual report competition, and the Bronze Award in "Chairman's/President's Letter" and the Honorary Award in "Financial Data" in the US ARC Annual Report Competition.

i. Constantly enhancing investor communication

In 2018, the Board of Directors guided the Bank to continuously strengthen market tracking and increase the frequency and scope of communication with the capital market. The Board of Directors regularly held results announcement and road shows, creatively launched the Online Investor Reception Day, and by holding workshops with large investment banks, telephone communication meetings and interviewing with analysts and investors, the Board of Directors actively introduced the situation of strategy implementation, timely responded to market concerns and earnestly listened to market feedback. Meanwhile, the Board of Directors continuously improved market communication channels, strengthened timely communication with shareholders, especially minority shareholders and effectively guaranteed shareholders' rights. In 2018, the Board of Directors continued to strengthened communication with external rating agencies, and Moody's and Fitch successively raised the Bank's ratings. The Bank's external credit ratings remained the highest among domestic banks.

ii. Continuously improving equity management and shareholder services

The Board of Directors strictly implemented regulatory rules and requirements, improved equity management mechanism, and timely registered and submitted equity information. It earnestly performed its responsibilities for equity management, and timely reminded shareholders to pay attention to and implement relevant responsibilities set out in regulatory rules and requirements. In addition, it strictly executed the relevant terms of the Articles of Association with respect to profit distribution, earnestly implemented the resolution of the Shareholders' Meeting on profit distribution and the plan on the authorization to the Board of Directors granted by the Shareholders' Meeting, organized the dividend distribution for ordinary shares and preference shares, and effectively guaranteed shareholders' rights and interests.

iii. Constantly improving information disclosure

In 2018, the Board of Directors of the Bank published regular reports and various other reports in accordance with domestic and offshore regulatory requirements on information disclosure, based on the principle of authenticity, accuracy, integrity, timeliness and fairness, and protected investors' right to know. It kept improving information disclosure rules and procedures, and actively explored and steadily conducted voluntary information disclosure. In 2018, the Board of Directors published more than 200 information disclosure documents via Shanghai Stock Exchange and Hong Kong Stock Exchange. Meanwhile, the Bank kept improving information disclosure procedures, managed the people knowing insider information in strict accordance with regulatory requirements, and further strengthened confidentiality of insider information.

V. Enhancing the Performance Capability of the Board of Directors and Driving Further Development by Scientific Decisions**i. Performing the core decision-making functions of the Board of Directors**

In 2018, the Board of Directors performed duties professionally and efficiently, held 11 onsite meetings, approved 69 proposals, concerning the Bank's regular reports, nomination of director candidates, issuance of bonds, distribution of dividends, and establishment of investment management-oriented community banks and overseas institutions, and listened to nine reports, including the proposal of the external auditor on internal control audit results and management in 2017 and the management report. It held six meetings by written proposal, mainly reviewing and approving such proposals as the application for the depository qualification in the CDR pilot program.

ii. Performing the decision-making support functions of special committees

In 2018, special committees of the Board of Directors gave play to their professional advantages, earnestly performed duties, and scientifically developed meeting plans. According to the authorization of the Board of Directors and the rules of procedure of each committee, relevant committees understood the Bank's operation management by making surveys and listening to reports, and discussed, through meetings, the matters to be submitted to the Board of Directors for review. All committees held 37 meetings in 2018. They put forward professional suggestions and opinions on the Bank's strategy implementation, internal control, risk management, related party transaction management and other major matters, submitted special reports to the Board of Directors on their performance and assisted the Board of Directors in performing duties.

iii. Focusing on enhancing performance capability

The Board of Directors of the Bank scientifically developed a survey plan according to the work needs. Directors paid visits to many domestic and overseas institutions and conducted surveys on strategy implementation, Group risk, AML, internationalization, staff team building and other issues relating to priorities, hot spots and focuses, and prepared a number of high-quality survey reports to provide decision-making guidance for the Bank's operation management. In addition, the Directors actively attended various symposia, and put forward constructive suggestions on key breakthroughs, technological products and resource allocation, etc.,

energetically driving the Group's strategy implementation and progress of operation management. The Bank's Directors actively participated in numerous professional trainings in compliance with the A.6.5 of the *Corporate Governance Code* under the *Hong Kong Listing Rules* and the relevant regulatory requirements in the mainland China, and conducted studies on the changes in economic and financial environment and the development of the banking industry, the application of fintech in bank operation scenarios and other frontier theories. In order to improve training effect, Directors visited internet enterprises to study and communicate on the application of artificial intelligence in Chinese financial institutions and prospect. In addition, the Bank's Directors also improved professionalism and performance capability by drafting and publishing professional articles, attending symposia, meeting domestic and overseas regulators and paying onsite visits to customers, and through other means.

Over the past year, the Bank's Board of Directors has constantly improved its rules and regulations and gradually optimized its functioning mechanisms, leading to the consolidation of the optimal culture of the Board and further improvement of the corporate governance of the Group.

It is hereby reported.

Board of Directors of Bank of China Limited

2018 WORK REPORT OF THE BOARD OF SUPERVISORS

I. Meetings of the Board of Supervisors

In 2018, the Bank convened four on-site meetings of the Board of Supervisors on 29 March, 27 April, 28 August and 29 October. At these meetings, the Board of Supervisors reviewed and approved 16 proposals regarding the Bank's 2017 Annual Report, 2017 profit distribution plan, 2017 internal control assessment report, 2017 corporate social responsibility report, 2017 work report of the Board of Supervisors, 2018 work plan of the Board of Supervisors, evaluation opinions of the Board of Supervisors on the duty performance of directors and senior management members for 2017, nomination of Mr. CHEN Yuhua to be re-appointed as candidate for external supervisor of the Bank, Report for the First Quarter ended 31 March 2018, 2018 Interim Report, Report for the Third Quarter ended 30 September 2018, performance evaluation results for the Chairman of the Board of Supervisors for 2017, 2016 remuneration distribution plan for Chairman of the Board of Supervisors and shareholder representative supervisors, 2017 remuneration distribution plan for the Chairman of the Board of Supervisors and shareholder representative supervisors, performance management measures for the Chairman of the Board of Supervisors and shareholder representative supervisors (2018 version), implementation plan on performance management for the Chairman of the Board of Supervisors and shareholder representative supervisors in 2018, among others.

In 2018, the attendance rate of each supervisor of the meetings of the Board of Supervisors is given below:

Supervisors	Number of meetings attended in person/ Number of meetings convened during term of office
Incumbent Supervisors	
WANG Xiquan	3/4
LIU Wanming	4/4
WANG Zhiheng	0/0
LI Changlin	0/0
LENG Jie	0/0
CHEN Yuhua	4/4
Former Supervisors	
WANG Xueqiang	1/1
DENG Zhiying	4/4
GAO Zhaogang	4/4
XIANG Xi	3/4

Notes:

- 1 Mr. WANG Xueqiang ceased to serve as Shareholder Representative Supervisor and member of the Duty Performance and Due Diligence Supervision Committee of the Board of Supervisors of the Bank as of 31 March 2018 due to the reason of age.
- 2 Mr. DENG Zhiying ceased to serve as Employee Supervisor and member of the Duty Performance and Due Diligence Supervision Committee of the Board of Supervisors of the Bank as of 14 December 2018 due to work-related reasons.
- 3 Mr. GAO Zhaogang ceased to serve as Employee Supervisor and member of the Duty Performance and Due Diligence Supervision Committee of the Board of Supervisors of the Bank as of 14 December 2018 due to work-related reasons.

- 4 Ms. XIANG Xi ceased to serve as Employee Supervisor and member of the Financial and Internal Control Supervision Committee of the Board of Supervisors of the Bank as of 14 December 2018 due to work-related reasons.
- 5 Mr. WANG Zhiheng began to serve as Employee Supervisor of the Bank as of 14 December 2018, and as member of the Duty Performance and Due Diligence Supervision Committee, member of the Financial and Internal Control Supervision Committee of the Board of Supervisors of the Bank as of 15 January 2019.
- 6 Mr. LI Changlin began to serve as Employee Supervisor of the Bank as of 14 December 2018, and as member of the Duty Performance and Due Diligence Supervision Committee, member of the Financial and Internal Control Supervision Committee of the Board of Supervisors of the Bank as of 15 January 2019.
- 7 Mr. LENG Jie began to serve Employee Supervisor of the Bank as of 14 December 2018, and as member of the Duty Performance and Due Diligence Supervision Committee of the Board of Supervisors of the Bank as of 15 January 2019.
- 8 Supervisors who did not attend the meetings of the Board of Supervisors have authorised other supervisors to attend and vote at the meetings as their proxy.

In 2018, the Duty Performance and Due Diligence Supervision Committee of the Board of Supervisors held three on-site meetings and one meeting by written resolution, at which it reviewed and approved the proposals on the evaluation opinions of the Board of Supervisors on the duty performance of directors and senior management members for 2017, the nomination of Mr. CHEN Yuhua to be re-appointed as candidate for external supervisor of the Bank, the 2017 remuneration distribution plan for the Chairman of the Board of Supervisors and shareholder representative supervisors, performance management measures for the Chairman of the Board of Supervisors and shareholder representative supervisors (2018 version), and the implementation plan on performance management for the Chairman of the Board of Supervisors and shareholder representative supervisors in 2018, among others. It also heard reports on the Bank's remuneration management policy and remuneration plan for senior management members and the Bank's liquidity risk management. The Finance and Internal Control Supervision Committee of the Board of Supervisors held four on-site meetings, at which it reviewed and approved the proposals regarding the Bank's 2017 Annual Report, 2017 profit distribution plan, 2017 internal control assessment report, 2017 corporate social responsibility report, Report for the First Quarter ended 31 March 2018, 2018 Interim Report and Report for the Third Quarter ended 30 September 2018, among others.

II. Performance of Supervision and Inspection by the Board of Supervisors

In 2018, guided by the strategic goal of building BOC into a world-class bank in the new era, the Board of Supervisors implemented new strategies and planned new moves with a fresh mind-set and solid work style, in compliance with relevant laws and regulations, regulatory requirements and the Articles of Association of the Bank, and in alignment with the Bank's overall reform and development, as well as strategy implementation. It diligently supervised the duty performance, financial management, internal control and risk management, added a great deal of insight and perspective to its work and played a constructive supervisory role for the Bank's sound development.

Performed the supervision and assessment of duty performance of directors and senior management members in an orderly fashion. First, the Board of Supervisors strictly supervised day-to-day duty performance. Supervisors attended the shareholders' meetings, and attended the meetings of the Board of Directors and its special committees and meetings of the Senior Management as non-voting attendees, as well as hearing reports from related departments. This allowed supervisors to stay informed regarding the duty performance of directors and senior management members, and to share supervisory opinions and suggestions on major concerns in a timely fashion. Supervisors continued to collect and analyse information on the routine duty performance of directors and senior management members, centred on the overall strategic focus of the Bank, summarised and analysed the duty performance of senior management members on a monthly basis, and issued reminders on matters requiring particular attention. Second, it earnestly launched annual duty performance assessment. The Board of Supervisors organised interviews with directors and senior management members on their duty performance, and formulated annual duty performance assessment opinions on the Board of Directors, the Senior Management and their members with due

regards to routine supervision information. Through review and approval at the meeting of the Board of Supervisors, it reported annual assessment results to the Annual General Meeting, in addition to duly filing duty performance assessment opinions of the Board of Directors, the Senior Management and their members with the CBIRC. According to the supervisory requirement, the Board of Supervisors reviewed and formulated the 2018 assessment result on the performance of duties of the directors, supervisors and senior management members of the bank that the directors, supervisors and senior management members were competent. The duty performance supervision and assessment helped to urge and guide the directors and senior management members to fulfil their duties diligently and also enhance the overall level of corporate governance.

