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 THIRD 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 "**Third Quarter Results**") of the Bank and its subsidiaries (the "**Group**") for the nine months ended 30 September 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 and the Audit Committee of the Board have reviewed and confirmed the Third 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 Shares	BOCOM PREF1	360021	Shanghai Stock Exchange
Overseas Preference Shares	BOCOM 15USDPREF	4605	The Stock Exchange of Hong Kong Limited

Secretary of the Board/Company Secretary

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II. FINANCIAL HIGHLIGHTS

The Group implemented the *International Financial Reporting Standard 16 ("IFRS 16"): Leases* from 1 January 2019. Under the transitional provisions of IFRS 16, the Group did not restate comparative figures. Any adjustments to the carrying amounts at the date of transition were recognized in the opening retained earnings and other related items in the financial statements. For the related impact, please refer to the 2019 Interim Report which was published on the HKEx News website of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**").

As at 30 September 2019 (the "**end of the Reporting Period**"), the key financial data and financial indicators of the third quarter prepared by the Group in accordance with IFRSs are as follows:

(in millions of RMB unless otherwise stated)

Key financial data	30 September 2019	31 December 2018	Increase/ decrease (%)
Total assets	**9,932,879**	9,531,171	4.21
Loans and advances to customers [1]	**5,206,687**	4,854,228	7.26
Total liabilities	**9,150,055**	8,825,863	3.67
Due to customers [1]	**5,968,808**	5,724,489	4.27
Shareholders' equity (attributable to shareholders of the Bank)	**775,337**	698,405	11.02
Net assets per share (attributable to shareholders of the Bank, in RMB yuan) [2]	**9.10**	8.60	5.81

Key financial data	January to September 2019	January to September 2018	Increase/ decrease (%)
Profit before tax	**68,986**	66,527	3.70
Net profit (attributable to shareholders of the Bank)	**60,147**	57,304	4.96
Basic and diluted earnings per share (attributable to shareholders of the Bank, in RMB yuan) [3]	**0.77**	0.74	4.05

Key financial indicators (%)	January to September 2019	January to September 2018	Difference (percentage point)
Return on average assets (annualized)	**0.83**	0.83	–
Return on average shareholders' equity (annualized) [3]	**11.80**	11.96	(0.16)

Notes:

1. According to *Notice on Revising and Issuing the Format of Financial Statements of Financial Enterprises for 2018* (Cai Kuai [2018] No.36) issued by Ministry of Finance of the People's Republic of China ("**Ministry of Finance**"), 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. 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.

3. Excluding the impact of other equity instruments.

III. SHAREHOLDERS' INFORMATION

(1) 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 358,617 ordinary shareholders, including 324,254 holders holding A shares and 34,363 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		Class of shares	Nature of shareholders
			Status of shares	Number of shares		
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 [3]	14,966,923,204	20.15	Unknown	–	H Share	Foreign legal person
The HongKong and Shanghai Banking Corporation Limited [4]	13,886,417,698	18.70	Nil	–	H Share	Foreign legal person
The National Council for Social Security Fund [5]	1,134,886,185	1.53	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. [6]	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. [6]	745,305,404	1.00	Nil	–	A Share	State-owned legal person
CITIC Securities Co., Ltd. – Social Security Fund Share Flexible Portfolio [6]	742,627,266	1.00	Nil	–	A Share	Others
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. The relevant data and information is extracted from the Bank's register of members at the Registrar and Transfer Office.

3. 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.

4. According to the Bank's register of members, the Hong Kong and Shanghai Banking Corporation Limited ("**HSBC**") held 13,886,417,698 H shares of the Bank as at the end of the Reporting Period. According to the disclosure forms of interests 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.** 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 a bonus share issued by the Bank. Those extra shares have been registered under HKSCC Nominees Limited.

