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

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 03328, 4605 (Preference Share))

RESULTS ANNOUNCEMENT FOR FIRST QUARTER 2017

The Board of Directors of Bank of Communications Co., Ltd. (the “**Bank**”) is pleased to announce the unaudited consolidated financial information (the “**First Quarterly Results**”) of the Bank and its subsidiaries (the “**Group**”) for the three months ended 31 March 2017 (the “**Reporting Period**”), which has been prepared in accordance with the International Accounting Standard (“**IAS**”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board. The Board of Directors of the Bank (the “**Board of Directors**”) and the Audit Committee of the Board of Directors have reviewed and confirmed the First Quarterly 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 Hong Kong Limited |
| Domestic Preference Shares | BOCOM PREF1 | 360021 | Shanghai Stock Exchange |
| Overseas Preference Share | BOCOM 15USDPREF | 4605 | The Stock Exchange of Hong Kong Limited |

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II. FINANCIAL HIGHLIGHTS

As at 31 March 2017, the key financial data and financial indicators of the first quarter prepared by the Group in accordance with International Financial Reporting Standards (“IFRSs”) are as follows:

(In millions of RMB unless otherwise stated)

| Key financial data | 31 March 2017 | 31 December 2016 | Increase/ decrease (%) |
|---|--------------------------|---------------------|---------------------------|
| Total assets | 8,733,711 | 8,403,166 | 3.93 |
| Loans and advances to customers | 4,343,741 | 4,102,959 | 5.87 |
| Total liabilities | 8,081,553 | 7,770,759 | 4.00 |
| Customer deposits | 4,937,673 | 4,728,589 | 4.42 |
| Shareholders' equity (attributable to shareholders of the Bank) | 648,789 | 629,142 | 3.12 |
| Net assets per share (attributable to shareholders of the Bank, in RMB yuan) ¹ | 7.93 | 7.67 | 3.39 |
| Net Capital ² | 733,585 | 723,961 | 1.33 |
| Including: Net Core Tier 1 capital ² | 587,078 | 568,131 | 3.33 |
| Additional Tier 1 capital ² | 59,936 | 59,920 | 0.03 |
| Tier 2 capital ² | 86,571 | 95,910 | (9.74) |
| Risk-weighted assets ² | 5,378,290 | 5,163,250 | 4.16 |

| Key financial data | January to March 2017 | January to March 2016 | Increase/ decrease (%) |
|---|----------------------------------|--------------------------|---------------------------|
| Net interest income | 31,217 | 34,028 | (8.26) |
| Net fee and commission income | 11,279 | 10,772 | 4.71 |
| Profit before tax | 24,012 | 24,707 | (2.81) |
| Net profit (attributable to shareholders of the Bank) | 19,323 | 19,066 | 1.35 |
| Basic and diluted earnings per share (attributable to shareholders of the Bank) | 0.26 | 0.26 | – |
| | 31 March | 31 December | Difference |
| Key financial indicators (%) | 2017 | 2016 | (percentage) |
| Identified impaired loans to total loans | 1.52 | 1.52 | – |
| Allowance for loan impairment losses to non-performing loans | 150.26 | 150.50 | (0.24) |
| Capital adequacy ratio ² | 13.64 | 14.02 | (0.38) |
| Tier 1 Capital adequacy ratio ² | 12.03 | 12.16 | (0.13) |
| Core Tier 1 Capital adequacy ratio ² | 10.92 | 11.00 | (0.08) |
| | January to March 2017 | January to March 2016 | Difference |
| Key financial indicators (%) | | | (percentage) |
| Return on average assets (annualised) | 0.91 | 1.06 | (0.15) |
| Return on average shareholders' equity (annualised) ³ | 13.35 | 14.41 | (1.06) |
| Cost-to-income ratio ⁴ | 24.14 | 22.70 | 1.44 |

Notes:

1. Refers to shareholder's equity attributable to shareholders of the Bank after the deduction of other equity instruments divided by the total issued ordinary shares as at the end of the Reporting Period.
2. Calculated pursuant to the Administrative Measures for the Capital Management of Commercial Banks (Trial Implementation) issued by the China Banking Regulatory Commission ("CBRC").
3. Excluding the impact from preference shares.
4. Calculated pursuant to the operating expenses divided by operating income net of other operating costs under China Accounting Standard for Business Enterprises that were consistent with the reporting data under China Accounting Standard for Business Enterprises.

