

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited 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.*



**中國銀行股份有限公司**  
**BANK OF CHINA LIMITED**

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

**(the "Bank")**

**(Stock Code: 3988 and 4601 (Preference Shares))**

**Report for the First Quarter ended 31 March 2016**

The Board of Directors (the "Board") of the Bank is pleased to announce the unaudited results of the Bank and its subsidiaries (the "Group") for the first quarter ended 31 March 2016. This announcement is made by the Bank pursuant to Part XIVA of the *Securities and Futures Ordinance* (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*.

## **I. BASIC INFORMATION**

### **1.1 Corporate information**

#### **A Share**

<b>Stock name</b>	中國銀行
<b>Stock code</b>	601988
<b>Listing venue</b>	The Shanghai Stock Exchange

#### **H Share**

<b>Stock name</b>	Bank of China
<b>Stock code</b>	3988
<b>Listing venue</b>	The Stock Exchange of Hong Kong Limited

#### **Domestic Preference Share**

##### **First Tranche**

<b>Stock name</b>	中行優1
<b>Stock code</b>	360002

##### **Second Tranche**

<b>Stock name</b>	中行優2
<b>Stock code</b>	360010
<b>Trading venue</b>	The Shanghai Stock Exchange

#### **Offshore Preference Share**

<b>Stock name</b>	BOC 2014 PEF
<b>Stock code</b>	4601
<b>Listing venue</b>	The Stock Exchange of Hong Kong Limited

#### **Secretary to the Board of Directors and Company Secretary**

<b>Contact address</b>	GENG Wei (耿偉) No. 1 Fuxingmen Nei Dajie, Beijing, China, 100818
<b>Telephone</b>	(86) 10-6659 2638
<b>Facsimile</b>	(86) 10-6659 4568
<b>E-mail</b>	ir@bankofchina.com

## 1.2 Key financial data and performance indicators

### 1.2.1 Key financial data and performance indicators for the Group prepared in accordance with International Financial Reporting Standards (“IFRS”)

Unit: RMB million (unless otherwise stated)

Items	As at 31 March 2016	As at 31 December 2015	Change (%)
Total assets	<b>17,039,969</b>	16,815,597	1.33
Capital and reserves attributable to equity holders of the Bank	<b>1,348,157</b>	1,304,946	3.31
Net assets per share (RMB)	<b>4.24</b>	4.09	3.59
Items	Three-month period ended 31 March 2016	Three-month period ended 31 March 2015	Change (%)
Operating income	<b>123,113</b>	121,329	1.47
Profit for the period	<b>48,633</b>	47,769	1.81
Profit attributable to equity holders of the Bank	<b>46,619</b>	45,838	1.70
Basic earnings per share (RMB)	<b>0.15</b>	0.16	-2.52
Diluted earnings per share (RMB)	<b>0.15</b>	0.16	-1.75
Return on average equity (%)	<b>14.77</b>	16.93	Down by 2.16 percentage points
Net cash (outflow)/inflow from operating activities	<b>(150,663)</b>	400,165	N/A
Net cash (outflow)/inflow from operating activities per share (RMB)	<b>(0.51)</b>	1.36	N/A

### 1.2.2 Reconciliation of differences between IFRS and Chinese Accounting Standards (“CAS”) financial information

There are no differences in the Group’s operating results for the three-month period ended 31 March 2016 and 2015 or the total equity as at 31 March 2016 and as at 31 December 2015 presented in the Group’s consolidated financial statements prepared under IFRS and those prepared under CAS.