5. According to the Bank's register of members, the National Council for Social Security Fund ("**SSF**") held 1,134,886,185 A shares and 1,405,555,555 H shares of the Bank as at the end of the Reporting Period. In May 2019, SSF transferred 742,627,266 A shares (representing 1% of total share capital) to the designated account of decrease of shares, "CITIC Securities Co., Ltd. – Social Security Fund Share Flexible Portfolio". According to the information provided by SSF to the Bank, as at the end of the Reporting Period, other than the above shareholdings, SSF held additional 7,650,170,777 H shares of the Bank, of which 7,027,777,777 H shares were registered under HKSCC Nominees Limited and 622,393,000 H shares were indirectly held by certain asset managers (including Hong Kong Stock Connect). **As at the end of the Reporting Period, SSF held a total of 10,933,239,783 A shares and H shares of the Bank, representing 14.72% of the Bank's total ordinary shares issued.**

6. Shanghai Haiyan Investment Management Co., Ltd. and Yunnan Hehe (Group) Co., Ltd. are parties acting in concert as defined under *Provisional Measures on Shareholdings Administration of Commercial Banks*. CITIC Securities Co., Ltd. – Social Security Fund Share Flexible Portfolio is the designated account for decrease of shares of SSF. The Bank is not aware of the existence of any related relationship among the above shareholders, or whether they are parties acting in concert as defined in *Provisional Measures on Shareholdings Administration of Commercial Banks*.

(2) 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	Number of shares	Nature of shareholder
DB Nominees (Hong Kong) Limited	122,500,000	100.00	Overseas preference shares	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 concert.

Total number of domestic preference shareholders 41

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 shares	Nil	–	State-owned legal person
AXA SPDB Investment Managers – SPDB – Shanghai Pudong Development Bank Shanghai Branch	20,000,000	4.44	Domestic preference shares	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 shares	Nil	–	Others
Truvalue Asset Management – CMB – China Merchants Bank Co., Ltd.	20,000,000	4.44	Domestic preference shares	Nil	–	Others
Bosera Funds – ICBC – Bosera – ICBC – Flexible allocation No. 5 Specific Multi-customer Asset Management Plan	20,000,000	4.44	Domestic preference shares	Nil	–	Others
Wisdom Asset Management – Ping An Bank – Ping An Bank Co., Ltd.	20,000,000	4.44	Domestic preference shares	Nil	–	Others
China Ping An Life Insurance Co., Ltd. – Self-owned capital	18,000,000	4.00	Domestic preference shares	Nil	–	Others
China CITIC Bank Corporation Limited – HuiYing Series of CITIC Banking Service	18,000,000	4.00	Domestic preference shares	Nil	–	Others
China National Tobacco Corporation-Henan Company	15,000,000	3.33	Domestic preference shares	Nil	–	State-owned legal person
China Life Property & Casualty Insurance Company Limited – Traditional – General Insurance Product	15,000,000	3.33	Domestic preference shares	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

(1) Business Review

During the third quarter of 2019, the Group fully implemented the "186" Strategic Landscape together with high-quality development. Under the guidance of the new connotation of the strategy, the Group achieved steady development with good momentum in different businesses. As at the end of the Reporting Period, the total assets of the Group increased by 4.21% over the end of the previous year to RMB9,932.879 billion; the total liabilities increased by 3.67% over the end of the previous year to RMB9,150.055 billion; shareholders' equity (attributable to shareholders of the Bank) increased by 11.02% over the end of the previous year to RMB775.337 billion. During the Reporting Period, the net operating income increased by 11.63% on a year-on-year basis to RMB176.513 billion; the net profit (attributable to shareholders of the Bank) increased by 4.96% on a year-on-year basis to RMB60.147 billion; the annualized return on average assets (ROAA) was 0.83%, which maintained at same level on a year-on-year basis; the annualized return on average shareholders' equity (ROAE) was 11.80% with a decrease of 0.16 percentage point on a year-on-year basis.

(2) 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 RMB11.152 billion or 11.72% on a year-on-year basis to RMB106.327 billion, which accounted for 60.24% of the net operating income, representing a year-on-year increase of 0.05 percentage point.