III. SHAREHOLDERS' INFORMATION

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

Total Number of Ordinary Shareholders The Bank has a total of 374,957 shareholders, including 337,428 holders holding A shares and 37,529 holders holding H shares.

Shareholdings of Top 10 Ordinary Shareholders

| Name of shareholders (full name) | Number of shares held as at the end of the Reporting Period (share) | Percentage (%) | Shares pledged or frozen ¹ | | Class of shares | Nature of shareholders |
|---|---|----------------|---------------------------------------|------------------|-----------------|--------------------------|
| | | | Status of shares | Number of shares | | |
| Ministry of Finance of the People's Republic of China | 15,148,693,829 | 20.40 | Nil | – | A Share | The State |
| | 4,553,999,999 | 6.13 | Nil | – | H Share | |
| HKSCC Nominees Limited ³ | 14,947,232,800 | 20.13 | Unknown | – | H Share | Foreign legal person |
| The Hongkong and Shanghai Banking Corporation Limited | 13,886,417,698 | 18.70 | Nil | – | H Share | Foreign legal person |
| The National Council for Social Security Fund | 1,877,513,451 | 2.53 | Nil | – | A Share | The State |
| | 1,405,555,555 | 1.89 | Nil | – | H Share | |
| China Securities Finance Corporation Limited | 1,727,121,128 | 2.33 | Unknown | – | A Share | State-owned legal person |
| Capital Airport Holding Company | 1,246,591,087 | 1.68 | Unknown | – | A Share | State-owned legal person |
| Shanghai Haiyan Investment Management Co., Ltd. | 808,145,417 | 1.09 | Unknown | – | A Share | State-owned legal person |
| Wutongshu Investment Platform Co., Ltd. | 794,557,920 | 1.07 | Unknown | – | A Share | State-owned legal person |
| Yunnan Hehe (Group) Co., Ltd. | 745,305,404 | 1.00 | Unknown | – | A Share | State-owned legal person |
| China FAW Group Corporation | 663,941,711 | 0.89 | Unknown | – | A Share | State-owned legal person |

Details of related relationship or acting in concert among shareholders stated above The Bank is not aware of the existence of any related relationship among the shareholders stated above or whether they are parties acting in concert.

Details of preference shareholders with restored voting right and shareholdings During the Reporting Period, there was no restoration of voting rights for preference shares.

Note:

1. All ordinary shares issued by the Bank are not subject to any sales restrictions.
2. Unless otherwise stated, the Bank is not aware of any circumstances that the shares held by the above shareholders have been pledged or frozen.
3. The aggregate number of shares held by the nominee, HKSCC Nominees Limited, represents the total number of H shares of the Bank held by all institutional and individual investors who maintained the accounts with it as at 31 March 2017.
4. According to the Bank's register of members, the Hongkong and Shanghai Banking Corporation Limited ("**HSBC**") held 13,886,417,698 H shares of the Bank as at 31 March 2017. In addition, according to the disclosure of interests forms filed with the Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") by HSBC Holdings plc, HSBC beneficially held 14,135,636,613 H shares of the Bank as at 31 March 2017, representing 19.03% of the Bank's total ordinary shares issued.
5. According to the information provided by the National Council for Social Security Fund (the "**SSF**") to the Bank, as at 31 March 2017, other than the shareholdings recorded in the register of members of the Bank, SSF held additional 7,653,636,777 H shares of the Bank, of which 7,027,777,777 H shares were registered under HKSCC Nominees Limited and 625,859,000 H shares were indirectly held by certain asset managers. As at 31 March 2017, SSF held a total of 10,936,705,783 A shares and H shares of the Bank, representing 14.73% of the Bank's total ordinary shares issued.

