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**中國銀行股份有限公司**  
**BANK OF CHINA LIMITED**

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

**(the "Bank")**

**(Stock Code: 3988 and 4619 (Preference Shares))**

## **Report for the Third Quarter ended 30 September 2020**

The Board of Directors (the "Board") of the Bank is pleased to announce the unaudited results of the Bank and its subsidiaries (the "Group") for the third quarter ended 30 September 2020. This announcement is made by the Bank pursuant to Part XIVA of the *Securities and Futures Ordinance* (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*.

## I. BASIC INFORMATION

### 1.1 Corporate information

#### A Share

##### Shanghai Stock Exchange

Stock Name	中國銀行
Stock Code	601988

#### H Share

##### The Stock Exchange of Hong Kong Limited

Stock Name	Bank of China
Stock Code	3988

#### Domestic Preference Share

##### Shanghai Stock Exchange

###### First Tranche

Stock Name	中行優1
Stock Code	360002

###### Second Tranche

Stock Name	中行優2
Stock Code	360010

###### Third Tranche

Stock Name	中行優3
Stock Code	360033

###### Fourth Tranche

Stock Name	中行優4
Stock Code	360035

#### Offshore Preference Share

##### (Second Tranche)

##### The Stock Exchange of Hong Kong Limited

Stock Name	BOC 20USDPREF
Stock Code	4619

#### Secretary to the Board of Directors

##### and Company Secretary

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## 1.2 Key financial data and performance indicators

### 1.2.1 Key financial data and performance indicators for the Group prepared in accordance with International Financial Reporting Standards (“IFRS”)

Unit: RMB million (unless otherwise stated)

Items	As at 30 September 2020	As at 31 December 2019	Change (%)	
Total assets	<b>24,703,889</b>	22,769,744	8.49	
Capital and reserves attributable to equity holders of the Bank	<b>1,979,259</b>	1,851,701	6.89	
Net assets per share (RMB)	<b>5.84</b>	5.61	4.12	
Items	Three-month period ended 30 September 2020	Change (%)	Nine-month period ended 30 September 2020	Change (%)
Operating income	<b>143,319</b>	2.25	<b>430,302</b>	3.23
Profit for the period	<b>48,174</b>	-3.27	<b>155,986</b>	-8.91
Profit attributable to equity holders of the Bank	<b>44,794</b>	-1.62	<b>145,711</b>	-8.69
Basic earnings per share (RMB)*	<b>0.14</b>	2.68	<b>0.46</b>	-11.99
Diluted earnings per share (RMB)*	<b>0.14</b>	2.68	<b>0.46</b>	-11.99
Return on average equity (%)*	<b>9.51</b>	Down by 0.45 percentage point	<b>10.64</b>	Down by 2.36 percentage points
Net cash inflow from operating activities	N/A	N/A	<b>49,844</b>	N/A
Net cash inflow from operating activities per share (RMB)	N/A	N/A	<b>0.17</b>	N/A

\* The impact of annualised preference shares dividends and perpetual bonds interest declared in the current reporting period has been considered in the calculation of the above data and/or indicators.

### 1.2.2 Differences between IFRS and Chinese Accounting Standards (“CAS”) consolidated financial statements

There are no differences in the Group’s operating results for the nine-month period ended 30 September 2020 and 2019 or the total equity as at 30 September 2020 and as at 31 December 2019 presented in the Group’s consolidated financial statements prepared under IFRS and those prepared under CAS.

### 1.3 Number of ordinary shareholders and top ten ordinary shareholders

**1.3.1 Number of ordinary shareholders as at 30 September 2020: 720,374 (including 538,881 A-Share Holders and 181,493 H-Share Holders)**

