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交通銀行
BANK OF COMMUNICATIONS
SINCE 1908 YOUR WEALTH MANAGEMENT BANK

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, 4605 (Preference Share))

RESULTS ANNOUNCEMENT FOR FIRST QUARTER 2019

The board of directors (the "**Board**") of Bank of Communications Co., Ltd. (the "**Bank**") is pleased to announce the unaudited consolidated financial information (the "**First Quarter Results**") of the Bank and its subsidiaries (the "**Group**") for the three months ended 31 March 2019 (the "**Reporting Period**"), which has been prepared in accordance with the International Accounting Standard ("**IAS**") 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. The Board of the Bank and the Audit Committee of the Board have reviewed and confirmed the First Quarter Results. This announcement is made pursuant to Part XIV A 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
Overseas Preference Share	BOCOM 15USDPREF	4605	The Stock Exchange of Hong Kong Limited

Secretary of the Board/Company Secretary

Name	Gu Sheng
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II. FINANCIAL HIGHLIGHTS

The Group adopted *International Financial Reporting Standards (IFRSs) 16 – Leases* from 1 January 2019. According to new standards of the transitional provisions, the Group elected not to restate comparative figures. Any adjustments to the carrying amounts at the date of transition were recognised in the opening retained earnings and other financial statement line items.

As at 31 March 2019 ("**end of the Reporting Period**"), the key financial data and financial indicators of the first quarter prepared by the Group in accordance with IFRSs are as follows:

(in millions of RMB unless otherwise stated)

Key financial data	**31 March 2019**	31 December 2018	Increase/ decrease (%)
Total assets	**9,785,747**	9,531,171	2.67
Loans and advances to customers[1]	**5,068,189**	4,854,228	4.41
Total liabilities	**9,059,865**	8,825,863	2.65
Due to customers[1]	**6,035,252**	5,724,489	5.43
Shareholders' equity (attributable to shareholders of the Bank)	**718,715**	698,405	2.91
Net assets per share (attributable to shareholders of the Bank, in RMB yuan)[3]	**8.87**	8.60	3.14

Key financial data	**January to March 2019**	January to March 2018	Increase/ decrease (%)
Profit before tax	**24,522**	23,385	4.86
Net profit (attributable to shareholders of the Bank)	**21,071**	20,091	4.88
Basic and diluted earnings per share (attributable to shareholders of the Bank, in RMB yuan)	**0.28**	0.27	3.70

Key financial indicators (%)	**January to March 2019**	January to March 2018	Difference (percentage point)
Return on average assets (annualized)	**0.88**	0.88	–
Return on average shareholders' equity (annualized)[2]	**12.99**	13.23	-0.24

Notes:

1. According to *Notice on Revising and Issuing the Format of Financial Statements of Financial Enterprises for 2018* issued by Ministry of Finance of the People's Republic of China (Cai Kuai [2018] No.36), the interest of financial instruments calculated on the basis of the effective interest rate method should be included in the carrying amounts of corresponding financial instruments and reflected in the related items on the balance sheet. The items of "interest receivables" and "interest payables" should not be presented separately. For analysis purpose, "loans and advances to customers" here does not include interest receivables of the related loans and advances. "Due to customers" does not include interest payables of related deposits.

2. Excluding the impact of preference shares.

3. Refers to shareholder's equity attributable to shareholders of the Bank after the deduction of other equity instruments divided by the total issued ordinary shares as at the end of the Reporting Period.

III. SHAREHOLDERS' INFORMATION

(I) Numbers of Ordinary Shareholders and Shareholdings of Top 10 Ordinary Shareholders as at the end of the Reporting Period

Total Number of Ordinary Shareholders	The Bank has a total of 333,722 ordinary shareholders, including 298,947 holders holding A shares and 34,775 holders holding H shares.