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

Total number of overseas preference shareholders 1

| Name of shareholder (full name) | Top 10 Overseas Preference Shareholdings | | | | | |
|---------------------------------|---|-----------------|---------------------------|--------------------------|-----------------------|---------------------|
| | Number of shares held as at the end of the Reporting Period (share) | | | Shares pledged or frozen | | |
| | Percentage (%) | Class of shares | Status of shares | Number of shares | Nature of shareholder | |
| DB Nominees (Hong Kong) Limited | 122,500,000 | 100 | Overseas preference share | Unknown | - | Foreign shareholder |

Note:

1. Shareholdings of overseas preference shareholders are summarized according to the Bank's register of members of overseas preference shareholders.
2. DB Nominees (Hong Kong) Limited, as a trustee, held 122,500,000 overseas preference shares, accounting for 100% of the Bank's total overseas preference shares, on behalf of all assignees in clearing systems of Euroclear and Clearstream as at 31 March 2017.
3. "Percentage" refers to the percentage of the number of overseas preference shares held by overseas preference shareholders to the total number of overseas preference shares.
4. The Bank is not aware of the existence of any related relationship among the overseas preference shareholders and Top 10 ordinary shareholders, or whether they are parties acting in concert.

Total number of domestic preference shareholders

43

Top 10 Domestic Preference Shareholdings

| Name of shareholder (full name) | Number of shares held as at the end of the Reporting Period (share) | Percentage (%) | Class of shares | Shares pledged or frozen | | Nature of shareholders |
|--|---|----------------|---------------------------|--------------------------|------------------|------------------------|
| | | | | Status of shares | Number of shares | |
| China Mobile Communications Corporation | 100,000,000 | 22.22 | Domestic preference share | Unknown | - | Others |
| China Credit Trust Co., Ltd. – 2012 CCT•CITIC Zi Zhai Tong Dan trust fund | 21,000,000 | 4.67 | Domestic preference share | Unknown | - | Others |
| Bosera Funds – ICBC – Bosera – ICBC – Flexible allocation No. 5 designated customers asset management plan | 20,000,000 | 4.44 | Domestic preference share | Unknown | - | Others |
| Truvalue Asset Management – CMB – China Merchants Bank Co., Ltd. | 20,000,000 | 4.44 | Domestic preference share | Unknown | - | Others |
| AXA SPDB Investment Managers – SPDB – Shanghai Pudong Development Bank Shanghai Branch | 20,000,000 | 4.44 | Domestic preference share | Unknown | - | 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 | Unknown | - | Others |
| Wisdom Asset Management – Ping An Bank – Ping An Bank Co., Ltd. | 20,000,000 | 4.44 | Domestic preference share | Unknown | - | Others |
| China Ping An Life Insurance Co., Ltd. – Owned capital | 17,000,000 | 3.78 | Domestic preference share | Unknown | - | Others |
| China Life Property & Casualty Insurance Company Limited – Traditional – General Insurance Product | 15,000,000 | 3.33 | Domestic preference share | Unknown | - | Others |
| China National Tobacco Corporation – Henan Company | 15,000,000 | 3.33 | Domestic preference share | Unknown | - | Others |

Note:

1. Shareholdings of domestic preference shareholders are summarized according to the Bank's register of members of domestic preference shareholders.
2. "Percentage" refers to the percentage of the number of domestic preference shares held by domestic preference shareholders to the total number of domestic preference shares.
3. The Bank is not aware of the existence of any related relationship among Top 10 domestic preference shareholders, and among shareholders stated above and Top 10 ordinary shareholders, or whether they are parties acting in concert.