**1.3.2 Top ten ordinary shareholders as at 30 September 2020**

Unit: Share

No.	Name of ordinary shareholder	Number of shares held as at the end of the reporting period	Percentage of total ordinary shares	Number of shares subject to selling restrictions	Number of shares pledged or frozen	Type of shareholder	Type of ordinary shares
1	Central Huijin Investment Ltd.	188,461,533,607	64.02%	–	None	State	A
2	HKSCC Nominees Limited	81,901,130,116	27.82%	–	Unknown	Foreign legal person	H
3	China Securities Finance Co., Ltd.	8,596,044,925	2.92%	–	None	State-owned legal person	A
4	Central Huijin Asset Management Ltd.	1,810,024,500	0.61%	–	None	State-owned legal person	A
5	China Life Insurance Company Limited — dividend — personal dividend — 005L — FH002SH	978,023,399	0.33%	–	None	Other	A
6	HKSCC Limited	726,213,696	0.25%	–	None	Foreign legal person	A
7	China Life Insurance Company Limited — traditional — general insurance product — 005L — CT001SH	713,090,070	0.24%	–	None	Other	A
8	MUFG Bank, Ltd.	520,357,200	0.18%	–	Unknown	Foreign legal person	H
9	China Pacific Life Insurance Co., Ltd. — China Pacific Life Insurance Dividend Equity Portfolio (Traditional) with management of Changjiang Pension Insurance Co., Ltd	382,238,605	0.13%	–	None	Other	A
10	China Life Insurance(Group) Company — traditional — general insurance product — southbound trading (innovation strategy)	169,172,162	0.06%	–	None	Other	A

Notes:

- The number of shares held by H-Share Holders was recorded in the register of members kept at the H-Share Registrar of the Bank.
- HKSCC Nominees Limited acted as the nominee for all the institutional and individual investors that maintain an account with it as at 30 September 2020. The aggregate number of the Bank's H Shares held by HKSCC Nominees Limited included the number of shares held by the National Council for Social Security Fund.
- Central Huijin Asset Management Ltd. is a wholly-owned subsidiary of Central Huijin Investment Ltd.
- HKSCC Limited is the nominee holder who holds securities on behalf of others. The securities included the SSE securities acquired by Hong Kong and overseas investors through Shanghai-Hong Kong Stock Connect.
- “China Life Insurance Company Limited — dividend — personal dividend — 005L — FH002SH”, “China Life Insurance Company Limited — traditional — general insurance product — 005L — CT001SH” are both under management of China Life Insurance Company Limited. “China Life Insurance (Group) Company — traditional — general insurance product — southbound trading (innovation strategy)” is under management of China Life Insurance (Group) Company. China Life Insurance Company Limited is a subsidiary of China Life Insurance (Group) Company.
- Save as disclosed above, the Bank is not aware of any connected relation or concerted action among the aforementioned ordinary shareholders.

## 1.4 Number of preference shareholders and top ten preference shareholders

### 1.4.1 Number of preference shareholders as at 30 September 2020: 89 (including 88 domestic preference shareholders and 1 offshore preference shareholder)

### 1.4.2 Top ten preference shareholders as at 30 September 2020

Unit: Share

No.	Name of preference shareholder	Number of shares held as at the end of the reporting period	Percentage of total preference shares	Number of shares pledged or frozen	Type of shareholder	Type of preference shares
1	Bosera Fund — ICBC — Bosera — ICBC — Flexible Allocation No. 5 Specific Multi-customer Assets Management Plan	220,000,000	12.24%	None	Other	Domestic Preference Shares
2	Bank of New York Mellon Corporation	197,865,300	11.01%	Unknown	Foreign legal person	Offshore Preference Shares
3	China Mobile Communications Group Co., Ltd.	180,000,000	10.01%	None	State-owned legal person	Domestic Preference Shares
4	CCB Trust Co., Ltd. — “Qian Yuan — Ri Xin Yue Yi” Open-ended Wealth Management Single Fund Trust	133,000,000	7.40%	None	Other	Domestic Preference Shares
5	China Life Insurance Company Limited — traditional — general insurance product — 005L — CT001SH	86,000,000	4.78%	None	Other	Domestic Preference Shares
6	Bosera Fund — ABC — Agricultural Bank of China Limited	69,000,000	3.84%	None	Other	Domestic Preference Shares
7	BOCOM Schroder Asset Management — BOCOM — BOCOM Schroder Asset Management Zhuoyuan No.2 Collective Asset Management Plan	67,580,000	3.76%	None	Other	Domestic Preference Shares
8	China Resources SZITIC Trust Co., Ltd. — Investment No.1 Single Fund Trust	66,500,000	3.70%	None	Other	Domestic Preference Shares
9	China National Tobacco Corporation	50,000,000	2.78%	None	State-owned legal person	Domestic Preference Shares
10	Ping An Life Insurance Company of China — universal — individual universal insurance	40,600,000	2.26%	None	Other	Domestic Preference Shares