Solidified the efforts in the supervision of strategy and finance. Taking routine finance supervision as its basis, the Board of Supervisors conducted regular reporting and review, and developed an in-depth understanding of the economic and financial conditions of China and the world at large including emerging characteristics of and new developments. Through deep analysis, it drilled down into the Bank's updates on business, management and strategy implementation, while attaching importance to forethought in supervision. First, the Board of Supervisors strengthened the routine supervision of strategy and finance. By attending the meetings of the Board of Directors and the Senior Management as non-voting attendees, it followed up on the overall implementation progress of the development strategy and business management, put forward concerns on related significant issues and offered independent, objective comments and suggestions regarding the strategy implementation, thus earnestly performing its strategy and finance supervision and assessment function. The Board of Supervisors summarised and analysed the Bank's financial and accounting data on a monthly basis, combining this with the analyses and study of the macro-economic situation and regulatory policies so as to strengthen the forward-looking judgment and early warning regarding its financial position. Second, the Board of Supervisors deepened the review and supervision of regular reports. The Board of Supervisors and its special committees earnestly held meetings, communicated on special issues with related departments and external auditors, heard reports regarding the preparation and audit of regular reports, and compared the Bank's regular reports with those of other banks for researches. It put forward four letters of supervisory recommendations and outlined 18 concerns to the Board of Directors and the Senior Management, which were related to the supervision of the progress of strategy implementation, profitability enhancement, risk compensation capability strengthening, asset quality control improvement, resolving of difficulties in customer bases and funding sources, attending to regional risks, increasing the efforts in NPA disposal, shoring up of the deficiencies in credit risk management, cultivating new growth points in fee income, promoting bankcard business development and advancing the Bank's globalization strategy. The Board of Directors, the Senior Management and related departments paid much attention to the above-mentioned issues, carefully referred to and adopted the suggestions by the Board of Supervisors, actively remedied the defects and continued to enhance the management level.

Deepened the supervision of risk management and internal control. First, the Board of Supervisors strengthened the supervision and guidance of risk management, and accelerated the improvement of risk control capability. In response to the profound changes in the external environment, the Board of Supervisors adhered to its risk supervision duty, stepped up the efforts in closely watching, analysing and warning risks, helped the Board of Directors and the Senior Management to fulfil their risk management and control responsibilities, and held the bottom line of preventing any systematic risk. The Board of Supervisors tracked the Bank's regional, industrial and policy risk exposures, stayed abreast of key NPA mitigation, including arrangements and implementation, summarised and analysed risk management information on a monthly basis, and strengthened the forward-looking analysis, judgment and warning of the risk status. Second, the Board of Supervisors strengthened the internal control supervision and assessment, and accelerated the improvement of internal control fraud prevention capability. It reviewed the Bank's internal control self-assessment report, heard the external auditor's report on the Bank's internal control and related management proposals, timely tracked and investigated the internal control frauds at the Bank, and reminded the Board of Directors and the Senior Management of actively analyse and anticipate the new situations, new circumstances and new issues in internal control fraud prevention so as to ensure that the governance of internal control fraud prevention becomes more targeted and effective.

Launched special in-depth surveys. The Board of Supervisors supplemented its day-to-day supervision with special surveys. Taking an issue-oriented approach, it organised and launched four special surveys on topics of domestic branches RMB deposits, corporate credit risk management, integration and development of the Bank's Southeast Asian institutions, and IT supporting capacity, thus targeting key points in the Bank's major work arrangements and strategy implementation process. The survey teams were led by supervisors and consisted of directors and personnel

from relevant departments of the Head Office. They held many discussions with Head Office departments and the external auditor, visited a number of branch offices in order to streamline existing problems, dig into their causes, and widely solicit proposed countermeasures, and submitted survey reports. This provided the Board of Directors and the Senior Management with an all-round analysis of problems and forward-looking suggestions. The Board of Directors and the Senior Management fully recognised the value of the survey reports, and mandated management members and relevant departments to carefully study them and earnestly rectify the issues identified. The surveys carried out by the Board of Supervisors yielded more tangible outcomes in supervision, and further improved the Bank's operations and management.

Actively improved the coordination in supervision. First, the Board of Supervisors created innovative methods for interaction between directors and supervisors. It invited directors to participate in its surveys, held talks with directors, followed up on the implementation of survey results in cooperation with the Board of Directors, held exchange meetings with the Board of Directors and the Senior Management and shared training opportunities with each other, thereby further strengthening the communication with the Board of Directors and the Senior Management and pooling the efforts of the entire governance system. Second, it deepened supervision coordination, information sharing and training interaction with the audit and inspection departments in order to reduce supervision costs and improve efficiency.

Strengthened self-improvement. The Board of Supervisors comprehensively fulfilled the requirement of strict governance over the Party organisations, consolidated the foundation of supervision function, and completed tasks related to the selection, appointment and resignation of some of its members. It earnestly carried out, followed up, oversaw and urged the remediation of issues identified by the CBIRC in its inspection notifications. A special seminar was held to review, discuss the work of the Board of Supervisors and the method to further improve and strengthen the work of the Board of Supervisors in light of the current situation and strategy implementation of the Bank. The Board of Supervisors organised and completed annual duty performance assessments of itself and its members, and urged all its members to earnestly perform the duties delegated by the Articles of Association. Special training courses were held to improve the supervisors' expertise and duty performance capability. All supervisors performed their duties faithfully and diligently, made efforts to sharpen their policy competence and duty performance capability, actively attended meetings, earnestly reviewed proposals, heard working reports, undertook special surveys and expressed opinions professionally, rigorously and independently, thus conscientiously carrying out their supervisory function.

The Board of Directors and the Senior Management placed great importance on and offered great support to the work of the Board of Supervisors. By holding Executive Committee meetings and special meetings or in other forms, they earnestly studied the supervisory reminders of the Board of Supervisors, steadfastly pushed forward remediation measures and continually improved the overall level of corporate governance.

In accordance with the regulatory requirements, the Board of Supervisors has put forward the following supervision and assessment opinions regarding the duty performance related to remuneration management by the Board of Directors and the Senior Management of the Bank. During the reporting period, the Bank remained committed to deepening the reform of its remuneration distribution mechanism, improved the allocation of resources, developed annual remuneration plan in strict accordance with the regulatory requirements and corporate governance requirements, strengthened the linkage of remuneration distribution with value creation, business transformation and risk management, and promoted the overall coordinated and sustainable development. The Bank continued to improve the employee remuneration distribution measures, incentivised performance contribution and enhance long-term incentives. The Bank optimised its welfare and security system, stepped up remuneration incentives for key posts and core personnel, and facilitated talent growth. Remuneration resources were skewed towards outlets by putting in place a minimum pay protection system for outlet employees and further strengthening employee welfare and security, so as to earnestly enhance employees' sense of ownership, happiness and safety.

In accordance with the regulatory requirements, the Board of Supervisors issued the following supervision and assessment opinions regarding duty performance regarding liquidity risk management by the Board of Directors and the Senior Management of the Bank. During the reporting period, the Bank adhered to the operating principle of balancing safety, liquidity and profitability, attached great importance to the liquidity risk management, and constructed and continuously optimised the liquidity risk identification, measurement, monitoring and control system that is compatible with the scale, nature and complexity of the Bank's businesses. In compliance with the requirements of regulatory

policies, the Bank revised its liquidity risk management policy, reviewed its liquidity risk limits, improved stress testing and emergency plans, reinforced liquidity risks management across its domestic and overseas, on-balance sheet and off-balance sheet, and domestic and foreign-currency operations, and continuously improved its liquidity risk management system. Thanks to these efforts, the Bank's key liquidity risk indicators met the requirements of external regulators and the Board of Directors, and its liquidity risk prevention capability was enhanced.

In accordance with the regulatory requirements, the Board of Supervisors put forward the following supervision and evaluation opinions on the performance of the Bank's Board of Directors and the Senior Management in capital management and advanced capital measurement approach management: during the reporting period, the Bank's Board of Directors and the Senior Management kept improving the capital management mechanism, perfected the capital assessment system, reasonably controlled capital occupation and improved return on capital. They also made efforts to increase capital support for inclusive finance and other strategic business and promoted the development of a business concept and management culture centered on value creation. They boosted the capital replenishment plan and completed the issuance of RMB80 billion of tier-2 capital bonds. Besides, they effectively implemented advanced capital measurement approaches, and established a measurement and application system for credit risk, market risk and operational risk and made internal rating models cover various types of exposures thus to realize remarkable capital saving effects. As at December 31, 2018, the Bank's CAR stood at 14.97%, reaching an all-time high in history. The risk weight of assets dropped significantly, the asset structure continued to be lighter, the capital budget was controlled within the annual budget limit, and the CAR remained above the target of the Board of Directors.

In accordance with the regulatory requirements, the Board of Supervisors put forward the following supervision and evaluation opinions on the performance of the Board of Directors and the Senior Management in stress testing management: during the reporting period, the Bank's Board of Directors and the Senior Management developed the stress testing governance system as per regulatory requirements, formulated relevant policies and rules, and regularly organized stress testing and submitted a BOC Stress Testing Report to the CBIRC. The Bank's overall stress testing included Recovery and Disposal Plan stress testing, BOC Group capital stress testing under EPS and internal CAR stress testing. The Bank's special stress testing included market risk stress testing, liquidity risk stress testing, real estate stress testing and country risk stress testing. The Bank's stress testing results have been widely used in capital planning, credit risk management, market risk management, liquidity risk management, etc., providing strong support for the Bank's operation management decisions and facilitating the Bank's risk management.

During the reporting period, the Board of Supervisors held no objection to such matters under its supervision regarding the Bank's operational and legal compliance, financial position, use of raised funds, purchase and sale of assets, connected transactions, internal control and corporate information disclosure.

III. Working Performance of the External Supervisor

During the reporting period, Mr. CHEN Yuhua, the external supervisor of the Bank, performed his supervisory duty in strict accordance with the provisions of the Articles of Association of the Bank. Mr. CHEN personally attended the 2017 Annual General Meeting and the 2018 First Extraordinary General Meeting, attended all four meetings of the Board of Supervisors, attended and chaired four meetings of the Finance and Internal Control Supervision Committee of the Board of Supervisors, and attended meetings of the Board of Directors, the Risk Policy Committee, the US Risk and Management Committee, and the Audit Committee as a non-voting attendee. Mr. CHEN led a special survey regarding RMB deposits of the Bank's domestic branches, participated in a special survey regarding corporate credit risk management, visited a number of branch offices to learn about the local situation, and guided the completion of high-quality survey reports. Mr. CHEN expressed opinions independently and objectively, and put forward suggestions for improving profitability, enhancing asset quality control, addressing difficulties related to customer bases and funding sources, grasping opportunities from the construction of the Hainan free trade port and strengthening the communication between the Head Office/branches and outlets, thus playing an active role in promoting the improvement of the Bank's corporate governance and management. During the reporting period, Mr. CHEN Yuhua worked at the Bank for more than 15 working days.

It is hereby reported.

