

Supplementary Information

(Amount in millions of Renminbi, unless otherwise stated)

I DIFFERENCES BETWEEN IFRS AND CAS CONSOLIDATED FINANCIAL STATEMENTS

There are no differences in the Group's operating results for the years ended 31 December 2020 and 2019 or total equity as at 31 December 2020 and 2019 presented in the Group's consolidated financial statements prepared under IFRS and those prepared under CAS.

II UNAUDITED SUPPLEMENTARY INFORMATION

1 Liquidity ratios, liquidity coverage ratio and net stable funding ratio

	As at 31 December	
	2020	2019
RMB current assets to RMB current liabilities	54.50%	54.56%
Foreign currency current assets to foreign currency current liabilities	58.57%	60.38%

The liquidity ratios are calculated in accordance with the relevant provisions of the CBIRC.

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")⁽¹⁾ 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⁽²⁾. In the fourth quarter of 2020, the Group measured 92-day LCR on this basis, with average ratio⁽³⁾ standing at 139.79%, representing an increase of 2.43 percentage points over the previous quarter, which was primarily due to the increase in the high-quality liquid assets ("HQLA").

	2020			
	Quarter ended	Quarter ended	Quarter ended	Quarter ended
	31 December	30 September	30 June	31 March
Average value of LCR	139.79%	137.36%	140.71%	141.32%

(Amount in millions of Renminbi, unless otherwise stated)

II UNAUDITED SUPPLEMENTARY INFORMATION (Continued)**1 Liquidity ratios, liquidity coverage ratio and net stable funding ratio (Continued)*****The Group's liquidity coverage ratio (Continued)***

The Group's average values⁽³⁾ of consolidated LCR individual line items in the fourth quarter of 2020 are as follows:

No.	Total unweighted value	Total weighted value
High-quality liquid assets		
1 Total high-quality liquid assets (HQLA)		4,519,319
Cash outflows		
2 Retail deposits and deposits from small business customers, of which:	7,926,016	580,381
3 Stable deposits	4,103,190	198,099
4 Less stable deposits	3,822,826	382,282
5 Unsecured wholesale funding, of which:	9,729,241	3,627,975
6 Operational deposits (excluding those generated from correspondent banking activities)	5,458,396	1,338,809
7 Non-operational deposits (all counterparties)	4,170,395	2,188,716
8 Unsecured debts	100,450	100,450
9 Secured funding		1,478
10 Additional requirements, of which:	3,022,759	1,782,525
11 Outflows related to derivative exposures and other collateral requirements	1,677,186	1,677,186
12 Outflows related to loss of funding on debt products	-	-
13 Credit and liquidity facilities	1,345,573	105,339
14 Other contractual funding obligations	75,640	75,640
15 Other contingent funding obligations	2,979,474	85,094
16 Total cash outflows		6,153,093
Cash inflows		
17 Secured lending (including reverse repos and securities borrowing)	259,693	130,615
18 Inflows from fully performing exposures	1,667,025	1,007,484
19 Other cash inflows	1,871,578	1,772,360
20 Total cash inflows	3,798,296	2,910,459
		Total adjusted value
21 Total HQLA		4,519,319
22 Total net cash outflows		3,242,634
23 Liquidity coverage ratio		139.79%

(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, BOCG Investment, BOC Insurance, BOCG Insurance and BOCG Life 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.

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II UNAUDITED SUPPLEMENTARY INFORMATION (Continued)**1 Liquidity ratios, liquidity coverage ratio and net stable funding ratio (Continued)****Net stable funding ratio**

In accordance with the *Disclosure Rules on Net Stable Funding Ratio of Commercial Banks*, the Group disclosed the information of net stable funding ratio ("NSFR")⁽¹⁾ as follows.

Regulatory requirements of net stable funding ratio

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

The Group's net stable funding ratio

As stipulated by the *Disclosure Rules on Net Stable Funding Ratio of Commercial Banks* issued by CBIRC, banks approved to implement the advanced approaches of capital measurement by CBIRC in accordance with *Capital Rules for Commercial Banks (Provisional)* shall disclose the information of net stable funding ratio for the preceding two consecutive quarters at least semi-annually.