During the Reporting Period, the net interest margin of the Group increased by 10 basis points on a year-on-year basis to 1.57%.

1.2 *Net fee and commission income*

During the Reporting Period, the net fee and commission income of the Group increased by RMB3.065 billion or 9.76% on a year-on-year basis to RMB34.458 billion, which accounted for 19.52% of the net operating income, representing a year-on-year decrease of 0.33 percentage point.

1.3 *Operating costs*

During the Reporting Period, the Group's operating costs increased by RMB3.047 billion or 6.41% on a year-on-year basis to RMB50.613 billion. The Group's cost-to-income ratio was 30.15%, representing a year-on-year decrease of 1.34 percentage points.

1.4 *Credit impairment losses*

During the Reporting Period, the Group's credit impairment losses increased by RMB6.876 billion or 22.87% on a year-on-year basis to RMB36.945 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 RMB5,206.687 billion, representing an increase of RMB352.459 billion or 7.26% over the end of the previous year, of which the balance of corporate loans increased by RMB283.617 billion or 8.81% over the end of the previous year to RMB3,502.218 billion; the balance of individual loans increased by RMB68.842 billion or 4.21% over the end of the previous year to RMB1,704.469 billion.

2.2 *Due to customers*

As at the end of the Reporting Period, the Group's balance of due to customers increased by RMB244.319 billion or 4.27% over the end of the previous year to RMB5,968.808 billion, of which the proportion of due to corporate customers accounted for 67.49%, representing a decrease of 1.41 percentage points over the end of the previous year. The proportion of due to individual customers was 32.48%, representing an increase of 1.45 percentage points over the end of the previous year. The proportion of demand deposits decreased by 0.84 percentage point over the end of the previous year to 41.72%, while the proportion of fixed deposits increased by 0.88 percentage point over the end of the previous year to 58.25%.

2.3 Investment securities

As at the end of the Reporting Period, the Group's net balance of investment securities increased by RMB179.183 billion or 6.35% over the end of the previous year to RMB3,001.092 billion.

2.4 Asset quality

As at the end of the Reporting Period, the Group's balance of non-performing loans increased by RMB4.180 billion over the end of the previous year to RMB76.692 billion; the non-performing loans 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 1.09 percentage point over the end of the previous year to 174.22%. The provision ratio decreased by 0.02 percentage point over the end of the previous year to 2.57%.

(3) 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 the CBIRC and the relevant requirements. Since the adoption of the Advanced Approach of Capital Management upon the first approval from the CBIRC in 2014, the Bank steadily implemented and applied it in accordance with the regulatory requirements. Upon the approval of the CBIRC in 2018, the Bank ended the Advanced Approach of Capital Management parallel period and expanded the application scope.

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 14.87%, 12.72% and 11.07%, 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 the CBIRC [notes]

Items	The Group	The Bank
Net core Tier 1 capital	671,818	590,208
Net Tier 1 capital	771,897	690,078
Net capital	902,761	817,200
Core Tier 1 capital adequacy ratio (%)	11.07	10.59
Tier 1 capital adequacy ratio (%)	12.72	12.38
Capital adequacy ratio (%)	14.87	14.67

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 which 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.

(4) 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. As at the end of the Reporting Period, the Group's leverage ratio was 7.24%, which met the regulatory requirements.

(in millions of RMB unless otherwise stated)

Calculated pursuant to *Administrative Measures for the Leverage Ratio of Commercial Banks (Revised)* issued by the CBIRC

Items	30 September 2019	30 June 2019	31 March 2019	31 December 2018
Net Tier 1 capital	**771,897**	713,196	715,124	694,832
Balance of adjusted on-and off-balance sheet assets	**10,655,770**	10,594,418	10,490,765	10,242,926
Leverage ratio (%)	**7.24**	6.73	6.82	6.78

(5) Liquidity Coverage Ratio

The liquidity coverage ratio is the ratio of qualified high-quality liquid assets to net cash outflows in the following 30 days. The aim is to ensure that commercial banks have sufficient qualified high-quality liquid assets to meet the liquidity needs of at least 30 days in the future by settling these assets under the liquidity stress scenarios subject to regulatory requirements. The Group's qualified high-quality liquid assets mainly include cash, reserves that can be withdrawn from the central bank under stress scenarios and bonds falling within the definition of primary and secondary assets in the *Administrative Measures for Liquidity Risk Management of Commercial Banks*. 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%.

