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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 FIRST QUARTER 2023

The board of directors (the “**Board**”) of Bank of Communications Co., Ltd. (the “**Bank**”) is pleased to announce the unaudited results (the “**First Quarter Results**”) of the Bank and its subsidiaries (the “**Group**”) for the three months ended 31 March 2023 (the “**Reporting Period**”). The Board and the Audit Committee of the Board have reviewed and confirmed the First 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 PEF1	360021	Shanghai Stock Exchange

Secretary of the Board of Directors and Company Secretary

Name	Zhou Wanfu (temporary)
Contact address	188 Yin Cheng Zhong Lu, Pudong New District, Shanghai
Tel	86 (21) 58766688
Fax	86 (21) 58798398
E-mail	investor@bankcomm.com

II. FINANCIAL HIGHLIGHTS

The Group implemented the *International Financial Reporting Standard 17—Insurance Contracts* and its amendments (the “**New Accounting Standards for Insurance Contracts**”) issued by the International Accounting Standards Board in May 2017 and June 2020 from 1 January 2023. The main amendments of the New Accounting Standards for Insurance Contracts include: 1. adjusting the recognition principles for insurance revenue; 2. revising the measurement of insurance contract liabilities. Changes in the accounting policies have not had a significant impact on the Group’s financial position and operating results. According to the transitional provisions of the new standards, the Group has made retrospective adjustments to the financial reports and reorganised the financial reports for each period in 2022 in accordance with the requirements of the New Accounting Standards for Insurance Contracts. The comparative data has been restated based on the retrospectively adjusted financial reports.

As at 31 March 2023 (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:

	<i>(in millions of RMB unless otherwise stated)</i>			
	31 March 2023	31 December 2022		Increase/ decrease (%)
		Before adjustments	After adjustments	After adjustments
Total assets	13,654,273	12,992,419	12,991,571	5.10
Loans and advances to customers ¹	7,681,405	7,296,155	7,294,965	5.30
Total liabilities	12,596,687	11,956,679	11,958,049	5.34
Due to customers ¹	8,498,740	7,949,072	7,949,072	6.91
Shareholders’ equity (attributable to shareholders of the Bank)	1,045,920	1,023,409	1,022,024	2.34
Net assets per share (attributable to the ordinary shareholders of the Bank, in RMB yuan) ²	11.73	11.43	11.41	2.80
	January to March 2023	January to March 2022		Increase/ decrease (%)
		Before adjustments	After adjustments	After adjustments
Net operating income	67,169	73,717	63,687	5.47
Profit before tax	26,402	25,167	25,134	5.04
Net profit (attributable to shareholders of the Bank)	24,633	23,336	23,320	5.63
Basic earnings per share (attributable to the ordinary shareholders of the Bank, in RMB yuan) ³	0.33	0.31	0.31	6.45
Diluted earnings per share (attributable to the ordinary shareholders of the Bank, in RMB yuan) ³	0.33	0.31	0.31	6.45
Return on weighted average net assets (annualised, %) ³	11.47	11.67	11.68	Decreased by 0.21 percentage point

Notes:

1. Loans and advances to customers do not include interest receivable on related loans. Due to customers includes interest payable of related deposits.
2. Refer to 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.
3. 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

