

BANK OF CHINA BOOSTS DEVELOPMENT OF BELT AND ROAD

By YUAN SHENGGAO

As the Chinese bank with the longest history and highest level of globalized operations, Bank of China – also known as BOC – has offered strong support for the development of the Belt and Road Initiative. BOC is leveraging its history of 111 years and its extensive network of overseas operations to offer high-standard services to the countries and regions involved in the BRI, aiming to assist in high-quality local growth and benefit the local people. The BRI is a global initiative proposed by the Chinese authorities in 2013, aiming to build a community with a shared future through strengthening economic and cultural exchanges, facilitating connectivity and promoting the free flow of goods, capital and other resources. BOC has been an active player in implementing the initiative since it was launched. BOC is a participant, an implementer and also a beneficiary of the BRI. It has played its role in bridging China and other countries and regions involved in the initiative through sustainably growing its operations there.

Expanding financial network

One of BOC's commitments to the BRI is ensuring the circulation of capital through expanding and improving its financial network in countries and regions involved in the initiative.

In September, BOC's branch bank in Riyadh, Saudi Arabia, became operational, marking that the bank's operations have covered 64 countries and regions overseas, including 44 countries and regions involved in the BRI. BOC is now the leading Chinese bank in terms of the number of Belt and Road countries and regions it serves. At the same time, BOC is also committed to assist-

ing the facilitation of trade and investment in Belt and Road countries and regions, through promoting cooperation in the use of currencies of China and other Belt and Road countries for settlements. Among Chinese banks, it was the first to release the cross-border renminbi index and offshore renminbi index. It has promoted settlements with RMB in 13 countries and regions worldwide, with an annual RMB settlement volume surpassing 700 trillion yuan (\$95.2 trillion). In the meantime, it has also expanded the portfolio of its cross-border products and services. Through its financial services, BOC has offered crucial support for the construction of key projects in countries and regions involved in the BRI to benefit local economies and residents. BOC has granted credits to more than 1,000 projects in Belt and Road countries and regions, with a combined amount surpassing \$290 billion. The landmark projects that have received BOC's financial support include the Jakarta-Bandung High-Speed Railway in Indonesia, the China-Laos Railway, the port of Chanyay in Peru and the Bukhara wind power facility in Uzbekistan – which is the largest single-plant wind power generating project in Central Asia. Some smaller projects financially backed by BOC, like the Dobo Hospital in Bosnia and Herzegovina, are also of great significance. These projects are playing an important role in helping to lift the sense of happiness and gain for local residents. To help to effectively solve the fundraising problems for countries and regions involved in the BRI, BOC has teamed up with a number of international financial institutions to enrich its portfolio of products and services. Over the past decade, BOC has developed collaborations with such institutions as the Asian Infrastructure Investment Bank, International Finance Corporation and the Asian Development Bank. It is worth mentioning that BOC was the first bank to sign an agreement

with the Silk Road Fund to provide it with a line of credit. To date, BOC is the leading bank among all the international players with highest frequency in issuing bonds targeting the development and construction of the BRI, and the bank with the largest operational scale and scope as well as the richest currency portfolio when it comes to the sphere of the BRI. BOC is also the leading Chinese financial institution in helping businesses in Belt and Road countries and regions raise funds through issuing Panda Bonds, in terms of market share. Panda Bonds are renminbi-denominated debt sold by overseas issuers in China. Over the past years, BOC has made many "firsts" in this market, including helping Poland to issue Europe's first Panda Bond in China and assisting Hungary in issuing the first sovereign Panda Bond targeting BRI cooperation.

Beyond finance

BOC's engagement in the BRI has gone beyond the realm of finance. For instance, the bank has organized a total of 113 business matchmaking events to date to facilitate trade, investment and technological cooperation for companies in China and in other Belt and Road countries and regions. The bank's statistics show that more than 40,000 enterprises from 102 countries and regions involved in the initiative have taken part in the events and achieved fruitful results. In addition, BOC has held eight sessions of workshops targeting international financial cooperation and exchanges, as well as training high-profile professionals for the financial industry in Belt and Road countries and regions. Another focus of BOC to serve the BRI is on promoting international production capacity cooperation. To date, China has established production capacity cooperation mechanisms with more than 40

countries. BOC has offered services including payment settlements, project financing, equity investment and financial leasing for this cooperative scheme. Another highlight of BOC's operations is supporting the green and low-carbon development in China and other countries and regions involved in the BRI, through its financial tools. China is currently the largest market for green credits and the second-largest for green bonds. Riding this trend, BOC has designed and developed a number of products and services, including providing credit lines and issuing bonds targeting green and low-carbon growth, aiming to finance projects and create platforms to assist BRI countries' transformation toward sustainable development. BOC will actively support the construction of key facilities such as railroads, highways, airports, civil aviation and telecommunications to ensure the connectivity of the countries and regions involved in the BRI. It will also highlight cultivating new growth areas for the countries and regions by focusing on green development, innovation-driven growth and the digital economy.