#### Notes:

1. The Bank of New York Mellon Corporation, acting as the custodian for all the offshore preference shareholders that maintain an account with Euroclear and Clearstream as at 30 September 2020, held 197,865,300 Offshore Preference Shares, representing 100% of the Offshore Preference Shares.
2. As at 30 September 2020, “China Life Insurance Company Limited — traditional — general insurance product — 005L — CT001SH” is one of both the Bank’s top ten ordinary shareholders and top ten preference shareholders.
3. “Bosera Fund — ICBC — Bosera — ICBC — Flexible Allocation No. 5 Specific Multi-customer Assets Management Plan” and “Bosera Fund — ABC — Agricultural Bank of China Limited” are both under management of Bosera Asset Management Co., Limited.
4. Save as disclosed above, the Bank is not aware of any connected relation or concerted action among the aforementioned preference shareholders, or among the aforementioned preference shareholders and the Bank’s top ten ordinary shareholders.

## II. SUMMARY OF ANALYSIS ON OVERALL OPERATING ACTIVITIES

During the first three quarters of 2020, the Group achieved a profit for the period of RMB155.986 billion and a profit attributable to equity holders of the Bank of RMB145.711 billion, a decrease of 8.91% and 8.69% respectively compared with the same period of 2019. Return on average total assets (ROA) was 0.88%, and return on average equity (ROE) was 10.64%. The common equity tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio stood at 10.87%, 12.64% and 15.69% respectively.

### 2.1 The principal components of the Group's consolidated income statement for the nine-month period ended 30 September 2020 were as follows:

1. The Group's net interest income amounted to RMB297.505 billion, representing an increase of RMB19.685 billion or 7.09% compared with the same period of 2019. The net interest margin was 1.81%.
2. The Group's non-interest income amounted to RMB132.797 billion, representing a decrease of RMB6.240 billion or 4.49% compared with the same period of 2019. Non-interest income represented 30.86% of the total operating income. Particularly, net fee and commission income amounted to RMB72.074 billion, an increase of RMB0.458 billion or 0.64% compared with the same period of 2019.
3. The Group's operating expenses amounted to RMB145.070 billion, an increase of RMB2.669 billion or 1.87% compared with the same period of 2019. The cost to income ratio (calculated under domestic regulations) was 24.79%.
4. The Group's impairment losses on assets amounted to RMB96.903 billion, an increase of RMB36.056 billion or 59.26% compared with the same period of 2019. The Group reported non-performing loans totaling RMB211.427 billion, and the ratio of non-performing loans to total loans was 1.48%, an increase of 0.11 percentage point compared with the prior year-end. The ratio of allowance for loan impairment losses to non-performing loans was 177.46%, a decrease of 5.40 percentage points compared with the prior year-end.

## **2.2 The principal components of the Group's financial position as at 30 September 2020 were as follows:**

The Group's total assets amounted to RMB24,703.889 billion, an increase of RMB1,934.145 billion or 8.49% compared with the prior year-end. Total liabilities amounted to RMB22,597.996 billion, an increase of RMB1,804.948 billion or 8.68% compared with the prior year-end.

1. The Group's due to customers amounted to RMB17,384.991 billion, an increase of RMB1,567.443 billion or 9.91% compared with the prior year-end. Particularly, domestic RMB-denominated deposits amounted to RMB12,738.608 billion, an increase of RMB986.927 billion or 8.40% compared with the prior year-end.
2. The Group's loans and advances to customers amounted to RMB14,307.435 billion, an increase of RMB1,238.650 billion or 9.48% compared with the prior year-end. Particularly, domestic RMB-denominated loans amounted to RMB10,977.598 billion, an increase of RMB912.366 billion or 9.06% compared with the prior year-end.
3. The Group's financial investments amounted to RMB5,369.308 billion, a decrease of RMB144.754 billion or 2.63% compared with the prior year-end. The RMB-denominated investments amounted to RMB4,203.241 billion, a decrease of RMB23.143 billion or 0.55% compared with the prior year-end. Foreign currency-denominated investments amounted to USD171.226 billion, a decrease of USD13.356 billion or 7.24% compared with the prior year-end.

