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交通銀行股份有限公司 Bank of Communications Co., Ltd.

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 03328)

RESULTS ANNOUNCEMENT FOR THE THIRD QUARTER 2022

The board of directors (the “**Board**”) of Bank of Communications Co., Ltd. (the “**Bank**”) is pleased to announce the unaudited results (the “**Third Quarter Results**”) of the Bank and its subsidiaries (the “**Group**”) for the nine months ended 30 September 2022 (the “**Reporting Period**”). The Board and the Audit Committee of the Board have reviewed and confirmed the Third Quarter Results. This announcement is made 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. CORPORATE INFORMATION

	Stock name	Stock code	Stock exchange
A Share	Bank of Communications	601328	Shanghai Stock Exchange
H Share	BANKCOMM	03328	The Stock Exchange of Hong Kong Limited
Domestic Preference Share	BOCOM PREF1	360021	Shanghai Stock Exchange

Secretary of the Board/Company Secretary

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II. FINANCIAL HIGHLIGHTS

As at 30 September 2022 (the “**end of the Reporting Period**”), the key financial data and financial indicators prepared by the Group in accordance with the International Financial Reporting Standards are as follows:

(in millions of RMB unless otherwise stated)

	30 September 2022	31 December 2021	Increase/ decrease (%)	
Total assets	12,693,203	11,665,757	8.81	
Loans and advances to customers ¹	7,214,926	6,560,400	9.98	
Total liabilities	11,680,766	10,688,521	9.28	
Due to customers ¹	7,887,813	7,039,777	12.05	
Shareholders' equity (attributable to shareholders of the Bank)	999,797	964,647	3.64	
Net assets per share (attributable to the ordinary shareholders of the Bank, in RMB yuan) ²	11.11	10.64	4.42	
	July to September 2022	Year-on-year increase/decrease (%)	January to September 2022	Year-on-year increase/decrease (%)
Net operating income	66,779	0.94	210,347	5.06
Profit before tax	25,336	10.97	70,953	2.21
Net profit (attributable to shareholders of the Bank)	23,843	6.72	67,883	5.47
Basic earnings per share (attributable to the ordinary shareholders of the Bank, in RMB yuan) ³	0.28	7.69	0.83	3.75
Diluted earnings per share (attributable to the ordinary shareholders of the Bank, in RMB yuan) ³	0.28	7.69	0.83	3.75
Return on weighted average net assets (annualised, %) ³	11.35	Decreased by 0.02 percentage point	10.34	Decreased by 0.38 percentage point

Notes:

- Loans and advances to customers do not include interest receivable of related loans and advances. Due to customers includes interest payable of related deposits.
- It represents the shareholder's equity attributable to the ordinary shareholders of the Bank after the deduction of other equity instruments divided by the total number of ordinary shares issued as at the end of the Reporting Period.
- It is calculated pursuant to the requirements of *Regulations on the Preparation of Information Disclosure for Companies Offering Securities to the Public No. 9 – Calculation and Disclosure of Return on Net Asset and Earnings per Share* (2010 Revision) issued by the China Securities Regulatory Commission (the “CSRC”).

III. SHAREHOLDERS' INFORMATION

(I) Total Number of Ordinary Shareholders and Shareholdings

As at the end of the Reporting Period, the Bank had a total of 365,052 ordinary shareholders, of which 333,726 were holders of A shares and 31,326 were holders of H shares. The shareholdings of top 10 ordinary shareholders of the Bank are listed as follows:

Name of shareholders	Nature of shareholders	Number of shares held (share)	Percentage (%)	Class of shares	Shares pledged/ marked/frozen
The Ministry of Finance of the People's Republic of China	Government	13,178,424,446	17.75	A Share	Nil
HKSCC Nominees Limited ^{2,5}	Foreign legal entity	4,553,999,999	6.13	H Share	Nil
The Hongkong and Shanghai Banking Corporation Limited ("HSBC") ^{2,3}	Foreign legal entity	14,983,047,614	20.18	H Share	Unknown
The National Council for Social Security Fund (the "SSF") ^{2,4}	Government	13,886,417,698	18.70	H Share	Nil
China Securities Finance Corporation Limited	State-owned legal entity	3,105,155,568	4.18	A Share	Nil
Capital Airports Holdings Company Limited	State-owned legal entity	1,405,555,555	1.89	H Share	Nil
Hong Kong Securities Clearing Company Limited ("HKSCC")	State-owned legal entity	1,891,651,202	2.55	A Share	Nil
Shanghai Haiyan Investment Management Co., Ltd. ⁵	State-owned legal entity	1,246,591,087	1.68	A Share	Nil
Yunnan Hehe (Group) Co., Ltd. ⁵	Foreign legal entity	945,919,915	1.27	A Share	Nil
FAW Equity Investment (Tianjin) Co., Ltd.	State-owned legal entity	808,145,417	1.09	A Share	Nil
	State-owned legal entity	745,305,404	1.00	A Share	Nil
	State-owned legal entity	663,941,711	0.89	A Share	Nil

