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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)

Report for the Third Quarter ended 30 September 2019

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 2019. 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

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
Trading venue	The Shanghai Stock Exchange

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 2019	As at 31 December 2018	Change (%)	
Total assets	22,608,164	21,267,275	6.30	
Capital and reserves attributable to equity holders of the Bank	1,866,315	1,612,980	15.71	
Net assets per share (RMB)	5.53	5.14	7.49	
Items	Three-month period ended 30 September 2019	Change (%)	Nine-month period ended 30 September 2019	Change (%)
Operating income	140,169	12.70	416,857	10.91
Profit for the period	49,804	5.58	171,246	5.22
Profit attributable to equity holders of the Bank	45,531	3.04	159,579	4.11
Basic earnings per share (RMB) ¹	0.14	3.39	0.52	4.29
Diluted earnings per share (RMB) ¹	0.14	3.39	0.52	4.29
Return on average equity (%) ¹	9.96	Down by 0.67 percentage point	13.00	Down by 0.70 percentage point
Net cash outflow from operating activities	N/A	N/A	(560,727)	-198.19
Net cash outflow from operating activities per share (RMB)	N/A	N/A	(1.90)	-198.19

Notes:

1. The impact of annualised preference shares dividends declared in the current reporting period has been considered in the calculation of the above data and/or indicators.
2. In accordance with the requirements of the *Circular on Revising and Issuing 2018 Versions of Financial Statement Templates for Financial Enterprises* (Cai Kuai [2018] No. 36), the Group has restated the financial statements for the nine-month period and three-month period ended 30 September 2018. The above adjustments have no impact on the Group’s profit and equity.

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 2019 and 2018 or the total equity as at 30 September 2019 and as at 31 December 2018 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 2019: 713,108 (including 527,541 A-Share Holders and 185,567 H-Share Holders)

1.3.2 Top ten ordinary shareholders as at 30 September 2019

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	81,920,630,807	27.83%	–	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	Buttonwood Investment Platform Ltd.	1,060,059,360	0.36%	–	None	State-owned legal person	A
6	China Life Insurance Company Limited — dividend — personal dividend — 005L — FH002SH	832,246,000	0.28%	–	None	Other	A
7	HKSCC Limited	726,574,205	0.25%	–	None	Foreign legal person	A
8	MUFG Bank, Ltd.	520,357,200	0.18%	–	Unknown	Foreign legal person	H
9	China Life Insurance Company Limited — traditional — general insurance product — 005L — CT001SH	491,724,746	0.17%	–	None	Other	A
10	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

Notes:

- The number of shares held by H-Share Holders was recorded in the register of members of the Bank kept at the H-Share Registrar.
- HKSCC Nominees Limited acted as the nominee for all the institutional and individual investors that maintain an account with it as at 30 September 2019. 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 30 September 2019: 87 (including 86 domestic preference shareholders and 1 offshore preference shareholder)