Shareholdings of Top 10 Ordinary Shareholders

Name of shareholders (full name)	Number of shares held as at the end of the Reporting Period (share)	Percentage (%)	Shares pledged or frozen: Status of shares	Shares pledged or frozen: Number of shares	Class of shares	Nature of shareholders
The Ministry of Finance of the People's Republic of China	15,148,693,829	20.40	Nil	–	A Share	The State
	4,553,999,999	6.13	Nil	–	H Share	
HKSCC Nominees Limited	14,963,269,201	20.15	Unknown	–	H Share	Foreign legal person
The Hongkong and Shanghai Banking Corporation Limited	13,886,417,698	18.70	Nil	–	H Share	Foreign legal person
The National Council for Social Security Fund	1,877,513,451	2.53	Nil	–	A Share	The State
	1,405,555,555	1.89	Nil	–	H Share	
China Securities Finance Corporation Limited	2,222,588,791	2.99	Nil	–	A Share	State-owned legal person
Capital Airport Holding Company	1,246,591,087	1.68	Nil	–	A Share	State-owned legal person
Shanghai Haiyan Investment Management Co., Ltd.	808,145,417	1.09	Nil	–	A Share	State-owned legal person
Wutongshu Investment Platform Co., Ltd.	794,557,920	1.07	Nil	–	A Share	State-owned legal person
Yunnan Hehe (Group) Co., Ltd.	745,305,404	1.00	Nil	–	A Share	State-owned legal person
Hong Kong Securities Clearing Company Ltd.	732,782,602	0.99	Nil	–	A Share	Foreign legal person
Details of preference shareholders with restored voting right and shareholdings	During the Reporting Period, there was no restoration of voting rights for preference shares.					

Notes:

1. All ordinary shares issued by the Bank are not subject to any sales restrictions.

2. Shanghai Haiyan Investment Management Co., Ltd. and Yunnan Hehe (Group) Co., Ltd. are parties acting in concert. The Bank is not aware of any existence of related relationship among other top 10 shareholders or those acting in concert.

3. The aggregate number of shares held by the nominee, 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.

4. According to the Bank's register of members, as at the end of the Reporting Period, the Hongkong and Shanghai Banking Corporation Limited ("**HSBC**") held 13,886,417,698 H shares of the Bank. According to the disclosure of interests forms filed with the Hong Kong Stock Exchange 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. The number of beneficial shares held by HSBC was 249,218,915 shares more than that recorded in the Bank's register of members. This difference was caused by HSBC's purchase of H shares from the secondary market in 2007 and its subsequent acquisition of bonus shares and participation in the allotment of shares. This part of shares were registered under the name of HKSCC Nominees Limited.

5. According to the Bank's register of members, as at the end of the Reporting Period, the National Council for Social Security Fund (the "**SSF**") held 1,877,513,451 A Shares and 1,405,555,555 H Shares. According to the information provided by the SFF to the Bank, as at the end of the Reporting Period, other than the shareholdings recorded in the register of members of the Bank, the SSF held additional 7,643,709,777 H shares of the Bank, of which 7,027,777,777 H shares were registered under HKSCC Nominees Limited and 615,932,000 H shares were indirectly held by certain asset manager (including Hong Kong Stock Connect). As at the end of the Reporting Period, the SSF held a total of 10,926,778,783 A shares and H shares of the Bank, representing 14.71% of the Bank's total ordinary shares issued.

(II) Number of Preference Shareholders and Shareholdings of Top 10 Preference Shareholders as at the end of the Reporting Period

Total number of overseas preference shareholders	1

Shareholdings of Top 10 Overseas Preference Shareholders

Name of shareholder (full name)	Number of shares held as at the end of the Reporting Period (share)	Percentage (%)	Class of shares	Shares pledged or frozen: Status of shares	Shares pledged or frozen: Number of shares	Nature of shareholder
DB Nominees (Hong Kong) Limited	122,500,000	100.00	Overseas preference share	Unknown	–	Foreign legal person

Notes:

1. All overseas preference shares issued by the Bank are not subject to any sales restrictions.

2. Shareholdings of overseas preference shareholders are summarized according to the Bank's register of members of overseas preference shareholders.

3. DB Nominees (Hong Kong) Limited, as a trustee, held 122,500,000 overseas preference shares, accounting for 100% of the Bank's total overseas preference shares, on behalf of all assignees in clearing systems of Euroclear and Clearstream as at the end of the Reporting Period.

4. "Percentage" refers to the percentage of the number of overseas preference shares held by overseas preference shareholders to the total number of overseas preference shares.

5. The Bank is not aware of any existence of related relationship among the overseas preference shareholders and top 10 ordinary shareholders, or whether they are parties acting in concern.