Board of Supervisors of Bank of China Limited

Election of Mr. Zhang Jiangang to be appointed as Non-executive Director of the Bank

Upon consideration and approval at the second meeting of the Board of Directors of 2019 held on 29 March 2019, it is suggested by the Board of Directors to the Shareholders' Meeting that Mr. Zhang Jiangang be elected as Non-executive Director of the Bank. Term of office of Mr. Zhang Jiangang as Director will be three years which will commence from the date of approval of his qualification by the China Banking and Insurance Regulatory Commission and end on the date of the Bank's Annual General Meeting in 2022.

The biographical details of Mr. Zhang Jiangang are as follows:

Mr. Zhang Jiangang, Chinese, was born in 1973. He has been serving as member of the Party Committee, Secretary of Party Discipline Committee, Deputy Secretary-General, and Chairman of the Financial Evaluation Committee of the China Appraisal Society since May 2016. From August 2014 to May 2016, Mr. Zhang served as Deputy Secretary-General of the China Appraisal Society. From September 2000 to August 2014, he worked in the Department of Personnel and Education of the Ministry of Finance, successively serving as the Principal Staff Member, Deputy Director and Secretary of the Department of Personnel and Education (Director of a Division), and Director of the Department of Cadre Education. From November 1998 to September 2000, Mr. Zhang served as a cadre of the editorial office of the State Assets Management of the Ministry of Finance. From July 1995 to November 1998, he served as a cadre of the Research Institute of the former State State-owned Assets Administration Bureau. Mr. Zhang graduated from the China Youth University of Political Studies in July 1995 with a Bachelor's Degree in Law, and obtained a Master's Degree in Management from the Graduate School of the Chinese Academy of Fiscal Sciences of the Ministry of Finance in December 2002. He holds the title of Senior Economist.

Save as disclosed above, Mr. Zhang Jiangang did not hold any position with the Bank or any of its subsidiaries.

Currently, non-executive Directors of the Bank (excluding Independent Non-executive Directors) do not receive remuneration from the Bank.

As far as the directors of the Bank are aware and save as disclosed above, Mr. Zhang Jiangang did not hold any directorship in other public companies, the securities of which are listed on any securities market in Chinese mainland, Hong Kong (China) or overseas in the last three years, nor does he have any relationship with any director, senior management or substantial or controlling shareholder of the Bank, nor does he hold other positions in the Bank or any of its subsidiaries. As at the date of this proposal, Mr. Zhang Jiangang does not have any interests in the shares of the Bank or its associated companies within the meaning of Part XV of the Securities and Futures Ordinance of Hong Kong.

Save as disclosed above, there is no other information in relation to the appointment of Mr. Zhang Jiangang that needs to be disclosed pursuant to any of the requirements set out in Rule 13.51(2)(h) to (v) of the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*, nor are there any other matters that need to be brought to the attention of the shareholders of the Bank. Mr. Zhang Jiangang has not been penalized by the China Securities Regulatory Commission or other relevant departments or stock exchanges.

**Election of Mr. Martin Cheung Kong Liao to be appointed as
Independent Non-executive Director of the Bank**

Pursuant to the Bank of China Limited Board Diversity Policy and based on the needs of the Board of Directors, it is hereby proposed to the Shareholders' Meeting that Mr. Martin Cheung Kong Liao be elected to be appointed as an Independent Non-executive Director of the Bank as approved by the Board of Directors of the Bank.

The biographic details of Mr. Martin Cheung Kong Liao ("Mr. Liao") are as follows:

Mr. Liao was born in 1957. Mr. Liao was Called to the Bar in England and Wales in 1984 and was called to the Bar in Hong Kong in 1985 and is a practising barrister in Hong Kong. He has been serving as a Member of the Legislative Council of the Hong Kong Special Administrative Region since 2012. Mr. Liao has also been serving as a Steward of the Hong Kong Jockey Club since April 2013, and as an Independent Non-executive Director of Hang Lung Group Limited since November 2014. Mr. Liao has been appointed as a Non-Official Member of the Executive Council of the Hong Kong Special Administrative Region since November 2016. He was appointed as Justice of the Peace in 2004, and was awarded the Silver Bauhinia Star in 2014. He is elected as a Deputy of the Hong Kong Special Administrative Region to the 11th, 12th and 13th National People's Congress of the People's Republic of China. Mr. Liao previously served as Chairman of the Anti-Money Laundering and Counter-Terrorist Financing Review Tribunal and as Chairman of The Hong Kong Council for Accreditation of Academic and Vocational Qualifications. He graduated from University College London with a Bachelor of Economic Science (Hons) degree in 1982 and a Master of Laws degree in 1985.

Mr. Liao has excellent reputation and years of experience in the fields of law, social services and anti-money laundering with prominent contribution to society. Mr. Liao's joining to the Board will promote the board's diversity and bring enriched and professional legal knowledge and experience to the Board of Directors. Mr. Liao is also expected to provide guidance to the Bank to further enhance its compliance management, and facilitate the Board's better supervision of execution of the strategic planning in relation to the development of the Bank.

The term of office of Mr. Liao will be three years which will commence from the date of approval of his qualification by China Banking and Insurance Regulatory Commission and end on the date of the Bank's Annual General Meeting to be held in 2022. In the case that the Bank's share of Independent Non-executive Directors fails to meet regulations and the requirements of the Articles of Association of the Bank due to the expiry of the term of office of Independent Non-executive Directors before the qualification of Mr. Liao is approved, then such Independent Non-executive Directors may continue to serve as Independent Non-executive Directors under the premise that they do not serve the position for more than six years in aggregate, until the newly-elected Independent Non-executive Director begins to serve the position.

The pre-tax remuneration of Independent Non-executive Directors of the Bank as approved by the Shareholders' Meeting of the Bank is set out as follows: basic remuneration of RMB200,000 per year, an additional duty allowance of RMB200,000 per year will be paid to the chairman of the Risk Policy Committee or the chairman of the Audit Committee; and an additional duty allowance of RMB100,000 per year will be paid to the chairman of other special committees. Additional duty allowance of RMB50,000 per year will be paid to the persons being members of special committees. The remuneration of an Independent Non-executive Director who holds positions concurrently in several committees will be calculated in an accumulative manner. The actual remuneration to be paid to Independent Non-executive Directors of the Bank will be subject to the evaluation results of their duty performance.

Save as disclosed above, as at the date of this proposal, Mr. Liao does not hold any position with the Bank or any of its subsidiaries, nor has he received any remuneration from the Bank.

As far as the Directors of the Bank are aware and save as disclosed above, Mr. Liao does not hold any directorship in other public companies, the securities of which are listed on any securities market in Chinese mainland, Hong Kong (China) or overseas in the last three years, nor does he have any relationship with any director, senior management or substantial or controlling shareholder of the Bank. As at the date of this proposal, Mr. Liao does not have any interests in the shares of the Bank or its associated companies according to Part XV of the Hong Kong Securities and Futures Ordinance.

Save as disclosed above, there is no other information in relation to the appointment of Mr. Liao that needs to be disclosed pursuant to any of the requirements set out in Rule 13.51(2)(h) to (v) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, nor are there any other matters that need to be brought to the attention of the Shareholders of the Bank. Mr. Liao has not been penalized by the China Securities Regulatory Commission or other relevant departments or stock exchanges.

The appointment of Mr. Liao as Independent Non-executive Director of the Bank is conditional upon the no objection clearance of the Shanghai Stock Exchange. In accordance with the Articles of Association of the Bank and after consideration of Mr. Liao's past career, technical background, knowledge, experience, independence and the Bank's specific needs, this nomination is made by the Board of Directors of the Bank, and will be submitted for election at the Shareholders' Meeting after preliminary review by the Personnel and Remuneration Committee and reviewed by the Board of Directors. After the Proposal on the Election of Mr. Liao as Independent Non-executive Director of the Bank is approved by the Shareholders' Meeting, the Bank will simultaneously submit relevant qualification materials of Mr. Liao for China Banking and Insurance Regulatory Commission's review. The Bank has received the confirmation in writing from Mr. Liao with regard to his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Board of Directors also considers that Mr. Liao meets the independence guidelines set out in Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and is independent in accordance with the terms of the guidelines. The originals of the Declaration of the Nominator of Independent Director and the Declaration of the Candidate of Independent Director have been submitted to relevant regulator.

**Election of Mr. Wang Changyun to be Re-appointed as
Independent Non-executive Director of the Bank**

The term of office of Mr. Wang Changyun, Independent Non-executive Director of the Bank, is to expire on the date of the Annual General Meeting to be held in 2019. Pursuant to the Articles of Association of the Bank, Directors shall be elected by the Shareholders' Meeting and serve a term of office of three years. A Director may serve consecutive terms if re-elected upon the expiration of his/her term.

During his term of office, Mr. Wang Changyun has participated in the decision-making on the material matters submitted to the Board of Directors and the special committees according to the laws and regulations governing the Bank and the relevant provisions in the Articles of Association of the Bank. He has performed responsibilities of Director faithfully, diligently, professionally and efficiently.

Pursuant to the Bank of China Limited Board Diversity Policy and based on the needs of the Board of Directors, based on his willingness to be re-appointed as Independent Non-executive Director and upon the approval by the Board of Directors of the Bank, it is hereby proposed by the Board of Directors to the Shareholders' Meeting that Mr. Wang Changyun be elected for re-appointment as Independent Non-executive Director of the Bank. Term of office of his re-appointment will be three years, which will commence from the date of approval by the Bank's Annual General Meeting to be held in 2019.

The biographic details of Mr. Wang Changyun are as follows:

Mr. Wang Changyun, born in 1964, has been the Independent Director of the Bank since August 2016. Mr. WANG currently serves as professor and doctoral supervisor in finance at Renmin University of China ("RUC") and the dean of Hangqing Advanced Institute of Economics and Finance, RUC. He served as a lecturer at RUC from 1989 to 1995 and as a lecturer at Business School, National University of Singapore from 1999 to 2005. He served successively as the Chair of Applied Finance Department of RUC, Director of China Financial Policy Research Center (a key research base of Ministry of Education) and Executive Vice Dean of Hangqing Advanced Institute of Economics and Finance at RUC from 2006 to 2016. Mr. WANG is currently also the Vice Chairman of China Investment Specialty Construction Association, Director of China Finance Annual Meeting Committee, Director of China Finance Association, Deputy Editor of Finance Research Quarterly, Deputy Editor of China Finance Research, and Deputy Editor of China Financial Review. He also serves as the standing committee member of Beijing Haidian District People's Political Consultative Conference, the Central Committee member of China Democratic League, the special auditor of State Auditing Administration, the independent non-executive director of Sunway Co., Ltd. (originally named as Sichuan Star Cable Co., Ltd.) and Beijing Haohua Energy Resource Co., Ltd. Mr. WANG has received social recognition and prizes including the Special Government Allowance of State Council, Best Paper Award of Chicago Board of Trade in 2001, and the "Middle Age Experts with National Outstanding Contribution", membership of "the Program for New Century Excellent Talents" of Ministry of Education in 2004, "Financial Support of National Science Fund for Distinguished Young Scholars" in 2007, a member of the "New Century National Hundred, Thousand and Ten Thousand Talent Program" in 2013, and the "Cheung Kong Distinguished Professor" of Ministry of Education in 2014. He obtained his Master degree in economics from RUC in July 1989 and Doctorate in Financial Economics from the University of London in January 1999.

