中國銀行
BANK OF CHINA

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))

ANNOUNCEMENT
Bank of China Limited Capital Adequacy Ratio Report of 2023

In accordance with the relevant requirements under the *Capital Rules for Commercial Banks (Provisional)*, the Board of Directors of the Bank considered and approved *Bank of China Limited Capital Adequacy Ratio Report of 2023*. Set out below is a complete version of the report for reference only.

The Board of Directors of
Bank of China Limited

Beijing, PRC
28 March 2024

As at the date of this announcement, the directors of the Bank are: Ge Haijiao, Liu Jin, Lin Jingzhen, Zhang Yong, Zhang Jiangang*, Huang Binghua*, Liu Hui*, Shi Yongyan*, Martin Cheung Kong Liao#, Chui Sai Peng Jose#, Jean-Louis Ekra#, E Weinan#, Giovanni Tria# and Liu Xiaolei#.*

* *Non-executive Directors*
\# *Independent Non-executive Directors*

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Capital Adequacy Ratio Report of 2023

Contents

1 Introduction

1.1 Bank Profile

Bank of China is the bank with the longest continuous operation among Chinese banks. Formally established in February 1912, the Bank served consecutively as the country's central bank, international exchange bank and specialised international trade bank. After 1949, drawing on its long history as the state-designated specialised foreign exchange and trade bank, the Bank became responsible for managing China's foreign exchange operations and offering international trade settlement, overseas fund transfer and other non-trade foreign exchange services. Restructured into a wholly state-owned commercial bank in 1994, the Bank provides various financial services, and has developed into a large commercial bank delivering services in local and foreign currencies and featuring complete business varieties and strong strength. The Bank was listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange in 2006, becoming the first Chinese bank to launch an A-Share and H-Share initial public offering and achieve a dual listing in both markets. The Bank is the only official banking partner of the Beijing 2008 Summer Olympics and the Beijing 2022 Winter Olympics, thus making it the only bank in China to serve two Olympic Games. In 2011, Bank of China became the first financial institution from an emerging economy to be designated as a Global Systemically Important Bank, a designation it has now maintained for 13 consecutive years. With its growing international status, competitiveness and comprehensive strengths, the Bank has marched forward into the ranks of the world's large banks. At present, following the guiding principles of the 20th National Congress of the CPC and the Central Financial Work Conference, the Bank takes serving the real economy as its mission, risk prevention and control as its eternal theme, consolidating and expanding globalised advantages and improving global layout ability as its primary task, and improving market competitiveness and serving national strategies as the core key. Proceeding from deepening reform, opening up and innovation, improving governance and operation efficiency, and promoting financial culture with Chinese characteristics, the Bank concentrates on the five major tasks of promoting technology finance, green finance, inclusive finance, pension finance, and digital finance, and contributes to the building of a strong financial powerhouse through practical and earnest practice.

As China's most globalised and integrated bank, Bank of China has institutions across the Chinese mainland as well as 64 countries and regions, and BOCHK and the Macau Branch serve as local note-issuing banks in their respective markets. The Bank has a well-established global service network and an integrated financial service system based on the pillars of its corporate banking, personal banking, financial markets and other commercial banking business, which covers investment banking, direct investment, securities, insurance, funds, aircraft leasing, asset management, financial technology, financing leasing and other areas, thus providing its customers with financial solutions featuring global expertise and all-round services accessible at any point of contact.

Bank of China embodies a noble sense of commitment and responsibility. Since its establishment 112 years ago, the Bank has steadfastly upheld its historic mission of "promoting social welfare and contributing to a prosperous nation". This mission has formed a valuable spiritual legacy that aligns with the financial culture with Chinese characteristics: to remain committed to honesty and trustworthiness, to seek interest without compromising moral principles, to be prudent and cautious in work, to uphold fundamental principles and break new ground, and to be compliant with law and regulations. On the new journey towards building a modern socialist country in all respects, Bank of China will adhere to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and faithfully implement the new development philosophy. It will accurately identify the convergence points, focal points, and supporting points for implementing the national policies and plans and achieving its high-quality development. It will serve as the main force in supporting the real economy and as the bedrock for maintaining financial stability. It will unswervingly follow the path of financial development with Chinese characteristics, continue to open new grounds for its high-quality development, and make greater contributions to the comprehensive advancement of building a stronger country and the great cause of national rejuvenation with Chinese modernisation.

1.2 Basis of Disclosure

China Banking Regulatory Commission promulgated the *Capital Rules for Commercial Banks (Provisional)* (hereinafter referred as the "*Capital Rules (Provisional)*") in 2012. The Group has started to disclose the report of capital adequacy ratios since 2013 as required. The Group was approved to implement the advanced capital measurement approaches in April 2014.

1.3 Scope of Consolidation

The calculation of the unconsolidated capital adequacy ratios covers all the domestic and overseas branches of the Bank (hereinafter referred as "the Bank"). The scope of the calculation of the consolidated capital adequacy ratios includes the Bank and the financial institutions invested by the Bank directly or indirectly (hereinafter referred as "the Group") in accordance with the requirements of the *Capital Rules (Provisional)*.

1.3.1 Difference in Scope of Consolidation for Financial and Regulatory Capital Purposes

The main difference in scope of consolidation for financial and regulatory capital purposes is that the Group's subsidiaries – 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 are excluded from the scope of capital adequacy ratio.

The equity investments in Bank of China Group Investment Limited are calculated as risk – weighted assets. The equity investments in Bank of China Insurance Company Limited, Bank of China Group Insurance Company Limited and Bank of China Group Life Assurance Company Limited are deducted from the capital of the Group.

1.3.2 *Profile of BOC-invested entities*

According to the requirements of the *Capital Rules (Provisional),* the Group applies the following approaches to calculate consolidated capital adequacy ratios based on different types of the invested entities:

- Financial institutions (excluding insurance companies) whereby the Group has a majority or controlling interest are included in the scope of regulatory consolidation.

- Insurance companies, whereby the Group has a majority or controlling interest, are excluded from the scope of regulatory consolidation. The corresponding capital investments are deducted from the capital of the Group.

- Equity investments in commercial entities are calculated as risk-weighted assets, and are not included in the scope of regulatory consolidation.

- Non-significant minority capital investments in financial institutions are not included in the scope of regulatory consolidation. If the Group's aggregated capital investments exceed the prescribed materiality level, i.e. 10% of the Group's net common equity tier 1 capital, the portion of investments that exceeds the threshold is deducted from the respective tiers of capital of the Group. If the Group's aggregated investments do not exceed the materiality level as stated above, the investments are calculated as risk-weighted assets.

- Significant minority common equity tier 1 capital investments in financial institutions are not included in the scope of regulatory consolidation. If the Group's common equity tier 1 capital investments exceed the prescribed materiality level, i.e. 10% of the Group's net common equity tier 1 capital, the portion of investments that exceeds the threshold is deducted from the Group's common equity tier 1 capital. If the Group's common equity tier 1 capital investments do not exceed the materiality level as stated above, the investments are calculated as risk-weighted assets. Significant minority investments in additional tier 1 capital and tier 2 capital are deducted in full amount from the corresponding tiers of capital of the Group.

Non-significant minority investments refer to the investments (including direct and indirect investments) in unconsolidated financial institutions (excluding insurance companies) where the Group owns less than 10% (not inclusive) of the paid-in capital (common shares and premiums) of this financial institution. Significant minority investments refer to the investments (including direct and indirect investments) in unconsolidated financial institutions (excluding insurance companies) where the Group owns more than 10% (inclusive) of the paid-in capital (common shares and premiums) of this financial institution.

Top 10 Invested Institutions Included into the Scope of Consolidated Capital Adequacy Ratio

Unit: RMB Million (except percentages)

S/N	Name of Invested Institution	Investment Balance	Shareholding Ratio	Place of Registration	Industry
1	BOC Hong Kong (Group) Limited	36,915	100%	Hong Kong	Commercial Bank
2	BOC Financial Asset Investment Co., Ltd.	14,500	100%	Beijing	Non-Banking Financial Institution
3	Bank of China (Macau) Limited	10,317	99.99%	Macau	Commercial Bank
4	BOC Wealth Management Co., Ltd.	10,000	100%	Beijing	Non-Banking Financial Institution
5	BOC Financial Leasing Co., Ltd.	10,000	92.59%	Chong Qing	Non-Banking Financial Institution
6	BOC Fullerton Community Bank Co., Ltd.	6,780	90%	Hebei	Commercial Bank
7	BOC International Holdings Limited	3,753	100%	Hong Kong	Investment Bank
8	Bank of China (UK) Limited	3,223	100%	United Kingdom	Commercial Bank
9	Bank of China (Europe) S.A.	3,195	100%	Luxembourg	Commercial Bank
10	Bank of China Consumer Finance Co., Ltd.	2,859	56.03%	Shanghai	Non-Banking Financial Institution
Total		**101,542**			

Investments in Invested Institutions Deducted from the Group's Capital

Unit: RMB Million (except percentages)

S/N	Name of Invested Institution	Investment Balance	Shareholding Ratio	Place of Registration	Industry
1	Bank of China Group Insurance Co., Ltd	4,509	100%	Hong Kong	Insurance
2	Bank of China Insurance Co., Ltd.	3,498	100%	Beijing	Insurance
3	BOC Group Life Assurance Co., Ltd.	1,971	51%	Hong Kong	Insurance
Total		**9,978**			

1.3.3 Capital Shortfall and Intra-Group Capital Transfer

As at the end of 2023, there was no capital shortfall in the financial institutions in which the majority or controlling interests were held by the Bank as measured in accordance with local regulatory requirements. During the reporting period, the Group did not experience any material restrictions on transfer of regulatory capital, such as capital increase, mergers and acquisitions and payment of dividends.

2 Capital and Capital Adequacy Ratio

2.1 Internal Capital Adequacy Assessment Method and Process

The Group's framework for the internal capital adequacy assessment process (hereinafter referred as the "ICAAP") includes the governance structure, policies and systems, major risk assessment, capital planning, stress testing, capital adequacy ratio management plan, and monitoring and reporting system. Pursuant to the National Financial Regulatory Administration (hereinafter referred as the NFRA) requirements, the Group established and refined the ICAAP framework and governance structure, defined the roles and responsibilities of the Board of Directors and senior management, as well as departments of all entities on the ICAAP. Aligned with the overall development strategies, the Group aims at developing a package of feasible capital management policies and improving the internal management mechanisms. Policies and rules are primarily focused on capital adequacy ratio management, economic capital management and ICAAP management to standardise all capital management procedures, facilitate business development and respond to the changing regulation. As at the publishing date of this report, the Group has accomplished the design and implementation of the ICAAP scheme. The ICAAP framework meets the core requirements of NFRA on the ICAAP for commercial banks. It ensures that major risks are identified, measured or assessed, monitored and reported; ensures that the capital level is commensurate with major risk and risk management capacity; ensures that capital planning is in line with the status and trend of the Group's operation and risk profile, as well as the long-term development strategy. In accordance with the regulatory policies and by reference to domestic and overseas industry experience and actual conditions, the Group carried out the assessment of internal capital adequacy, completed Internal Capital Adequacy Assessment Report of 2023, and reported to the NFRA after obtaining approval from the senior management and Board of Directors.

2.2 Capital Planning and Capital Adequacy Ratio Management Plan

To implement the strategic plan, further enhance the value creation capability, and meet the regulatory requirements, the Group finished formulating *Capital Management Plan of Bank of China for the 14th Five-year Plan Period* in pursuant to the Group's business strategies, the *Capital Rules (Provisional)* and other relevant regulations promulgated. The plan has been comprehensively implemented after approval by the general meeting of shareholders.

The Group has continued to enhance its ability to accumulate internally generated capital. Based on the medium-and long-term capital plan, the Group continued to optimize the capital budget management mechanism, improve annual capital adequacy ratio management objectives and the capital budget allocation scheme, establish the compensation system linked to value creation, strengthen the capital return requirement and value creation awareness, and intensify the performance assessment management on capital to stimulate entities to increase the capital efficiency. The Group reinforced its capital management across business lines, continuously improved the business line performance assessment, and strengthened the capital management requirements for integrated management companies, and improved the awareness of value creation and strengthened high-quality development concepts of all business lines and units. The Bank replenished capital through external financing channels in a prudent manner to consolidate its capital base, strengthened on studying and planning policies on total loss absorbing capacity and prepared for the policies' implementation. In 2023, the Bank successfully issued RMB30.0 billion of undated capital bonds and RMB220.0 billion of tier 2 capital bonds, further enhancing its capital strength. The Bank strengthened the management of existing capital instruments, redeemed RMB80.0 billion of tier 2 capital bonds, effectively reducing the cost of issuance.

In 2023, the Group achieved good results in various management measures. The capital adequacy ratio has improved, reaching the highest level since the Bank was listed; the weightings of risk-weighted assets (RWA) have decreased, the awareness of capital returns at all units has increased, the level of capital returns at some units has continued to improve.