Total number of domestic preference shareholders 42

Shareholdings of Top 10 Domestic Preference Shareholders

Name of shareholder (full name)	Number of shares held as at the end of the Reporting Period (share)	Percentage (%)	Class of shares	Shares pledged or frozen: Status of shares	Shares pledged or frozen: Number of shares	Nature of shareholders
China Mobile Communications Corporation	100,000,000	22.22	Domestic preference share	Nil	–	State-owned legal person
AXA SPDB Investment Managers – SPDB – Shanghai Pudong Development Bank Shanghai Branch	20,000,000	4.44	Domestic preference share	Nil	–	Others
CCB Trust Co., Ltd. – "Qian Yuan – Ri Xin Yue Yi" open-ended wealth management unit fund trust	20,000,000	4.44	Domestic preference share	Nil	–	Others
Truvalue Asset Management – CMB – China Merchants Bank Co., Ltd.	20,000,000	4.44	Domestic preference share	Nil	–	Others
Bosera Funds – ICBC – Bosera – ICBC – Flexible allocation No. 5 Specific Multi-customer Asset Management Plan	20,000,000	4.44	Domestic preference share	Nil	–	Others
Wisdom Asset Management – Ping An Bank – Ping An Bank Co., Ltd.	20,000,000	4.44	Domestic preference share	Nil	–	Others
China Ping An Life Insurance Co., Ltd. – Self-owned capital	18,000,000	4.00	Domestic preference share	Nil	–	Others
China National Tobacco Corporation-Henan Company	15,000,000	3.33	Domestic preference share	Nil	–	State-owned legal person
China Life Property & Casualty Insurance Company Limited – Traditional – General Insurance Product	15,000,000	3.33	Domestic preference share	Nil	–	Others
China CITIC Bank Corporation Limited – LeYing Series of CITIC Banking Service	12,000,000	2.67	Domestic preference share	Nil	–	Others

Notes:

1. All domestic preference shares issued by the Bank are not subject to any sales restrictions.

2. Shareholdings of domestic preference shareholders are summarized according to the Bank's register of members of domestic preference shareholders.

3. "Percentage" refers to the percentage of the number of domestic preference shares held by domestic preference shareholders to the total number of domestic preference shares.

4. The Bank is not aware of any existence of related relationship among the top 10 domestic preference shareholders and 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

(I) Business Review

During the first quarter of 2019, under the guidance of the new interpretation of "BoCom Strategy" and based on the "186" strategic landscape, the Group adhered to serving the real economy, focused on the bottom line of risk compliance and promoted Fintech empowerment, resulting in a good start in all operating activities and steady improvement of the quality and effectiveness. As at the end of the Reporting Period, the total assets of the Group increased by 2.67% over the end of the previous year to RMB9,785.747 billion; the total liabilities increased by 2.65% over the end of the previous year to RMB9,059.865 billion; shareholders' equity (attributable to shareholders of the Bank) increased by 2.91% over the end of the previous year to RMB718.715 billion. During the Reporting Period, the net operating income increased by 26.28% on a year-on-year basis to RMB62.158 billion; the net profit (attributable to the Bank) increased by 4.88% on a year-on-year basis to RMB21.071 billion; the annualized return on average assets (ROAA) was 0.88%, which was about the same on a year-on-year basis; the annualized return on average shareholders' equity (ROAE) was 12.99% with a decrease of 0.24 percentage point on a year-on-year basis.

(II) Financial Statement Analysis

1. Analysis on Key Income Statement Items

1.1 Net interest income

During the Reporting Period, the net interest income of the Group increased by RMB5.645 billion or 19.32% on a year-on-year basis to RMB34.857 billion, which accounted for 56.08% of the net operating income, representing a year-on-year decrease of 3.27 percentage points.

During the Reporting Period, the net interest margin of the Group increased by 23 basis points on a year-on-year basis to 1.59%.

1.2 Net fee and commission income

During the Reporting Period, the net fee and commission income of the Group increased by RMB1.212 billion or 11.18% on a year-on-year basis to RMB12.056 billion, which accounted for 19.40% of the net operating income, representing a year-on-year decrease of 2.63 percentage points.