IV. MANAGEMENT DISCUSSION AND ANALYSIS

(1) Business Review

During the first quarter of 2017, the Group proactively managed challenges such as transformation of economic growth at faster pace and economic structural adjustment, and pursued opportunities. Under "BoCom Strategy", the Group continued serving the real economy, adjusted business structure in a flexible manner, and closely managed various risks. The Group achieved stable operating performance and continued the sustainable development. As at the end of the Reporting Period, the total assets of the Group increased by 3.93% from the beginning of the year to RMB8,733.711 billion; the total liabilities increased by 4.00% from the beginning of the year to RMB8,081.553 billion; shareholders' equity (attributable to shareholders of the Bank) increased by 3.12% from the beginning of the year to RMB648.789 billion. During the Reporting Period, the net operating income decreased by 2.09% on a year-on-year basis to RMB54.988 billion; the net profit increased by 1.35% on a year-on-year basis to RMB19.323 billion; annualised return on average asset (ROAA) and annualised return on average shareholders' equity (ROAE) increased by 0.04 percentage point and 1.17 percentage point from last year to 0.91% and 13.35%, 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 reached RMB31.217 billion, representing a decrease of RMB2.811 billion or 8.26% on a year-on-year basis, which accounted for 56.77% of the net operating income.

During the Reporting Period, the net interest margin of the Group decreased by 44 basis points on a year-on-year basis to 1.57%. Excluding the impact from VAT on the presentation basis of interest income, the net interest margin of the Group decreased by 30 basis points on a year-on-year basis to 1.71%.

1.2 Net fee and commission income

During the Reporting Period, the net fee and commission income of the Group reached RMB11.279 billion, representing an increase of RMB507 million or 4.71%. The net fee and commission income accounted for 20.51% of the net operating income, representing a year-on-year increase of 1.33 percentage point.

1.3 Operating costs

During the Reporting Period, the Group's operating costs increased by RMB295 million or 2.37% on a year-on-year basis to RMB12.741 billion, while the Group's cost-to-income ratio was 24.14%, representing a year-on-year increase of 1.44 percentage points. Excluding the impact from VAT on the presentation basis of net operating income and operating costs, the Group's cost-to-income ratio was 23.02%, representing a year-on-year increase of 0.32 percentage point.

1.4 Impairment losses on loans and advances to customers

During the Reporting Period, the Group's impairment losses on loans and advances to customers increased by RMB600 million or 8.77% on a year-on-year basis to RMB7.439 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 RMB4,343.741 billion, representing an increase of RMB240.782 billion or 5.87% from the beginning of the year, of which the balance of corporate loans increased by RMB197.359 billion or 6.77% from the beginning of the year to RMB3,114.131 billion; the balance of individual loans increased by RMB43.423 billion or 3.66% from the beginning of the year to RMB1,229.61 billion.

2.2 Due to customers

As at the end of the Reporting Period, the Group's balance of due to customers increased by RMB209.084 billion or 4.42% from the beginning of the year to RMB4,937.673 billion, of which the proportion of due to corporate customers accounted for 67.04%, representing a decrease of 0.77 percentage point from the beginning of the year. The proportion of due to individual customers was 32.91%, representing an increase of 0.82 percentage point from the beginning of the year. The proportion of demand deposits decreased by 3.59 percentage points from the beginning of the year to 48.18%, while the proportion of fixed deposits increased by 3.64 percentage points from the beginning of the year to 51.77%.

2.3 Investment Securities

As at the end of the Reporting Period, the Group's net balance of investment securities increased by RMB91.791 billion or 4.08% from the beginning of the year to RMB2,344.183 billion.

2.4 Asset quality

As at the end of the Reporting Period, the Group's identified impaired loan balance increased by RMB3.413 billion from the beginning of the year to RMB65.813 billion; the identified impaired loans to total loans was 1.52%, remaining at the same level as the beginning of the year; the allowance for loan impairment losses to non-performing loans decreased by 0.24 percentage point from the beginning of the year to 150.26%; the allowance for loan impairment losses to total loans decreased by 0.01 percentage point from the beginning of the year to 2.28%.