As at 31 December 2020, the Group's NSFR was 123.50% on a consolidated basis⁽²⁾, representing an increase of 0.21 percentage point over the previous quarter. As at 30 September 2020, the Group's NSFR was 123.29%, representing a decrease of 1.29 percentage points over the previous quarter. The Group's NSFR remained stable, and met the regulatory requirement.

	2020			
	Quarter ended	Quarter ended	Quarter ended	Quarter ended
	31 December	30 September	30 June	31 March
Ending value of NSFR ⁽³⁾	123.50%	123.29%	124.58%	124.72%

- (1) NSFR is introduced to ensure commercial banks have sufficient stable funding to meet the requirements of assets and off-balance sheet exposures.
- (2) When calculating the consolidated NSFR, BOCG Investment, BOC Insurance, BOCG Insurance and BOCG Life were excluded from the scope of consolidation in accordance with the requirements of the CBIRC.
- (3) NSFR are the ending values of each quarter.

(Amount in millions of Renminbi, unless otherwise stated)

II UNAUDITED SUPPLEMENTARY INFORMATION (Continued)**1 Liquidity ratios, liquidity coverage ratio and net stable funding ratio (Continued)*****The Group's net stable funding ratio (Continued)***

The Group's consolidated NSFR individual line items at the end of the fourth quarter of 2020 are as follows:

No.	Items	Unweighted value				Weighted value
		No maturity	<6 months	6–12 months	≥1 year	
Available Stable Funding (ASF) Item						
1	Capital	–	–	–	2,376,563	2,376,563
2	Regulatory capital	–	–	–	2,326,563	2,326,563
3	Other capital instruments	–	–	–	50,000	50,000
4	Retail deposits and deposits from small business customers	4,160,580	4,429,482	51,427	23,008	8,016,873
5	Stable deposits	1,840,110	2,475,206	15,169	8,909	4,122,870
6	Less stable deposits	2,320,470	1,954,276	36,258	14,099	3,894,003
7	Wholesale funding	5,491,837	5,416,872	840,239	508,262	5,418,260
8	Operational deposits	4,967,425	333,516	–	–	2,650,470
9	Other wholesale funding	524,412	5,083,356	840,239	508,262	2,767,790
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities	59,755	215,086	4,656	530,037	303,740
12	NSFR derivatives liabilities	–	–	–	228,625	–
13	All other liabilities and equity not included in the above categories	59,755	215,086	4,656	301,412	303,740
14	Total ASF					16,115,436
Required Stable Funding (RSF) Item						
15	Total NSFR high-quality liquid assets					656,960
16	Deposits held at other financial institutions for operational purposes	150,126	1,565	–	–	75,846
17	Loans and securities	42,809	4,377,337	2,081,267	9,658,315	10,831,615
18	Loans to financial institutions secured by Level 1 assets	–	144,801	–	–	14,480
19	Loans to financial institutions secured by non-Level 1 assets and unsecured loans to financial institutions	42,809	1,263,313	374,159	99,167	482,165
20	Loans to retail and small business customers, non-financial institutions, sovereigns, central banks and public sector entities (PSEs) of which:					
21	With a risk weight of less than or equal to 35%	–	2,535,741	1,506,960	4,795,063	6,021,096
		–	226,232	15,685	1,944	48,258

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II UNAUDITED SUPPLEMENTARY INFORMATION (Continued)**1 Liquidity ratios, liquidity coverage ratio and net stable funding ratio (Continued)*****The Group's net stable funding ratio (Continued)***

The Group's consolidated NSFR individual line items at the end of the fourth quarter of 2020 are as follows (Continued):

No.	Items	Unweighted value				Weighted value
		No maturity	<6 months	6-12 months	≥1 year	
Required Stable Funding (RSF) Item (Continued)						
22	Residential mortgages of which:	-	106,581	96,347	4,242,902	3,654,983
23	With a risk weight of less than or equal to 35%	-	6,267	6,405	264,738	178,416
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	326,901	103,801	521,183	658,891
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets	707,814	89,272	8,979	636,959	1,231,642
27	Physical traded commodities, including gold	248,374				211,118
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				253	215
29	NSFR derivatives assets				187,128	-
30	NSFR derivatives liabilities with additional requirements				45,725*	45,725
31	All other assets not included in the above categories	459,440	89,272	8,979	449,578	974,584
32	Off-balance sheet items				6,358,448	253,134
33	Total RSF					13,049,197
34	NSFR					123.50%

* Report derivative liabilities before deducting variation margin posted. There is no need to differentiate by maturities. The unweighted value should be excluded from the total value of item No. 26 "Other assets".