1.4.2 Top ten preference shareholders as at 30 September 2019

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	Bank of New York Mellon Corporation	399,400,000	19.98%	Unknown	Foreign legal person	Offshore Preference Shares
2	Bosera Fund — ICBC — Bosera — ICBC — Flexible Allocation No. 5 Specific Multi-customer Assets Management Plan	220,000,000	11.00%	None	Other	Domestic Preference Shares
3	China Mobile Communications Group Co., Ltd.	180,000,000	9.00%	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	6.65%	None	Other	Domestic Preference Shares
5	China Life Insurance Company Limited — traditional — general insurance product — 005L — CT001SH	86,000,000	4.30%	None	Other	Domestic Preference Shares
6	BOCOM Schroder Asset Management — BOCOM — Bank of Communications Co., Ltd.	73,200,000	3.66%	None	Other	Domestic Preference Shares
7	Bosera Fund — ABC — Agricultural Bank of China Limited	69,000,000	3.45%	None	Other	Domestic Preference Shares
8	China Resources SZITIC Trust Co., Ltd. — Investment No.1 — Single Fund Trust	66,500,000	3.33%	None	Other	Domestic Preference Shares
9	China National Tobacco Corporation	50,000,000	2.50%	None	State-owned legal person	Domestic Preference Shares
10	Postal Savings Bank of China Co., Ltd.	40,000,000	2.00%	None	State-owned legal person	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 2019, held 399,400,000 Offshore Preference Shares, representing 100% of the Offshore Preference Shares. The Bank redeemed the Offshore Preference Shares on 23 October 2019 in whole. For details, please refer to the announcements of the Bank published on 24 October 2019 on the websites of the Shanghai Stock Exchange, Hong Kong Exchanges and Clearing Limited and the Bank.
2. As at 30 September 2019, “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, and 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 2019, the Group achieved a profit for the period of RMB171.246 billion and a profit attributable to equity holders of the Bank of RMB159.579 billion, an increase of 5.22% and 4.11% respectively compared with the same period of 2018. Return on average total assets (ROA) was 1.04%, a decrease of 0.03 percentage point compared with the same period of 2018, and return on average equity (ROE) was 13.00%, a decrease of 0.70 percentage point compared with the same period of 2018. The common equity tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio stood at 11.24%, 13.02% and 15.51% respectively.

2.1 The principal components of the Group's consolidated income statement for the nine-month period ended 30 September 2019 were as follows:

1. The Group's net interest income amounted to RMB277.820 billion, representing an increase of RMB13.514 billion or 5.11% compared with the same period of 2018. The net interest margin was 1.84%, a decrease of 0.05 percentage point compared with the same period of 2018.
2. The Group's non-interest income amounted to RMB139.037 billion, representing an increase of RMB27.484 billion or 24.64% compared with the same period of 2018. Non-interest income represented 33.35% of the total operating income, an increase of 3.67 percentage points compared with the same period of 2018. Particularly, net fee and commission income amounted to RMB71.616 billion, an increase of RMB3.098 billion or 4.52% compared with the same period of 2018.
3. The Group's operating expenses amounted to RMB142.401 billion, an increase of RMB15.879 billion or 12.55% compared with the same period of 2018. The cost to income ratio (calculated under domestic regulations) was 25.77%, a decrease of 1.03 percentage points compared with the same period of 2018.
4. The Group's impairment losses on assets amounted to RMB60.847 billion, an increase of RMB5.578 billion or 10.09% compared with the same period of 2018. The Group reported non-performing loans totalling RMB176.514 billion, and the ratio of non-performing loans to total loans was 1.37%, a decrease of 0.05 percentage point compared with the prior year-end. The ratio of allowance for loan impairment losses to non-performing loans was 182.24%, an increase of 0.27 percentage point compared with the prior year-end.

2.2 The principal components of the Group's financial position as at 30 September 2019 were as follows:

The Group's total assets amounted to RMB22,608.164 billion, an increase of RMB1,340.889 billion or 6.30% compared with the prior year-end. Total liabilities amounted to RMB20,620.438 billion, an increase of RMB1,078.560 billion or 5.52% compared with the prior year-end.

1. The Group's due to customers amounted to RMB15,772.547 billion, an increase of RMB888.951 billion or 5.97% compared with the prior year-end. Particularly, domestic RMB-denominated deposits amounted to RMB11,844.890 billion, an increase of RMB758.939 billion or 6.85% compared with the prior year-end.
2. The Group's loans and advances to customers amounted to RMB12,888.490 billion, an increase of RMB1,069.218 billion or 9.05% compared with the prior year-end. Particularly, domestic RMB-denominated loans amounted to RMB9,869.212 billion, an increase of RMB857.362 billion or 9.51% compared with the prior year-end.
3. The Group's investments amounted to RMB5,491.220 billion, an increase of RMB436.669 billion or 8.64% compared with the prior year-end. The RMB-denominated investments amounted to RMB4,223.647 billion, an increase of RMB245.011 billion or 6.16% compared with the prior year-end. Foreign currency-denominated investments amounted to USD179.215 billion, an increase of USD22.449 billion or 14.32% 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 2018, or compared with those for the nine-month period ended 30 September 2018 are as follows:

