交通銀行
BANK OF COMMUNICATIONS

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 THIRD QUARTER 2020

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 2020 (the "**Reporting Period**"), which has been prepared in accordance with the International Accounting Standard 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 Share	BOCOM PREF1	360021	Shanghai Stock Exchange

Secretary of the Board/Company Secretary

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II. FINANCIAL HIGHLIGHTS

As at 30 September 2020 (the "**end of the Reporting Period**"), the key financial data and financial indicators of the third quarter prepared by the Group in accordance with International Financial Reporting Standards are as follows:

(in millions of RMB unless otherwise stated)

Key financial data	30 September 2020	31 December 2019	Increase/ decrease (%)
Total assets	**10,795,571**	9,905,600	8.98
Loans and advances to customers[1]	**5,816,696**	5,304,275	9.66
Total liabilities	**9,958,894**	9,104,688	9.38
Due to customers[1]	**6,541,593**	6,005,070	8.93
Shareholders' equity (attributable to shareholders of the Bank)	**825,111**	793,247	4.02
Net assets per share (attributable to ordinary shareholders of the Bank, in RMB yuan)[2]	**9.56**	9.34	2.36

Key financial data	January to September 2020	January to September 2019	Increase/ decrease (%)
Net operating income	**185,635**	176,513	5.17
Profit before tax	**57,515**	68,986	(16.63)
Net profit (attributable to shareholders of the Bank)	**52,712**	60,147	(12.36)
Basic and diluted earnings per share (attributable to ordinary shareholders of the Bank, in RMB yuan)[3]	**0.65**	0.77	(15.58)

Key financial indicators (%)	January to September 2020	January to September 2019	Difference (percentage point)
Return on average assets (annualized)	**0.69**	0.83	(0.14)
Return on average shareholders' equity (annualized)[3]	**9.39**	11.80	(2.41)

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 the 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 ordinary 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) Total Number of Ordinary Shareholders and Shareholdings

As at the end of the Reporting Period, the Bank had a total of 415,688 ordinary shareholders, of which 382,404 were shareholders of A shares and 33,284 were shareholders of H shares. As at the end of the Reporting Period, the shareholdings of top 10 ordinary shareholders of the Bank were listed as follows:

Name of shareholders	Number of shares held as at the end of the Reporting Period (share)	Percentage (%)	Class of shares	Shares pledged or frozen	Nature of shareholders
The Ministry of Finance of the People's Republic of China	13,178,424,446	17.75	A Share	Nil	The State
	4,553,999,999	6.13	H Share	Nil	
HKSCC Nominees Limited[3]	14,974,177,127	20.16	H Share	Unknown	Foreign legal person
The Hongkong and Shanghai Banking Corporation Limited[4] ("HSBC")	13,886,417,698	18.70	H Share	Nil	Foreign legal person
The National Council for Social Security Fund[5] ("SSF")	1,134,886,185	1.53	A Share	Nil	The State
	1,405,555,555	1.89	H Share	Nil	
China Securities Finance Corporation Limited	2,222,588,791	2.99	A Share	Nil	State-owned legal person

Name of shareholders	Number of shares held as at the end of the Reporting Period (share)	Percentage (%)	Class of shares	Shares pledged or frozen	Nature of shareholders
The Sixth Transfer Account for State-owned Capital of The National Council for Social Security Fund[5]	1,970,269,383	2.65	A Share	Nil	The State
Capital Airport Holding Company	1,246,591,087	1.68	A Share	Nil	State-owned legal person
Shanghai Haiyan Investment Management Co., Ltd.[6]	808,145,417	1.09	A Share	Nil	State-owned legal person
Yunnan Hehe (Group) Co., Ltd.[6]	745,305,404	1.00	A Share	Nil	State-owned legal person
FAW Equity Investment (Tianjin) Co., Ltd.	663,941,711	0.89	A Share	Nil	State-owned legal person

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. The data includes 249,218,915 and 7,649,394,777 H shares indirectly held by HSBC and SSF respectively, which were registered under HKSCC Nominees Limited. The data does not include 13,886,417,698 and 1,405,555,555 H shares of the Bank directly held by the aforementioned two shareholders respectively, which were registered in the Bank's register of members.

4. 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 thereafter receiving bonus shares issued by the Bank and participating in the rights issue of the Bank. Those extra shares have been registered under HKSCC Nominees Limited.

