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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 First Quarter ended 31 March 2021

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 first quarter ended 31 March 2021. 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

Stock name	中國銀行
Stock code	601988
Listing venue	The Shanghai Stock Exchange

H Share

Stock name	Bank of China
Stock code	3988
Listing venue	The Stock Exchange of Hong Kong Limited

Domestic Preference Share

Third Tranche

Stock name	中行優3
Stock code	360033

Fourth Tranche

Stock name	中行優4
Stock code	360035
Trading venue	The Shanghai Stock Exchange

Offshore Preference Share (Second Tranche)

Stock name	BOC 20USDPREF
Stock code	4619
Listing venue	The Stock Exchange of Hong Kong Limited

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 31 March 2021	As at 31 December 2020	Change (%)
Total assets	25,834,286	24,402,659	5.87
Capital and reserves attributable to equity holders of the Bank	2,059,661	2,038,419	1.04
Net assets per share (RMB)	6.15	5.98	2.79
Items	Three-month period ended 31 March 2021		Change (%)
Operating income	157,866		6.28
Profit for the period	57,309		1.75
Profit attributable to equity holders of the Bank	53,989		2.67
Basic earnings per share (RMB)*	0.18		5.98
Diluted earnings per share (RMB)*	0.18		5.98
Return on average equity (%)*	12.17		Up by 0.06 percentage point
Net cash inflow from operating activities	580,504		33.65
Net cash inflow from operating activities per share (RMB)	1.97		33.65

* The impact of annualised perpetual bonds interests declared in the current reporting period has been considered in the calculation of the above 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 three-month period ended 31 March 2021 and 2020 or the total equity as at 31 March 2021 and as at 31 December 2020 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 31 March 2021: 705,447 (including 526,515 A-Share Holders and 178,932 H-Share Holders)

1.3.2 Top ten ordinary shareholders as at 31 March 2021

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	81,893,442,485	27.82%	–	Unknown	Foreign legal person	H
3	China Securities Finance Co., Ltd.	7,941,164,885	2.70%	–	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	HKSCC Limited	991,924,560	0.34%	–	None	Foreign legal person	A
6	China Life Insurance Company Limited — dividend — personal dividend — 005L — FH002SH	689,039,299	0.23%	–	None	Other	A
7	China Life Insurance Company Limited — traditional — general insurance product — 005L — CT001SH	541,454,570	0.18%	–	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	Hainan Hongbao Investment Limited	200,000,000	0.07%	–	None	Domestic non-state-owned legal person	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 31 March 2021. The aggregate number of the Bank's H Shares held by HKSCC Nominees Limited included the number of shares held by 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” and “China Life Insurance Company Limited — traditional — general insurance product — 005L — CT001SH” are both under management of China Life Insurance Company Limited.
- 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 31 March 2021: 64 (including 63 domestic preference shareholders and 1 offshore preference shareholder)

1.4.2 Top ten preference shareholders as at 31 March 2021

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	200,000,000	16.70%	None	Other	Domestic Preference Shares
2	Bank of New York Mellon Corporation	197,865,300	16.52%	Unknown	Foreign legal person	Offshore Preference Shares
3	CCB Trust Co., Ltd. — “Qian Yuan — Ri Xin Yue Yi” Open-ended Wealth Management Single Fund Trust	133,000,000	11.10%	None	Other	Domestic Preference Shares
4	China Life Insurance Company Limited — traditional — general insurance product — 005L — CT001SH	70,000,000	5.84%	None	Other	Domestic Preference Shares
5	CICC — ABC — CICC ABC Rui Chi No.1 Collective Asset Management Plan	58,390,000	4.87%	None	Other	Domestic Preference Shares
6	BOCOM Schroder Asset Management — BOCOM — BOCOM Schroder Asset Management Zhuoyuan No.2 Collective Asset Management Plan	54,400,000	4.54%	None	Other	Domestic Preference Shares
7	Postal Savings Bank of China Co., Ltd.	40,000,000	3.34%	None	State-owned legal person	Domestic Preference Shares
8	CICC — ABC — CICC ABC No.10 Collective Asset Management Plan	35,820,000	2.99%	None	Other	Domestic Preference Shares
9	Ping An Life Insurance Company of China — universal — individual universal insurance	30,000,000	2.50%	None	Other	Domestic Preference Shares
9	Shanghai Tobacco Group Co., Ltd.	30,000,000	2.50%	None	State-owned legal person	Domestic Preference Shares
9	TruValue Asset Management — China Merchants Bank — China Merchants Bank Co., Ltd.	30,000,000	2.50%	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 31 March 2021, held 197,865,300 Offshore Preference Shares, representing 100% of the Offshore Preference Shares.
2. As at 31 March 2021, “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. 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 quarter of 2021, the Group achieved a profit for the period of RMB57.309 billion and a profit attributable to equity holders of the Bank of RMB53.989 billion, an increase of 1.75% and 2.67% respectively compared with the same period of 2020. Return on average total assets (ROA) was 0.91%, and return on average equity (ROE) was 12.17%. The common equity tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio stood at 11.12%, 12.77% and 15.71% respectively.