1.3 Operating costs

During the Reporting Period, the Group's operating costs increased by RMB3.368 billion or 25.14% on a year-on-year basis to RMB16.763 billion. The Group's cost-to-income ratio was 28.31%, representing a year-on-year decrease of 0.09 percentage point.

1.4 Credit impairment losses

During the Reporting Period, the Group's credit impairment losses increased by RMB3.627 billion or 51.28% on a year-on-year basis to RMB10.700 billion.

2. Analysis on Key Balance Sheet Items

2.1 Loans and advances to customers

As at the end of the Reporting Period, the Group's total loans and advances to customers were RMB5,068.189 billion, representing an increase of RMB213.961 billion or 4.41% over the end of the previous year, of which the balance of corporate loans increased by RMB215.648 billion or 6.70% over the end of the previous year to RMB3,434.249 billion; the balance of individual loans decreased by RMB1.687 billion or 0.10% over the end of the previous year to RMB1,633.940 billion.

2.2 Due to customers

As at the end of the Reporting Period, the Group's balance of due to customers increased by RMB310.763 billion or 5.43% over the end of the previous year to RMB6,035.252 billion, of which the proportion of due to corporate customers accounted for 67.97%, representing a decrease of 0.93 percentage point over the end of the previous year. The proportion of due to individual customers was 31.99%, representing an increase of 0.96 percentage point over the end of the previous year. The proportion of demand deposits decreased by 1.82 percentage points over the end of the previous year to 40.74%, while the proportion of fixed deposits increased by 1.85 percentage points over the end of the previous year to 59.22%.

2.3 Investment securities

As at the end of the Reporting Period, the Group's net balance of investment securities increased by RMB158.089 billion or 5.60% over the end of the previous year to RMB2,979.998 billion.

2.4 Asset quality

As at the end of the Reporting Period, the Group's balance of impaired loans increased by RMB2.150 billion over the end of the previous year to RMB74.662 billion; the impaired loan ratio decreased by 0.02 percentage point over the end of the previous year to 1.47%. The provision coverage of impaired loans increased by 0.34 percentage point over the end of the previous year to 173.47%. The provision ratio decreased by 0.03 percentage point over the end of the previous year to 2.56%.

(III) Capital Adequacy Ratio

The Group calculated the capital adequacy ratio pursuant to the *Administrative Measures for the Capital of Commercial Banks (Trial Implementation)* issued by China Banking and Insurance Regulatory Commission ("**CBIRC**") and the relevant requirements. Since the adoption of the Advanced Approach of Capital Management upon the first approval from CBIRC in 2014, the Bank steadily implemented and applied it in accordance with the regulatory requirements. Pursuant to the *Administrative Measures for the Capital of Commercial Bank (Trial Implementation)*, the Bank met the conditions of completing the parallel period. Upon the approval of CBIRC, the Bank expanded the application scope of the Advanced Approach and ended the parallel period.

As at the end of the Reporting Period, the Group's capital adequacy ratio, Tier 1 capital adequacy ratio and core Tire 1 capital adequacy ratio were 14.23%, 12.23% and 11.20%, respectively, which all met the regulatory requirements.

(in millions of RMB unless otherwise stated)

Calculated pursuant to the *Administrative Measures for the Capital of Commercial Banks (Trial Implementation)* issued by CBIRC [notes]

Item	The Group	The Bank
Net core Tier-1 capital	655,073	586,093
Net Tier-1 capital	715,124	645,969
Net capital	831,967	759,504
Core Tier-1 capital adequacy ratio (%)	11.20	10.79
Tier-1 capital adequacy ratio (%)	12.23	11.89
Capital adequacy ratio (%)	14.23	13.98

Notes:

(1) Pursuant to *the Administrative Measures for the Capital of Commercial Banks (Trial Implementation)*, 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 met the regulatory requirements was assessed by the internal rating-based approach, the market risk by the internal model approach, the operational risk 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 rating-based approach was assessed by the standardized approach The operational risk not covered by the standardized approach was assessed by the basic-indicator approach.

(IV) Leverage Ratio

The Group calculated the leverage ratio pursuant to the *Administrative Measures for the Leverage Ratio of Commercial Banks (Revised)* issued by CBIRC in January 2015. As at the end of the Reporting Period, the Group's leverage ratio was 6.82%, which met the regulatory requirements.