5. The Sixth Transfer Account for State-owned Capital of SSF is a securities account controlled by SSF and is in the relationship of acting in concert with SSF. Other than the above shareholdings, SSF held additional 7,649,394,777 H shares of the Bank, of which 7,027,777,777 H shares were registered under HKSCC Nominees Limited and 621,617,000 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 12,160,105,900 A shares and H shares of the Bank, representing 16.37% 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*.

7. 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 *Provisional Measures on Shareholdings Administration of Commercial Banks*.

(2) Total Number of Preference Shareholders and Shareholdings

During the Reporting Period, the Bank did not restore any voting right of the preference shares, and the Bank redeemed the USD2.45 billion offshore preference shares in whole. As at the end of the Reporting Period, preference shares issued by the Bank were all domestic preference shares, and the total number of preference shareholders was 41. Shareholdings of Top 10 Preference Shareholders as at the end of the Reporting Period were listed as follows:

Name of shareholders	Number of shares held as at the end of the Reporting Period (share)	Percentage (%)	Class of shares	Shares pledged or frozen	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

Name of shareholders	Number of shares held as at the end of the Reporting Period (share)	Percentage (%)	Class of shares	Shares pledged or frozen	Nature of shareholders
Bosera Funds – ICBC – Bosera – ICBC – Flexible allocation No. 5 Specific Multicustomer 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 CITIC Bank Corporation Limited – HuiYing Series of CITIC Banking Service	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

Notes:

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

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

3. 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

(1) Business Review

During the third quarter of 2020, the Group was under the direction of high quality development, focusing on serving the real economy and adhering to digital transformation and had steadily accomplished each task and objective, and maintained the momentum of "minimizing disadvantages and enhancing advantages". As at the end of the Reporting Period, the total assets of the Group increased by 8.98% over the end of the previous year to 10,795.571 billion. The total liabilities increased by 9.38% over the end of the previous year to 9,958.894 billion. Shareholders' equity (attributable to shareholders of the Bank) increased by 4.02% over the end of the previous year to 825.111 billion. During the Reporting Period, the net operating income increased by 5.17% on a year-on-year basis to 185.635 billion. The net profit (attributable to shareholders of the Bank) decreased by 12.36% on a year-on-year basis to 52.712 billion. The annualized return on average assets (ROAA) and the annualized return on average shareholders' equity (ROAE) were 0.69% and 9.39%, representing year-on-year decreases of 0.14 percentage point and 2.41 percentage points, respectively.

(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 7.687 billion or 7.23% on a year-on-year basis to 114.014 billion, which accounted for 61.42% of the net operating income, representing a year-on-year increase of 1.18 percentage points.

During the Reporting Period, the net interest margin of the Group decreased by 1 basis point on a year-on-year basis to 1.56%.

1.2 Net fee and commission income

During the Reporting Period, the net fee and commission income of the Group increased by 525 million or 1.52% on a year-on-year basis to 34.983 billion, which accounted for 18.85% of the net operating income, representing a year-on-year decrease of 0.67 percentage point.

1.3 Operating costs

During the Reporting Period, the Group's operating costs increased by 1.036 billion or 2.05% on a year-on-year basis to 51.649 billion. The Group's cost-to-income ratio was 29.35%, representing a year-on-year decrease of 0.80 percentage point.

1.4 Credit impairment losses

During the Reporting Period, the Group's credit impairment losses increased by 14.969 billion or 40.52% on a year-on-year basis to 51.914 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 5,816.696 billion, representing an increase of 512.421 billion or 9.66% over the end of the previous year, of which the balance of corporate loans increased by 358.371 billion or 10.10% over the end of the previous year to 3,907.881 billion. The balance of individual loans increased by 154.050 billion or 8.78% over the end of the previous year to 1,908.815 billion.

2.2 Due to customers

As at the end of the Reporting Period, the Group's balance of due to customers increased by 536.523 billion or 8.93% over the end of the previous year to 6,541.593 billion, of which the proportion of due to corporate customers accounted for 67.40%, representing an increase of 0.26 percentage point over the end of the previous year. The proportion of due to individual customers was 32.57%, representing a decrease of 0.23 percentage point over the end of the previous year. The proportion of demand deposits was 42.52%, representing a decrease of 0.75 percentage point over the end of the previous year. The proportion of fixed deposits was 57.45%, representing an increase of 0.78 percentage point over the end of the previous year.

2.3 Investment securities

As at the end of the Reporting Period, the Group's net balance of investment securities increased by 274.762 billion or 9.14% over the end of the previous year to 3,280.605 billion.