### 1.3 Number of ordinary shareholders and top ten ordinary shareholders

#### 1.3.1 Number of ordinary shareholders as at 31 March 2016: 963,840 (including 761,262 A-Share Holders and 202,578 H-Share Holders)

#### 1.3.2 Top ten ordinary shareholders as at 31 March 2016

Unit: share

No.	Name of ordinary shareholder	Number of shares held as at the end of the reporting period	Percentage of total ordinary shares	Number of shares subject to selling restrictions	Number of shares pledged or frozen	Type of shareholder	Type of ordinary shares
1	Central Huijin Investment Ltd.	188,461,533,607	64.02%	–	None	State	A
2	HKSCC Nominees Limited	81,782,813,083	27.78%	–	Unknown	Foreign legal person	H
3	China Securities Finance Co., Ltd.	7,840,108,274	2.66%	–	None	State-owned legal person	A
4	Central Huijin Asset Management Ltd.	1,810,024,500	0.61%	–	None	State-owned legal person	A
5	Buttonwood Investment Platform Ltd.	1,060,059,360	0.36%	–	None	State-owned legal person	A
6	Huaxia Life Insurance Co., Ltd. — Universal Insurance Product	841,994,500	0.29%	–	None	Other	A
7	The Bank of Tokyo-Mitsubishi UFJ Ltd.	520,357,200	0.18%	–	Unknown	Foreign legal person	H
8	Anbang Life Insurance Co., Ltd — Conservative Investment Portfolio	477,023,612	0.16%	–	None	Other	A
9	Anbang Property & Casualty Insurance Co., Ltd — Traditional Product	208,018,959	0.07%	–	None	Other	A
10	HKSCC Limited	204,866,004	0.07%	–	None	Foreign legal person	A

Notes:

1. The number of shares held by H-Share Holders was recorded in the register of members kept at the H-Share Registrar of the Bank.
2. HKSCC Nominees Limited acted as the nominee for all the institutional and individual investors that maintain an account with it as at 31 March 2016. The aggregate number of the Bank's H Shares held by HKSCC Nominees Limited included the number of shares held by National Council for Social Security Fund.
3. Central Huijin Asset Management Ltd. is a wholly-owned subsidiary of Central Huijin Investment Ltd.
4. Both Anbang Life Insurance Co., Ltd and Anbang Property & Casualty Insurance Co., Ltd are subsidiaries of Anbang Insurance Group Co., Ltd.
5. HKSCC Limited is the nominee holder who holds securities on behalf of others. The securities included the SSE securities acquired by Hong Kong and overseas investors through Shanghai-Hong Kong Stock Connect.
6. Save as disclosed above, the Bank is not aware of any connected relation or concerted action among the aforementioned ordinary shareholders.

## 1.4 Number of preference shareholders and top ten preference shareholders

### 1.4.1 Number of preference shareholders as at 31 March 2016: 48 (including 47 domestic preference shareholders and 1 offshore preference shareholder)

### 1.4.2 Top ten preference shareholders as at 31 March 2016

Unit: Share

No.	Name of preference shareholder	Number of shares held as at the end of the reporting period	Percentage of total preference shares	Number of shares pledged or frozen	Type of shareholder	Type of preference shares
1	Bank of New York Mellon Corporation	399,400,000	39.96%	Unknown	Foreign legal person	Offshore Preference Shares
2	China Mobile Communications Corporation	180,000,000	18.01%	None	State-owned legal person	Domestic Preference Shares
3	China National Tobacco Corporation	50,000,000	5.00%	None	State-owned legal person	Domestic Preference Shares
4	Zhongwei Real Estate Co., Ltd.	30,000,000	3.00%	None	State-owned legal person	Domestic Preference Shares
5	Yunnan Branch of China National Tobacco Corporation	22,000,000	2.20%	None	State-owned legal person	Domestic Preference Shares
6	China Life Insurance Company Limited — dividend — personal dividend — 005L — FH002SH	21,000,000	2.10%	None	Other	Domestic Preference Shares
7	China Shuangwei Investment Co., Ltd.	20,000,000	2.00%	None	State-owned legal person	Domestic Preference Shares
7	National Social Security Fund Portfolio 304	20,000,000	2.00%	None	Other	Domestic Preference Shares
7	Bosera Fund — ICBC — Bosera — ICBC — Flexible Allocation No. 5 Specific Multi – customer Assets Management Plan	20,000,000	2.00%	None	Other	Domestic Preference Shares
10	Ping An Life Insurance Company of China, Ltd. — proprietary fund	19,000,000	1.90%	None	Domestic non-state-owned legal person	Domestic Preference Shares