2.3 Capital Adequacy Ratio

The capital adequacy ratios calculated in accordance with the *Capital Rules (Provisional)* and other related regulations are set forth as follows:

Unit: RMB Million (except percentages)

Item	The Group		The Bank	
	As at 31 December 2023	**As at 31 December 2022**	**As at 31 December 2023**	**As at 31 December 2022**
Calculated in accordance with the *Capital Rules (Provisional)*				
Net common equity tier 1 capital	**2,161,825**	1,991,342	**1,811,259**	1,667,405
Net tier 1 capital	**2,570,272**	2,372,990	**2,210,766**	2,036,912
Net capital	**3,297,408**	2,946,471	**2,928,122**	2,590,185
Common equity tier 1 capital adequacy ratio	**11.63%**	11.84%	**10.96%**	11.37%
Tier 1 capital adequacy ratio	**13.83%**	14.11%	**13.38%**	13.89%
Capital adequacy ratio	**17.74%**	17.52%	**17.72%**	17.67%

2.4 Composition of Capital

The regulatory capital items calculated on a consolidated basis in accordance with the *Capital Rules (Provisional)* are set forth as follows:

Unit: RMB Million

Item	As at 31 December 2023	As at 31 December 2022
Common equity tier 1 capital	**2,193,211**	2,019,934
Paid-in capital	**294,388**	294,388
Capital reserve	**134,339**	134,358
Surplus reserve	**255,137**	233,847
General reserve	**379,063**	337,276
Undistributed profits	**1,060,652**	979,627
Eligible portion of minority interests	**36,123**	37,168
Others	**33,509**	3,270
Regulatory deductions	**(31,386)**	(28,592)
Of which:		
Goodwill	**(182)**	(182)
Other intangible assets (except land use rights)	**(21,094)**	(18,416)
Direct or indirect investments in own shares	**–**	–
Investments in common equity tier 1 capital of financial institutions with controlling interests but outside the scope of regulatory consolidation	**(9,978)**	(9,950)
Additional tier 1 capital	**408,447**	381,648
Preference shares and related premium	**119,550**	119,550
Other instruments and related premium	**279,955**	249,955
Eligible portion of minority interests	**8,942**	12,143
Tier 2 capital	**727,136**	573,481
Directly issued qualifying tier 2 capital instruments and related premium	**534,124**	398,223
Excess loan loss provisions	**184,316**	165,099
Eligible portion of minority interests	**8,696**	10,159
Net common equity tier 1 capital	**2,161,825**	1,991,342
Net tier 1 capital	**2,570,272**	2,372,990
Net capital	**3,297,408**	2,946,471

2.5 Capital Deduction Limits and Excess Loan Loss Provisions

As at 31 December 2023, the Group's balance of the capital investments and deferred tax assets did not exceed the limits and were not required to be deducted from the Group capital. The limits are as follows:

Unit: RMB Million

Item	As at 31 December 2023	As at 31 December 2022
Non-significant minority investments to financial institutions that are outside the scope of regulatory consolidation	**106,183**	145,166
Of which: Common equity tier 1 capital investment	**18,646**	13,861
Additional tier 1 capital investment	**12,212**	10,775
Tier 2 capital investment	**75,325**	120,530
Limit (10% of the Group's net common equity tier 1 capital)	**216,183**	199,134
Amount below the caps if not reach the caps	**110,000**	53,968
Significant minority common equity tier 1 capital investment to financial institutions that are outside the scope of regulatory consolidation	**7,265**	6,472
Limit (10% of the Group's net common equity tier 1 capital)	**216,183**	199,134
Amount below the caps if not reach the caps	**208,918**	192,662
Deferred tax asset relying on the bank's future profitability	**72,740**	68,643
Limit (10% of the Group's net common equity tier 1 capital)	**216,183**	199,134
Amount below the caps if not reach the caps	**143,443**	130,491
Significant minority common equity tier 1 capital investment to financial institutions that are outside the scope of regulatory consolidation and deferred tax asset relying on the bank's future profitability (non-deducted portion)	**80,005**	75,115
Limit (15% of the Group's net common equity tier 1 capital)	**324,274**	298,701
Amount below the caps if not reach the caps	**244,269**	223,586

As at 31 December 2023, the excess loan loss provisions qualifying for inclusion in tier 2 capital was RMB184,316 million, which was calculated in accordance with the regulations in the parallel run period. The limits to relevant excess loan loss provisions are as follows:

Unit: RMB Million

Item	As at 31 December 2023	As at 31 December 2022
Parts covered by Internal Ratings-Based Approach		
Excess loan loss provisions under Internal Ratings-Based Approach	**145,108**	130,328
Limit of excess loan loss provisions attributable to tier 2 capital under the Internal Ratings-Based Approach irrespective of adjustment during the parallel run period	**64,114**	56,472
Amount of excess loan loss provisions attributable to tier 2 capital during the parallel run period	**145,108**	122,365
Parts not covered by Internal Ratings-Based Approach		
Amount of excess loan loss provisions under the Regulatory Weighting Approach	**39,208**	42,734
Limit of excess loan loss provisions attributable to tier 2 capital under the Regulatory Weighting Approach	**83,132**	78,526
Amount of excess loan loss provisions attributable to tier 2 capital	**39,208**	42,734

2.6 Material Capital Investments

Please refer to the "Significant Events" of the Bank's 2023 Annual Report for more details about the material capital investments during the reporting period.

2.7 Paid-in Capital

Please refer to the "Changes in Shares and Shareholdings of Shareholders" of the Bank's 2023 Annual Report for more details about the changes in the share capital of the Bank.

3 Risk Management

3.1 Risk Management Framework

The Group has established a multi-tier risk management framework comprising the Board of Directors, Board of Supervisors, the senior management and departments.

The Board of Directors undertakes the ultimate responsibilities for comprehensive risk management, and is responsible for developing risk culture, formulating risk management strategy, setting risk appetite and ensuring the risk limit setting, approving major risk management policies and procedures, supervising the implementation of comprehensive risk management by the senior management, reviewing reports on comprehensive risk management, and approving information disclosure of comprehensive risk and various material risks. The Board of Directors delegates some of its responsibilities for comprehensive risk management to its Risk Policy Committee (and its US Risk and Management Committee) and Audit Committee.

The Board of Supervisors assumes the responsibility for supervision of comprehensive risk management and is responsible for supervising and inspecting the duty performance of the Board of Directors and the senior management in terms of risk management, and urging its rectification. The Board of Supervisors may authorise the special committee under it to perform its supervisory duties related to risk management.

The senior management is responsible for the implementation of comprehensive risk management and executing the resolutions of the Board of Directors. It is responsible for establishing an operation and management structure adapted to comprehensive risk management; formulating clear implementation and accountability mechanism; formulating risk limit, risk management policies and procedures; assessing comprehensive risk and various important risk management status and reporting to the Board of Directors; establishing and managing information systems and data quality control mechanisms, etc. The Bank established a Chief Risk Officer to assist the President in comprehensive risk management and maintain his/her full independence.

The risk management departments mainly include Risk Management Department, Credit Approval Department, Credit Management Department, Internal Control and Legal & Compliance Management Department, Asset & Liability Management Department, Corporate Culture Department and Digital Asset Management Department.

Each business department and institution is in charge of refining and formulating its own relevant rules in accordance with the Bank-wide risk management policies and processes, and assumes the first responsibility for obtaining information, making risk judgments and risk control. The Group's major business departments set up chief risk officers or deputy heads in charge of risk, who are responsible for implementing comprehensive risk management, internal control and anti-money laundering compliance, among others for their respective business line under the Bank-wide unified risk appetite and policy system. The chief risk officer or deputy head in charge of risk of the business department implements the dual-line reporting system, reporting to both the head of the business department and the Group's functional department of risk management.

Institutions at all levels within the Group implement relevant policies and procedures for comprehensive risk management and establish respective risk management frameworks matching their risk position. Principal persons in charge of the institutions are the primary person responsible for their comprehensive risk management. The chief risk officer or deputy head in charge of risk of an institution applies the dual-line reporting system, reporting to both the head of the institution and the risk management department of the Head Office.

3.2 Significant Changes to Risk Measurement Approaches

There were no significant changes to risk measurement approaches of the Bank in 2023.

3.3 Risk-weighted Assets

The Group's risk-weighted assets are as follows:

Unit: RMB Million

Item	As at 31 December 2023	As at 31 December 2022
Credit risk-weighted assets	**17,375,470**	15,736,821
Market risk-weighted assets	**143,253**	75,207
Operational risk-weighted assets	**1,072,555**	1,006,247
Risk-weighted assets increment required to reach capital floor	**–**	–
Total risk-weighted assets	**18,591,278**	16,818,275

Note: The Group calculates capital requirements and corresponding risk-weighted assets in accordance with capital floor requirement as stipulated by Annex 14 of the *Capital Rules (Provisional)*, when calculating capital adequacy ratio under the advanced capital measurement approaches. The capital floor adjustment coefficient in 2023 was 80%.

4 Credit Risk

4.1 Credit Risk Management

The objective of the Bank's credit risk management is to optimise capital allocation within the acceptable level of risk-taking and to maximise the return for shareholders to meet the requirements of regulators, customers and other stakeholders on the Bank's stable operation.

The Bank has established the risk management policies and systems by hierarchical management in accordance with the bank-wide risk management strategy and risk appetite to guide and govern credit risk management practices. The Group's credit risk management basic policies include industrial policy, regional policy, customer policy, product policy and other credit policies.

The Bank's credit risk management covers risk management across all processes, including risk identification, measurement, assessment, monitoring, reporting, control and mitigation.

4.2 Credit Risk Measurement

4.2.1 Measurement Methods and Internal Rating System

Measurement methods

The Internal Rating-Based (IRB) foundation approach is adopted for general corporates and small-sized enterprises credit risk exposures in the Bank's Head Office, domestic branches and BOCHK, while the IRB approach is adopted for residential mortgage loans, eligible qualifying revolving retail and bank card credit risk exposures as well as other retail risk exposures. The Regulatory Weighting approach is adopted for other types of credit risk exposures and all credit risk exposures of other consolidated institutions.

Governance structure of internal rating system

The Board of Directors of the Bank is responsible for approving major policies for the internal rating system and regularly listening to the Senior Management's reports on such system. The Senior Management which organizes the development and operation of the internal rating system, is responsible for approving the following functions of such system: implementation plans, key definitions, rating policies, rating criteria, and rating models. The Risk Management Department which takes the lead in organizing and implementing the development and management of the internal rating system of the Bank, is responsible for drafting policies and management measures related to the internal rating system, and regularly submitting reports on the operation of such system to the Senior Management. The Audit Department is responsible for conducting internal auditing over the internal rating system and submitting audit reports on such system to the Audit Committee of the Board of Directors. Information Technology Department which systematically deploys and implements econometric models, is responsible for supporting system development related to the launch of models, and providing support for verification related data, tools and requirements in the system to meet the actual demand and regulatory requirements.

The structure of internal rating

The Bank classifies customers into class A, B, C and D by credit rating, and divides credit ratings into 15 grades: AAA, AA, A, BBB+, BBB, BBB-, BB+, BB, BB-, B+, B-, CCC, CC, C and D. Grade D is defined as default, and the others are non-default.

Risk parameter definition, data and basic approaches to risk measurement

The Bank's risk parameters include probability of default (PD), loss given default (LGD), exposure at default (EAD) and maturity. PD refers to the probability that the debtor defaults within a certain period (generally one year); LGD refers to the proportion of the loss on debt default in the exposure to the debt; EAD refers to the total expected amount of risk exposures of the on- and off-balance sheet items when a debtor defaults. With reference to historic experience on default, the Bank adopts the statistical default model technique to estimate risk parameters based on its internal data, in order to ensure the accuracy and prudence of risk parameter estimation. The corporate risk exposure applies the foundation IRB approach and the PD is calculated by the Bank independently. The retail risk exposure applies the IRB approach, and the PD, LGD and EAD are estimated by the Bank independently.

Application of rating results

Since the implementation of New Basel Capital Accord, the Bank has made great efforts to promote the application of internal rating results to its business. Internal rating results have been widely applied to areas such as credit approval, risk monitoring, limit setting, credit policy, risk reporting, provision for loss, economic capital allocation and performance assessment. While meeting regulatory requirements, they have played an important role in strengthening the Bank's risk decision-making capability and enhancing refined management.

4.2.2 Credit Risk Exposures

The Group's EAD distributed by calculation method is as follows:

Unit: RMB Million

	As at 31 December 2023			
	On-balance sheet credit risk	**Off-balance sheet credit risk**	**Counterparty credit risk**	**Total**
Exposures covered by IRB	**15,710,763**	**1,547,721**	**38,969**	**17,297,453**
Of which: Corporate exposures	**10,459,771**	**1,406,890**	**38,969**	**11,905,630**
Retail exposures	**5,250,992**	**140,831**	**–**	**5,391,823**
Exposures not covered by IRB	**16,354,329**	**754,088**	**329,969**	**17,438,386**
Total	**32,065,092**	**2,301,809**	**368,938**	**34,735,839**

	As at 31 December 2022			
	On-balance sheet credit risk	**Off-balance sheet credit risk**	**Counterparty credit risk**	**Total**
Exposures covered by IRB	13,990,906	1,434,987	32,926	15,458,819
Of which: Corporate exposures	8,690,800	1,297,077	32,926	10,020,803
Retail exposures	5,300,106	137,910	–	5,438,016
Exposures not covered by IRB	14,426,232	762,161	308,187	15,496,580
Total	28,417,138	2,197,148	341,113	30,955,399

4.2.3 Exposures Covered by IRB

4.2.3.1 Corporate exposures (excluding specialised lending and counterparty credit risk)

The Group's EAD of corporate exposures covered by IRB distributed by credit rating is as follows:

Unit: RMB Million (except percentages)

Rating	As at 31 December 2023				
	EAD	Weighted average PD	Weighted average LGD	Risk-weighted assets	Average risk weight
A	**7,997,549**	**0.74%**	**42.61%**	**4,582,985**	**57.30%**
B	**3,663,760**	**3.24%**	**38.50%**	**3,242,388**	**88.50%**
C	**22,955**	**32.70%**	**40.00%**	**38,504**	**167.74%**
D	**179,449**	**100.00%**	**42.73%**	**39,217**	**21.85%**
Total	**11,863,713**	**4.90%**	**41.34%**	**7,903,094**	**66.62%**

Rating	As at 31 December 2022				
	EAD	Weighted average PD	Weighted average LGD	Risk-weighted assets	Average risk weight
A	6,746,903	0.73%	42.80%	3,892,075	57.69%
B	3,053,002	3.16%	39.14%	2,764,279	90.54%
C	14,099	28.45%	39.68%	22,802	161.73%
D	171,541	100.00%	43.45%	34,070	19.86%
Total	9,985,545	4.38%	41.69%	6,713,226	67.23%

Note: The average PD of corporate risk exposures is calculated as the arithmetic mean of each customer's PD (including defaulted customers). The LGD is the weighted average of each customer's LGD weighted by EAD.

4.2.3.2 Specialised Lending Risk Exposure

The EAD of the Group's specialised lending by regulatory rating is as follows:

Unit: RMB Million

Supervisory rating	As at 31 December 2023	As at 31 December 2022
Strong	–	–
Good	**2,861**	2,249
Satisfactory	**106**	104
Weak	–	–
Default	–	–
Total	**2,967**	2,353

4.2.3.3 *Retail exposures*

The Group's EAD of retail exposures covered by IRB distributed by product is as follows:

Unit: RMB Million (except percentages)

Item	As at 31 December 2023				
	EAD	**Weighted average PD**	**Weighted average LGD**	**Risk-weighted assets**	**Average risk weight**
Residential mortgage exposures	**4,511,823**	**1.08%**	**24.94%**	**499,204**	**11.06%**
Qualifying revolving retail exposures	**171,932**	**0.97%**	**76.19%**	**35,776**	**20.81%**
Other retail exposures	**708,068**	**10.76%**	**18.80%**	**173,842**	**24.55%**
Total	**5,391,823**	**1.43%**	**25.76%**	**708,822**	**13.15%**

Item	As at 31 December 2022				
	EAD	**Weighted average PD**	**Weighted average LGD**	**Risk-weighted assets**	**Average risk weight**
Residential mortgage exposures	4,659,507	1.13%	24.93%	510,319	10.95%
Qualifying revolving retail exposures	174,703	0.94%	75.65%	36,702	21.01%
Other retail exposures	603,806	7.89%	20.46%	147,562	24.44%
Total	5,438,016	1.28%	26.07%	694,583	12.77%

Note: The average PD of retail risk exposures is calculated as the arithmetic mean of PD of each debt (including defaulted debts). The LGD is the weighted average of each debt, weighted by EAD.