2.4 Asset quality

As at the end of the Reporting Period, the Group's balance of non-performing loans increased by 18.971 billion or 24.31% over the end of the previous year to 97.014 billion. The impaired loan ratio increased by 0.20 percentage point over the end of the previous year to 1.67%. The provision coverage of impaired loans decreased by 20.96 percentage points over the end of the previous year to 150.81%. The provision ratio decreased by 0.01 percentage point over the end of the previous year to 2.52%.

V. PUBLICATION OF THE THIRD QUARTER REPORT

The results announcement will be simultaneously published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk, as well as the website of the Bank at www.bankcomm.com for the reference of shareholders. The third quarter report 2020 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
30 October 2020

As at the date of this announcement, the directors of the Bank are Mr. Ren Deqi, Mr. Liu Jun, Mr. He Zhaobin, Mr. Li Longcheng*, Mr. Chan Siu Chung*, Mr. Song Hongjun*, Mr. Chen Junkui*, Mr. Liu Haoyang*, Mr. Liu Li#, Mr. Yeung Chi Wai, Jason#, Mr. Woo Chin Wan, Raymond#, Mr. Cai Haoyi#, Mr. Shi Lei# and Mr. Zhang Xiangdong#.*

* *Non-executive directors*
\# *Independent Non-executive directors*

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	
	2020	2019	**2020**	2019
Interest income	**91,772**	92,839	**278,001**	274,701
Interest expense	**(51,607)**	(56,574)	**(163,987)**	(168,374)
Net interest income	**40,165**	36,265	**114,014**	106,327
Fee and commission income	**11,807**	12,375	**38,022**	37,445
Fee and commission expense	**(1,101)**	(1,039)	**(3,039)**	(2,987)
Net fee and commission income	**10,706**	11,336	**34,983**	34,458
Net gains arising from trading activities	**1,405**	4,493	**8,758**	12,782
Net gains arising from financial investments	**637**	664	**2,142**	992
Including: Net gains on derecognition of financial assets measured at amortised cost	**3**	16	**71**	103
Share of profits of associates and joint venture	**58**	59	**143**	351
Insurance business income	**1,586**	1,273	**12,522**	9,584
Other operating income	**4,119**	4,109	**13,073**	12,019
Credit impairment losses	**(18,581)**	(15,401)	**(51,914)**	(36,945)
Other assets impairment losses	**3**	–	**(156)**	(6)
Insurance business expense	**(1,879)**	(1,489)	**(12,901)**	(9,367)
Other operating expenses	**(20,662)**	(21,282)	**(63,149)**	(61,209)
Profit before tax	**17,557**	20,027	**57,515**	68,986
Income tax	**(1,083)**	(2,449)	**(4,044)**	(8,260)
Net profit for the period	**16,474**	17,578	**53,471**	60,726

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

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	**2020**	2019
Other comprehensive income, net of tax				
Items that may be reclassified subsequently to profit or loss:				
Loans and advances to customers at fair value through other comprehensive income				
Amount recognised directly in equity	**(102)**	238	**147**	(431)
Amount reclassified to profit or loss	**51**	(98)	**(147)**	(330)
Debt investments at fair value through other comprehensive income				
Amount recognised directly in equity	**(1,951)**	522	**(2,078)**	2,263
Amount reclassified to profit or loss	**(474)**	(471)	**(1,536)**	(652)
Effective portion of gains or losses on hedging instruments in cash flow hedges				
Changes in fair value recorded in equity	**197**	(80)	**(462)**	30
Changes in fair value reclassified from equity to profit or loss	**(62)**	90	**(58)**	(81)
Translation difference on foreign operations	**(2,521)**	1,413	**(1,428)**	1,554
Others	**(21)**	1	**7**	17
Subtotal	**(4,883)**	1,615	**(5,555)**	2,370

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

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	**2020**	2019
Items that will not be reclassified subsequently to profit or loss:				
Changes in fair value of equity investments designated at fair value through other comprehensive income	**(3)**	(90)	**(374)**	9
Actuarial losses on pension benefits	**(154)**	(15)	**(188)**	(12)
Changes in fair value attributable to changes in the credit risk of financial liability designated at fair value through profit or loss	**(11)**	4	**33**	78
Others	**(6)**	–	**20**	–
Subtotal	**(174)**	(101)	**(509)**	75
Other comprehensive income, net of tax	**(5,057)**	1,514	**(6,064)**	2,445
Total Comprehensive income for the period	**11,417**	19,092	**47,407**	63,171
Net profit attributable to:				
Shareholders of the Bank	**16,207**	17,398	**52,712**	60,147
Non-controlling interests	**267**	180	**759**	579
	16,474	17,578	**53,471**	60,726
Total comprehensive income attributable to:				
Shareholders of the Bank	**11,375**	18,853	**46,778**	62,504
Non-controlling interests	**42**	239	**629**	667
	11,417	19,092	**47,407**	63,171
Basic and diluted earnings per share for profit attributable to the shareholders of the Bank (in RMB yuan)	**0.19**	0.23	**0.65**	0.77