#### Notes:

1. The Bank of New York Mellon Corporation, acting as the custodian for all the offshore preference shareholders that maintain an account with Euroclear and Clearstream as at 31 March 2016, held 399,400,000 offshore preference shares, representing 100% of the offshore preference shares.
2. Both Yunnan Branch of China National Tobacco Corporation and China Shuangwei Investment Co., Ltd. are wholly-owned subsidiaries of China National Tobacco Corporation. Zhongwei Real Estate Co., Ltd. is a subsidiary of China Shuangwei Investment Co., Ltd.
3. Save as disclosed above, the Bank is not aware of any connected relation or concerted action among the aforementioned preference shareholders, and among the aforementioned preference shareholders and the Bank's top ten ordinary shareholders.

## II. SUMMARY OF ANALYSIS ON OVERALL OPERATING ACTIVITIES

During the first quarter of 2016, the Group achieved a profit for the period of RMB48.633 billion and a profit attributable to equity holders of the Bank of RMB46.619 billion, an increase of 1.81% and 1.70% respectively compared with the same period of 2015. Return on average total assets (ROA) was 1.15% and return on average equity (ROE) was 14.77%, a decrease of 0.07 and 2.16 percentage points respectively compared with the same period of 2015. The common equity tier 1 capital adequacy ratio, tier 1 capital adequacy ratio and capital adequacy ratio stood at 11.25%, 12.20% and 14.07% respectively<sup>1</sup>.

### 2.1 The principal components of the Group's consolidated income statement for the three-month period ended 31 March 2016 were as follows:

1. The Group's net interest income amounted to RMB79.536 billion, representing a decrease of RMB1.464 billion or 1.81% compared with the same period of 2015. The net interest margin was 1.97%, a decrease of 0.25 percentage point compared with the same period of 2015.
2. The Group's non-interest income amounted to RMB43.577 billion, representing an increase of RMB3.248 billion or 8.05% compared with the same period of 2015. Non-interest income represented 35.40% of the total operating income, an increase of 2.16 percentage points compared with the same period of 2015. Particularly, net fee and commission income amounted to RMB25.727 billion, an increase of RMB1.372 billion or 5.63% compared with the same period of 2015.
3. The Group's operating expenses amounted to RMB44.438 billion, a decrease of RMB1.075 billion or 2.36% compared with the same period of 2015. The cost to income ratio (calculated under domestic regulations) was 24.61%, an increase of 0.64 percentage point compared with the same period of 2015.
4. The Group's impairment losses on assets amounted to RMB15.953 billion, an increase of RMB2.169 billion or 15.74% compared with the same period of 2015. The Group reported non-performing loans totalling RMB135.829 billion, and the ratio of non-performing loans to total loans was 1.43%. The ratio of allowance for loan impairment losses to non-performing loans was 149.07%.

---

<sup>1</sup> Capital adequacy ratios are calculated under the advanced approaches in accordance with the *Capital Rules for Commercial Banks (Provisional)* promulgated by China Banking Regulatory Commission ("CBRC").

## 2.2 The principal components of the Group's financial position as at 31 March 2016 were as follows:

The Group's total assets amounted to RMB17,039.969 billion, an increase of RMB224.372 billion or 1.33% compared with the prior year-end. Total liabilities amounted to RMB15,637.012 billion, an increase of RMB179.020 billion or 1.16% compared with the prior year-end.