4.2.4 *Exposures not Covered by IRB*

4.2.4.1 *Risk weight determination method*

The Group determines the risk weights of risk exposure not covered by IRB in strict compliance with the *Capital Rules (Provisional)*; and for the claims covered by eligible mitigation instruments, the Group adopts the risk weights applicable to the corresponding mitigation instruments.

4.2.4.2 Credit risk exposures not covered by IRB (excluding counterparty credit risk)

The Group's credit risk exposures not covered by IRB are distributed by customer as follows:

Unit: RMB Million

	As at 31 December 2023	As at 31 December 2022
Corporate	**2,770,991**	2,382,322
Sovereign	**8,212,938**	6,970,839
Financial institutions	**3,918,294**	3,740,980
Retail	**1,585,846**	1,390,038
Equity	**165,067**	156,151
Asset securitisation	**38,884**	65,607
Others	**416,397**	482,456
Total	**17,108,417**	15,188,393

The Group's credit risk exposures not covered by IRB are distributed by risk weight as follows:

Unit: RMB Million

Risk weight	As at 31 December 2023	As at 31 December 2022
0%	**6,895,279**	5,693,724
20%	**3,332,388**	3,149,299
25%	**1,882,671**	1,680,687
50%	**257,894**	241,870
75%	**1,641,211**	1,342,432
100%	**2,818,259**	2,816,700
150%	**14,304**	9,316
250%	**119,531**	113,332
350%	**–**	–
400%	**84,783**	73,272
625%	**1**	–
937.5%	**1**	–
1250%	**62,095**	67,761
Total	**17,108,417**	15,188,393

Risk exposures of capital instruments at various tiers issued by other commercial banks held by the Group, equity investments in commercial enterprises and financial institutions as well as non-own-use real estate are disclosed as follows:

Unit: RMB Million

	As at 31 December 2023	**As at 31 December 2022**
Capital instruments at various tiers issued by other commercial banks held by the Group	**66,158**	97,401
Of which: Common equity tier 1 capital	**5,940**	3,989
Additional tier 1 capital	**2,112**	2,665
Tier 2 capital	**58,106**	90,747
Equity investments in commercial enterprises	**126,945**	125,042
Equity investments in financial institutions	**38,123**	31,108
Non-own-use real estate	**5,899**	4,504

4.3 Credit Risk Mitigation

Risk mitigation policies

The Bank transfers or reduces credit risk by utilising risk mitigation instruments such as eligible collateral, netting, guarantee and derivative. The Bank's credit risk mitigation management mainly includes the management of mitigation instruments and phases of risk measurement and information monitoring associated with risk mitigation. A credit risk mitigation and management policy framework has been established, including basic policies, management measures and implementation rules. Overall principles and internal requirements are specified in the basic polices, and the management measures standardise and unify the management requirements for various risk mitigation instruments, while the implementation rules address the day-to-day management and operation of these mitigation instruments.

Risk mitigation instruments management process

The Bank's Risk Management Department is responsible for formulating the Bank's risk mitigation management policies, review and approval of polices and capital measurement, while the related business departments implement day-to-day management of various mitigation instruments within their respective functions. Risk mitigation instruments management involves pre-lending, lending and post-lending processes. The processes include inspection and review, evaluation/assessment, collateral verification, implementation of legal procedures, inspection and review, modification and release, collateral disposal, etc. Various functions involved in collateral management are responsible for various processes in accordance with the Bank's rules and regulations on collateral management.

Main types of collateral

The Bank's collateral primarily includes financial collateral, receivables, commercial and residential property, as well as other collateral. Financial collateral includes CDs, deposits, precious metals, bonds and bills. Land use rights and property are classified into commercial, residential property and construction-in-progress. Vehicles, machinery and equipment, inventory, title of goods, resource assets and intellectual property rights belong to the category of other collateral.

Valuation policies and procedures

The Bank valuates collateral effectively in accordance with policies such as administrative measures on internal assessment of collateral and so on. Collateral valuation management is a dynamic and ongoing process, including evaluation at pre-lending business origination and approval process, credit risk time horizon and collateral re-evaluation at the disposal of assets. At pre-lending phase, the Bank can entrust a professional evaluation agency to evaluate collateral and issue evaluation report. The evaluation conclusion or opinion can be used as reference in credit decision making. During time horizon of credit, the Bank continues to monitor the value of collateral. For the value management of post-lending collateral, the Bank combines regular and irregular re-evaluation. The Bank select evaluation methods, determines evaluation parameters and implements evaluation procedures based on the types and characteristics of collateral. The Bank adjusts the evaluation frequency for collateral with high volatility in market value.

The Bank adheres to the principle of independence, objectivity and prudence on the valuation of collateral, and market value is given preferential weighting in the determination of fair value of collateral. Basic asset valuation methods include the market method, cost method and equity method. Based on the valuation object, value type and information collection conditions, one of the above valuation methods will be selected, and other methods will be used to verify valuation results to draw reasonable conclusions.

Main types of guarantors

A guarantor refers to a legal person or non-legal-person organisation, financing guarantee company or natural person with legal capacity under civil law, which is able to repay debts on behalf of the debtor. The Bank regulates the qualification of guarantor, assessment of guarantee capacity, monitoring and debt recovery by means of related policies and rules including guarantee management measures, to effectively control and reduce credit risk. As required by the Bank, a guarantor's credit rating should meet access to credit customer. For a guarantor without credit rating, the Bank will assess its capability of risk mitigation on a prudential basis.

Capital measurement

By embedding credit risk mitigation instruments' eligibility assessment function and regulatory capital measurement rules in the RWA engine, the Bank has been able to automatically collect risk mitigation information from the front-end systems, perform eligibility assessment, mapping and allocation of mitigation instruments, and finally automatically calculate the risk mitigation for regulatory capital calculation purpose. The Bank has not yet accepted accounts receivables, other collateral and credit derivatives as qualifying risk mitigation in its capital measurement.

The EAD covered by each category of qualified risk mitigation instruments of the Group under IRB is as follows:

Unit: RMB Million

Exposure type	Corporate exposures	
	As at 31 December 2023	**As at 31 December 2022**
Guarantee	**1,294,982**	1,134,834
Financial collateral	**742,148**	539,520
Commercial and residential real estate	**616,828**	582,113

The main portion of EAD covered by each category of qualified risk mitigation instruments of the Group not under IRB is as follows:

Unit: RMB Million

Exposure type	Corporate exposures	
	As at 31 December 2023	**As at 31 December 2022**
Cash and cash equivalents	**116,230**	143,969
The Chinese Central Government, the PBOC, Chinese policy banks	**26,062**	19,250
Domestic public sector entities	**–**	–
Domestic commercial banks	**481,667**	323,960
Central governments and central banks of other countries and regions	**4,089**	4,031
Commercial banks and public sector entities registered in other countries and regions	**8,360**	8,564
MDBs, Bank for International Settlements and IMF	**234**	324

4.4 Counterparty Credit Risk

4.4.1 Management of counterparty credit risk

Counterparty credit risk refers to the risk arising from default of counterparty before the settlement of cash flows under the derivative transactions or securities financing transactions (SFTs). Under the overall risk management strategy, appetite and policy framework, the Bank has established a comprehensive system for counterparty credit risk management, including formulation of policies and procedures, integration of counterparty credit risk arising from derivative transactions and SFTs into the bank's unified credit management system, and the implementation of a proactive risk management approach throughout the entire process of risk identification, measurement, assessment, monitoring, reporting control, and mitigation. We adhere to a bottom-line mindset, respond promptly, conduct specialized stress tests proactively, and apply the test results to prospective risk management.

Our bank employs bilateral collateral transfers, customer collateral retrieval, and other methods to reduce counterparty credit risk exposure. Bilateral collateral transfers conducted through agreements such as CSA and GMRA are managed in accordance with the bank's financial market business collateral management regulations. Unilateral margin collected from customer derivative transactions is managed in accordance with the bank's margin pledge management regulations. In the event of a credit rating downgrade, the provision of additional collateral to counterparties by our bank depends on the specific terms outlined in the agreements

4.4.2 Counterparty credit risks covered by IRB Approach

As at the end of 2023, the Group's counterparty credit risk exposures covered by IRB Approach amounted to RMB38,969 million, which all arose from transactions with corporates.

4.4.3 Counterparty credit risks not covered by IRB Approach

Unit: RMB Million

Counterparty	As at 31 December 2023	As at 31 December 2022
Central counterparty	**67,985**	39,185
Others	**261,984**	269,002
Total	**329,969**	308,187

4.5 Overdue and Non-performing Loans

A loan will be regarded as overdue when the borrower fails to repay it to the lender within the period specified in the loan contract. The total overdue loan at the group level amounted to RMB210,629 million at 2023 year-end.

In accordance with the Measures for Risk Classification of Financial Assets of Commercial Banks, the Group classifies its loans into five categories: pass, special-mention, substandard, doubtful and loss, among which the last three are regarded as non-performing. Where the borrower of a non-performing loan is unable to repay the principal, interest or gains of the loan in full, or the financial asset has become credit-impaired. The total non-performing loan at the group level was RMB253,205 million at 2023 year-end.

4.6 Allowance for Impairment Losses

The Group uses the expected credit loss (ECL) model to measure the impairment of loans. ECL is a weighted average of credit losses with the respective risks of a default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all cash flows expected to be received by the Group discounted at the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets), i.e. the present value of all cash shortfalls, discounted at the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets).

According to the changes of credit risk of financial instruments since initial recognition, the Group calculates ECL by three stages:

- Stage 1: Financial instruments without significant increases in credit risk since initial recognition are included under Stage 1 to calculate their impairment allowance at an amount equivalent to the ECL of the financial instruments for the next 12 months;

- Stage 2: Financial instruments that have had a significant increase in credit risk since initial recognition but have no objective evidence of impairment are included under Stage 2, with their impairment allowance measured at an amount equivalent to the ECL over the lifetime of the financial instruments;

- Stage 3: Financial assets with objective evidence of impairment at the financial reporting date are included under Stage 3, with their impairment allowance measured at an amount equivalent to the ECL over the lifetime of the financial instruments.

When measuring ECL, an entity need not necessarily identify every possible scenario. However, the Group considers the risk or probability that a credit loss occurs by reflecting the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the possibility of a credit loss occurring is very low.

The Group conducts assessments of ECL with reference to forward-looking information and uses a number of models and assumptions in its measurement of expected credit losses. These models and assumptions relate to the future macroeconomic conditions and borrowers' creditworthiness (e.g., the likelihood of default by customers and the corresponding losses). The Group uses judgements, assumptions and estimation techniques in order to measure ECL according to the requirements of accounting standards which include:

- Segmentation of financial instruments based on credit risk characteristics for losses
- Criteria for determining significant increases in credit risk
- Definition of default and credit-impaired financial assets
- Parameters for measuring ECL
- Forward-looking information.

The Group enhanced its ECL models in 2023, which has no significant impact to the financial statements.

Reconciliation of allowance for impairment losses:

(1) Allowance for impairment losses measured at amortised cost:

Year ended 31 December 2023				
				Unit: RMB Million
	12-month ECLs	**Lifetime ECLs**		**Total**
	Stage 1	**Stage 2**	**Stage 3**	
As at 1 January	**205,195**	**59,062**	**172,499**	**436,756**
Transfers to Stage 1	**9,763**	**(5,804)**	**(3,959)**	**–**
Transfers to Stage 2	**(4,261)**	**13,571**	**(9,310)**	**–**
Transfers to Stage 3	**(1,125)**	**(16,700)**	**17,825**	**–**
Impairment (reversal)/losses of loans with stage transfers	**(9,214)**	**31,443**	**49,286**	**71,515**
Charge for the year(i)	**99,690**	**17,345**	**28,929**	**145,964**
Reversal for the year(ii)	**(76,299)**	**(18,155)**	**(16,812)**	**(111,266)**
Write-off and transfer out	**–**	**–**	**(72,554)**	**(72,554)**
Recovery of loans and advances written off	**–**	**–**	**13,889**	**13,889**
Exchange differences and other	**314**	**221**	**69**	**604**
As at 31 December	**224,063**	**80,983**	**179,862**	**484,908**

Year ended 31 December 2022				
				Unit: RMB Million
	12-month ECLs	**Lifetime ECLs**		**Total**
	Stage 1	**Stage 2**	**Stage 3**	
As at 1 January	166,358	53,832	169,900	390,090
Transfers to Stage 1	6,481	(5,296)	(1,185)	–
Transfers to Stage 2	(2,234)	5,611	(3,377)	–
Transfers to Stage 3	(1,659)	(11,533)	13,192	–
Impairment (reversal)/losses of loans with stage transfers	(5,969)	18,943	41,851	54,825
Charge for the year(i)	93,067	14,787	22,827	130,681
Reversal for the year(ii)	(52,371)	(18,168)	(22,198)	(92,737)
Write-off and transfer out	(64)	–	(61,766)	(61,830)
Recovery of loans and advances written off	–	–	11,837	11,837
Exchange differences and other	1,586	886	1,418	3,890
As at 31 December	205,195	59,062	172,499	436,756

(2) Allowance for impairment losses measured at fair value through other comprehensive income:

Year ended 31 December 2023				
				Unit: RMB Million
	12-month ECLs	**Lifetime ECLs**		**Total**
	Stage 1	**Stage 2**	**Stage 3**	
As at 1 January	**479**	**6**	**–**	**485**
Transfers to Stage 1	**–**	**–**	**–**	**–**
Transfers to Stage 2	**–**	**–**	**–**	**–**
Transfers to Stage 3	**–**	**–**	**–**	**–**
Impairment (reversal)/losses of loans with stage transfers	**–**	**–**	**–**	**–**
Charge for the year(i)	**355**	**5**	**–**	**360**
Reversal for the year(ii)	**(453)**	**(6)**	**–**	**(459)**
Exchange differences and others	**4**	**–**	**–**	**4**
As at 31 December	**385**	**5**	**–**	**390**

Year ended 31 December 2022				
				Unit: RMB Million
	12-month ECLs	**Lifetime ECLs**		**Total**
	Stage 1	**Stage 2**	**Stage 3**	
As at 1 January	374	77	–	451
Transfers to Stage 1	–	–	–	–
Transfers to Stage 2	–	–	–	–
Transfers to Stage 3	–	–	–	–
Impairment (reversal)/losses of loans with stage transfers	–	–	–	–
Charge for the year(i)	469	6	–	475
Reversal for the year(ii)	(374)	(77)	–	(451)
Exchange differences and others	10	–	–	10
As at 31 December	479	6	–	485

(i) Charge for the year comprises impairment losses attributable to new loans granted during the year, brought forward loans without stage transfers, as well as changes to model and risk parameters.