The Group *(in millions of RMB unless otherwise stated)*

Calculated pursuant to *Administrative Measures for the Leverage Ratio of Commercial Banks (Revised)* (2015, No. 1) issued by CBIRC

Item	31 March 2019	31 December 2018	30 September 2018	30 June 2018
Net Tier 1 capital	715,124	694,832	679,152	659,959
Balance of adjusted on-and-off-balance sheet assets	10,490,765	10,242,926	10,095,931	10,026,128
Leverage ratio (%)	6.82	6.78	6.73	6.58

(V) Liquidity Coverage Ratio

According to the *Measures for the Information Disclosure of Liquidity Coverage Ratio of Commercial Banks*, commercial banks should disclose the daily average liquidity coverage ratio within the quarter since 2017. The daily average liquidity coverage ratio of the Group in the first quarter of 2019 was 121.31% (the daily average within the quarter is the simple arithmetic average of daily data of the quarter, the number of daily data on which the average is based is 90), which increased by 9.28 percentage points over the previous quarter mainly due to the increase of qualified high-quality liquid assets. The Group's qualified high-quality liquid assets are mainly cash, available central bank reserves under stress scenarios and bonds falling within the definition of Level 1 and Level 2 assets under the *Rules on Liquidity Risk Management of Commercial Banks*. 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	The qualified high-quality liquid assets		1,726,712
Cash Outflow			
2	Retail deposits, small business deposits, including:	1,506,281	142,135
3	Stable deposit	166,372	8,144
4	Less stable deposit	1,339,909	133,991
5	Unsecured wholesale funding, including:	3,893,705	1,811,295
6	Business relationship deposit (excluding agency business)	2,112,009	526,585
7	Non-business relationship deposit (including all counterparties)	1,779,587	1,282,601
8	Unsecured debts	2,109	2,109
9	Secured funding		11,905
10	Other items, including:	1,398,783	601,706
11	Cash outflow related to derivatives and other collateral/pledged assets	562,883	554,471
12	Cash outflow related to loss of funding on asset-blocked securities	130	130
13	Committed credit and liquidity facilities	835,770	47,105
14	Other contractual obligation to extend funds	42,426	42,426
15	Contingent funding obligations	997,600	32,334
16	Total expected cash outflows		2,641,801
Cash Inflow			
17	Secured lending (including reverse repos and securities borrowing)	98,959	97,956
18	Inflows from fully performing exposure	764,936	543,385
19	Other cash inflow	597,009	576,245
20	Total expected cash inflow	1,460,904	1,217,586
			Amount after adjustment
21	The qualified high-quality liquid assets		1,726,712
22	Net cash outflow		1,424,215
23	Liquidity coverage ratio (%)		121.31

V. FINANCIAL STATEMENTS

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

(All amounts expressed in millions of RMB unless otherwise stated)

	Three months ended 31 March	
	2019	2018
Interest income	**90,024**	83,992
Interest expense	**(55,167)**	(54,780)
Net interest income	**34,857**	29,212
Fee and commission income	**13,096**	11,685
Fee and commission expense	**(1,040)**	(841)
Net fee and commission income	**12,056**	10,844
Net gains arising from trading activities	**3,971**	1,817
Net gains/(losses) arising from financial investments	**162**	(41)
Net gains/(losses) on derecognition of financial assets measured at amortised cost	**(1)**	–
Share of profits of associates and joint venture	**50**	65
Insurance business income	**7,013**	3,114
Other operating income	**4,049**	4,210
Credit impairment losses	**(10,700)**	(7,073)
Other assets impairment losses	**(5)**	–
Insurance business expense	**(6,615)**	(2,788)
Other operating expenses	**(20,316)**	(15,975)
Profit before tax	**24,522**	23,385
Income tax	**(3,175)**	(3,153)
Net profit for the period	**21,347**	20,232