In an era of digitalization, BOC has been constantly innovating to offer convenience for clients in Belt and Road countries and regions. As the latest technologies, including artificial intelligence, big data and cloud computing, are playing an increasingly crucial role in empowering the financial industry's development, BOC is using these cutting-edge financial technologies to help Belt and Road countries and regions accelerate industrial transformation and enhance their innovation capabilities. The bank is helping these countries and regions in the construction of digital infrastructure and the integration of technology, finance and industries. BOC has also been proactively promoting the standardization of the financial industry in Belt and Road regions based on the guidelines jointly released by the Chinese Ministry of Finance and other similar institutions in 20 related countries in 2017. In this regard, BOC has joined hands with other Chinese commercial banks to launch a series of programs

since that year, aiming to use Chinese wisdom to help Belt and Road countries in financial infrastructure construction and the industry's opening-up based on rules and standards. It will also improve its capacity in integrating global resources, and use multiple platforms like funds, securities, insurance and asset management to provide comprehensive service solutions to its clients in Belt and Road regions and beyond. Up to now, China has signed more than 200 cooperation agreements with 152 countries and 32 international organizations centering on the theme of BRI construction and development. The initiative has brought these stakeholders into a community with a shared future. BOC has played an active role in this process over the past decade, and in the future, it will continue to make its contribution to further improving connectivity and facilitating trade, investment and cultural exchanges in Belt and Road regions.

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BOC LEVERAGING STRENGTHS TO BOLSTER CONNECTIVITY, TRADE AMONG BRI PARTICIPANTS

MILESTONE EVENTS

1. Bank of China proposed to construct a "financial artery" for the Belt and Road Initiative in 2014.
2. BOC pioneered issuing a BRI-themed bond in 2015. Since then, it has issued five such bonds, with a total value worth \$14.6 billion, for the development of the BRI. To date, BOC is the leading financial institution in terms of the frequency, scale, scope and currency portfolio in issuing BRI-themed bonds.
3. As the major underwriter and a leading book runner, BOC assisted Hungary to issue an renminbi-denominated bond worth 1 billion yuan (\$136.8 million) on July 25, 2017. This was Hungary's first RMB bond issued in China's interbank bond market and its first sovereign bond targeting cooperation in the framework of BRI. It was also the first sovereign Panda Bond in the scheme of Bond Connect.
4. BOC attended a subforum on finance at the second Belt and Road Forum for International Cooperation and signed an agreement on green investment in Belt and Road regions with related parties on April 25, 2019.
5. BOC hosted a matchmaking event on April 25, 2019 during the second Belt and Road Forum for International Cooperation, helping nearly 1,000 business representatives from 75 countries and regions identify their partners. This was the second time that BOC hosted the event after the first session of the forum in 2017.
6. By 2019, BOC had held eight sessions of international workshops for BRI-related cooperation. The workshops were included in the list of achievements announced by the second Belt and Road Forum for International Cooperation.
7. In September 2022, BOC issued a document on several measures to assist the high-quality development of the BRI with its financial services.
8. BOC's branch bank in Riyadh, Saudi Arabia, became operational in September 2023. To date, BOC boasts overseas operations in 64 countries and regions, including 44 countries involved in the BRI, marking that BOC is one of the leading banks worldwide in terms of the number of countries it serves.
9. In September 2023, BOC issued the world's first BRI-partner-themed green notes, with all the raised funds used to support qualified green projects in Belt and Road countries.
10. To date, the number of projects in Belt and Road countries receiving BOC's lines of credit surpassed 1,000. The total amount of credits exceeded \$290 billion.

ILLUSTRATION BY SU JINGBO AND LI XUANTIAN / CHINA DAILY

Helping companies shine overseas

By YUAN SHENGGAO

When mentioning the successful cases of how Bank of China has helped Chinese enterprises develop in markets involved the Belt and Road Initiative and assist local growth, the acquisitions of offshore assets by Zijin Mining and the acquisition of Logstor by China Investment Corporation are much cited. In the Balkan country of Serbia, Bor Copper Mine used to be a pillar of its industrial sector. But it began to decline in the 1990s, despite the government's efforts to keep it moving with huge amounts of subsidies. After many unsuccessful attempts to lift it out of failure, the Serbians resorted to the Chinese embassy in Belgrade for help in 2017. Embassy officials visited BOC's branch in Serbia, expecting the bank to promote the cooperation between the copper mine and certain Chinese companies. Responding to this, Liu Xiaofei, then chief of the branch, immediately flew back to Louzuan city in Fujian province, informing Chen Jinghe, board chairman of the local company of Zijin Mining on a possible partnership with Bor. Liu introduced the status of Bor and proposed BOC's financial service solutions to a possible partnership. Chen visited Bor twice since December 2017 and reached an agreement for cooperation with the Serbian company in March 2018. According to the agreement, Zijin acquired 63 percent of the equity of Bor Copper Mine for \$350 million. This was by then the largest project in Serbia receiving Chinese investment. The equity transfer ceremony was held in December 2018. BOC had taken part in the whole process of the project's implementation, from proposing partnership solutions in the beginning to granting a loan of \$210 million to finance the acquisition. But BOC's services didn't stop there.