(ii) Reversal for the year comprises impairment losses attributable to loans repaid during the year, brought forward loans without stage transfers, as well as changes to model and risk parameters.

5 Market Risk

5.1 Market Risk Management

Market risk is defined as the risk of incurring a loss from on-balance sheet and off-balance sheet operations due to adverse changes in market prices (interest rate, exchange rate, stock price and bulk commodity prices). The trading book consists of positions in financial instruments and commodities held either with trading intent or in order to hedge other elements of the trading book. Measurement of market risk capital shall capture the interest rate risk and equity risk arising from the Bank's trading book, as well as all exchange rate risk and commodity risk, excluding the exposure to structured exchange rate risk.

The objective of the Bank's market risk management is to effectively manage market risk and improve market risk capital allocation through limit management and other mechanisms in light of the overall risk appetite determined by the Board of Directors, control the market risk within a reasonable level acceptable to the Bank, and achieve a reasonable balance between risk and return, thereby promoting business development and maximising the shareholders' value.

Under the Bank's market risk governance system, the Board of Directors shall assume the ultimate responsibility for market risk management, including determining overall risk appetite, approving the market risk management policy, procedures, strategy and limits of the Group; overseeing the implementation of risk management strategy and policy by the senior management; the Board of Supervisors is responsible for overseeing the performance of market risk management responsibilities by the Board of Directors and the senior management; the senior management is responsible for developing and implementing market risk management limits, policy and procedures, bearing and managing the Group's market risk within the risk appetite determined by the Board of Directors, and coordinating the matching of aggregate risks to business return targets, and the Risk Management and Internal Control Committee under the senior management shall implement the Group's overall market risk management; the Risk Management Department takes the lead in managing the Group's market risk, drafting market risk management policies and rules, risk appetite, methodology and development plan, and organising implementation accordingly. The Bank has established and is continuously improving its market risk reporting system. The Audit Department of the Head Office is responsible for performing the internal audit for market risk.

The Bank has developed a sound market risk measurement system, fully supporting the measurement work under the regulatory capital management policy. All relevant measurement policies, methodologies have been applied to such fields as market risk monitoring, measurement, management, reporting, etc., and fulfill independent verification functions in accordance with regulatory requirements.

The Bank actively implemented regulatory requirements, strengthened technology empowerment, completed the launch of systems under the capital management policy, and achieved compliance in risk management and capital measurement on time. In the face of complex and severe external situations, the Bank continued to formulate and revise policies, made up for the discovered gaps, and ensured the efficient operation of relevant mechanisms and processes. It continuously strengthened the foundation, cultivated relevant capabilities, implemented risk judgement mechanism and early warning. It intensified emergency drills, improved the emergency management mechanism, strengthened the closed-loop management of market risk, continuously optimised the market risk management system, and comprehensively enhanced the effectiveness of market risk management.

The Bank continues to enhance market analysis capabilities, strengthens securities investment risk management. The Bank improved the market risk limit system for bond investment, reinforced domestic bond market default warnings, and monitored trends in US Treasury bond yields. The Bank enhanced post-investment monitoring and warning capabilities and continuously strengthened the asset quality of bond investment business.

5.2 Market Risk Measurement

5.2.1 Capital Requirements on Market Risk

The Group adopts Internal Model Approach and Standardised Approach to measure market risk regulatory capital. The table below lists the major capital requirements on various types of market risk of the Group.

Unit: RMB Million

	As at 31 December 2023	**As at 31 December 2022**
Covered by Internal Model Approach	**9,595**	4,018
Not covered by Internal Model Approach	**1,865**	1,999
Interest rate risk	**1,357**	1,145
Equity risk	**283**	611
Foreign exchange risk	–	–
Commodity risk	**217**	233
Option risk	**8**	10
Total	**11,460**	6,017

Note: According to the implementation scope of the advanced capital management approaches approved by NFRA, parts covered by the internal model approach of the Bank include foreign exchange risk, general interest rate risk of the Group, and commodity risk of the corporate bank. Parts uncovered by the internal model approach are measured by the standardized approach.

5.2.2 Value at Risk (VaR)

The following table sets forth the information related to the VaR and stress VaR of market risks calculated under Internal Model Approach.

Unit: RMB Million

	For the year ended 31 December							
	2023				**2022**			
	Average	**Maximum**	**Minimum**	**Year-end**	**Average**	**Maximum**	**Minimum**	**Year-end**
VaR	**804**	**1,844**	**239**	**622**	502	2,357	176	476
Stress VaR	**1,308**	**2,157**	**809**	**837**	1,067	2,361	277	1,647

The Bank applied the Historical Simulation Method (adopting a confidence interval of 99%, holding period of ten days) to measure VaR, which is then used for capital measurement under the internal model approach. The Group calculates VaR and Stress VaR and conducts daily back testing according to regulatory requirements. In the reporting period, the Group's market risk measurement model can capture financial market fluctuation timely and reflect the market risks faced by the Group objectively.

The Group conducted the stress tests of market risk on a regular basis or from time to time by using the Internal Model Approach ("IMA") system, consistent with the regulatory requirements, external market changes and the internal management needs. The Group kept widening the application of stress testing management of market risk and continued to ameliorate the Group's market risk stress testing level.

6 Operational Risk

6.1 Operational Risk Management

The goal of the Group's operational risk management is to reduce the losses from operational risk to an acceptable level (that is, within the risk preference).

The Group has established an operational management policy regime, which is composed of the policy framework, the management policies for operational risk management tools. The policy framework, which refers to Operational Risk Management Policies of Bank of China Limited published with the approval of the Risk Policy Committee under the Board of Directors, as the fundamental system, defines the basic principles, requirements and management framework, and sets the keynote and direction for the Group's operational risk management. According to the closed loop of risk identification, assessment, control or mitigation, monitoring and reporting, the Group developed the management policies for operational risk management tools in order to define principles, roles and responsibilities, methodologies, procedures and steps relating to the employment of management tools, and the Handbook for Three Tools for Operational Risk Management clearly addresses the management processes and specific operational procedures.

The Group continues to strengthen operational risk management tools' application and continuously promote the level of operational risk management. It applies the Operational Risk and Control Assessment Procedures, to review business processes, assess risk points, analyse failure links of control, and optimize business processes and systems, etc. It also employs key risk indicators to carry out risk monitoring, improve the Group's risk indicator system, and increase the indicator's business coverage and risk sensitivity. What's more, the Group collects the operational risk loss data, and regularly performs collection, analysis and verification for the data to improve its quality. It has established a sound Business Continuity Management System. To continuously strengthen business continuity management, the Group conducts emergency drills for system service interruption scenarios, re-inspects business impact analysis, updates important business processes, enriches and perfects risk scenarios, and implements business continuity self-assessments.

To effectively identify, assess, control or mitigate, monitor and report operational risk, the Group has established several main operational risk management processes, such as Operational Risk and Control Assessment Procedures, Operational Risk Loss Data Collection Procedures, Key Risk Indicator Monitoring Procedures, Business Continuity Management Procedures, Internal Control Remediation and Status Tracking Procedures, and Operational Risk Reporting Procedures.

The Group employs the Standardized Approach to measure the regulatory capital for operational risk. The operational risk capital covers the overall business scale and the corresponding operational risk exposures.

6.2 Operational Risk Measurement

During the reporting period, the operational risk capital requirement of the Group on a consolidated basis under the Standardized Approach amounted to RMB85,804 million.

7 Other Risk

7.1 Asset Securitisation

7.1.1 Business Objective

The Group develops asset-backed securitisation business based on bank-level credit structure adjustment scheme with an aim to optimize asset portfolios, improve asset-liability structure, expand size, dispose of non-performing loans, enhance capital adequacy ratio, and improve the Bank's asset liquidity structure management.

As the originator, the Group's risk exposure is mainly derived from the potential default risks of the securities retained by the Group under the regulations. Except for that, all remaining risks are transferred to other entities through securitisation.

7.1.2 Business Overview

As the originator and service provider of securitisation business, the Group participates in the coordination of the overall project design, underlying assets selection, due diligence, transaction structure design, regulatory submission, issuance, and disclosure. The Group is also in charge of managing the asset pool, as well as receiving, transferring and collecting loan principals and interests.

On 3 Apr, 6 Apr, 17 Apr, 27 Jun, 28 Nov, 4 Dec and 11 Dec the Bank successfully issued eight credit asset-backed securities in the interbank market. Zhong Yu 2023-1, Zhong Yu 2023-2, Zhong Yu Zhi Cheng 2023-5 with non-performing residential mortgages as underlying assets totalled RMB1.23 billion, RMB1.65 billion and RMB1.03 billion. Zhong Yu Zhi Cheng 2023-1, Zhong Yu Zhi Cheng 2023-4 with non-performing personal consumption loans as underlying assets totalled RMB140 million, RMB227 million. Zhong Yu 2023-3, Zhong Yu Zhi Cheng 2023-2, Zhong Yu Zhi Cheng 2023-3 with non-performing credit cards as underlying assets totalled RMB205 million, RMB218 million and RMB153 million.

To comply with the regulatory requirements on risk retention, the Bank held 5% of the securities in each of the tranches of the Zhong Yu 2023-1, Zhong Yu 2023-2, Zhong Yu 2023-3, Zhong Yu Zhi Cheng 2023-1, Zhong Yu Zhi Cheng 2023-2, Zhong Yu Zhi Cheng 2023-3, Zhong Yu Zhi Cheng 2023-4, Zhong Yu Zhi Cheng 2023-5 securitisation project with non-performing loans as underlying assets, amounting to RMB62 million, RMB83 million, RMB10 million, RMB7 million, RMB11 million, RMB8 million, RMB11 million and RMB51 million.

7.1.3 Accounting Policies for Asset Securitisation

The Group shall derecognize the credit assets when the Group has transferred substantially all the risks and rewards on the ownership of the assets to the transferee; or the Group has neither transferred nor retained virtually all the risks and rewards on the ownership of the assets, and the Group does not retain control of the credit assets. In determining whether the Group has retained control of the assets or not, the Group focuses on the practical ability of the transferee to sell the credit assets. The Group has not retained control of the assets if the transferee has the practical ability to sell the credit assets in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

If the Group neither transfers nor retains virtually all the risks and rewards of ownership of the credit assets, and retains control of the credit assets, the Group continues to recognize the transferred assets to the extent of its continuing involvement, and also recognizes the related continuing involvement liability. The transfer of risks and rewards is evaluated by comparing the risk exposure for the Group, with the variability in the amounts and timing of the net cash flows of the transferred asset before and after the transfer.

If the Group retains virtually all the risks and rewards of the ownership of the credit assets, the Group continues to recognize the assets.

Where the Group controls the special purpose entity, the entity should be consolidated in the financial statements. The Group controls an entity (including corporates, divisible portions of associates and joint ventures, and structured entities controlled by corporates) when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity, and accordingly the entity is a subsidiary of the Group, and shall be consolidated at Group level. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

7.1.4 External Rating Agencies

Asset-backed securitisation products issued in the interbank market are all simultaneously rated by two rating agencies. For the issuance in 2023, Zhong Yu 2023-1, Zhong Yu Zhi Cheng 2023-1 and Zhong Yu Zhi Cheng 2023-4 were rated by China Lianhe Credit Rating Co., Ltd. and China Bond Rating Co., Ltd; Zhong Yu 2023-2, Zhong Yu 2023-3 and Zhong Yu Zhi Cheng 2023-3 were rated by China Chengxin International Credit Rating Co., Ltd. and China Bond Rating Co., Ltd; Zhong Yu Zhi Cheng 2023-2 was rated by Golden Credit Rating International Co., Ltd. and China Bond Rating Co., Ltd; Zhong Yu Zhi Cheng 2023-5 was rated by Fitch Bohua Credit Rating Co., Ltd. and China Bond Rating Co., Ltd.

7.1.5 *Risk Exposure and Capital Requirements*

The Group measures asset securitisation risk exposure and capital requirements by using Standardised Approach in accordance with the *Capital Rules (Provisional)*, and determines risk weights according to the credit ratings of eligible rating institutions recognised by the Group and the corresponding table of credit ratings and risk weights stipulated in the *Capital Rules (Provisional)*. As at the end of 2023, the Group's exposures to asset securitisation were RMB38,884 million, and capital requirements were RMB2,526 million.

Unit: RMB Million

Item	As at 31 December 2023		As at 31 December 2022	
	Traditional asset securitisation risk exposures	Synthetic asset securitisation risk exposures	Traditional asset securitisation risk exposures	Synthetic asset securitisation risk exposures
As originating institution				
Asset-backed securities	**456**	–	312	–
Mortgage-backed securities	**24,706**	–	26,385	–
As investing institution				
Asset-backed securities	**7,905**	–	14,008	–
Mortgage-backed securities	**5,817**	–	24,902	–
Total	**38,884**	–	65,607	–

7.2 Interest Rate Risk in the Banking Book

7.2.1 Management of interest rate risk in the banking book

Interest rate risk in the banking book (IRRBB) refers to the risk of losses to a bank's economic value and to its overall earnings of banking book, arising from adverse movements in interest rates level or term structure. IRRBB mainly comes from repricing gaps between assets and liabilities in the banking book, and differences in changes in benchmarking interest rates for assets and liabilities. The banking book records the Group's assets, liabilities and off-balance sheets instruments that are not recorded in trading book, including but not limited to loans, due to customers, non-trading bond investment, bonds issued, interbank business and placement with the central bank.

Based on the principles of "matching, comprehensiveness and prudence", the Group's IRRBB management strategy is to control risks within an acceptable level by considering factors such as the Group's risk appetite, risk profile, as well as macro-economic and market conditions, so as to achieve a reasonable balance between risk and return and thus maximise shareholders value.

The Group assessed the IRRBB mainly through the analysis of interest rate repricing gaps, and made timely adjustments to the structure of its assets and liabilities, optimised the internal and external pricing strategy or implemented risk hedging based on changes in the market situations, so as to maintain the IRRBB at a reasonable level. In the sensitivity analysis below, it was assumed that all interest rates changed in parallel and structure of assets and liabilities remained unchanged. Repricing periods of loans and time deposits are determined by contractual cash flows, and repricing periods of demand deposits and other undated products are set as overnight. See below for the results from 2023 sensitivity analysis.