Notes:

1. All ordinary shares issued by the Bank are not subject to any sales restrictions. The relevant data and information are extracted from the Bank's register of members at the Registrar and Transfer Office.
2. The aggregate number of shares held by HKSCC Nominees Limited represents the total number of H shares of the Bank held by all institutional and individual investors who maintained an account with it as at the end of the Reporting Period. The data included 249,218,915 and 7,644,573,777 H shares indirectly held by HSBC and the SSF respectively, which were registered under HKSCC Nominees Limited. The data did not include 13,886,417,698 and 1,405,555,555 H shares of the Bank directly held by the aforementioned two shareholders respectively, which were registered in the Bank's register of members.

3. According to the disclosure forms of interests filed with The Stock Exchange of Hong Kong Limited by HSBC Holdings plc, **HSBC beneficially held 14,135,636,613 H shares of the Bank as at the end of the Reporting Period, representing 19.03% of the Bank's total ordinary shares issued.** HSBC beneficially held 249,218,915 more H shares than shown on the Bank's register of members. The discrepancy is due to a purchase of H shares by HSBC from the secondary market in 2007 and thereafter receiving bonus shares issued by the Bank and participating in the rights issue of the Bank. Those extra shares have been registered under HKSCC Nominees Limited.
4. The number included 1,970,269,383 A shares of the Bank held by the Sixth Transfer Account for State-owned Capital of the SSF. Other than the above shareholdings, the SSF held additional 7,644,573,777 H shares of the Bank, of which 7,027,777,777 H shares were registered under HKSCC Nominees Limited and 616,796,000 H shares were indirectly held by certain asset managers (including Hong Kong Stock Connect). **As at the end of the Reporting Period, the SSF held a total of 12,155,284,900 A shares and H shares of the Bank, representing 16.37% of the Bank's total ordinary shares issued.**
5. Shanghai Haiyan Investment Management Co., Ltd. and Yunnan Hehe (Group) Co., Ltd. are parties acting in concert as defined under the *Provisional Measures on Shareholdings Administration of Commercial Banks* (China Banking Regulatory Commission Order No. 1 of 2018). 7 subordinate enterprises of China National Tobacco Corporation including Shanghai Haiyan Investment Management Co., Ltd. and Yunnan Hehe (Group) Co., Ltd. authorised and entrusted China National Tobacco Corporation to attend the Shareholders' General Meeting of the Bank and to exercise the voting rights on their behalf. HKSCC Nominees Limited is a wholly-owned subsidiary of HKSCC. Save as aforesaid, the Bank is not aware of the existence of any related relationship among the other top 10 shareholders, or whether they are parties acting in concert as defined under the *Provisional Measures on Shareholdings Administration of Commercial Banks*.

(II) Total Number of Preference Shareholders and Shareholdings

From January to September 2022, the Bank did not restore any voting right of the preference shares. As at the end of the Reporting Period, the total number of preference shareholders of the Bank was 77. Shareholdings of top 10 preference shareholders are listed as follows:

