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交通銀行股份有限公司
Bank of Communications Co., Ltd.

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 03328)

RESULTS ANNOUNCEMENT FOR THE FIRST QUARTER 2022

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 2022 (the “**Reporting Period**”). The Board and the Audit Committee of the Board have reviewed and confirmed the First Quarter Results. This announcement is made pursuant to Part XIVA of the *Securities and Futures Ordinance* (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

I. CORPORATE INFORMATION

	Stock name	Stock code	Stock exchange
A Share	Bank of Communications	601328	Shanghai Stock Exchange
H Share	BANKCOMM	03328	The Stock Exchange of
Domestic Preference			Hong Kong Limited
Share	BOCOM PREF1	360021	Shanghai Stock Exchange

Secretary of the Board/Company Secretary

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II. FINANCIAL HIGHLIGHTS

As at 31 March 2022 (the “**end of the Reporting Period**”), the key financial data and financial indicators prepared by the Group in accordance with the International Financial Reporting Standards are as follows:

	<i>(in millions of RMB unless otherwise stated)</i>		
	31 March 2022	31 December 2021	Increase/ decrease (%)
Total assets	12,323,654	11,665,757	5.64
Loans and advances to customers ¹	6,927,971	6,560,400	5.60
Total liabilities	11,326,932	10,688,521	5.97
Due to customers ¹	7,497,069	7,039,777	6.50
Shareholders' equity (attributable to shareholders of the Bank)	984,172	964,647	2.02
Net assets per share (attributable to the ordinary shareholders of the Bank, in RMB yuan) ²	10.90	10.64	2.44
	January to March 2022	January to March 2021	Increase/ decrease (%)
Net operating income	73,717	68,410	7.76
Profit before tax	25,167	24,966	0.81
Net profit (attributable to shareholders of the Bank)	23,336	21,946	6.33
Basic earnings per share (attributable to the ordinary shareholders of the Bank, in RMB yuan) ³	0.31	0.30	3.33
Diluted earnings per share (attributable to the ordinary shareholders of the Bank, in RMB yuan) ³	0.31	0.30	3.33
Return on weighted average net assets (annualised, %) ³	11.67	11.79	Decreased by 0.12 percentage point

Notes:

- Loans and advances to customers do not include interest receivable on related loans. Due to customers includes interest payable of related deposits.
- Refer to shareholder's equity attributable to the ordinary shareholders of the Bank after the deduction of other equity instruments divided by the total number of ordinary shares issued as at the end of the Reporting Period.

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

III. SHAREHOLDERS’ INFORMATION

(1) Total Number of Ordinary Shareholders and Shareholdings

As at the end of the Reporting Period, the Bank had a total of 363,211 ordinary shareholders, of which 331,453 were holders of A shares and 31,758 were holders of H shares. The shareholdings of top 10 ordinary shareholders of the Bank are listed as follows:

Name of shareholders	Nature of shareholders	Number of shares held (share)	Percentage (%)	Class of shares	Shares pledged/ marked/ frozen
The Ministry of Finance of the People’s Republic of China	Government	13,178,424,446	17.75	A Share	Nil
HKSCC Nominees Limited ^{2, 6}	Foreign legal entity	4,553,999,999	6.13	H Share	Nil
The Hongkong and Shanghai Banking Corporation Limited (“HSBC”) ^{2, 3}	Foreign legal entity	14,980,690,731	20.17	H Share	Unknown
		13,886,417,698	18.70	H Share	Nil
The National Council for Social Security Fund (the “SSF”) ^{2, 4}	Government	3,105,155,568	4.18	A Share	Nil
		1,405,555,555	1.89	H Share	Nil
China Securities Finance Corporation Limited	State-owned legal entity	1,891,651,202	2.55	A Share	Nil
Capital Airports Holdings Company Limited	State-owned legal entity	1,246,591,087	1.68	A Share	Nil
Hong Kong Securities Clearing Company Limited (“HKSCC”)	Foreign legal entity	1,223,434,937	1.65	A Share	Nil
Shanghai Haiyan Investment Management Co., Ltd. ⁵	State-owned legal entity	808,145,417	1.09	A Share	Nil
Yunnan Hehe (Group) Co., Ltd. ⁵	State-owned legal entity	745,305,404	1.00	A Share	Nil
FAW Equity Investment (Tianjin) Co., Ltd.	State-owned legal entity	663,941,711	0.89	A Share	Nil

