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 THE FIRST QUARTER 2021

The board of directors (the "**Board**") of Bank of Communications Co., Ltd. (the "**Bank**") is pleased to announce the unaudited results (the "**First Quarter Results**") of the Bank and its subsidiaries (the "**Group**") for the three months ended 31 March 2021 (the "**Reporting Period**"). The Board and the Audit Committee of the Board have reviewed and confirmed the First Quarter Results. This announcement is made pursuant to Part 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

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

II. FINANCIAL HIGHLIGHTS

As at 31 March 2021 (the "**end of the Reporting Period**"), the key financial data and financial indicators of the first 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	31 March 2021	31 December 2020	Increase/ decrease (%)
Total assets	**11,173,220**	10,697,616	4.45
Loans and advances to customers[1]	**6,165,902**	5,848,424	5.43
Total liabilities	**10,271,124**	9,818,988	4.60
Due to customers	**6,921,750**	6,607,330	4.76
Shareholders' equity (attributable to shareholders of the Bank)	**889,704**	866,607	2.67
Net assets per share (attributable to ordinary shareholders of the Bank, in RMB yuan)[2]	**10.19**	9.87	3.24

Key financial data	January to March 2021	January to March 2020	Increase/ decrease (%)
Net operating income	**68,410**	65,067	5.14
Profit before tax	**24,966**	24,346	2.55
Net profit (attributable to shareholders of the Bank)	**21,946**	21,451	2.31
Basic and diluted earnings per share (attributable to ordinary shareholders of the Bank, in RMB yuan)[3]	**0.30**	0.25	20.00

Key financial indicators (%)	January to March 2021	January to March 2020	Difference (percentage point)
Return on average assets (annualized)	**0.82**	0.85	(0.03)
Return on weighted average net assets (annualized)[3]	**11.79**	11.84	(0.05)

Notes:

1. Loans and advances to customers do not include interest receivables of loans and advances.

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

3. Calculated pursuant to the requirements of *Regulations on the Preparation of Information Disclosure for Companies Offering Securities to the Public No. 9 – Calculation and Disclosure of Return on Equity and Earnings per Share* (2010 Revision) issued by the China Securities Regulatory Commission.

III. SHAREHOLDERS' INFORMATION

(I) Total Number of Ordinary Shareholders and Shareholdings

As at the end of the Reporting Period, the Bank had a total of 397,341 ordinary shareholders, of which 364,679 were shareholders of A shares and 32,662 were shareholders of H shares. The shareholdings of top 10 ordinary shareholders of the Bank are 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	Government
	4,553,999,999	6.13	H Share	Nil	
HKSCC Nominees Limited[2, 6]	14,976,901,915	20.17	H Share	Unknown	Foreign legal entity
The Hongkong and Shanghai Banking Corporation Limited ("**HSBC**")[2, 3]	13,886,417,698	18.70	H Share	Nil	Foreign legal entity
The National Council for Social Security Fund ("**SSF**")[2, 4]	3,105,155,568	4.18	A Share	Nil	Government
	1,405,555,555	1.89	H Share	Nil	
China Securities Finance Corporation Limited	1,891,651,202	2.55	A Share	Nil	State-owned legal entity
Capital Airport Holding Company	1,246,591,087	1.68	A Share	Nil	State-owned legal entity
Hong Kong Securities Clearing Company Ltd. ("**HKSCC**")	935,849,455	1.26	A Share	Nil	Foreign legal entity
Shanghai Haiyan Investment Management Co., Ltd.[5]	808,145,417	1.09	A Share	Nil	State-owned legal entity
Yunnan Hehe (Group) Co., Ltd.[5]	745,305,404	1.00	A Share	Nil	State-owned legal entity
FAW Equity Investment (Tianjin) Co., Ltd.	663,941,711	0.89	A Share	Nil	State-owned legal entity

Notes:

1. All ordinary shares issued by the Bank are not subject to any sales restrictions. The relevant data and information are extracted from the Bank's register of members at the Registrar and Transfer Office.

2. The aggregate number of shares held by HKSCC Nominees Limited represents the total number of H shares of the Bank held by all institutional and individual investors who maintained an account with it as at the end of the Reporting Period. The data includes 249,218,915 and 7,649,557,777 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.