Name of shareholders	Nature of shareholders	Number of shares held (share)	Percentage (%)	Class of shares	Shares pledged/ marked/frozen
China Mobile Communications Group Co., Ltd.	State-owned legal entity	100,000,000	22.22	Domestic preference share	Nil
HwaBao Trust Co., Ltd. – HwaBao Trust– Baofu Investment No.1 Collective Capital Trust Plan	Others	48,910,000	10.87	Domestic preference share	Nil
CCB Trust Co., Ltd. – “Qian Yuan – Ri Xin Yue Yi” Open-ended Wealth Management Single Fund Trust	Others	20,000,000	4.44	Domestic preference share	Nil
Bosera Funds – ICBC – Bosera – ICBC– Flexible Allocation No. 5 Specific Multi-customer Asset Management Plan	Others	20,000,000	4.44	Domestic preference share	Nil
Ping An Life Insurance Company of China, Ltd. – Self-owned Capital	Others	18,000,000	4.00	Domestic preference share	Nil
China National Tobacco Corporation Henan Branch	State-owned legal entity	15,000,000	3.33	Domestic preference share	Nil
China Life Property and Casualty Insurance Company Limited – Traditional – Ordinary insurance product	Others	15,000,000	3.33	Domestic preference share	Nil
CITIC Securities – Postal Saving Bank– CITIC Securities Star No.28 Collective Asset Management Plan	Others	14,000,000	3.11	Domestic preference share	Nil
Everbright Securities Asset Management (“EBSAM”) – Everbright Bank – EBSAM Xinyou No.4 Collective Asset Management Plan	Others	13,000,000	2.89	Domestic preference share	Nil
CMW Asset Management – CMB – China Merchants Wealth – Chengcai No.1 Collective Asset Management Plan	Others	10,225,000	2.27	Domestic preference share	Nil

Notes:

1. All preference shares issued by the Bank are not subject to any sales restrictions.
2. Shareholdings of preference shareholders are summarised according to the Bank's register of members of preference shareholders.
3. "Percentage" refers to the percentage of number of preference shares held by preference shareholders in the total number of preference shares.
4. According to the *Administrative Measures on the Connected Transactions of Banking and Insurance Institutions* issued by the China Banking and Insurance Regulatory Commission (the "CBIRC"), to the knowledge of the Bank, China National Tobacco Corporation Henan Branch is related with Shanghai Haiyan Investment Management Co., Ltd. and Yunnan Hehe (Group) Co., Ltd., which are among top 10 ordinary shareholders of the Bank.
5. The Bank is not aware of any related relationship among the top 10 preference shareholders or any related relationship between the other above shareholders and top 10 ordinary shareholders, or whether they are parties acting in concert.

IV. MANAGEMENT DISCUSSION AND ANALYSIS

During the third quarter of 2022, in response to the impact of the unexpected factors such as the sophisticated and challenging global environment and the scattered and frequent outbreaks of the pandemic over the country, the Group insisted on the principle of making progress while maintaining stability, focused on the three tasks of serving the real economy, prevented financial risks and deepened financial reform and coordinated the pandemic prevention, business development and risk management, thus the main operating indicators are in line with the development expectation. The Group has maintained and further consolidated the operating status of making ongoing progress and quality improvement while maintaining stability. As at the end of the Reporting Period, the total assets of the Group increased by 8.81% over the end of the previous year to 12,693.203 billion. The total liabilities increased by 9.28% over the end of the previous year to 11,680.766 billion. Shareholders' equity (attributable to shareholders of the Bank) increased by 3.64% over the end of the previous year to 999.797 billion. From January to September 2022, the net operating income increased by 5.06% on a year-on-year basis to 210.347 billion. The net profit (attributable to shareholders of the Bank) increased by 5.47% on a year-on-year basis to 67.883 billion. The annualised return on average assets (ROAA) and the annualised return on weighted average net assets were 0.74% and 10.34%, respectively.

(I) Analysis on Key Income Statement Items

1. *Net interest income*

From January to September 2022, the net interest income of the Group increased by 8.783 billion or 7.37% on a year-on-year basis to 128.027 billion, which accounted for 60.86% of the net operating income, representing a year-on-year increase of 1.30 percentage points. The increase of net interest income mainly came from the growth of interest-bearing assets.

From January to September 2022, the net interest margin of the Group decreased by 5 basis points on a year-on-year basis to 1.50%. The year-on-year decrease in net interest margin was mainly contributed to the year-on-year decrease of return on loans, which was caused by certain factors such as the decrease of LPR, the constant transfer of profits to the real economy and others that affect the asset side. Meanwhile, the liability side showed an obvious trend of deposit regularization due to the declining willingness on investment and consumption by residents and enterprises, while the cost ratio of deposits took on a certain degree of rigidity.

2. *Net fee and commission income*

From January to September 2022, net fee and commission income of the Group decreased by 1.417 billion or 3.92% on a year-on-year basis to 34.732 billion, which accounted for 16.51% of the net operating income, representing a year-on-year decrease of 1.55 percentage points. The year-on-year decrease of net fee and commission income was mainly due to the domestic and foreign impact of capital market, fee reductions and the net-worth transformation of wealth management products.

