

Bank of China Limited

**Assurance Report
on Use of Proceeds from Transition Bonds Issuance**

As of 31 December 2022



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Assurance Report on Use of Proceeds from Transition Bonds Issuance of Bank of China Limited

To the Bank of China Limited

We have been engaged by Bank of China Limited (the “Bank”) to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on the Bank’s use of proceeds from Transition Bonds (the “Subject Matter”), which comprise the Statement on the proceeds from the issuance of Transition Bonds as of 31 December 2022 in the accompanying the Appendix A and the Statement on the disbursements of the proceeds from Transition Bonds as of 31 December 2022 in the accompanying Appendix B.

Criteria applied by the Bank

In preparing the use of proceeds from Transition Bonds issuance in the Appendix A and Appendix B, the Bank applied the *Climate Transition Finance Handbook 2020* published by International Capital Market Association (the “ICMA”), in alignment with the four pillars of relevant ICMA principles as well as in consideration of the climate change mitigation transition activity classification as defined in the *TEG Final Report on the EU Taxonomy* and including the principles of “*Avoidance of Carbon Lock-in*” and “*Do No Significant Harm*” (the “Criteria”).

The Bank’s Responsibility

The Bank’s management is responsible for selecting the Criteria, and for presenting the use of proceeds from Transition Bonds in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

Assurance Practitioner’s Responsibility

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with *International Standard on Assurance Engagements 3000 (Revised): Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board. The standard require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.



Our Independence and Quality Management

We have maintained our independence and confirm that we have met the requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management (“ISQM”) 1: *Quality Management for Firms that Perform Audits and Reviews of Financial Statements, or Other Assurance or Related Services Engagements* and ISQM 2: *Engagement Quality Reviews*, and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of Procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management’s internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the use of proceeds from Transition Bonds and related information, and applying analytical and other appropriate procedures.

Our procedures included:

- Conducted interviews with personnel to understand the business and reporting process;
- Conducted interviews with key personnel to understand the process for collecting, collating and reporting the subject matter;
- Checked the Bank’s policies and procedures in relation to the subject matter;
- Checked the register of use of proceeds from the Bank’s Transition Bonds Issuance maintained by the relevant department;
- Tested, on a sample basis, underlying source information to check the accuracy of the data.

We also performed such other procedures as we considered necessary in the circumstances.



Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the use of proceeds from Transition Bonds Issuance as of 31 December 2022 in the Appendix A and Appendix B, in order for it to be in accordance with the Criteria.

Restricted Use

Our responsibility in performing our procedures and reporting thereon is to the Bank only and in accordance with terms of reference for this engagement as agreed with them. The report may not be suitable for another purpose. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. Any reliance of any such third party may place on the Bank's Transition Bonds Issuance is entirely at its own risk.

A handwritten signature in black ink that reads "Ernst & Young Hua Ming LLP".

Ernst & Young Hua Ming LLP

31 March 2023

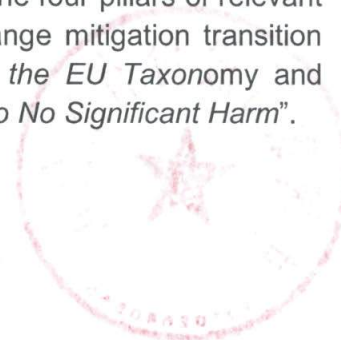
Beijing, China

Appendix A

Statement on the proceeds from the issuance of Transition Bonds as of 31 December 2022

In accordance with the *Climate Transition Finance Handbook 2020* published by International Capital Market Association (the "ICMA"), in alignment with the four pillars of relevant ICMA principles as well as in consideration of the climate change mitigation transition activity classification as defined in the *TEG Final Report on the EU Taxonomy* and including the principles of "Avoidance of Carbon Lock-in" and "Do No Significant Harm", we provide an account of the CNY 1,800.00 million and USD 500.00 million raised by Bank of China Hong Kong Branch (hereinafter referred to as "BOC Hong Kong Branch") from the issuance of January 2021 Transition Bond filed on 31 December 2022 (the "Transition Bond") as follow:

1. BOC Hong Kong Branch issued the Transition Bond amounting to CNY 1,800.00 million and USD 500.00 million on 7 January 2021, equivalent to CNY 5,037.30 million, and received the proceeds on 14 January 2021.
2. Bank of China Limited (hereinafter referred to as "BOC") constructed a separate register for the proper management of Transition Bond, including the record of funds received from bond issuance, as well as the disbursements and subsequent recovery of funds, so as to ensure that funds raised are specifically used as intended, solely for eligible projects over the duration of the Transition Bond.
3. Management of BOC is responsible for the preparation of the Statement detailing how funds raised from the issuance of Transition Bond had been utilized as set out in Appendix B, including the completeness, accuracy and validity of the information contained in the Statement.
4. Management of BOC declared that as of 31 December 2022, CNY 1,800.00 million and USD 500.00 million had been raised from the issuance of Transition Bond, CNY 5,026.58 million had been disbursed to Eligible Projects, in accordance with the *Climate Transition Finance Handbook 2020* published by ICMA, in alignment with the four pillars of relevant ICMA principles as well as in consideration of the climate change mitigation transition activity classification as defined in the *TEG Final Report on the EU Taxonomy* and including the principles of "Avoidance of Carbon Lock-in" and "Do No Significant Harm".



Appendix B

Statement on the disbursements of the proceeds from Transition Bonds as of 31 December 2022

The proceeds from Transition Bonds⁽¹⁾ (million):

Issuer	Currency	Amount	Interest rate	Exchange rate ⁽²⁾	Amount in CNY	Net Amount in CNY	Maturity date
BOC Hong Kong Branch	CNY	1,800.00	Fixed Rate	1.0000	1,800.00	1,797.99	2023/1/14
	USD	500.00	Fixed Rate	6.4746	3,237.30	3,228.59	2024/1/14
Total		-			5,037.30	5,026.58	-

(1) Reflects the principal raised from Transition Bonds issuance.

(2) The exchange rate is based on the announcement of the People's Bank of China's exchange rate on input value date.

The disbursements of the proceeds from Transition Bonds:

No.	Category	Amount (CNY million) ⁽³⁾ ₍₄₎	Proportion
1	Natural gas based cogeneration project	4,636.18	92.23%
2	Waste heat recovery and power generation project at cement plant	390.40	7.77%
Total	-	5,026.58	100.00%

(3) Funds disbursed in support of the eligible projects that meets the requirements of the issuance circular and Appendix A.

(4) Represents the amount of funds disbursed on eligible projects that meet relevant standard and criteria as of 31 December 2022.