Mr. Wang Changyun has solid academic expertise and rich practical experience in the fields of finance & economic development and capital market research in mainland China, which can continuously bring professional and scientific insights to the Board of Directors. The election of Mr. Wang to be re-appointed as Independent Non-executive Director of the Bank will enhance the Board's ability to seize financial opportunities and control financial risks, which is consistent with the Bank's requirements on board diversity.

The pre-tax remuneration of Independent Non-executive Directors of the Bank as approved by the Shareholders' Meeting of the Bank is set out as follows: basic remuneration of RMB200,000 per year, an additional duty allowance of RMB200,000 per year will be paid to the chairman of the Risk Policy Committee or the chairman of the Audit Committee; and an additional duty allowance of RMB100,000 per year will be paid to the chairman of other special committees. Additional duty allowance of RMB50,000 per year will be paid to the persons being members of special committees. The remuneration of an Independent Non-executive Director who holds positions concurrently in several committees will be calculated in an accumulative manner. The actual remuneration to be paid to Independent Non-executive Directors of the Bank will be subject to the evaluation results of their duty performance.

Save as disclosed above, as at the date of this proposal, Mr. Wang Changyun does not hold any position with the Bank or any of its subsidiaries, nor has he received any remuneration from the Bank.

As far as the Directors of the Bank are aware and save as disclosed above, Mr. Wang Changyun did not hold any directorship in other public companies, the securities of which are listed on any securities market in Chinese mainland, Hong Kong (China) or overseas in the last three years, nor does he have any relationship with any director, senior management or substantial or controlling shareholder of the Bank. As at the date of this proposal, Mr. Wang Changyun does not have any interests in the shares of the Bank or its associated companies according to Part XV of the Hong Kong Securities and Futures Ordinance.

Save as disclosed above, there is no other information in relation to the re-appointment of Mr. Wang Changyun that needs to be disclosed pursuant to any of the requirements set out in Rule 13.51(2)(h) to (v) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, nor are there any other matters that need to be brought to the attention of the Shareholders of the Bank. Mr. Wang Changyun has not been penalized by the China Securities Regulatory Commission or other relevant departments or stock exchanges.

The re-appointment of Mr. Wang Changyun as Independent Non-executive Director of the Bank is conditional upon the no objection clearance of the Shanghai Stock Exchange. In accordance with the Articles of Association of the Bank and after consideration of Mr. Wang's past career, technical background, knowledge, experience, independence and the Bank's specific needs, this nomination is made by the Board of Directors of the Bank, and will be submitted for election at the Shareholders' Meeting after preliminary review by the Personnel and Remuneration Committee and approval by the Board of Directors. The Bank has received the confirmation in writing from Mr. Wang Changyun with regard to his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Board of Directors also considers that Mr. Wang Changyun meets the independence guidelines set out in Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and is independent in accordance with the terms of the guidelines. The originals of Declaration of the Nominator of Independent Director and the Declaration of the Candidate of Independent Director have been submitted to relevant regulator.

Election of Ms. Angela Chao to be Re-appointed as Independent Non-executive Director of the Bank

The term of office of Ms. Angela Chao, Independent Non-executive Director of the Bank, is to expire on the date of the Annual General Meeting to be held in 2019. Pursuant to the *Articles of Association of the Bank*, Directors shall be elected by the Shareholders' Meeting and serve a term of office of three years. A Director may serve consecutive terms if re-elected upon the expiration of his/her term.

During her term of office, Ms. Angela Chao has participated in the decision-making on the material matters submitted to the Board of Directors and the special committees according to the laws and regulations governing the Bank and the relevant provisions in the *Articles of Association of the Bank*. She has performed responsibilities of Director faithfully, diligently, professionally and efficiently.

Pursuant to the *Bank of China Limited Board Diversity Policy* and based on the needs of the Board of Directors, based on her willingness to be re-appointed as Independent Non-executive Director and upon the approval by the Board of Directors of the Bank, it is hereby proposed by the Board of Directors to the Shareholders' Meeting that Ms. Angela Chao be elected for re-appointment as Independent Non-executive Director of the Bank. Terms of office of her re-appointment will be three years which will commence from the date of approval by the Bank's Annual General Meeting to be held in 2019.

The biographic details of Ms. Angela Chao are as follows:

Ms. Angela Chao, born in 1973, has been the Independent Director of the Bank since January 2017. Ms. CHAO serves as Chairman and CEO of Foremost Group, an international shipping company. From 1994 to 1996, Ms. CHAO worked in the mergers & acquisitions department of Smith Barney, which is now Morgan Stanley Smith Barney. From 1996 to 1999, Ms. CHAO served as deputy general manager of Foremost Group, and from 2001 to 2017, Ms. CHAO had successively served as Vice President, Senior Vice President and Deputy Chairman of Foremost Group. Since 2018, she has served as Chairman and CEO of Foremost Group. In May 2005, Ms. CHAO was unanimously voted to be BIMCO39's (The Baltic and International Maritime Council 39) Counsellor. In September 2005, she was selected as "Eminent Young Overseas Chinese" by the Overseas Chinese Affairs Office of the State Council of China. In November 2007, she was invited as speaker of World Shipping (China) Summit. In April 2011, she became a Founding Member of the Wall Street Journal's Task Force on Women in the Economy. Ms. CHAO currently serves on the Boards of The Metropolitan Opera, Museum of Modern Art PS1, the UK P&I Marine Insurance Mutual, Foremost Foundation, Shanghai Mulan Education Foundation, and she also serves on the Harvard Business School's Board of Dean's Advisors, Carnegie-Tsinghua Center for Global Policy Board of Advisors, Lincoln Center Global's China Advisory Council, the Chairman's Council of the Metropolitan Museum of Art and American Bureau of Shipping Council. In addition, she is also a member of the Council on Foreign Relations, serves on the Young Leaders Forum of the National Committee on US-China Relations and serves as the member of Shanghai Jiao Tong University's Antai College of Economics and Management Advisory Board, and honorary chairperson of the Jiao Tong University Alumni Association in America. Ms. CHAO graduated from Harvard College in three years in 1994 with a Bachelor's Degree in economics (Magna Cum Laude), and received her Master of Business Administration Degree from Harvard Business School in 2001.

Ms. Angela Chao has rich experience in managing multinational conglomerates and excellent reputation and influence in the U.S. business circle, and is committed to the cultural exchanges between China and the U.S. The election of Ms. Chao to be re-appointed as Independent Non-executive Director of the Bank can continuously bring professional and scientific insights to the Board of Directors; and will enhance the Board's ability to analyze international situation, which is consistent with the Bank's requirements on board diversity.

The pre-tax remuneration of Independent Non-executive Directors of the Bank as approved by the Shareholders' Meeting of the Bank is set out as follows: basic remuneration of RMB200,000 per year, an additional duty allowance of RMB200,000 per year will be paid to the chairman of the Risk Policy Committee or the chairman of the Audit Committee; and an additional duty allowance of RMB100,000 per year will be paid to the chairman of other special committees. Additional duty allowance of RMB50,000 per year will be paid to the persons being members of special committees. The remuneration of an Independent Non-executive Director who holds positions concurrently in several committees will be calculated in an accumulative manner. The actual remuneration to be paid to Independent Non-executive Directors of the Bank will be subject to the evaluation results of their duty performance.

Save as disclosed above, as at the date of this proposal, Ms. Angela Chao does not hold any position with the Bank or any of its subsidiaries, nor has she received any remuneration from the Bank.

As far as the Directors of the Bank are aware and save as disclosed above, Ms. Angela Chao did not hold any directorship in other public companies, the securities of which are listed on any securities market in Chinese mainland, Hong Kong (China) or overseas in the last three years, nor does she have any relationship with any director, senior management or substantial or controlling shareholder of the Bank. As at the date of this proposal, Ms. Angela Chao does not have any interests in the shares of the Bank or its associated companies according to Part XV of the *Hong Kong Securities and Futures Ordinance*.

Save as disclosed above, there is no other information in relation to the re-appointment of Ms. Angela Chao that needs to be disclosed pursuant to any of the requirements set out in Rule 13.51(2)(h) to (v) of the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*, nor are there any other matters that need to be brought to the attention of the Shareholders of the Bank. Ms. Angela Chao has not been penalized by the China Securities Regulatory Commission or other relevant departments or stock exchanges.

The re-appointment of Ms. Angela Chao as Independent Non-executive Director of the Bank is conditional upon the no objection clearance of the Shanghai Stock Exchange. In accordance with the *Articles of Association of the Bank* and after consideration of Ms. Chao's past career, technical background, knowledge, experience, independence and the Bank's specific needs, this nomination is made by the Board of Directors of the Bank, and will be submitted for election at the Shareholders' Meeting after preliminary review by the Personnel and Remuneration Committee and approval by the Board of Directors. The Bank has received the confirmation in writing from Ms. Angela Chao with regard to her independence pursuant to Rule 3.13 of the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*. The Board of Directors also considers that Ms. Angela Chao meets the independence guidelines set out in Rule 3.13 of the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* and is independent in accordance with the terms of the guidelines. The originals of Declaration of the Nominator of Independent Director and the Declaration of the Candidate of Independent Director have been submitted to relevant regulator.

Election of Mr. Wang Xiquan to be Re-appointed as Shareholder Representative Supervisor of the Bank

The term of office of Mr. Wang Xiquan, Chairman of the Board of Supervisors and Shareholder Representative Supervisor of the Bank, is to expire on the date of the Annual General Meeting to be held in 2019. According to the Articles of Association of the Bank, Shareholder Representative Supervisors shall be elected by the Shareholders' Meeting and serve a term of office of three years. A Shareholder Representative Supervisor may serve consecutive terms if re-elected upon the expiration of his/her term. Based on his willingness to be re-appointed as Shareholder Representative Supervisor and upon the approval by the Board of Supervisors of the Bank, it is proposed by the Board of Supervisors to the Shareholders' Meeting that Mr. Wang Xiquan be elected for re-appointment as Shareholder Representative Supervisor of the Bank. Term of office of his re-appointment will be three years which will commence from the date of approval by the Bank's Annual General Meeting to be held in 2019 and end on the date of the Bank's Annual General Meeting to be held in 2022.

The biographic details of Mr. Wang Xiquan are as follows:

Mr. Wang Xiquan was born in 1960, has been the Chairman of the Board of Supervisors of the Bank since November 2016 and Vice Party Secretary of the Bank since June 2016. Mr. WANG previously served in several positions at Industrial and Commercial Bank of China Limited ("ICBC") for many years. He served as the Executive Vice President of ICBC from September 2012 to July 2016 and Executive Director from June 2015 to July 2016. Mr. WANG served as a member of the senior management of ICBC from April 2010 to September 2012. Between September 1999 and April 2010, he successively served as Deputy Head of the Hebei Branch of ICBC, General Manager of Risk Management Department, General Manager of Internal Audit Bureau, and General Manager of Human Resources Department. Mr. WANG graduated from Shanxi Institute of Finance and Economics in 1983 and received a Doctorate degree in Management from Nanjing University in 2009. He holds the title of Senior Economist.

Save as disclosed above, Mr. Wang Xiquan does not hold any position with the Bank or any of its subsidiaries.