Notes:

1. All ordinary shares issued by the Bank are not subject to any sales restrictions. The relevant data and information are 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 included 249,218,915 and 7,644,879,777 H shares indirectly held by HSBC and the SSF respectively, which were registered under HKSCC Nominees Limited. The data did not include 13,886,417,698 and 1,405,555,555 H shares of the Bank directly held by the aforementioned two shareholders respectively, which were registered in the Bank's register of members.
3. According to the disclosure forms of interests filed with the Stock Exchange of Hong Kong Limited 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.
4. The number included 1,970,269,383 A shares of the Bank held by the Sixth Transfer Account for State-owned Capital of the SSF. Other than the above shareholdings, the SSF held additional 7,644,879,777 H shares of the Bank, of which 7,027,777,777 H shares were registered under HKSCC Nominees Limited and 617,102,000 H shares were indirectly held by certain asset managers (including Hong Kong Stock Connect). **As at the end of the Reporting Period, the SSF held a total of 12,155,590,900 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 under the *Provisional Measures on Shareholdings Administration of Commercial Banks*. 7 subordinate enterprises of China National Tobacco Corporation including Shanghai Haiyan Investment Management Co., Ltd. and Yunnan Hehe (Group) Co., Ltd. authorised and entrusted China National Tobacco Corporation to present at the Shareholders' General Meeting of the Bank and to exercise the voting rights on their behalf.
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 under the *Provisional Measures on Shareholdings Administration of Commercial Banks*.

(2) Total Number of Preference Shareholders and Shareholdings

From January to March 2022, 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 92. Shareholdings of top 10 preference shareholders are listed as follows:

Name of shareholders	Nature of shareholders	Number of shares held (share)	Percentage (%)	Class of shares	Shares pledged/ marked/ frozen
China Mobile Communications Group Co. Ltd.	State-owned legal entity	100,000,000	22.22	Domestic preference share	Nil
HwaBoo Trust Co., Ltd. – HwaBoo Trust– Baofu Investment No.1 Collective Capital Trust Plan	Others	48,910,000	10.87	Domestic preference share	Nil
CCB Trust Co., Ltd. – “Qian Yuan – Ri Xin Yue Yi” Open-ended Wealth Management Single Fund Trust	Others	20,000,000	4.44	Domestic preference share	Nil
Bosera Funds – ICBC – Bosera – ICBC– Flexible Allocation No. 5 Specific Multi-customer Asset Management Plan	Others	20,000,000	4.44	Domestic preference share	Nil
Ping An Life Insurance Co., Ltd. – Proprietary fund	Others	18,000,000	4.00	Domestic preference share	Nil
China National Tobacco Corporation Henan Branch	State-owned legal entity	15,000,000	3.33	Domestic preference share	Nil
China Life Property & Casualty Insurance Company Limited – Traditional – Common insurance product	Others	15,000,000	3.33	Domestic preference share	Nil
CITIC Securities – Postal Saving Bank– CITIC Securities Xingchen No.28 Collective Asset Management Plan	Others	14,000,000	3.11	Domestic preference share	Nil
Everbright Securities Asset Management (“EBSAM”) – Everbright Bank – EBSAM Xinyou No.4 Collective Asset Management Plan	Others	13,000,000	2.89	Domestic preference share	Nil
CMW Asset Management – CMB – China Merchants Wealth – Chengcai No.1 Collective Asset Management Plan	Others	10,225,000	2.27	Domestic preference share	Nil

Notes:

1. All preference shares issued by the Bank are not subject to any sales restrictions.
2. Shareholdings of preference shareholders are summarised according to the Bank’s register of members of preference shareholders.
3. “Percentage” refers to the percentage of number of preference shares held by preference shareholders in the total number of preference shares.

4. According to the *Administrative Measures on the Connected Transactions of Banking and Insurance Institutions* issued by the China Banking and Insurance Regulatory Commission (the “CBIRC”), to the knowledge of the Bank, China National Tobacco Corporation Henan Branch is related with Shanghai Haiyan Investment Management Co., Ltd. and Yunnan Hehe (Group) Co., Ltd., which are among top 10 ordinary shareholders of the Bank.
5. The Bank is not aware of the existence of any related relationship among the top 10 preference shareholders or any related relationship between the above shareholders and top 10 ordinary shareholders, or whether they are parties acting in concert.