	Three months ended 31 March	
	2019	2018
Other comprehensive income items that may be reclassified subsequently to profit or loss:		
Loans and advances to customers- carried at FVOCI		
Net gains recorded in equity	**(415)**	(875)
Net gains reclassified from equity to profit or loss	**–**	–
Debt instruments at fair value through other comprehensive income		
Net gains recorded in equity	**1,579**	926
Net gains reclassified from equity to profit or loss	**(122)**	36
Net gains/(losses) arising from cash flow hedge		
Changes in fair value recorded in equity	**269**	23
Changes in fair value reclassified from equity to profit or loss	**(298)**	(7)
Translation difference on foreign operations	**(1,225)**	(1,630)
Items that will not be reclassified subsequently to profit or loss:		
Net gains on equity investments designated at fair value through other comprehensive income	**75**	(9)
Actuarial gains/(losses) on pension benefits	**(4)**	(13)
Change in fair value attributable to change in the credit risk of financial liability designated at FVPL	**(9)**	(27)
Other comprehensive income for the period	**(150)**	(1,576)
Comprehensive income for the period	**21,197**	18,656
Net profit attributable to:		
Shareholders of the Bank	**21,071**	20,091
Non-controlling interests	**276**	141
	21,347	20,232
Total comprehensive income attributable to:		
Shareholders of the Bank	**20,926**	18,565
Non-controlling interests	**271**	91
	21,197	18,656
Basic and diluted earnings per share for profit attributable to the shareholders of the Bank (in RMB yuan)	**0.28**	0.27

Unaudited Condensed Consolidated Interim Statement of Financial Position

(All amounts expressed in millions of RMB unless otherwise stated)

	As at 31 March 2019	As at 31 December 2018
ASSETS		
Cash and balances with central banks	**785,123**	840,171
Due from banks and other financial institutions	**779,169**	848,067
Derivative financial assets	**24,352**	30,730
Loans and advances to customers	**4,952,528**	4,742,372
Financial investments – financial assets at FVPL	**445,778**	376,386
Financial investments – debt instruments at amortised cost	**2,009,221**	2,000,505
Financial investments – debt instruments at FVOCI	**517,532**	437,630
Financial investments – equity investments at FVOCI	**7,467**	7,388
Investments in associates and joint venture	**3,790**	3,653
Property and equipment	**159,464**	153,286
Deferred income tax assets	**25,554**	21,975
Other assets	**75,769**	69,008
Total assets	**9,785,747**	9,531,171
LIABILITIES		
Due to banks and other financial institutions	**1,949,424**	2,162,293
Financial liabilities at FVPL	**24,826**	23,109
Derivative financial liabilities	**22,859**	28,105
Due to customers	**6,106,174**	5,793,324
Certificates of deposits issued	**470,174**	366,753
Current tax liabilities	**8,692**	2,279
Deferred income tax liabilities	**664**	598
Debt securities issued	**332,909**	317,688
Other liabilities	**144,143**	131,714
Total liabilities	**9,059,865**	8,825,863
EQUITY		
Share capital	**74,263**	74,263
Preference shares	**59,876**	59,876
Capital surplus	**113,663**	113,663
Other reserves	**321,495**	321,442
Retained earnings	**149,418**	129,161
Total equity attributable to shareholders of the Bank	**718,715**	698,405
Non-controlling interests	**7,167**	6,903
Total equity	**725,882**	705,308
Total equity and liabilities	**9,785,747**	9,531,171

Unaudited Condensed Consolidated Interim Statement of Cash Flows

(All amounts expressed in millions of RMB unless otherwise stated)