The daily average liquidity coverage ratio of the Group in the third quarter of 2019 was 125.27% (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 92), which decreased by 0.35 percentage point over the previous quarter mainly due to the increase of net cash outflows. 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		Total unweighted value	Total weighted value
High-quality Liquid Assets			
1	Total high-quality liquid assets (HQLA)		1,743,292
Cash Outflows			
2	Retail deposits and deposits from small business customers, of which:	1,580,052	148,610
3	Stable deposits	185,164	9,121
4	Less stable deposits	1,394,888	139,489
5	Unsecured wholesale funding, of which:	4,008,987	1,771,488
6	Operational deposits (excluding agency business)	2,263,038	564,450
7	Non-operational deposits (all counterparties)	1,741,141	1,202,230
8	Unsecured debt	4,808	4,808
9	Secured wholesale funding		24,281
10	Additional requirements, of which:	1,358,961	569,071
11	Outflows related to derivative exposures and other collateral requirements	537,150	521,482
12	Outflows related to loss of funding on debt products	90	90
13	Credit and liquidity facilities	821,721	47,499
14	Other contractual funding obligations	36,524	36,524
15	Other contingent funding obligations	1,123,115	38,678
16	Total cash outflows		2,588,652
Cash Inflows			
17	Secured lending (including reverse repos and securities borrowing)	73,307	73,300
18	Inflows from fully performing exposures	837,209	577,067
19	Other cash inflows	570,419	544,702
20	Total cash inflows	1,480,935	1,195,069
			Total adjusted value
21	Total HQLA		1,743,292
22	Total net cash outflows		1,393,583
23	Liquidity coverage ratio (%)		125.27

V. FINANCIAL STATEMENTS

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

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

	Three months ended 30 September		Nine months ended 30 September	
	2019	2018	**2019**	2018
Interest income	**92,839**	89,392	**274,701**	259,938
Interest expense	**(56,574)**	(54,875)	**(168,374)**	(164,763)
Net interest income	**36,265**	34,517	**106,327**	95,175
Fee and commission income	**12,375**	11,134	**37,445**	33,880
Fee and commission expense	**(1,039)**	(923)	**(2,987)**	(2,487)
Net fee and commission income	**11,336**	10,211	**34,458**	31,393
Net gains arising from trading activities	**4,493**	6,013	**12,782**	14,286
Net gains arising from financial investments	**664**	13	**992**	30
Net gains/(losses) on derecognition of financial assets measured at amortised cost	***16***	*(132)*	***103***	*(115)*
Share of profits of associates and joint venture	**59**	27	**351**	167
Insurance business income	**1,273**	1,411	**9,584**	5,533
Other operating income	**4,109**	3,897	**12,019**	11,538
Credit impairment losses	**(15,401)**	(13,406)	**(36,945)**	(30,069)
Impairment losses on other assets	**–**	(23)	**(6)**	(26)
Insurance business expense	**(1,489)**	(1,339)	**(9,367)**	(5,062)
Other operating expenses	**(21,282)**	(22,264)	**(61,209)**	(56,438)
Profit before tax	**20,027**	19,057	**68,986**	66,527
Income tax	**(2,449)**	(2,378)	**(8,260)**	(8,854)
Net profit for the period	**17,578**	16,679	**60,726**	57,673