3. According to the disclosure forms of interests filed with the Hong Kong Stock Exchange by HSBC Holdings plc, **as at the end of the Reporting Period, HSBC beneficially held 14,135,636,613 H shares of the Bank, representing 19.03% of the Bank's total ordinary shares issued.** HSBC beneficially held 249,218,915 more H shares than shown on the Bank's register of members. The discrepancy is due to a purchase of H shares by HSBC from the secondary market in 2007 and thereafter receiving bonus shares issued by the Bank and participating in the rights issue of the Bank. Those extra shares have been registered under HKSCC Nominees Limited.

4. The number included 1,970,269,383 A shares of the Bank held by the Sixth Transfer Account for State-owned Capital of SSF. Other than the above shareholdings, SSF held additional 7,649,557,777 H shares of the Bank, of which 7,027,777,777 H shares were registered under HKSCC Nominees Limited and 621,780,000 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 12,160,268,900 A shares and H shares of the Bank, representing 16.37% of the Bank's total ordinary shares issued.**

5. Shanghai Haiyan Investment Management Co., Ltd. and Yunnan Hehe (Group) Co., Ltd. are parties acting in concert as defined in *Provisional Measures on Shareholdings Administration of Commercial Banks.*

6. HKSCC Nominees Limited is a wholly-owned subsidiary of HKSCC.

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.*

(II) Total Number of Preference Shareholders and Shareholdings

During the Reporting Period, the Bank did not restore any voting right of the preference shares. As at the end of the Reporting Period, the total number of preference shareholders of the Bank was 45. Shareholdings of top 10 preference shareholders are listed as follows:

Name of shareholders	Number of shares held as at the end of the Reporting Period (share)	Percentage (%)	Class of hares	Shares pledged or frozen	Nature of shareholders
China Mobile Communications Corporation	100,000,000	22.22	Domestic preference share	Nil	State-owned legal entity
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 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 CITIC Bank Corporation Limited – HuiYing Series of CITIC Banking Service	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 entity
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. "Percentage" refers to the percentage of number of preference shares held by preference shareholders to the total number of preference shares.

4. The Bank is not aware of the existence of any related relationship among the top 10 preference shareholders or any related relationship between the above shareholders and top 10 ordinary shareholders, or whether they are parties acting in concert.

IV. MANAGEMENT DISCUSSION AND ANALYSIS

During the first quarter of 2021, under the guidance of the "14th Five-Year Plan", the Group focused on value creation and adhered to high quality development. The operating results maintained a status of making progress and improving quality while maintaining stability, which contributed to a steady beginning of 2021. As at the end of the Reporting Period, the total assets of the Group increased by 4.45% over the end of the previous year to 11,173.220 billion. The total liabilities increased by 4.60% over the end of the previous year to 10,271.124 billion. Shareholders' equity (attributable to shareholders of the Bank) increased by 2.67% over the end of the previous year to 889.704 billion. During the Reporting Period, the net operating income increased by 5.14% on a year-on-year basis to 68.410 billion. The net profit (attributable to shareholders of the Bank) increased by 2.31% on a year-on-year basis to 21.946 billion. The annualized return on average assets and the annualized return on weighted average net assets were 0.82% and 11.79%, representing year-on-year decreases of 0.03 percentage point and 0.05 percentage point respectively.

(I). Analysis on Key Income Statement Items

1. Net interest income

During the Reporting Period, the net interest income of the Group increased by 1.817 billion or 4.95% on a year-on-year basis to 38.553 billion, which accounted for 56.36% of the net operating income, representing a year-on-year decrease of 0.10 percentage point. The increase in net interest income was mainly contributed by business scaling growth.

During the Reporting Period, the net interest margin of the Group decreased by 1 basis point on a year-on-year basis to 1.54%, which generally remained stable. On the asset side, return on assets of the Group decreased on a year-on-year basis under the continuous influence of factors such as LPR decrease. On the liability side, by proactively optimizing liability structure and lowering the cost of liability, the Group generally mitigated the negative influence brought about by the decrease in return on assets.

