中國銀行
BANK OF CHINA

Bank of China Limited

2025 Pillar 3 Disclosure Report

Content

1 Introduction

1.1 Basis of Disclosure

The Report is prepared and disclosed in accordance with the *Capital Rules for Commercial Banks (J.J.Z.J.L [2023] No. 4)* issued by the National Financial Regulatory Administration ("NFRA").

The Group has been approved to implement the advanced capital measurement approaches in April 2014. For the Bank's Head Office, domestic branches and BOCHK, Foundation Internal Rating-Based (FIRB) approach is adopted for general corporates and small or medium-sized entities (SMEs) credit risk exposures, while Advanced Internal Rating-Based (AIRB) approach is adopted for retail residential mortgages, qualifying revolving retail exposures (QRRE) as well as other retail risk exposures. Standardised approach is adopted for other types of credit risk exposures and all credit risk exposures of other consolidated institutions. Standardized approach is adopted for market risk and operational risk.

1.2 Disclosure Statement

The Report is prepared in accordance with the *Capital Rules for Commercial Banks*, rather than financial accounting standards. Therefore, some information in the Report may not be directly comparable to the financial information in the financial reports from the same period.

The Group has established a robust governance structure for pillar 3 regulatory capital disclosure, which is approved by the Board of Directors and implemented by the Senior Management through effective internal control processes. This ensures a thorough review of information disclosure content and the authenticity and reliability of disclosed information.

2 Overview of risk management, key prudential metrics and Risk-Weighted Assets (RWA)

2.1 KM1: Key metrics (at consolidated group level)

Amounts in millions of Renminbi (except percentages)

		a	b	c	d	e
		As at 31 December 2025	As at 30 September 2025	As at 30 June 2025	As at 31 March 2025	As at 31 December 2024
Available capital (amounts)						
1	Net common equity Tier 1 capital	2,622,071	2,603,692	2,572,202	2,370,551	2,344,261
2	Net Tier 1 capital	3,002,708	3,034,150	2,930,923	2,768,867	2,763,286
3	Net capital	3,945,867	3,861,955	3,822,237	3,607,173	3,605,572
RWA (amounts)						
4	Total RWA	20,932,851	20,694,578	20,470,598	20,061,040	19,217,559
4a	Total RWA (pre-floor[1])	20,932,851	20,694,578	20,470,598	20,061,040	19,217,559
Capital adequacy ratio						
5	Common equity Tier 1 capital adequacy ratio (%)	12.53%	12.58%	12.57%	11.82%	12.20%
5a	Common equity Tier 1 capital adequacy ratio (%) (pre-floor)	12.53%	12.58%	12.57%	11.82%	12.20%
6	Tier 1 capital adequacy ratio (%)	14.34%	14.66%	14.32%	13.80%	14.38%
6a	Tier 1 capital adequacy ratio (%) (pre-floor)	14.34%	14.66%	14.32%	13.80%	14.38%
7	Capital adequacy ratio (%)	18.85%	18.66%	18.67%	17.98%	18.76%
7a	Capital adequacy ratio (%) (pre-floor)	18.85%	18.66%	18.67%	17.98%	18.76%
Additional capital requirements						
8	Capital conservation buffer requirement (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement (%)	0.00%	0.00%	0.00%	0.00%	0.00%
10	G-SIB and/or D-SIB additional requirements[2] (%)	1.50%	1.50%	1.50%	1.50%	1.50%
11	Total additional capital requirements (%)(8 + 9 + 10)	4.00%	4.00%	4.00%	4.00%	4.00%
12	Ratio of net common equity Tier 1 capital available after meeting the bank's minimum capital requirements[3] (%)	7.53%	7.58%	7.57%	6.82%	7.20%
Leverage ratio						
13	Adjusted on- and off-balance sheet exposures	40,339,678	39,304,166	38,550,087	37,794,252	36,681,725
14	Leverage ratio (%)	7.44%	7.72%	7.60%	7.33%	7.53%
14a	Leverage ratio a[4] (%)	7.44%	7.72%	7.60%	7.33%	7.53%
14b	Leverage ratio b[5] (%)	7.42%	7.71%	7.62%	7.34%	7.54%
14c	Leverage ratio c[6] (%)	7.42%	7.71%	7.62%	7.34%	7.54%

		a	b	c	d	e
		As at 31 December 2025	As at 30 September 2025	As at 30 June 2025	As at 31 March 2025	As at 31 December 2024
Liquidity Coverage Ratio (LCR)						
15	Total high-quality liquid assets (HQLA)	6,598,910	6,346,154	6,358,110	6,365,684	5,994,510
16	Total net cash outflow	4,382,948	4,591,592	4,753,397	4,456,888	4,196,355
17	LCR[7] (%)	150.60%	138.29%	134.04%	143.00%	142.88%
Net Stable Funding Ratio (NSFR)						
18	Total available stable funding	24,929,016	24,584,294	23,941,144	23,508,307	22,799,752
19	Total required stable funding	19,513,298	19,222,377	18,783,362	18,436,588	17,787,508
20	NSFR[8] (%)	127.75%	127.89%	127.46%	127.51%	128.18%

Supplementary description:

1. In Line 4a, "Total RWA (pre-floor)" means that a commercial bank's partial or all risk-weighted assets calculated by the advanced approach for capital measurement shall be no less than 72.5% of the total RWA calculated by other approaches. As at December 31, 2025, the Group's RWA did not touch the capital floor;

2. In Line 10, "G-SIB and/or D-SIB additional requirements" means that as at the end of the reporting period, the Group is classified as a D-SIB in bucket 4, subject to a 1% additional capital requirement; simultaneously, it is classified under bucket 2 among G-SIBs, subject to a 1.5% additional capital requirement. The additional capital requirement for the Group is determined to be 1.5% based on the higher of the two;

3. In Line 12, "Ratio of net common equity Tier 1 capital available after meeting the bank's minimum capital requirements (%)" refers to the difference between Line 5 and the minimum requirement of 5% for common equity Tier 1 capital adequacy ratio;

4. In Line 14a, "Leverage ratio a" refers to the leverage ratio without considering the temporary exemption from required reserves (if applicable);

5. In Line 14b, "Leverage ratio b" refers to the leverage ratio calculated by considering the temporary exemption from required reserves (if applicable) and using the simple arithmetic average of the daily balance of securities financing transactions in last quarter;

6. In Line 14c, "Leverage ratio c" refers to the leverage ratio calculated without considering the temporary exemption from required reserves (if applicable) but using the simple arithmetic average of the daily balance of securities financing transactions in last quarter;

7. In Line 17, "LCR" are the daily average ratio of current quarter;

8. In Line 20, "NSFR" are the ending values of each quarter.

2.2 KM2: Key metrics – Total loss-absorbing capacity (TLAC) requirements (at resolution group level)

Amounts in millions of Renminbi (except percentages)

		a	b	c	d
		As at 31 December 2025	**As at 30 September 2025**	**As at 30 June 2025**	**As at 31 March 2025**
1	TLAC available	4,619,168	4,529,301	4,383,996	4,158,693
2	Total RWA at resolution group level	20,932,851	20,694,578	20,470,598	20,061,040
3	TLAC risk-weighted ratio[1] (1/2)	22.07%	21.89%	21.42%	20.73%
4	Adjusted on- and off-balance sheet exposures at resolution group level	40,339,678	39,304,166	38,550,087	37,794,252
5	TLAC leverage ratio (1/4)	11.45%	11.52%	11.37%	11.00%

Supplementary description:

1. In line 3, according to "the Administrative Measures for the Total Loss-absorbing Capacity of Global Systemically Important Banks", the bank shall meet both external TLAC ratio requirements (16%) and capital buffer requirements (4%), including conservation buffer (2.5%) and capital surcharge for global systemically important banks (1.5%), totaling 20%.

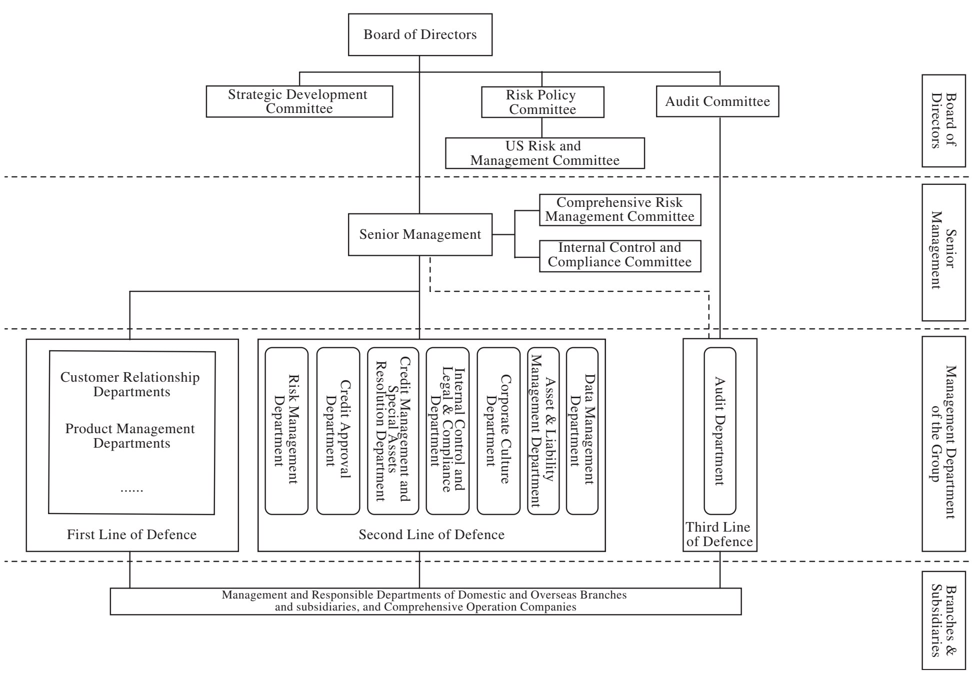
2.3 OVA: Qualitative Risk Management Information

Risk Management System and Mechanism

The Bank established a comprehensive risk management system. The Bank has formulated a foundational document for comprehensive risk management and single-risk management policies, to identify, assess, measure, monitor, report, control, or mitigate the various risks undertaken. As one of the first batch of banks approved to implement the advanced approach, the Bank has established a comprehensive risk measurement system that accurately measures credit risk-weighted assets, market risk-weighted assets, and operational risk-weighted assets. In addition, primary risk identification and assessment standards have been formulated to identify the major risks the Bank faces and to effectively assess and manage various types of risks.

The Bank has established a comprehensive and effective risk management organizational structure, comprising the Board of Directors, the Senior Management, risk management departments, business departments, and internal audit department. The Bank continuously promotes the development of the comprehensive risk management system.

The Bank's risk management structure is as follows:



Risk appetite and risk culture

By setting up a risk appetite, the Bank defines clear limits on the overall risks and specific types of risks it is willing to take on to achieve its strategic goals and business plans, which are approved by the Board of Directors and implemented by the Senior Management. Regarding risk appetite, the Bank strikes a balance between uniformity and differentiation. It emphasizes the unified management of various risks for overseas institutions and comprehensive operation companies, while also paying attention to the unique risks borne by comprehensive operating companies. This approach better promotes global and integrated development.

The Bank is committed to building the risk culture that is "risk-based, sound and prudent, comprehensive and proactive, and jointly value-creating", and establishing risk management concepts, value criteria, and professional ethics which commensurate with the situation of the Bank. It also promotes all personnel to understand and carry out the culture and enhances the bottom line awareness, sense of responsibility, compliance awareness and risk awareness of all employees through training, cascading and supervision mechanism.

Risk reporting and stress testing

The Bank has established a comprehensive risk reporting mechanism and regularly reports the status of comprehensive risk management to the Board of Directors and the Senior Management. The reports cover the implementation of risk appetite indicators, the profile of various types of risks, material risk events, risk dynamics of domestic and overseas branches and comprehensive operation companies, and upcoming risk analysis and judgment.