(1) Total Number of Ordinary Shareholders and Shareholdings

As at the end of the Reporting Period, the Bank had a total of 342,987 ordinary shareholders, of which 311,999 were holders of A shares and 30,988 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 4,553,999,999	17.75 6.13	A Share H Share	Nil Nil
The Hongkong and Shanghai Banking Corporation Limited ^{2,4}	Foreign legal entity	14,135,636,613	19.03	H Share	Nil
The National Council for Social Security Fund ^{3,4}	Government	3,105,155,568 8,433,333,332	4.18 11.36	A Share H Share	Nil Nil
Hong Kong Securities Clearing Company Nominees Limited ^{4,5}	Foreign legal entity	7,707,048,202	10.38	H Share	Unknown
China Securities Finance Corporation Limited	State-owned legal entity	1,891,651,202	2.55	A Share	Nil
Capital Airports Holdings Company Limited	State-owned legal entity	1,246,591,087	1.68	A Share	Nil
Hong Kong Securities Clearing Company Limited	Foreign legal entity	1,164,402,559	1.57	A Share	Nil
Shanghai Haiyan Investment Management Co., Ltd. ⁵	State-owned legal entity	808,145,417	1.09	A Share	Nil
Yunnan Hehe (Group) Co., Ltd. ⁵	State-owned legal entity	745,305,404	1.00	A Share	Nil
FAW Equity Investment (Tianjin) Co., Ltd.	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 based on the Bank's register of members at the Share Registrar and Transfer Office and the information provided by shareholders to the Bank.
2. According to the Bank's register of members, the Hongkong and Shanghai Banking Corporation Limited ("**HSBC**") held 13,886,417,698 H shares of the Bank. HSBC beneficially held 249,218,915 more H shares than shown on the Bank's register of members. The discrepancy was 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 Hong Kong Securities Clearing Company Nominees Limited ("**HKSCC Nominees Limited**").
3. The number included 1,970,269,383 A shares of the Bank held by the Sixth Transfer Account for State-owned Capital of the National Council for Social Security Fund ("**SSF**"). Other than the above shareholdings, the SSF held additional 616,814,000 H shares, which 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 12,155,302,900 A shares and H shares of the Bank, representing 16.37% of the Bank's total ordinary shares issued.
4. HKSCC Nominees Limited held the H shares of the Bank as a nominee. 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 did not include 249,218,915 and 7,027,777,777 H shares indirectly held by HSBC and 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 as well, which were registered in the Bank's register of members.
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 present at 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 Hong Kong Securities Clearing Company Limited ("**HKSCC**"). Furthermore, 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 in the *Provisional Measures on Shareholdings Administration of Commercial Banks*.

(2) Total Number of Preference Shareholders and Shareholdings

From January to March 2023, 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 90. 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
HwaBoo Trust Co., Ltd. – HwaBoo 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 Multicustomer Asset Management Plan	Others	20,000,000	4.44	Domestic preference share	Nil
AVIC Trust Co., Ltd. – AVIC Trust · Tianji Win No.2 Securities Investment Collective Capital Fund Plan	Others	20,000,000	4.44	Domestic preference share	Nil
Ping An Life Insurance Co., Ltd. – Proprietary fund	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 & Casualty Insurance Company Limited – Traditional – Common insurance product	Others	15,000,000	3.33	Domestic preference share	Nil
CITIC Securities – Postal Saving Bank–CITIC Securities Xingchen No.28 Collective Asset Management Plan	Others	14,000,000	3.11	Domestic preference share	Nil
Ping An Property & Casualty Insurance Company of China, Ltd.-Traditional – Common insurance product	Others	13,800,000	3.07	Domestic preference share	Nil

Notes:

- All preference shares issued by the Bank are not subject to any sales restrictions.
- 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 the existence of any related relationship among the top 10 preference shareholders or any related relationship between the above shareholders and top 10 ordinary shareholders, or whether they are parties acting in concert.

IV. MANAGEMENT DISCUSSION AND ANALYSIS

During the first quarter of 2023, in response to the numerous internal and external risks and challenges, the Group deeply carried out the underlying principles from the 20th CPC National Congress and the guidelines of the Central Economic Work Conference, increased the support for the real economy, promoted the implementation of the “14th Five-Year Plan” of the BOCOM, the performance of the main indicators met expectations, the foundation of business development was continuously strengthened, resulting in a generally stable opening. As at the end of the Reporting Period, the total assets of the Group increased by 5.10% over the end of the previous year to 13,654.273 billion. The total liabilities increased by 5.34% over the end of the previous year to 12,596.687 billion. Shareholders’ equity (attributable to shareholders of the Bank) increased by 2.34% over the end of the previous year to 1,045.920 billion. From January to March 2023, the net operating income increased by 5.47% on a year-on-year basis to 67.169 billion. The net profit (attributable to shareholders of the Bank) increased by 5.63% on a year-on-year basis to 24.633 billion. The annualised return on average assets (ROAA) and the annualised return on weighted average net assets were 0.75% and 11.47%, representing year-on-year decreases of 0.03 percentage point and 0.21 percentage point respectively.