(Amount in millions of Renminbi, unless otherwise stated)

II UNAUDITED SUPPLEMENTARY INFORMATION (Continued)**1 Liquidity ratios, liquidity coverage ratio and net stable funding ratio (Continued)*****The Group's net stable funding ratio (Continued)***

The Group's consolidated NSFR individual line items at the end of the third quarter of 2020 are as follows:

No.	Items	Unweighted value				Weighted value
		No maturity	<6 months	6–12 months	≥1 year	
Available Stable Funding (ASF) Item						
1	Capital	–	–	–	2,330,873	2,330,873
2	Regulatory capital	–	–	–	2,280,873	2,280,873
3	Other capital instruments	–	–	–	50,000	50,000
4	Retail deposits and deposits from small business customers	4,047,200	4,488,180	80,361	22,866	7,990,842
5	Stable deposits	1,778,063	2,467,941	30,194	9,088	4,071,476
6	Less stable deposits	2,269,137	2,020,239	50,167	13,778	3,919,366
7	Wholesale funding	5,818,537	5,689,034	662,938	537,422	5,300,389
8	Operational deposits	4,938,804	233,839	–	–	2,586,321
9	Other wholesale funding	879,733	5,455,195	662,938	537,422	2,714,068
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities	45,413	215,330	4,404	498,669	332,102
12	NSFR derivatives liabilities	–	–	–	168,769	–
13	All other liabilities and equity not included in the above categories	45,413	215,330	4,404	329,900	332,102
14	Total ASF					15,954,206
Required Stable Funding (RSF) Item						
15	Total NSFR high-quality liquid assets					578,910
16	Deposits held at other financial institutions for operational purposes	217,062	12,953	–	–	115,008
17	Loans and securities	67,474	4,933,359	2,116,178	9,462,892	10,765,285
18	Loans to financial institutions secured by Level 1 assets	–	116,181	–	104	11,722
19	Loans to financial institutions secured by non-Level 1 assets and unsecured loans to financial institutions	67,474	1,579,692	373,652	105,644	539,545
20	Loans to retail and small business customers, non-financial institutions, sovereigns, central banks and public sector entities (PSEs) of which:	–	2,777,945	1,524,586	4,760,203	6,020,447
21	With a risk weight of less than or equal to 35%	–	400,668	13,850	2,897	34,473

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II UNAUDITED SUPPLEMENTARY INFORMATION (Continued)**1 Liquidity ratios, liquidity coverage ratio and net stable funding ratio (Continued)*****The Group's net stable funding ratio (Continued)***

The Group's consolidated NSFR individual line items at the end of the third quarter of 2020 are as follows (Continued):

No.	Items	Unweighted value			Weighted value	
		No maturity	<6 months	6–12 months		≥1 year
Required Stable Funding (RSF) Item (Continued)						
22	Residential mortgages of which:	–	153,521	95,740	4,133,769	3,585,248
23	With a risk weight of less than or equal to 35%	–	6,284	6,341	265,429	178,841
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	–	306,020	122,200	463,172	608,323
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets	689,418	93,151	646	620,273	1,233,157
27	Physical traded commodities, including gold	247,673				210,522
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				384	326
29	NSFR derivatives assets				150,063	–
30	NSFR derivatives liabilities with additional requirements				33,754*	33,754
31	All other assets not included in the above categories	441,745	93,151	646	469,826	988,555
32	Off-balance sheet items				6,247,471	248,042
33	Total RSF					12,940,402
34	NSFR					123.29%

* Report derivative liabilities before deducting variation margin posted. There is no need to differentiate by maturities. The unweighted value should be excluded from the total value of item No. 26 "Other assets".