Each year, the Bank conducts multiple integrated stress tests in compliance with regulatory requirements and internal governance frameworks. Targeted stress testing is additionally performed on key risk fields and key business areas. These evaluations quantify the impact under mild, moderate, and severe hypothetical scenarios across four key dimensions: asset quality, profitability, capital adequacy, and liquidity risk exposure. The findings are systematically integrated into strategic decision-making processes regarding business planning, risk appetite calibration, capital allocation strategies, and recovery and resolution plans.

Internal capital adequacy assessment

In accordance with the requirements of the *Capital Rules for Commercial Banks*, the Group has established and refined the internal capital adequacy assessment process (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, and economic capital 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 overall ICAAP framework, which complies with the core requirements of the NFRA for commercial banks' internal capital adequacy assessment processes. This framework ensures that major risks are fully identified, measured or assessed, monitored, and reported, that capital levels are commensurate with the major risks and the risk management level, and that capital planning is in line with business conditions, risk trends, and long-term development strategies. The overall ICAAP framework of the Group consists of the key elements of the ICAAP governance structure, risk assessment, capital planning, stress testing, and monitoring reporting. In accordance with regulatory policy requirements, and drawing from experience of both domestic and international peers and based on the Group's realities, the Group carried out an internal capital adequacy assessment, and prepared the *Internal Capital Adequacy Assessment Report of Bank of China for 2025*, which, after being reviewed and approved by the Board of Directors, will be submitted to the NFRA.

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 for Commercial Banks (Provisional)* and other relevant regulations promulgated. The plan has been comprehensively implemented after approval by the general meeting of shareholders.

The Group implemented the "14th Five-year" Capital Management Plan and focused on high-quality development requirements to carry out capital management. This involved refining the economic capital budgeting and assessment mechanism, strengthening capital constraint incentives, firmly establishing the concepts of capital conservation and value creation, and enhancing the capacity for endogenous capital accumulation. The Group optimized its on- and off-balance asset structure, intensified the meticulous management of capital, streamlined and improved capital-intensive businesses, expanded and strengthened capital-light businesses, reduced inefficient capital occupation, and accelerated the transition towards a model of efficient and economical capital utilization. The internal capital adequacy assessment process was optimized, and the capital management framework was enhanced. External capital replenishment was steadily conducted to solidify the capital base, maintaining the capital adequacy ratio and the Total Loss-Absorbing Capacity (TLAC) ratio at reasonably sufficient levels.

In 2025, the Bank successfully issued 27,824,620,573 A-shares to specified investors, raising RMB165.0 billion. It also successfully issued RMB70.0 billion in perpetual capital bonds, RMB160.0 billion in subordinated bonds (Tier 2 capital), and RMB100.0 billion in TLAC non-capital bonds. Following approval by the shareholders' meeting in July, new issuance quotas of RMB450.0 billion for capital instruments and RMB200.0 billion for TLAC non-capital debt instruments were authorized. The Bank redeemed USD2.82 billion of Offshore Preference Shares (Second Tranche), RMB90.0 billion of undated capital bonds, and RMB60.0 billion of Tier 2 capital bonds, effectively managing outstanding capital instruments and continuously reducing the cost of capital. As at the end of 2025, the Group's capital adequacy ratio reached 18.85%, an increase of 9 basis points compared to the end of the previous year, and the TLAC risk-weighted ratio reached 22.07%, aligning with the objectives of the "14th Five-Year Plan". In 2026, the Group will continue to adhere to the principle of balancing endogenous accumulation and external replenishment, focusing on the alignment between strategic planning, capital replenishment, and performance assessment. It will persistently enhance its risk resilience to better support the development of the real economy.

2.4 OV1: Overview of RWA

Amounts in millions of Renminbi

		a	b	c
		RWA		Minimum capital requirements
		As at 31 December 2025	As at 30 September 2025	As at 31 December 2025
1	Credit risk	19,353,490	19,111,854	1,548,279
2	Credit risk (excluding counterparty credit risk, credit valuation adjustment risk, equity investments in funds in banking book and securitisation exposures in banking book), of which:	19,004,591	18,790,208	1,520,367
3	Standardised approach (SA), of which:	7,642,834	7,466,271	611,427
4	Unsettled securities, commodities, and foreign exchange transactions	2	–	0
5	Amounts below the threshold deductions	276,548	260,036	22,124
6	Foundation internal ratings-based (FIRB) approach	9,574,373	9,506,073	765,949
7	Supervisory slotting approach	1,989	2,130	159
8	Advanced internal ratings-based (AIRB) approach	1,785,395	1,815,734	142,832
9	Counterparty credit risk, of which:	120,071	122,570	9,606
10	Standardised approach for counterparty credit risk	120,071	122,570	9,606
11	CEM	–	–	–
12	Other CCR	–	–	–
13	Credit valuation adjustment (CVA)	34,010	29,784	2,721
14	Equity investments in funds in banking book, of which:	166,216	157,319	13,297
15	Look-through approach	49,086	52,262	3,927
16	Mandate-based approach	113,638	101,719	9,091
17	1250% Risk weight	3,492	3,338	279
18	Securitisation exposures in banking book, of which:	28,602	11,973	2,288
19	Securitisation IRB approach (SEC-IRBA)	–	–	–
20	Securitisation external ratings-based approach (SEC-ERBA)[1]	28,602	11,973	2,288
21	Securitisation standardised approach (SEC-SA)	–	–	–

		a	b	c
		RWA		Minimum capital requirements
		As at 31 December 2025	**As at 30 September 2025**	**As at 31 December 2025**
22	Market risk, of which:	273,778	294,679	21,902
23	Standardised approach (SA)	273,778	294,679	21,902
24	Internal model approach (IMA)	–	–	–
25	Simplified standard approach	–	–	–
26	Capital charge for switch between trading book and banking book	11,413	8,940	913
27	Operational risk	1,294,170	1,279,105	103,534
28	Floor adjustment	–	–	
29	**Total**	**20,932,851**	**20,694,578**	**1,674,628**

Supplementary description:

1. In Line 20, securitisation exposures applied 1250% risk weight are included.

3 Composition of capital and TLAC

3.1 CCA: Main features of regulatory capital instruments and of external total loss-absorbing capacity (TLAC)-eligible non-capital bonds

For information on our main features of regulatory capital instruments and of external TLAC-eligible non-capital bonds, please visit Bank of China's official website (www.boc.cn) and navigate to Investor Relations > Regulatory capital.

3.2 CC1: Composition of regulatory capital

Amounts in millions of Renminbi (except percentages)

		a	b
		As at 31 December 2025	
		Amounts	References[1]
Common equity Tier 1 capital			
1	Paid-in capital and eligible portion of capital reserve	593,019	A+B
2	Retained earnings	1,961,289	C+D+E
2a	Surplus reserve	300,217	C
2b	General reserve	454,587	D
2c	Undistributed profits	1,206,485	E
3	Accumulated other comprehensive income	61,767	F
4	Eligible portion of minority interests	33,503	G
5	**Common equity Tier 1 capital before regulatory adjustment**	**2,649,578**	
Common equity Tier 1 capital: regulatory adjustment			
6	Prudential valuation adjustments	–	
7	Goodwill (net of deferred tax liabilities)	261	H
8	Other intangible assets (excluding land use rights) (net of deferred tax liabilities)	27,151	I-J
9	Net deferred tax assets incurred due to operating losses, relying on the bank's future profitability to be realized	–	
10	Reserve relating to cash-flow hedge items not measured at fair value	–	
11	Shortfall of loss provisions	–	
12	Gains on sale of securitisation	–	
13	Unrealized gains and losses that have resulted from changes in the fair value of liabilities due to changes in own credit risk	–	
14	Defined benefit pension fund net assets (net of deferred tax liabilities)	–	
15	Direct or indirect investments in own shares	–	
16	Reciprocal cross-holdings in common equity Tier 1 capital of banks or other financial institutions based on agreement	–	
17	Deductible amount of non-significant minority investments in common equity Tier 1 capital of unconsolidated financial institutions	–	

		a	b
		As at 31 December 2025	
		Amounts	**References[1]**
18	Deductible amount of significant minority investments in common equity Tier 1 capital of unconsolidated financial institutions	–	
19	Deductible amount of other net deferred tax assets relying on the bank's future profitability	–	
20	Deductible amount of non-deducted part of common equity Tier 1 capital of significant minority investments in unconsolidated financial institutions and other net deferred tax assets relying on the bank's future profitability in excess of 15% of common equity Tier 1 capital	–	
21	Of which: Deductible amount of significant minority investments in financial institutions	–	
22	Of which: Deductible amount of other net deferred tax assets relying on the bank's future profitability	–	
23	Total of other items deductible out of common equity Tier 1 capital	95	
24	Non-deducted gap deductible out of additional Tier 1 capital and Tier 2 capital	–	
25	**Total regulatory adjustment of common equity Tier 1 capital**	**27,507**	
26	**Net common equity Tier 1 capital**	**2,622,071**	

Additional Tier 1 capital

27	Directly issued additional Tier 1 capital instruments and related premium	369,953	
28	Of which: Equity part	369,953	K+L
29	Of which: Liability part	–	
30	Eligible portion of minority interests	10,684	M
31	**Additional Tier 1 capital before regulatory adjustment**	**380,637**	

Additional Tier 1 capital: regulatory adjustment

32	Direct or indirect investments in additional Tier 1 capital of the bank	–	
33	Reciprocal cross-holdings in additional Tier 1 capital of banks or other financial institutions based on agreement	–	
34	Non-significant minority investments in additional Tier 1 capital of unconsolidated financial institutions (deductible part)	–	
35	Significant minority investments in additional Tier 1 capital of unconsolidated financial institutions	–	
36	Total of other items deductible out of additional Tier 1 capital	–	
37	Non-deducted gap deductible out of Tier 2 capital	–	
38	**Total regulatory adjustment of additional Tier 1 capital**	**–**	
39	**Net additional Tier 1 capital**	**380,637**	
40	**Net Tier 1 capital**	**3,002,708**	

		a	b
		As at 31 December 2025	
		Amounts	References[1]
Tier 2 capital			
41	Directly issued qualifying Tier 2 capital instruments and related premium	689,895	
42	Eligible portion of minority interests	8,726	
43	Excess loss provisions included in Tier 2 capital	244,538	
44	**Tier 2 capital before regulatory adjustment**	**943,159**	
Tier 2 capital: regulatory adjustment			
45	Direct or indirect investments in Tier 2 capital of the bank	–	
46	Reciprocal cross-holdings in Tier 2 instruments and other TLAC-eligible non-capital bonds of banks or other financial institutions based on agreement	–	
47	Non-significant minority investments in Tier 2 capital of unconsolidated financial institutions (deductible part)	–	
47a	Non-significant investments in TLAC-eligible non-capital bonds of unconsolidated financial institutions (deductible part) (for G-SIBs only)	Not applicable	
48	Significant minority investments in Tier 2 capital of unconsolidated financial institutions	–	
48a	Significant investments in TLAC-eligible non-capital bonds of unconsolidated financial institutions (deductible part) (for G-SIBs only)	Not applicable	
49	Total of other items deductible out of Tier 2 capital	–	
50	**Total regulatory adjustment of Tier 2 capital**	**–**	
51	**Net Tier 2 capital**	**943,159**	
52	**Total net capital**	**3,945,867**	
53	**Total risk-weighted assets**	**20,932,851**	
Capital adequacy ratio and reserve capital requirement			
54	**Common equity Tier 1 capital adequacy ratio**	**12.53%**	
55	**Tier 1 capital adequacy ratio**	**14.34%**	
56	**Capital adequacy ratio**	**18.85%**	
57	**Institution-specific capital requirement (%)**	**4.00%**	
58	Of which: Capital conservation buffer requirement	2.50%	
59	Of which: Countercyclical buffer requirement	0.00%	
60	Of which: G-SIB and/or D-SIB additional requirements	1.50%	
61	**Common Equity Tier 1 capital (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirements**	**7.53%**	

		a	b
		As at 31 December 2025	
		Amounts	References[1]
Domestic minimum regulatory capital requirement			
62	Common equity Tier 1 capital adequacy ratio	5.00%	
63	Tier 1 capital adequacy ratio	6.00%	
64	Capital adequacy ratio	8.00%	
Non-deducted part of threshold for deduction			
65	Non-significant minority investments of unconsolidated financial institutions (nondeductible part)	56,880	
65a	Non-significant investments in TLAC-eligible non-capital bonds of unconsolidated financial institutions (nondeductible part) (for G-SIBs only)	Not applicable	
66	Significant minority investments of unconsolidated financial institutions (nondeductible part)	17,576	
67	Other net deferred tax assets relying on the bank's future profitability (net of deferred tax liabilities deduction)	76,512	
Limit of excess loss provisions attributable to Tier 2 capital			
68	Actual accrued loss provisions amount under the Regulatory Weighting Approach	45,589	
69	Amount of excess loss provisions attributable to Tier 2 capital under the Regulatory Weighting Approach	45,589	
70	Actual accrued excess loss provisions amount under the Internal Ratings-based Approach	198,949	
71	Amount of excess loss provisions attributable to Tier 2 capital under the Internal Ratings-based Approach	198,949	

Supplementary description:

1. The column b reference indicates the correspondence between "CC1: Composition of regulatory capital" and "CC2: Reconciliation of regulatory capital to balance sheet".