Unit: RMB million, except percentages

Items	As at 30 September 2019	As at 31 December 2018	Change	Main reasons
Other assets	175,270	122,226	43.40%	Due to recognition of the right-of-use assets after initial adoption of IFRS16 <i>Leases</i> ; and increase in accounts receivable and prepayments.
Derivative financial liabilities	129,072	99,254	30.04%	Due to fluctuation of market parameters.
Current tax liabilities	45,291	27,894	62.37%	Due to increase in current corporate income tax liabilities.
Other equity instruments	239,676	99,714	140.36%	The Bank issued non-cumulative Domestic Preference Shares and write-down undated capital bonds.
Treasury shares	(11)	(68)	-83.82%	Due to decrease in holdings by the Bank's subsidiary of the Bank's shares.
Other comprehensive income	16,040	1,417	1,031.97%	Due to change in fair value of financial assets at fair value through other comprehensive income and currency translation differences.

Unit: RMB million, except percentages

Items	Nine-month period ended 30 September 2019	Nine-month period ended 30 September 2018	Change	Main reasons
Net trading gains	22,123	4,705	370.20%	Due to increase in net gains from foreign exchange and foreign exchange products.
Net gains on financial asset transfers	3,738	2,303	62.31%	Due to increase in net gains from the disposal of debt securities at fair value through other comprehensive income.
Share of results of associates and joint ventures	822	1,546	-46.83%	Due to decrease in share of results of associates.
Income tax expense	(43,185)	(32,866)	31.40%	Due to increase in corporate income tax expense.

3.2 Development of significant events, related impact and resolution

Applicable Not Applicable

At the Board meeting held on 29 April 2019, the proposal on exercising the redemption right of the Offshore Preference Shares was approved, and no objections were raised by the China Banking and Insurance Regulatory Commission (“CBIRC”) for the Bank to redeem the Offshore Preference Shares of USD6.4998 billion (equivalent to approximately RMB39.94 billion). The Bank redeemed the Offshore Preference Shares on 23 October 2019 in whole. For details, please refer to the announcements of the Bank published on 24 October 2019 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

At the Board meeting held on 30 August 2019, the dividend distribution plans for the Bank's Offshore Preference Shares and Domestic Preference Shares (First Tranche) were approved. The Bank was approved to distribute a total of approximately USD439 million (after tax) of dividends on Offshore Preference Shares on 23 October 2019, with an annual dividend rate of 6.75% (after tax), and to distribute a total of RMB1.920 billion (before tax) of dividends on Domestic Preference Shares (First Tranche) on 21 November 2019, with an annual dividend rate of 6.00% (before tax). The dividend distribution plan of Offshore Preference Shares has been accomplished.

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 2019 third 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
30 October 2019

As at the date of this announcement, the directors of the Bank are: Liu Liange, Wu Fulin, Lin Jingzhen, Zhao Jie, Xiao Lihong*, Wang Xiaoya*, Liao Qiang*, Zhang Jiangang*, Wang Changyun#, Angela Chao#, Jiang Guohua# and Martin Cheung Kong Liao#.*