SIGNIFICANT PROJECTS BACKED BY BOC

JAKARTA-BANDUNG HIGH-SPEED RAILWAY
Using Chinese technologies, standards and equipment, the high-speed railway in Indonesia is a milestone project relating to the Belt and Road Initiative. Constructed by a joint venture between China Railway Group and an Indonesian company, the 142-kilometer railway has received crucial support from Bank of China, which, as a lending agency bank, has facilitated funds payment totaling about \$4.5 billion for the project and provided other services like deposit and cash management.

CHINA-LAOS RAILWAY
A flagship project in China-Laos cooperation, the railway linking Kunming and Vientiane was the first railway project between China and Laos mainly using Chinese financing and built and operated by Chinese companies. BOC is the major banking partner for this project, providing clients with settlement and clearing services totaling 17 billion yuan. It has also provided account services for a great number of upstream and downstream enterprises relating to the railway.

THE LARGEST SOLAR FARM IN HUNGARY
Backed by financing from BOC, the 100-megawatt solar power facility mainly invested in by China's CNME and CNIC investment is by far the largest single-plant solar power project in the world. The project has been praised by locals as "bringing great environmental and social benefits". BOC's financing agreement for this project was included in the list of achievements announced at the 2021 Summit of China and Central and Eastern European Countries.

THE MODERNIZATION OF THE ALL-IP FIXED COMMUNICATION NETWORK IN SERBIA
In June 2016, BOC signed an agreement with Telecom Serbia on the first-phase financing of its fixed communication network modernization project. With the support from BOC, the project has been implemented for two phases and the bank said that further collaboration will follow in the future. Telecom Serbia is the largest telecom operator in this country.

EAST COAST RAILWAY IN MALAYSIA
The railway is one of the largest transport infrastructure projects built in Belt and Road regions and also one of the largest projects constructed by Chinese companies overseas. With a total investment of about \$11 billion, it is scheduled to be completed in 2026. BOC is one of the major financial service providers for the project.

THE 1.5-GIGAWATT SOLAR POWER PROJECT IN ABU DHABI
The facility in the capital city of the United Arab Emirates is currently the largest single-plant solar power project in Central Asia. When it is completed, it will be capable of generating 3.5 billion kilowatt-hours of electricity annually. The project is supported by a syndicated loan of \$860 million, with \$125 million contributed by BOC.

THE 950-MEGAWATT THERMAL-PHOTOVOLTAIC-INTEGRATED SOLAR POWER PROJECT IN DUBAI
The project in Dubai, the UAE, is another significant solar power project in the Middle East. It is supported by a syndicated loan worth \$2.5 billion from a consortium led by BOC. BOC's contribution was \$600 million.

THE 1-GIGAWATT WIND POWER FACILITY IN BUKHARA, UZBEKISTAN
With a total investment of \$1.35 billion, the project in Uzbekistan's Bukhara region is the largest single-plant wind power project in the Middle East. It is completed, it will be capable of generating 3.5 billion kilowatt-hours of electricity annually. The project is supported by a syndicated loan of \$975 million offered by a consortium led by BOC. BOC's contribution was \$136.5 million.

CHANCAY PORT IN PERU
The port is the first large transport infrastructure project developed by Chinese companies in Peru. When it is completed, it is expected to be a joint transport and logistics hub in the coasts of South Pacific. It is supported by a syndicated loan of \$975 million offered by a consortium led by BOC.

SOCIAL RESPONSIBILITY
BOC has sponsored a scholarship for the Franz Liszt Academy of Music in Hungary for eight consecutive years, benefiting 10 outstanding Hungarian and international students annually. It also donated money for the upgrade of the Hungarian-Chinese Bilingual School in Budapest in 2016 and 2019. It again donated another 780,000 yuan (\$106.782) to the school this year for digitalized teaching.

THE SYR RIVER 1,500-MEGAWATT GAS-FUELED POWER PROJECT IN UZBEKISTAN
This was the first independent power project using foreign investment approved by the government of Uzbekistan and also a milestone energy project in the country. Scheduled to be operational by the end of this year, the project is supported by a syndicated loan of \$747 million offered by a consortium, to which BOC's contribution was \$210 million.

COMPREHENSIVE FINANCIAL SERVICE
In December 2021, BOC, as the sole underwriter and book runner, helped Hungary issue 1 billion yuan (\$137.1 million) worth of Panda Bond in China, which was the first green sovereign bond in the market. In December 2019, BOC, as the sole investment bank, helped Saudi Aramco go public on the Saudi Arabia's stock exchange Tadawul, which was the largest initial public offering worldwide. In September 2023, BOC issued the world's first BRI-themed green bond, with funds raised to be used in qualified green projects in Belt and Road regions.

DOBJO HOSPITAL IN BOSNIA AND HERZEGOVINA
The hospital located in the city of Doboj is one of the major livelihood projects built in Bosnia and Herzegovina in recent years. It is supported by a loan package of 41 million euros (\$43.31 million) offered by BOC.