(I) Analysis on Key Income Statement Items

1. *Net interest income*

From January to March 2023, the net interest income of the Group decreased by 1.871 billion or 4.40% on a year-on-year basis to 40.648 billion, which accounted for 60.52% of net operating income, representing a year-on-year decrease of 6.24 percentage points.

From January to March 2023, the net interest margin of the Group decreased by 23 basis points on a year-on-year basis to 1.33%. One reason of the year-on-year decrease of net interest margin was that the asset side was affected by LPR multiple downturns, constant transfer of profits to the real economy, existing loan repricing, etc., resulting the year-on-year decrease of return on loans. Another reason was that on the liability side the trend of time deposits remained, meanwhile affected by factors such as preliminary interest rate hikes of U.S. dollar, the cost of interbank liabilities increased on a year-on-year basis and the cost ratio of interest-bearing assets overall increased.

2. *Net fee and commission income*

From January to March 2023, net fee and commission income of the Group decreased by 1.054 billion or 7.67% on a year-on-year basis to 12.685 billion, which accounted for 18.89% of the net operating income, representing a year-on-year decrease of 2.68 percentage points. The year-on-year decrease of net fee and commission income was mainly due to ongoing turbulence in the capital market, the reduction of fees and concessions and business structure adjustment, etc., revenue from consignment sales, wealth management business and investing banking was decreased on a year-on-year basis.

3. *Operating expenses*

From January to March 2023, the Group's operating expenses increased by 1.338 billion or 7.17% on a year-on-year basis to 20.012 billion. The Group's cost-to-income ratio was 29.83%, representing a year-on-year increase of 0.46 percentage point.

4. *Asset impairment losses*

From January to March 2023, the Group's asset impairment losses increased by 53 million or 0.34% on a year-on-year basis to 15.470 billion, of which the credit impairment losses decreased by 624 million or 4.31% on a year-on-year basis to 13.840 billion. With the implementation of a series of stabilising growth policies, currently the basis of economic recovery is continuously strengthened, however there are still many uncertainties in the external environment, the Group continuously monitors the focus and direction of risk situation, reinforces risk identification, promotes accurate measurement and reasonable and full provision for asset impairment, and has sufficient risk protection and loss absorption capacity.

(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 7,681.405 billion, representing an increase of 386.440 billion or 5.30% over the end of the previous year, of which the balance of corporate loans increased by 368.954 billion or 7.83% over the end of the previous year to 5,080.307 billion, the balance of personal loans increased by 22.533 billion or 0.95% over the end of the previous year to 2,387.850 billion, and the balance of discounted bills decreased by 5.047 billion or 2.31% to 213.248 billion.

2. *Due to customers*

As at the end of the Reporting Period, the balance of due to customers increased by 549.668 billion or 6.91% over the end of the previous year to 8,498.740 billion, of which the proportion of due to corporate customers accounted for 60.54%, representing a decrease of 0.82 percentage point over the end of the previous year, the proportion of due to individual customers was 38.05%, representing an increase of 0.87 percentage point over the end of the previous year; the proportion of demand deposits was 34.44%, representing a decrease of 1.72 percentage points over the end of the previous year, and the proportion of time deposits was 64.15%, representing an increase of 1.77 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 72.257 billion or 1.83% over the end of the previous year to 4,027.464 billion.

4. *Asset quality*

As at the end of the Reporting Period, the Group's balance of non-performing loans increased by 4.419 billion or 4.49% over the end of the previous year to 102.945 billion. The non-performing loan ratio decreased by 0.01 percentage point over the end of the previous year to 1.34%. The provision coverage of non-performing loans increased by 2.57 percentage points over the end of the previous year to 183.25%. The provision ratio increased by 0.02 percentage point over the end of the previous year to 2.46%.