1. The Group's due to customers amounted to RMB12,234.691 billion, an increase of RMB505.520 billion or 4.31% compared with the prior year-end. Particularly, domestic RMB-denominated deposits amounted to RMB9,254.268 billion, an increase of RMB430.714 billion or 4.88% compared with the prior year-end.
2. The Group's loans and advances to customers amounted to RMB9,474.727 billion, an increase of RMB338.867 billion or 3.71% compared with the prior year-end. Particularly, domestic RMB-denominated loans amounted to RMB7,084.017 billion, an increase of RMB284.432 billion or 4.18% compared with the prior year-end.
3. The Group's investments<sup>2</sup> amounted to RMB3,593.852 billion, a decrease of RMB1.243 billion or 0.03% compared with the prior year-end. The RMB-denominated investments amounted to RMB2,794.151 billion, a decrease of RMB38.911 billion or 1.37% compared with the prior year-end. Foreign currency-denominated investments amounted to USD123.770 billion, an increase of USD6.419 billion or 5.47% compared with the prior year-end.

---

<sup>2</sup> Investments include financial investment available for sale, debt securities held to maturity, financial investments classified as loans and receivables, and financial assets at fair value through profit or loss.

### III. SIGNIFICANT EVENTS

#### 3.1 Significant changes in major financial statement items and indicators and the reasons thereof

√ Applicable

☐ Not Applicable

The Group's key financial items and indicators which fluctuated over 30% compared with those as at the end of 2015, or compared with those for the three-month period ended 31 March 2015 are as follows:

Unit: RMB million, except percentages

Items	As at 31 March 2016	As at 31 December 2015	Change	Main reasons
Due to customers at fair value	<b>229,086</b>	339,911	-32.60%	Due to decrease in structured deposits.
Treasury shares	<b>(29)</b>	(86)	-66.28%	Due to decrease in holdings by the Bank's subsidiary of the Bank's stocks.
Other comprehensive income	<b>(4,275)</b>	(2,345)	82.30%	Due to sale of debt securities available for sale.

Unit: RMB million, except percentages

Items	Three-month period ended 31 March 2016	Three-month period ended 31 March 2015	Change	Main reasons
Net trading gains	<b>1,935</b>	2,798	-30.84%	Due to decrease in net gains from foreign exchange and foreign exchange products.
Net gains on financial investments	<b>4,493</b>	1,216	269.49%	Due to increase in net gains from the disposal of debt securities available for sale.
Share of results of associates and joint ventures	<b>180</b>	427	-57.85%	Due to decrease in share of results of associates.



### 3.2 Development of significant events, related impact and resolution

Applicable                       Not Applicable

### 3.3 Fulfillment of undertakings by the Bank, and shareholders holding 5% or more voting shares of the Bank

Applicable                       Not Applicable

Based on the best knowledge of the Bank, undertakings by the Bank and its shareholders holding 5% or more voting shares were fulfilled during the reporting period.

### 3.4 Warnings and explanations of any forecasted losses or significant changes to accumulated net profit from the beginning of the year to the end of the next reporting period

Applicable                       Not Applicable

### 3.5 Implementation of cash dividend policy during the reporting period

Applicable                       Not Applicable

At the Board meeting held on 19 January 2016, the dividend distribution plan for the Bank's Domestic Preference Shares (Second Tranche) was approved. The Bank distributed dividends on the Domestic Preference Shares (Second Tranche) on 14 March 2016, with an annual dividend rate of 5.50% (before tax). The dividend distribution plan has been accomplished.

## IV. QUARTERLY REPORT

This announcement is simultaneously available on the website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and that of the Bank at [www.boc.cn](http://www.boc.cn). The 2016 first quarter report prepared in accordance with CAS is also available on the website of the Shanghai Stock Exchange at [www.sse.com.cn](http://www.sse.com.cn) and that of the Bank.