3.3 CC2: Reconciliation of regulatory capital to balance sheet

Amounts in millions of Renminbi

	a	b	c
	As at 31 December 2025		
	Financial Consolidated	Regulatory Consolidated	Reference
ASSETS			
Cash and balances with central banks	2,534,817	2,534,817	
Due from banks and other financial institutions	507,490	498,145	
Precious metals	305,698	305,698	
Placements with and loans to banks and other financial institutions	982,451	971,796	
Derivative financial assets	132,841	132,913	
Reverse repurchase transactions	518,318	518,147	
Loans and advances to customers	22,876,769	22,847,644	
Financial Investments	9,659,610	9,264,892	
– Financial assets at fair value through profit or loss	757,713	512,761	
– Financial assets at fair value through other comprehensive income	4,630,814	4,499,526	
– Financial assets at amortised cost	4,271,083	4,252,605	
Long term equity investment	41,074	71,963	
Investment properties	23,957	10,920	
Property and equipment	231,955	91,549	
Construction in progress	25,294	3,970	
Right-of-use assets	18,610	20,265	
Intangible assets	32,352	32,394	I
Of which: Land use rights	5,935	5,243	J
Goodwill	2,757	261	H
Deferred income tax assets	82,107	76,512	
Other assets	381,976	338,245	
Total assets	**38,358,076**	**37,720,131**	

	a	b	c
	As at 31 December 2025		
	Financial Consolidated	Regulatory Consolidated	Reference
LIABILITIES			
Due to central banks	1,734,055	1,734,055	
Due to banks and other financial institutions	3,187,303	3,187,303	
Placements from banks and other financial institutions	469,341	447,029	
Financial liabilities held for trading	79,717	79,717	
Derivative financial liabilities	131,022	130,725	
Repurchase transactions	84,345	83,393	
Due to customers	26,182,431	26,180,188	
Employee benefits payable	58,162	56,559	
Current tax liabilities	32,609	30,944	
Provisions	17,304	17,304	
Lease Liabilities	18,375	20,364	
Bonds issued	2,294,688	2,223,291	
Deferred income tax liabilities	10,379	895	
Other liabilities	850,221	414,985	
Total liabilities	**35,149,952**	**34,606,752**	
EQUITY			
Share capital	322,212	322,212	A
Other equity instruments	369,953	369,953	
– Preference shares	99,969	99,969	K
– Perpetual bonds	269,984	269,984	L
Capital reserve	272,304	270,807	B
Other comprehensive income	59,834	61,767	F
Surplus reserve	302,179	300,217	C
General reserve	455,118	454,587	D
Undistributed profits	1,282,444	1,206,485	E
Capital and reserves attributable to equity holders of the Bank	3,064,044	2,986,028	
Non-controlling interests	144,080	127,351	
Of which: Amount attributable to common equity Tier 1 capital	–	33,503	G
Of which: Amount attributable to additional Tier 1 capital	–	10,684	M
Total equity	**3,208,124**	**3,113,379**	

Supplementary description:

1. The main difference in scope of consolidation for financial and regulatory capital purposes is that 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 etc., are included in the scope of financial consolidation, but 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 etc., are treated in capital in accordance with relevant deduction rules.

   For information on the total assets, owners' equity and main business activities of the above-mentioned financial institutions, please visit Bank of China's official website (www.boc.cn) and navigate to Investor Relations > Financial Reports.

3.4 TLAC1: TLAC composition for G-SIBs (at resolution group level)

Amounts in millions of Renminbi (except percentages)

		a As at 31 December 2025 Amounts
Regulatory capital elements of TLAC and adjustments		
1	Net common equity Tier 1 capital	2,622,071
2	Net additional Tier 1 capital	380,637
3	TLAC deductions (if any)	–
4	Net additional Tier 1 capital under the TLAC framework	380,637
5	Net Tier 2 capital	943,159
6	The reduced portion of Tier 2 capital instruments with a remaining maturity of more than 1 year	–
7	TLAC deductions (if any)	–
8	Net Tier 2 capital under the TLAC framework	943,159
9	Net capital under the TLAC framework	3,945,867
Non-regulatory capital elements of TLAC		
10	External TLAC instruments issued directly by the bank and subordinated to excluded liabilities	149,980
11	External TLAC instruments issued directly by the bank which are not subordinated to excluded liabilities but meet all other TLAC term sheet requirements	
12	Of which: amount eligible as TLAC after application of the caps	
13	Eligible ex ante commitments to recapitalise a G-SIB in resolution	523,321
14	TLAC arising from non-regulatory capital instruments (before deductions)	673,301
Non-regulatory capital elements of TLAC: deductions		
15	TLAC before deductions	4,619,168
16	Deductions of exposures between multiple point of entry (MPE) resolution groups that correspond to items eligible for TLAC (not applicable to single point of entry (SPE) G-SIBs)	
17	Deduction of investments in own other TLAC liabilities	–
18	Other deductions to TLAC	–
19	TLAC after deductions	4,619,168

		a As at 31 December 2025 Amounts
RWA and Adjusted on- and off-balance sheet exposures		
20	RWA	20,932,851
21	Adjusted on- and off-balance sheet exposures	40,339,678
TLAC ratios and buffers		
22	TLAC (as a percentage of risk-weighted assets)	22.07%
23	TLAC (as a percentage of leverage exposure)	11.45%
24	Net common equity Tier 1 capital (as a percentage of risk-weighted assets) available after meeting the resolution group's minimum capital and TLAC requirements	6.07%
25	Institution-specific capital requirement (%)	4.00%
26	Of which: Capital conservation buffer requirement	2.50%
27	Of which: Countercyclical buffer requirement	0.00%
28	Of which: G-SIB additional requirements	1.50%

3.5 TLAC2: Material subgroup entity – creditor ranking at legal entity level

Amounts in millions of Renminbi

		Creditor ranking			Sum of 1 to 2
		1 (most junior)	**1 (most junior)**	**2 (most senior)**	
1	Is the resolution entity the creditor/investor? (yes or no)	No	Yes	Yes	
2	Description of creditor ranking	Common Shares		Subordinated loan	
3	Total capital and liabilities net of credit risk mitigation	13,195	25,682	68,424	107,301
4	Subset of row 3 that are excluded liabilities	–	–	–	–
5	Total capital and liabilities less excluded liabilities (row 3 minus row 4)	13,195	25,682	68,424	107,301
6	Subset of row 5 that are eligible as TLAC	13,195	25,682	68,424	107,301
7	Subset of row 6 with 1 year ≤ residual maturity < 2 years	–	–	–	–
8	Subset of row 6 with 2 years ≤ residual maturity < 5 years	–	–	39,641	39,641
9	Subset of row 6 with 5 years ≤ residual maturity < 10 years	–	–	28,783	28,783
10	Subset of row 6 with residual maturity ≥ 10 years, but excluded perpetual securities	–	–	–	–
11	Subset of row 6 that is perpetual securities	13,195	25,682	–	38,877

3.6 TLAC3: Resolution entity – creditor ranking at legal entity level

Amounts in millions of Renminbi

		Creditor ranking					Sum of 1 to 5
		1 (most junior)	2	3	4	5 (most senior)	
1	Description of creditor ranking	Common shares	Preferred shares	Undated capital bonds	Tier 2 capital instruments	TLAC non-capital debt instruments	
2	Total capital and liabilities net of credit risk mitigation	591,904	99,969	269,984	689,895	149,980	1,801,732
3	Subset of row 2 that are excluded liabilities	–	–	–	–	–	–
4	Total capital and liabilities less excluded liabilities (row 2 minus row 3)	591,904	99,969	269,984	689,895	149,980	1,801,732
5	Subset of row 4 that are potentially eligible as TLAC	591,904	99,969	269,984	689,895	149,980	1,801,732
6	Subset of row 5 with 1 year ≤ residual maturity < 2 years	–	–	–	–	–	–
7	Subset of row 5 with 2 years ≤ residual maturity < 5 years	–	–	–	–	149,980	149,980
8	Subset of row 5 with 5 years ≤ residual maturity < 10 years	–	–	–	509,921	–	509,921
9	Subset of row 5 with residual maturity ≥ 10 years, but excluding perpetual securities	–	–	–	179,974	–	179,974
10	Subset of row 5 that is perpetual securities	591,904	99,969	269,984	–	–	961,857

4 Financial Statements and the Link to Regulatory Risk Exposures

4.1 LIA: Reasons for Differences Between Financial and Regulatory Data

The major difference between the calculation scope of the Group's capital adequacy ratio and the financial scope of consolidation is that 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 etc., are included in the financial scope of consolidation but not included within the calculation scope of the Group's capital adequacy ratio. When calculating the consolidated capital adequacy ratio, the Group calculates risk-weighted assets for equity investments in Bank of China Group Investment Limited, while 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 etc., are treated in accordance with the relevant deduction rules in capital. The surplus reserve of insurance subsidiaries is not included in the calculation of the consolidated capital adequacy ratio for the Group.

The differences between the book value of assets in the Group's regulatory consolidation scope and the risk exposure values used for regulatory capital measurement mainly include differences caused by off-balance-sheet items, impairment provisions, and net settlement rules.

Valuation system and control measures

Financial instruments measured at fair value are classified into the following three levels: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities, including equity securities listed on exchanges or debt instruments issued by certain governments and certain exchange-traded derivative contracts. Level 2: Valuation technique for which all inputs that have a significant effect on the recorded fair value other than quoted prices included within Level 1 are observable for the asset or liability, either directly or indirectly. This level includes the majority of the over-the-counter derivative contracts, debt securities for which quotations are available from pricing service providers, discounted bills, etc. Level 3: Valuation technique using inputs which have a significant effect on the recorded fair value for the asset or liability are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. The Group uses valuation techniques or counterparty quotations to determine the fair value when it is unable to obtain open market quotation in active markets. The main parameters used in valuation techniques include bond prices, interest rates, foreign exchange rates, equity and stock prices, volatilities, counterparty credit spreads and others, which are all observable and obtainable from the open market. For certain illiquid debt securities (mainly asset-backed securities), unlisted equity (private equity) and unlisted funds held by the Group, management uses valuation techniques to determine the fair value, including discounted cash flow analysis, net asset value and market comparison approach, etc. The fair value of these financial instruments may be based on unobservable inputs which may have a significant impact on the valuation of these financial instruments, and therefore, these assets and liabilities have been classified by the Group as Level 3.

The Group has established an independent valuation process for financial assets and financial liabilities. The financial management related departments of Head Office coordinate the management of the Group's financial instrument valuation. The risk management related departments of Head Office are responsible for validating the valuation models.

The Group also assesses the valuation adjustment for counterparties and its own credit risk related to over-the-counter derivatives. Key parameters involved in the assessment include the counterparty's expected future exposure, default rate, etc.