Distribution of special mention loans and overdue loans by business type

(in millions of RMB unless otherwise stated)

	31 March 2023				31 December 2022			
	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	88,683	1.75	52,029	1.02	84,584	1.80	46,309	0.98
Personal loans	22,322	0.93	41,844	1.75	20,499	0.87	38,483	1.63
Mortgage	7,929	0.53	12,825	0.85	8,051	0.53	13,023	0.86
Credit cards	12,811	2.70	23,306	4.92	10,808	2.26	20,122	4.21
Personal business loans	452	0.16	2,077	0.72	436	0.18	1,985	0.83
Others	1,130	0.93	3,636	2.99	1,204	0.89	3,353	2.47
Discounted bills	15	0.01	43	0.02	1	0.00	36	0.02
Total	111,020	1.45	93,916	1.22	105,084	1.44	84,828	1.16

Distribution of loans and non-performing loans by business type

(in millions of RMB unless otherwise stated)

	31 March 2023				31 December 2022			
	Loans	Proportion (%)	Non- performing loans	Non- performing loan ratio (%)	Loans	Proportion (%)	Non- performing loans	Non- performing loan ratio (%)
Corporate loans	5,080,307	66.13	81,021	1.59	4,711,353	64.58	78,487	1.67
Personal loans	2,387,850	31.09	21,881	0.92	2,365,317	32.43	20,003	0.85
Mortgage	1,505,403	19.60	7,107	0.47	1,512,648	20.74	6,731	0.44
Credit cards	474,009	6.17	10,491	2.21	477,746	6.55	9,310	1.95
Personal business loans	286,851	3.73	1,804	0.63	239,271	3.28	1,716	0.72
Others	121,587	1.59	2,479	2.04	135,652	1.86	2,246	1.66
Discounted bills	213,248	2.78	43	0.02	218,295	2.99	36	0.02
Total	7,681,405	100.00	102,945	1.34	7,294,965	100.00	98,526	1.35

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

V. PUBLICATION OF THE FIRST 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 first quarter report 2023 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 April 2023

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)

	Three months ended 31 March	
	2023	2022 (Restated)
Interest income	112,010	99,665
Interest expense	(71,362)	(57,146)
Net interest income	40,648	42,519
Fee and commission income	13,774	14,940
Fee and commission expense	(1,089)	(1,201)
Net fee and commission income	12,685	13,739
Net gains arising from trading activities	8,304	2,170
Net (losses)/gains arising from financial investments	(132)	44
<i>Including: Net gains on derecognition of financial assets measured at amortised cost</i>	15	–
Share of profits of associates and joint ventures	53	22
Other operating income	5,611	5,193
Net operating income	67,169	63,687
Credit impairment losses	(15,398)	(15,419)
Other assets impairment (losses)/reversal	(72)	2
Other operating expenses	(25,297)	(23,136)
Profit before tax	26,402	25,134
Income tax expense	(1,451)	(1,821)
Net profit for the period	24,951	23,313

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

Three months ended 31 March

2023

2022

(Restated)

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	733	(4,047)
Amount reclassified to profit or loss	6	(240)
Expected credit losses of debt instruments measured at fair value through other comprehensive income		
Amount recognised in equity	(115)	196
Amount reclassified to profit or loss	-	-
Effective portion of gains or losses on hedging instruments in cash flow hedges		
Amount recognised in equity	305	646
Amount reclassified to profit or loss	(424)	(67)
Translation differences for foreign operations	(1,788)	(675)
Others	(61)	87
	<hr/>	<hr/>
Subtotal	(1,344)	(4,100)

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

Actuarial losses on pension benefits	(1)	(10)
Changes in fair value of equity investments designated at fair value through other comprehensive income	665	354
Changes in fair value attributable to changes in the credit risk of financial liability designated at fair value through profit or loss	(114)	12
Others	(17)	28
	<hr/>	<hr/>
Subtotal	533	384