2. *Net fee and commission income*

During the Reporting Period, the net fee and commission income of the Group decreased by 62 million or 0.49% on a year-on-year basis to 12.534 billion, which accounted for 18.32% of the net operating income, representing a year-on-year decrease of 1.04 percentage points. The decrease mainly resulted from a year-on-year decrease of income from bank card and investment banking businesses.

3. *Operating expenses*

During the Reporting Period, the Group's operating expenses increased by 98 million or 0.55% on a year-on-year basis to 17.765 billion. The Group's cost-to-income ratio was 27.23%, representing a year-on-year decrease of 1.26 percentage points.

4. *Asset impairment losses*

During the Reporting Period, the Group's asset impairment losses increased by 3.193 billion or 26.85% on a year-on-year basis to 15.085 billion, of which the loan impairment losses increased by 1.661 billion or 13.67% on a year-on-year basis to 13.815 billion.

(II). Analysis on Key Balance Sheet Items

1. *Loans and advances to customers*

During the Reporting Period, the Group reasonably controlled the total amount, investment field and pace of credit granting, achieving a balanced and steady growth of loans and advances. As at the end of the Reporting Period, the balance of loans and advances to customers was 6,165.902 billion, representing an increase of 317.478 billion or 5.43% over the end of the previous year, of which the balance of corporate loans increased by 256.482 billion or 6.92% over the end of the previous year to 3,963.953 billion, the balance of individual loans increased by 63.058 billion or 3.18% over the end of the previous year to 2,043.940 billion, and the balance of discounted bills decreased by 2.062 billion or 1.29% to 158.009 billion.

2. *Due to customers*

Due to customers is the Group's primary funding source. As at the end of the Reporting Period, the balance of due to customers increased by 314.420 billion or 4.76% over the end of the previous year to 6,921.750 billion, of which the proportion of due to corporate customers accounted for 64.79%, representing a decrease of 0.92 percentage point over the end of the previous year, the proportion of due to individual customers was 34.11%, representing an increase of 0.93 percentage point over the end of the previous year, the proportion of demand deposits was 40.67%, representing a decrease of 1.99 percentage points over the end of the previous year, and the proportion of time deposits was 58.23%, representing an increase of 2.00 percentage points over the end of the previous year.

3. *Financial investments*

As at the end of the Reporting Period, the Group's net balance of financial investments increased by 43.110 billion or 1.33% over the end of the previous year to 3,280.447 billion.

4. *Asset quality*

As at the end of the Reporting Period, the Group's balance of non-performing loans increased by 3.406 billion or 3.49% over the end of the previous year to 101.104 billion. The non-performing loan ratio decreased by 0.03 percentage point over the end of the previous year to 1.64%. The provision coverage of non-performing loans decreased by 0.45 percentage point over the end of the previous year to 143.42%. The provision ratio decreased by 0.05 percentage point over the end of the previous year to 2.35%.

Distribution of special mention loans and overdue loans by business type

(in millions of RMB unless otherwise stated)

	31 March 2021				31 December 2020			
	Special mention loan balance	Special mention loan ratio (%)	Overdue loan balance	Overdue loan ratio (%)	Special mention loan balance	Special mention loan ratio (%)	Overdue loan balance	Overdue loan ratio (%)
Corporate loans	72,775	1.84	62,802	1.58	71,677	1.93	60,851	1.64
Personal loans	10,707	0.52	29,099	1.42	10,841	0.55	29,264	1.48
Mortgage	2,672	0.20	7,393	0.55	2,395	0.19	7,132	0.55
Credit cards	7,160	1.59	17,757	3.94	7,684	1.66	18,245	3.93
Personal business loans	217	0.15	1,653	1.16	204	0.17	1,648	1.36
Others	658	0.64	2,296	2.24	558	0.55	2,239	2.19
Discounted bills	22	0.01	88	0.06	9	0.01	88	0.05
Total	83,504	1.35	91,989	1.49	82,527	1.41	90,203	1.54

Distribution of loans and non-performing loans by business type

(in millions of RMB unless otherwise stated)