(3) Capital Adequacy Ratio

The Group calculated the capital adequacy ratios pursuant to the Administrative Measures for the Capital of Commercial Banks (Trial Implementation) issued by the CBRC and the relevant requirements. Upon the approval from regulatory authorities, the Group used the Advanced Approach of Capital Management from April 2014.

As at the end of March 2017, the Group's capital adequacy ratio, Tier 1 Capital adequacy ratio and core Tier 1 Capital ratio were 13.64%, 12.03% and 10.92% respectively, which all met the regulatory requirements.

(In millions of RMB unless otherwise stated)

Calculated pursuant to the Administrative Measures for the Capital Management of Commercial Banks (Trial Implementation) issued by CBRC ^{Note}

| Item | The Group | The Bank |
|--|------------------|-----------------|
| Net Core Tier 1 Capital | 587,078 | 555,833 |
| Net Tier 1 Capital | 647,014 | 615,709 |
| Net Capital | 733,585 | 702,050 |
| Core Tier 1 Capital adequacy ratio (%) | 10.92 | 10.77 |
| Tier 1 Capital adequacy ratio (%) | 12.03 | 11.93 |
| Capital adequacy ratio (%) | 13.64 | 13.60 |

Note: (1) Pursuant to the Administrative Measures for the Capital Management of Commercial Banks (Trial Implementation), the above calculation excluded BoCom Insurance and BoCommLife Insurance. (2) According to capital adequacy ratio calculated by adopting the Advanced Approach of Capital Management, the credit risk was assessed by the internal rating based approach, the market risk by the internal models approach and the operational risk by the standardised approach.

Calculated pursuant to the Administrative Measures for the Capital Adequacy Ratio of Commercial Banks issued by the CBRC and relevant requirements

| Item | The Group | The Bank |
|---------------------------------|------------------|-----------------|
| Core Capital Adequacy Ratio (%) | 10.47 | 10.43 |
| Capital adequacy ratio (%) | 13.60 | 13.57 |

(4) Leverage Ratio

The Group calculated the leverage ratio pursuant to the Measures for the Administration of the Leverage Ratio of Commercial Banks (Revised) issued by CBRC in January 2015. As at 31 March 2017, the Group's leverage ratio was 6.81%, which met the regulatory requirements.

The Group

(In millions of RMB unless otherwise stated)

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

| Item | March 31 2017 | December 31 2016 | September 30 2016 |
|--|--------------------------|-----------------------------|------------------------------|
| Net Tier 1 Capital | 647,014 | 628,051 | 613,899 |
| Adjusted on-and-off-balance sheet assets | 9,500,019 | 9,155,659 | 8,828,883 |
| Leverage ratio (%) | 6.81 | 6.86 | 6.95 |

(5) Liquidity Coverage Ratio

The information of liquidity coverage ratio disclosed is set out pursuant to the relevant requirements of the CBRC.

5.1 Regulatory requirements of the liquidity coverage ratio

Pursuant to the Measures for the Liquidity Risk Management of Commercial Banks (Trial Implementation) (CBRC, 2015 No. 9), by the end of 2018, the liquidity coverage ratio of Commercial Banks should reach 100%. During the transition period, the liquidity coverage ratio should reach 60%, 70%, 80% and 90% by the end of 2014, 2015, 2016 and 2017, respectively. During the transition period, eligible commercial banks are encouraged to early fulfill the requirements and the banks with liquidity coverage ratios already reaching 100% are encouraged to continuously maintain the ratio above 100%.