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

	Three months ended 31 March	
	2023	2022 (Restated)
Other comprehensive income, net of tax	<u>(811)</u>	<u>(3,716)</u>
Total comprehensive income for the period	<u>24,140</u>	<u>19,597</u>
Net profit attributable to:		
Shareholders of the parent company	24,633	23,320
Non-controlling interests	318	(7)
	<u>24,951</u>	<u>23,313</u>
Total comprehensive income attributable to:		
Shareholders of the parent company	23,578	19,557
Non-controlling interests	562	40
	<u>24,140</u>	<u>19,597</u>
Basic and diluted earnings per share for profit attributable to the shareholders of the parent company (in RMB yuan)	0.33	0.31

(II) Unaudited interim condensed consolidated statement of financial position

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

	As at 31 March 2023	As at 31 December 2022 (Restated)
ASSETS		
Cash and balances with central banks	822,695	806,102
Due from and placements with banks and other financial institutions	843,103	690,421
Derivative financial assets	57,294	69,687
Loans and advances to customers	7,512,901	7,135,454
Financial investments at fair value through profit or loss	664,965	705,357
Financial investments at amortised cost	2,538,334	2,450,775
Financial investments at fair value through other comprehensive income	824,165	799,075
Investments in associates and joint ventures	8,803	8,750
Property and equipment	198,705	194,169
Deferred tax assets	40,854	39,512
Other assets	142,454	92,269
Total assets	13,654,273	12,991,571
LIABILITIES AND EQUITY		
LIABILITIES		
Due to and placements from banks and other financial institutions	2,000,615	2,034,894
Financial liabilities at fair value through profit or loss	37,079	47,949
Derivative financial liabilities	36,125	46,804
Deposits from customers	8,498,740	7,949,072
Certificates of deposits issued	1,225,749	1,092,366
Income taxes payable	5,161	3,937
Debt securities issued	554,761	530,861
Deferred tax liabilities	2,110	1,786
Other liabilities	236,347	250,380
Total liabilities	12,596,687	11,958,049

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

	As at 31 March 2023	As at 31 December 2022 (Restated)
EQUITY		
Share capital	74,263	74,263
Other equity instruments	174,790	174,790
Including: Preference shares	44,952	44,952
Perpetual bonds	129,838	129,838
Capital surplus	111,429	111,429
Other reserves	368,039	368,808
Retained earnings	317,399	292,734
	<hr/>	<hr/>
Equity attributable to shareholders of the parent company	1,045,920	1,022,024
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Equity attributable to non-controlling interests of ordinary shares	8,277	8,040
Equity attributable to non-controlling interests of other equity instruments	3,389	3,458
	<hr/>	<hr/>
Non-controlling interests	11,666	11,498
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Total equity	1,057,586	1,033,522
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Total equity and liabilities	13,654,273	12,991,571
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(III) Unaudited interim condensed consolidated statement of cash flows*(All amounts presented in millions of RMB except when otherwise indicated)*

	Three months ended 31 March	
	2023	2022 (Restated)
Cash flows from operating activities:		
Profit before tax:	26,402	25,134
Adjustments for:		
Provision for credit impairment losses	15,398	15,419
Provision/(reversal) for other assets impairment losses	72	(2)
Depreciation and amortization	4,611	3,891
(Reversal)/provision for outstanding litigation and unsettled obligation	(36)	78
Net gains on the disposal of property, equipment and other assets	(220)	(57)
Interest income on financial investments	(27,036)	(22,932)
Fair value net (gains)/losses	(4,511)	2,046
Net gains on investments in associates and joint ventures	(53)	(22)
Net losses/(gains) on financial investments	132	(44)
Interest expense on debt securities issued	3,834	3,817
Interest expense on lease liabilities	41	46
	<hr/>	<hr/>
Operating cash flows before movements in operating assets and liabilities	18,634	27,374
Net increase in balances with central banks	(15,481)	(68,602)
Net decrease in due from and placements with banks and other financial institutions	(107,572)	(116,785)
Net increase in loans and advances to customers	(397,612)	(377,766)
Net decrease in financial assets at fair value through profit or loss	37,240	19,432
Net increase in other assets	(42,777)	(19,335)
Net (decrease)/increase in due to and placements from banks and other financial institutions	(22,254)	6,568
Net (decrease)/increase in financial liabilities at fair value through profit or loss	(8,278)	1,585
Net increase in deposits from customers and certificates of deposit issued	691,322	561,383
Net (decrease)/increase in other liabilities	(20,524)	68,641
Net increase in value-added tax and other taxes payable	799	417
Income taxes paid	(520)	(1,291)
	<hr/>	<hr/>
Net cash flows generated in operating activities	132,977	101,621