### III. SIGNIFICANT EVENTS

#### 3.1 Significant changes in major financial data and indicators and the reasons thereof

√ Applicable      □ Not Applicable

The Group's key financial data and indicators which fluctuated over 30% compared with those as at the end of 2019, or compared with those for the nine-month period ended 30 September 2019 are as follows:

Unit: RMB million, except percentages

Items	As at 30 September 2020	As at 31 December 2019	Change	Main reasons
Cash and due from banks and other financial institutions	<b>850,809</b>	565,467	50.46%	Due to increase in due from banks.
Placements with and loans to banks and other financial institutions	<b>1,177,397</b>	898,959	30.97%	Due to increase in placements with and loans to banks and securities purchased under agreements to re-sell with banks.
Derivative financial assets	<b>132,421</b>	93,335	41.88%	Market parameters fluctuations resulted in increase in derivative financial assets.
Investments in associates and joint ventures	<b>34,938</b>	23,210	50.53%	Due to increase in investment in associates and joint ventures.
Deferred income tax assets	<b>58,283</b>	44,029	32.37%	Due to increase of domestic deferred income tax assets.
Placements from banks and other financial institutions	<b>340,446</b>	639,675	-46.78%	Due to decrease in placements from banks and securities sold subject to repurchase agreements with banks.
Financial liabilities held for trading	<b>13,027</b>	19,475	-33.11%	Due to decrease in short position in debt securities.
Derivative financial liabilities	<b>151,709</b>	90,060	68.45%	Market parameters fluctuations resulted in increase in derivative financial liabilities.
Treasury shares	<b>(15)</b>	(7)	114.29%	Due to increase in holdings by the Bank's subsidiary of the Bank's shares.
Other comprehensive income	<b>9,502</b>	19,613	-51.55%	Due to change in fair value of financial assets at fair value through other comprehensive income and exchange differences from the translation of foreign operations.



Unit: RMB million, except percentages

Items	Nine-month period ended 30 September 2020	Nine-month period ended 30 September 2019	Change	Main reasons
Net trading gains	4,606	22,123	-79.18%	Due to decrease in net gains from commodity and interest rate products.
Net gains on transfers of financial asset	9,793	3,738	161.99%	Due to increase in net gains from the disposal of debt securities at fair value through other comprehensive income.
Impairment losses on assets	(96,903)	(60,847)	59.26%	Due to increase in impairment losses on loans.
Share of results of associates and joint ventures	450	822	-45.26%	Due to decrease in share of results of associates.

### 3.2 Development of significant events, related impact and resolution

Applicable       Not Applicable

The Board of Directors of the Bank approved the *Proposal on Exercising the Redemption Right of the Domestic Preference Shares (First and Second Tranche)* on 30 August 2020, and no objections were raised by the China Banking and Insurance Regulatory Commission for the Bank to redeem the Domestic Preference Shares (First and Second Tranche). The Bank proposes to redeem all Domestic Preference Shares (First Tranche) on 23 November 2020, and to redeem all Domestic Preference Shares (Second Tranche) on 15 March 2021. The Bank will follow other application procedures with the relevant regulatory authorities and perform its information disclosure obligations in due course in accordance with relevant laws, regulations and the issue documents of the Domestic Preference Shares. For details, please refer to the announcements of the Bank published on 23 September 2020 on the websites of the Shanghai Stock Exchange, Hong Kong Exchanges and Clearing Limited and the Bank.

### 3.3 Undertakings failed to be fulfilled during the reporting period

Applicable       Not Applicable

### 3.4 Warnings and explanations of any forecasted losses or significant changes to accumulated net profit from the beginning of the year to the end of the next reporting period

Applicable       Not Applicable

### 3.5 Implementation of cash dividend policy during the reporting period

Applicable       Not Applicable

The Board of Directors of the Bank approved the dividend distribution plans for the Bank's Domestic Preference Shares (First Tranche and Second Tranche) on 30 August 2020. The Bank was approved to distribute a total of RMB1.920 billion (before tax) of dividends on Domestic Preference Shares (First Tranche) on 23 November 2020, with an annual dividend rate of 6.00% (before tax), and to distribute a total of RMB1.540 billion (before tax) of dividends on Domestic Preference Shares (Second Tranche) on 15 March 2021, with an annual dividend rate of 5.50% (before tax).