IV. MANAGEMENT DISCUSSION AND ANALYSIS

During the first quarter of 2022, in response to the increasingly complex business environment, the Group insisted on the principle of making progress while maintaining stability, coordinated the pandemic prevention and control with business development, and firmly promoted the implementation of the “14th Five-Year Plan”. Therefore, all the businesses witnessed consistent growth and the operating performance improved steadily, resulting in a generally stable opening. As at the end of the Reporting Period, the total assets of the Group increased by 5.64% over the end of the previous year to 12,323.654 billion. The total liabilities increased by 5.97% over the end of the previous year to 11,326.932 billion. Shareholders’ equity (attributable to shareholders of the Bank) increased by 2.02% over the end of the previous year to 984.172 billion. From January to March 2022, the net operating income increased by 7.76% on a year-on-year basis to 73.717 billion. The net profit (attributable to shareholders of the Bank) increased by 6.33% on a year-on-year basis to 23.336 billion. The annualised return on average assets (ROAA) and the annualised return on weighted average net assets were 0.78% and 11.67%, representing year-on-year decreases of 0.04 percentage point and 0.12 percentage point respectively.

(I) Analysis on Key Income Statement Items

1. *Net interest income*

From January to March 2022, the net interest income of the Group increased by 3.980 billion or 10.32% on a year-on-year basis to 42.533 billion, which accounted for 57.70% of the net operating income, representing a year-on-year increase of 1.34 percentage points. The increase of net interest income mainly came from the growth of asset scale and the improvement of net interest margin.

From January to March 2022, the net interest margin of the Group increased by 2 basis points on a year-on-year basis to 1.56%. On the asset side, the Group actively served the real economy and increased its credit support to key areas such as the manufacturing industry, the strategic emerging industries and the green credit, maintaining a generally stable rate of return on loans. In the meantime, the rate of return on assets like placement with banks and other financial institutions increased as affected by certain factors such as the funds in the market, which caused a year-on-year increase of the rate of return on the overall asset side. On the liability side, the Group continued to optimise the deposit structure by reducing the scale of high-cost deposits and also optimised the structure of interbank liabilities by taking the opportunity of abundant liquidity, maintaining a generally stable rate of cost on the overall liability side.

2. *Net fee and commission income*

From January to March 2022, net fee and commission income of the Group increased by 1.105 billion or 8.82% on a year-on-year basis to 13.639 billion, which accounted for 18.50% of the net operating income, representing a year-on-year increase of 0.18 percentage point. The year-on-year increase of net fee and commission income was mainly due to the increase of income from agency businesses as well as trustee and other fiduciary businesses.

3. *Operating expenses*

From January to March 2022, the Group's operating expenses increased by 1.376 billion or 7.75% on a year-on-year basis to 19.141 billion. The Group's cost-to-income ratio was 27.09%, representing a year-on-year decrease of 0.14 percentage point.

4. *Asset impairment losses*

From January to March 2022, the Group's asset impairment losses increased by 332 million or 2.20% on a year-on-year basis to 15.417 billion, of which the credit impairment losses increased by 649 million or 4.70% on a year-on-year basis to 14.464 billion. Currently there are still many uncertainties in the progress of global economic recovery and the pandemic situation. The Bank managed to maintain the same level of provision and asset impairment losses on a year-on-year basis, and thus remained resilient in withstanding risks.

(II) Analysis on Key Balance Sheet Items

1. *Loans and advances to customers*

As at the end of the Reporting Period, the balance of loans and advances to customers was 6,927.971 billion, representing an increase of 367.571 billion or 5.60% over the end of the previous year, of which the balance of corporate loans increased by 284.471 billion or 6.87% over the end of the previous year to 4,423.053 billion, the balance of personal loans increased by 22.778 billion or 1.00% over the end of the previous year to 2,307.874 billion, and the balance of discounted bills increased by 60.322 billion or 44.12% to 197.044 billion.