By Order of the Board  
**Bank of China Limited**  
**GENG Wei**

*Secretary to the Board of Directors and Company Secretary*

Beijing, PRC  
26 April 2016

*As at the date of this announcement, the Directors of the Bank are: Tian Guoli, Chen Siqing, Zhu Hexin, Zhang Xiangdong\*, Zhang Qi\*, Wang Yong\*, Wang Wei\*, Liu Xianghui\*, Li Jucan\*, Chow Man Yiu, Paul#, Jackson Tai#, Nout Wellink#, Lu Zhengfei# and Leung Cheuk Yan#.*

\* *Non-executive Directors*

# *Independent Non-executive Directors*

APPENDIX I — FINANCIAL STATEMENTS (PREPARED IN ACCORDANCE WITH IFRS)

Consolidated Income Statement

	Unit: RMB million	
	<b>For the three-month period ended 31 March</b>	
	<b>2016</b>	<b>2015</b>
	(unaudited)	(unaudited)
Interest income	145,509	153,382
Interest expense	(65,973)	(72,382)
<b>Net interest income</b>	<b>79,536</b>	<b>81,000</b>
Fee and commission income	27,793	26,253
Fee and commission expense	(2,066)	(1,898)
<b>Net fee and commission income</b>	<b>25,727</b>	<b>24,355</b>
Net trading gains	1,935	2,798
Net gains on financial investments	4,493	1,216
Other operating income	11,422	11,960
<b>Operating income</b>	<b>123,113</b>	<b>121,329</b>
Operating expenses	(44,438)	(45,513)
Impairment losses on assets	(15,953)	(13,784)
<b>Operating profit</b>	<b>62,722</b>	<b>62,032</b>
Share of results of associates and joint ventures	180	427
<b>Profit before income tax</b>	<b>62,902</b>	<b>62,459</b>
Income tax expense	(14,269)	(14,690)
<b>Profit for the period</b>	<b>48,633</b>	<b>47,769</b>
<b>Attributable to:</b>		
Equity holders of the Bank	46,619	45,838
Non-controlling interests	2,014	1,931
	<b>48,633</b>	<b>47,769</b>
Earnings per share		
(Expressed in RMB per ordinary share)		
— Basic	0.15	0.16
— Diluted	0.15	0.16

## Consolidated Statement of Comprehensive Income

	Unit: RMB million	
	<b>For the three-month period ended 31 March</b>	
	<b>2016</b> (unaudited)	<b>2015</b> (unaudited)
<b>Profit for the period</b>	<b>48,633</b>	<b>47,769</b>
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to profit or loss</b>		
— Actuarial losses on defined benefit plans	(2)	(39)
Subtotal	(2)	(39)
<b>Items that may be reclassified subsequently to profit or loss</b>		
— Net fair value losses on available for sale financial assets	(2,143)	(505)
— Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(18)	5
— Exchange differences from the translation of foreign operations	(4)	(1,664)
— Other	24	24
Subtotal	(2,141)	(2,140)
<b>Other comprehensive income for the period, net of tax</b>	<b>(2,143)</b>	<b>(2,179)</b>
<b>Total comprehensive income for the period</b>	<b>46,490</b>	<b>45,590</b>
<b>Total comprehensive income attributable to:</b>		
Equity holders of the Bank	44,689	43,586
Non-controlling interests	1,801	2,004
	<b>46,490</b>	<b>45,590</b>

## Consolidated Statement of Financial Position

	Unit: RMB million	
	As at <b>31 March</b> <b>2016</b> (unaudited)	As at <b>31 December</b> <b>2015</b> (audited)
<b>ASSETS</b>		
Cash and due from banks and other financial institutions	550,281	654,378
Balances with central banks	2,173,202	2,196,063
Placements with and loans to banks and other financial institutions	416,400	426,848
Government certificates of indebtedness for bank notes issued	95,214	91,191
Precious metals	188,705	176,753
Financial assets at fair value through profit or loss	122,476	119,062
Derivative financial assets	69,514	82,236
Loans and advances to customers, net	9,272,248	8,935,195
Financial investments	3,471,376	3,476,033
— available for sale	1,130,748	1,078,533
— held to maturity	1,750,263	1,790,790
— loans and receivables	590,365	606,710
Investment in associates and joint ventures	11,632	10,843
Property and equipment	180,319	182,031
Investment properties	20,794	23,281
Deferred income tax assets	19,723	22,246
Assets held for sale	229,909	237,937
Other assets	218,176	181,500
<b>Total assets</b>	<b>17,039,969</b>	<b>16,815,597</b>