7.2.2 Interest rate sensitivity analysis

Unit: RMB Million

Interest rate basis points move	(Decrease)/increase in net interest income	
	As at 31 December 2023	As at 31 December 2022
+25 basis points	**(797)**	(3,270)
-25 basis points	**797**	3,270

8 Remuneration

8.1 Composition and Authority of the Remuneration Management Committee

The Personnel and Remuneration Committee comprises six members, including two non-executive directors and four independent non-executive directors. Chairman of the committee is assumed by an independent non-executive director. The committee is mainly responsible for assisting the Board of Directors in reviewing the Bank's human resources and remuneration strategies and overseeing their implementations; reviewing and monitoring the remuneration and incentive policies of the Bank; considering and examining the remuneration distribution plan for directors and senior management members, and making recommendations to the Board of Directors; setting the performance appraisal standards for the senior management of the Bank, evaluating the performance of the directors and members of the senior management, and making recommendations to the Board of Directors, etc.The Personnel and Remuneration Committee held 7 meetings in 2023.

8.2 Remuneration Policy

Overview

Remuneration policies of the Bank are established according to corporate governance requirements, operation and development strategy, market positioning and talent competition strategy. The Bank adopts "post-driven and performance-based" remuneration distribution mechanism. Basic remuneration level is determined by position value and duty performance ability of the employee, and performance-based remuneration by performance appraisal results of the Group, the employee's institution or department and the employee. Remuneration policies apply to all employees signing employment contract with the Bank. In accordance with relevant national and regulatory guidance, the Bank has not adopted any medium – and long-term incentives including granting equity shares or other equity-related incentives. Remuneration of employees is paid in cash.

Remuneration policies of employees in risk and compliance functions

Remuneration of employees in risk and compliance functions is determined based on their value contribution, duty performance ability, performance, etc., not directly linked to business lines under their supervision and independent from other business areas.

Relation between remuneration policies and present and future risk

Remuneration policies of the Bank are aligned with the risk management system of the Bank and matched with institution size, business nature, complexity, etc.

Total remuneration distribution to branches is linked with completion of comprehensive performance target. The Bank also considers risk factors during remuneration allocation, to create risk-adjusted value orientation across the Bank and promote long-term results.

Remuneration distribution to employees is linked with responsibilities and risks assumed by each position. Different remuneration structures apply to employees taking different roles and responsibilities. Results of comprehensive performance appraisal covering performance, risks, internal control and capability are also considered, in order to prevent risk-taking and short-term behaviours by employees and promote a balanced and healthy risk management culture.

More than 40% of performance-related remuneration of employees assuming major risks and assuming major risk management responsibility is paid in a deferred manner, generally with deferred payment period of no less than 3 years. Besides, the Bank implemented the performance remuneration recourse and recovery mechanism. If extraordinary risk loss exposure occurs during his/her term of office, the Bank can reclaim part or all performance-related remuneration of corresponding periods and stop the payment of the unpaid remuneration.

Relation between remuneration and the Bank's performance

Total remuneration of the Bank is linked with the Group's realization of performance target and total remuneration to branches is allocated based on comprehensive performance and development of key businesses of each branch. Branches are encouraged to increase value contribution. Remuneration of employees is linked with the performance of the Group, the employee's institution or department and the employee according to characteristics of position responsibilities. Remuneration is aligned with performance results to encourage performance improvement and value creation of employees.

8.3 Disclosures of Senior Management Remuneration

For basic information and remuneration of the senior management members of the Bank, members and remuneration of the Personnel and Remuneration Committee of the Board of Directors, please refer to 2023 Annual Report.

Annex 1: Composition of Capital

Unit: RMB Million (except percentages)

		As at 31 December 2023	As at 31 December 2022	Code
Common equity tier 1 capital				
1	Paid-in capital	**294,388**	294,388	**j**
2	Retained earnings	**1,694,852**	1,550,750	
2a	Surplus reserve	**255,137**	233,847	**r**
2b	General reserve	**379,063**	337,276	**s**
2c	Undistributed profits	**1,060,652**	979,627	**t**
3	Accumulated other comprehensive income (and other reserves)	**167,848**	137,628	
3a	Capital reserve	**134,339**	134,358	**m**
3b	Currency translation differences	**(4,360)**	(11,125)	**q**
3c	Others	**37,869**	14,395	**o-q**
4	Amount attributable to common equity tier 1 capital in transitional period	–	–	
5	Eligible portion of minority interests	**36,123**	37,168	**u**
6	**Common equity tier 1 capital before regulatory adjustment**	**2,193,211**	2,019,934	
Common equity tier 1 capital: regulatory adjustment				
7	Prudential valuation adjustment	–	–	
8	Goodwill (net of deferred tax liabilities deduction)	**(182)**	(182)	**-h**
9	Other intangible assets (excluding land use rights) (net of deferred tax liabilities deduction)	**(21,094)**	(18,416)	**g-f**
10	Net deferred tax assets incurred due to operating losses, relying on the bank's future profitability to be realized	–	–	
11	Reserve relating to cash-flow hedge items not measured at fair value	–	–	**-p**
12	Shortfall of loan loss provisions	–	–	
13	Gains on sale of securitisation	–	–	
14	Unrealized gains and losses that have resulted from changes in the fair value of liabilities due to changes in own credit risk	–	–	
15	Net pension assets with fixed yield (net of deferred tax liabilities deduction)	–	–	

Annex 1: Composition of Capital (Continued)

		As at 31 December 2023	As at 31 December 2022	Code
16	Direct or indirect investments in own shares	**–**	–	**n**
17	Reciprocal cross holdings in common equity of banks or other financial institutions based on agreement	**–**	–	
18	Non-significant minority investments in common equity tier 1 capital of financial institutions that are outside the scope of regulatory consolidation (deductible part)	**–**	–	
19	Significant minority investments in common equity tier 1 capital of financial institutions that are outside the scope of regulatory consolidation (deductible part)	**–**	–	
20	Collateralized loan service rights	**Not applicable**	Not applicable	
21	Deductible amount of other net deferred tax assets relying on the bank's future profitability	**–**	–	
22	Deductible amount of non-deducted part of common equity tier 1 capital of significant minority investments in financial institutions that are outside the scope of regulatory consolidation and other net deferred tax assets relying on the bank's future profitability in excess of 15% of common equity tier 1 capital	**–**	–	
23	Of which: Amount deductible out of significant minority investments in financial institutions	**–**	–	
24	Of which: Amount deductible out of collateralized loan service rights	**Not applicable**	Not applicable	
25	Of which: Amount deductible out of other net deferred tax assets relying on the bank's future profitability	**–**	–	
26a	Investment in common equity tier 1 capital of financial institutions with controlling interests but outside the scope of regulatory consolidation	**(9,978)**	(9,950)	**-e**
26b	Gap of common equity tier 1 capital of financial institutions with controlling interests but outside the scope of regulatory consolidation	**–**	–	

Annex 1: Composition of Capital (Continued)

		As at 31 December 2023	As at 31 December 2022	Code
26c	Total of other items deductible out of common equity tier 1 capital	**(132)**	(44)	
27	Non-deducted gap deductible out of additional tier 1 capital and tier 2 capital	–	–	
28	**Total regulatory adjustment of common equity tier 1 capital**	**(31,386)**	(28,592)	
29	**Net common equity tier 1 capital**	**2,161,825**	1,991,342	
Additional tier 1 capital				
30	Additional tier 1 capital instruments and related premium	**399,505**	369,505	
31	Of which: Equity part	**399,505**	369,505	**k+l**
32	Of which: Liability part	–	–	
33	Instruments non-attributable to additional tier 1 capital after transitional period	–	–	
34	Eligible portion of minority interests	**8,942**	12,143	**v**
35	Of which: Part of instruments non-attributable to additional tier 1 capital after transitional period	–	–	
36	**Additional tier 1 capital before regulatory adjustment**	**408,447**	381,648	
Additional tier 1 capital: Regulatory adjustment				
37	Direct or indirect investments in additional tier 1 capital of the bank	–	–	
38	Additional tier 1 capital cross-held between banks or between the bank and other financial institutions based on agreement	–	–	
39	Non-significant minority investments in additional tier 1 capital of unconsolidated financial institutions (deductible part)	–	–	
40	Significant minority investments in additional tier 1 capital of financial institutions that are outside the scope of regulatory consolidation	–	–	
41a	Investment in additional tier 1 capital of financial institutions with controlling interests but outside the scope of regulatory consolidation	–	–	

Annex 1: Composition of Capital (Continued)

		As at 31 December 2023	As at 31 December 2022	Code
41b	Gap of additional tier 1 capital of financial institutions with controlling interests but outside the scope of regulatory consolidation	–	–	
41c	Other deductions from additional tier 1 capital	–	–	
42	Non-deducted gaps deductible from tier 2 capital	–	–	
43	**Total regulatory adjustment of additional tier 1 capital**	–	–	
44	**Net additional tier 1 capital**	**408,447**	381,648	
45	**Net tier 1 capital (net common equity tier 1 capital + net additional tier 1 capital)**	**2,570,272**	2,372,990	
Tier 2 capital				
46	Directly issued qualifying tier 2 capital instruments and related premium	**534,124**	398,223	
47	Of which: Part of instruments non-attributable to tier 2 capital after transitional period	–	–	**i**
48	Eligible portion of minority interests	**8,696**	10,159	
49	Of which: Part of minority interests non-attributable to tier 2 capital after transitional period	–	–	
50	Excess loan loss provisions included in tier 2 capital	**184,316**	165,099	**-b-d**
51	**Tier 2 capital before regulatory adjustment**	**727,136**	573,481	
Tier 2 capital: Regulatory adjustment				
52	Tier 2 capital of the bank held directly or indirectly	–	–	
53	Tier 2 capital cross-held between banks or between the bank and other financial institutions based on agreement	–	–	
54	Non-significant minority investments in tier 2 capital of financial institutions that are outside the scope of regulatory consolidation (deductible part)	–	–	

Annex 1: Composition of Capital (Continued)

		As at 31 December 2023	As at 31 December 2022	Code
55	Significant minority investments in tier 2 capital of financial institutions that are outside the scope of regulatory consolidation	**–**	–	
56a	Investment in tier 2 capital of financial institutions with controlling interests but outside the scope of regulatory consolidation	**–**	–	
56b	Gap of tier 2 capital of financial institutions with controlling interests but outside the scope of regulatory consolidation	**–**	–	
56c	Other deductions from tier 2 capital	**–**	–	
57	**Total regulatory adjustment of tier 2 capital**	**–**	–	
58	**Net tier 2 capital**	**727,136**	573,481	
59	**Total net capital (net tier 1 capital + net tier 2 capital)**	**3,297,408**	2,946,471	
60	**Total risk-weighted assets**	**18,591,278**	16,818,275	
Capital adequacy ratio and reserve capital requirement				
61	Common equity tier 1 capital adequacy ratio	**11.63%**	11.84%	
62	Tier 1 capital adequacy ratio	**13.83%**	14.11%	
63	Capital adequacy ratio	**17.74%**	17.52%	
64	Institution-specific capital requirement	**4.00%**	4.00%	
65	Of which: Capital reserve requirement	**2.50%**	2.50%	
66	Of which: Countercyclical reserve requirement	**–**	–	
67	Of which: Additional capital requirement of G-SIBs	**1.50%**	1.50%	
68	Ratio of common equity tier 1 capital meeting buffer area to risk-weighted assets	**6.63%**	6.84%	
Domestic minimum regulatory capital requirement				
69	Common equity tier 1 capital adequacy ratio	**5.00%**	5.00%	
70	Tier 1 capital adequacy ratio	**6.00%**	6.00%	
71	Capital adequacy ratio	**8.00%**	8.00%	

Annex 1: Composition of Capital (Continued)

		As at 31 December 2023	As at 31 December 2022	Code
Non-deducted part of threshold deductibles				
72	Non-significant minority investments of financial institutions that are outside the scope of regulatory consolidation (non-deductible part)	**106,183**	145,166	
73	Significant minority investments of financial institutions that are outside the scope of regulatory consolidation (non-deductible part)	**7,265**	6,472	
74	Collateralized loan service rights (net of deferred tax liabilities deduction)	**Not applicable**	Not applicable	
75	Other net deferred tax assets relying on the bank's future profitability (net of deferred tax liabilities deduction)	**72,740**	68,643	
Limit of excess loan loss provisions attributable to tier 2 capital				
76	Actual accrued loan loss provisions amount under the Regulatory Weighting Approach	**91,655**	81,508	**-a**
77	Amount of excess loan loss provisions attributable to tier 2 capital under the Regulatory Weighting Approach	**39,208**	42,734	**-b**
78	Actual accrued excess loan loss provisions amount under the Internal Ratings-based Approach	**145,108**	130,328	**-c**
79	Amount of excess loan loss provisions attributable to tier 2 capital under the Internal Ratings-based Approach	**145,108**	122,365	**-d**
Capital instruments meeting exit arrangement				
80	Amount attributable to common equity tier 1 capital of the current period derived from transitional period arrangement	**–**	–	
81	Amount non-attributable to common equity tier 1 capital derived from transitional period arrangement	**–**	–	
82	Amount attributable to additional tier 1 capital of the current period derived from transitional period arrangement	**–**	–	

Annex 1: Composition of Capital (Continued)

		As at 31 December 2023	As at 31 December 2022	Code
83	Amount non-attributable to additional tier 1 capital derived from transitional period arrangement	–	–	
84	Amount attributable to tier 2 capital of the current period derived from transitional period arrangement	–	–	i
85	Amount non-attributable to tier 2 capital of the current period derived from transitional period arrangement	–	–	

Annex 2: Financial and Regulatory Consolidated Balance Sheet

Unit: RMB Million

	As at 31 December 2023		As at 31 December 2022	
	Financial Consolidated	**Regulatory Consolidated**	**Financial Consolidated (Restated)**	**Regulatory Consolidated**
ASSETS				
Cash and balances with central banks	**3,008,614**	**3,008,614**	2,378,565	2,378,565
Due from banks and other financial institutions	**501,284**	**495,607**	750,357	743,440
Precious metals	**96,968**	**96,968**	130,215	130,215
Placements with and loans to banks and other financial institutions	**850,508**	**849,655**	845,584	842,789
Derivative financial assets	**146,750**	**146,641**	152,033	151,716
Reverse repurchase transactions	**383,477**	**383,356**	328,513	327,820
Loans and advances to customers	**19,476,871**	**19,477,974**	17,116,005	17,113,170
Financial investments	**7,158,717**	**6,866,644**	6,435,244	6,176,226
— financial assets at fair value through profit or loss	**550,421**	**359,391**	613,105	441,992
— financial assets at fair value through other comprehensive income	**3,248,113**	**3,172,986**	2,500,216	2,438,839
— financial assets at amortised cost	**3,360,183**	**3,334,267**	3,321,923	3,295,395
Long term equity investment	**39,550**	**69,373**	38,304	68,761
Investment properties	**22,704**	**12,843**	23,311	13,508
Property and equipment	**227,135**	**84,662**	226,776	86,005
Construction in process	**20,346**	**5,051**	19,613	6,510
Right-of-use assets	**18,958**	**20,989**	19,709	22,190
Intangible assets	**26,415**	**25,970**	24,806	23,307
Goodwill	**2,685**	**182**	2,651	182
Deferred income tax assets	**75,156**	**72,740**	71,139	68,643
Other assets	**376,028**	**314,475**	330,723	271,943
Total assets	**32,432,166**	**31,931,744**	28,893,548	28,424,990