3. *Operating expenses*

From January to September 2022, the Group's operating expenses increased by 5.095 billion or 9.57% on a year-on-year basis to 58.354 billion. The Group's cost-to-income ratio was 29.10%, representing a year-on-year increase of 1.22 percentage points.

4. *Asset impairment losses*

From January to September 2022, the Group's asset impairment losses decreased by 687 million or 1.30% on a year-on-year basis to 52.159 billion, of which the credit impairment losses increased by 452 million or 0.94% on a year-on-year basis to 48.554 billion. Currently there are still many uncertainties in the progress of global economic recovery and the pandemic situation. The Group continuously monitors the changes of risk situation, strengthens risk identification, refines accurate measurement, maintains the same level of provision for loans and has the ability of risk resistance and loss absorption.

(II) Analysis on Key Balance Sheet Items

1. *Loans and advances to customers*

As at the end of the Reporting Period, the balance of loans and advances to customers was 7,214.926 billion, representing an increase of 654.526 billion or 9.98% over the end of the previous year, of which the balance of corporate loans increased by 494.175 billion or 11.94% over the end of the previous year to 4,632.757 billion, the balance of personal loans increased by 82.301 billion or 3.60% over the end of the previous year to 2,367.397 billion, and the balance of discounted bills increased by 78.050 billion or 57.09% to 214.772 billion.

2. *Due to customers*

As at the end of the Reporting Period, the balance of due to customers increased by 848.036 billion or 12.05% over the end of the previous year to 7,887.813 billion, of which the proportion of due to corporate customers accounted for 63.05%, representing a decrease of 1.58 percentage points over the end of the previous year, the proportion of due to individual customers was 35.56%, representing an increase of 1.43 percentage points over the end of the previous year; the proportion of demand deposits was 34.93%, representing a decrease of 6.44 percentage points over the end of the previous year, and the proportion of time deposits was 63.68%, representing an increase of 6.29 percentage points over the end of the previous year.

3. *Financial investment*

As at the end of the Reporting Period, the Group's net balance of financial investment increased by 156.426 billion or 4.44% over the end of the previous year to 3,679.675 billion.

4. *Asset quality*

As at the end of the Reporting Period, the Group's balance of non-performing loans increased by 5.165 billion or 5.34% over the end of the previous year to 101.961 billion. The non-performing loan ratio decreased by 0.07 percentage point over the end of the previous year to 1.41%. The provision coverage ratio increased by 15.04 percentage points over the end of the previous year to 181.54%. The provision ratio increased by 0.11 percentage point over the end of the previous year to 2.57%.

Distribution of special mention loans and overdue loans by business type

(in millions of RMB unless otherwise stated)

	30 September 2022				31 December 2021			
	Special mention loan balance	Special mention loan ratio (%)	Overdue loan balance	Overdue loan ratio (%)	Special mention loan balance	Special mention loan ratio (%)	Overdue loan balance	Overdue loan ratio (%)
Corporate loans	86,471	1.87	55,455	1.20	73,858	1.78	53,503	1.29
Personal loans	18,843	0.80	39,667	1.68	14,737	0.64	33,653	1.47
Mortgage	7,497	0.49	11,895	0.78	3,966	0.27	9,001	0.60
Credit cards	9,779	2.02	22,561	4.67	9,637	1.96	20,462	4.15
Personal business loans	524	0.23	2,049	0.91	381	0.20	1,533	0.81
Others	1,043	0.79	3,162	2.39	753	0.66	2,657	2.32
Discounted bills	1	0.00	35	0.02	34	0.02	6	0.004
Total	105,315	1.46	95,157	1.32	88,629	1.35	87,162	1.33

Distribution of loans and non-performing loans by business type

(in millions of RMB unless otherwise stated)

	30 September 2022				31 December 2021			
	Loans	Proportion (%)	Non- performing loans	Non- performing loan ratio (%)	Loans	Proportion (%)	Non- performing loans	Non- performing loan ratio (%)
Corporate loans	4,632,757	64.21	79,395	1.71	4,138,582	63.09	77,618	1.88
Personal loans	2,367,397	32.81	22,523	0.95	2,285,096	34.83	19,168	0.84
Mortgage	1,526,610	21.16	5,891	0.39	1,489,517	22.70	5,083	0.34
Credit cards	483,126	6.70	12,779	2.65	492,580	7.51	10,821	2.20
Personal business loans	225,150	3.12	1,714	0.76	188,293	2.87	1,301	0.69
Others	132,511	1.84	2,139	1.61	114,706	1.75	1,963	1.71
Discounted bills	214,772	2.98	43	0.02	136,722	2.08	10	0.01
Total	7,214,926	100.00	101,961	1.41	6,560,400	100.00	96,796	1.48

As at the end of the Reporting Period, the asset quality of the Group remained stable. The non-performing loan ratio and the overdue loan ratio decreased over the end of the previous year, while the special mention loan ratio increased over the end of the previous year.