**Consolidated Statement of Financial Position (continued)**

Unit: RMB million

	<b>As at 31 March 2016</b>	<b>As at 31 December 2015</b>
	(unaudited)	(audited)
<b>LIABILITIES</b>		
Due to banks and other financial institutions	1,498,816	1,764,320
Due to central banks	435,060	415,709
Bank notes in circulation	94,675	91,331
Placements from banks and other financial institutions	343,009	447,944
Derivative financial liabilities	60,430	69,160
Due to customers	12,234,691	11,729,171
— at amortised cost	12,005,605	11,389,260
— at fair value	229,086	339,911
Bonds issued	288,125	282,929
Other borrowings	30,661	30,281
Current tax liabilities	42,407	37,982
Retirement benefit obligations	4,139	4,255
Deferred income tax liabilities	4,651	4,291
Liabilities classified as held for sale	196,963	196,850
Other liabilities	403,385	383,769
<b>Total liabilities</b>	<b>15,637,012</b>	<b>15,457,992</b>
<b>EQUITY</b>		
<b>Capital and reserves attributable to equity holders of the Bank</b>		
Share capital	294,388	294,388
Other equity instruments	99,714	99,714
Capital reserve	140,094	140,098
Treasury shares	(29)	(86)
Other comprehensive income	(4,275)	(2,345)
Statutory reserves	111,604	111,511
General and regulatory reserves	179,915	179,485
Undistributed profits	526,746	482,181
	<b>1,348,157</b>	<b>1,304,946</b>
<b>Non-controlling interests</b>	<b>54,800</b>	<b>52,659</b>
<b>Total equity</b>	<b>1,402,957</b>	<b>1,357,605</b>
<b>Total equity and liabilities</b>	<b>17,039,969</b>	<b>16,815,597</b>

**TIAN Guoli**  
Director

**CHEN Siqing**  
Director

## Consolidated Statement of Cash Flows

Unit: RMB million

	<b>For the three-month period ended 31 March</b>	
	<b>2016</b>	<b>2015</b>
	(unaudited)	(unaudited)
<b>Cash flows from operating activities</b>		
Profit before income tax	62,902	62,459
Adjustments:		
Impairment losses on assets	15,953	13,784
Depreciation of property and equipment	3,145	3,186
Amortisation of intangible assets and other assets	667	657
Net gains on disposal of property and equipment, intangible assets and other long-term assets	(62)	(149)
Share of results of associates and joint ventures	(180)	(427)
Interest income arising from financial investments	(27,849)	(23,148)
Dividends arising from investment securities	(130)	(59)
Net gains on de-recognition of financial investments	(4,493)	(1,216)
Interest expense arising from bonds issued	2,825	2,652
Accreted interest on impaired loans	(334)	(220)
Net changes in operating assets and liabilities:		
Net increase in balances with central banks	(79,697)	(5,168)
Net decrease in due from, placements with and loans to banks and other financial institutions	113,471	34,978
Net (increase)/decrease in precious metals	(12,039)	2,899
Net decrease/(increase) in financial assets at fair value through profit or loss	4,359	(8,815)
Net increase in loans and advances to customers	(348,861)	(325,449)
Net increase in other assets	(22,240)	(24,652)
Net decrease in due to banks and other financial institutions	(266,439)	(131,289)
Net increase in due to central banks	19,345	114,426
Net decrease in placements from banks and other financial institutions	(103,969)	(1,911)
Net increase in due to customers	504,072	670,755
Net increase in other borrowings	380	72
Net (decrease)/increase in other liabilities	(4,444)	22,387
Cash (outflow)/inflow from operating activities	(143,618)	405,752
Income tax paid	(7,045)	(5,587)
Net cash (outflow)/inflow from operating activities	<b>(150,663)</b>	<b>400,165</b>