## IV. QUARTERLY REPORT

This announcement is simultaneously available on the website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and that of the Bank at [www.boc.cn](http://www.boc.cn). The 2020 third quarter report prepared in accordance with CAS is also available on the website of the Shanghai Stock Exchange at [www.sse.com.cn](http://www.sse.com.cn) and that of the Bank at [www.boc.cn](http://www.boc.cn).

**The Board of Directors of  
Bank of China Limited**

Beijing, PRC  
30 October 2020

*As at the date of this announcement, the directors of the Bank are: Liu Liange, Wang Jiang, Wang Wei, Lin Jingzhen, Zhao Jie\*, Xiao Lihong\*, Wang Xiaoya\*, Zhang Jiangan\*, Chen Jianbo\*, Wang Changyun#, Angela Chao#, Jiang Guohua#, Martin Cheung Kong Liao#, Chen Chunhua# and Chui Sai Peng Jose#.*

\* *Non-executive Directors*

# *Independent Non-executive Directors*

APPENDIX I — FINANCIAL STATEMENTS (PREPARED IN ACCORDANCE WITH IFRS)

Consolidated Income Statement

	Unit: RMB million			
	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2020 (unaudited)	2019 (unaudited)	2020 (unaudited)	2019 (unaudited)
Interest income	182,967	188,288	558,897	553,652
Interest expense	(82,357)	(92,152)	(261,392)	(275,832)
<b>Net interest income</b>	<b>100,610</b>	<b>96,136</b>	<b>297,505</b>	<b>277,820</b>
Fee and commission income	25,538	25,023	82,559	82,488
Fee and commission expense	(3,806)	(3,971)	(10,485)	(10,872)
<b>Net fee and commission income</b>	<b>21,732</b>	<b>21,052</b>	<b>72,074</b>	<b>71,616</b>
Net trading gains	2,433	7,539	4,606	22,123
Net gains on transfers of financial asset	2,170	494	9,793	3,738
Other operating income	16,374	14,948	46,324	41,560
<b>Operating income</b>	<b>143,319</b>	<b>140,169</b>	<b>430,302</b>	<b>416,857</b>
Operating expenses	(54,124)	(51,271)	(145,070)	(142,401)
Impairment losses on assets	(30,419)	(27,177)	(96,903)	(60,847)
<b>Operating profit</b>	<b>58,776</b>	<b>61,721</b>	<b>188,329</b>	<b>213,609</b>
Share of results of associates and joint ventures	387	152	450	822
<b>Profit before income tax</b>	<b>59,163</b>	<b>61,873</b>	<b>188,779</b>	<b>214,431</b>
Income tax expense	(10,989)	(12,069)	(32,793)	(43,185)
<b>Profit for the period</b>	<b>48,174</b>	<b>49,804</b>	<b>155,986</b>	<b>171,246</b>
<b>Attributable to:</b>				
Equity holders of the Bank	44,794	45,531	145,711	159,579
Non-controlling interests	3,380	4,273	10,275	11,667
	<b>48,174</b>	<b>49,804</b>	<b>155,986</b>	<b>171,246</b>
Earnings per share (in RMB)				
— Basic	0.14	0.14	0.46	0.52
— Diluted	0.14	0.14	0.46	0.52

## Consolidated Statement of Comprehensive Income

	Unit: RMB million			
	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2020 (unaudited)	2019 (unaudited)	2020 (unaudited)	2019 (unaudited)
<b>Profit for the period</b>	48,174	49,804	155,986	171,246
<b>Other comprehensive income:</b>				
<b>Items that will not be reclassified to profit or loss</b>				
— Actuarial gains/(losses) on defined benefit plans	91	(38)	12	(24)
— Changes in fair value on investments in equity instruments designated at fair value through other comprehensive income	(659)	(287)	(1,292)	1,111
— Other	(70)	2	(31)	(39)
Subtotal	(638)	(323)	(1,311)	1,048
<b>Items that may be reclassified subsequently to profit or loss</b>				
— Changes in fair value on investments in debt instruments measured at fair value through other comprehensive income	(12,648)	4,056	(7,059)	8,716
— Allowance for credit losses on investments in debt instruments measured at fair value through other comprehensive income	(210)	212	2,998	429
— Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(12)	(5)	(59)	(318)
— Exchange differences from the translation of foreign operations	(12,681)	8,045	(8,331)	9,215
— Other	420	(700)	70	(509)
Subtotal	(25,131)	11,608	(12,381)	17,533
<b>Other comprehensive income for the period, net of tax</b>	<b>(25,769)</b>	<b>11,285</b>	<b>(13,692)</b>	<b>18,581</b>
<b>Total comprehensive income for the period</b>	<b>22,405</b>	<b>61,089</b>	<b>142,294</b>	<b>189,827</b>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Bank	24,262	54,133	135,447	174,212
Non-controlling interests	(1,857)	6,956	6,847	15,615
	<b>22,405</b>	<b>61,089</b>	<b>142,294</b>	<b>189,827</b>