Unaudited Interim Condensed Consolidated Statement of Financial Position

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

	As at 30 September 2020	As at 31 December 2019
ASSETS		
Cash and balances with central banks	**796,805**	760,185
Due from and placements with banks and other financial institutions	**701,096**	648,488
Derivative financial assets	**39,745**	20,937
Loans and advances to customers	**5,687,511**	5,183,653
Financial investments at fair value through profit or loss	**500,261**	406,498
Financial investments at amortised cost	**1,977,302**	1,929,689
Financial investments at fair value through other comprehensive income	**803,042**	669,656
Investments in associates and joint ventures	**4,718**	4,600
Property and equipment	**174,097**	171,179
Deferred income tax assets	**26,514**	24,065
Other assets	**84,480**	86,650
Total assets	**10,795,571**	9,905,600
LIABILITIES		
Due to and placements from banks and other financial institutions	**1,787,831**	1,904,082
Financial liabilities at fair value through profit or loss	**23,483**	26,980
Derivative financial liabilities	**45,615**	26,424
Due to customers	**6,615,067**	6,072,908
Certificates of deposits issued	**765,313**	498,991
Current income tax liabilities	**1,685**	7,086
Deferred income tax liabilities	**952**	918
Debt securities issued	**518,409**	403,918
Other liabilities	**200,539**	163,381
Total liabilities	**9,958,894**	9,104,688

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

	As at 30 September 2020	As at 31 December 2019
EQUITY		
Share capital	**74,263**	74,263
Other equity instruments	**114,944**	99,870
Including: Preference shares	**44,952**	59,876
Perpetual bonds	**69,992**	39,994
Capital surplus	**111,462**	113,663
Other reserves	**334,357**	328,310
Retained earnings	**190,085**	177,141
Equity attributable to shareholders of the Bank	**825,111**	793,247
Equity attributable to non-controlling interests of ordinary shares	**8,164**	7,665
Equity attributable to non-controlling interests of other equity instruments	**3,402**	–
Non-controlling interests	**11,566**	7,665
Total equity	**836,677**	800,912
Total equity and liabilities	**10,795,571**	9,905,600

Unaudited Interim Condensed Consolidated Statement of Cash Flows

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

	Nine months ended 30 September	
	2020	2019
Cash flows from operating activities:		
Net profit before tax:	**57,515**	68,986
Adjustments for:		
Provision for impairment losses	**51,914**	36,945
Provision for other assets impairment losses	**156**	6
Provision for/(Reversal of) insurance contracts reserve	**10,652**	7,172
Depreciation and amortisation	**10,990**	10,675
(Reversal of)/Provision for outstanding litigation and unsettled obligation	**(34)**	84
Net gains on the disposal of property, equipment and other assets	**(230)**	(141)
Interest income from financial investments	**(68,592)**	(65,931)
Discount interest of impairment allowances unwound during the period	**(1,140)**	(1,075)
Fair value (gain)/losses	**(1,539)**	1,287
Share of profit of associates and joint venture	**(143)**	(351)
Net gains arising from financial investments	**(2,142)**	(992)
Interest expense on debt securities issued	**10,567**	8,655
Operating cash flows before movements in operating assets and liabilities	**67,974**	65,320

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

	Nine months ended 30 September	
	2020	2019
Net decrease in balances with central banks	**37,044**	42,559
Net decrease in due from and placements with banks and other financial institutions	**22,693**	103,169
Net increase in financial assets at fair value through profit or loss	**(95,428)**	(21,680)
Net increase in loans and advances to customers	**(551,983)**	(381,364)
Net increase in other assets	**(7,995)**	(5,206)
Net increase in due to and placements from banks and other financial institutions	**(114,014)**	(122,424)
Net increase/(decrease) in financial liabilities at fair value through profit or loss	**2,426**	(3,506)
Net increase in due to customers and certificates of deposit issued	**799,120**	393,236
Net increase in other liabilities	**34,956**	123
Net increase in value-added tax and surcharge payable	**235**	497
Income tax paid	**(10,835)**	(6,858)
Net cash flows generated from operating activities	**184,193**	63,866
Cash flows from investing activities:		
Purchase of financial investments	**(793,018)**	(592,312)
Disposal or redemption of financial investments	**607,780**	441,962
Dividends received	**1,390**	421
Interest received from financial investments	**72,023**	68,146
Acquisition of intangible assets and other assets	**(940)**	(823)
Disposal of intangible assets and other assets	**245**	61
Purchase and construction of property and equipment	**(19,231)**	(25,041)
Disposal of property and equipment	**7,880**	1,797
Net cash flows used in investing activities	**(123,871)**	(105,789)

