

Significant Events

Formulation and Implementation of Profit Distribution Policy

Ordinary Shares

The Articles of Association of the Bank states that the Bank should maintain the continuity and stability of its profit distribution policy. It also clarifies the Bank's profit distribution principles, policy and adjustment procedures, the consideration process of the profit distribution plan and other matters. The Articles of Association states that the Bank shall adopt cash dividend as the priority form of profit distribution. Except under special circumstances, the Bank shall adopt cash as the form of dividend distribution where there is profit in that year and the accumulated undistributed profit is positive, and that the cash distribution of the dividend shall not be less than 10% of the profit after tax attributable to the ordinary shareholders of the Bank. The Articles of Association also states that the Bank shall offer online voting to shareholders when considering amendments to the profit distribution policy and profit distribution plan.

The Bank considered and approved *the Shareholder Return Plan for 2018 to 2020* at the 2019 First Extraordinary General Meeting on 4 January 2019, specifying the basic principles, shareholder return plan and decision-making and supervisory mechanisms regarding the formulation, implementation and amendment of the shareholder return of the Bank.

The procedure to formulate the aforementioned profit distribution policy was compliant and transparent, and the decision procedure was complete. The criterion and ratio of the dividend were explicit and clear. The independent directors fully expressed their opinions and the legitimate rights and interests of minority shareholders were fully respected and protected. In these respects, the formulation of the policy was in line

with the provisions of the Articles of Association and other rules and regulations.

The profit distribution plan for ordinary shares of the Bank shall be approved by the shareholders' meeting. In the first half of 2021, the Bank distributed dividends on ordinary shares for 2020 in strict compliance with the Articles of Association, its dividend distribution policy and the shareholders' meeting resolution on profit distribution.

Preference Shares

The preference shareholders of the Bank receive dividend at the specified dividend rate prior to the ordinary shareholders. The Bank shall pay the dividend to the preference shareholders in cash. The Bank shall not distribute the dividends on ordinary shares before all the dividends of preference shares have been paid.

Dividend on the Bank's preference shares will be distributed on an annual basis. Once the preference shareholders have received dividends at the specified dividend rate, they shall not be entitled to participate in the distribution of the remaining profits of the Bank together with the ordinary shareholders.

The preference share dividend is non-cumulative. If any preference share dividend for any dividend period is not paid in full, such remaining amount of dividend shall not be carried forward to the following dividend year. The Bank shall be entitled to cancel the payment of any dividend on the preference shares, and such cancellation shall not constitute a default. The Bank may at its discretion use the funds arising from the cancellation of such dividend payment to repay other indebtedness due and payable.

Dividend payments are independent of the Bank's credit rating, nor do they vary with the credit rating.

In the first half of 2021, the Bank distributed dividends on preference shares in strict compliance with the Articles of Association, the terms of issuance of preference shares and the Board of Directors' resolutions on dividend distribution.

Profit Distribution during the Reporting Period

The 2020 Annual General Meeting held on 20 May 2021 considered and approved the Bank's profit distribution plan as follows: appropriation to statutory surplus reserve of RMB18.677 billion; appropriation to general and regulatory reserves of RMB17.881 billion; no appropriation to the discretionary reserve; considering the Bank's business performance, financial position, and the capital requirements for the future development of the Bank, RMB1.97 per ten shares (before tax) was proposed to be distributed as cash dividends on ordinary shares to A-Share Holders and H-Share Holders whose names appeared on the register of members of the Bank as at market close on 3 June 2021, amounting to approximately RMB57.994 billion (before tax) in total. The dividend distribution plan has been accomplished. The Bank did not distribute an interim dividend on ordinary shares for 2021, nor did it implement any capitalisation of capital reserve into share capital.

At the Board meeting held on 30 August 2020, the dividend distribution plan for the Bank's Domestic Preference Shares (Second Tranche) was approved. The Bank distributed a total of RMB1.540 billion (before tax) of dividends on the Domestic Preference Shares (Second Tranche) on 15 March 2021, with an annual dividend rate of 5.50% (before tax). The dividend distribution plan has been accomplished.

At the Board meeting held on 30 October 2020, the dividend distribution plan for the Bank's Offshore

Preference Shares (Second Tranche) was reviewed and approved. According to the Bank's terms of issuance of the Offshore Preference Shares (Second Tranche), dividends on Offshore Preference Shares (Second Tranche) were paid in US dollars. The Bank distributed a total of approximately USD102 million (after tax) of dividends on the Offshore Preference Shares (Second Tranche) on 4 March 2021, with an annual dividend rate of 3.60% (after tax). The dividend distribution plan has been accomplished.