## Consolidated Statement of Financial Position

Unit: RMB million

	As at <b>30 September 2020</b> (unaudited)	As at <b>31 December 2019</b> (audited)
<b>ASSETS</b>		
Cash and due from banks and other financial institutions	850,809	565,467
Balances with central banks	2,267,798	2,078,809
Placements with and loans to banks and other financial institutions	1,177,397	898,959
Government certificates of indebtedness for bank notes issued	188,421	155,466
Precious metals	218,662	206,210
Derivative financial assets	132,421	93,335
Loans and advances to customers, net	13,932,743	12,743,425
Financial investments	5,369,308	5,514,062
— financial assets at fair value through profit or loss	505,897	518,250
— financial assets at fair value through other comprehensive income	2,006,667	2,218,129
— financial assets at amortised cost	2,856,744	2,777,683
Investments in associates and joint ventures	34,938	23,210
Property and equipment	245,561	244,540
Investment properties	21,939	23,108
Deferred income tax assets	58,283	44,029
Other assets	205,609	179,124
<b>Total assets</b>	<b>24,703,889</b>	<b>22,769,744</b>

**Consolidated Statement of Financial Position (continued)**

Unit: RMB million

	<b>As at 30 September 2020</b> (unaudited)	<b>As at 31 December 2019</b> (audited)
<b>LIABILITIES</b>		
Due to banks and other financial institutions	1,919,924	1,668,046
Due to central banks	827,307	846,277
Bank notes in circulation	188,734	155,609
Placements from banks and other financial institutions	340,446	639,675
Financial liabilities held for trading	13,027	19,475
Derivative financial liabilities	151,709	90,060
Due to customers	17,384,991	15,817,548
Bonds issued	1,289,522	1,096,087
Other borrowings	26,771	28,011
Current tax liabilities	50,925	59,102
Retirement benefit obligations	2,339	2,533
Deferred income tax liabilities	5,984	5,452
Other liabilities	396,317	365,173
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<b>Total liabilities</b>	<b>22,597,996</b>	<b>20,793,048</b>
<b>EQUITY</b>		
<b>Capital and reserves attributable to equity holders of the Bank</b>		
Share capital	294,388	294,388
Other equity instruments	259,464	199,893
Capital reserve	136,047	136,012
Treasury shares	(15)	(7)
Other comprehensive income	9,502	19,613
Statutory reserves	175,316	174,762
General and regulatory reserves	247,731	250,100
Undistributed profits	856,826	776,940
	<hr/>	<hr/>
	<b>1,979,259</b>	<b>1,851,701</b>
<b>Non-controlling interests</b>	<b>126,634</b>	<b>124,995</b>
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<b>Total equity</b>	<b>2,105,893</b>	<b>1,976,696</b>
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<b>Total equity and liabilities</b>	<b>24,703,889</b>	<b>22,769,744</b>
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**LIU Liange**  
*Director*