**Consolidated Statement of Cash Flows (continued)**

	Unit: RMB million	
	<b>For the three-month period ended 31 March</b>	
	<b>2016</b>	<b>2015</b>
	(unaudited)	(unaudited)
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property and equipment, intangible assets and other long-term assets	1,464	2,975
Proceeds from disposal of investment in subsidiaries, associates and joint ventures	–	19
Dividends received	152	64
Interest income received from financial investments	23,215	17,680
Proceeds from disposal/maturity of financial investments	462,913	212,068
Increase in investment in subsidiaries, associates and joint ventures	(685)	(1,328)
Purchase of property and equipment, intangible assets and other long-term assets	(3,774)	(2,625)
Purchase of financial investments	(452,172)	(356,347)
	<u>31,113</u>	<u>(127,494)</u>
Net cash inflow/(outflow) from investing activities		
<b>Cash flows from financing activities</b>		
Proceeds from issuance of bonds	27,387	35,558
Proceeds from issuance of preference shares of the Bank	–	27,970
Proceeds from non-controlling shareholders investment in subsidiaries	387	18
Repayments of debts issued	(17,375)	(33,311)
Cash payments for interest on bonds issued	(2,145)	(3,315)
Dividend payments to equity holders of the Bank	(1,540)	–
Dividend payments to non-controlling shareholders	(51)	(58)
Other net cash flows from financing activities	57	3
	<u>6,720</u>	<u>26,865</u>
Net cash inflow from financing activities		
Effect of exchange rate changes on cash and cash equivalents	2,163	(8,118)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(110,667)	291,418
Cash and cash equivalents at beginning of the period	<u>1,052,078</u>	<u>1,148,151</u>
Cash and cash equivalents at end of the period	<u><b>941,411</b></u>	<u><b>1,439,569</b></u>

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

### I. Capital Adequacy Ratio

Unit: RMB million, except percentages

	As at 31 March 2016	As at 31 December 2015
<b>Measured in accordance with the <i>Capital Rules for Commercial Banks (Provisional)</i><sup>Note</sup></b>		
Net common equity tier 1 capital	1,222,197	1,182,300
Net tier 1 capital	1,325,582	1,285,459
Net capital	1,528,298	1,498,396
Common equity tier 1 capital adequacy ratio	11.25%	11.10%
Tier 1 capital adequacy ratio	12.20%	12.07%
Capital adequacy ratio	<u>14.07%</u>	<u>14.06%</u>
<b>Measured in accordance with the <i>Regulation Governing Capital Adequacy of Commercial Banks</i></b>		
Core capital adequacy ratio	11.45%	11.38%
Capital adequacy ratio	<u>14.43%</u>	<u>14.45%</u>

Note: The capital adequacy ratios are calculated under advanced approaches in accordance with the *Capital Rules for Commercial Banks (Provisional)* by using the following to measure risk-weighted assets: Internal Ratings-Based Approach for credit risk, Internal Models Approach for market risk and Standardised Approach for operational risk.

### II. Leverage Ratio

The leverage ratios of the Group calculated in accordance with the *Administrative Measures for the Leverage Ratio of Commercial Banks (Revised)* and the *Capital Rules for Commercial Banks (Provisional)* are as follows:

	Unit: RMB million, except percentages			
	As at 31 March 2016	As at 31 December 2015	As at 30 September 2015	As at 30 June 2015
Net tier 1 capital	1,325,582	1,285,459	1,241,650	1,202,597
Adjusted on- and off- balance sheet assets	<u>18,497,683</u>	<u>18,297,331</u>	<u>18,256,503</u>	<u>17,875,933</u>
Leverage ratio	<u>7.17%</u>	<u>7.03%</u>	<u>6.80%</u>	<u>6.73%</u>



### III. Liquidity Coverage Ratio

According to the *Measures for the Information Disclosure of Liquidity Coverage Ratio of Commercial Banks* issued by the CBRC, the Group disclosed the information of liquidity coverage ratio (“LCR”)<sup>(1)</sup> as the follows.