Currently, the remuneration of the Bank's Shareholders' Representative Supervisors are as follows: (i) the remuneration of the Chairman of the Board of Supervisors consists mainly of salaries, bonuses, employer's contribution to compulsory insurances and housing allowances. The remuneration of the Chairman is determined with reference to the relevant government policies and approved by the Shareholders' Meeting of the Bank. Chairman does not receive Supervisor remuneration from the Bank's subsidiaries. (ii) The remuneration of the Shareholders' Representative Supervisors consists mainly of salaries, bonuses, employer's contribution to compulsory insurances and housing allowances. The remuneration of the Shareholders' Representative Supervisors is in accordance with the relevant remuneration scheme of the Bank and approved by the Shareholders' Meeting of the Bank. Shareholders' Representative Supervisors do not receive Supervisor remuneration from the Bank's subsidiaries.

As far as the Supervisors of the Bank are aware and save as disclosed above, Mr. Wang Xiquan did not hold any directorship or supervisor position in other public companies, the securities of which are listed on any securities market in Chinese mainland, Hong Kong (China) or overseas in the last three years, nor do they have any relationship with any Director, Supervisor, senior management or substantial or controlling shareholder of the Bank. As at the date of this proposal, Mr. Wang Xiquan does not have any interests in the shares of the Bank or its associated companies according to Part XV *Securities and Futures Ordinance of Hong Kong*.

Save as disclosed above, there is no other information in relation to the re-appointment of Mr. Wang Xiquan that needs to be disclosed pursuant to any of the requirements set out in Rules 13.51(2)(h) to (v) of the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*, nor are there any other matters that need to be brought to the attention of the shareholders of the Bank. Mr. Wang Xiquan has not been penalized by the China Securities Regulatory Commission or other relevant departments or stock exchanges.

Election of Mr. Jia Xiangsen to be Appointed as External Supervisor of the Bank

According to the Articles of Association of the Bank, External Supervisors shall be elected by the shareholders' meeting and serve a term of office of three years. An external supervisor may serve consecutive terms if re-elected upon the expiration of his/her term but may not serve for more than six years in aggregate.

Upon the approval by the first meeting of the Board of Supervisors of the Bank on 29 March 2019, it is proposed by the Board of Supervisors to the Shareholders' Meeting that Mr. Jia Xiangsen be elected as External Supervisor of the Bank. His term of office will be three years which will commence from the date of approval by the Bank's Annual General Meeting to be held in 2019 and end on the date of the Bank's Annual General Meeting to be held in 2022.

The biographic details of Mr. Jia Xiangsen are as follows:

Mr. Jia Xiangsen was born in 1955. Mr. Jia had successively worked for the People's Bank Of China ("PBOC") and the Agricultural Bank of China ("ABC"). From December 1983 to April 2008, Mr. Jia was vice president of the Fengtai District sub-branch of PBOC Beijing Branch, and held various positions at ABC Beijing Branch, including, among others, deputy head of Fengtai District sub-branch, deputy division chief at the branch, president of Dongcheng District sub-branch, and vice president of the branch. He was also general manager of the corporate banking department of ABC Head Office and president of ABC Guangdong Provincial Branch. From April 2008 to March 2010, Mr. Jia served as Head of Audit Bureau of the ABC Head Office. From March 2010 to March 2014, Mr. Jia was concurrently chief audit executive and head of the audit bureau at the ABC Head Office. Mr. Jia has been an external supervisor of the China CITIC Bank and an independent director of China Life Insurance Company Limited. He obtained his master's degree in monetary banking from the Chinese Academy of Social Sciences. Mr. Jia holds the title of Senior Economist.

Save as disclosed above, Mr. Jia Xiangsen does not hold any position with the Bank or any of its subsidiaries.

The pre-tax remuneration of the External Supervisors of the Bank as approved by the Shareholders' Meeting of the Bank are set out as follows: basic remuneration of RMB180,000 per year, an additional duty allowance of RMB80,000 per year will be paid to the chairman of the Duty Performance and Due Diligence Supervision Committee or the Finance and Internal Control Supervision Committee; and an additional duty allowance of RMB40,000 per year will be paid to External Supervisors being members of special committees. The remuneration of an External Supervisor who holds positions concurrently in several committees will be calculated in an accumulative manner.

As far as the Supervisors of the Bank are aware and save as disclosed above, the aforementioned candidate for Supervisor did not hold any directorship or supervisor position in other public companies, the securities of which are listed on any securities market in Chinese mainland, Hong Kong (China) or overseas in the last three years, nor does he have any relationship with any Director, Supervisor, senior management or substantial or controlling shareholder of the Bank. As at the date of this proposal, the aforementioned candidate for Supervisor does not have any interests in the shares of the Bank or its associated companies within the meaning of Part XV of *Securities and Futures Ordinance of Hong Kong*.

Save as disclosed, there is no other information in relation to the appointment of the aforementioned candidate for Supervisor that needs to be disclosed pursuant to any of the requirements set out in Rule 13.51(2)(h) to (v) of the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*, nor are there any other matters that need to be brought to the attention of the shareholders of the Bank. The aforementioned candidate for Supervisor has not been penalized by the China Securities Regulatory Commission or other relevant departments or stock exchanges.

Election of Mr. Zheng Zhiguang to be Appointed as External Supervisor of the Bank

According to the Articles of Association of the Bank, External Supervisors shall be elected by the Shareholders' Meeting and serve a term of office of three years. An External Supervisor may serve consecutive terms if re-elected upon the expiration of his/her term but may not serve for more than six years in aggregate.

Upon the approval by the first meeting of the Board of Supervisors of the Bank on 29 March 2019, it is proposed by the Board of Supervisors to the Shareholders' Meeting that Mr. Zheng Zhiguang be elected as External Supervisor of the Bank. His term of office will be three years which will commence from the date of approval by the Bank's Annual General Meeting to be held in 2019 and end on the date of the Bank's Annual General Meeting to be held in 2022.

The biographic details of Mr. Zheng Zhiguang are as follows:

Mr. Zheng Zhiguang was born in 1953. Mr. Zheng had successively worked for the People's Bank Of China ("PBOC") and Industrial and Commercial Bank of China Limited ("ICBC"). From March 1979 to August 2004, Mr. Zheng served as deputy section chief of the Luwan District sub-branch of PBOC Shanghai Branch, and held various positions at ICBC, including deputy division chief of Luwan District sub-branch of Shanghai Branch, division chief and vice president at the Shanghai Branch. From September 2004 to August 2009, Mr. Zheng served as Head of Internal Audit Bureau of the ICBC Shanghai Branch. From September 2009 to January 2013, Mr. Zheng served as head of the precious metals business department of ICBC. From 2013 to 2014 Mr. Zheng served as a director of ICBC International Holdings Limited and a Chairman of the Board of Supervisors of ICBC AXA Life Insurance Co., Ltd. He obtained a Master of Business Administration degree from Fudan University. Mr. Zheng has qualification of senior economist.

Save as disclosed above, Mr. Zheng Zhiguang does not hold any position with the Bank or any of its subsidiaries.

The pre-tax remuneration of the External Supervisors of the Bank as approved by the Shareholders' Meeting of the Bank are set out as follows: basic remuneration of RMB180,000 per year, an additional duty allowance of RMB80,000 per year will be paid to the chairman of the Duty Performance and Due Diligence Supervision Committee or the Finance and Internal Control Supervision Committee; and an additional duty allowance of RMB40,000 per year will be paid to External Supervisors being members of special committees. The remuneration of an External Supervisor who holds positions concurrently in several committees will be calculated in an accumulative manner.

As far as the Supervisors of the Bank are aware and save as disclosed above, the aforementioned candidate for Supervisor did not hold any directorship or supervisor position in other public companies, the securities of which are listed on any securities market in Chinese mainland, Hong Kong (China) or overseas in the last three years, nor does he have any relationship with any Director, Supervisor, senior management or substantial or controlling shareholder of the Bank. As at the date of this proposal, the aforementioned candidate for Supervisor does not have any interests in the shares of the Bank or its associated companies within the meaning of Part XV of the *Securities and Futures Ordinance of Hong Kong*.

Save as disclosed above, there is no other information in relation to the appointment of the aforementioned candidate for Supervisor that needs to be disclosed pursuant to any of the requirements set out in Rule 13.51(2)(h) to (v) of the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*, nor are there any other matters that need to be brought to the attention of the shareholders of the Bank. The aforementioned candidate for Supervisor has not been penalized by the China Securities Regulatory Commission or other relevant departments or stock exchanges.

REPORT ON THE CONNECTED TRANSACTIONS FOR 2018

In 2018, Bank of China Limited (hereinafter referred to as “the **Bank**”) continued implementing laws, regulations and regulatory provisions and strengthening the management of connected parties, optimized the connected transactions monitoring system, implemented process and refined management of connected transactions, made every effort to improve connected transactions management, and ensured continuous effectiveness of the connected transaction mechanism. According to the *Administrative Measures for Connected Transactions between Commercial Banks and Their Insiders or Shareholders* published by China Banking and Insurance Regulatory Commission (hereinafter referred to as “**CBIRC Rules**”) and the *Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 26 — Special Provisions on Information Disclosure of Commercial Banks* published by China Securities Regulatory Commission, the report on the Bank’s connected transactions in 2018 is hereby given as follows:

I. Work of the Connected Transactions Control Committee

The Connected Transactions Control Committee held three meetings in 2018, at which the report on connected transactions in 2017 and the report on the connected party list were reviewed and approved as main topics among others. Also reviewed was the statement of connected transactions of the Bank in 2017.

During the reporting period, the Connected Transactions Control Committee paid constant attention to the development of the Bank’s connected party management and connected transactions monitoring system. Committee members put forward constructive suggestions regarding connected party management and connected transactions monitoring system development.

II. Connected transactions management**i. Optimized connected transactions monitoring system and continued enhancing the technological level of connected transactions management**

The Bank continued increasing its input in the construction of connected transactions monitoring system based on the 2012–2017 versions. In 2018, the Bank further optimized the connected transactions monitoring system. In the aspect of connected transaction customer match mechanism, the Bank further improved the matching mechanism of certificate type and certificate number, and put into operation the approximate string matching of names of all connected legal persons and the matching of dates of birth of connected natural persons opening accounts overseas, thereby consolidating the identification and monitoring of connected transactions. Regarding the connected transactions monitoring, the Bank further expanded the scope of institutions under automatic collection, and optimized the statement statistics. The rollout and ongoing refinement of the system has improved the technological level of connected transactions management.

ii. Regulated the management of connected parties and consolidated the basis of connected transactions management

The Bank continued implementing the connected party management mechanism consisting of both real-time and annual updates. The timeliness and effectiveness of connected party information were improved, as the leading management departments supervised the relevant functional departments for the connected party to carry out real-time updates of the connected parties and functional management departments urged the declaration obligors of connected parties to fulfill the declaring obligation according to the laws. In 2018, the Bank further strengthened the management of the declaration of connected parties, constantly transmitted the declaration rules of connected parties and highlighted the responsibilities and obligations of connected parties in the *Connected Party Information Declaration Form of Bank of China Limited* to improve the quality of declaration information of connected parties.

iii. Refined the daily monitoring of connected transactions and conducted the normal management well

The Bank strictly followed the *Administrative Measures for Connected Transactions* and the *Implementation Rules for the Management of Connected Transactions* in identifying connected transactions, conducting the single transaction monitoring and continuous monitoring over connected transactions, reporting and reviewing and supplementing the record of connected transactions to meet the requirements of the external laws and regulations and regulatory rules on matters such as the pricing of connected transactions, prohibition of special connected transactions and approval and disclosure of connected transactions. The Bank provided continuous and targeted professional trainings and passing-on trainings for connected party transaction managers to further enhance the compliance awareness of institutions at all levels and improve the Group's connected transactions management.

iv. Consolidated the self-inspection and inspection to discover and eliminate the risk of connected transactions in a timely manner

Firstly, the Bank established a daily inspection system, conducting the inspection with the connected transaction monitoring system every day, which included but was not limited to inspection on the prohibition, inspection on the integrity of review, inspection on the price and supplement; secondly, the institutions developed the special self-inspection at least once a year, rectified the problems found in the self-inspection in a timely manner and reported the problems and the rectification in writing; thirdly, the leading management department of the Head Office conducted the overall verification on the connected transactions management of subordinated institutions and on appropriate occasions took disciplinary measures like circulation of criticism notices and performance appraisal to discover and eliminate the risk of connected transactions on a timely basis.

v. Strictly performed the obligation of connected transaction disclosure and protected shareholders' right to know

The Bank strictly observed rules of regulatory authorities for the disclosure of connected transactions. Firstly, connected transactions were disclosed through interim and annual reports, including major connected transactions and transactions with connected natural persons. Secondly, special reports on connected transactions were submitted to the Shareholders' Meeting to report Committee operations, connected transactions management and connected transactions in the year. By fulfilling the above disclosure obligations, the Bank protected the shareholders' right to know the connected transactions and their management and safeguarded the interests of shareholders.