* *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	
	2019 (unaudited)	2018 (unaudited) (restated)	2019 (unaudited)	2018 (unaudited) (restated)
Interest income	188,288	175,370	553,652	505,578
Interest expense	(92,152)	(83,514)	(275,832)	(241,272)
Net interest income	96,136	91,856	277,820	264,306
Fee and commission income	25,023	23,292	82,488	76,933
Fee and commission expense	(3,971)	(2,962)	(10,872)	(8,415)
Net fee and commission income	21,052	20,330	71,616	68,518
Net trading gains	7,539	581	22,123	4,705
Net gains on financial asset transfers	494	451	3,738	2,303
Other operating income	14,948	11,159	41,560	36,027
Operating income	140,169	124,377	416,857	375,859
Operating expenses	(51,271)	(44,390)	(142,401)	(126,522)
Impairment losses on assets	(27,177)	(26,999)	(60,847)	(55,269)
Operating profit	61,721	52,988	213,609	194,068
Share of results of associates and joint ventures	152	665	822	1,546
Profit before income tax	61,873	53,653	214,431	195,614
Income tax expense	(12,069)	(6,480)	(43,185)	(32,866)
Profit for the period	49,804	47,173	171,246	162,748
Attributable to:				
Equity holders of the Bank	45,531	44,186	159,579	153,274
Non-controlling interests	4,273	2,987	11,667	9,474
	49,804	47,173	171,246	162,748
Earnings per share (in RMB)				
— Basic	0.14	0.13	0.52	0.50
— Diluted	0.14	0.13	0.52	0.50

Consolidated Statement of Comprehensive Income

	Unit: RMB million			
	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2019 (unaudited)	2018 (unaudited)	2019 (unaudited)	2018 (unaudited)
Profit for the period	49,804	47,173	171,246	162,748
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
— Actuarial (losses)/gains on defined benefit plans	(38)	24	(24)	(46)
— Changes in fair value on investments in equity instruments designated at fair value through other comprehensive income	(287)	918	1,111	902
— Other	2	(111)	(39)	(116)
Subtotal	(323)	831	1,048	740
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	4,056	2,561	8,716	9,733
— Allowance for credit losses on investments in debt instruments measured at fair value through other comprehensive income	212	60	429	456
— Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(5)	(108)	(318)	(215)
— Exchange differences from the translation of foreign operations	8,045	12,763	9,215	15,169
— Other	(700)	70	(509)	321
Subtotal	11,608	15,346	17,533	25,464
Other comprehensive income for the period, net of tax	11,285	16,177	18,581	26,204
Total comprehensive income for the period	61,089	63,350	189,827	188,952
Total comprehensive income attributable to:				
Equity holders of the Bank	54,133	56,953	174,212	175,634
Non-controlling interests	6,956	6,397	15,615	13,318
	61,089	63,350	189,827	188,952

Consolidated Statement of Financial Position

	Unit: RMB million	
	As at 30 September 2019 (unaudited)	As at 31 December 2018 (audited)
ASSETS		
Cash and due from banks and other financial institutions	458,523	439,931
Balances with central banks	1,984,490	2,331,053
Placements with and loans to banks and other financial institutions	1,085,418	1,042,358
Government certificates of indebtedness for bank notes issued	161,096	145,010
Precious metals	226,517	181,203
Derivative financial assets	137,521	124,126
Loans and advances to customers, net	12,567,355	11,515,764
Financial investments	5,491,220	5,054,551
— financial assets at fair value through profit or loss	470,056	370,491
— financial assets at fair value through other comprehensive income	2,223,176	1,879,759
— financial assets at amortised cost	2,797,988	2,804,301
Investments in associates and joint ventures	23,654	23,369
Property and equipment	238,839	227,394
Investment properties	23,081	22,086
Deferred income tax assets	35,180	38,204
Other assets	175,270	122,226
Total assets	22,608,164	21,267,275

Consolidated Statement of Financial Position (continued)