V. PUBLICATION OF THE THIRD QUARTER REPORT

The results announcement will be simultaneously published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk, as well as the website of the Bank at www.bankcomm.com for the reference of shareholders. The third quarter report 2022 prepared in accordance with China Accounting Standard for Business Enterprises will be available on the website of the Shanghai Stock Exchange at www.sse.com.cn and the website of the Bank.

By order of the Board
Bank of Communications Co., Ltd.
Ren Deqi
Chairman of the Board

Shanghai, the PRC
28 October 2022

As at the date of this announcement, the directors of the Bank are Mr. Ren Deqi, Mr. Liu Jun, Mr. Li Longcheng, Mr. Wang Linping*, Mr. Chang Baosheng*, Mr. Liao, Yi Chien David*, Mr. Chan Siu Chung*, Mr. Mu Guoxin*, Mr. Chen Junkui*, Mr. Luo Xiaopeng*, Mr. Woo Chin Wan, Raymond#, Mr. Cai Haoyi#, Mr. Shi Lei#, Mr. Zhang Xiangdong#, Ms. Li Xiaohui#, and Mr. Ma Jun#.*

* *Non-executive directors*

Independent non-executive directors

APPENDIX I FINANCIAL STATEMENTS

(I) Unaudited Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

(All amounts presented in millions of RMB except when otherwise indicated)

	Nine months ended 30 September	
	2022	2021
Interest income	309,244	279,879
Interest expense	(181,217)	(160,635)
Net interest income	128,027	119,244
Fee and commission income	38,278	39,574
Fee and commission expense	(3,546)	(3,425)
Net fee and commission income	34,732	36,149
Net gains arising from trading activities	15,596	17,286
Net gains arising from financial investments	556	1,030
<i>Including: Net gains on derecognition of financial assets measured at amortised cost</i>		
	63	45
Share of profits of associates and joint ventures	164	170
Insurance business income	15,980	13,306
Other operating income	15,292	13,025
Net operating income	210,347	200,210
Credit impairment losses	(51,460)	(52,428)
Other assets impairment losses	(699)	(418)
Insurance business expense	(16,809)	(13,607)
Other operating expenses	(70,426)	(64,338)
Profit before tax	70,953	69,419
Income tax expense	(2,933)	(3,927)
Net profit for the period	68,020	65,492

(All amounts presented in millions of RMB except when otherwise indicated)

Nine months ended 30 September

2022

2021

Other comprehensive income, net of tax

Items that may be reclassified subsequently to profit or loss:

Changes in fair value of debt instruments measured at fair value through other comprehensive income

Amount recognised in equity	(9,304)	3,120
Amount reclassified to profit or loss	(591)	(571)

Expected credit losses of debt instruments measured at fair value through other comprehensive income

Amount recognised in equity	644	(509)
Amount reclassified to profit or loss	-	-

Effective portion of gains or losses on hedging instruments in cash flow hedges

Amount recognised in equity	730	952
Amount reclassified to profit or loss	169	(640)

Translation differences for foreign operations

Others

Subtotal

Items that will not be reclassified subsequently to profit or loss:

Actuarial losses on pension benefits

Changes in fair value of equity investments designated at fair value through other comprehensive income

Changes in fair value attributable to changes in the credit risk of financial liability designated at fair value through profit or loss

Others

Subtotal

(All amounts presented in millions of RMB except when otherwise indicated)

	Nine months ended 30 September	
	2022	2021
Other comprehensive income, net of tax	<u>616</u>	<u>111</u>
Total comprehensive income for the period	<u>68,636</u>	<u>65,603</u>
Net profit attributable to:		
Shareholders of the parent company	67,883	64,360
Non-controlling interests	<u>137</u>	<u>1,132</u>
	<u>68,020</u>	<u>65,492</u>
Total comprehensive income attributable to:		
Shareholders of the parent company	68,086	64,594
Non-controlling interests	<u>550</u>	<u>1,009</u>
	<u>68,636</u>	<u>65,603</u>
Basic and diluted earnings per share for profit attributable to the shareholders of the parent company (in RMB yuan)	<u>0.83</u>	<u>0.80</u>