5 Remuneration

5.1 REMA: Remuneration Policy

The Nomination 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 reviewing the Bank's human resources and remuneration strategies and overseeing their implementations; reviewing and monitoring the remuneration and incentive policies of the Bank and overseeing their implementations; considering and examining the remuneration distribution plan for directors and senior management members; reviewing the performance appraisal criteria for Senior Management members and conducting appraisals, as well as assessing the time and contributions of directors to the Board of Directors and their ability to effectively perform their duties. Under the human resources and remuneration strategy approved by the Board of Directors, the Bank's management is responsible for formulating the various rules and regulations for remuneration management. In 2025, the Nomination and Remuneration Committee held eight on-site meetings. For details regarding the Bank's Senior Management members, please refer to the Bank's 2025 Annual Report. The Bank identifies personnel who have a direct or significant impact on operational risks based on factors including its institutional type and characteristics, market scale, and risk management capabilities.

The Bank's remuneration policy is in line with corporate governance requirements, business development strategies, market positioning and talent competition strategies, and is revised from time to time in accordance with the management requirements of the competent authorities. The Bank's remuneration distribution policy follows the principle of "remuneration by post, payment by performance". Basic salary is determined by the value of the position and the ability of employees to perform their duties. Performance-based remuneration depends on performance evaluation results of the Group, the institution or department of the employee, and the employee. Remuneration policies apply to all employees signing employment contract with the Bank. The remuneration for employees in the Bank's risk and compliance departments is determined based on factors such as their value contribution, competency, and performance. It is not directly linked to their regulatory duties while maintaining independence from other business areas. Remuneration of employees is paid in cash. The Bank approved a long-term incentive policy, including the Management Stock Appreciation Rights Plan and the Employee Stock Ownership Plan, at the Board meeting and the extraordinary shareholders' meeting held in November 2005. To date, the Management Stock Appreciation Rights Plan and the Employee Stock Ownership Plan have not been implemented.

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.

The Bank defers the payment of more than 40% of the performance-based remuneration of senior management members and personnel in key posts, depending on the type, size and post risk control responsibilities of the institutions, with a deferred payment period of not less than three years. In addition, the Bank has formulated and implemented a recourse and recovery mechanism for performance-based remuneration. If risk losses falling within such employees' remit and responsibility are clearly exposed during the term of service, the Bank may recover part or all of the performance-based remuneration paid within the corresponding period, and stop the payment of the part that has not been paid. 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.

6 Credit Risk

6.1 CRA: Qualitative Credit Risk Information

Credit risk management follows the comprehensive risk management framework and covers the whole process of credit risk identification, measurement, assessment, monitoring, reporting, control, and mitigation.

Closely aligning with national strategies, strictly adhering to regulatory requirements, and comprehensively considering market conditions and the Bank's business characteristics, the Bank has developed a system of credit risk management policies in line with the overall risk management strategy and appetite. Credit policies, management measures, implementation rules, and guidelines have been formulated for different types of business to guide and constrain risk management behaviour. The Bank's credit risk management basic policies include industrial policy, regional policy, customer policy, product policy and other credit policies. The Bank identifies several key controlled industries, carries out credit balance control based on factors such as national policies and asset quality, and sets rigid industry limits that should not be breached.

The Bank has established a well-structured risk governance framework with clearly defined responsibilities, specifying the division of duties among the Board of Directors, the Senior Management, business departments, risk management departments, and audit departments in risk management, and established a multi-tiered, interconnected, and effective mechanism with checks and balances.

The Bank has established three lines of defence for credit risk management. The first line of defence is directly responsible for managing credit risk; the second line of defence is responsible for formulating credit risk management policies and procedures, monitoring and managing risks, and providing guidance, training, and supervision to the first line of defence; the third line of defence (Audit Department) is responsible for auditing the duty performance of business departments and risk management departments.

The Bank regularly reports to the Board of Directors and Senior Management on the comprehensive risk management, including information on credit risk, such as asset quality, concentration, the disposal of non-performing assets, and risk compensation.

6.2 CR5-2: Standardised approach – Exposure amounts and CCFs applied to off-balance sheet exposures, categorised based on risk bucket of converted exposures

Amounts in millions of Renminbi (except percentage)

		a	b	c	d
		As at 31 December 2025			
Risk weight		On-balance sheet exposure	Off-balance sheet exposure (pre-CCF)	Weighted average CCF*	Exposure (post CCF and post CRM)
1	Less than 40%	11,898,358	152,950	24.06%	12,610,664
2	40-70%	1,741,297	229,037	39.39%	2,674,667
3	75%	1,661,966	1,347,454	15.24%	1,769,979
4	85%	91,227	22,929	51.26%	45,443
5	90-100%	3,407,129	1,236,193	29.29%	2,457,447
6	105-130%	387,874	85,118	15.02%	392,621
7	150%	154,305	11,968	9.46%	139,741
8	250%	196,421	–	0.00%	196,421
9	400%	4,507	–	0.00%	4,507
10	1250%	33,798	–	0.00%	33,798
11	**Total exposures**	**19,576,882**	**3,085,649**	**23.34%**	**20,325,288**

* Weighting is based on off-balance sheet exposure (pre-CCF).

6.3 CRE: Qualitative Information of Internal Rating Models

Governance framework related to Internal Rating Models

The Group has established a mechanism of clear division of responsibilities to effectively support model development, approval and ongoing updates. The Senior Management approves the launch and exit of models. The Risk Management Department is responsible for the development, selection and promotion of models as well as the monitoring of models used in the rating process, assumes ultimate responsibility for the routine inspection and continuous optimization of models, and takes the lead in the management of the full lifecycle of models, including judgment and grading, development, validation, implementation, launch, monitoring, optimization, and exit. The business management departments and branches are the users of the models and cooperate in the work related to model development and optimization. The Data Management Department is responsible for providing data and analysis tools to support model development and validation. The FinTech Department is responsible for system deployment and implementation of credit risk measurement models. It supports the development of systems related to model launch, providing data, tools, and systematic implementation in accordance with development and validation requirements.

The Group has established a standardized model management procedure to ensure independence between the model development and validation work. The Audit Department is responsible for independently auditing and evaluating the effectiveness of internal rating model risk management. The validation of internal rating models is undertaken by a model validation team independent of the model development entity. Newly developed or significantly modified internal rating models are subject to independent validation by the model validation team. The model validation team systematically promotes initial validation and conducts on-going validation.The Group has incorporated model risk into its comprehensive risk management system.

The Group's model-related reports mainly include development, validation and monitoring reports, covering retail and wholesale internal rating models. The model development report documents the construction and optimization process of models and contains model development records, such as key definitions, methodology, parameters and basic assumptions, modelling process, decision-making process of model experts, and sources of modelling data. The model validation report includes both qualitative and quantitative validation of the internal rating models and their supporting systems. The model monitoring report contains the number of customers and the distribution of ratings with exposures corresponding to the model, and contents such as the discrimination power, prudence, accuracy and stability of the model.

Proportion of various types of risk exposure

Under the Group's various risk exposures, the proportion of exposure at default (EAD) covered by the foundation IRB approach accounts for 35.18% of the total EAD, while the proportion covered by the advanced IRB approach accounts for 13.54%. In terms of risk-weighted assets (RWA), the proportion covered by the the foundation IRB approach accounts for 50.38% of the total RWA, while the proportion covered by the Advanced IRB approach accounts for 9.39%.

The scope and main features of the Internal Rating Models that have been approved by Regulatory

Accepted by the NFRA or its regional offices, a number of models of the Head Office, domestic branches and BOCHK comply with the regulatory requirements, including 20 models of corporate exposures using the foundation IRB approach and 26 models of retail exposures using the IRB approach. The Group's capital measurement risk parameters comply with regulatory floor requirements.

1. Description of Internal Rating Models

The models are primarily categorized based on product characteristics or facility types. The differences among models mainly reflect their risk characteristics, e.g., collateral, different turnover of obligors, scale of risk undertaken, and industries. In addition, for specialized lending project financing, BOCHK carries out rating through obligor and transaction characteristics based on the project financing model.

2. Internal Rating Model – Wholesale

The Group uses long-term historical data and methods such as logistic regression and expert scorecard to estimate the probability of default (PD) under the Wholesale foundation IRB approach. Long-term data is used to complete the initial validation in a qualitative and quantitative manner; recent data is used to complete the on-going validation in a qualitative and quantitative manner.

■ **PD Model**

– PD represents the likelihood of a default event in a one-year horizon.

– The PD is usually higher than the actual default rate, mainly due to prudential adjustments to the model based on the prudential requirements for capital measurement.

– In terms of the main features of the model, the PD model applicable to the Head Office and domestic branches is constructed based on historical data and quantitative and qualitative data such as each obligor's latest financial performance, external environment, competitive advantages, management capabilities, operational capabilities, financial capabilities, credit information and negative early warning factors. The PD model applied by BOCHK is constructed based on historical data and with reference to market benchmark data, as well as quantitative and qualitative data on each obligor's latest financial performance, operating conditions, fund utilization, management quality, industry risk, affiliated group and negative early warning factors.

Scope			
Institution scope	**Exposure category**	**Portfolio**	**Model**
Head Office, domestic branches	Corporate	Enterprise (large-sized enterprises, medium-sized enterprises, small-sized enterprises, newly established enterprises, and public institutions)	PD
BOCHK	Corporate	Enterprise (large-sized enterprises, medium-sized enterprises, real estate development, real estate investment, object financing, and project financing)	PD

3. Internal Rating Model – Retail

Based on long-term historical data, the Group uses methods such as decision tree and regression analysis to estimate the probability of default (PD), loss given default (LGD), and exposure at default (EAD) under the retail IRB approach. Initial validation is based on long-term data combining qualitative and quantitative approaches, while on-going validation is based on recent data combining qualitative and quantitative approaches.

■ **PD Model**

– PD represents the likelihood of a default event in a one-year horizon.

– The PD is usually higher than the actual default rate, mainly due to prudential adjustments to the model based on the prudential requirements for capital measurement.

– In terms of the main features of the model, the PD models applicable to Head Office, domestic branches, and BOCHK are estimated based on quantitative data such as the facility characteristics and the obligor's account behavior.

■ **LGD Model**

– LGD estimates the potential loss of each credit exposure if the obligor defaults.

– In terms of the main features of the model, the LGD models applicable to Head Office, domestic branches, and BOCHK are estimated based on quantitative data such as the facility characteristics, collateral, loss recovery and the associated costs. Downturn LGD takes into account of the recovery experience in the historical downturn situation. The determination of the time lapse between the default event and the closure of the exposure is based on empirical data and expert judgement.

■ **EAD Model**

– EAD estimates the expected gross exposure of the facility for an on- and off-balance sheet item upon default by the obligor.

– In terms of the main features of the model, the EAD models are estimated using the credit conversion factors (CCF). The CCF applicable to Head Office and domestic branches is estimated based on the long-term average of data at multiple historical time points. The CCF applicable to BOCHK is estimated based on the factors such as fixed horizon method and utilization rate.

Scope			
Institution scope	**Exposure category**	**Portfolio**	**Model**
Head Office, domestic branches	Retail	Residential Mortgage	PD LGD
Head Office, domestic branches	Retail	Other Retail	PD LGD
Head Office, domestic branches	Retail	Qualifying Revolving Retail	PD LGD EAD
BOCHK	Retail	Residential Mortgage (To individuals and property holding shell companies)	PD LGD EAD
BOCHK	Retail	Other Retail Exposure to individuals (non-credit card)	PD LGD EAD
BOCHK	Retail	Credit card	PD LGD EAD

6.4 CR6: IRB – Credit risk exposures by portfolio and PD range

FIRB – Credit risk exposures by portfolio and PD range

Amounts in millions of Renminbi (except percentage)

		a	b	c	d	e	f	g	h	i	j	k	l
		As at 31 December 2025											
Risk exposure	PD scale	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post-CRM and post-CCF	Average PD	Number of obligors[1] (hundreds)	Average LGD	Average maturity (year)	RWA	RWA density	EL	Provisions
Corporates	0.00 to <0.15	1,499,540	576,498	30.86%	1,771,372	0.07%	15	39.84%	2.5	376,546	21.26%	474	
	0.15 to <0.25	98,895	71,343	12.32%	109,814	0.22%	3	37.59%	2.5	44,274	40.32%	91	
	0.25 to <0.50	2,055,276	1,177,179	36.13%	2,667,652	0.31%	58	39.21%	2.5	1,312,996	49.22%	3,265	
	0.50 to <0.75	228,180	86,978	23.71%	219,526	0.57%	8	39.82%	2.5	149,305	68.01%	499	
	0.75 to <2.50	6,193,572	2,819,310	30.01%	7,087,108	1.43%	1,205	37.66%	2.5	5,684,139	80.20%	37,742	
	2.50 to <10.00	1,979,190	590,004	36.41%	1,902,309	4.24%	1,938	35.42%	2.5	1,863,289	97.95%	28,910	
	10.00 to <100.00	79,433	4,706	44.92%	72,868	44.60%	41	38.63%	2.5	117,985	161.92%	12,713	
	100.00 (Default)	178,429	5,660	83.29%	182,244	100.00%	58	39.04%	2.5	25,839	14.18%	135,199	
	Subtotal	12,312,515	5,331,678	31.89%	14,012,893	2.91%	3,326	37.98%	2.5	9,574,373	68.33%	218,893	387,446
Total (all portfolios)		**12,312,515**	**5,331,678**	**31.89%**	**14,012,893**	**2.91%**	**3,326**	**37.98%**	**2.5**	**9,574,373**	**68.33%**	**218,893**	**387,446**

AIRB – Credit risk exposures by portfolio and PD range

Amounts in millions of Renminbi (except percentage)

		a	b	c	d	e	f	g	h	i	j	k	l
		As at 31 December 2025											
Risk exposure	PD scale	Original on-balance sheet gross exposure	Off-balance sheet exposures pre CCF	Average CCF	EAD post-CRM and post-CCF	Average PD	Number of obligors[1] (hundreds)	Average LGD	Average maturity (year)	RWA	RWA density	EL	Provisions
Individual residential mortgage loans	0.00 to <0.15	1,743,842	–	0.00%	1,743,842	0.10%	31,449	38.27%		156,917	9.00%	630	
	0.15 to <0.25	581,242	2	40.00%	581,243	0.18%	11,807	35.89%		80,237	13.80%	373	
	0.25 to <0.50	680,007	–	0.00%	680,007	0.35%	14,597	35.31%		149,283	21.95%	828	
	0.50 to <0.75	399,468	–	0.00%	399,468	0.61%	7,797	28.38%		106,919	26.77%	702	
	0.75 to <2.50	661,623	–	0.00%	661,623	1.14%	9,811	33.37%		307,817	46.52%	2,477	
	2.50 to <10.00	173,569	–	0.00%	173,569	3.16%	3,537	33.03%		151,123	87.07%	1,801	
	10.00 to <100.00	87,730	–	0.00%	87,730	34.25%	1,800	30.77%		145,478	165.82%	9,114	
	100.00 (Default)	23,229	–	0.00%	23,229	100.00%	468	51.40%		568	2.44%	12,094	
	Subtotal	4,350,710	2	40.00%	4,350,711	1.70%	81,266	35.55%		1,098,342	25.25%	28,019	57,135
Qualified revolving retail loans	0.00 to <0.15	9,175	97,863	30.80%	39,318	0.11%	20,214	91.00%		2,445	6.22%	40	
	0.15 to <0.25	1,429	24,617	76.05%	20,151	0.23%	8,236	89.50%		2,285	11.34%	42	
	0.25 to <0.50	2,533	17,307	62.65%	13,375	0.32%	7,838	91.62%		2,023	15.13%	40	
	0.50 to <0.75	5,421	24,540	19.51%	10,210	0.59%	7,591	86.53%		2,334	22.85%	52	
	0.75 to <2.50	13,484	48,646	5.96%	16,383	1.30%	26,857	87.68%		6,987	42.65%	186	
	2.50 to <10.00	6,410	2,100	41.24%	7,276	4.76%	2,650	92.22%		8,106	111.41%	318	
	10.00 to <100.00	2,414	415	46.09%	2,605	24.80%	829	86.88%		5,237	201.04%	561	
	100.00 (Default)	1,186	114	77.60%	1,275	100.00%	417	90.27%		2,180	171.00%	979	
	Subtotal	42,052	215,602	31.79%	110,593	2.42%	74,632	89.87%		31,597	28.57%	2,218	1,809

		a	b	c	d	e	f	g	h	i	j	k	l
		As at 31 December 2025											
Risk exposure	**PD scale**	**Original on-balance sheet gross exposure**	**Off-balance sheet exposures pre CCF**	**Average CCF**	**EAD post-CRM and post-CCF**	**Average PD**	**Number of obligors[1] (hundreds)**	**Average LGD**	**Average maturity (year)**	**RWA**	**RWA density**	**EL**	**Provisions**
Other retail loans	0.00 to <0.15	8,830	15,507	93.98%	23,404	0.06%	96	18.24%		788	3.37%	3	
	0.15 to <0.25	3,758	43	70.38%	3,788	0.22%	57	12.25%		210	5.53%	1	
	0.25 to <0.50	41,517	29	80.37%	41,540	0.38%	677	32.30%		8,580	20.65%	51	
	0.50 to <0.75	30,034	23	70.10%	30,051	0.60%	604	23.59%		5,763	19.18%	41	
	0.75 to <2.50	454,242	25,273	7.55%	456,150	1.69%	5,227	55.14%		320,844	70.34%	4,312	
	2.50 to <10.00	346,208	3	27.73%	346,209	6.45%	7,355	54.72%		301,666	87.13%	12,208	
	10.00 to <100.00	12,550	0	81.99%	12,550	42.69%	527	47.80%		12,212	97.31%	3,021	
	100.00 (Default)	18,850	0	96.19%	18,850	100.00%	522	64.37%		5,393	28.61%	11,790	
	Subtotal	915,989	40,878	40.49%	932,542	5.85%	15,065	51.94%		655,456	70.29%	31,427	33,214
Total (all portfolios)		**5,308,751**	**256,482**	**33.18%**	**5,393,846**	**2.43%**	**170,963**	**39.49%**		**1,785,395**	**33.10%**	**61,664**	**92,158**

Supplementary description:

1. In column f, the corporates risk exposure is disclosed by the number of customers, and the risk exposure of individual residential mortgage loan, qualified revolving retail loans and other retail loans are disclosed by the number of debts.

7 Counterparty Credit Risk

7.1 CCRA: Qualitative Information on Counterparty Credit Risk

Fully considering business conditions and data support, the Group incorporates counterparty credit risk into the scope of economic capital measurement and management, and has established an economic capital budget and allocation mechanism to meet both external regulatory requirements and internal management needs.

The credit risks of over-the-counter derivatives, central counterparty business and securities financing are measured in accordance with regulatory requirements. The Group leverages the SA-CCR method to measure the EAD in the derivatives business, taking into account the risk mitigation effects of margining, qualified netting, etc. Central counterparties are classified into qualified and unqualified central counterparties, and their transaction EADs, margin risk exposures and default fund risk exposures are measured. The Group recognizes the risk mitigation effect of qualified collateral by separately measuring securities financing transactions by banking book and trading book.

The Group employs mitigation tools such as bilateral collateral, netting, pledge, and guarantees to reduce counterparty credit risk exposure. For non-agency derivative transactions and securities financing transactions, collateral management is carried out in accordance with the Group's *Measures for Financial Market Collateral Management*. The Group signs margin agreements or bond repurchase agreements under the derivative trading principal agreement with some counterparties and conducts margin collection and payment as agreed. For agency derivative transactions, customers provide collaterals or guarantees to reduce counterparty credit risk exposure in accordance with the Group's *Margin Pledge Management Measures, Guarantee and Security Management Measures*, and *Policy on Counterparty Credit Risk Management*. For derivative transactions that meet the requirements for qualified netting, the credit risk may be mitigated by netting.

Wrong-way risks are a focus in managing counterparty credit risk. The Group does not engage in transactions that involve specific wrong-way risks, such as collateral issuers being members of the counterparty's group.

In the event of a downgrade in the Group's credit rating, it will determine whether additional collateral is required to be provided to the counterparty based on the terms of the agreement. For centralized clearing transactions conducted by the Group as a member, the central counterparty's margin requirements are primarily followed. For centralized clearing transactions conducted by the Group through an agent, individual agents may require the Group to provide additional margin based on reasonable grounds (e.g., deterioration of the Group's credit quality) as agreed. For non-centralized clearing transactions, the independent amount clause in the variation margin agreement under the ISDA agreement signed with individual counterparties may result in the Group's provision of additional collateral to the counterparty.

7.2 CCR1: Analysis of CCR exposures by approach

Amounts in millions of Renminbi (except column d)

		a	b	c	d	e	f
		As at 31 December 2025					
		Replacement cost	Potential future exposure	Add-on amounts for potential future exposure	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
1	SA-CCR (for derivatives)	32,513	99,968		1.4	185,473	81,367
2	Current Exposure Method (for derivatives)	–		–	1	–	–
3	Value-at-risk (VaR) for SFTs					922,017	35,878
4	**Total**					**1,107,490**	**117,245**

8 Securitisation

8.1 SECA: Qualitative Information on Securitisation

Securitisation Business Objectives

The Group participates in securitisation primarily as an originator and an investor in securitisation transactions.

As an originator, the Group develops securitisation business based on bank-level credit structure adjustment scheme with an aim to optimize asset portfolios, improve asset-liability structure, dispose of non-performing loans, enhance capital adequacy ratio, and improve the Group'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.

As an investor, the Group's objective in securitisation is to acquire and hold asset-backed securities to generate investment returns, and to passively hold asset-backed securities when acting as a lead underwriter fulfilling underwriting obligations. The risks assumed by the Group as an investor in asset-backed securities primarily include credit risk, market risk, liquidity risk, and operational risk.

Accounting Policies for 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.

The Group controls an entity (including structured entities) 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. The existence and effect of potential voting rights that are currently exercisable or convertible and rights arising from other contractual arrangements are considered when assessing whether the Group controls another entity. Entities are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. If the changes of the relevant facts and circumstances resulting in changes of relevant elements in the definition of control, the Group will re-evaluate whether entities are controlled.

External Rating Agencies for Securitisation

In accordance with the *Capital Rules for Commercial Banks*, the qualified external rating agencies used in the Group's securitisation transactions include Dagong Global Credit Rating Co., Ltd., and S&P Ratings (China) Co., Ltd.

8.2 SEC1: Securitisation exposures in the banking book

Amounts in millions of Renminbi

		a	b	c	d	e	f	g	h	i	j	k	l
		As at 31 December 2025											
		Bank acts as originator				Bank acts as sponsor				Bank acts as investor			
		Traditional	Of which simple, transparent and comparable (STC)	Synthetic	Subtotal	Traditional	Of which STC	Synthetic	Subtotal	Traditional	Of which STC	Synthetic	Subtotal
1	**Retail (total) – of which**	**18,335**	**–**	**–**	**18,335**	**–**	**–**	**–**	**–**	**2,398**	**–**	**–**	**2,398**
2	Residential mortgage	18,221	–	–	18,221	–	–	–	–	370	–	–	370
3	Credit card	39	–	–	39	–	–	–	–	–	–	–	–
4	Other retail exposures	75	–	–	75	–	–	–	–	2,028	–	–	2,028
5	Resecuritisation	–		–	–	–		–	–	–		–	–
6	**Wholesale (total) – of which**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**359**	**–**	**–**	**359**
7	Loans to corporates	–	–	–	–	–	–	–	–	–	–	–	–
8	Commercial mortgage	–	–	–	–	–	–	–	–	–	–	–	–
9	Lease and receivables	–	–	–	–	–	–	–	–	359	–	–	359
10	Other wholesale	–	–	–	–	–	–	–	–	–	–	–	–
11	Resecuritisation	–		–	–	–		–	–	–		–	–

8.3 SEC2: Securitisation exposures in the trading book

Amounts in millions of Renminbi

		a	b	c	d	e	f	g	h	i	j	k	l
		As at 31 December 2025											
		Bank acts as originator				Bank acts as sponsor				Bank acts as investor			
		Traditional	Of which simple, transparent and comparable (STC)	Synthetic	Subtotal	Traditional	Of which STC	Synthetic	Subtotal	Traditional	Of which STC	Synthetic	Subtotal
1	**Retail (total) – of which**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2	Residential mortgage	–	–	–	–	–	–	–	–	–	–	–	–
3	Credit card	–	–	–	–	–	–	–	–	–	–	–	–
4	Other retail exposures	–	–	–	–	–	–	–	–	–	–	–	–
5	Resecuritisation	–		–	–	–		–	–	–		–	–
6	**Wholesale (total) – of which**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**837**	**–**	**–**	**837**
7	Loans to corporates	–	–	–	–	–	–	–	–	–	–	–	–
8	Commercial mortgage	–	–	–	–	–	–	–	–	–	–	–	–
9	Lease and receivables	–	–	–	–	–	–	–	–	837	–	–	837
10	Other wholesale	–	–	–	–	–	–	–	–	–	–	–	–
11	Resecuritisation	–		–	–	–		–	–	–		–	–

9 Market Risk

9.1 MRA: Qualitative Information on Market Risk

Risk strategy and management procedure

The Bank actively responds to changes in the market environment, and prudently manage market risk. The objective of the Group's market risk management is to effectively manage market risk and improve market risk capital allocation in light of the overall risk appetite determined by the Board of Directors, control market risk within a reasonable level acceptable to the Bank, achieving a reasonable balance between risk and return.

The Bank continued to optimise the market risk management system and comprehensively improve the effectiveness of market risk management. The Bank implemented the latest market risk regulatory requirements and enhanced the market risk management system. Through the organic integration of quantitative and qualitative methods, the Bank performed effective identification, measurement, monitoring, control and reporting of market risk. It continuously improved the multilayered market risk limit system to enhance management flexibility and effectively transmit market risk appetite. The Bank actively responded to the complex and severe external situation, enhanced its risk forecasting capabilities, strengthened proactive and forward-looking controls, and steadily navigated market fluctuations. The Bank intensified efforts in emergency drills and stress testing, and intensified risk control over key areas such as derivative products.

Book classification and internal risk transfer

In line with the *Capital Rules for Commercial Banks*, the Bank defines principles and standards for the classification of books and, based on the nature and characteristics of the trading book and banking book, adopts corresponding methods for identifying, measuring, monitoring, and controlling market risks, ensuring that market risks are effectively controlled within the Group's risk appetite. The conversion of bonds between the banking book and the trading book arising from the Bank's designated trading model has been recognized by the NFRA, and the total fair value of the existing bonds involved in the conversion between books at the end of 2025 was RMB79,112 million.

Internal risk transfer includes risk transfer within the banking book, between the trading book and the banking book, and within the trading book (between different trading desks). The Bank has established effective identification of internal risk transfers, and clearly documented internal risk transfer transactions, which are considered under different scenarios in the regulatory capital measurement as required by the regulator.

Management functional structure

The Bank has established a market risk management organizational structure that includes the Board of Directors, the Senior Management, the market risk management department, the business department, and the internal audit department. The Board of Directors bears ultimate responsibility for market risk management, ensuring the establishment of a risk culture aligned with market risk management requirements and guaranteeing the Group's effective identification, measurement, monitoring, and control of market risks incurred across all business operations. The Senior Management assumes responsibility for the implementation of market risk management. The market risk management department, operating independently from business units that assume risks, is responsible for the identification, measurement, monitoring, control, and reporting of market risk at the Group level, while the business departments are responsible for implementing all market risk management policies and procedures, and for submitting regular and timely reports on market risk conditions.

Reporting mechanism and measurement system

The Bank has established a mechanism that combines regular and ad-hoc reporting, along with a system for reporting significant market risk events. The Bank has developed a measurement system that is aligned with the nature, scale and complexity of its business and effectively supports market risk measurement. The scope of market risk measurement covers default risk in the trading book, general interest rate risk, credit spread risk, equity risk and book-wide foreign exchange risk and commodity risk. In managing market risk in the trading book, daily monitoring of the overall risk value of the trading book, stress testing, sensitivity metrics and exposure limits is carried out to track the execution of various limits for trading desks and traders.

9.2 MR1: Market risk under the standardised approach

Amounts in millions of Renminbi

		a As at 31 December 2025 Capital requirement in standardised approach
1	General interest rate risk	1,685
2	Equity risk	6,099
3	Commodity risk	3,566
4	Foreign exchange risk	6,162
5	Credit spread risk – non-securitisations	1,797
6	Credit spread risk – securitisations (non-correlation trading portfolio)	8
7	Credit spread risk – securitisations (correlation trading portfolio)	–
8	Default risk – non-securitisations	2,570
9	Default risk – securitisations (non-correlation trading portfolio)	4
10	Default risk – securitisations (correlation trading portfolio)	–
11	Residual risk add-on	11
12	**Total**	**21,902**

9.3 MR3: Market risk under the simplified standardised approach

As at 31 December 2025, The Group does not use the simplified standard approach to calculate market risk capital requirements.

10 Operational Risk

10.1 ORA: Qualitative Information on Operational Risk

Operational risk refers to the risk of losses resulting from problematic internal processes, employees and IT systems or from external events, including legal risk, but excluding strategic risk and reputational risk. The goal of the Bank's operational risk management is to effectively prevent and control operational risks, reduce losses, enhance the ability to respond to internal and external shocks, and provide assurance for the stable operation of the business.

The Bank implemented regulatory policies such as the *Measures for the Administration of Operational Risk of Banking and Insurance Institutions*, and established an operational risk management organizational structure that is commensurate with its business scale and complexity, which is effectively functioning. The Board of Directors bears the ultimate responsibility for operational risk management, and the Senior Management is responsible for implementing operational risk management. The Bank's operational risk management reporting mechanism is standardized to report to the Board of Directors and the Senior Management in a timely and comprehensive manner, with the main contents including: current major operational risks, risk appetite and implementation status, use of operational risk management tools, management measures taken during the period, and subsequent work plans. The Bank continuously improves the three lines of defence for operational risk management. The first line of defence consists all tiers of business and management departments. They are directly assume and manage of operational risk, and are responsible for managing operational risks in their respective fields. The second line of defence consists leading departments responsible for operational risk management and measurement at all tiers. They are responsible for directing and supervising the operational risk management of the first line of defence, continuously improving the consistency and effectiveness of operational risk management. The third line of defence consists of internal audit departments at all tiers, which supervise and assess the duty performance and effectiveness of the first and second lines of defence. A sound mechanism for risk data and information sharing is established between and within each line of defence to improve the professional level of operational risk management.

The Bank has improved the operational risk management policy structure, and established an operational management policy regime, which is composed of the policy framework and 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 Bank's Board of Directors, as the fundamental policy for operational risk management, standardizes operational risk governance and management responsibilities, basic requirements, management procedures and approaches, etc. According to the closed management loop of risk identification, assessment, measurement, control, mitigation, monitoring and reporting, the Bank developed the management policies for operational risk management tools in order to define principles, roles and responsibilities, methodologies and steps relating to the employment of management tools, and the specific management processes are clarified through handbooks.

The Board of Directors, senior management and their special committees earnestly performed their duties regarding internal control and supervision while emphasizing risk warning and prevention. The Bank continued to adopt the *Basic Standard for Enterprise Internal Control* and its supporting guidelines and implemented the *Guidelines for Internal Control of Commercial Banks* by following the basic principles of "complete coverage, checks and balances, prudence and correspondence", so as to promote internal control governance and an organizational structure characterized by reasonable delegation of work, well-defined responsibilities and clear reporting lines. The Bank established and implemented three lines of defence mechanism for internal control. The first line of defence are the owners of, and are accountable for risks and controls. They undertake self-directed risk control and management functions in the course of their business operations, including formulating and implementing policies, conducting business examination, reporting control deficiencies and organizing rectifications. The second line of defence are responsible for the overall planning, implementing, examining and assessment of risk management and internal control, as well as for identifying, measuring, monitoring and controlling risks. Through regular monitoring of material risks, the Bank promoted the optimization of its business processes and systems. The third line of defence is responsible for performing internal audits of the Bank's internal control and risk management in respect of its adequacy and effectiveness, strengthening the coordination and collaboration and creating a powerful synergy for conducting oversight.

The transmission of operational risk appetite is strengthened. Under the overall risk appetite of the Group, both qualitative and quantitative indicators are set for operational risk appetite. An annual re-examination is conducted, and the risk appetite transmission mechanism is continuously improved. Operational risks are monitored and early warnings are issued in a timely manner. A sound operational risk management culture is cultivated, with an emphasis on starting from the Senior Management. A risk management concept adapted to the business is developed, clarifying employee behavioral norms and professional ethics, and promoting a value orientation of proactive and multi-dimensional operational risk management throughout the entire process by all employees. Training sessions, online training, and specialized seminars are held to strengthen operational risk management training.

The Bank deepens the application of operational risk management tools such as Risk and Control Assessment, Key Risk Indicators, and Loss Data Collection, to improve the identification, assessment, monitoring and control of operational risks. Based on the operational risk appetite, inherent risks from both internal and external sources are identified, the effectiveness of control and mitigation measures is assessed, and the likelihood and impact of residual risks are analyzed to determine operational risk levels. In combination with the results of risk identification and assessment, control measures are improved. Risks are mitigated through tools such as insurance purchase and business outsourcing, thereby reducing operational risk exposure. Key risk indicators are regularly re-examined to enhance their business coverage and risk sensitivity. Operational risk loss data is collected, regularly statistically analyzed and verified to improve its quality. Operational risk management tools are regularly re-examined and optimized, and new tools such as operational risk event management, control monitoring and assurance framework, scenario analysis, and benchmark comparative analysis are applied based on practice.

The Bank has improved the outsourcing risk management system, clarified the outsourcing risk management organizational structure, standardized the outsourcing risk management procedures, and strengthened oversight of outsourcing activities and service providers. It has established a sound business continuity management system, set up an organizational structure for daily management and emergency response, and determined important business and recovery objectives through business impact analysis and risk assessment. In addition, the Bank has specified the priority of resource assurance and developed business continuity plans and contingency plans, and conducts regular drills and assessments to continuously improve the ability to respond to and manage disruption events.

The Bank uses the standard approach to measure operational risk regulatory capital and steadily advances the implementation of the *Capital Rules for Commercial Banks*. A relatively complete operational risk measurement system has been established, and a high-quality operational risk loss database for the Group is built. The operational risk management information system is optimized, and upgrade capital measurement, information disclosure, and loss data are upgraded, achieving automated calculation of operational risk regulatory capital.

10.2 OR3: Operational Risk-based Capital Requirement

Unit: Amounts in millions of Renminbi, excluding internal loss multiplier

		a **December 31, 2025**
1	Business Indicator Component (BIC)	103,534
2	Internal Loss Multiplier (ILM)	1
3	Operational Risk-based Capital Requirement (ORC)	103,534
4	Operational Risk-weighted Assets (RWA)	1,294,170

11 Interest Rate Risk in the Banking Book

11.1 IRRBBA: Management Objectives and Policies for Interest Rate Risk in the Banking Book

Interest rate risk in the banking book (IRRBB) refers to the risk of losses to the economic value and overall earnings of banking book arising from adverse movements in interest rates or term structures.

IRRBB Management

The bank incorporated IRRBB into the enterprise risk management framework and established the risk management system in line with the Bank's systematical importance, risk profile and business complexity. The Board of Directors assumes the ultimate responsibility for IRRBB management. The senior management is responsible for conducting the IRRBB management and has authorized the Asset and Liability Committee to perform part of its responsibilities for the IRRBB management. The Asset & Liability Management Department of the Head Office is the lead department for the IRRBB management, with other departments and institutions fulfilling their respective roles. The Audit Department ensures that interest rate risk in the banking book is included in internal audits.

Based on the principles of "matching, comprehensiveness, and prudence", the Bank strengthened the management of interest rate risk in the banking book. The Bank's IRRBB management strategy is to control risks within an acceptable level by taking into account factors such as the Bank's risk appetite and risk profile as well as macroeconomic and market conditions, so as to achieve a reasonable balance between risk and return and thus maximise shareholder value.

IRRBB Management refers to the process of identification, measurement, monitoring, control and mitigation of IRRBB. The Bank fully implemented the standardised framework requirements set by the NFRA, using methods such as interest rate sensitivity gaps, change in economic value of equity, change in net interest income, stress testing, and internal capital adequacy assessment procedures to measure and analyze the risk. The Bank established the IRRBB limits and early warning indicators, while continuously enhancing limits monitoring, early warnings and breach handling mechanisms. Conduct regular IRRBB stress testings, incorporate relevant metrics into the risk limit system with quarterly monitoring, and integrate results into the management decision-making process. Comprehensively coordinate asset-liability structure adjustments, optimize internal and external pricing strategies, and implement risk hedging to effectively manage the IRRBB.

The Bank leverages asset-liability structure adjustment, pricing mechanism adjustment and risk hedging to hedge IRRBB. Banking book financial instruments are measured in accordance with the accounting standards. The bank allow hedging transactions that meet the conditions for hedge accounting to apply hedge accounting, reflecting the effects of risk hedging at the financial statement level.

IRRBB Measurement

Change in economic value of equity (ΔEVE) and change in net interest income (ΔNII) are monitored on a quarterly basis. Changes in interest rates can affect the underlying economic value of the bank's on- and off-balance sheet instruments, because the present value of future cash flows change when interest rates change. Changes in interest rates also affect a bank's earnings by increasing or decreasing its net interest income and the level of other interest rate-sensitive income and operating expenses.

ΔEVE refers to the maximum of the worst aggregated reductions to EVE across the six supervisory prescribed interest rate shocks under the IRRBB Standardised Framework[1]. Specifically, the worst aggregated reductions is the maximum reductions in change in economic value of equity across six supervisory prescribed interest rate shock scenarios, summed across all currencies. The six supervisory prescribed interest rate scenarios include parallel shock up, parallel shock down, steepener shock, flattener shock, short rate shock up, and short rate shock down. Different currency has different interest rate shock size: for CNY, the parallel shock is 250BP, short shock is 300BP, and long shock is 150BP; for USD, the parallel shock is 200BP, short shock is 300BP, and long shock is 150 BP.

ΔNII refers to the impact on our one-year net interest income when the interest rate of the main currency has a parallel upward shift of 250BP under IRRBB Standardised Framework-defined scenarios, and the impact when the deposit interest rate remains unchanged and interest rates of other main currencies have a parallel downward shift of 250BP.

When implementing the IRRBB Standardised Framework, the commercial margin has been included in the computation, and using risk-free yield curves as discount rate required by regulators. Assumptions are made on future cash flows based on the optional elements for banking book-related products. Specifically, the time bucket of core deposits is determined by non-maturity deposits (NMDs) model, and the model validation is conducted independently. For fixed rate loans commitments and time deposits subject to early redemption risk, loan prepayment rates and deposit early withdrawal rates are calculated based on historical data and applied in the projection of future repricing cash flows. The important model assumptions used in the Bank's internal measurement system are consistent with the model assumptions prescribed for the disclosure in IRRBB1. IRRBB is calculated for currencies that account for more than 5% of the balance in either banking book assets or liabilities. The summing method for ΔEVE and ΔNII of each shock scenario in IRRBB1 is the aggregation of each currency.

The longest repricing maturity assigned to NMDs does not exceed 10 years. Specifically, the average repricing maturity for retail deposits in transactional accounts is no longer than 4.5 years, the average repricing maturity for retail deposits in non-transactional accounts is no longer than 3.15 years, and the average repricing maturity for wholesale deposits is no longer than 2 years.

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1 The six supervisory prescribed interest rate shocks in the IRRBB Standardised Framework in accordance with the *Guidelines on the Management of the Interest Rate risk in the Banking Book of Commercial Banks* issued by the NFRA

11.2 IRRBB1: Quantitative Information on Interest Rate Risk in the Banking Book[2]

Unit: Amounts in millions of Renminbi

	ΔEVE		ΔNII	
Period	**December 31, 2025**	**December 31, 2024**	**December 31, 2025**	**December 31, 2024**
Parallel up	277,879	232,953	15,346	13,314
Parallel down	(355,483)	(262,242)	(289,847)	(255,494)
Steepener	154,640	157,181		
Flattener	(102,914)	(98,359)		
Short rate up	28,498	16,643		
Short rate down	18,840	30,404		
Maximum	277,879	232,953	(289,847)	(255,494)

Period	**December 31, 2025**	**December 31, 2024**
Tier 1 capital	2,576,838	2,355,216

2 Legal Person. A positive value of ΔEVE indicates a loss, whereas in the ΔNII, it reflects income.

12 Macro-Prudential Supervision Measures

For information on our global systemically important banks (G-SIBs) indicators, please visit Bank of China's official website (www.boc.cn) and navigate to Investor Relations > Financial Reports.

12.1 GSIB1: Global systemic importance assessment indicators of commercial banks

Amounts in millions of Renminbi

Year of disclosure:			2025
NO.	**Category**	**Indicators**	**Amounts**
1	Cross-Jurisdictional	Cross-jurisdictional claims	6,476,079
2		Cross-jurisdictional liabilities	5,835,117
3	Size	Adjusted on-balance and off-balance sheet assets	40,922,250
4	Interconnectedness	Intra-financial system assets	2,610,233
5		Intra-financial system liabilities	3,538,529
6		Securities and other financing instruments	6,030,801
7	Substitutability	Assets under custody	18,228,535
8		Payments settled via payment systems or correspondent banks	1,075,758,996
9		Underwritten transactions in debt and equity markets	1,893,469
10a		Trading volume of fixed income	10,474,625
10b		Trading volume of equities and other securities	1,140,788
11	Complexity	Notional amount of over-the-counter derivatives	21,900,441
12		Level 3 assets	141,735
13		Trading and available for sale securities	1,477,189

Supplementary description:

1. The indicators are prepared on a different basis compared with the financial and regulatory scope of consolidation.

13 Leverage ratio

13.1 LR1: Summary comparison of accounting assets vs leverage ratio exposure measure

Amounts in millions of Renminbi

		a	b
		As at 31 December 2025	As at 30 September 2025
1	Total consolidated assets	38,358,076	37,550,163
2	Adjustments that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(637,945)	(634,499)
3	Adjustment for fiduciary assets	–	–
4	Adjustment for derivative financial instruments	114,721	142,807
5	Adjustment for securities financing transactions	78,530	46,317
6	Adjustment for off-balance sheet exposures	2,453,803	2,224,285
7	Adjustment for securitised exposures	–	–
8	Adjustment for regular-way purchases and sales of financial assets	–	–
9	Adjustment for eligible cash pooling transactions	–	–
10	Adjustment for temporary exemption of central bank reserves (if applicable)	–	–
11	Adjustments for prudent valuation adjustments and provisions	–	–
12	Other adjustments	(27,507)	(24,907)
13	**Adjusted on- and off-balance sheet exposures**	**40,339,678**	**39,304,166**

13.2 LR2: Leverage ratio

Amounts in millions of Renminbi (except percentages)

		a	b
		As at 31 December 2025	As at 30 September 2025
On-balance sheet exposures			
1	On-balance sheet assets (excluding derivatives and securities financing transactions (SFTs))	37,659,131	36,833,457
2	Less: Provisions associated with on-balance sheet exposures	(590,060)	(580,217)
3	Less: Tier 1 capital regulatory adjustments	(27,507)	(24,907)
4	**Adjusted on-balance sheet exposures (excluding derivatives and SFTs)**	**37,041,564**	**36,228,333**
Derivative exposures			
5	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin and/or with bilateral netting)	71,265	63,001
6	Add-on amounts for potential future exposure associated with all derivatives transactions	177,344	197,768
7	Gross-up for derivatives collateral provided where deducted from the balance sheet assets	–	–
8	Less: Deductions of receivable assets for cash variation margin provided in derivatives transactions	(975)	(748)
9	Less: Exempted CCP leg of client-cleared trade exposures	–	–
10	Effective notional amount of written credit derivatives	–	–
11	Less: Deductible amounts for written credit derivatives	–	–
12	**Total derivative exposures**	**247,634**	**260,021**
SFT exposures			
13	Accounting balance for SFT exposures	518,147	545,210
14	Less: Deducted amounts for SFT assets	–	–
15	Counterparty credit risk exposure for SFT exposures	78,530	46,317
16	Agent transaction exposures	–	–
17	**Total securities financing transaction exposures**	**596,677**	**591,527**
Off-balance sheet exposures			
18	Off-balance sheet exposures	8,675,113	8,347,998
19	Less: Adjustments for conversion to credit equivalent amounts	(6,205,348)	(6,109,015)
20	Less: Provisions associated with off-balance sheet exposures	(15,962)	(14,698)
21	**Adjusted off-balance sheet exposures**	**2,453,803**	**2,224,285**

		a	b
		As at 31 December 2025	**As at 30 September 2025**
Net Tier 1 capital and adjusted on- and off-balance sheet exposures			
22	Net Tier 1 capital	3,002,708	3,034,150
23	Adjusted on- and off-balance sheet exposures	40,339,678	39,304,166
Leverage ratio			
24	Leverage ratio	7.44%	7.72%
24a	Leverage ratio a	7.44%	7.72%
25	Minimum leverage ratio requirement	4.00%	4.00%
26	Applicable leverage ratio buffers	0.75%	0.75%
Disclosure of mean values			
27	Quarterly mean daily value of gross SFT assets	659,438	581,422
27a	Quarter-end value of gross SFT assets	518,147	545,210
28	Adjusted on- and off-balance sheet exposures a[1]	40,480,969	39,340,378
28a	Adjusted on- and off-balance sheet exposures b[2]	40,480,969	39,340,378
29	Leverage ratio b	7.42%	7.71%
29a	Leverage ratio c	7.42%	7.71%

Supplementary description:

1. In Line 28, "Adjusted on- and off-balance sheet exposures a" refers to the balance of adjusted on- and off-balance sheet assets calculated by considering the temporary exemption from required reserves (if applicable) and using the simple arithmetic average of the daily balance of SFTs;

2. In Line 28a, "Adjusted on- and off-balance sheet exposures b" refers to the balance of adjusted on- and off-balance sheet assets calculated without considering the temporary exemption from required reserves (if applicable) but using the simple arithmetic average of the daily balance of SFTs.

14 Liquidity

14.1 LIQA: Liquidity Risk Management

Liquidity risk refers to the risk that commercial banks cannot timely obtain sufficient funds at reasonable costs to pay due debts, fulfil other payment obligations and meet other funding needs for normal operations. Liquidity risk may arise from the following events or factors: materially adverse changes in market liquidity, withdrawal of customers' deposits, drawing of loans by customers, overdue payment of debtors, debtor default, mismatch between assets and liabilities, difficulties in asset realisation, weakened financing ability, operating losses, and risks associated with the Bank's affiliates.

The Bank endeavoured to develop a sound liquidity risk management system with the aim of effectively identifying, measuring, assessing, monitoring, reporting and controlling or mitigating liquidity risk at the institution and Group level, including that of branches, subsidiaries and business lines, thus ensuring that liquidity demand is met in a timely manner and at a reasonable cost.

The Bank established a sound governance structure of liquidity risk management. The Board of Directors of the Bank shall bear the ultimate responsibilities for liquidity risk management, examine and approve liquidity risk preference and liquidity risk management strategies. The Senior Management shall perform the implementation of the liquidity risk tolerance level, liquidity risk management strategies approved by the Board of Directors and carry out liquidity risk management. The Asset and Liability Management Department of the Head Office shall lead the Group's liquidity risk management. Other functional departments of the Head Office and each institution shall cooperate with the completion of the funding arrangements made to ensure the overall liquidity security of the Group and assume their respective functions for liquidity risk management within the overall policy frame mentioned above. Each subsidiary shall undertake the duty of their own liquidity management. The Bank shall incorporate the liquidity risk management into the scope of internal audit, review and evaluate the sufficiency and effectiveness of liquidity risk management on a regular basis.

The Bank implemented a comprehensive liquidity risk management strategy. Adhering to the principle of appropriate balance of safety, liquidity and profitability, and following regulatory requirements, the Bank improved its liquidity risk management in a forward-looking and scientific manner. It enhanced liquidity risk management at the institution and Group level, including that of branches, subsidiaries and business lines. It formulated sound liquidity risk management policies and contingency plans, periodically re-examined liquidity risk limits, further upgraded the early warning system for liquidity risk, and strengthened the management of high-quality liquid assets in order to strike an appropriate balance between risk and return.