(Amount in millions of Renminbi, unless otherwise stated)

II UNAUDITED SUPPLEMENTARY INFORMATION (Continued)

2 Currency concentrations

The following information is computed in accordance with the provisions of the CBIRC.

	Equivalent in millions of RMB			Total
	USD	HKD	Other	
As at 31 December 2020				
Spot assets	3,695,294	1,607,291	1,945,381	7,247,966
Spot liabilities	(4,029,848)	(1,964,590)	(1,736,612)	(7,731,050)
Forward purchases	4,944,883	760,105	1,313,088	7,018,076
Forward sales	(4,546,040)	(420,572)	(1,536,300)	(6,502,912)
Net options position*	(19,306)	(364)	(6,615)	(26,285)
Net long/(short) position	44,983	(18,130)	(21,058)	5,795
Structural position	61,978	233,953	79,913	375,844
As at 31 December 2019				
Spot assets	3,784,665	1,633,488	1,693,247	7,111,400
Spot liabilities	(4,215,368)	(1,916,106)	(1,510,286)	(7,641,760)
Forward purchases	5,535,200	764,557	1,300,956	7,600,713
Forward sales	(5,025,682)	(508,295)	(1,486,820)	(7,020,797)
Net options position*	(43,404)	193	(1,455)	(44,666)
Net long/(short) position	35,411	(26,163)	(4,358)	4,890
Structural position	52,219	207,904	72,658	332,781

* The net option position is calculated in accordance with the relevant provisions of the CBIRC.

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II UNAUDITED SUPPLEMENTARY INFORMATION (Continued)**3 International claims**

The Group discloses international claims according to *Banking (Disclosure) Rules* (L.N. 160 of 2014). International claims are risk exposures generated from the countries or geographical areas where the counterparties take the ultimate risk while considering the transfer of the risk, exclude local claims on local residents in local currency. Risk transfer is only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a counterparty whose head office is located in another country.

International claims include "Balances with central banks", "Due from and placements with and loans to banks and other financial institutions", "Government certificates of indebtedness for bank notes issued", "Loans and advances to customers" and "Financial investments", etc.

International claims have been disclosed by major countries or geographical areas. A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account any risk transfers.

	Banks	Official sector	Non-bank private sector	Total
As at 31 December 2020				
Asia Pacific				
Chinese mainland	675,133	236,529	702,641	1,614,303
Hong Kong	40,671	214	442,402	483,287
Other Asia Pacific locations	97,249	166,292	417,733	681,274
Subtotal	813,053	403,035	1,562,776	2,778,864
North and South America	81,312	233,162	173,112	487,586
Other	201,540	63,838	283,718	549,096
Total	1,095,905	700,035	2,019,606	3,815,546
As at 31 December 2019				
Asia Pacific				
Chinese mainland	609,837	224,384	695,975	1,530,196
Hong Kong	21,328	116	511,403	532,847
Other Asia Pacific locations	91,641	144,997	419,521	656,159
Subtotal	722,806	369,497	1,626,899	2,719,202
North and South America	99,213	255,953	152,444	507,610
Other	72,504	72,533	252,889	397,926
Total	894,523	697,983	2,032,232	3,624,738

(Amount in millions of Renminbi, unless otherwise stated)

II UNAUDITED SUPPLEMENTARY INFORMATION (Continued)

4 Overdue assets

For the purpose of the table below, the entire outstanding balance of “Loans and advances to customers” and “Placements with and loans to banks and other financial institutions” are considered overdue if either principal or interest payment is overdue.

4.1 Total amount of overdue loans and advances to customers

	As at 31 December	
	2020	2019
Total loans and advances to customers which have been overdue		
within 3 months	54,342	62,838
between 3 and 6 months	24,001	22,789
between 6 and 12 months	47,097	22,653
over 12 months	53,944	54,349
Total	179,384	162,629
Percentage		
within 3 months	0.38%	0.48%
between 3 and 6 months	0.17%	0.17%
between 6 and 12 months	0.33%	0.18%
over 12 months	0.38%	0.42%
Total	1.26%	1.25%

4.2 Total amount of overdue Placements with and loans to banks and other financial institutions

The total amount of overdue “Placements with and loans to banks and other financial institutions” as at 31 December 2020 and 2019 is not considered material.