(II) Unaudited Interim Condensed Consolidated Statement of Financial Position

(All amounts presented in millions of RMB except when otherwise indicated)

	As at 30 September 2022	As at 31 December 2021
ASSETS		
Cash and balances with central banks	788,506	734,728
Due from and placements with banks and other financial institutions	687,951	632,708
Derivative financial assets	107,173	39,220
Loans and advances to customers	7,046,335	6,412,201
Financial investments at fair value through profit or loss	683,955	638,483
Financial investments at amortised cost	2,324,085	2,203,037
Financial investments at fair value through other comprehensive income (“FVOCI”)	671,635	681,729
Investments in associates and joint ventures	7,760	5,779
Property and equipment	188,729	171,194
Deferred tax assets	41,639	32,061
Other assets	145,435	114,617
	<hr/>	<hr/>
Total assets	12,693,203	11,665,757
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND EQUITY		
LIABILITIES		
Due to and placements from banks and other financial institutions	1,910,678	1,947,768
Financial liabilities at fair value through profit or loss	65,102	50,048
Derivative financial liabilities	88,908	36,074
Deposits from customers	7,887,813	7,039,777
Certificates of deposits issued	945,991	892,020
Income taxes payable	6,718	4,725
Debt securities issued	537,269	503,525
Deferred tax liabilities	3,080	1,889
Other liabilities	235,207	212,695
	<hr/>	<hr/>
Total liabilities	11,680,766	10,688,521
	<hr/> <hr/>	<hr/> <hr/>

(All amounts presented in millions of RMB except when otherwise indicated)

	As at 30 September 2022	As at 31 December 2021
EQUITY		
Share capital	74,263	74,263
Other equity instruments	174,790	174,790
<i>Including: Preference shares</i>	44,952	44,952
<i>Perpetual bonds</i>	129,838	129,838
Capital surplus	111,429	111,428
Other reserves	367,693	346,092
Retained earnings	271,622	258,074
Equity attributable to shareholders of the parent company	999,797	964,647
Equity attributable to non-controlling interests of ordinary shares	9,139	9,424
Equity attributable to non-controlling interests of other equity instruments	3,501	3,165
Non-controlling interests	12,640	12,589
Total equity	1,012,437	977,236
Total equity and liabilities	12,693,203	11,665,757

(III) Unaudited Interim Condensed Consolidated Statement Of Cash Flows

(All amounts presented in millions of RMB except when otherwise indicated)

	Nine months ended 30 September	
	2022	2021
Cash flows from operating activities:		
Profit before tax:	70,953	69,419
Adjustments for:		
Provision for credit impairment losses	51,460	52,428
Provision for other assets impairment losses	699	418
Provision for insurance contracts reserve	11,395	12,426
Depreciation and amortization	12,019	11,028
Provision/(reversal) for outstanding litigation and unsettled obligation	69	(221)
Net gains on the disposal of property, equipment and other assets	(652)	(351)
Interest income on financial investments	(71,724)	(65,429)
Fair value net losses/(gains)	9,120	(264)
Net gains on investments in associates and joint ventures	(164)	(170)
Net gains on financial investments	(556)	(1,030)
Interest expense on debt securities issued	11,636	12,277
Interest expense on lease liabilities	138	154
	<hr/>	<hr/>
Operating cash flows before movements in operating assets and liabilities	94,393	90,685
	<hr/>	<hr/>
Net increase in balances with central banks	(54,761)	(11,114)

(All amounts presented in millions of RMB except when otherwise indicated)