	31 March 2021				31 December 2020			
	Loans	Proportion (%)	Non-performing loans	Non-performing loan ratio (%)	Loans	Proportion (%)	Non-performing loans	Non-performing loan ratio (%)
Corporate loans	3,963,953	64.29	82,386	2.08	3,707,471	63.39	78,830	2.13
Personal loans	2,043,940	33.15	18,617	0.91	1,980,882	33.87	18,773	0.95
Mortgage	1,347,604	21.86	4,747	0.35	1,293,773	22.12	4,849	0.37
Credit cards	451,213	7.32	10,594	2.35	464,110	7.94	10,558	2.27
Personal business loans	142,457	2.31	1,504	1.06	120,985	2.07	1,542	1.27
Others	102,666	1.66	1,772	1.73	102,014	1.74	1,824	1.79
Discounted bills	158,009	2.56	101	0.06	160,071	2.74	95	0.06
Total	6,165,902	100.00	101,104	1.64	5,848,424	100.00	97,698	1.67

During the first quarter, the asset quality of the Group generally remained stable. The ratio of the balance of overdue loans to the balance of non-performing loans decreased by 1.35 percentage points over the end of the previous year to 90.98%. The non-performing loan ratio, special mention loan ratio and overdue loan ratio all slightly decreased over the end of the previous year.

V. PUBLICATION OF THE FIRST QUARTER REPORT

The results announcement will be simultaneously published on the website of the Stock Exchange of Hong Kong Limited at www.hkexnews.hk, as well as the website of the Bank at www.bankcomm.com for the reference of shareholders. The first quarter report 2021 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
29 April 2021

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

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

APPENDIX I FINANCIAL STATEMENTS

Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income

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

	Three months ended 31 March	
	2021	2020
Interest income	**90,371**	93,801
Interest expense	**(51,818)**	(57,065)
Net interest income	**38,553**	36,736
Fee and commission income	**13,772**	13,646
Fee and commission expense	**(1,238)**	(1,050)
Net fee and commission income	**12,534**	12,596
Net gains arising from trading activities	**5,972**	3,530
Net gains arising from financial investments	**111**	441
Including: Net gains on derecognition of financial assets measured at amortised cost	***26***	–
Share of profits of associates and joint ventures	**56**	23
Insurance business income	**7,232**	7,513
Other operating income	**3,952**	4,228
Net operating income	**68,410**	65,067
Credit impairment losses	**(14,938)**	(11,892)
Other assets impairment losses	**(147)**	–
Insurance business expense	**(6,859)**	(7,458)
Other operating expense	**(21,500)**	(21,371)
Profit before tax	**24,966**	24,346
Income tax	**(2,654)**	(2,804)
Net profit for the period	**22,312**	21,542

	Three months ended 31 March	
	2021	2020
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 in equity	***135***	*115*
Amount reclassified to profit or loss	***(43)***	*(133)*
Debt investments at fair value through other comprehensive income		
Amount recognised in equity	***844***	*(1,669)*
Amount reclassified to profit or loss	***(44)***	*(330)*
Effective portion of gains or losses on hedging instruments in cash flow hedges		
Amount recognised in equity	***670***	*139*
Amount reclassified to profit or loss	***(437)***	*(604)*
Translation difference on foreign operations	**1**	981
Subtotal	**1,126**	(1,501)
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	**85**	(71)
Actuarial losses on pension benefits	**40**	(26)
Changes in fair value attributable to changes in the credit risk of financial liability designated at fair value through profit or loss	**(34)**	129
Subtotal	**91**	32
Other comprehensive income, net of tax	**1,217**	(1,469)
Total Comprehensive income for the period	**23,529**	20,073
Net profit attributable to:		
Shareholders of the Bank	**21,946**	21,451
Non-controlling interests	**366**	91
	22,312	21,542

	Three months ended 31 March	
	2021	2020
Total comprehensive income attributable to:		
Shareholders of the Bank	**23,097**	19,769
Non-controlling interests	**432**	304
	23,529	20,073
Basic and diluted earnings per share for profit attributable to the ordinary shareholders of the Bank (in RMB yuan)	**0.30**	0.25