2. *Due to customers*

As at the end of the Reporting Period, the balance of due to customers increased by 457.292 billion or 6.50% over the end of the previous year to 7,497.069 billion, of which the proportion of due to corporate customers accounted for 64.05%, representing a decrease of 0.58 percentage point over the end of the previous year, the proportion of due to individual customers was 34.75%, representing an increase of 0.62 percentage point over the end of the previous year; the proportion of demand deposits was 38.00%, representing a decrease of 3.37 percentage points over the end of the previous year, and the proportion of time deposits was 60.80%, representing an increase of 3.41 percentage points over the end of the previous year.

3. *Financial investment*

As at the end of the Reporting Period, the Group's net balance of financial investment increased by 65.229 billion or 1.85% over the end of the previous year to 3,588.478 billion.

4. *Asset quality*

As at the end of the Reporting Period, the Group's balance of non-performing loans increased by 5.041 billion or 5.21% over the end of the previous year to 101.837 billion. The non-performing loan ratio decreased by 0.01 percentage point over the end of the previous year to 1.47%. The provision coverage of non-performing loans increased by 0.16 percentage point over the end of the previous year to 166.66%. The provision ratio decreased by 0.01 percentage point over the end of the previous year to 2.45%.

Distribution of special mention loans and overdue loans by business type

(in millions of RMB unless otherwise stated)

	31 March 2022				31 December 2021			
	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	79,532	1.80	60,321	1.36	73,858	1.78	53,503	1.29
Personal loans	15,459	0.67	36,989	1.60	14,737	0.64	33,653	1.47
Mortgage	4,430	0.29	9,832	0.65	3,966	0.27	9,001	0.60
Credit cards	9,730	2.06	22,515	4.76	9,637	1.96	20,462	4.15
Personal business loans	443	0.22	1,685	0.85	381	0.20	1,533	0.81
Others	856	0.74	2,957	2.55	753	0.66	2,657	2.32
Discounted bills	0	0.00	6	0.003	34	0.02	6	0.004
Total	94,991	1.37	97,316	1.40	88,629	1.35	87,162	1.33

Distribution of loans and non-performing loans by business type

(in millions of RMB unless otherwise stated)

	31 March 2022				31 December 2021			
	Loans	Proportion (%)	Non- performing loans	Non- performing loan ratio (%)	Loans	Proportion (%)	Non- performing loans	Non- performing loan ratio (%)
Corporate loans	4,423,053	63.84	80,130	1.81	4,138,582	63.09	77,618	1.88
Personal loans	2,307,874	33.31	21,693	0.94	2,285,096	34.83	19,168	0.84
Mortgage	1,520,718	21.95	5,411	0.36	1,489,517	22.70	5,083	0.34
Credit cards	472,527	6.82	12,782	2.71	492,580	7.51	10,821	2.20
Personal business loans	198,665	2.87	1,395	0.70	188,293	2.87	1,301	0.69
Others	115,964	1.67	2,105	1.82	114,706	1.75	1,963	1.71
Discounted bills	197,044	2.84	14	0.01	136,722	2.08	10	0.01
Total	6,927,971	100.00	101,837	1.47	6,560,400	100.00	96,796	1.48

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

V. PUBLICATION OF THE FIRST QUARTER REPORT

The results announcement will be simultaneously published on the website of the Stock Exchange of Hong Kong Limited at www.hkexnews.hk, as well as the website of the Bank at www.bankcomm.com for the reference of shareholders. The first quarter report 2022 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 2022

As at the date of this announcement, the directors of the Bank are Mr. Ren Deqi, Mr. Liu Jun, Mr. Li Longcheng, Mr. Wang Linping*, Mr. Chang Baosheng*, Mr. Liao, Yi Chien David*, Mr. Chan Siu Chung*, Mr. 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

(I) 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 31 March	
	2022	2021
Interest income	99,679	90,371
Interest expense	(57,146)	(51,818)
Net interest income	42,533	38,553
Fee and commission income	14,940	13,772
Fee and commission expense	(1,301)	(1,238)
Net fee and commission income	13,639	12,534
Net gains arising from trading activities	2,170	5,972
Net gains arising from financial investments	44	111
<i>Including: Net gains on derecognition of financial assets measured at amortised cost</i>	–	26
Share of profits of associates and joint ventures	22	56
Insurance business income	10,593	7,232
Other operating income	4,716	3,952
Net operating income	73,717	68,410
Credit impairment losses	(15,419)	(14,938)
Other assets impairment losses	2	(147)
Insurance business expense	(10,191)	(6,859)
Other operating expense	(22,942)	(21,500)
Profit before tax	25,167	24,966
Income tax	(1,829)	(2,654)
Net profit for the period	23,338	22,312