To conclude, the Bank's connected transactions management mechanism had delivered stable performance in 2018, providing reasonable assurance for both the interests of all the shareholders and the overall interests of the Bank.

III. Connected transactions
i. Connected parties

By December 31, 2018, the Bank had 2,145 connected parties including 1,895 connected natural persons, accounting for 88.34% of all the connected parties, and 250 connected legal persons or other organizations, accounting for 11.66% of all the connected parties. Specifically, the Bank had 1,729 connected parties under CBIRC Rules, 301 connected parties under the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange* (hereinafter referred to as “**Listing Rules of Shanghai Stock Exchange**”) and 525 connected parties under the Hong Kong Listing Rules. The details are as follows:

Regulatory rules	Number of connected natural persons	Number of connected legal persons or other organizations	Total number of connected parties
CBIRC rules	1720	9	1729
SSE rules	282	19	301
SEHK rules	295	230	525
All regulatory rules	1895	250	2145

Note: As several rules are applicable to some connected parties at the same time, it is possible that the same connected party is counted repeatedly.

In respect of connected natural persons, the number of connected natural persons identified on December 31, 2018 was 1,895, a net increase of 768 compared with the end of 2017, mainly due to the increase of relatives reported by connected natural persons.

With regard to connected legal persons, the number of connected legal persons or other organizations identified on December 31, 2018 was 250, a net increase of 16 compared with the end of 2017, mainly including companies controlled by independent directors of significant affiliated companies and companies controlled by relatives of connected parties of branches.

ii. Connected transactions

In 2018, the Bank’s connected transactions were determined according to the general business principle and conducted under the conditions not favorable to transactions of similar type of non-connected parties, and the terms and conditions of the transactions were fair and reasonable and ensured both the interests of all the shareholders and overall interests of the Bank. The Bank conducted no connected transactions that needed to be submitted to the Board of Directors and Shareholders’ Meeting for review or to be disclosed.

1. Connected transactions under CBIRC Rules

In 2018, the Bank had no significant connected transactions, and had no connected transactions of asset transfer and rendering of services.

In respect of credit transactions, the Bank further implemented CBIRC’s requirements for prohibiting providing unsecured loans to connected parties, prohibiting providing guarantee for the financing of connected parties and prohibiting accepting its own equity as pledge to provide loans. According to the daily monitoring, the balance of the Bank’s loans to single connected party and all connected parties did not exceed the upper limit of credit connected transaction exposures of CBIRC.

As at December 31, 2018, the net balance of the Bank's loans to connected parties was RMB166,642,500, accounting for 0.0087% of its net capital; specifically, the net amount of loans to the largest connected party was RMB19,825,400, accounting for 0.0010% of its net capital. The Bank's loans to connected parties were priced with reference to the market price of a third party and all the loans were classified by risk as Pass loans. As at December 31, 2018, the net balance of Bank's loans to the connected parties accounted for 0.0014% of the Bank's total credit balance.

2. Connected transactions under the listing rules of Shanghai Stock Exchange

In 2018, the Bank had no connected transactions that shall be disclosed timely and submitted to the Board of Directors and the Shareholders' Meeting for review. In respect of transactions with connected natural persons, the Bank carried out transactions with the Head Office's directors, supervisors and senior management members and their relatives, and the transactions were mostly deposits, wealth management and credit cards. As at December 31, 2018, the balance of the Bank's loans to connected natural persons was RMB20,671,000. In respect of transactions with connected legal persons, the Bank carried out transactions with the companies where the Bank's independent directors work as independent directors, and the transactions were mostly deposits, wealth management and credit transactions.

3. Connected transactions under Hong Kong Listing Rules

In 2018, the Bank has engaged in a number of connected transactions with its connected persons in the ordinary and usual course of its business. Such transactions are exempted from the reporting, annual review, announcement and independent shareholders' approval requirements according to the Hong Kong Listing Rules. In respect of transactions with connected natural persons, the Bank carried out transactions with the connected parties on the affiliate level and the transactions were mostly deposits, wealth management and credit cards. In respect of transactions with connected legal persons, the Bank carried out transactions with the companies controlled by directors of the affiliates, and the transactions were mostly deposits, wealth managements and loan.

It is hereby reported.

Board of Directors of Bank of China Limited

DUTY REPORT OF INDEPENDENT DIRECTORS FOR 2018

In strict accordance with domestic and overseas laws, regulations, normative documents, the internal management rules of Bank of China (the “Bank” or “BOC”) and relevant requirements, the Bank’s independent directors implemented the internal requirements of sound corporate governance on independent directors, performed duties prudently, earnestly, diligently and faithfully, attended the meetings of the Board of Directors and its special committees, and independently expressed opinions and made decisions in 2018. They played an active role in safeguarding the legitimate rights and interests of the Bank and its shareholders, including minority shareholders. They advanced the implementation of the development strategy of the Bank and made positive contributions to the growth of the Bank. The duty report of independent directors in 2018 is presented as follows:

I. Basic information on independent directors

The Board of Directors maintained a reasonable and diversified structure. As at the end of March, 2019, the Board of Directors comprises 14 members. Specifically, there are four executive directors, five non-executive directors and five independent directors. The proportion of independent directors exceeds one-third of the total number of directors, complying with the quorum requirement specified in the *Articles of Association* and relevant regulatory requirements. The independent directors serve as the Chairmen of the Audit Committee, Risk Policy Committee, Personnel and Remuneration Committee and Connected Transactions Control Committee, respectively.

In 2018, the Bank’s composition of independent directors changed: Mr. Nout WELLINK ceased to serve as Independent Director, member of the Strategic Development Committee and the Audit Committee, and Chairman and member of the Risk Policy Committee of the Board of Directors of the Bank as of 29 June 2018 due to the expiration of his term of office; Mr. JIANG Guohua began to serve as Independent Director and member of the Audit Committee, the Personnel and Remuneration Committee and the Connected Transactions Control Committee of the Board of Directors of the Bank as of 14 December 2018. The Bank’s current independent directors are Mr. LU Zhengfei, Mr. LEUNG Cheuk Yan, Mr. Wang Changyun, Ms. Angela CHAO and Mr. JIANG Guohua. Their working experiences and positions in other institutions are as follows:

LU Zhengfei, Independent Director of the Bank since July 2013. Mr. LU currently serves as the distinguished professor of Cheung Kong Scholar of Guanghua School of Management, Peking University. He served as the head of the Accounting Department of the School of Business, Nanjing University between 1994 and 1999, and the head of the Accounting Department of Guanghua School of Management, Peking University between 2001 and 2007, and Associate Dean of Guanghua School of Management, Peking University between 2007 and 2014. Mr. LU also currently serves as an executive director of the Accounting Society of China and Deputy Director of Financial Management Committee, an editorial board member of *Accounting Research* and *Audit Research*, and a member of the Disciplinary Committee of the Chinese Institute of Certified Public Accountants. In 2001, he was elected as a member of “The Hundred People Project of Beijing New Century Social Science Theoretical Talent”. In 2005, he was elected to the “New Century Excellent Talent Support Plan” of the Ministry of Education, PRC. In 2013, he was elected to the “Renowned Expert Training Project” (first batch) of the Ministry of Finance. In 2014, he was elected as distinguished professor of Cheung Kong Scholar of the Ministry of Education, PRC. He currently serves as an independent non-executive director or an independent supervisor of a number of companies listed on the Hong Kong Stock Exchange, including: Independent Non-executive Director of Sino Biopharmaceutical Ltd. since November 2005, and Independent Supervisor of PICC Property and Casualty Co., Ltd. (“PICC P&C”) since January 2011. He was an independent non-executive director of PICC P&C from February 2004 to December 2010, an independent non-executive director of Sinotrans Ltd. from September 2004 to May 2018, and an independent non-executive director of China National Materials Co., Ltd. from December 2009 to April 2018. He has served as an independent non-executive director of China Nuclear Engineering & Construction Corporation Limited since November 2018. Mr. LU graduated from Renmin University of China in 1988 with a Master’s Degree in Economics (Accounting), and received his Doctor’s Degree in Economics (Management) from Nanjing University in 1996.

LEUNG Cheuk Yan, Independent Director of the Bank since September 2013. Mr. LEUNG is a former partner of Baker & McKenzie, which he joined in July 1987 and from which he retired in June 2011. During 2009 and 2010, he had served as a part-time member of the Central Policy Unit of The Hong Kong Special Administrative Region Government.

Mr. LEUNG has been an independent non-executive director of MMG Limited, which is listed on The Stock Exchange of Hong Kong Limited, since July 2012. Mr. LEUNG graduated from The Chinese University of Hong Kong with a Bachelor of Social Science Degree (First Class Honours) in 1976, obtained a Master of Philosophy Degree from The University of Oxford in 1981 and completed his legal study at The College of Law in England in 1982. He was admitted to practice as a solicitor in Hong Kong in 1985, in England and Wales in 1988, in the Australian Capital Territory in 1989 and in Victoria, Australia in 1991. He is a Senior Associate Member of St. Antony's College, Oxford.

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

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

JIANG Guohua, Independent Director of the Bank since December 2018. Mr. JIANG serves as Professor of Accounting at the Guanghua School of Management, Peking University. Currently he also serves as a member of China National MPAcc Education Steering Committee and Associate Dean of Peking University Graduate School. Mr. Jiang has successively served as Assistant Professor, Associate Professor and Professor of the Accounting Department of Guanghua School of Management, Peking University since 2002, during which he successively served as Director of the Yenching Academy, Executive Associate Dean and Director of the Yenching Academy from 2013 to 2017. From 2007 to 2010, he was a senior investment consultant at Bosera Fund Management Company; from 2010 to 2016,

he served as independent director of Datang International Power Generation Co. Ltd.; from 2011 to 2014, he was an academic advisor to the Global Valuation Institute of KPMG International; and from 2014 to 2015, he was a member of the Global Agenda Council of the World Economic Forum. Currently he also serves as independent director of ZRF Fund Management Company Ltd. and China Merchants Life Insurance Company Ltd.. Mr. Jiang was named National Leading Talent in Accounting by China Ministry of Finance (2012). He was an Elsevier Chinese Most Cited Researcher consecutively from 2014 to 2017. He was a member of the 17th Stock Issuance Review Committee of China Securities Regulatory Commission. Mr. Jiang graduated from Peking University in 1995 with a Bachelor's degree in Economics, received his Master's degree in Accounting from Hong Kong University of Science and Technology in 1997, and obtained his Doctor's degree in Accounting from the University of California, Berkeley in 2002.