Annex 2: Financial and Regulatory Consolidated Balance Sheet (Continued)

	As at 31 December 2023		As at 31 December 2022	
	Financial Consolidated	**Regulatory Consolidated**	**Financial Consolidated (Restated)**	**Regulatory Consolidated**
LIABILITIES				
Due to central banks	**1,235,320**	**1,235,320**	915,858	915,858
Due to banks and other financial institutions	**2,245,362**	**2,245,362**	2,240,323	2,240,323
Placements from banks and other financial institutions	**388,284**	**366,974**	328,441	314,083
Financial liabilities held for trading	**54,264**	**54,264**	53,868	53,868
Derivative financial liabilities	**135,973**	**135,708**	135,838	135,723
Repurchase transactions	**86,693**	**86,452**	137,894	137,107
Due to customers	**22,907,050**	**22,912,454**	20,201,825	20,203,422
Employee benefits payable	**53,793**	**51,694**	48,499	46,935
Current tax liabilities	**59,303**	**59,535**	58,957	58,925
Contingent liabilities	**31,776**	**31,776**	32,844	32,844
Lease liabilities	**18,797**	**21,317**	19,621	22,596
Bonds issued	**1,802,446**	**1,712,749**	1,540,935	1,451,024
Deferred income tax liabilities	**7,397**	**498**	6,804	705
Other liabilities	**648,893**	**346,672**	608,540	331,127
Total liabilities	**29,675,351**	**29,260,775**	26,330,247	25,944,540
EQUITY				
Share capital	**294,388**	**294,388**	294,388	294,388
Other equity instruments	**399,505**	**399,505**	369,505	369,505
Of which: Preference shares	**119,550**	**119,550**	119,550	119,550
Undated capital bonds	**279,955**	**279,955**	249,955	249,955
Capital reserve	**135,736**	**134,339**	135,759	134,358
Less: Treasury shares	**–**	**–**	–	–
Other comprehensive income	**34,719**	**33,509**	5,505	3,270
Surplus reserve	**256,729**	**255,137**	235,362	233,847
General reserve	**379,285**	**379,063**	337,465	337,276
Undistributed profits	**1,129,148**	**1,060,652**	1,045,989	979,627
Capital and reserves attributable to equity holders of the Bank	**2,629,510**	**2,556,593**	2,423,973	2,352,271
Non-controlling interests	**127,305**	**114,376**	139,328	128,179
Total equity	**2,756,815**	**2,670,969**	2,563,301	2,480,450
Total equity and liabilities	**32,432,166**	**31,931,744**	28,893,548	28,424,990

Annex 3: Reconciliation and Illustration of Balance Sheet Items

Unit: RMB Million

	As at 31 December 2023	As at 31 December 2022	**Code**
ASSETS			
Cash and balances with central banks	**3,008,614**	2,378,565	
Due from banks and other financial institutions	**495,607**	743,440	
Precious metals	**96,968**	130,215	
Placements with and loans to banks and other financial institutions	**849,655**	842,789	
Derivative financial assets	**146,641**	151,716	
Reverse repurchase transactions	**383,356**	327,820	
Loans and advances to customers	**19,477,974**	17,113,170	
Of which: Actual accrued loan loss provisions amount under the Regulatory Weighting Approach	**(91,655)**	(81,508)	**a**
Of which: Amount of excess loan loss provisions attributable to tier 2 capital under the Regulatory Weighting Approach	**(39,208)**	(42,734)	**b**
Of which: Actual accrued excess loan loss provisions amount under the Internal Ratings-based Approach	**(145,108)**	(130,328)	**c**
Of which: Amount of excess loan loss provisions attributable to tier 2 capital under the Internal Ratings-based Approach	**(145,108)**	(122,365)	**d**
Financial investments	**6,866,644**	6,176,226	
— financial assets at fair value through profit or loss	**359,391**	441,992	
— financial assets at fair value through other comprehensive income	**3,172,986**	2,438,839	
— financial assets at amortised cost	**3,334,267**	3,295,395	
Long term equity investment	**69,373**	68,761	
Of which: Investment in common equity tier 1 capital of financial institutions with controlling interests but outside the scope of regulatory consolidation	**9,978**	9,950	**e**
Investment properties	**12,843**	13,508	
Property and equipment	**84,662**	86,005	
Construction in process	**5,051**	6,510	
Right-of-use assets	**20,989**	22,190	
Intangible assets	**25,970**	23,307	**f**
Of which: Land use rights	**4,876**	4,891	**g**
Goodwill	**182**	182	**h**
Deferred income tax assets	**72,740**	68,643	
Other assets	**314,475**	271,943	
Total assets	**31,931,744**	28,424,990	

Annex 3: Reconciliation and Illustration of Balance Sheet Items (Continued)

	As at 31 December 2023	As at 31 December 2022	**Code**
LIABILITIES			
Due to central banks	**1,235,320**	915,858	
Due to banks and other financial institutions	**2,245,362**	2,240,323	
Placements from banks and other financial institutions	**366,974**	314,083	
Financial liabilities held for trading	**54,264**	53,868	
Derivative financial liabilities	**135,708**	135,723	
Repurchase transactions	**86,452**	137,107	
Due to customers	**22,912,454**	20,203,422	
Employee benefits payable	**51,694**	46,935	
Current tax liabilities	**59,535**	58,925	
Contingent liabilities	**31,776**	32,844	
Lease liabilities	**21,317**	22,596	
Bonds issued	**1,712,749**	1,451,024	
Of which: Amount attributable to tier 2 capital of the current period derived from transitional period arrangement	**–**	–	**i**
Deferred income tax liabilities	**498**	705	
Other liabilities	**346,672**	331,127	
Total liabilities	**29,260,775**	25,944,540	
EQUITY			
Share capital	**294,388**	294,388	**j**
Other equity instruments	**399,505**	369,505	
Of which: Preference shares	**119,550**	119,550	**k**
Of which: Undated capital bonds	**279,955**	249,955	**l**
Capital reserve	**134,339**	134,358	**m**
Less: Treasury shares	**–**	–	**n**
Other comprehensive income	**33,509**	3,270	**o**
Of which: Reserve relating to cash-flow hedge items not measured at fair value	**–**	–	**p**
Of which: Currency translation differences	**(4,360)**	(11,125)	**q**
Surplus reserve	**255,137**	233,847	**r**
General reserve	**379,063**	337,276	**s**
Undistributed profits	**1,060,652**	979,627	**t**
Capital and reserves attributable to equity holders of the Bank	**2,556,593**	2,352,271	
Non-controlling interests	**114,376**	128,179	
Of which: Amount attributable to common equity tier 1 capital	**36,123**	37,168	**u**
Of which: Amount attributable to additional tier 1 capital	**8,942**	12,143	**v**
Total equity	**2,670,969**	2,480,450	
Total equity and liabilities	**31,931,744**	28,424,990	

Annex 4: Main Attributes of Capital Instruments

Unit: RMB Million (unless otherwise stated)

No.	Item	Common shares (A share)	Common shares (H share)	Preference shares (Domestic)	Preference shares (Domestic)	Preference shares (Offshore)	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds
1	Issuer	Bank of China Limited	Bank of China Limited	Bank of China Limited	Bank of China Limited	Bank of China Limited	Bank of China Limited	Bank of China Limited	Bank of China Limited	Bank of China Limited	Bank of China Limited	Bank of China Limited	Bank of China Limited	Bank of China Limited	Bank of China Limited
2	Identification code	601988. SH	3988. HK	360033. SH	360035. SH	4619. HK	1928001. IB	2028014. IB	2028048. IB	2028053. IB	2128019. IB	2128045. IB	2228023. IB	2228029. IB	242380008. IB
3	Applicable law	PRC law	Hong Kong SAR (China) law	PRC law	PRC law	Hong Kong SAR (China) law	PRC law	PRC law	PRC law	PRC law	PRC law	PRC law	PRC law	PRC law	PRC law
Regulatory processing															
4	Of which: Applicable to transitional period rules specified by *Capital Rules for Commercial Banks (Provisional)*	Common equity tier 1 capital	Common equity tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital
5	Of which: Applicable to the rules after expiration of the transitional period specified by *Capital Rules for Commercial Banks (Provisional)*	Common equity tier 1 capital	Common equity tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital	Additional tier 1 capital
6	Of which: Applicable to bank/ group level	Bank and group level	Bank and group level	Bank and group level	Bank and group level	Bank and group level	Bank and group level	Bank and group level	Bank and group level	Bank and group level	Bank and group level	Bank and group level	Bank and group level	Bank and group level	Bank and group level
7	Instrument type	Common shares	Common shares	Preference shares	Preference shares	Preference shares	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds
8	Amount attributable to regulatory capital (the last reporting day)	277,731	149,220	72,979	26,990	19,581	39,992	39,990	29,994	19,995	49,989	19,995	30,000	20,000	30,000
9	Par value of instrument	210,766	83,622	73,000	27,000	19,787	40,000	40,000	30,000	20,000	50,000	20,000	30,000	20,000	30,000
10	Accounting treatment	Share capital and capital reserve	Share capital and capital reserve	Other equity instrument	Other equity instrument	Other equity instrument	Other equity instrument	Other equity instrument	Other equity instrument	Other equity instrument	Other equity instrument	Other equity instrument	Other equity instrument	Other equity instrument	Other equity instrument
11	Initial issuing date	2006/6/29	2006/6/1 2006/6/9	2019/6/24	2019/8/26	2020/3/4	2019/1/25	2020/4/28	2020/11/13	2020/12/10	2021/5/17	2021/11/25	2022/4/8	2022/4/26	2023/6/14
12	Term (term or perpetual)	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual
13	Of which: Original maturity date	No maturity date	No maturity date	No maturity date	No maturity date	No maturity date	No maturity date	No maturity date	No maturity date	No maturity date	No maturity date	No maturity date	No maturity date	No maturity date	No maturity date

Annex 4: Main Attributes of Capital Instruments (Continued)

No.	Item	Common shares (A share)	Common shares (H share)	Preference shares (Domestic)	Preference shares (Domestic)	Preference shares (Offshore)	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds
Regulatory processing (Continued)															
14	Issuer's redemption (subject to regulatory approval)	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
15	Of which: Redemption date (or have redemption date) and amount	Not applicable	Not applicable	Subject to approval by the NFRA, the Bank has the right to redeem all or part of the Domestic Preference Shares after 5 years from the date of issuance thereafter	Subject to approval by the NFRA, the Bank has the right to redeem all or part of the Domestic Preference Shares after 5 years from the date of issuance thereafter	Subject to approval by the NFRA, the Bank has the right to redeem all or part of the Offshore Preference Shares after 5 years from the date of issuance and at every Dividend Payment Date thereafter	Subject to approval by the NFRA, the Bank has the right to redeem all or part of the Bonds after 5 years from the date of issuance and at every Distribution Payment Date thereafter	Subject to approval by the NFRA, the Bank has the right to redeem all or part of the Bonds after 5 years from the date of issuance and at every Distribution Payment Date thereafter	Subject to approval by the NFRA, the Bank has the right to redeem all or part of the Bonds after 5 years from the date of issuance and at every Distribution Payment Date thereafter	Subject to approval by the NFRA, the Bank has the right to redeem all or part of the Bonds after 5 years from the date of issuance and at every Distribution Payment Date thereafter	Subject to approval by the NFRA, the Bank has the right to redeem all or part of the Bonds after 5 years from the date of issuance and at every Distribution Payment Date thereafter	Subject to approval by the NFRA, the Bank has the right to redeem all or part of the Bonds after 5 years from the date of issuance and at every Distribution Payment Date thereafter	Subject to approval by the NFRA, the Bank has the right to redeem all or part of the Bonds after 5 years from the date of issuance and at every Distribution Payment Date thereafter	Subject to approval by the NFRA, the Bank has the right to redeem all or part of the Bonds after 5 years from the date of issuance and at every Distribution Payment Date thereafter	Subject to approval by the NFRA, the Bank has the right to redeem all or part of the Bonds after 5 years from the date of issuance and at every Distribution Payment Date thereafter
16	Of which: Subsequent redemption date (if any)	Not applicable	Not applicable	Subject to approval by the NFRA, the Bank has the right to redeem all or part of the Domestic Preference Shares after 5 years from the date of issuance thereafter	Subject to approval by the NFRA, the Bank has the right to redeem all or part of the Domestic Preference Shares after 5 years from the date of issuance thereafter	Subject to approval by the NFRA, the Bank has the right to redeem all or part of the Offshore Preference Shares after 5 years from the date of issuance and at every Dividend Payment Date thereafter	Subject to approval by the NFRA, the Bank may redeem the Bonds in whole or in part on each Distribution Payment Date from and including 5 years after the issuance of the Bonds.	Subject to approval by the NFRA, the Bank may redeem the Bonds in whole or in part on each Distribution Payment Date from and including 5 years after the issuance of the Bonds.	Subject to approval by the NFRA, the Bank may redeem the Bonds in whole or in part on each Distribution Payment Date from and including 5 years after the issuance of the Bonds.	Subject to approval by the NFRA, the Bank may redeem the Bonds in whole or in part on each Distribution Payment Date from and including 5 years after the issuance of the Bonds.	Subject to approval by the NFRA, the Bank may redeem the Bonds in whole or in part on each Distribution Payment Date from and including 5 years after the issuance of the Bonds.	Subject to approval by the NFRA, the Bank may redeem the Bonds in whole or in part on each Distribution Payment Date from and including 5 years after the issuance of the Bonds.	Subject to approval by the NFRA, the Bank may redeem the Bonds in whole or in part on each Distribution Payment Date from and including 5 years after the issuance of the Bonds.	Subject to approval by the NFRA, the Bank may redeem the Bonds in whole or in part on each Distribution Payment Date from and including 5 years after the issuance of the Bonds.	Subject to approval by the NFRA, the Bank may redeem the Bonds in whole or in part on each Distribution Payment Date from and including 5 years after the issuance of the Bonds.