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

	Three months ended 30 September		Nine months ended 30 September	
	2019	2018	**2019**	2018
Other comprehensive income, net of tax				
Items that may be reclassified subsequently to profit or loss:				
Loans and advances to customers at FVOCI				
Amount recognized directly in equity	***238***	*(56)*	***(431)***	*126*
Amount removed to profit or loss	***(98)***	*–*	***(330)***	*–*
Debt instruments at FVOCI				
Amount recognized directly in equity	***522***	*674*	***2,263***	*1,950*
Amount removed to profit or loss	***(471)***	*(49)*	***(652)***	*(45)*
Effective portion of gains or losses on hedging instruments in a cash flow hedge				
Changes in fair value recorded in equity	***(80)***	*273*	***30***	*367*
Changes in fair value reclassified from equity to profit or loss	***90***	*(254)*	***(81)***	*(313)*
Others	**1**	15	**17**	10
Translation difference on foreign operations	**1,413**	1,929	**1,554**	2,273
Subtotal	**1,615**	2,532	**2,370**	4,368
Items that will not be reclassified subsequently to profit or loss:				
Net gains on equity investments designated at FVOCI	**(90)**	(134)	**9**	27
Actuarial losses on pension benefits	**(15)**	(1)	**(12)**	(16)
Change in fair value attributable to changes in the credit risk of financial liabilities designated at FVPL	**4**	(46)	**78**	(40)
Subtotal	**(101)**	(181)	**75**	(29)
Other comprehensive income for the period	**1,514**	2,351	**2,445**	4,339

	Three months ended 30 September		Nine months ended 30 September	
	2019	2018	**2019**	2018
Total comprehensive income for the period	**19,092**	19,030	**63,171**	62,012
Net profit attributable to:				
Shareholders of the Bank	**17,398**	16,533	**60,147**	57,304
Non-controlling interests	**180**	146	**579**	369
	17,578	16,679	**60,726**	57,673
Total comprehensive income attributable to:				
Shareholders of the Bank	**18,853**	18,805	**62,504**	61,518
Non-controlling interests	**239**	225	**667**	494
	19,092	19,030	**63,171**	62,012
Basic and diluted earnings per share for profit attributable to the shareholders of the Bank (in RMB yuan)	**0.23**	0.23	**0.77**	0.74

Unaudited Interim Condensed Consolidated Statement of Financial Position

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

	As at 30 September 2019	As at 31 December 2018
ASSETS		
Cash and balances with central banks	**781,601**	840,171
Due from and placements with banks and other financial institutions	**752,261**	848,067
Financial investments at FVPL	**417,667**	376,386
Derivative financial assets	**33,274**	30,730
Loans and advances to customers	**5,087,054**	4,742,372
Financial investments at amortised cost	**1,967,847**	2,000,505
Financial investments at FVOCI	**615,578**	445,018
Investments in associates and joint ventures	**4,457**	3,653
Property and equipment	**169,001**	153,286
Deferred income tax assets	**25,268**	21,975
Other assets	**78,871**	69,008
Total assets	**9,932,879**	9,531,171
LIABILITIES		
Due to and placements from banks and other financial institutions	**2,022,897**	2,162,293
Financial liabilities at FVPL	**27,955**	23,109
Derivative financial liabilities	**41,603**	28,105
Due to customers	**6,048,860**	5,793,324
Certificates of deposits issued	**512,631**	366,753
Current tax liabilities	**7,935**	2,279
Deferred income tax liabilities	**766**	598
Debt securities issued	**335,430**	317,688
Other liabilities	**151,978**	131,714
Total liabilities	**9,150,055**	8,825,863
EQUITY		
Share capital	**74,263**	74,263
Other equity instruments	**99,870**	59,876
Preference shares	**59,876**	59,876
Perpetual bonds	**39,994**	–
Capital surplus	**113,663**	113,663
Other reserves	**326,877**	321,442
Retained earnings	**160,664**	129,161
Equity attributable to shareholders of the bank	**775,337**	698,405
Non-controlling interests	**7,487**	6,903
Total equity	**782,824**	705,308
Total equity and liabilities	**9,932,879**	9,531,171