Unaudited Consolidated Statement of Financial Position

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

	As at 31 March 2021	As at 31 December 2020
ASSETS		
Cash and balances with central banks	**769,457**	817,561
Due from and placements with banks and other financial institutions	**745,532**	571,130
Derivative financial assets	**42,439**	54,212
Loans and advances to customers	**6,034,537**	5,720,568
Financial investments at fair value through profit or loss	**543,066**	482,588
Financial investments at amortised cost	**2,024,141**	2,019,529
Financial investments at fair value through other comprehensive income	**713,240**	735,220
Investments in associates and joint ventures	**4,736**	4,681
Property and equipment	**167,804**	169,471
Deferred income tax assets	**28,131**	27,991
Other assets	**100,137**	94,665
Total assets	**11,173,220**	10,697,616
LIABILITIES		
Due to and placements from banks and other financial institutions	**1,847,105**	1,787,491
Financial liabilities at fair value through profit or loss	**22,676**	29,279
Derivative financial liabilities	**38,978**	55,942
Due to customers	**6,921,750**	6,607,330
Certificates of deposits issued	**735,390**	634,297
Current income tax liabilities	**5,578**	3,786
Deferred income tax liabilities	**1,592**	1,286
Debt securities issued	**499,020**	497,755
Other liabilities	**199,035**	201,822
Total liabilities	**10,271,124**	9,818,988

	As at 31 March 2021	As at 31 December 2020
EQUITY		
Share capital	**74,263**	74,263
Other equity instruments	**133,292**	133,292
Including: Preference shares	***44,952***	*44,952*
Perpetual bonds	***88,340***	*88,340*
Capital surplus	**111,428**	111,428
Other reserves	**334,523**	333,176
Retained earnings	**236,198**	214,448
Equity attributable to shareholders of the Bank	**889,704**	866,607
Equity attributable to non-controlling interests of ordinary shares	**9,120**	8,763
Equity attributable to non-controlling interests of other equity instruments	**3,272**	3,258
Non-controlling interests	**12,392**	12,021
Total equity	**902,096**	878,628
Total equity and liabilities	**11,173,220**	10,697,616

Unaudited Consolidated Statement of Cash Flows

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

	Three months ended 31 March	
	2021	2020
Cash flows from operating activities:		
Profit before tax:	**24,966**	24,346
Adjustments for:		
Provision for impairment losses	**14,938**	11,892
Provision for other assets impairment losses	**147**	–
Provision for insurance contracts reserve	**6,441**	5,948
Depreciation and amortisation	**3,672**	3,636
(Reversal)/Provision for outstanding litigation	**(43)**	7
Net gains on the disposal of property, equipment and other assets	**(42)**	(218)
Interest income from financial investments	**(21,590)**	(23,104)
Accreted interests on impaired financial assets	**(269)**	(403)
Fair value gains	**(1,111)**	(1,423)
Share of profit of associates and joint venture	**(56)**	(23)
Net gains arising from financial investments	**(111)**	(441)
Interest expense on debt securities issued	**3,769**	3,362
Operating cash flows before movements in operating assets and liabilities	**30,711**	23,579
Net (increase)/decrease in balances with central banks	**(19,870)**	46,848
Net increase in due from and placements with banks and other financial institutions	**(153,670)**	(1,281)
Net increase in financial assets at fair value through profit or loss	**(65,906)**	(106,948)
Net increase in loans and advances to customers	**(326,778)**	(276,451)
Net increase in other assets	**(6,640)**	(16,156)
Net increase in due to and placements from banks and other financial institutions	**60,878**	116,700
Net (decrease)/increase in financial liabilities at fair value through profit or loss	**(904)**	941
Net increase in due to customers and certificates of deposits issued	**410,334**	332,468
Net (decrease)/increase in other liabilities	**(3,880)**	24,607
Net increase in value-added tax and surcharge payable	**1,021**	1,001
Income tax paid	**(7,662)**	(2,362)
Net cash flows (used in)/generated from operating activities	**(82,366)**	142,946