As stipulated in relevant domestic regulatory requirements and Rule 3.13 of the Hong Kong Listing Rules, the Bank has received the annual confirmation in writing from each independent director with regard to his independence. Based on these confirmations and relevant information in possession of the Board of Directors, the Bank confirms their independence.

II. Overview of Annual Duty Performance by Independent Directors

i. Attendance of the Shareholders' Meeting, Meetings of the Board of Directors and Special Committees

In 2018, the Bank held one annual general meeting and one extraordinary general meeting, which reviewed and approved 19 proposals and heard three reports; the Bank held 11 on-site meetings of the Board of Directors, which reviewed and approved 75 proposals including 6 proposals reviewed and approved via written resolutions, heard nine reports and reviewed 8 documents for filling; the Bank held 37 meetings of special committees of the Board of Directors. Independent Directors' attendance of the shareholders' meeting, meetings of the Board of Directors and special committees is as follows:

Number of meetings attended in person/Number of meetings convened during term of office

			Meetings of the Special Committees of the Board of Directors				
Directors	Shareholders' Meetings	Meetings of the Board of Directors	Strategic Development	Audit	Risk Policy	Personnel and Remuneration	Related Party Transactions
			Committee	Committee	Committee	Committee	Control Committee
Incumbent Directors							
LU Zhengfei	2/2	17/17	—	6/6	—	10/10	2/3
LEUNG Cheuk Yan	2/2	17/17	—	6/6	—	10/10	3/3
WANG Changyun	2/2	17/17	9/9	6/6	9/9	8/10	—
Angela CHAO	2/2	12/17	—	6/6	8/9	—	2/3
JIANG Guohua	0/0	0/0	—	0/0	—	0/0	0/0

Notes:

1. "Number of meetings attended in person" include those attended on-site, by telephone, or by video conference.
2. Directors who did not attend the meetings of the Board of Directors and its special committees in person have authorised other directors to attend and vote at the meetings as their proxy.

ii. Operation of the Board of Directors and special committees

1. In 2018, the Bank's independent directors attended meetings of the Board of Directors, reviewed proposals, participated in discussions and offered their professional opinions independently, objectively and diligently, in accordance with the Articles of Association, the *Procedural Rules for Board of Directors of Bank of China Limited* and the *Work Rules of Independent Directors of Bank of China Limited*. In 2018, the Bank convened 17 meetings of the Board of Directors on the spot or via written resolutions. At these meetings, it reviewed and approved 46 proposals, mainly involving the Bank's periodic reports, nomination of directors, the development strategy of the Bank, issuance of bonds, distribution of dividends, establishment of overseas institutions and establishment of the wealth management subsidiary. These board meetings also heard nine reports, including the external auditor's report on internal control audit and management proposal for 2017, and reviewed 8 documents for filling.

2. The Strategic Development Committee held six on-site meetings and three meetings via written resolutions in 2018. At these meetings, it mainly approved the proposal on Development Strategy of Bank of China, the profit distribution plan for 2017, the business plan and financial budget for 2018, the dividend distribution plan for preference shares, the report on corporate social responsibility for 2017, the issuance of the qualified write-down tier-2 capital instruments, the issuance of write-down undated capital bonds, the issuance of preference shares, and the establishment of asset and wealth management subsidiary and so on. In response to changes in international and domestic economic and financial situations, the Strategic Development Committee stepped up its analysis of the operating environment, paid constant attention to opportunities and challenges, and put forward many important comments and recommendations regarding the Bank's strategy implementation and transformational development thus providing strong support to the scientific decision-making of the Board of Directors.
3. The Audit Committee held five on-site meetings and one meeting via written resolutions in 2018. It mainly reviewed and approved the 2018 work plan and financial budget for internal audit, reviewed the Bank's 2017 financial report, 2018 interim financial report and financial reports for the first and third quarters of 2018, the internal control work report for 2017 and the first half of 2018, the 2017 internal control assessment report, the audit results on internal control and management proposal, and the proposal on appointment of external auditors and audit fees for 2018 and 2019. In addition, it heard the report on the Senior Management response to Ernst & Young's management proposal for 2017, reports on internal audit in 2017 and the first half of 2018, the report on three-year plan for IT application in audit and implementation progress (three times), the 2017 report on the overseas supervision information, the report on progress in internal control audit of Ernst & Young in 2017, updates on compliance with the principle of independence and the report on 2018 audit plan and self-assessment report, the report on asset quality in the first quarter of 2018, and the report on prevention and control of external infringement cases in 2017. Moreover, in response to changes in domestic and overseas economic trends, the Audit Committee paid close attention to developments in the Bank's progress towards improving business performance and cost-effectiveness control. Through joint meetings, the committee heard the group risk report and the remediation plan for regulatory statement and CBRIC's examination on effectiveness of risk management and internal control, among others, thus assisting the Board of Directors in performing its responsibilities and duties. It also put forward many important opinions and suggestions regarding the improvement of the corporate governance mechanism, the enhancement of internal audit independence, the advancement of IT application in audit, the upgrading of credit asset quality and the improvement of internal control measures.
4. The Risk Policy Committee held five on-site meetings and four meetings via written resolutions in 2018, at which it mainly reviewed and approved the capital adequacy ratio report, internal capital adequacy assessment report, market risk limits, and country risk ratings and limits. The committee also regularly reviewed the Group risk reports as well as the progress report on the compliance work plan for effective risk data aggregation and risk reporting and so on. In addition, the committee paid close attention to critical risk issues, in response to changes in overseas and domestic economic and financial conditions, adjustments of the government's macro policies and overall overseas and domestic regulations. The committee expressed important opinions and recommendations regarding the improvement of the Bank's risk governance mechanism and the effective prevention and control of risks, including credit risk, market risk, operational risk, legal and compliance risk, liquidity risk and so on.

The US Risk and Management Committee, subordinate to the Risk Policy Committee, held four on-site meetings and six meetings via written resolutions in 2018, at which it regularly heard the reports of each institution in the US on risk management and operating status and the latest regulatory developments in the US, and approved the relevant framework documents and important policies and rules of institutions in the US and New York Branch pursuant to regulatory requirements. The US Risk and Management Committee put forward opinions and recommendations on how to strengthen risk prevention and meet compliance requirements, in consideration of the regulatory developments in the US, market changes and the business development strategies of BOC institutions in the US.

5. The Personnel and Remuneration Committee held seven on-site meetings and three meetings by written resolutions in 2018. At these meetings, the committee mainly approved proposals on the performance evaluation results and remuneration distribution plan for the Chairman, executive directors and other senior management members for 2017, and the performance evaluation measures and the 2018 implementation plan for performance evaluation of the Chairman, the President, and other senior management members, the proposal on appointing Mr. LIU Liange as President of the Bank, the proposals on appointing Mr. LIN Jingzhen and Mr. WU Fulin as Executive Vice Presidents of the Bank, the proposal on appointing Mr. LIU Qiuwan as Chief Information Officer of the Bank, the proposal on appointing Mr. SUN Yu as Chief Overseas Business Officer of the Bank, the proposals on nominating Mr. LIU Liange, Mr. ZHANG Qingsong, Mr. WU Fulin, and Mr. LIN Jingzhen as candidates for Executive Directors of the Bank, the proposal on nominating Mr. LIU Liange as Vice Chairman of the Bank, the proposal on nominating Mr. LI Jucai to be re-appointed as Non-executive Director of the Bank, the proposal on nominating Mr. JIANG Guohua as candidate for Independent Non-executive Director of the Bank, and the proposal on appointing Mr. MEI Feiqi as Secretary to the Board of Directors and Company Secretary of the Bank.
6. The Connected Transactions Control Committee held three meetings in 2018, at which it mainly reviewed and approved the report on connected transactions in 2017 and the report on the connected party list, among others. It also reviewed the statement of connected transactions of the Bank in 2017, among others. During the reporting period, the Connected Transactions Control Committee paid constant attention to the development of the Bank's connected party management and connected transaction monitoring system. Committee members put forward constructive suggestions regarding connected party management and connected transaction monitoring system development.

In 2018, the independent directors put forward independent opinions on matters reviewed the Board of Directors including profit distribution plan, nomination of directors, appointment of senior management members, remuneration of directors and senior management members and appointment of external auditor, in strict accordance with regulatory requirements and the *Articles of Association* of the Bank. In 2018, the independent directors did not raise any objection to the resolutions of the Board of Directors or its special committees.

In 2018, independent directors put forward constructive recommendations on capital replenishment, strategic planning, group risk management, anti-money laundering and the development of overseas institutions, among others. These recommendations were adopted and diligently implemented by the Bank.

iii. Field survey

In 2018, independent directors actively engaged in the Bank's affairs through field survey, comprehensively know the Bank's business development and branches' implementation of strategies of the Bank. Independent directors also made field surveys of domestic and overseas branches and institutions of the Bank. During the surveys, they paid visits to some key clients, inspected some grass-root outlets, communicated with frontline employees to know grass-root institutions' business operation, internal control, customer service, team building, corporate culture, and so on.

iv. Training

The Board of Directors of the Bank paid much attention to enhance directors' expertise, with a special focus on arranging relevant trainings. In 2018, the Bank organized independent directors to participate in a number of special trainings on application of AI in Chinese financial institutions and its prospect, changes in economic and financial environment and development of the banking sector, application of fintech in business scenarios of banks, smart banking, core regulatory laws and regulations of the United States, regulatory expectations and emerging trends. The Bank gave special presentations and organized trainings on the business development, directors' duties and internal control assessment to the newly appointed independent directors in 2018. In addition, the Bank's independent directors also promoted their professional development in various ways such

as writing and publishing professional articles, participating in seminars, meeting with domestic and overseas regulatory authorities, conducting field visits and research on the advanced international financial institutions and the domestic and overseas branches of the Bank.

v. The Bank's support to the work of independent directors

The Bank provided various services and support to independent directors in performing their duties, including assisting directors in research, training, communication meetings and interviews etc., and providing performance information and materials in a timely manner. In the performance of duties by independent directors, the Board of Directors, senior management and related staff of the Bank provided active and effective cooperation and support. In 2018, the Bank held two meetings to facilitate communications between independent directors and the management and to help independent directors know the operation and management of the Bank more comprehensively, thereby ensuring scientific and efficient decision-making of the Board of Directors. In 2017, the Bank continued to enhance information support for independent directors, and presented 12 work reports of the management and 19 circulars of the Board of Directors, providing directors with relevant information on the Bank's operation and management, regulatory policy, business development and other major issues that directors were concerned about. Independent directors also requested the management to provide explanations or further information on related issues in line with the Bank's operation and management conditions, to pay attention to significant events and to put forward recommendations in due course.