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

Three months ended 31 March
2022 **2021**

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

<i>Amount recognised in equity</i>	452	<i>135</i>
<i>Amount reclassified to profit or loss</i>	(248)	<i>(43)</i>

Debt investments at fair value through other comprehensive income

<i>Amount recognised in equity</i>	(4,140)	<i>844</i>
<i>Amount reclassified to profit or loss</i>	(12)	<i>(44)</i>

Effective portion of gains or losses on hedging instruments in cash flow hedges

<i>Amount recognised in equity</i>	646	<i>670</i>
<i>Amount reclassified to profit or loss</i>	(67)	<i>(437)</i>

Translation difference on foreign operations	(675)	<i>1</i>
Others	106	<i>–</i>

Subtotal	(3,938)	<i>1,126</i>
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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	143	<i>85</i>
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Actuarial losses on pension benefits	(10)	<i>40</i>
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Changes in fair value attributable to changes in the credit risk of financial liability designated at fair value through profit or loss	12	<i>(34)</i>
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Subtotal	145	<i>91</i>
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Other comprehensive income, net of tax	(3,793)	<i>1,217</i>
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Total Comprehensive income for the period	19,545	<i>23,529</i>
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(All amounts expressed in millions of RMB unless otherwise stated)

	Three months ended 31 March	
	2022	2021
Net profit attributable to:		
Shareholders of the Bank	23,336	21,946
Non-controlling interests	2	366
	23,338	22,312
Total comprehensive income attributable to:		
Shareholders of the Bank	19,525	23,097
Non-controlling interests	20	432
	19,545	23,529
Basic and diluted earnings per share for profit attributable to the ordinary shareholders of the Bank (in RMB yuan)	0.31	0.30

(II) Unaudited Interim Condensed Consolidated Statement of Financial Position

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

	As at 31 March 2022	As at 31 December 2021
ASSETS		
Cash and balances with central banks	805,752	734,728
Due from and placements with banks and other financial institutions	788,618	632,708
Derivative financial assets	46,409	39,220
Loans and advances to customers	6,773,076	6,412,201
Financial investments at fair value through profit or loss	620,524	638,483
Financial investments at amortised cost	2,295,885	2,203,037
Financial investments at fair value through other comprehensive income	672,069	681,729
Investments in associates and joint ventures	7,380	5,779
Property and equipment	170,314	171,194
Deferred income tax assets	34,564	32,061
Other assets	109,063	114,617
Total assets	12,323,654	11,665,757
LIABILITIES		
Due to and placements from banks and other financial institutions	1,954,086	1,947,768
Financial liabilities at fair value through profit or loss	59,031	50,048
Derivative financial liabilities	34,038	36,074
Due to customers	7,497,069	7,039,777
Certificates of deposits issued	1,000,230	892,020
Current income tax liabilities	7,221	4,725
Deferred income tax liabilities	1,553	1,889
Debt securities issued	522,156	503,525
Other liabilities	251,548	212,695

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

	As at 31 March 2022	As at 31 December 2021
Total liabilities	<u>11,326,932</u>	<u>10,688,521</u>
EQUITY		
Share capital	74,263	74,263
Other equity instruments	174,790	174,790
<i>Including: Preference shares</i>	44,952	44,952
<i>Perpetual bonds</i>	129,838	129,838
Capital surplus	111,428	111,428
Other reserves	342,862	346,092
Retained earnings	<u>280,829</u>	<u>258,074</u>
Equity attributable to shareholders of the Bank	<u>984,172</u>	<u>964,647</u>
Equity attributable to non-controlling interests of ordinary shares	9,410	9,424
Equity attributable to non-controlling interests of other equity instruments	<u>3,140</u>	<u>3,165</u>
Non-controlling interests	<u>12,550</u>	<u>12,589</u>
Total equity	<u>996,722</u>	<u>977,236</u>
Total equity and liabilities	<u>12,323,654</u>	<u>11,665,757</u>