	Three months ended 31 March	
	2021	2020
Cash flows from investing activities:		
Purchase of financial investments	**(190,776)**	(244,586)
Disposal or redemption of financial investments	**212,713**	139,877
Dividends received	**333**	19
Interest received from financial investments	**18,016**	19,591
Acquisition of intangible assets and other assets	**(361)**	(364)
Disposal of intangible assets and other assets	**81**	220
Purchase and construction of property and equipment	**(3,564)**	(5,223)
Disposal of property and equipment	**2,618**	4,535
Net cash flows used in investing activities	**39,060**	(85,931)
Cash flows from financing activities:		
Cash received from issuing other equity instruments	**–**	3,458
Cash received on debt securities issued	**7,000**	27,785
Repayment of principals and interests of lease liabilities	**(582)**	(557)
Repayment of principals of debt securities issued	**(8,825)**	(10,813)
Cash payments for interest on debt securities	**(948)**	(672)
Cash payments for distribution of dividends	**–**	–
Dividends paid to non-controlling interests	**(61)**	–
Net cash flows generated from financing activities	**(3,416)**	19,201
Effect of exchange rate changes on cash and cash equivalents	**(221)**	652
Net (decrease)/increase in cash and cash equivalents	**(46,943)**	76,868
Cash and cash equivalents at the beginning of the period	**307,120**	167,735
Cash and cash equivalents at the end of the period	**260,177**	244,603
Net cash flows from operating activities include:		
Interest received	**70,220**	67,920
Interest paid	**(44,268)**	(50,308)

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

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 of 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 tier-1 capital adequacy ratio were 15.04%, 12.82% and 10.87% respectively, which all met the regulatory requirements.

(in millions of RMB unless otherwise stated)

	The Group	**The Bank**
Net core tier-1 capital	750,223	633,785
Net tier-1 capital	884,862	767,077
Net capital	1,038,352	915,001
Core tier-1 capital adequacy ratio (%)	10.87	10.19
Tier-1 capital adequacy ratio (%)	12.82	12.34
Capital adequacy ratio (%)	15.04	14.72

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 standardised approach. The credit risk not covered by the internal rating-based approach was assessed by the weighted approach. The market risk not covered by the internal model approach was assessed by the standardised approach. The operational risk not covered by the standardised approach was assessed by the basic indicator approach.

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 7.38%, which met the regulatory requirements.

(in millions of RMB unless otherwise stated)

	31 March 2021	31 December 2020	30 September 2020	30 June 2020
Net tier-1 capital	**884,862**	862,221	821,274	801,083
Balance of adjusted on- and off-balance sheet assets	**11,984,683**	11,502,604	11,616,142	11,459,393
Leverage ratio (%)	**7.38**	7.50	7.07	6.99

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 first quarter of 2021 was 125.12% (the number of daily data on which the average is based is 90), which decreased by 7.21 percentage points over the previous quarter and was mainly due to the decrease of qualified high-quality liquid assets. The details of liquidity coverage ratio and the average of specific items thereof in the first quarter are listed as follows:

(in millions of RMB unless otherwise stated)

Serial Number		Amount before conversion	Amount after conversion
Qualified high-quality liquid assets			
1	Qualified high-quality liquid assets		1,965,717
Cash Outflow			
2	Retail deposits, small business deposits, including:	2,080,168	198,307
3	Stable deposit	192,010	9,491
4	Less stable deposit	1,888,158	188,816
5	Unsecured wholesale funding, including:	4,462,919	1,838,260
6	Business relationship deposit (excluding agency business)	2,601,301	648,920
7	Non-business relationship deposit (including all counterparties)	1,857,916	1,185,638
8	Unsecured debts	3,702	3,702
9	Secured funding		17,857
10	Other items, including:	1,703,124	846,965
11	Cash outflow related to derivatives and other collateral/pledged assets	819,282	797,702
12	Cash outflow related to loss of funding on asset-blocked securities	287	287
13	Committed credit and liquidity facilities	883,555	48,976
14	Other contractual obligation to extend funds	100,218	100,218
15	Contingent funding obligations	1,426,845	49,680
16	Total expected cash outflow		3,051,287
Cash Inflow			
17	Secured lending (including reverse repos and securities borrowing)	105,503	104,271
18	Inflows from fully performing exposure	853,669	558,223
19	Other cash inflow	837,433	815,428
20	Total expected cash inflow	1,796,605	1,477,922
			Amount after adjustment
21	Qualified high-quality liquid assets		1,965,717
22	Net cash outflow		1,573,365
23	Liquidity Coverage Ratio (%)		125.12