2.1 The principal components of the Group's consolidated income statement for the three-month period ended 31 March 2021 were as follows:

1. The Group's net interest income amounted to RMB104.159 billion, representing an increase of RMB3.680 billion or 3.66% compared with the same period of 2020. The net interest margin was 1.78%.
2. The Group's non-interest income amounted to RMB53.707 billion, representing an increase of RMB5.643 billion or 11.74% compared with the same period of 2020. Particularly, net fee and commission income amounted to RMB27.875 billion, an increase of RMB4.271 billion or 18.09% compared with the same period of 2020.
3. The Group's operating expenses amounted to RMB53.733 billion, an increase of RMB6.467 billion or 13.68% compared with the same period of 2020. The cost to income ratio (calculated under domestic regulations) was 23.39%.
4. The Group's impairment losses on assets amounted to RMB32.361 billion, a decrease of RMB0.190 billion or 0.58% compared with the same period of 2020. The Group reported non-performing loans totalling RMB194.877 billion, and the ratio of non-performing loans to total loans was 1.30%, a decrease of 0.16 percentage point compared with the prior year-end. The ratio of allowance for loan impairment losses to non-performing loans was 189.88%, an increase of 12.04 percentage points compared with the prior year-end.

2.2 The principal components of the Group's financial position as at 31 March 2021 were as follows:

The Group's total assets amounted to RMB25,834.286 billion, an increase of RMB1,431.627 billion or 5.87% compared with the prior year-end. Total liabilities amounted to RMB23,647.575 billion, an increase of RMB1,407.753 billion or 6.33% compared with the prior year-end.

1. The Group's due to customers amounted to RMB17,910.574 billion, an increase of RMB1,031.403 billion or 6.11% compared with the prior year-end. Particularly, domestic RMB-denominated deposits amounted to RMB13,661.021 billion, an increase of RMB864.975 billion or 6.76% compared with the prior year-end.
2. The Group's loans and advances to customers amounted to RMB14,977.941 billion, an increase of RMB761.464 billion or 5.36% compared with the prior year-end. Particularly, domestic RMB-denominated loans amounted to RMB11,876.154 billion, an increase of RMB605.245 billion or 5.37% compared with the prior year-end.
3. The Group's financial investments amounted to RMB5,750.805 billion, an increase of RMB159.688 billion or 2.86% compared with the prior year-end. The RMB-denominated investments amounted to RMB4,483.241 billion, an increase of RMB116.931 billion or 2.68% compared with the prior year-end. Foreign currency-denominated investments amounted to USD192.894 billion, an increase of USD5.181 billion or 2.76% 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 2020, or compared with those for the three-month period ended 31 March 2020 are as follows:

Unit: RMB million, except percentages

Items	As at 31 March 2021	As at 31 December 2020	Change	Main reasons
Placements with and loans to banks and other financial institutions	1,296,438	939,320	38.02%	Due to increase in securities purchased under agreements to re-sell with banks and other financial institutions.
Financial liabilities held for trading	10,539	17,912	-41.16%	Due to decrease in short position in debt securities.
Treasury shares	(4)	(8)	-50.00%	Due to decrease in holdings by the Bank's subsidiary of the Bank's shares.
Other comprehensive income	1,228	4,309	-71.50%	Due to change in fair value of financial assets at fair value through other comprehensive income.

Unit: RMB million, except percentages

Items	Three-month period ended 31 March 2021	Three-month period ended 31 March 2020	Change	Main reasons
Net gains on transfers of financial asset	1,001	4,759	-78.97%	Due to decrease in net gains from the disposal of debt securities at fair value through other comprehensive income.
Share of results of associates and joint ventures	286	(130)	N/A	Due to increase in share of results of associates.