**WANG Jiang**  
*Director*

## Consolidated Statement of Cash Flows

Unit: RMB million

	<b>For the nine-month period ended 30 September</b>	
	<b>2020</b>	<b>2019</b>
	(unaudited)	(unaudited)
<b>Cash flows from operating activities</b>		
Profit before income tax	188,779	214,431
Adjustments:		
Impairment losses on assets	96,903	60,847
Depreciation of property and equipment and right-of-use assets	16,798	15,211
Amortisation of intangible assets and other assets	3,705	3,034
Net gains on disposal of property and equipment, intangible assets and other long-term assets	(1,101)	(800)
Net gains on disposal of investments in subsidiaries, associates and joint ventures	(74)	–
Share of results of associates and joint ventures	(450)	(822)
Interest income arising from financial investments	(113,522)	(115,795)
Dividends arising from investment securities	(453)	(311)
Net gains on financial investments	(8,827)	(2,551)
Interest expense arising from bonds issued	25,885	22,095
Accreted interest on impaired loans	(925)	(1,196)
Interest expense arising from lease liabilities	610	641
Net changes in operating assets and liabilities:		
Net (increase)/decrease in balances with central banks	(97,188)	46,358
Net increase in due from and placements with and loans to banks and other financial institutions	(249,930)	(197,690)
Net increase in precious metals	(12,424)	(45,346)
Net increase in loans and advances to customers	(1,270,461)	(1,106,595)
Net increase in other assets	(85,257)	(247,310)
Net increase in due to banks and other financial institutions	253,693	8,146
Net decrease in due to central banks	(18,425)	(71,363)
Net decrease in placements from banks and other financial institutions	(298,509)	(70,883)
Net increase in due to customers	1,559,927	890,336
Net decrease in other borrowings	(1,240)	(5,372)
Net increase in other liabilities	115,204	68,450
	<u>102,718</u>	<u>(536,485)</u>
Cash inflow/(outflow) from operating activities		
Income tax paid	(52,874)	(24,242)
	<u>49,844</u>	<u>(560,727)</u>
Net cash inflow/(outflow) from operating activities		

## Consolidated Statement of Cash Flows (continued)

	Unit: RMB million	
	<b>For the nine-month period ended 30 September</b>	
	<b>2020</b>	<b>2019</b>
	(unaudited)	(unaudited)
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property and equipment, intangible assets and other long-term assets	3,194	7,605
Proceeds from disposal of investments in subsidiaries, associates and joint ventures	714	857
Dividends received	866	403
Interest income received from financial investments	124,378	123,111
Proceeds from disposal/maturity of financial investments	2,718,578	2,085,565
Increase in investments in subsidiaries, associates and joint ventures	(12,560)	(1,211)
Purchase of property and equipment, intangible assets and other long-term assets	(22,797)	(22,605)
Purchase of financial investments	(2,580,989)	(2,346,680)
Net cash inflow/(outflow) from investing activities	<b>231,384</b>	<b>(152,955)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of bonds	752,289	598,977
Proceeds from issuance of other equity instruments	59,571	139,962
Proceeds from capital contribution by non-controlling shareholders	1,351	–
Repayments of debts issued	(556,758)	(394,038)
Cash payments for interest on bonds issued	(15,264)	(15,727)
Dividend and interest payments to equity and other equity instrument holders of the Bank	(64,028)	(56,052)
Dividend and coupon payments to non-controlling shareholders	(6,769)	(4,790)
Other net cash flows from financing activities	(5,117)	(5,130)
Net cash inflow from financing activities	<b>165,275</b>	<b>263,202</b>
Effect of exchange rate changes on cash and cash equivalents	(12,282)	17,753
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>434,221</b>	<b>(432,727)</b>
Cash and cash equivalents at beginning of the period	1,345,892	1,688,600
Cash and cash equivalents at end of the period	<b>1,780,113</b>	<b>1,255,873</b>



## APPENDIX II — CAPITAL ADEQUACY RATIO, LEVERAGE RATIO AND LIQUIDITY COVERAGE RATIO

### I. Capital Adequacy Ratio

Unit: RMB million, except percentages

	As at 30 September 2020	As at 31 December 2019
<b>Calculated in accordance with the <i>Capital Rules for Commercial Banks (Provisional)</i><sup>Note</sup></b>		
Net common equity tier 1 capital	1,668,531	1,596,378
Net tier 1 capital	1,940,169	1,806,435
Net capital	2,409,260	2,201,278
Common equity tier 1 capital adequacy ratio	10.87%	11.30%
Tier 1 capital adequacy ratio	12.64%	12.79%
Capital adequacy ratio	<u>15.69%</u>	<u>15.59%</u>

Note: The capital adequacy ratios are calculated under the advanced approaches in accordance with the *Capital Rules for Commercial Banks (Provisional)* by using the following to measure risk-weighted assets: Internal Ratings-Based Approach for credit risk, Internal Models Approach for market risk and Standardised Approach for operational risk.