III. Key Issues That Concern Independent Directors

i. Connected Transactions

The Bank's independent directors attached great importance to the management of connected transactions. In the reporting period, independent directors reviewed the affirmation of connected parties of the Bank in accordance with relevant regulations and continued to pay attention to the development of the Bank's connected transaction monitoring system and the transmission of its connected transaction policy via the Connected Transactions Control Committee. Independent directors also put forward constructive suggestions regarding connected transaction policymaking and system development.

ii. External Guarantee and Fund Occupation

Pursuant to the relevant provisions and requirements of CSRC, and according to the principles of justice, fairness and objectivity, the independent directors of the Bank have provided the following information regarding the Bank's external guarantee business: The external guarantee business is one of the Bank's ordinary business activities approved by the PBOC and CBIRC. It does not fall within the scope of guarantees as defined in the *Circular on Regulating External Guarantee Businesses of Listed Companies*. The Bank has formulated specific management measures, operational processes and approval procedures in light of the risks of the guarantee business and carried out this business accordingly. As at December 31, 2018, the outstanding amount of letters of guarantee issued by the Bank was RMB1,070.825 billion.

iii. Use of Raised Funds

All proceeds raised from initial public offerings, issuance of subordinated bonds, rights issue, and issuance of preference shares and undated capital bonds have been fully used to replenish the Bank's capital and increase the level of its capital adequacy.

iv. Nomination and Remuneration of Senior Management Members

In 2018, the Bank's Board of Directors reviewed and approved the proposals on appointing Mr. appointing Mr. LIU Liange as President of the Bank, appointing Mr. LIN Jingzhen and Mr. WU Fulin as Executive Vice Presidents of the Bank, appointing Mr. LIU Qiuwan as Chief Information Officer of the Bank, appointing Mr. SUN Yu as Chief Overseas Business Officer of the Bank and appointing Mr. MEI Feiqi as Secretary to the Board of Directors and Company Secretary of the Bank. In addition, according to the Bank's annual performance

assessment, the Board of Directors reviewed and approved the annual remuneration distribution plan for the Chairman and senior management members in 2017. Independent directors of the Bank agreed on the appointment and remuneration of senior management members of the Bank and expressed their independent opinions.

v. Performance Reporting, Performance Forecast and Express on Performance

In 2018, the Bank's independent directors earnestly reviewed related performance reports with focus on the authenticity, accuracy and completeness to ensure there were no false records, misleading statements or material omissions. The Bank disclosed related performance reports in time pursuant to the requirements of the stock exchanges in Chinese Mainland and Hong Kong. During the period, the Bank was not under any circumstance requiring issuance of performance forecast or express on performance.

vi. Appointment or Change of External Auditors

The Bank's external auditors made a summary audit report and submitted a report on their independence compliance. The Bank's senior management appraised the external auditors' work. On such a basis, the Audit Committee of the Board of Directors assessed the performance, effectiveness and independence compliance of the current auditor in 2018 according to the requirements of the *Policies of Selection, Rotation and Dismissal for External Auditors of Bank of China Limited*, discussed the re-engagement matters and proposed to reappoint Ernst & Young Hua Ming LLP as the Bank's domestic auditor and internal control auditor for 2019 and Ernst & Young as the Bank's international auditor for 2019. At the forthcoming 2018 Annual General Meeting, the Board of Directors will tender a resolution for review and approval regarding the proposal on engaging Ernst & Young Hua Ming LLP as the Bank's domestic auditor and internal control auditor for 2019, providing audit services on its financial statements and internal control pursuant to CAS; and engaging Ernst & Young as the Bank's international auditor for 2019, providing financial statements audit services pursuant to IFRS.

vii. Cash Dividends and Other Returns to Investors

At the 2017 Annual General Meeting held on 28 June 2018, a final dividend on ordinary shares for 2017 of RMB0.176 per share (before tax) was approved for payment. The A-Share and H-Share dividends were distributed to the shareholders separately in July and August of 2018 in accordance with relevant regulations. The distribution plan has been accomplished and the actual distributed amount for ordinary shares was approximately RMB51.812 billion (before tax). No interim dividend on ordinary shares was paid for the period ended on 30 June 2018 by the Bank. The Bank did not propose any capitalisation of the capital reserve to share capital in 2018.

At the Board meeting held on 19 January 2018, the dividend distribution plan for the Bank's Domestic Preference Shares (Second Tranche) was approved. The Bank distributed a total of RMB1.54 billion (before tax) of dividends on the Domestic Preference Shares (Second Tranche) on 13 March 2018, with an annual dividend rate of 5.5% (before tax). The dividend distribution plan has been accomplished.

At the Board meeting held on 28 August 2018, the dividend distribution plans for the Bank's Offshore Preference Shares and Domestic Preference Shares (First Tranche) were approved. The Bank paid dividends on the Offshore Preference Shares in US dollars on 23 October 2018 according to the issuance terms. The annual dividend rate was 6.75% and the total dividends stood at RMB3,331 million equivalent. The Bank paid dividends on the Domestic Preference Shares (First Tranche) in RMB on 21 November 2018 according to the issuance terms. The annual dividend rate was 6% and the total dividends stood at RMB1.92 billion. The dividend distribution plans have been accomplished.

At the Board meeting held on 25 January 2019, the dividend distribution plan for the Bank's Domestic Preference Shares (Second Tranche) was approved. The Bank paid a total of RMB1.54 billion of dividends on the Domestic Preference Shares (Second Tranche) in RMB on 13 March 2019, with an annual dividend rate of 5.5% (before tax). The dividend distribution plan has been accomplished.

The Bank's independent directors faithfully performed their duties, expressed opinions on the above dividend distribution plans independently and performed their responsibilities effectively, so as to safeguard the interests of all investors, particularly minority investors, and protect minority shareholders' knowledge and voting rights.

viii. Anti-money Laundering

Independent directors attached great importance to AML. In 2018, the Bank spared no effort in AML by continuously improving governance structure and policies & procedures, increasing input of resources, optimizing monitoring system and strengthening training and assessment, so as to ensure AML management can fully match with the Group's development strategy, operation scale and business complexity.

ix. Fulfillment of Commitments of the Company and Shareholders

Central Huijin Investment Limited ("Huijin"), a controlling shareholder of the Bank, made a "non-competing commitment" when the Bank launched its IPO. As of December 31, 2018, Huijin has strictly observed and has not breach such undertaking.

x. Implementation of Information Disclosure

In 2018, the Bank prepared and disclosed its regular and provisional reports in strict adherence to the principles of truthfulness, accuracy, completeness, timeliness and fairness. It continuously enhanced the pertinence, effectiveness and transparency of information disclosure in order to guarantee investors' access to relevant information and ensure that the investors in the Chinese mainland and Hong Kong are provided with equal opportunity to access relevant information. It carefully organised compliance analysis and disclosure of material events, as well as actively exploring voluntary information disclosure to provide more comprehensive and effective information to investors. In 2018, the Bank released a total of more than 380 information disclosure documents on SSE and Hong Kong Stock Exchange.

The Bank has established a comprehensive and complete information disclosure system and put in place clear specifications regarding information disclosure standard and the scope of application, responsibility and division of work of the parties concerned, as well as information handling and disclosure procedures and internal monitoring measures. The Bank carried out the registration and submission of insider information in strict compliance with relevant regulatory requirements and the rules of the Bank. The Bank reinforced the principal responsibility system and information correspondent mechanism at the Group level, organised information disclosure training and conducted guidance on information disclosure obligations, so as to promote the building of a strong compliance culture of information disclosure and to improve the initiative and long-term perspective of its information disclosure management work.

xi. Execution of Risk Management and Internal Control

The Board of Directors of the Bank considers a sound risk management system and continuously improved independence, specialty, foresight, and initiative of risk management are the basis and prerequisite of realising the Bank's strategic goals, ensuring the sound and sustained development of banking businesses and creating greater value for shareholders.

According to regulatory rules and internal management requirements, the Senior Management submits important risk management policies, systems and procedures to the Board of Directors and Risk Policy Committee for review and approval. The Risk Policy Committee regularly reviews the Group's overall risk status (covering major risk categories such as credit risk, market risk, operational risk, liquidity risk, legal and compliance risk and reputational risk) and upcoming work plan and puts forward corresponding work requirements.

The Board of Directors and its Risk Policy Committee have acknowledged the full effectiveness of the existing risk management system of the Bank based on their close monitoring and quarterly evaluation of the system's effectiveness.

The Board of Directors attached great importance to the Group's far-reaching internal control system and continued to promote its development. It regularly heard and reviewed Senior Management reports concerning the implementation of the *Guidelines on Internal Control of Commercial Banks*, bank-wide operational management, risk management, fraud case management and internal control system development and assessment, thus earnestly assuming its responsibility to improve and deliver a sound and effective internal control function.

The Audit Committee under the Board of Directors closely monitored the changing economic and financial environment at home and abroad, as well as the overall conditions of the Group's internal control function, including the establishment and operation of its internal control systems for both financial reporting and non-financial reporting. In addition, the committee heard and reviewed, on a regular and ad hoc basis, internal audit reports and assessment opinions on internal control, reports on the progress of internal control improvements and remediation suggested by external auditors, as well as the overall situation regarding the prevention, control and redress of fraud cases and risk events. The committee guided and urged the Senior Management to improve the "three lines of defence" system of internal control, and members of the committee conducted researches into the independence and effectiveness of the audits of the Bank's comprehensive operation platforms.

During the reporting period, the Bank performed self-assessment on internal control in line with the *Basic Standard for Enterprise Internal Control* and its supporting guidelines. No material deficiencies were identified in the internal control systems for both the financial reporting and non-financial reporting of the Bank. Ernst & Young Hua Ming LLP, as the Bank's external auditor for internal control, audited the effectiveness of the Bank's internal controls over financial reporting and issued a standard unqualified opinion. The *2018 Internal Control Assessment Report of Bank of China Limited* and the *2018 Auditor's Report on Internal Control* issued by Ernst & Young Hua Ming LLP have been published on the websites of SSE, HKEX and the Bank.

IV. Overall Assessment and Suggestions

In 2018, the Bank's independent directors diligently, duly and actively performed their duties in accordance with relevant laws, regulations, and the provisions of the Articles of Association of the Bank, effectively enhancing the scientific decision-making of the Board of Directors and its special committees and protecting the interests of the Bank and all its shareholders, including minority shareholders.

In 2019, independent directors will further strengthen their capacity of duty performance, and continue to carefully, earnestly, diligently and faithfully fulfill their duties. They will safeguard the legitimate rights and interests of the Bank and its shareholders, including minority shareholders, and make bigger contributions to the Bank.

Independent Directors of Bank of China Limited
LU Zhengfei, LEUNG Cheuk Yan, WANG Changyun, Angela CHAO, JIANG Guohua

**REPORT ON THE IMPLEMENTATION ON THE SCHEME ON THE AUTHORIZATION TO
THE BOARD OF DIRECTORS GRANTED BY THE SHAREHOLDERS' MEETING OF BANK OF CHINA LIMITED FOR 2018**

Pursuant to Article 45 of the *Scheme on the Authorization to the Board of Directors Granted by the Shareholders' Meeting of Bank of China Limited* (hereinafter referred to as “**the Scheme**”), the report on the implementation of the Scheme in 2018 is presented as follows:

After conducting self-examination on the implementation of the Scheme, conclusion is drawn that, in 2018, the Board of Directors strictly followed the requirements in the Scheme, made scientific and prudent decisions within the authority defined in the Scheme, carefully performed its duties, and never exceeded its power of approval. The authorization to the Board of Directors granted by the Shareholders' Meeting can currently meet the work needs in general, and the Scheme was well implemented.

It is hereby reported.

Board of Directors of Bank of China Limited