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

Three months ended 31 March

	2023	2022 (Restated)
Cash flows from investing activities:		
Cash payment for investment in subsidiaries, associated ventures and joint ventures	–	(1,550)
Cash payments for financial investments	(284,180)	(247,803)
Proceeds from disposal or redemption of financial investments	172,347	161,367
Dividends received	2	92
Interest received from financial investments	19,975	16,815
Acquisition of intangible assets and other assets	(465)	(367)
Cash received from the sale of intangible assets and other assets	1	63
Acquisition of property, equipment	(11,613)	(4,400)
Cash received from disposal of property, equipment	2,236	1,922
Net cash flows used in investing activities	(101,697)	(73,861)
Cash flows from financing activities:		
Proceeds from issue of debt securities	47,393	36,644
Repayment of principal and interest of lease liabilities	(648)	(583)
Repayment of principals of debt securities issued	(23,468)	(20,164)
Payment of interest on debt securities	(2,184)	(1,219)
Dividends paid	(172)	–
Dividends paid to non-controlling interests	(65)	(59)
Net cash flows generated from financing activities	20,856	14,619
Effect of exchange rate fluctuations on cash and cash equivalents held	(1,018)	(843)
Net increase in cash and cash equivalents	51,118	41,536
Cash and cash equivalents at the beginning of the period	248,803	194,308
Cash and cash equivalents at the end of the period	299,921	235,844
Net cash flows from operating activities include:		
Interest received	83,714	76,616
Interest paid	(62,535)	(49,519)

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

(I) 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 People's Bank of China (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 core tier-1 capital adequacy ratio were 14.79%, 12.07% and 10.03% respectively, which all met the regulatory requirements.

(in millions of RMB unless otherwise stated)

	31 March 2023		31 December 2022	
	The Group	The Bank	The Group	The Bank
Net core tier-1 capital	863,300	721,296	840,164	701,902
Net tier-1 capital	1,039,682	896,086	1,016,644	876,692
Net capital	1,273,904	1,125,833	1,250,317	1,104,732
Core tier-1 capital adequacy ratio (%)	10.03	9.36	10.06	9.40
Tier-1 capital adequacy ratio (%)	12.07	11.63	12.18	11.74
Capital adequacy ratio (%)	14.79	14.61	14.97	14.80

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 standardized 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 standardized approach was assessed by the basic indicator approach.

(II) 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 6.94%, which met the regulatory requirements

(in millions of RMB unless otherwise stated)

	31 March 2023	31 December 2022	30 September 2022	30 June 2022
Net tier 1 capital	1,039,682	1,016,644	993,562	970,873
Balance of adjusted on- and off-balance sheet assets	14,983,789	14,349,614	14,005,204	13,770,696
Leverage ratio (%)	6.94	7.08	7.09	7.05

(III) 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 first quarter of 2023 was 123.06% (the number of daily data for calculating the average was 90), which increased by 1.06 percentage points over the previous quarter and was mainly due to the increase of qualified high-quality liquid assets. The details of liquidity coverage ratio and the average of specific items thereof in the first 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		2,434,068
Cash Outflow		
2	3,048,911	294,725
3	201,511	9,985
4	2,847,400	284,740
5	5,023,772	2,107,289
6	2,713,064	676,782
7	2,307,856	1,427,655
8	2,852	2,852
9		12,541
10	2,325,437	1,218,666
11	1,173,886	1,157,402
12	630	630
13	1,150,921	60,634
14	67,736	67,736
15	1,947,493	68,324
16		3,769,281
Cash Inflow		
17	192,724	192,720
18	793,752	516,000
19	1,193,403	1,173,031
20	2,179,879	1,881,751
		Amount after adjustment
21		2,318,192
22		1,887,530
23		123.06