### II. Leverage Ratio

The leverage ratios of the Group calculated in accordance with the *Administrative Measures for the Leverage Ratio of Commercial Banks (Revised)* and the *Capital Rules for Commercial Banks (Provisional)* are as follows:

	Unit: RMB million, except percentages			
Items	As at 30 September 2020	As at 30 June 2020	As at 31 March 2020	As at 31 December 2019
Net tier 1 capital	1,940,169	1,910,664	1,886,811	1,806,435
Adjusted on- and off-balance sheet assets	<u>26,136,582</u>	<u>25,687,399</u>	<u>25,579,088</u>	<u>24,303,201</u>
Leverage ratio	<u>7.42%</u>	<u>7.44%</u>	<u>7.38%</u>	<u>7.43%</u>

### III. Liquidity Coverage Ratio

According to the *Disclosure Rules on Liquidity Coverage Ratio of Commercial Banks*, the Group disclosed the information of liquidity coverage ratio (“LCR”) <sup>(1)</sup> as follows.

#### Regulatory requirements of liquidity coverage ratio

As stipulated by the *Rules on Liquidity Risk Management of Commercial Banks* issued by CBIRC, the minimum regulatory requirement of LCR is 100%.

#### The Group’s liquidity coverage ratio

Since 2017, the Group measured the LCR on a day-to-day consolidated basis<sup>(2)</sup>. In the third quarter of 2020, the Group measured 92-day LCR on this basis, with average ratio<sup>(3)</sup> standing at 137.36%, representing a decrease of 3.35 percentage points over the previous quarter, which was primarily due to the increase in the net cash outflow.

	2020			2019
	Quarter ended 30 September	Quarter ended 30 June	Quarter ended 31 March	Quarter ended 31 December
Average value of LCR	<u>137.36%</u>	<u>140.71%</u>	<u>141.32%</u>	<u>136.36%</u>

### III. Liquidity Coverage Ratio (continued)

The Group's average values<sup>(3)</sup> of consolidated LCR individual line items in the third quarter of 2020 are as follows:

		Unit: RMB million, except percentages	
No.		Total unweighted value	Total weighted value
<b>High-quality liquid assets</b>			
1	Total high-quality liquid assets (HQLA)		4,237,046
<b>Cash outflows</b>			
2	Retail deposits and deposits from small business customers, of which:	7,774,798	568,719
3	Stable deposits	4,029,378	194,177
4	Less stable deposits	3,745,420	374,542
5	Unsecured wholesale funding, of which:	9,415,815	3,555,660
6	Operational deposits (excluding those generated from correspondent banking activities)	5,194,475	1,277,331
7	Non-operational deposits (all counterparties)	4,120,486	2,177,475
8	Unsecured debts	100,854	100,854
9	Secured funding		3,518
10	Additional requirements, of which:	3,060,502	1,822,532
11	Outflows related to derivative exposures and other collateral requirements	1,714,424	1,714,424
12	Outflows related to loss of funding on debt products	–	–
13	Credit and liquidity facilities	1,346,078	108,108
14	Other contractual funding obligations	74,781	74,781
15	Other contingent funding obligations	2,983,042	84,455
16	<b>Total cash outflows</b>		6,109,665
<b>Cash inflows</b>			
17	Secured lending (including reverse repos and securities borrowing)	258,206	206,752
18	Inflows from fully performing exposures	1,586,335	1,002,994
19	Other cash inflows	1,916,503	1,812,821
20	<b>Total cash inflows</b>	3,761,044	3,022,567
		<b>Total adjusted value</b>	
21	<b>Total HQLA</b>		4,237,046
22	<b>Total net cash outflows</b>		3,087,098
23	<b>Liquidity coverage ratio</b>		137.36%

### **III. Liquidity Coverage Ratio (continued)**

- (1) The LCR aims to ensure that commercial banks have sufficient HQLA that can be converted into cash to meet the liquidity requirements for at least thirty days under stress scenarios determined by the CBIRC.
- (2) When calculating the consolidated LCR, Bank of China Group Investment Limited, Bank of China Insurance Company Limited, Bank of China Group Insurance Company Limited and Bank of China Group Life Assurance Company Limited were excluded from the scope of consolidation in accordance with the requirements of the CBIRC.
- (3) The average of LCR and the averages of all related individual items are the day-end simple arithmetic averages of figures over each quarter.