At the Board meeting held on 29 April 2021, the dividend distribution plans for the Bank's Domestic Preference Shares (Third Tranche and Fourth Tranche) were reviewed and approved. The Bank distributed a total of RMB3.285 billion (before tax) of dividends on the Domestic Preference Shares (Third Tranche) on 28 June 2021, with an annual dividend rate of 4.50% (before tax). The dividend distribution plan has been accomplished. The Bank distributed a total of RMB1.1745 billion (before tax) of dividends on the Domestic Preference Shares (Fourth Tranche) on 30 August 2021, with an annual dividend rate of 4.35% (before tax). The dividend distribution plan has been accomplished.

Please refer to the Condensed Consolidated Interim Financial Information for other profit distribution during the reporting period.

Corporate Governance

For details of the corporate governance of the Bank, please refer to the section "Corporate Governance".

Purchase and Sale of Material Assets

During the reporting period, the Bank did not undertake any purchase and sale of material assets that is required to be disclosed.

Significant Events

Material Litigation and Arbitration

The Bank was involved in certain litigation and arbitration cases in its regular course of business. In addition, because of the scope and scale of the Bank's international operations, the Bank is from time to time subject to a variety of claims under the laws of various jurisdictions in which the Bank operates. After consulting legal professionals, the Senior Management of the Bank holds the view that none of the litigation and arbitration cases will have significant impact on the financial position or operating results of the Bank at the current stage.

Significant Connected Transactions

The Bank had no significant connected transactions during the reporting period. For details of the related party transactions as defined by the relevant accounting standards by the end of the reporting period, please refer to Note III.30 of the Condensed Consolidated Interim Financial Information.

Major Contracts and Enforcement thereof

Material Custody, Sub-contracts and Leases

During the reporting period, the Bank did not take, or allow to subsist any significant custody of, sub-contract or lease assets from other companies, or allow its material business assets to be subject to such arrangements, in each case that is required to be disclosed.

Material Guarantee Business

As approved by PBOC and CBIRC, the Bank's guarantee business is an off-balance sheet item in the ordinary course of its business. The Bank operates its guarantee business in a prudent manner and has formulated specific management measures, operational processes and

approval procedures in respect of the risks of guarantee business and carries out this business accordingly. During the reporting period, save as disclosed above, the Bank did not enter into or allow to subsist any material guarantee business that is required to be disclosed.

During the reporting period, there was no violation of laws, administrative regulations or rules of CSRC in the Bank's guarantee business.

Other Major Contracts

During the reporting period, the Bank did not enter into or allow to subsist any other major contract that is required to be disclosed.

Undertakings

There was no undertaking that had been fulfilled by the Bank during the reporting period. As at the end of the reporting period, there was no undertaking that had failed to be fulfilled by the Bank.

Disciplinary Actions Imposed on the Bank, its Directors, Supervisors, Senior Management Members and Controlling Shareholder

During the reporting period, neither the Bank nor any of its directors, supervisors, senior management members or controlling shareholder was subject to compulsory measures due to alleged crimes, subject to criminal punishment, investigated by CSRC due to potential violation of laws and regulations or subject to administrative punishment by CSRC, or had material administrative punishment imposed on them by other competent authorities. None of the directors, supervisors or senior management members or controlling shareholder was detained by disciplinary inspection and supervision authorities due

to any potential material breach of laws, disciplinary regulations or duty crimes, nor did any such matter affect its duty performance. None of the directors, supervisors or senior management members was subject to compulsory measures by other competent authorities due to potential violation of laws and regulations, nor did any such matter affect its duty performance.

Alert of and Explanations for Predicted Loss in Net Profit for the Period from the Beginning of the Year to the End of the Next Reporting Period or Substantial Change Compared with the Same Period of the Prior Year

Not applicable.

Misappropriation of Funds for Non-operating Purposes by Controlling Shareholder and Other Related Parties

During the reporting period, there was no misappropriation of the Bank's funds by its controlling shareholder or other related parties for non-operating purposes.

Use of Raised Funds

All proceeds raised from initial public offerings, issuance of subordinated bonds, the rights issue, issuances of tier 2 capital bonds, preference shares and undated capital bonds have been fully used to replenish the Bank's capital and increase the level of its capital adequacy.

For details, please refer to the related announcements published on the websites of SSE, HKEX and the Bank

and the Notes to the Condensed Consolidated Interim Financial Information.

Purchase, Sale or Redemption of the Bank's Listed Securities

For details of the Bank's redemption of the Domestic Preference Shares (Second Tranche), please refer to the section "Changes in Share Capital and Shareholdings of Shareholders" and the Notes to the Condensed Consolidated Interim Financial Information.

Please refer to the Condensed Consolidated Interim Financial Information for details of purchase, sale or redemption of the Bank's securities by the Bank and its subsidiaries.

Audit Committee

The Audit Committee of the Bank comprises seven members, including Non-executive Directors Mr. ZHAO Jie and Mr. ZHANG Jiangang, Independent Directors Mr. WANG Changyun, Ms. Angela CHAO, Mr. JIANG Guohua, Mr. Martin Cheung Kong LIAO and Mr. CHUI Sai Peng Jose. Independent Director Mr. JIANG Guohua serves as the Chairman of the committee. Following the principle of independence, the committee assists the Board of Directors in supervising the financial reports, internal control, internal audit and external audit of the Group.