Unit: RMB million

	As at 30 September 2019 (unaudited)	As at 31 December 2018 (audited)
LIABILITIES		
Due to banks and other financial institutions	1,737,052	1,731,209
Due to central banks	834,653	907,521
Bank notes in circulation	161,174	145,187
Placements from banks and other financial institutions	541,298	612,267
Financial liabilities held for trading	13,579	14,327
Derivative financial liabilities	129,072	99,254
Due to customers	15,772,547	14,883,596
Bonds issued	1,006,691	782,127
Other borrowings	27,389	32,761
Current tax liabilities	45,291	27,894
Retirement benefit obligations	2,638	2,825
Deferred income tax liabilities	5,279	4,548
Other liabilities	343,775	298,362
	<hr/>	<hr/>
Total liabilities	20,620,438	19,541,878
EQUITY		
Capital and reserves attributable to equity holders of the Bank		
Share capital	294,388	294,388
Other equity instruments	239,676	99,714
Capital reserve	142,223	142,135
Treasury shares	(11)	(68)
Other comprehensive income	16,040	1,417
Statutory reserves	157,893	157,464
General and regulatory reserves	231,925	231,525
Undistributed profits	784,181	686,405
	<hr/>	<hr/>
	1,866,315	1,612,980
Non-controlling interests	121,411	112,417
	<hr/>	<hr/>
Total equity	1,987,726	1,725,397
	<hr/>	<hr/>
Total equity and liabilities	22,608,164	21,267,275
	<hr/> <hr/>	<hr/> <hr/>

LIU Liange
Director

WU Fulin
Director

Consolidated Statement of Cash Flows

Unit: RMB million

	For the nine-month period ended 30 September	
	2019	2018
	(unaudited)	(unaudited)
Cash flows from operating activities		
Profit before income tax	214,431	195,614
Adjustments:		
Impairment losses on assets	60,847	55,269
Depreciation of property and equipment and right-of-use assets	15,211	9,899
Amortisation of intangible assets and other assets	3,034	2,600
Net gains on disposal of property and equipment, intangible assets and other long-term assets	(800)	(567)
Net gains on disposal of investments in subsidiaries, associates and joint ventures	–	(140)
Share of results of associates and joint ventures	(822)	(1,546)
Interest income arising from financial investments	(115,795)	(106,454)
Dividends arising from investment securities	(311)	(233)
Net gains on financial investments	(2,551)	(1,377)
Interest expense arising from bonds issued	22,095	14,991
Accreted interest on impaired loans	(1,196)	(1,320)
Interest expense arising from lease liabilities	641	N/A
Net changes in operating assets and liabilities:		
Net decrease in balances with central banks	46,358	115,011
Net (increase)/decrease in due from and placements with and loans to banks and other financial institutions	(197,690)	141,806
Net (increase)/decrease in precious metals	(45,346)	4,303
Net increase in loans and advances to customers	(1,106,595)	(862,312)
Net increase in other assets	(247,310)	(147,018)
Net increase in due to banks and other financial institutions	8,146	376,254
Net decrease in due to central banks	(71,363)	(67,771)
Net decrease in placements from banks and other financial institutions	(70,883)	(137,547)
Net increase in due to customers	890,336	949,940
Net decrease in other borrowings	(5,372)	(4,133)
Net increase in other liabilities	68,450	56,527
Cash (outflow)/inflow from operating activities	(536,485)	591,796
Income tax paid	(24,242)	(20,741)
Net cash (outflow)/inflow from operating activities	(560,727)	571,055

Consolidated Statement of Cash Flows (continued)

	Unit: RMB million	
	For the nine-month period ended 30 September	
	2019	2018
	(unaudited)	(unaudited)
Cash flows from investing activities		
Proceeds from disposal of property and equipment, intangible assets and other long-term assets	7,605	7,134
Proceeds from disposal of investments in subsidiaries, associates and joint ventures	857	2,194
Dividends received	403	547
Interest income received from financial investments	123,111	109,691
Proceeds from disposal/maturity of financial investments	2,085,565	1,753,576
Increase in investments in subsidiaries, associates and joint ventures	(1,211)	(1,113)
Purchase of property and equipment, intangible assets and other long-term assets	(22,605)	(24,390)
Purchase of financial investments	(2,346,680)	(2,079,082)
Net cash outflow from investing activities	(152,955)	(231,443)
Cash flows from financing activities		
Proceeds from issuance of bonds	598,977	449,939
Proceeds from issuance of other equity instruments	139,962	–
Proceeds from non-controlling shareholders investment	–	20,673
Repayments of debts issued	(394,038)	(315,861)
Cash payments for interest on bonds issued	(15,727)	(8,943)
Dividend payments to equity holders of the Bank	(56,052)	(53,683)
Dividend and coupon payments to non-controlling shareholders	(4,790)	(3,233)
Other net cash flows from financing activities	(5,130)	34
Net cash inflow from financing activities	263,202	88,926
Effect of exchange rate changes on cash and cash equivalents	17,753	23,647
Net (decrease)/increase in cash and cash equivalents	(432,727)	452,185
Cash and cash equivalents at beginning of the period	1,688,600	958,752
Cash and cash equivalents at end of the period	1,255,873	1,410,937