Unaudited Interim Condensed Consolidated Statement of Cash Flows

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

	Nine months ended 30 September	
	2019	2018
Cash flows from operating activities:		
Net profit before tax:	**68,986**	66,527
Adjustments for:		
Credit impairment losses	**36,945**	30,069
Impairment losses on other assets	**6**	26
Provision for insurance contracts reserve	**7,172**	(198)
Depreciation and amortisation	**10,675**	7,562
Provision for/(reversal of) outstanding litigation and unsettled obligation	**84**	63
Net profit on the disposal of fixed and foreclosed assets	**(141)**	(19)
Interest income from financial investments	**(65,931)**	(63,360)
Unwind of discount on allowances during the period	**(1,075)**	(1,353)
Fair value losses/(gains)	**1,287**	(7,624)
Share of profits of associates and joint ventures	**(351)**	(167)
Net gains arising from financial investments	**(992)**	(30)
Interest expense on debt securities issued	**8,655**	8,387
Operating cash flows before movements in operating assets and liabilities	**65,320**	39,883
Net decrease in mandatory reserve deposits	**42,559**	62,974
Net decrease in due from and placements with banks and other financial institutions	**103,169**	53,742
Net increase in financial investments at FVPL	**(21,680)**	(37,413)
Net increase in loans and advances to customers	**(381,364)**	(312,784)
Net (increase)/decrease in other assets	**(5,206)**	20,142
Net decrease in due to and placements from banks and other financial institutions	**(122,424)**	(12,408)
Net decrease in financial liabilities at FVPL	**(3,506)**	(4,850)
Net increase in due to customers and certificates of deposit issued	**393,236**	303,630
Net increase in other liabilities	**123**	24,068
Net increase in value-added tax and surcharges payable	**497**	608
Income tax paid	**(6,858)**	(11,304)
Net cash flows from operating activities	**63,866**	126,288

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

	Nine months ended 30 September 2019	2018
Cash flows from investing activities:		
Purchase of financial investments	**(592,312)**	(766,393)
Disposal or redemption of financial investments	**441,962**	576,344
Dividends received	**421**	234
Interest received from financial investments	**68,146**	62,814
Acquisition of intangible assets and other assets	**(823)**	(320)
Disposal of intangible assets and other assets	**61**	123
Purchase and construction of property and equipment	**(25,041)**	(22,313)
Disposal of property and equipment	**1,797**	898
Net cash used in investing activities	**(105,789)**	(148,613)
Cash flows from financing activities:		
Cash received from issuing other equity instruments	**39,994**	–
Cash received on debt securities issued	**35,510**	25,902
Cash payments for distribution of dividends, profits or interest expenses	**(31,423)**	(24,149)
Capital contribution by non-controlling interests	**–**	1,125
Repayment of principals of debt securities issued	**(10,408)**	(14,895)
Dividends paid to non-controlling interests	**(57)**	(65)
Others	**(1,989)**	–
Net cash flows from financing activities	**31,627**	(12,082)
Effect of exchange rate changes on cash and cash equivalents	**2,966**	2,811
Net decrease in cash and cash equivalents	**(7,330)**	(31,596)
Cash and cash equivalents at the beginning of the period	**243,492**	228,919
Cash and cash equivalents at the end of the period	**236,162**	197,323
Net cash flows from operating activities include:		
Interest received	**212,387**	192,265
Interest paid	**(165,561)**	(144,454)

VI. PUBLICATION OF THE THIRD 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 third 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
25 October 2019

The Directors of the Bank as at the date of this announcement are Mr. Ren Deqi, Mr. Hou Weidong, Mr. Wang Taiyin, Mr. Song Guobin*, Mr. He Zhaobin*, Mr. Chan Siu Chung*, Mr. Song Hongjun*, Mr. Chen Junkui*, Mr. Liu Haoyang*, 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*