The Audit Committee has reviewed the interim results of the Bank. The external auditor of the Bank has reviewed the interim report in accordance with *International Standards on Review Engagements No. 2410*. The committee has considered the financial statements in light of accounting standards, accounting policies and practices, internal control and financial reporting.

Significant Events

Appointment of External Auditors

The Bank engaged PricewaterhouseCoopers Zhong Tian LLP as the Bank's domestic auditor and internal control external auditor for 2021 to provide audit services on its financial statements and internal control pursuant to CAS and engaged PricewaterhouseCoopers as its international auditor for 2021 to provide audit services on financial statements pursuant to IFRS.

Directors' and Supervisors' Rights to Acquire Shares

During the reporting period, none of the Bank, its holding companies, or any of its subsidiaries or fellow subsidiaries was party to any arrangements that would enable the Bank's directors and supervisors or their respective spouses or children below the age of 18, to benefit by acquiring shares in, or debentures of, the Bank or any other legal entity.

Directors' and Supervisors' Interests in Shares, Underlying Shares and Debentures

To the best knowledge of the Bank, as at 30 June 2021, none of the directors or supervisors of the Bank or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Bank or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Bank pursuant to Section 352 of the SFO or as otherwise notified to the Bank and the Hong Kong Stock Exchange pursuant to the *Model Code for Securities Transactions by Directors of Listed Issuers* (the "*Model Code*") as set out in Appendix 10 of the Hong Kong Listing Rules.

Securities Transactions by Directors and Supervisors

Pursuant to domestic and overseas securities regulatory requirements, the Bank formulated and implemented the *Management Measures on Securities Transactions by Directors, Supervisors and Senior Management Personnel of Bank of China Limited* (the "*Management Rules*") to govern securities transactions by the directors, supervisors and senior management members of the Bank. The terms of the *Management Rules* are more stringent than the mandatory standards set out in the *Model Code*. All the directors and supervisors of the Bank have confirmed that they have complied with the standards set out in both the *Management Rules* and the *Model Code* throughout the reporting period.

Consumer Rights Protection

The Bank attaches great importance to and makes active efforts towards the protection of consumer rights and interests, strictly implements national laws and regulations on consumer rights protection, and protects the legitimate rights and interests of financial consumers according to relevant laws and rules. It has set up the Corporate Culture and Consumer Protection Committee under the Board of Directors to take charge of the overall planning and guidance of the Group's corporate culture building and consumer rights protection.

In the first half of 2021, adhering to an issue-oriented approach to consumer rights protection, the Bank continued to steadily advance various core fundamental tasks and strengthened its forward-looking and trend-focused research. It further improved the construction of systems and mechanisms and

reinforced empowerment in mechanism, IT, brand and management. Through empowerment, it ensured that there were adequate levels of attention, resources, responsibilities, organisation structure, services, compliance, promotion, and supervision for consumer protection. By intensifying its implementation efforts, the Bank strived to achieve breakthroughs in key fields.

In terms of policy formulation, the Bank formulated and issued the *Guidelines on the Management of Consumer Financial Marketing and Publicity* based on relevant regulatory provisions and typical scenarios, in order to standardise the management requirements for consumer financial marketing and specify the management framework and code of conduct for marketing and publicity campaigns aimed at personal consumers.

In terms of complaint management, the Bank also achieved remarkable results in reducing complaints. Overall complaints decreased by 29.1% compared with the same period last year, among which, complaints about service attitude and service quality dropped by 61.5%.

In terms of publicity and education, the Bank launched a series of promotional and educational activities to enhance customers' financial knowledge. It was awarded the honorary title of "Excellent Organiser" in the "3.15 Consumer Protection Education and Publicity Week". It also carried out the "3.15 Financial Consumer Rights Day", "Promoting Financial Knowledge, Protecting Personal Wealth", "Financial Knowledge Popularisation" and other thematic campaigns.

Integrity of the Bank and its Controlling Shareholder

During the reporting period, neither the Bank nor its controlling shareholder failed to perform any obligations from effective legal instruments of the court or pay off any due debt in large amount.

Other Significant Events

For announcements regarding other significant events made in accordance with the regulatory requirements during the reporting period, please refer to the websites of SSE, HKEX and the Bank.

Interim Report

You may write to the Bank's H-Share Registrar, Computershare Hong Kong Investor Services Limited (Address: 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, China) to request the interim report prepared under IFRS or visit the Bank's office address for copies prepared under CAS. The Chinese and/or English versions of this interim report are also available on the following websites: www.boc.cn, www.sse.com.cn and www.hkexnews.hk.

Should you have any queries about how to obtain copies of this interim report or access the document on the Bank's website, please contact the Bank's H-Share Registrar at (852) 2862 8688 or the Bank's hotline at (86)10-6659 2638.