	Nine months ended 30 September	
	2022	2021
Net decrease/(increase) in due from and placements with banks and other financial institutions	74	(99,070)
Net increase in loans and advances to customers	(637,981)	(653,577)
Net increase in financial assets at fair value through profit or loss	(43,530)	(102,458)
Net increase in other assets	(35,799)	(11,601)
Net (decrease)/increase in due to and placements from banks and other financial institutions	(46,247)	36,479
Net (decrease)/increase in financial liabilities at fair value through profit or loss	(1,044)	3,157
Net increase in deposits from customers and certificates of deposit issued	800,180	550,276
Net increase in other liabilities	25,441	66,574
Net (decrease)/increase in value-added tax and other taxes payable	(748)	1,464
Income taxes paid	(10,676)	(6,833)
	<hr/>	<hr/>
Net cash flows generated/(used) in operating activities	89,302	(136,018)
	<hr/> <hr/>	<hr/> <hr/>
Cash flows from investing activities:		
Cash payment for investment in subsidiaries, associated ventures and joint ventures	(1,857)	(863)
Cash payments for financial investments	(748,565)	(739,800)
Proceeds from disposal or redemption of financial investments	649,928	655,069
Dividends received	3,231	2,763
Interest received from financial investments	67,659	64,661
Acquisition of intangible assets and other assets	(1,015)	(1,308)
Cash received from the sale of intangible assets and other assets	652	388
Acquisition of property, equipment	(16,563)	(10,639)
Cash received from disposal of property, equipment	6,108	3,066
	<hr/>	<hr/>
Net cash flows used in investing activities	(40,422)	(26,663)

(All amounts presented in millions of RMB except when otherwise indicated)

	Nine months ended 30 September	
	2022	2021
Cash flows from financing activities:		
Proceeds from issue of other equity instruments	–	41,498
Proceeds from issue of debt securities	86,892	93,349
Repayment of principal and interest of lease liabilities	(1,893)	(1,791)
Repayment of principals of debt securities issued	(64,955)	(17,693)
Payment of interest on debt securities	(10,650)	(7,996)
Dividends paid	(32,647)	(28,351)
Dividends paid to non-controlling interests	(150)	(556)
	<hr/>	<hr/>
Net cash flows (used)/generated from financing activities	(23,403)	78,460
Effect of exchange rate fluctuations on cash and cash equivalents held	5,014	(1,374)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	30,491	(85,595)
Cash and cash equivalents at the beginning of the period	194,308	307,120
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	224,799	221,525
	<hr/> <hr/>	<hr/> <hr/>
Net cash flows from operating activities include:		
Interest received	237,723	216,761
Interest paid	(142,692)	(130,588)
	<hr/> <hr/>	<hr/> <hr/>

APPENDIX II ASSESSMENT INDICATORS OF DOMESTIC SYSTEMATIC IMPORTANCE, CAPITAL ADEQUACY RATIO, LEVERAGE RATIO AND LIQUIDITY COVERAGE RATIO

I Assessment Indicators of DSIBS

In September 2022, the People’s Bank of China (the “PBOC”) and the China Banking and Insurance Regulatory Commission (the “CBIRC”) published the list of Domestic Systemically Important Banks (the “DSIBs”), in which the Bank was included. According to the *Administrative Measures for the Assessment on Banks of Systematic Importance* issued by the PBOC and the CBIRC, as at 31 December 2021, all the assessment indicators of systematic importance of the Group are as follows.

(in ten thousands of RMB unless otherwise stated)

Level 1 Indicators	Level 2 Indicators	The Group	
Scale	Balance of on- and off-balance sheet assets after adjustment	1,261,332,746	
Relevance	Assets from banks and financial institutions	133,306,688	
	Liabilities to banks and financial institutions	248,672,687	
	Securities and other financing instruments issued	100,299,466	
Fungibility	Payments settled through payment system or correspondent bank	21,394,125,656	
	Assets in custody	1,207,580,026	
	Agency and consignment business	333,056,994	
	Number of customers and number of domestic operating branches	Number of corporate customers	2,230,336
		Number of individual customers	185,395,399
	Number of domestic operating branches	2,889	
Complexity	Derivatives	710,985,245	
	Securities at fair value	70,240,467	
	Assets of non-banking affiliates	53,813,803	
	Wealth management business	Balance of non-principal guaranteed wealth management products issued by the Bank	15,961,335
		Balance of wealth management products issued by wealth management subsidiaries	122,466,443
	Overseas debts and liabilities	144,660,040	

Note: Calculated upon the standards of the *Administrative Measures for the Assessment on Banks of Systematic Importance (Yinfa (2020) No. 289)*, and the data of some indicators differs from both the data in the 2021 Annual Report and the data of the assessment indicators of global systematic importance.