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

I. Capital Adequacy Ratio

Unit: RMB million, except percentages

	As at 30 September 2019	As at 31 December 2018
Calculated in accordance with the <i>Capital Rules for Commercial Banks (Provisional)</i>^{Note}		
Net common equity tier 1 capital	1,574,114	1,465,769
Net tier 1 capital	1,823,977	1,575,293
Net capital	2,172,868	1,922,350
Common equity tier 1 capital adequacy ratio	11.24%	11.41%
Tier 1 capital adequacy ratio	13.02%	12.27%
Capital adequacy ratio	<u>15.51%</u>	<u>14.97%</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 2019	As at 30 June 2019	As at 31 March 2019	As at 31 December 2018
Net tier 1 capital	1,823,977	1,749,305	1,662,406	1,575,293
Adjusted on- and off-balance sheet assets	<u>24,085,613</u>	<u>23,813,940</u>	<u>23,032,078</u>	<u>22,700,133</u>
Leverage ratio	<u>7.57%</u>	<u>7.35%</u>	<u>7.22%</u>	<u>6.94%</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 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 third quarter of 2019, the Group measured 92-day LCR on this basis, with average ratio⁽³⁾ standing at 134.76%, representing a decrease of 3.19 percentage points compared to the second quarter of 2019, which was primarily due to the increase in the net cash outflow.

	2019			2018
	Quarter ended 30 September	Quarter ended 30 June	Quarter ended 31 March	Quarter ended 31 December
Average value of LCR	<u>134.76%</u>	<u>137.95%</u>	<u>149.24%</u>	<u>139.66%</u>

III. Liquidity Coverage Ratio (continued)

The Group's average values⁽³⁾ of consolidated LCR individual line items in the third quarter of 2019 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)		3,915,038
Cash outflows			
2	Retail deposits and deposits from small business customers, of which:		
	Stable deposits	7,193,606	531,088
3	Stable deposits	3,635,403	175,268
4	Less stable deposits	3,558,203	355,820
5	Unsecured wholesale funding, of which:		
6	Operational deposits (excluding those generated from correspondent banking activities)	8,513,950	3,200,935
	Non-operational deposits (all counterparties)	4,721,260	1,165,383
7	Non-operational deposits (all counterparties)	3,742,512	1,985,374
8	Unsecured debts	50,178	50,178
9	Secured funding		2,820
10	Additional requirements, of which:	3,044,982	1,866,414
11	Outflows related to derivative exposures and other collateral requirements	1,761,446	1,761,446
12	Outflows related to loss of funding on debt products	–	–
13	Credit and liquidity facilities	1,283,536	104,968
14	Other contractual funding obligations	53,929	53,929
15	Other contingent funding obligations	2,220,422	49,253
16	Total cash outflows		5,704,439
Cash inflows			
17	Secured lending (including reverse repos and securities borrowing)	138,719	128,864
18	Inflows from fully performing exposures	1,223,635	777,326
19	Other cash inflows	2,003,402	1,889,594
20	Total cash inflows	3,365,756	2,795,784
			Total adjusted value
21	Total HQLA		3,915,038
22	Total net cash outflows		2,908,655
23	Liquidity coverage ratio		134.76%

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.