(III) Unaudited Interim Condensed Consolidated Statement of Cash Flows

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

	Three months ended 31 March	
	2022	2021
Cash flows from operating activities:		
Profit before tax:	25,167	24,966
Adjustments for:		
Provision for impairment losses	15,419	14,938
(Reversal)/Provision for other assets impairment losses	(2)	147
Provision for insurance contracts reserve	8,506	6,441
Depreciation and amortisation	3,891	3,672
Provision/(Reversal) for outstanding litigations	78	(43)
Net gains on the disposal of property, equipment and other assets	(57)	(42)
Interest income from financial investments	(22,932)	(21,590)
Accreted interests on impaired financial assets	(254)	(269)
Fair value (losses)/gains	2,046	(1,111)
Share of profit of associates and joint venture	(22)	(56)
Net gains arising from financial investments	(44)	(111)
Interest expense on debt securities issued	3,817	3,769
	<hr/>	<hr/>
Operating cash flows before movements in operating assets and liabilities	35,613	30,711
	<hr/>	<hr/>
Net increase in balances with central banks	(68,602)	(19,870)
Net increase in due from and placements with banks and other financial institutions	(116,785)	(153,670)
Net decrease/(increase) in financial assets at fair value through profit or loss	19,432	(65,906)
Net increase in loans and advances to customers	(377,769)	(326,778)
Net increase in other assets	(19,081)	(6,640)
Net increase in due to and placements from banks and other financial institutions	6,568	60,878
Net increase/(decrease) in financial liabilities at fair value through profit or loss	1,585	(904)
Net increase in due to customers and certificates of deposits issued	561,383	410,334
Net increase/(decrease) in other liabilities	60,151	(3,880)
Net increase in value-added tax and surcharge payable	417	1,021
Income tax paid	(1,291)	(7,662)
	<hr/>	<hr/>
Net cash flows generated from/(used in) operating activities	101,621	(82,366)

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

	Three months ended 31 March	
	2022	2021
Cash flows from investing activities:		
Purchase of financial investments	(249,353)	(190,776)
Disposal or redemption of financial investments	161,367	212,713
Dividends received	92	333
Interest received from financial investments	16,815	18,016
Acquisition of intangible assets and other assets	(367)	(361)
Disposal of intangible assets and other assets	63	81
Purchase and construction of property and equipment	(4,400)	(3,564)
Disposal of property and equipment	1,922	2,618
Net cash flows (used in)/generated from investing activities	(73,861)	39,060
Cash flows from financing activities:		
Cash received on debt securities issued	36,644	7,000
Repayment of principals and interests of lease liabilities	(583)	(582)
Repayment of principals of debt securities issued	(20,164)	(8,825)
Cash payments for interest on debt securities	(1,220)	(948)
Dividends paid to non-controlling interests	(58)	(61)
Net cash flows generated from/(used in) financing activities	14,619	(3,416)
Effect of exchange rate changes on cash and cash equivalents	(843)	(221)
Net increase/(decrease) in cash and cash equivalents	41,536	(46,943)
Cash and cash equivalents at the beginning of the period	194,308	307,120
Cash and cash equivalents at the end of the period	235,844	260,177
Net cash flows from operating activities include:		
Interest received	76,621	70,220
Interest paid	(49,519)	(44,268)

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

I Capital Adequacy Ratio

The Group calculated the capital adequacy ratios pursuant to the *Administrative Measures for the Capital Management of Commercial Banks (Trial Implementation)* issued by the CBIRC and the relevant requirements. Since the adoption of the Advanced Approach of Capital Management upon the first approval by the CBIRC in 2014, the Bank steadily promoted the implementation and deepened the application of the advanced approach in accordance with regulatory requirements. Upon the approval by the CBIRC in 2018, the Bank expanded the application scope of the advanced approach and ended the parallel period. According to the *Additional Regulatory Rules on Systemically Important Banks (Trial Implementation)* issued by the People's Bank of China (the "PBOC") and the CBIRC in 2021, the additional capital requirement of the Group is 0.75%.