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

	Nine months ended 30 September 2020	2019
Cash flows from financing activities:		
Cash received from issuing other equity instruments	**33,456**	39,994
Cash received on debt securities issued	**136,513**	35,510
Repayment of principals and interests of lease liabilities	**(1,792)**	(1,989)
Cash payments for distribution of dividends	**(27,785)**	(25,026)
Repayment of principals of debt securities issued	**(25,286)**	(10,408)
Cash payments for interest on debt securities	**(5,772)**	(6,397)
Cash payments for redeeming other equity instruments	**(17,125)**	–
Dividends paid to non-controlling interests	**(146)**	(57)
Net cash flows generated from financing activities	**92,063**	31,627
Effect of exchange rate changes on cash and cash equivalents	**(1,638)**	2,966
Net increase/(decrease) in cash and cash equivalents	**150,747**	(7,330)
Cash and cash equivalents at the beginning of the period	**167,735**	243,492
Cash and cash equivalents at the end of the period	**318,482**	236,162
Net cash flows from operating activities include:		
Interest received	**210,701**	212,387
Interest paid	**(150,449)**	(165,561)

I 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 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 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 14.47%, 12.13% and 10.41%, respectively, which all met the regulatory requirements.

(in millions of RMB unless otherwise stated)

	The Group	**The Bank**
Net core Tier 1 capital	705,076	593,765
Net Tier 1 capital	821,274	708,709
Net capital	979,605	861,491
Core Tier 1 capital adequacy ratio (%)	10.41	9.75
Tier 1 capital adequacy ratio (%)	12.13	11.64
Capital adequacy ratio (%)	14.47	14.14

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 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.

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. As at the end of the Reporting Period, the Group's leverage ratio was 7.07%, which met the regulatory requirements.

(in millions of RMB unless otherwise stated)

	30 September 2020	30 June 2020	31 March 2020	31 December 2019
Net Tier 1 capital	**821,274**	801,083	808,639	789,546
Balance of adjusted on- and off-balance sheet assets	**11,616,142**	11,459,393	11,262,732	10,631,020
Leverage ratio (%)	**7.07**	6.99	7.18	7.43

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 Disclosure of Commercial Banks Liquidity Coverage Ratio Information*, commercial banks should disclose the daily average of the quarter of the liquidity coverage ratio. The daily average liquidity coverage ratio of the Group in the third quarter of 2020 was 133.21% (the number of daily data on which the average is based is 92), which increased by 6.68 percentage points over the previous quarter mainly due to the increase of high-quality liquid assets. The details of liquidity coverage ratio and the average of specific items thereof in the third quarter were 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		1,998,451
Cash Outflow			
2	Retail deposits, small business deposits, including:	1,872,100	176,057
3	Stable deposit	220,746	10,922
4	Less stable deposit	1,651,354	165,135
5	Unsecured wholesale funding, including:	4,386,898	1,808,003
6	Business relationship deposit (excluding agency business)	2,605,714	650,039
7	Non-business relationship deposit (including all counterparties)	1,777,757	1,154,537
8	Unsecured debts	3,427	3,427
9	Secured funding		14,480
10	Other items, including:	1,717,784	886,940
11	Cash outflow relates to derivatives and other collateral/pledged assets	860,089	837,765
12	Cash outflow relates to loss of funding on asset-blocked securities	135	135
13	Committed credit and liquidity facilities	857,560	49,040
14	Other contractual obligation to extend funds	71,568	71,568
15	Contingent funding obligations	1,228,931	41,330
16	Total expected cash outflow		2,998,378
Cash Inflow			
17	Secured lending (including reverse repos and securities borrowing)	116,306	116,217
18	Inflows from fully performing exposure	852,012	590,644
19	Other cash inflow	885,841	859,095
20	Total expected cash inflow	1,854,159	1,565,956
			Amount after adjustment
21	The qualified high-quality liquid assets		1,912,366
22	Net cash outflow		1,432,422
23	Liquidity Coverage Ratio (%)		133.21