3.2 Development of significant events, related impact and resolution

Applicable Not Applicable

With the approvals of the relevant regulatory authorities in China, the Bank redeemed all 280 million Domestic Preference Shares (Second Tranche) on 15 March 2021. The Bank fully paid the nominal value of the Domestic Preference Shares and the dividends declared but not yet distributed, totalling RMB29.540 billion.

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

IV. QUARTERLY REPORT

This announcement is simultaneously available on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and that of the Bank at www.boc.cn. The 2021 first quarter report prepared in accordance with CAS is also available on the website of the Shanghai Stock Exchange at www.sse.com.cn and that of the Bank at www.boc.cn.

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

Beijing, PRC
29 April 2021

As at the date of this announcement, the directors of the Bank are: Liu Liange, Wang Wei, Lin Jingzhen, Zhao Jie, Xiao Lihong*, Wang Xiaoya*, Zhang Jiangang*, 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 31 March	
	2021 (unaudited)	2020 (unaudited)
Interest income	190,743	194,399
Interest expense	<u>(86,584)</u>	<u>(93,920)</u>
Net interest income	<u>104,159</u>	<u>100,479</u>
Fee and commission income	30,873	26,793
Fee and commission expense	<u>(2,998)</u>	<u>(3,189)</u>
Net fee and commission income	<u>27,875</u>	<u>23,604</u>
Net trading gains	4,938	3,976
Net gains on transfers of financial asset	1,001	4,759
Other operating income	<u>19,893</u>	<u>15,725</u>
Operating income	<u>157,866</u>	<u>148,543</u>
Operating expenses	(53,733)	(47,266)
Impairment losses on assets	<u>(32,361)</u>	<u>(32,551)</u>
Operating profit	<u>71,772</u>	<u>68,726</u>
Share of results of associates and joint ventures	286	(130)
Profit before income tax	<u>72,058</u>	<u>68,596</u>
Income tax expense	<u>(14,749)</u>	<u>(12,274)</u>
Profit for the period	<u><u>57,309</u></u>	<u><u>56,322</u></u>
Attributable to:		
Equity holders of the Bank	53,989	52,583
Non-controlling interests	<u>3,320</u>	<u>3,739</u>
	<u><u>57,309</u></u>	<u><u>56,322</u></u>
Earnings per share (in RMB)		
— Basic	0.18	0.17
— Diluted	<u>0.18</u>	<u>0.17</u>

Consolidated Statement of Comprehensive Income

Unit: RMB million

	For the three-month period ended 31 March	
	2021 (unaudited)	2020 (unaudited)
Profit for the period	57,309	56,322
Other comprehensive income		
Items that will not be reclassified to profit or loss		
— Actuarial gains/(losses) on defined benefit plans	42	(110)
— Changes in fair value on investments in equity instruments designated at fair value through other comprehensive income	1,004	(2,081)
— Other	(29)	50
Subtotal	1,017	(2,141)
Items that may be reclassified subsequently to profit or loss		
— Changes in fair value on investments in debt instruments measured at fair value through other comprehensive income	(4,867)	11,020
— Allowance for credit losses on investments in debt instruments measured at fair value through other comprehensive income	148	225
— Share of other comprehensive income of associates and joint ventures accounted for using the equity method	3	(24)
— Exchange differences from the translation of foreign operations	788	2,736
— Other	(116)	(1,833)
Subtotal	(4,044)	12,124
Other comprehensive income for the period, net of tax	(3,027)	9,983
Total comprehensive income for the period	54,282	66,305
Total comprehensive income attributable to:		
Equity holders of the Bank	50,931	61,720
Non-controlling interests	3,351	4,585
	54,282	66,305

Consolidated Statement of Financial Position

Unit: RMB million

	As at 31 March 2021 (unaudited)	As at 31 December 2020 (audited)
ASSETS		
Cash and due from banks and other financial institutions	886,266	803,145
Balances with central banks	2,209,064	2,076,840
Placements with and loans to banks and other financial institutions	1,296,438	939,320
Government certificates of indebtedness for bank notes issued	173,095	168,608
Precious metals	188,924	223,313
Derivative financial assets	141,556	171,738
Loans and advances to customers, net	14,608,286	13,848,304
Financial investments	5,750,805	5,591,117
— financial assets at fair value through profit or loss	519,551	504,549
— financial assets at fair value through other comprehensive income	2,148,981	2,107,790
— financial assets at amortised cost	3,082,273	2,978,778
Investment in associates and joint ventures	34,209	33,508
Property and equipment	248,243	248,589
Investment properties	23,792	22,065
Deferred income tax assets	51,113	58,916
Other assets	222,495	217,196
Total assets	<u>25,834,286</u>	<u>24,402,659</u>