As at the end of the Reporting Period, the Group's capital adequacy ratio, tier-1 capital adequacy ratio and core tier-1 capital adequacy ratio were 15.24%, 12.54% and 10.29% respectively, which all met the regulatory requirements.

	<i>(in millions of RMB unless otherwise stated)</i>			
	31 March 2022		31 December 2021	
	The Group	The Bank	The Group	The Bank
Net core tier-1 capital	803,223	673,187	783,877	659,155
Net tier-1 capital	979,545	847,976	960,225	833,945
Net capital	1,190,335	1,052,326	1,139,957	1,006,266
Core tier-1 capital adequacy ratio (%)	10.29	9.63	10.62	10.01
Tier-1 capital adequacy ratio (%)	12.54	12.13	13.01	12.67
Capital adequacy ratio (%)	15.24	15.05	15.45	15.29

Notes:

- (1) The above calculation excluded China BoCom Insurance Co., Ltd. and BoCommLife Insurance Company Limited.
- (2) According to the implementation scope of the Advanced Measurement Approach of Capital Management approved by the CBIRC, the credit risk which met the regulatory requirements was assessed by the internal rating-based approach, the market risk was assessed by the internal model approach, and the operational risk was assessed by the 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. Also, according to the Additional Regulatory Rules on Systemically Important Banks (Trial Implementation) issued by the PBOC and the CBIRC in 2021, the additional required leverage ratio of the Group is 0.375%. As at the end of the Reporting Period, the Group's leverage ratio was 7.30%, which met the regulatory requirements.

	<i>(in millions of RMB unless otherwise stated)</i>			
	31 March 2022	31 December 2021	30 September 2021	30 June 2021
Net tier-1 capital	979,545	960,225	940,024	919,374
Balance of adjusted on- and off- balance sheet assets	13,416,205	12,632,573	12,402,546	12,283,568
Leverage ratio (%)	7.30	7.60	7.58	7.48

III Liquidity Coverage Ratio

According to the *Administrative Measures for Liquidity Risk Management of Commercial Banks*, commercial banks with an asset scale not less than RMB200.0 billion should always meet the minimum regulatory standards with a liquidity coverage ratio not less than 100%.

According to the *Measures for Information Disclosure of Liquidity Coverage Ratio of Commercial Banks*, commercial banks should disclose the quarterly daily average of the liquidity coverage ratio. The daily average liquidity coverage ratio of the Group in the first quarter of 2022 was 115.77% (the number of daily data for calculating the average was 90), which increased by 0.07 percentage point over the previous quarter and was mainly due to the increase of qualified high-quality liquid assets. The details of liquidity coverage ratio and the average of specific items thereof in the first quarter are listed as follows:

(in millions of RMB unless otherwise stated)

Serial Number	Amount before conversion	Amount after conversion
Qualified high-quality liquid assets		
1 Qualified high-quality liquid assets		2,228,659
Cash Outflow		
2 Retail deposits, small business deposits, including:	2,375,073	227,323
3 Stable deposit	201,551	9,971
4 Less stable deposit	2,173,522	217,352
5 Unsecured wholesale funding, including:	4,922,533	2,112,536
6 Business relationship deposit (excluding agency business)	2,658,481	663,308
7 Non-business relationship deposit (including all counterparties)	2,259,431	1,444,607
8 Unsecured debts	4,621	4,621
9 Secured funding		11,986
10 Other items, including:	2,175,321	1,215,750
11 Cash outflow related to derivatives and other collateral/pledged assets	1,182,644	1,161,745
12 Cash outflow related to loss of funding on asset- blocked securities	215	215
13 Committed credit and liquidity facilities	992,462	53,790
14 Other contractual obligation to extend funds	63,603	63,603
15 Contingent funding obligations	1,862,694	68,483
16 Total expected cash outflow		3,699,681
Cash Inflow		
17 Secured lending (including reverse repos and securities borrowing)	108,243	107,595
18 Inflows from fully performing exposure	840,539	565,494
19 Other cash inflow	1,197,352	1,176,614
20 Total expected cash inflow	2,146,134	1,849,703
	Amount after adjustment	
21 Qualified high-quality liquid assets		2,139,284
22 Net cash outflow		1,849,978
23 Liquidity Coverage Ratio (%)		115.77