5 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⁽¹⁾:

	2020			
	As at 31 December	As at 30 September	As at 30 June	As at 31 March
Net tier 1 capital	1,992,621	1,940,169	1,910,664	1,886,811
Adjusted on- and off-balance sheet assets	25,880,515	26,136,582	25,687,399	25,579,088
Leverage ratio	7.70%	7.42%	7.44%	7.38%

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II UNAUDITED SUPPLEMENTARY INFORMATION (Continued)

5 Leverage ratio (Continued)

No.	Items	As at 31 December 2020
1	Total consolidated assets	24,402,659
2	Adjustments that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(9,838)
3	Adjustments for fiduciary assets	–
4	Adjustments for derivative financial instruments	148,018
5	Adjustments for securities financing transactions	69,433
6	Adjustments for off-balance sheet exposures	1,700,588
7	Other adjustments	(430,345)
8	Adjusted on- and off-balance sheet assets	25,880,515
1	On-balance sheet assets (excluding derivatives and securities financing transactions)	23,586,305
2	Less: Tier 1 capital deductions	(25,623)
3	Total on-balance sheet exposures (excluding derivatives and SFTs)	23,560,682
4	Replacement cost associated with all derivative transactions (i.e. net of eligible cash variation margin)	171,619
5	Add-on amounts for potential future exposure associated with all derivative transactions	147,966
6	Gross-up for derivative collateral provided where deducted from the balance sheet assets	–
7	Less: Deductions of receivable assets for cash variation margin provided in derivative transactions	–
8	Less: Exempted CCP leg of client-cleared trade exposures	–
9	Adjusted effective notional amount of written credit derivatives	181
10	Less: Deductible amounts for written credit derivatives	(11)
11	Total derivative exposures	319,755
12	Accounting balance for securities financing transaction assets	229,894
13	Less: Deducted amounts for securities financing transaction assets	–
14	Counterparty credit risk exposure for securities financing transaction assets	69,596
15	Agent transaction exposures	–
16	Balance of assets in securities financing transactions	299,490
17	Off-balance sheet items	4,949,484
18	Less: Adjustments for conversion to credit equivalent amounts	(3,248,896)
19	Adjusted off-balance sheet exposures	1,700,588
20	Net tier 1 capital	1,992,621
21	Adjusted on- and off-balance sheet exposures	25,880,515
22	Leverage ratio	7.70%

(1) When calculating the consolidated leverage ratio, BOCG Investment, BOC Insurance, BOCG Insurance and BOCG Life were excluded from the scope of consolidation in accordance with the *Capital Rules for Commercial Banks (Provisional)*.

(Amount in millions of Renminbi, unless otherwise stated)

II UNAUDITED SUPPLEMENTARY INFORMATION (Continued)

6 Global systemic importance assessment indicators of commercial banks

The Group calculated the global systemically important banks assessment indicators by using the *Notice on Issuing the Guidelines for the Disclosure of the Indicators for Assessing Global Systemic Importance of Commercial Banks* (Yin Jian Fa, [2014] No. 1) as a reference basis, and based on the *Instructions for G-SIB assessment exercise* by the Basel Committee on Banking Supervision. The indicators are disclosed as follows.

No.	Indicators ⁽¹⁾	2020 value
1	Adjusted on-balance and off-balance sheet assets	25,906,168
2	Intra-financial system assets	2,369,000
3	Intra-financial system liabilities	2,205,257
4	Securities and other financing instruments	3,640,065
5	Payments settled via payment systems or correspondent banks	618,018,673
6	Assets under custody	11,786,042
7	Underwritten transactions in debt and equity markets	2,246,361
8	Notional amount of over-the-counter derivatives	11,011,046
9	Trading and available for sale securities	847,023
10	Level 3 assets	72,190
11	Cross-jurisdictional claims	4,084,894
12	Cross-jurisdictional liabilities	4,646,015

(1) The above indicators are calculated and disclosed in accordance with the *Guidelines for the Disclosure of Global Systemic Importance Assessment Indicators of Commercial Banks*, which are unaudited and inconsistent with the disclosures in the financial report.