	Three months ended 31 March	
	2019	2018
Cash flows from operating activities:		
Net profit before tax:	**24,522**	23,385
Adjustments for:		
Provision for/(reversal of) ECL allowance for loans and advances to customers	**11,313**	6,828
Provision for/(reversal of) ECL allowance for due from banks and other financial institutions	**(133)**	109
Provision for/(reversal of) ECL allowance for financial investments	**(294)**	(375)
Provision for/(reversal of) ECL allowance for other receivables	**266**	173
Provision for/(reversal of) other ECL allowance	**(452)**	338
Provision for/(reversal of) impairment allowance for foreclosed assets	**5**	–
Provision for/(reversal of) insurance contracts reserve	**4,725**	(2,136)
Depreciation and amortisation	**2,641**	2,478
Provision for/(reversal of) outstanding litigation and unsettled obligation	**34**	(6)
Gains on disposal of assets	**(102)**	(12)
Interest income from financial investments	**(21,544)**	(19,971)
Unwind of discount on allowances during the period	**(327)**	(463)
Fair value losses/(gains)	**(388)**	1,033
Share of profit of associates and joint venture	**(50)**	(65)
Net gains arising from financial investments	**(162)**	(109)
Interest expense on debt securities issued	**3,097**	2,868
Operating cash flows before movements in operating assets and liabilities	**23,151**	14,075
Net decrease/(increase) in balances with central banks	**21,708**	(18,001)
Net decrease/(increase) in due from banks and other financial institutions	**35,958**	(13,673)
Net increase in financial assets at FVPL	**(70,922)**	(28,834)
Net increase in loans and advances to customers	**(220,916)**	(149,483)
Net increase in other assets	**(774)**	(1,060)
Net (decrease)/increase in due to banks and other financial institutions	**(104,105)**	49,758
Net decrease in financial liabilities at FVPL	**(1,213)**	(3,924)
Net increase in due to customers	**310,763**	173,346
Net increase/(decrease) in other liabilities	**(2,412)**	(5,695)
Net increase/(decrease) in value-added tax and surcharge payable	**707**	493
Income tax paid	**757**	(3,082)
Net cash flows from operating activities	**(7,298)**	13,920

	Three months ended 31 March	
	2019	2018
Cash flows from investing activities:		
Purchase of financial investments	**(198,061)**	(157,603)
Disposal or redemption of financial investments	**114,757**	94,845
Dividends received	**58**	4
Interest received from financial investments	**18,477**	17,405
Acquisition of intangible assets and other assets	**(5)**	(157)
Disposal of intangible assets and other assets	**5**	5
Purchase and construction of property and equipment	**(13,186)**	(4,313)
Disposal of property and equipment	**4,627**	235
Net cash from investing activities	**(73,328)**	(49,579)
Cash flows from financing activities:		
Cash received on debt securities issued	**21,545**	9,432
Cash payments for distribution of dividends, profits or interest expenses	**(584)**	(666)
Repayment of principals of debt securities issued	**(6,060)**	(4,895)
Net cash flows from financing activities	**14,901**	3,871
Effect of exchange rate changes on cash and cash equivalents	**(1,469)**	(3,041)
Net increase/(decrease) in cash and cash equivalents	**(67,194)**	(34,829)
Cash and cash equivalents at the beginning of the period	**243,492**	228,919
Cash and cash equivalents at the end of the period	**176,298**	194,090
Net cash flows from operating activities include:		
Interest received	**67,696**	62,466
Interest paid	**(55,535)**	(47,334)

The Group has adopted International Financial Reporting Standard 16 Leases (IFRS 16) since 1 January 2019. According to the transition requirement under IFRS 16, the entity measured the leasing liabilities at the present value of the remaining lease payments at the lessee's incremental borrowing rate. The Right-of-use assets for lessee were measured on transition as if the new rules had always been applied. For short-term and low-value leases, the Group applies the recognition exemptions. The cumulative effect was recognized as an adjustment to the opening balance of retained earnings and other related accounts on the first adoption day, with no restatement of comparative information. Due to the adoption of IFRS 16, the Group's opening retained earnings reduced from RMB129,161 million to RMB128,545 million.

VI. PUBLICATION OF THE FIRST QUARTER REPORT

The results announcement will be simultaneously published on the website of the Hong Kong Stock Exchange 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 2019 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
Vice Chairman of the Board

Shanghai, the PRC
29 April 2019

The Directors of the Bank as at the date of this announcement are Mr. Ren Deqi, Mr. Peter Wong Tung Shun, Mr. Hou Weidong, Mr. Wu Wei, Mr. Wang Taiyin*, Mr. Song Guobin*, Mr. He Zhaobin*, Ms. Helen Wong Pik Kuen*, Mr. Liu Hanxing*, Mr. Luo Mingde*, Mr. Liu Haoyang*, Mr. Yu Yongshun#, Ms. Li Jian#, Mr. Liu Li#, Mr. Jason Yeung Chi Wai#, Mr. Raymond Woo Chin Wan# and Mr. Cai Haoyi#.*

* *Non-executive Directors*
\# *Independent Non-executive Directors*