II Capital Adequacy Ratio

The Group calculated the capital adequacy ratios pursuant to the *Administrative Measures for the Capital Management of Commercial Banks (Trial Implementation)* issued by the CBIRC and the relevant requirements. Since the adoption of the Advanced Approach of Capital Management upon the first approval by the CBIRC in 2014, the Bank steadily promoted the implementation and deepened the application of the advanced approach in accordance with regulatory requirements. Upon the approval by the CBIRC in 2018, the Bank expanded the application scope of the advanced approach and ended the parallel period. According to the *Additional Regulatory Rules on Systemically Important Banks (Trial Implementation)* issued by the PBOC and the CBIRC in 2021, the additional capital requirement of the Group is 0.75%.

As at the end of the Reporting Period, the Group's capital adequacy ratio, tier 1 capital adequacy ratio and common equity tier 1 capital adequacy ratio were 14.41%, 12.16% and 10.00% respectively, which all met the regulatory requirements.

(in millions of RMB unless otherwise stated)

	30 September 2022		31 December 2021	
	The Group	The Bank	The Group	The Bank
Net common equity tier 1 capital	816,956	681,352	783,877	659,155
Net tier 1 capital	993,562	856,142	960,225	833,945
Net capital	1,177,353	1,033,286	1,139,957	1,006,266
Common Equity Tier 1 capital adequacy ratio (%)	10.00	9.32	10.62	10.01
Tier 1 capital adequacy ratio (%)	12.16	11.72	13.01	12.67
Capital adequacy ratio (%)	14.41	14.14	15.45	15.29

Notes:

1. The above calculation excluded China BoCom Insurance Co., Ltd. and BoCommLife Insurance Company Limited.
2. According to the implementation scope of the Advanced Measurement Approach of Capital Management approved by the CBIRC, the credit risk which met the regulatory requirements was assessed by the internal rating-based approach, the market risk was assessed by the internal model approach, and the operational risk was assessed by the standardised approach. The credit risk not covered by the internal rating-based approach was assessed by the weighted approach. The market risk not covered by the internal model approach was assessed by the standardised approach. The operational risk not covered by the standardised approach was assessed by the basic indicator approach.

III Leverage Ratio

The Group calculated the leverage ratio pursuant to the *Administrative Measures for the Leverage Ratio of Commercial Banks (Revised)* issued by the CBIRC. Also, according to the *Additional Regulatory Rules on Systemically Important Banks (Trial Implementation)* issued by the PBOC and the CBIRC in 2021, the additional required leverage ratio of the Group is 0.375%. As at the end of the Reporting Period, the Group's leverage ratio was 7.09%, which met the regulatory requirements.

(in millions of RMB unless otherwise stated)

	30 September 2022	30 June 2022	31 March 2022	31 December 2021
Net tier 1 capital	993,562	970,873	979,545	960,225
Balance of adjusted on- and off- balance sheet assets	14,005,204	13,770,696	13,416,205	12,632,573
Leverage ratio (%)	7.09	7.05	7.30	7.60

IV Liquidity Coverage Ratio

According to the *Administrative Measures for Liquidity Risk Management of Commercial Banks*, commercial banks with an asset scale not less than RMB200.0 billion should always meet the minimum regulatory standards with a liquidity coverage ratio not less than 100%.

According to the *Measures for Information Disclosure of Liquidity Coverage Ratio of Commercial Banks*, commercial banks should disclose the quarterly daily average of the liquidity coverage ratio. The daily average liquidity coverage ratio of the Group in the third quarter of 2022 was 126.13% (the number of daily data for calculating the average was 92), which decreased by 2.02 percentage points over the previous quarter and was mainly due to the decrease of qualified high-quality liquid assets. The details of liquidity coverage ratio and the average of specific items thereof in the third quarter are listed as follows:

(in millions of RMB unless otherwise stated)

Serial Number	Amount before conversion	Amount after conversion
The qualified high-quality liquid assets		
1		2,333,289
Cash Outflow		
2	2,605,210	251,119
3	185,993	9,197
4	2,419,217	241,922
5	5,181,241	2,141,893
6	2,843,641	709,571
7	2,333,841	1,428,563
8	3,759	3,759
9		18,509
10	2,265,234	1,265,027
11	1,231,664	1,208,535
12	215	215
13	1,033,355	56,277
14	67,116	67,116
15	2,033,235	73,420
16		3,817,084
Cash Inflow		
17	214,523	214,179
18	926,716	614,179
19	1,241,931	1,221,540
20	2,383,170	2,049,898
Amount after adjustment		
21		2,228,340
22		1,767,186
23		126.13