Consolidated Statement of Financial Position (continued)

Unit: RMB million

	As at 31 March 2021 (unaudited)	As at 31 December 2020 (audited)
LIABILITIES		
Due to banks and other financial institutions	2,254,589	1,917,003
Due to central banks	929,514	887,811
Bank notes in circulation	172,631	168,751
Placements from banks and other financial institutions	378,464	411,949
Financial liabilities held for trading	10,539	17,912
Derivative financial liabilities	149,417	212,052
Due to customers	17,910,574	16,879,171
Bonds issued	1,332,459	1,244,403
Other borrowings	25,520	26,034
Current tax liabilities	57,478	55,665
Retirement benefit obligations	2,105	2,199
Deferred income tax liabilities	6,333	6,499
Other liabilities	417,952	410,373
Total liabilities	23,647,575	22,239,822
EQUITY		
Capital and reserves attributable to equity holders of the Bank		
Share capital	294,388	294,388
Other equity instruments	249,522	277,490
Capital reserve	135,972	135,973
Treasury shares	(4)	(8)
Other comprehensive income	1,228	4,309
Statutory reserves	193,627	193,438
General and regulatory reserves	268,265	267,981
Undistributed profits	916,663	864,848
	2,059,661	2,038,419
Non-controlling interests	127,050	124,418
Total equity	2,186,711	2,162,837
Total equity and liabilities	25,834,286	24,402,659

LIU Liange
Director

WANG Wei
Director

Consolidated Statement of Cash Flows

Unit: RMB million

	For the three-month period ended 31 March	
	2021	2020
	(unaudited)	(unaudited)
Cash flows from operating activities		
Profit before income tax	72,058	68,596
Adjustments:		
Impairment losses on assets	32,361	32,551
Depreciation of property and equipment and right-of-use assets	5,472	5,518
Amortisation of intangible assets and other assets	1,487	1,174
Net gains on disposal of property and equipment, intangible assets and other long-term assets	(76)	(127)
Net gains on disposal of investments in subsidiaries, associates and joint ventures	(546)	(80)
Share of results of associates and joint ventures	(286)	130
Interest income arising from financial investments	(37,137)	(38,966)
Dividends arising from investment securities	(63)	(42)
Net gains on financial investments	(633)	(4,320)
Interest expense arising from bonds issued	9,583	8,947
Accreted interest on impaired loans	(254)	(327)
Interest expense arising from lease liabilities	190	–
Net changes in operating assets and liabilities:		
Net (increase)/decrease in balances with central banks	(166,780)	95,591
Net decrease/(increase) in due from and placements with and loans to banks and other financial institutions	64,341	(124,483)
Net decrease in precious metals	34,394	23,017
Net increase in loans and advances to customers	(783,960)	(735,044)
Net decrease/(increase) in other assets	43,530	(160,818)
Net increase in due to banks and other financial institutions	336,548	238,902
Net increase in due to central banks	41,404	120,010
Net decrease in placements from banks and other financial institutions	(33,268)	(162,785)
Net increase in due to customers	1,023,103	968,684
Net (decrease)/increase in other borrowings	(514)	12,896
Net (decrease)/increase in other liabilities	(55,254)	92,057
Cash inflow from operating activities	585,700	441,081
Income tax paid	(5,196)	(6,735)
Net cash inflow from operating activities	580,504	434,346

Consolidated Statement of Cash Flows (continued)