Annex 4: Main Attributes of Capital Instruments (Continued)

No.	Item	Common shares (A share)	Common shares (H share)	Preference shares (Domestic)	Preference shares (Domestic)	Preference shares (Offshore)	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds
Regulatory processing (Continued)															
							The Bank has the right to redeem all, but not some, of the Bonds in the following circumstances: After the Issuance, the Bonds will no longer qualify as Additional Tier 1 Capital of the Issuer as a result of an unforeseeable change or amendment in the relevant provisions of supervisory regulations	The Bank has the right to redeem all, but not some, of the Bonds in the following circumstances: After the Issuance, the Bonds will no longer qualify as Additional Tier 1 Capital of the Issuer as a result of an unforeseeable change or amendment in the relevant provisions of supervisory regulations	The Bank has the right to redeem all, but not some, of the Bonds in the following circumstances: After the Issuance, the Bonds will no longer qualify as Additional Tier 1 Capital of the Issuer as a result of an unforeseeable change or amendment in the relevant provisions of supervisory regulations	The Bank has the right to redeem all, but not some, of the Bonds in the following circumstances: After the Issuance, the Bonds will no longer qualify as Additional Tier 1 Capital of the Issuer as a result of an unforeseeable change or amendment in the relevant provisions of supervisory regulations	The Bank has the right to redeem all, but not some, of the Bonds in the following circumstances: After the Issuance, the Bonds will no longer qualify as Additional Tier 1 Capital of the Issuer as a result of an unforeseeable change or amendment in the relevant provisions of supervisory regulations	The Bank has the right to redeem all, but not some, of the Bonds in the following circumstances: After the Issuance, the Bonds will no longer qualify as Additional Tier 1 Capital of the Issuer as a result of an unforeseeable change or amendment in the relevant provisions of supervisory regulations	The Bank has the right to redeem all, but not some, of the Bonds in the following circumstances: After the Issuance, the Bonds will no longer qualify as Additional Tier 1 Capital of the Issuer as a result of an unforeseeable change or amendment in the relevant provisions of supervisory regulations	The Bank has the right to redeem all, but not some, of the Bonds in the following circumstances: After the Issuance, the Bonds will no longer qualify as Additional Tier 1 Capital of the Issuer as a result of an unforeseeable change or amendment in the relevant provisions of supervisory regulations	The Bank has the right to redeem all, but not some, of the Bonds in the following circumstances: After the Issuance, the Bonds will no longer qualify as Additional Tier 1 Capital of the Issuer as a result of an unforeseeable change or amendment in the relevant provisions of supervisory regulations
Dividend or interest payment															
17	Of which: Fixed or floating dividend or interest payment	Floating	Floating	Adjustable dividend rate	Adjustable dividend rate	Adjustable dividend rate	Adjustable distribution rate	Adjustable distribution rate	Adjustable distribution rate	Adjustable distribution rate	Adjustable distribution rate	Adjustable distribution rate	Adjustable distribution rate	Adjustable distribution rate	Adjustable distribution rate
18	Of which: Coupon rate and relevant indicators	Not applicable	Not applicable	4.50% (dividend yield, before tax) for the first five years, is reset based on the benchmark rate plus a fixed spread at the dividend reset date every five years, and the dividend yield during each reset period remains unchanged	4.35% (dividend yield, before tax) for the first five years, is reset based on the benchmark rate plus a fixed spread at the dividend reset date every five years, and the dividend yield during each reset period remains unchanged	3.60% (dividend yield, after tax) for the first five years, is reset based on the benchmark rate plus a fixed spread at the dividend reset date every five years, and the dividend yield during each reset period remains unchanged	4.50% in the first 5 years. The distribution rate will be adjusted by the yield to maturity of the applicable 5 years Chinese government notes plus a fixed spread, with a distribution rate adjustment period every 5 years after the payment date. The distribution rate is fixed during each adjustment period	3.40% in the first 5 years. The distribution rate will be adjusted by the yield to maturity of the applicable 5 years Chinese government notes plus a fixed spread, with a distribution rate adjustment period every 5 years after the payment date. The distribution rate is fixed during each adjustment period	4.55% in the first 5 years. The distribution rate will be adjusted by the yield to maturity of the applicable 5 years Chinese government notes plus a fixed spread, with a distribution rate adjustment period every 5 years after the payment date. The distribution rate is fixed during each adjustment period	4.70% in the first 5 years. The distribution rate will be adjusted by the yield to maturity of the applicable 5 years Chinese government notes plus a fixed spread, with a distribution rate adjustment period every 5 years after the payment date. The distribution rate is fixed during each adjustment period	4.08% in the first 5 years. The distribution rate will be adjusted by the yield to maturity of the applicable 5 years Chinese government notes plus a fixed spread, with a distribution rate adjustment period every 5 years after the payment date. The distribution rate is fixed during each adjustment period	3.64% in the first 5 years. The distribution rate will be adjusted by the yield to maturity of the applicable 5 years Chinese government notes plus a fixed spread, with a distribution rate adjustment period every 5 years after the payment date. The distribution rate is fixed during each adjustment period	3.65% in the first 5 years. The distribution rate will be adjusted by the yield to maturity of the applicable 5 years Chinese government notes plus a fixed spread, with a distribution rate adjustment period every 5 years after the payment date. The distribution rate is fixed during each adjustment period	3.65% in the first 5 years. The distribution rate will be adjusted by the yield to maturity of the applicable 5 years Chinese government notes plus a fixed spread, with a distribution rate adjustment period every 5 years after the payment date. The distribution rate is fixed during each adjustment period	3.27% in the first 5 years. The distribution rate will be adjusted by the yield to maturity of the applicable 5 years Chinese government notes plus a fixed spread, with a distribution rate adjustment period every 5 years after the payment date. The distribution rate is fixed during each adjustment period

Annex 4: Main Attributes of Capital Instruments (Continued)

No.	Item	Common shares (A share)	Common shares (H share)	Preference shares (Domestic)	Preference shares (Domestic)	Preference shares (Offshore)	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds
Dividend or interest payment (Continued)															
19	Of which: Existence of dividend brake mechanism	Not applicable	Not applicable	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
20	Of which: Discretion to cancel dividend or interest payment	Full discretion	Full discretion	Full discretion	Full discretion	Full discretion	Full discretion	Full discretion	Full discretion	Full discretion	Full discretion	Full discretion	Full discretion	Full discretion	Full discretion
21	Of which: Existence of redemption incentive mechanism	No	No	No	No	No	No	No	No	No	No	No	No	No	No
22	Of which: Cumulative or noncumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Conversion into shares	Not applicable	Not applicable	Yes	Yes	Yes	No	No	No	No	No	No	No	No	No
24	Of which: Please specify the trigger condition for share conversion, if allowed	Not applicable	Not applicable	1) Upon the occurrence of any Additional Tier 1 Capital Instrument Trigger Event, that is, the CET 1 CAR drops to 5.125% or below, the Domestic Preference Shares shall be wholly or partly converted into A Shares so as to restore the CET1 CAR above the trigger point; (2) upon the occurrence of any Tier 2 Capital Instrument Trigger Event, all of the Domestic Preference Shares shall be converted into A Shares. "Tier 2 Capital	(1) Upon the occurrence of any Additional Tier 1 Capital Instrument Trigger Event, that is, the CET 1 CAR drops to 5.125% or below, the Domestic Preference Shares shall be wholly or partly converted into A Shares so as to restore the CET1 CAR above the trigger point; (2) upon the occurrence of any Tier 2 Capital Instrument Trigger Event, all of the Domestic Preference Shares shall be converted into A Shares. "Tier 2 Capital	(1) Upon the occurrence of any Additional Tier 1 Capital Instrument Trigger Event, that is, the CET1 CAR drops to 5.125% or below, the Offshore Preference Shares shall be wholly or partly converted into H Shares so as to restore the CET1 CAR above the trigger point; (2) upon the occurrence of any Tier 2 Capital Instrument Trigger Event, all of the Offshore Preference Shares shall be converted into H Shares. "Tier 2 Capital	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Annex 4: Main Attributes of Capital Instruments (Continued)

No.	Item	Common shares (A share)	Common shares (H share)	Preference shares (Domestic)	Preference shares (Domestic)	Preference shares (Offshore)	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds
Dividend or interest payment (Continued)															
				Instrument Trigger Event" means either of the following circumstances (whichever is earlier): (i) the NFRA having concluded that a conversion or write-off is necessary without which the Bank would become non-viable; or (ii) the relevant authorities having concluded that a public sector injection of capital or equivalent support is necessary without which the Bank would become non-viable	Instrument Trigger Event" means either of the following circumstances (whichever is earlier): (i) the NFRA having concluded that a conversion or write-off is necessary without which the Bank would become non-viable; or (ii) the relevant authorities having concluded that a public sector injection of capital or equivalent support is necessary without which the Bank would become non-viable	Instrument Trigger Event" means either of the following circumstances (whichever is earlier): (i) the NFRA having concluded that a conversion or write-off is necessary without which the Bank would become non-viable; or (ii) the relevant authorities having concluded that a public sector injection of capital or equivalent support is necessary without which the Bank would become non-viable									
25	Of which: Please specify share conversion in whole or in part, if allowed	Not applicable	Not applicable	Whole/part	Whole/part	Whole/part	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Annex 4: Main Attributes of Capital Instruments (Continued)

No.	Item	Common shares (A share)	Common shares (H share)	Preference shares (Domestic)	Preference shares (Domestic)	Preference shares (Offshore)	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds
Dividend or interest payment (Continued)															
26	Of which: Please specify the method to determine the conversion price, if share conversion is allowed	Not applicable	Not applicable	The initial compulsory conversion price of the Domestic Preference Shares is the average trading price of A Shares of the Bank in the 20 trading days prior to the announcement date of the Board resolution on the Preference Shares issuance, equivalent to RMB3.62 per A Share. After the issuance of the A Preference Shares, in the event of any distribution of bonus shares, recapitalization, issuance of new shares at a price lower than the market price (excluding any increase of share capital due to conversion of financing instruments convertible to ordinary shares issued by the Bank	The initial compulsory conversion price of the Domestic Preference Shares is the average trading price of A Shares of the Bank in the 20 trading days prior to the announcement date of the Board resolution on the Preference Shares issuance, equivalent to RMB3.62 per A Share. After the issuance of the A Preference Shares, in the event of any distribution of bonus shares, recapitalization, issuance of new shares at a price lower than the market price (excluding any increase of share capital due to conversion of financing instruments convertible to ordinary shares issued by the Bank	The initial compulsory conversion price of the Offshore Preference Shares is the average trading price of H Shares of the Bank in the 20 trading days prior to the announcement date of the Board resolution on the Preference Shares issuance, equivalent to HKD3.31 per H Share. After the issuance of the H Preference Shares, in the event of any distribution of bonus shares, recapitalization, issuance of new shares at a price lower than the market price (excluding any increase of share capital due to conversion of financing instruments convertible to ordinary shares issued by the Bank	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Annex 4: Main Attributes of Capital Instruments (Continued)

No.	Item	Common shares (A share)	Common shares (H share)	Preference shares (Domestic)	Preference shares (Domestic)	Preference shares (Offshore)	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds
Dividend or interest payment (Continued)															
				(e.g., preference shares, convertible bonds etc.)), or rights issue for A Shares, the Bank will make an adjustment to the compulsory conversion price to reflect each of such events on a cumulative basis in the order of the occurrence of the events above, but the Bank will not make an adjustment to the compulsory conversion price to reflect distribution of cash dividends for ordinary shares	(e.g., preference shares, convertible bonds etc.)), or rights issue for A Shares, the Bank will make an adjustment to the compulsory conversion price to reflect each of such events on a cumulative basis in the order of the occurrence of the events above, but the Bank will not make an adjustment to the compulsory conversion price to reflect distribution of cash dividends for ordinary shares	(e.g., preference shares, convertible bonds, etc.)), or rights issue for H Shares, the Bank will make an adjustment to the compulsory conversion price to reflect each of such events on a cumulative basis in the order of the occurrence of the events above, but the Bank will not make an adjustment to the compulsory conversion price to reflect distribution of cash dividends for ordinary shares									
27	Of which: Please specify share conversion is mandatory or not, if it is allowed	Not applicable	Not applicable	Yes	Yes	Yes	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
28	Of which: Please specify the instrument type after conversion, if allowed	Not applicable	Not applicable	A common share	A common share	H common share	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
29	Of which: Please specify the issuer of the instrument type after conversion, if allowed	Not applicable	Not applicable	Bank of China Limited	Bank of China Limited	Bank of China Limited	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
30	Write-down feature	Not applicable	Not applicable	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Annex 4: Main Attributes of Capital Instruments (Continued)

No.	Item	Common shares (A share)	Common shares (H share)	Preference shares (Domestic)	Preference shares (Domestic)	Preference shares (Offshore)	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds
Dividend or interest payment (Continued)															
31	Of which: Please specify the trigger point of write-down, if allowed	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	1. An Additional Tier 1 capital trigger event refers to the Issuer's Common Equity Tier 1 capital adequacy ratio falls to 5.125% (or below) 2. A Tier 2 capital trigger event refers to the earlier of the following events: (i) the NFRA having decided that the Issuer would become non-viable without a write-down; (ii) any relevant authorities having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	A Non-Viability Trigger Event refers to the earlier of the following events: (i) the NFRA having decided that the Issuer would become non-viable without a write-down; (ii) any relevant authorities having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	A Non-Viability Trigger Event refers to the earlier of the following events: (i) the NFRA having decided that the Issuer would become non-viable without a write-down; (ii) any relevant authorities having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	A Non-Viability Trigger Event refers to the earlier of the following events: (i) the NFRA having decided that the Issuer would become non-viable without a write-down; (ii) any relevant authorities having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	A Non-Viability Trigger Event refers to the earlier of the following events: (i) the NFRA having decided that the Issuer would become non-viable without a write-down; (ii) any relevant authorities having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	A Non-Viability Trigger Event refers to the earlier of the following events: (i) the NFRA having decided that the Issuer would become non-viable without a write-down; (ii) any relevant authorities having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	A Non-Viability Trigger Event refers to the earlier of the following events: (i) the NFRA having decided that the Issuer would become non-viable without a write-down; (ii) any relevant authorities having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	A Non-Viability Trigger Event refers to the earlier of the following events: (i) the NFRA having decided that the Issuer would become non-viable without a write-down; (ii) any relevant authorities having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	A Non-Viability Trigger Event refers to the earlier of the following events: (i) the NFRA having decided that the Issuer would become non-viable without a write-down; (ii) any relevant authorities having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable

Annex 4: Main Attributes of Capital Instruments (Continued)

No.	Item	Common shares (A share)	Common shares (H share)	Preference shares (Domestic)	Preference shares (Domestic)	Preference shares (Offshore)	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds	Undated capital bonds
Dividend or interest payment (Continued)															
32	Of which: Please specify write-down in whole or in part, if write-down is allowed	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Write-down in part or in whole	Write-down in part or in whole	Write-down in part or in whole	Write-down in part or in whole	Write-down in part or in whole	Write-down in part or in whole	Write-down in part or in whole	Write-down in part or in whole	Write-down in part or in whole
33	Of which: Please specify the write-down is perpetual or temporary, if write-down is allowed	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Perpetual write-down	Perpetual write-down	Perpetual write-down	Perpetual write-down	Perpetual write-down	Perpetual write-down	Perpetual write-down	Perpetual write-down	Perpetual write-down
34	Of which: Please specify the book-entry value recovery mechanism, if temporary write-down	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
35	Hierarchy of claims (please specify instrument types enjoying higher priorities)	The lowest priority of all claims	The lowest priority of all claims	The lower priority behind the deposit, general debt, and tier 2 capital bond	The lower priority behind the deposit, general debt, and tier 2 capital bond	The lower priority behind the deposit, general debt, and tier 2 capital bond	The lower priority behind the deposit, general debt, and tier 2 capital bond	The lower priority behind the deposit, general debt, and tier 2 capital bond	The lower priority behind the deposit, general debt, and tier 2 capital bond	The lower priority behind the deposit, general debt, and tier 2 capital bond	The lower priority behind the deposit, general debt, and tier 2 capital bond	The lower priority behind the deposit, general debt, and tier 2 capital bond	The lower priority behind the deposit, general debt and tier 2 capital bond	The lower priority behind the deposit, general debt and tier 2 capital bond	The lower priority behind the deposit, general debt and tier 2 capital bond
36	Does the instrument contain temporary ineligible attribute?	No	No	No	No	No	No	No	No	No	No	No	No	No	No
37	Of which: If yes, please specify such attribute	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Annex 4: Main Attributes of Capital Instruments (Continued)

No.	Item	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
1	Issuer	Bank of China Limited	Bank of China Limited	Bank of China Limited	Bank of China Limited	Bank of China Limited	Bank of China Limited	Bank of China Limited	Bank of China Limited	Bank of China Limited	Bank of China Limited	Bank of China Limited	Bank of China Limited	Bank of China Limited	Bank of China Limited	Bank of China Limited	Bank of China Limited	Bank of China Limited	Bank of China Limited	Bank of China Limited	Bank of China Limited	Bank of China Limited
2	Identification code	5828. HK	1928028. IB	1928029. IB	1928033. IB	2028038. IB	2028039. IB	2128008. IB	2128009. IB	2128039. IB	2128040. IB	2228006. IB	092280108. IB	092280109. IB	232380006. IB	232380007. IB	232380057. IB	232380058. IB	232380066. IB	232380067. IB	232380084. IB	232380085. IB
3	Applicable law	English law (Provisions relating to subordination shall be governed by PRC law)	PRC law	PRC law	PRC law	PRC law	PRC law	PRC law	PRC law	PRC law	PRC law	PRC law	PRC law	PRC law	PRC law	PRC law	PRC law	PRC law	PRC law	PRC law	PRC law	PRC law
Regulatory processing																						
4	Of which: Applicable to transitional period rules specified by *Capital Rules for Commercial Banks (Provisional)*	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
5	Of which: Applicable to the rules after expiration of the transitional period specified by *Capital Rules for Commercial Banks (Provisional)*	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
6	Of which: Applicable to bank/group level	Bank and group level	Bank and group level	Bank and group level	Bank and group level	Bank and group level	Bank and group level	Bank and group level	Bank and group level	Bank and group level	Bank and group level	Bank and group level	Bank and group level	Bank and group level	Bank and group level	Bank and group level	Bank and group level	Bank and group level	Bank and group level	Bank and group level	Bank and group level	Bank and group level
7	Instrument type	Eligible tier 2 capital bond	Eligible tier 2 capital bond	Eligible tier 2 capital bond	Eligible tier 2 capital bond	Eligible tier 2 capital bond	Eligible tier 2 capital bond	Eligible tier 2 capital bond	Eligible tier 2 capital bond	Eligible tier 2 capital bond	Eligible tier 2 capital bond	Eligible tier 2 capital bond	Eligible tier 2 capital bond	Eligible tier 2 capital bond	Eligible tier 2 capital bond	Eligible tier 2 capital bond	Eligible tier 2 capital bond	Eligible tier 2 capital bond	Eligible tier 2 capital bond	Eligible tier 2 capital bond	Eligible tier 2 capital bond	Eligible tier 2 capital bond
8	Amount attributable to regulatory capital (the last reporting day)	4,247	29,990	9,996	29,993	59,975	14,994	14,995	9,996	39,989	9,997	29,993	44,993	14,998	39,995	19,998	29,995	29,995	44,993	24,996	14,998	14,998
9	Par value of instrument	USD3.0 billion	30,000	10,000	30,000	60,000	15,000	15,000	10,000	40,000	10,000	30,000	45,000	15,000	40,000	20,000	30,000	30,000	45,000	25,000	15,000	15,000
10	Accounting treatment	Bonds Issued	Bonds Issued	Bonds Issued	Bonds Issued	Bonds Issued	Bonds Issued	Bonds Issued	Bonds Issued	Bonds Issued	Bonds Issued	Bonds Issued	Bonds Issued	Bonds Issued	Bonds Issued	Bonds Issued	Bonds Issued	Bonds Issued	Bonds Issued	Bonds Issued	Bonds Issued	Bonds Issued

Annex 4: Main Attributes of Capital Instruments (Continued)

No.	Item	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
Regulatory processing (Continued)																						
11	Initial issuing date	2014/11/13	2019/9/20	2019/9/20	2019/11/20	2020/9/17	2020/9/17	2021/3/17	2021/3/17	2021/11/12	2021/11/12	2022/1/20	2022/10/24	2022/10/24	2023/3/20	2023/3/20	2023/9/19	2023/9/19	2023/10/19	2023/10/19	2023/12/1	2023/12/1
12	Term (term or perpetual)	Term	Term	Term	Term	Term	Term	Term	Term	Term	Term	Term	Term	Term	Term	Term	Term	Term	Term	Term	Term	Term
13	Of which: Original maturity date	2024/11/13	2029/9/24	2034/9/24	2029/11/22	2030/9/21	2035/9/21	2031/3/19	2036/3/19	2031/11/16	2036/11/16	2032/1/24	2032/10/26	2037/10/26	2033/3/22	2038/3/22	2033/9/21	2038/9/21	2033/10/23	2038/10/23	2033/12/5	2038/12/5
14	Issuer's redemption (subject to regulatory approval)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
15	Of which: Redemption date (or have redemption date) and amount	Not applicable	Subject to approval by the NFRA, the Bank has the right to redeem all or part of the bond after 5 years from the date of issuance (i.e. 2024/9/24)	Subject to approval by the NFRA, the Bank has the right to redeem all or part of the bond after 10 years from the date of issuance (i.e. 2029/9/24)	Subject to approval by the NFRA, the Bank has the right to redeem all or part of the bond after 5 years from the date of issuance (i.e. 2024/11/22)	Subject to approval by the NFRA, the Bank has the right to redeem all or part of the bond after 5 years from the date of issuance (i.e. 2025/9/21)	Subject to approval by the NFRA, the Bank has the right to redeem all or part of the bond after 10 years from the date of issuance (i.e. 2030/9/21)	Subject to approval by the NFRA, the Bank has the right to redeem all or part of the bond after 5 years from the date of issuance (i.e. 2026/3/19)	Subject to approval by the NFRA, the Bank has the right to redeem all or part of the bond after 10 years from the date of issuance (i.e. 2031/3/19)	Subject to approval by the NFRA, the Bank has the right to redeem all or part of the bond after 5 years from the date of issuance (i.e. 2026/11/16)	Subject to approval by the NFRA, the Bank has the right to redeem all or part of the bond after 10 years from the date of issuance (i.e. 2031/11/16)	Subject to approval by the NFRA, the Bank has the right to redeem all or part of the bond after 5 years from the date of issuance (i.e. 2027/1/24)	Subject to approval by the NFRA, the Bank has the right to redeem all or part of the bond after 5 years from the date of issuance (i.e. 2027/10/26)	Subject to approval by the NFRA, the Bank has the right to redeem all or part of the bond after 10 years from the date of issuance (i.e. 2032/10/26)	Subject to approval by the NFRA, the Bank has the right to redeem all or part of the bond after 5 years from the date of issuance (i.e. 2028/3/22)	Subject to approval by the NFRA, the Bank has the right to redeem all or part of the bond after 10 years from the date of issuance (i.e. 2033/3/22)	Subject to approval by the NFRA, the Bank has the right to redeem all or part of the bond after 5 years from the date of issuance (i.e. 2028/9/21)	Subject to approval by the NFRA, the Bank has the right to redeem all or part of the bond after 10 years from the date of issuance (i.e. 2033/9/21)	Subject to approval by the NFRA, the Bank has the right to redeem all or part of the bond after 5 years from the date of issuance (i.e. 2028/10/23)	Subject to approval by the NFRA, the Bank has the right to redeem all or part of the bond after 10 years from the date of issuance (i.e. 2033/10/23)	Subject to approval by the NFRA, the Bank has the right to redeem all or part of the bond after 5 years from the date of issuance (i.e. 2028/12/5)	Subject to approval by the NFRA, the Bank has the right to redeem all or part of the bond after 10 years from the date of issuance (i.e. 2033/12/5)

Annex 4: Main Attributes of Capital Instruments (Continued)

No.	Item	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
Regulatory processing (Continued)																						
16	Of which: Subsequent redemption date (if any)	Subject to the Redemption Conditions, the bonds are redeemable at the option of the Issuer at their outstanding principal amount, together with accrued but unpaid interest, if a change in the related regulations occurs at any time so long as the bonds are outstanding which has the effect that the bonds, after having qualified as such, will fully be disqualified from the Tier 2 Capital of the Issuer under the related regulations provided that the Issuer shall obtain the prior written consent and satisfy certain other conditions	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Annex 4: Main Attributes of Capital Instruments (Continued)

No.	Item	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
Dividend or interest payment																						
17	Of which: Fixed or floating dividend or interest payment	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed	Fixed
18	Of which: Coupon rate and relevant indicators	5.00%	3.98%	4.34%	4.01%	4.20%	4.47%	4.15%	4.38%	3.60%	3.80%	3.25%	3.02%	3.34%	3.49%	3.61%	3.25%	3.37%	3.43%	3.53%	3.30%	3.37%
19	Of which: Existence of dividend brake mechanism	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
20	Of which: Discretion to cancel dividend or interest payment	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
21	Of which: Existence of redemption incentive mechanism	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
22	Of which: Cumulative or noncumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Conversion into shares	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
24	Of which: Please specify the trigger condition for share conversion, if allowed	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
25	Of which: Please specify share conversion in whole or in part, if allowed	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
26	Of which: Please specify the method to determine the conversion price, if share conversion is allowed	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
27	Of which: Please specify share conversion is mandatory or not, if it is allowed	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
28	Of which: Please specify the instrument type after conversion, if allowed	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
29	Of which: Please specify the issuer of the instrument type after conversion, if allowed	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
30	Write-down feature	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Annex 4: Main Attributes of Capital Instruments (Continued)

No.	Item	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
Dividend or interest payment (Continued)																						
31	Of which: Please specify the trigger point of write-down, if allowed	“Non-Viability Event” means the occurrence of the earlier of either:(i) the NFRA having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	“Non-Viability Event” means the occurrence of the earlier of either:(i) the NFRA having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	“Non-Viability Event” means the occurrence of the earlier of either:(i) the NFRA having decided that a write-down is necessary, without which the Issuer would become non-viable; or (ii) any relevant authority having decided that a public sector injection of capital or equivalent support is necessary, without which the Issuer would become non-viable	“Non-Viability Event” means the occurrence of the earlier of either:(i) the NFRA having decided that a write-down is necessary, without which the Issuer would become non-viable; 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32	Of which: Please specify write-down in whole or in part, if write-down is allowed	Write-down in part or in whole	Write-down in part or in whole	Write-down in part or in whole	Write-down in part or in whole	Write-down in part or in whole	Write-down in part or in whole	Write-down in part or in whole	Write-down in part or in whole	Write-down in part or in whole	Write-down in part or in whole	Write-down in part or in whole	Write-down in part or in whole	Write-down in part or in whole	Write-down in part or in whole	Write-down in part or in whole	Write-down in part or in whole	Write-down in part or in whole	Write-down in part or in whole	Write-down in part or in whole	Write-down in part or in whole	Write-down in part or in whole
33	Of which: Please specify the write – down is perpetual or temporary, if write-down is allowed	Perpetual write-down	Perpetual write-down	Perpetual write-down	Perpetual write-down	Perpetual write-down	Perpetual write-down	Perpetual write-down	Perpetual write-down	Perpetual write-down	Perpetual write-down	Perpetual write-down	Perpetual write-down	Perpetual write-down	Perpetual write-down	Perpetual write-down	Perpetual write-down	Perpetual write-down	Perpetual write-down	Perpetual write-down	Perpetual write-down	Perpetual write-down
34	Of which: Please specify the book – entry value recovery mechanism, if temporary write-down	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Annex 4: Main Attributes of Capital Instruments (Continued)

No.	Item	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument	Tier 2 capital instrument
Dividend or interest payment (Continued)																						
35	Hierarchy of claims (please specify instrument types enjoying higher priorities)	The lower priority behind the depositor and general creditor	The lower priority behind the depositor and general creditor	The lower priority behind the depositor and general creditor	The lower priority behind the depositor and general creditor	The lower priority behind the depositor and general creditor	The lower priority behind the depositor and general creditor	The lower priority behind the depositor and general creditor	The lower priority behind the depositor and general creditor	The lower priority behind the depositor and general creditor	The lower priority behind the depositor and general creditor	The lower priority behind the depositor and general creditor	The lower priority behind the depositor and general creditor	The lower priority behind the depositor and general creditor	The lower priority behind the depositor and general creditor	The lower priority behind the depositor and general creditor	The lower priority behind the depositor and general creditor	The lower priority behind the depositor and general creditor	The lower priority behind the depositor and general creditor	The lower priority behind the depositor and general creditor	The lower priority behind the depositor and general creditor	The lower priority behind the depositor and general creditor
36	Does the instrument contain temporary ineligible attribute	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
37	Of which: If yes, please specify such attribute	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable