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Confirmation of Your Representation: In order to be eligible to view the attached document or make an investment decision with respect to the securities, investors must be either (I) QIBs (within the meaning of Rule 144A) or (II) non-U.S. persons eligible to purchase the securities outside the United States in an offshore transaction in reliance on Regulation S. By accepting this e-mail and accessing the attached document, you shall be deemed to have represented to us that (1) you and any customers you represent are either (a) QIBs or (b) non-U.S. persons eligible to purchase the securities outside the United States in an offshore transaction in reliance on Regulation S and that the electronic e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States and (2) that you consent to the delivery of such attached document by electronic transmission.

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BANK OF CHINA LIMITED

(a joint stock company incorporated in the People's Republic of China with limited liability)

U.S.$40,000,000,000
Medium Term Note Programme

This Supplement (the "**Supplement**") to the offering circular dated 28 April 2020 (the "**Principal Offering Circular**", together with this Supplement, the "**Offering Circular**") is prepared in connection with the U.S.$40,000,000,000 Medium Term Note Programme (the "**Programme**") established by Bank of China Limited (the "**Bank**"). Terms defined in the Principal Offering Circular have the same meaning when used in this Supplement. This Supplement is supplemental to, forms part of and should be read in conjunction with, the Principal Offering Circular (a copy of which is attached as Annex I hereto), including the information incorporated by reference in the Principal Offering Circular as described therein.

The Programme has been listed on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on Hong Kong Stock Exchange and in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) (together, "**Professional Investors**") only, effective from 29 April 2020 and for a period of 12-months. This document is for distribution to Professional Investors only. **Investors should not purchase the Notes in the primary or secondary markets unless they are Professional Investors and understand the risks involved. The Notes are only suitable for Professional Investors.**

The Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme and the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes, the Relevant Obligor(s) or the quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

This document includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Relevant Obligor(s). The Relevant Obligor(s) each accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Moody's Investors Service, Inc. ("**Moody's**"), S&P Global Ratings ("**S&P**") and Fitch Ratings Ltd. ("**Fitch**") have assigned a rating of "A1", "A" and "A" to the Programme, respectively. The rating is only correct as at the date of this Supplement. Notes issued under the Programme may be rated or unrated. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, revision or withdrawal at any time by the assigning rating agency.

Investing in Notes issued under the Programme involves certain risks and may not be suitable for all investors. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the information contained in the Offering Circular and in the applicable Pricing Supplement and the merits and risks of investing in a particular issue of Notes in the context of their financial position and particular circumstances. Investors also should have the financial capacity to bear the risks associated with an investment in the Notes. Investors should not purchase the Notes unless they understand and are able to bear risks associated with the Notes. The principal risk factors that may affect the ability of the Relevant Obligor(s) to each fulfil its obligations in respect of the Notes are discussed under "*Risk Factors*" in this Supplement and in the Principal Offering Circular.

Certain facts and statistics in the Offering Circular relating to the PRC, its economy and its banking industry have been extracted from third party sources. The Relevant Obligor(s) each confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Such information however has not been independently verified by the Relevant Obligor(s), the Arrangers and the Dealers, the Trustee or the Agents or any of their respective directors, employees, representatives, affiliates or advisers and, therefore, none of them makes any representation as to the accuracy of such facts and statistics or information, which may not be consistent with other information compiled within or outside the PRC and may not be complete or up-to-date.

The Notes and the Guarantee of the Notes, if applicable, have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Notes may include Bearer Notes that are subject to U.S. tax law requirements. Accordingly, the Notes are being offered and sold only (i) in the United States to QIBs as defined in Rule 144A and (ii) outside the United States to non-U.S. persons in offshore transactions in accordance with Regulation S. Subject to certain exceptions, the Notes may not be offered, sold, or, in the case of Bearer Notes, delivered within the United States or to, or for the account or benefit of, U.S. persons. Registered Notes are subject to certain restrictions on transfer. Any Series of Notes may be subject to additional selling restrictions. The applicable pricing supplement in respect of such Series of Notes will specify any such restrictions. See "*Subscription and Sale*", "*Transfer Restrictions*" in the Principal Offering Circular and the applicable Pricing Supplement.

Singapore Securities and Futures Act Product Classification: Solely for the purposes of its obligations pursuant to Sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time including by any subsidiary legislation as may be applicable at the relevant time (together, the "**SFA**"), unless otherwise specified before an offer of Notes, the Relevant Obligor(s) each has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA), that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**")) and "Excluded Investment Products" (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Arranger and Dealer

Bank of China

The date of this Supplement is 14 September 2020.

The Bank (as to itself and the Group) and each Subsidiary Issuer (as to itself) having made all reasonable enquiries confirms that to its best knowledge and belief (i) the Offering Circular contains all information with respect to the Relevant Subsidiary Group, the Group and the Notes and the Guarantee of the Notes, as applicable, which is material in the context of the issue and offering of the Notes; (ii) the statements contained herein relating to the Bank, the Group, the Subsidiary Issuer, the Relevant Subsidiary Group and the Notes are in every material respect true and accurate and not misleading and there are no other facts in relation to the Bank, the Group, the Subsidiary Issuer, the Relevant Subsidiary Group or the Notes, the omission of which would, in the context of the issue and offering of the Notes, make any statement in the Offering Circular misleading in any material respect; (iii) the statements of intention, opinion and belief or expectation contained in the Offering Circular with regard to the Bank, the Group, the Subsidiary Issuer and the Relevant Subsidiary Group are honestly and reasonably made or held, have been reached after considering all relevant circumstances; and (iv) all reasonable enquiries have been made by the Bank and each Subsidiary Issuer to ascertain such facts and to verify the accuracy of all such information and statements.

Each Series of Notes will be issued on the terms set out in the Principal Offering Circular under "*Terms and Conditions of the Notes*" as amended and/or supplemented by the Pricing Supplement specific to such Series. The Offering Circular must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Series of Notes, must be read and construed together with the relevant Pricing Supplement.

The distribution of the Offering Circular and any Pricing Supplement and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession the Offering Circular comes are required by the Relevant Obligor(s), the Arrangers and the Dealers to inform themselves about and to observe any such restrictions. None of the Relevant Obligor(s), the Arrangers or the Dealers represents that the Offering Circular or any Pricing Supplement may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by any Relevant Obligor, the Arrangers or the Dealers, which would permit a public offering of any Notes or distribution of the Offering Circular or any Pricing Supplement in any jurisdiction where action for such purposes is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and none of the Offering Circular, any Pricing Supplement or any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

There are restrictions on the offer and sale of the Notes and the circulation of documents relating thereto, in certain jurisdictions including, but not limited to, the United States of America, the European Economic Area, the United Kingdom, the PRC, Hong Kong, Japan and Singapore, and to persons connected therewith.

The Notes may be offered or sold (i) in the United States only to QIBs in transactions exempt from registration under the Securities Act, in which case each such purchaser must be able to make, and will be deemed to have made, certain acknowledgments, representations, warranties and agreements as set forth in the Offering Circular in respect of such Series of Notes, and/or (ii) outside the United States, to non-U.S. persons in offshore transactions in reliance on Regulation S. Any Series of Notes may be subject to additional selling restrictions. Any additional restrictions on the sale or transfer of any Series of Notes will be specified in the applicable Pricing Supplement for such Notes.

If Notes are being offered or sold to U.S. persons or in the United States, prospective investors are hereby notified that sellers of such Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. The Arranger and Dealer, through their respective selling agents, may arrange for the offer and resale of such Notes to U.S. persons or persons in the United States who are QIBs in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the Securities Act. For a description of certain restrictions on offers, sales and transfers of Notes and on the distribution of the Offering Circular, see "*Subscription and Sale*" in the Principal Offering Circular and the relevant Pricing Supplement.

The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor has any of the foregoing authorities passed upon or endorsed the merits of the offering of Notes or the accuracy or the adequacy of the Offering Circular. Any representation to the contrary is a criminal offence in the United States.

The Offering Circular is being submitted on a confidential basis in the United States to a limited number of QIBs for informational use solely in connection with the consideration of the purchase of the Notes being offered hereby. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

MiFID II product governance/target market – The Pricing Supplement in respect of any Notes may include a legend entitled "**MiFID II Product Governance**" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

PRIIPs/IMPORTANT – EEA AND UK RETAIL INVESTORS – If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

Singapore Securities and Futures Act Product Classification: Solely for the purposes of its obligations pursuant to Sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time including by any subsidiary legislation as may be applicable at the relevant time (together, the "**SFA**"), unless otherwise specified before an offer of Notes, the Relevant Obligor(s) each has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA), that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**")) and "Excluded Investment Products" (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

The Offering Circular is to be read in conjunction with all documents, which are deemed to be incorporated in the Principal Offering Circular by reference (see "*Information Incorporated by Reference*" in the Principal Offering Circular). The Offering Circular shall be read and construed on the basis that such documents are incorporated and form part of the Offering Circular. Hyperlinks included in the Offering Circular, or included in any documents incorporated by reference into the Offering Circular, and the websites and their content are not incorporated into, and do not form part of, the Offering Circular.

Listing of the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the merits of the Bank, the Branch Issuer, the Subsidiary Issuer, the Group, the Relevant Subsidiary Group or the Notes. In making an investment decision, investors must rely on their own examination of the Bank, the Branch Issuer, the Subsidiary Issuer, the Group, the Relevant Subsidiary Group and the terms of the offering, including the merits and risks involved. See "*Risk Factors*" herein and in the Principal Offering Circular for a discussion of certain factors to be considered in connection with an investment in the Notes.

No person has been authorised by any Relevant Obligor, any Arranger or any Dealer to give any information or to make any representation not contained in or not consistent with the Offering Circular or any other document entered into in relation to the Programme and the sale of Notes and, if given or made, such information or representation should not be relied upon as having been authorised by any Relevant Obligor, any Arranger or any Dealer.

Neither the delivery of the Offering Circular or any Pricing Supplement nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in the Offering Circular is true subsequent to the date hereof or the date upon which the Offering Circular has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of any Relevant Obligor since the date hereof or, if later, the date upon which the Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme or the Notes is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Neither the Offering Circular nor any Pricing Supplement constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by any Relevant Obligor, the Arrangers, the Dealers, the Trustee, the Agents or any director, officer, employee, advisor, representative, agent or affiliate of any such person or any of them that any recipient of the Offering Circular or any Pricing Supplement should subscribe for or purchase any Notes. Each recipient of the Offering Circular or any Pricing Supplement shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of each Relevant Obligor.

In connection with the issue of the Notes, the Dealer or Dealers (if any) appointed and acting in its capacity as stabilisation manager (the "Stabilisation Manager(s)") (or persons acting on behalf of any Stabilisation Manager(s)) may over allot the Notes or effect transactions with a view to supporting the price of the Notes at a level higher than that which might otherwise prevail for a limited period after the Issue Date. However, there is no obligation on such Stabilisation Manager to do this. Such stabilisation, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. Such stabilisation shall be in compliance with all applicable laws, regulations and rules.

None of the Arrangers, the Dealers, the Trustee or any Agents has separately verified the information contained in the Offering Circular. To the fullest extent permitted by law, none of the Arrangers, the Dealers, the Trustee or any Agent or any director, officer, employee, advisor, representative, agent or affiliate of any such person makes any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in the Offering Circular. To the fullest extent permitted by law, none of the Arrangers, the Dealers, the Trustee or any Agent or any director, officer, employee, advisor, representative, agent or affiliate of any such person accepts any responsibility for the contents of the Offering Circular or for any other statement made or purported to be made by the Arrangers, the Dealers, the Trustee, any Agent, or any director, officer, employee, advisor, representative, agent or affiliate of any such person or on its behalf in connection with each Relevant Obligor, the Notes or the issue and offering of the Notes. The Arrangers, the Dealers, the Trustee and each Agent accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of the Offering Circular or any such statement.

The Offering Circular does not describe all of the risks and investment considerations (including those relating to each investor's particular circumstances) of an investment in Notes of a particular issue. Each potential purchaser of the Notes should refer to and consider carefully the relevant Pricing Supplement for each particular issue of Notes, which may describe additional risks and investment considerations associated with such Notes. The risks and investment considerations identified in the Offering Circular and

the applicable Pricing Supplement are provided as general information only. Investors should consult their own financial and legal advisers as to the risks and investment considerations arising from an investment in an issue of Notes and should possess the appropriate resources to analyse such investment and the suitability of such investment in their particular circumstances.

Neither the Offering Circular nor any other information provided or incorporated by reference in connection with the Programme are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any Relevant Obligor or any of the Arrangers, the Dealers, the Trustee or the Agents or any director, officer, employee, agent or affiliate of any such person that any recipient, of the Offering Circular or of any such information, should purchase the Notes. Each potential purchaser of the Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Relevant Obligor(s), the Group and the Relevant Subsidiary Group. Each potential purchaser of Notes should determine for itself the relevance of the information contained in the Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Arrangers, the Dealers, the Trustee or the Agents or any director, officer, employee, adviser, representative, agent or affiliate of any such person undertakes to review the financial condition or affairs of the Relevant Obligor(s), the Group or the Relevant Subsidiary Group during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Arrangers, the Dealers, the Trustee, the Agents or any of them.

In the Offering Circular, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding.

PRESENTATION OF FINANCIAL INFORMATION

The financial information as at and for the years ended 31 December 2017, 2018 and 2019 in the Offering Circular has been derived from the audited consolidated financial statements of the Bank as at and for the years ended 31 December 2018 and 2019. The financial information as at and for the six months ended 30 June 2019 and 2020 in the Offering Circular has been derived from the unaudited but reviewed condensed consolidated interim financial statements of the Bank as at and for the six months ended 30 June 2020.

There are certain new accounting standards adopted by the Bank since 1 January 2020. Please refer to "*Notes to the Condensed Consolidated Interim Financial Information – I. Basis of Preparation and Principal Accounting Policies – 1. Standards, amendments and interpretations effective in 2020*" of the Group's unaudited but reviewed condensed consolidated interim financial statements as at and for the six months ended 30 June 2020 for details of such accounting standards.

The audited and unaudited but reviewed consolidated financial statements of the Bank referred to above have been published on the Hong Kong Stock Exchange and are incorporated by reference into the Principal Offering Circular attached as Annex I to this Supplement (see the section of the Principal Offering Circular headed "*Information Incorporated by Reference*").

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SUMMARY FINANCIAL INFORMATION OF THE BANK

The summary financial information set forth below has been extracted from the Group's audited consolidated financial statements as at and for the years ended 31 December 2018 and 2019 and the Group's unaudited but reviewed condensed consolidated interim financial statements as at and for the six months ended 30 June 2020. It should also be read in conjunction with any other information incorporated into the Offering Circular (see "Information Incorporated by Reference" in the Offering Circular).

There are certain new accounting standards adopted by the Bank since 1 January 2020. Please refer to "Notes to the Condensed Consolidated Interim Financial Information – I. Basis of Preparation and Principal Accounting Policies – 1. Standards, amendments and interpretations effective in 2020" of the Group's unaudited but reviewed condensed consolidated interim financial statements as at and for the six months ended 30 June 2020 for details of such accounting standards.

As the unaudited but reviewed condensed consolidated interim financial information as at and for the six months ended 30 June 2019 and 2020 of the Group has not been audited by the Bank's auditors, such financial information should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit. Investors should exercise caution when using such data to evaluate the Group's business, financial condition and results of operation. Such unaudited but reviewed condensed consolidated interim financial information as at and for the six months ended 30 June 2019 and 2020 of the Group should not be taken as an indication of the expected business, financial condition, results of operations and results of the Group for the full financial year ended 31 December 2020.

Consolidated Income Statement

	For the six months ended 30 June		For the year ended 31 December		
	2020	**2019**	**2019**	**2018**	**2017**
	(unaudited but reviewed)		*(audited)*	*(audited)*	*(audited)*
	(Amount in millions of Renminbi, unless otherwise stated)				
Interest income	375,930	365,364	742,207	687,900	622,616
Interest expense	(179,035)	(183,680)	(367,957)	(328,194)	(284,227)
Net interest income	**196,895**	**181,684**	**374,250**	**359,706**	**338,389**
Fee and commission income	57,021	57,465	104,917	99,997	100,800
Fee and commission expense	(6,679)	(6,901)	(15,305)	(12,789)	(12,109)
Net fee and commission income	**50,342**	**50,564**	**89,612**	**87,208**	**88,691**
Net trading gains	2,173	14,584	28,563	6,719	1,686
Net gains on transfers of financial assets	7,623	3,244	3,477	2,817	2,406
Other operating income	29,950	26,612	54,108	47,356	52,589
Operating income	**286,983**	**276,688**	**550,010**	**503,806**	**483,761**
Operating expenses	(90,946)	(91,130)	(198,269)	(176,979)	(173,859)
Impairment losses on assets	(66,484)	(33,670)	(102,153)	(99,294)	(88,161)
Operating profit	**129,553**	**151,888**	**249,588**	**227,533**	**221,741**
Share of results of associates and joint ventures	63	670	1,057	2,110	1,162
Profit before income tax	**129,616**	**152,558**	**250,645**	**229,643**	**222,903**
Income tax expense	(21,804)	(31,116)	(48,754)	(37,208)	(37,917)
Profit for the period/year	**107,812**	**121,442**	**201,891**	**192,435**	**184,986**
Attributable to:					
Equity holders of the Bank	100,917	114,048	187,405	180,086	172,407
Non-controlling interests	6,895	7,394	14,486	12,349	12,579
	107,812	**121,442**	**201,891**	**192,435**	**184,986**
Earnings per share for profit attributable to equity holders of the Bank during the year (Expressed in RMB per ordinary share)					
– Basic	0.32	0.38	0.61	0.59	0.56
– Diluted	0.32	0.38	0.61	0.59	0.56

Consolidated Statement of Financial Position

	As at 30 June	As at 31 December		
	2020	**2019**	**2018**	**2017**
	(unaudited but reviewed)	*(audited)*	*(audited)*	*(audited)*
	(Amount in millions of Renminbi, unless otherwise stated)			
Assets				
Cash and due from banks and other financial institutions	739,970	565,467	439,931	560,463
Balances with central banks	2,109,854	2,078,809	2,331,053	2,227,614
Placements with and loans to banks and other financial institutions	1,225,173	898,959	1,042,358	575,399
Government certificates of indebtedness for bank notes issued	169,681	155,466	145,010	129,350
Precious metals	171,501	206,210	181,203	172,763
Derivative financial assets	114,856	93,335	124,126	94,912
Loans and advances to customers, net	13,670,820	12,743,425	11,515,764	10,644,304
Financial investments	5,374,301	5,514,062	5,054,551	4,554,722
– financial assets at fair value through profit or loss	450,655	518,250	370,491	193,611
– financial assets at fair value through other comprehensive income	2,054,786	2,218,129	1,879,759	N/A
– financial assets at amortised cost	2,868,860	2,777,683	2,804,301	N/A
– available for sale	N/A	N/A	N/A	1,857,222
– held to maturity	N/A	N/A	N/A	2,089,864
– loans and receivables	N/A	N/A	N/A	414,025
Investments in associates and joint ventures	23,012	23,210	23,369	17,180
Property and equipment	252,557	244,540	227,394	205,614
Investment properties	23,116	23,108	22,086	21,026
Deferred income tax assets	50,295	44,029	38,204	46,487
Other assets	227,719	179,124	122,226	217,590
Total assets	**24,152,855**	**22,769,744**	**21,267,275**	**19,467,424**
Liabilities				
Due to banks and other financial institutions	1,611,983	1,668,046	1,731,209	1,425,262
Due to central banks	888,627	846,277	907,521	1,035,797
Bank notes in circulation	169,760	155,609	145,187	129,671
Placements from banks and other financial institutions	537,366	639,675	612,267	500,092
Financial liabilities held for trading	12,510	19,475	14,327	20,372
Derivative financial liabilities	123,271	90,060	99,254	111,095
Due to customers	17,090,217	15,817,548	14,883,596	13,657,924
Bonds issued	1,087,906	1,096,087	782,127	499,128
Other borrowings	30,322	28,011	32,761	30,628
Current tax liabilities	37,981	59,102	27,894	34,521
Retirement benefit obligations	2,487	2,533	2,825	3,027
Deferred income tax liabilities	6,240	5,452	4,548	4,018
Other liabilities	465,572	365,173	298,362	439,210
Total liabilities	**22,064,242**	**20,793,048**	**19,541,878**	**17,890,745**

	As at 30 June	As at 31 December		
	2020	**2019**	**2018**	**2017**
	(unaudited but reviewed)	*(audited)*	*(audited)*	*(audited)*
	(Amount in millions of Renminbi, unless otherwise stated)			
Equity				
Capital and reserves attributable to equity holders of the Bank				
Share capital	294,388	294,388	294,388	294,388
Other equity instruments	259,464	199,893	99,714	99,714
Capital reserve	136,037	136,012	142,135	141,880
Treasury shares	(20)	(7)	(68)	(102)
Other comprehensive income	29,997	19,613	1,417	(35,573)
Statutory reserves	175,152	174,762	157,464	141,334
General and regulatory reserves	247,114	250,100	231,525	207,817
Undistributed profits	816,310	776,940	686,405	646,558
	1,958,442	**1,851,701**	**1,612,980**	**1,496,016**
Non-controlling interests	**130,171**	**124,995**	**112,417**	**80,663**
Total equity	**2,088,613**	**1,976,696**	**1,725,397**	**1,576,679**
Total equity and liabilities	**24,152,855**	**22,769,744**	**21,267,275**	**19,467,424**

RISK FACTORS

The principal risk factors that may affect the ability of each Relevant Obligor to fulfil its obligations in respect of the Notes are discussed under the section "Risk Factors" in the Principal Offering Circular.

The subsection "Risks relating to the PRC Banking Industry – The Group is subject to certain operational requirements as well as guidelines set by the PRC banking regulatory authorities, such as maintaining a capital adequacy ratio" shall be deleted in its entirety and replaced with the following:

The Group is subject to certain operational requirements as well as guidelines set by the PRC banking regulatory authorities, such as maintaining a capital adequacy ratio

The Group is subject to certain operational requirements and guidelines set by the PRC banking regulatory authorities. CBIRC requires all commercial banks in the PRC to maintain certain financial ratios throughout its operations.

In recent years, CBIRC has issued several regulations and guidelines governing capital adequacy requirements applicable to commercial banks in the PRC. In April 2011, CBIRC promulgated the Guideline Concerning the Implementation of New Regulatory Standards for the PRC Banking Industry to clarify the direction for future regulations and the requirement for prudent regulatory requirements. In June 2012, CBIRC promulgated the CBIRC Capital Regulations which sets out the new requirements for capital adequacy which became effective on 1 January 2013, the minimum capital adequacy ratio, tier 1 capital adequacy ratio and common equity tier 1 capital adequacy ratio for commercial banks to meet by the end of 2018 are 8 per cent., 6 per cent. and 5 per cent., respectively. On 30 November 2012, CBIRC issued the Notice of the China Banking Regulatory Commission on Issues concerning Transitional Arrangements for the Implementation of the Administrative Measures for the Capital of Commercial Banks (for Trial Implementation), which sets out the requirements for capital adequacy ratio during the phase-in period. As a domestic systematically important bank and a global systematically important bank, the Group is subject to additional capital requirements of the CBIRC and the Basel Committee. As at 30 June 2020, the Group's capital adequacy ratio, tier 1 capital adequacy ratio and common equity tier 1 capital adequacy ratio (calculated in accordance with the advanced approach under CBIRC Capital Regulations) were 15.42 per cent., 12.82 per cent. and 11.01 per cent., respectively.

Although the Group is currently in compliance with the capital adequacy requirements, there can be no assurance that CBIRC will not issue new regulations to heighten the capital adequacy ratios requirements, particularly in the light of the implementation of the new Basel III. Any change in calculation of capital adequacy ratios by CBIRC may also affect the Group's compliance with capital adequacy ratios. There can be no assurance that the Group will be able to meet these requirements in the future at all times. If the Bank fails to meet the capital adequacy requirements, CBIRC may require the Bank to take corrective measures, such as restricting the growth of its loans and other assets or restricting its declaration or distribution of dividends. These measures could materially and adversely affect the Bank's business, financial condition and results of operations.

In order to support its steady growth and development, the Group may need to raise more capital to ensure that its capital adequacy ratios comply with the regulatory requirements. In its capital raising plan in the future, the Group may issue any equity securities that can replenish the Tier 1 capital or any debt securities that can replenish the Tier 2 capital. The Group's capital-raising ability may be restricted by the Group's future business, financial condition and results of operations, the Group's credit rating, regulatory approvals and overall market conditions, including Chinese and global economic, political and other conditions at the time of capital raising.

The subsection "Risks relating to the Group's Business-If the Group is unable to effectively control and reduce the level of impaired loans and advances in its current loan portfolio and in new loans the Group extends in the future, or if the Group's allowance for loan impairment losses on loans and advances is insufficient to cover actual loan losses, its financial condition and results of operations may be materially and adversely affected" shall be deleted in its entirety and replaced with the following:

If the Group is unable to effectively control and reduce the level of impaired loans and advances in its current loan portfolio and in new loans the Group extends in the future, or if the Group's allowance for loan impairment losses on loans and advances is insufficient to cover actual loan losses, its financial condition and results of operations may be materially and adversely affected

The Group's results of operations have been and will continue to be negatively impacted by its impaired loans. According to International Financial Reporting Standards ("IFRS"), being the set of accounting principles that are applicable to the Group, loans are impaired if there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms of loans. As at 30 June 2020, the Group's non-performing loans under its five-category loan classification were RMB198.382 billion, representing an NPL ratio of 1.42 per cent. The Group seeks to continue to improve its credit risk management policies, procedures and systems, and has been able to effectively control the level of its impaired loans, despite the financial turmoil in global markets.

The amount of the Group's reported impaired loans and the ratio of the Group's impaired loans to its loans and advances to customers may increase in the future for a variety of reasons, including factors which are beyond the Group's control, such as a slowdown in economic growth and other adverse macroeconomic trends in the PRC or a deterioration in the financial condition or results of operations of the Group's borrowers, which could impair the ability of the Group's borrowers to service their debt. There can be no assurance that the Group will be able to maintain or lower its current impaired loan ratio in the future or that the quality of its existing or future loans and advances to borrowers will not deteriorate. As a result of the PRC Government's economic stimulus programmes, many PRC banks, including the Group, experienced high growth in their loan scale in the past. This increase in bank loans may lead to elevated impaired loan ratios and loan loss provisions as well as increasing strain on the Group's risk management resources, which may affect the quality of its loan portfolio.

As at 30 June 2020, the balance of the Group's allowance for loan impairment losses was RMB369.912 billion and the coverage ratio of allowance for loan impairment losses to NPLs was 186.46 per cent. The Group's allowance for loan impairment losses is affected by various factors, including the quality of the Group's loan portfolio, the Group's borrowers' financial condition, repayment ability and repayment intention, the realisable value of any collateral, the extent of any guarantees, the industry in which the borrower operates, as well as general economic and business conditions. Many of these factors are beyond the Group's control. Furthermore, the adequacy of the Group's allowance for loan impairment depends to a significant extent on the reliability of, and its skills in utilising, its model for determining the level of allowance, as well as its system of data collection. The limitations of the Group's model, its lack of experience in using the model and deficiencies in its data collection system may result in inaccurate and insufficient allowance for impairment losses. As a result, the Group's actual loan impairment losses could prove to be different from its estimates and could exceed its allowance. If the Group's allowance for impairment losses on loans and advances proves insufficient to cover actual losses, it may need to make additional allowance for losses, which could significantly reduce its profit and adversely affect its business, financial condition and results of operations.

The subsection "Risks relating to the PRC – Interpretation and implementation of the PRC laws and regulations may involve uncertainties" shall be deleted in its entirety and replaced with the following:

Interpretation and implementation of the PRC laws and regulations may involve uncertainties

The Bank is incorporated and exists under the laws of the PRC. The PRC legal system is based on written statutes. Since the late 1970s, the PRC has promulgated laws and regulations dealing with legal relations in respect of such economic matters as foreign investment, corporate organisation and governance, commerce, taxation and trade, with a view towards developing a comprehensive system of commercial law. However, as many of these laws and regulations are relatively new and continue to evolve, especially with respect to the PRC banking regulatory regime, these laws and regulations may be subject to different interpretations and inconsistently enforced. In addition, there is only a limited volume of published court

decisions, which may be cited for reference but are not binding on subsequent cases and have limited precedential value. These uncertainties relating to the interpretation and implementation of the PRC laws and regulations may adversely affect the legal protections and remedies that are available to the Group in its operations and to holders of the Notes.

For example, the NDRC issued the NDRC Circular on 14 September 2015, which came into effect on the same day. According to the NDRC Circular, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities issues outside the PRC with the NDRC prior to the issue of the securities and notify the particulars of the relevant issues within 10 working days after the completion of the issue of the securities. The NDRC Circular is silent on the legal consequences of non-compliance with the pre-issue registration requirement. In the worst case scenario, if pre-issue registration is required but not complied with, it might become unlawful for the Issuer to perform or comply with any of its obligations under the Notes and the Notes might be subject to the enforcement as provided in Condition 15 (*Events of Default*). Potential investors of the Notes are advised to exercise due caution when making their investment decisions. Similarly, there is no clarity on the legal consequences of non-compliance with the post-issue notification requirement under the NDRC Circular.

On 11 January 2017, the PBOC promulgated the Circular on Issues concerning the Macro-prudential Management of Full-covered Cross-border Financing (Yin Fa [2017] No. 9) (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) (the "2017 PBOC Circular"). Under the 2017 PBOC Circular, financial institutions are required to file relevant operating rules and internal control policies and the details of the calculation of their outstanding foreign debt and foreign debt limit with PBOC or SAFE before making their first cross-border financing transaction and they are required to report to PBOC or SAFE of the amount of its capital fund and the financing agreement when a financing agreement is signed and before the drawdown of the loan or issue of debt securities, report its cross-border income after such drawdown, and report its cross-border payments after making interest or principal payments. In addition, financial institutions are also required to report to PBOC or SAFE on the fifth working day of each month on the foreign debt it has borrowed and the change in its outstanding foreign debt during the previous month. The Bank is one of the 27 designated banks required to carry out the aforesaid reporting procedures. The 2017 PBOC Circular is a new regulation and is subject to interpretation and application by relevant PRC authorities. The 2017 PBOC Circular applies to the issue of Notes under the Programme by the Bank or its onshore branches, but does not explicitly state whether it applies to offshore branches of financial institutions incorporated in the PRC.

Further, for the purpose of calculating the risk-weighted cross-border financing balance as prescribed in the 2017 PBOC Circular, the foreign debt (including but not limited to the Notes) of offshore branches of financial institutions in the PRC are excluded from the calculation unless PBOC requires that the foreign debt be included if issue proceeds of the Notes is remitted into the PRC. If reporting is required but not complied with, PBOC and/or SAFE may, among other things, (a) issue a notice of censure, (b) request rectification within a time limit, (c) impose a penalty according to the Law of People's Republic of China on the People's Bank of China and the Regulation of the People's Republic of China on the Management of Foreign Exchanges, (d) suspend cross-border financing of the institution, and (e) collect risk reserves from the institution. In addition, in the worst case scenario, if reporting is required but not complied with, it might become unlawful for the Issuer to perform or comply with any of its obligations under the Notes and the Notes might be subject to the enforcement as provided in Condition 14 (*Events of Default*). Pursuant to the Approval by the Enterprise Borrowing Foreign Debt Registration Certificate of 2020 (《企業借用外債備案登記證明》(發改辦外資備[2020]78號)) issued by the NDRC General Office on 20 February 2020 (the "NDRC Approval"), separate pre-issuance registration with the NDRC with respect to the Notes is not required. This NDRC Approval is subject to interpretation and application by relevant PRC authorities and the above-described uncertainties that apply to the 2017 PBOC Circular also apply to such approval.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the Group's unaudited but reviewed consolidated debt and capitalisation as at 30 June 2020. Please read this table in conjunction with the Group's unaudited but reviewed condensed consolidated interim financial information as at and for the six months ended 30 June 2020 which have been incorporated by reference into the Offering Circular.

	As at 30 June 2020
	(Unaudited but reviewed)
	(RMB million)
Debt[(1)]	
Bonds issued	1,087,906
Other borrowings	30,322
Total debt	**1,118,228**
Equity	
Capital and reserves attributable to equity holders of the Bank	
Share capital	294,388
Other equity instruments	259,464
Capital reserve	136,037
Treasury shares	(20)
Other comprehensive income	29,997
Statutory reserves	175,152
General and regulatory reserves	247,114
Undistributed profits	816,310
	1,958,442
Non-controlling interests	**130,171**
Total equity	**2,088,613**
Total equity and liabilities	**24,152,855**

Note:

(1) In addition, as at 30 June 2020, the Group had borrowings from central banks, deposits and money market deposits from customers and other banks, certificates of deposits, securities sold under repurchase agreements, credit commitments, acceptances, issued letters of guarantee and letters of credit, financial lease commitments and other commitments and contingencies, including outstanding litigation, that arise from its ordinary course of business.

From time to time, the Bank and/or its various offshore branches may issue debt or other regulatory capital securities in various currencies and tenor depending on market conditions.

As at 30 June 2020, the total authorised share capital of the Bank was RMB294,387,791,241 divided into 294,387,791,241 ordinary shares of RMB1.00 par value each, all of which had been issued and were fully paid-up, including 210,765,514,846 A Shares and 83,622,276,395 H Shares.

Except as disclosed in the Offering Circular, there has been no material adverse change in the capitalisation and indebtedness of the Group since 30 June 2020.

DESCRIPTION OF THE BANK

Overview

The Group is one of the largest State-owned commercial banks in the PRC, which owns a comprehensive financial service platform. Besides the commercial banking business which includes corporate banking, personal banking and financial market business, the Group also operates an investment banking business through BOC International Holdings Limited ("**BOC International**") and BOC International (China) Company Limited ("**BOCI China**"), an insurance business through Bank of China Group Insurance Company Limited ("**BOCG Insurance**"), BOC Group Life Assurance Company Limited ("**BOC Life**") and Bank of China Insurance Company Limited ("**BOC Insurance**"), a fund management business through Bank of China Investment Management Co., Ltd. ("**BOCIM**"), direct investment and investment management business through the Bank of China Group Investment Limited ("**BOCG Investment**"), an asset management business through BOC Wealth Management Co., Ltd. ("**BOC Wealth Management**"), a financial leasing, transfer and receiving of financial leasing assets business through BOC Financial Leasing Co., Ltd. ("**BOCL**"), and debt-for-equity conversion and related business in the Chinese Mainland through BOC Financial Asset Investment Co., Ltd. ("**BOC Asset Investment**"). In 2006, after successfully acquiring Singapore Aircraft Leasing Enterprise, a leading company in such business in Asia, the Group changed the acquired company's name to BOC Aviation Pte. Ltd. and became the first Chinese bank to enter the global aircraft leasing business. In connection with the global offering and the listing of its shares on the Hong Kong Stock Exchange, on 12 May 2016, BOC Aviation Pte. Ltd. was converted to a public company limited by shares and the name was changed to BOC Aviation Limited ("**BOC Aviation**"), which took effect on 19 May 2016. The combination of these businesses has created a universal banking platform that provides the Bank with the ability to offer a broad range of financial products and services and enables it to establish stronger relationships with strategically targeted customers and strengthen customer loyalty.

Established in 1912, the Bank is one of the best-known commercial banks in the PRC. During its more than 100 years of history, the Bank has built one of the most recognised brand names in the PRC through its contributions to the evolution of the PRC commercial banking industry. The Bank has many significant achievements in the PRC commercial banking sector. For example, in 1929 the Bank was the first PRC commercial bank to establish a foreign branch with the opening of its London branch. In addition, in 1985, the Bank offered the first bank card in the PRC. In 1994 and 1995, the Bank's Hong Kong subsidiary and Macau branch became bank note issuing banks in Hong Kong and Macau, respectively. Furthermore, in 1998, the Bank arranged the first U.S. dollar-denominated syndicated loan for a PRC bank as the lead manager and agent. In 2002, BOC Hong Kong (Holdings) Limited was listed on the Hong Kong Stock Exchange after a special restructuring of 12 banks in Hong Kong. The Bank was the sponsor of the 2008 Olympic Games held in Beijing and is the Official Commercial Banking Partner of the 2022 Beijing Olympic and Paralympic Winter Games. The Bank was converted into a joint stock company in the PRC in 2004. In 2006, the Bank became listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange. The Bank celebrated its 100th year anniversary in 2012.

On 4 November 2011, the Bank was included by the Financial Stability Board, the international organisation for financial supervision and consultation, in the list of the 29 global systemically important financial institutions, among which the Bank was the only bank from China and emerging economy countries and regions. From 2011 to 2019, the Bank was listed and designated each year as a global systemically important financial institution, making it the sole financial institution from emerging economies to be listed and designated as such for nine consecutive years.

As at 30 June 2020, the Group's NPLs totalled RMB198.382 billion, representing an increase of RMB20.147 billion compared with the prior year-end. The NPL ratio was 1.42 per cent., up by 0.05 percentage point compared with the prior year-end. The Group's allowance for loan impairment losses amounted to RMB369.912 billion, an increase of RMB43.989 billion compared with the prior year-end. The coverage ratio of allowance for loan impairment losses to NPLs was 186.46 per cent.

For the six months ended 30 June 2020, the Group recorded a profit for the period of RMB107.812 billion, a decrease of 11.22 per cent. compared with the six months ended 30 June 2019. It realised a profit attributable to equity holders of the Bank of RMB100.917 billion, a decrease of 11.51 per cent. compared with the six months ended 30 June 2019.

As at 30 June 2020, the Group's total loans and advances to customers amounted to RMB14,040.165 billion, an increase of RMB971.380 billion or 7.43 per cent. compared with the prior year-end. Specifically, the Group's RMB loans and advances to customers totalled RMB10,782.953 billion, an increase of RMB633.608 billion or 6.24 per cent. compared with the prior year-end, while its foreign currency loans amounted to USD460.091 billion, an increase of USD41.605 billion or 9.94 per cent. compared with the prior year-end. As at 30 June 2020, the Group's common equity tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio stood at 11.01 per cent., 12.82 per cent. and 15.42 per cent., respectively, calculated according to the advanced approach under the CBIRC Capital Regulations.

The Bank's Strengths

The Bank's principal strengths include:

Well-Recognised Brand Name

The Bank is one of the most well-known commercial banks in the PRC. In the Bank's over 100 years history, the Bank has successfully built one of the most recognised brand names in the PRC through its contributions to the evolution of the PRC commercial banking industry.

Largest and Rationally Distributed Overseas Network Complementing an Extensive Domestic Network

As at 30 June 2020, the Bank had a total of 11,634 institutions worldwide, including 11,076 institutions in the Chinese Mainland and 558 institutions in Hong Kong, Macau, Taiwan and other countries and regions. Its commercial banking business in the Chinese Mainland comprised 10,581 institutions, including 38 tier-1 and direct branches, 365 tier-2 branches and 10,177 outlets.

The Bank's extensive domestic and overseas network enables it to structure and deliver products and services to serve its customers on a global basis, and allows it to capture the business opportunities arising from the increasing integration of the PRC into the global economy.

Solid Customer Base and Strong Presence in Attractive Customer Segments

In the PRC, foreign exchange services tend to be utilised by large corporate customers and affluent individuals. Capitalising on the Bank's position as one of the most experienced foreign exchange banks in the PRC and its extensive global network, the Bank has established and continued to maintain strong relationships with leading domestic and international corporations and financial institutions. The Bank also has a strong presence in the retail customer segment.

Universal Banking Platform

In addition to commercial banking, the Bank provides investment banking, insurance and other services through the Bank's wholly-owned subsidiaries, namely, BOC Wealth Management, BOC Asset Investment, BOC International, BOCG Insurance, BOC Insurance, BOCG Investment and BOC Aviation and through the Bank's subsidiaries such as BOCL, BOC Life and BOCIM.

The Bank fully utilises the advantages in its diversified business platform and its subsidiaries embrace the Group's overall strategy to focus on their specialised business areas, establish business linkage, promote cross-selling and product innovation to enhance the synergy across the Group and provide comprehensive and quality financial services to the customers.

Leader in Non-Interest Income and Treasury Businesses with Strong Product Innovation Capabilities

The Bank believes its diversified products and innovation capabilities have enabled it to generate a higher level of non-interest income, thus reducing its reliance on its traditional lending business. The Group's operating income comprises net interest income and non-interest income. In recent years, the Bank has further built upon its strengths in the trade finance business and co-ordinated the development of traditional businesses such as international settlement and issuance of letters of guarantee, and emerging businesses, such as cross-border Renminbi business and supply chain financing. The Bank has also experienced a steady growth in revenue from the letter of credit, letters of guarantee, factoring and trade finance-related businesses. In addition, the accelerated development of the domestic settlement business has promoted the income growth of settlement and clearing businesses. The Bank has also further developed its insurance agency and pension businesses, which resulted in a substantial increase in income related to agency commission fees. For clearing services, the Bank continuously improved its cross-border Renminbi clearing capabilities and further consolidated its position at the leading edge of international payments. After holding an opening ceremony on 17 April 2019, the Bank's Tokyo Branch formally commenced business as the Renminbi clearing bank in Japan. The Bank also received authorisation to serve as the Renminbi clearing bank in the Philippines, which means that it now accounts for 13 of the world's 27 authorised Renminbi clearing banks and continues to lead its peers. It also ranked first in terms of the number of CIPS indirect participants. In the first half of 2020, the Group's cross-border RMB clearing transactions totalled RMB229.40 trillion, up by 7.86 per cent. compared with the same period of the prior year, maintaining first place in global markets. The Bank's global markets department offers a broad range of treasury products and services for different customer groups, as well as conducts settlement and related quotation, and 24-hour daily treasury activities through its five trading centres located in Hong Kong, London, New York, Beijing and Shanghai.

The Bank believes its ability to offer innovative financial solutions to its customers, which provides it with a competitive advantage over other PRC commercial banks.

Experienced Senior Management Team

The Bank's senior management team has extensive experience in the banking and financial services. The Bank's Chairman, Mr. Liu Liange, has served as Chairman of the Board of Directors since July 2019. Mr. Liu joined the Bank in 2018. He served as Vice Chairman of the Board of Directors from October 2018 to July 2019 and President of the Bank from August 2018 to June 2019. Mr. Liu served as Vice Chairman and President of the Export-Import Bank of China from July 2015 to June 2018. Mr. Liu served as Vice President of the Export-Import Bank of China from March 2007 to February 2015. He also served as Director of the African Export-Import Bank from September 2007 to February 2015, Chairman of the Board of Supervisors of Sino-Italian Mandarin Capital Partners from March 2009 to June 2015, and Chairman of the Board of Directors of Regional Credit Guarantee and Investment Facility (Asia) from March 2014 to May 2015. Mr. Liu worked in the People's Bank of China for many years, successively serving as Deputy Director – General of the International Department of the People's Bank of China, President of the Fuzhou Central Sub-branch of the People's Bank of China and Director of the Fujian Branch of the State Administration of Foreign Exchange, Director General of the Anti-Money Laundering Bureau (the Security Bureau) of the People's Bank of China. Mr. Liu has been serving as President of Shanghai RMB Trading Unit since October 2018. He served as Vice Chairman of the Board of Directors of BOC Hong Kong (Holdings) Limited from December 2018 to July 2019 and has been serving as Chairman of the Board of Directors of BOC Hong Kong (Holdings) Limited since July 2019.

Principal Business Activities

The Group's principal lines of business consist of commercial banking, investment banking and insurance. The following table sets forth the profit before income tax by the Group's principal lines of business for the periods indicated:

Profit before Income Tax by Business Lines

	For the six months ended 30 June				For the year ended 31 December					
	2020		2019		2019		2018		2017	
	Amount	per cent. of total	Amount	per cent. of total	Amount	per cent. of total	Amount	per cent. of total	Amount	per cent. of total
	(RMB million, except percentages)									
Corporate banking business	42,005	32.40	57,536	37.71	72,872	29.07	63,507	27.66	74,011	33.20
Personal banking business	60,153	46.41	50,661	33.21	93,087	37.14	93,360	40.65	80,985	36.34
Treasury operations	19,702	15.20	34,657	22.72	69,611	27.77	58,658	25.54	52,876	23.72
Investment banking and insurance	2,366	1.83	2,182	1.43	3,788	1.51	3,326	1.45	4,768	2.14
Others and elimination	5,390	4.16	7,522	4.93	11,287	4.51	10,792	4.70	10,263	4.60
Total	129,616	100.00	152,558	100.00	250,645	100.00	229,643	100.00	222,903	100.00

The Group conducts its business activities in the Chinese Mainland as well as 61 countries and regions. The following table sets forth a geographical breakdown of the profit before income tax of the Group for the periods indicated:

	For the six months ended		*For the year ended 31 December*		
	2020	**2019**	**2019**	**2018**	**2017**
	(RMB million)				
Chinese Mainland	97,194	114,687	178,338	162,224	159,067
Hong Kong, Macau and Taiwan	27,960	28,964	56,843	51,004	51,414
Other countries and regions	4,443	9,225	15,765	17,302	15,152
Elimination	19	(318)	(301)	(887)	(2,730)
Total	129,616	152,558	250,645	229,643	222,903

1 Commercial Banking in the Chinese Mainland

Focused on the three main tasks of serving the real economy, preventing financial risks, and deepening financial reform, the Bank adhered to the general principle of pursuing progress while ensuring stability and strengthened the implementation of its development strategies, thus achieving moderate growth across all businesses and the overall operating profit maintained its steady progress.

For the six months ended 30 June 2020, the commercial banking business in the Chinese Mainland achieved an operating income of RMB216.973 billion, an increase in RMB6.683 billion or 3.18 per cent. compared with the six months ended 30 June 2019.

Corporate Banking

The Bank accelerated the transformation of its corporate banking business. It further consolidated its corporate customer base, continuously optimised its customer and business structure and endeavoured to improve its global comprehensive service capabilities for corporate banking customers, thus achieving high-quality development in its corporate banking business.

In the first half of 2020, the Bank's corporate banking business in the Chinese Mainland realised an operating income of RMB97.724 billion, a decrease of RMB0.391 billion or 0.40 per cent. year-on-year.

Corporate Deposits

The Bank achieved stable growth in corporate deposits by seizing business opportunities arising from key industries and regions and improving its service capabilities for key projects. It accelerated the upgrading of product functions, enhanced the role of settlement, cash management and other products in driving deposit-taking, and improved its liability structure. It upgraded service coordinately of both large customers and long-tail customers by improving multi-layered management. The Bank also managed to attract more administrative institution customers by closely cooperating with local governments at various levels as well as institutions engaged in education and public health, thus building a more solid foundation of deposits from such customers. In addition, the Bank enhanced the service functions of its outlets so as to improve their customer service capabilities.

As at 30 June 2020, RMB corporate deposits of the Bank in the Chinese Mainland totalled RMB6,464.898 billion, an increase of RMB437.822 billion or 7.26 per cent. compared with the prior year-end. As at 30 June 2020, the Bank's foreign currency corporate deposits amounted to USD73.713 billion, a decrease of USD4.385 billion or 5.61 per cent. compared with the prior year-end.

Corporate Loans

The Bank continued to step up efforts in serving the real economy, and actively supported key areas such as new infrastructure, new urbanisation initiatives and major projects, thereby assisting in the transformation and upgrading of the domestic economy. It provided stronger support for the improvement of weaknesses in infrastructures, the high-quality development of the manufacturing industry, modern service industry and technologically innovative enterprises, as well as improving services for private enterprises, foreign investors and foreign trade. The Bank focused on supporting strategic regions such as the Beijing-Tianjin-Hebei region, the Guangdong-Hong Kong-Macau Greater Bay Area, the Yangtze River Delta and the Hainan. It also proactively pushed forward work in key sectors such as serving social welfare and people's livelihood, poverty alleviation, green finance, pensions, the Olympic Winter Games and winter sports.

As at 30 June 2020, the Bank's RMB corporate loans in the Chinese Mainland totalled RMB5,945.203 billion, an increase of RMB353.975 billion or 6.33 per cent. compared with the prior year-end. As at 30 June 2020, the Bank's foreign currency corporate loans totalled USD45.459 billion, an increase of USD8.266 billion or 22.22 per cent. compared with the prior year-end.

Transaction Banking

Positively adapting to the trends of FinTech innovation and integrated customer financial needs, the Bank vigorously developed its transaction banking business and delivered more financial support to COVID-19 pandemic control and the resumption of work and production. It fully implemented the requirements of stabilising foreign trade, releasing several measures for supporting stabilisation of foreign trade during the COVID-19 pandemic control, providing more financing support and lowering fees for foreign trade. The Bank also serviced the 127th Canton Fair, and continued to lead peers in market share of cross-border settlement. It actively participated in the Belt and Road Initiative, RMB internationalisation and the building of pilot free trade zones and free trade ports. Following the Bank's Shanghai and Hainan Branches, BOC Tianjin Branch successfully launched financial services under Free Trade Unit. The Bank continued to roll out products and services innovation and strengthened the development of application scenarios for transaction banking. It further improved service level of account, payment and settlement, and promoted innovation in supply chain financial solutions and expansion of key projects. The Bank stepped up the application of cash management products in strategic scenarios and expanded its cash management customer groups, with the aim of enhancing its global cash management service capabilities.

Financial Institutions Business

The Bank continued its wide-ranging cooperation with various global financial institutions including domestic banks, overseas correspondent banks, non-bank financial institutions and multilateral financial institutions. It built its integrated financial service platform and maintained its market leadership in terms of customer coverage. The Bank has established correspondent relationships with around 1,400 institutions and opened 1,419 cross-border RMB clearing accounts for correspondent banks from 115 countries and regions, thus carving out a leading position among domestic banks. It also promoted the Cross-border

Inter-bank Payment System ("**CIPS**") and signed cooperation agreements for CIPS indirect participants from 325 domestic and overseas financial institutions, seizing the largest market share among its peers. The Bank was among the top players in custodian services for Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors, as well as in agency services for overseas central banks and other sovereign institutions, both in terms of customer base and business size. It actively participated in the comprehensive promotion of the "full circulation" of H Shares, and jointly launched the "Shanghai-Macau Gold Road" Project with the Shanghai Gold Exchange, thus enhancing the co-brand image of financial factors market. It strengthened cooperation with the Asian Infrastructure Investment Bank ("**AIIB**"), New Development Bank and Silk Road Fund. It successfully issued AIIB's first Panda Bond as the lead underwriter, as well as the New Development Bank's Coronavirus Combating Panda Bond and first overseas USD denominated bond as a joint lead underwriter.

By the end of June 2020, the Bank had the largest market share in foreign currency deposits from financial institutions, and had further increased its market share in terms of the number of existing third-party custody customers.

Inclusive Finance

Implementing national policies and measures conscientiously to support the development of micro and small-sized enterprises and following relevant regulatory requirements, the Bank promoted the development of inclusive financial services as well as COVID-19 pandemic prevention and containment as a whole. It further deepened its "five specialised operating" mechanisms, developed more key outlets for inclusive finance credit launch, and successfully issued RMB10.0 billion of special senior bonds for micro and small business loans. The Bank also launched online "non-contact financing services" for "BOC Corporate E Loan • Unsecured Loan", allowed enterprises affected by the pandemic to postpone the repayment of principal and interest on loans, and helped micro and small-sized enterprises resume work and production.

As at 30 June 2020, the Bank's outstanding inclusive finance loans granted to micro and small-sized enterprises reached RMB525.4 billion, up by 39 per cent. year-on-year, and up by 27 per cent. compared with the prior year-end, outpacing the growth of any other loan type of the Bank. The number of micro and small-sized customers stood at over 440,000, higher than that of the beginning of 2020. The annualised interest rate of the Bank's cumulative inclusive finance loans granted to micro and small-sized enterprises in the first half of 2020 was 4.04 per cent.. The quality of loans granted to micro and small-sized enterprises remained at a stable and controllable level.

Pension Business

Focusing on the construction of China's social security system, the Bank continuously extended its pension business coverage, promoted product innovation and improved system functions. It provided a range of products including enterprise annuities, occupational annuities, employee benefit plans and pension security management products. It accelerated the strategic layout of its pension business, and actively promoted scenario building for the silver economy, thereby vigorously supporting its development.

As at 30 June 2020, pension funds under custody reached RMB65.722 billion, and the total number of enterprise annuity individual accounts held by the Bank reached 3.2218 million, an increase of 0.1855 million or 6.12 per cent. compared with the prior year-end. Assets under custody amounted to RMB475.129 billion, an increase of RMB87.984 billion or 22.73 per cent. compared with the prior year-end, with more than 17,000 clients served by the Bank.

Personal Banking

Taking a customer-centric approach, the Bank pushed forward innovation and transformation in its personal banking business, making every effort to build an online, digital, scenario-based and smart personal banking product and service system. It continuously enhanced the market competitiveness of its personal banking business by focusing on featured brands such as cross-border business, private banking, consumer finance and credit cards.

In the first half of 2020, the Bank's personal banking business in the Chinese Mainland realised an operating income of RMB100.202 billion, an increase of RMB19.533 billion or 24.21 per cent. compared with the same period of the prior year.

Personal Deposits

In response to the trend of interest rate liberalisation, the Bank leveraged its advantages in comprehensive personal financial services, made progress in deposit products innovation and smart accounts construction, and rolled out the "Cai Shen" ("God of Wealth") version of annual bank statements for personal customers. It further expanded its payment agency business by constructing its customer groups and improving the synergy between its corporate and personal businesses, and provided customers with a package of integrated service solutions, including account opening, payroll service, consumption and investment. It further developed its foreign exchange services by increasing the number of currencies available in its personal deposit and cash withdrawal business to 25 and the number of convertible foreign currencies available to customers to 39, thus maintaining a leading position among peers. The Bank improved customer experience by launching a foreign exchange cash reservation service for 23 currencies via e-channels such as mobile banking, online banking and WeChat banking in major cities in the Chinese Mainland.

As at 30 June 2020, the Bank's RMB personal deposits in the Chinese Mainland totalled RMB6,086.978 billion, an increase of RMB542.774 billion or 9.79 per cent. compared with the prior year-end. As at 30 June 2020, the Bank's personal foreign currency deposits amounted to USD43.331 billion, maintaining a leading market share.

Personal Loans

The Bank stepped up efforts to serve the real economy and steadily expanded its personal loan business. It put into practice the national regulatory policies on real estate and continued to implement a differentiated residential mortgage loan policy, with a particular focus on serving the needs of households seeking to buy owner-occupied homes for the first time. The Bank earnestly implemented reform requirements regarding interest rate liberalisation, and actively promoted Loan Prime Rate ("**LPR**") conversion for existing personal loans. It actively expanded its consumer finance business, continued to promote the transformation and upgrading of "BOC E-Credit", an online consumer loan service, and refined the online application function for government-sponsored student loans. The Bank ensured uninterrupted financial services for COVID-19 pandemic control, provided special preferential policies for medical workers, and took the lead in extending work resumption loans.

As at 30 June 2020, the total amount of RMB personal loans of the Bank in the Chinese Mainland stood at RMB4,715.805 billion, an increase of RMB265.341 billion or 5.96 per cent. compared with the prior year-end.

Wealth Management and Private Banking

The Bank accelerated the development of its wealth management and private banking services by focusing on customers' needs, and established a market-wide product selection platform to enhance its asset allocation capacity continuously. The Bank intensified efforts in product and service innovation and continued to upgrade its personal customer marketing modes and service systems, which resulted in rapid growth in the number of customers and the scale of customer financial assets.

As at 30 June 2020, the "BOC Robot Advisor", an intelligent investment advisory service, generated sales of RMB15.7 billion and attracted more than 130,000 customers, winning the "Gold Award for Technological Innovation and Application" in the "2020 China FinTech Innovation Contest". The Bank intensified efforts in constructing its professional private banking system, built up its private banking service brand, and accelerated the development of family trust services. It regularly published the BOC White Paper on Personal Banking Global Asset Allocation, the BOC Guangdong-Hong Kong-Macau Greater Bay Area Wealth Index Report and the BOC Private Banking Selected Private Placement Product Series Index. The Bank continuously improved the professional capability of its private banking team, strengthened asset allocation services for private banking customers, and invested more than one third of customer assets in net-worth products. Leveraging the Group's advantages in internationalisation, the Bank also promoted the development of its Asia-Pacific private banking platform.

As at 30 June 2020, the Bank had set up 8,159 wealth management centres, 1,091 prestigious wealth management centres and 49 private banking centres in the Chinese Mainland.

Bank Card

Closely following changes in market trends and customer demand, and aiming to support COVID-19 pandemic prevention and control with financial services, the Bank launched a QR code for charitable donations to more than 170 charitable medical institutions throughout the country, and took the lead in launching an exclusive instalment service, "BOC Youke-Yihuzhuanshu" for medical staff. It actively assisted in the resumption of work, production and market activity, participated in the allocation and distribution of consumer coupons issued jointly by the Ministry of Commerce and local governments, introduced special offers for online payments via "Head Office to Headquarters" e-commerce platforms, and promoted the "Thousand Stores in a Hundred Cities" campaign and other themed marketing activities, so as to facilitate the recovery of the consumer market. The Bank continuously improved its products and rights service system with a specific focus on the needs of key customers such as young customers, car owners and business card holders, launching distinctive credit card products such as Traditional Chinese Style Credit Card series, Platinum Car Credit Card and Platinum Business Card. The Bank devoted great efforts to boosting the digital transformation of its bank card business. It enriched application scenarios of digital credit card products. Through light-touch and convenient customer acquisition tools, it optimised customer handling and user experience. It decided on a big push into the electronic channels of credit card instalment payment, and expanded living consumption scenarios layout for merchant point of sale ("**POS**") instalment. It also continuously upgraded digital acquiring products and released a new version of the "BOC Smart Merchant" app, which offered a new mode of online application service for merchants and improved the overall merchant experience. The Bank pursued the effective control of credit card risk, and implemented evaluation based on activation ratio, active customer ratio, credit line use ratio, risk-adjusted return on capital and NPL ratio.

As at 30 June 2020, the cumulative number of credit cards issued by the Bank reached 129.5823 million. The credit card transaction amount stood at RMB802.080 billion for the first half of 2020, while the credit card instalment volume amounted to RMB178.273 billion.

The Bank accelerated the innovative development of its debit card business and expanded scenario-based applications for mobile payment, thus continuing to improve customer experience. It accelerated the promotion of its fast payment business through online and offline channels. Leveraging its advantages in higher education institution services, the Bank made efforts to expand its service scope to primary and high schools, kindergartens, training institutions and other markets. It enriched its integrated "online + offline" and "financial + non-financial" services, issued social security cards equipped with financial functions in cooperation with local Human Resources and Social Security Bureaux, and launched an e-voucher service for medical insurance in addition to electronic social security cards and electronic health cards. It developed railway travel scenarios and completed the application of its "Railway e-Card" on 13 railway lines.

2 Financial Markets Business

The Bank actively aligned itself with trends towards interest rate and exchange rate liberalisation and RMB internationalisation. By closely tracking financial market trends and fully leveraging its professional advantages, the Bank continuously adjusted its business structure, and strengthened efforts to participate in financial market innovation and achieve compliance with international regulatory requirements, thus increasing its business influence in financial markets.

Securities Investment

By strengthening its analysis and judgment regarding the macroeconomic situation and the trend of market interest rates, the Bank proactively seized market opportunities, rationally adjusted the duration of its investment portfolio and further optimised its investment structure. It actively supported the development of the real economy, and steadily participated in local government bond investment. Following trends in global bond markets, the Bank optimised its foreign currency investment portfolio and managed to prevent interest rate risk and credit risk.

Trading

The Bank ramped up efforts to improve its integrated global financial market business systems, underpinned by the three core product lines of interest rates, exchange rates and commodities, in order to continuously enhance its comprehensive customer service capabilities. It endeavoured to improve its quantitative trading capabilities by promoting the construction of its quantitative trading platform and optimising its quantitative strategies. It strengthened infrastructure construction, thus building a more solid foundation for business development. The Bank continued to outperform peers in terms of market share of foreign currency exchange against RMB business, and brought the number of currency pairs available for exchange up to 39. The total number of tradable foreign currencies reached 110, among which 99 were currencies of emerging economies and 46 were currencies of countries along the Belt and Road. Seizing opportunities arising from the two-way opening-up of financial markets, the Bank took steps to expand its overseas institutional investor customer base, relying on a multi-tier service system integrating "research, trading and sales". It also leveraged big data schemes to facilitate targeted marketing among corporate customers. It also increased support for private enterprises and small and medium-sized enterprises ("**SMEs**") by offering expedient and effective hedging services under the precondition of compliance. Owing to its advantage of integrated global structure, the Bank was able to ensure stable global operations. It continued to improve its online service capabilities and realised rapid growth in its corporate banking electronic channels in terms of transaction volume and customer scale.

Investment Banking and Asset Management

The Bank leveraged the competitive advantages of its international and diversified operations, focused on serving the real economy, vigorously expanded its investment banking and asset management business and strived to deliver an integrated "commercial banking + investment banking" service system. Following national strategies, the Bank intensified efforts in coordinated operations, made greater efforts to develop direct financing and investment advisory business including domestic and overseas bond underwriting and distribution as well as asset securitisation, and managed to meet customers' all-round needs for comprehensive financial services based on the concepts of "domestic + overseas" and "financing + intelligent". To facilitate the construction of China's capital market system, the Bank underwrote bonds in the domestic interbank market with a total amount of RMB833.362 billion. It actively supported COVID-19 pandemic prevention and control work by underwriting a total amount of RMB33.85 billion of pandemic prevention and control bonds for non-financial enterprises and international development institutions. The Bank's underwriting business for financial institutions was greatly boosted, and its financial bond underwriting volume and market share continued to improve steadily. Thanks to increased efforts to promote its asset-backed securitisation underwriting business, the Bank's market share of asset securitisation underwriting maintained the leading position in the domestic interbank bond market. The Bank enhanced the cross-border competitiveness of its underwriting business, maintained the largest market share in China offshore bond underwriting, and consecutively led the market share in Panda Bond underwriting. As a result, the brand influence of "BOC Debt Capital Markets" was continuously enhanced. The Bank continued to implement regulatory requirements, strengthened the transformation and development of its wealth management business and promoted the net value transformation of its wealth management products ("**WMPs**") in an orderly manner. It effectively supported the real economy by launching various themed WMPs based on guidance of national strategy, such as pensions and health care, technological innovation, and key regions, etc.

As at 30 June 2020, the total balance of wealth management products issued by the Bank and BOC Wealth Management amounted to RMB1,484.6 billion, with RMB1,060.7 billion attributable to the Bank and RMB423.9 billion to BOC Wealth Management.

Custody Business

Providing support for economic and social development as its main task, the Bank continued to provide high-quality custody services. It provided custody service for the "China Merchants Hubei Theme Bond Fund", the first mutual fund in the market for COVID-19 pandemic prevention and control and economic development. The Bank increased the custody volume of its credit asset securitisation business by RMB50.0 billion since 31 December 2019, ranking first in the market. It also advanced its technology and intelligent operations construction, launching a multi-tier custody service mode in the interbank market.

As at 30 June 2020, the Group's assets under custody stood at RMB11.78 trillion, of which cross-border custody business accounted for RMB455.6 billion, maintaining a leading position among Chinese peers. Mutual funds under its custody reached RMB1.4 trillion, an increase of 25.58 per cent. year-on-year, outperforming major peers in terms of growth rate.

Village Bank

BOC Fullerton Community Bank actively implemented the national strategy of rural revitalisation with the development concept of "focusing on county area development, supporting farmers and small-sized enterprises, and growing together with communities". It was committed to providing modern financial services for rural customers, micro and small-sized enterprises, individual merchants, and the wage-earning class, and developed inclusive finance services to support poverty alleviation.

BOC Fullerton Community Bank expedited the institution layout to support economic development in county areas. As at 30 June 2020, BOC Fullerton Community Bank controlled 126 village banks with 173 sub-branches in 22 provinces (including municipalities directly under the Central Government) through establishment and acquisition, of which 65 per cent. were located in China's central and western regions, becoming the domestic village bank with the largest number of institutions. It continuously improved its product and service system, and its customer base was further expanded.

As at 30 June 2020, the registered capital of BOC Fullerton Community Bank amounted to RMB8.524 billion. The balances of total deposits and loans were RMB46.963 billion and RMB49.749 billion respectively. The NPL ratio was 1.80 per cent. and the coverage ratio of allowance for loan impairment losses to NPLs stood at 221.18 per cent.. BOC Fullerton Community Bank achieved a profit for the period of RMB392 million in the first half of 2020.

BOC Fullerton Community Bank established an investment management village bank to support the construction of the Xiongan New Area and to further improve its intensive management and professional services. On 24 June 2020, CBIRC Hebei Office approved the opening of BOC Fullerton Community Bank Co., Ltd., with a registered capital of RMB1.0 billion and the registered place of Xiongan New Area, Hebei.

3 Overseas Commercial Banking

In the first half of 2020, the Bank adhered to its globalisation strategy, continuously improved its global integrated customer service system, and pushed forward the integrated development of its domestic and overseas operations. As at 30 June 2020, the Bank's overseas commercial banking customer deposits and loans totalled USD485.137 billion and USD424.467 billion respectively, an increase of 6.80 per cent. and 8.85 per cent. compared with the prior year-end. In the first half of 2020, the Bank's overseas commercial banking operations achieved a profit before income tax of USD3.712 billion, accounting for 20.17 per cent. of the Group's total profit before income tax.

Regarding the distribution of the Bank's overseas institutions, the Bank closely tracked the needs of financial services of its global customers and continuously pushed forward the development and distribution of its institutions in countries along the Belt and Road, so as to improve its global service network. As at 30 June 2020, the overseas institutions of the Bank totalled 558, covering 61 countries and regions across the world, of which 25 countries were along the Belt and Road.

For corporate banking business, by further improving its globalised customer service system and product system, and expanding its overseas market and customer base in a targeted manner, the Bank provided a full spectrum of premium, efficient, tailor-made and comprehensive financial services for "Going Global" and "Bringing In" customers, "Fortune Global 500" enterprises and local corporate customers. The Bank fully integrated its domestic and overseas premium resources in the service of national strategies, made concrete efforts to provide the Belt and Road financial services, promoted international production capacity cooperation and pushed forward the sound and sustainable investment and operation of relevant enterprises. The Bank closely monitored changes in the market situation, earnestly enhanced risk management and took efficient measures in line with local conditions to ensure the sound development of its overseas corporate banking business.

For personal banking business, the Bank continued to improve its overseas customer service network, extending its business coverage to more than 30 countries and regions. It vigorously promoted business innovation, actively served customers' needs, and provided account, settlement, debit card, mobile banking and other services for offshore business travellers, international students, expatriates and local customers. For overseas resident customers and customer groups stranded overseas due to the pandemic, the Bank offered e-coupons for overseas online platforms and special coupons for customers on its whitelist, assisted overseas customers in purchasing pandemic prevention necessities and provided preferential and convenient overseas card use services. It also expanded overseas card issuance and acquiring services. The Bank released an overseas version of "BOC Smart Payment". It optimised the service coverage of its overseas debit cards by issuing debit cards in 19 countries and regions. In addition to withdrawal, consumption and other basic functions, it introduced new features including contactless payment, non-card payment and 3D secure payment, which can be used via multiple channels including domestic and overseas counters, online banking and mobile banking, thereby better satisfying the worldwide card using demands of overseas customers. The Bank pushed forward cross-border scenario construction, diversified its cross-border scenario product and service system, and achieved productive results in delivering integrated services to personal customers in the Guangdong-Hong Kong-Macau Greater Bay Area by opening 100,000 accounts via the "Account Opening Witness" service in the region.

For financial markets business, the Bank harnessed its advantages in integrated global operations and drove forward RMB internationalisation. Leveraging its strengths in RMB clearing, the Bank expanded its cross-border RMB trading business and pushed forward the development of its RMB quotation service. Drawing on information technology, the Bank promoted an electronic trading platform that improved customer experience of quotation service. The Bank sped up efforts to develop its global custody service network and strived to deliver cross border custody services to "Going Global" and "Bringing In" customers. It rolled out a global depositary receipts programme under the Shanghai-London Stock Connect mechanism, a significant project for supporting the "Going Global" efforts of Chinese enterprises. The Bank successfully issued MOP5.0 billion of dual-currency COVID-19 alleviation themed senior social bonds to fund loans to SMEs, thus pioneering the first COVID-19 response social bond issued in the international market.

For clearing business, the Bank continuously improved its cross-border RMB clearing capabilities and further consolidated its position at the leading edge of international payments. In the first half of 2020, the Group's cross-border RMB clearing transactions totalled RMB229.40 trillion, up by 7.86 per cent. compared with the same period of the prior year, maintaining first place in global markets. The Bank accounted for 13 of the world's 27 authorised RMB clearing banks and continued to lead its peers. The Bank also expanded its CIPS indirect participants' business, and maintained first place in terms of market share.

For e-banking, the Bank further expanded the coverage of its overseas corporate online banking business and continued to enhance its online financial service capacities for global enterprises. Leveraging its online financial service platform's integration of overseas and domestic operations, the Bank further diversified its service functions, including its overseas corporate online banking and overseas bank-enterprise connection channels, expanded its clearing channels and enhanced the online service capabilities of its overseas institutions, thereby continuing to lead its peers in global capital management services.

As at 30 June 2020, the Bank offered overseas corporate online banking services in 50 countries and regions, with 14 service languages available to customers. The Bank also continued to improve its overseas personal e-banking services. Taking into account the regulatory requirements and characteristics of key regions overseas, the Bank made use of FinTech to simplify customer operation procedures and improve customer experience, with a focus on the optimisation and promotion of essential service functions such as account management, transfer and remittance, time deposit, bill payment and credit card. Based on new technologies, such as image recognition and biometric identification, the Bank enriched its online service modes, developed and launched new services, such as mobile payment, online business application, online purchase of WMPs and cheque scanning-based deposit, and further expanded its business coverage. As at 30 June 2020, the Bank offered overseas mobile banking services in 27 countries and regions, supporting 10 languages and offering over 60 services within 13 categories.

Bank of China (Hong Kong) Limited

Against the backdrop of a complex and challenging environment in the first half of 2020, BOCHK remained committed to implementing its strategy of building a top-class, full-service and internationalised regional bank. It actively responded to changes in the market environment and steadily pushed forward its business priorities, with major financial indicators remaining at solid levels. Striving to be customer-centric, it continued to develop the local market in Hong Kong, providing full support to the development of the real economy. It proactively engaged in the construction of the Guangdong-Hong Kong-Macau Greater Bay Area and promoted cross-border synergistic collaboration so as to establish integrated competitive strengths. It also improved its business network layout in Southeast Asia and enhanced its regional synergies and service capabilities. It expedited its transformation into a digital bank, enhancing technological innovation, infrastructure and application ability. BOCHK took the lead in introducing a number of financial support mechanisms for the pandemic control as well as measures to overcome pandemic-related difficulties, and maintained stringent measures to prevent all risks. It cultivated its bank culture and actively expanded green finance in order to promote its sustainable development. As at 30 June 2020, BOCHK's issued share capital was HKD52.864 billion. Its total assets amounted to HKD3,226.726 billion and net assets reached HKD313.004 billion. In the first half of 2020, its profit for the period was HKD16.161 billion.

BOCHK continued to develop the local market to support the development of the real economy. BOCHK actively expanded its business in major financing projects and arranged a number of syndicated loans and project finance with significant market influence. It remained the top mandated arranger in the Hong Kong-Macau syndicated loan market and maintained its leading market position as an IPO main receiving bank in Hong Kong. BOCHK continued to uplift its service levels for commercial customers in Hong Kong and supported the development of SMEs. It launched a special loan scheme for fighting against COVID-19 for SMEs, featuring a rapid approval process. It was among the first cohort of banks to participate in the Special 100 per cent. Loan Guarantee Scheme introduced by the HKSAR Government, and also worked alongside the Hong Kong Monetary Authority to introduce the Pre-approved Principal Payment Holiday Scheme in order to support SMEs in need. In addition, it accelerated the development of key businesses in cash pooling and cash management, maintaining a leading market position in cash pooling business through continuous expansion in business scale. BOCHK continued to refine its customer segment management, achieving constant improvements in the structure and size of its customer base through the provision of professional and comprehensive services to mid-to high-end customers. It also actively promoted key initiatives, such as digitalisation, scenario-based applications and customer migration to online transactions, and continued to enhance its mobile banking functions in order to enhance its product functionalities and sharpen its competitive edge. By accelerating the development of digital processes in its mortgage business, BOCHK captured the top market position in terms of the total number of new mortgage loans in Hong Kong. It introduced a number of people's livelihood programmes, including deferred principal repayment of mortgage loans, grace periods for insurance premium payment, and additional protection, to allow more financial flexibility for personal customers. Owing to satisfactory business development, the growth of BOCHK's total customer deposits and loans exceeded the market average, with a continually optimised deposit structure and the asset quality of its loan portfolio outperformed local market.

BOCHK proactively participated in the construction of the Greater Bay Area and promoted cross-border synergistic collaboration. Actively responding to state financial policies for the Greater Bay Area, BOCHK continuously strengthened cross-border business collaboration, tapping into the financial services demands of major industries and clients by striving to promote cross-border financial innovation, market connectivity and resource flow within the area. Continuing to focus on people's livelihood, BOCHK met the needs of Greater Bay Area residents for financial services, for example through convenient account opening and travel support. It also took steps to improve the Greater Bay Area service by enhancing its Chinese Mainland personal account opening attestation services. BOCHK diversified the application scenarios of BoC Pay with the launch of a cross-border remittance service for Chinese Mainland clients living in Hong Kong. BOCHK leveraged its service capabilities in corporate finance to support the construction of the Greater Bay Area and the development of corporations in the technological innovation sector. Moreover, it enriched its range of fund products related to the Greater Bay Area, reinforcing its competitiveness in cross-border investment services.

BOCHK improved its operational presence in Southeast Asia and enhanced its regional service capabilities. In the first half of 2020, BOCHK received approval from the Central Bank of Myanmar to set up its Yangon Branch in Myanmar. This means that its Southeast Asia business will cover nine Southeast Asian countries, forming a more comprehensive regional presence. It further reinforced its management model and continuously optimised its institutional management in the region so as to improve the service capabilities of its Southeast Asian entities in terms of marketing, business promotion, product innovation, technology-driven operation and internal management. Bank of China (Malaysia) Berhad was successfully reappointed as the Clearing Bank for RMB business in Malaysia, and launched an attestation service with BOCHK for Malaysian account opening in Hong Kong. BOCHK Jakarta Branch received approval from the Indonesian regulatory authority to upgrade its status to "Commercial Bank Based on Business Activities 3", notably uplifting its market position and brand influence. BOCHK Phnom Penh Branch became the first overseas bank to be appointed as a quoting bank for RMB to Cambodian Riel (KHR) in the regional market, and successfully processed the first RMB to KHR cross-border trade in Cambodia.

BOCHK remained committed to strengthening its core capabilities in digitalisation in order to push forward business transformation. BOCHK deepened the application of innovative FinTech to drive digital transformation. By focusing on the five core digital capabilities of innovation, agility, digitisation, mobility and regionalisation, it aimed to establish three catalysing platforms, namely an intelligent platform, a data platform and an open platform, that will provide a foundation for stable, reliable and centralised cloud technology and safe governance. Through technology-driven business reform, BOCHK introduced brand-new digital solutions in customer service, financial products, service processes, operational management and risk control, with the aim of gradually becoming a digital bank with ecosystem-based operations, digital processes, intelligent operations, agile project management and cloud computing.

4 Comprehensive Operation Platforms

The Bank is committed to meeting customers' comprehensive service needs. It actively seized opportunities arising from the development of multi-tiered capital markets, in an effort to continuously improve its comprehensive operations and build a business coordination system. It continued to optimise the Group's management and control structure, focused on enhancing its risk management capabilities. In addition, the Bank sharpened the Group's differentiated advantages and core competitiveness based on its comprehensive operations.

Investment Banking Business

BOC International

The Bank is engaged in investment banking business through BOC International. As at 30 June 2020, BOC International had an issued share capital of HKD3.539 billion, total assets of HKD88.512 billion, and net assets of HKD20.150 billion. BOC International's profit for the six months ended 30 June 2020 was HKD738 million. BOC International holds leading positions in a number of its core businesses.

BOC International actively seized strategic opportunities such as the development of the Guangdong-Hong Kong-Macau Greater Bay Area, made greater efforts in strengthening internal control, served the real economy, enhanced and strengthened its two main businesses of investment banking and wealth and asset management, and thus increased its global and comprehensive service capabilities.

Against a backdrop of continuous global improvement to its customer service capabilities, BOC International enhanced its service capabilities in Singapore's primary market and gave more effective support to the development of the Southeast Asian market. Its equity underwriting and financial advisory businesses recorded steady growth, with BOC International successfully assisting with the secondary listing of high-quality Chinese stocks including NetEase and JD.com on the Hong Kong capital markets. Its bond issuance and underwriting businesses continued to maintain market-leading positions. It also provided timely professional research reports for investors based on observations of changes in the international market. By proactively employing big data and artificial intelligence technologies, BOC International strongly expanded the application scenarios of traditional investment banking services, securities sales and wealth management. It also enriched the processing functions of its online platforms such as its mobile app and drove forward FinTech applications such as robotic process automation, in order to enhance user experience and boost steady growth in its brokerage business. Meanwhile, BOC

International ranked among the top in Hong Kong's stock and warrant markets in terms of equity sales and derivatives business. BOC International also played an active role in the Mainland-Hong Kong Mutual Recognition of Funds (MRF) scheme, promoted the construction of Asia Pacific Private Banking Centre. As at 30 June 2020, BOC International's three equity indices, as well as the BOCI Greater Bay Area Leaders Index, the world's first Chinese investment banking index, outperformed the Hang Seng Index and Hang Seng China Enterprise Index. BOCI-Prudential Asset Management Limited maintained its position as a top-ranked service provider in the Hong Kong Mandatory Provident Fund (MPF) and Macau Pension Fund businesses.

BOCI China

The Bank is engaged in securities-related business in the Chinese Mainland through BOCI China. As at 30 June 2020, the registered capital, total assets and net assets of BOCI China were RMB2.778 billion, RMB56.788 billion and RMB14.708 billion, respectively. BOCI China's profit for the six months ended 30 June 2020 was RMB571 million.

Adhering to the development principles of technology-empowered transformation and synergy, BOCI China made further progress in its business transformation and development while holding fast to the risk compliance bottom line. Taking a customer-centric approach, it endeavoured to push forward wealth management transformation. Leveraging contributions from science and technology, BOCI China enhanced the service capabilities of investment advisory and improved the comprehensive service chain of personal business. Deepening the synergistic advantages of "investment banking + commercial banking", "investment banking + investment" and "domestic + overseas" in its investment banking business, BOCI China shifted its investment banking focus towards transaction-driven comprehensive financial services, and its asset management business focus towards active management. Through these efforts, its customer service capabilities and market influence steadily strengthened.

On 26 February 2020, BOCI China was successfully listed on the main board of Shanghai Stock Exchange, receiving wide recognition from investors. The Bank indirectly holds shares of BOCI China through its wholly-owned subsidiary BOCI, and will give full play to its brand value and synergy to support BOCI China in becoming a first-class investment bank.

Asset Management Business

BOCIM

The Bank is engaged in fund management business in the Chinese Mainland through BOCIM. As at 30 June 2020, BOCIM's registered capital amounted to RMB100 million, its total assets stood at RMB5.469 billion and its net assets totalled RMB4.149 billion. BOCIM's profit for the six months ended 30 June 2020 was RMB451 million.

BOCIM steadily expanded its asset management business, continuously improved its profitability, maintained sound internal control and risk management, constantly improved its brand and market reputation, and further enhanced its comprehensive strengths. As at 30 June 2020, BOCIM's assets under management stood at RMB606.1 billion. In particular, its public-offered funds reached RMB390.5 billion and its non-monetary public-offered funds at RMB279.7 billion.

BOC Wealth Management

The Bank is engaged in asset management business in the Chinese Mainland through BOC Wealth Management. BOC Wealth Management's business includes wealth management products for the general public, wealth management products for qualified investors, consulting, and other asset management related products and services. As at 30 June 2020, BOC Wealth Management's registered capital was RMB10.000 billion, its total assets amounted to RMB10.843 billion, its net assets totalled RMB10.450 billion. Its profit for the six months ended 30 June 2020 was RMB279 million.

BOC Wealth Management steadfastly followed the requirements of the new asset management regulations. It increased the issuance of net-worth products, continually enriched its product system and rapidly increased the product scale. In line with the national strategic orientation and taking into account market

hotspots, BOC Wealth Management launched products themed on pension and health care, technological innovation and key regions, thereby effectively supporting the real economy. As at 30 June 2020, BOC Wealth Management's total product balance reached RMB423.889 billion.

Insurance

BOCG Insurance

The Bank is engaged in general insurance business in Hong Kong through BOCG Insurance. As at 30 June 2020, BOCG Insurance reported issued share capital of HKD3.749 billion, total assets of HKD9.852 billion and net assets of HKD4.225 billion. In the first half of 2020, BOCG Insurance recorded gross written premiums of HKD1.548 billion and realised a profit for the period of HKD43 million.

Steadfastly implementing its market development strategy of "deepening services in Hong Kong, refining business approach in the Chinese Mainland, reaching out to overseas markets and widening brand awareness", BOCG Insurance made solid progress in expanding its business, actively responded to market competition and coordinated with COVID-19 pandemic prevention and control. It deepened bank-insurance cooperation by jointly launching a "Remote Insurance Application" service with BOCHK and BOC Life, thereby further improving insurance application efficiency. It also advanced digital transformation by rolling out a new version of its mobile app. Following market demand, BOCG Insurance introduced new products and launched two "COVID-19 Insurance" schemes, thus honouring its corporate social responsibilities and promoting positivity. In line with the implementation of China's major national initiatives, it strengthened business expansion in the Guangdong-Hong Kong-Macau Greater Bay Area and Southeast Asia. BOCG Insurance's Hong Kong-Zhuhai-Macau Bridge vehicle insurance, Greater Bay Area personal accident insurance and Greater Bay Area travel insurance have all been widely recognised in the market.

BOCG Insurance pushed forward the development of its comprehensive risk management system, further improved its relevant risk control management system and mechanism, optimised its risk appetite setting and transmission mechanism, and properly managed various risks in a coordinated manner, thereby continually enhancing its risk management capabilities.

BOC Life

The Bank is engaged in life insurance business in Hong Kong through BOC Life. As at 30 June 2020, BOC Life's issued share capital was HKD3.538 billion, total assets amounted to HKD164.982 billion and net assets amounted to HKD10.536 billion. BOC Life's profit for the six months ended 30 June 2020 was HKD337 million.

BOC Life continued to implement its strategy of diversifying distribution channels, expanded its market coverage and strengthened its position as an expert in the area of retirement wealth management by providing a high-end Voluntary Health Insurance Scheme plan. In response to the pandemic, BOC Life actively introduced a number of relief measures to increase flexibility for customers, including remote application for Qualifying Deferred Annuity Policy products via telephone at home, an extension of the grace period for premium payment and the offer of additional COVID-19 coverage for designated customers. At the same time, BOC Life stepped up its efforts to develop its online insurance service by launching a number of products on its mobile banking platform, including short-term savings, whole life protection, critical illness, deferred annuity and hospital cash plans. These, together with increased online marketing and promotions, enabled BOC Life to provide customers with a more convenient experience in terms of digital insurance applications.

BOC Insurance

The Bank is engaged in property insurance business in the Chinese Mainland through BOC Insurance. As at 30 June 2020, BOC Insurance reported registered capital of RMB4.535 billion, total assets of RMB13.725 billion and net assets of RMB4.351 billion. For the six months ended 30 June 2020, it realised gross written premiums of RMB3.007 billion, and a profit for the period of RMB124 million.

BOC Insurance followed the national strategies, closely tracked market trends and customer needs, remained committed to serving the real economy, and continued to improve its comprehensive financial service capabilities. It actively responded to the Belt and Road Initiative. It maintained a leading position in the overseas insurance business, covering nearly 30 industries in 70 countries and regions in Asia, Africa and South America. Supporting regional development strategies, BOC Insurance developed integrated insurance action plans for the Yangtze River Delta and the Guangdong-Hong Kong-Macau Greater Bay Area, and supported the infrastructure of key regions such as the Yangtze River Delta, the Greater Bay Area and the Beijing-Tianjin-Hebei Region, thereby boosting integrated and coordinated development in these regions. It supported China's industrial upgrading by offering an insurance compensation mechanism for the first (set of) major technical equipment, so as to bolster enterprises' technological innovation and facilitate the upgrading of major technical equipment. It supported customs clearance facilitation reform by providing services for the "International Trade Single Window" and moving online the full process of tariff guarantee insurance and cargo transportation insurance. To support the reform and development of private enterprises, BOC Insurance formulated and implemented 19 measures for serving private enterprises. It also played an active role in COVID-19 prevention and control, and pushed forward work and production resumption. It cooperated in carrying out the "BOC Protection Scheme for Doctors and Nurses" campaign, and provided exclusive insurance services for over 140,000 medical workers with a total insured amount of RMB6.3 billion. Besides, it assumed its share of social responsibility by joining the China Nuclear Insurance Pool, the China Urban and Rural Residential Building Earthquakes Catastrophe Insurance Pool, the single-purpose pre-paid card performance bond insurance pool and the Residential Project Inherent Defect Insurance (IDI) supplier list, and by obtaining the qualifications to provide serious illness insurance for urban and rural residents. In addition, BOC Insurance introduced new forms of claim settlement services, and increasingly applied technology to claim settlement. To achieve agile response to COVID-19, it simplified claim settlement formalities and offered green channels, thus delivering convenient and high-quality services to customers.

BOC-Samsung Life Ins. Co., Ltd. ("BOC-Samsung Life")

The Bank is engaged in life insurance business in the Chinese Mainland through BOC-Samsung Life. As at 30 June 2020, BOC-Samsung Life's registered capital stood at RMB1.667 billion, total assets amounted to RMB26.613 billion and net assets amounted to RMB1.687 billion. For the six months ended 30 June 2020, BOC-Samsung Life recorded written premiums and premium deposits of RMB6.745 billion and a profit for the period of RMB69 million.

BOC-Samsung Life made every effort to respond to COVID-19 by jointly launching the "BOC Protection Scheme for Doctors and Nurses" campaign. It offered a special insurance programme for nearly 60,000 medical personnel working in key areas of pandemic prevention and control, provided adequate financial services and insurance assistance for the pandemic response effort, and added COVID-19 liability to the coverage of 11 critical illness insurance and accident insurance products, thus fully performing its social responsibility as an insurance company.

BOC-Samsung Life maintained rapid business growth. For the six months ended 30 June 2020, it realised an increase of 41 per cent. in premiums compared to the same period in 2019, highlighting the continuous enhancement of its market competitiveness. Focusing on fundamentals of the insurance business, it improved its business structure and achieved an increase of 47 per cent. in the new written premiums from its risk protection and long-term savings businesses for the six months ended 30 June 2020, compared to the same period in 2019. It continued to strengthen product development and highlighted the protection function of insurance, launching products such as "BOC AiJiaBao (Version 2020) Illness-Specific Insurance". To further enable advancement through technology, it put in place a comprehensive online system featuring convenient, fast, professional and quality services, introduced nine initiatives to facilitate claim settlement, including green channels for claim settlement, streamlined claim procedures, claim prepayment and cancellation of deductibles, and offered "free medicine consulting on the phone" services around the clock and free online clinical diagnosing, thus gaining wide recognition from customers. BOC-Samsung Life was awarded "Insurer of the Year in Customer Service" in the fifth China's Insurance Industry Ranking 2020.

Investment Business

BOCG Investment

The Bank is engaged in direct investment and investment management business through BOCG Investment. BOCG Investment's business activities include private equity investment, fund investment and management, real estate investment and management and special situation investment. As at 30 June 2020, BOCG Investment had recorded issued share capital of HKD34.052 billion, total assets of HKD127.566 billion and net assets of HKD66.375 billion. Its profit for the six months ended 30 June 2020 was HKD2.583 billion.

BOCG Investment strived to foster sustainable and stable operations by firmly adhering to the strategies of integration, fund-based development and digitalisation. It actively implemented the Group's comprehensive competition through cooperation by broadening investment and loan linkage channels and developing its business in the Yangtze River Delta and Guangdong-Hong Kong-Macau Greater Bay Area. Focusing on emerging industries, such as medical treatment, consumption, logistics, and high-end manufacturing, BOCG Investment helped enterprises recover from the impact of COVID-19 and supported the development of the real economy. BOCG Investment continued to strengthen its market-oriented financing capabilities and successfully issued a RMB1.5 billion Panda Bond.

BOC Asset Investment

The Bank is engaged in debt-for-equity swap and related business in the Chinese Mainland through BOC Asset Investment. As at 30 June 2020, the registered capital of BOC Asset Investment was RMB10.000 billion, with its total assets and net assets standing at RMB73.909 billion and RMB11.105 billion respectively. Its profit for the six months ended 30 June 2020 was RMB815 million.

BOC Asset Investment conducted debt-for-equity swap business based on market-oriented and rule-of-law principles, with the aim of improving enterprises' business operations and helping them to reduce leverage ratios and improve market value, thus effectively serving the real economy and preventing and mitigating financial risks. A special fund for debt-to-equity swaps was established by BOC Asset Investment in order to mobilise capital to support private enterprises in the Yangtze River Delta region. As at 30 June 2020, the Bank's cumulative market-oriented debt-for-equity swap business reached RMB154.397 billion, with an increase of RMB6.051 billion compared with the prior year-end.

Leasing Business

BOC Aviation

The Bank is engaged in the aircraft leasing business through BOC Aviation. BOC Aviation is one of the world's leading aircraft operating leasing companies and is the largest aircraft operating leasing company headquartered in Asia, as measured by value of owned aircraft. As at 30 June 2020, BOC Aviation recorded issued share capital of USD1.158 billion, total assets of USD22.619 billion and net assets of USD4.642 billion. Its profit for the six months ended 30 June 2020 was USD323 million.

Committed to pursuing sustainable growth, BOC Aviation continued to implement its proactive business strategy and steadily promoted its standing in the aircraft leasing industry. Actively supporting the Belt and Road Initiative, it had leased more than 67 per cent. of its aircraft to airlines of Belt and Road countries and regions, as well as airlines based in the Chinese Mainland, Hong Kong, Macau and Taiwan, as at 30 June 2020. Continually cultivating customer demand, the company took delivery of 23 aircraft, including one aircraft that an airline customer purchased at delivery, as it expanded its owned fleet. All of these aircraft have been placed on long-term leases. BOC Aviation signed 76 leases for future deliveries and added two new customers, bringing its total up to 91 customers in 40 countries and regions. The company consistently sought to optimise its asset structure and to improve its sustainable development. It sold five owned aircraft in the first half of 2020, leaving it with an average owned fleet age of 3.5 years (weighted by net book value) as at 30 June 2020, one of the youngest aircraft portfolios in the aircraft leasing industry.

BOC Financial Leasing Co., Ltd. ("BOCL")

The Bank operates financial leasing, transfer and receiving of financial leasing assets and other related businesses through BOCL. BOCL was established in June 2020 and registered in Chongqing. As at 30 June 2020, BOCL recorded registered capital of RMB10.800 billion, total assets of RMB10.808 billion and net assets of RMB10.806 billion.

Following the strategic objectives of the Group, BOCL accelerated the establishment and improvement of its governance system, strengthened its risk management mechanism and promoted the construction of a team of market-oriented talents. Focusing on national strategies and key regions, it leveraged its advantages of specialisation, differentiation and characteristics, refined and strengthened its leasing brand, promoted high-quality development, and continuously enhanced the capability of serving the real economy.

5 Service Channels

With a core focus on improving customer experience, the Bank pushed forward its service channel integration and outlet transformation so as to attract more active customers and cultivate an ecosystem featuring the integration of online and offline channels and the seamless connection of financial and non-financial scenarios.

Online Channel

Embracing the trend of digital transformation and following a "Mobile First" strategy, the Bank continued to increase its efforts to expand online channels and upgrade its mobile banking service, thus realising a rapid growth in online businesses. In the first half of 2020, the Bank's substitution ratio of e-banking channels for outlet-based business transactions reached 94.95 per cent. Its e-channel transaction amount reached RMB133.95 trillion, an increase of 15.99 per cent. compared with the same period of the prior year. Among this, mobile banking transaction volumes reached RMB15.54 trillion, an increase of 13.85 per cent. compared with the same period of the prior year, making mobile banking the online trading channel with the most active customers. The table below sets forth, as at the dates indicated, the number of the Group's online customers by categories:

	As at 30 June 2020	**As at 31 December 2019**	**Change**
	(in millions)		*(%)*
Number of corporate online banking customers	5.0199	4.6163	8.74
Number of personal online banking customers	187.4830	182.3062	2.84
Number of mobile banking customers	193.7826	180.8226	7.17
Number of telephone banking customers	112.2357	112.7403	(0.45)

The Bank picked up the pace of building a mobile portal to deliver integrated corporate banking financial services for corporate banking customers. Taking into account the needs of SMEs for convenient mobile finance, the Bank started by improving primary services, diversifying featured services and expanding new scenarios to drive the development of an enterprise-level mobile integrated financial service platform in a tiered and step-by-step manner. It continued to improve primary services such as account management, bank-enterprise reconciliation, transfer and remittance, deposit and online reservation of account opening as well as featured services including self-service foreign exchange settlement, international settlement and online L/G. The Bank's mobile services now cover almost all high-frequency corporate customer transactions.

The Bank adapted to changes in FinTech development and customer habits, expanded mobile banking services and introduced such features as annual electronic statement, LPR conversion, credit reference inquiry, E-mortgage and Silver Economy Service for its personal banking customers. It improved key functionalities such as cross-border remittance, investment and wealth management, credit card and self-service registration, covering more than 200 digital financial services. It continuously enriched mobile banking's non-financial services, focused on high-frequency transactions and consumption scenarios to create the best user experience, and provided customers with more convenient personal financial services with a focus on e-commerce shopping, food delivery and online video, etc. The Bank continued to enhance its digital risk control capability and provided customers with access to smart and efficient online anti-fraud services, so as to effectively protect and secure their funds. During the COVID-19 pandemic, the Bank upgraded its mobile banking services and introduced an anti-pandemic zone to provide domestic and overseas customers with the latest news regarding the pandemic situation.

Offline Channel

The Bank pushed forward outlet transformation, centring on its bank-wide smart counters, to enhance outlets' value-creating capacity. In the first half of 2020, the Bank completed seven upgrades of its smart counters so as to further improve its service system. It offered multiple channels for account opening reservation, "one-stop" account opening and product contracting by relying on channel innovation and process improvement, and dedicated itself to delivering more efficient and accessible products and services to customers. Corporate receipt management was launched at smart counters, allowing for self-service inquiry and account information printout by corporate customers, thus supporting work and production resumption through efficient and expedited services. An instant card printing service was also launched in a pilot basis, satisfying customers' real-time card usage demands by printing and issuing cards with designated numbers on site. The Bank launched a tablet version of its smart counters, supporting outlets to "go out" and actively expand the customer base by providing a one-to-one premium service. A cash version of smart counters was also launched across the Bank, providing smart cash services including large amounts and multiple denominations and mediums. The Bank also promoted a new O2O physical delivery model by focusing on foreign currency exchange as a business enabler. Specifically, it enabled customers to make online reservations and collect foreign currency packages through smart counters, thus ensuring convenient cross-border services for customers. Moreover, by empowering outlets through technological means, the Bank continuously improved its customer service channels and enhanced digital marketing and management capabilities at the outlet level.

The Bank optimised its outlet performance assessment system and continued to work on the differentiated development of its outlets, in a bid to promote outlet efficiency and effectiveness. Focusing on core business areas and scenario-building strategies, the Bank accelerated the building of featured outlets to offer differentiated, enhanced quality services, and expanded service channels so as to upgrade financial service capabilities in county areas. In addition, the Bank refined the operational management of its outlets and adjusted the authorities and responsibilities of primary-level employee positions. It improved outlets' marketing and service approaches and strengthened the risk management of its outlet business, thus enhancing comprehensive operational efficiency.

As at 30 June 2020, the Bank's commercial banking network in the Chinese Mainland (including Head Office, tier-1 branches, tier-2 branches and outlets) comprised 10,581 branches and outlets. Its non-commercial banking institutions in the Chinese Mainland totalled 495, and the number of its institutions in Hong Kong, Macau, Taiwan and other countries and regions totalled 558.

The table below sets forth, as at the dates indicated, the number of the Group's ATMs, smart counters and self-service terminals:

	As at 30 June 2020	**As at 31 December 2019**	**Change**
		(single item)	*(%)*
ATM	35,240	37,331	(5.60)
Smart counter	31,568	30,425	3.76
Self-service terminal	1,163	1,875	(37.97)

Information Technology Development

The Bank continued to deeply pursue FinTech innovation so as to boost the role of technology as an enabler, bolstering its ongoing efforts to build a digitalised bank that is oriented to user experience, data-based and technology-driven.

The Bank leveraged technology in order to provide strong support for financial services during the COVID-19 pandemic. It rapidly launched various financial services in response to the COVID-19 outbreak, including the granting of anti-pandemic loans, a free donation channel for corporate customers, and deferral and interest exemption on credit card statements. It introduced a COVID-19 control section to its mobile banking and WeChat banking channels in order to provide a number of convenient services for stay-at-home customers, including pandemic update and online health consultations, thus using FinTech to support COVID-19 control. It also launched smart home service representatives to safeguard the continuity of its financial services. Capitalising its advantages in online services, the Bank provided technological support for the 127th Canton Fair, the 2020 World Artificial Intelligence Conference and the 4th World Intelligence Congress.

The Bank advanced enterprise-level architecture development and sped up technological reform. From a corporate perspective, it pressed ahead with the top-level design, modelling and auxiliary projects for enterprise-level business architecture and enterprise-level IT architecture. The Bank accelerated the implementation of its foundational strategic projects and prepared solid ground for digital development. The three cloud computing bases in Hefei, Inner Mongolia and Xi'an have all been put into operation. In addition, the Bank continuously developed the layout of its next-generation multi-centre infrastructure in multiple locations, built a platform for cloud centre operations and established an agile and efficient cloud service model, thereby enhancing the Group's infrastructure support capacity.

The Bank gave full play to the driving role of technology in speeding up digital transformation in key business fields. It rapidly built up its scenario ecosystem, comprising cross-border, education, sports and the silver economy, with new technologies applied to financial scenarios on a pilot basis. It upgraded its mobile banking from a trading platform to an integrated service platform, and launched a number of new features such as payment by facial recognition and a wealth management micro-store. The Bank also embedded a corporate services ecosystem in its transaction banking to enhance its customer service capacity. It made its smart counter channel available via portable devices, and rolled out new scenarios such as LPR conversion and real-time card printing, thereby improving its offline service system. In addition, the Bank launched BOC Corporate E Loan and hence improved loan processing efficiency. It also continuously upgraded its smart customer service system, and launched online customer service across all online channels. Meanwhile, the Bank established a smart asset management system to provide customers with more intelligent services for asset allocation. It also built the "Cyber Defence" smart risk control and prevention system as well as a digital lifecycle risk control system, which provide strong backing for the Group's enterprise risk management.

The Bank delivered more technological support to its globalised and comprehensive operations, and advanced the coordinated development of the Group. It promoted the IT standardisation of its comprehensive operation companies, improved the information system building process for newly established overseas institutions, and supported the IT development of overseas institutions. At the same time, the Bank extended the overseas reach of mature products and services such as mobile banking, smart counters and smart customer services, thus significantly enhancing its global service capabilities.

The Bank continually improved its IT systems and processes as well as the layout of its technological innovation mechanisms. It strengthened collaboration and shared application between the Head Office and branches, improved the characterised application management system for domestic branches, and made coordinated efforts regarding the implementation of overseas institutions' special requirements. The Suzhou subsidiary of BOC Financial Technology was established. Explorations were made regarding a new mechanism for cooperation with government, with a view to jointly implementing the Group's technological strategy. In order to promote the construction of regional innovation and R&D centres, the Bank inaugurated its Xiongan base, which was the earliest one among its peers and made the layout of its FinTech innovation further optimised. As part of its constant research into new technologies, the Bank advanced the application of such new technologies as 5G, Internet of Things, blockchain and virtual reality in real-world scenarios.

Major Contracts

Material Custody, Sub-contracts and Leases

In the first half of 2020, the Bank did not take, or allow to subsist any significant custody of, sub-contract or lease assets from other companies, or allow its material business assets to be subject to such arrangements, in each case that is required to be disclosed.

Material Guarantee Business

As approved by PBOC and CBIRC, the Bank's guarantee business is an off-balance sheet item in the ordinary course of its business. The Bank operates the guarantee business in a prudent manner and has formulated specific management measures, operational processes and approval procedures in respect of the risks of guarantee business and carries out this business accordingly. In the first half of 2020, save as disclosed above, the Bank did not enter into or allow to subsist any material guarantee business that is required to be disclosed.

Employees

As at 30 June 2020, the Bank had a total of 306,232 employees. There were 280,586 employees in the Bank's operations of the Chinese Mainland, of which 267,784 worked in the Bank's domestic commercial banking operations. As at 30 June 2020, there were 25,646 employees in the Bank's operations in Hong Kong, Macau, Taiwan and other countries and regions. As at 30 June 2020, the Bank bore costs for a total of 5,228 retirees.

The following table sets forth the total number of employees by geographic distribution as at 30 June 2020:

	Number of employees	**per cent. of total**
Northern China	60,812	19.85
Northeastern China	24,281	7.93
Eastern China	91,186	29.78
Central and Southern China	66,984	21.87
Western China	37,323	12.19
Hong Kong, Macau and Taiwan	19,468	6.36
Other countries and regions	6,178	2.02
Total	306,232	100.00

Intellectual Property

The Bank owns various intellectual property rights including trademarks, patents, domain names, and copyrights. The Bank conducts business under the "Bank of China", "BOC", "中國銀行", "中銀", "中行" and " ", and other brand names and logos.

RISK MANAGEMENT

The Group's primary risk management objectives are to maximise value for equity holders while maintaining risk within acceptable parameters, optimising capital allocation and satisfying the requirements of the regulatory authorities, the Group's depositors and other stakeholders for the Group's prudent and stable development.

The Group has designed a series of risk management policies and has set up risk controls to identify, analyse, monitor and report practices by means of relevant and up-to-date information systems. The Group regularly reviews and revises its risk management policies and systems to reflect changes in markets, products and emerging best practises.

The Bank endeavoured to comply with regulatory requirements for preventing and mitigating material risks, continued to improve its risk management system in line with the Group's strategies, and further enhanced its comprehensive risk management. It improved its contingency plan and re-examined and updated the Group's risk appetite, thereby constantly making its risk management reporting more forward-looking. It kept improving the effectiveness of the Group's consolidated risk management and control so as to support its comprehensive development. Meanwhile, the Bank continued to refine its risk measurement model and pushed forward the development and maintenance of online models for inclusive finance. It promoted the development of advanced capital management approaches, and deepened the application of advanced approaches. In addition, the Bank intensified efforts in intelligent scenario development and the application of risk data, and strengthened its risk data governance. It also strictly followed regulatory requirements in order to enhance accountability for remediation and hold fast to the bottom line for risk compliance.

The most significant types of risk to the Group are credit risk, market risk and liquidity risk. Market risk includes interest rate risk, currency risk, and other price risk.

Risk Management Framework

The Board of Directors is responsible for establishing the overall risk appetite of the Group and reviewing and approving the risk management objectives and strategies.

Within this framework, the Group's senior management has overall responsibility for managing all aspects of risks, including implementing risk management strategies, initiatives and credit policies and approving internal policies, measures and procedures related to risk management. The Risk Management Department, the Credit Management Department, the Financial Management Department and other relevant functional departments are responsible for monitoring financial risks.

The Group manages the risks at the branch level through direct reporting from the branches to the relevant departments responsible for risk management at the Head Office. Business line related risks are monitored through establishing specific risk management teams within the business departments. The Group monitors and controls risk management at subsidiaries by appointing members of their Board of Directors and risk management committees as appropriate.

Credit Risk Management

The Group takes on exposure to credit risk, which is the risk that a customer or counterparty will cause a financial loss for the Group by failing to discharge an obligation. Credit risk is one of the most significant risks for the Group's business.

Credit risk exposures arise principally in lending activities and debt securities investment activities. There is also credit risk in off-balance sheet financial instruments, such as derivatives, loan commitments, bill acceptance, letters of guarantee and letters of credit.

Closely monitoring changes in macroeconomic and financial conditions, the Bank pushed forward the optimisation of its credit structure, further improved its credit risk management policies, strengthened credit asset quality management and took a proactive and forward-looking stance on risk management.

The Bank continuously adjusted and optimised its credit structure. With the aim of advancing strategic implementation and balancing risk, capital and return, it improved the management plans for its credit portfolios. In line with national industrial policy orientation, the Bank intensified its support to the real economy, bolstered the improvement of weak links in infrastructure, and supported new infrastructure and new urbanisation initiatives and major projects such as transportation and water conservation projects, boosting the high-quality development of the manufacturing industry. It also enacted guidelines for industry-focused lending and continued to push forward the building of an industrial policy system so as to optimise its credit structure.

Taking a customer-centric approach, the Bank further strengthened its unified credit granting management and enhanced full-scope centralised credit risk management. It continuously improved its long-acting credit management mechanism and asset quality monitoring system, strengthened the control of customer concentration, and further raised the effectiveness of potential risk identification, control and mitigation. The Bank enhanced the supervision of risk analysis and asset quality control in key regions, and strengthened window guidance on all business lines. In addition, it constantly identified, measured and monitored large exposures in line with management requirements.

In terms of corporate banking, the Bank further strengthened risk identification and control in key fields, and proactively reduced and exited credit relationships in such fields. It strictly controlled the outstanding amount and use of loans through limit management, and prevented and mitigated risk from overcapacity industries. In addition, it implemented the government's macro-control policies and regulatory measures in the real estate sector so as to strengthen the risk management of real estate loans. In terms of personal banking, the Bank reinforced the management of credit granting approval, imposed stricter access standards, strengthened monitoring throughout the whole process, and prevented the risk of excessive credit and cross-infection while supporting the development of its personal credit business. It also strengthened risk control over key products and regions.

The Bank strengthened country risk management. It performed an annual review of country risk ratings and implemented limit management and control of country risk exposures. It collected statistics, monitored, analysed and reported its exposures on a regular basis, and made timely assessments of the impact of material country risk events. In addition, it re-examined country risk by considering the impact of COVID-19 and other factors, issued risk prompts in a timely manner and adopted differentiated management of potentially high-risk and sensitive countries and regions. The Bank's net exposure to country risk mainly concentrated on countries and regions that have relatively low ratings, and its overall country risk remained at a reasonable level.

The Bank further stepped up the collection of NPAs. It continued to adopt centralised and tiered management of NPA projects. It reinforced the supervision and management of key regions and key projects, in order to continuously improve the quality and efficiency of disposals. The Bank proactively explored the application of "Internet Plus" in NPA collection, and diversified its disposal channels. In addition, it enhanced the application of write-off and debt-for-equity swaps to consolidate asset quality and prevent and defuse financial risks.

The Bank reasonably measured and managed the quality of its credit assets based on the *Guidelines for Loan Credit Risk Classification*. As at 30 June 2020, the Group's NPLs[1] totalled RMB198.382 billion, an increase of RMB20.147 billion compared with the prior year-end. The NPL ratio was 1.42 per cent., up by 0.05 percentage point compared with the prior year-end. The Group's allowance for loan impairment losses amounted to RMB369.912 billion, an increase of RMB43.989 billion compared with the prior year-end. The coverage ratio of allowance for loan impairment losses to NPLs was 186.46 per cent.

The Group identifies credit risk collectively based on industry, geography and customer type. This information is monitored regularly by the management.

1 The loans and advances to customers in this section are exclusive of accrued interest.

The following table sets forth, at the dates indicated, the Group's loans and advances to customers categorised by geographical area:

	As at 30 June		As at 31 December					
	2020		2019		2018		2017	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB million, except percentages)							
Chinese Mainland	10,983,505	78.45	10,302,408	79.04	9,273,549	78.67	8,583,185	78.77
Hong Kong, Macau and Taiwan	1,862,638	13.30	1,697,434	13.02	1,515,844	12.86	1,339,149	12.29
Other countries and regions	1,154,614	8.25	1,034,347	7.94	998,290	8.47	974,224	8.94
Total loans and advances to customers	14,000,757	100.00	13,034,189	100.00	11,787,683	100.00	10,896,558	100.00

The following table sets forth, at the dates indicated, the Group's loans and advances to customers categorised by industry sectors of the borrowers:

	As at 30 June		As at 31 December					
	2020		2019		2018		2017	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB million, except percentages)							
Corporate loans and advances								
Commerce and services	1,852,515	13.23	1,706,650	13.09	1,516,354	12.86	1,557,095	14.29
Manufacturing	1,814,064	12.96	1,679,202	12.88	1,674,340	14.21	1,685,179	15.46
Transportation, storage and postal services	1,368,992	9.78	1,294,922	9.93	1,182,411	10.03	1,056,755	9.70
Real estate	1,166,328	8.33	1,042,664	8.00	915,793	7.77	820,922	7.53
Production and supply of electricity, heating, gas and water	669,862	4.78	649,289	4.98	648,849	5.50	599,896	5.51
Financial services	633,808	4.53	565,333	4.34	398,478	3.38	285,598	2.62
Mining	295,132	2.11	293,375	2.25	320,369	2.72	338,316	3.10
Construction	288,731	2.06	255,160	1.96	239,397	2.03	207,201	1.90
Water, environment and public utility management	233,679	1.67	199,376	1.53	167,811	1.42	160,941	1.48
Public utilities	159,844	1.14	149,855	1.15	125,917	1.07	117,419	1.08
Other	173,292	1.24	150,554	1.16	157,879	1.34	143,379	1.32
Subtotal	8,656,247	61.83	7,986,380	61.27	7,347,598	62.33	6,972,701	63.99
Personal loans								
Mortgages	4,225,922	30.18	3,993,271	30.64	3,503,563	29.72	3,061,553	28.10
Credit cards	481,916	3.44	476,743	3.66	426,338	3.62	374,297	3.43
Other	636,672	4.55	577,795	4.43	510,184	4.33	488,007	4.48
Subtotal	5,344,510	38.17	5,047,809	38.73	4,440,085	37.67	3,923,857	36.01
Total loans and advances to customers	14,000,757	100.00	13,034,189	100.00	11,787,683	100.00	10,896,558	100.00

The table below sets forth, as at the dates indicated, the Group's loan concentration by asset quality categories.

	As at 30 June		As at 31 December					
	2020		2019		2018		2017	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB million, except percentages)							
Pass	13,530,868	96.64	12,566,640	96.41	11,278,379	95.68	10,421,064	95.64
Special-mention	271,507	1.94	289,314	2.22	342,363	2.90	317,025	2.91
Substandard	108,492	0.78	77,459	0.59	49,788	0.42	59,265	0.54
Doubtful	37,014	0.26	51,804	0.40	49,341	0.42	45,404	0.42
Loss	52,876	0.38	48,972	0.38	67,812	0.58	53,800	0.49
Total	14,000,757	100.00	13,034,189	100.00	11,787,683	100.00	10,896,558	100.00
Non-performing Loans[(1)]	198,382	1.42	178,235	1.37	166,941	1.42	158,469	1.45

Note:

(1) Non-performing loans refer to loans classified as substandard, doubtful and loss.

In accordance with IFRS 9, the Bank assesses expected credit losses (ECL) with forward-looking information and makes relevant allowances. In particular, it makes allowances for assets classified as stage 1 and assets classified as stage 2 and stage 3 according to the ECL over 12 months and the ECL over the entire lifetime of the asset, respectively. As at 30 June 2020, the Group's stage 1, stage 2 and stage 3 loans totalled RMB13,484.743 billion, RMB313.568 billion and RMB198.382 billion respectively, accounting for 96.34 per cent., 2.24 per cent. and 1.42 per cent. of total loans. In the first half of 2020, the Group's impairment losses on loans amounted to RMB60.728 billion, an increase of RMB25.007 billion compared with the same period of the prior year. Credit cost accounted for 0.90 per cent., an increase of 0.31 percentage point compared with the same period of the prior year.

The Bank continued to focus on controlling borrower concentration risk and was in full compliance with regulatory requirements on borrower concentration. The following table sets forth, as at the dates indicated, the impaired loans and advances of the Group categorised by geographical area:

	As at 30 June			As at 31 December								
	2020			2019			2018			2017		
	Amount	% of total	Impaired loan ratio (per cent.)	Amount	% of total	Impaired loan ratio (per cent.)	Amount	% of total	Impaired loan ratio (per cent.)	Amount	% of total	Impaired loan ratio (per cent.)
	(RMB million, except percentages and ratios)											
Chinese Mainland	181,383	91.43	1.65	169,951	95.35	1.65	162,778	97.50	1.76	154,208	97.67	1.80
Hong Kong, Macau and Taiwan	4,458	2.25	0.24	3,842	2.16	0.23	2,720	1.63	0.18	1,813	1.15	0.14
Other countries and regions	12,541	6.32	1.09	4,442	2.49	0.43	1,454	0.87	0.15	1,861	1.18	0.19
Total	198,382	100.00	1.42	178,235	100.00	1.37	166,952	100.00	1.42	157,882	100.00	1.45

The following table sets forth, as at the dates indicated, the impaired loans and advances of the Group categorised by customer type:

	As at 30 June			As at 31 December								
	2020			2019			2018			2017		
	Amount	% of total	Impaired loan ratio (per cent.)	Amount	% of total	Impaired loan ratio (per cent.)	Amount	% of total	Impaired loan ratio (per cent.)	Amount	% of total	Impaired loan ratio (per cent.)
	(RMB million, except percentages and ratios)											
Corporate loans and advances	164,954	83.15	1.91	149,427	83.84	1.87	139,108	83.32	1.89	129,959	82.31	1.86
Personal loans	33,428	16.85	0.63	28,808	16.16	0.57	27,844	16.68	0.63	27,923	17.69	0.71
Total	198,382	100.00	1.42	178,235	100.00	1.37	166,952	100.00	1.42	157,882	100.00	1.45

Market Risk Management

The Group is exposed to market risks from its on-balance and off-balance business, that may cause losses to the Group as a result of adverse changes in market prices of interest rate, exchange rate, equities and commodities. Market risk arises from open positions in the trading and banking books. Both the Group's trading book and banking book face market risks. The trading book consists of positions in financial instruments and commodities that are held with trading intent or in order to hedge other elements of the trading book. The banking book consists of financial instruments not included in the trading book (including those financial instruments purchased with surplus funds and managed in the investment book).

The Board of Directors of the Group takes ultimate responsibility for the oversight of market risk management, including the approval of market risk management policies and procedures and the determination of market risk tolerance. Senior management is responsible for execution of such policies and ensuring that the level of market risk is within the risk appetite determined by the Board, while meeting the Group's business objectives.

Market risk management departments are responsible for the identification, measurement, monitoring, control and reporting of market risks on a Group basis. Business units are responsible for monitoring and reporting of market risk within their respective business lines.

In response to changes in the market environment, the Bank continued to enhance its market risk management.

The Bank improved the Group's market risk management system, and refined the Group's risk limit system by re-examining and adjusting the Group's market risk limit in response to changes in operations and the market. Paying close attention to regulatory dynamics and development trends in financial markets, the Bank strengthened its forward-looking research, judgment and monitoring regarding market risks, thus bolstering its risk warning and mitigation capabilities. It continuously advanced the improvement of its market risk data mart system and upgraded system operation efficiency, so as to enhance the accuracy of risk measurement and improve its ability to quantify risk.

The Bank tracked fluctuations in domestic and overseas financial markets, strengthened risk management of the Group's bond investments, paid constant attention to changes in the risks of key fields and adjusted its control strategies accordingly. Actively coping with changes in domestic and overseas markets, the Bank strengthened control of bond asset quality during the COVID-19 pandemic and continued to bolster its efforts in the routine monitoring and screening of risky bonds, thus ensuring stable bond investment.

The Bank assessed the interest rate risk in its banking book mainly through analysis of interest rate re-pricing gaps, made timely adjustments to the structure of its assets and liabilities based on changes in the market situation, and controlled the fluctuation of net interest income within an acceptable level.

For the purpose of market risk management in the trading book, the Group monitors trading book Value at Risk ("**VaR**") limits, stress testing results and exposure limits and tracks each trading desk and dealer's observance of each limit on a daily basis.

VaR is used to estimate the largest potential loss arising from adverse market movements in a specific holding period and within a certain confidence level.

VaR is performed separately by the Bank and its major subsidiaries that are exposed to market risk, BOCHK (Holdings) and BOC International. The Bank, BOCHK (Holdings) and BOC International used a 99 per cent. level of confidence (therefore 1 per cent. statistical probability that actual losses could be greater than the VaR estimate) and a historical simulation model to calculate the VaR estimate. The holding period of the VaR calculations is one day. To enhance the Group's market risk management, the Group has established the market risk data mart, which enabled a group level trading book VaR calculation on a daily basis.

Accuracy and reliability of the VaR model is verified by daily back-testing on the VaR results in the trading book. The back-testing results are regularly reported to senior management.

The Group utilises stress testing as an effective supplement to the trading book VaR analysis. Stress testing scenarios are performed based on the characteristics of trading transactions to simulate and estimate losses in adverse and exceptional market conditions. To address changes in the financial markets, the Group enhances its market risk identification capabilities by continuously modifying and improving the trading book stress testing scenarios and measurement methodologies in order to capture the potential impact on transaction market prices stemming from changes in market prices and volatility.

For the six months ended 30 June 2020 and 2019, and the years ended 31 December 2019, 2018 and 2017, the VaR of the Bank's trading book by type of risk was as follows:

	The Bank's VaR for Trading Book														
	For the six months ended			For the six months ended			For the year ended 31 December			For the year ended 31 December			For the year ended 31 December		
	2020			2019			2019			2018			2017		
	Average	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average	High	Low
	(U.S.$ million)														
Interest rate risk	14.05	17.87	9.40	17.68	21.46	13.24	18.70	23.50	13.24	17.26	23.85	12.24	14.54	17.58	9.61
Foreign exchange risk	24.01	35.33	11.83	14.77	20.84	9.80	18.00	26.69	9.80	10.19	17.66	4.99	10.67	17.70	6.12
Volatility risk	0.75	1.95	0.18	0.43	0.78	0.17	0.44	2.27	0.17	0.38	0.71	0.11	0.35	1.21	0.11
Commodity risk	6.63	13.76	3.04	1.12	1.54	0.75	1.77	6.26	0.75	1.14	5.55	0.13	1.25	3.92	0.14
Total of the Bank's trading VaR	27.74	38.68	16.18	20.76	26.64	17.11	23.03	29.56	17.11	19.87	26.28	13.92	17.44	23.89	12.43

The banking book is exposed to interest rate risk arising from mismatches in maturities, repricing periods and inconsistent adjustments between the benchmark interest rates of assets and liabilities. The Group assesses interest rate risk in the banking book primarily through an interest rate repricing gap analysis.

The Group conducts a substantial portion of its business in RMB, with certain transactions denominated in USD, HKD and, to a much lesser extent, other currencies. The major subsidiary, BOCHK Group, conducts the majority of its business in HKD, RMB and USD. The Group endeavours to manage its sources and uses of foreign currencies to minimise potential mismatches in accordance with management directives.

The Bank manages its exposure to currency exchange risk through management of its net foreign currency position and monitors its foreign currency risk on trading books using VaR.

The tables below summarise the Group's exposure to foreign currency exchange rate risk as at 30 June 2020 and 31 December 2019, 2018 and 2017:

	As at 30 June 2020							
	RMB	USD	HKD	EURO	JPY	GBP	Other	Total
Assets								
Cash and due from banks and other financial institutions	456,468	197,895	24,360	35,264	5,279	1,918	18,786	739,970
Balances with central banks	1,471,035	295,418	119,626	75,341	49,627	69,076	29,731	2,109,854
Placements with and loans to banks and other financial institutions	923,802	210,726	26,936	14,500	–	1,273	47,936	1,225,173
Derivative financial assets	31,769	46,011	24,083	615	10	7,578	4,790	114,856
Loans and advances to customers, net	10,470,568	1,319,129	1,119,302	289,368	11,857	66,672	393,924	13,670,820
Financial investments								
• financial assets at fair value through profit or loss	279,732	78,820	82,434	9,293	329	16	31	450,655
• financial assets at fair value through other comprehensive income	1,211,624	478,644	169,942	26,639	81,390	3,197	83,350	2,054,786
• financial assets at amortised cost	2,580,645	237,168	2,238	6,904	4,427	3,182	34,296	2,868,860
Other	296,127	191,755	216,352	1,080	1,667	2,558	208,342	917,881
Total assets	17,721,770	3,055,566	1,785,273	459,004	154,586	155,470	821,186	24,152,855
Liabilities								
Due to banks and other financial institutions	879,990	429,740	27,720	47,460	16,793	7,711	202,569	1,611,983
Due to central banks	595,425	261,311	14,043	11,471	–	211	6,166	888,627
Placements from banks and other financial institutions	73,999	349,694	78,772	14,084	11,913	4,486	4,418	537,366
Derivative financial liabilities	28,306	61,739	19,619	784	96	7,328	5,399	123,271
Due to customers	12,922,471	1,925,937	1,391,594	250,363	40,865	72,330	486,657	17,090,217
Bonds issued	756,195	246,359	13,114	48,963	1,972	5,748	15,555	1,087,906
Other	299,037	104,133	304,848	2,226	364	1,087	13,177	724,872
Total liabilities	15,555,423	3,378,913	1,849,710	375,351	72,003	98,901	733,941	22,064,242
Net on-balance sheet position	2,166,347	(323,347)	(64,437)	83,653	82,583	56,569	87,245	2,088,613
Net off-balance sheet position	(378,500)	335,996	276,360	(72,984)	(81,988)	(54,365)	(10,470)	14,049
Credit commitments	3,006,647	810,997	261,328	125,867	10,369	46,230	112,587	4,374,025

	As at 31 December 2019							
	RMB	USD	HKD	EURO	JPY	GBP	Other	Total
				(RMB million)				
Assets								
Cash and due from banks and other financial institutions	370,569	140,513	18,368	10,977	7,833	1,691	15,516	565,467
Balances with central banks	1,583,469	265,682	57,599	59,456	49,422	34,133	29,048	2,078,809
Placements with and loans to banks and other financial institutions	652,817	149,463	33,441	6,050	141	2,435	54,612	898,959
Derivative financial assets	42,558	13,694	26,586	446	20	6,348	3,683	93,335
Loans and advances to customers, net	9,870,244	1,170,630	1,027,104	250,730	11,194	69,423	344,100	12,743,425
Financial investments								
• financial assets at fair value through profit or loss	346,644	78,848	83,199	2,540	6,925	16	78	518,250
• financial assets at fair value through other comprehensive income	1,354,391	489,432	150,486	32,292	103,797	2,610	85,121	2,218,129
• financial assets at amortised cost	2,525,349	219,495	3,319	4,802	770	954	22,994	2,777,683
Other	268,436	162,203	198,398	1,357	1,465	2,691	241,137	875,687
Total assets	17,014,477	2,689,960	1,598,500	368,650	181,567	120,301	796,289	22,769,744
Liabilities								
Due to banks and other financial institutions	1,009,086	391,869	27,167	43,826	21,193	7,374	167,531	1,668,046
Due to central banks	570,675	247,096	19,979	5,920	–	258	2,349	846,277
Placements from banks and other financial institutions	298,497	213,662	76,294	17,161	25,330	3,745	4,986	639,675
Derivative financial liabilities	36,135	19,811	22,813	707	52	6,112	4,430	90,060
Due to customers	11,925,923	1,836,997	1,255,663	254,485	56,683	55,672	432,125	15,817,548
Bonds issued	766,816	258,893	11,868	38,794	1,920	2,744	15,052	1,096,087
Other	254,949	91,825	267,607	3,131	351	1,863	15,629	635,355
Total liabilities	14,862,081	3,060,153	1,681,391	364,024	105,529	77,768	642,102	20,793,048
Net on-balance sheet position	2,152,396	(370,193)	(82,891)	4,626	76,038	42,533	154,187	1,976,696
Net off-balance sheet position	(463,297)	378,515	283,483	5,828	(75,754)	(40,620)	(74,643)	13,512
Credit commitments	2,959,323	836,835	257,229	124,696	9,841	49,401	105,245	4,342,570

	As at 31 December 2018							
	RMB	USD	HKD	EURO	JPY	GBP	Other	Total
				(RMB million)				
Assets								
Cash and due from banks and other financial institutions	308,697	79,058	17,818	6,442	5,694	1,575	20,647	439,931
Balances with central banks	1,855,438	280,029	40,625	39,770	36,838	47,950	30,403	2,331,053
Placements with and loans to banks and other financial institutions	878,861	93,903	30,994	7,636	3,094	283	27,587	1,042,358
Derivative financial assets	67,601	17,913	29,945	621	37	5,237	2,772	124,126
Loans and advances to customers, net	8,830,692	1,146,207	923,070	201,731	12,637	65,563	335,864	11,515,764
Financial investments								
• financial assets at fair value through profit or loss	238,495	56,988	72,981	2,011	–	16	–	370,491
• financial assets at fair value through other comprehensive income	1,191,739	453,918	116,376	30,629	8,573	3,023	75,501	1,879,759
• financial assets at amortised cost	2,548,402	229,300	3,496	3,450	746	1,456	17,451	2,804,301
Other	213,438	148,481	185,113	568	1,244	2,097	208,551	759,492
Total assets	16,133,363	2,505,797	1,420,418	292,858	68,863	127,200	718,776	21,267,275
Liabilities								
Due to banks and other financial institutions	1,060,308	404,757	34,551	40,090	14,270	7,049	170,184	1,731,209
Due to central banks	628,327	246,540	26,758	5,461	–	434	1	907,521
Placements from banks and other financial institutions	266,692	271,303	39,642	12,669	11,242	5,411	5,308	612,267
Derivative financial liabilities	50,554	14,104	26,366	678	46	5,059	2,447	99,254
Due to customers	11,256,454	1,716,821	1,202,357	194,439	58,478	46,334	408,713	14,883,596
Bonds issued	447,679	252,059	6,682	48,465	1,852	9,793	15,597	782,127
Other	191,501	84,330	230,918	2,327	480	1,323	15,025	525,904
Total liabilities	13,901,515	2,989,914	1,567,274	304,129	86,368	75,403	617,275	19,541,878
Net on-balance sheet position	2,231,848	(484,117)	(146,856)	(11,271)	(17,505)	51,797	101,501	1,725,397
Net off-balance sheet position	(795,575)	520,806	355,983	21,144	19,415	(49,526)	(40,626)	31,621
Credit commitments	2,715,693	794,823	223,494	111,092	10,425	44,054	93,430	3,993,011

	As at 31 December 2017							
	RMB	USD	HKD	EURO	JPY	GBP	Other	Total
				(RMB million)				
Assets								
Cash and due from banks and other financial institutions	368,772	142,024	13,599	7,326	5,961	6,074	16,707	560,463
Balances with central banks	1,810,377	248,995	4,357	31,240	49,485	50,286	32,874	2,227,614
Placements with and loans to banks and other financial institutions	388,211	114,812	23,750	9,034	2,462	90	37,040	575,399
Derivative financial assets	44,950	8,065	31,285	749	40	4,895	4,928	94,912
Loans and advances to customers, net	8,101,830	1,157,714	794,625	217,660	7,962	50,856	313,657	10,644,304
Financial investments								
• financial assets at fair value through profit or loss	109,406	55,073	26,513	1,133	1,043	429	14	193,611
• available for sale	1,080,354	449,628	154,809	33,545	63,946	5,944	68,996	1,857,222
• held to maturity	1,935,833	138,678	3,627	1,693	696	1,196	8,141	2,089,864
• loans and receivables	405,080	1,960	419	–	–	–	6,566	414,025
Other	298,863	135,600	175,535	1,354	1,102	1,546	196,010	810,010
Total assets	14,543,676	2,452,549	1,228,519	303,734	132,697	121,316	684,933	19,467,424
Liabilities								
Due to banks and other financial institutions	855,661	329,466	30,276	35,616	12,779	7,301	154,163	1,425,262
Due to central banks	779,483	231,585	16,865	4,514	–	571	2,779	1,035,797
Placements from banks and other financial institutions	290,531	150,748	6,974	10,720	17,110	16,789	7,220	500,092
Derivative financial liabilities	70,458	1,690	30,131	800	35	4,932	3,049	111,095
Due to customers	10,236,329	1,614,422	1,079,702	192,313	64,989	55,956	414,213	13,657,924
Bonds issued	222,119	208,402	786	38,006	–	20,318	9,497	499,128
Other	347,577	82,908	213,516	1,497	445	1,261	14,243	661,447
Total liabilities	12,802,158	2,619,221	1,378,250	283,466	95,358	107,128	605,164	17,890,745
Net on-balance sheet position	1,741,518	(166,672)	(149,731)	20,268	37,339	14,188	79,769	1,576,679
Net off-balance sheet position	(420,313)	195,069	319,073	(11,672)	(36,371)	(12,165)	(40,135)	(6,514)
Credit commitments	2,556,398	811,938	245,575	107,154	10,050	44,472	95,045	3,870,632

Liquidity Risk Management

Liquidity risk is the risk that the Bank fails to timely acquire adequate funds at a reasonable cost to deal with repayments of debts at maturity, perform other payment obligations and meet other fund needs for normal business operation.

The Bank continued to develop and improve its liquidity risk management system with the aim of effectively identifying, measuring, monitoring and controlling liquidity risk at the institution and the 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 considers liquidity risk management a significant component of asset-liability management, and determines the size, structure and duration of assets and liabilities consistent with the principle of overall balance between assets and liabilities. The Bank establishes its liquidity portfolio to mitigate liquidity risk, and to minimise the gaps in the amount and duration between the funding sources and the uses of funds. The Group refines its financing strategy, taking into consideration various factors including customer risk sensitivity, financing cost and concentration of funding sources. In addition, the Group prioritises the development of customer deposits, dynamically adjusts the structure of fund sources by market-oriented financing modes, including due to banks and other financial institutions, inter-bank borrowings and improves the diversity and stability of financing sources.

Seeking at all times to balance safety, liquidity and profitability, and following regulatory requirements, the Bank has improved its liquidity risk management system and upgraded its liquidity management function in a forward-looking and scientific manner. The Bank enhanced liquidity risk management at both Group and branch levels. It formulated sound liquidity risk management policies and contingency plans, periodically re-examined the liquidity risk limit, upgraded the early warning system for liquidity risk and strengthened the management of high-quality liquid assets, such as bond investments, in order to strike a balance between risk and return. In addition, the Bank regularly improved the liquidity stress-testing plan and performed stress tests on a quarterly basis. The results of stress testing showed that the Bank had adequate payment capability to address distressed scenarios.

The tables below analyse the Group's assets and liabilities into relevant maturity groupings based on the remaining period at the financial reporting date to the contractual maturity date:

	As at 30 June 2020							
	Overdue/ Undated	On demand	Less than 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Total
Assets								
Cash and due from banks and other financial institutions	21	290,754	107,225	109,033	229,061	3,876	–	739,970
Balances with central banks	1,486,493	541,732	52,199	7,106	21,251	1,073	–	2,109,854
Placements with and loans to banks and other financial institutions	36	–	693,921	204,374	260,890	65,952	–	1,225,173
Derivative financial assets	–	13,623	13,241	10,993	28,714	35,822	12,463	114,856
Loans and advances to customers, net	47,841	219,851	508,612	1,268,487	3,036,980	3,559,381	5,029,668	13,670,820
Financial investments								
• financial assets at fair value through profit or loss	148,520	–	11,219	32,376	48,971	55,922	153,647	450,655
• financial assets at fair value through other comprehensive income	23,203	–	91,665	207,911	315,991	907,271	508,745	2,054,786
• financial assets at amortised cost	2,993	–	56,739	93,720	326,691	1,394,303	994,414	2,868,860
Other	348,654	384,781	37,665	17,241	26,625	74,021	28,894	917,881
Total assets	2,057,761	1,450,741	1,572,486	1,951,241	4,295,174	6,097,621	6,727,831	24,152,855
Liabilities								
Due to banks and other financial institutions	–	1,101,785	106,013	224,847	172,472	6,290	576	1,611,983
Due to central banks	–	241,992	139,316	96,941	389,440	20,938	–	888,627
Placements from banks and other financial institutions	–	–	332,607	87,577	111,286	5,896	–	537,366
Derivative financial liabilities	–	9,840	11,475	11,784	26,323	44,895	18,954	123,271
Due to customers	–	8,370,173	1,713,150	1,504,224	2,747,127	2,749,333	6,210	17,090,217
Bonds issued	–	–	89,745	203,028	311,418	456,114	27,601	1,087,906
Other	–	292,737	133,011	30,320	93,529	98,977	76,298	724,872
Total liabilities	–	10,016,527	2,525,317	2,158,721	3,851,595	3,382,443	129,639	22,064,242
Net liquidity gap	2,057,761	(8,565,786)	(952,831)	(207,480)	443,579	2,715,178	6,598,192	2,088,613

	As at 31 December 2019							
	Overdue/ Undated	On demand	Less than 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Total
	(RMB million)							
Assets								
Cash and due from banks and other financial institutions	21	204,121	183,170	55,805	119,376	2,845	129	565,467
Balances with central banks	1,513,473	527,657	16,242	8,293	12,441	703	–	2,078,809
Placements with and loans to banks and other financial institutions	44	–	417,352	185,843	241,024	54,696	–	898,959
Derivative financial assets	–	10,697	14,983	20,855	24,869	16,610	5,321	93,335
Loans and advances to customers, net	51,073	188,916	458,233	1,216,882	2,716,777	3,221,650	4,889,894	12,743,425
Financial investments								
• financial assets at fair value through profit or loss	143,255	–	16,394	49,949	98,245	58,537	151,870	518,250
• financial assets at fair value through other comprehensive income	22,067	–	142,122	234,297	396,998	912,932	509,713	2,218,129
• financial assets at amortised cost	1,767	–	35,141	53,375	506,346	1,337,456	843,598	2,777,683
Other	345,309	381,978	24,301	12,827	23,308	60,436	27,528	875,687
Total assets	2,077,009	1,313,369	1,307,938	1,838,126	4,139,384	5,665,865	6,428,053	22,769,744
Liabilities								
Due to banks and other financial institutions	–	1,036,810	125,011	324,062	175,301	6,779	83	1,668,046
Due to central banks	–	180,113	70,832	72,898	518,864	3,570	–	846,277
Placements from banks and other financial institutions	–	–	492,657	70,924	69,694	6,386	14	639,675
Derivative financial liabilities	–	8,780	11,165	15,936	26,652	20,482	7,045	90,060
Due to customers	–	7,843,084	1,541,342	1,540,159	2,541,528	2,343,527	7,908	15,817,548
Bonds issued	–	–	23,985	150,073	416,192	470,942	34,895	1,096,087
Other	–	280,526	53,662	12,895	121,693	92,907	73,672	635,355
Total liabilities	–	9,349,313	2,318,654	2,186,947	3,869,924	2,944,593	123,617	20,793,048
Net liquidity gap	2,077,009	(8,035,944)	(1,010,716)	(348,821)	269,460	2,721,272	6,304,436	1,976,696

	As at 31 December 2018							
	Overdue/ Undated	On demand	Less than 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Total
	(RMB million)							
Assets								
Cash and due from banks and other financial institutions	21	178,645	110,908	30,365	116,636	3,356	–	439,931
Balances with central banks	1,588,770	511,244	216,281	2,087	12,329	342	–	2,331,053
Placements with and loans to banks and other financial institutions	44	–	659,399	92,855	231,633	58,427	–	1,042,358
Derivative financial assets	–	10,055	22,259	30,528	38,686	18,634	3,964	124,126
Loans and advances to customers, net	69,539	154,707	397,574	1,086,838	2,478,055	3,036,778	4,292,273	11,515,764
Financial investments								
• financial assets at fair value through profit or loss	93,524	–	16,772	32,788	71,133	52,863	103,411	370,491
• financial assets at fair value through other comprehensive income	16,456	–	71,630	120,021	428,041	870,105	373,506	1,879,759
• financial assets at amortised cost	2,001	–	15,328	78,810	306,782	1,623,516	777,864	2,804,301
Other	301,633	338,223	22,683	7,554	18,968	50,792	19,639	759,492
Total assets	2,071,988	1,192,874	1,532,834	1,481,846	3,702,263	5,714,813	5,570,657	21,267,275
Liabilities								
Due to banks and other financial institutions	–	1,038,168	143,392	314,126	186,252	49,271	–	1,731,209
Due to central banks	–	172,280	104,114	157,466	465,590	8,071	–	907,521
Placements from banks and other financial institutions	–	–	429,492	123,223	58,135	1,417	–	612,267
Derivative financial liabilities	–	7,314	19,861	18,267	33,305	17,434	3,073	99,254
Due to customers	–	7,368,721	1,405,144	1,349,078	2,740,128	2,010,860	9,665	14,883,596
Bonds issued	–	–	45,983	99,061	196,535	323,057	117,491	782,127
Other	–	276,288	36,307	12,145	76,623	66,329	58,212	525,904
Total liabilities	–	8,862,771	2,184,293	2,073,366	3,756,568	2,476,439	188,441	19,541,878
Net liquidity gap	2,071,988	(7,669,897)	(651,459)	(591,520)	(54,305)	3,238,374	5,382,216	1,725,397

	As at 31 December 2017							
	Overdue/ Undated	On demand	Less than 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Total
	(RMB million)							
Assets								
Cash and due from banks and other financial institutions	21	167,943	168,678	74,565	147,376	1,880	–	560,463
Balances with central banks	1,754,965	429,424	15,003	6,735	21,487	–	–	2,227,614
Placements with and loans to banks and other financial institutions	–	–	186,151	90,770	213,567	84,854	57	575,399
Derivative financial assets	–	8,791	16,222	19,854	36,575	10,449	3,021	94,912
Loans and advances to customers, net	75,194	109,153	356,974	1,042,606	2,569,551	2,797,082	3,693,744	10,644,304
Financial investments								
• financial assets at fair value through profit or loss	19,853	–	18,738	42,528	54,336	25,002	33,154	193,611
• available for sale	85,346	–	74,857	117,797	314,233	839,773	425,216	1,857,222
• held to maturity	–	–	26,361	43,894	189,622	1,242,694	587,293	2,089,864
• loans and receivables	2,399	–	4,659	2,981	10,749	252,602	140,635	414,025
Other	276,194	301,560	46,920	42,772	65,593	58,666	18,305	810,010
Total assets	2,213,972	1,016,871	914,563	1,484,502	3,623,089	5,313,002	4,901,425	19,467,424
Liabilities								
Due to banks and other financial institutions	–	804,976	188,365	204,621	156,040	71,260	–	1,425,262
Due to central banks	–	180,088	205,278	131,064	510,280	9,087	–	1,035,797
Placements from banks and other financial institutions	–	–	375,004	74,776	49,871	441	–	500,092
Derivative financial liabilities	–	5,574	19,442	25,130	49,274	9,323	2,352	111,095
Due to customers	–	6,664,703	1,413,948	1,287,316	2,493,635	1,758,935	39,387	13,657,924
Bonds issued	–	–	45,773	41,671	42,755	333,211	35,718	499,128
Other	–	241,472	95,985	32,134	157,326	79,793	54,737	661,447
Total liabilities	–	7,896,813	2,343,795	1,796,712	3,459,181	2,262,050	132,194	17,890,745
Net liquidity gap	2,213,972	(6,879,942)	(1,429,232)	(312,210)	163,908	3,050,952	4,769,231	1,576,679

Regulatory Ratios on Liquidity

As at 30 June 2020, the Bank's liquidity risk indicator met regulatory requirements. The Group's liquidity ratio is shown in the table below (in accordance with the relevant provisions of regulatory authorities in the Chinese Mainland):

Unit: %

Indicator		Regulatory standard	As at 30 June 2020	As at 31 December 2019	As at 31 December 2018
Liquidity ratio	RMB	≥25	53.9	54.6	58.7
	Foreign currency	≥25	58.2	60.4	54.8

Note:

(1) Liquidity ratio is the indication of the Group's liquidity. Liquidity ratio = current assets/current liabilities. Liquidity ratio is calculated in accordance with the relevant provisions of the CBIRC.

Reputational Risk Management

The Bank fully implemented regulatory requirements on reputational risk management, continued to enhance its reputational risk management system and mechanism and strengthened the consolidated management of reputational risk, so as to enhance the reputational risk management level of the Group. It attached greater importance to the investigation and pre-warning of potential reputational risk factors and further strengthened routine public opinion monitoring, conducted reputational risk identification, assessment and reporting, established a coordination mechanism between reputational risk management departments and liable departments and dealt appropriately with reputational risk events, thus effectively maintaining the brand reputation of the Group. In addition, the Bank continued to roll out training sessions on reputational risk, so as to enhance employees' awareness of reputational risk and foster the Group's culture of reputational risk management.

Internal Control and Operational Risk Management

Internal Control

The Bank's Board of Directors, senior management and their special committees earnestly performed their duties regarding internal control and supervision, emphasising early risk warning and prevention so as to improve the compliance management of the Group.

The Bank continued to implement the "three lines of defence" mechanism for internal control. The first line of defence consists of business departments and all banking outlets. They are the owners of, and are accountable for, local risks and controls. They undertake self-control risk management functions in the course of their business operations, including the formulation and implementation of policies, business examination, the reporting of control deficiencies and the organisation of rectification measures.

The internal control and risk management departments of the Bank's institutions at all levels form the second line of defence. They are responsible for overall planning, implementing, examining and assessing risk management and internal control. They are also responsible for identifying, measuring, monitoring and controlling risks. They led the first line of defence to enhance the use of the Group's operational risk monitoring and analysis platform. Through regular monitoring of material risks, the Bank identified and mitigated risks in a timely manner and promoted the optimisation of business processes and systems.

The third line of defence rests with the audit and inspection departments of the Bank. The audit department is responsible for performing internal audit of the Bank's internal control and risk management in respect of its adequacy and effectiveness. The inspection department is responsible for staff non-compliance sanction, investigation of cases and management accountability. The Bank continuously strengthened education and raised employees' awareness of moral hazards. It reinforced employee behaviour

management, seriously investigated internal fraud cases and strictly pursued accountability according to the basic principles of "inquiry of four accountable subjects into one case", "both institutional and business-line management accountability" and "management two levels higher than the branch-outlet accountable where serious fraud occurs". The Bank continued to push forward the implementation of the reform of its human resource management system for the audit line, and further intensified the vertical management of its audit function. It enhanced team building and deepened IT application in audit and the use of IT-based audit approaches. Taking an issue-oriented approach, the Bank focused on the comprehensive audit of institutions and special audits of businesses, strengthened audits and inspections of the high-risk institutions and businesses, as well as on fields under the Group's control priorities and those of special concern to regulators. The Bank concentrated attention on matters of systemic importance, emerging trends and concerning tendencies, so as to practically perform its internal audit function. It re-examined and optimised rectification procedures in order to improve rectification quality and efficiency, urged the effective rectification of audit findings, and thereby continually improved the Bank's internal governance and control mechanism.

The Bank devoted great efforts to internal control and case prevention management, consolidated the liabilities of primary responsible parties and took multiple control measures. It consistently improved internal control rules, process and system, stepped up efforts in the building of its internal control inspection team and organised bank-wide risk screening, thereby improving the quality and efficiency of internal control and case prevention. The Bank also focused on the remediation of issues or findings, raised employees' compliance awareness and fostered an internal control compliance culture.

The Bank continued to implement the *Basic Standard for Enterprise Internal Control* and its supporting guidelines, adhering to the primary goal of ensuring the effectiveness of its internal control over financial reporting and the accuracy of its financial information. The Bank also implemented the *Guidelines for Internal Control of Commercial Banks* by following the basic principles of "complete coverage, cheques and balances, prudence and correspondence", so as to promote internal control governance and an organisational structure characterised by a reasonable division of work, well-defined responsibilities and clear reporting relationships.

The Bank established and implemented a systematic financial accounting policy system in accordance with the relevant accounting laws and regulations. Accordingly, the level of standardisation and refinement of its financial accounting management was further improved. The Bank has endeavoured to further the qualification of accounting groundwork and establish the long-term accounting management mechanism since 2018. It continuously strengthened the quality management of its accounting information, so as to ensure the internal control effectiveness over financial reporting. The financial statements of the Bank were prepared in accordance with the applicable accounting standards and related accounting regulations, and the financial position, operational performance and cash flows of the Bank were fairly presented in all material respects.

The Bank paid close attention to fraud risk prevention and control, proactively identifying, assessing, controlling and mitigating risks. In the first half of 2020, the Bank successfully prevented 110 external cases involving RMB8.896 million.

Operational Risk Management

The Bank continuously improved its operational risk management system. It promoted the application of operational risk management tools, including Risk and Control Assessment (RACA), Key Risk Indicators (KRI) and Loss Data Collection (LDC), etc., to identify, assess and monitor operational risks, thus continuously improving its risk management measures. The Bank enhanced its system support capability by optimising its operational risk management information system. It strengthened its business continuity management system, optimised its operating mechanism to enhance its business operating sustainability, carried out disaster recovery drills, proactively addressed the COVID-19 pandemic and improved the Group's capacity for continuous business operation.

Compliance Management

The Bank continuously improved its compliance risk governance mechanism and management process to ensure the stable and sound development and sustainable operation of the Group. It strengthened the construction of the anti-money-laundering ("**AML**") system, integrated resources for monitoring and analysis, and refined the AML policies and rules system. It pushed forward system and model building and improved the system functions. The Bank reinforced sanction compliance management. It made timely amendments to sanction compliance policies, improved sanction procedures and standardised list maintenance, due diligence, judgment, handling and strengthened sanctions compliance monitoring and management. It drove forward overseas compliance management and improved its cross-border compliance management system by tracking global regulatory trends, regulatory inspection and evaluation as well as other compliance risk information in a timely manner, by implementing the requirements of regulators, and by improving its overseas compliance management capabilities. It delivered the All Employee AML Training Plan by conducting various forms of AML training, so as to enhance all employees' compliance awareness and abilities.

The Bank enhanced the management of its connected transactions and internal transactions. It stepped up efforts in the management of connected parties and consolidated the foundation of its connected transaction management. It strengthened the routine monitoring and examination of connected transactions and strictly controlled their risks. In addition, it continuously implemented internal transaction monitoring and reporting, guided and standardised the operation mechanism for internal transaction verification, and initiated the construction of an internal transaction management system, thereby improving the technological capabilities of its internal transaction management.

Capital Management

Adhering to the philosophy of high-quality development and centring on the objective of value creation, the Bank continued to improve its capital management system, moved more rapidly to replenish capital through external financing channels, and ramped up innovation in capital instruments. Through these efforts, the Bank established adequate capital levels and strong risk resilience, and further improved its capital use efficiency and value creation capabilities.

The Bank improved its internal refined management and raised awareness of value creation. By enhancing its capital budget and assessment mechanism, the Bank realised differentiated management and continuously upgraded its remuneration allocation system, which is linked to value creation. Giving full play to the guiding role of capital, the Bank pushed forward the adjustment of its on-and off-balance sheet asset structure, actively developed capital-light businesses and reasonably controlled the risk weighting of assets. In addition, the Bank stepped up efforts in system building, launched a capital management data platform, and thus cemented foundations for refined management. Meanwhile, the Bank accelerated external capital replenishment and enriched the variety of its capital instruments. In the first half of 2020, it successfully issued USD2.82 billion of offshore preference shares and RMB40.0 billion of undated capital bonds. As at 30 June 2020, the Group's capital adequacy ratio was 15.42 per cent.

The capital adequacy ratios as at 30 June 2020, 31 December 2019, 2018 and 2017 separately calculated in accordance with the *Capital Rules for Commercial Banks (Provisional)* are listed below:

	Group				Bank			
Items	**As at 30 June 2020**	**As at 31 December 2019**	**As at 31 December 2018**	**As at 31 December 2017**	**As at 30 June 2020**	**As at 31 December 2019**	**As at 31 December 2018**	**As at 31 December 2017**
	(RMB million, except percentages)							
Net common equity tier 1 capital	1,640,569	1,596,378	1,465,769	1,356,088	1,361,016	1,346,623	1,251,056	1,180,299
Net tier 1 capital	1,910,664	1,806,435	1,575,293	1,461,090	1,620,480	1,546,517	1,350,770	1,280,013
Net capital	2,298,846	2,201,278	1,922,350	1,725,330	1,994,511	1,927,188	1,683,893	1,526,537
Common equity tier 1 capital adequacy ratio	11.01%	11.30%	11.41%	11.15%	10.55%	10.99%	11.08%	10.85%
Tier 1 capital adequacy ratio	12.82%	12.79%	12.27%	12.02%	12.56%	12.62%	11.96%	11.77%
Capital adequacy ratio	15.42%	15.59%	14.97%	14.19%	15.46%	15.72%	14.92%	14.04%

Social Responsibilities

The Bank actively assumed its responsibilities as a state-owned commercial bank. Leveraging the competitive advantages arising from its global and integrated operations, it continually expanded and deepened the practices through in fulfilling its social responsibilities, devoted itself to win-win cooperation with stakeholders and created lasting value for the economy, society and environment.

In pursuit of the nation's major strategic objectives, including building a moderately prosperous society in all respects and achieving poverty alleviation, and by following related requirements regarding reducing poverty through financial measures, the Bank refined its financial resource allocation and increased resource input in certain areas, with a focus on the basic needs of food and clothing as well as proper access to compulsory education, medical care and safe housing for those living in poverty, concentrating on severely impoverished areas and those industries that benefit the impoverished. It created innovative financial products and services, introduced high-quality industrial poverty alleviation entities for poverty-stricken areas and stimulated internal growth drivers in those areas. In addition, the Bank granted small-amount loans for poverty alleviation and government-sponsored student loans to satisfy the funding needs of the registered poverty-stricken population.

The Bank has supported poverty alleviation in the four poverty-stricken counties of Yongshou, Changwu, Xunyi and Chunhua in Xianyang, Shaanxi Province for 18 consecutive years. Since the beginning of 2020, amid efforts to bolster the four counties in fighting against COVID-19, the Bank drove forward its poverty alleviation programme as scheduled. Consolidating its existing poverty alleviation achievements, it continuously allocated more funds and accelerated the implementation of poverty alleviation schemes. It also carried out poverty alleviation campaigns by stimulating consumption, assisted with local work and production resumption and promoted the connection of poverty alleviation to rural revitalisation, thus making an active contribution to advancing economic and social development and the improvement of living standards in local areas. In the first half of 2020, the Bank provided more than RMB75 million of cost-free capital to the four targeted counties, gave training to more than 10,000 officials and technicians at the primary level, and purchased and helped to sell over RMB0.14 billion worth of agricultural products from poverty-stricken areas.

The Bank continued to provide government-sponsored student loans to support education. As at 30 June 2020, it had cumulatively granted student loans of RMB24.240 billion to sponsor over 1.80 million financially underprivileged students to complete their studies. It has sponsored the Tan Kah Kee Science Award for 17 consecutive years, in order to honour scientists who have made original scientific and technological achievements. The Bank has also carried out strategic cooperation with the National Centre for the Performing Arts for 12 consecutive years, with the aim of popularising the arts through financial channels.

Since the outbreak of the COVID-19 pandemic, the Bank has focused on pandemic prevention and control as well as fighting the virus through financial channels. It has coordinated efforts across its domestic and overseas institutions, and proactively conveyed a vision of building a global community based on a shared future for mankind. The Bank not only cooperated with the domestic pandemic response, but also took the lead in racing against the clock to assist other areas of the world. As at 30 June 2020, the Bank had delivered medical supplies to a total of 57 countries and regions.

The Bank made continuous progress in implementing its green finance strategy. It steadily increased the proportion of green credit, accelerated the launch of new green finance products, advocated low-carbon and environmentally-friendly lifestyles, and vigorously supported public welfare environmental protection campaigns, thus taking concrete action to implement the development concept of "clear waters and green mountains are invaluable assets".

DESCRIPTION OF THE GROUP'S ASSETS AND LIABILITIES

The section "Description of the Group's Assets and Liabilities" in the Principal Offering Circular shall be deleted in its entirety and replaced with the following:

The following discussions and analysis should be read in conjunction with the Bank's audited consolidated financial statements as at and for the years ended 31 December 2019 and 2018, and the Bank's unaudited but reviewed condensed consolidated interim financial statements as at and for the six months ended 30 June 2020, which have been incorporated by reference into the Offering Circular. The Bank's consolidated financial statements have been prepared in accordance with IFRS. Unless otherwise stated, all financial data discussed in this section are consolidated financial data.

Analysis of Loans and Advances to Customers

The following table sets forth analysis of the Group's loans and advances to customers as at 30 June 2020 and 31 December 2019, respectively.

	As at 30 June 2020	As at 31 December 2019
	(RMB million)	
Measured at amortised cost		
– Corporate loans and advances	8,265,439	7,644,359
– Personal loans	5,344,510	5,047,809
– Discounted bills	1,753	2,334
Measured at fair value through other comprehensive income[(1)]		
– Discounted bills	384,991	335,583
Subtotal	13,996,693	13,030,085
Measured at fair value through profit or loss[(2)]		
– Corporate loans and advances	4,064	4,104
Total	14,000,757	13,034,189
Accrued Interest	39,408	34,596
Total loans and advances	14,040,165	13,068,785
Less: Allowance for loans at amortised cost	(369,345)	(325,360)
Loans and advances to customers, net	13,670,820	12,743,425

Notes:

(1) As at 30 June 2020 and 31 December 2019, loans at fair value through other comprehensive income of the Group were discounted bills. The allowance for impairment losses amounted to RMB567 million and RMB563 million respectively and was credited to other comprehensive income.

(2) There was no significant change for the six month period ended 30 June 2020 and the year ended 31 December 2019, or cumulatively, in the fair value of the loans that was attributable to changes in the credit risk of the loans.

Loans and Advances to Customers by Industry

The following table sets forth, as at the dates indicated, an analysis of the Group's loans and advances to customers by industry:

	As at 30 June		As at 31 December					
	2020		2019		2018		2017	
	Amount	*per cent. of total*	*Amount*	*per cent. of total*	*Amount*	*per cent. of total*	*Amount*	*per cent. of total*
	(RMB million, except percentages)							
Corporate loans and advances								
Commerce and services	1,852,515	13.23	1,706,650	13.09	1,516,354	12.86	1,557,095	14.29
Manufacturing	1,814,064	12.96	1,679,202	12.88	1,674,340	14.21	1,685,179	15.46
Transportation, storage and postal services	1,368,992	9.78	1,294,922	9.93	1,182,411	10.03	1,056,755	9.70
Real estate	1,166,328	8.33	1,042,664	8.00	915,793	7.77	820,922	7.53
Production and supply of electricity, heating, gas and water	669,862	4.78	649,289	4.98	648,849	5.50	599,896	5.51
Financial services	633,808	4.53	565,333	4.34	398,478	3.38	285,598	2.62
Mining	295,132	2.11	293,375	2.25	320,369	2.72	338,316	3.10
Construction	288,731	2.06	255,160	1.96	239,397	2.03	207,201	1.90
Water, environment and public utility management	233,679	1.67	199,376	1.53	167,811	1.42	160,941	1.48
Public utilities	159,844	1.14	149,855	1.15	125,917	1.07	117,419	1.08
Other	173,292	1.24	150,554	1.16	157,879	1.34	143,379	1.32
Subtotal	8,656,247	61.83	7,986,380	61.27	7,347,598	62.33	6,972,701	63.99
Personal loans								
Mortgages	4,225,922	30.18	3,993,271	30.64	3,503,563	29.72	3,061,553	28.10
Credit cards	481,916	3.44	476,743	3.66	426,338	3.62	374,297	3.43
Other	636,672	4.55	577,795	4.43	510,184	4.33	488,007	4.48
Subtotal	5,344,510	38.17	5,047,809	38.73	4,440,085	37.67	3,923,857	36.01
Total loans and advances to customers	14,000,757	100.00	13,034,189	100.00	11,787,683	100.00	10,896,558	100.00

Loans and Advances to Customers by Geographical Area

The following table sets forth, as at the dates indicated, an analysis of the Group's loans and advances to customers by geographical area:

Group

	As at 30 June		As at 31 December					
	2020		2019		2018		2017	
	Amount	*per cent. of total*	*Amount*	*per cent. of total*	*Amount*	*per cent. of total*	*Amount*	*per cent. of total*
	(RMB million, except percentages)							
Chinese Mainland	10,983,505	78.45	10,302,408	79.04	9,273,549	78.67	8,583,185	78.77
Hong Kong, Macau and Taiwan	1,862,638	13.30	1,697,434	13.02	1,515,844	12.86	1,339,149	12.29
Other countries and regions	1,154,614	8.25	1,034,347	7.94	998,290	8.47	974,224	8.94
Total	14,000,757	100.00	13,034,189	100.00	11,787,683	100.00	10,896,558	100.00

Chinese Mainland

	As at 30 June		As at 31 December					
	2020		2019		2018		2017	
	Amount	*per cent. of total*	*Amount*	*per cent. of total*	*Amount*	*per cent. of total*	*Amount*	*per cent. of total*
	(RMB million, except percentages)							
Northern China	1,607,658	14.64	1,573,127	15.27	1,456,249	15.70	1,364,869	15.90
Northeastern China	504,062	4.59	494,186	4.80	501,420	5.41	517,581	6.03
Eastern China	4,344,199	39.55	4,016,742	38.99	3,622,159	39.06	3,362,753	39.18
Central and Southern China	3,084,120	28.08	2,875,436	27.91	2,499,434	26.95	2,242,985	26.13
Western China	1,443,466	13.14	1,342,917	13.03	1,194,287	12.88	1,094,997	12.76
Total	10,983,505	100.00	10,302,408	100.00	9,273,549	100.00	8,583,185	100.00

The following table sets forth, as at the dates indicated, an analysis of the Group's impaired loans and advances by geographical area:

Group

	As at 30 June			As at 31 December								
	2020			2019			2018			2017		
	Amount	*per cent. of total*	*Impaired loan ratio*	*Amount*	*per cent. of total*	*Impaired loan ratio*	*Amount*	*per cent. of total*	*Impaired loan ratio*	*Amount*	*per cent. of total*	*Impaired loan ratio*
	(RMB million, except percentages and ratios)											
Chinese Mainland	181,383	91.43	1.65%	169,951	95.35	1.65%	162,778	97.50	1.76%	154,208	97.67	1.80%
Hong Kong, Macau and Taiwan	4,458	2.25	0.24%	3,842	2.16	0.23%	2,720	1.63	0.18%	1,813	1.15	0.14%
Other countries and regions	12,541	6.32	1.09%	4,442	2.49	0.43%	1,454	0.87	0.15%	1,861	1.18	0.19%
Total	198,382	100.00	1.42%	178,235	100.00	1.37%	166,952	100.00	1.42%	157,882	100.00	1.45%

Chinese Mainland

	As at 30 June			As at 31 December								
	2020			2019			2018			2017		
	Amount	*per cent. of total*	*Impaired loan ratio*	*Amount*	*per cent. of total*	*Impaired loan ratio*	*Amount*	*per cent. of total*	*Impaired loan ratio*	*Amount*	*per cent. of total*	*Impaired loan ratio*
	(RMB million, except percentages and ratios)											
Northern China	22,787	12.56	1.42%	31,762	18.69	2.02%	23,053	14.16	1.58%	28,244	18.31	2.07%
Northeastern China	21,020	11.59	4.17%	22,123	13.02	4.48%	40,580	24.93	8.09%	32,565	21.12	6.29%
Eastern China	60,006	33.08	1.38%	59,764	35.17	1.49%	56,423	34.66	1.56%	55,365	35.90	1.65%
Central and Southern China	62,816	34.63	2.04%	39,060	22.98	1.36%	28,114	17.28	1.12%	24,948	16.18	1.11%
Western China	14,754	8.14	1.02%	17,242	10.14	1.28%	14,608	8.97	1.22%	13,086	8.49	1.20%
Total	181,383	100.00	1.65%	169,951	100.00	1.65%	162,778	100.00	1.76%	154,208	100.00	1.80%

Loans and Advances to Customers by Customer Type

The following table sets forth, as at the dates indicated, an analysis of the impaired loans and advances of the Group categorised by customer type:

Group

	As at 30 June			As at 31 December								
	2020			2019			2018			2017		
	Amount	*per cent. of total*	*Impaired loan ratio*	*Amount*	*per cent. of total*	*Impaired loan ratio*	*Amount*	*per cent. of total*	*Impaired loan ratio*	*Amount*	*per cent. of total*	*Impaired loan ratio*
	(RMB million, except percentages and ratios)											
Corporate loans and advances	164,954	83.15%	1.91%	149,427	83.84	1.87%	139,108	83.32	1.89%	129,959	82.31	1.86%
Personal loans	33,428	16.85%	0.63%	28,808	16.16	0.57%	27,844	16.68	0.63%	27,923	17.69	0.71%
Total	198,382	100.00%	1.42%	178,235	100.00	1.37%	166,952	100.00	1.42%	157,882	100.00	1.45%

Chinese Mainland

	As at 30 June			As at 31 December								
	2020			2019			2018			2017		
	Amount	*per cent. of total*	*Impaired loan ratio*	*Amount*	*per cent. of total*	*Impaired loan ratio*	*Amount*	*per cent. of total*	*Impaired loan ratio*	*Amount*	*per cent. of total*	*Impaired loan ratio*
	(RMB million, except percentages and ratios)											
Corporate loans and advances	148,925	82.11	2.38%	141,978	83.54	2.43%	135,421	83.19	2.54%	126,588	82.09	2.48%
Personal loans	32,458	17.89	0.69%	27,973	16.46	0.63%	27,357	16.81	0.70%	27,620	17.91	0.79%
Total	181,383	100.00	1.65%	169,951	100.00	1.65%	162,778	100.00	1.76%	154,208	100.00	1.80%

Reconciliation of Allowance for Impairment Losses

The following table sets out reconciliation of allowance of impairment losses on loans and advances to customers measured at amortised cost for the six month period ended 30 June 2020:

	For the six month period ended 30 June 2020			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
	(RMB million)			
As at 1 January 2020	109,765	79,051	136,544	325,360
Transfers to Stage 1	2,719	(2,326)	(393)	–
Transfers to Stage 2	(524)	10,997	(10,473)	–
Transfers to Stage 3	(136)	(16,540)	16,676	–
Charge for the period[(i)]	55,583	18,518	23,761	97,862
Reversal	(30,109)	(15,318)	(8,512)	(53,939)
Impairment (reversal)/losses due to stage transformation	(2,498)	3,664	15,637	16,803
Write-off and transfer out	–	–	(20,903)	(20,903)
Recovery of loans and advances written off	–	–	4,071	4,071
Unwinding of discount on allowance	–	–	(642)	(642)
Exchange differences and other	268	167	298	733
As at 30 June 2020	135,068	78,213	156,064	369,345

The following table sets out reconciliation of allowance of impairment losses on loans and advances to customers measured at amortised cost for the year ended 31 December 2019:

	For the year ended 31 December 2019			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
	(RMB million)			
As at 1 January 2019	95,789	76,603	131,116	303,508
Transfers to Stage 1	5,590	(5,037)	(553)	–
Transfers to Stage 2	(717)	4,411	(3,694)	–
Transfers to Stage 3	(989)	(21,029)	22,018	–
Charge for the year[(i)]	52,623	40,603	38,420	131,646
Reversal	(37,580)	(25,687)	(14,631)	(77,898)
Impairment (reversal)/losses due to stage transformation	(4,917)	8,664	40,988	44,735
Write-off and transfer out	(269)	–	(84,735)	(85,004)
Recovery of loans and advances written off	–	–	8,407	8,407
Unwinding of discount on allowance	–	–	(1,497)	(1,497)
Exchange differences and other	235	523	705	1,463
As at 31 December 2019	109,765	79,051	136,544	325,360

Note:

(i) Charge for the period/year comprises the impairment losses from new loans, remaining loans without stage transformation, model/risk parameters adjustment, etc.

The following table sets out reconciliation of allowance for impairment losses on loans and advances to customers measured at fair value through other comprehensive income for the six-month period ended 30 June 2020:

	For the six month period ended 30 June 2020			
	Stage 1 (12-month ECL)	**Stage 2 (Lifetime ECL)**	**Stage 3 (Lifetime ECL)**	**Total**
	(RMB million)			
As at 1 January 2020	547	16	–	563
Impairment losses for the period	428	35	–	463
Reversal	(446)	(15)	–	(461)
Exchange differences and other	2	–	–	2
As at 30 June 2020	531	36	–	567

The following table sets out reconciliation of allowance for impairment losses on loans and advances to customers measured at fair value through other comprehensive income for the year ended 31 December 2019:

	For the year ended 31 December 2019			
	Stage 1 (12-month ECL)	**Stage 2 (Lifetime ECL)**	**Stage 3 (Lifetime ECL)**	**Total**
	(RMB million)			
As at 1 January 2019	234	39	–	273
Impairment losses for the year	503	16	–	519
Reversal	(192)	(39)	–	(231)
Exchange differences and other	2	–	–	2
As at 31 December 2019	547	16	–	563

Starting on 1 January 2018, the Bank has applied IFRS 9, and differences arising from the adoption of IFRS 9 have been recognised directly in shareholders' equity as at 1 January 2018. The comparative data of the previous reporting periods was not restated accordingly. IFRS 9 requires that the measurement of impairment of a financial asset be changed from "incurred loss model" to "ECL model". In accordance with IFRS 9, the Bank assesses ECL with forward-looking information and makes relevant allowances. In particular, it makes allowances for assets classified into stage 1 and assets classified into stage 2 & 3 according to ECL of 12 months and ECL of the entire lifetime respectively.

DIRECTORS, MANAGEMENT AND SUPERVISORS

General

The Bank's Board of Directors currently comprises 14 members. There are four executive directors, five non-executive directors and five independent non-executive directors. The Bank's directors are elected at its shareholder meetings for a term of three years, which is renewable upon re-election. The Chairman of the Bank's Board of Directors is elected by simple majority of its directors.

The business address of each of the directors, supervisors and senior management named below is Bank of China Limited, No. 1 Fuxingmen Nei Dajie, Xicheng District, Beijing 100818, People's Republic of China.

Directors

The following table sets forth certain information concerning the Bank's directors.

Board of Directors

Name	Position
Liu Liange	Chairman
Wang Jiang	Vice Chairman and President
Wang Wei	Executive Director and Executive Vice President
Lin Jingzhen	Executive Director and Executive Vice President
Zhao Jie	Non-executive Director
Xiao Lihong	Non-executive Director
Wang Xiaoya	Non-executive Director
Zhang Jiangang	Non-executive Director
Chen Jianbo	Non-executive Director
Wang Changyun	Independent Director
Angela Chao	Independent Director
Jiang Guohua	Independent Director
Martin Cheung Kong Liao	Independent Director
Chen Chunhua	Independent Director

Liu Liange, has served as Chairman of the Board of Directors since July 2019. Mr. Liu joined the Bank in 2018. He served as Vice Chairman of the Board of Directors from October 2018 to July 2019 and President of the Bank from August 2018 to June 2019. Mr. Liu served as Vice Chairman and President of the Export-Import Bank of China from July 2015 to June 2018. Mr. Liu served as Vice President of the Export-Import Bank of China from March 2007 to February 2015. He also served as Director of the African Export-Import Bank from September 2007 to February 2015, Chairman of the Board of Supervisors of Sino-Italian Mandarin Capital Partners from March 2009 to June 2015, and Chairman of the Board of Directors of Regional Credit Guarantee and Investment Facility (Asia) from March 2014 to May 2015. Mr. Liu worked in the People's Bank of China for many years, successively serving as Deputy Director-General of the International Department of the People's Bank of China, President of the Fuzhou Central Sub-branch of the People's Bank of China and Director of the Fujian Branch of the State Administration of Foreign Exchange, Director General of the Anti-Money Laundering Bureau (the Security Bureau) of the People's Bank of China. Mr. Liu served as President of Shanghai RMB Trading Unit from October 2018 to November 2019. He served as Vice Chairman of the Board of Directors of BOC Hong Kong (Holdings) Limited from December 2018 to July 2019 and has been serving as Chairman of the Board of Directors of BOC Hong Kong (Holdings) Limited since July 2019. Mr. Liu graduated from Graduate School of the People's Bank of China with a Master's Degree in Economics in 1987. He holds the title of Senior Economist.

Wang Jiang, has served as Vice Chairman of the Board of Directors of the Bank since January 2020 and President of the Bank since December 2019. Mr. Wang joined the Bank in 2019. He served as Vice Governor of Jiangsu Province from July 2017 to November 2019, and as Vice President of Bank of Communications from August 2015 to July 2017. Mr. Wang worked in China Construction Bank ("**CCB**") for many years, successively serving as Deputy General Manager of Shandong Branch, General Manager of Hubei Branch and General Manager of Shanghai Branch. Mr. Wang has concurrently served as Vice Chairman of the Board of Directors of BOC Hong Kong (Holdings) Limited since March 2020. Mr. Wang graduated from Shandong Economics College in 1984, and from Xiamen University with a Doctor's Degree in Economics in 1999. He holds the title of Researcher.

Wang Wei, has served as Executive Director of the Bank since June 2020 and Executive Vice President since December 2019. Mr. Wang joined the Bank in 2019. He served as Executive Director and Executive Vice President of Agricultural Bank of China ("**ABC**") from February 2018 to November 2019, and began to serve as Executive Vice President of ABC from December 2013 and as a member of senior management of ABC from December 2011. Mr. Wang previously served in several positions in ABC, including Deputy General Manager of Ningxia Branch, Deputy General Manager of Gansu Branch, General Manager of Gansu Branch, General Manager of Xinjiang Branch, General Manager of Xinjiang Production and Construction Corps Branch, General Manager of the Office of ABC, General Manager of Hebei Branch, General Manager of the Internal Control and Compliance Department, General Manager of the Human Resources Department and Chief Officer of the Sannong Business. Mr. Wang graduated from Shaanxi Institute of Finance and Economics in 1983, and from Southwestern University of Finance and Economics with a Doctor's Degree in Economics in 2015. He holds the title of Senior Economist.

Lin Jingzhen, has served as Executive Director of the Bank since February 2019 and Executive Vice President of the Bank since March 2018. Mr. Lin joined the Bank in 1987. He served as Deputy Chief Executive of BOC Hong Kong (Holdings) Limited from May 2015 to January 2018 and served as General Manager of the Corporate Banking Department of the Bank from March 2014 to May 2015. He served as General Manager (Corporate Banking) of the Corporate Banking Unit of the Bank from October 2010 to March 2014. Mr. Lin served as Deputy General Manager of Corporate Banking Department and Corporate Banking Unit of the Bank. Mr. Lin has also been serving as Chairman of BOC International Holdings Limited since April 2018, as Chairman of BOC International (China) Co., Ltd. since May 2018, and as a Non-executive Director of BOC Hong Kong (Holdings) Limited since August 2018. He graduated from Xiamen University with a Bachelor's Degree in Economics in 1987, and obtained a Master of Business Administration degree from Xiamen University in 2000.

Zhao Jie, has served as the Bank's Non-executive Director since August 2017. Mr. Zhao served as Inspector of the Agricultural Department of the Ministry of Finance from August 2014 to August 2017. He was an Inspector of the Office of Countryside Comprehensive Reform of the State Council from September 2008 to August 2014. From December 1991 to September 2008, Mr. Zhao served successively as Chief of Division of Taxation and Chief of Comprehensive Division of the Department of Taxation, Deputy Chief of the Department of Taxation, Deputy Chief of the Department of Tax System and Regulations of the Ministry of Finance, Chief of Office of Panel of Countryside Taxation Reform of the State Council, and Deputy Chief and Inspector of Office of Countryside Comprehensive Reform of the State Council. He graduated from Jiangxi University of Finance and Economics and Public Institute of the Ministry of Finance in August 1982 and July 2005, respectively, with a Bachelor's Degree and a Doctor's Degree.

Xiao Lihong, has served as the Bank's Non-executive Director of the Bank since August 2017. Ms. Xiao has been serving as Non-executive Director of China Galaxy Securities Company Limited since February 2019, and as Director of China Galaxy Financial Holdings Company Limited since October 2018. From April 2014 to August 2017, she served as Inspector of the Current Account Management Department of the SAFE. She was Deputy Director-General of the Current Account Management Department of the SAFE from September 2004 to April 2014, and concurrently as Vice General Manager and Party Committee Member of the Beijing Branch of China Construction Bank from July 2011 to July 2012. She served successively as Deputy Chief of the Current Account Division and the Non-trade Foreign Exchange Management Division of the Supervision and Inspection Department, and Chief of the Business Supervision Division of the Current Account Management Department of the SAFE from October 1996 to September 2004. She graduated from the China Central University of Finance and Economics in August 1988 with a Bachelor's Degree, and from the Central University of Finance and Economics and Peking University in September 2003 and July 2012, respectively, both with a Master's Degree.

Wang Xiaoya, has served as the Bank's Non-executive Director of the Bank since August 2017. Ms. Wang served as Non-executive Director of Industrial and Commercial Bank of China Limited from January 2012 to June 2017. From May 2007 to December 2011, she was Deputy Director-General of the Research Bureau of the People's Bank of China. She taught at the Central China Normal University where she served as Assistant Lecturer and Lecturer from July 1985 to January 1995. She served as Deputy Chief and Chief of the Macroeconomic Analysis Division of the Research Bureau of the People's Bank of China from July 1997 to May 2007, and concurrently as Deputy Mayor of Tongliao City in the Inner Mongolia Autonomous Region from October 2005 to February 2007. She received a professional title of research fellow in 2005. Ms. Wang was a member of the Post-Doctoral Academic Committee and a Post-Doctoral Co-mentor at the Institute of Finance of the People's Bank of China. Currently, she is a member of the Academic Committee of the China Institute for Rural Studies of Tsinghua University, Invited Researcher of the National Institute of Financial Research of Tsinghua University, Doctoral Supervisor of Southwestern University of Finance and Economics and Invited Professor at the Graduate School of Chinese Academy of Social Sciences. Ms. Wang graduated from the Economics Faculty of Central China Normal University and the Graduate School of Chinese Academy of Social Sciences in January 1990 and June 1997 with a Master's Degree and a Doctor's Degree, respectively.

Zhang Jiangang, has served as Non-executive Director of the Bank since July 2019. Mr. Zhang served as member of the Party Committee, Secretary of Party Discipline Committee, Deputy Secretary-General, and Chairman of the Financial Evaluation Committee of the China Appraisal Society from May 2016 to July 2019. From August 2014 to May 2016, Mr. Zhang served as Deputy Secretary-General of the China Appraisal Society. From September 2000 to August 2014, he worked in the Department of Personnel and Education of the Ministry of Finance, successively serving as the Principal Staff Member, Deputy Director and Secretary of the Department of Personnel and Education (Director of a Division), and Director of the Department of Cadre Education. From November 1998 to September 2000, Mr. Zhang served as a cadre of the editorial office of the State Assets Management of the Ministry of Finance. From July 1995 to November 1998, he served as a cadre of the Research Institute of the former State State-owned Assets Administration Bureau. Mr. Zhang graduated from the China Youth University of Political Studies in July 1995 with a Bachelor's Degree in Law, and obtained a Master's Degree in Management from the Graduate School of the Chinese Academy of Fiscal Sciences of the Ministry of Finance in December 2002. He holds the title of Senior Economist.

Chen Jianbo, has served as Non-executive Director of the Bank since June 2020. Mr. Chen has served as Non-executive Director of Agricultural Bank of China Limited since January 2015. He previously served as Assistant Research Fellow and Deputy Division Chief, Institute of Development of the Rural Policy Research Office of the Secretariat of the CPC Central Committee and the Rural Development Research Center of the State Council; Division Chief and Research Fellow of the Development Research Center of the State Council; and Director-General of the General Office of the Central Leading Group for Financial and Economic Affairs and the Office of Central Rural Work Leading Group. He once led and participated in research and technical assistance projects sponsored by the World Bank, Asian Development Bank, European Union, United Nations Development Programme, United Nations Industrial Development Organization and other international institutions. He also hosted a number of research projects in cooperation with institutions in the U.S. and Japan etc. He had multiple appointments as a consulting expert by the World Bank, Asian Development Bank and other institutions. Besides, he was a Visiting Scholar at Brandeis University, and a Visiting Research Fellow at Institute of Developing Economies in Japan and Asian Development Bank Institute. He received a PhD in Management from Renmin University of China in May 2005.

Wang Changyun, has served as Independent Director of the Bank since August 2016. Mr. Wang currently serves as professor and doctoral supervisor in finance at Renmin University of China ("RUC"), and the dean of Hanqing Advanced Institute of Economics and Finance, RUC. He served as a lecturer at RUC from 1989 to 1995 and as a lecturer at Business School, National University of Singapore from 1999 to 2005. He served successively as the Chair of Applied Finance Department of RUC, Director of China Financial Policy Research Center (a key research base of Ministry of Education) and Executive Vice Dean of Hanqing Advanced Institute of Economics and Finance at RUC from 2006 to 2016. Mr. Wang is currently also the Vice Chairman of China Investment Specialty Construction Association, Director of China Finance Annual Meeting Committee, Director of China Finance Association, Deputy Editor of Finance Research Quarterly, Deputy Editor of China Finance Research, and Deputy Editor of China Financial Review. He also serves as the standing committee member of Beijing Haidian District People's Political Consultative Conference, the Central Committee member of China Democratic League, the special auditor of State Auditing Administration, the independent non-executive director of Sunway Co., Ltd. (originally

named as Sichuan Star Cable Co., Ltd.) and Beijing Haohua Energy Resource Co., Ltd. Mr. Wang has received social recognition and prizes including the Special Government Allowance of State Council, Best Paper Award of Chicago Board of Trade in 2001, and the "Middle Age Experts with National Outstanding Contribution", membership of "the Program for New Century Excellent Talents" of Ministry of Education in 2004, "Financial Support of National Science Fund for Distinguished Young Scholars" in 2007, a member of the "New Century National Hundred, Thousand and Ten Thousand Talent Program" in 2013, and the "Cheung Kong Distinguished Professor" of Ministry of Education in 2014. He obtained his Master degree in economics from RUC in July 1989 and Doctorate in Financial Economics from the University of London in January 1999.

Angela Chao, has served as Independent Director of the Bank since January 2017. Ms. Chao serves as Chairman and CEO of Foremost Group, an international shipping company. From 1994 to 1996, Ms. Chao worked in the mergers and acquisitions department of Smith Barney, which is now Morgan Stanley Smith Barney. From 1996 to 1999, Ms. Chao served as deputy general manager of Foremost Group, and from 2001 to 2017, Ms. Chao had successively served as vice president, senior vice president and Deputy Chairman of Foremost Group. Since 2018, she has served as Chairman and CEO of Foremost Group. In May 2005, Ms. Chao was unanimously voted to be BIMCO39's (The Baltic and International Maritime Council 39) Counsellor. In September 2005, she was selected as "Eminent Young Overseas Chinese" by the Overseas Chinese Affairs Office of the State Council of China. In November 2007, she was invited as speaker of World Shipping (China) Summit. In April 2011, she became a Founding Member of the Wall Street Journal's Task Force on Women in the Economy. Ms. Chao currently serves on the Boards of The Metropolitan Opera, Museum of Modern Art PS1, the UK P&I Marine Insurance Mutual, Foremost Foundation, Shanghai Mulan Education Foundation, and she also serves on the Harvard Business School's Board of Dean's Advisors, Carnegie-Tsinghua Center for Global Policy Board of Advisors, Lincoln Center Global's China Advisory Council, the Chairman's Council of the Metropolitan Museum of Art and American Bureau of Shipping Council. In addition, she is also a member of the Council on Foreign Relations, serves on the Young Leaders Forum of the National Committee on US-China Relations and serves as the member of Shanghai Jiao Tong University's Antai College of Economics and Management Advisory Board, and honorary chairperson of the Jiao Tong University Alumni Association in America. Ms. Chao graduated from Harvard College in three years in 1994 with a Bachelor's degree in economics (Magna Cum Laude), and received her Master of Business Administration degree from Harvard Business School in 2001.

Jiang Guohua, has served as Independent Director of the Bank since December 2018 and serves as Professor of Accounting at the Guanghua School of Management, Peking University. Currently he also serves as a member of China National MPAcc Education Steering Committee and Associate Dean of Peking University Graduate School. Mr. Jiang has successively served as Assistant Professor, Associate Professor and Professor of the Accounting Department of Guanghua School of Management, Peking University since 2002, during which he successively served as Director of the Yenching Academy, Executive Associate Dean and Director of the Yenching Academy from 2013 to 2017. From 2007 to 2010, he was a senior investment consultant at Bosera Fund Management Company. From 2010 to 2016, he served as independent director of Datang International Power Generation Co. Ltd. From 2011 to 2014, he was an academic advisor to the Global Valuation Institute of KPMG International. From 2014 to 2015, he was a member of the Global Agenda Council of the World Economic Forum. Currently he also serves as independent director of ZRF Fund Management Company Ltd. and China Merchants Life Insurance Company Ltd. Mr. Jiang was named National Leading Talent in Accounting by China Ministry of Finance (2012). He was an Elsevier Chinese Most Cited Researcher consecutively from 2014 to 2017. He was a member of the 17th Stock Issuance Review Committee of China Securities Regulatory Commission. Mr. Jiang graduated from Peking University in 1995 with a Bachelor's degree in Economics, received his Master's degree in Accounting from Hong Kong University of Science and Technology in 1997, and obtained his Doctor's degree in Accounting from the University of California, Berkeley in 2002.

Martin Cheung Kong Liao, has served as Independent Director of the Bank since September 2019. Mr. Liao was called to the Bar in England and Wales in 1984 and was called to the Bar in Hong Kong in 1985 and is a practicing barrister in Hong Kong. He has been serving as a Member of the Legislative Council of the Hong Kong Special Administrative Region since 2012. Mr. Liao has also been serving as a Steward of the Hong Kong Jockey Club since April 2013, an Independent Non-executive Director of Hang Lung Group Limited since November 2014, and Chairman of the Advisory Committee on Corruption of the Independent Commission Against Corruption since January 2019. Mr. Liao has been appointed as a Non-Official Member of the Executive Council of the Hong Kong Special Administrative Region since November 2016. He was appointed as Justice of the Peace in 2004, was awarded the Silver Bauhinia Star

in 2014 and was awarded the Gold Bauhinia Star in 2019. He has been elected as Deputy of the Hong Kong Special Administrative Region to the 11th, 12th and 13th National People's Congress of the People's Republic of China. Mr. Liao previously served as Chairman of the Anti-Money Laundering and Counter Terrorist Financing Review Tribunal and Chairman of The Hong Kong Council for Accreditation of Academic and Vocational Qualifications. He graduated from University College London with a Bachelor of Economic Science (Hons) Degree in 1982 and a Master of Laws Degree in 1985.

Chen Chunhua, has served as Independent Director of the Bank since July 2020. Ms. Chen is currently professor of the National School of Development at Peking University, Dean of BiMBA Business School of the National School of Development at Peking University and Professor of the Business Administration School at South China University of Technology. She is also a visiting professor of the School of Business at National University of Singapore. From 2000 to 2003, Ms. Chen was Vice Dean of the College of Business Administration at South China University of Technology. From 2003 to 2004, she served as President of Shandong Liuhe Group. From 2006 to 2008, she served as Executive Dean of the School of Economics and Commerce at South China University of Technology. From 2006 to 2016, she served as an expert on the decision-making consultation for the Guangzhou Municipal Government. Ms. Chen has served as a non-executive director of SPT Energy Group Inc. (HK01251) (since 2013) and a non-executive director of Vtron Group Co., Ltd. (002308) (since 2013). She was an independent director of China Merchants Fund Management Co., Ltd., Welling Holding Limited, Guangzhou Zhujiang Brewery Co., Ltd. and Shunde Rural Commercial Bank, and she once served as the joint chairman and chief executive officer of New Hope Liuhe Co., Ltd. and a director of the Yunnan Baiyao Holding Ltd. Ms. Chen obtained a Bachelor's Degree of engineering in radio technology from South China Institute of Technology in 1986 and became a post-doctoral candidate in business administration of the Nanjing University Business School in 2005.

There are no potential conflicts of interest between any duties to the Bank of the Directors listed above and their private interests or other duties.

Board of Supervisors

The following table sets forth certain information concerning members of the Bank's Supervisors.

Name	Position
Wang Xiquan	Chairman of the Board of Supervisors
Wang Zhiheng	Employee Supervisor
Li Changlin	Employee Supervisor
Leng Jie	Employee Supervisor
Jia Xiangsen	External Supervisor
Zheng Zhiguang	External Supervisor

Wang Xiquan, has served as the Chairman of the Board of Supervisors of the Bank since November 2016 and Vice Party Secretary of the Bank since June 2016. Mr. Wang joined the Bank in 2016. Mr. Wang previously served in several positions at Industrial and Commercial Bank of China Limited ("ICBC") for many years. He served as the Senior Executive Vice President of ICBC from September 2012 to July 2016 and Executive Director from June 2015 to July 2016. Mr. Wang served as a member of the senior management of ICBC from April 2010 to September 2012. Between September 1999 and April 2010, he successively served as Deputy Head of the Hebei Branch of ICBC, General Manager of Risk Management Department, General Manager of Internal Audit Bureau, and General Manager of Human Resource Department. Mr. Wang graduated from Shanxi Institute of Finance and Economics in 1983 and received a Doctorate degree in Management from Nanjing University in 2009. He holds the title of senior economist.

Wang Zhiheng, has served as Employee Supervisor of the Bank since December 2018. Mr. Wang currently serves as General Manager of the Human Resources Department of the Head Office of the Bank and Director of BOC Aviation Limited, BOC International Holdings Limited and Bank of China Group Insurance Company Limited. He joined the Bank in July 1999, and used to serve as Deputy General Manager of the Human Resources Department of the Head Office, Deputy General Manager of Guangdong Branch and General Manager of Qinghai Branch of the Bank. He graduated and obtained a Master's degree in Finance from Nankai University in 1999.

Li Changlin, has served as Employee Supervisor of the Bank since December 2018. Mr. Li currently serves as General Manager of the Credit Approval Department of the Head Office of the Bank and Director of Bank of China Group Investment Limited. He joined the Bank in September 1984, and used to serve as Deputy General Manager of the Risk Management Department of the Head Office and General Manager of the Credit Approval Division of the Risk Management Unit of the Head Office of the Bank. He graduated from the finance major of Central University of Finance and Economics in 1984.

Leng Jie, has served as Employee Supervisor of the Bank since December 2018. Mr. Leng currently serves as General Manager of Hebei Branch of the Bank. He started working in November 1981 and joined the Bank in September 1988. He used to serve as Deputy General Manager of Shandong Branch, Deputy General Manager of Shanxi Branch, General Manager of Ningxia Branch and General Manager of Chongqing Branch of the Bank. He graduated from the economics administration major of Shandong Institute of Light Industry in 1999 and the accounting major of University of Jinan in 2009.

Jia Xiangsen, has served as External Supervisor of the Bank since May 2019. Mr. Jia had successively worked for the People's Bank Of China and the Agricultural Bank of China. From December 1983 to April 2008, Mr. Jia was vice president of the Fengtai District sub-branch of PBOC Beijing Branch, and held various positions at ABC Beijing Branch, including, among others, deputy head of Fengtai District sub-branch, deputy division chief at the branch, president of Dongcheng District sub-branch, and vice president of the branch. He was also general manager of the corporate banking department of ABC Head Office and president of ABC Guangdong Provincial Branch. From April 2008 to March 2010, Mr. Jia served as Head of Audit Bureau of the ABC Head Office. From March 2010 to March 2014, Mr. Jia was concurrently chief audit executive and head of the audit bureau at the ABC Head Office. Mr. Jia has been an external supervisor of the China CITIC Bank and an independent director of China Life Insurance Company Limited. He obtained his master's degree in monetary banking from the Chinese Academy of Social Sciences. Mr. Jia holds the title of Senior Economist.

Zheng Zhiguang, has served as External Supervisor of the Bank since May 2019. Mr. Zheng had successively worked for the People's Bank of China and Industrial and Commercial Bank of China Limited. From March 1979 to August 2004, Mr. Zheng served as deputy section chief of the Luwan District sub-branch of PBOC Shanghai Branch, and held various positions at ICBC, including deputy division chief of Luwan District sub-branch of Shanghai Branch, division chief and vice president at the Shanghai Branch. From September 2004 to August 2009, Mr. Zheng served as Head of Internal Audit Bureau of the ICBC Shanghai Branch. From September 2009 to January 2013, Mr. Zheng served as head of the precious metals business department of ICBC. From 2013 to 2014 Mr. Zheng served as a director of ICBC International Holdings Limited and a Chairman of the Board of Supervisors of ICBC AXA Life Insurance Co., Ltd. He obtained a Master of Business Administration degree from Fudan University. Mr. Zheng has qualification of senior economist.

The following table sets forth certain information concerning members of the Bank's senior management.

Name	**Position**
Wang Jiang	President
Wang Wei	Executive Vice President
Lin Jingzhen	Executive Vice President
Sun Yu	Executive Vice President
Zheng Guoyu	Executive Vice President
Xiao Wei	Chief Audit Officer
Liu Qiuwan	Chief Information Officer
Liu Jiandong	Chief Risk Officer
Mei Feiqi	Secretary to the Board of Directors and Company Secretary

Wang Jiang – for Mr. Wang Jiang's biography, please refer to "*Directors, Management and Supervisors – Wang Jiang*".

Wang Wei – for Mr. Wang Wei's biography, please refer to "*Directors, Management and Supervisors – Wang Wei*".

Lin Jingzhen – for Mr. Lin Jingzhen's biography, please refer to "*Directors, Management and Supervisors – Lin Jingzhen*".

Sun Yu, has served as Executive Vice President of the Bank since February 2019. Mr. Sun joined the Bank in 1998 and has served as Chief Overseas Business Officer from September 2018 to February 2019. From March 2015 to November 2018, Mr. Sun served as General Manager of London Branch of the Bank, CEO of Bank of China (UK) Limited, and also served as General Manager of London Trading Center of the Bank from December 2015 to November 2018. Mr. Sun previously served as Director of Global Financial Markets Department, Director of Financial Markets Unit (Client Business), Director of Financial Markets Unit (Securities Investment), Deputy General Manager of Shanghai Branch and General Manager of Global Markets Department of Bank of China (Hong Kong) Limited. Mr. SUN has concurrently served as a Director of Bank of China (UK) Limited since March 2015, and has served as Chairman of the Board of Directors of Bank of China (UK) Limited since December 2018. He graduated from Nankai University with a Master's Degree in Economics in 1998.

Zheng Guoyu, has served as Executive Vice President of the Bank since May 2019. Mr. Zheng joined the Bank in 1988. From June 2015 to March 2019, he served as General Manager of Sichuan Branch of the Bank. Mr. Zheng served as General Manager of Shanxi Branch of the Bank from January 2012 to June 2015. Previously, Mr. Zheng successively served as Assistant General Manager and Deputy General Manager of Hubei Branch. He graduated from Wuhan Institute of Water Transportation Engineering with a Bachelor's Degree in Engineering in 1988, and obtained a Master's Degree in business administration from Huazhong University of Science & Technology in 2000. He holds the title of Senior Economist.

Xiao Wei, has served as Chief Audit Officer of the Bank since November 2014. Mr. Xiao joined the Bank in 1994, and served as General Manager of Financial Management Department of the Bank's Head Office from November 2009 to November 2014. Mr. Xiao served as Deputy General Manager of the Beijing Branch of the Bank from May 2004 to November 2009, and also concurrently served as Chief Financial Officer of the Beijing Branch of the Bank from January 2007 to November 2009. He successively served as the Assistant General Manager and the Deputy General Manager of the Asset-and-Liability Management Department of the Bank's Head Office from December 1999 to May 2004, and also served as temporary Deputy General Manager of the Beijing Branch of the Bank from November 2002 to May 2004. Mr. Xiao obtained a Doctor's Degree in Economics from Renmin University of China in 1994. He has the qualification of Senior Accountant.

Liu Qiuwan, has served as Chief Information Officer of the Bank since June 2018. Mr. Liu joined the Bank in 1994. He served as General Manager of Information Technology Department of the Bank since December 2014. From September 2009 to December 2014, he served as General Manager of the Software Center of the Bank. Mr. Liu previously served as Deputy General Manager of Ningxia Branch and CEO of BOCSOFT Information Industrial (Shenzhen) Co., Ltd. He graduated from Xi'an Mining College with a Bachelor's Degree in Engineering in 1982. He holds the title of Senior Engineer.

Liu Jiandong, has served as Chief Risk Officer of the Bank since February 2019. Mr. Liu joined the Bank in 1991. Since March 2014, he has served as General Manager of the Credit Management Department of the Bank. Mr. Liu served as General Manager (Investment Banking) of the Corporate Banking Unit of the Bank from February 2011 to March 2014. Mr. Liu previously served as Deputy General Manager of the Corporate Banking Department and Corporate Banking Unit of the Bank. He graduated from Renmin University of China in 1991 with a Bachelor's Degree in Economics, and obtained a Master's Degree in Economics from Renmin University of China in 2000.

Mei Feiqi, has served as Secretary to the Board of Directors of the Bank since April 2018 and concurrently serves as Company Secretary of the Bank. Mr. Mei joined the Bank in 1998. He served as Vice President of the Beijing Branch of the Bank, General Manager of the Wealth Management and Personal Banking Department under the Personal Banking Unit of the Bank, and General Manager of the Executive Office (Spokesman) of the Bank. Prior to joining the Bank, he worked at the Ministry of Geology and Mineral Resources and the General Office of the State Council. He graduated from Chengdu University of Technology with a Bachelor's Degree, and had on-the-job postgraduate education. He holds the title of senior economist.

Board Committees

The Bank's Board of Directors delegates certain responsibilities to various committees. The Bank's Board of Directors has set up the Strategic Development Committee, Corporate Culture and Consumer Protection Committee, Audit Committee, Risk Policy Committee, Personnel and Remuneration Committee, and Connected Transactions Control Committee. These committees are constituted by certain Directors and report to the Board of Directors. In March 2015, the Board of Directors established the U.S. Risk and Management Committee under its Risk Policy Committee to supervise risk management of the U.S. operations of the Bank. As required by the Bank's Articles of Association, each committee must have at least three Directors.

SUBSTANTIAL SHAREHOLDERS

Disclosure of Shareholding under H-Share Regulation Substantial Shareholder Interests

The register maintained by the Bank pursuant to section 336 of the Securities and Futures Ordinance (the "**SFO**"), recorded that, as at 30 June 2020, the shareholders indicated in the following table were substantial shareholders (as defined in the SFO) having the following interests in shares of the Bank:

Name of shareholder	Capacity (types of interest)	Number of shares held/ Number of underlying shares	Type of shares	Percentage of total issued A-Shares capital	Percentage of total issued H-Shares capital	Percentage of total issued ordinary share capital
		(unit: share)[3]				
Central Huijin Investment Ltd. . .	Beneficial owner	188,461,533,607	A	89.42	–	64.02
	Interest of controlled corporations	1,810,024,500	A	0.86	–	0.61
	Total	190,271,558,107	A	90.28	–	64.63
National Council for Social Security Fund.	Beneficial owner	6,684,735,907	H	–	7.99	2.27
Citigroup Inc.[1] . . .	Person having a security interest in shares	497,000	H	–	0.0006	0.0002
	Interest of controlled corporations	535,617,373	H	–	0.64	0.18
		187,321,515 (S)	H	–	0.22	0.06
	Approved lending agent	4,469,332,847 (P)	H	–	5.34	1.52
	Total	5,005,447,220	H	–	5.99	1.70
		187,321,515 (S)	H	–	0.22	0.06
		4,469,332,847 (P)	H	–	5.34	1.52
BlackRock[2]	Interest of controlled corporations	5,003,261,157	H	–	5.98	1.70
		21,975,000 (S)	H	–	0.03	0.01

Notes:

(1) Citigroup Inc. holds the entire issued share capital of Citicorp LLC, while Citicorp LLC holds the entire issued share capital of Citibank, N.A. Thus Citigroup Inc. and Citicorp LLC are deemed to have equal interests in shares of the Bank as Citibank, N.A. under the SFO. Citigroup Inc. holds a long position of 5,005,447,220 H Shares and a short position of 187,321,515 H Shares of the Bank through Citibank, N.A. and other corporations controlled by it. In the long position of 5,005,447,220 H Shares, 4,469,332,847 H Shares are held in the lending pool and 238,489,967 H Shares are held through derivatives. In the short position of 187,321,515 H Shares, 146,016,715 H Shares are held through derivatives.

(2) BlackRock, Inc. holds the entire issued share capital of BlackRock Holdco 2 Inc., while BlackRock Holdco 2 Inc. holds the entire issued share capital of BlackRock Financial Management, Inc. Thus BlackRock, Inc. and BlackRock Holdco 2 Inc. are deemed to have equal interests in shares of the Bank as BlackRock Financial Management, Inc. under the SFO. BlackRock, Inc. holds a long position of 5,003,261,157 H Shares and a short position of 21,975,000 H Shares of the Bank through BlackRock Financial Management, Inc. and other corporations controlled by it. In the long position of 5,003,261,157 H Shares, 108,245,000 H Shares are held through derivatives. In the short position of 21,975,000 H Shares, 13,906,000 H Shares are held through derivatives.

(3) "S" denotes short position, "P" denotes lending pool.

Unless stated otherwise, all interests stated above represented long positions. Save as disclosed above, as at 30 June 2020, no other interests (including derivative interests) or short positions were recorded in the register maintained by the Bank under section 336 of the SFO.

Controlling Shareholder of the Bank

Central Huijin Investment Ltd. ("**Huijin**") is a state-owned company established under the Company Law of the PRC. Huijin was established on 16 December 2003. The current legal representative is Mr. PENG Chun. Huijin's Unified Social Credit Code is 911000007109329615. Wholly-owned by China Investment Corporation, Huijin makes equity investments in major state-owned financial institutions, as authorised by the State Council. To the extent of its capital contribution, Huijin exercises the rights and fulfils the obligations as an investor on behalf of the State, in accordance with applicable laws aimed at preserving and enhancing the value of state-owned financial assets. Huijin neither engages in other business activities nor intervenes in the daily operation of the key state-owned financial institutions of which it is the controlling shareholder.

As at 30 June 2020, the Bank does not have any other institutional shareholders holding at least 10 per cent. of the total voting shares of the Bank (excluding HKSCC Nominees Limited).

Preference Shares

Issuance and Listing of Preference Shares

With the approvals of CBIRC (Yinbaojianfu [2019] No. 630) and CSRC (Zhengjianxuke [2020] No. 254), the Bank made a non-public issuance of USD2.820 billion Offshore Preference Shares (Second Tranche) on 4 March 2020 in the offshore market. Such Offshore Preference Shares have been listed on the Hong Kong Stock Exchange since 5 March 2020.

The top ten preference shareholders as at 30 June 2020 are set forth below:

Unit: Share

No.	Name of preference shareholder	Changes during the reporting period	Number of shares held as at the end of the reporting period	Percentage of total preference shares	Number of shares pledged or frozen	Type of shareholder	Type of preference shares
1.	Bosera Fund – ICBC – Bosera – ICBC – Flexible Allocation No. 5 Specific Multi-customer Assets Management Plan	–	220,000,000	12.24%	None	Other	Domestic Preference Shares
2.	Bank of New York Mellon Corporation	197,865,300	197,865,300	11.01%	Unknown	Foreign legal person	Offshore Preference Shares
3.	China Mobile Communications Group Co., Ltd..	–	180,000,000	10.01%	None	State-owned legal person	Domestic Preference Shares
4.	CCB Trust Co., Ltd. – "Qian Yuan – Ri Xin Yue Yi" Open-ended Wealth Management Single Fund Trust	–	133,000,000	7.40%	None	Other	Domestic Preference Shares
5.	China Life Insurance Company Limited – traditional – general insurance product – 005L – CT001SH	–	86,000,000	4.78%	None	Other	Domestic Preference Shares
6.	Bosera Fund-ABC-Agricultural Bank of China Limited	–	69,000,000	3.84%	None	Other	Domestic Preference Shares
7.	China Resources SZITIC Trust Co., Ltd. – Investment No. 1 Single Fund Trust	–	66,500,000	3.70%	None	Other	Domestic Preference Shares

No.	Name of preference shareholder	Changes during the reporting period	Number of shares held as at the end of the reporting period	Percentage of total preference shares	Number of shares pledged or frozen	Type of shareholder	Type of preference shares
8.	BOCOM Schroder Asset Management – BOCOM – Bank of Communications Co., Ltd.	(15,000,000)	50,000,000	2.78%	None	Other	Domestic Preference Shares
9.	China National Tobacco Corporation. .	–	50,000,000	2.78%	None	State-owned legal persons	Domestic Preference Share
10.	Ping An Life Insurance Company of China – universal – individual universal insurance.	3,000,000	40,600,000	2.26%	None	Other	Domestic Preference Shares

The Bank of New York Mellon Corporation, acting as the custodian for all the offshore preference shareholders that maintain an account with Euroclear and Clearstream as at 30 June 2020, held 197,865,300 Offshore Preference Shares, representing 100 per cent. of the Offshore Preference Shares.

As at 30 June 2020, "China Life Insurance Company Limited – traditional – general insurance product – 005L – CT001SH" is one of both the Bank's top ten ordinary shareholders and top ten preference shareholders.

"Bosera Fund – ICBC – Bosera – ICBC – Flexible Allocation No. 5 Specific Multi-customer Assets Management Plan" and "Bosera Fund – ABC – Agricultural Bank of China Limited" are both under management of Bosera Asset Management Co., Limited.

Save as disclosed above, the Bank is not aware of any connected relation or concerted action among the aforementioned preference shareholders, or among the aforementioned preference shareholders and the Bank's top ten ordinary shareholders.

CONNECTED TRANSACTIONS

The Bank currently engages in, and expects from time to time in the future to engage in, financial and commercial transactions with its connected parties. All such transactions are conducted on an arm's length and commercial basis and in accordance with the applicable listing rules. For the six months ended 30 June 2020, the Bank had no significant connected transactions.

SUBSCRIPTION AND SALE

The selling restriction for European Economic Area set forth in the section entitled "Subscription and Sale" in the Principal Offering Circular shall be deleted in its entirety and replaced with the following:

Unless the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to EEA and UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area or in the United Kingdom.

For the purposes of this provision,

(a) the expression "retail investor" means a person who is one (or more) of the following:

  (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

  (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

  (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"); and

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the relevant Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to EEA and UK Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area and the United Kingdom (each, a "**Relevant State**"), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Relevant State except that it may make an offer of such Notes to the public in that Relevant State:

(a) if the Pricing Supplement in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Relevant State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, **provided that** any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129, as amended.

The selling restriction for Singapore set forth in the section entitled "Subscription and Sale" in the Principal Offering Circular shall be deleted in its entirety and replaced with the following:

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that the Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed that, and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase and has not circulated or distributed, nor will it circulate or distribute, the Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

*Singapore Securities and Futures Act Product Classification: Solely for the purposes of its obligations pursuant to Sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time including by any subsidiary legislation as may be applicable at the relevant time (together, the "**SFA**"), unless otherwise specified before an offer of Notes, the Relevant Obligor(s) each has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA), that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**")) and "Excluded Investment Products" (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).*

GENERAL INFORMATION

1 Listing

The Programme has been listed on the Hong Kong Stock Exchange by way of debt issues to Professional Investors only, effective from 29 April 2020 and for a period of 12 months. The issue price of Notes listed on the Hong Kong Stock Exchange will be expressed as a percentage of their nominal amount. Transactions will normally be effected for settlement in the relevant specified currency and for delivery by the end of the second trading day after the date of the transaction. It is expected that dealings will, if permission is granted to deal in and for the listing of such Notes, commence on or about the next business day following the date of listing of the relevant Notes. Notes to be listed on the Hong Kong Stock Exchange are required to be traded with a board lot size of at least HK$500,000 (or equivalent in other currencies).

2 Legal Entity Identifier

The Legal Entity Identifier (LEI) code of the Bank is 54930053HGCFWVHYZX42.

3 Authorisation

The Bank and each Relevant Obligor have obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of their respective obligations under the Notes.

4 Legal and Arbitration Proceedings

None of the Relevant Obligor(s), the Relevant Group, the Bank nor the Group is or has been involved in any governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which any Relevant Obligor or the Bank is aware), which may have, or have had, during the 12 months prior to the date of this Supplement, a significant effect on the financial position or profitability of any Relevant Obligor, the Relevant Group, the Bank or the Group.

5 Significant/Material Change

Since 30 June 2020, there has been no significant change in the financial or trading position or prospects of any Relevant Obligor, the Bank, or the Group.

ANNEX I – PRINCIPAL OFFERING CIRCULAR DATED 28 APRIL 2020

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS ("QIBs") UNDER RULE 144A UNDER THE SECURITIES ACT (AS DEFINED BELOW) ("RULE 144A") OR (2) NON-U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT (AS DEFINED BELOW) ("REGULATION S")) PURCHASING THE SECURITIES OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN RELIANCE ON REGULATION S.

IMPORTANT: You must read the following before continuing. The following applies to the offering circular following this page (the "**Offering Circular**"), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND SECURITIES IN BEARER FORM ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. THE SECURITIES MAY NOT BE OFFERED, SOLD OR (IN THE CASE OF NOTES IN BEARER FORM) DELIVERED WITHIN THE UNITED STATES, OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THIS OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT, IN WHOLE OR IN PART, IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. ANY INVESTMENT DECISION SHOULD BE MADE ON THE BASIS OF THE FINAL TERMS AND CONDITIONS OF THE SECURITIES AND THE INFORMATION CONTAINED IN THE OFFERING CIRCULAR (AS AMENDED AND RESTATED) THAT WILL BE DISTRIBUTED TO YOU PRIOR TO THE PRICING DATE AND NOT ON THE BASIS OF THE ATTACHED DOCUMENTS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of your Representation: In order to be eligible to view the following Offering Circular or make an investment decision with respect to the securities, investors must be either (I) QIBs (within the meaning of Rule 144A) or (II) non-U.S. persons eligible to purchase the securities outside the United States in an offshore transaction in reliance on Regulation S. By accepting this e-mail and accessing the following Offering Circular, you shall be deemed to have represented to us that (1) you and any customers you represent are either (a) QIBs or (b) non-U.S. persons eligible to purchase the securities outside the United States in an offshore transaction in reliance on Regulation S and that the electronic e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States and (2) that you consent to the delivery of such Offering Circular by electronic transmission.

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Offering Circular to any other person.

The materials relating to the offering of securities to which the Offering Circular relates do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the relevant Issuer (as defined in the Offering Circular) in such jurisdiction.

The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Relevant Obligor(s) (as defined in the Offering Circular), Bank of China Limited and Bank of China (Hong Kong) Limited (together, the "**Arrangers**"), any person who controls any Arranger or Dealer (as defined in the Offering Circular), any director, officer, employee or agent of the Relevant Obligor(s) or any Arranger or Dealer, or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Arrangers or the Dealers.

You should not reply by e-mail to this notice, and you may not purchase any securities by doing so. Any reply email communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected. You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

BANK OF CHINA LIMITED

(a joint stock company incorporated in the People's Republic of China with limited liability)

U.S.$40,000,000,000
Medium Term Note Programme

Under the U.S.$40,000,000,000 Medium Term Note Programme described in this Offering Circular (the "**Programme**"), Bank of China Limited (the "**Bank**") or such branch of the Bank (including Bank of China Limited, Hong Kong Branch) (each a "**Branch Issuer**") or such subsidiary of the Bank (each a "**Subsidiary Issuer**"), as specified in the applicable Pricing Supplement (each an "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue medium term notes (the "**Notes**"). Notes issued by a Subsidiary Issuer may be unconditionally and irrevocably guaranteed ("**Guarantee of the Notes**") by a branch of the Bank outside the PRC (each an "**Overseas Branch**" and a "**Guarantor**") as specified in the relevant Pricing Supplement (the "**Guaranteed Notes**"). References herein to the "Relevant Obligor(s)" are to the relevant Issuer, and, in the case of any Guaranteed Notes, each of the relevant Issuer and the relevant Guarantor.

Notes may be issued in bearer or registered form. The aggregate nominal amount of Notes outstanding will not at any time exceed U.S.$40,000,000,000 (or its equivalent in other currencies, subject to any duly authorised increase). The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Summary of the Programme*" or any additional Dealer appointed under the Programme from time to time by an Issuer (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the "relevant Dealer" shall, in the case of an issue of Notes being (or intended to be) subscribed for by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes.

Non-Guaranteed Notes are constituted by, are subject to, and have the benefit of, an amended and restated trust deed dated 28 April 2020 (as further amended or supplemented from time to time, the "**Non-Guaranteed Notes Principal Trust Deed**") between the Bank (on behalf of itself and each Branch Issuer) and The Bank of New York Mellon, London Branch as trustee (the "**Trustee**") and are the subject of an amended and restated issue and paying agency agreement dated 3 April 2018 (as further amended or supplemented from time to time, the "**Non-Guaranteed Notes Principal Agency Agreement**") between the Bank (on behalf of itself and each Branch Issuer), the Trustee and the agents named therein. In order for a Subsidiary Issuer to issue Non-Guaranteed Notes, such Subsidiary Issuer shall, in respect of such Non-Guaranteed Notes, (A) accede to the Non-Guaranteed Notes Principal Trust Deed by executing an accession deed between such Subsidiary Issuer and the Trustee or supplement the Non-Guaranteed Notes Principal Trust Deed by executing a supplemental trust deed between such Subsidiary Issuer, the Bank and the Trustee, in each case, dated on or before the relevant Issue Date (as amended or supplemented from time to time and together with the Non-Guaranteed Notes Principal Trust Deed, the "**Non-Guaranteed Notes Trust Deed**") and (B) accede to the Non-Guaranteed Notes Principal Agency Agreement by executing an accession agreement between such Subsidiary Issuer, the Trustee and the agents named therein or supplement the Non-Guaranteed Notes Principal Agency Agreement by executing a supplemental agency agreement between such Subsidiary Issuer, the Bank the Trustee and the agents named therein, in each case, dated on or before the relevant Issue Date (as amended or supplemented from time to time and together with the Non-Guaranteed Notes Principal Agency Agreement, the "**Non-Guaranteed Notes Agency Agreement**").

Guaranteed Notes are constituted by, are subject to, and have the benefit of, a trust deed dated 28 April 2020 (as amended or supplemented from time to time, the "**Guaranteed Notes Principal Trust Deed**") between the Bank (on behalf of itself as Issuer and each Overseas Branch as Guarantor) and the Trustee and are the subject of an issue and paying agency agreement dated 3 April 2018 (as amended or supplemented from time to time, the "**Guaranteed Notes Principal Agency Agreement**") between the Bank (on behalf of itself as Issuer and each Overseas Branch as Guarantor), the Trustee and the agents named therein. In order for a Subsidiary Issuer to issue Guaranteed Notes, such Subsidiary Issuer shall, in respect of such Guaranteed Notes, (A) accede to the Guaranteed Notes Principal Trust Deed by executing an accession deed between such Subsidiary Issuer and the Trustee or supplement the Guaranteed Notes Principal Trust Deed by executing a supplemental trust deed between such Subsidiary Issuer, the Bank and the Trustee, in each case, dated on or before the relevant Issue Date (as amended or supplemented from time to time and together with the Guaranteed Notes Principal Trust Deed, the "**Guaranteed Notes Trust Deed**") and (B) accede to the Guaranteed Notes Principal Agency Agreement by executing an accession agreement between such Subsidiary Issuer, the Trustee and the agents named therein or supplement the Guaranteed Notes Principal Agency Agreement by executing a supplemental agency agreement between such Subsidiary Issuer, the Bank the Trustee and the agents named therein, in each case, dated on or before the relevant Issue Date (as amended or supplemented from time to time and together with the Guaranteed Notes Principal Agency Agreement, the "**Guaranteed Notes Agency Agreement**"). The relevant Guarantor must execute a deed of guarantee to be dated on or before the relevant Issue Date (each as amended or supplemented from time to time, a "**Deed of Guarantee**").

Notes issued by the Bank may be constituted by, are subject to, and have the benefit of either the Non-Guaranteed Notes Principal Trust Deed or the Guaranteed Notes Principal Trust Deed as specified in the relevant Pricing Supplement, and are the subject of the Non-Guaranteed Notes Principal Agency Agreement (in case of Notes constituted by the Non-Guaranteed Notes Principal Trust Deed) or the Guaranteed Notes Principal Agency Agreement (in case of Notes constituted by the Guaranteed Notes Principal Trust Deed).

Without prejudice to the foregoing, if the relevant Pricing Supplement specifies that an alternative trustee shall be appointed for a relevant Tranche of Notes, such Tranche of Notes shall be constituted by a deed (as further amended or supplemented from time to time, the "**Alternative Trust Deed**") between the relevant Issuer (and in the case of Notes issued by a Branch Issuer or a Subsidiary Issuer, the Bank) and the specified alternative trustee (the "**Alternative Trustee**") incorporating the Non-Guaranteed Notes Principal Trust Deed or the Guaranteed Notes Principal Trust Deed, as the case may be. The Alternative Trustee shall be the Trustee for the purposes of the Conditions applicable to such Tranche of Notes. Neither the Non-Guaranteed Notes Principal Agency Agreement nor the Guaranteed Notes Principal Agency Agreement shall apply to such Tranche of Notes and such alternative arrangement (the "**Alternative Agency Agreement**") as specified in such Pricing Supplement shall apply.

Where applicable for a relevant Tranche of Notes, the Notes will be issued within the relevant annual or otherwise general foreign debt issuance quota granted to the Bank or registration will be completed by the Bank pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資 [2015] 2044號)) issued by the NDRC which came into effect on 14 September 2015 and the applicable implementation rules or policies thereof as issued by the NDRC from time to time (the "**NDRC Circular**"). After the issuance of such relevant Tranche of Notes, the Bank intends to provide the requisite information on the issuance of such Notes to the NDRC within the time period as required by the NDRC.

Application has been made to The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") for the listing of the Programme by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) (together, "**Professional Investors**") only. This Offering Circular is for distribution to Professional Investors only. **Investors should not purchase the Notes in the primary or secondary markets unless they are Professional Investors and understand the risks involved. The Notes are only suitable for Professional Investors.**

The Hong Kong Stock Exchange has not reviewed the contents of this Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Offering Circular to Professional Investors only have been reproduced in this Offering Circular. Listing of the Programme and the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes or the Relevant Obligor(s) or quality of disclosure in this Offering Circular. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Series (as defined under "*Terms and Conditions of the Notes*" and each term therein, a "**Condition**") of Notes will be set out in a pricing supplement (the "**Pricing Supplement**") which, with respect to Notes to be listed on the Hong Kong Stock Exchange, will be delivered to the Hong Kong Stock Exchange, on or before the date of issue of the Notes of such Series. This Offering Circular may not be used to consummate sales of Notes, unless accompanied by a Pricing Supplement.

The relevant Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Hong Kong Stock Exchange or any other stock exchange.

Each Series (as defined in "*Summary of the Programme*") of Notes in bearer form ("**Bearer Notes**") will be represented on issue by a temporary global note (each a "**Temporary Global Note**"), and will be sold in an "offshore transaction" within the meaning of Regulation S ("**Regulation S**") under the United States Securities Act of 1933, as amended (the "**Securities Act**"). Interests in Temporary Global Notes generally will be exchangeable for interests in permanent global notes (each a "**Permanent Global Note**" and, together with the Temporary Global Notes, the "**Global Notes**"), or if so stated in the relevant Pricing Supplement, definitive Notes ("**Definitive Notes**"), after the date falling 40 days after the later of the commencement of the offering and the relevant issue date of such Series, upon certification as to non-U.S. beneficial ownership. Interests in Permanent Global Notes will be exchangeable for Definitive Notes in whole but not in part as described under "*Summary of Provisions Relating to the Notes while in Global Form*".

The Notes of each Series to be issued in registered form ("**Registered Notes**") and which are sold in an "offshore transaction" within the meaning of Regulation S ("**Unrestricted Notes**") will initially be represented by a permanent registered global note certificate (each an "**Unrestricted Global Note Certificate**") without interest coupons, which may be deposited on the relevant issue date (a) in the case of a Series intended to be cleared through Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), with a common depositary on behalf of Euroclear and Clearstream, Luxembourg, (b) in the case of a Series intended to be cleared through the Central Moneymarkets Unit Service (the "**CMU Service**"), operated by the Hong Kong Monetary Authority (the "**HKMA**"), with a sub-custodian for the CMU Service, (c) in the case of a Series intended to be cleared through The Depositary Trust Company ("**DTC**"), registered in the name of Cede & Co. as nominee for DTC and (d) in the case of a Series intended to be cleared through a clearing system other than, or in addition to, Euroclear and/or Clearstream, Luxembourg, DTC and/or the CMU Service, or delivered outside a clearing system, as agreed between the relevant Issuer and the relevant Dealer. Registered Notes which are sold in the United States to "qualified institutional buyers" (each, a "**QIB**") within the meaning of Rule 144A ("**Rule 144A**") under the Securities Act ("**Restricted Notes**") will initially be represented by a permanent registered global note certificate (each a "**Restricted Global Note Certificate**" and, together with the relevant Unrestricted Global Note Certificate, the "**Global Note Certificates**"), without interest coupons, which may be deposited on the relevant issue date with a custodian (the "**DTC Custodian**") for, and registered in the name of Cede & Co. as nominee for, DTC or with a common depositary on behalf of Euroclear and Clearstream, Luxembourg. The provisions governing the exchange of interests in Global Notes for other Global Notes and Definitive Notes are described in "*Summary of Provisions Relating to the Notes while in Global Form*".

The Notes and the Guarantee of the Notes, if applicable, have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Notes may include Bearer Notes that are subject to U.S. tax law requirements. Accordingly, the Notes are being offered and sold only (i) in the United States to QIBs as defined in Rule 144A and (ii) outside the United States to non-U.S. persons in offshore transactions in accordance with Regulation S. Subject to certain exceptions, the Notes may not be offered, sold, or, in the case of Bearer Notes, delivered within the United States or to, or for the account or benefit of, U.S. persons. Registered Notes are subject to certain restrictions on transfer. Any Series of Notes may be subject to additional selling restrictions. The applicable pricing supplement in respect of such Series of Notes will specify any such restrictions. See "*Subscription and Sale*", "*Transfer Restrictions*" and the applicable Pricing Supplement.

MIFID II product governance/target market – The Pricing Supplement in respect of any Notes may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes (by adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

PRIIPs/IMPORTANT – EEA and UK RETAIL INVESTORS – If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA and UK Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of MiFID II or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

Notes to be issued under the Programme may be Senior Notes or Subordinated Notes. Moody's Investor Service, Inc. ("**Moody's**"), Fitch Ratings Ltd. ("**Fitch**") and S&P Global Ratings ("**S&P**") have assigned a rating of "A1", "A" and "A" to the Programme. Moody's is expected to rate Senior Notes issued under the Programme "A1" and Fitch and S&P are expected to rate Senior Notes issued under the Programme "A". Any rating assigned to Subordinated Notes issued under the Programme by Moody's, Fitch and/or S&P would be issued on a case-by-case basis for each Tranche of Subordinated Notes at drawdown. The rating is only correct as at the date of the Offering Circular. Notes issued under the Programme may be rated or unrated. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, revision or withdrawal at anytime by the assigning rating agency.

Investing in Notes issued under the Programme involves certain risks and may not be suitable for all investors. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the information contained in this Offering Circular and in the applicable Pricing Supplement and the merits and risks of investing in a particular issue of Notes in the context of their financial position and particular circumstances. Investors also should have the financial capacity to bear the risks associated with an investment in Notes. Investors should not purchase Notes unless they understand and are able to bear risks associated with the Notes. The principal risk factors that may affect the ability of the Relevant Obligor(s) to fulfil its obligations in respect of the Notes are discussed under "*Risk Factors*" below. See "*Risk Factors*" beginning on Page 11.

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Relevant Obligor(s). The Relevant Obligor(s) each accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Arranger and Dealer

Bank of China

The date of this Offering Circular is 28 April 2020

The Bank (as to itself and the Group) and each Subsidiary Issuer (as to itself) having made all reasonable enquiries confirms that to its best knowledge and belief (i) this Offering Circular contains all information with respect to each Subsidiary Issuer and its subsidiaries (the "**Relevant Subsidiary Group**"), the Bank and its subsidiaries taken as a whole (the "**Group**") and the Notes and the Guarantee of the Notes, as applicable, which is material in the context of the issue and offering of the Notes; (ii) the statements contained herein relating to the Bank, the Group, the Subsidiary Issuer, the Relevant Subsidiary Group and the Notes are in every material respect true and accurate and not misleading and there are no other facts in relation to the Bank, the Group, the Subsidiary Issuer, the Relevant Subsidiary Group or the Notes, the omission of which would, in the context of the issue and offering of the Notes, make any statement in this Offering Circular misleading in any material respect; (iii) the statements of intention, opinion and belief or expectation contained in this Offering Circular with regard to the Bank, the Group, the Subsidiary Issuer and the Relevant Subsidiary Group are honestly and reasonably made or held, have been reached after considering all relevant circumstances; and (iv) all reasonable enquiries have been made by the Bank and each Subsidiary Issuer to ascertain such facts and to verify the accuracy of all such information and statements.

Each Series (as defined herein) of Notes will be issued on the terms set out herein under "*Terms and Conditions of the Notes*" as amended and/or supplemented by the Pricing Supplement specific to such Series. This Offering Circular must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Series of Notes, must be read and construed together with the relevant Pricing Supplement.

The distribution of this Offering Circular and any Pricing Supplement and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Relevant Obligor(s), the Arrangers and the Dealers to inform themselves about and to observe any such restrictions. None of the Relevant Obligor(s), the Arrangers or the Dealers represents that this Offering Circular or any Pricing Supplement may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by any Relevant Obligor, the Arrangers or the Dealers, which would permit a public offering of any Notes or distribution of this Offering Circular or any Pricing Supplement in any jurisdiction where action for such purposes is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and none of this Offering Circular, any Pricing Supplement or any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

There are restrictions on the offer and sale of the Notes and the circulation of documents relating thereto, in certain jurisdictions including, but not limited to, the United States of America, the European Economic Area, the United Kingdom, the PRC, Hong Kong, Japan and Singapore, and to persons connected therewith.

The Notes may be offered or sold (i) in the United States only to QIBs in transactions exempt from registration under the Securities Act, in which case each such purchaser must be able to make, and will be deemed to have made, certain acknowledgments, representations, warranties and agreements as set forth in this Offering Circular in respect of such Series of Notes, and/or (ii) outside the United States, to non-U.S. persons in offshore transactions in reliance on Regulation S. Any Series of Notes may be subject to additional selling restrictions. Any additional restrictions on the sale or transfer of any Series of Notes will be specified in the applicable Pricing Supplement for such Notes.

If Notes are being offered or sold to U.S. persons or in the United States, prospective investors are hereby notified that sellers of such Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. The Arranger and Dealer, through their respective selling agents, may arrange for the offer and resale of such Notes to U.S. persons or persons in the United States who are QIBs in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the Securities Act. For a description of certain restrictions on offers, sales and transfers of Notes and on the distribution of this Offering Circular, see "*Subscription and Sale*".

The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor has any of the foregoing authorities passed upon or endorsed the merits of the offering of Notes or the accuracy or the adequacy of this Offering Circular. Any representation to the contrary is a criminal offence in the United States.

This Offering Circular is being submitted on a confidential basis in the United States to a limited number of QIBs for informational use solely in connection with the consideration of the purchase of the Notes being offered hereby. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

MIFID II product governance/target market – The Pricing Supplement in respect of any Notes may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration such target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes (by adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

PRIIPs/IMPORTANT – EEA and UK RETAIL INVESTORS – If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA and UK Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

Singapore Securities and Futures Act Product Classification: Solely for the purposes of its obligations pursuant to Sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time including by any subsidiary legislation as may be applicable at the relevant time (together, the "**SFA**"), unless otherwise specified before an offer of Notes, the Relevant Obligor(s) each has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA), that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**")) and "Excluded Investment Products" (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

This Offering Circular is to be read in conjunction with all documents, which are deemed to be incorporated herein by reference (see "*Information Incorporated by Reference*"). This Offering Circular shall be read and construed on the basis that such documents are incorporated and form part of this Offering Circular.

Listing of the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the merits of the Bank, the Branch Issuer, the Subsidiary Issuer, the Group, the Relevant Subsidiary Group or the Notes. In making an investment decision, investors must rely on their own examination of the Bank, the Branch Issuer, the Subsidiary Issuer, the Group, the Relevant Subsidiary Group and the terms of the offering, including the merits and risks involved. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Notes.

No person has been authorised by any Relevant Obligor, any Arranger or any Dealer to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other document entered into in relation to the Programme and the sale of Notes and, if given or made, such information or representation should not be relied upon as having been authorised by any Relevant Obligor, any Arranger or any Dealer.

Neither the delivery of this Offering Circular or any Pricing Supplement nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Offering Circular is true subsequent to the date hereof or the date upon which this Offering Circular has

been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the any Relevant Obligor since the date thereof or, if later, the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Neither this Offering Circular nor any Pricing Supplement constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by any Relevant Obligor, the Arrangers, the Dealers, the Trustee, the Agents or any director, officer, employee, agent or affiliate of any such person or any of them that any recipient of this Offering Circular or any Pricing Supplement should subscribe for or purchase any Notes. Each recipient of this Offering Circular or any Pricing Supplement shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of each Relevant Obligor.

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed U.S.$40,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into United States dollars at the date of the agreement to issue such Notes calculated in accordance with the provisions of the Dealer Agreement). The maximum aggregate principal amount of Notes, which may be outstanding at any one time under the Programme, may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under "*Subscription and Sale*".

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF NOTES, THE DEALER OR DEALERS (IF ANY) NAMED AS THE STABILISING MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) IN THE APPLICABLE PRICING SUPPLEMENT MAY OVER ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD AFTER THE RELEVANT ISSUE DATE. HOWEVER, THERE IS NO OBLIGATION ON SUCH STABILISING MANAGER(S) TO DO THIS. SUCH STABILISATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME, AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD. SUCH STABILISATION SHALL BE IN COMPLIANCE WITH ALL APPLICABLE LAWS, REGULATIONS AND RULES.

None of the Arrangers, the Dealers, the Trustee or any Agents has separately verified the information contained in this Offering Circular. To the fullest extent permitted by law, none of the Arrangers, the Dealers, the Trustee or any Agent or any director, officer, employee, agent or affiliate of any such person makes any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Circular. To the fullest extent permitted by law, none of the Arrangers, the Dealers, the Trustee or any Agent or any director, officer, employee, agent or affiliate of any such person accepts any responsibility for the contents of this Offering Circular or for any other statement made or purported to be made by the Arrangers, the Dealers, the Trustee, any Agent, or any director, officer, employee, agent or affiliate of any such person or on its behalf in connection with any Relevant Obligor, the Notes or the issue and offering of the Notes. The Arrangers, the Dealers, the Trustee and each Agent accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement.

This Offering Circular does not describe all of the risks and investment considerations (including those relating to each investor's particular circumstances) of an investment in Notes of a particular issue. Each potential purchaser of the Notes should refer to and consider carefully the relevant Pricing Supplement for each particular issue of Notes, which may describe additional risks and investment considerations associated with such Notes. The risks and investment considerations identified in this Offering Circular and the applicable Pricing Supplement are provided as general information only. Investors should consult their own financial and legal advisors as to the risks and investment considerations arising from an investment in an issue of Notes and should possess the appropriate resources to analyse such investment and the suitability of such investment in their particular circumstances.

Neither this Offering Circular nor any other information provided or incorporated by reference in connection with the Programme are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any Relevant Obligor or any of the Arrangers, the Dealers, the Trustee or the Agents or any director, officer, employee, agent or affiliate of any such person that any recipient, of this Offering Circular or of any such information, should purchase the Notes. Each

potential purchaser of the Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Relevant Obligor(s), the Group and the Relevant Subsidiary Group. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigation, as it deems necessary. None of the Arrangers, the Dealers, the Trustee or the Agents or any director, officer, employee, agent or affiliate of any such person undertakes to review the financial condition or affairs of the Relevant Obligor(s), the Group or the Relevant Subsidiary Group during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Arrangers, the Dealers, the Trustee, the Agents or any of them.

In this Offering Circular, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding.

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to the "Bank" are to Bank of China Limited, all references herein to the "Issuer" are to the Bank, the relevant Branch Issuer or the relevant Subsidiary Issuer, as the case may be, all references to the "Relevant Obligor(s)" are to the relevant Issuer, and, in the case of Guaranteed Notes, each of the relevant Issuer and the relevant Guarantor, all references to "U.S.$", "USD" and to "U.S. dollars" are to United States dollars; all references to "HK$" and to "HKD" are to Hong Kong dollars; all references to "pounds sterling" and "£" are to the currency of the United Kingdom; all references to "euro" and "€" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro as amended; all references to "yen" are to Japanese yen; all references to "Renminbi", "CNH", "RMB" and "CNY" are to the currency of the PRC; all references to "United States" or "U.S." are to the United States of America; references to "China", "Mainland China", "Chinese Mainland" and the "PRC" in this Offering Circular mean the People's Republic of China and for geographical reference only (unless otherwise stated) exclude Taiwan, Macau and Hong Kong; references to "PRC Government" mean the government of the PRC; references to "Hong Kong" are to the Hong Kong Special Administrative Region of the People's Republic of China; references to "Macau" are to the Macau Special Administrative Region of the People's Republic of China; references to "Taiwan" are to Taiwan, province of China and all references to "United Kingdom" are to the United Kingdom of Great Britain and Northern Ireland.

FORWARD-LOOKING STATEMENTS

Certain statements under "*Risk Factors*", "*Description of the Bank*" and elsewhere in this Offering Circular constitute "*forward looking statements*". The words including "*believe*", "*expect*", "*plan*", "*anticipate*", "*schedule*", "*estimate*", "*aim*", "*intend*", "*project*", "*seek to*", "*predict*", "*future*", "*goal*" and similar words or expressions identify forward looking statements. In addition, all statements other than statements of historical facts included in this Offering Circular, including, but without limitation, those regarding the financial position, business strategy, prospects, capital expenditure and investment plans of the Bank, the Group, the Relevant Obligor(s) or the Relevant Subsidiary Group and the plans and objectives of the management of the Bank, the Group, the Relevant Obligor(s) or the Relevant Subsidiary Group for its future operations (including development plans and objectives relating to the Group's operations), are forward looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause actual results or performance of the Bank, the Group, the Relevant Obligor(s) or the Relevant Subsidiary Group to differ materially from those expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Bank's, the Group's, the Relevant Obligor(s)' or the Relevant Subsidiary Group's present and future business strategies of the Bank, the Group, the Relevant Obligor(s) or the Relevant Subsidiary Group and the environment in which the Bank, the Group, the Relevant Obligor(s) or the Relevant Subsidiary Group will operate in the future. The Bank, the Group, the Relevant Obligor(s) and the Relevant Subsidiary Group expressly disclaim any obligation or undertaking to release any updates or revisions to any forward looking statements contained herein to reflect any change in the expectations of the Bank, the Group, the Relevant Obligor(s) or the Relevant Subsidiary Group with regard thereto or any change of events, conditions or circumstances, on which any such statements were based. This Offering Circular discloses, under "*Risk Factors*" and elsewhere, important factors that could cause actual results to differ materially from the expectations of the Bank, the Group, the Relevant Obligor(s) or the Relevant Subsidiary Group. All subsequent written and forward-looking statements attributable to the Bank, the Group, the Relevant Obligor(s) or the Relevant Subsidiary Group or persons acting on behalf of the Bank, the Group, the Relevant Obligor(s) or the Relevant Subsidiary Group are expressly qualified in their entirety by such cautionary statements.

INFORMATION INCORPORATED BY REFERENCE

With respect to (i) any Notes to be issued by the Bank or any Branch Issuer or (ii) any Guaranteed Notes, this Offering Circular should be read and construed in conjunction with each relevant Pricing Supplement, the audited consolidated financial statements of the Bank as at and for the years ended 31 December 2018 and 2019 published on the Hong Kong Stock Exchange, the most recently published audited annual financial statements and any interim financial statements (whether audited or unaudited) published subsequently to such annual financial statements of the Bank from time to time on the Hong Kong Stock Exchange and all amendments and supplements from time to time to this Offering Circular, which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents.

With respect to any Notes to be issued by any Subsidiary Issuer, an amendment or supplement to this Offering Circular or a replacement Offering Circular will be published for use in connection with offering of the relevant Notes, which should be read and construed in conjunction with each relevant Pricing Supplement.

As any quarterly financial statements published on the Hong Kong Stock Exchange has not been audited or reviewed by the Bank's auditors, such interim financial information should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit or review. Investors should exercise caution when using such data to evaluate the Group's business, financial condition and results of operation.

Copies of all such documents which are so deemed to be incorporated in, and to form part of, this Offering Circular will be available free of charge during usual business hours on any weekday (Saturdays and public holidays excepted) from the specified offices of the Paying Agents and the principal office in Hong Kong of the Principal Paying Agent (as defined under "*Summary of the Programme*") (or such other Paying Agent for the time being in Hong Kong) set out at the end of this Offering Circular.

PRESENTATION OF FINANCIAL INFORMATION

The financial information as at and for the years ended 31 December 2017, 2018 and 2019 in this Offering Circular has been derived from the audited consolidated financial statements of the Bank as at and for the years ended 31 December 2018 and 2019, published on the Hong Kong Stock Exchange and incorporated by reference into this Offering Circular (see "**Information incorporated by Reference**").

AVAILABLE INFORMATION

For so long as any of the Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, each Relevant Obligor will, during any period in which any Relevant Obligor is neither subject to the reporting requirements of Section 13 or 15(d) of the United States Securities Exchange Act of 1934 (the "**Exchange Act**") nor exempt from the reporting requirements of the Exchange Act under Rule 12g3-2(b) thereunder, provide to the holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, in each case upon the written request of such holder, beneficial owners or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

ENFORCEABILITY OF CIVIL LIABILITIES

The Bank is incorporated under the laws of the PRC and each Subsidiary Issuer is incorporated under the laws of its jurisdiction of incorporation. Most of their directors and officers reside outside the United States (principally in the PRC and/or the Relevant Obligor's jurisdiction of incorporation). A substantial portion of the assets of the Relevant Obligor(s) and the assets of such persons are or may be located outside the United States. As a result, it may not be possible for investors to effect service of process within the United Stated upon the Relevant Obligor(s) or such persons, or to enforce against the Relevant Obligor(s) or such persons judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States. The Bank has been advised by its PRC counsel, JunZeJun Law Offices, that there is uncertainty or impossible to ascertain as to whether the courts of the PRC would (1) enforce judgments of the U.S. courts obtained against the Bank or its directors and officers predicated upon the civil liability provisions of the federal securities laws of the United States or the securities laws of any state or territory within the United States or (2) entertain original actions brought in the courts of the PRC against the Bank or its directors and officers predicated upon these civil liabilities provisions.

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SUMMARY OF THE PROGRAMME

This summary must be read as an introduction to this Offering Circular and any decision to invest in the Notes should be based on a consideration of the Offering Circular as a whole, including any information incorporated by reference. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Offering Circular have the same meanings in this summary.

Issuer	Bank of China Limited, such branch of the Bank (including Bank of China Limited, Hong Kong Branch) or such subsidiary of the Bank, as specified in the applicable Pricing Supplement.
Guarantor	Notes issued by a Subsidiary Issuer may be unconditionally and irrevocably guaranteed by an Overseas Branch as specified in the relevant Pricing Supplement.
Relevant Obligor(s)	The relevant Issuer (for Notes other than the Guaranteed Notes); each of the relevant Issuer and the relevant Guarantor (for Guaranteed Notes).
Programme Size	Up to U.S.$40,000,000,000 (or the equivalent in other currencies calculated as described in the Dealer Agreement (as defined in "*Subscription and Sale*")) outstanding at any time. The Bank may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.
Arrangers	Bank of China Limited and Bank of China (Hong Kong) Limited.
Dealers	Bank of China Limited, Bank of China (Hong Kong) Limited and any other Dealer appointed from time to time either by the Bank generally in respect of the Programme or by the relevant Issuer in relation to a particular Series of Notes.
Principal Paying Agent, Paying Agent	The Bank of New York Mellon, London Branch (for Notes cleared through Euroclear/Clearstream); The Bank of New York Mellon (for Notes cleared through DTC).
Registrar	The Bank of New York Mellon SA/NV, Luxembourg Branch (for Notes cleared through Euroclear/Clearstream); The Bank of New York Mellon (for Notes cleared through DTC); The Bank of New York Mellon, Hong Kong Branch (for Notes cleared through CMU Service).
Transfer Agent	The Bank of New York Mellon SA/NV, Luxembourg Branch (for Notes cleared through Euroclear/Clearstream); The Bank of New York Mellon (for Notes cleared through DTC); The Bank of New York Mellon, Hong Kong Branch (for Notes cleared through CMU Service).
CMU Lodging and Paying Agent	The Bank of New York Mellon, Hong Kong Branch.
Trustee	The Bank of New York Mellon, London Branch.

Method of Issue	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest and their issue price), and intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment date of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the relevant Pricing Supplement.
Clearing Systems	With respect to Notes (other than CMU Notes), Euroclear, Clearstream, Luxembourg and/or DTC and such other clearing system as shall be agreed between the relevant Issuer, the Agents, the Trustee and the relevant Dealer. With respect to CMU Notes, the CMU Service (each of Euroclear, Clearstream, Luxembourg, DTC and the CMU Service, a "**Clearing System**"). See "*Clearing and Settlement*".
Form of Notes	Notes may be issued in bearer form or in registered form. Registered Notes will not be exchangeable for Bearer Notes and *vice versa*. No single Series or Tranche may comprise both Bearer Notes and Registered Notes. Each Series of Bearer Notes will initially be represented by a Temporary Global Note or a Permanent Global Note, as specified in the applicable Pricing Supplement, which, in each case, may be deposited on the issue date with a common depositary for Euroclear, Clearstream, Luxembourg or any other agreed clearance system compatible with Euroclear and Clearstream, Luxembourg or, in respect of CMU Notes, a sub-custodian for the CMU Service. A Temporary Global Note will be exchangeable, in whole or in part, as described therein, for interests in a Permanent Global Note as described under "*Form of the Notes*". A Permanent Global Note may be exchanged, in whole but not in part, for Definitive Notes only upon the occurrence of an Exchange Event as described under "*Form of the Notes*". Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons. Any interest in a Temporary Global Note or a Permanent Global Note will be transferable only in accordance with the rules and procedures or the time being of Euroclear, Clearstream, Luxembourg, the CMU Service and/or any other agreed clearance system, as appropriate. Bearer Notes that are issued in compliance with U.S. Treasury Regulations §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**")) (the "**D Rules**") must be initially represented by a Temporary Global Note. Certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note.

Each Tranche of Registered Notes will be represented by either:

(i) Individual Note Certificates; or

(ii) one or more Global Note Certificate in the case of Registered Notes sold outside the United States to non-U.S. persons in reliance on Regulation S and/or one or more Restricted Global Note Certificates in the case of Registered Notes sold to QIBs in reliance on Rule 144A,

in each case as specified in the relevant Pricing Supplement, unless if so specified in the relevant Pricing Supplement, no Note Certificate shall be issued in respect of the relevant Tranche of Notes.

Each Note to be cleared through DTC and represented by an Unrestricted Global Note Certificate or a Restricted Global Note Certificate will be registered in the name of Cede & Co. (or such other entity as is specified in the applicable Pricing Supplement) as nominee for DTC and the relevant Global Note Certificate will be deposited on or about the issue date with the DTC Custodian.

Each Note to be cleared through Euroclear, Clearstream, Luxembourg or CMU Service and represented by a Global Note Certificate will be registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or in respect of CMU Notes, a sub-custodian for the CMU Service and the relevant Global Note Certificate will be deposited on or about the issue date with the common depositary or sub-custodian.

Global Note Certificates will be exchangeable for Individual Note Certificates only upon the occurrence of an Exchange Event as described in "*Form of the Notes*".

Application will be made to have Global Notes or Global Note Certificates of any Series accepted for clearance and settlement through the facilities of DTC, Euroclear, Clearstream, Luxembourg and/or the CMU Service, as appropriate.

Currencies . . . . . Notes may be denominated in any currency or currencies, agreed between the relevant Issuer and the relevant Dealer(s) subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated.

Status of the Senior Notes	The Senior Notes constitute direct, general, unsubordinated, unconditional, and unsecured obligations of the relevant Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the relevant Issuer under the Notes shall, save for such obligation as may be preferred by provisions of law that are both, at all times rank at least *pari passu* with all of its other present and future unsecured and unsubordinated obligations as described in "*Terms and Conditions of the Notes – Status of the Notes and Guarantee of Guaranteed Notes – Status of the Senior Notes*".
Events of default relating to Senior Notes	The Senior Notes will contain events of default provisions relating to non-payment, breach of other obligations, insolvency, winding-up, illegality and guarantee not in force, as further described in Condition 15 (*Events of Default*).
Cross Default.	The Senior Notes will contain a cross default provision as further described in Condition 15 (*Events of Default*).
Status of the Guarantee of Senior Notes	In the case of Senior Guaranteed Notes, the relevant Guarantor will in the Deed of Guarantee unconditionally and irrevocably guarantee the due and punctual payment of all sums from time to time payable by the relevant Issuer in respect of the Notes. This Guarantee of the Notes constitutes direct, general, unconditional and unsubordinated obligations of the Bank which will at all times rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Bank as described in "*Terms and Conditions of the Notes – Status of the Notes and Guarantee of Guaranteed Notes – Guarantee of the Senior Guaranteed Notes*".
Status, Events of Default and other terms of Subordinated Notes	Subordinated Notes will be Dated Subordinated Notes or Undated Subordinated Notes as indicated in the applicable Pricing Supplement. Provisions in relation to the status of the Subordinated Notes and events of default (if any) will be set out in the applicable Pricing Supplement.
Issue Price.	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes (which are not Subordinated Notes) may be issued, the issue price of which will be payable in two or more instalments.
Maturities	Any maturity, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the relevant Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by such Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the Finance Services and Markets Act 2000 ("**FSMA**") by the relevant Issuer.

Redemption . . . . . Notes may be redeemable at par or at such other Redemption Amount (detailed in a formula or otherwise) as may be specified in the relevant Pricing Supplement. Notes may also be redeemable in two or more instalments on such dates and in such manner as may be specified in the relevant Pricing Supplement.

No Subordinated Notes may be redeemed or purchased by the relevant Issuer or its Subsidiaries prior to their respective stated maturity, for tax reasons, regulatory reasons or otherwise, without the prior written consent of the relevant Regulatory Authority as specified in the applicable Pricing Supplement at the relevant time.

Redemption for tax reasons . . . . . Notes may be redeemed before their stated maturity at the option of the relevant Issuer (in whole but not in part) as described in Condition 11(b) (*Redemption for tax reasons*).

See "*Terms and Conditions of the Notes – Redemption and Purchase – Redemption for tax reasons*".

Redemption for Change of Control . . . . . In the case of Notes issued by a Subsidiary Issuer, subject (in the case of Subordinated Notes) to Condition 11(i) (*Additional Conditions for Redemption of Subordinated Notes*), if so specified in the relevant Pricing Supplement, at any time following the occurrence of a Change of Control, the holder of any Note will have the right, at such holder's option, to require the relevant Issuer to redeem all, but not some only, of that holder's Notes on the Change of Control Put Date at a price equal to the Early Redemption Amount (Change of Control), together with accrued interest up to, but excluding, the Change of Control Put Date.

See "*Terms and Conditions of the Notes – Redemption and Purchase – Redemption for Change of Control*".

Optional Redemption . . . . . Notes may be redeemed before their stated maturity at the option of the relevant Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Pricing Supplement as described in Condition 11(c) (*Redemption at the option of the Issuer*) and/or the Noteholders to the extent if at all) specified in the Condition 11(f) (*Redemption of the Senior Notes or the Dated Subordinated Notes at the option of the Noteholders*).

Interest	Notes may be interest bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series. All such information will be set out in the relevant Pricing Supplement.
Denominations	Notes will be issued in such denominations as may be specified in the relevant Pricing Supplement, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Withholding Tax	All payments in respect of Notes will be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of a Tax Jurisdiction or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, each Relevant Obligor will (subject to certain customary exceptions as described in Condition 14 (*Taxation*)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes, had no such withholding been required.
Listing and Trading	Application has been made to the Hong Kong Stock Exchange for the listing of the Programme during the 12-month period from the date of this Offering Circular on the Hong Kong Stock Exchange under which Notes may be issued by way of debt issues to Professional Investors only. Notes listed on the Hong Kong Stock Exchange will be traded on the Hong Kong Stock Exchange in a board lot size of at least HK$500,000 (or its equivalent in other currencies). However, unlisted Notes and Notes to be listed, traded or quoted on or by any other competent authority, stock exchange or quotation system may be issued pursuant to the Programme. The relevant Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Hong Kong Stock Exchange or listed, traded or quoted on or by any other competent authority, exchange or quotation system.
Governing Law	The Notes, the Non-Guaranteed Notes Trust Deeds, the Guaranteed Notes Trust Deeds, the Deeds of Guarantee, each Alternative Trust Deeds and any non-contractual obligations arising out of or in connection therewith will be governed by, and shall be construed in accordance with, English law, except that the provisions of the Notes, the Non-Guaranteed Notes Trust Deeds, the Guaranteed Notes Trust Deeds, the Alternative Trust Deeds relating to subordination (if any) shall be governed by, and construed in accordance with such law as specified in the relevant Pricing Supplement.

Rating	Moody's, Fitch and S&P have assigned a rating of "A1", "A" and "A" to the Programme, respectively. Moody's, Fitch and S&P are expected to rate Senior Notes issued under the Programme "A1", "A" and "A", respectively. Any rating assigned to Subordinated Notes issued under the Programme by Moody's, Fitch and/or S&P would be issued on a case-by-case basis for each Tranche of Subordinated Notes at drawdown. Each Series of Notes may be assigned ratings by Moody's, Fitch and/or S&P, as specified in the applicable Pricing Supplement.
Selling Restrictions	For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering materials in the United States of America, the European Economic Area, the United Kingdom, the PRC, Hong Kong, Japan and Singapore, see "*Subscription and Sale*" below. For the purpose of Regulation S, Category 2 selling restrictions will apply unless otherwise indicated in the relevant Pricing Supplement. In connection with the offering and sale of a particular Series of Notes, additional restrictions may be imposed which will be set out in the applicable Pricing Supplement. Bearer Notes will be issued in compliance with the D Rules unless (i) the applicable Pricing Supplement states that the Bearer Notes are issued in compliance with U.S. Treasury Regulation §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (the "**C Rules**") or (ii) the Bearer Notes are issued other than in compliance with the D Rules or the C Rules but in circumstance in which the Notes will not constitute "registration required obligations" for U.S. federal income tax purposes, which circumstance will be referred to in the applicable Pricing Supplement; Bearer Notes with a term of 365 days or less (taking into account unilateral extensions and rollovers) will be issued other than in compliance with the D Rules or the C Rules and will be referred to in the applicable Pricing Supplement as a transaction to which the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**") is not applicable.
Transfer Restrictions	There are restrictions on the transfer of Notes sold pursuant to Category 2 or Category 3 of Regulation S prior to the expiration of the relevant distribution compliance period and on the transfer of Registered Notes sold pursuant to Rule 144A under the Securities Act. See "*Transfer Restrictions*".
Initial Delivery of Notes	On or before the issue date for each Series, the Global Note representing Bearer Notes or the Global Note Certificate representing Registered Notes may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg, DTC or deposited with a sub custodian for the CMU Service or any other clearing system or may be delivered outside any clearing system *provided that* the method of such delivery has been agreed in advance by the Issuer, the Trustee, the Principal Paying Agent and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of, or in the name of a nominee or a sub custodian for, such clearing systems.

SUMMARY FINANCIAL INFORMATION OF THE BANK

The summary financial information set forth below has been extracted from the Group's audited consolidated financial statements as at and for the years ended 31 December 2018 and 2019. It should also be read in conjunction with any other information incorporated into the Offering Circular (see "Information Incorporated by Reference" in this Offering Circular).

There are certain new accounting standards adopted by the Bank since 1 January 2019. Please refer to "Standards, amendments and interpretations effective and have been early adopted by the Group in 2019" of the Group's audited consolidated financial statements as at and for the year ended 31 December 2019 for details of such accounting standards.

Consolidated Income Statement

	For the year ended 31 December		
	2019	**2018**	**2017**
	(Amount in millions of Renminbi, unless otherwise stated)		
Interest income	742,207	687,900	622,616
Interest expense	(367,957)	(328,194)	(284,227)
Net interest income	**374,250**	**359,706**	**338,389**
Fee and commission income	104,917	99,997	100,800
Fee and commission expense	(15,305)	(12,789)	(12,109)
Net fee and commission income	**89,612**	**87,208**	**88,691**
Net trading gains	28,563	6,719	1,686
Net gains on transfers of financial asset	3,477	2,817	2,406
Other operating income	54,108	47,356	52,589
Operating income	**550,010**	**503,806**	**483,761**
Operating expenses	(198,269)	(176,979)	(173,859)
Impairment losses on assets	(102,153)	(99,294)	(88,161)
Operating profit	**249,588**	**227,533**	**221,741**
Share of results of associates and joint ventures	1,057	2,110	1,162
Profit before income tax	**250,645**	**229,643**	**222,903**
Income tax expense	(48,754)	(37,208)	(37,917)
Profit for the year	**201,891**	**192,435**	**184,986**
Attributable to:			
Equity holders of the Bank	187,405	180,086	172,407
Non-controlling interests	14,486	12,349	12,579
	201,891	**192,435**	**184,986**
Earnings per share for profit attributable to equity holders of the Bank during the year (Expressed in RMB per ordinary share)			
– Basic	0.61	0.59	0.56
– Diluted	0.61	0.59	0.56

Consolidated Statement of Financial Position

	As at 31 December		
	2019	**2018**	**2017**
	(Amount in millions of Renminbi, unless otherwise stated)		
Assets			
Cash and due from banks and other financial institutions	565,467	439,931	560,463
Balances with central banks	2,078,809	2,331,053	2,227,614
Placements with and loans to banks and other financial institutions	898,959	1,042,358	575,399
Government certificates of indebtedness for bank notes issued	155,466	145,010	129,350
Precious metals	206,210	181,203	172,763
Derivative financial assets	93,335	124,126	94,912
Loans and advances to customers, net	12,743,425	11,515,764	10,644,304
Financial investments	5,514,062	5,054,551	4,554,722
– financial assets at fair value through profit or loss	518,250	370,491	193,611
– financial assets at fair value through other comprehensive income	2,218,129	1,879,759	N/A
– financial assets at amortised cost	2,777,683	2,804,301	N/A
– available for sale	N/A	N/A	1,857,222
– held to maturity	N/A	N/A	2,089,864
– loans and receivables	N/A	N/A	414,025
Investments in associates and joint ventures	23,210	23,369	17,180
Property and equipment	244,540	227,394	205,614
Investment properties	23,108	22,086	21,026
Deferred income tax assets	44,029	38,204	46,487
Other assets	179,124	122,226	217,590
Total assets	**22,769,744**	**21,267,275**	**19,467,424**
Liabilities			
Due to banks and other financial institutions	1,668,046	1,731,209	1,425,262
Due to central banks	846,277	907,521	1,035,797
Bank notes in circulation	155,609	145,187	129,671
Placements from banks and other financial institutions	639,675	612,267	500,092
Financial liabilities held for trading	19,475	14,327	20,372
Derivative financial liabilities	90,060	99,254	111,095
Due to customers	15,817,548	14,883,596	13,657,924
Bonds issued	1,096,087	782,127	499,128
Other borrowings	28,011	32,761	30,628
Current tax liabilities	59,102	27,894	34,521
Retirement benefit obligations	2,533	2,825	3,027
Deferred income tax liabilities	5,452	4,548	4,018
Other liabilities	365,173	298,362	439,210
Total liabilities	**20,793,048**	**19,541,878**	**17,890,745**

	As at 31 December		
	2019	**2018**	**2017**
	(Amount in millions of Renminbi, unless otherwise stated)		
Equity			
Capital and reserves attributable to equity holders of the Bank			
Share capital	294,388	294,388	294,388
Other equity instruments	199,893	99,714	99,714
Capital reserve	136,012	142,135	141,880
Treasury shares	(7)	(68)	(102)
Other comprehensive income	19,613	1,417	(35,573)
Statutory reserves	174,762	157,464	141,334
General and regulatory reserves	250,100	231,525	207,817
Undistributed profits	776,940	686,405	646,558
	1,851,701	**1,612,980**	**1,496,016**
Non-controlling interests	**124,995**	**112,417**	**80,663**
Total equity	**1,976,696**	**1,725,397**	**1,576,679**
Total equity and liabilities	**22,769,744**	**21,267,275**	**19,467,424**

RISK FACTORS

The Notes are offered to Professional Investors only and are not suitable for retail investors. Investors should not purchase the Notes in the primary or secondary markets unless they are Professional Investors. Investing in the Notes involve risks. Prospective investors should have regard to the factors described in this section before deciding whether to invest in the Notes.

Risks relating to the PRC Banking Industry

The PRC banking regulatory regime is continually evolving and the Group is subject to future regulatory changes

The Group operates in a highly regulated industry and is subject to laws and regulations governing all aspects of its operations. The principal banking-related statutes and regulations are the Commercial Banking Law and the Law of PRC on Supervision and Administration of Banking Sector and the related implementation rules. The principal regulators of the PRC banking industry are the China Banking and Insurance Regulatory Commission (the former "China Banking and Regulatory Commission" and "China Insurance Regulatory Commission", the "**CBIRC**"), PBOC and SAFE.

The PRC banking regulatory regime has been evolving continuously. Changes in the rules and regulations as well as their interpretations may result in additional costs or restrictions on the Group's operations and activities. For example, PBOC exercises significant influence over monetary policies.

In addition, the Group may be required to increase deposit reserves in response to future potential changes in PBOC rules and regulations. The Group may be required to take additional steps to adapt to future changes on a timely basis.

The Group's business and operations are directly affected by changes in the PRC's policies, laws and regulations relating to the banking industry, such as those affecting the extent to which it can engage in specific businesses, as well as changes in other governmental policies. There can be no assurance that the policies, laws and regulations governing the banking industry will not change in the future or that any changes will not materially and adversely affect the Group's business, financial condition and results of operations nor can there be any assurance that the Group will be able to adapt to any changes on a timely basis. For instance, changes in the financial regulatory policies may have a material impact on the operational and financial results of the Bank, while adjustment in the monetary policies and the regulatory methods will have a direct impact on the business activities of the Bank. The Group's business operations will be adversely affected if the Bank is unable to make proper adjustment to its business operations according to the trend of change in the financial regulatory policies and monetary policies. In addition, there may be uncertainties regarding the interpretation and application of new policies, laws and regulations, which may result in penalties and restrictions on the Group's activities and could also have a significant impact on its business.

The increasingly competitive nature of the PRC banking industry, as well as competition for funds which may arise from the development of the PRC capital markets, could adversely affect the Group's business, financial condition, results of operations and prospects

The PRC banking industry is becoming increasingly competitive. The Group faces competition from domestic and foreign-invested banks and financial institutions. In addition, the Mainland and Hong Kong Closer Economic Partnership Arrangement, which allows Hong Kong banks to operate in the PRC, may also increase competition in the PRC banking industry. These banks and financial institutions compete with the Group for substantially the same loan, deposit and fee customers. Moreover, the PRC Government has, in recent years, implemented a series of measures designed to further liberalise the banking industry, including those relating to interest rates and fee-and-commission based products and services, which are changing the basis on which the Group competes with other banks for customers. Competition in the PRC banking industry may be further aggravated by internet finance and the participation of private capital in the banking businesses. The increased competition may:

- reduce the Group's market share in its principal products and services;
- reduce the growth of the Group's loan portfolio or deposit base and other products and services;

- reduce the Group's interest income, increase the interest expenses and decrease its net interest margin;
- reduce the Group's fees and commission income;
- increase the Group's outgoings and expenses, such as marketing and administrative expenses;
- lead to a deterioration of the Group's asset quality; and
- increase the turnover of and competition for senior management and qualified professional personnel.

The Group faces increased competition in all the business areas in which it currently operates or will in the future operate. The Group may also face competition for funds from other forms of investment alternatives as the PRC capital market continues to develop. For example, the PRC capital market is becoming a more viable and attractive investment alternative and the Group's deposit customers may elect to transfer their funds into bonds, equities, investment funds and other capital market instruments, which may reduce its deposit base and adversely affect its business, financial condition and results of operations.

The rate of growth of the PRC banking market may not be sustainable

The Group expects the banking market in the PRC to expand as a result of growth in the PRC economy, increases in household wealth, continued social welfare improvement, demographic changes and the opening of the PRC banking market to foreign participants. The prospective impact on the PRC banking industry of certain trends and events, such as the slowing down of the growth of the economy and the increasing competition in the financial industry, remain uncertain. Consequently, there is no assurance that the historic high rate of growth of the PRC banking market can be sustained.

Basel III and related reforms could have an adverse effect on the Bank's business

In accordance with the third edition of the Basel Capital Accord promulgated in December 2010 by Basel Committee ("**Basel III**"), the minimum Tier 1 Capital Adequacy Ratio will be raised from 4 per cent. to 6 per cent., while the minimum Common Equity Tier 1 Capital will be raised to 4.5 per cent. (with the CBIRC expected to require PRC banks to maintain a 5 per cent. Common Equity Tier 1 Capital), with an additional 2.5 per cent. capital conservation buffer and certain buffer for systematically important banks.

The CBIRC published the CBIRC Capital Regulations in June 2012 requiring commercial banks to meet the regulatory capital adequacy requirements before the end of 2018. The regulatory capital adequacy ratios requirements under the CBIRC Capital Regulations include minimum capital requirements, reserve capital requirements, counter-cyclical capital requirements, additional capital requirements for systemically important banks and Tier 2 capital requirements. The CBIRC Capital Regulations have set higher requirements for both the quality and quantity of banks' capital and after the implementation of these Measures, there are a more stringent definition of capital, further improved regulatory standards for capital instruments, and gradually reduced traditional subordinated debt capital instruments. Any failure of the Bank to adapt to the more stringent requirements for capital adequacy ratios level under the New Basel Capital Accord and thus to meet the higher requirements for the relevant regulatory indicators may adversely affect the Bank's business.

The Group's results of operations may be materially and adversely affected if PBOC further deregulates interest rates

PBOC has adopted reform measures to liberalise the PRC's interest rate regime. For example, in October 2004, PBOC eliminated restrictions in respect of the maximum interest rate for Renminbi-denominated loans and the minimum interest rate for Renminbi-denominated deposits. Thereafter, PBOC continued to lower the minimum interest rate for loans on repeated occasions. In June 2012, PBOC adjusted the maximum interest rate for deposits to 110 per cent. of the relevant benchmark deposit rate and the minimum interest rate for loans to 80 per cent. of the relevant benchmark lending rate. In July of the same year, PBOC again adjusted the minimum interest rate for loans to 70 per cent. of the relevant benchmark lending rate. On 20 July 2013, PBOC entirely removed lending rate control by eliminating the minimum interest rate for loans (except for individual residential mortgage loans) and removing controls on bill

discount rates. On 25 October 2013, PBOC introduced a new prime lending rate, officially known as the "loan prime rate", which is based on a weighted average of lending rates from nine commercial banks. In recent years, the PBOC has adjusted the benchmark interest rates several times. On 22 November 2014, PBOC lowered the one-year Renminbi benchmark loan interest rate by 0.4 percentage point to 5.6 per cent. and raised the one-year Renminbi benchmark deposit interest rate by 0.25 percentage point to 2.75 per cent. On 1 March 2015, PBOC further lowered the one-year Renminbi benchmark loan interest rate by 0.25 percentage point to 5.35 per cent. and lowered the one-year Renminbi benchmark deposit interest rate by 0.25 percentage point to 2.5 per cent. On 11 May 2015, PBOC further lowered both the one-year Renminbi benchmark loan interest rate and one-year Renminbi benchmark deposit interest rate by 0.25 percentage point to 5.1 per cent. and 2.25 per cent. respectively. On 24 October 2015, PBOC further lowered both the one-year Renminbi benchmark loan interest rate and one-year Renminbi benchmark deposit interest rate by 0.25 percentage point to 4.35 per cent. and 1.5 per cent., respectively. Moreover, the upper limit of the interest rate floating range of the Renminbi-denominated deposits in commercial banks was removed by PBOC on 24 October 2015. Going forward, PBOC may further liberalise the existing interest rate restrictions on Renminbi-denominated loans and deposits. If the existing regulations are substantially liberalised or eliminated, competition in the PRC's banking industry will likely intensify as the PRC's commercial banks seek to offer more attractive interest rates to customers. Further liberalisation by PBOC may result in the narrowing of the spread in the average interest rates between Renminbi-denominated loans and Renminbi-denominated deposits, thereby materially and adversely affecting the Group's business, financial condition and results of operations which in turn may negatively affect the Group's ability to service the Notes and to satisfy its other obligations under the Notes.

The PRC regulations impose limitations on the types of investments the Group may make and, as a result, the Group has limited ability to seek optimal investment returns to diversify its investment portfolio and to hedge the risks of its Renminbi-denominated assets

The PRC Government has imposed limitations on what a commercial bank may invest in. These permitted investments by issuers mainly include debt securities of:

- the government;
- public sector and quasi-government;
- policy banks;
- financial institutions; and
- corporates.

These investment restrictions limit the Group's ability to seek optimal returns on its investments. The restrictions may also expose the Group to significantly greater risk of investment loss in the event that a particular type of investment it holds suffers a decrease in value. In addition, due to the limited hedging tools available to it, the Group's ability to manage market and credit risks relating to its Renminbi-denominated assets is limited and any resulting decline in the value of its Renminbi-denominated assets may materially and adversely affect its business, financial condition and results of operations.

The effectiveness of the Group's credit risk management is affected by the quality and scope of information available in the PRC

National credit information databases developed by PBOC have been in operation since January 2006. However, as the information infrastructure in the PRC is still under development and there remains limitations on the availability of information, national credit information databases are generally under-developed and are not able to provide complete credit information on many of the Group's credit applicants. Until the PRC has further developed and fully implemented its nationwide unified credit information database on corporate borrowers, the Group has to rely on other publicly available resources and its internal resources to supplement what is currently available on the nationwide unified credit information database for enterprises. These sources of data and information are not sufficiently complete or effective for the robust credit risk management system that the Group attempts to build. Therefore, there can be no assurance that the Group's assessment of the credit risks associated with any particular customer is based on complete, accurate and reliable information, which materially and adversely affects the Group's ability to effectively manage its credit risk.

The Group is subject to certain operational requirements as well as guidelines set by the PRC banking regulatory authorities, such as maintaining a capital adequacy ratio

The Group is subject to certain operational requirements and guidelines set by the PRC banking regulatory authorities. CBIRC requires all commercial banks in the PRC to maintain certain financial ratios throughout its operations.

In recent years, CBIRC has issued several regulations and guidelines governing capital adequacy requirements applicable to commercial banks in the PRC. In April 2011, CBIRC promulgated the Guideline Concerning the Implementation of New Regulatory Standards for the PRC Banking Industry to clarify the direction for future regulations and the requirement for prudent regulatory requirements. In June 2012, CBIRC promulgated the CBIRC Capital Regulations which sets out the new requirements for capital adequacy which became effective on 1 January 2013, the minimum capital adequacy ratio, tier 1 capital adequacy ratio and common equity tier 1 capital adequacy ratio for commercial banks to meet by the end of 2018 are 8 per cent., 6 per cent. and 5 per cent., respectively. On 30 November 2012, CBIRC issued the Notice of the China Banking Regulatory Commission on Issues concerning Transitional Arrangements for the Implementation of the Administrative Measures for the Capital of Commercial Banks (for Trial Implementation), which sets out the requirements for capital adequacy ratio during the phase-in period. As a domestic systematically important bank and a global systematically important bank, the Group is subject to additional capital requirements of the CBIRC and the Basel Committee. As at 31 December 2019, the Group's capital adequacy ratio, tier 1 capital adequacy ratio and common equity tier 1 capital adequacy ratio (calculated in accordance with the advanced approach under CBIRC Capital Regulations) were 15.59 per cent., 12.79 per cent. and 11.30 per cent., respectively.

Although the Group is currently in compliance with the capital adequacy requirements, there can be no assurance that CBIRC will not issue new regulations to heighten the capital adequacy ratios requirements, particularly in the light of the implementation of the new Basel III. Any change in calculation of capital adequacy ratios by CBIRC may also affect the Group's compliance with capital adequacy ratios. There can be no assurance that the Group will be able to meet these requirements in the future at all times. If the Bank fails to meet the capital adequacy requirements, CBIRC may require the Bank to take corrective measures, such as restricting the growth of its loans and other assets or restricting its declaration or distribution of dividends. These measures could materially and adversely affect the Bank's business, financial condition and results of operations.

In order to support its steady growth and development, the Group may need to raise more capital to ensure that its capital adequacy ratios comply with the regulatory requirements. In its capital raising plan in the future, the Group may issue any equity securities that can replenish the Tier 1 capital or any debt securities that can replenish the Tier 2 capital. The Group's capital-raising ability may be restricted by the Group's future business, financial condition and results of operations, the Group's credit rating, regulatory approvals and overall market conditions, including Chinese and global economic, political and other conditions at the time of capital raising.

The PRC regulators have implemented measures relating to lending to small and medium-sized enterprises and the Group may be affected by future regulatory changes

CBIRC has promulgated a series of measures to encourage banking institutions to implement the PRC Government's macroeconomic policies, and, in particular, to proactively support continued healthy economic growth by increasing lending activities to small and medium-sized enterprises while effectively controlling risk. However, small and medium-sized enterprises are more vulnerable to fluctuation in the macro-economy as compared to large enterprises due to relatively limited capital, management or other resources required to cope with the adverse impact of major economic or regulatory changes. In addition, small and medium-sized enterprises may not be able to provide reliable information necessary for the Bank to assess the credit risks involved. In the absence of accurate assessment of the relevant credit risks, the non-performing loans of the Bank may be significantly increased if its small and medium-sized enterprise clients are affected by economic or regulatory changes, which could materially and adversely affect the Group's business, results of operations and financial condition.

In addition, there can be no assurance that the policies, laws and regulations governing the PRC banking industry, in particular, those relating to lending to small and medium-sized enterprises (e.g. incentive policies to encourage lending to small and medium-sized enterprises), will not change in the future or that any such changes will not materially and adversely affect the Group's business, financial condition and results of operations.

Risks relating to the Group's Business

If the Group is unable to effectively control and reduce the level of impaired loans and advances in its current loan portfolio and in new loans the Group extends in the future, or if the Group's allowance for loan impairment losses on loans and advances is insufficient to cover actual loan losses, its financial condition and results of operations may be materially and adversely affected

The Group's results of operations have been and will continue to be negatively impacted by its impaired loans. According to International Financial Reporting Standards ("**IFRS**"), being the set of accounting principles that are applicable to the Group, loans are impaired if there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms of loans. As at 31 December 2019, the Group's non-performing loans under its five-category loan classification were RMB178.235 billion, representing an NPL ratio of 1.37 per cent. The Group seeks to continue to improve its credit risk management policies, procedures and systems, and has been able to effectively control the level of its impaired loans, despite the financial turmoil in global markets.

The amount of the Group's reported impaired loans and the ratio of the Group's impaired loans to its loans and advances to customers may increase in the future for a variety of reasons, including factors which are beyond the Group's control, such as a slowdown in economic growth and other adverse macroeconomic trends in the PRC or a deterioration in the financial condition or results of operations of the Group's borrowers, which could impair the ability of the Group's borrowers to service their debt. There can be no assurance that the Group will be able to maintain or lower its current impaired loan ratio in the future or that the quality of its existing or future loans and advances to borrowers will not deteriorate. As a result of the PRC Government's economic stimulus programmes, many PRC banks, including the Group, experienced high growth in their loan scale in the past. This increase in bank loans may lead to elevated impaired loan ratios and loan loss provisions as well as increasing strain on the Group's risk management resources, which may affect the quality of its loan portfolio.

As at 31 December 2019, the balance of the Group's allowance for loan impairment losses was RMB325.923 billion and the coverage ratio of allowance for loan impairment losses to NPLs was 182.86 per cent. The Group's allowance for loan impairment losses is affected by various factors, including the quality of the Group's loan portfolio, the Group's borrowers' financial condition, repayment ability and repayment intention, the realisable value of any collateral, the extent of any guarantees, the industry in which the borrower operates, as well as general economic and business conditions. Many of these factors are beyond the Group's control. Furthermore, the adequacy of the Group's allowance for loan impairment depends to a significant extent on the reliability of, and its skills in utilising, its model for determining the level of allowance, as well as its system of data collection. The limitations of the Group's model, its lack of experience in using the model and deficiencies in its data collection system may result in inaccurate and insufficient allowance for impairment losses. As a result, the Group's actual loan impairment losses could prove to be different from its estimates and could exceed its allowance. If the Group's allowance for impairment losses on loans and advances proves insufficient to cover actual losses, it may need to make additional allowance for losses, which could significantly reduce its profit and adversely affect its business, financial condition and results of operations.

If the Group is unable to realise the collateral or guarantees securing its loans to cover the outstanding principal and interest balance of its loans, its financial condition and results of operations may be adversely affected

A substantial portion of the Group's loans is secured by collateral. The Group's loan collateral primarily includes real estate and other financial and non-financial assets located in the PRC, the value of which may fluctuate due to factors beyond the Group's control, including macroeconomic factors affecting the PRC economy. In particular, an economic slowdown in the PRC may lead to a downturn in the PRC real estate market, which may in turn result in declines in the value of the collateral securing many of the Group's loans to levels below the outstanding principal balance of such loans. Any decline in the value of the collateral securing the Group's loans may result in a reduction in the amount the Group can recover from collateral realisation and an increase in its impairment losses.

In addition, a considerable portion of the Group's domestic loans are guaranteed. The Group's exposure to guarantors is generally unsecured, and a significant deterioration in the financial condition of these guarantors increases the risk that the Group may not be able to recover the full or any amount of such guarantees if needed and when required.

Furthermore, the guarantee provided by such guarantors may be determined by the court as invalid if the relevant guarantor fails to comply with applicable PRC laws and regulations.

The Group has granted loans to certain overcapacity sectors, the real estate sector and local government financing vehicles ("LGFVs") and any extended downturn in or change in national policies towards the overcapacity sectors, the real estate sector and LGFVs may adversely affect the Group's financial condition, results of operations and prospects

Loans to Overcapacity Sectors, High Energy Sectors and High Pollutant Emission Sectors

The Group has granted loans to industries and sectors featured by high energy consumption and high pollutant emission and implemented differentiated credit policies in relation to overcapacity sectors.

In the past few years, the Bank has adopted a relatively stringent criteria for extending loans to the overcapacity sector with priority given to the enterprises under key projects of the State or leading enterprises within the industry; meanwhile, the Bank has stepped up efforts in loan restructuring and withdrawn from enterprises that are not compliant with the State's industrial policies. The overall asset quality of loans to overcapacity sectors is maintained at a satisfactory level with the loans primarily going to the leading enterprises within the industry and is therefore better protected against risks. However, if the problem of overcapacity in China continues to aggravate and the relevant enterprises receiving credit facilities from the Bank are unable to implement technology upgrade in a timely manner to stay competitive, the quality of loans to the above sectors may be adversely affected.

Real Estate Sector

The Group's loans and advances to the real estate sector primarily comprise loans issued to real estate companies and individual housing loans.

With respect to its real estate loans, the Group follows strictly its credit risk management procedures, including on-going credit monitoring of borrowers' financial information, and strictly enforcing repayment schedules. In addition, the Group has established a regional risk alert system and loan policy adjustment mechanism applicable to the real estate sector.

The Group has instructed its branches to strengthen research of regional and local real estate market conditions, adjust credit guidelines applicable to real estate loans and implement different credit limits to reflect different levels of risk for these loans. The PRC real estate market is subject to volatility and property prices have experienced significant fluctuations in recent years. The PRC Government has plans to and has already implemented certain macroeconomic control and other adjustment measures aiming at managing these fluctuations and preventing the real estate market from over-heating. These policies may have an adverse effect on the growth of the Group's loans to the real estate industry, the quality of loans extended to the real estate industry and the quality of the Group's mortgage loan portfolio. In addition, if the real estate market in the PRC experiences a significant downturn, the value of the real estate securing the Group's loans may decrease, resulting in a reduction in the amount the Group can recover on its loans in the event of default. This may in turn materially and adversely affect the Group's asset quality, business, financial condition and results of operations.

LGFVs

LGFVs are legal entities formed by local governments which are primarily responsible for utilisation of financial capitals and external financing in relation to urban infrastructure. Loans to LGFVs are a part of the loan portfolio of commercial banks in PRC, including the Group's. The Group's loans to LGFVs are primarily utilised by infrastructure projects including transportation and urban projects and land reserve centres. A majority of these projects comprise of loans to provincial-and municipal-level platforms with terms of less than 10 years and are mainly fully or partially covered by operating cash flows of the projects.

The Group attaches great importance to the credit management of LGFVs and has undertaken a series of measures, such as access lists, industry quotas, debt limitation models and regular review, to reduce credit risks associated with loans to LGFVs. The Group intends to further strengthen the risk management of LGFVs. Although the Group has taken a variety of credit risk management measures, it may not discover all potential risks associated with irregular operations, large debts and unsustainable revenues of LGFVs or the potential reform or elimination of non-compliant entities by local governments. In addition, as local government revenues are primarily derived from taxes and land premiums, the economic cycles and

fluctuations in the real estate market may also adversely affect the quality of such loans. There can be no assurance that the LGFVs will be able to fulfil their obligations under the terms of the loans on time or at all. Any failure by these LGFVs to fulfil their loan obligations may have a material and adverse effect on the Group's business, financial condition and results of operations.

The formal implementation of the deposit insurance scheme may adversely affect the Group's deposit-taking business and financial position

The "Deposit Insurance Regulations" formulated by the State Council came into effect on 1 May 2015, which will result in the formal establishment of a deposit insurance scheme in the PRC. The Deposit Insurance Regulations requires that the commercial banks and other deposit-taking banking financial institutions established in the PRC shall take out deposit insurance and pay deposit insurance premiums to relevant deposit insurance fund management institutions, with such premiums to be used as deposit insurance funds to compensate depositors in the event of the liquidation or similar event of any PRC bank. Under the deposit insurance scheme, upon the liquidation or similar event of any PRC bank, the maximum compensation that a depositor may receive on the total principal and accrued interest deposited with such PRC bank will be capped at RMB500,000.

The deposit insurance premiums to be paid by the Bank in accordance with the Deposit Insurance Regulations and other relevant laws and regulations will increase the Group's operating costs and capital requirements. Furthermore, the deposit insurance scheme may increase competition among PRC banks for deposits as some depositors may consider spreading out their deposits with different PRC banks. This may result deposits currently held with the Group being transferred by depositors to other PRC banks as well as the Group having to offer higher interest rates to retain existing, and attract new, depositors, which may have an adverse effect on the Group's business, financial position and operating results.

Any deficiencies in the Group's risk management and internal control system may adversely affect the Group's financial condition and results of operations

With the expansion of its business, products and services, the Group may face significant challenges in risk management and may need to further improve its risk management system. For example, in addition to commercial banking services, the Group provides investment banking, insurance, direct investment, fund management and aircraft leasing services. The risks related to these services are different from those related to commercial banking services. The Group has adopted measures, policies and procedures to improve its risk management and internal control system and strengthen consolidated balance sheet risk management. However, such measures, policies and procedures may not be effective in managing the relevant risks. As a result, the Group's risk management and internal control system still need to be improved. Any deficiencies in the Group's risk management system may affect the Group's ability to respond to these risks. If the risk management system of the Group is unable to effectively manage relevant risks, its financial condition and results of operations may be adversely affected.

The Group assesses specific risks of single corporate clients as well as its overall credit risk through an internal credit assessment system. Its system involves detailed analysis of its borrowers' credit risk, taking into account both quantitative and qualitative factors. Therefore, the Group may be exposed to risks associated with inaccurate assessments. The effectiveness of the Group's credit rating system is also limited by the information available to it and the credit history of its borrowers. The Group has improved its credit policies and guidelines to better process potential risks relating to certain industries, including the real estate industry, and certain borrowers, including affiliated companies and group enterprises. However, the Group may fail to identify these risks on a timely basis given the limited resources and tools available to it. If the Group fails to effectively enforce, constantly follow or continue to improve its credit risk management policies and guidelines, its business operations, financial results and reputation may be materially and adversely affected.

The Group continues to improve its internal control system. The Group's Risk Management and Internal Control Committee under its senior management as well as the risk management and internal control committees of the Group's branches are responsible for ensuring the effective performance of the Group's internal control system. The Group expends significant effort on the development of its internal control system, improvement of its management mechanisms including internal control examination, modification and monitoring of workflow and internal control and compliance assessment, enhancement of the standardisation of management procedures, and strengthening of monitoring of key internal control

measures and key positions. In addition, by further increasing the independence, professional competence and effectiveness of its internal audit function, the Group continuously improves its internal audit in overall business and risk management and strengthens the communication between its internal audit committee and external auditor as well as between the management and the internal audit department. However, if the Group's internal control system is not effectively implemented or consistently applied, the Group's business operations, financial results and reputation may be adversely affected.

The Group may encounter difficulties in effectively implementing centralised management and supervision of its branches and subsidiaries, as well as consistently applying of its policies throughout the Bank, and may not be able to timely detect or prevent fraud or other misconduct by its employees or third parties

The Group's branches and subsidiaries historically have significant autonomy in their respective operations and managements. In the past, the Group was not always able to timely detect or effectively prevent failures in management at the branch or subsidiary level. In addition, due to limitations in information systems and differences between domestic and overseas regulatory policies, the Group's efforts in detecting or preventing such failures may not be implemented consistently and may not be sufficient to prevent all irregular transactions or incidents.

The Group may be subject to fraud and other misconduct committed by its employees, customers or other third parties, which could adversely affect its business operations and reputation. Common weaknesses that facilitate fraud include inadequate segregation of duties, insufficient internal controls and noncompliance with the Group's internal control policies by the employees. While the Group has implemented measures aimed at detecting and minimising employees' and third parties' misconduct and fraud, it may not always be able to timely detect or prevent such misconduct, and it may need to continue to improve its current, and implement new, policies and measures. If the Group is unable to effectively manage and supervise its branches and subsidiaries, it may not be able to detect or prevent fraud or other misconduct of its employees or third parties in a timely manner, which may result in damage to its reputation and an adverse effect on its business, financial condition, results of operations and prospects.

The Group is subject to fluctuations in interest rates and exchange rates and other market risks

The Group's results of operations significantly depend on its net interest income. Fluctuations in interest rates could adversely affect the Group's financial condition and results of operations in different ways. For example, a fall in interest rates may result in a decrease in the interest income of the Bank and an increase in interest rates will normally result in a decline in the value of its fixed rate debt securities. Moreover, the gradual liberalisation of the regulation of interest rates may result in greater interest rate volatility as well as intensified competition in deposit and lending businesses. Such competition could result in an increase in cost of funds and a decrease in pricing on loans, which in turn could lead to a decrease in the Group's net interest income. In addition, despite the withdrawal of interest rate regulations on loans which allows the Group to charge different interest rates to borrowers with different credit ratings, the Group may not be able to benefit from such measures due to increased competition. A significant portion of the Group's outstanding interest-earning assets and, interest-bearing liabilities are denominated in foreign currencies. As a result, the Group's financial condition and results of operations are also affected by fluctuations in the interest rates associated with these foreign currencies.

The Group conducts a substantial portion of its business in Renminbi, with certain transactions denominated in U.S. dollars, HK dollars and, to a much lesser extent, other currencies. The Group's primary subsidiary, Bank of China (Hong Kong) Limited ("**BOCHK**"), conducts a substantial portion of its business in HK dollars and Renminbi. The Group endeavours to manage fund source and application to minimise potential mismatches in accordance with management directives. However, the Group's ability to manage its foreign currency positions in relation to the Renminbi is limited as the Renminbi is not a completely freely convertible currency.

The value of Renminbi against U.S. dollar, Euro and other currencies fluctuates and is affected by many factors, such as changes in political and economic conditions in the PRC and globally. On 21 July 2005, the PRC Government introduced a managed floating exchange rate system to allow the value of Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. In July 2008, the PRC Government announced that its exchange rate regime would change into a managed floating mechanism based on market supply and demand. Given domestic and overseas

economic developments, PBOC adjusted the Renminbi exchange rate regime in April 2012 to enhance the flexibility of the Renminbi exchange rate. The PRC Government may make further adjustments to the exchange rate system in the future. Any appreciation of Renminbi against U.S. dollar, Euro or any other foreign currency may result in a decrease in the value of the Group's foreign currency-denominated assets. Conversely, the Group is required to obtain approval from the SAFE before converting foreign currencies into Renminbi for non-current account transactions, such as repayment of the principal of loans and equity investments. All these factors may adversely affect the Group's business, financial condition and results of operations, as well as its compliance with the capital adequacy ratios and operating ratios requirements.

To the extent the Group's foreign currency-denominated assets and liabilities cannot be matched in the same currency or appropriately hedged, fluctuations in foreign currency exchange rates against Renminbi may adversely affect the Group's financial condition and results of operations.

There are operational risks associated with the Group's industry which, if realised, may have an adverse impact on its business operation

Like all other financial institutions, the Group is exposed to many types of operational risks, including the risk of fraud, unauthorised transactions or other misconduct by employees (including the violation of regulations for the prevention of corrupt practices, as well as other regulations governing the Group's business activities), or operational errors, including clerical or record keeping errors or errors resulting from computer or telecommunications systems failure. The Group is also exposed to the risk that external vendors may fail to fulfil their contractual obligations to it (or will be subject to the same risk of fraud or operational errors by their employees). Moreover, the Group is exposed to the risk that its (or its vendors') business continuity and data security systems prove not to be sufficient in case of a system failure or natural disaster.

Given the Group's high volume of transactions, certain errors may be repeated or compounded before they are discovered and successfully rectified. In addition, the Group's dependence upon automated systems to record and process transactions may further increase the risk of technical system flaws or employee tampering or manipulation of those systems. The Group may also be subject to disruptions of its operating systems, arising from events that are wholly or partially beyond its control (including, for example, natural disasters, external network attacks or electrical or telecommunication outages), which may give rise to a deterioration in customer service and to loss or liability to it. Although, like all banks, the Group maintains monitoring and controlling system designed to reduce operational risks, the Group has suffered losses from operational risks and there can be no assurance that the Group will not suffer losses from operational risks in the future. The Group's reputation could be adversely affected by the occurrence of any such events involving its employees, customers or third parties. In addition to internal factors that may affect the Group's operations, the rapid growth and expansion of its business in recent years may have also resulted in increasing complexity in its internal and external control systems and risk management measures, which may add to its operational risks.

The Group's expanding range of products and services exposes it to new risks

The Group has been expanding and intends to continue to expand the range of its products and services. Expansion of its business activities and product range exposes the Group to a number of risks and challenges, including the following:

- if the Group fails to promptly identify and expand into new areas of business to meet the increasing demand for certain products and services, the Group may fail to maintain its market share or lose some of its existing customers;

- the Group may not have sufficient experience or expertise in certain new products and services and may not compete effectively in these areas;

- the new products and services may not be accepted by the Group's customers or meet its expectations for profitability;

- the new products and services may give rise to potential disputes or claims from customers;

- the Group may not be able to hire new personnel or retrain current personnel to enable it to conduct new business activities;

- the Group may fail to obtain regulatory approval for its new products or services; and

- the Group may not be successful in enhancing its risk management capabilities and information technology systems to support a broader range of products and services. If the Group is unable to achieve the intended results from the expansion of its range of products and services, its business, financial condition and results of operations may be materially and adversely affected.

The continuous rapid growth of the business of the Bank raises higher requirements on management and operation levels and brings various risks and challenges to the Bank. Regardless of the Bank's active efforts in improving corporate structure and governance, it takes time for the Bank to implement the relevant measures and the relevant measures may be unable to enhance such aspects of the Bank as corporate structure and governance as anticipated.

The Bank may require additional capital in order to sustain its business growth. The ability of the Bank to increase capital is subject to various factors, including the Bank's future financial conditions, the approval from governmental and regulatory authorities and the overall conditions of the market.

If the Bank fails to keep growing at the current speed or any new business activity may not achieve expected results or the Bank fails to increase capital and successfully address risks and challenges brought by rapid growth, the Group's business, financial condition, results of operations and prospects may be adversely affected.

The Group is subject to credit and liquidity risks with respect to certain off-balance sheet commitments

In the normal course of its business, the Group makes commitments and guarantees which are not reflected as liabilities on its statement of financial position, including commitments, guarantees and letters of credit relating to the performance of its customers. The Group is subject to the credit risk of its customers as a result of these off-balance sheet undertakings. Over time, the creditworthiness of the Group's customers may deteriorate and the Group may be called upon to fulfil its commitments and guarantees in case any of its customers fail to perform their obligations owed to third parties. If the Group is unable to obtain payment or indemnification from its customers in respect of these commitments and guarantees, its business, financial condition and results of operations may be adversely affected.

The Group is subject to the supervision and inspection of regulators in jurisdictions where it operates

The Group is subject to supervision and regular and irregular inspection by the PRC's regulatory institutions and other administrative institutions, including the Ministry of Finance, PBOC, CBIRC, CSRC, the State Administration of Taxation, the State Administration of Industry & Commerce, SAFE, the NDRC and the National Audit Office and their local counterparts where the Group operates. The Group's branches and regulated subsidiaries must follow local laws, regulations and regulatory requirements of relevant local regulatory institutions. There can be no assurance that the Group's branches and sub-branches will be able to meet the applicable laws and regulatory requirements at all times. Any failure of the Group to meet these requirements may result in fines, penalties or sanctions which may adversely affect the Group's operations, reputation, business, financial position and results of operations.

The Group implements sanctions compliance policies in accordance with relevant external sanctions regulations. Changes in these sanction regulations could change from time to time

The U.S. currently imposes various economic sanctions, which are administered by the U.S. Treasury Department's Office of Foreign Assets Control and the U.S. State Department. For instance, U.S. persons can be prohibited from engaging in any transactions with a designated target of certain sanctions, including the purchase and sale of, and receipt of payments under, securities issued by such designated target. Similar sanctions are administered by the United Kingdom, the European Union, United Nations Security Council and other applicable jurisdictions. These sanctions are intended to address a variety of policy concerns, among other things denying certain countries, and certain individuals and entities, the ability to support international terrorism and to pursue weapons of mass destruction and missile programmes. Countries which are currently subject to sanctions for different reasons include but not limited to Cuba, Iran, Libya, Myanmar, North Korea, Syria and Sudan.

The Group attaches great importance to sanctions compliance and effectively enforces sanctions regulations by the United Nations Security Council, the PRC, the U.S., the European Union and other jurisdictions relating to its overseas operations. The Group's policy is to not provide any financial service

to any sanctioned countries or entities or individuals that are subject to sanctions regulations. Sanctions regulations will change from time to time, and any such changes above could adversely affect the Group's business, results of operation and financial condition.

The Group is subject to risks associated with its derivative transactions and investment securities

The Group enters into derivative transactions primarily for trading, asset and liability management and on behalf of its customers. There are credit, market and operational risks associated with these transactions. In addition, there is not a complete set of market practice and documentation records in the PRC's derivative market and the PRC courts have limited experience in dealing with issues related to derivative transactions. This may further increase the risks associated with these transactions. In addition, the Group's ability to monitor, analyse and report these derivative transactions is subject to the development of the Group's information technology system. As a result, the Group's financial condition and results of operations may be adversely affected by these derivative transactions.

The investments of the Group in securities including bonds, shares or other financial instruments, both domestically issued in the PRC and offshore. Such investments are subject to credit, market liquidity and other types of risks associated with such investments.

The Group will continue to closely follow up with the developments in the international financial markets and assess impairment allowances on related assets in a prudent manner in accordance with IFRS. Any non-performance or default by the counterparty or volatility of the markets or liquidity of the markets in which may have an adverse effect on the Group's financial condition and results of operations.

The Group's liquidity may be adversely affected if it fails to maintain its deposit growth or if there is a significant decrease in its deposits

Most of the funding requirements of the Group's commercial banking operations are met through short-term funding, principally in the form of deposits, including customer and inter-bank deposits. Although the Group has established a liquid assets investment portfolio to supplement its on-going liquidity needs, it continues to rely primarily on customer deposits to meet its funding needs. While the Group's short-term customer deposits have been a stable and predictable source of funding, there can be no assurance that the Group will always be able to rely on this source of funding. If the Group fails to maintain its deposit growth or if there is a significant decrease in its deposits, the Group's liquidity position, business, financial condition and results of operations may be adversely affected. Should any of these events occur, the Group may need to seek more expensive sources of funding to meet its funding requirements.

In addition, there are mismatches between the maturity of the Group's assets and the maturity of its liabilities. If the mismatches between the maturity of its assets and the maturity of its liabilities widen significantly, the Group's liquidity position could be adversely affected and funding from higher-cost source has to be obtained. Furthermore, the Group's ability to obtain additional funds may also be affected by other factors, including factors beyond the Group's control, such as the deterioration of overall market conditions, disturbances to the financial markets or a downturn in the industries where it has substantial credit exposure. All of these factors may result in significant adverse effects on the Group's liquidity, business, financial position and results of operations. See also "*Risk Factor – Risks Relating to the PRC Banking Industry*" for additional information relating to the PRC banking regulatory regime.

The Group's provisioning policies and loan classification may be different in certain respects from those applicable to banks in certain other countries or regions

The Group determines a level of allowance for impairment losses and recognises any related provisions made in a year using the concept of impairment under IFRS 9. The Group's provisioning policies may be different in certain respects from those of banks incorporated in certain other countries or regions which do not assess loans under IFRS 9. As a result, the Group's allowance for impairment losses, as determined under those provisioning policies, may differ from those that would be reported if it was incorporated in those countries or regions.

The Group classifies its loans as "pass", "special-mention", "substandard", "doubtful" and "loss" by using the five-category classification system according to requirements of CBIRC. Its five-category classification system may be different in certain respects from those banks incorporated in certain other countries or regions. As a result, it may reflect a different degree of risk than what would be reported if the Group was incorporated in those countries or regions.

The Group may not be able to detect money laundering and other illegal or improper activities, which could expose it to additional liability and harm its business

The Group is required to comply with applicable anti-money laundering laws, anti-terrorism laws and other regulations in the PRC and other jurisdictions in which it has operations. These laws and regulations require the Group, among other things, to formulate "know your customer" policies and procedures and to report suspicious and large transactions to the applicable regulatory authorities in different jurisdictions.

While the Group has adopted policies and procedures aimed at detecting and preventing the use of its banking network for money laundering activities or by terrorists and terrorist-related organisations and individuals generally, such policies and procedures may not completely eliminate instances where the Group may be used by other parties to engage in money laundering or other illegal or improper activities. To the extent the Group may fail to fully comply with applicable laws and regulations, the relevant government agencies to whom the Group reports have the power and authority to impose fines and other penalties on the Group, which may materially and adversely affect the Group's reputation, business, financial condition and results of operation.

The Group's business is highly dependent on the proper functioning and improvement of its information technology systems. Malfunction of or failure to improve or upgrade the information technology systems timely could have an adverse effect on the Bank's business

The Group is highly dependent on the ability of its information technology systems to accurately process a large number of transactions across numerous and diverse markets and products in a timely manner. The proper functioning of the Group's financial control, risk management, accounting, customer service and other data processing systems, together with the communication networks among the Group's various branches and sub-branches and its main data processing centres, are critical to the Group's business operations and its ability to compete effectively. The Group has developed an information system operation and management procedure based on the best practice and passed the certification of ISO 20000 standard of information technology ("**IT**") operation and maintenance. The Group has established information security management system covering areas such as physical environment security, operational security, access control and information security event management. Such security management system complies with international standards and is certified with ISO 27001 international standards. The Group has developed a comprehensive IT emergency response mechanism and work process to cope with IT emergencies and formulated contingency plans covering all application systems, infrastructure and key equipment, which ensures prompt and effective response to IT emergencies. The Group has maintained backup data and developed a disaster recovery process under the "two locations and three centres" framework to ensure the continued function of the information system in disastrous events and the ability to cope with regional disastrous events effectively. However, the Group's operations may be materially disrupted if there is fatal malfunction or regional major disaster. In addition, any security event caused by loss or corruption of data and malfunction of software, hardware or other computer equipment could have a material and adverse effect on the Group's reputation, business, financial condition and results of operations.

The Group's ability to remain competitive will depend largely on its ability to upgrade its information technology systems on a timely and cost-effective basis. In addition, the information available to and received by the Group through its existing information technology systems may not be timely or sufficient enough for it to manage risks and plan for, and respond to, market changes and other developments in its current operating environment. As a result, the Group is making and intends to continue making investments to improve or upgrade its information technology systems. Any failure to improve or upgrade its information technology systems effectively or on a timely basis could adversely affect the Group's competitiveness, business, financial condition and results of operations.

Internet banking services involve risks of security breaches

Internet banking activities involve the electronic storage and transmission of confidential information, which are vulnerable to unauthorised access, external network attacks and other disruptions. These possible security threats could expose the Group to liability and damage its reputation. Costs incurred in preventing security threats may be high and may adversely affect the Group's business, financial condition and results of operations. The failure of the Group to detect any defects in software products which are used in providing its internet banking services and an unexpected and sudden high volume of internet traffic may have an adverse effect on the Group's internet banking business.

There can be no assurance of the accuracy or comparability of facts, forecasts and statistics contained in the Offering Circular with respect to the Bank, the Group, the PRC, its economy or its banking industry

Certain facts, forecasts and statistics in the Offering Circular relating to the PRC, the PRC's economy and global banking industries and the Bank's market share and ranking are derived from various official and other publicly available sources which are generally believed to be reliable. However, the Bank cannot guarantee the quality and reliability of such source materials. In addition, these facts, forecasts and statistics have not been independently verified by the Bank, the Group, or any of their respective directors, employees, representatives, affiliates or advisers and, therefore, none of them makes any representation as to the accuracy or fairness of such facts, forecasts and statistics, which may not be consistent with other information compiled within or outside the PRC and may not be complete or up to date. The Bank has taken reasonable care in reproducing or extracting the information from such sources. However, because of possibly flawed or ineffective methodologies underlying the published information or discrepancies between the published information and market practice and other problems, these facts, forecasts and other statistics may be inaccurate or may not be comparable from period to period or be comparable to facts, forecasts or statistics produced for other economies and should not be unduly relied upon.

Risks relating to the PRC

The slowdown of the PRC's economy caused in part by the recent challenging global economic conditions may adversely affect the Group

The Group relies, to a significant degree, on its domestic operations to achieve revenue growth. Domestic demand for banking services is materially affected by growth of private consumption and overall economic growth in the PRC. The global crisis in financial services and credit markets in 2008 has caused a slowdown in the economic growth in many countries, including the PRC. Although the PRC's economic growth has increased compared to its level immediately after the global financial crisis, it has displayed signs of slowdown as evidenced by a decrease in the growth rate of the PRC's gross domestic product ("**GDP**") in recent years. This was caused by a combination of factors most of which are beyond our control, such as the global economic conditions, governmental policies and changes in market dynamics globally and regionally. In 2018, the PRC Government reported a GDP of RMB90.03 trillion, representing year-on-year growth of 6.6 per cent. In 2019, the PRC Government reported a preliminary GDP of RMB99.0865 trillion, representing year-on-year growth of 6.1 per cent. Although the PRC Government has recently taken several measures and actions with an aim to increase investors' confidence in the PRC economy, there can be no assurance that those measures will be effective. Furthermore, the sustained tension between the United States and China over trade policies could undermine the stability of the global economy. The United States and China have recently been involved in disputes over trade barriers that have escalated into a trade war between the two countries. Both countries have implemented tariffs on certain imported products from the other, casting uncertainty over tariffs and barrier to entry for products on both sides. The two governments have entered into an initial phase one agreement to resolve the disputes on 15 January 2020. However, there are uncertainties as to when and whether the phase two negotiations will begin and whether the two governments will fulfil their respective obligations under the phase one agreement. All these would add to the uncertainties relating to the overall prospects for the global and the PRC economies, which may have a material adverse impact to the Group's business, prospects, financial conditions and results of operations.

The Group's business may be affected by the PRC's economic, political and social conditions and the prospects of the industries in which its loans are concentrated

A significant majority of the Group's businesses, assets and operations are located in the PRC. Accordingly, its financial condition, results of operations and business prospects are, to a significant degree, subject to the economic, political, legal and social developments in the PRC. The PRC's economy differs from the economies of most developed countries in many respects, including, among others, government involvement, level of development, growth rate, control of foreign exchange and allocation of resources.

The PRC economy has been undergoing a transition from a planned economy to a market-oriented economy. A substantial portion of productive assets in the PRC is still owned by the PRC Government. The PRC Government also exercises significant control over the PRC's economic growth by allocating resources, setting monetary policy and providing preferential treatment to particular industries or companies. In recent years, the PRC Government has pushed forward a large number of economic reform measures to introduce market forces and promote the establishment of sound corporate governance structures. Such economic reform measures may be adjusted, modified or applied differently depending on the industries and regions of the country. As a result, the Group may not benefit from certain of such measures.

The PRC Government has the power to implement macroeconomic controls affecting the PRC's economy. The PRC Government has implemented various measures in an effort to control the growth rate of certain industries and restrain inflation. As measured by GDP, the PRC has been one of the world's fastest growing economies in recent years. The PRC's real GDP growth was 6.9 per cent. and 6.6 per cent. in 2017 and 2018, respectively. In 2019, the PRC Government reported a preliminary GDP of RMB99.0865 trillion, representing a year-on-year growth of 6.1 per cent. However, the PRC may not be able to sustain such a growth rate. During the recent global financial crisis and economic slowdown, the growth of the PRC's GDP slowed down. (See "*– Risks relating to the PRC – The slowdown of the PRC's economy caused in part by the recent challenging global economic conditions may adversely affect us*" above.) If the PRC's economy experiences a decrease in growth rate or a significant downturn, any unfavourable business environment or economic condition for the Group's customers could negatively impact their ability or willingness to repay their loans and reduce their demand for the Group's banking services. As a result of the foregoing, the Group's business, financial condition and results of operations may be materially and adversely affected.

Interpretation and implementation of the PRC laws and regulations may involve uncertainties

The Bank is incorporated and exists under the laws of the PRC. The PRC legal system is based on written statutes. Since the late 1970s, the PRC has promulgated laws and regulations dealing with legal relations in respect of such economic matters as foreign investment, corporate organisation and governance, commerce, taxation and trade, with a view towards developing a comprehensive system of commercial law. However, as many of these laws and regulations are relatively new and continue to evolve, especially with respect to the PRC banking regulatory regime, these laws and regulations may be subject to different interpretations and inconsistently enforced. In addition, there is only a limited volume of published court decisions, which may be cited for reference but are not binding on subsequent cases and have limited precedential value. These uncertainties relating to the interpretation and implementation of the PRC laws and regulations may adversely affect the legal protections and remedies that are available to the Group in its operations and to holders of the Notes.

For example, the NDRC issued the NDRC Circular on 14 September 2015, which came into effect on the same day. According to the NDRC Circular, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities issues outside the PRC with the NDRC prior to the issue of the securities and notify the particulars of the relevant issues within 10 working days after the completion of the issue of the securities. The NDRC Circular is silent on the legal consequences of non-compliance with the pre-issue registration requirement. In the worst case scenario, if pre-issue registration is required but not complied with, it might become unlawful for the Issuer to perform or comply with any of its obligations under the Notes and the Notes might be subject to the enforcement as provided in Condition 15 (Events of Default). Potential investors of the Notes are advised to exercise due caution when making their investment decisions. Similarly, there is no clarity on the legal consequences of non-compliance with the post-issue notification requirement under the NDRC Circular.

On 11 January 2017, the PBOC promulgated the Circular on Issues concerning the Macro-prudential Management of Full-covered Cross-border Financing (Yin Fa [2017] No. 9) (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) (the "**2017 PBOC Circular**"). Under the 2017 PBOC Circular, financial institutions are required to file relevant operating rules and internal control policies and the details of the calculation of their outstanding foreign debt and foreign debt limit with PBOC or SAFE before making their first cross-border financing transaction and they are required to report to PBOC or SAFE of the amount of its capital fund and the financing agreement when a financing agreement is signed and before the drawdown of the loan or issue of debt securities, report its cross-border income after such drawdown, and report its cross-border payments after making interest or principal payments. In addition,

financial institutions are also required to report to PBOC or SAFE on the fifth working day of each month on the foreign debt it has borrowed and the change in its outstanding foreign debt during the previous month. The Bank is one of the 27 designated banks required to carry out the aforesaid reporting procedures. The 2017 PBOC Circular is a new regulation and is subject to interpretation and application by relevant PRC authorities. The 2017 PBOC Circular applies to the issue of Notes under the Programme by the Bank or its onshore branches, but does not explicitly state whether it applies to offshore branches of financial institutions incorporated in the PRC.

Further, for the purpose of calculating the risk-weighted cross-border financing balance as prescribed in the 2017 PBOC Circular, the foreign debt (including but not limited to the Notes) of offshore branches of financial institutions in the PRC are excluded from the calculation unless PBOC requires that the foreign debt be included if issue proceeds of the Notes is remitted into the PRC. If reporting is required but not complied with, PBOC and/or SAFE may, among other things, (a) issue a notice of censure, (b) request rectification within a time limit, (c) impose a penalty according to the Law of People's Republic of China on the People's Bank of China and the Regulation of the People's Republic of China on the Management of Foreign Exchanges, (d) suspend cross-border financing of the institution, and (e) collect risk reserves from the institution. In addition, in the worst case scenario, if reporting is required but not complied with, it might become unlawful for the Issuer to perform or comply with any of its obligations under the Notes and the Notes might be subject to the enforcement as provided in Condition 15 (Events of Default). Pursuant to the Approval by the Enterprise Borrowing Foreign Debt Registration Certificate of 2019 (《企業借用外債備案登記證明》 (發改辦外資備[2019]51號)) issued by the NDRC General Office on 24 January 2019 (the "**NDRC Approval**"), separate pre-issuance registration with the NDRC with respect to the Notes is not required. This NDRC Approval is subject to interpretation and application by relevant PRC authorities and the above-described uncertainties that apply to the 2017 PBOC Circular also apply to such approval.

Any force majeure events, including future occurrence of natural disasters or outbreaks of contagious diseases in the PRC or elsewhere, may have an adverse effect on the Group's business operations, financial condition and results of operations

Any natural disasters or outbreaks of health epidemics and contagious diseases, including avian influenza, severe acute respiratory syndrome, or SARS, swine flu caused by H1N1 virus, or H1N1 Flu, and coronavirus disease 2019 ("COVID-2019") may adversely affect the Group's business, financial condition and results of operations. Possible force majeure events may give rise to additional costs to be borne by the Group and have adverse effects on the quality of its assets, business, financial condition and results of operations. An outbreak of a health epidemic or contagious disease could result in a widespread health crisis and restrict the level of business activity in affected areas, which may in turn adversely affect the Group's business. In particular, the on-going COVID-2019 pandemic has resulted in many countries, including China, Japan, the United States, members of the European Union and the United Kingdom, declaring a state of emergency and imposing extensive business and travel restrictions with a view to containing the pandemic. Widespread reductions in consumption, industrial production and business activities arising from the COVID-19 pandemic will significantly disrupt the global economy and global markets and is lilkely to result in a global economic recession. In addition, COVID-19 has led to significant volatility in the global markets across all asset classes, including stocks, bonds, oil and other commodities and this volatility may persist for some time. There is no assurance that the outbreak will not lead to decreased demand for services the Group provides; nor is there assurance that the outbreak's adverse impact on the PRC economy and the Group's customers will not adversely affect the level of non-performing loans. The outbreak may also adversely affect the Group's ability to keep normal operations and provide uninterrupted services to its customers. Moreover, the PRC has experienced natural disasters like earthquakes, floods and drought in the past few years. For example, in May 2008 and April 2010, the PRC experienced earthquakes with reported magnitudes of 8.0 and 7.1 on the Richter scale in Sichuan and Qinghai provinces respectively, resulting in the death of tens of thousands of people. Any future occurrence of severe natural disasters in the PRC may adversely affect its economy and in turn the Group's business. There can be no guarantee that any future occurrence of natural disasters or outbreak of avian influenza, SARS, H1N1 Flu, COVID-2019 or other epidemics, or the measures taken by the PRC Government or other countries in response to a future outbreak of avian influenza, SARS, H1N1 Flu, COVID-2019 or other epidemics, will not seriously interrupt the Group's operations or those of its customers, which may have an adverse effect on its business, financial condition and results of operations.

Investors may experience difficulties in effecting service of legal process and enforcing judgments against the Group and the Group's management

The Issuer and a number of the Group's subsidiaries are incorporated in the PRC and a substantial portion of the Group's assets are located in the PRC. In addition, a number of the Group's directors and senior management reside within the PRC and the assets of the Group's directors and officers may be located within the PRC. As a result, it may not be possible to effect service of process outside the PRC upon such directors and senior management, including for matters arising under applicable securities law. The Issuer has irrevocably submitted to the exclusive jurisdiction of the Hong Kong courts in the transaction documents relating to the Notes. Hong Kong and the PRC have entered into certain arrangements on the reciprocal recognition and enforcement of judgments in civil and commercial matters (the "**Reciprocal Arrangements**") which allow for a final court judgment (relating to the payment of money or other civil or commercial proceeding) rendered by a Hong Kong court or PRC court (as the case may be) to be recognised and enforced in the PRC or Hong Kong (as the case may be), provided certain conditions are met. However, certain matters may be excluded under the Reciprocal Arrangements and a judgment may be refused to be recognised and enforced by the requested place in certain circumstances such as for public policy reasons or where the judgment was obtained by fraud. As a general matter, a judgment of a court of another jurisdiction may be reciprocally recognised or enforced if the jurisdiction has a treaty with the PRC or if judgments of the PRC courts have been recognised before in that jurisdiction, subject to the satisfaction of other requirements. The PRC signed the Hague Convention on Choice of Court Agreements (the "**Hague Convention**") in September 2017 which is intended to promote the use of exclusive choice of court agreements in international contracts and facilitate the creation of a recognition and enforcement regime for court judgements between contracting States. However, the signing of the Hague Convention does not have currently have any legal effect until it is ratified by the PRC government. The PRC has not entered into treaties or arrangements providing for the reciprocal recognition and enforcement of judgments of courts with numerous countries, including Japan, the United States and the United Kingdom. Therefore, it may be difficult for Noteholders to enforce any judgments obtained from such foreign courts against the Group, the Issuer or any of their respective directors or senior management in the PRC.

Risks Relating to the Global Economy

Uncertainties and instability in global market conditions could adversely affect the Group's business, financial condition and results of operations

The global economic slowdown and turmoil in the global financial markets that started in the second half of 2008 had a negative and lasting impact on the world economy, which in turn affected the PRC real estate industry and many other industries. Subsequently, global markets and economic conditions were adversely affected by the credit crisis in Europe, the credit rating downgrade of the United States and heightened market volatility in major stock markets. In addition, on 31 January 2020, the United Kingdom officially exited the European Union following a UK-EU Withdrawal Agreement signed in October 2019. The United Kingdom and the European Union will have a transition period until 31 December 2020 to negotiate, among others, trade agreements in detail. Given the lack of precedent, it is unclear how Brexit would affect the fiscal, monetary and regulatory landscape within the UK, the EU and globally. This event has resulted in a downgrade of the credit ratings of the United Kingdom and the uncertainty before, during and after the period of negotiation may also create a negative economic impact and increase volatility in global markets.

The outlook for the world economy and financial markets remains uncertain. In Europe, several countries continue to face difficulties surrounding sovereign debt. In Asia and other emerging markets, some countries are expecting increasing inflationary pressure as a consequence of liberal monetary policy or excessive foreign fund inflow, or both. In the Middle East, Eastern Europe and Africa, political unrest in various countries has resulted in economic instability and uncertainty. China's economic growth may slow due to weakened exports as well as recent developments surrounding the trade-war with the United States. Starting in April 2018, the United States imposed tariffs on steel and aluminium imports from China, and later on 6 July 2018, the United States imposed 25% tariffs on US$34 billion worth of Chinese goods as part of President Donald Trump's tariffs policy. In turn, the PRC responded with similarly sized tariffs on United States' products. On 18 September 2018, President Donald Trump imposed 10% tariffs on approximately US$200 billion worth of Chinese goods and plans to further increase the rate to 25% in January 2019. In return, the PRC responded with tariffs on US$60 billion of U.S. goods. The rhetoric surrounding the trade war continues to escalate and neither side has been willing to resume stalled trade

negotiations. The amicable resolution of such a trade war remains elusive, and the lasting impacts any trade war may have on the PRC economy and the PRC real estate industry uncertain. Should the trade war between the United States and the PRC begin to materially impact the PRC economy, the purchasing power of our customers in the PRC would be negatively affected, which would have a material and adverse impact on our business, financial condition and results of operation. Moreover, as the PRC is transitioning to a consumption-based economy, the forecast growth rate of the PRC is expected to be significantly lower than its average growth rate over the past thirty years.

On 12 March 2020, the World Health Organisation declared COVID-19 as a global pandemic. The COVID-19 pandemic has resulted in many countries, including China, Japan, the United States, members of the European Union and the United Kingdom, declaring a state of emergency and imposing extensive business and travel restrictions with a view to containing the pandemic. Widespread reductions in consumption, industrial production and business activities arising from the COVID-19 pandemic will significantly disrupt the global economy and global markets and is likely to result in a global economic recession. In addition, COVID-19 has led to significant volatility in the global markets across all asset classes, including stocks, bonds, oil and other commodities and this volatility may persist for some time. As the COVID-19 pandemic continues to adversely affect business activities globally, governments and central banks across the world have introduced or are planning fiscal and monetary stimulus measures including direct subsidies, tax cuts, interest rates cuts, quantitative easing programmes and suspension or relaxation of prudential bank capital requirements. These measures aim to contain the economic impact of the COVID-19 pandemic, stabilise the capital markets and provide liquidity easing to the markets. In addition, the PRC regulators have promulgated a series of measures to encourage PRC financial institutions to increase financial support to business and consumers to combat the challenges arising from the COVID-19 pandemic.

The continuing slowdown of the global economy and increasing uncertainties in financial markets could adversely affect the Bank's business, financial condition and results of operations in many ways, including, among other things:

- during a period of economic slowdown, there is a greater likelihood that more of the Bank's customers or counterparties might default on their loan repayments or other obligations to the Bank, which, in turn, could result in the Bank recording a higher level of non-performing loans, allowance for impairment losses and write-offs;

- the increased regulation and supervision of the financial services industry, including the proposed implementation of new capital adequacy requirements under the Basel III, may restrict the Bank's business flexibility and increase its compliance and operating costs;

- the value of the Bank's investments in debt securities issued by overseas governments and financial institutions may significantly decrease;

- the Bank's ability to raise additional capital on favourable terms, or at all, could be adversely affected; and

- trade and capital flow may further contract as a result of protectionist measures being introduced in certain markets, which could cause a further slowdown in economies and adversely affect the Bank's business prospects.

Any potential market and economic downturns, economic slowdown or geopolitical uncertainties in the PRC, its neighbouring countries or regions or the rest of the world may exacerbate the risks relating to the PRC capital markets. In addition, global economic uncertainty and the slowdown in PRC economic growth have precipitated, and may continue to raise the possibility of, fiscal, monetary, regulatory and other governmental actions.

The Bank cannot assure the investors that the various macroeconomic measures and monetary policies adopted by the PRC Government will be effective in maintaining a sustainable growth in China's economy. If further economic downturn occurs, the Bank's businesses, financial condition and results of operations could be materially and adversely affected.

Please see also "*Risks Relating to the Group's Business*" and "*The Group is subject to risks associated with its derivative transactions and investment securities*" for further details.

Risks Relating to the Market Generally

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

Notes issued under the Programme have no current active trading market and may trade at a discount to their initial offering price and/or with limited liquidity

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Series, such Series is to be consolidated with and form a single series with a Series of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Relevant Obligor(s). If the Notes are trading at a discount, investors may not be able to receive a favourable price for their Notes, and in some circumstances investors may not be able to sell their Notes at all or at their fair market value. Although application has been made to the Hong Kong Stock Exchange for the Notes issued under the Programme to be admitted to listing on the Hong Kong Stock Exchange, there is no assurance that such application will be accepted, that any particular Series of Notes will be so admitted or that an active trading market will develop. In addition, the market for investment grade has been subject to disruptions that have caused volatility in prices of securities similar to the Notes issued under the Programme. Accordingly, there is no assurance as to the development or liquidity of any trading market, or that disruptions will not occur, for any particular Series of Notes.

Exchange rate risks and exchange controls may result in investors receiving less interest or principal than expected

Each Relevant Obligor will pay principal and interest on the Notes in the currency specified in the relevant Pricing Supplement (the "**Specified Currency**"). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes, and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Changes in market interest rates may adversely affect the value of Fixed Rate Notes

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Risks Relating to Subordinated Notes Issued under the Programme

Basel III and related reforms

The Basel Committee has proposed a number of fundamental reforms to the regulatory capital framework for internationally active banks which are designed, in part, to ensure that capital instruments issued by such banks fully absorb losses before taxpayers are exposed to loss (the "**Basel III Reforms**"), the

principal elements of which are set out in its papers dated 16 December 2010 (as revised in June 2011) and its press release dated 13 January 2011. The implementation of the Basel III Reforms in the PRC are currently under way by the CBIRC. The PBOC may also be involved in the process as the appropriate authority regarding certain issues.

CBIRC adopted Basel III risk-based capital regulations in June 2012, which is the CBIRC Measures, and brought them into force on 1 January 2013. The CBIRC Measures apply to all 511 commercial banks registered in the PRC, including small and medium-sized commercial banks that are not internationally active. The CBIRC Measures follow the implementation schedule stipulated by the Basel Committee. In November 2012, supplementary documents were published by the CBIRC, including additional requirements on capital instrument innovation, transitional arrangements, and capital adequacy ratio reporting. Based in part on the Regulatory Consistency Assessment Programme assessment process that began in January 2013, the CBIRC issued a number of additional regulatory notices in July 2013 that further align the domestic regulations with Basel standards. The main changes related to the treatment of banks' exposures to central counterparties and the disclosure requirements for capital instruments. In addition, the CBIRC issued a set of technical clarifications and requirements to complete important parts of the Chinese capital regulations and make them consistent with the international Basel III standards.

In accordance with the CBIRC Measures, all Tier 2 instruments which do not contain any contractual terms providing for their writing off or conversion into ordinary shares upon the occurrence of a Non-Viability Event (as defined below), will not be eligible to count in full as Tier 2 capital from 1 January 2013.

As used above, "Non-Viability Event" means the earlier of (a) a decision that a write-off or conversion into shares, without which the relevant bank would become non-viable, is necessary as determined by the CBIRC; and (b) the decision to make a public sector injection of capital, or equivalent support, without which the relevant bank would become non-viable, as determined by the relevant regulatory authority in the PRC.

The Subordinated Notes may contain certain non-viability loss absorption provisions; it is also possible that the powers which may result from any future change to the CBIRC Measures or 2012 Guiding Opinions (defined below) or the application of relevant laws, including those arising from the Basel III Reforms (including CBIRC's implementation of the Basel III Reforms) or other similar regulatory proposals, could be used in such a way as to result in the Notes absorbing losses in the manner described above. The determination that all or part of the principal amount of the Notes will be subject to loss absorption is likely to be inherently unpredictable and may depend on a number of factors which may be outside of the Relevant Obligor(s)' control. Because of this inherent uncertainty, it will be difficult to predict when, if at all, a principal write off or conversion to equity will occur. Accordingly, trading behaviour in respect of the Notes is not necessarily expected to follow the trading behaviour associated with other types of securities. Potential investors in the Notes should consider the risk that a holder may lose all of its investment, including the principal amount plus any accrued interest, if such statutory loss absorption measures are acted upon.

Furthermore, there can be no assurance that, prior to their implementation, the Basel Committee will not amend the Basel III Reforms. Furthermore, the relevant regulatory authority may implement the Basel III Reforms, including the provisions relating to terms which capital instruments are required to have, in a manner that is different from that which is currently envisaged or may impose more onerous requirements. Until fully implemented, no Relevant Obligor can predict the precise effect of the changes that will result from the implementation of the Basel III Reforms on the pricing or market value of the Notes. In addition, further changes in law after the date hereof may affect the rights of holders of the Notes as well as the market value of the Notes.

Directive 2014/59/EU providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the "**BRRD**") (which for these purposes includes the United Kingdom) is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing relevant entity. This is so as to ensure the continuity of the relevant entity's critical financial and economic functions, while minimising the impact of a relevant entity's failure on the economy and financial system.

The BRRD contains four resolution tools and powers which may be used alone or in combination where the relevant resolution authority considers that (a) a relevant entity is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such

relevant entity within a reasonable timeframe, and (c) a resolution action is in the public interest: (i) sale of business – which enables resolution authorities to direct the sale of the relevant entity or the whole or part of its business on commercial terms; (ii) bridge institution – which enables resolution authorities to transfer all or part of the business of the relevant entity to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control), which may limit the capacity of the relevant entity to meet its repayment obligations; (iii) asset separation – which enables resolution authorities to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in – which gives resolution authorities the power to write down certain claims of unsecured creditors of a failing relevant entity (which write-down may result in the reduction of such claims to zero) and to convert certain unsecured debt claims (including Notes) to equity or other instruments of ownership (the "**general bail-in tool**"), which equity or other instruments could also be subject to any future cancellation, transfer or dilution.

The terms of Subordinated Notes may contain non-viability loss absorption provisions, and the occurrence of a non-viability event may be inherently unpredictable or may depend on a number of factors which may be outside of the Relevant Obligor(s)' control

To the extent that any series of Subordinated Notes contains provisions relating to loss absorption upon the occurrence of a Non-Viability Event of the Relevant Obligor(s) as determined by the relevant Regulatory Authority as specified in the applicable Pricing Supplement, additional provisions relating to the mechanics of the loss absorption and the respective roles of the Trustee and the Agents may have to be added to the Conditions of such Series, the Trust Deed and the Agency Agreement (each as defined in the Conditions) and the Relevant Obligor(s) may be required, subject to the terms of the relevant series of Subordinated Notes, irrevocably (without the need for the consent of the holders of the Subordinated Notes) to effect a full write-off or conversion into shares of the outstanding principal and accrued and unpaid interest in respect of such Subordinated Notes. Any written-off amount or converted shall be irrevocably lost and holders of such Subordinated Notes will cease to have any claims for any principal amount and accrued but unpaid interest which has been subject to write-off or conversion.

The occurrence of a Non-Viability Event is dependent on a determination by the relevant Regulatory Authority (a) that a write-off or conversion into shares, without which the Relevant Obligor(s) would become non-viable, is necessary; or (b) to make a public sector injection of capital, or equivalent support, without which the Relevant Obligor(s) would have become non-viable. As a result, the relevant Regulatory Authority may require or may cause a write-off in circumstances that are beyond the control of the Relevant Obligor(s) and with which the Relevant Obligor(s) may not agree.

Because of the inherent uncertainty regarding the determination of whether a Non-Viability Event exists, it will be difficult to predict when, if at all, a write-off or conversion will occur. Accordingly, trading behaviour in respect of Subordinated Notes which have the non-viability loss absorption feature is not necessarily expected to follow trading behaviour associated with other types of securities. Any indication that any Relevant Obligor is trending towards a Non-Viability Event could have an adverse effect on the market price of the relevant Subordinated Notes.

Potential investors should consider the risk that a holder of Subordinated Notes which have the non-viability loss absorption feature may lose all of its investment in such Subordinated Notes, including the principal amount plus any accrued but unpaid interest, in the event that a Non-Viability Event occurs.

There is no assurance that any contractual provisions with non-viability loss absorption features, to the extent applicable, will be sufficient to satisfy the Basel III-compliant requirements that the Relevant Authorities may implement in the future. There is a risk that the Relevant Authorities may deviate from the Basel III proposals by implementing reforms which differ from those envisaged by the Basel Committee.

Regulations on non-viability loss absorption are new, untested and subject to interpretation and application by regulations in the PRC

The regulations on non-viability loss absorption are new and untested, and will be subject to the interpretation and application by the relevant authorities in the PRC. It is uncertain how the relevant Regulatory Authority (as specified in the relevant Pricing Supplement) would determine the occurrence of

a Non-Viability Event, and it is possible that the grounds that constitute Non-Viability Events may change (including that additional grounds are introduced). Accordingly, the operation of any such future legislation may have an adverse effect on the position of holders of the Subordinated Notes.

A potential investor should not invest in the Subordinated Notes unless it has the knowledge and expertise to evaluate how the Subordinated Notes will perform under changing conditions, the resulting effects on the likelihood of a write-off or conversion and the value of the Subordinated Notes, and the impact this investment will have on the potential investor's overall investment portfolio. Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this Offering Circular and in the applicable Pricing Supplement.

Other regulatory capital instruments may not be subject to write-off or conversion

If so specified in the relevant Pricing Supplement, when a Non-Viability Event occurs, the Relevant Obligor has the right (without any requirement for the consent of the Noteholders), on giving notice to the Noteholders, the Trustee and the Agents, to irrevocably cancel the principal amount of the Subordinated Notes (in whole but not in part) and cease the payment of any accrued but unpaid interest under the Subordinated Notes, in accordance with the Conditions of the Subordinated Notes.

However, the terms and conditions of other regulatory capital instruments issued by the Bank and its subsidiaries prior to 1 January 2013 may differ, as these instruments would not typically have any conversion or write-off features. In case of the occurrence of a Non-Viability Event, such pre-2013 regulatory capital instruments may not be converted into equity or be written-off even if the Subordinated Notes are required to be Written-off (as specified in the relevant Pricing Supplement).

No limitation on issuing senior or pari passu securities in respect of Subordinated Notes

There is no restriction on the amount of securities which any Relevant Obligor may issue and which rank senior to, or *pari passu* with, the Subordinated Notes. The issue of any such securities may reduce the amount recoverable by holders of Subordinated Notes in case of a winding-up of such Relevant Obligor. The Subordinated Notes are subordinated obligations of such Relevant Obligor. Accordingly, in the winding-up of such Relevant Obligor, there may not be a sufficient amount to satisfy the amounts owing to the holders of Subordinated Notes.

The Bankruptcy Law of the PRC may be different from equivalent bankruptcy laws in other jurisdictions with which the Noteholders are familiar

The Bank is incorporated under the laws of the People's Republic of China. Any bankruptcy procedure relating to the Bank may involve the Bankruptcy Law of the PRC, the procedures and major provisions of which may be different from the similar provisions set out in the bankruptcy laws in other jurisdictions with which the Noteholders are familiar.

The Relevant Obligor's obligations under the Subordinated Notes are subordinated and there are limited remedies for non-payment under the Subordinated Notes

The claims of the Noteholders for payment of principal and any interest under the Subordinated Notes may, in the event of the Winding-Up (as specified in the relevant Pricing Supplement) of any Relevant Obligor(s), be subordinated to the claims of depositors and general creditors of each Relevant Obligor and shall rank in priority to the claims of all holders of equity capital, Additional Tier 1 Capital Instruments (as specified in the relevant Pricing Supplement) and hybrid capital bonds of the Relevant Obligor, present or future, and will rank at least *pari passu* with the claims under any other Subordinated Indebtedness (as specified in the relevant Pricing Supplement) of the Relevant Obligor, present or future (including any other Tier 2 Capital Instruments (as specified in the relevant Pricing Supplement) expressed to rank *pari passu* with the Notes which may be issued in the future by the Relevant Obligor).

In the event of a shortfall of funds on a Winding-Up (as specified in the relevant Pricing Supplement) of the Relevant Obligor, there is a risk that an investor in the Notes will lose all or some of its investment and will not receive a full return of the principal amount or any unpaid amounts due under the Subordinated Notes.

The Noteholders shall not have any right to accelerate any payment of principal or interest under the Subordinated Notes other than upon the initiation of any cessation of business, bankruptcy or other Winding-up Proceedings (as specified in the relevant Pricing Supplement) of the Relevant Obligor.

Under the PRC laws and regulations, the prior approval of the CBIRC would need to be obtained in order for a Winding-Up (as specified in the relevant Pricing Supplement) of a Chinese bank to proceed.

The provisions on available resources in the CBIRC Capital Regulations are subject to interpretation by the relevant regulatory authorities and the application of relevant laws, rules and regulations

If so specified in the relevant Pricing Supplement, any payment of interest on the Subordinated Notes could be subject to the applicable regulatory requirements of the relevant regulatory authorities in effect at the time of such payment. As such, all payments of interest shall be made from the available resources of the Relevant Obligor(s). According to the *Administrative Measures for the Capital of Commercial Banks of the PRC (for Trial Implementation)* (商業銀行資本管理辦法(試行)) (the "**CBIRC Capital Regulation**"), any payment of income) (in the case of Common Equity Tier 1 Capital Instruments (as defined in the CBIRC Capital Regulation)), dividend or interest (in the case of Additional Tier 1 Capital Instruments (as defined in the CBIRC Capital Regulation) or Tier 2 Capital Instruments (as defined in the CBIRC Capital Regulation)) is required to be made from available resources of the Bank. However, as the CBIRC Capital Regulations are new and untested, the Bank is not aware of any precedent in the market where the payment of dividend or interest was deferred, suspended or cancelled due to lack of available resources. The concept of available resources in the context of Common Equity Tier 1 Capital Instruments and Additional Tier 1 Capital Instruments is used in both domestic and offshore regulatory capital instruments issues, so the investors may be aware of and familiar with it while the concept of available resources in the context of Tier 2 Capital Instruments is not (1) introduced in Basel III, (2) contained in the terms and conditions of any offshore Tier 2 Capital Instruments, or (3) clarified in the CBIRC Capital Regulations or other relevant PRC laws and regulations. Therefore, it is uncertain how the PRC relevant authorities would define what constitutes available resources in the context of Tier 2 Capital Instruments and determine the occurrence of insufficient or no available resources. This in turn, results in uncertainty regarding the payment of interest.

As a result of the foregoing, there is uncertainty as to: (1) what constitutes available resources of the Bank, (2) under what circumstances would the Bank have insufficient or no available resources and (3) in the event of insufficient or no available resources, the impact on payment of interest, that is, whether in such event, payment of interest would be deferred, suspended temporarily or cancelled permanently. These aforementioned uncertainties are all subject to further interpretation by the relevant regulatory authorities and the application of relevant laws, rules and regulations. Such uncertainties would have an adverse effect on interest payments to investors, for example, payment of interest to investors may be deferred, suspended or cancelled, and there is a risk that the Noteholders may lose all or some of the interest due under the Subordinated Notes.

Risks Relating to Notes Issued under the Programme

Notes may not be a suitable investment for all investors

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets;

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and

(vi) have sufficient knowledge and expertise (either alone or with a financial adviser) to evaluate the effect or the likelihood of the occurrence of a Non-Viability Event for Subordinated Notes which feature loss absorption.

Investors shall pay attention to any modification, waivers and substitution

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

The Conditions also provide that the Trustee may, without the consent of Noteholders, agree to (a) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of the Notes, the Receipts, the Coupons, the relevant Non-Guaranteed Notes Trust Deed, the relevant Guaranteed Notes Trust Deed, the relevant Deed of Guarantee or, as applicable, the relevant Alternative Trust Deed which is not prejudicial to the interests of the Noteholders; or (b) any modification of the Notes, the Receipts, the Coupons, the relevant Non-Guaranteed Notes Trust Deed, the relevant Guaranteed Notes Trust Deed, the relevant Deed of Guarantee or the relevant Alternative Trust Deed which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law as described in Condition 19 (*Meetings of Noteholders; Modification and Waiver*).

Investors shall be aware of the effect of change of law

The Conditions are based on English law (except that the provisions of the Notes relating to subordination shall be governed by, and construed in accordance with, the laws as specified in the relevant Pricing Supplement in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or the laws as specified in the Pricing Supplement, or administrative practices after the date of this Offering Circular.

Considerations related to a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

The regulation and reform of "benchmark" rates of interest and indices may adversely affect the value of Notes linked to or referencing such "benchmarks"

Interest rates and indices which are deemed to be or used as "benchmarks", are the subject of recent national, international regulatory and other regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Note linked to or referencing such a benchmark.

Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**") applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU (which, for these purposes, includes the United Kingdom). Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to or referencing a benchmark in particular, if the methodology or other terms of the benchmark are changed in order to

comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international, national, or other proposals, for reforms or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. For example, the sustainability of the London interbank offered rate ("**LIBOR**") has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including as a result of regulatory reforms) for market participants to continue contributing to such benchmarks. The FCA has indicated through a series of announcements that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. The potential elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the Conditions or result in other consequences, in respect of any Notes linked to such benchmark. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a benchmark, or otherwise dependent on (in whole or in part) upon, a benchmark.

The Terms and Conditions of the Notes provide for certain fallback arrangements in the event that a Benchmark Event occurs, including if an inter-bank offered rate (such as LIBOR or EURIBOR) or other relevant reference rate (which could include, without limitation, any mid-swap rate), and/or any page on which such benchmark may be published (or any successor service) becomes unavailable, or if any Paying Agent, Calculation Agent, the Issuer or other party is restricted from calculating, or is no longer permitted lawfully to calculate, interest on any Notes by reference to such benchmark, all as more particularly set out in the definition of "Benchmark Event". Such fallback arrangements include the possibility that the rate of interest could be set by reference to a Successor Rate or, alternatively, if there is no Successor Rate, an Alternative Reference Rate (both as defined in the Terms and Conditions of the Notes), in each case with or without the application of an adjustment spread which, if applied, could be positive, negative or zero), and allow the Issuer to make amendments to the Terms and Conditions of the Notes to ensure the proper operation of the Successor Rate or Alternative Reference Rate (as the case may be) and, in either case, an Adjustment Spread (if any).

Under these fallback arrangements, the Issuer will use all reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser (as defined in the Terms and Conditions of the Notes) to determine (acting in good faith), a Successor Rate or Alternative Reference Rate (as applicable) and, in either case, an Adjustment Spread (if any), no later than five Business Days (as defined in the Terms and Conditions of the Notes) prior to the relevant Interest Determination Date (as defined in the Terms and Conditions of the Notes), being the IA Determination Cut-off Date, but in the event that the Issuer is unable to appoint an Independent Adviser, or such Independent Adviser fails to determine the Successor Rate or Alternative Reference Rate and, in either case, an Adjustment Spread (if any), prior to the IA Determination Cut-off Date, the Issuer (acting in good faith) will have discretion to determine the relevant Successor Rate or, or if there is no Successor Rate, an Alternative Reference Rate and, in either case, an Adjustment Spread (if any). There can be no assurance that such Successor Rate or Alternative Reference Rate (as applicable) determined by the Issuer will be set at a level which is on terms commercially acceptable to all Noteholders. However, it may not be possible to determine or apply an Adjustment Spread and even if an adjustment is applied, such Adjustment Spread may not be effective to reduce or eliminate economic prejudice to investors. If no Adjustment Spread can be determined, a Successor Rate or Alternative Rate may nonetheless be used to determine the Rate of Interest. The use of a Successor Rate or Alternative Reference Rate (including the application of an Adjustment Spread) is likely to result in any Notes linked to or referencing the relevant Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the relevant Reference Rate were to continue to apply in its current form.

In certain circumstances, the ultimate fallback for the purposes of calculation of the Rate of Interest for a particular Interest Period may result in the Rate of Interest for the last preceding Interest Period being used (or alternatively, if there has not been a first Interest Payment Date, the initial Rate of Interest). This will result in the floating rate Notes, in effect, becoming fixed rate Notes.

Due to the uncertainty concerning the availability of Successor Rates and Alternative Reference Rates, any determinations that may need to be made by the Issuer and the involvement of an Independent Adviser, there is a risk that the relevant fallback provisions may not operate as intended at the relevant time. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under the Floating Rate Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmark Regulations or any other international or national reforms in making any investment decision with respect to any Notes linked to or referencing a benchmark.

The value of, and return on, Floating Rate Notes linked to or referencing LIBOR may be adversely affected in the event of a permanent discontinuation of LIBOR

Where Screen Rate Determination is specified as the manner in which the Rate of Interest in respect of Floating Rate Notes is to be determined, and LIBOR has been selected as the Reference Rate, the Terms and Conditions of the Notes provide that the Rate of Interest shall be determined by reference to the Relevant Screen Page (or its successor or replacement). In circumstances where LIBOR is discontinued, neither the Relevant Screen Page, nor any successor or replacement may be available.

Where the Relevant Screen Page is not available, and no successor or replacement for the Relevant Screen Page is available, the Conditions provide for the Rate of Interest to be determined by the Calculation Agent by reference to quotations from banks communicated to the Calculation Agent.

Where such quotations are not available (as may be the case if the relevant banks are not submitting rates for the determination of LIBOR), the Rate of Interest may revert to the Rate of Interest applicable as at the last preceding Interest Determination Date before LIBOR was discontinued, and if LIBOR is discontinued permanently, the same Rate of Interest will continue to be the Rate of Interest for each successive Interest Period until the maturity of the Floating Rate Notes, so that the Floating Rate Notes will, in effect, become fixed rate notes utilising the last available LIBOR rate. Uncertainty as to the continuation of LIBOR, the availability of quotes from reference banks, and the rate that would be applicable if LIBOR is discontinued may adversely affect the value of, and return on, the Floating Rate Notes.

Where ISDA Determination is specified as the manner in which the Rate of Interest in respect of Floating Rate Notes is to be determined, the Conditions provide that the Rate of Interest in respect of the Notes shall be determined by reference to the relevant Floating Rate Option in the 2006 ISDA Definitions. Where the Floating Rate Option specified is a "LIBOR" Floating Rate Option, the Rate of Interest may be determined by reference to the relevant screen rate or the rate determined on the basis of quotations from certain banks. If LIBOR is permanently discontinued and the relevant screen rate or, failing that, quotations from banks are not available, the operation of these provisions may lead to uncertainty as to the Rate of Interest that would be applicable, and may, adversely affect the value of, and return on, the Floating Rate Notes.

Notes subject to optional redemption by the relevant Issuer

An optional redemption feature is likely to limit the market value of Notes. During any period when the relevant Issuer may elect to redeem Notes, the market value of those Notes will generally not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

The relevant Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor would generally not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Dual Currency Notes

An Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

(i) the market price of such Notes may be volatile;

(ii) they may receive no interest;

(iii) the payment of principal or interest may occur at a different time or in a different currency than expected; and

(iv) the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero.

Partly-paid Notes

An Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

Variable Rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of such Notes are typically more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the relevant Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the relevant Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the relevant Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the relevant Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than the prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

The Notes are redeemable in the event of certain withholding taxes being applicable

There can be no assurance as to whether or not payments on the Notes may be made without withholding taxes or deductions applying for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of a Tax Jurisdiction or any political subdivision therein or thereof having power to tax, unless the

withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. Although pursuant to the Conditions, each Relevant Obligor is required to gross up payments on account of any such withholding taxes or deductions (whether by way of EIT, VAT or otherwise), a Branch Issuer or a Subsidiary Issuer also has the right to redeem the Notes at any time in the event (i) a Relevant Obligor has or will become obliged to pay additional amounts as provided or referred to in Condition 14 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes, (ii) such obligation cannot be avoided by the Relevant Obligor taking reasonable measures available to it, and (iii) in the case of Subordinated Notes, the prior written approval of the Regulatory(ies) specified in the relevant Pricing Supplement shall have been obtained.

If the relevant Issuer redeems the Notes prior to their maturity dates, investors may not receive the same economic benefits they would have received had they held the Notes to maturity, and they may not be able to reinvest the proceeds they receive in a redemption in similar securities. In addition, such Issuer's ability to redeem the Notes may reduce the market price of the Notes.

The Trustee may request that the Noteholders provide an indemnity and/or security and/or prefunding to its satisfaction

In certain circumstances (including without limitation the giving of notice to the Relevant Obligor(s) pursuant to Condition 15 (*Events of Default*) and the taking of enforcement steps pursuant to Condition 20 (*Enforcement*)), the Trustee may (at its sole discretion) request the Noteholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of the Noteholders. The Trustee shall not be obliged to take any such actions if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to any indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions notwithstanding the provision of an indemnity and/or security and/or prefunding to it, in breach of the terms of the relevant Non-Guaranteed Notes Trust Deed, the relevant Guaranteed Notes Trust Deed, the relevant Deed of Guarantee, the relevant Alternative Trust Deed or the Conditions constituting the Notes and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the agreements and the applicable law, it will be for the Noteholders to take such actions directly.

The Financial Institutions (Resolution) Ordinance may adversely affect the Notes

On 7 July 2017, the Financial Institutions (Resolution) Ordinance (Cap. 628) of Hong Kong (the "**FIRO**") came into operation. The FIRO provides for, among other things, the establishment of a resolution regime for authorised institutions and other within scope financial institutions in Hong Kong which may be designated by the relevant resolution authorities, which may include the Bank and other members of the Bank (a "**FIRO Group Entity**"). The resolution regime seeks to provide the relevant resolution authorities with administrative powers to bring about timely and orderly resolution in order to stabilise and secure continuity for a failing authorised institution or within scope financial institution in Hong Kong. In particular, in the context of a resolution of any FIRO Group Entity, the relevant resolution authority will have the ability to resolve other entities within the Bank as if they were themselves a within scope financial institution for the purposes of FIRO and take certain actions and make certain directions in relation to such entities. Any such actions could potentially affect contractual and property rights relating to the Bank. In addition, the relevant resolution authority is provided with powers to affect contractual and property rights as well as payments (including in respect of nay priority of payment) that creditors would receive in resolution. These may include, but are not limited to, powers to cancel, write off, modify, convert or replace all or a part of the Notes or the principal amount of, or interest on, the Notes, and powers to amend or alter the contractual provisions of the Notes, all of which may adversely affect the value of the Notes, and the holders thereof may suffer a loss of some or all of their investment as a result. Holders of Notes (whether senior or subordinated) may become subject to and bound by the FIRO. The implementation of FIRO remains untested and certain detail relating to FIRO will be set out through secondary legislation and supporting rules. Therefore, the Bank is unable to assess the full impact of FIRO on the financial system generally, the Bank's counterparties, the Bank, any of its consolidated subsidiaries or other Group entities, the Bank's operations and/or its financial position.

Risks Relating to Renminbi Denominated Notes

A description of risks which may be relevant to an investor in Notes denominated in Renminbi ("**Renminbi Notes**") are set out below.

Renminbi is not completely freely convertible and there are significant restrictions on the remittance of Renminbi into and out of the PRC which may adversely affect the liquidity of Renminbi Notes

Renminbi is not completely freely convertible at present. The government of the PRC (the "**PRC Government**") continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar.

However, there has been significant reduction in control by the PRC Government in recent years, particularly over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

On the other hand, remittance of Renminbi by foreign investors into the PRC for the purposes of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are developing gradually.

Although starting from 1 October 2016, the Renminbi was added to the Special Drawing Rights basket created by the International Monetary Fund, there is no assurance that the PRC Government will continue to liberalise control over cross-border remittance of Renminbi in the future, that the pilot schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of any Relevant Obligor to source Renminbi to finance its obligations under Notes denominated in Renminbi.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Renminbi Notes and any Relevant Obligor's ability to source Renminbi outside the PRC to service Renminbi Notes

As a result of the restrictions imposed by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. While the People's Bank of China ("**PBOC**") has entered into agreements on the clearing of Renminbi business with financial institutions in a number of financial centres and cities (the "**Renminbi Clearing Banks**"), including but not limited to Hong Kong and are in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the "**Settlement Arrangements**"), the current size of Renminbi denominated financial assets outside the PRC is limited.

There are restrictions imposed by PBOC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from PBOC. The Renminbi Clearing Banks only have access to onshore liquidity support from PBOC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Arrangements will not be terminated or amended in the future so as to have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Notes. To the extent a Relevant Obligor is required to source Renminbi outside the PRC to service its Renminbi Notes, there is no assurance that such Relevant Obligor will be able to source such Renminbi on satisfactory terms, if at all.

Investment in the Renminbi Notes is subject to exchange rate risks

The value of Renminbi against other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as many other factors. In August 2015, the PBOC implemented changes to the way it calculates the midpoint against the U.S. dollar to take into account market-maker quotes before announcing the midpoint. This change, among others that may be implemented, may increase the volatility in the value of the Renminbi against other currencies. Each Relevant Obligor will make all payments of interest and principal with respect to Renminbi Notes in Renminbi unless otherwise specified. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against another currency, the value in the currency of the investment made by a holder of the Renminbi Notes will decline.

Investment in the Renminbi Notes is subject to interest rate risks

The PRC Government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

As Renminbi Notes may carry a fixed interest rate ("**Fixed Rate Notes**") or have a resettable interest rate ("**Resettable Notes**"). Consequently, the trading price of the Renminbi Notes which are Fixed Rate Notes or Resettable Notes will vary with the fluctuations in the Renminbi interest rates. If holders of such Renminbi Notes propose to sell their Renminbi Notes before their maturity, they may receive an offer lower than the amount they have invested.

Payments with respect to the Renminbi Notes may be made only in the manner designated in the Renminbi Notes

Investors may be required to provide certification and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong. All Renminbi payments to investors in respect of the Renminbi Notes will be made solely (i) for so long as the Renminbi Notes are represented by Global Notes or Global Note Certificates held with the common depositary for Euroclear and Clearstream, Luxembourg, deposited with a custodian of DTC, lodged with a sub-custodian for or registered with the CMU Services or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong, or (ii) for so long as the Renminbi Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. Other than described in the Conditions, no Relevant Obligor can be required to make payment by any other means (including in any other currency or in bank instruments, by cheque or draft or by transfer to a bank account in the PRC).

Gains on the transfer of the Renminbi Notes may become subject to income taxes under PRC tax laws

Under the *PRC Enterprise Income Tax Law*, the *PRC Individual Income Tax Law* and the relevant implementing rules, as amended from time to time, any gain realised on the transfer of Renminbi Notes by non-PRC resident enterprise or individual Holders may be subject to PRC enterprise income tax ("**EIT**") or PRC individual income tax ("**IIT**") if such gain is regarded as income derived from sources within the PRC. While the *PRC Enterprise Income Tax Law* levies EIT at the rate of 20% of the gains derived by such non-PRC resident enterprise Holder from the transfer of the Renminbi Notes, its implementation rules have reduced the enterprise income tax rate to 10% In accordance with the *PRC Individual Income Tax Law* and its implementation rules (as amended from time to time), any gain realised by a non-PRC resident individual Holder from the transfer of the Notes may be regarded as being sourced from the PRC and thus be subject to IIT at a rate of 20% of the gains derived by such non-PRC resident individual Holder from the transfer of the Renminbi Notes.

However, uncertainty remains as to whether the gain realised from the transfer of Renminbi Notes by non-PRC resident enterprise or individual Holders would be treated as income derived from sources within the PRC and subject to EIT or IIT. This will depend on how the PRC tax authorities interpret, apply or enforce the *PRC Enterprise Income Tax Law*, the *PRC Individual Income Tax Law* and the relevant implementing rules. According to the arrangement between the PRC and Hong Kong, for avoidance of double taxation, Holders who are residents of Hong Kong, including enterprise Holders and individual Holders, will not be subject to EIT or IIT on any capital gains derived from a sale or exchange of the Notes.

Therefore, if non-PRC resident enterprise or resident individual Holders are required to pay PRC income tax on gains derived from the transfer of Renminbi Notes (such EIT is currently levied at the rate of 10% of gains realised and such IIT is currently levied at the rate of 20% of gains realised (with deduction of reasonable expenses)), unless there is an applicable tax treaty between PRC and the jurisdiction in which such non-PRC enterprise or individual resident holders of Renminbi Notes reside that reduces or exempts the relevant EIT or IIT (however, qualified holders may not enjoy the treaty benefit automatically but through a successful application with the PRC tax authorities), the value of their investment in Renminbi Notes may be materially and adversely affected.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be used by the relevant Issuer for general corporate purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Pricing Supplement.

FORMS OF THE NOTES

Bearer Notes

Each Series of Notes to be issued in bearer form ("**Bearer Notes**") will initially be in the form of either a temporary global note in bearer form (the "**Temporary Global Note**"), without interest coupons, or a permanent global note in bearer form (the "**Permanent Global Note**", together with the Temporary Global Note, the "**Global Note**"), without interest coupons, in each case as specified in the relevant Pricing Supplement. Each Temporary Global Note or, as the case may be, Permanent Global Note will be deposited on or around the issue date of the relevant Series of the Notes with a depositary or a common depositary for Euroclear as operator of the Euroclear System and/or Clearstream, Luxembourg and/or any other relevant clearing system and/or a sub-custodian for the CMU Service.

In the case of each Series of Bearer Notes, the relevant Pricing Supplement will also specify whether the C Rules or the D Rules are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the C Rules nor the D Rules are applicable.

Temporary Global Note exchangeable for Permanent Global Note

If the relevant Pricing Supplement specifies the form of Notes as being "Temporary Global Note exchangeable for a Permanent Global Note", then the Notes will initially be issued in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the issue date of the relevant Series of the Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the relevant Issuer shall procure (in the case of first exchange) the delivery of a Permanent Global Note, duly authenticated, to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

(i) presentation and (in the case of final exchange) presentation and surrender of the Temporary Global Note to or to the order of the Principal Paying Agent; and

(ii) receipt by the Principal Paying Agent of a certificate or certificates of non-U.S. beneficial ownership,

within seven days of the bearer requesting such exchange.

Temporary Global Note exchangeable for Definitive Notes

If the relevant Pricing Supplement specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the C Rules are applicable or that neither the C Rules nor the D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Series of the Notes.

If the relevant Pricing Supplement specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the D Rules are applicable, then the Notes will initially be issued in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Series of the Notes upon, certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the relevant Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Pricing Supplement), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Principal Paying Agent within 30 days of the bearer requesting such exchange.

Permanent Global Note exchangeable for Definitive Notes

If the relevant Pricing Supplement specifies the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", then the Notes will initially be issued in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes:

(i) on the expiry of such period of notice as may be specified in the relevant Pricing Supplement; or

(ii) at any time, if so specified in the relevant Pricing Supplement; or

(iii) if the relevant Pricing Supplement specifies "in the limited circumstances described in the Permanent Global Note", then if either of the following events occurs:

    (a) Euroclear or Clearstream, Luxembourg, the CMU Service or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or

    (b) any of the circumstances described in Condition 15 (*Events of Default*) occurs in respect of any Note of the relevant Series.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the relevant Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Pricing Supplement), in an aggregate principal amount equal to the principal amount of Notes represented by the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Principal Paying Agent within 30 days of the bearer requesting such exchange.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Pricing Supplement which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

Legend concerning United States persons

In the case of any Series of Bearer Notes having a maturity of more than 365 days, the Bearer Notes in global form, the Bearer Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE UNITED STATES INTERNAL REVENUE CODE."

Registered Notes

Each Series of Notes in registered form ("**Registered Notes**") will be represented by either:

(i) individual Note Certificates in registered form ("**Individual Note Certificates**"); or

(ii) one or more global note certificate or unrestricted global note certificates ("**Unrestricted Global Note Certificate(s)**") in the case of Registered Notes sold outside the United States to non-U.S. persons in reliance on Regulation S ("**Unrestricted Notes**") and/or one or more restricted global note certificates ("**Restricted Global Note Certificates**") in the case of Registered Notes sold to QIBs in reliance on Rule 144A ("**Restricted Notes**"),

in each case as specified in the relevant Pricing Supplement, and references in this Offering Circular to "Global Note Certificates" shall be construed as to include Unrestricted Global Note Certificates and Restricted Global Note Certificates.

Each Note to be cleared through DTC and represented by an Unrestricted Global Note Certificate or a Restricted Global Note Certificate will be registered in the name of Cede & Co. (or such other entity as is specified in the applicable Pricing Supplement) as nominee for DTC and the relevant Global Note Certificate will be deposited on or about the issue date with the DTC Custodian.

Each Note to be cleared through Euroclear, Clearstream, Luxembourg or CMU Service and represented by a Global Note Certificate will be registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or in respect of CMU Notes, a sub-custodian for the CMU Service and the relevant Global Note Certificate will be deposited on or about the issue date with the common depositary or sub-custodian.

If the relevant Pricing Supplement specifies the form of Notes as being "Individual Note Certificates", then the Notes will at all times be represented by Individual Note Certificates issued to each Noteholder in respect of their respective holdings.

Global Note Certificate exchangeable for Individual Note Certificates

If the relevant Pricing Supplement specifies the form of Notes as being "Global Note Certificate exchangeable for Individual Note Certificates", then the Notes will initially be represented by one or more Global Note Certificates, each of which will be exchangeable in whole, but not in part, for Individual Note Certificates:

(i) on the expiry of such period of notice as may be specified in the relevant Pricing Supplement; or

(ii) at any time, if so specified in the relevant Pricing Supplement; or

(iii) if the relevant Pricing Supplement specifies "in the limited circumstances described in the Global Note Certificate", then:

    (a) in the case of any Global Note Certificate held by or on behalf of DTC, if DTC notifies the relevant Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Global Note Certificate or DTC ceases to be a "clearing agency" registered under the Exchange Act or if at any time DTC is no longer eligible to act as such, and the relevant Issuer is unable to locate a qualified successor within 90 days of receiving notice or becoming aware of such ineligibility on the part of DTC;

    (b) in the case of any Global Note Certificate held by or on behalf of, Euroclear and/or Clearstream, Luxembourg, the CMU Service and/or any other clearing system (other than DTC), if Euroclear, Clearstream, Luxembourg, the CMU Service or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; and

    (c) in any case, if any of the circumstances described in Condition 15 (*Events of Default*) occurs in respect of any Note of the relevant Series.

Whenever a Global Note Certificate is to be exchanged for Individual Note Certificates, each person having an interest in a Global Note Certificate must provide the Registrar (through the relevant clearing system) with such information as the relevant Issuer and the Registrar may require to complete and deliver Individual Note Certificates (including the name and address of each person in which the Notes represented by the Individual Note Certificates are to be registered and the principal amount of each such person's holding). In addition, whenever a Restricted Global Note Certificate is to be exchanged for Individual Note Certificates, each person having an interest in the Restricted Global Note Certificate must provide the Registrar (through the relevant clearing system) with a certificate given by or on behalf of the holder of each beneficial interest in the Restricted Global Note Certificate stating either (i) that such holder is not transferring its interest at the time of such exchange or (ii) that the transfer or exchange of such interest has been made in compliance with the transfer restrictions applicable to the Notes and that

the person transferring such interest reasonably believes that the person acquiring such interest is a QIB and is obtaining such beneficial interest in a transaction meeting the requirements of Rule 144A. Individual Note Certificates issued in exchange for interests in the Restricted Global Note Certificate will bear the legends and be subject to the transfer restrictions set out under "*Transfer Restrictions*".

Whenever a Global Note Certificate is to be exchanged for Individual Note Certificates, the relevant Issuer shall procure that Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Note Certificate within five business days of the delivery, by or on behalf of the registered holder of the Global Note Certificate to the Registrar of such information as is required to complete and deliver such Individual Note Certificates against the surrender of the Global Note Certificate at the specified office of the Registrar.

Such exchange will be effected in accordance with the provisions of the Trust Deed, the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled to the Agency Agreement and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Individual Note Certificate will be endorsed on that Individual Note Certificate and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Pricing Supplement which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Global Note Certificate will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions Relating to the Notes while in Global Form*" below.

TERMS AND CONDITIONS OF THE NOTES

The following (other than the words in italics) is the text of the terms and conditions which, as completed by the relevant Pricing Supplement, will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Forms of the Notes" and "Summary of Provisions Relating to the Notes while in Global Form".

1. Introduction

(a) ***Programme***: Bank of China Limited (the "**Bank**") has established a Medium Term Note Programme (the "**Programme**") for the issuance of up to U.S.$40,000,000,000 in aggregate principal amount of notes (the "**Notes**").

(b) ***Pricing Supplement***: The terms and conditions applicable to any particular tranche of Notes (a "**Tranche**") are set out in the relevant pricing supplement (the "**Pricing Supplement**") which supplements, amends and/or replaces these terms and conditions (the "**Conditions**"). In the event of any inconsistency between these Conditions and the relevant Pricing Supplement, the relevant Pricing Supplement shall prevail. Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more Tranches. Each Series of Notes may be issued by the Bank, any branch of the Bank (each a "**Branch Issuer**") or any Subsidiary of the Bank (each a "**Subsidiary Issuer**"), as specified in the relevant Pricing Supplement. Notes issued by a Subsidiary Issuer may be unconditionally and irrevocably guaranteed by the Guarantor (as defined below) as specified in the relevant Pricing Supplement. References herein to the "**Relevant Obligor(s)**" are to the relevant Issuer, and, in the case of any Guaranteed Note, each of the relevant Issuer and the relevant Guarantor.

(c) ***Trust Deed***:

(i) Non-Guaranteed Notes are constituted by, are subject to, and have the benefit of, an amended and restated trust deed dated 28 April 2020 (as further amended or supplemented from time to time, the "**Non-Guaranteed Notes Principal Trust Deed**") between the Bank (on behalf of itself and each Branch Issuer) and The Bank of New York Mellon, London Branch as trustee (the "**Trustee**", which expression includes, where the context requires, all persons for the time being trustee or trustees appointed under the Non-Guaranteed Notes Principal Trust Deed). In order for a Subsidiary Issuer to issue Non-Guaranteed Notes, such Subsidiary Issuer shall, in respect of such Non-Guaranteed Notes, (A) accede to the Non-Guaranteed Notes Principal Trust Deed by executing an accession deed between such Subsidiary Issuer and the Trustee, or (B) supplement the Non-Guaranteed Notes Principal Trust Deed by executing a supplemental trust deed between such Subsidiary Issuer, the Bank and the Trustee, in each case, dated on or before the relevant Issue Date (as amended or supplemented from time to time and together with the Non-Guaranteed Notes Principal Trust Deed, the "**Non-Guaranteed Notes Trust Deed**").

(ii) Guaranteed Notes are constituted by, are subject to, and have the benefit of, an amended and restated trust deed dated 28 April 2020 (as amended or supplemented from time to time, the "**Guaranteed Notes Principal Trust Deed**") between the Bank (on behalf of itself as Issuer and each Overseas Branch (as defined below) as Guarantor) and the Trustee (which expression includes, where the context requires, all persons for the time being trustee or trustees appointed under the Guaranteed Notes Principal Trust Deed). In order for a Subsidiary Issuer to issue Guaranteed Notes, such Subsidiary Issuer shall, in respect of such Guaranteed Notes, (A) accede to the Guaranteed Notes Principal Trust Deed by executing an accession deed between such Subsidiary Issuer and the Trustee, or (B) supplement the Guaranteed Notes Principal Trust Deed by executing a supplemental trust deed between such Subsidiary Issuer, the Bank and the Trustee, in each case, dated on or before the relevant Issue Date (as amended or supplemented from time to time and together with the Guaranteed Notes Principal Trust Deed, the "**Guaranteed Notes Trust Deed**"). The relevant Guarantor must execute a deed of guarantee to be dated on or before the relevant Issue Date (each as amended or supplemented from time to time, a "**Deed of Guarantee**").

(iii) Notes issued by the Bank may be constituted by either the Non-Guaranteed Notes Principal Trust Deed or the Guaranteed Notes Principal Trust Deed as specified in the relevant Pricing Supplement.

(iv) Without prejudice to the foregoing, if the relevant Pricing Supplement specifies that an alternative trustee shall be appointed for a relevant Series of Notes, such Series of Notes shall be constituted by a deed (as further amended or supplemented from time to time, the "**Alternative Trust Deed**") between the relevant Issuer (and in the case of Notes issued by a Branch Issuer or a Subsidiary Issuer, the Bank) and the specified alternative trustee (the "**Alternative Trustee**") incorporating the Non-Guaranteed Notes Principal Trust Deed or the Guaranteed Notes Principal Trust Deed, as the case may be. The Alternative Trustee shall be the Trustee for the purposes of the Conditions applicable to such Series of Notes.

(d) ***Agency Agreement***:

(i) Non-Guaranteed Notes are the subject of an amended and restated issue and paying agency agreement dated 3 April 2018 (as further amended or supplemented from time to time, the "**Non-Guaranteed Notes Principal Agency Agreement**") between the Bank (on behalf of itself and each Branch Issuer), The Bank of New York Mellon, London Branch and The Bank of New York Mellon as principal paying agent (the "**Principal Paying Agent**", which expression includes any successor principal paying agent appointed from time to time in connection with the Notes), The Bank of New York Mellon SA/NV, Luxembourg Branch, The Bank of New York Mellon and The Bank of New York Mellon, Hong Kong Branch as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes), The Bank of New York Mellon, Hong Kong Branch as CMU lodging and paying agent (the "**CMU Lodging and Paying Agent**", which expression includes any successor CMU lodging and paying Agent appointed from time to time in connection with the Notes), the paying agents named therein (together with the Principal Paying Agent and the CMU Lodging and Paying Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes), the transfer agents named therein (together with the Registrar, the "**Transfer Agents**", which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes) and the Trustee. In these Conditions references to the "**Agents**" are to the Paying Agents and the Transfer Agents and any reference to an "**Agent**" is to any one of them. In order for a Subsidiary Issuer to issue Non-Guaranteed Notes, such Subsidiary Issuer shall, in respect of such Non-Guaranteed Notes, (A) accede to the Non-Guaranteed Notes Principal Agency Agreement by executing an accession agreement between such Subsidiary Issuer, the Trustee and the Agents named therein, or (B) supplement the Non-Guaranteed Notes Principal Agency Agreement by executing a supplemental agency agreement between such Subsidiary Issuer, the Bank, the Trustee and the Agents named therein, in each case, dated on or before the relevant Issue Date (as amended or supplemented from time to time and together with the Non-Guaranteed Notes Principal Agency Agreement, the "**Non-Guaranteed Notes Agency Agreement**").

(ii) Guaranteed Notes are the subject of an amended and restated issue and paying agency agreement dated 3 April 2018 (as amended or supplemented from time to time, the "**Guaranteed Notes Principal Agency Agreement**") between the Bank (on behalf of itself as Issuer and each Overseas Branch (as defined below) as Guarantor), the Trustee and the Agents named therein. In order for a Subsidiary Issuer to issue Guaranteed Notes, such Subsidiary Issuer shall, in respect of such Guaranteed Notes, (A) accede to the Guaranteed Notes Principal Agency Agreement by executing an accession agreement between such Subsidiary Issuer, the Trustee and the Agents named therein, or (B) supplement the Guaranteed Notes Principal Agency Agreement by executing a supplemental agency agreement between such Subsidiary Issuer, the Bank, the Trustee and the Agents named therein, in each case, dated on or before the relevant Issue Date (as amended or supplemented from time to time and together with the Guaranteed Notes Principal Agency Agreement, the "**Guaranteed Notes Agency Agreement**").

(iii) Notes issued by the Bank may be the subject of the Non-Guaranteed Notes Principal Agency Agreement (in case of Notes constituted by the Non-Guaranteed Notes Principal Trust Deed) or the Guaranteed Notes Principal Agency Agreement (in case of Notes constituted by the Guaranteed Notes Principal Trust Deed).

(iv) Without prejudice to the foregoing, if the relevant Pricing Supplement specifies that an Alternative Trustee shall be appointed for the relevant Series of Notes, neither the Non-Guaranteed Notes Principal Agency Agreement nor the Guaranteed Notes Principal

Agency Agreement shall apply to such Series of Notes and such alternative arrangement (as further amended or supplemented from time to time, the "**Alternative Agency Agreement**") as specified in the Pricing Supplement shall apply.

(e) ***The Notes***: The Notes may be issued in bearer form ("**Bearer Notes**"), or in registered form ("**Registered Notes**"). All subsequent references in these Conditions to "Notes" are to the Notes which are the subject of the relevant Pricing Supplement. Copies of the relevant Pricing Supplement are available for viewing and copies may be obtained from the Specified Office of each of the Paying Agents and Transfer Agents.

(f) ***Summaries***: Certain provisions of these Conditions are summaries of the Trust Deed, the relevant Deed of Guarantee and the Agency Agreement and are subject to their detailed provisions. Noteholders and the holders of the related interest coupons, if any, (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the relevant Deed of Guarantee, as applicable, and the Agency Agreement applicable to them. Copies of the Trust Deed, each Deed of Guarantee, as applicable and the Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Offices of the Paying Agents and the principal office in Hong Kong of the Principal Paying Agent.

2. Interpretation

(a) ***Definitions***: In these Conditions the following expressions have the following meanings:

"**Accrual Yield**" has the meaning given in the relevant Pricing Supplement;

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Pricing Supplement;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Pricing Supplement;

"**Business Day**", other than in Condition 3(g) (*Registration and delivery of Note Certificates*) means:

(i) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre;

(ii) in relation to any sum payable in a currency other than euro and Renminbi, a day on which commercial banks and foreign exchange markets settle payments generally, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre; and

(iii) for the purposes of Notes denominated in Renminbi only, any day (other than a Sunday or a Saturday) on which commercial banks and foreign exchange markets are open for business and settle Renminbi payments in Hong Kong and are not authorised or obligated by law or executive order to be closed;

"**Business Day Convention**", in relation to any particular date, has the meaning given in the relevant Pricing Supplement and, if so specified in the relevant Pricing Supplement, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

(i) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;

(ii) "**Modified Following Business Day Convention**" or "**Modified Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

(iii) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

(iv) "**FRN Convention**", "**Floating Rate Convention**" or "**Eurodollar Convention**" means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Pricing Supplement as the Specified Period after the calendar month in which the preceding such date occurred **provided**, **however**, **that**:

(A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

(B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

(C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

(v) "**No Adjustment**" means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

"**Calculation Agent**" means the Principal Paying Agent or such other Person, in each case as specified in the relevant Pricing Supplement as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Pricing Supplement;

"**Calculation Amount**" has the meaning given in the relevant Pricing Supplement;

a "**Change of Control**" occurs when the Bank ceases to have Control of the Issuer. For the avoidance of doubt, the Bank shall cease to Control the Issuer if both limbs (i) and (ii) in the definition of "Control" cannot be satisfied;

"**CMU Service**" means the Central Moneymarkets Unit Service, operated by the Hong Kong Monetary Authority;

"**Control**" means (where applicable), with respect to a Person, (i) the ownership, acquisition or control of the Relevant Percentage of the voting rights of the issued share capital of such Person, whether obtained directly or indirectly or (ii) the right to appoint and/or remove the Relevant Percentage of the members of the Person's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise.

"**Coupon Sheet**" means, in respect of a Note, a coupon sheet relating to the Note;

"**Dated Subordinated Notes**" means Notes specified in the applicable Pricing Supplement as dated subordinated notes;

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time(the "**Calculation Period**"), such day count fraction as may be specified in these Conditions or the relevant Pricing Supplement and:

(i) if "**Actual/Actual (ICMA)**" is so specified, means:

(A) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(B) where the Calculation Period is longer than one Regular Period, the sum of:

(1) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (a) the actual number of days in such Regular Period and (b) the number of Regular Periods in any year; and

(2) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (b) the number of Regular Periods in any year;

(ii) if "**Actual/365**" or "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(iii) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;

(iv) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;

(v) if "**30/360**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\textbf{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(vi) if "**30E/360**" or "**Eurobond Basis**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\textbf{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D_2 will be 30; and

(vii) if "**30E/360 (ISDA)**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\textbf{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30,

provided, **however**, **that** in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

"**DTC**" means The Depository Trust Company;

"**Early Redemption Amount (Change of Control)**" means, in respect of any Note, 101 per cent. of its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

"**Early Redemption Amount (Tax)**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

"**Early Termination Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Pricing Supplement;

"**Extraordinary Resolution**" has the meaning ascribed to it in the Trust Deed;

"**Final Redemption Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

"**First Interest Payment Date**" means the date specified in the relevant Pricing Supplement;

"**Fixed Coupon Amount**" has the meaning given in the relevant Pricing Supplement;

"**Guarantee of the Notes**" means the guarantee of the Notes given by the relevant Guarantor in the relevant Deed of Guarantee;

"**Guaranteed Notes**" means Notes issued by a Subsidiary Issuer which are guaranteed by the Guarantor as specified in the relevant Pricing Supplement;

"**Guarantor**" means such Overseas Branch as specified in the relevant Pricing Supplement as guarantor of the Guaranteed Notes;

"**Holder**", in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer – Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer – Title to Registered Notes*);

"**Hong Kong**" means the Hong Kong Special Administrative Region of the People's Republic of China;

"**Interest Amount**" means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

"**Interest Commencement Date**" means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Pricing Supplement;

"**Interest Determination Date**" has the meaning given in the relevant Pricing Supplement;

"**Interest Payment Date**" means the First Interest Payment Date and any date or dates specified as such in, or determined in accordance with the provisions of, the relevant Pricing Supplement and, if a Business Day Convention is specified in the relevant Pricing Supplement:

(i) as the same may be adjusted in accordance with the relevant Business Day Convention; or

(ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Pricing Supplement as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

"**Interest Period**" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

"**ISDA Definitions**" means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Pricing Supplement) as published by the International Swaps and Derivatives Association, Inc.) unless otherwise specified in the relevant Pricing Supplement;

"**Issue Date**" has the meaning given in the relevant Pricing Supplement;

"**Issuer**" means the Bank, the Branch Issuer or the Subsidiary Issuer, as specified in the relevant Pricing Supplement;

"**Macau**" means the Macau Special Administrative Region of the People's Republic of China;

"**Margin**" has the meaning given in the relevant Pricing Supplement;

"**Material Subsidiary**":

(i) in the case of (A) Notes issued by the Bank or a Branch Issuer, or (B) Guaranteed Notes, means, a Subsidiary of the Bank whose total assets or total revenue as at the date at which its latest audited financial statements were prepared or, as the case may be, for the financial period to which the audited financial statements relate, account for 5 per cent. or more of the consolidated assets or consolidated revenue of the Bank as at such date or for such period. If a Material Subsidiary transfers all of its assets and business to another Subsidiary of the Bank, the transferee shall become a Material Subsidiary and the transferor shall cease to be a Material Subsidiary on completion of such transfer; and

(ii) in the case of Non-Guaranteed Notes issued by a Subsidiary Issuer, has the meaning given in the relevant Pricing Supplement;

"**Maturity Date**" has the meaning given in the relevant Pricing Supplement;

"**Maximum Redemption Amount**" has the meaning given in the relevant Pricing Supplement;

"**Minimum Redemption Amount**" has the meaning given in the relevant Pricing Supplement;

"**NDRC**" means the National Development and Reform Commission;

"**NDRC Circular**" means the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015] 2044 號)) issued by the NDRC and which came into effect on 14 September 2015 and any implementation rules or policies as issued by the NDRC from time to time;

"**Non-Guaranteed Notes**" means Notes issued by a Branch Issuer or a Subsidiary Issuer which are not guaranteed and specified as such in the relevant Pricing Supplement;

"**Noteholder**", in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer – Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer – Title to Registered Notes*);

"**Optional Redemption Amount (Call)**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

"**Optional Redemption Amount (Put)**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

"**Optional Redemption Date (Call)**" has the meaning given in the relevant Pricing Supplement;

"**Optional Redemption Date (Put)**" has the meaning given in the relevant Pricing Supplement;

"**Overseas Branch**" means a branch of the Bank which is outside the PRC;

"**Participating Member State**" means a Member State of the European Communities which adopts the euro as its lawful currency in accordance with the Treaty;

"**Payment Business Day**" means:

(i) if the currency of payment is euro, any day which is:

(A) a day on which (a) banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and (b) a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Principal Paying Agent or, as the case may be, the CMU Lodging and Paying Agent has its Specified Office; and

(B) in the case of payment by transfer to an account, (a) a TARGET Settlement Day and (b) a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or

(ii) if the currency of payment is not euro, any day which is:

(A) a day on which (a) banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies and (b) a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Principal Paying Agent or, as the case may be, the CMU Lodging and Paying Agent has its Specified Office; and

(B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies (including, in the case of Notes denominated in Renminbi, settlement of Renminbi payments) may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"**PRC**" means, for the purpose of these Conditions, the People's Republic of China excluding Hong Kong, Macau and Taiwan;

"**Principal Financial Centre**" means, in relation to any currency, the principal financial centre for that currency **provided**, **however**, **that**:

(i) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

(ii) in relation to Australian dollars, it means Sydney and in relation to New Zealand dollars, it means Auckland, in each case as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent or, in each case, the principal financial centre as is specified in the applicable Pricing Supplement; and

(iii) in relation to Renminbi, it means Hong Kong or the principal financial centre as is specified in the applicable Pricing Supplement;

"**Public External Indebtedness**" means any indebtedness of a Relevant Obligor (or, for the purposes of Condition 15 (*Events of Default*), any Subsidiary of such Relevant Obligor), or any guarantee or indemnity by a Relevant Obligor of indebtedness, for money borrowed which, (i) is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is issued outside the PRC and is, or is capable of being listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market) outside the PRC (without regard, however, to whether or not such instruments are sold through public offerings or private placements); and (ii) has an original maturity of more than 365 days;

"**Put Option Notice**" means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"**Put Option Receipt**" means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

"**Rate of Interest**" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Pricing Supplement or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Pricing Supplement;

"**Redemption Amount**" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Early Redemption Amount (Change of Control), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Pricing Supplement;

"**Reference Banks**" has the meaning given in the relevant Pricing Supplement or, if none, four major banks selected by the Issuer in the market that is most closely connected with the Reference Rate;

"**Relevant Percentage**" means, in respect of any Subsidiary Issuer, the percentage as specified in the relevant Pricing Supplement;

"**Reference Price**" has the meaning given in the relevant Pricing Supplement;

"**Reference Rate**" has the meaning given in the relevant Pricing Supplement;

"**Regular Period**" means:

(i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;

(ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls; and

(iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

"**Relevant Date**" means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

"**Relevant Financial Centre**" has the meaning given in the relevant Pricing Supplement;

"**Relevant Screen Page**" means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Pricing Supplement, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"**Relevant Time**" has the meaning given in the relevant Pricing Supplement;

"**Reserved Matter**" means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of any payment under the Notes, (in the case of any Guaranteed Note) modify any provision of the Guarantee of the Notes (other than the modifications pursuant to any further issue under Condition 21 (*Further Issues*)) or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

"**Securities Act**" means the United States Securities Act of 1933, as amended;

"**Security Interest**" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

"**Senior Guaranteed Notes**" means the Senior Notes specified in the applicable Pricing Supplement as Senior Guaranteed Notes;

"**Senior Notes**" means Notes specified in the applicable Pricing Supplement as senior notes (including the Senior Guaranteed Notes);

"**Specified Clearing System**" means the clearing system specified in the relevant Pricing Supplement in respect of a Tranche of Notes for which no Note Certificates are to be issued;

"**Specified Currency**" has the meaning given in the relevant Pricing Supplement;

"**Specified Denomination(s)**" has the meaning given in the relevant Pricing Supplement;

"**Specified Office**" has the meaning given in the Agency Agreement;

"**Specified Period**" has the meaning given in the relevant Pricing Supplement;

"**Subordinated Guaranteed Notes**" means the Subordinated Notes specified in the applicable Pricing Supplement as Subordinated Guaranteed Notes, which are either Dated Subordinated Notes or Undated Subordinated Notes;

"**Subordinated Notes**" means Notes specified in the applicable Pricing Supplement as subordinated notes, which are either Dated Subordinated Notes or Undated Subordinated Notes (including the Subordinated Guaranteed Notes);

"**Subsidiary**" means, in relation to any Person (the "**first Person**") at any particular time, any other Person (the "**second Person**"):

(a) of which the first Person controls or has the power to control, 50 per cent. or more of the share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such person; or

(b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

"**Talon**" means a talon for further Coupons;

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in euro;

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

"**Tax Jurisdiction**" means the PRC and the relevant tax jurisdiction of a Relevant Obligor specified in the applicable Pricing Supplement, or in each case any political subdivision or any authority thereof or therein having power to tax payments made by such Relevant Obligor of principal or interest on the Notes, Receipts or Coupons;

"**Treaty**" means the Treaty establishing the European Communities, as amended;

"**Undated Subordinated Notes**" means Notes specified in the applicable Pricing Supplement as undated subordinated notes; and

"**Zero Coupon Note**" means a Note specified as such in the relevant Pricing Supplement.

(b) ***Interpretation***: In these Conditions:

(i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;

(ii) if Talons are specified in the relevant Pricing Supplement as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;

(iii) if Talons are not specified in the relevant Pricing Supplement as being attached to the Notes at the time of issue, references to Talons are not applicable;

(iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 14 (*Taxation*), any undertaking given in addition to or substitution for Condition 14 (*Taxation*) pursuant to the Trust Deed, any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;

(v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 14 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;

(vi) references to Notes being "**outstanding**" shall be construed in accordance with the Trust Deed;

(vii) if an expression is stated in Condition 2(a) (*Interpretation – Definitions*) to have the meaning given in the relevant Pricing Supplement, but the relevant Pricing Supplement gives no such meaning or specifies that such expression is "**not applicable**" then such expression is not applicable to the Notes; and

(viii) any reference to:

(A) the Trust Deed shall be construed as a reference to the Non-Guaranteed Notes Trust Deed, the Guaranteed Notes Trust Deed or the relevant Alternative Trust Deed, as the case may be,

(B) the Agency Agreement shall be construed as a reference to the Non-Guaranteed Notes Agency Agreement, the Guaranteed Notes Agency Agreement or the relevant Alternative Agency Agreement, as the case may be,

(C) a Deed of Guarantee shall be construed as a reference to the relevant Deed of Guarantee,

each as amended and/or supplemented up to and including the Issue Date of the Notes.

3. Form, Denomination, Title and Transfer

(a) ***Bearer Notes***: Bearer Notes are in the Specified Denomination(s) with Coupons and, if specified in the relevant Pricing Supplement, Talons attached at the time of issue. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination.

(b) ***Title to Bearer Notes***: Title to Bearer Notes and the Coupons will pass by delivery. In the case of Bearer Notes, "**Holder**" means the holder of such Bearer Note and "**Noteholder**" and "**Couponholder**" shall be construed accordingly.

(c) ***Registered Notes***: Registered Notes are in the Specified Denomination(s), which may include a minimum denomination specified in the relevant Pricing Supplement and higher integral multiples of a smaller amount specified in the relevant Pricing Supplement.

(d) ***Title to Registered Notes***: The Registrar will maintain a register outside the United Kingdom in accordance with the provisions of the Agency Agreement. A certificate (each, a "**Note Certificate**") will be issued to each Holder of Registered Notes in respect of its registered holding. Each Note

Certificate will be numbered serially with an identifying number which will be recorded in the register (the "**Register**"). In the case of Registered Notes, "**Holder**" means the person in whose name such Registered Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly. If so specified in the relevant Pricing Supplement, no Note Certificate shall be issued in respect of the relevant Tranche of Notes, all references to "**Holder**" shall mean the person appearing in the records of the Specified Clearing System as the Accountholder entitled to such Notes and "**Noteholder**" shall be construed accordingly.

(e) ***Ownership***: The Holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or, in the case of Registered Notes, on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of any Note, the Deed of Guarantee, as applicable or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

(f) ***Transfers of Registered Notes***: Subject to paragraphs (i) (*Closed periods*) and (j) (*Regulations concerning transfers and registration*) below, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; **provided**, **however**, **that** a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Registered Notes not transferred are in Specified Denominations. Where not all the Registered Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor.

(g) ***Registration and delivery of Note Certificates***: Within five business days of the surrender of a Note Certificate in accordance with paragraph (f) (*Transfers of Registered Notes*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Registered Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, "**business day**" means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

(h) ***No charge***: The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(i) ***Closed periods***: Noteholders may not require transfers to be registered:

(i) during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes;

(ii) during the period of 15 days ending on any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 11(b) (*Redemption for tax reasons*) or Condition 11(c) (*Redemption at the option of the Issuer*); and

(iii) after a Change of Control Put Exercise Notice or Put Option Notice has been delivered in respect of the relevant Note(s) in accordance with Condition 11(e) (*Redemption for Change of Control*) or Condition 11(f) (*Redemption of the Senior Notes or the Dated Subordinated Notes at the option of the Noteholders*).

(j) ***Regulations concerning transfers and registration***: All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

4. Status of the Notes and Guarantee of Guaranteed Notes

(a) ***Status of the Senior Notes***: The Senior Notes and any related Receipts and Coupons constitute direct, general, unsecured, unconditional and unsubordinated obligations of the Issuer which will at all times rank *pari passu* without any preference among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(b) ***Status of the Subordinated Notes***:

Provisions relating to the status of Subordinated Notes will be set out in the relevant Pricing Supplement.

(c) ***Guarantee of the Senior Guaranteed Notes***:

In the case of any Senior Guaranteed Note, the Guarantor will in the Deed of Guarantee unconditionally and irrevocably guarantee the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes. This Guarantee of the Notes constitutes direct, general, unconditional and unsubordinated obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(d) ***Guarantee of the Subordinated Guaranteed Notes***:

In the case of any Subordinated Guaranteed Note, provisions relating to the status of the Guarantee of the Notes will be set out in the relevant Pricing Supplement.

5. Covenants

(a) ***Undertaking to Maintain Ratings***: So long as any Note remains outstanding, save with the approval of an Extraordinary Resolution of holders of the Notes, each Relevant Obligor undertakes that it will use all its reasonable endeavours to maintain the rating on the Notes by a Rating Agency specified in the relevant Pricing Supplement.

(b) ***Notification to NDRC***: Where the NDRC Circular applies to the Tranche of Notes to be issued in accordance with these Conditions and the Trust Deed, the Bank undertakes to provide or cause to be provided a notification to the NDRC of the requisite information and documents within the prescribed timeframe after the relevant Issue Date in accordance with the NDRC Circular and any implementation rules as may be issued by the NDRC prior to the completion of such notification.

6. Fixed Rate Note Provisions

(a) ***Application***: This Condition 6 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable.

(b) ***Accrual of interest***: The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Conditions 12 (*Payments – Bearer Notes*) and 13 (*Payments – Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on

behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) ***Fixed Coupon Amount***: The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

(d) ***Calculation of interest amount***: The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

7. Floating Rate Note Provisions

(a) ***Application***: This Condition 7 (*Floating Rate Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable.

(b) ***Accrual of interest***: The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Conditions 12 (*Payments – Bearer Notes*) and 13 (*Payments – Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) ***Screen Rate Determination***: If Screen Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:

(i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:

(A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and

(B) determine the arithmetic mean of such quotations; and

(iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Issuer, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided**, **however**, **that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

(v) notwithstanding the foregoing, if the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as CNH HIBOR:

(A) the Rate of Interest for each Interest Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears on the Relevant Screen Page as at 11.15 a.m. (Hong Kong time) or if, at or around that time it is notified that the fixing will be published at 2.30 p.m. (Hong Kong time), then 2.30 p.m. (Hong Kong time) on the Interest Determination Date in question as determined by the Calculation Agent.

(B) and the Relevant Screen Page is not available or, if sub-paragraph (v)(A)(1) above applies and no such offered quotation appears on the Relevant Screen Page, or, if subparagraph (v)(A)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the time specified above, subject as provided below, the Calculation Agent shall request the principal Hong Kong office of each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 11.15 a.m. (Hong Kong time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent. If all four Reference Banks provide the Calculation Agent with such offered quotations, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations;

(C) if subparagraph (v)(B) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered at approximately 11.15 a.m. (Hong Kong time) on the relevant Interest Determination Date, deposits in CNH for a period equal to that which would have been used for the Reference Rate by leading banks in the Hong Kong inter-bank market. If fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the Rate of Interest shall be (i) the offered rate for deposits in CNH for a period equal to that which would have been used for the Reference Rate by a bank, or (ii) the arithmetic mean of the offered rates for deposits in CNH for a period equal to that which would have been used for the Reference Rate by two or more banks, in each case as informed to the Calculation Agent by such bank or banks (which shall be such bank or banks being in the opinion of

the Issuer suitable for such purpose) as being quoted by each such bank at approximately 11.15 a.m. (Hong Kong time) on the relevant Interest Determination Date to leading banks in the Hong Kong inter-bank market, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Period); and

(D) in no event shall the Rate of Interest be less than zero per cent. per annum.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than CNH HIBOR, the Rate of Interest in respect of such Notes will be determined as provided hereon.

(d) ***ISDA Determination***: If ISDA Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Pricing Supplement;

(ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Pricing Supplement; and

(iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on (x) the London inter-bank offered rate (LIBOR), (y) the Eurozone inter-bank offered rate (EURIBOR) or (z) the Hong Kong inter-bank offered rate (HIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Pricing Supplement.

(e) ***Benchmark Replacement:*** In addition, notwithstanding the provisions above in this Condition 7 (*Floating Rate Note Provisions*), if the Issuer determines that a Benchmark Event (as defined below) has occurred in relation to the relevant Reference Rate specified in the relevant Pricing Supplement when any Rate of Interest (or the relevant component part thereof) remains to be determined by such Reference Rate, then the following provisions shall apply:

(i) the Issuer shall use all reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser (as defined below) to determine (acting in good faith), no later than five Business Days prior to the relevant Interest Determination Date relating to the next succeeding Interest Period (the "**IA Determination Cut-off Date**"), a Successor Rate (as defined below) or, alternatively, if there is no Successor Rate, an Alternative Reference Rate (as defined below) for purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes;

(ii) if the Issuer (acting in good faith) is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Reference Rate prior to the IA Determination Cut-off Date, the Issuer (acting in good faith) may determine a Successor Rate or, if there is no Successor Rate, an Alternative Reference Rate;

(iii) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, such Alternative Reference Rate (as applicable) shall be the Reference Rate for each of the future Interest Periods (subject to the subsequent operation of, and to adjustment as provided

in, this Condition 7(e) (*Benchmark Replacement*)); provided, however, that if sub-paragraph (ii) applies and the Issuer (acting in good faith) is unable to or does not determine a Successor Rate or an Alternative Reference Rate prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the preceding Interest Period (or alternatively, if there has not been a first Interest Payment Date, the rate of interest shall be the initial Rate of Interest) (subject, where applicable, to substituting the Margin (as defined below), Maximum Rate of Interest or Minimum Rate Interest that applied to such preceding Interest Period for the Margin, Maximum Rate of Interest or Minimum Rate Interest that is to be applied to the relevant Interest Period); for the avoidance of doubt, the proviso in this sub-paragraph (iii) shall apply to the relevant Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 7(e) (*Benchmark Replacement*));

(iv) if the Independent Adviser or the Issuer (acting in good faith) determines a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) in accordance with the above provisions, the Independent Adviser or the Issuer (acting in good faith) (as applicable), may also specify changes to these Conditions, including but not limited to the Day Count Fraction, Relevant Screen Page, Business Day Convention, Business Days, Interest Determination Date and/or the definition of Reference Rate applicable to the Notes, and the method for determining the fallback rate in relation to the Notes, if such changes are necessary to ensure the proper operation of such Successor Rate, Alternative Reference Rate and/or Adjustment Spread (as defined below) (as applicable). If the Independent Adviser (in consultation with the Issuer) or the Issuer (acting in good faith) (as applicable), determines that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Reference Rate (as applicable). If the Independent Adviser or the Issuer (acting in good faith) (as applicable) is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread. For the avoidance of doubt, the Principal Paying Agent shall, at the direction and expense of the Issuer, effect such consequential amendments to the Non-Guaranteed Notes Principal Agency Agreement or the Guaranteed Notes Principal Agency Agreement, as the case may be, and these Conditions as may be required in order to give effect to this Condition 7(e) (*Benchmark Replacement*). Noteholder or Couponholder consent shall not be required in connection with effecting the Successor Rate or Alternative Reference Rate (as applicable) or such other changes, including for the execution of any documents or other steps by the Principal Paying Agent (if required); and

(v) the Issuer shall promptly, following the determination of any Successor Rate or Alternative Reference Rate (as applicable), give notice thereof to the Principal Paying Agent and the Noteholders and Couponholders, which shall specify the effective date(s) for such Successor Rate or Alternative Reference Rate (as applicable) and any consequential changes made to these Conditions (including the amount of the Adjustment Spread, if any),

provided that the determination of any Successor Rate or Alternative Reference Rate, and any other related changes to the Notes, shall be made in accordance with applicable law.

For the purposes of this Condition 7(e) (*Benchmark Replacement*):

"**Adjustment Spread**" means (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

(i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(ii) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Independent Adviser (in consultation with the Issuer) or the Issuer (acting in good faith) (as applicable) determines is recognised or acknowledged as

being in customary market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or

(iii) if no such determination as provided in (ii) above is made, the Independent Adviser (in consultation with the Issuer) or the Issuer in its discretion (as applicable), determines (acting in good faith) to be appropriate in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Noteholders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Reference Rate (as applicable);

"**Alternative Reference Rate**" means the rate that the Independent Adviser or the Issuer (as applicable) determines has replaced the relevant Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest in respect of bonds denominated in the Specified Currency and of a comparable duration to the relevant Interest Period, or, if the Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as the Independent Adviser or the Issuer (as applicable) determines in its discretion (acting in good faith) is most comparable to the relevant Reference Rate;

"**Benchmark Event**" means, in respect of a Reference Rate:

(i) such Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist;

(ii) the making of a public statement by the administrator of such Reference Rate that it has ceased or will cease publishing such Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such Reference Rate);

(iii) the making of a public statement by the supervisor of the administrator of such Reference Rate that such Reference Rate has been or will be permanently or indefinitely discontinued;

(iv) the making of a public statement by the supervisor of the administrator of such Reference Rate that such Reference Rate will be prohibited from being used either generally or in respect of the Notes or that its use will be subject to restrictions;

(v) the making of a public statement by the supervisor of the administrator of the Reference Rate that the Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or

(vi) it has become unlawful for any Paying Agent, Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder or Couponholder using such Reference Rate;

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (ii) and (iii) above, on the date of the cessation of publication of the Reference Rate or the discontinuation of the Reference Rate, as the case may be, (b) in the case of sub-paragraph (iv) above, on the date of the prohibition or restriction of use of the Reference Rate and (c) in the case of sub-paragraph (v) above, on the date with effect from which the Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement;

"**Independent Adviser**" means an independent financial institution of international repute or other independent financial adviser of recognised standing and with appropriate expertise, in each case appointed by the Issuer at its own expense;

"**Relevant Nominating Body**" means, in respect of a reference rate:

(i) the central bank for the currency to which the relevant Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the relevant Reference Rate; or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the relevant Reference Rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the relevant Reference Rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof; and

"**Successor Rate**" means the rate that the Independent Adviser or the Issuer (as applicable) determines is a successor to or replacement of the Reference Rate which is formally recommended by any Relevant Nominating Body.

(f) ***Maximum or Minimum Rate of Interest***: If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Pricing Supplement, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

(g) ***Calculation of Interest Amount***: The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

(h) ***Calculation of other amounts***: If the relevant Pricing Supplement specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Pricing Supplement.

(i) ***Publication***: The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

(j) ***Notifications etc***: All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on each Relevant Obligor, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

8. Deferral of Interest on Undated Subordinated Notes:

Provisions relating to the deferral of interest on Undated Subordinated Notes will be set out in the relevant Pricing Supplement.

9. Zero Coupon Note Provisions

(a) ***Application***: This Condition 9 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Pricing Supplement as being applicable.

(b) ***Late payment on Zero Coupon Notes***: If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (A) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (B) the day which is seven days after the Principal Paying Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

10. Dual Currency Note Provisions

(a) ***Application***: This Condition 10 (*Dual Currency Note Provisions*) is applicable to the Notes only if the Dual Currency Note Provisions are specified in the relevant Pricing Supplement as being applicable.

(b) ***Rate of Interest***: If the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the relevant Pricing Supplement.

11. Redemption and Purchase

(a) ***Scheduled redemption***: Unless previously redeemed, or purchased and cancelled, each Note which is not an Undated Subordinated Note will be redeemed at its Final Redemption Amount on the Maturity Date, subject as provided in Conditions 12 (*Payments – Bearer Notes*) and 13 (*Payments – Registered Notes*). If such Note is an Undated Subordinated Note, it has no final maturity and is only redeemable in accordance with the following provisions of this Condition 11 or Condition 15(b) (*Events of Default relating to Subordinated Notes*).

(b) ***Redemption for tax reasons***: Subject (in the case of Subordinated Notes) to Condition 11(i) (*Additional Conditions for Redemption of Subordinated Notes*), where the Issuer is a Branch Issuer or a Subsidiary Issuer, the Notes may be redeemed at the option of the Issuer in whole, but not in part:

(i) at any time (if the Floating Rate Note Provisions are not specified in the relevant Pricing Supplement as being applicable); or

(ii) on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that:

(A) (1) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 14 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date on which agreement is

reached to issue the first Tranche of Notes; (2) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; and (3) in the case of Subordinated Notes, the prior written approval of the Regulatory Authority(ies) specified in the relevant Pricing Supplement shall have been obtained

(B) in the case of Guaranteed Notes:

(1) the Guarantor has or (if a demand was made under the Guarantee of the Notes) would become obliged to pay additional amounts as provided or referred to in Condition 14 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of Notes;

(2) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it; and

(3) in the case of Subordinated Guaranteed Notes, the prior written approval of the Regulatory Authority(ies) specified in the relevant Pricing Supplement shall have been obtained;

provided, **however**, **that** no such notice of redemption shall be given earlier than:

(i) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Relevant Obligor would be obliged to pay such additional amounts if a payment in respect of the Notes were then due; or

(ii) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Relevant Obligor would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall procure that there is delivered to the Trustee (A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and (B) an opinion of independent legal advisers of recognised standing to the effect that the Relevant Obligor has or will become obliged to pay such additional amounts as a result of such change or amendment and, further (C) in the case of Subordinated Notes, a copy of the written approval of the Regulatory Authority(ies) specified in the applicable Pricing Supplement.

The Trustee shall be entitled without further enquiry to accept such written approval (where applicable), certificate and opinion as sufficient evidence of the satisfaction of the circumstances set out above, in which event they shall be conclusive and binding on the holders of the Notes, Receipts and Coupons.

Upon the expiry of any such notice as is referred to in this Condition 11(b), the Issuer shall be bound to redeem the Notes accordingly.

(c) ***Redemption at the option of the Issuer***: Subject (in the case of Subordinated Notes) to Condition 11(i) (*Additional Conditions for Redemption of Subordinated Notes*), if the Call Option is specified in the relevant Pricing Supplement as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Pricing Supplement, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Relevant Obligor's having (1) in the case of Subordinated Notes, obtained the prior written approval from the Regulatory Authority(ies) specified in the applicable Pricing Supplement, and (2) given:

(i) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 22 (*Notices*); and

(ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Principal Paying Agent and, in the case of a redemption of Registered Notes, the Registrar;

(which notices shall be irrevocable and shall specify the fixed date for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date (Call) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date (Call); **provided**, **however**, **that**, in the case of Subordinated Notes, such redemption shall be subject to the prior written approval of the relevant Regulatory Authority(ies) pursuant to the relevant regulations, as set out in the applicable Pricing Supplement, in effect at the applicable time.

(d) ***Partial redemption***: If the Notes are to be redeemed in part only on any date in accordance with Condition 11(c) (*Redemption at the option of the Issuer*), in the case of Bearer Notes, the Notes to be redeemed shall be selected by the drawing of lots in such place as the Principal Paying Agent approves and in such manner as the Principal Paying Agent considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in Condition 11(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed, and, in the case of Registered Notes, each Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Notes to be redeemed on the relevant Optional Redemption Date (Call) bears to the aggregate principal amount of outstanding Notes on such date. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Pricing Supplement, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

(e) ***Redemption for Change of Control***: In the case of Notes issued by a Subsidiary Issuer, subject (in the case of Subordinated Notes) to Condition 11(i) (*Additional Conditions for Redemption of Subordinated Notes*), if Change of Control Put is specified in the relevant Pricing Supplement as being applicable, at any time following the occurrence of a Change of Control, the holder of any Note will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of that holder's Notes on the Change of Control Put Date at a price equal to the Early Redemption Amount (Change of Control), together with accrued interest up to, but excluding, the Change of Control Put Date. To exercise such right, the holder of the relevant Note must deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (a "**Change of Control Put Exercise Notice**"), together with the Certificate evidencing the Notes to be redeemed, by not later than 30 days following a Change of Control, or, if later, 30 days following the date upon which notice thereof is given to Noteholders by the Issuer in accordance with Condition 22 (*Notices*). The "**Change of Control Put Date**" shall be the fourteenth day after the expiry of such period of 30 days as referred to above in this Condition 11(e).

A Change of Control Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Notes which are the subject of Change of Control Put Exercise Notices delivered as aforesaid on the Change of Control Put Date.

The Issuer shall give notice to Noteholders (in accordance with Condition 22 (*Notices*)) and the Trustee by not later than 14 days following the first day on which it becomes aware of the occurrence of a Change of Control, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Notes pursuant to this Condition 11(e).

Neither the Trustee nor the Agents shall be required to monitor whether a Change of Control or any event which could lead to the occurrence of a Change of Control has occurred and shall not be liable to Noteholders or any other person for not doing so.

(f) ***Redemption of the Senior Notes or the Dated Subordinated Notes at the option of the Noteholders***: Subject (in the case of Subordinated Notes) to Condition 11(i) (*Additional Conditions for Redemption of Subordinated Notes*), if the Put Option is specified in the relevant Pricing Supplement as being applicable, the Issuer shall, at the option of the Holder of any Senior Note or, as the case

may be, any Dated Subordinated Note, redeem such Senior Note or, as the case may be, any Dated Subordinated Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 11(f), the Holder of a Senior Note or a Dated Subordinated Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Senior Note or, as the case may be, such Dated Subordinated Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Senior Note or, as the case may be, or a Dated Subordinated Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Senior Noteholder or Dated Subordinated Noteholder. No Senior Note or Dated Subordinated Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 11(f), may be withdrawn; **provided, however, that** if, prior to the relevant Optional Redemption Date (Put), any such Senior Note or Dated Subordinated Note becomes immediately due and payable or, upon due presentation of any such Senior Note or Dated Subordinated Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Senior Noteholder or Dated Subordinated Noteholder at such address as may have been given by such Senior Noteholder or such Dated Subordinated Noteholder in the relevant Put Option Notice and shall hold such Senior Note or such Dated Subordinated Note at its Specified Office for collection by the depositing Senior Noteholder or Dated Subordinated Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Senior Note or Dated Subordinated Note is held by a Paying Agent in accordance with this Condition 11(f), the depositor of such Senior Note or such Dated Subordinated Note and not the Paying Agent shall be deemed to be the Holder of such Senior Note or such Dated Subordinated Note for all purposes. Any Put Option Notice given by a Holder pursuant to this paragraph shall be irrevocable except where prior to the due date of redemption an Event of Default shall have occurred in which event such Holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Senior Note or Dated Subordinated Note forthwith due and payable pursuant to Condition 15 (*Events of Default*).

(g) ***Early redemption of Zero Coupon Notes***: Unless otherwise specified in the relevant Pricing Supplement, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Pricing Supplement for the purposes of this Condition 11(g) or, if none is so specified, a Day Count Fraction of 30E/360.

(h) ***Purchase***: Any Relevant Obligor or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, **provided that** all unmatured Coupons are purchased therewith. The Notes so purchased, while held by or on behalf of any Relevant Obligor or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 19(a) (*Meetings of Noteholders*).

(i) ***Additional Conditions for Redemption of Subordinated Notes***: The additional conditions for redemption of Subordinated Notes (including, but not limited to, conditions for redemption of Subordinated Notes for regulatory reasons) will be specified in the applicable Pricing Supplement.

12. Payments – Bearer Notes

This Condition 12 is only applicable to Bearer Notes.

(a) ***Principal***: Payments of principal shall be made only against presentation and (**provided that** payment is made in full) surrender of Bearer Notes at the Specified Office of any Paying Agent outside the United States (i) in the case of a currency other than Renminbi, by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency, and (ii) in the case of Renminbi, by transfer to an account denominated in that currency and maintained by the payee with a bank in the Principal Financial Centre of that currency.

(b) ***Interest***: Payments of interest shall, subject to paragraph (h) below, be made only against presentation and (**provided that** payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) above.

Payments of principal and interest in respect of Bearer Notes held in the CMU Service will be made to the person(s) for whose account(s) interests in the relevant Bearer Note are credited as being held with the CMU Service in accordance with the CMU Rules (as defined in the Agency Agreement) at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU Service in a relevant CMU Instrument Position Report (as defined in the Agency Agreement) or any other relevant notification by the CMU Service, which notification shall be conclusive evidence of the records of the CMU Service (save in the case of manifest or proven error) and payment made in accordance thereof shall discharge the obligations of the Issuer, or, as the case may be, the Guarantor, in respect of that payment.

(c) ***Payments in New York City***: Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.

(d) ***Payments subject to fiscal laws***: All payments in respect of the Bearer Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 14 (*Taxation*), and (ii) notwithstanding the provisions of Condition 14 (*Taxation*), any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the US Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof or (without prejudice to the provisions of Condition 14 (*Taxation*) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) ***Deductions for unmatured Coupons***: If the relevant Pricing Supplement specifies that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented without all unmatured Coupons relating thereto:

(i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; **provided**, **however**, **that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;

(ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:

(A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; **provided**, **however**, **that** where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and

(B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided**, **however**, **that**, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) above against presentation and (**provided that** payment is made in full) surrender of the relevant missing Coupons.

(f) ***Unmatured Coupons void***: If the relevant Pricing Supplement specifies that this Condition 12(f) is applicable or that the Floating Rate Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 11(b) (*Redemption and Purchase – Redemption for tax reasons*), Condition 11(c) (*Redemption and Purchase – Redemption at the option of the Issuer*), Condition 11(e) (*Redemption for Change of Control*) or Condition 11(f) (*Redemption of the Senior Notes or the Dated Subordinated Notes at the option of the Noteholders*) or Condition 15 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

(g) ***Payments on business days***: If the due date for payment of any amount in respect of any Bearer Note or Coupon is not a Payment Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

(h) ***Payments other than in respect of matured Coupons***: Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bearer Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (c) above).

(i) ***Partial payments***: If a Paying Agent makes a partial payment in respect of any Bearer Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

(j) ***Exchange of Talons***: On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Bearer Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Principal Paying Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 16 (*Prescription*). Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

13. Payments – Registered Notes

This Condition 13 is only applicable to Registered Notes.

(a) ***Principal***: Payments of principal shall be made (i) in the case of a currency other than Renminbi, by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Note to the Specified Office of the Principal Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London), and (ii) in the case of Renminbi, by transfer to an account denominated in that currency and maintained by the payee with a bank in Hong Kong, and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

(b) ***Interest***: Payments of interest shall be made (i) in the case of a currency other than Renminbi, by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Note to the Specified Office of the Principal Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London), and (ii) in the case of Renminbi, by transfer to an account denominated in that currency and maintained by the payee with a bank in Hong Kong, and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

Payments of principal and interest in respect of Registered Notes held in the CMU Service will be made to the person(s) for whose account(s) interests in the relevant Registered Note are credited as being held with the CMU Service in accordance with the CMU Rules (as defined in the Agency Agreement) at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU Service in a relevant CMU Instrument Position Report (as defined in the Agency Agreement) or any other relevant notification by the CMU Service, which notification shall be conclusive evidence of the records of the CMU Service (save in the case of manifest or proven error) and payment made in accordance thereof shall discharge the obligations of the Issuer, or, as the case may be, the Guarantor, in respect of that payment.

(c) ***Payments subject to fiscal laws***: All payments in respect of the Registered Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 14 (*Taxation*), and (ii) notwithstanding the provisions of Condition 14 (*Taxation*), any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof or (without prejudice to the provisions of Condition 14 (*Taxation*) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(d) ***Payments on business days***: Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not Payment Business Day, for value the next succeeding Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Registered Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a Payment Business Day or (B) a cheque mailed in accordance with this Condition 13 arriving after the due date for payment or being lost in the mail.

(e) ***Partial payments***: If a Paying Agent makes a partial payment in respect of any Registered Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.

(f) ***Record date***: Each payment in respect of a Registered Note will be made to the person shown as the Holder in the Register at the close of business in the place of the Registrar's Specified Office on the fifth (in the case of Renminbi) and fifteenth (in the case of a currency other than Renminbi) day before the due date for such payment (the "**Record Date**"). Where payment in respect of a Registered Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the close of business on the relevant Record Date.

So long as the Global Note Certificate is held on behalf of Euroclear, Clearstream or any other clearing system, each payment in respect of the Global Note Certificate will be made to the person shown as the holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where "Clearing System Business Day" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

14. Taxation

(a) All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of a Relevant Obligor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of a Tax Jurisdiction or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, such Relevant Obligor shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon:

(i) held by or on behalf of a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon; or

(ii) where the relevant Note or Coupon or Note Certificate is presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the Holder of such Note or Coupon would have been entitled to such additional amounts on presenting or surrendering such Note or Coupon or Note Certificate for payment on the last day of such period of 30 days.

(b) If any Relevant Obligor becomes subject at any time to any taxing jurisdiction other than the Tax Jurisdiction(s), references in these Conditions to the Tax Jurisdiction(s) shall be construed as references to the Tax Jurisdiction(s) and/or such other jurisdiction.

15. Events of Default

(a) ***Events of Default relating to Senior Notes***

If any of the following events occurs and is continuing, then the Trustee at its discretion may and, if so requested in writing by Holders of at least one quarter of the aggregate principal amount of the outstanding Senior Notes or if so directed by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified and/or provided with security and/or pre-funded to its satisfaction) give written notice to the Relevant Obligor(s) declaring the Senior Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their Early Termination Amount together with accrued interest (if any) without further action or formality:

(i) *Non-Payment:* the Relevant Obligors fail to pay the principal of, or any interest on, any of the Notes when due and such failure continues for a period of 30 days;

(ii) *Breach of Other Obligations*: any Relevant Obligor defaults in the performance or observance of any of its other obligations under or in respect of the Notes, the Deed of Guarantee, as applicable, the Trust Deed, the Agency Agreement and such default remains unremedied for 45 days after written notice has been delivered to the Relevant Obligor(s);

(iii) *Cross-Default*:

(a) any other present or future Public External Indebtedness of a Relevant Obligor or any of its Subsidiaries becomes due and payable prior to its stated maturity by reason of any default, event of default or the like (howsoever described) in respect of the terms thereof; or

(b) any such Public External Indebtedness is not paid when due or, as the case may be, within any applicable grace period,

provided that the aggregate amount of the relevant Public External Indebtedness in respect of which one or more of the events mentioned above in this Condition 15(a)(iii) have occurred equals or exceeds U.S.$25,000,000 or its equivalent;

(iv) *Insolvency*: any Relevant Obligor or any of the Material Subsidiaries is insolvent or bankrupt or unable to pay its debts, stops or suspends payment of all or a material part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or a material part of the debts of any Relevant Obligor or any of the Material Subsidiaries;

(v) *Winding-up*: an order is made or an effective resolution passed for the winding-up or dissolution or administration of any Relevant Obligor or any of the Material Subsidiaries, or any Relevant Obligor ceases to carry on all or a material part of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (a) on terms approved by an Extraordinary Resolution of the Noteholders, or (b) in the case of a Material Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in any Relevant Obligor or another of its Subsidiaries;

(vi) *Illegality*: it is or will become unlawful for any Relevant Obligor to perform or comply with any one or more of its obligations under any of the Notes, Coupons, the Deed of Guarantee, as applicable or the Trust Deed; or

(vii) *Guarantee not in force:* in the case of Guaranteed Notes, the Guarantee of the Notes or the Deed of Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect.

(b) ***Events of Default relating to Subordinated Notes***:

Events of Default relating to Subordinated Notes will be set out in the relevant Pricing Supplement.

16. Prescription

Claims for principal in respect of Bearer Notes shall become void unless the relevant Bearer Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest in respect of Bearer Notes shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date. Claims for principal and interest on redemption in respect of Registered Notes shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

17. Replacement of Notes and Coupons

If any Note, Note Certificate or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent, in the case of Bearer Notes, or the Registrar, in the case of Registered Notes (and, if the Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Paying Agent or Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Relevant Obligor(s) may reasonably require. Mutilated or defaced Notes, Note Certificates or Coupons must be surrendered before replacements will be issued.

18. Trustee and Agents

Under the Trust Deed, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with any Relevant Obligor and any entity relating to a Relevant Obligor without accounting for any profit.

In the exercise of its powers and discretions under these Conditions, the Deed of Guarantee, as applicable and the Trust Deed, the Trustee will have regard to the interests of the Noteholders as a class and will not be responsible for any consequence for individual Holders of Notes as a result of such Holders being connected in any way with a particular territory or taxing jurisdiction.

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Agents act solely as agents of the Relevant Obligor(s) and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Pricing Supplement. The Relevant Obligor(s) reserve the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Agent and to appoint a successor principal paying agent or registrar or Calculation Agent and additional or successor paying agents; **provided**, **however**, **that**:

(i) the Relevant Obligor(s) shall at all times maintain a principal paying agent and a registrar; and

(ii) if a Calculation Agent is specified in the relevant Pricing Supplement, the Relevant Obligor(s) shall at all times maintain a Calculation Agent; and

(iii) the Relevant Obligor(s) shall at all times maintain a CMU Lodging and Paying Agent in relation to Notes accepted for clearance through the CMU Service; and

(iv) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent and/or a Transfer Agent in any particular place, the Relevant Obligor(s) shall maintain a Paying Agent and/or a Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders.

The Trust Deed provides that, in respect of any Tranche of Notes, the Relevant Obligor(s) may enter into a deed with the Alternative Trustee incorporating all the provisions of the Trust Deed (as modified or amended by such deed or the relevant Pricing Supplement) and thereby constituting such Notes. In such event The Bank of New York Mellon, London Branch as trustee of the Trust Deed shall have no liability or responsibility whatsoever for the appointment of the Alternative Trustee or for any acts, omissions or defaults of any such Alternative Trustee and no fiduciary or agency relationship between any Holder of such Notes and it will be created or implied to be created.

19. Meetings of Noteholders; Modification and Waiver

(a) ***Meetings of Noteholders***: The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by any Relevant Obligor or by the Trustee and shall be convened by the Trustee upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; **provided, however, that** Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in aggregate principal amount of Notes outstanding will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(b) ***Modification and waiver***: The Trustee may, but shall not be obliged to, without the consent of the Noteholders, agree to any modification of these Conditions, the Deed of Guarantee, as applicable or the Trust Deed (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee, proper to make if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of Noteholders and to any modification of the Notes, the Deed of Guarantee, as applicable or the Trust Deed which is of a formal, minor or technical nature or is to correct a manifest error.

In addition, the Trustee may, but shall not be obliged to, without the consent of the Noteholders, authorise or waive any proposed breach or breach of the Notes, the Deed of Guarantee, as applicable or the Trust Deed (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

Unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified to the Noteholders as soon as practicable thereafter.

20. Enforcement

The Trustee may at any time, at its discretion and without notice, institute such proceedings as it thinks fit to enforce its rights under the Trust Deed or the Deed of Guarantee, as applicable in respect of the Notes, but it shall not be bound to do so unless:

(i) it has been so requested in writing by the Holders of at least one quarter of the aggregate principal amount of the outstanding Notes or has been so directed by an Extraordinary Resolution; and

(ii) it has been indemnified and/or pre-funded and/or provided with security to its satisfaction.

No Noteholder may proceed directly against any Relevant Obligor unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

21. Further Issues

The Issuer may from time to time, without the consent of the Noteholders and in accordance with the Trust Deed, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the Issue Date, first Interest Payment Date and if applicable, and the timing for notification to the NDRC) so as to form a single series with the Notes. The Issuer may from time to time create and issue other series of notes having the benefit of the Trust Deed.

22. Notices

(a) ***Bearer Notes***: Notices to the Holders of Bearer Notes shall be valid if published in a leading English language daily newspaper published in Hong Kong or if such publication is not practicable, in a leading English language daily newspaper having general circulation in Asia. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Holders of Bearer Notes.

(b) ***Registered Notes***: Notices to the Holders of Registered Notes shall be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

So long as the Notes are represented by a Global Note or a Global Note Certificate and such Global Note or Global Note Certificate is held on behalf of (i) Euroclear or Clearstream, Luxembourg or DTC, or any other clearing system (except as provided in (ii) below), notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions, or (ii) the CMU Service, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to the Persons shown in a CMU Instrument Position Report issued by the Hong Kong Monetary Authority on the business day preceding the date of despatch of such notice. Any such notice shall be deemed to have been given to the holders of the Notes on the second day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg, the CMU Service and/or the alternative clearing system, as the case may be.

23. Currency Indemnity

If any sum due from any Relevant Obligor in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against such Relevant Obligor, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, such Relevant Obligor shall indemnify each Noteholder, on the written demand of such Noteholder addressed to such Relevant Obligor and delivered to such Relevant Obligor or to the Specified Office of the Principal Paying Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of each Relevant Obligor and shall give rise to a separate and independent cause of action.

24. Rounding

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Pricing Supplement), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

25. Governing Law and Jurisdiction

(a) ***Governing law***: The Notes, the Trust Deed, the Deed of Guarantee, as applicable and any non-contractual obligations arising out of or in connection with the Notes, the Trust Deed and the Deed of Guarantee, as applicable are governed by English law except that subordination provisions relating to Subordinated Notes in the Trust Deed and the Deed of Guarantee, as applicable, are governed by the laws of the People's Republic of China or such law as specified in the applicable Pricing Supplement and provisions in the applicable Pricing Supplement are governed by, and shall be construed in accordance with such law as specified in the applicable Pricing Supplement.

(b) ***Jurisdiction:*** The Relevant Obligor(s) have in the Trust Deed and (in the case of any Guaranteed Notes) the Guarantor has in the Deed of Guarantee (i) agreed for the benefit of the Trustee and the Noteholders that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including any non-contractual obligation arising out of or in connection with the Notes); (ii) agreed that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient; and (iii) designated a person in Hong Kong to accept service of any process on its behalf.

(c) ***Waiver of immunity***: To the extent that any Relevant Obligor may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to such Relevant Obligor or its assets or revenues, such Relevant Obligor agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

(d) ***Consent to enforcement, etc***: Each Relevant Obligor irrevocably and generally consents in respect of any proceedings anywhere to the giving of any relief or the issue and service on it of any process in connection with those proceedings including, without limitation, the making, enforcement or execution against any assets whatsoever (irrespective of their use or intended use) of any order or judgment which may be made or given in those proceedings.

FORM OF PRICING SUPPLEMENT

The Pricing Supplement in respect of each Series of Notes will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue.

Pricing Supplement dated [●]

[Bank of China Limited/[*specify Branch Issuer*]]/[*specify Subsidiary Issuer*]

Issue of [Aggregate Nominal Amount of Series] [Title of Notes]
under the U.S.$40,000,000,000 Medium Term Note Programme

[guaranteed by Bank of China Limited [, [*specify*] Branch]]

"**MiFID II product governance/target market –** ***[appropriate target market legend to be included]***"

[**PRIIPs Regulation/[Prospectus Regulation/] PROHIBITION OF SALES TO EEA and UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.]

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This document includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer [and the Guarantor]. The Issuer [and the Guarantor each] accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.]

[Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and "Excluded Investment Products" (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]

The document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Offering Circular dated 28 April 2020. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular [and the supplemental Offering Circular dated [*date*]].

[*The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Offering Circular dated 28 April 2020. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated 28 April 2020 [and the supplemental Offering Circular dated [●]], save in respect of the Conditions which are extracted from the Offering Circular dated 28 April 2020 and are attached hereto.]

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote guidance for completing the Pricing Supplement.]

1.	[(i)] Issuer:	[Bank of China Limited/[*specify Branch Issuer*]]/[specify Subsidiary Issuer]
	[(ii) Guarantor	Bank of China Limited[, [*specify*] Branch]]
2.	[(i)] Series Number:	[●]
	[(ii) Tranche Number:	[●]
	(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]	
3.	Specified Currency or Currencies:	[●]
4.	Aggregate Nominal Amount:	[●]
	[(i)] Series:	[●]
	[(ii) Tranche:	[●]]
5.	(i) Issue Price:	[●]% of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*in the case of fungible issues only, if applicable*)]
	(ii) Net Proceeds:	[●] [(Required only for listed issues)]
6.	(i) Specified Denominations[1, 2]:	[●]
	(ii) Calculation Amount:	[●]
7.	(i) Issue Date:	[●]

[1] Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA and which have a maturity of less than one year and must have a minimum redemption value of £100,000 (or its equivalent in other currencies).

[2] If the specified denomination is expressed to be €100,000 or its equivalent and multiples of a lower principal amount (for example €1,000), insert the additional wording as follows: 100,000 and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000]. In relation to any issue of Notes which are a "Global Note exchangeable for Definitive Notes" in circumstances other than "in the limited circumstances specified in the Global Notes", such Notes may only be issued in denominations equal to, or greater than, €100,000 (or equivalent) and multiples thereof.

	(ii) Interest Commencement Date:	[*Specify*/Issue Date/Not Applicable]
8.	[(i)] Status of the Notes:	[Senior/Subordinated]
	[(ii) Status of the Guarantee of the Notes:	[*Specify in the case of Subordinated Guaranteed Notes*]]
9.	Maturity Date:	*[Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]*[3] *[If the Maturity Date is less than one year from the Issue Date and either (a) the issue proceeds are received by the Issuer in the United Kingdom, or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, (i) the Notes must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to "professional investors" or (ii) another applicable exemption from section 19 of the FSMA must be available.]*
10.	Interest Basis:	[[●]% Fixed Rate] [[*Specify* reference rate] +/- [●]% Floating Rate] [Zero Coupon] [Other (*Specify*)] (further particulars specified below)
11.	Redemption/Payment Basis:	[Redemption at par] [Dual Currency] [Partly Paid] [Instalment] [Other (*Specify*)]
12.	Change of Interest or Redemption/Payment Basis:	*[Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]* [Not applicable]
13.	Put/Call Options:	[Investor Put] [Issuer Call]

[3] Note that for Renminbi or Hong Kong dollar denominated Fixed Rate Notes where Interest Payment Dates are subject to modification it will be necessary to use the second option here.

		[Change of Control Put] (*only applicable to Notes issued by a Subsidiary Issuer*) [(further particulars specified below)]
14.	Listing:	[Hong Kong/Other *(specify)*/None] (For Notes to be listed on the [Hong Kong Stock Exchange], insert the expected effective listing date of the Notes)
15.	[(i)] [Date of [Board] approval for issuance of Notes [and the Guarantee of the Notes] [respectively]] obtained:	[Board] approval: [●] [and [●], respectively]] *(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*
	[(ii) [Date regulatory approval(s) for issuance of Notes obtained]	[describe approval obtained] from [identify relevant regulator] dated [●]]
16.	Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

17.	**Fixed Rate Note Provisions**	[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(i) Rate[(s)] of Interest:	[●]% per annum payable [annually/semi-annually/quarterly/monthly/ other (*specify*)] in arrear]
	(ii) Interest Payment Date(s):	[●] in each year [adjusted in accordance with *[specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]*/not adjusted]
	(iii) Fixed Coupon Amount[(s)]:	[●] per Calculation Amount[4]
	(iv) Broken Amount(s):	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
	(v) Day Count Fraction:	[30/360/Actual/Actual (ICMA/ISDA)/other]
	(vi) Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable/*give details*]

[4] For Renminbi or Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following alternative wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.005 for the case of Renminbi denominated Fixed Rate Notes to the nearest HK$0.01, HK$0.005 for the case of Hong Kong dollar denominated Fixed Rate Notes, being rounded upwards.

18.	**Floating Rate Note Provisions**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i)	Interest Period(s):	[[●] , subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment, as the Business Day Convention in (v) below is specified to be Not Applicable]]
(ii)	Specified Period:	[●] *(Specified Period and Specified Interest Payment Dates are alternatives. A Specified Period, rather than Specified Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")*
(iii)	Specified Interest Payment Dates:	[[●], subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment, as the Business Day Convention in (v) below is specified to be Not Applicable]] *(Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable")*
(iv)	First Interest Payment Date:	[●]
(v)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)] [Not Applicable]
(vi)	Additional Business Centre(s):	[Not Applicable/*give details*]
(vii)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/other (*give details*)]
(viii)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Principal Paying Agent]):	[[*Name*] shall be the Calculation Agent *(no need to specify if the Principal Paying Agent is to perform this function)*]

(ix)	Screen Rate Determination:	
	• Reference Rate:	[*For example, LIBOR or EURIBOR*]
	• Interest Determination Date(s):	[●]
	• Relevant Screen Page:	[*For example, Reuters LIBOR 01/EURIBOR 01*]
	• Relevant Time:	[*For example, 11.00 a.m. London time/Brussels time*]
	• Relevant Financial Centre:	[*For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro*]
(x)	ISDA Determination:	
	• Floating Rate Option:	[●]
	• Designated Maturity:	[●]
	• Reset Date:	[●]
(xi)	Margin(s):	[+/-][●]% per annum
(xii)	Minimum Rate of Interest:	[●]% per annum
(xiii)	Maximum Rate of Interest:	[●]% per annum
(xiv)	Day Count Fraction:	[●]
(xv)	Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[●]

19.	**Zero Coupon Note Provisions**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) [Amortisation/Accrual] Yield:	[●]% per annum
	(ii) [Reference Price:	[●]]
	(iii) [Day Count Fraction in relation to Early Redemption Amounts:	[[30/360] [Actual/360] [Actual/365]] [*specify other*]]
	(iv) Any other formula/basis of determining amount payable:	[*Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition 11(f)*]
20.	**Dual Currency Note Provisions**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Rate of Exchange/method of calculating Rate of Exchange:	*[give details]*
	(ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due:	[●]
	(iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[●]
	(iv) Person at whose option Specified Currency(ies) is/are payable:	[●]

PROVISIONS RELATING TO REDEMPTION

21.	**Call Option**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Optional Redemption Date(s):	[●]
	(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[●] per Calculation Amount
	(iii) If redeemable in part:	
	(a) Minimum Redemption Amount:	[●] per Calculation Amount
	(b) Maximum Redemption Amount:	[●] per Calculation Amount
	(iv) Notice period:	[●]

22.	**Put Option**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Optional Redemption Date(s):	[●]
	(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[●] per Calculation Amount
	(iii) Notice period:	[●]
23.	**Change of Control Put**	[Applicable/Not Applicable] (*only applicable to Notes issued by a Subsidiary Issuer*)
24.	**Final Redemption Amount of each Note**	[●] per Calculation Amount
25.	**Early Redemption Amount**	[Not Applicable
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons, change of control or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):	*(If each of the Early Redemption Amount (Tax), Early Redemption Amount (Change of Control) and the Early Termination Amount are the principal amount of the Notes/specify the Early Redemption Amount (Tax), Early Redemption Amount (Change of Control) and/or the Early Termination Amount if different from the principal amount of the Notes)*]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26.	**Form of Notes:**	Bearer Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [●] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note] [Temporary Global Note exchangeable for Definitive Notes on [●] days' notice][5] [Permanent Global Note exchangeable for Definitive Notes on [●] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note][5] **Registered Notes**: [Global Note Certificate exchangeable for Individual Note Certificates on [●] days' notice/at any time/in the limited circumstances described in the Global Note Certificate]

[5] if the Specified Denominations of the Notes in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including €199,000", the Temporary/Permanent Global Note shall not be exchangeable on [●] days notice.

		[Other (as applicable): [●]]
27.	Additional Financial Centre(s) or other special provisions relating to payment dates:	[Not Applicable/*give details*. *Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub paragraph 18(vi) relates*]
28.	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. *If yes, give details*]
29.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment]:	[Not Applicable/*give details*]
30.	Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:	[Not Applicable/*give details*]
31.	Redenomination, renominalisation and reconventioning provisions:	[Not Applicable/The provisions annexed to this Pricing Supplement apply]
32.	Consolidation provisions:	[The provisions in Condition 21 (*Further Issues*)] [annexed to this Pricing Supplement] apply
33.	Any applicable currency disruption/fallback provisions:	[Not Applicable/*give details*]
34.	Other terms or special conditions:	[Not Applicable/*give details*] [*Insert provisions for Subordinated Notes]*

DISTRIBUTION

35.	(i) If syndicated, names of Managers:	[Not Applicable/*give names*]
	(ii) Stabilising Manager(s) (if any):	[Not Applicable/*give name*]
36.	If non-syndicated, name and address of Dealer:	[Not Applicable/*give name and address*]
37.	[Total commission and concession:	[●]% of the Aggregate Nominal Amount]
38.	U.S. Selling Restrictions:	[Reg. S Category [1/2/3]]/[Rule 144A]; *(In the case of Bearer Notes)* – [C RULES/ D RULES/TEFRA Not Applicable] *(In the case of Registered Notes)* – TEFRA Not Applicable

39.	Prohibition of Sales to EEA and UK Retail Investors:	[Applicable/Not Applicable] (*If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified.*)
40.	Additional selling restrictions:	[Not Applicable/*give details*]

OPERATIONAL INFORMATION

41.	ISIN Code:	[●]
42.	Common Code:	[●]
43.	Legal Entity Identifier:	[●]
44.	CUSIP:	[●]
45.	CMU Instrument Number:	[●]
46.	Any clearing system(s) other than Euroclear/Clearstream, Luxembourg, DTC and the CMU Service and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
47.	Delivery:	Delivery [against/free of] payment
48.	Trustee:	[The Bank of New York Mellon, London Branch]
49.	Additional Paying Agent(s) (if any):	[Not Applicable/*give details*]
50.	Alternative Trustee (if any):	[Not Applicable/*give details*]

GENERAL

51.	The aggregate principal amount of Notes issued has been translated into United States dollars at the rate of [●], producing a sum of (for Notes not denominated in United States dollars):	[Not Applicable/U.S.$]
52.	[Ratings:	The Notes to be issued have been rated: [Moody's: [●]]; [Fitch:[●]]; [and] (each a "**Rating Agency**"). If any Rating Agency shall not make a rating of the Notes publicly available, the Issuer [and the Guarantor] shall select and substitute them with [●] or [●] and its successors.]

[**USE OF PROCEEDS**

Give details if different from the "Use of Proceeds" section in the Offering Circular.]

[**STABILISING**

In connection with the issue of the Notes, *[name(s) of Stabilising Manager(s)]* (or persons acting on behalf of *[name(s) of Stabilising Manager(s)]*) (the "**Stabilising Manager[s]**") may over-allot Notes or effect transactions with a view to supporting the price of the Notes at a level higher than that which might otherwise prevail for a limited period after the Issue Date. However, there is no obligation on such Stabilising Manager[s] to do this. Such stabilisation, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. Such stabilisation shall be in compliance with all applicable laws, regulations and rules.]

PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for issue and admission to trading on the Hong Kong Stock Exchange of the Notes described herein pursuant to the U.S.$40,000,000,000 Medium Term Note Programme of [Bank of China Limited/the Issuer].

RESPONSIBILITY

The Issuer [and the Guarantor each] accepts responsibility for the information contained in this Pricing Supplement.

[The Issuer acknowledges that it will be bound by the provisions of the Trust Deed.]

Signed on behalf of
[Bank of China Limited/
[*specify branch*]]/[*specify subsidiary*]

By: .....

Duly authorised

[Signed on behalf of
Bank of China Limited [*specify*] Branch]

By: .....

Duly authorised

Clearing System Accountholders

In relation to any Series of Notes represented by a Global Note, references in the Conditions to "Noteholder" are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and/or a sub-custodian for the CMU Service, will be that depositary, common depositary or, as the case may be, sub-custodian.

In relation to any Series of Notes represented by one or more Global Note Certificates, references in the Conditions to "Noteholder" are references to the person in whose name the relevant Global Note Certificate is for the time being registered in the Register which (a) in the case of a Restricted Global Note Certificate held by or on behalf of DTC will be Cede & Co. (or such other entity as is specified in the applicable Pricing Supplement) as nominee for DTC and (b) in the case of any Unrestricted Global Note Certificate which is held by or on behalf of a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or a nominee for that depositary or common depositary.

Each of the persons shown in the records of DTC, Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note or a Global Note Certificate (each an "**Accountholder**") must look solely to DTC, Euroclear, Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by each Relevant Obligor to the holder of such Global Note or Global Note Certificate and in relation to all other rights arising under such Global Note or Global Note Certificate. The extent to which, and the manner in which, Accountholders may exercise any rights arising under a Global Note or Global Note Certificate will be determined by the respective rules and procedures of DTC, Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by a Global Note or Global Note Certificate, Accountholders shall have no claim directly against any Relevant Obligor in respect of payments due under the Notes and such obligations of each Relevant Obligor will be discharged by payment to the holder of such Global Note or Global Note Certificate.

If a Global Note or a Global Registered Note is lodged with a sub-custodian for or registered with the CMU Service, the person(s) for whose account(s) interests in such Global Note or Global Registered Note are credited as being held in the CMU Service in accordance with the CMU Rules as notified by the CMU Service to the CMU Lodging and Paying Agent in a relevant CMU Instrument Position Report or any other relevant notification by the CMU Service (which notification, in either case, shall be conclusive evidence of the records of the CMU Service save in the case of manifest error) shall be the only person(s) entitled or in the case of Registered Notes, directed or deemed by the CMU Service as entitled to receive payments in respect of Notes represented by such Global Note or Global Registered Note and such obligations of each Relevant Obligor will be discharged by payment to, or to the order of, such person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU Service in respect of each amount so paid. Each of the persons shown in the records of the CMU Service, as the beneficial holder of a particular nominal amount of Notes represented by such Global Note or Global Registered Note must look solely to the CMU Lodging and Paying Agent for his share of each payment so made by each Relevant Obligor in respect of such Global Note or Global Registered Note.

Transfers of Interests in Global Notes and Global Note Certificates

Transfers of interests in Global Notes and Global Note Certificates within DTC, Euroclear and Clearstream, Luxembourg or any other relevant clearing system will be in accordance with their respective rules and operating procedures. None of the Relevant Obligor(s), the Trustee, the Registrar, the Dealers or the Agents will have any responsibility or liability for any aspect of the records of any DTC, Euroclear and Clearstream, Luxembourg or any other relevant clearing system or any of their respective participants relating to payments made on account of beneficial ownership interests in a Global Note or Global Note Certificate or for maintaining, supervising or reviewing any of the records of DTC, Euroclear and Clearstream, Luxembourg or any other relevant clearing system or the records of their respective participants relating to such beneficial ownership interests.

The laws of some states of the United States require that certain persons receive individual certificates in respect of their holdings of Notes. Consequently, the ability to transfer interests in a Global Note Certificate to such persons will be limited. Because clearing systems only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Global Note Certificate to pledge such interest to persons or entities which do not participate in the relevant clearing systems, or otherwise take actions in respect of such interest, may be affected by the lack of an Individual Note Certificate representing such interest.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "*Transfer Restrictions*", transfers between DTC participants, on the one hand, and Euroclear or Clearstream, Luxembourg accountholders, on the other will be effected by the relevant clearing systems in accordance with their respective rules and through action taken by the DTC Custodian, the Registrar and the Principal Paying Agent.

On or after the issue date for any Series, transfers of Notes of such Series between accountholders in Euroclear and/or Clearstream, Luxembourg and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Transfers between DTC participants, on the one hand, and Euroclear or Clearstream, Luxembourg accountholders, on the other will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Euroclear and Clearstream, Luxembourg, on the other, transfers of interests in the relevant Global Note Certificates will be effected through the Principal Paying Agent, the DTC Custodian, the relevant Registrar and any applicable Transfer Agent receiving instructions (and where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Transfers will be effected on the later of (i) three business days after the trade date for the disposal of the interest in the relevant Global Note Certificate resulting in such transfer and (ii) two business days after receipt by the Principal Paying Agent or the Registrar, as the case may be, of the necessary certification or information to effect such transfer. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately. The customary arrangements for delivery versus payment between Euroclear and Clearstream, Luxembourg account holders or between DTC participants are not affected.

For a further description of restrictions on the transfer of Notes, see "*Subscription and Sale*" and "*Transfer Restrictions*".

Upon the issue of a Restricted Global Note Certificate to be held by or on behalf of DTC, DTC or the DTC Custodian will credit the respective nominal amounts of the individual beneficial interests represented by such Global Note Certificate to the account of DTC participants. Ownership of beneficial interests in such Global Note Certificate will be held through participants of DTC, including the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in such Global Note Certificate will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee. DTC has advised each Relevant Obligor that it will take any action permitted to be taken by a holder of Registered Notes represented by a Global Note Certificate held by or on behalf of DTC (including, without limitation, the presentation of such Global Note Certificates for exchange as described above) only at the direction of one or more participants in whose account with DTC interests in such Global Note Certificate are credited, and only in respect of such portion of the aggregate nominal amount of such Global Note Certificate as to which such participant or participants has or have given such direction. However, in certain circumstances, DTC will exchange the relevant Global Note Certificate for Individual Note Certificates (which will bear the relevant legends set out in "*Transfer Restrictions*").

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to the foregoing procedures in order to facilitate transfers of interests in the Global Note Certificates among participants and account holders of DTC, Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Relevant Obligor(s), the Trustee, the Registrar, the Dealer or the Agents will have any responsibility for the performance by DTC, Euroclear or Clearstream, Luxembourg or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their respective operations.

While a Global Note Certificate is lodged with DTC, Euroclear, Clearstream, Luxembourg or any relevant clearing system, Individual Note Certificates for the relevant Series of Notes will not be eligible for clearing and settlement through such clearing systems.

Conditions applicable to Global Notes

Each Global Note and Global Note Certificate will contain provisions which modify the Conditions as they apply to the Global Note or Global Note Certificate. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Global Note or Global Note Certificate which, according to the Conditions, require presentation and/or surrender of a Note, Note Certificate or Coupon will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note or Global Note Certificate to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Relevant Obligor in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the relevant Issuer shall procure that the payment is noted in a schedule thereto.

Payment Business Day: in the case of a Global Note or a Global Note Certificate, shall be: if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or, if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

Payment Record Date: Each payment in respect of a Global Note Certificate will be made to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where "**Clearing System Business Day**" a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

Exercise of put option: In order to exercise the option contained in Condition 11(e) (*Redemption for Change of Control*) or Condition 11(f) (*Redemption of the Senior Notes or the Dated Subordinated Notes at the option of the Noteholders*) the bearer of a Permanent Global Note or the holder of a Global Note Certificate must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Principal Paying Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 11(c) (*Redemption at the option of the Issuer*) in relation to some only of the Notes, the Permanent Global Note or Global Note Certificate may be redeemed in part in the principal amount specified by the relevant Issuer in accordance with the Conditions to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of DTC, Euroclear and/or Clearstream, Luxembourg or the CMU Service (as the case may be) (to be reflected in the records of DTC, Euroclear and/or Clearstream, Luxembourg or the CMU Service (as the case may be) as either a pool factor or a reduction in principal amount, at their discretion).

Notices: Notwithstanding Condition 22 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) or a Global Note Certificate and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are), or the Global Note Certificate is, (i) registered in the name of DTC's nominee or deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system (other than the CMU Service, in respect of which see (ii) below), notices to Noteholders may be given by delivery of the relevant notice to DTC and/or Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 22 (*Notices*) on the date of delivery to DTC and/or Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system; or (ii) deposited with the CMU Service, notices to the holders of Notes of the relevant Series may be given by delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the CMU on the second business day preceding the date of despatch of such notice as holding interests in the relevant Global Note or Global Note Certificate and such notices shall be deemed to have been given to the Noteholders in accordance with Condition 22 (*Notices*) on the date of delivery to such persons shown in the CMU Instrument Position Report.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the Group's audited consolidated debt and capitalisation as at 31 December 2019. Please read this table in conjunction with the Group's audited consolidated financial statements as at and for the year ended 31 December 2019 and the accompanying notes which have been incorporated by reference into this Offering Circular.

	As at 31 December 2019
	(Audited)
	(RMB million)
Debt[(1)]	
Bonds issued	1,096,087
Other borrowings	28,011
Total debt	**1,124,098**
Equity	
Capital and reserves attributable to equity holders of the Bank	
Share capital	294,388
Other equity instruments	199,893
Capital reserve	136,012
Treasury shares	(7)
Other comprehensive income	19,613
Statutory reserves	174,762
General and regulatory reserves	250,100
Undistributed profits	776,940
	1,851,701
Non-controlling interests	**124,995**
Total equity	**1,976,696**
Total equity and liabilities	**22,769,744**

Note:

(1) In addition, as at 31 December 2019, the Group had borrowings from central banks, deposits and money market deposits from customers and other banks, certificates of deposits, securities sold under repurchase agreements, credit commitments, acceptances, issued letters of guarantee and letters of credit, financial lease commitments and other commitments and contingencies, including outstanding litigation, that arise from its ordinary course of business.

As at 31 December 2019, the total authorised share capital of the Bank was RMB294,387,791,241 divided into 294,387,791,241 ordinary shares of RMB1.00 par value each, all of which had been issued and were fully paid-up, including 210,765,514,846 A Shares and 83,622,276,395 H Shares.

From time to time, the Bank and/or its various offshore branches may issue debt or other regulatory capital securities in various currencies and tenor depending on market conditions.

On 4 March 2020, the Bank made a non-public issuance of USD2.820 billion Offshore Preference Shares in the offshore market. Such Offshore Preference Shares have been listed on the Hong Kong Stock Exchange since 5 March 2020.

Except as disclosed in this Offering Circular, there has been no material adverse change in the capitalisation and indebtedness of the Group since 31 December 2019.

DESCRIPTION OF THE BANK

Overview

The Group is one of the largest State-owned commercial banks in the PRC, which owns a comprehensive financial service platform. Besides the commercial banking business which includes corporate banking, personal banking and financial market business, the Group also operates an investment banking business through BOC International Holdings Limited ("**BOC International**") and BOC International (China) Company Limited ("**BOCI China**"), an insurance business through Bank of China Group Insurance Company Limited ("**BOCG Insurance**"), BOC Group Life Assurance Company Limited ("**BOC Life**") and Bank of China Insurance Company Limited ("**BOC Insurance**"), a fund management business through Bank of China Investment Management Co., Ltd. ("**BOCIM**"), direct investment and investment management business through the Bank of China Group Investment Limited ("**BOCG Investment**") and debt-for-equity conversion and related business in the Chinese Mainland through BOC Financial Asset Investment Co., Ltd. ("**BOC Asset Investment**"). In 2006, after successfully acquiring Singapore Aircraft Leasing Enterprise, a leading company in such business in Asia, the Group changed the acquired company's name to BOC Aviation Pte. Ltd. and became the first Chinese bank to enter the global aircraft leasing business. In connection with the global offering and the listing of its shares on the Hong Kong Stock Exchange, on 12 May 2016, BOC Aviation Pte. Ltd. was converted to a public company limited by shares and the name was changed to BOC Aviation Limited ("**BOC Aviation**"), which took effect on 19 May 2016. The combination of these businesses has created a universal banking platform that provides the Bank with the ability to offer a broad range of financial products and services and enables it to establish stronger relationships with strategically targeted customers and strengthen customer loyalty.

Established in 1912, the Bank is one of the best-known commercial banks in the PRC. During its more than 100 years of history, the Bank has built one of the most recognised brand names in the PRC through its contributions to the evolution of the PRC commercial banking industry. The Bank has many significant achievements in the PRC commercial banking sector. For example, in 1929 the Bank was the first PRC commercial bank to establish a foreign branch with the opening of its London branch. In addition, in 1985, the Bank offered the first bank card in the PRC. In 1994 and 1995, the Bank's Hong Kong subsidiary and Macau branch became bank note issuing banks in Hong Kong and Macau, respectively. Furthermore, in 1998, the Bank arranged the first U.S. dollar-denominated syndicated loan for a PRC bank as the lead manager and agent. In 2002, BOC Hong Kong (Holdings) Limited was listed on the Hong Kong Stock Exchange after a special restructuring of 12 banks in Hong Kong. The Bank was the sponsor of the 2008 Olympic Games held in Beijing and is the Official Commercial Banking Partner of the 2022 Beijing Olympic and Paralympic Winter Games. The Bank was converted into a joint stock company in the PRC in 2004. In 2006, the Bank became listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange. The Bank celebrated its 100th year anniversary in 2012.

On 4 November 2011, the Bank was included by the Financial Stability Board, the international organisation for financial supervision and consultation, in the list of the 29 global systemically important financial institutions, among which the Bank was the only bank from China and emerging economy countries and regions. From 2011 to 2019, the Bank was listed and designated each year as a global systemically important financial institution, making it the sole financial institution from emerging economies to be listed and designated as such for nine consecutive years.

As at 31 December 2019, the Group's NPLs totalled RMB178.235 billion, representing an increase of RMB11.294 billion compared with the prior year-end. The NPL ratio was 1.37 per cent., down by 0.05 percentage point compared with the prior year-end. The Group's allowance for impairment losses on loans and advances was RMB325.923 billion, an increase of RMB22.142 billion compared with the prior year-end. The coverage ratio of allowance for loan impairment losses to NPLs was 182.86 per cent., up by 0.89 percentage point from the prior year-end. The NPLs of the Bank's institutions in the Chinese Mainland totalled RMB169.951 billion, an increase of RMB7.173 billion compared with the prior year-end. The NPL ratio of the Bank's institutions in the Chinese Mainland was 1.65 per cent., down by 0.11 percentage point compared with the prior year-end. The Group's outstanding special-mention loans stood at RMB289.314 billion, a decrease of RMB53.049 billion compared with the prior year-end, accounting for 2.22 per cent. of total loans and advances, down by 0.68 percentage point from the prior year-end.

For the year ended 31 December 2019, the Group recorded a profit for the year of RMB201.891 billion, an increase of 4.91 per cent. compared with the year ended 31 December 2018. It realised a profit attributable to equity holders of the Bank of RMB187.405 billion, an increase of 4.06 per cent. compared with the year ended 31 December 2018. As at 31 December 2019, the Group's total loans and advances to customers amounted to RMB13,068.785 billion and the Group's due to customers amounted to RMB15,817.548 billion, an increase of RMB1,249.513 billion or 10.57 per cent. and an increase of RMB933.952 billion or 6.28 per cent., respectively, compared with 31 December 2018. As at 31 December 2019, the Group's common equity tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio stood at 11.30 per cent., 12.79 per cent. and 15.59 per cent., respectively, calculated according to the advanced approach under the CBIRC Capital Regulations.

The Bank's Strengths

The Bank's principal strengths include:

Well-Recognised Brand Name

The Bank is one of the most well-known commercial banks in the PRC. In the Bank's over 100 years history, the Bank has successfully built one of the most recognised brand names in the PRC through its contributions to the evolution of the PRC commercial banking industry.

Largest and Rationally Distributed Overseas Network Complementing an Extensive Domestic Network

As at 31 December 2019, the Bank had a total of 11,699 institutions worldwide, including 11,142 institutions in the Chinese Mainland and 557 institutions in Hong Kong, Macau, Taiwan and other countries and regions. Its commercial banking business in the Chinese Mainland comprised 10,652 institutions, including 38 tier-1 and direct branches, 364 tier-2 branches and 10,249 outlets.

The Bank's extensive domestic and overseas network enables it to structure and deliver products and services to serve its customers on a global basis, and allows it to capture the business opportunities arising from the increasing integration of the PRC into the global economy.

Solid Customer Base and Strong Presence in Attractive Customer Segments

In the PRC, foreign exchange services tend to be utilised by large corporate customers and affluent individuals. Capitalising on the Bank's position as one of the most experienced foreign exchange banks in the PRC and its extensive global network, the Bank has established and continued to maintain strong relationships with leading domestic and international corporations and financial institutions. The Bank also has a strong presence in the retail customer segment.

Universal Banking Platform

In addition to commercial banking, the Bank provides investment banking, insurance and other services through the Bank's wholly-owned subsidiaries, namely, BOC Asset Investment, BOC International, BOCG Insurance, BOC Insurance, BOCG Investment and BOC Aviation and through the Bank's subsidiaries such as BOC Life and BOCIM.

The Bank fully utilises the advantages in its diversified business platform and its subsidiaries embrace the Group's overall strategy to focus on their specialised business areas, establish business linkage, promote cross-selling and product innovation to enhance the synergy across the Group and provide comprehensive and quality financial services to the customers.

Leader in Non-Interest Income and Treasury Businesses with Strong Product Innovation Capabilities

The Bank believes its diversified products and innovation capabilities have enabled it to generate a higher level of non-interest income, thus reducing its reliance on its traditional lending business. The Group's operating income comprises net interest income and non-interest income. In recent years, the Bank has further built upon its strengths in the trade finance business and co-ordinated the development of traditional businesses such as international settlement and issuance of letters of guarantee, and emerging businesses, such as cross-border Renminbi business and supply chain financing. The Bank has also experienced a steady growth in revenue from the letter of credit, letters of guarantee, factoring and trade finance-related businesses. In addition, the accelerated development of the domestic settlement business has promoted the income growth of settlement and clearing businesses. The Bank has also further developed its insurance agency and pension businesses, which resulted in a substantial increase in income related to agency commission fees. For clearing services, the Bank continuously improved its cross-border Renminbi clearing capabilities and further consolidated its position at the leading edge of international payments. After holding an opening ceremony on 17 April 2019, the Bank's Tokyo Branch formally commenced business as the Renminbi clearing bank in Japan. The Bank also received authorisation to serve as the Renminbi clearing bank in the Philippines, which means that it now accounts for 13 of the world's 27 authorised Renminbi clearing banks and continues to lead its peers. It also ranked first in terms of the number of CIPS indirect participants. In 2019, the Bank's cross-border Renminbi clearing transactions totalled RMB434 trillion, an increase of almost 12% compared with the prior year, maintaining first place in the global market. The Bank's global markets department offers a broad range of treasury products and services for different customer groups, as well as conducts settlement and related quotation, and 24-hour daily treasury activities through its five trading centres located in Hong Kong, London, New York, Beijing and Shanghai.

The Bank believes its ability to offer innovative financial solutions to its customers, which provides it with a competitive advantage over other PRC commercial banks.

Experienced Senior Management Team

The Bank's senior management team has extensive experience in the banking and financial services. The Bank's Chairman, Mr Liu Liange, has served as Chairman of the Board of Directors since July 2019. Mr. Liu joined the Bank in 2018. He served as Vice Chairman of the Board of Directors from October 2018 to July 2019 and President of the Bank from August 2018 to June 2019. Mr. Liu served as Vice Chairman and President of the Export-Import Bank of China from July 2015 to June 2018. Mr. Liu served as Vice President of the Export-Import Bank of China from March 2007 to February 2015. He also served as Director of the African Export-Import Bank from September 2007 to February 2015, Chairman of the Board of Supervisors of Sino-Italian Mandarin Capital Partners from March 2009 to June 2015, and Chairman of the Board of Directors of Regional Credit Guarantee and Investment Facility (Asia) from March 2014 to May 2015. Mr. Liu worked in the People's Bank of China for many years, successively serving as Deputy Director – General of the International Department of the People's Bank of China, President of the Fuzhou Central Sub-branch of the People's Bank of China and Director of the Fujian Branch of the State Administration of Foreign Exchange, Director General of the Anti-Money Laundering Bureau (the Security Bureau) of the People's Bank of China. Mr. Liu has been serving as President of Shanghai RMB Trading Unit since October 2018. He served as Vice Chairman of the Board of Directors of BOC Hong Kong (Holdings) Limited from December 2018 to July 2019 and has been serving as Chairman of the Board of Directors of BOC Hong Kong (Holdings) Limited since July 2019.

Principal Business Activities

The Group's principal lines of business consist of commercial banking, investment banking and insurance. The following table sets forth the profit before income tax by the Group's principal lines of business for the periods indicated:

Profit before Income Tax by Business Lines

	For the year ended 31 December					
	2019		2018		2017	
	Amount	per cent. of total	Amount	per cent. of total	Amount	per cent. of total
	(RMB million, except percentages)					
Corporate banking business	72,872	29.07	63,507	27.66	74,011	33.20
Personal banking business	93,087	37.14	93,360	40.65	80,985	36.34
Treasury operations	69,611	27.77	58,658	25.54	52,876	23.72
Investment banking and insurance	3,788	1.51	3,326	1.45	4,768	2.14
Others and elimination	11,287	4.51	10,792	4.70	10,263	4.60
Total	250,645	100.00	229,643	100.00	222,903	100.00

The Group conducts its business activities in the Chinese Mainland as well as 61 countries and regions. The following table sets forth a geographical breakdown of the profit before income tax of the Group for the periods indicated:

Profit before Income Tax by Geographical Areas

	For the year ended 31 December		
	2019	2018	2017
	(RMB million)		
Chinese Mainland	178,338	162,224	159,067
Hong Kong, Macau and Taiwan	56,843	51,004	51,414
Other countries and regions	15,765	17,302	15,152
Elimination	(301)	(887)	(2,730)
Total	250,645	229,643	222,903

1 Commercial Banking in the Chinese Mainland

Focused on the three main tasks of serving the real economy, preventing financial risks, and deepening financial reform, the Bank adhered to the general principle of pursuing progress while ensuring stability and strengthened the implementation of its development strategies, thus achieving stable growth across all businesses and recording steady improvement in operating results.

For the year ended 31 December 2019, the commercial banking business in the Chinese Mainland achieved an operating income of RMB414.163 billion, an increase of RMB26.920 billion or 6.95% compared with the year ended 31 December 2018.

Corporate Banking

The Bank made great efforts to expedite the transformation of its corporate banking business. It further consolidated its corporate customer base, continuously optimised both customer and business structure and strived to improve its global service capacity for corporate banking customers, thus promoting high-quality development in its corporate banking business. For the year ended 31 December 2019, the Bank's corporate banking business in the Chinese Mainland realised an operating income of RMB187.866 billion, an increase of RMB4.127 billion or 2.25% compared with the year ended 31 December 2018.

Corporate Deposits

The Bank stepped up its efforts to expand customers base and attract more administrative institution customers, and it optimised the corporate customer marketing system for primary-level outlets, and improved the products and services it offers to customers from key industries engaged in supporting the people's livelihood, public finance and social security, education and public health, etc. In line with its strategy of persistently enabling advancement through technology, the Bank pushed forward digital development in corporate banking, including refining its management through big data techniques that allow it to tap potential areas of customer deposit growth and broaden deposit sources. As part of its omni-channel marketing efforts, the Bank upgraded its corporate online banking system and enhanced the role of settlement, cash management and other primary businesses in driving its deposit business, in order to actively attract more stable sources of deposits. It also increased its service capabilities for financial companies and sharpened its focus on expanding existing customers' total financial assets, so as to support high-quality growth in corporate deposits.

As at 31 December 2019, the Bank's RMB corporate deposits in the Chinese Mainland totalled RMB6,027.076 billion, an increase of RMB142.643 billion or 2.42 per cent. compared with the prior year-end. As at 31 December 2019, the Bank's foreign currency corporate deposits totalled USD78.098 billion, an increase of USD11.975 billion or 18.11 per cent. compared with the prior year-end.

Corporate Loans

The Bank continued to strengthen its support for the real economy. It deeply implemented the requirements on supply-side structural reform, actively supported key investment fields and assisted in the transformation and upgrading of the domestic economy. It provided stronger credit support for infrastructure projects and introduced innovative service models for the private economy and private enterprises. The Bank focused on addressing the demands of major projects concerning social welfare and people's livelihood, and allocated more resources to key regions such as the Beijing-Tianjin-Hebei region, the Guangdong-Hong Kong-Macau Greater Bay Area, the Yangtze Economic Belt, and the Hainan Pilot Free Trade Zone (the "Hainan FTZ"). It also strengthened its support for the business development of key sectors, such as advanced manufacturing, Internet Plus, artificial intelligence (AI), rural revitalisation, the Olympic Winter Games and winter sports.

As at 31 December 2019, the Bank's RMB corporate loans in the Chinese Mainland totalled RMB5,591.228 billion, an increase of RMB533.574 billion or 10.55 per cent. compared with the prior year-end. As at 31 December 2019, the Bank's foreign currency corporate loans totalled USD37.193 billion, a decrease of USD3.732 billion or 9.12 per cent. compared with the prior year-end.

Transaction Banking

Actively adapting to the trend of FinTech innovation and the integrated financial needs of customers, the Bank vigorously developed its transaction banking business. It largely completed the domestic and overseas framework and logical integration of its transaction banking business, and launched the principal, first-phase components of the BOC Intelligent Global Transaction Banking service platform ("**iGTB platform**").

The Bank fully leveraged its professional advantages in trade finance and implemented the national requirement of "ensuring stable foreign trade". In 2019, the Group's international trade transaction volume reached USD5.2 trillion. The Bank's institutions in the Chinese Mainland retained the largest market share in the international trade settlement market, and held the leading position among peers in cross-border guarantee business. As the strategic partner of the CIIE, the Bank followed the country's opening up

strategy and provided all-round high-quality services for the CIIE. It supported the National Office of Port Administration in improving the financial services element of the standard version of "Single Window", and launched such functions as tax and fee payment, reservation for account opening, concentrated and consolidated tax collection letter of guarantee ("**L/G**") online application, cross-border remittance, SME tax and fee financing and insurance premium payment. The Bank upgraded its integrated financial services plan for cross-border e-commerce, which covers services such as matchmaking, financing and payment for cross-border e-commerce industry, and formulated the three financial service systems of "aggregation, financing and connection".

The Bank improved its corporate products and services system and enhanced the quality and efficiency of its services to the real economy. It expedited the expansion of supply chain finance services to support financing for small and medium-sized enterprises, and launched receivables buyout, dealer financing and other innovative financial service solutions in a number of key industries. It streamlined procedures for corporate account opening and realised the "one-stop opening" of local and foreign currency accounts by applying new technologies such as facial recognition and big data. The Bank also promoted its "BOC Bill E-discount" product to provide an online bill discount service for micro, small and medium-sized enterprises and private enterprises.

The Bank pushed forward RMB internationalisation in an orderly manner. It served as the main channel for RMB cross-border flows and acted as a market leader in service innovation. In 2019, the Group's transaction volume of cross-border RMB payment reached RMB7.32 trillion, up 23.03% compared with the prior year, of which the Bank's institutions in the Chinese Mainland settled RMB5.03 trillion, an increase of 26.01% compared with the prior year, thus maintaining the largest market share. The Bank gave full play to the RMB's role as a financing and investment currency, assisting sovereign institutions including the Government of Portugal and the Central Bank of the Philippines, as well as some well-known commercial institutions, in issuing Panda bonds. Making the most of the RMB's role as a pricing currency, the Bank provided comprehensive services for the internationalised futures products of domestic exchanges, and supported the development of the financial factor market. It hosted a forum themed on "Internationalisation of RMB – Facilitating the Building of the Free Trade Zone" at the second CIIE, as well as forums and promotions on RMB internationalisation in Japan, Hungary and other countries, so as to promote the circulation and use of RMB across the world. The Bank also continued to publish the "BOC Cross-border RMB Index (CRI)", "BOC Offshore RMB Index (ORI)" and the White Paper on RMB Internationalisation, providing comprehensive and professional support to help global customers understand and use RMB.

In addition, the Bank continued to promote products and services innovation and strengthened the development of application scenarios for transaction banking. It improved the comprehensive product system of its "Global Cash Management Platform+" and expanded global integration for key products, thus realising a rapid increase in the number of group customers of its cash management business.

In 2019, the Bank was recognised as "Best Bank for Transaction Services" and "Best Chinese Bank for RMB Internationalisation" by Global Finance, and awarded "Best Transaction Bank for Trade Finance" and "Best Transaction Bank for International Cash Management" by Asiamoney and "Best Regional Cash Manager in Asia" by Euromoney, demonstrating the Bank's professional advantages in transaction banking. As a result, "BOC Global Cash Management" has become an increasingly influential brand.

Financial Institutions Business

The Bank continued to deepen comprehensive cooperation with various global financial institutions, including domestic banks, overseas correspondent banks, non-bank financial institutions, overseas central banks, sovereign wealth funds and international financial organisations. It built its integrated financial services platform and maintained a leading position in terms of financial institution customer coverage. The Bank has established correspondent relationships with around 1,600 institutions in 178 countries and regions, thus providing multinational institutions and enterprises with financial services such as international settlement, bond financing, foreign exchange trading, investment custody and global cash management. Closely following the implementation of the Belt and Road Initiative, the Bank consolidated cooperation with key correspondent banks in countries and regions along the Belt and Road. The Bank continued to deepen its wide-reaching cooperation with organisations and development institutions such as Asian Infrastructure Investment Bank, New Development Bank and the Silk Road Fund, participated in the investment and financing projects of domestic policy financial institutions and provided extensive

financial services. The Bank has been developing its cross-border RMB business and is the major RMB clearing channel and the main cooperating bank for overseas central banks and other sovereign institutions, commercial banks and exchange houses. To date, the Bank has opened 1,448 cross-border RMB clearing accounts for correspondent banks from 114 countries and regions, thus holding a leading position among domestic banks. It also promoted the RMB Cross-Border Interbank Payment System ("**CIPS**") and signed cooperation agreements for indirect participants with 289 domestic and overseas financial institutions, seizing the largest market share among its peers. The Bank's custodian service for Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors and its agency service for overseas central banks and other sovereign institutions ranked among the top in the industry terms of both customer base and business scale. The Bank signed a memorandum of strategic cooperation with the Astana International Financial Centre of Kazakhstan. It was one of the first banks designated by the Shanghai International Energy Exchange Co., Ltd. to act as a margin depository bank for crude oil futures, and by the Dalian Commodity Exchange and Zhengzhou Commodity Exchange to act as a margin depository bank for foreign currencies. It was also the only bank to participate in the pilot stage of the H shares "full circulation" programme. As at 31 December 2019, the Bank ranked first in terms of market share in foreign currency deposits from financial institutions, and had further increased its market share in terms of the number of third-party custody customers with outstanding balances.

Inclusive Finance

The Bank proactively explored solutions to the difficulties and high costs of financing for micro and small-sized enterprises. It endeavoured to increase inclusive finance loans with a focus on the relatively weak groups among micro and small-sized enterprises, thus further strengthening its financial support for the key areas of inclusive finance. The Bank implemented special resource allocation and provided comprehensive policy support for inclusive finance. It refined its inclusive finance structure, established a sound service system, promoted the launch of a bank-wide organisational structure for inclusive finance and built the "five specialised operating mechanisms".

As at 31 December 2019, the Bank's outstanding inclusive finance loans granted to micro and small-sized enterprises[1] reached RMB412.9 billion, up by 38 per cent. compared with the prior year-end, outpacing the overall loan growth of the Bank. The number of micro and small-sized customers stood at approximately 400,000, an increase compared with the beginning of 2019. The average interest rate of new inclusive finance loans to micro and small-sized enterprises was 4.30 per cent., while the quality of loans granted to micro and small-sized enterprises remained stable.

The Bank actively provided SME cross-border matchmaking services to promote connectivity across the globe. It held 11 cross-border trade and investment conferences in 2019. As the sole strategic partner of the CIIE, the Bank successfully hosted the Exhibitor-Businessman Supply-Demand Matchmaking Conference of the second CIIE. It has held 61 cross-border matchmaking events since 2014, facilitating the participation of 30,000 enterprises from 125 countries and regions, and helping them to achieve business cooperation on trade, investment and the introduction of technologies, etc.

Pension Business

Centred on the development of China's social security system, the Bank continuously extended its pension business coverage, promoted product innovation and developed a comprehensive service system with optimised functions. It provided a range of pension-related financial services including enterprise annuities, occupational annuities, employee benefit plans, employee stock ownership plans and pension security management products, thus enhancing customer satisfaction. Having already been designated to act as a custodian and account manager for enterprise annuities, the Bank became qualified to also act as a trustee of enterprise annuity funds and successfully signed its first trustee contract for enterprise annuities. As a result, the Bank's annuity service scope further expanded.

As at 31 December 2019, pension funds under custody reached RMB52.266 billion, and the total number of individual pension accounts held by the Bank reached 5.3949 million, an increase of 0.3830 million or 7.64 per cent. compared with the prior year-end. Assets under custody amounted to RMB387.145 billion, an increase of RMB165.987 billion or 75.05 per cent. compared with the prior year-end, with the Bank serving more than 16,000 clients.

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[1] Inclusive finance loans granted to micro and small-sized enterprises are measured in accordance with the *Circular of the General Office of the China Banking and Insurance Regulatory Commission on Further Improving the Quality and Efficiency of Banks' Financial Services for Micro and Small-sized Enterprisesin 2019* (Y.B.J.B.F. [2019] No. 48)

Personal Banking

By emphasising a customer-centric approach, the Bank adapted to the trend of FinTech development and accelerated the digital transformation and structural reform of personal banking, thus driving the healthy and sustainable development of the business.

For the year ended 31 December 2019, the Bank's personal banking business in the Chinese Mainland realised an operating income of RMB163.429 billion, an increase of RMB9.840 billion or 6.41 per cent. compared with the prior year.

Personal Deposits

In response to the trend of interest rate liberalisation, the Bank intensified innovation in its personal deposit products, providing customers with products of different terms and types, thus of satisfying differentiated customers' needs. It further expanded its payment agency business by classifying its customer groups and improving the connectivity between corporate and personal businesses. It also provided payment agency customers with a package of integrated service solutions, including account opening, salary payment, consumption and investment. The Bank launched an online margin business embedded with multiple transaction scenarios. It also adopted the "BOC Wealth Accumulator" service model for micro and small-sized businesses, providing them with convenient services based on integrated payment, and thereby built a closed loop for fund flows. It further developed its foreign exchange services by increasing the number of foreign currencies offered by its personal deposit and withdrawal businesses to 25 and the number of convertible foreign currencies available to customers to 39, thus maintaining its leading position among its peers. Leveraging on its advantage in foreign currency business, the Bank provided services for a number of large events, including the first CIIE. It also launched cash exchange reservation service on all electronic channels including mobile banking and online banking to further improve customer experience.

As at 31 December 2019, the Bank's RMB personal deposits in the Chinese Mainland totalled RMB5,544.204 billion, an increase of RMB517.882 billion or 10.30 per cent. compared with the prior year-end. The Bank's personal foreign currency deposits amounted to USD41.397 billion, maintaining a leading market share.

Personal Loans

The Bank stepped up efforts to serve the real economy and support an upgrade in consumption by steadily advancing the development and transformation of its personal loan business. It put into practice national regulatory policies and requirements on real estate, with a particular focus on serving the needs of households seeking to buy owner-occupied homes for the first time in key regions, thus promoting the sustainable and sound development of its residential mortgage loan business. The Bank upgraded the functions of its featured "BOC E-Credit" product, continuously strengthened the connection between social security, housing provident fund and taxation data, and made innovative breakthroughs in its products and services by integrating consumer scenarios. It launched "BOC E-Credit • Operation Loan", "BOC E-Credit • Tax Loan", "BOC Wealth Accumulator", loans for merchants and other inclusive finance loan products, and carried out state requirements for cutting taxes and fees, with a focus on addressing the difficulties and high financing costs faced by micro and small-sized enterprises. The Bank's newly-launched industry chain online loan product for individual businesses in the Chinese Mainland was selected as one of the "Ten Cases Serving the Real Economy with Financial Innovation in 2019" by Hong Kong Commercial Daily and the China Association for the Promotion of Development Financing. Moreover, the Bank continued to grant government-sponsored student loans, securing a leading market position, and carried out educational support campaigns such as "Cultural and Arts on Campus", "Rainbow Bridge" and "Integrity Education on Campus". As at 31 December 2019, the total amount of RMB personal loans in Chinese Mainland stood at RMB4,450.464 billion, an increase of RMB516.624 billion or 13.13 per cent. compared with the prior year-end.

Wealth Management and Private Banking

The Bank accelerated the development of its wealth management and private banking services by driving the innovation and transformation of various businesses and improving its customer service capabilities. Focusing on customers' wealth management needs, the Bank constructed a market-wide product selection platform to enhance its asset allocation capacity. It intensified FinTech application and developed featured intelligent automatic investment strategies in order to improve its integrated and intelligent investment

product sales capabilities. It built a professional asset allocation decision-making system, established BOC Investment Strategy Research Centre and released the BOC Guangdong-Hong Kong-Macau Greater Bay Area Wealth Index and the 2020 BOC White Paper on Personal Banking Global Asset Allocation. In addition, the Bank strengthened its service system building, improved its talent management mechanism, and achieved significant progress in cultivating teams of wealth management managers, private bankers and investment advisors. It vigorously developed family trust and discretionary investment business, and drove forward the building of an Asia-Pacific private banking platform, thus further improving its global services.

As at 31 December 2019, the Bank had set up 8,215 wealth management centres, 1,107 prestigious wealth management centres and 46 private banking centres in the Chinese Mainland. The Group managed more than RMB1.6 trillion of financial assets on behalf of its private banking customers.

Bank Card

Closely following changes in market trends and customer demand, the Bank kept improving its bank card business structure and effectively controlled business risks with the aim of achieving high-quality development. In terms of credit card, the Bank implemented the "Five Indicators" evaluation, namely activation ratio, active customer ratio, credit line use ratio, risk-adjusted return on capital (RAROC) and non-performing loan ratio, and thus maintained stable asset quality in its credit card business. The Bank strengthened online and offline scenario design around winter sports, education and home decoration. Focusing on the needs of key customer groups such as young customers, overseas students, car owners and cross-border customers, the Bank launched distinctive credit card products. As the official banking partner of two Olympic Games, the Bank issued the world's first Visa Olympic Winter Games Beijing 2022-themed Credit Card and China UnionPay Winter Sports-themed Credit Card to serve winter sports and a nationwide fitness campaign, building a strong market reputation around the concept of "For ice and snow sports, look for BOC". Following and supporting the country's highway reform and facilitating customers' automotive consumption, the Bank continuously refined its Car Credit Card and ETC Co-branded Credit Card products, and opened an express channel for online ETC application. It also continued to promote the digital and intelligent transformation of its credit card business and the online and electronic transformation of its credit card channels. It launched BOC Digital Credit Card and built a "Digital Card Plus" payment ecosystem, thus realising a whole-chain and closed ecological loop that ensures customers remain active upon acquisition. In addition, the Bank upgraded its instalment service through the launch of online "BOC E Instalment", which helped premium instalment payments increase by 70 per cent.. It accelerated the promotion of new and second-hand car purchase instalment plus car derivative instalment, which together achieved a 9.9 per cent. year-on-year growth rate in a decelerating domestic auto market. The Bank upgraded the functions of its digital acquiring products and launched a facial recognition payment product based on biometric authentication technologies for "BOC Smart Payment". It improved its online checkout product to allow for comprehensive acceptance of online payments, convenient access and customised acceptance for merchants. It released the "BOC Smart Merchant" app to facilitate the seamless online connection of the entire merchant business process. The Bank actively promoted scenario building, successfully launching more than 200 programmes for cross-border, education, sports, silver economy, transportation, medical health, government affairs payment, entertainment and tourism scenarios, and exclusively provided the acquiring service for a series of national activities such as the 2nd China International Import Expo and the 16th China-ASEAN Expo. Focusing on customer experience, the Bank continuously developed 360-degree customer life cycle maintenance so as to enhance service effectiveness. It protected cardholder rights and interests through combined marketing activities for key customer groups and carried out emotionally resonant and interactive publicity campaigns, and thus raised the influence of its credit card brands.

The Bank steadily promoted its debit card business and expanded scenario-based applications for mobile payment, thus continuing to improve customer experience. It leveraged its advantages in campus services and made efforts to create a "Whole Education" scenario by expanding its service scope to primary and high schools, kindergartens, training institutions and other "blue ocean" educational markets. The Bank, in cooperation with local Human Resources and Social Security Bureaux, had at the end of 2019 accumulatively issued 108 million social security cards equipped with financial functions. It also launched innovative online products including electronic social security cards and electronic health cards, providing customers with integrated "online + offline" and "financial + non-financial" services. It developed rail travel scenarios and completed the application of Railway e-Card on ten railway lines.

As at 31 December 2019, the cumulative number of credit cards issued by the Bank reached 124.9501 million. For the year ended 31 December 2019, the Bank's credit card transaction amount was RMB1,777.209 billion, while the instalment volume of credit cards was RMB325.606 billion.

2 Financial Markets Business

To further enhance its influence in financial markets, the Bank closely tracked market developments and actively aligned itself with trends towards interest rate and exchange rate liberalisation and RMB internationalisation. It leveraged its professional advantages, continued to deepen adjustments to its business structure, enhanced its efforts in financial market innovation and made steady progress in compliance with international regulatory requirements.

Securities Investment

The Bank strengthened its research and judgment regarding market interest rates while proactively seizing market opportunities. The Bank also rationally adjusted the duration of its investment portfolio and further optimised its investment structure. Consistent with national macroeconomic policies, the Bank supported the economic development of local governments and actively participated in local government bond investment. Following trends in global bond markets, the Bank optimised its foreign currency investment portfolio and managed to prevent interest rate risk and credit risk.

Trading

The Bank continuously improved its integrated global financial markets business system, based on the three core product lines of interest rates, exchange rates and commodities. It endeavoured to improve its quantitative trading capability and comprehensive customer service ability, in order to boost the stable and rapid development of its financial markets business. The Bank diversified its foreign exchange products, continued to outperform its peers in market share of foreign currency exchange against RMB business, and brought the number of currency pairs available for exchange up to 39. It also increased the total number of tradable foreign currencies to 110, among which 99 are emerging market currencies and 46 are currencies of Belt and Road countries and regions. Relying on a multi-layered service system covering research, trading and sales, the Bank strengthened the integrated expansion of its overseas institutional investor client base. The Bank assisted the two-way opening-up of China's financial markets and participated in the interconnection of the Shanghai Gold Exchange and Chicago Mercantile Exchange (CME). It stepped up product innovation, with its personal trading products system now covering precious metals, bonds, crude oil and foreign exchange, so as to meet the multi-faceted asset allocation needs of personal customers. In line with the financial needs of the real economy, the Bank provided professional hedging services against risks relating to exchange rates, interest rates and commodity prices. It improved online service capabilities and realised rapid growth in transaction volume and customer base. In addition, viewing compliance as a core competitive edge, the Bank pressed forward with the mandatory initial margin compliance programme.

Investment Banking and Asset Management

The Bank leveraged the competitive advantages of its international and diversified operations and focused on serving the real economy. It provided customers with comprehensive, professional and customised investment banking and asset management solutions, including professional financial products and services for bond underwriting and distribution, asset management, asset securitisation, mergers and acquisitions ("**M&A**") and restructuring advisory. To facilitate the construction of China's multi-layered capital markets system and to support customers' direct financing needs, the Bank underwrote debt financing instruments for non-financial institutions in the China interbank bond market of a total amount of RMB457.356 billion. The Bank's underwriting business for financial institutions was greatly boosted, with its financial bond underwriting volume and market share continuing to improve. It maintained the leading market share among all commercial banks in the interbank market in terms of asset securitisation underwriting. The Bank enhanced its cross-border competitiveness by assisting offshore issuers such as the Republic of the Philippines, the Republic of Portugal, Cassa Depositi e Prestiti, Crédit Agricole S.A. and United Overseas Bank in issuing Panda bonds. It held the leading market share in Panda Bonds business. It acted as Joint Lead Manager and Joint Bookrunner for the MOF's issuance of its first RMB sovereign bond in Macau, the issuance of its first sovereign bond denominated in Euro since 2004, and the issuance of a USD sovereign bond for the third consecutive year, which totalled more than USD10.0 billion equivalent. These issuances further constructed the yield curve of foreign currency-denominated sovereign bonds and facilitated the establishment of the pricing benchmark for Chinese credits. The Bank continuously captured the leading market share as an underwriter of Chinese offshore bonds. It also made efforts to promote the development of green finance, and maintained the largest market share for green

bond issuance in the China interbank market. Proactively exploring financial solutions for poverty alleviation, the Bank successfully assisted the issuance of the first off-site poverty alleviation notes. Moreover, it strongly supported private enterprise financing, underwriting debt financing instruments for private enterprises totalling RMB33.588 billion and thus further expanding financing channels for private enterprises. In 2019, the Bank was awarded as "China Bond House" and "Best Renminbi Bond" by IFR Asia, "Best Panda Bond House", "Best Investment Grade Bond House in Asia" and "Best Panda Bond" by FinanceAsia, "Best Firm for ABN" and "Best for Auto ABS" by Asiamoney, and "Best Bond Advisor", "Best Green Bond", "Best Quasi-Sovereign Bond", "Best Social Impact Bond" and "Best Securitisation Advisor" by The Asset. As such, the brand influence of BOC Debt Capital Markets was continuously enhanced.

The Bank continued to promote the transformation of its wealth management business, further expanded its product line and steadily increased its net value product balance. It strengthened support for the real economy and provided various themed wealth management products surrounding national policies and intense market interest, such as pension finance, green finance, inclusive finance, and the private economy. The Bank also launched themed products to actively support the development of strategic zones, including the Yangtze River Delta and the Guangdong-Hong Kong-Macau Greater Bay Area, and so on. As at the end of 2019, the total balance of wealth management products issued by the Bank and BOC Wealth Management amounted to RMB1,427.7 billion.

The Bank established a professional financial advisory service system and strengthened group-level coordination. Leveraging the advantages arising from coordination between the Head Office and branches, as well as the integration of both its domestic and overseas operations and its commercial banking and investment banking functions, the Bank provided customers with professional advisory services such as divestitures, cross-border M&A, debt restructuring, equity financing, private fund raising and project financing. It steadily promoted its credit asset-backed securitisation business and optimised the structure of its existing assets. In 2019, the Bank successfully issued five residential mortgage-backed securities with a total amount of RMB49.985 billion and one non-performing credit asset-backed security with a total amount of RMB569.7 million.

Custody Business

The Bank actively served the national development strategies and improved the development quality of its custody business by continuously expanding its service coverage, improving the service offering, consolidating the business line and increasing business scale. As at 31 December 2019, total assets of the Bank's custody business amounted to RMB10.5 trillion, an increase of 8.62% compared with the prior year-end. In service of the two-way opening-up of China's financial markets, the Bank conducted a batch of symbolic projects in related with mutual market connections and ranked top among Chinese banks in terms of cross-border custody assets, which reached RMB353.0 billion. It assisted the development of the silver economy and won all of the tenders for custodian bank services made by provisional and municipal occupational annuities during the year, as well as the annuity custody programmes of many major enterprises. Supporting the reform of state-owned enterprises, the Bank provided custody services for multiple state-owned enterprise reform ETFs, raising an initial total of RMB22.082 billion. It supported the transformative development of the asset management business and provided its industrial peers with custodian and outsourcing services on bank collective investment products. In addition, the Bank implemented its technology-driven strategy and expedited the construction of its custody system, thus improving its operational service efficiency.

Village Bank

BOC Fullerton Community Bank actively implemented the national strategy of rural revitalisation with the aim of "focusing on county area development, supporting farmers and small-sized enterprises, and growing together with communities". It is committed to providing modern financial services to county micro and small-sized enterprises, individual merchants, the wage-earning class and farmers, thus promoting the construction of a beautiful countryside with a pleasant living environment.

BOC Fullerton Community Bank expedited the construction of its institutional distribution network, thus supporting financial development in county areas. The Bank is further expanding its business scale and providing stronger support for the development of China's central and western regions and county economies. As at 31 December 2019, BOC Fullerton Community Bank controlled 125 village banks and had 166 sub-branches in 22 provinces (including municipalities directly under the Central Government) through self-establishment and acquisition. BOC Fullerton Community Bank has become the largest domestic village bank group in terms of total institutions and business scope. It also continuously improved its product and service system to further expand its customer base and business scale.

As at 31 December 2019, the registered capital of BOC Fullerton Community Bank amounted to RMB7.524 billion, with its total assets and net assets standing at RMB65.803 billion and RMB10.881 billion respectively. The balances of total deposits and loans of these banks stood at RMB41.588 billion and RMB44.467 billion respectively, an increase of 6.80 per cent. and 13.27 per cent. compared with the prior year-end. The NPL ratio was 1.68 per cent., and the ratio of allowance for loan impairment losses to NPLs was 254.01 per cent.. In 2019, BOC Fullerton Community Bank achieved a profit for the year of RMB840 million.

3 Overseas Commercial Banking

In 2019, the Bank further enhanced its global service and support capabilities and sharpened its market competitiveness by continuously promoting the establishment of overseas institutions, pushing forward the integrated development of its domestic and overseas operations, actively deepening the construction of the financial artery of the Belt and Road Initiative and advancing RMB internationalisation on all fronts. As at the end of 2019, the Bank's overseas commercial banking customer deposits and loans totalled USD454.235 billion and USD389.956 billion respectively. In 2019, the Bank's overseas commercial banking business achieved a profit before income tax of USD8.879 billion, accounting for 24.42 per cent. of the Group's total profit before income tax.

Regarding the distribution of the Bank's overseas institutions, the Bank closely tracked the financial services needs of global customers and accelerated the development and distribution of institutions in countries along the Belt and Road, so as to further improve its global service network. As at the end of 2019, the overseas institutions of the Bank totalled 557, covering 61 countries and regions across the world.

For corporate banking business, by giving full play to the advantages arising from its integrated commercial and investment banking operations, the Bank provided a full spectrum of premium, efficient, customised and comprehensive financial services for "Going Global" and "Bringing In" customers, "Fortune Global 500" enterprises and local corporate customers. It further improved its globalised customer service system and continually enhanced its middle and high-end products and services. Through core products including syndicated loans, project financing, cross-border M&A, export credit, global cash management and letter of guarantee, the Bank provided great support for key projects related to infrastructure construction, energy resource development and overseas industrial parks, with the aim of providing sound financial services for the Belt and Road Initiative, promoting international cooperation in production capacity and helping enterprises achieve sustainability in their overseas investments and operations.

For personal banking business, the Bank continued to improve its overseas customer service network, extending its business coverage to more than 30 countries and regions. It vigorously promoted business innovation, actively served customers' financial and non-financial needs, and provided account, settlement, debit card, mobile banking and other services for overseas business travellers, overseas students, expatriates and local customers. The Bank made in-depth efforts to improve cross-border scenarios, enriched its cross-border product and service system and launched the "Account Opening Witness" service in the Guangdong-Hong Kong-Macau Greater Bay Area to help Hong Kong residents open personal accounts in the Chinese Mainland via BOCHK branches. These efforts gave a continuous boost to the Bank's cross-border service quality and market influence. The Bank also launched the "Cross-border Wallet" payment service for Macau residents, becoming the first bank in the Chinese Mainland to offer code-scanning payment for cross-border accounts and the first Chinese bank to enable cross-border e-wallet clearing through the PBOC's Cross-border Interbank Payment System. The Bank accelerated the scenario integration of cross-border credit card customers, continuously enriched the marketing activity and content for the "Enjoy the World with BOC Credit Card" series of cross-border credit cards, enhanced its unique brand influence in cross-border payment and strived to provide cross-border customers with preferential, convenient and high-quality cross-border card services. It expanded its overseas card issuance and acquiring services, developed new products such as Macau MasterCard Credit Card, released an overseas version of "BOC Smart Payment" and successfully launched it in its Phnom Penh Branch.

For financial markets business, the Bank gave full play to its advantages in integrated global operations and actively engaged in RMB futures market-making on the exchanges of Singapore, South Korea and Dubai, in line with the national opening-up strategy. It became the first Chinese bank to serve as a central clearing member of the London Clearing House. The Bank continued to enhance its capacity for expanding its overseas customer base, with its professional service capabilities reaching international standards. It realised rapid growth and continually optimised the structure of its three product lines of exchange rates, interest rates and commodities, and thus continuously improved its business scale and profitability. The Bank sped up efforts to develop its global custody service network and strived to deliver custody services to "Going Global" and "Bringing In" customers. It grasped opportunities arising from capital market connectivity to undertake the marketing of new businesses such as cross-border deposits. The Bank successfully issued the fifth tranche of its Belt and Road-themed bonds with a total volume equivalent to approximately USD3.8 billion. It also successfully issued the sixth tranche of its green bonds with a total volume equivalent to approximately USD1.0 billion, of which the USD-denominated bond was the first Secured Overnight Financing Rate (SOFR) bond issued by a commercial institution in the Asia-Pacific region.

For clearing services, the Bank continuously improved its cross-border RMB clearing capabilities and further consolidated its position at the leading edge of international payments. After holding an opening ceremony, the Bank's Tokyo Branch formally commenced business as the RMB clearing bank in Japan. The Bank also received authorisation to serve as the RMB clearing bank in the Philippines, which means that it now accounts for 13 of the world's 27 authorised RMB clearing banks and continues to lead its peers. It also ranked first in terms of the number of CIPS indirect participants. In 2019, the Bank's cross-border RMB clearing transactions totalled RMB434 trillion, an increase of almost 12 per cent. compared with the prior year, maintaining first place in the global market.

For e-banking, the Bank further expanded its overseas coverage and continued to enhance its global online financial services capacity. With its online financial services platform actively integrating its overseas and domestic operations, the Bank further enriched service functions such as overseas corporate online banking and overseas bank-enterprise connection channels, and therefore continued to lead its peers in global fund management services. As at the end of 2019, the Bank offered overseas corporate online banking services in 46 countries and regions, with 14 available languages. It provided overseas mobile banking services in 27 countries, supporting 10 languages and offering over 60 services within 13 categories.

Bank of China (Hong Kong) Limited

In 2019, BOCHK remained committed to its strategy of building a top-class, full-service and internationalised regional bank. Taking a customer-centric approach, it actively responded to changes in the market environment and seized market opportunities to steadily push forward its business priorities, with major financial indicators remaining at solid levels. Striving to be customer-centric at all times, it continued to develop the local market in Hong Kong and expedited its innovation-led transformation. BOCHK expanded its active involvement and business development in the Guangdong-Hong Kong-Macau Greater Bay Area, and endeavoured to consolidate its leading market position for major businesses in the area by sharpening its integrated business systems. It deepened the integration of its Southeast Asian entities, enhancing both regional synergies and development quality. It expedited its digital and innovation-driven development and enhanced FinTech application in its products and services. Moreover, BOCHK remained dedicated to cultivating its bank culture to ensure balanced and sustainable development. As at the end of 2019, BOCHK's issued share capital was HKD52.864 billion. Its total assets amounted to HKD3,026.056 billion and net assets reached HKD307.492 billion. Its profit for the year was HKD34.074 billion.

BOCHK continued to develop its core market in Hong Kong and outperformed its peers in key business areas. The growth of BOCHK's total customer deposits and loans was above the market average. Its asset and liability structure was further optimised, with asset quality outperforming the local market. BOCHK strived to optimise its business structure to enhance its regional and integrated service capabilities and successfully arranged a number of significant syndicated loans and debt issuance projects. It remained the top mandated arranger in the Hong Kong-Macau syndicated loan market for the 15th consecutive year. In line with measures promoted by the HKSAR government, it enhanced its service levels for commercial customers in Hong Kong and mitigated the operating pressure felt by SMEs. BOCHK deepened its business relationships with government and institutional customers, and pushed forward the development

of its key businesses in cash pooling, treasury centre, cash management and trade finance. It deepened the use of scenario-based applications and online service capabilities to support the enhancement of financial infrastructure and e-channels. Continuous improvements were made to the product functions and scenario-based applications of the BoC Pay and BoC Bill payment systems in order to foster the development of an ecosystem for payment and collection services, resulting in a continuous increase in market penetration. It catered to the differentiated needs of personal clients and provided exclusive and all-round services to its mid to high-end clients, which led to continuous improvement in the structure and scale of its customer base. In addition, it accelerated FinTech innovation and promoted digital upgrading and scenario-based application in its products and services, so as to better satisfy people's livelihood banking needs.

BOCHK promoted integrated development and collaboration in the Greater Bay Area in order to expand featured cross-border services. BOCHK actively participated in the development of the Guangdong-Hong Kong-Macau Greater Bay Area, free trade zones and the Xiongan New Area by providing financing support and expert advisory guidance. It strengthened its collaboration and communication with branches and subsidiaries within the Group in order to establish an integrated sales and service system in the Greater Bay Area across four major aspects of cross-border activities: people flow, commodities flow, fund flow and information flow. It captured opportunities in terms of customers, projects and products, with a focus on serving key business areas with appropriate products and services in order to further enhance its cross-border financial service capabilities. To meet the demand of residents from Guangdong, Hong Kong and Macau for financial services, including account opening, payment services, wealth management and financing, BOCHK launched a "Greater Bay Area Account Opening" service to provide a Chinese Mainland personal account opening attestation service for Hong Kong residents. The "Greater Bay Area Service Connect" service was launched to provide mutual service access to wealth management customers. As a result, BOCHK achieved a solid increase in the number of cross-border customers.

BOCHK promoted its business development in Southeast Asia and enhanced regional synergies. Following the completion of the acquisition of Bank of China Vientiane Branch, BOCHK's Southeast Asia business now covers eight Southeast Asian countries. BOCHK steadily pushed forward the implementation of its regional management model, reinforced resource support and adopted differentiated development strategies for each Southeast Asian entity. It strengthened collaborative marketing with its Southeast Asian entities and continuously enriched their product and service portfolios so as to expand into local mainstream markets. As a result, they successfully acquired major clients in the region, resulting in a continuous expansion of customer base and business scale. Bank of China (Thai) Public Company Limited helped a Thai asset management company client to become an RQFII, while Bank of China (Malaysia) Berhad launched a BOC Wealth Management service. BOCHK Ho Chi Minh City Branch successfully handled the first cross-border RMB entrusted settlement business in Vietnam's non-border area. Bank of China Manila Branch was designated as the RMB clearing bank in the Philippines. BOCHK Jakarta Branch ranked fifth in the overall banking industry in Indonesia, and first among foreign bank branches. It was awarded the title of "Best Foreign Bank of the Year" in Indonesia and became the first bank to distribute RMB insurance products in the Indonesian market. The Southeast Asian entities comprehensively enhanced their capabilities in credit risk, internal control and compliance as well as anti-money laundering management, ensuring compliance with relevant regulatory requirements.

BOCHK expedited its digital transformation and pushed forward FinTech innovation. BOCHK kept pace with market trends and stayed aligned with changes in market demand. By applying innovative technologies such as big data, artificial intelligence (AI), blockchain, biometric authentication, open API and robotic process automation in financial products, service processes, operations management and risk control, BOCHK was able to continuously improve its service levels and strengthen customer experience. It promoted a new payment and collection model and developed a diversified, small amount and high frequency payment scenario. Robotic Process Automation (RPA) technology was gradually introduced to handle middle and back office operational processes, in a bid to increase operational efficiency and reduce operational risks. It launched the Global Transaction Banking Platform, a new version of mobile banking and an intelligent customer service platform, so as to promote an integrated financial mobile portal. BOCHK accelerated the intelligent development of its branch network and optimised its customer service processes. It also supported innovation-driven strategy research, further enriched scenario-based applications of FinTech and accelerated its pace of innovation. In addition, Livi VB Limited ("Livi"), a virtual banking joint venture company owned by BOC Hong Kong (Holdings) Limited, JD New Orbit Technology (Hong Kong) Limited and JSH Virtual Ventures Holdings Limited, was granted a banking licence by the Hong Kong Monetary Authority. Using various innovative technologies, Livi will bring a unique banking experience to customers.

In 2019, BOCHK was recognised as "Best Retail Bank in Hong Kong", "Best Cash Management Bank in Hong Kong" and "Best Transaction Bank in Hong Kong" by The Asian Banker, "Best Bank for CSR in Hong Kong" by Asiamoney, "Hong Kong Domestic Foreign Exchange Bank of the Year", "Hong Kong Domestic Trade Finance Bank of the Year", "Hong Kong Domestic Cash Management Bank of the Year", and "Mobile Banking Initiative of the Year – Hong Kong" by Asian Banking & Finance, "Best Currency Swap Member" and "Opening Contribution Award" by the China Foreign Exchange Trade System, and received the "Outstanding International Member Award" from the Shanghai Gold Exchange, the "Key Business Partner in FIC Market" award from HKEX, and the "Best SME's Partner Gold Award 2019" from The Hong Kong General Chamber of Small and Medium Business.

4 Comprehensive Operation Platforms

Seizing the strategic opportunities arising from the construction of multi-layered capital markets, the Bank pushed forward its high-quality, integrated development. With the aim of serving the real economy and satisfying the diverse needs of customers, the Bank continued to focus on core business, firmly held the bottom line for operational compliance and strengthened collaboration within the Group, making its financial services more adaptable, competitive and inclusive. In 2019, the Bank made steady progress in its comprehensive development and achieved breakthroughs in key areas.

Investment Banking Business

BOC International

The Bank is engaged in investment banking business through BOC International. As at 31 December 2019, BOC International had an issued share capital of HKD3.539 billion, total assets of HKD68.639 billion and net assets of HKD19.585 billion. BOC International's profit for the year ended 31 December 2019 was HKD1.479 billion. BOC International holds leading positions in a number of its core businesses.

BOCI further enhanced its capabilities in cross-border services to serve the global clients. It made great efforts to develop its M&A business, capitalised on its structural advantages in government services, leveraged its financial solution expert panel, and actively extended its reach in Southeast Asian markets. In addition, it achieved steady progress in its equity underwriting and financial advisory businesses, helping foreign enterprises to attract Chinese capital and expand into the Chinese market while assisting Chinese companies in their "Going Global" efforts. In 2019, BOCI was the only Chinese investment bank mandated to assist Saudi Arabian Oil Company ("Saudi Aramco") in its IPO, the biggest ever in global capital markets, thus further increasing its international influence.

BOCI placed an emphasis on cross-border business cooperation between the Chinese Mainland and Hong Kong. It promoted the internationalisation of the domestic commodity futures market and provided over-the-counter ("OTC") trading services for oil futures of the Shanghai International Energy Exchange. It took the initiative to launch the "BOCI Greater Bay Area Leaders Index". Moreover, BOCI continuously improved its private banking infrastructure and system so as to enhance its comprehensive wealth management offering and thus make its market leadership and competitive advantages more sustainable. BOCI-Prudential Asset Management Limited, a subsidiary of BOCI, maintained its position as a top-ranked service provider in the Hong Kong Mandatory Provident Fund (MPF) and Macau Pension Fund businesses. BOCI also played an active role in the Mainland-Hong Kong Mutual Recognition of Funds (MRF) scheme.

Adopting a lean management philosophy, BOCI actively pressed ahead with FinTech and product innovation. It rolled out a next-generation securities sales and trading platform app, and applied big data and AI to achieve deeper levels of cross-selling and improve end user experience. It also enriched its offering of callable bull/bear contracts (CBBC) and thereby solidified its leading position in terms of brokerage and equity derivatives business in Hong Kong.

In 2019, BOCI received a number of awards from respected financial and economic organisations including "Oil and Products House of the Year, Asia", "Commodity Research House of the Year, Asia", "Best Bond Advisor – Global (China)", "China Corporate and Investment Banking Awards 2019 – Best for Cross Border Debt Capital Markets, China", "Country Award 2019 – Best DCM House (Hong Kong-Chinese Financial Institutions)" and "Best FinTech Investors".

BOCI China

The Bank is engaged in securities-related business in the Chinese Mainland through BOCI China. As at 31 December 2019, the registered capital, total assets and net assets of BOCI China were RMB2.500 billion, RMB48.312 billion and RMB12.738 billion, respectively. BOCI China's profit for the year ended 31 December 2019 was RMB800 million.

BOCI China endeavoured to push forward business transformation and outperform its peers. Deepening the synergistic advantages of "investment bank + commercial bank", "investment bank + investment" and "domestic + overseas" in its investment banking business. BOCI China shifted its investment banking focus towards transaction-driven comprehensive financial services, shifted its asset management business focus towards active management. BOCI China pushed forward its brokerage business transformation with a focus towards wealth management, while improving the versatility of its branches. As a result, BOCI China continually increased its service capability and market influence.

BOCI China aimed for a top-tier position among its peers by pushing forward wealth management transformation for personal customers and transaction ecosystem management transformation for institutional customers. Deepening the synergistic advantages of "investment banking + commercial banking", "investment banking + investment" and "domestic + overseas" in its investment banking business, it shifted its investment banking focus towards transaction-driven comprehensive financial services, its brokerage business focus towards wealth management and its asset management business focus towards active management, while improving the overall versatility of its branches. As a result, its customer service capability steadily strengthened. In 2019, BOCI China ranked sixth and tenth for stock and bond underwriting scale respectively, as well as fifth and 12th for assets under management (AUM) and net income respectively, showcasing an increasing influence in the market.

In 2019, BOCI China was awarded "Excellent All-round Investment Bank", "Excellent Interbank Bond Investment Bank", "Excellent Bond Project" and "Excellent Hong Kong Stock Connect Broker" by Securities Times, "International Avant-garde Investment Bank" and "Avant-garde Investment Bank in Bond Underwriting" by International Financial News, "Elite Award for Best Broker/Asset Manager in Fixed-income Products" by China Fund, as well as "Golden Bull Growing Securities Company" and "Best Industry Analyst Team in 2019" by China Securities Journal.

On 26 February 2020, BOCI China was successfully listed on the main board of SSE, and was widely recognised by investors. The Bank holds equity interest in BOCI China through its wholly-owned subsidiary BOCI, and will fully leverage its brand value and synergies to help BOCI China grow into a world-class investment bank.

BOCIM

The Bank is engaged in fund management business in the Chinese Mainland through BOCIM. As at 31 December 2019, BOCIM's registered capital amounted to RMB100 million, its total assets stood at RMB4.679 billion and its net assets totalled RMB3.703 billion. Its profit for the year ended 31 December 2019 was RMB868 million.

By steadily expanding its asset management business and implementing sound internal controls and risk management, BOCIM achieved continuous growth in profitability, improved its brand and market reputation and further enhanced its comprehensive strengths.

As at 31 December 2019, BOCIM's assets under management reached RMB651.2 billion. In particular, its public-offered funds reached RMB381.8 billion, and its non-monetary public-offered funds reached RMB252.8 billion.

BOC Wealth Management

The Bank is engaged in wealth management business in the Chinese Mainland through BOC Wealth Management. BOC Wealth Management's business includes wealth management products for the general public, wealth management products for qualified investors, consulting, and other asset management related products and services. BOC Wealth Management was officially established and opened on 4 July 2019, and is a wholly owned subsidiary of the Bank. As at the end of 2019, BOC Wealth Management's registered capital was RMB10.0 billion, its total assets amounted to RMB10.233 billion and its net assets totalled RMB10.175 billion.

BOC Wealth Management worked rapidly to improve its governance framework, build its risk management system and enhance its employee team building so as to solidly launch its business operations. It received regulatory approval to collaborate with Amundi Asset Management in establishing the first joint wealth management company in the Chinese Mainland, further expanding the entities and products available in the asset management market. As at 31 December 2019, BOC Wealth Management's product balance amounted to RMB74.492 billion.

Insurance

BOCG Insurance

The Bank is engaged in general insurance business in Hong Kong through BOCG Insurance. As at 31 December 2019, BOCG Insurance reported issued share capital of HKD3.749 billion, total assets of HKD9.130 billion and net assets of HKD4.125 billion. In 2019, BOCG Insurance recorded gross written premiums of HKD2.642 billion and realised a profit for the year of HKD28 million, remaining at the forefront of the Hong Kong general insurance market in terms of gross written premium.

Deepening services locally in Hong Kong, BOCG Insurance made solid progress in expanding its business, made timely adjustments to its product structure in the local market, and strengthened the promotion of travel insurance and other products. BOCG Insurance refined its business approach in the Chinese Mainland, actively participated in the development of the Guangdong-Hong Kong-Macau Greater Bay Area and launched a series of specific products for customers in the area. It reached out to overseas markets by supporting the Belt and Road Initiative and collaborating with BOCHK Vientiane Branch and Phnom Penh Branch to conduct a number of key insurance schemes.

BOC Life

The Bank is engaged in life insurance business in Hong Kong through BOC Life. As at 31 December 2019, BOC Life's issued share capital was HKD3.538 billion, total assets amounted to HKD153.116 billion and net assets amounted to HKD10.095 billion. In 2019, its profit for the year was HKD683 million.

BOC Life continued to push forward product and service innovation. It was among the first batch of insurers to promote the tax deductible Voluntary Health Insurance Scheme and Qualified Deferred Annuity Policy, in a bid to satisfy different customer needs. "Forever Glorious ULife Plan II" and "Luminous Prime ULife Plan" were launched to enhance service support for highend customers and uplift the value of new business and long-term profitability. It launched "iTarget 3 Years Savings Insurance Plan" simultaneously via BOCHK's mobile and internet banking for the first time, established the "Life Insurance Self-Service Counter", and launched "iProtect 10 Years Insurance Plan" via BOCHK's mobile banking, providing customers with a diverse range of choices. It also introduced a "digital sales assistant" in the customer service centre and added policy binding and policy information functions on BOC Life's WeChat Official Account, making services more convenient.

BOC Insurance

The Bank is engaged in property insurance business in the Chinese Mainland through BOC Insurance. As at 31 December 2019, BOC Insurance reported registered capital of RMB4.535 billion, total assets of RMB13.449 billion and net assets of RMB4.234 billion. In 2019, it realised written premiums of RMB6.687 billion and a profit for the year of RMB242 million.

Following national strategies, BOC Insurance paid attention to market trends and customer needs, remained committed to serving the real economy and continued to improve its comprehensive financial services. BOC Insurance actively responded to the "Belt and Road" Initiative by supporting large domestic enterprises in their "Going Global" efforts. It maintained a leading position in overseas insurance business, covering nearly 30 industries in more than 70 countries and regions including Asia, Africa and South America. It pioneered customs bond insurance to make customs clearance more convenient for import enterprises. BOC Insurance supported enterprises' technological innovations by being an authorized insurer in the pilot program of the insurance compensation mechanism for the first (set of) major technical equipment, so as to facilitate equipment improvement. It supported regional development strategies and assisted in the development of Guangdong-Hong Kong-Macau Greater Bay Area by providing insurance services for the Hong Kong-Zhuhai-Macau Bridge. In addition, it assumed its share of social responsibility

by joining the single-purpose pre-paid card performance bond insurance pool and the China Urban and Rural Residential Building Earthquakes Catastrophe Insurance Pool for Chinese urban and rural residential buildings. BOC Insurance handled various insurance claims in an efficient and dedicated manner. BOC Insurance launched a timely emergency mechanism to deal with natural disasters and major accidents. It also ensured fast claim handling in order to effectively support customers in restoring production and continuously enhance the customer experience.

BOC Insurance received an "A" integrated risk rating (classified regulation) for the 13th consecutive quarter, and also maintained an "A-" rating and "stable" outlook from Standard & Poor's for the sixth consecutive year.

*BOC-Samsung Life Ins. Co., Ltd. ("**BOC-Samsung Life**")*

The Bank is engaged in life insurance business in the Chinese Mainland through BOC-Samsung Life. As at 31 December 2019, BOC-Samsung Life's registered capital stood at RMB1.667 billion, total assets amounted to RMB21.105 billion and net assets amounted to RMB1.532 billion. In 2019, BOC-Samsung Life recorded written premiums and premium deposits of RMB9.385 billion and a profit for the year of RMB55 million.

BOC-Samsung Life continued to enhance its cross-selling capabilities and realised a year-on-year increase of 30 per cent. in premiums in 2019, above the industry average. Emphasising the original purpose of the insurance business, it vigorously developed its long-term savings and protection business, resulting in a year-on-year increase of 120 per cent. in the first year premiums of high-value regular policies. It quickened the pace of its network expansion, with the Shandong Branch, Shaanxi Branch and Shijiazhuang Sub-branch, as well as other five institutions, opening for operation in 2019. Capitalising on FinTech trends, BOC-Samsung Life provided 20 products through the comprehensive financial service portal included in BOC mobile banking, successfully launched its "E-marketing" mobile sales platform, and achieved positive results from precision marketing based on "customer portrait" technology. Focusing on customer demand, it innovated its protection products and optimised the customer experience by providing 36 WeChat online service functions. It also placed value on strengthening consumer protection, and popularised insurance knowledge through BOC mobile banking.

BOC-Samsung Life was rated "A" level in the annual evaluation results of insurance companies services released by China Banking and Insurance Information Technology Management Co., Ltd.

Investment Business

BOCG Investment

The Bank is engaged in direct investment and investment management business through BOCG Investment. BOCG Investment's business scope includes private equity investment, fund investment and management, real estate investment and management and NPA investment. As at 31 December 2019, BOCG Investment recorded issued share capital of HKD34.052 billion, total assets of HKD124.976 billion and net assets of HKD64.106 billion. In 2019, it recorded a profit for the year of HKD4.634 billion.

BOCG Investment's development strategy is based on integration, fund-based development and digitalisation. It actively implemented the nation's regional development strategy by broadening investment and loan linkage channels and supporting the development of the real economy. BOCG Investment established the BOC Yangtze River Delta Equity Investment Fund in Shanghai with a total target size of RMB30.0 billion, including a first phase of RMB5.0 billion. It adapted to new trends in the consumer sector by promoting the development of the winter sports industry and the senior care market. Focusing on emerging industries and new trends such as AI, logistics, medicine and medical treatment, BOCG Investment invested in a number of projects with significant market influence. During the year, it was recognised as one of the "Top 50 Chinese Private Equity Investment Institutions of 2019" and "Top 50 Chinese State-owned Investment Institutions of 2019". BOCG Investment continued to strengthen its market-oriented financing capabilities and successfully issued a USD600 million senior bond.

BOC Asset Investment

The Bank is engaged in debt-for-equity swaps and related business in the Chinese Mainland through BOC Asset Investment. As at the end of 2019, the registered capital of BOC Asset Investment was RMB10.0 billion, with its total assets and net assets standing at RMB72.613 billion and RMB10.388 billion respectively. In 2019, it realised a profit for the year of RMB326 million.

BOC Asset Investment actively implemented the national strategic decision to deepen supply-side structural reform. It conducted debt-for-equity swaps based on both market-oriented and law-based principles, with the aim of improving enterprises' business operations and helping them to reduce leverage ratios and improve market valuations, thus creating value. In 2019, the market-oriented debt-for-equity swap business of BOC Asset Investment reached RMB118.8 billion, with 40 directors and 16 supervisors participating in the corporate governance of 50 projects. BOC Asset Investment established a Positive Guidance List for private enterprises, and supported a number of leading and high-potential private enterprises to adopt different business models such as increasing capital and paying off debts and converting debt collection into equity. It also raised funds through multiple channels, including successfully issuing RMB10.0 billion of financial bonds.

Leasing Business

BOC Aviation

The Bank is engaged in the aircraft leasing business through BOC Aviation. BOC Aviation is one of the world's leading aircraft operating leasing companies and is the largest aircraft operating leasing company headquartered in Asia, as measured by the value of owned aircraft. As at the end of 2019, BOC Aviation recorded issued share capital of USD1.158 billion, total assets of USD19.764 billion and net assets of USD4.581 billion. In 2019, it recorded a profit for the year of USD702 million.

Committed to pursuing sustainable growth, BOC Aviation continued to implement its proactive business strategy and steadily promoted its standing in the aircraft leasing industry. It actively expanded the Belt and Road market and had leased more than 68 per cent. of its aircraft to airlines of Belt and Road countries and regions, as well as airlines based in the Chinese Mainland, Hong Kong, Macau and Taiwan, as at the end of 2019. Continuously targeting customer demand, the company took delivery of 54 aircraft, including 12 aircraft that airline customers purchased at delivery, as it continued to expand its owned fleet. All of these aircraft have been placed on long-term leases. During the course of 2019, BOC Aviation signed 87 leases for future deliveries and added eight new customers. The company consistently sought to optimise its asset structure and improve its sustainable development. It sold 28 owned and two managed aircraft in 2019, leaving it with an owned, managed and on-order fleet size of 523. The average owned fleet age was 3.1 years (weighted by net book value) as at 31 December 2019, which was one of the youngest aircraft portfolios in the aircraft leasing industry.

5 Service Channels

With a focus on enhancing customer experience, the Bank pushed forward its service channel integration and outlet transformation so as to attract more customers and drive stronger economies of scale. As a result, it cultivated an ecosystem wherein online and offline channels are integrated and financial and non-financial scenarios are seamlessly connected.

Online Channel

Following a "Mobile First" strategy and embracing the trend of digital transformation, the Bank continued to increase its efforts to expand online channels and upgrade its mobile banking service, realising a rapid growth in online businesses. In 2019, the Bank's substitution ratio of e-banking channels for outlet-based business transactions reached 93.93 per cent.. Its e-channel transaction amount reached RMB243.77 trillion, an increase of 9.05 per cent. compared with the prior year. Among this, mobile banking transaction volumes reached RMB28.28 trillion, an increase of 41.17 per cent. compared with the prior year, making mobile banking the online trading channel with the most active customers.

The Bank picked up the pace of building a mobile portal for its integrated financial services for corporate banking customers. Taking into account the needs of small and medium-sized enterprises for convenient mobile finance, the Bank started by improving basic services, enriching featured services and expanding

new scenarios in order to push forward implementation in a tiered and step-by-step manner. On top of mobile reconciliation, transfer and remittance, online reservation of account opening and other high-frequency corporate customer transactions, the Bank also launched differentiated services including foreign exchange settlement, international settlement documents services and L/G inquiry and reminding service, so as to meet more of enterprises' mobile banking demands and improve customer experience. The Bank enhanced FinTech applications, promoting more integrated service scenarios and building signature products. It continuously diversified its service models, added a T+1 exchange rate locking function, and reached agreements of intent for cross-border business cooperation with a number of leading payment service institutions. The Bank refined the process of corporate online banking activation and launched a counter-based contracting function in order to efficiently increase the activation of corporate online banking.

The Bank promoted the transformation of mobile banking from a trading platform to an integrated service platform for its personal banking customers. It continuously optimised the user experience of its mobile banking functions to cover more than 200 digital financial services, including "thousand customers, thousand faces" recommendation services, voice-enabled fast transfer, personal business loan services and intelligent foreign cash identification, and offered customers investment and wealth management products covering bank wealth management, funds distribution, bond, insurance, precious metals, foreign exchange, etc. The Bank continued to diversify the non-financial services of its mobile banking offering, launching the original information platform "BOC Headline" and providing high-quality content services through BOC Live Platform. It enhanced FinTech applications, promoted more integrated service scenarios, further embedded and standardised the "open banking" concept, and accelerated the integration of accounts, foreign exchange, precious metals and other products and services into online scenarios. The Bank continued to optimise the service functions of WeChat banking, online banking, telephone banking and SMS banking. Based on its next-generation customer service system, it enhanced its intelligent customer service capabilities and further improved customer experience.

In 2019, the Bank was awarded "Best Blockchain Initiative, Application or Programme in China (Financial Institution)" by The Asian Banker, "Best Mobile Banking" by the Financial Internet Branch of the China Computer Users Association, "Best FinTech Innovation and Application Award" and "Best Mobile Banking" by China Financial Certification Authority, and "Top Ten Mobile Banking Innovation" by the China Financial Innovation Awards.

Offline Channel

The Bank built "5G Intelligence + Brand" outlets relying on 5G technology, big data, AI and other cutting-edge technologies. It launched the "BOC 5G Intelligence + Life House" in Beijing to showcase a comprehensive financial ecosystem integrating new finance, new retail banking and new lifestyle trends across different businesses, with "Integrate Finance into Life" as its core concept. With the theme of "Serve People's Livelihood with Finance", the Bank also launched the "BOC 5G Intelligence + Livelihood House" in Tianjin, developing multiple people's livelihood scenarios and focusing on the original purpose of finance: serving the real economy and benefiting the people.

The Bank pushed forward outlet transformation, centring on its bank-wide smart counters, to enhance outlets' value-creating capacity. In 2019, the Bank completed 18 upgrades of its smart counters so as to further improve its offline intelligent service system, and made the smart counter a major channel for customer attraction and service provision. It promoted mobile smart counters across all sub-branches in the Chinese Mainland, with the aim of encouraging a proactive approach to acquiring customers beyond the boundary of the outlet hall and effectively expanding the scope of services. Corporate account opening via mobile counters was implemented across the Bank. Door-to-door "one-stop" corporate account opening and product contracting were realised by relying on channel innovation and process improvement, thus effectively shortening business processing time and enhancing customer services. The cash version of smart counters was also launched across the Bank, providing smart cash services including large amounts and multiple denominations and mediums. The Bank also became the first to introduce a new O2O physical delivery model, realising smoother online-offline coordination by focusing on foreign currency exchange as an entry point. Specifically, it enabled customers to make online reservation and collect foreign currency packages through smart counters, thus sharpening the competitive edge of its foreign currency business. In addition, the Bank piloted an immediate issuance service for social security cards in its Tianjin Branch, offering an end-to-end process including card application, card production, card activation and social security function activation. It developed its "cardless" personal banking business, introduced a mobile banking code scanning mechanism and realised online and offline authentication and mutual trust, thus creating a "contactless service" experience without medium or manual review.

The Bank optimised its outlet performance assessment system and continued to work on deepening the classified management of its outlets, in a bid to promote outlet efficiency and effectiveness. Focusing on core business areas, the Bank accelerated the building of featured outlets to offer differentiated, higher quality services. In addition, the Bank refined the operational management of its outlets and adjusted the authority and responsibilities of primary-level employee positions. It improved outlets' marketing service approaches and strengthened the risk management of its outlet business, thus enhancing comprehensive operational efficiency.

As at the end of 2019, the Bank's commercial banking network in the Chinese Mainland (including Head Office, tier-1 branches, tier-2 branches and outlets) comprised 10,652 branches and outlets. Its non-commercial banking institutions in the Chinese Mainland totalled 490, and the number of its institutions in Hong Kong, Macau, Taiwan and other countries and regions totalled 557.

Information Technology Development

Following its strategy of enabling advancement through technology and driving development through innovation, the Bank continuously boosted its digital transformation and moved more rapidly to build a digital bank characterised by rich scenarios, online and offline coordination, an excellent user experience, flexible and innovative products, efficient operation and management, and intelligent risk control. In 2019, the Bank made investments of RMB11.654 billion in information technology, the investment amount increased by 15.15% compared with the prior year.

The Bank achieved new results in the innovative development of its FinTech system and mechanisms. It set up BOC Finance Technology Co., Ltd. ("**BOC FinTech**"), which started to lay the groundwork for a new mechanism for improving business competitiveness by using technologies according to market-oriented principles, therefore jointly promoting the implementation of the Group's IT strategy. It also implemented the joint creation of relationship manager assignment mechanisms, which further deepened the integration of technology with business and strengthened the services delivered by the Head Office and branches. It established multiple joint laboratories, signed strategic cooperation agreements with well-known enterprises and universities, and cooperated broadly with them in the areas of new technology research and application as well as scenario ecosystem construction. In addition, the Bank promoted the construction of innovative R&D bases in the Xiongan New Area, the Yangtze River Economic Belt and the Guangdong-Hong Kong-Macau Greater Bay Area, continued to carry out basic research on new technologies, and actively boosted the application of new technologies such as 5G, Internet of Things, blockchain and virtual reality.

The Bank recorded new progress in the construction of strategic infrastructure projects. It advanced the layout of next-generation multi-centre infrastructure in multiple locations, completed the building of a cloud platform and created an agile and efficient cloud service model, and supported the infrastructure deployment and transformation of its branches and comprehensive operation companies. It deepened the building of the three new technology platforms of cloud computing, big data and AI, accelerated the pace of application migration to the cloud, and developed a cloud computing-based model of integrated enterprise-level development, operation and maintenance. It launched a big data platform, pushed forward data analysis and data creation, and effectively supported the implementation of a series of key projects. The Bank widely promoted the enterprise-level AI platform "AI Brain of BOC", completed the building of the core Head Office nodes of its next-generation backbone network, and piloted access and launch of Internet Protocol Version 6 (IPV6) at seven branches, thus comprehensively enhancing its network service capacity.

The Bank made new breakthroughs in the digital transformation of key business areas. It has now broadly completed its digital channel operation system and digital risk control system, and commenced the wide-ranging development of transaction banking and other digital products. It launched the industry's first integrated financial services zone in mobile banking, introduced the first phase of its iGTB platform, released mobile versions of its corporate, foreign currency withdrawal and overseas smart counters, and completed functionality development for BOC Corporate E Loan. The Bank made in-depth applications of digital technologies and achieved good results. It became the first bank to issue a blockchain bond, and opened the sector's first fully functional, self-service "BOC 5G Intelligence + Life House" outlet. The Bank also launched distributed applications such as next-generation smart customer services, a distributed image platform and "smart shopping mall", as well as data applications such as smart marketing for mobile banking, risk data analysis and processing, and smart audit platform. It built up its scenario ecosystem across the Bank, actively promoting the pilot application of new technologies in scenario development with reference to the three strategies of integrated scenarios, integration of scenarios and self-built scenarios. Integrating the advantages of its internal and external resources, the Bank accelerated the building of four strategic scenarios, including cross-border, education, sports and silver economy.

The Bank attached importance to new aspects of its global and integrated development. It improved the information system building process for newly established overseas institutions, and effectively supported the Bank's global and regional business layout. It completed the launch of the overseas lightweight core system in BOCHK Jakarta Branch, which won the "2019 Outstanding Contribution Award for FinTech Product Innovation" owing to its high availability, scalability and extendibility. The Bank extended the overseas reach of mature, high-quality products and services such as mobile banking, smart counters and smart customer services, and thus significantly enhanced its global service capabilities. It formulated the Technology Development Plan for Comprehensive Operation Companies of BOC Group and established a management information system covering all comprehensive operation companies of the Group, further consolidating the foundation for the Group's comprehensive development.

Major Contracts

Material Custody, Sub-contracts and Leases

In 2019, the Bank did not take, or allow to subsist any significant custody of, subcontract or lease assets from other companies, or allow its material business assets to be subject to such arrangements, in each case that is required to be disclosed.

Material Guarantee Business

As approved by PBOC and CBIRC, the Bank's guarantee business is an off-balance-sheet item in the ordinary course of its business. The Bank operates the guarantee business in a prudent manner and has formulated specific management measures, operational processes and approval procedures in respect of the risks of guarantee business and carried out this business accordingly. In 2019, save as disclosed above, the Bank did not enter into or allow to subsist any material guarantee business that is required to be disclosed.

Employees

As at 31 December 2019, the Bank had 309,384 employees. There were 284,044 employees in the Chinese Mainland, of which 271,939 worked in the Bank's commercial banking business in the Chinese Mainland. The Bank had 25,340 employees in Hong Kong, Macau, Taiwan and other countries and regions. As at 31 December 2019, the Bank bore costs for a total of 5,318 retirees.

The following table sets forth the total number of employees by geographic distribution as at 31 December 2019:

	Number of employees	**per cent. of total**
Northern China	61,935	20.02
Northeastern China	24,647	7.97
Eastern China	91,692	29.64
Central and Southern China	68,053	22.00
Western China	37,717	12.19
Hong Kong, Macau and Taiwan	19,205	6.20
Other countries and regions	6,135	1.98
Total	309,384	100.00

Intellectual Property

The Bank owns various intellectual property rights including trademarks, patents, domain names, and copyrights. The Bank conducts business under the "Bank of China", "BOC", "中國銀行", "中銀", "中行" and "", and other brand names and logos.

DESCRIPTION OF THE HONG KONG BRANCH

The Bank set up its branch in Hong Kong in 1917. After BOCHK Holdings became listed on the Hong Kong Stock Exchange in 2002, the Hong Kong branch of the Bank kept the full banking license and became an authorised institution under the laws and regulations of Hong Kong. The Bank of China Limited Hong Kong Branch ("**Hong Kong Branch**") is positioned to be the offshore investment and financing platform for the Group, with a strategic goal to become the Group's offshore platform to provide comprehensive global financial market services.

Business Activities

The Hong Kong Branch is a licensed bank in Hong Kong, with its registered office at Bank of China Tower, 1 Garden Road, Central, Hong Kong, and is currently focusing on the development of its wholesale banking business. A broad range of financial services are offered by the Hong Kong Branch to serve clients' specific needs, including financing and lending services, bond investment and bond underwriting and subscription etc.

In addition, the Bank is an institution registered with the Securities and Futures Commission and may conduct the following regulated activities: (1) dealing in securities, (2) advising on securities, (3) advising on corporate finance and (4) asset management.

Hong Kong Regulatory Guidelines

The banking industry in Hong Kong is regulated by and subject to the provisions of the Banking Ordinance and to the powers and functions ascribed by the Banking Ordinance to HKMA. The Banking Ordinance provides that only banks, which have been granted a banking license ("**license**") by HKMA, may carry on banking business (as defined in the Banking Ordinance) in Hong Kong and contains controls and restrictions on such banks ("**licensed banks**").

The provisions of the Banking Ordinance are implemented by HKMA, the principal function of which is to promote the general stability and effectiveness of the banking system, especially in the area of supervising compliance with the provisions of the Banking Ordinance. HKMA supervises licensed banks through, among others, a regular information gathering process, the main features of which are as follows:

- each licensed bank must submit a monthly return to HKMA setting out the assets and liabilities of its principal place of business in Hong Kong and all local branches and a further comprehensive quarterly return relating to its principal place of business in Hong Kong and all local branches. HKMA has the right to allow returns to be made at less frequent intervals;

- HKMA may order a licensed bank, any of its subsidiaries, its holding company or any subsidiaries of its holding company to provide such further information (either specifically or periodically) as it may reasonably require for the exercise of its functions under the Banking Ordinance or as it may consider necessary to be submitted in the interests of the depositors or potential depositors of the licensed bank concerned. Such information shall be submitted within such period and in such manner as HKMA may require. HKMA may also require a report by the licensed bank's auditors (approved by HKMA for the purpose of preparing the report) confirming whether or not such information or return is correctly compiled in all material respects;

- licensed banks may be required to provide information to HKMA regarding companies in which they have an aggregate of 20% or more direct or indirect shareholding or with which they have common directors or managers (as defined in the Banking Ordinance), the same controller (as defined in the Banking Ordinance), with common features in their names or a concert party arrangement to promote the licensed bank's business;

- licensed banks are obliged to report to HKMA immediately of their likelihood of becoming unable to meet their obligations;

- HKMA may direct a licensed bank to appoint an auditor to report to HKMA on the state of affairs and/or profit and loss of the licensed bank or the adequacy of the systems of control of the licensed bank or other matters as HKMA may reasonably require; and

- HKMA may, at any time, with or without prior notice, examine the books, accounts and transactions of any licensed bank, and in the case of a licensed bank incorporated in Hong Kong, any local branch, overseas branch, overseas representative office or subsidiary, whether local or overseas, of such licensed bank. Such inspections are carried out by HKMA on a regular basis.

RISK MANAGEMENT

The Group's primary risk management objectives are to maximise value for equity holders while maintaining risk within acceptable parameters, optimising capital allocation and satisfying the requirements of the regulatory authorities, the Group's depositors and other stakeholders for the Group's prudent and stable development.

The Group has designed a series of risk management policies and has set up risk controls to identify, analyse, monitor and report risks by means of relevant and up-to-date information systems. The Group regularly reviews and revises its risk management policies and systems to reflect changes in markets, products and emerging best practices.

The most significant types of risk to the Group are credit risk, market risk and liquidity risk. Market risk includes interest rate risk, currency risk, and other price risk.

Risk Management Framework

The Board of Directors is responsible for establishing the overall risk appetite of the Group and reviewing and approving the risk management objectives and strategies.

Within this framework, the Group's senior management has overall responsibility for managing all aspects of risks, including implementing risk management strategies, initiatives and credit policies and approving internal policies, measures and procedures related to risk management. The Risk Management Department, the Credit Management Department, the Financial Management Department and other relevant functional departments are responsible for monitoring financial risks.

The Group manages the risks at the branch level through direct reporting from the branches to the relevant departments responsible for risk management at the Head Office. Business line related risks are monitored through establishing specific risk management teams within the business departments. The Group monitors and controls risk management at subsidiaries by appointing members of their Board of Directors and risk management committees as appropriate.

Credit Risk Management

The Group takes on exposure to credit risk, which is the risk that a customer or counterparty will cause a financial loss for the Group by failing to discharge an obligation. Credit risk is one of the most significant risks for the Group's business.

Credit risk exposures arise principally in lending activities and debt securities investment activities. There is also credit risk in off-balance sheet financial instruments, such as derivatives, loan commitments, bill acceptance, letters of guarantee and letters of credit.

Closely tracking changes in macroeconomic and financial conditions as well as regulatory requirements, the Bank improved its management mechanisms, adjusted its structure, and controlled and mitigated credit risks. In addition, the Bank strengthened credit asset quality management, further improved its credit risk management policies and pushed forward the optimisation of its credit structure. It also held fast to the risk compliance bottom line and took a proactive and forward-looking stance towards the continual improvement of its credit risk management.

Taking a customer-centric approach, the Bank further strengthened its unified credit granting management and enhanced full-scope centralised credit risk management. The Bank further improved its long-acting credit management mechanism and asset quality monitoring system and further enhanced potential risk identification, control and mitigation mechanisms by intensifying post-lending management and reinforcing customer concentration management and control. The Bank enhanced the supervision of risk analysis and asset quality control in key regions and strengthened window guidance on all business lines. In order to effectively strengthen the management and control of customer concentration risk, the Bank constructed the management policies of large exposures, which specified the management structure, working process and measurement rules, etc.

The Bank continuously adjusted and optimised its credit structure. With the aim of advancing strategic implementation and balancing risk, capital and return, it stepped up the application of the New Basel Capital Accord and improved the management plans of its credit portfolios. In line with the government's macro-control measures and the direction of industrial policy, the Bank enacted guidelines for industrial lending and continued to push forward the building of an industrial policy system so as to optimise its credit structure.

In terms of corporate banking, the Bank further strengthened risk identification and control, proactively reduced and exited credit relationships in key fields, strictly controlled the gross outstanding amount and use of loans through limit management and prevented and mitigated risk from overcapacity industries. It intensified the management of loans to LGFVs and strictly controlled the outstanding balances. In addition, the Bank implemented the government's macro-control policies and regulatory measures in the real estate sector so as to strengthen the risk management of real estate loans. In terms of personal banking, the Bank improved unified credit granting management for personal customers and revised management policies for unsecured start-up loans, small-amount loans for poverty alleviation, and loans mortgaged against rural contracted land management rights or farmers' housing property rights, thus supporting the development of its inclusive finance business. It kept improving management policies for personal online loans and credit card overdrafts, in order to prevent the risks of excessive credit and cross-infection. The Bank enforced regulatory requirements and continued to strictly implement differentiated policies on residential mortgages. It also strengthened the risk control of key products and regions.

The Bank strengthened country risk management. It performed an annual review of country risk ratings and implemented limit management and control of country risk exposures. It pushed forward the production and launch of the Country Risk System, realised timely tally of country risk exposure at the Group level and assess, monitor, analyse and report its exposures on a regular basis. The Bank also established a country risk monitoring and reporting system covering "yearly reporting and the timely reporting of material risk events", which made it possible to regularly publish country risk analysis reports within the Group and make timely assessments of the impact of material country risk events. In addition, the Bank adopted differentiated management of potentially high-risk and sensitive countries and regions. By concentrating its net exposures to country risk in countries and regions that are relatively low or low, the Bank contained its overall country risk at a reasonable level.

The Bank further stepped up the collection of non-performing assets ("**NPAs**"). It re-allocated internal and external collection resources and continued to adopt centralised and tiered management of NPA projects. It reinforced the supervision of key regions and key projects, in order to improve the quality and efficiency of disposals. The Bank proactively explored the application of "Internet Plus" in NPA collection, and diversified its disposal channels. In addition, it adopted policies based on the actual conditions of individual enterprises and took multiple measures where necessary. It gave full play to the role of creditor committee and enhanced the application of debt-for-equity swaps and restructuring efforts to help enterprises get out of difficulties, with the aim of realising mutual benefit for the Bank and the enterprises, and to support the real economy.

The Bank scientifically measured and managed the quality of credit assets based on the *Guidelines for Loan Credit Risk Classification* issued by CBIRC, which requires Chinese commercial banks to classify loans into the following five categories: pass, special-mention, substandard, doubtful and loss, among which loans classified as substandard, doubtful and loss are recognised as NPLs. In order to further refine its credit asset risk management, the Bank used a 13-tier risk classification criteria scheme for corporate loans to domestic companies, covering on-balance sheet and off-balance sheet credit assets. In addition, the Bank strengthened risk classification management of key industries, regions and material risk events, and dynamically adjusted classification results. It strengthened the management of loan terms, managed overdue loans by the name list system and made timely adjustments to risk classification results, so as to truly reflect asset quality. The overseas institutions of the Bank operated in line with the *Guidelines for Loan Credit Risk Classification* or the local applicable rules and requirements on credit risk classification, whichever is stricter.

As at 31 December 2019, the Group's NPLs[2] totalled RMB178.235 billion, representing an increase of RMB11.294 billion compared with the prior year-end. The NPL ratio was 1.37 per cent., down by 0.05 percentage point compared with the prior year-end. The Group's allowance for impairment losses on loans and advances was RMB325.923 billion, an increase of RMB22.142 billion compared with the prior year-end. The coverage ratio of allowance for loan impairment losses to NPLs was 182.86 per cent., up by 0.89 percentage point from the prior year-end. The NPL ratio of the Bank's institutions in the Chinese Mainland was 1.65 per cent., down by 0.11 percentage point compared with the prior year end. The Group's outstanding special-mention loans stood at RMB289.314 billion, a decrease of RMB53.049 billion compared with the prior year-end, accounting for 2.22 per cent. of total loans and advances, down by 0.68 percentage point from the prior year-end.

[2] The loans and advances to customers in this section are exclusive of accrued interest.

The Group identifies credit risk collectively based on industry, geography and customer type. This information is monitored regularly by the management.

The following table sets forth, at the dates indicated, the Group's loans and advances to customers categorised by geographical area:

	As at 31 December					
	2019		2018		2017	
	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB million, except percentages)					
Chinese Mainland	10,302,408	79.04	9,273,549	78.67	8,583,185	78.77
Hong Kong, Macau and Taiwan	1,697,434	13.02	1,515,844	12.86	1,339,149	12.29
Other countries and regions	1,034,347	7.94	998,290	8.47	974,224	8.94
Total loans and advances to customers	**13,034,189**	**100.00**	**11,787,683**	**100.00**	**10,896,558**	**100.00**

The following table sets forth, at the dates indicated, the Group's loans and advances to customers categorised by industry sectors of the borrowers:

	As at 31 December					
	2019		2018		2017	
	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB million, except percentages)					
Corporate loans and advances						
Commerce and services	1,706,650	13.09	1,516,354	12.86	1,557,095	14.29
Manufacturing	1,679,202	12.88	1,674,340	14.21	1,685,179	15.46
Transportation, storage and postal services	1,294,922	9.93	1,182,411	10.03	1,056,755	9.70
Real estate	1,042,664	8.00	915,793	7.77	820,922	7.53
Production and supply of electricity, heating, gas and water	649,289	4.98	648,849	5.50	599,896	5.51
Financial services	565,333	4.34	398,478	3.38	285,598	2.62
Mining	293,375	2.25	320,369	2.72	338,316	3.10
Construction	255,160	1.96	239,397	2.03	207,201	1.90
Water, environment and public utility management	199,376	1.53	167,811	1.42	160,941	1.48
Public utilities	149,855	1.15	125,917	1.07	117,419	1.08
Other	150,554	1.16	157,879	1.34	143,379	1.32
Subtotal	7,986,380	61.27	7,347,598	62.33	6,972,701	63.99
Personal loans						
Mortgages	3,993,271	30.64	3,503,563	29.72	3,061,553	28.10
Credit cards	476,743	3.66	426,338	3.62	374,297	3.43
Other	577,795	4.43	510,184	4.33	488,007	4.48
Subtotal	5,047,809	38.73	4,440,085	37.67	3,923,857	36.01
Total loans and advances to customers	13,034,189	100.00	11,787,683	100.00	10,896,558	100.00

The table below sets forth, as at the dates indicated, the Group's loan concentration by asset quality categories.

	As at 31 December					
	2019		2018		2017	
	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB million, except percentages)					
Pass	12,566,640	96.41	11,278,379	95.68	10,421,064	95.64
Special-mention	289,314	2.22	342,363	2.90	317,025	2.91
Substandard	77,459	0.59	49,788	0.42	59,265	0.54
Doubtful	51,804	0.40	49,341	0.42	45,404	0.42
Loss	48,972	0.38	67,812	0.58	53,800	0.49
Total	13,034,189	100.00	11,787,683	100.00	10,896,558	100.00
Non-performing Loans[(1)]	178,235	1.37	166,941	1.42	158,469	1.45

Note:

(1) Non-performing loans refer to loans classified as substandard, doubtful and loss.

In accordance with IFRS 9, the Bank assesses expected credit losses with forward-looking information and makes relevant allowances. In particular, it makes allowances for assets classified as stage 1 and assets classified as stage 2 and stage 3 according to the expected credit losses over 12 months and the expected credit losses over the entire lifetime of the asset, respectively. As at 31 December 2019, the Group's stage 1, stage 2 and stage 3 loans totalled RMB12,514.948 billion, RMB336.902 billion and RMB178.235 billion respectively, accounting for 96.04 per cent., 2.59 per cent. and 1.37 per cent. of total loans respectively.

As at 31 December 2019, the Group's credit-impaired loans totalled RMB178.235 billion, an increase of RMB11.283 billion compared with the prior year-end. The credit-impaired loans to total loans ratio was 1.37 per cent., a decrease of 0.05 percentage point compared with the prior year-end. Credit-impaired loans of the Bank's institutions in the Chinese Mainland totalled RMB169.951 billion, an increase of RMB7.173 billion compared with the prior year-end. The credit-impaired loans to total loans ratio of the Bank's institutions in the Chinese Mainland was 1.65 per cent., down by 0.11 percentage point compared with the prior year-end. The Bank's operations in Hong Kong, Macau, Taiwan and other countries and regions reported credit-impaired loans of RMB8.284 billion and a credit-impaired loans to total loans ratio of 0.30 per cent., an increase of RMB4.110 billion and an increase of 0.13 percentage point compared with the prior year-end respectively.

The Bank continued to focus on controlling borrower concentration risk and was in full compliance with regulatory requirements on borrower concentration. The following table sets forth, as at the dates indicated, the impaired loans and advances of the Group categorised by geographical area:

	As at 31 December								
	2019			2018			2017		
	Amount	% of total	Impaired loan ratio (per cent.)	Amount	% of total	Impaired loan ratio (per cent.)	Amount	% of total	Impaired loan ratio (per cent.)
	(RMB million, except percentages and ratios)								
Chinese Mainland	169,951	95.35	1.65	162,778	97.50	1.76	154,208	97.67	1.80
Hong Kong, Macau and Taiwan	3,842	2.16	0.23	2,720	1.63	0.18	1,813	1.15	0.14
Other countries and regions	4,442	2.49	0.43	1,454	0.87	0.15	1,861	1.18	0.19
Total	178,235	100.00	1.37	166,952	100.00	1.42	157,882	100.00	1.45

The following table sets forth, as at the dates indicated, the impaired loans and advances of the Group categorised by customer type:

	As at 31 December								
	2019			2018			2017		
	Amount	% of total	Impaired loan ratio (per cent.)	Amount	% of total	Impaired loan ratio (per cent.)	Amount	% of total	Impaired loan ratio (per cent.)
	(RMB million, except percentages and ratios)								
Corporate loans and advances	149,427	83.84	1.87	139,108	83.32	1.89	129,959	82.31	1.86
Personal loans	28,808	16.16	0.57	27,844	16.68	0.63	27,923	17.69	0.71
Total	178,235	100.00	1.37	166,952	100.00	1.42	157,882	100.00	1.45

Market Risk Management

The Group is exposed to market risks from its on-balance and off-balance business, that may cause losses to the Group as a result of adverse changes in market prices of interest rate, exchange rate, equities and commodities. Market risk arises from open positions in the trading and banking books. Both the Group's trading book and banking book face market risks. The trading book consists of positions in financial instruments and commodities that are held with trading intent or in order to hedge other elements of the trading book. The banking book consists of financial instruments not included in the trading book (including those financial instruments purchased with surplus funds and managed in the investment book).

The Board of Directors of the Group takes ultimate responsibility for the oversight of market risk management, including the approval of market risk management policies and procedures and the determination of market risk tolerance. Senior management is responsible for execution of such policies and ensuring that the level of market risk is within the risk appetite determined by the Board, while meeting the Group's business objectives.

Market risk management departments are responsible for the identification, measurement, monitoring, control and reporting of market risks on a Group basis. Business units are responsible for monitoring and reporting of market risk within their respective business lines.

In response to changes in the market environment, business development and management requirements, the Bank continued to refine its market risk management system in order to effectively control market risk.

The Bank actively adapted to changes in its business and the market by improving its market risk appetite transmission mechanism and refining its model for the market risk limit management of the Group. To further improve counterparty credit risk management procedures of counterparties and improve its risk warning and mitigation capabilities, the Bank conducted forward-looking research and judgement regarding market risks and cross-financial risks. The Bank enhanced the accuracy of its risk management and improved its risk quantification capability by continuously advancing the construction of its market risk data mart and management system, and by studying and applying advanced risk measurement approaches.

The Bank strengthened risk management of the Group's bond investments by closely tracking market volatility and changes in regulatory policy. Based on the market and business needs, it has shortened its response time to risks and made timely adjustments and refinements to its investment policies. In response to high default rates in the bond market, the Bank has improved the effectiveness of risk inspections and strengthened risk management and control in major areas.

The Bank assessed the interest rate risk in its banking book mainly through analysis of interest rate re-pricing gaps, made timely adjustments to the structure of its assets and liabilities based on changes in the market situation, and controlled the fluctuation of net interest income within an acceptable level.

For the purpose of market risk management in the trading book, the Group monitors trading book Value at Risk ("**VaR**") limits, stress testing results and exposure limits and tracks each trading desk and dealer's observance of each limit on a daily basis.

VaR is used to estimate the largest potential loss arising from adverse market movements in a specific holding period and within a certain confidence level.

VaR is performed separately by the Bank and its major subsidiaries that are exposed to market risk, BOCHK (Holdings) and BOC International. The Bank, BOCHK (Holdings) and BOC International used a 99 per cent. level of confidence (therefore 1 per cent. statistical probability that actual losses could be greater than the VaR estimate) and a historical simulation model to calculate the VaR estimate. The holding period of the VaR calculations is one day. To enhance the Group's market risk management, the Group has established the market risk data mart, which enabled a group level trading book VaR calculation on a daily basis.

Accuracy and reliability of the VaR model is verified by daily back-testing on the VaR results in the trading book. The back-testing results are regularly reported to senior management.

The Group utilises stress testing as an effective supplement to the trading book VaR analysis. Stress testing scenarios are performed based on the characteristics of trading transactions to simulate and estimate losses in adverse and exceptional market conditions. To address changes in the financial markets, the Group enhances its market risk identification capabilities by continuously modifying and improving the trading book stress testing scenarios and measurement methodologies in order to capture the potential impact on transaction market prices stemming from changes in market prices and volatility.

For the years ended 31 December 2019, 2018 and 2017, the VaR of the Bank's trading book by type of risk was as follows:

	The Bank's VaR for Trading Book								
	For the year ended 31 December 2019			**For the year ended 31 December 2018**			**For the year ended 31 December 2017**		
	Average	**High**	**Low**	**Average**	**High**	**Low**	**Average**	**High**	**Low**
	(U.S.$ million)								
Interest rate risk	18.70	23.50	13.24	17.26	23.85	12.24	14.54	17.58	9.61
Foreign exchange risk	18.00	26.69	9.80	10.19	17.66	4.99	10.67	17.70	6.12
Volatility risk	0.44	2.27	0.17	0.38	0.71	0.11	0.35	1.21	0.11
Commodity risk	1.77	6.26	0.75	1.14	5.55	0.13	1.25	3.92	0.14
Total of the Bank's trading VaR	23.03	29.56	17.11	19.87	26.28	13.92	17.44	23.89	12.43

The banking book is exposed to interest rate risk arising from mismatches in maturities, repricing periods and inconsistent adjustments between the benchmark interest rates of assets and liabilities. The Group assesses interest rate risk in the banking book primarily through an interest rate repricing gap analysis.

The Group conducts a substantial portion of its business in RMB, with certain transactions denominated in USD, HKD and, to a much lesser extent, other currencies. The major subsidiary, BOCHK Group, conducts the majority of its business in HKD, RMB and USD. The Group endeavours to manage its sources and uses of foreign currencies to minimise potential mismatches in accordance with management directives.

The Bank manages its exposure to currency exchange risk through management of its net foreign currency position and monitors its foreign currency risk on trading books using VaR.

The tables below summarise the Group's exposure to foreign currency exchange rate risk as at 31 December 2019, 2018 and 2017:

	As at 31 December 2019							
	RMB	USD	HKD	EURO	JPY	GBP	Other	Total
	(RMB million)							
Assets								
Cash and due from banks and other financial institutions	370,569	140,513	18,368	10,977	7,833	1,691	15,516	565,467
Balances with central banks	1,583,469	265,682	57,599	59,456	49,422	34,133	29,048	2,078,809
Placements with and loans to banks and other financial institutions	652,817	149,463	33,441	6,050	141	2,435	54,612	898,959
Derivative financial assets	42,558	13,694	26,586	446	20	6,348	3,683	93,335
Loans and advances to customers, net	9,870,244	1,170,630	1,027,104	250,730	11,194	69,423	344,100	12,743,425
Financial investments								
• financial assets at fair value through profit or loss	346,644	78,848	83,199	2,540	6,925	16	78	518,250
• financial assets at fair value through other comprehensive income	1,354,391	489,432	150,486	32,292	103,797	2,610	85,121	2,218,129
• financial assets at amortised cost	2,525,349	219,495	3,319	4,802	770	954	22,994	2,777,683
Other	268,436	162,203	198,398	1,357	1,465	2,691	241,137	875,687
Total assets	17,014,477	2,689,960	1,598,500	368,650	181,567	120,301	796,289	22,769,744
Liabilities								
Due to banks and other financial institutions	1,009,086	391,869	27,167	43,826	21,193	7,374	167,531	1,668,046
Due to central banks	570,675	247,096	19,979	5,920	–	258	2,349	846,277
Placements from banks and other financial institutions	298,497	213,662	76,294	17,161	25,330	3,745	4,986	639,675
Derivative financial liabilities	36,135	19,811	22,813	707	52	6,112	4,430	90,060
Due to customers	11,925,923	1,836,997	1,255,663	254,485	56,683	55,672	432,125	15,817,548
Bonds issued	766,816	258,893	11,868	38,794	1,920	2,744	15,052	1,096,087
Other	254,949	91,825	267,607	3,131	351	1,863	15,629	635,355
Total liabilities	14,862,081	3,060,153	1,681,391	364,024	105,529	77,768	642,102	20,793,048
Net on-balance sheet position	2,152,396	(370,193)	(82,891)	4,626	76,038	42,533	154,187	1,976,696
Net off-balance sheet position	(463,297)	378,515	283,483	5,828	(75,754)	(40,620)	(74,643)	13,512
Credit commitments	2,959,323	836,835	257,229	124,696	9,841	49,401	105,245	4,342,570

	As at 31 December 2018							
	RMB	USD	HKD	EURO	JPY	GBP	Other	Total
	(RMB million)							
Assets								
Cash and due from banks and other financial institutions	308,697	79,058	17,818	6,442	5,694	1,575	20,647	439,931
Balances with central banks	1,855,438	280,029	40,625	39,770	36,838	47,950	30,403	2,331,053
Placements with and loans to banks and other financial institutions	878,861	93,903	30,994	7,636	3,094	283	27,587	1,042,358
Derivative financial assets	67,601	17,913	29,945	621	37	5,237	2,772	124,126
Loans and advances to customers, net	8,830,692	1,146,207	923,070	201,731	12,637	65,563	335,864	11,515,764
Financial investments								
• financial assets at fair value through profit or loss	238,495	56,988	72,981	2,011	–	16	–	370,491
• financial assets at fair value through other comprehensive income	1,191,739	453,918	116,376	30,629	8,573	3,023	75,501	1,879,759
• financial assets at amortised cost	2,548,402	229,300	3,496	3,450	746	1,456	17,451	2,804,301
Other	213,438	148,481	185,113	568	1,244	2,097	208,551	759,492
Total assets	16,133,363	2,505,797	1,420,418	292,858	68,863	127,200	718,776	21,267,275
Liabilities								
Due to banks and other financial institutions	1,060,308	404,757	34,551	40,090	14,270	7,049	170,184	1,731,209
Due to central banks	628,327	246,540	26,758	5,461	–	434	1	907,521
Placements from banks and other financial institutions	266,692	271,303	39,642	12,669	11,242	5,411	5,308	612,267
Derivative financial liabilities	50,554	14,104	26,366	678	46	5,059	2,447	99,254
Due to customers	11,256,454	1,716,821	1,202,357	194,439	58,478	46,334	408,713	14,883,596
Bonds issued	447,679	252,059	6,682	48,465	1,852	9,793	15,597	782,127
Other	191,501	84,330	230,918	2,327	480	1,323	15,025	525,904
Total liabilities	13,901,515	2,989,914	1,567,274	304,129	86,368	75,403	617,275	19,541,878
Net on-balance sheet position	2,231,848	(484,117)	(146,856)	(11,271)	(17,505)	51,797	101,501	1,725,397
Net off-balance sheet position	(795,575)	520,806	355,983	21,144	19,415	(49,526)	(40,626)	31,621
Credit commitments	2,715,693	794,823	223,494	111,092	10,425	44,054	93,430	3,993,011

	As at 31 December 2017							
	RMB	USD	HKD	EURO	JPY	GBP	Other	Total
	(RMB million)							
Assets								
Cash and due from banks and other financial institutions	368,772	142,024	13,599	7,326	5,961	6,074	16,707	560,463
Balances with central banks	1,810,377	248,995	4,357	31,240	49,485	50,286	32,874	2,227,614
Placements with and loans to banks and other financial institutions	388,211	114,812	23,750	9,034	2,462	90	37,040	575,399
Derivative financial assets	44,950	8,065	31,285	749	40	4,895	4,928	94,912
Loans and advances to customers, net	8,101,830	1,157,714	794,625	217,660	7,962	50,856	313,657	10,644,304
Financial investments								
• financial assets at fair value through profit or loss	109,406	55,073	26,513	1,133	1,043	429	14	193,611
• available for sale	1,080,354	449,628	154,809	33,545	63,946	5,944	68,996	1,857,222
• held to maturity	1,935,833	138,678	3,627	1,693	696	1,196	8,141	2,089,864
• loans and receivables	405,080	1,960	419	–	–	–	6,566	414,025
Other	298,863	135,600	175,535	1,354	1,102	1,546	196,010	810,010
Total assets	14,543,676	2,452,549	1,228,519	303,734	132,697	121,316	684,933	19,467,424
Liabilities								
Due to banks and other financial institutions	855,661	329,466	30,276	35,616	12,779	7,301	154,163	1,425,262
Due to central banks	779,483	231,585	16,865	4,514	–	571	2,779	1,035,797
Placements from banks and other financial institutions	290,531	150,748	6,974	10,720	17,110	16,789	7,220	500,092
Derivative financial liabilities	70,458	1,690	30,131	800	35	4,932	3,049	111,095
Due to customers	10,236,329	1,614,422	1,079,702	192,313	64,989	55,956	414,213	13,657,924
Bonds issued	222,119	208,402	786	38,006	–	20,318	9,497	499,128
Other	347,577	82,908	213,516	1,497	445	1,261	14,243	661,447
Total liabilities	12,802,158	2,619,221	1,378,250	283,466	95,358	107,128	605,164	17,890,745
Net on-balance sheet position	1,741,518	(166,672)	(149,731)	20,268	37,339	14,188	79,769	1,576,679
Net off-balance sheet position	(420,313)	195,069	319,073	(11,672)	(36,371)	(12,165)	(40,135)	(6,514)
Credit commitments	2,556,398	811,938	245,575	107,154	10,050	44,472	95,045	3,870,632

Liquidity Risk Management

Liquidity risk is the risk that the Bank fails to timely acquire adequate funds at a reasonable cost to deal with repayments of debts at maturity, perform other payment obligations and meet other fund needs for normal business operation.

The Bank continued to develop and improve its liquidity risk management system with the aim of effectively identifying, measuring, monitoring and controlling liquidity risk at the institution and the 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 considers liquidity risk management a significant component of asset-liability management, and determines the size, structure and duration of assets and liabilities consistent with the principle of overall balance between assets and liabilities. The Bank establishes its liquidity portfolio to mitigate liquidity risk, and to minimise the gaps in the amount and duration between the funding sources and the uses of funds. The Group refines its financing strategy, taking into consideration various factors including customer risk sensitivity, financing cost and concentration of funding sources. In addition, the Group prioritises the development of customer deposits, dynamically adjusts the structure of fund sources by market-oriented financing modes, including due to banks and other financial institutions, inter-bank borrowings and improves the diversity and stability of financing sources.

Seeking at all times to balance safety, liquidity and profitability, and following regulatory requirements, the Bank has improved its liquidity risk management system and upgraded its liquidity management function in a forward-looking and scientific manner. The Bank enhanced liquidity risk management at both Group and branch levels. It formulated sound liquidity risk management policies and contingency plans, periodically re-examined the liquidity risk limit, upgraded the early warning system for liquidity risk and strengthened the management of high-quality liquid assets, such as bond investments, in order to strike a balance between risk and return. In addition, the Bank regularly improved the liquidity stress-testing plan and performed stress tests on a quarterly basis. The results of stress testing showed that the Bank had adequate payment capability to address distressed scenarios.

The tables below analyse the Group's assets and liabilities into relevant maturity groupings based on the remaining period at the financial reporting date to the contractual maturity date:

	As at 31 December 2019							
	Overdue/ Undated	On demand	Less than 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Total
	(RMB million)							
Assets								
Cash and due from banks and other financial institutions	21	204,121	183,170	55,805	119,376	2,845	129	565,467
Balances with central banks	1,513,473	527,657	16,242	8,293	12,441	703	–	2,078,809
Placements with and loans to banks and other financial institutions	44	–	417,352	185,843	241,024	54,696	–	898,959
Derivative financial assets	–	10,697	14,983	20,855	24,869	16,610	5,321	93,335
Loans and advances to customers, net	51,073	188,916	458,233	1,216,882	2,716,777	3,221,650	4,889,894	12,743,425
Financial investments								
• financial assets at fair value through profit or loss	143,255	–	16,394	49,949	98,245	58,537	151,870	518,250
• financial assets at fair value through other comprehensive income	22,067	–	142,122	234,297	396,998	912,932	509,713	2,218,129
• financial assets at amortised cost	1,767	–	35,141	53,375	506,346	1,337,456	843,598	2,777,683
Other	345,309	381,978	24,301	12,827	23,308	60,436	27,528	875,687
Total assets	2,077,009	1,313,369	1,307,938	1,838,126	4,139,384	5,665,865	6,428,053	22,769,744
Liabilities								
Due to banks and other financial institutions	–	1,036,810	125,011	324,062	175,301	6,779	83	1,668,046
Due to central banks	–	180,113	70,832	72,898	518,864	3,570	–	846,277
Placements from banks and other financial institutions	–	–	492,657	70,924	69,694	6,386	14	639,675
Derivative financial liabilities	–	8,780	11,165	15,936	26,652	20,482	7,045	90,060
Due to customers	–	7,843,084	1,541,342	1,540,159	2,541,528	2,343,527	7,908	15,817,548
Bonds issued	–	–	23,985	150,073	416,192	470,942	34,895	1,096,087
Other	–	280,526	53,662	12,895	121,693	92,907	73,672	635,355
Total liabilities	–	9,349,313	2,318,654	2,186,947	3,869,924	2,944,593	123,617	20,793,048
Net liquidity gap	2,077,009	(8,035,944)	(1,010,716)	(348,821)	269,460	2,721,272	6,304,436	1,976,696

	As at 31 December 2018							
	Overdue/ Undated	On demand	Less than 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Total
	(RMB million)							
Assets								
Cash and due from banks and other financial institutions	21	178,645	110,908	30,365	116,636	3,356	–	439,931
Balances with central banks	1,588,770	511,244	216,281	2,087	12,329	342	–	2,331,053
Placements with and loans to banks and other financial institutions	44	–	659,399	92,855	231,633	58,427	–	1,042,358
Derivative financial assets	–	10,055	22,259	30,528	38,686	18,634	3,964	124,126
Loans and advances to customers, net	69,539	154,707	397,574	1,086,838	2,478,055	3,036,778	4,292,273	11,515,764
Financial investments								
• financial assets at fair value through profit or loss	93,524	–	16,772	32,788	71,133	52,863	103,411	370,491
• financial assets at fair value through other comprehensive income	16,456	–	71,630	120,021	428,041	870,105	373,506	1,879,759
• financial assets at amortised cost	2,001	–	15,328	78,810	306,782	1,623,516	777,864	2,804,301
Other	301,633	338,223	22,683	7,554	18,968	50,792	19,639	759,492
Total assets	2,071,988	1,192,874	1,532,834	1,481,846	3,702,263	5,714,813	5,570,657	21,267,275
Liabilities								
Due to banks and other financial institutions	–	1,038,168	143,392	314,126	186,252	49,271	–	1,731,209
Due to central banks	–	172,280	104,114	157,466	465,590	8,071	–	907,521
Placements from banks and other financial institutions	–	–	429,492	123,223	58,135	1,417	–	612,267
Derivative financial liabilities	–	7,314	19,861	18,267	33,305	17,434	3,073	99,254
Due to customers	–	7,368,721	1,405,144	1,349,078	2,740,128	2,010,860	9,665	14,883,596
Bonds issued	–	–	45,983	99,061	196,535	323,057	117,491	782,127
Other	–	276,288	36,307	12,145	76,623	66,329	58,212	525,904
Total liabilities	–	8,862,771	2,184,293	2,073,366	3,756,568	2,476,439	188,441	19,541,878
Net liquidity gap	2,071,988	(7,669,897)	(651,459)	(591,520)	(54,305)	3,238,374	5,382,216	1,725,397

	As at 31 December 2017							
	Overdue/ Undated	On demand	Less than 1 month	Between 1 and 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Total
	(RMB million)							
Assets								
Cash and due from banks and other financial institutions	21	167,943	168,678	74,565	147,376	1,880	–	560,463
Balances with central banks	1,754,965	429,424	15,003	6,735	21,487	–	–	2,227,614
Placements with and loans to banks and other financial institutions	–	–	186,151	90,770	213,567	84,854	57	575,399
Derivative financial assets	–	8,791	16,222	19,854	36,575	10,449	3,021	94,912
Loans and advances to customers, net	75,194	109,153	356,974	1,042,606	2,569,551	2,797,082	3,693,744	10,644,304
Financial investments								
• financial assets at fair value through profit or loss	19,853	–	18,738	42,528	54,336	25,002	33,154	193,611
• available for sale	85,346	–	74,857	117,797	314,233	839,773	425,216	1,857,222
• held to maturity	–	–	26,361	43,894	189,622	1,242,694	587,293	2,089,864
• loans and receivables	2,399	–	4,659	2,981	10,749	252,602	140,635	414,025
Other	276,194	301,560	46,920	42,772	65,593	58,666	18,305	810,010
Total assets	2,213,972	1,016,871	914,563	1,484,502	3,623,089	5,313,002	4,901,425	19,467,424
Liabilities								
Due to banks and other financial institutions	–	804,976	188,365	204,621	156,040	71,260	–	1,425,262
Due to central banks	–	180,088	205,278	131,064	510,280	9,087	–	1,035,797
Placements from banks and other financial institutions	–	–	375,004	74,776	49,871	441	–	500,092
Derivative financial liabilities	–	5,574	19,442	25,130	49,274	9,323	2,352	111,095
Due to customers	–	6,664,703	1,413,948	1,287,316	2,493,635	1,758,935	39,387	13,657,924
Bonds issued	–	–	45,773	41,671	42,755	333,211	35,718	499,128
Other	–	241,472	95,985	32,134	157,326	79,793	54,737	661,447
Total liabilities	–	7,896,813	2,343,795	1,796,712	3,459,181	2,262,050	132,194	17,890,745
Net liquidity gap	2,213,972	(6,879,942)	(1,429,232)	(312,210)	163,908	3,050,952	4,769,231	1,576,679

Regulatory Ratios on Liquidity

As at 31 December 2019, the Group's liquidity risk indicator met regulatory requirements. The Group's liquidity ratio as at 31 December 2019, 2018 and 2017 is shown in the table below (in accordance with relevant provisions of regulatory authorities in the Chinese Mainland:

Indicator		Regulatory standard	As at 31 December 2019	As at 31 December 2018	As at 31 December 2017
Liquidity ratio[1]	RMB	≥25	54.6	58.7	47.1
	Foreign Currency	≥25	60.4	54.8	56.9

Note:

(1) Liquidity ratio is the indication of the Group's liquidity. Liquidity ratio = current assets/current liabilities. Liquidity ratio is calculated in accordance with the relevant provisions of the CBIRC.

Reputational Risk Management

The Bank fully implemented regulatory requirements on reputational risk management, continued to enhance its reputational risk management system and mechanism and strengthened the consolidated management of reputational risk, so as to enhance the reputational risk management level of the Group. It attached greater importance to the investigation and pre-warning of potential reputational risk factors and further strengthened routine public opinion monitoring, conducted reputational risk identification, assessment and reporting, established a coordination mechanism between reputational risk management departments and liable departments and dealt appropriately with reputational risk events, thus effectively maintaining the brand reputation of the Group. In addition, the Bank continued to roll out training sessions on reputational risk, so as to enhance employees' awareness of reputational risk and foster the Group's culture of reputational risk management.

Internal Control and Operational Risk Management

Internal Control

The Bank's Board of Directors, senior management and their special committees earnestly performed their duties regarding internal control and supervision, emphasising early risk warning and prevention so as to improve the compliance management of the Group.

The Bank continued to implement the "three lines of defence" mechanism for internal control. The first line of defence consists of business departments and all banking outlets. They are the owners of, and are accountable for, local risks and controls. They undertake self-control risk management functions in the course of their business operations, including the formulation and implementation of policies, business examination, the reporting of control deficiencies and the organisation of rectification measures.

The internal control and risk management departments of the Bank's institutions at all levels form the second line of defence. They are responsible for overall planning, implementing, examining and assessing risk management and internal control. They are also responsible for identifying, measuring, monitoring and controlling risks. They led the first line of defence to enhance the use of the Group's operational risk monitoring and analysis platform. Through regular monitoring of material risks, the Bank identified and mitigated risks in a timely manner and promoted the optimisation of business processes and systems.

The third line of defence rests with the audit and inspection departments of the Bank. The audit department is responsible for performing internal audit of the Bank's internal control and risk management in respect of its adequacy and effectiveness. The inspection department is responsible for staff non-compliance sanction, investigation of cases and management accountability. The Bank continuously strengthened education and raised employees' awareness of moral hazards. It reinforced employee behaviour management, seriously investigated internal fraud cases and strictly pursued accountability according to the basic principles of "inquiry of four accountable subjects into one case", "both institutional and business-line management accountability" and "management two levels higher than the branch-outlet accountable where serious fraud occurs". The Bank continued to push forward the implementation of the reform of its human resource management system for the audit line, and further intensified the vertical management of its audit function. It enhanced team building and deepened IT application in audit and the use of IT-based audit approaches. Taking an issue-oriented approach, the Bank focused on the comprehensive audit of institutions and special audits of businesses, strengthened audits and inspections of the high-risk institutions and businesses, as well as on fields under the Group's control priorities and those of special concern to regulators. The Bank concentrated attention on matters of systemic importance, emerging trends and concerning tendencies, so as to practically perform its internal audit function. It re-examined and optimised rectification procedures in order to improve rectification quality and efficiency, urged the effective rectification of audit findings, and thereby continually improved the Bank's internal governance and control mechanism.

Rigorously implementing the requirements of the CBIRC regarding further rectification of market disruption in the banking sector, the Bank organised bank-wide risk inspections to actively identify and mitigate risks. It launched a staff compliance archive system to reinforce behaviour management and foster a compliance culture. In addition, the Bank developed an internal control and compliance management evaluation system so as to enhance the routine management and control of its branches.

The Bank continued to implement the *Basic Standard for Enterprise Internal Control* and its supporting guidelines, adhering to the primary goal of ensuring the effectiveness of its internal control over financial reporting and the accuracy of its financial information. The Bank also 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 organisational structure characterised by a reasonable division of work, well-defined responsibilities and clear reporting relationships.

The Bank established and implemented a systematic financial accounting policy system in accordance with the relevant accounting laws and regulations. Accordingly, the level of standardisation and refinement of its financial accounting management was further improved. The Bank has endeavoured to further the qualification of accounting groundwork and establish the long-term accounting management mechanism since 2018. It continuously strengthened the quality management of its accounting information, so as to ensure the internal control effectiveness over financial reporting. The financial statements of the Bank were prepared in accordance with the applicable accounting standards and related accounting regulations, and the financial position, operational performance and cash flows of the Bank were fairly presented in all material respects.

The Bank paid close attention to fraud risk prevention and control, proactively identifying, assessing, controlling and mitigating risks. In 2019, the Bank succeeded in preventing 218 external cases involving RMB140 million.

Operational Risk Management

The Bank continuously improved its operational risk management system. It promoted the application of operational risk management tools, including Risk and Control Assessment (RACA), Key Risk Indicators (KRI) and Loss Data Collection (LDC), etc., to identify, assess and monitor operational risks, thus continuously improving its risk management measures. The Bank enhanced its system support capability by optimising its operational risk management information system. It strengthened its business continuity management system, optimised its operating mechanism to enhance its business operating sustainability, carried out disaster recovery drills and improved the Group's capacity for continuous business operation.

Compliance Management

The Bank continuously improved its compliance risk governance mechanism and management process to ensure the stable and sound development and sustainable operation of the Group. It strengthened the construction of the anti-money-laundering ("**AML**") system, integrated resources for monitoring and analysis, and refined the AML policies and rules system. It pushed forward system and model building and improved the system functions. The Bank reinforced sanction compliance management. It made timely amendments to sanction compliance policies, improved sanction procedures and standardised list maintenance, due diligence, judgment, handling and strengthened sanctions compliance monitoring and management. It drove forward overseas compliance management and improved its cross-border compliance management system by tracking global regulatory trends, regulatory inspection and evaluation as well as other compliance risk information in a timely manner, by implementing the requirements of regulators, and by improving its overseas compliance management capabilities. It delivered the All Employee AML Training Plan by conducting various forms of AML training, so as to enhance all employees' compliance awareness and abilities.

The Bank enhanced the management of its connected transactions and internal transactions. It stepped up efforts in the management of connected parties and consolidated the foundation of its connected transaction management. It strengthened the routine monitoring and examination of connected transactions and strictly controlled their risks. In addition, it continuously implemented internal transaction monitoring and reporting, guided and standardised the operation mechanism for internal transaction verification, and initiated the construction of an internal transaction management system, thereby improving the technological capabilities of its internal transaction management.

Capital Management

Adhering to the philosophy of high-quality development and centring on the objective of value creation, the Bank continued to improve its capital management system, moved more rapidly to replenish capital through external financing channels, and ramped up innovation in capital instruments. Through these efforts, the Bank established adequate capital levels and strong risk resilience, and further improved its capital use efficiency and value creation capabilities.

The Bank improved its internal refined management and raised awareness of value creation. By enhancing its capital budget and assessment mechanism, the Bank realised differentiated management and continuously upgraded its remuneration allocation system, which is linked to value creation. Giving full play to the guiding role of capital, the Bank pushed forward the adjustment of its on- and off-balance sheet asset structure, actively developed capital-light businesses and reasonably controlled the risk weighting of assets. In addition, the Bank stepped up efforts in system building, launched a capital management data platform, and thus cemented foundations for refined management. Meanwhile, the Bank accelerated external capital replenishment and enriched the variety of its capital instruments. During 2019, the Bank successfully issued RMB100.0 billion of preference shares, RMB40.0 billion of undated capital bonds and RMB70.0 billion of tier 2 capital bonds. The RMB40.0 billion of undated capital bonds were the first capital bonds in the Chinese banking industry to be classified as additional tier 1 capital instruments.

As at the end of 2019, the Group's capital adequacy ratio reached 15.59%, an increase of 0.62 percentage point from the end of 2018, reflecting the further consolidation of its capital base. The Bank will tap into its potential and continue to strengthen its capital management, promoting the high-quality development of its various businesses.

The capital adequacy ratios as at 31 December 2019, 2018 and 2017 separately calculated in accordance with the *Capital Rules for Commercial Banks (Provisional)* are listed below:

	Group			Bank		
Items	**As at 31 December 2019**	**As at 31 December 2018**	**As at 31 December 2017**	**As at 31 December 2019**	**As at 31 December 2018**	**As at 31 December 2017**
	(RMB million, except percentages)					
Net common equity tier 1 capital	1,596,378	1,465,769	1,356,088	1,346,623	1,251,056	1,180,299
Net tier 1 capital	1,806,435	1,575,293	1,461,090	1,546,517	1,350,770	1,280,013
Net capital	2,201,278	1,922,350	1,725,330	1,927,188	1,683,893	1,526,537
Common equity tier 1 capital adequacy ratio	11.30 per cent.	11.41 per cent.	11.15 per cent.	10.99 per cent.	11.08 per cent.	10.85 per cent.
Tier 1 capital adequacy ratio	12.79 per cent.	12.27 per cent.	12.02 per cent.	12.62 per cent.	11.96 per cent.	11.77 per cent.
Capital adequacy ratio	15.59 per cent.	14.97 per cent.	14.19 per cent.	15.72 per cent.	14.92 per cent.	14.04 per cent.

Corporate Social Responsibilities

As a responsible state-owned commercial bank with century-long operations, the Bank attaches great importance to sustainable development. In 2019, guided by the strategic goal of "building a world-class bank in the new era" and under the guidance of the new development concepts of "innovation, coordination, green development, opening up and sharing", the Bank launched extensive practical initiatives in sustainable development, devoted itself to win-win cooperation with stakeholders, and endeavored to make contributions to the economy, society and environment.

Responsibility to the country

Capitalising on its unique strengths, the Bank further expanded its cross-border financial services worldwide. It has set up subsidiaries in 61 countries and regions outside the Chinese Mainland, maintaining its global top one position in cross-border RMB clearing and settlement. The Bank continuously provided premier financial services for the Belt and Road Initiative. As at the end of 2019, it followed up on over 600 major projects along the Belt and Road with a total investment of approximately USD160 billion. The Bank has established an integrated regional financial services system with focuses on the Beijing-Tianjin-Hebei region, the Yangtze Economic Belt, the Guangdong-Hong Kong-Macau Greater Bay Area and the Hainan Pilot Free Trade Port. The Bank optimised its credit direction by strengthening the support for next-generation information technologies, high-end equipment, energy conservation and environmental protection, the silver economy, winter sports, cultural tourism and health care. The Bank vigorously extended the reach of inclusive finance. It provided private enterprises with broader access to financing, and built the BOC Global SME Cross-border Matchmaking Services platform for micro, small and medium-sized enterprises. The Bank made advances in its support for agriculture, rural areas and farmers. It developed the *Programme of Bank of China for Serving the Rural Revitalisation*, accelerated the development of BOC Fullerton Community Bank, and improved the financial services network in rural areas. As at the end of 2019, the Bank reported a balance of agrorelated loans at RMB1,411.9 billion, and BOC Fullerton Community Bank had established 125 banking corporations in 22 provinces (or municipalities) across the country. The Bank provided financial aid for the construction of the venues and auxiliary infrastructure of the Beijing 2022 Olympic Winter Games and key winter sports centres. In addition, it launched the programme of developing the payment environment for the Winter Olympics with the aim of realising a "technology-enabled Winter Olympics". The Bank continued to provide all-round financial services for the CIIE, attracted 4,625 domestic and foreign enterprises from 103 countries and regions to attend, and reached 2,160 tentative deals.

Responsibility to shareholders

The Bank improved its corporate governance capability, effectively protected shareholders' right to be informed, to participate and to make decisions, and continuously improved the operation mechanisms of the shareholders' meeting, the Board of Directors, the Board of Supervisors and the Senior Management. The Bank continued to strengthen risk prevention and control as well as compliant operation, propelled the building of the system of three lines of defence for risk management, timely followed up on the regulatory updates, regulatory inspection findings, regulatory assessment results and other compliance risk information from around the world, and complied with the requirements of Chinese and foreign regulators. The Bank intensified its efforts in compliant operation and anti-money laundering (AML) at home and abroad, improved its long-acting anti-corruption mechanism, maintained a "high-handed posture" in the anti-graft drive, and resolutely investigated and punished all kinds of post violations and crimes in the key areas and processes. It carried out the building of a clean culture across the board, gave play to the role of cases in warning education, and strengthened the defence against the corruption and corrosion in mind. Besides, the Bank refined investor relations management, held road shows, performance conferences and other activities to enhance communication with the capital market and continuously improve its information disclosure.

Responsibility to customers

The Bank optimised its mobile banking functions, and improved the user experience by applying digital technologies such as facial recognition, remote video and electronic signature. It promoted mobile smart counters across all of its outlets in the Chinese Mainland. It concentrated on developing strategy-level scenarios in such areas as cross-border, education, sports and silver economy, and stepped up the pace of its digitalisation. The Bank improved its consumer protection in an all-round way, including setting up the Corporate Culture and Consumer Protection Committee under the Board of Directors, introducing online and process-based complaint management, and improving the efficiency of addressing customer complaints. Big data and cloud computing, among other technologies, were applied in its efforts to develop a network security defence system and enhance the real-time anti-fraud capabilities of internet finance. The Bank stepped up the efforts in the protection of customers' fund security, account security and information security, promoted the financial knowledge, innovated risk management models, and protected the legitimated rights and interests of consumers in multiple ways, from diverse perspectives, and via a variety of channels.

Responsibility to employees

Always abiding by the "open, fair and equal" employment policy, the Bank set no discriminative condition for employee recruitment, remuneration and welfare, and career development. It fully respected and protected the legitimate rights and interests of employees through signing labour contracts, launching collective consultations and holding the Employee Delegates' Meetings. The Bank cared for the employees' physical and mental health by providing a diverse set of medical insurance schemes and advocating a healthy lifestyle. In carrying out the talent development plan, the Bank organised a series of key talent programmes, e.g. the "Hundred-Talent Programme" and the "Sailing Programme", and accelerated the training of excellent personnel. In 2019, the Bank topped the "Best Employer in Financial Industry in the Opinion of Chinese University Students" for the 12th consecutive year.

Responsibility to the society

The Bank carried out the government's plans for poverty alleviation, and made great efforts to launch new models of alleviating poverty through finance by focusing on the industrial characteristics of poverty-stricken areas, and increased financial support for infrastructure, public services and featured industries in these areas to meet the financing needs of poverty-relief enterprises and projects. It made great efforts to launch new models of alleviating poverty through finance, formulated and issued the Bank of China Plan on Finance-powered Poverty Alleviation in 2019, introducing green channels of prioritised acceptance, due diligence and approval of poverty alleviation loan projects, with the aim of comprehensively improving the quality and efficiency of anti-poverty loan approvals. The Bank provided small-amount loans for poverty alleviation, supporting the people in impoverished areas to expand production and operation. At the end of 2019, the Bank's poverty alleviation loans stood at RMB117.3 billion.

The Bank continuously increased the support for designated poverty alleviation areas. In 2019, it invested and attracted gratuitous anti-poverty funding of RMB170 million, trained over 44,000 community management personnel, technicians and underprivileged masses, directly bought and helped sell RMB180 million worth agricultural products from impoverished areas, directly benefited more than 115,000 members of the registered poverty-stricken population and lifted 7,000 people out of poverty. Poverty has been eliminated in all counties and regions in Yongshou, Changwu, Xunyi and Chunhua counties of Xianyang, Shaanxi Province.

The Bank extended government-sponsored student loans and so far has accumulatively granted more than RMB24 billion for over 1.8 million financially underprivileged students. In addition, the Bank recruited over 300 financially-disadvantaged college students in 2019 under its separate "Financially Underprivileged Students Recruitment Plan" for campus recruitment. Relying on its global network, the Bank carried out civil and cultural exchanges all over the world. It sponsored the Chinese Spring Festival celebration in Trafalgar Square in London for the 19th consecutive year. It also sponsored the Tan Kah Kee Science Award for the 16th consecutive year, rewarding young people devoting themselves to the country's scientific and technological advancement, in a bid to drive the prosperous development of China's scientific and technological undertakings. For the 11th consecutive year, the Bank conducted strategic cooperation with the National Center for the Performing Arts to support the development of high-end arts in China.

Since the outbreak of novel coronavirus pneumonia (COVID-19), the Bank has carefully studied and followed the guiding principles from General Secretary Xi Jinping's important instructions on the epidemic prevention and control, resolutely implemented the plans and decisions of the Communist Party of China Central Committee and the State Council, and implemented the relevant requirements of regulatory authorities. It effectively fulfilled its responsibilities as a large state-owned bank, introduced ten measures to further strengthen financial services and enhance performance in the epidemic prevention and control, and resolutely made contributions to win the battle of epidemic prevention and control.

Responsibility to the environment

To further the implementation of the concept of sticking to green development, the Bank developed and released the *Green Finance Development Plan of Bank of China* in 2019. It made active efforts to fulfil its green commitments, and signed the *Green Investment Principles for the Belt and Road* in the year to lift the environmental and social risk management standards of Belt and Road investments to a new high. It accelerated further innovation in green financial services, channelled credit resources into such green industries as energy conservation, environmental protection, clean energy and eco-manufacturing. In 2019, the Bank's balance of green credit stood at RMB737.57 billion, up 16.58 per cent. compared with the prior year. The Bank established an energy management system, formulated water and electricity consumption criteria, strengthened day-to-day management, monitored the operational status of high energy-consumption equipment, and reduced the consumption of resources and environmental impact through the smart application of energy-conserving technologies. The Bank pooled efforts in order to digitalise its channels, expanded mobile finance, promoted the use of intelligent service equipment to provide intelligent and paperless services across outlets. It built a next-generation intelligent, green data center to enable green management throughout the whole life cycle ranging from planning, design, construction to operation, in order to improve the performance and efficiency of the center across the board. It also actively promoted the "green office" concept by launching the online conference platform – BOC Conference Link, which is independently developed by the Bank and has been deployed across the Bank, and enabling meetings to be held in an environment-friendly, technological and paperless way.

The Bank's fulfilment of its social responsibilities was widely recognised by the society. It won awards including "Achievements in Assisting with the Fight against 'Three Critical Battles'", "Achievements in Belt and Road Initiative" and "Best Social Responsibility Manager" from the China Banking Association, and "2019 CSR Special Honor – Pioneer in the Construction of the Guangdong-Hong Kong-Macau Greater Bay Area" from the *New Weekly*. In 2019, the Bank was also added to the Hang Seng ESG Index and the Hang Seng Corporate Sustainability Index.

For details of the Bank's corporate social responsibility performance, please refer to the Bank's *2019 Corporate Social Responsibility Report* published on the websites of SSE, HKEX and the Bank.

DESCRIPTION OF THE GROUP'S ASSETS AND LIABILITIES

The following discussions and analysis should be read in conjunction with the Bank's audited consolidated financial statements as at and for the years ended 31 December 2019 and 2018 which have been incorporated by reference into this Offering Circular. The Bank's consolidated financial statements have been prepared in accordance with IFRS. Unless otherwise stated, all financial data discussed in this section are consolidated financial data.

Analysis of Loans and Advances to Customers

The following table sets forth analysis of the Group's loans and advances to customers as at 31 December 2019 and 2018, respectively.

	As at 31 December	
	2019	**2018**
	(RMB million)	
Measured at amortised cost		
– Corporate loans and advances	7,644,359	7,117,954
– Personal loans	5,047,809	4,440,085
– Discounted bills	2,334	2,001
Measured at fair value through other comprehensive income[1]		
– Discounted bills	335,583	224,113
Subtotal	13,030,085	11,784,153
Measured at fair value through profit or loss[2]		
– Corporate loans and advances	4,104	3,530
Total	13,034,189	11,787,683
Accrued Interest	34,596	31,589
Total loans and advances	13,068,785	11,819,272
Less: Allowance for loans at amortised cost	(325,360)	(303,508)
Loans and advances to customers, net	12,743,425	11,515,764

Notes:

(1) As at 31 December 2019, loans at fair value through other comprehensive income of the Group were discounted bills. The allowance for impairment losses amounted to RMB563 million (31 December 2018: RMB273 million) and was credited to other comprehensive income.

(2) There was no significant change during the years ended 31 December 2019 and 2018, or cumulatively, in the fair value of the loans that was attributable to changes in the credit risk of the loans.

Loans and Advances to Customers by Industry

The following table sets forth, as at the dates indicated, an analysis of the Group's loans and advances to customers by industry:

	As at 31 December					
	2019		2018		2017	
	Amount	per cent. of total	Amount	per cent. of total	Amount	per cent. of total
	(RMB million, except percentages)					
Corporate loans and advances						
Commerce and services	1,706,650	13.09	1,516,354	12.86	1,557,095	14.29
Manufacturing	1,679,202	12.88	1,674,340	14.21	1,685,179	15.46
Transportation, storage and postal services	1,294,922	9.93	1,182,411	10.03	1,056,755	9.70
Real estate	1,042,664	8.00	915,793	7.77	820,922	7.53
Production and supply of electricity, heating, gas and water	649,289	4.98	648,849	5.50	599,896	5.51
Financial services	565,333	4.34	398,478	3.38	285,598	2.62
Mining	293,375	2.25	320,369	2.72	338,316	3.10
Construction	255,160	1.96	239,397	2.03	207,201	1.90
Water, environment and public utility management	199,376	1.53	167,811	1.42	160,941	1.48
Public utilities	149,855	1.15	125,917	1.07	117,419	1.08
Other	150,554	1.16	157,879	1.34	143,379	1.32
Subtotal	7,986,380	61.27	7,347,598	62.33	6,972,701	63.99
Personal loans						
Mortgages	3,993,271	30.64	3,503,563	29.72	3,061,553	28.10
Credit cards	476,743	3.66	426,338	3.62	374,297	3.43
Other	577,795	4.43	510,184	4.33	488,007	4.48
Subtotal	5,047,809	38.73	4,440,085	37.67	3,923,857	36.01
Total loans and advances to customers	13,034,189	100.00	11,787,683	100.00	10,896,558	100.00

Loans and Advances to Customers by Geographical Area

The following table sets forth, as at the dates indicated, an analysis of the Group's loans and advances to customers by geographical area:

Group

	As at 31 December					
	2019		2018		2017	
	Amount	per cent. of total	Amount	per cent. of total	Amount	per cent. of total
	(RMB million, except percentages)					
Chinese Mainland	10,302,408	79.04	9,273,549	78.67	8,583,185	78.77
Hong Kong, Macau and Taiwan	1,697,434	13.02	1,515,844	12.86	1,339,149	12.29
Other countries and regions	1,034,347	7.94	998,290	8.47	974,224	8.94
Total	13,034,189	100.00	11,787,683	100.00	10,896,558	100.00

Chinese Mainland

	As at 31 December					
	2019		2018		2017	
	Amount	per cent. of total	Amount	per cent. of total	Amount	per cent. of total
	(RMB million, except percentages)					
Northern China	1,573,127	15.27	1,456,249	15.70	1,364,869	15.90
Northeastern China	494,186	4.80	501,420	5.41	517,581	6.03
Eastern China	4,016,742	38.99	3,622,159	39.06	3,362,753	39.18
Central and Southern China	2,875,436	27.91	2,499,434	26.95	2,242,985	26.13
Western China	1,342,917	13.03	1,194,287	12.88	1,094,997	12.76
Total	10,302,408	100.00	9,273,549	100.00	8,583,185	100.00

The following table sets forth, as at the dates indicated, an analysis of the Group's impaired loans and advances by geographical area:

Group

	As at 31 December								
	2019			2018			2017		
	Amount	per cent. of total	Impaired loan ratio	Amount	per cent. of total	Impaired loan ratio	Amount	per cent. of total	Impaired loan ratio
	(RMB million, except percentages and ratios)								
Chinese Mainland	169,951	95.35	1.65	162,778	97.50	1.76	154,208	97.67	1.80
Hong Kong, Macau and Taiwan	3,842	2.16	0.23	2,720	1.63	0.18	1,813	1.15	0.14
Other countries and regions	4,442	2.49	0.43	1,454	0.87	0.15	1,861	1.18	0.19
Total	178,235	100.00	1.37	166,952	100.00	1.42	157,882	100.00	1.45

Chinese Mainland

	As at 31 December								
	2019			2018			2017		
	Amount	per cent. of total	Impaired loan ratio	Amount	per cent. of total	Impaired loan ratio	Amount	per cent. of total	Impaired loan ratio
	(RMB million, except percentages and ratios)								
Northern China	31,762	18.69	2.02	23,053	14.16	1.58	28,244	18.31	2.07
Northeastern China	22,123	13.02	4.48	40,580	24.93	8.09	32,565	21.12	6.29
Eastern China	59,764	35.17	1.49	56,423	34.66	1.56	55,365	35.90	1.65
Central and Southern China	39,060	22.98	1.36	28,114	17.28	1.12	24,948	16.18	1.11
Western China	17,242	10.14	1.28	14,608	8.97	1.22	13,086	8.49	1.20
Total	169,951	100.00	1.65	162,778	100.00	1.76	154,208	100.00	1.80

Loans and Advances to Customers by Customer Type

The following table sets forth, as at the dates indicated, an analysis of the impaired loans and advances of the Group categorised by customer type:

Group

	As at 31 December								
	2019			2018			2017		
	Amount	per cent. of total	Impaired loan ratio	Amount	per cent. of total	Impaired loan ratio	Amount	per cent. of total	Impaired loan ratio
	(RMB million, except percentages and ratios)								
Corporate loans and advances	149,427	83.84	1.87	139,108	83.32	1.89	129,959	82.31	1.86
Personal loans	28,808	16.16	0.57	27,844	16.68	0.63	27,923	17.69	0.71
Total	178,235	100.00	1.37	166,952	100.00	1.42	157,882	100.00	1.45

Chinese Mainland

	As at 31 December								
	2019			2018			2017		
	Amount	per cent. of total	Impaired loan ratio	Amount	per cent. of total	Impaired loan ratio	Amount	per cent. of total	Impaired loan ratio
	(RMB million, except percentages and ratios)								
Corporate loans and advances	141,978	83.54	2.43	135,421	83.19	2.54	126,588	82.09	2.48
Personal loans	27,973	16.46	0.63	27,357	16.81	0.70	27,620	17.91	0.79
Total	169,951	100.00	1.65	162,778	100.00	1.76	154,208	100.00	1.80

Reconciliation of Allowance for Impairment Losses

The following table sets out reconciliation of allowance of impairment losses on loans and advances to customers measured at amortised cost for the year ended 31 December 2019:

	For the year ended 31 December 2019			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
	(RMB million)			
As at 1 January	95,789	76,603	131,116	303,508
Transfers to Stage 1	5,590	(5,037)	(553)	–
Transfers to Stage 2	(717)	4,411	(3,694)	–
Transfers to Stage 3	(989)	(21,029)	22,018	–
Reversal	(37,580)	(25,687)	(14,631)	(77,898)
Impairment (reversal)/losses due to stage transformation	(4,917)	8,664	40,988	44,735
Write-off and transfer out	(269)	–	(84,735)	(85,004)
Recovery of loans and advances written off	–	–	8,407	8,407
Unwinding of discount on allowance	–	–	(1,497)	(1,497)
Exchange differences and other	235	523	705	1,463
As at 31 December	109,765	79,051	136,544	325,360

The following table sets out reconciliation of allowance of impairment losses on loans and advances to customers measured at amortised cost for the year ended 31 December 2018:

	For the year ended 31 December 2018			
	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
	(RMB million)			
As at 1 January	87,094	76,050	117,419	280,563
Transfers to Stage 1	10,301	(9,636)	(665)	–
Transfers to Stage 2	(1,481)	1,929	(448)	–
Transfers to Stage 3	(350)	(25,985)	26,335	–
Reversal	(39,519)	(20,181)	(13,102)	(72,802)
Impairment (reversal)/losses due to stage transformation	(9,674)	17,487	41,136	48,949
Write-off and transfer out	(192)	(1,969)	(89,497)	(91,658)
Recovery of loans and advances written off	–	–	5,413	5,413
Unwinding of discount on allowance	–	–	(1,652)	(1,652)
Acquisition of subsidiaries	359	29	296	684
Exchange differences and other	814	159	516	1,489
As at 31 December	95,789	76,603	131,116	303,508

The following table sets out reconciliation of allowance for impairment losses on loans and advances to customers measured at fair value through other comprehensive income for the year ended 31 December 2019:

	For the year ended 31 December 2019			
	Stage 1 (12-month ECL)	**Stage 2 (Lifetime ECL)**	**Stage 3 (Lifetime ECL)**	**Total**
	(RMB million)			
As at 1 January	234	39	–	273
Charge for the year	503	16	–	519
Reversal	(192)	(39)	–	(231)
Exchange differences and other	2	–	–	2
As at 31 December	547	16	–	563

The following table sets out reconciliation of allowance for impairment losses on loans and advances to customers measured at fair value through other comprehensive income for the year ended 31 December 2018:

	For the year ended 31 December 2018			
	Stage 1 (12-month ECL)	**Stage 2 (Lifetime ECL)**	**Stage 3 (Lifetime ECL)**	**Total**
	(RMB million)			
As at 1 January	829	204	–	1,033
Charge for the year	255	39	–	294
Reversal	(854)	(204)	–	(1,058)
Exchange differences and other	4	–	–	4
As at 31 December	234	39	–	273

Starting on 1 January 2018, the Bank has applied IFRS 9, and differences arising from the adoption of IFRS 9 have been recognised directly in shareholders' equity as at 1 January 2018. The comparative data of the previous reporting periods was not restated accordingly. IFRS 9 requires that the measurement of impairment of a financial asset be changed from "incurred loss model" to "ECL model". In accordance with IFRS 9, the Bank assesses ECL with forward-looking information and makes relevant allowances. In particular, it makes allowances for assets classified into stage 1 and assets classified into stage 2 & 3 according to ECL of 12 months and ECL of the entire lifetime respectively.

DIRECTORS, MANAGEMENT AND SUPERVISORS

General

The Bank's Board of Directors currently comprises 11 members. There are three executive directors, four non-executive directors and four independent non-executive directors. The Bank's directors are elected at its shareholder meetings for a term of three years, which is renewable upon re-election. The Chairman of the Bank's Board of Directors is elected by simple majority of its directors.

The business address of each of the directors, supervisors and senior management named below is Bank of China Limited, No. 1 Fuxingmen Nei Dajie, Beijing 100818, People's Republic of China.

Directors

The following table sets forth certain information concerning the Bank's directors.

Board of Directors

Name	Position
Liu Liange	Chairman
Wang Jiang	Vice Chairman and President
Lin Jingzhen	Executive Director and Executive Vice President
Zhao Jie	Non-executive Director
Xiao Lihong	Non-executive Director
Wang Xiaoya	Non-executive Director
Zhang Jiangang	Non-executive Director
Wang Changyun	Independent Director
Angela Chao	Independent Director
Jiang Guohua	Independent Director
Martin Cheung Kong LIAO	Independent Director

Liu Liange, has served as Chairman of the Board of Directors since July 2019. Mr. Liu joined the Bank in 2018. He served as Vice Chairman of the Board of Directors from October 2018 to July 2019 and President of the Bank from August 2018 to June 2019. Mr. Liu served as Vice Chairman and President of the Export-Import Bank of China from July 2015 to June 2018. Mr. Liu served as Vice President of the Export-Import Bank of China from March 2007 to February 2015. He also served as Director of the African Export-Import Bank from September 2007 to February 2015, Chairman of the Board of Supervisors of Sino-Italian Mandarin Capital Partners from March 2009 to June 2015, and Chairman of the Board of Directors of Regional Credit Guarantee and Investment Facility (Asia) from March 2014 to May 2015. Mr. Liu worked in the People's Bank of China for many years, successively serving as Deputy Director – General of the International Department of the People's Bank of China, President of the Fuzhou Central Sub-branch of the People's Bank of China and Director of the Fujian Branch of the State Administration of Foreign Exchange, Director General of the Anti-Money Laundering Bureau (the Security Bureau) of the People's Bank of China. Mr. Liu served as President of Shanghai RMB Trading Unit from October 2018 to November 2019. He served as Vice Chairman of the Board of Directors of BOC Hong Kong (Holdings) Limited from December 2018 to July 2019 and has been serving as Chairman of the Board of Directors of BOC Hong Kong (Holdings) Limited since July 2019. Mr. Liu graduated from Graduate School of the People's Bank of China with a Master's Degree in Economics in 1987. He holds the title of Senior Economist.

Wang Jiang, has served as Vice Chairman of the Board of Directors of the Bank since January 2020 and President of the Bank since December 2019. Mr. Wang joined the Bank in 2019. He served as Vice Governor of Jiangsu Province from July 2017 to November 2019, and as Vice President of Bank of Communications from August 2015 to July 2017. Mr. Wang worked in China Construction Bank ("**CCB**") for many years, successively serving as Deputy General Manager of Shandong Branch, General Manager of Hubei Branch and General Manager of Shanghai Branch. Mr. Wang has concurrently served as Vice Chairman of the Board of Directors of BOC Hong Kong (Holdings) Limited since March 2020. Mr. Wang graduated from Shandong Economics College in 1984, and from Xiamen University with a Doctor's Degree in Economics in 1999. He holds the title of Researcher.

Lin Jingzhen, has served as Executive Director of the Bank since February 2019 and Executive Vice President of the Bank since March 2018. Mr. Lin joined the Bank in 1987. He served as Deputy Chief Executive of BOC Hong Kong (Holdings) Limited from May 2015 to January 2018 and served as General Manager of the Corporate Banking Department of the Bank from March 2014 to May 2015. He served as General Manager (Corporate Banking) of the Corporate Banking Unit of the Bank from October 2010 to March 2014. Mr. Lin served as Deputy General Manager of Corporate Banking Department and Corporate Banking Unit of the Bank. Mr. Lin has also been serving as Chairman of BOC International Holdings Limited since April 2018, as Chairman of BOC International (China) Co., Ltd. since May 2018, and as a Non-executive Director of BOC Hong Kong (Holdings) Limited since August 2018. He graduated from Xiamen University with a Bachelor's Degree in Economics in 1987, and obtained a Master of Business Administration degree from Xiamen University in 2000.

Zhao Jie, has served as the Bank's Non-executive Director since August 2017. Mr. Zhao served as Inspector of the Agricultural Department of the Ministry of Finance from August 2014 to August 2017. He was an Inspector of the Office of Countryside Comprehensive Reform of the State Council from September 2008 to August 2014. From December 1991 to September 2008, Mr. Zhao served successively as Chief of Division of Taxation and Chief of Comprehensive Division of the Department of Taxation, Deputy Chief of the Department of Taxation, Deputy Chief of the Department of Tax System and Regulations of the Ministry of Finance, Chief of Office of Panel of Countryside Taxation Reform of the State Council, and Deputy Chief and Inspector of Office of Countryside Comprehensive Reform of the State Council. He graduated from Jiangxi University of Finance and Economics and Public Institute of the Ministry of Finance in August 1982 and July 2005, respectively, with a Bachelor's Degree and a Doctor's Degree.

Xiao Lihong, has served as the Bank's Non-executive Director of the Bank since August 2017. Ms. Xiao has been serving as Non-executive Director of China Galaxy Securities Company Limited since February 2019, and as Director of China Galaxy Financial Holdings Company Limited since October 2018. From April 2014 to August 2017, she served as Inspector of the Current Account Management Department of the SAFE. She was Deputy Director-General of the Current Account Management Department of the SAFE from September 2004 to April 2014, and concurrently as Vice General Manager and Party Committee Member of the Beijing Branch of China Construction Bank from July 2011 to July 2012. She served successively as Deputy Chief of the Current Account Division and the Non-trade Foreign Exchange Management Division of the Supervision and Inspection Department, and Chief of the Business Supervision Division of the Current Account Management Department of the SAFE from October 1996 to September 2004. She graduated from the China Central University of Finance and Economics in August 1988 with a Bachelor's Degree, and from the Central University of Finance and Economics and Peking University in September 2003 and July 2012, respectively, both with a Master's Degree.

Wang Xiaoya, has served as the Bank's Non-executive Director of the Bank since August 2017. Ms. Wang served as Non-executive Director of Industrial and Commercial Bank of China Limited from January 2012 to June 2017. From May 2007 to December 2011, she was Deputy Director-General of the Research Bureau of the People's Bank of China. She taught at the Central China Normal University where she served as Assistant Lecturer and Lecturer from July 1985 to January 1995. She served as Deputy Chief and Chief of the Macroeconomic Analysis Division of the Research Bureau of the People's Bank of China from July 1997 to May 2007, and concurrently as Deputy Mayor of Tongliao City in the Inner Mongolia Autonomous Region from October 2005 to February 2007. She received a professional title of research fellow in 2005. Ms. Wang was a member of the Post-Doctoral Academic Committee and a Post-Doctoral Co-mentor at the Institute of Finance of the People's Bank of China. Currently, she is a member of the Academic Committee of the China Institute for Rural Studies of Tsinghua University, Invited Researcher of the National Institute of Financial Research of Tsinghua University, Doctoral Supervisor of Southwestern University of Finance and Economics and Invited Professor at the Graduate School of Chinese Academy of Social Sciences. Ms. Wang graduated from the Economics Faculty of Central China Normal University and the Graduate School of Chinese Academy of Social Sciences in January 1990 and June 1997 with a Master's Degree and a Doctor's Degree, respectively.

Zhang Jiangang, has served as Non-executive Director of the Bank since July 2019. Mr. Zhang served as member of the Party Committee, Secretary of Party Discipline Committee, Deputy Secretary-General, and Chairman of the Financial Evaluation Committee of the China Appraisal Society from May 2016 to July 2019. From August 2014 to May 2016, Mr. Zhang served as Deputy Secretary-General of the China Appraisal Society. From September 2000 to August 2014, he worked in the Department of Personnel and Education of the Ministry of Finance, successively serving as the Principal Staff Member, Deputy Director and Secretary of the Department of Personnel and Education (Director of a Division), and Director of the Department of Cadre Education. From November 1998 to September 2000, Mr. Zhang served as a cadre of the editorial office of the State Assets Management of the Ministry of Finance. From July 1995 to November 1998, he served as a cadre of the Research Institute of the former State State-owned Assets Administration Bureau. Mr. Zhang graduated from the China Youth University of Political Studies in July 1995 with a Bachelor's Degree in Law, and obtained a Master's Degree in Management from the Graduate School of the Chinese Academy of Fiscal Sciences of the Ministry of Finance in December 2002. He holds the title of Senior Economist.

Wang Changyun, has served as Independent Director of the Bank since August 2016. Mr. Wang currently serves as professor and doctoral supervisor in finance at Renmin University of China ("**RUC**"), and the dean of Hanqing Advanced Institute of Economics and Finance, RUC. He served as a lecturer at RUC from 1989 to 1995 and as a lecturer at Business School, National University of Singapore from 1999 to 2005. He served successively as the Chair of Applied Finance Department of RUC, Director of China Financial Policy Research Center (a key research base of Ministry of Education) and Executive Vice Dean of Hanqing Advanced Institute of Economics and Finance at RUC from 2006 to 2016. Mr. Wang is currently also the Vice Chairman of China Investment Specialty Construction Association, Director of China Finance Annual Meeting Committee, Director of China Finance Association, Deputy Editor of Finance Research Quarterly, Deputy Editor of China Finance Research, and Deputy Editor of China Financial Review. He also serves as the standing committee member of Beijing Haidian District People's Political Consultative Conference, the Central Committee member of China Democratic League, the special auditor of State Auditing Administration, the independent non-executive director of Sunway Co., Ltd. (originally named as Sichuan Star Cable Co., Ltd.) and Beijing Haohua Energy Resource Co., Ltd. Mr. Wang has received social recognition and prizes including the Special Government Allowance of State Council, Best Paper Award of Chicago Board of Trade in 2001, and the "Middle Age Experts with National Outstanding Contribution", membership of "the Program for New Century Excellent Talents" of Ministry of Education in 2004, "Financial Support of National Science Fund for Distinguished Young Scholars" in 2007, a member of the "New Century National Hundred, Thousand and Ten Thousand Talent Program" in 2013, and the "Cheung Kong Distinguished Professor" of Ministry of Education in 2014. He obtained his Master degree in economics from RUC in July 1989 and Doctorate in Financial Economics from the University of London in January 1999.

Angela Chao, has served as Independent Director of the Bank since January 2017. Ms. Chao serves as Chairman and CEO of Foremost Group, an international shipping company. From 1994 to 1996, Ms. Chao worked in the mergers and acquisitions department of Smith Barney, which is now Morgan Stanley Smith Barney. From 1996 to 1999, Ms. Chao served as deputy general manager of Foremost Group, and from 2001 to 2017, Ms. Chao had successively served as vice president, senior vice president and Deputy Chairman of Foremost Group. Since 2018, she has served as Chairman and CEO of Foremost Group. In May 2005, Ms. Chao was unanimously voted to be BIMCO39's (The Baltic and International Maritime Council 39) Counsellor. In September 2005, she was selected as "Eminent Young Overseas Chinese" by the Overseas Chinese Affairs Office of the State Council of China. In November 2007, she was invited as speaker of World Shipping (China) Summit. In April 2011, she became a Founding Member of the Wall Street Journal's Task Force on Women in the Economy. Ms. Chao currently serves on the Boards of The Metropolitan Opera, Museum of Modern Art PS1, the UK P&I Marine Insurance Mutual, Foremost Foundation, Shanghai Mulan Education Foundation, and she also serves on the Harvard Business School's Board of Dean's Advisors, Carnegie-Tsinghua Center for Global Policy Board of Advisors, Lincoln Center Global's China Advisory Council, the Chairman's Council of the Metropolitan Museum of Art and American Bureau of Shipping Council. In addition, she is also a member of the Council on Foreign Relations, serves on the Young Leaders Forum of the National Committee on US-China Relations and serves as the member of Shanghai Jiao Tong University's Antai College of Economics and Management Advisory Board, and honorary chairperson of the Jiao Tong University Alumni Association in America. Ms. Chao graduated from Harvard College in three years in 1994 with a Bachelor's degree in economics (Magna Cum Laude), and received her Master of Business Administration degree from Harvard Business School in 2001.

Jiang Guohua, has served as Independent Director of the Bank since December 2018 and serves as Professor of Accounting at the Guanghua School of Management, Peking University. Currently he also serves as a member of China National MPAcc Education Steering Committee and Associate Dean of Peking University Graduate School. Mr. Jiang has successively served as Assistant Professor, Associate Professor and Professor of the Accounting Department of Guanghua School of Management, Peking University since 2002, during which he successively served as Director of the Yenching Academy, Executive Associate Dean and Director of the Yenching Academy from 2013 to 2017. From 2007 to 2010, he was a senior investment consultant at Bosera Fund Management Company. From 2010 to 2016, he served as independent director of Datang International Power Generation Co. Ltd. From 2011 to 2014, he was an academic advisor to the Global Valuation Institute of KPMG International. From 2014 to 2015, he was a member of the Global Agenda Council of the World Economic Forum. Currently he also serves as independent director of ZRF Fund Management Company Ltd. and China Merchants Life Insurance Company Ltd. Mr. Jiang was named National Leading Talent in Accounting by China Ministry of Finance (2012). He was an Elsevier Chinese Most Cited Researcher consecutively from 2014 to 2017. He was a member of the 17th Stock Issuance Review Committee of China Securities Regulatory Commission. Mr. Jiang graduated from Peking University in 1995 with a Bachelor's degree in Economics, received his Master's degree in Accounting from Hong Kong University of Science and Technology in 1997, and obtained his Doctor's degree in Accounting from the University of California, Berkeley in 2002.

Martin Cheung Kong LIAO, has served as Independent Director of the Bank since September 2019. Mr. Liao was called to the Bar in England and Wales in 1984 and was called to the Bar in Hong Kong in 1985 and is a practicing barrister in Hong Kong. He has been serving as a Member of the Legislative Council of the Hong Kong Special Administrative Region since 2012. Mr. Liao has also been serving as a Steward of the Hong Kong Jockey Club since April 2013, an Independent Non-executive Director of Hang Lung Group Limited since November 2014, and Chairman of the Advisory Committee on Corruption of the Independent Commission Against Corruption since January 2019. Mr. Liao has been appointed as a Non-Official Member of the Executive Council of the Hong Kong Special Administrative Region since November 2016. He was appointed as Justice of the Peace in 2004, was awarded the Silver Bauhinia Star in 2014 and was awarded the Gold Bauhinia Star in 2019. He has been elected as Deputy of the Hong Kong Special Administrative Region to the 11th, 12th and 13th National People's Congress of the People's Republic of China. Mr. Liao previously served as Chairman of the Anti-Money Laundering and Counter Terrorist Financing Review Tribunal and Chairman of The Hong Kong Council for Accreditation of Academic and Vocational Qualifications. He graduated from University College London with a Bachelor of Economic Science (Hons) Degree in 1982 and a Master of Laws Degree in 1985.

There are no potential conflicts of interest between any duties to the Bank of the Directors listed above and their private interests or other duties.

Board of Supervisors

The following table sets forth certain information concerning members of the Bank's Supervisors.

Name	Position
Wang Xiquan	Chairman of the Board of Supervisors
Wang Zhiheng	Employee Supervisor
Li Changlin	Employee Supervisor
Leng Jie	Employee Supervisor
Jia Xiangsen	External Supervisor
Zheng Zhiguang	External Supervisor

Wang Xiquan, has served as the Chairman of the Board of Supervisors of the Bank since November 2016 and Vice Party Secretary of the Bank since June 2016. Mr. Wang joined the Bank in 2016. Mr. Wang previously served in several positions at Industrial and Commercial Bank of China Limited ("**ICBC**") for many years. He served as the Senior Executive Vice President of ICBC from September 2012 to July 2016 and Executive Director from June 2015 to July 2016. Mr. Wang served as a member of the senior management of ICBC from April 2010 to September 2012. Between September 1999 and April 2010, he successively served as Deputy Head of the Hebei Branch of ICBC, General Manager of Risk Management Department, General Manager of Internal Audit Bureau, and General Manager of Human Resource Department. Mr. Wang graduated from Shanxi Institute of Finance and Economics in 1983 and received a Doctorate degree in Management from Nanjing University in 2009. He holds the title of senior economist.

Wang Zhiheng, has served as Employee Supervisor of the Bank since December 2018. Mr. Wang currently serves as General Manager of the Human Resources Department of the Head Office of the Bank and Director of BOC Aviation Limited, BOC International Holdings Limited and Bank of China Gorup Insurance Company Limited. He joined the Bank in July 1999, and used to serve as Deputy General Manager of the Human Resources Department of the Head Office, Deputy General Manager of Guangdong Branch and General Manager of Qinghai Branch of the Bank. He graduated and obtained a Master's degree in Finance from Nankai University in 1999.

Li Changlin, has served as Employee Supervisor of the Bank since December 2018. Mr. Li currently serves as General Manager of the Credit Approval Department of the Head Office of the Bank and Director of Bank of China Group Investment Limited. He joined the Bank in September 1984, and used to serve as Deputy General Manager of the Risk Management Department of the Head Office and General Manager of the Credit Approval Division of the Risk Management Unit of the Head Office of the Bank. He graduated from the finance major of Central University of Finance and Economics in 1984.

Leng Jie, has served as Employee Supervisor of the Bank since December 2018. Mr. Leng currently serves as General Manager of Hebei Branch of the Bank. He started working in November 1981 and joined the Bank in September 1988. He used to serve as Deputy General Manager of Shandong Branch, Deputy General Manager of Shanxi Branch, General Manager of Ningxia Branch and General Manager of Chongqing Branch of the Bank. He graduated from the economics administration major of Shandong Institute of Light Industry in 1999 and the accounting major of University of Jinan in 2009.

Jia Xiangsen, has served as External Supervisor of the Bank since May 2019. Mr. Jia had successively worked for the People's Bank Of China and the Agricultural Bank of China. From December 1983 to April 2008, Mr. Jia was vice president of the Fengtai District sub-branch of PBOC Beijing Branch, and held various positions at ABC Beijing Branch, including, among others, deputy head of Fengtai District sub-branch, deputy division chief at the branch, president of Dongcheng District sub-branch, and vice president of the branch. He was also general manager of the corporate banking department of ABC Head Office and president of ABC Guangdong Provincial Branch. From April 2008 to March 2010, Mr. Jia served as Head of Audit Bureau of the ABC Head Office. From March 2010 to March 2014, Mr. Jia was concurrently chief audit executive and head of the audit bureau at the ABC Head Office. Mr. Jia has been an external supervisor of the China CITIC Bank and an independent director of China Life Insurance Company Limited. He obtained his master's degree in monetary banking from the Chinese Academy of Social Sciences. Mr. Jia holds the title of Senior Economist.

Zheng Zhiguang, has served as External Supervisor of the Bank since May 2019. Mr. Zheng had successively worked for the People's Bank of China and Industrial and Commercial Bank of China Limited. From March 1979 to August 2004, Mr. Zheng served as deputy section chief of the Luwan District sub-branch of PBOC Shanghai Branch, and held various positions at ICBC, including deputy division chief of Luwan District sub-branch of Shanghai Branch, division chief and vice president at the Shanghai Branch. From September 2004 to August 2009, Mr. Zheng served as Head of Internal Audit Bureau of the ICBC Shanghai Branch. From September 2009 to January 2013, Mr. Zheng served as head of the precious metals business department of ICBC. From 2013 to 2014 Mr. Zheng served as a director of ICBC International Holdings Limited and a Chairman of the Board of Supervisors of ICBC AXA Life Insurance Co., Ltd. He obtained a Master of Business Administration degree from Fudan University. Mr. Zheng has qualification of senior economist.

Senior Management

The following table sets forth certain information concerning members of the Bank's senior management.

Name	Position
Wang Wei	Executive Vice President
Sun Yu	Executive Vice President
Zheng Guoyu	Executive Vice President
Xiao Wei	Chief Audit Officer
Liu Qiuwan	Chief Information Officer
Liu Jiandong	Chief Risk Officer
Mei Feiqi	Secretary to the Board of Directors and Company Secretary

Wang Wei, has served as Executive Vice President of the Bank since December 2019. Mr. Wang joined the Bank in 2019. He served as Executive Director and Executive Vice President of Agricultural Bank of China ("**ABC**") from February 2018 to November 2019, and began to serve as Executive Vice President of ABC from December 2013 and as a member of senior management of ABC from December 2011. Mr. Wang previously served in several positions in ABC, including Deputy General Manager of Ningxia Branch, Deputy General Manager of Gansu Branch, General Manager of Gansu Branch, General Manager of Xinjiang Branch, General Manager of Xinjiang Production and Construction Corps Branch, General Manager of the Office of ABC, General Manager of Hebei Branch, General Manager of the Internal Control and Compliance Department, General Manager of the Human Resources Department and Chief Officer of the Sannong Business. Mr. Wang graduated from Shaanxi Institute of Finance and Economics in 1983, and from Southwestern University of Finance and Economics with a Doctor's Degree in Economics in 2015. He holds the title of Senior Economist.

Sun Yu, has served as Executive Vice President of the Bank since February 2019. Mr. Sun joined the Bank in 1998 and has served as Chief Overseas Business Officer from September 2018 to February 2019. From March 2015 to November 2018, Mr. Sun served as General Manager of London Branch of the Bank, CEO of Bank of China (UK) Limited, and also served as General Manager of London Trading Center of the Bank from December 2015 to November 2018. Mr. Sun previously served as Director of Global Financial Markets Department, Director of Financial Markets Unit (Client Business), Director of Financial Markets Unit (Securities Investment), Deputy General Manager of Shanghai Branch and General Manager of Global Markets Department of Bank of China (Hong Kong) Limited. Mr. SUN has concurrently served as a Director of Bank of China (UK) Limited since March 2015, and has served as Chairman of the Board of Directors of Bank of China (UK) Limited since December 2018. He graduated from Nankai University with a Master's Degree in Economics in 1998.

Zheng Guoyu, has served as Executive Vice President of the Bank since May 2019. Mr. Zheng joined the Bank in 1988. From June 2015 to March 2019, he served as General Manager of Sichuan Branch of the Bank. Mr. Zheng served as General Manager of Shanxi Branch of the Bank from January 2012 to June 2015. Previously, Mr. Zheng successively served as Assistant General Manager and Deputy General Manager of Hubei Branch. He graduated from Wuhan Institute of Water Transportation Engineering with a Bachelor's Degree in Engineering in 1988, and obtained a Master's Degree in business administration from Huazhong University of Science & Technology in 2000. He holds the title of Senior Economist.

Xiao Wei, has served as Chief Audit Officer of the Bank since November 2014. Mr. Xiao joined the Bank in 1994, and served as General Manager of Financial Management Department of the Bank's Head Office from November 2009 to November 2014. Mr. Xiao served as Deputy General Manager of the Beijing Branch of the Bank from May 2004 to November 2009, and also concurrently served as Chief Financial Officer of the Beijing Branch of the Bank from January 2007 to November 2009. He successively served as the Assistant General Manager and the Deputy General Manager of the Asset-and-Liability Management Department of the Bank's Head Office from December 1999 to May 2004, and also served as temporary Deputy General Manager of the Beijing Branch of the Bank from November 2002 to May 2004. Mr. Xiao obtained a Doctor's Degree in Economics from Renmin University of China in 1994. He has the qualification of Senior Accountant.

Liu Qiuwan, has served as Chief Information Officer of the Bank since June 2017. Mr. Liu joined the Bank in 1994. He served as General Manager of Information Technology Department of the Bank since December 2014. From September 2009 to December 2014, he served as General Manager of the Software Center of the Bank. Mr. Liu previously served as Deputy General Manager of Ningxia Branch and CEO of BOCSOFT Information Industrial (Shenzhen) Co., Ltd. He graduated from Xi'an Mining College with a Bachelor's Degree in Engineering in 1982. He holds the title of Senior Engineer.

Liu Jiandong, has served as Chief Risk Officer of the Bank since February 2019. Mr. Liu joined the Bank in 1991. Since March 2014, he has served as General Manager of the Credit Management Department of the Bank. Mr. Liu served as General Manager (Investment Banking) of the Corporate Banking Unit of the Bank from February 2011 to March 2014. Mr. Liu previously served as Deputy General Manager of the Corporate Banking Department and Corporate Banking Unit of the Bank. He graduated from Renmin University of China in 1991 with a Bachelor's Degree in Economics, and obtained a Master's Degree in Economics from Renmin University of China in 2000.

Mei Feiqi, has served as Secretary to the Board of Directors of the Bank since April 2018 and concurrently serves as Company Secretary of the Bank. Mr. Mei joined the Bank in 1998. He served as Vice President of the Beijing Branch of the Bank, General Manager of the Wealth Management and Personal Banking Department under the Personal Banking Unit of the Bank, and General Manager of the Executive Office (Spokesman) of the Bank. Prior to joining the Bank, he worked at the Ministry of Geology and Mineral Resources and the General Office of the State Council. He graduated from Chengdu College of Geology with a Bachelor's Degree, and had on-the-job postgraduate education. He holds the title of senior economist.

Board Committees

The Bank's Board of Directors delegates certain responsibilities to various committees. The Bank's Board of Directors has set up the Strategic Development Committee, Corporate Culture and Consumer Protection Committee, Audit Committee, Risk Policy Committee, Personnel and Remuneration Committee, and Connected Transactions Control Committee. These committees are constituted by certain Directors and report to the Board of Directors. In March 2015, the Board of Directors established the U.S. Risk and Management Committee under its Risk Policy Committee to supervise risk management of the U.S. operations of the Bank. As required by the Bank's Articles of Association, each committee must have at least three Directors.

SUBSTANTIAL SHAREHOLDERS

Disclosure of Shareholding under H-Share Regulation Substantial Shareholder Interests

The register maintained by the Bank pursuant to section 336 of the Securities and Futures Ordinance (the "**SFO**"), recorded that, as at 31 December 2019, the shareholders indicated in the following table were substantial shareholders (as defined in the SFO) having the following interests in shares of the Bank:

Name of shareholder	Capacity (types of interest)	Number of shares held/Number of underlying shares	Type of shares	Percentage of total issued A-Shares capital	Percentage of total issued H-Shares capital	Percentage of total issued ordinary share capital
		(unit: share)[3]				
Central Huijin Investment Ltd.	Beneficial owner	188,461,533,607	A	89.42	–	64.02
	Interest of controlled corporations	1,810,024,500	A	0.86	–	0.61
	Total	190,271,558,107	A	90.28	–	64.63
National Council for Social Security Fund	Beneficial owner	6,684,735,907	H	–	7.99	2.27
BlackRock, Inc.[1]	Interest of controlled corporations	5,840,491,491	H	–	6.98	1.98
		3,041,000(S)	H	–	0.0036	0.0010
Citigroup Inc.[2]	Person having a security interest in shares	497,000	H	–	0.0006	0.0002
	Interest of controlled corporations	535,617,373	H	–	0.64	0.18
		187,321,515(S)	H	–	0.22	0.06
	Approved Lending Agent	4,469,332,847(P)	H	–	5.34	1.52
		5,005,447,220	H	–	5.99	1.70
	Total	187,321,515(S)	H	–	0.22	0.06
		4,469,332,847(P)	H	–	5.34	1.52

Notes:

(1) BlackRock, Inc. holds the entire issued share capital of BlackRock Holdco 2 Inc., while BlackRock Holdco 2 Inc. holds the entire issued share capital of BlackRock Financial Management, Inc. Thus BlackRock, Inc. and BlackRock Holdco 2 Inc. are deemed to have equal interests in shares of the Bank as BlackRock Financial Management, Inc. under the SFO. BlackRock, Inc. holds a long position of 5,840,491,491 H Shares and a short position of 3,041,000 H Shares of the Bank through BlackRock Financial Management, Inc. and other corporations controlled by it. In the long position of 5,840,491,491 H Shares, 119,994,000 H Shares are held through derivatives. The total 3,041,000 H Shares in the short position are held through derivatives.

(2) Citigroup Inc. holds the entire issued share capital of Citicorp LLC, while Citicorp LLC holds the entire issued share capital of Citibank, N.A. Thus Citigroup Inc. and Citicorp LLC are deemed to have equal interests in shares of the Bank as Citibank, N.A. under the SFO. Citigroup Inc. holds a long position of 5,005,447,220 H Shares and a short position of 187,321,515 H Shares of the Bank through Citibank, N.A. and other corporations controlled by it. In the long position of 5,005,447,220 H Shares, 4,469,332,847 H Shares are held in the lending pool and 238,489,967 H Shares are held through derivatives. In the short position of 187,321,515 H Shares, 146,016,715 H Shares are held through derivatives.

(3) "S" denotes short position, "P" denotes lending pool.

Unless stated otherwise, all interests stated above represented long positions. Save as disclosed above, as at 31 December 2019, no other interests (including derivative interests) or short positions were recorded in the register maintained by the Bank under section 336 of the SFO.

Controlling Shareholder of the Bank

Central Huijin Investment Ltd. ("**Huijin**") is a state-owned company established under the Company Law of the PRC. Huijin was established on 16 December 2003. The current legal representative is Mr. PENG Chun. Huijin's Unified Social Credit Code is 911000007109329615. Wholly-owned by China Investment Corporation, Huijin makes equity investments in major state-owned financial institutions, as authorised by the State Council. To the extent of its capital contribution, Huijin exercises the rights and fulfils the obligations as an investor on behalf of the State, in accordance with applicable laws aimed at preserving and enhancing the value of state-owned financial assets. Huijin neither engages in other business activities nor intervenes in the daily operation of the key state-owned financial institutions of which it is the controlling shareholder.

As at 31 December 2019, the Bank does not have any other institutional shareholders holding at least 10 per cent. of the total voting shares of the Bank (excluding HKSCC Nominees Limited).

Preference Shares

Issuance and Listing of Preference Shares in the Past Three Years

With the approvals of CBIRC (Yinbaojianfu [2019] No. 387) and CSRC (Zhengjianxuke [2019] No. 1051), the Bank made a non-public issuance of RMB73 billion Domestic Preference Shares (Third Tranche) on 24 June 2019 in the domestic market. With the approval of SSE (Shangzhenghan [2019] No. 1164), Domestic Preference Shares (Third Tranche) have been traded on the Comprehensive Business Platform of SSE since 17 July 2019. The Bank made a non-public issuance of RMB27 billion Domestic Preference Shares (Fourth Tranche) on 26 August 2019 in the domestic market. With the approval of SSE (Shangzhenghan [2019] No. 1528), Domestic Preference Shares (Fourth Tranche) have been traded on the Comprehensive Business Platform of SSE since 17 September 2019.

With the approvals of CBIRC (Yinbaojianfu [2019] No. 630) and CSRC (Zhengjianxuke [2020] No. 254), the Bank made a non-public issuance of USD2.820 billion Offshore Preference Shares on 4 March 2020 in the offshore market. Such Offshore Preference Shares have been listed on the Hong Kong Stock Exchange since 5 March 2020.

The top ten preference shareholders as at 31 December 2019 are set forth below: Unit: Share

No.	Name of preference shareholder	Changes during the reporting period	Number of shares held as at the end of the reporting period	Percentage of total preference shares	Number of shares pledged or frozen	Type of shareholder	Type of preference shares
1.	Bosera Fund – ICBC – Bosera – ICBC – Flexible Allocation No. 5 Specific Multi-customer Assets Management Plan	200,000,000	220,000,000	13.75%	None	Other	Domestic Preference Shares
2.	China Mobile Communications Group Co., Ltd.	–	180,000,000	11.25%	None	State-owned legal person	Domestic Preference Shares
3.	CCB Trust Co., Ltd. – "Qian Yuan – Ri Xin Yue Yi" Open-ended Wealth Management Single Fund Trust	133,000,000	133,000,000	8.31%	None	Other	Domestic Preference Shares
4.	China Life Insurance Company Limited – traditional – general insurance product – 005L – CT001SH	70,000,000	86,000,000	5.38%	None	Other	Domestic Preference Shares
5.	Bosera Fund – ABC – Agricultural Bank of China Limited	69,000,000	69,000,000	4.31%	None	Other	Domestic Preference Shares
6.	China Resources SZITIC Trust Co., Ltd. – Investment No. 1 Single Fund Trust	66,500,000	66,500,000	4.16%	None	Other	Domestic Preference Shares

No.	Name of preference shareholder	Changes during the reporting period	Number of shares held as at the end of the reporting period	Percentage of total preference shares	Number of shares pledged or frozen	Type of shareholder	Type of preference shares
7.	BOCOM Schroder Asset Management – BOCOM – Bank of Communications Co., Ltd.	51,800,000	65,000,000	4.06%	None	Other	Domestic Preference Shares
8.	China National Tobacco Corporation	–	50,000,000	3.13%	None	State-owned legal person	Domestic Preference Shares
9.	Postal Savings Bank of China Co., Ltd.	40,000,000	40,000,000	2.50%	None	State-owned legal person	Domestic Preference Shares
10.	Hwabao Trust Co., Ltd. – Investment No. 2 – Fund Trust	38,000,000	38,000,000	2.38%	None	Other	Domestic Preference Shares

As at 31 December 2019, "China Life Insurance Company Limited – traditional – general insurance product – 005L – CT001SH" is one of both the Bank's top ten ordinary shareholders and top ten preference shareholders.

"Bosera Fund – ICBC – Bosera – ICBC – Flexible Allocation No. 5 Specific Multi-customer Assets Management Plan" and "Bosera Fund – ABC – Agricultural Bank of China Limited" are both under management of Bosera Asset Management Co., Limited.

CONNECTED TRANSACTIONS

The Bank currently engages in, and expects from time to time in the future to engage in, financial and commercial transactions with its connected parties. All such transactions are conducted on an arm's length and commercial basis and in accordance with the applicable listing rules.

TAXATION

The following is a general description of certain tax considerations relating to the Notes and is based on laws and relevant interpretation thereof in effect as at the date of this Offering Circular all of which are subject to changes and does not constitute legal or taxation advice. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of the Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. It is emphasised that none of the Relevant Obligors, the Bank nor any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for purchase, holding or disposal of the Notes.

People's Republic of China

The following summary describes the principal PRC tax consequences of ownership of the Notes by beneficial owners who, or which, are not residents of Mainland China for PRC tax purposes. These beneficial owners are referred to as non-PRC Noteholders in this section. In considering whether to invest in the Notes, potential purchasers should consult their individual tax advisors with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction.

Pursuant to the Enterprise Income Tax Law promulgated on 16 March 2007 and effective on 1 January 2008 and the PRC Individual Income Tax Law, as amended on 30 June 2011, and their implementation regulations, an income tax is imposed on payment of interest by way of withholding in respect of debt securities, issued by PRC enterprises to non-resident Noteholders, including non-resident enterprises and non-resident individuals.

On 23 March 2016, the Ministry of Finance and the State Administration of Taxation ("**SAT**") issued the Circular of Full Implementation of Business Tax to VAT Reform (《關於全面推開營業稅改徵增值稅試點的通知》) (Caishui [2016] No. 36, "**Circular 36**") which confirms that business tax was replaced by VAT from 1 May 2016. Since then, the income derived from the provision of financial services which attracted business tax will be entirely replaced by, and subject to, VAT.

According to Circular 36, the entities and individuals providing the services within China shall be subject to VAT. The services are treated as being provided within China where either the service provider or the service recipient is located in China. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the "loans" refers to the activity of lending capital for another's use and receiving the interest income thereon. Based on the definition of "loans" under Circular 36, the issuance of Notes is likely to be treated as the holders of the Notes providing loans to the relevant Issuer.

*(I) In the event that the Issuer is the Bank's head office (the "**BOC Head Office**")*

In the event that the Issuer is BOC Head Office, BOC Head Office will be subject to withhold PRC income tax on the payment of interest of the Notes to non-resident Noteholders. The current rates of such income tax are 20% (for non-resident individuals) and 10% (for non-resident enterprises) of the gross amount of the interest, in each case, unless a lower rate is available under an applicable tax treaty. For example, the tax so charged on interests paid on the Notes to non-resident Noteholders who, or which are residents of Hong Kong (including enterprise holders and individual holders) as defined under the arrangement between the Mainland China and Hong Kong for purpose of the avoidance of double taxation will be 7% of the gross amount of the interest pursuant to such arrangement. Further, given that the BOC Head Office is located in the PRC, in the event that the Issuer is the BOC Head Office, holders of the Notes would be regarded as providing the financial services within China and consequently, the holders of the Notes shall be subject to VAT at the rate of 6% when receiving the interest payments under the Notes. In addition, the holders of the Notes shall be subject to the local levies at approximately 12% of the VAT payment and consequently, the combined rate of VAT and local levies would be around 6.72%. Given that BOC Head Office pays interest income to Noteholders who are located outside of the PRC, BOC Head Office, acting as the obligatory withholder in accordance with applicable law, shall withhold VAT and local levies from the payment of interest income to Noteholders who are located outside of the PRC. BOC Head Office has agreed to pay additional amounts to holders of the Notes so that holders of the Notes would receive the full amount of the scheduled payment, as further set out in the "*Terms and Conditions of the Notes*".

(II) In the event that the Issuer is a Branch Issuer or the Notes are guaranteed by an Overseas Branch

In the event that the Issuer is a Branch Issuer or the Notes are guaranteed by an Overseas Branch, the relevant Issuer and the relevant Guarantor, as applicable, are not obliged to withhold PRC income tax at the rate up to 10% (for non-resident enterprises) or 20% (for non-resident individuals) on the payments of interest made by it to non-resident Noteholders provided that the payments are made outside of the territory of PRC. However, this is subject to the interpretation by the PRC tax authorities. If the PRC tax authorities take an interpretation that the interest on the Notes payable by the relevant Issuer or Guarantor is treated as income sourced from the PRC, a withholding tax may be imposed on such interest and the relevant Issuer or Guarantor will pay additional amounts to holders of the Notes so that holders of the Notes would receive the full amount of the scheduled payment, as further set out in the Conditions. If BOC Head Office shall perform the obligation of paying interest of the Notes in the event and only when the relevant Branch Issuer or Overseas Branch as Guarantor fails to perform its obligations of paying the interest of the Notes, BOC Head Office will be obliged to withhold PRC income tax at a rate of 10% (for non-resident enterprises) or 20% (for non-resident individuals) (unless a lower rate is available under an applicable tax treaty) and PRC VAT tax and local levies at the rate of 6.72% of the interest component of the amount payable by BOC Head Office to the Noteholders if the PRC tax authority views such component as an interest income arising within the territory of the PRC.

Pursuant to the EIT Law, IIT Law and the VAT reform detailed above, in the case of (I) and (II), the Relevant Obligor(s) or the Bank shall withhold EIT or IIT, (should such tax apply) from the payments of interest in respect of the Notes for any non-PRC-resident Noteholder and the Relevant Obligor(s) or the Bank shall withhold VAT (should such tax apply) from the payments of interest in respect of the Notes for any Noteholders located outside of the PRC. However, in the event that such Relevant Obligor and the Bank are required to make such a deduction or withholding (whether by way of EIT, IIT or VAT otherwise), each Relevant Obligor and the Bank have agreed to pay such additional amounts as will result in receipt by the Noteholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required. For more information, see "*Terms and Conditions of the Notes – Condition 14 (Taxation)*".

(III) In the event that the Issuer is a Subsidiary Issuer and the Notes are not guaranteed

In the event that the Issuer is a Subsidiary Issuer and the Notes are not guaranteed, the relevant Issuer is not obliged to withhold PRC income tax or PRC VAT tax.

Non-resident Noteholders will not be subject to the PRC tax on any capital gains derived from a sale or exchange of Notes consummated outside the PRC between non-resident Noteholders, except however, if the relevant Issuer is treated as a PRC tax resident enterprise under the Enterprise Income Tax Law and related implementation regulations in the future, any gains realized by the non-resident Noteholders from the transfer of the Notes may be regarded as being sourced within the PRC and accordingly would be subject to the rate of 10% (for non-resident enterprises) or 20% (for non-resident individuals) of PRC withholding tax unless there is a lower tax rate applicable.

Where a holder of the Notes who is an entity or individual located outside of the PRC resells the Notes to an entity or individual located outside of the PRC and derives any gain, since neither the service provider nor the service recipient is located in the PRC, theoretically VAT prescribed under Circular 36 does not apply and the relevant Issuer does not have the obligation to withhold the VAT or the local levies. However, there is uncertainty as to the applicability of VAT if either the seller or buyer of Notes is located inside the PRC. According to an arrangement between the Mainland China and Hong Kong for avoidance of double taxation, Noteholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Notes. There is uncertainty as to whether gains realized on the transfer of the Notes by individual holders who are not PRC citizens or residents will be treated as incomes sourced within the PRC which as a result will be subject to PRC individual income tax.

Circular 36 has been issued quite recently, the above statements on VAT may be subject to further change upon the issuance of further clarification rules and/or different interpretation by the competent tax authority. There is uncertainty as to the application of Circular 36.

No PRC stamp duty will be chargeable upon the issue or transfer (for so long as the register of Noteholders is maintained outside the PRC) of a Note.

Hong Kong

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

(i) interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;

(ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;

(iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the "**IRO**")) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or

(iv) interest on the Notes is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of Notes will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Notes will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed of.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp Duty

Stamp duty will not be payable on the issue of Bearer Notes provided that either:

(i) such Bearer Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(ii) such Bearer Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong (the "**SDO**")).

If stamp duty is payable, it is payable by the Issuer on the issue of Bearer Notes at a rate of 3 per cent. of the market value of the Bearer Notes at the time of issue. No stamp duty will be payable on any subsequent transfer of Bearer Notes.

No stamp duty is payable on the issue of Registered Notes. Stamp duty may be payable on any transfer of Registered Notes if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfer of Registered Notes provided that either:

(i) such Registered Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(ii) such Registered Notes constitute loan capital (as defined in the SDO).

If stamp duty is payable in respect of the transfer of Registered Notes it will be payable at the rate of 0.2 per cent. (of which 0.1 per cent. is payable by the seller and 0.1 per cent. is payable by the purchaser) normally by reference to the consideration or its value, whichever is higher. In addition, stamp duty is payable at the fixed rate of HK$5 on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Bank is a foreign financial institution for these purposes. A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are published generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

CLEARANCE AND SETTLEMENT

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg or the CMU Service (together, the "**Clearing Systems**") currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Relevant Obligors and the Bank believe to be reliable, but none of the relevant Issuer, the Bank or any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Relevant Obligors, the Bank or any other party to the Programme Agency Agreement or any Alternative Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

The Clearing Systems

DTC

DTC is a limited purpose trust company organised under the New York Banking Law, a "banking organisation" within the meaning of the New York Banking Law, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants ("**Participants**") deposit with DTC. DTC also facilitates the clearance and settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealer, banks, trust companies, clearing corporations and certain other organisations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealer, Inc. Access to the DTC System is also available to others such as securities brokers and dealer, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**").

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "**Rules**"), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC's book-entry settlement system ("**DTC Notes**") as described below and receives and transmits distributions of principal and interest on DTC Notes. The Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes ("**Owners**") have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the relevant Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has a reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC or the Relevant Obligor(s), subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of each Relevant Obligor, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Rule 144A Global Note, will be legended as set forth under "*Transfer Restrictions*".

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for its customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

CMU Service

The CMU Service is a central depositary service provided by the Central Moneymarkets Unit of the HKMA for the safe custody and electronic trading between the members of this service ("**CMU Members**") of capital markets instruments ("**CMU Notes**") which are specified in the CMU Reference Manual as capable of being held within the CMU Service.

The CMU Service is only available to CMU Notes issued by a CMU Member or by a person for whom a CMU Member acts as agent for the purposes of lodging instruments issued by such persons. Membership of the CMU Service is open to all members of the Hong Kong Capital Markets Association and "authorised institutions" under the Banking Ordinance (Cap. 155) of Hong Kong.

Compared to clearing services provided by Euroclear and Clearstream, Luxembourg, the standard custody and clearing service provided by the CMU Service is limited. In particular (and unlike the European Clearing Systems), the HKMA does not as part of this service provide any facilities for the dissemination to the relevant CMU Members of payments (of interest or principal) under, or notices pursuant to the notice provisions of, the CMU Notes. Instead, the HKMA advises the lodging CMU Member (or a designated paying agent) of the identities of the CMU Members to whose accounts payments in respect of the relevant CMU Notes are credited, whereupon the lodging CMU Member (or the designated paying agent) will make the necessary payments of interest or principal or send notices directly to the relevant CMU Members. Similarly, the HKMA will not obtain certificates of non-U.S. beneficial ownership from CMU Members or provide any such certificates on behalf of CMU Members. The CMU Lodging and Paying Agent will collect such certificates from the relevant CMU Members identified from an instrument position report obtained by request from the HKMA for this purpose.

An investor holding an interest through an account with either Euroclear or Clearstream, Luxembourg in any Notes held in the CMU Service will hold that interest through the respective accounts which Euroclear and Clearstream, Luxembourg each have with the CMU Service.

Book-entry Ownership of and Payments in respect of DTC Notes

The relevant Issuer may apply to DTC in order to have any Series of Notes represented by a Global Note Certificate accepted in its book-entry settlement system. Upon the issue of any such Global Note Certificate, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Global Note Certificate to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Global Note Certificate will be limited to Direct Participants or Indirect Participants, including, in the case of any Regulation S Global Note, the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Global Note Certificate accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Global Note Certificate accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Global Note Certificate in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

The relevant Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The relevant Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Principal Paying Agent, the Registrar or the relevant Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the relevant Issuer.

Transfers of Notes Represented by Global Notes Certificate

Transfers of any interests in Notes represented by a Global Note Certificate within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Global Note Certificate to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Global Note Certificate accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Global Note Certificate accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a direct or indirect participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "*Transfer Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Paying Agent and the DTC Custodian with whom the relevant Registered Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Notes of such Series between Participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Paying Agent and the DTC Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Notes among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Relevant Obligors, the Bank, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear, the CMU Service or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Global Notes Certificate or for maintaining, supervising or reviewing any records relating to such beneficial interests.

TRANSFER RESTRICTIONS

Regulation S Notes

Each purchaser of Bearer Notes or Unrestricted Notes outside the United States pursuant to Regulation S and each subsequent purchaser of such Notes in resales prior to the expiration of the distribution compliance period as defined in Regulation S, by accepting delivery of this Offering Circular and the Notes, will be deemed to have represented, agreed and acknowledged that:

(i) it is, or at the time Notes are purchased will be, the beneficial owner of such Notes and:

  (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S); and

  (b) it is not an affiliate of any Relevant Obligor or a person acting on behalf of such an affiliate;

(ii) it understands that such Notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period (as defined in Regulation S), it will not offer, sell, pledge or otherwise transfer such Notes except:

  (a) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S; or

  (b) to the relevant Issuer; or

  (c) in the case of Unrestricted Notes only, in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or the account of a QIB, in each case in accordance with any applicable securities laws of any State of the United States;

(iii) it understands that each Relevant Obligor, the Trustee, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and, if any such acknowledgments, representations or agreements deemed to have been made by virtue of its purchase of the Notes are no longer accurate, it agrees to promptly notify the Relevant Obligor(s).

On or prior to the expiration of the relevant distribution compliance period, Notes represented by an interest in an Unrestricted Global Note Certificate may be transferred to a person who wishes to hold such Notes in the form of an interest in a Restricted Global Note Certificate only upon receipt by the Registrar of a written certification from the transferor (in the form set out in Schedule 5 (*Form of Transfer Certificate*) to the Bank Issuer Trust Deed) to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States. After the expiration of the relevant distribution compliance period, such certification requirements will no longer apply to such transfers, but such transfers will continue to be subject to the transfer restrictions contained in the legend appearing on the face of such Global Note Certificate, as described above under "*Forms of the Notes*".

Notes represented by an interest in a Restricted Global Note Certificate may also be transferred to a person who wishes to hold such Notes in the form of an interest in an Unrestricted Global Note Certificate, but only upon receipt by the Registrar of a written certification from the transferor (in the form set out in Schedule 5 (*Form of Transfer Certificate*) to the Bank Issuer Trust Deed) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 (if available) under the Securities Act.

Any interest in a Note represented by an Unrestricted Global Note Certificate that is transferred to a person who takes delivery in the form of an interest in a Note represented by a Restricted Global Note Certificate will, upon transfer, cease to be an interest in a Note represented by an Unrestricted Global Note Certificate and become an interest in a Note represented by a Restricted Global Note Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to Notes represented by a Restricted Global Note Certificate.

Rule 144A Notes

Each purchaser of Restricted Notes in reliance on Rule 144A, by accepting delivery of this Offering Circular, will be deemed to have represented, agreed and acknowledged as follows (terms used in the following paragraphs that are defined in Rule 144A have the respective meanings given to them in Rule 144A):

(i) the purchaser is (a) a QIB, (b) acquiring the Notes for its own account or for the account of one or more QIBs, (c) not formed for the purpose of investing in the Notes or the relevant Issuer and (d) is aware, and each beneficial owner of such Notes has been advised that the sale of the Notes to it is being made in reliance on Rule 144A;

(ii) the purchaser understands that (1) the Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it, and any person acting on its behalf, reasonably believes is a QIB purchasing for its own account or for the account of one or more QIBs, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act, (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), (d) pursuant to an effective registration statement under the Securities Act or (e) to the relevant Issuer or any of its affiliates, in each case in accordance with any applicable securities laws of any State of the United States and (2) it will, and each subsequent holder of the Restricted Notes is required to, notify any purchaser of the Restricted Notes from it of the resale restrictions applicable to the Restricted Notes;

(iii) the purchaser understands that the Restricted Global Note Certificate and any restricted Individual Note Certificate (a "**Restricted Individual Note Certificate**") will bear a legend to the following effect, unless the relevant Issuer determines otherwise in accordance with applicable law:

THE NOTES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR ANY SECURITIES LAW OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING THE NOTES REPRESENTED HEREBY, AGREES FOR THE BENEFIT OF THE ISSUER THAT THE NOTES REPRESENTED HEREBY MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (1) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR A PERSON PURCHASING FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (4) TO THE ISSUER OR ITS AFFILIATES.

(iv) if it is acquiring any Notes for the account of one or more QIBs the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and

(v) the purchaser understands that the relevant Issuer, the Trustee, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and, if any such acknowledgments, representations or agreements deemed to have been made by virtue of its purchase of the Notes are no longer accurate, it agrees to promptly notify the relevant Issuer.

Upon the transfer, exchange or replacement of a Restricted Global Note Certificate or a Restricted Individual Note Certificate, or upon specific request for removal of the legend, the relevant Issuer will deliver only a Restricted Global Note Certificate or one or more Restricted Individual Note Certificates that bear such legend or will refuse to remove such legend, unless there is delivered to the relevant Issuer and the Registrar such satisfactory evidence (which may include a legal opinion) as may reasonably be required by the relevant Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Any interest in a Restricted Global Note Certificate that is transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Note Certificate will, upon transfer, cease to be an interest in a Restricted Global Note Certificate and become an interest in an Unrestricted Global Note Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to an interest in an Unrestricted Global Note Certificate.

Prospective purchasers that are QIBs are hereby notified that sellers of the Restricted Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

REGULATION AND SUPERVISION IN THE PRC

The banking industry is heavily regulated in the PRC, with CBIRC and PBOC acting as the principal regulatory authorities. CBIRC is primarily responsible for supervising and regulating banking institutions, and PBOC, as the central bank of the PRC, is primarily responsible for formulating and implementing monetary policies. The applicable laws and regulations governing activities in the PRC banking industry consist principally of the PRC PBOC Law, the PRC Commercial Banking Law, the Law of PRC on Supervision and Administration of Banking Sector, and rules and regulations promulgated thereunder.

Principal Regulators

Prior to April 2003, PBOC acted as both the PRC's central bank and the principal supervisor and regulator of the banking industry in the PRC. In April 2003, China Banking Regulatory Commission (CBRC) was established to serve as the primary banking industry regulator and it assumed the majority of bank regulatory functions from PBOC. PBOC retained its role as the central bank but now has a smaller role in the regulation of banking institutions.

In March 2018, the PRC Government announced the merger of the China Banking Regulatory Commission (CBRC) with the China Insurance Regulatory Commission (CIRC), to form the China Banking Insurance Regulatory Commission (CBIRC). It is expected that further announcement will be issued by the PRC government to set out the roles and responsibilities of the CBIRC and the PBOC in regulating the banking institutions of the PRC.

CBIRC

Functions and Powers

CBIRC is the primary supervisory authority responsible for the regulation of banking institutions operating in the PRC, including branches and representative offices established by foreign financial institutions in the banking sector in the PRC.

According to the Law of PRC on Supervision and Administration of Banking Sector, the main responsibilities of CBIRC include:

(1) formulating and promulgating rules and regulations governing banking institutions and their business activities;

(2) reviewing and approving the establishment, change, dissolution and business scope of banking institutions, as well as granting banking licences for commercial banks, their branches and subsidiaries, branches and representative offices of foreign banks in the PRC;

(3) regulating the business activities of banking institutions, including the products and services they offer;

(4) setting qualification requirements for, and approving or overseeing the nomination of, directors and senior management personnel of banking institutions;

(5) setting guidelines and standards for internal controls, risk exposure and corporate governance of, and disclosure requirements for, banking institutions;

(6) conducting on-site inspection and off-site surveillance of the business activities and risk exposure status of banking institutions;

(7) monitoring the financial condition of banking institutions, including establishing standards or requirements for capital adequacy, asset quality and other financial metrics;

(8) imposing corrective and punitive measures for violations of applicable banking regulations;

(9) formulating prudential regulation principles of banking sector in accordance with laws and administrative regulations;

(10) working with authorities (including the PBOC and the Ministry of Finance);

(11) to establish emergency disposal mechanisms and to deal with any emergencies in the banking sector;

(12) guiding and conducting surveillance on the activities of banking self-disciplinary organisations; and

(13) carrying out international communication and cooperation activities related to supervisions of the banking sector.

Examination and Supervision

CBIRC, through its head office in Beijing and offices in each province, provincial-level municipality and autonomous region, monitors the operations of commercial banks and their branches through on-site inspections and off-site surveillance. On-site inspections generally include visiting the banks' premises, interviewing bank employees, senior management and directors, as well as reviewing documents and materials maintained by the banks. CBIRC also conducts off-site surveillance by reviewing financial and other reports regularly submitted by the banks. Off-site surveillance generally includes the surveillance of banks' business activities and risk exposure status to evaluate and analyse the operational risk of the banks. If a banking institution is not in compliance with a regulation, CBIRC has the power to issue corrective and punitive measures, including imposition of fines, suspension of certain business activities, restrictions on distributions of dividends and other income and asset transfers, closure of the institution and other penalties.

PBOC

As the central bank of the PRC, PBOC is responsible for formulating and implementing monetary policies and maintaining the stability of the financial markets. According to the PRC PBOC Law, PBOC is empowered to:

(1) formulate and implement monetary policies by establishing benchmark interest rates, setting the deposit reserve ratios for banks, extending loans to commercial banks, accepting discounted bills and conducting open market operations;

(2) issue PRC treasury bills and other government bonds to financial institutions, as the agent of the MOF;

(3) issue the currency of Renminbi and regulate the flow of Renminbi;

(4) regulate the inter-bank lending market, inter-bank bond market and inter-bank foreign exchange market;

(5) set foreign exchange rate policies and manage the PRC's foreign exchange reserves and gold reserves;

(6) manage the state treasury;

(7) maintain the normal operation of payment and settlement systems;

(8) carry out foreign exchange administration and regulate inter-bank foreign exchange market;

(9) establish anti-money laundering guidelines and monitor fund transfers to ensure that such transfers are in compliance with anti-money laundering regulations;

(10) act as the central bank of the PRC to conduct relevant international financial activities; and

(11) collect statistics of, investigate, analyse and forecast the financial industry.

Other Regulatory Authorities

In addition to CBIRC and PBOC, commercial banks in the PRC are also subject to the supervision and regulation by other regulatory authorities including, among others, SAFE, CSRC, CIRC and NDRC. For example, in conducting foreign exchange business, banks are subject to the regulation of SAFE; in dealing with securities-related matters such as distributing securities investment funds or acting as the custodians of investment assets of securities institutional investors, banks are subject to the regulation of CSRC; and in conducting bancassurance business, banks are subject to the regulation of CIRC; and in issuing the notes overseas by the domestic banks, the domestic banks are subject to the regulation of NDRC.

Regulations Regarding Capital Adequacy

Capital Adequacy Guidelines

In June 2012, the CBIRC issued the CBIRC Measures regulating CARs of PRC commercial banks. The CBIRC Measures, which are intended to reflect the Basel III regulatory capital requirements, set out minimum CAR requirements for commercial banks and provide detailed guidelines on the calculation of "capital" and "risk-weighted assets". The overall CAR requirements are 11.5% for systematically important commercial banks and 10.5% for other commercial banks. Commercial banks in the PRC are required to have a CAR of not less than 8%, Tier 1 CAR of not less than 6% and Common Equity Tier 1 CAR of not less than 5%. The CARs are calculated in accordance with the CBIRC Measures as follows:

$$\text{Capital Adequacy Ratio} = \frac{\text{Total Capital - deductions from corresponding capital instruments}}{\text{Risk-weighted Assets}} \times 100\%$$

$$\text{Tier 1 Capital Adequacy Ratio} = \frac{\text{Tier 1 Capital - deductions from corresponding capital instruments}}{\text{Risk-weighted Assets}} \times 100\%$$

$$\text{Common Equity Tier 1 Capital Adequacy Ratio} = \frac{\text{Common Equity Tier 1 Capital - deductions from corresponding capital instruments}}{\text{Risk-weighted Assets}} \times 100\%$$

In November 2012, the CBIRC further released the Guiding Opinion on Commercial Banks' Innovation on Capital Instruments (the "**2012 Guiding Opinions**"), setting out the general principles of the innovation of capital instruments of commercial banks and criteria of qualified capital instruments.

In addition, the CBIRC Measures requires that commercial banks meet regulatory requirements on capital adequacy ratios as set forth in these Measures before the end of 2018. On 30 November 2012, the CBIRC issued ("**Notice of the China Banking Regulatory Commission on Issues concerning Transitional Arrangements for the Implementation**") of the Administrative Measures for the Capital of Commercial Banks (for Trial Implementation), which requires the satisfaction by systematically important commercial banks and other banks of CAR requirements by the end of 2013, 2014, 2015, 2016, 2017 and 2018 respectively.

PRC CURRENCY CONTROLS

The following is a general description of certain currency controls in the PRC and is based on the law and relevant interpretations thereof in effect as at the date of this Offering Circular, all of which are subject to change, and does not constitute legal advice. It does not purport to be a complete analysis of all applicable currency controls in the PRC relating to the Notes. Prospective holders of Notes who are in any doubt as to PRC currency controls are advised to consult their own professional advisers.

Renminbi is not a completely freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to control imposed under PRC law.

Current Account Items

Under PRC foreign exchange control regulations, current account items refer to any transaction for international receipts and payments involving goods, services, earnings and other frequent transfers.

Prior to July 2009, all current account items were required to be settled in foreign currencies with limited exceptions. Following progressive reforms, Renminbi settlement of imports and exports of goods and of services and other current account items became permissible nationwide in 2012, except that the key enterprises on a Supervision List determined by the PBOC and five other relevant authorities would be subject to enhanced scrutiny when banks process current account cross-border repatriations.

On 5 July 2013, the PBOC promulgated the *Circular on Policies related to Simplifying and Improving Cross-border Renminbi Business Procedures* (關於簡化跨境人民幣業務流程和完善有關政策的通知) (the "**2013 PBOC Circular**") which simplified the procedures for cross-border Renminbi trade settlement under current account items. On 1 November 2014, PBOC introduced a cash pooling arrangement for qualified multinational enterprise group companies, under which a multinational enterprise group can process cross-border Renminbi payments and receipts for current account items on a collective basis for eligible member companies in the group. On 5 September 2015, PBOC promulgated the *Circular on Further Facilitating the Cross-Border Bi-directional Renminbi Cash Pooling Business by Multinational Enterprise Groups (關於進一步便利跨國企業集團開展跨境雙向人民幣資金池業務的通知)* (the "**2015 PBOC Circular**"), which, among others, have lowered the eligibility requirements for multinational enterprise groups and increased the cap for net cash inflow. The 2015 PBOC Circular also provides that enterprises in the China (Shanghai) Free Trade Pilot Zone (the "**Shanghai FTZ**") may establish an additional cash pool in the local scheme in the Shanghai FTZ, but each onshore company within the group may only elect to participate in one cash pool. In November 2016, PBOC Shanghai Headquarters further allowed banks in Shanghai to provide multinational enterprise groups with services of full-function onshore cash pooling, which will enable broader scope for utilising pooled cashed.

The regulations referred to above are subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying these regulations and impose conditions for settlement of current account items.

Capital Account Items

Under PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of, and/or registration or filing with, the relevant PRC authorities.

Until recently, settlement of capital account items, for example, the capital contribution of foreign investors to foreign invested enterprises in the PRC, were generally required to be made in foreign currencies. Under progressive reforms by PBOC, the Ministry of Commerce of the PRC ("**MOFCOM**") and the State Administration of Foreign Exchange of the PRC ("**SAFE**"), foreign investors are now permitted to make capital contribution, share transfer, profit allocation and liquidation and certain other transactions in Renminbi for their foreign direct investment within the PRC. Cross-border Renminbi payment infrastructure and trading facilities are being improved. Approval, registration and filing requirements for capital account payments in Renminbi are being removed gradually. In addition, the Circular on Reforming Foreign Exchange Capital Settlement for Foreign Invested Enterprises (關於改革外商投資企業外匯資本金結匯管理方式的通知) which became effective on 1 June 2015, allows foreign-invested enterprises to settle 100% (subject to future adjustment at discretion of SAFE) of the foreign

currency capital (which has been processed through the SAFE's equity interest confirmation procedure for capital contribution in cash or registered by a bank on the SAFE's system for account-crediting for such capital contribution) into Renminbi according to their actual operational needs. A negative list with respect to the usage of the capital and the Renminbi proceeds through the aforementioned settlement procedure is set forth under the Circular. In particular, a foreign invested enterprise with investment as its main business is permitted to use such Renminbi proceeds to make equity contribution to its invested enterprises directly, without further fillings with SAFE.

PRC entities are also permitted to borrow Renminbi-denominated loans from foreign lenders (which are referred to as "**foreign debt**") and lend Renminbi-denominated loans to foreign borrowers (which are referred to as "**outbound loans**"), as long as such PRC entities have the necessary quota, approval or registration. PRC entities may also denominate security or guarantee arrangements in denominated and make payments thereunder to parties in the PRC as well as other jurisdictions (which is referred to as "cross-border security"). Under current rules promulgated by SAFE, foreign debts borrowed, outbound loans extended, and the cross-border security provided by a PRC onshore entity (including a financial institution) in Renminbi shall, in principle, be regulated under the current PRC foreign debt, outbound loan and cross-border security regimes applicable to foreign currencies. However, there remains potential inconsistencies between the provisions of the SAFE rules and the provisions of the 2013 PBOC Circular. It is not clear how regulators will deal with such inconsistencies in practice.

Nevertheless, since January 2016, PBOC and SAFE have worked to set up the Macro Prudential Assessment ("**MPA**") system in order to unify the management of foreign debt denominated in Renminbi and foreign currencies. The latest MPA system is established pursuant to the 2017 PBOC Circular. Under the MPA system, both non-financial enterprises and financial institutions are allowed to borrow foreign debt within the defined "cross-border financing risk weighted balance limit". They can settle foreign debt proceeds in Renminbi on a voluntary basis, provided that the proceeds should not be used beyond their business scope or in violation of relevant laws and regulations.

According to the 2015 PBOC Circular, qualified multinational enterprise groups can extend Renminbi-denominated loans to, or borrow Renminbi-denominated loans from, eligible offshore member entities within the same group by leveraging the cash pooling arrangements. The Renminbi funds will be placed in a special deposit account and may not be used to invest in stock, financial derivatives, or non-self-use real estate assets, or purchase wealth management products or extend loans to enterprises outside the group. Enterprises within the Shanghai FTZ may establish another cash pool under the Shanghai FTZ rules to extend inter-company loans, although Renminbi funds obtained from financing activities may not be pooled under this arrangement.

The securities markets, specifically the Renminbi Qualified Foreign Institutional Investor ("**RQFII**") regime and the China Interbank Bond Market ("**CIBM**"), has been further liberalised for foreign investors. The PBOC has relaxed the quota control for RQFII, and has also expanded the list of eligible foreign investors in CIBM, removed certain quota restrictions, and has granted more flexibility for the settlement agents to provide the relevant institutions with more trading facilities (for example, in relation to derivatives for hedging foreign exchange risk).

The Interbank foreign exchange market of the PRC is also gradually opening-up. In January 2016, CFETS set forth qualifications, application materials and procedure for certain foreign participating banks (which needs to have a relatively large scale of Renminbi purchase and sale business and international influence) to access the inter-bank foreign exchange market.

Recent reforms introduced were aimed at controlling the remittance of Renminbi for payment of transactions categorised as capital account items. There is no assurance that the PRC Government will continue to gradually liberalise the control over Renminbi payments of capital account item transactions in the future. The relevant regulations are relatively new and will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

The Dealers have, in a dealer agreement (the "**Dealer Agreement**") dated 28 April 2020, agreed with the Relevant Obligor(s) a basis upon which they or any of them may from time to time agree to subscribe Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". Each Relevant Obligor will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. Where the relevant agrees to sell to the Dealer(s), who agree to subscribe and pay for, or to procure subscribers to subscribe and pay for, Notes at an issue price (the "**Issue Price**"), any subsequent offering of those Notes to investors may be at a price different from such Issue Price. Each of the Bank and the Relevant Obligor(s) has agreed to reimburse the Arrangers certain of their expenses incurred in connection with the establishment, and any future update, of the Programme and the Dealers certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis may be stated in the relevant Pricing Supplement.

Each of the Bank and the Relevant Obligor(s) has agreed to indemnify the Dealer against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealer to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the relevant Issuer.

In order to facilitate the offering of any Series of the Notes, certain persons participating in the offering of the Series may engage in transactions that stabilise, maintain or otherwise affect the market price of the relevant Notes during and after the offering of the Series. Specifically such persons may over allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the relevant Issuer. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilise or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker dealer participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilising or other transactions. Such transactions, if commenced, may be discontinued at any time. Stabilising activities may only be carried on by the Stabilising Manager(s) named in the applicable Pricing Supplement (or persons acting on behalf of any Stabilising Manager(s)) and only for a limited period following the issue date of the relevant Series of Notes.

In connection with each Series of Notes issued under the Programme, the Dealer or certain of their affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution. Further, the Dealers or their respective affiliates may purchase Notes for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to such Notes and/or other securities of any Relevant Obligor or its respective subsidiaries or affiliates at the same time as the offer and sale of each Series of Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Series of Notes to which a particular Pricing Supplement relates (notwithstanding that such selected counterparties may also be purchasers of such Series of Notes).

Selling Restrictions

United States of America

CATEGORY 1

The Notes have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and Bearer Notes are subject to U.S. tax law requirements. The Notes may not be offered, sold or (in the case of Bearer Notes) delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S

under the Securities Act) except in certain transactions exempt from the registration requirements of the Securities Act. Each of the Dealers has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or, in the case of Bearer Notes, deliver the Notes within the United States or to U.S. persons.

In addition, until 40 days after the commencement of any offering, an offer or sale of Notes within the United States by any Dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

CATEGORY 2/CATEGORY 3

The Notes have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold or (in the case of Bearer Notes) delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except in certain transactions exempt from the registration requirements of the Securities Act.

The Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, within the United States or to, or for the account or benefit of, U.S. persons, other than pursuant to Rule 144A, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto, a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer not participating in the offering may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from registration under the Securities Act.

The Dealer Agreement provides that the Arrangers, or any other Dealer, may directly or through its respective agents or affiliates arrange for the resale of Restricted Registered Notes in the United States only to qualified institutional buyers pursuant to Rule 144A.

European Economic Area and the United Kingdom

Unless the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to EEA and UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area or in the United Kingdom.

For the purposes of this provision,

(a) the expression "retail investor" means a person who is one (or more) of the following:

  (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

  (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

  (iii) not a qualified investor as defined in the Prospectus Regulation; and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

If the relevant Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to EEA and UK Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area and the United Kingdom (each a **Relevant State**), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Relevant State except that it may make an offer of such Notes to the public in that Relevant Member State:

(a) if the Pricing Supplement in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Relevant State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, **provided that** any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129.

Selling Restrictions Addressing Additional United Kingdom Securities Laws

Each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that:

(a) *No deposit-taking:* in relation to any Notes having a maturity of less than one year:

  (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and

  (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:

    (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or

    (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the relevant Issuer.

(b) *Financial promotion:* it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to any Relevant Obligor; and

(c) *General compliance:* it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

PRC

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that neither it nor any of its affiliates has offered or sold or will offer or sell any of the Notes in the PRC (excluding Hong Kong, Macau and Taiwan) as part of the initial distribution of the Notes.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the SFO and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948), as amended (the "**FIEA**"). Accordingly, each Dealer represents and agrees that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer to sell any Notes in Japan or to, or for the benefit of, a resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, FIEA and other relevant laws and regulations of Japan.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed that, and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore), as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Shares and Securities-based Derivatives Contracts) Regulations 2018.

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the CMP Regulations 2018, the Relevant Obligor(s) each has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and "Excluded Investment Products" (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

General

These selling restrictions may be modified by the agreement of each of the Relevant Obligor(s) and the Dealer following a change in a relevant law, regulation or directive. Any such modification will be set out in the relevant Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

GENERAL INFORMATION

1 Listing

Application has been made to the Hong Kong Stock Exchange for the listing of the Programme during the 12-month period from the date of this Offering Circular on the Hong Kong Stock Exchange under which Notes may be issued by way of debt issues to Professional Investors only. The issue price of Notes listed on the Hong Kong Stock Exchange will be expressed as a percentage of their nominal amount. Transactions will normally be effected for settlement in the relevant specified currency and for delivery by the end of the second trading day after the date of the transaction. It is expected that dealings will, if permission is granted to deal in and for the listing of such Notes, commence on or about the next business day following the date of listing of the relevant Notes. Notes to be listed on the Hong Kong Stock Exchange are required to be traded with a board lot size of at least HK$500,000 (or equivalent in other currencies).

2 Legal Entity Identifier

The Legal Entity Identifier (LEI) code of the Bank is 54930053HGCFWVHYZX42.

3 Authorisation

The establishment and update of the Programme and the issue of the Notes thereunder were authorised by resolutions of the board of directors of the Bank passed on 24 March 2011 and 29 March 2019, respectively, and resolutions of the shareholders' meeting of the Bank passed on 27 May 2011 and 17 May 2019, respectively. The Bank and each Relevant Obligor has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Notes.

4 Legal and Arbitration Proceedings

None of the Relevant Obligor(s), the Relevant Group nor the Group is or has been involved in any governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which any Relevant Obligor or the Bank is aware), which may have, or have had, during the 12 months prior to the date of this Offering Circular, a significant effect on the financial position or profitability of any Relevant Obligor, the Relevant Group, the Bank or the Group.

5 Significant/Material Change

Since 31 December 2019, there has been no material adverse change in the financial position or prospects nor any significant change in the financial or trading position or prospects of any Relevant Obligor, the Bank, or the Group.

6 NDRC Registration

Where applicable for a relevant Tranche of Notes, the Notes will be issued within the relevant annual or otherwise general foreign debt issuance quota granted to the Bank pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) issued by the NDRC which came into effect on 14 September 2015 and the applicable implementation rules or policies thereof as issued by the NDRC from time to time. Alternatively, separate pre-issue registration of a particular Tranche of Notes may be completed by the Bank as set forth in the relevant Pricing Supplement. After the issuance of such relevant Tranche of Notes, the Bank intends to provide the requisite information on the issuance of such Notes to the NDRC within the time period as required by the NDRC.

7 PBOC Reporting

With respect to any applicable Tranche of the Notes, reporting will be completed by the Bank in accordance with the 2017 PBOC Circular when the applicable Pricing Supplement is executed and before the relevant Issue Date.

8 Auditor

The Bank's audited consolidated financial statements as at and for the years ended 31 December 2018 and 2019, which are incorporated by reference in this Offering Circular, have been audited by Ernst & Young, Certified Public Accountants, as stated in its audit reports appearing therein.

9 Documents on Display

Copies of the following documents may be inspected during normal business hours on any weekday (Saturday's and public holidays excepted) at the registered office of the Bank at No. 1 Fuxingmen Nei Dajie, Beijing 100818, People's Republic of China and the specified office of the Principal Paying Agent at The Bank of New York Mellon, London Branch, 40th Floor, One Canada Square, London E14 5AL, United Kingdom for so long as the Notes are capable of being issued under the Programme:

(i) the articles of association of the Bank and each Subsidiary Issuer (if applicable);

(ii) the audited consolidated financial statements of the Bank for the years ended 31 December 2018 and 2019, respectively;

(iii) copies of the latest annual report and audited annual consolidated financial statements, and any consolidated interim financial statements (whether audited or unaudited) published subsequently to such annual financial statements, of the Bank;

(iv) each Pricing Supplement (save that a Pricing Supplement relating to a Note which is neither admitted to trading on a regulated market within the European Economic Area or the UK nor offered in the European Economic Area or the UK in circumstances where a prospectus is required to be published under the Prospectus Regulation will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the relevant Issuer and the Principal Paying Agent as to its holding of Notes and identity);

(v) a copy of this Offering Circular together with any supplement to this Offering Circular;

(vi) the Non-Guaranteed Notes Principal Trust Deed (which contains the forms of the Notes in global and definitive form), the Guaranteed Notes Principal Trust Deed (which contains the forms of the Notes in global and definitive form), each Non-Guaranteed Notes Trust Deed, each Guaranteed Notes Trust Deed and each Alternative Trust Deed;

(vii) the Non-Guaranteed Notes Principal Agency Agreement, the Guaranteed Notes Principal Agency Agreement, each Non-Guaranteed Notes Agency Agreement, each Guaranteed Notes Agency Agreement and each Alternative Agency Agreement;

(viii) the Dealer Agreement; and

(ix) the Programme Manual.

10 Clearing of the Notes

The Notes may be accepted for clearance through Euroclear, Clearstream, Luxembourg, DTC and CMU Service. The appropriate common code, the International Securities Identification Number, CMU instrument number and/or the Committee on the Uniform Security Identification Procedure ("**CUSIP**") in relation to the Notes of each Series will be specified in the relevant Pricing Supplement. The relevant Pricing Supplement shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

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PRINCIPAL PAYING AGENT, PAYING AGENT IN RESPECT OF DTC NOTES

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