Unit: RMB million

	For the three-month period ended 31 March	
	2021 (unaudited)	2020 (unaudited)
Cash flows from investing activities		
Proceeds from disposal of property and equipment, intangible assets and other long-term assets	1,246	957
Proceeds from disposal of investments in subsidiaries, associates and joint ventures	557	145
Dividends received	157	325
Interest income received from financial investments	30,361	33,244
Proceeds from disposal/maturity of financial investments	661,958	916,157
Increase in investments in subsidiaries, associates and joint ventures	(965)	–
Purchase of property and equipment, intangible assets and other long-term assets	(7,159)	(6,964)
Purchase of financial investments	(846,236)	(816,554)
Net cash (outflow)/inflow from investing activities	(160,081)	127,310
Cash flows from financing activities		
Proceeds from issuance of bonds	329,600	23,679
Proceeds from issuance of other equity instruments	–	19,580
Proceeds from capital contribution by non-controlling shareholders	39	–
Repayments of debts issued	(250,793)	(128,171)
Cash payments for interest on bonds issued	(735)	(2,654)
Repayments of other equity instruments issued	(28,000)	–
Dividend and interest payments to equity and other equity instrument holders of the Bank	(4,106)	(3,340)
Dividend and coupon payments to non-controlling shareholders	(758)	(745)
Net cash flows relating to other financing activities	(690)	–
Net cash inflow/(outflow) from financing activities	44,557	(91,651)
Effect of exchange rate changes on cash and cash equivalents	(4,260)	5,380
Net increase in cash and cash equivalents	460,720	475,385
Cash and cash equivalents at beginning of the period	1,494,868	1,345,892
Cash and cash equivalents at end of the period	1,955,588	1,821,277

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

I. Capital Adequacy Ratio

Unit: RMB million, except percentages

	As at 31 March 2021	As at 31 December 2020
Calculated in accordance with the <i>Capital Rules for Commercial Banks (Provisional)</i>^{Note}		
Net common equity tier 1 capital	1,754,008	1,704,778
Net tier 1 capital	2,014,251	1,992,621
Net capital	2,478,844	2,451,055
Common equity tier 1 capital adequacy ratio	11.12%	11.28%
Tier 1 capital adequacy ratio	12.77%	13.19%
Capital adequacy ratio	<u>15.71%</u>	<u>16.22%</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 31 March 2021	As at 31 December 2020	As at 30 September 2020	As at 30 June 2020
Net tier 1 capital	2,014,251	1,992,621	1,940,169	1,910,664
Adjusted on- and off- balance sheet assets	<u>27,344,497</u>	<u>25,880,515</u>	<u>26,136,582</u>	<u>25,687,399</u>
Leverage ratio	<u>7.37%</u>	<u>7.70%</u>	<u>7.42%</u>	<u>7.44%</u>

III. Liquidity Coverage Ratio

In accordance with the *Measures for the Information Disclosure of 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 the China Banking and Insurance Regulatory Commission (the “CBIRC”), the minimum supervision standard for liquidity coverage ratio shall not be less than 100%.

The Group’s liquidity coverage ratio

Since 2017, the Group measured the LCR on a day-to-day consolidated basis⁽²⁾. In the first quarter of 2021, the Group measured 90-day LCR on this basis, with average ratio⁽³⁾ standing at 133.30%, representing a decrease of 6.49 percentage points over the previous quarter, which was primarily due to the increase in the net cash outflow.

	2021	2020		
	Quarter ended 31 March	Quarter ended 31 December	Quarter ended 30 September	Quarter ended 30 June
Average value of LCR	<u>133.30%</u>	<u>139.79%</u>	<u>137.36%</u>	<u>140.71%</u>

III. Liquidity Coverage Ratio (continued)

The Group's average values⁽³⁾ of consolidated LCR individual line items in the first quarter of 2021 are as follows:

		Unit: RMB million, except percentages	
No.		Total unweighted value	Total weighted value
High-quality liquid assets			
1	Total high-quality liquid assets (HQLA)		4,576,779
Cash outflows			
2	Retail deposits and deposits from small business customers, of which:	8,281,921	607,657
3	Stable deposits	4,270,522	206,517
4	Less stable deposits	4,011,399	401,140
5	Unsecured wholesale funding, of which:	9,821,214	3,783,230
6	Operational deposits (excluding those generated from correspondent banking activities)	5,277,687	1,291,923
7	Non-operational deposits (all counterparties)	4,454,636	2,402,416
8	Unsecured debts	88,891	88,891
9	Secured funding		206
10	Additional requirements, of which:	2,971,341	1,733,002
11	Outflows related to derivative exposures and other collateral requirements	1,624,343	1,624,343
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	1,346,998	108,659
14	Other contractual funding obligations	85,839	85,839
15	Other contingent funding obligations	2,922,175	81,731
16	Total cash outflows		6,291,665
Cash inflows			
17	Secured lending (including reverse repos and securities borrowing)	362,598	147,317
18	Inflows from fully performing exposures	1,564,525	958,637
19	Other cash inflows	1,856,457	1,743,728
20	Total cash inflows	3,783,580	2,849,682
			Total adjusted value
21	Total HQLA		4,576,779
22	Total net cash outflows		3,441,983
23	Liquidity coverage ratio		133.30%

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.