The Bank continually improved its liquidity stress-testing scheme. In addition to performing stress tests on a quarterly basis, stress tests are also carried out in response to changes in the macro environment. The test results indicated that the Bank had adequate payment ability to cope with distressed scenarios.

As at the end of 2025, the Group's liquidity risk indicator met regulatory requirements. The Group's liquidity ratio and loan-to-deposit ratio of the Bank's domestic operations is shown in the table below (in accordance with the relevant provisions of regulatory authorities in the Chinese mainland):

Unit: %

Ratio		**Regulatory standard**	**As at 31 December 2025**	**As at 31 December 2024**	**As at 31 December 2023**
Liquidity ratio	RMB	≥25	49.6	55.4	55.0
	Foreign currency	≥25	85.9	79.0	70.2
Loan-to-deposit ratio	RMB and foreign currency		88.2	87.2	82.7

Liquidity gap analysis is one of the methods used by the Bank to assess liquidity risk. Liquidity gap results are periodically calculated, monitored and used for sensitivity analysis and stress testing. As at the end of 2025, the Bank's liquidity gap can be found on the Investor Relation > Financial Reports section of the Bank of China's official website (www.boc.cn).

14.2 LIQ1: Liquidity Coverage Ratio (LCR)

According to the *Disclosure Rules on Liquidity Coverage Ratio of Commercial Banks*, the Group disclosed the information of liquidity coverage ratio ("LCR")[1] as follows.

Regulatory requirements of liquidity coverage ratio

As stipulated by the *Rules on Liquidity Risk Management of Commercial Banks* issued by the NFRA, the minimum regulatory requirement of LCR is 100%.

The Group's liquidity coverage ratio

Since 2017, the Group measured the LCR on a day-to-day consolidated basis. In the fourth quarter of 2025, the Group measured a total of 92-days of LCR on this basis, with average ratio[2] standing at 150.60%, representing an increase of 12.31 percentage points over the previous quarter, which was primarily due to the increase in the high quality liquid assets.

	2025			
	Quarter ended 31 December	**Quarter ended 30 September**	**Quarter ended 30 June**	**Quarter ended 31 March**
Average value of LCR	150.60%	138.29%	134.04%	143.00%

The Group's average values of consolidated LCR individual line items in the fourth quarter of 2025 are as follows:

Amounts in millions of Renminbi (except percentages)

		a	b
		The fourth quarter of 2025	
		Total unweighted value	**Total weighted value**
High-quality liquid assets			
1	Total high-quality liquid assets (HQLA)		6,598,910
Cash outflows			
2	Retail deposits and deposits from small business customers, of which:	13,092,996	930,874
3	Stable deposits	7,374,906	359,065
4	Less stable deposits	5,718,090	571,809
5	Unsecured wholesale funding, of which:	13,538,754	5,092,763
6	Operational deposits (excluding those generated from correspondent banking activities)	6,487,961	1,591,908
7	Non-operational deposits (all counterparties)	7,027,478	3,477,540
8	Unsecured debts	23,315	23,315
9	Secured funding		480
10	Additional requirements, of which:	4,251,332	3,040,366
11	Outflows related to derivative exposures and other collateral requirements	2,940,463	2,940,463
12	Outflows related to loss of funding on debt products	–	–
13	Credit and liquidity facilities	1,310,869	99,903
14	Other contractual funding obligations	119,154	119,154
15	Other contingent funding obligations	4,187,232	129,979
16	**Total cash outflows**		**9,313,616**
Cash inflows			
17	Secured lending (Including reverse repos and securities borrowing)	593,987	465,818
18	Inflows from fully performing exposures	2,000,259	1,397,684
19	Other cash inflows	3,135,182	3,067,166
20	**Total cash inflows**	**5,729,428**	**4,930,668**
			Adjusted value
21	Total HQLA		6,598,910
22	Total net cash outflows		4,382,948
23	Liquidity Coverage Ratio (%)		150.60%

Supplementary description:

1. The LCR aims to ensure that commercial banks have sufficient HQLA that can be converted into cash to meet the liquidity requirements for at least thirty days under stress scenarios determined by the NFRA;

2. The average of LCR and the averages of all related individual items are the day-end simple arithmetic averages of figures over each quarter.

14.3 LIQ2: Net Stable Funding Ratio (NSFR)

Net stable funding ratio

In accordance with the *Disclosure Rules on Net Stable Funding Ratio of Commercial Banks*, the Group disclosed the information of net stable funding ratio ("NSFR")[1] as follows:

Regulatory requirements of net stable funding ratio

As stipulated by the *Rules on Liquidity Risk Management of Commercial Banks* issued by the NFRA, the minimum regulatory requirement of NSFR is 100%.

The Group's net stable funding ratio

As stipulated by the *Disclosure Rules on Net Stable Funding Ratio of Commercial Banks* issued by the NFRA, banks approved to implement the advanced approaches of capital measurement by the NFRA in accordance with the *Capital Rules for Commercial Banks* shall disclose the information of net stable funding ratio for the preceding two consecutive quarters at least semi-annually.

As at 31 December 2025, the Group's NSFR was 127.75% on a consolidated basis, representing a decrease of 0.14 percentage point over the previous quarter. As at 30 September 2025, the Group's NSFR was 127.89%, representing an increase of 0.43 percentage point over the previous quarter. The Group's NSFR remained stable, and met the regulatory requirement.

	2025			
	Quarter ended 31 December	**Quarter ended 30 September**	**Quarter ended 30 June**	**Quarter ended 31 March**
Ending value of NSFR[2]	127.75%	127.89%	127.46%	127.51%

The Group's consolidated NSFR individual line items at the end of the fourth quarter of 2025 are as follows:

Amounts in millions of Renminbi (except percentage)

		a	b	c	d	e
		The fourth quarter of 2025				
		Unweighted value by residual maturity				
		No maturity	**< 6 months**	**6 months to < 1 year**	**≥1 year**	**Weighted value**
Available stable funding (ASF) item						
1	Capital:	3,033,047	–	–	689,895	3,722,942
2	Regulatory capital	3,033,047	–	–	689,895	3,722,942
3	Other capital instruments	–	–	–	–	–
4	Retail deposits and deposits from small business customers:	5,599,225	8,651,167	60,716	2,697	13,265,453
5	Stable deposits	2,814,170	4,831,676	9,331	684	7,273,102
6	Less stable deposits	2,785,055	3,819,491	51,385	2,013	5,992,351
7	Wholesale funding:	6,539,658	10,227,972	1,585,490	608,519	7,724,738
8	Operational deposits	5,723,183	257,591	–	–	2,990,387
9	Other wholesale funding	816,475	9,970,381	1,585,490	608,519	4,734,351
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities:	119,168	181,289	5,987	368,686	215,883
12	NSFR derivative liabilities				155,797	
13	All other liabilities and equity not included in the above categories	119,168	181,289	5,987	212,889	215,883
14	**Total ASF**					**24,929,016**
Required stable funding (RSF) item						
15	Total NSFR high-quality liquid assets					1,241,375
16	Deposits held at other financial institutions for operational purposes	56,796	1,708	–	–	29,252
17	Loans and securities:	232,855	7,752,862	3,809,358	14,295,320	16,493,625
18	Loans to financial institutions secured by Level 1 assets	–	208,968	–	–	20,897
19	Loans to financial institutions secured by non-Level 1 assets and unsecured performing loans to financial institutions	198,594	1,592,955	661,940	217,960	817,662
20	Loans to retail and small business customers, non-financial institutions, sovereigns, central banks and public sector entities (PSEs) of which:	–	4,380,509	2,884,529	9,093,129	11,044,604
21	With a risk weight of less than or equal to 35%	–	669,983	195,071	480,603	528,263

		a	b	c	d	e
		The fourth quarter of 2025				
		Unweighted value by residual maturity				
		No maturity	< 6 months	6 months to < 1 year	≥1 year	Weighted value
22	Residential mortgages of which:	–	110,256	111,552	4,343,714	3,238,031
23	With a risk weight of less than or equal to 35%	–	76,910	77,433	2,825,144	1,913,515
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	34,261	1,460,174	151,337	640,517	1,372,431
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets:	918,895	103,496	27,225	650,837	1,488,864
27	Physical traded commodities, including gold	289,719				246,261
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				1,521	1,293
29	NSFR derivative assets				159,539	3,742
30	NSFR derivative liabilities with additional requirements				31,159	31,159
31	All other assets not included in the above categories	629,176	103,496	27,225	489,777	1,206,409
32	Off-balance sheet items				10,220,716	260,182
33	**Total RSF**					**19,513,298**
34	**Net Stable Funding Ratio (%)**					**127.75%**

The Group's consolidated NSFR individual line items at the end of the third quarter of 2025 are as follows:

Amounts in millions of Renminbi (except percentage)

		a	b	c	d	e
		The third quarter of 2025				
		Unweighted value by residual maturity				
		No maturity	< 6 months	6 months to < 1 year	≥1 year	Weighted value
Available stable funding (ASF) item						
1	Capital:	3,067,821	–	–	579,910	3,647,731
2	Regulatory capital	3,067,821	–	–	579,910	3,647,731
3	Other capital instruments	–	–	–	–	–
4	Retail deposits and deposits from small business customers:	5,508,598	8,521,572	79,290	2,754	13,076,736
5	Stable deposits	2,779,596	4,721,456	8,320	694	7,134,597
6	Less stable deposits	2,729,002	3,800,116	70,970	2,060	5,942,139
7	Wholesale funding:	6,230,081	9,851,140	1,855,233	525,930	7,583,067
8	Operational deposits	5,344,788	245,414	–	–	2,795,101
9	Other wholesale funding	885,293	9,605,726	1,855,233	525,930	4,787,966
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities:	139,045	155,496	5,620	403,286	276,760
12	NSFR derivative liabilities				129,336	
13	All other liabilities and equity not included in the above categories	139,045	155,496	5,620	273,950	276,760
14	**Total ASF**					**24,584,294**
Required stable funding (RSF) item						
15	Total NSFR high-quality liquid assets					1,129,985
16	Deposits held at other financial institutions for operational purposes	59,150	13,962	–	–	36,556
17	Loans and securities:	194,350	7,790,310	3,764,681	14,256,391	16,388,709
18	Loans to financial institutions secured by Level 1 assets	–	274,981	–	–	27,498
19	Loans to financial institutions secured by non-Level 1 assets and unsecured performing loans to financial institutions	157,685	1,550,297	598,440	174,113	729,530
20	Loans to retail and small business customers, non-financial institutions, sovereigns, central banks and public sector entities (PSEs) of which:	–	4,446,665	2,869,218	9,152,550	11,079,922
21	With a risk weight of less than or equal to 35%	–	715,519	190,412	513,680	544,649

		a	b	c	d	e
		The third quarter of 2025				
		Unweighted value by residual maturity				
		No maturity	< 6 months	6 months to < 1 year	≥1 year	Weighted value
22	Residential mortgages of which:	–	110,899	111,326	4,400,371	3,281,630
23	With a risk weight of less than or equal to 35%	–	76,646	76,867	2,848,990	1,928,599
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	36,665	1,407,468	185,697	529,357	1,270,129
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets:	826,324	91,721	24,190	646,046	1,408,187
27	Physical traded commodities, including gold	204,470				173,800
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				1,212	1,030
29	NSFR derivative assets				135,068	5,732
30	NSFR derivative liabilities with additional requirements				25,867	25,867
31	All other assets not included in the above categories	621,854	91,721	24,190	509,766	1,201,758
32	Off-balance sheet items				10,137,061	258,940
33	**Total RSF**					**19,222,377**
34	**Net Stable Funding Ratio (%)**					**127.89%**

Supplementary description:

1. NSFR is introduced to ensure commercial banks have sufficient stable funding, in order to meet the demand for stable funding of all various types of assets and off-balance sheet exposures.

2. NSFR are the ending values of each quarter.