#### Regulatory requirements of liquidity coverage ratio

As stipulated by the *Rules on Liquidity Risk Management of Commercial Banks (Provisional)*, the commercial banks’ LCR should reach 100% by the end of 2018. During the transition period, the LCR should reach 60%, 70%, 80% and 90% by the end of 2014, 2015, 2016 and 2017, respectively. During the transition period, eligible commercial banks are encouraged to fulfil the requirements in advance, and banks with LCR already reaching 100% are encouraged to continuously maintain it at 100% or above.

#### The Group’s liquidity coverage ratio

The Group’s<sup>(2)</sup> average value of LCR<sup>(3)</sup> was 119.42% in the first quarter of 2016, remaining approximately same to the previous quarter.

The Group’s high-quality liquid assets (“HQLA”) is comprised of cash, central bank reserves which are able to be drawn down under stress scenarios, and debt securities that meet the qualifying criteria for Level 1 or level 2 assets pursuant to the *Liquidity Risk Management of Commercial Banks (Provisional)*.

	2016	2015		
	Quarter ended	Quarter ended	Quarter ended	Quarter ended
	31 March	31 December	30 September	30 June
Average value of LCR	<u>119.42%</u>	<u>119.33%</u>	<u>113.87%</u>	<u>122.71%</u>

### III. Liquidity Coverage Ratio (continued)

The Group's average values of LCR individual line items in the first quarter of 2016 are as follows:

Unit: RMB million, except percentages

No.		Total un-weighted value	Total weighted value
<b>High-quality liquid assets</b>			
1	Total high-quality liquid assets (HQLA)		3,264,644
<b>Cash outflows</b>			
2	Retail deposits and deposits from small business customers, of which:		
3	Stable deposits	5,857,077	480,871
4	Less stable deposits	2,096,467	104,810
5	Unsecured wholesale funding, of which:	3,760,610	376,061
6	Operational deposits (excluding those generated from correspondent banking activities)	7,313,274	2,787,409
7	Non-operational deposits (all counterparties)	3,662,535	894,466
8	Unsecured debt	3,644,667	1,886,871
9	Secured funding	6,072	6,072
10	Additional requirements, of which:		
11	Outflows related to derivative exposures and other collateral requirements	1,007,996	116,614
12	Outflows related to loss of funding on debt products	34,973	34,973
13	Credit and liquidity facilities	–	–
14	Other contractual funding obligations	973,023	81,641
15	Other contingent funding obligations	157,228	157,228
16	<b>Total cash outflows</b>	3,325,781	63,551
<b>Cash inflows</b>			
17	Secured lending (including reverse repos and securities borrowing)		
18	Inflows from fully performing exposures	117,931	95,022
19	Other cash inflows	1,014,545	618,482
20	<b>Total cash inflows</b>	282,679	161,787
		1,415,155	875,291
			<b>Total adjusted value</b>
21	<b>Total HQLA</b>		3,264,644
22	<b>Total net cash outflows</b>		2,733,124
23	<b>Liquidity coverage ratio (%)</b>		119.42%

### **III. Liquidity Coverage Ratio (continued)**

- (1) The LCR aims to ensure that commercial banks have sufficient HQLA that can be converted into cash to meet the liquidity requirements for at least thirty days under stress scenarios determined by the CBRC.
- (2) When calculating the consolidated LCR, BOCG Investment, BOC Insurance, BOCG Insurance and BOCG Life were excluded from the scope of consolidation in accordance with the requirements of the CBRC.
- (3) The average values of LCR and individual line items are the simple arithmetic average of month-end values in the quarter.