5.2 Liquidity coverage ratio

The Group calculated the liquidity coverage ratio pursuant to the relative statistics systems such as Measures for the Liquidity Risk Management of Commercial Banks (Trial Implementation). The daily average liquidity coverage ratio of the Group in the first quarter 2017 was 118.76% (the daily average within the quarter is the arithmetic average of daily data of the quarter, the number of average of daily data is 90.). The indicators at each month end within the first quarter met the regulatory requirements. The qualified high-quality liquid assets of the Group mainly included the securities issued or guaranteed by sovereignties with zero risk weighted, issued or guaranteed by the public sectors with 20% risk weighted and central bank reserves that can be drawn under the stress scenarios. The details of average monthly liquidity coverage ratio in the first quarter 2017 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 | | 1,257,719 |
| Cash Outflows | | | |
| 2 | Retail deposits and deposits from small business customers, of which: | 1,413,751 | 123,372 |
| 3 | Stable deposit | 357,418 | 17,739 |
| 4 | Less stable deposit | 1,056,333 | 105,633 |
| 5 | Unsecured wholesale funding, of which: | 3,418,159 | 1,415,715 |
| 6 | Operational deposits (excluding those generated from correspondent banking activities) | 2,223,992 | 553,544 |
| 7 | Non-operational deposits (all counterparties) | 1,186,872 | 854,876 |
| 8 | Unsecured debt | 7,295 | 7,295 |
| 9 | Secured funding | | 9,046 |
| 10 | Other items, of which: | 1,018,745 | 419,610 |
| 11 | Cash outflows related to derivative exposures and other collateral requirements | 382,431 | 382,431 |
| 12 | Cash outflows relates to loss of funding on debt products | 12 | 12 |
| 13 | Credit and liquidity facilities | 636,302 | 37,167 |
| 14 | Other contractual funding obligations | 30,134 | 30,134 |
| 15 | Other contingent funding obligations | 1,048,722 | 24,702 |
| 16 | Total expected cash outflows | | 2,022,579 |
| Cash Inflows | | | |
| 17 | Secured lending (including reverse repos and securities borrowing) | 73,882 | 56,837 |
| 18 | Cash inflows from fully performing exposures | 742,498 | 513,267 |
| 19 | Other cash inflows | 400,389 | 393,444 |
| 20 | Total expected cash inflows | 1,216,769 | 963,548 |
| | | | Amount after conversion |
| 21 | Qualified high-quality liquid assets | | 1,257,719 |
| 22 | Net cash outflow | | 1,059,031 |
| 23 | Liquidity Coverage Ratio (%) | | 118.76 |

V. FINANCIAL STATEMENTS

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

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

| | Three months ended 31 March | |
|--|------------------------------------|-----------------|
| | 2017 | 2016 |
| Interest income | 75,988 | 72,481 |
| Interest expense | <u>(44,771)</u> | <u>(38,453)</u> |
| Net interest income | 31,217 | 34,028 |
| Fee and commission income | 12,202 | 11,406 |
| Fee and commission expense | <u>(923)</u> | <u>(634)</u> |
| Net fee and commission income | 11,279 | 10,772 |
| Net gains arising from trading activities | 433 | 648 |
| Net gains arising from financial investments | 366 | 396 |
| Share of profit of associates | 30 | 19 |
| Insurance business income | 8,182 | 8,032 |
| Other operating income | 3,481 | 2,269 |
| Impairment losses on loans and advances to customers | (7,439) | (6,839) |
| Insurance business expense | (7,614) | (7,592) |
| Other operating expenses | <u>(15,923)</u> | <u>(17,026)</u> |
| Profit before tax | 24,012 | 24,707 |
| Income tax | <u>(4,562)</u> | <u>(5,476)</u> |
| Net profit for the period | <u>19,450</u> | <u>19,231</u> |

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

| | Three months ended 31 March | |
|---|------------------------------------|----------------------|
| | 2017 | 2016 |
| Other comprehensive income | | |
| Items that may be reclassified subsequently to profit or loss: | | |
| Available-for-sale financial assets | | |
| Changes in fair value recorded in equity | 165 | 7 |
| Changes in fair value reclassified from equity to profit or loss | (155) | (223) |
| Net gains/(losses) arising from cash flow hedge | | |
| Changes in fair value recorded in equity | 91 | (17) |
| Changes in fair value reclassified from equity to profit or loss | 49 | – |
| Translation difference on foreign operations | 137 | (156) |
| | 287 | (389) |
| Item that will not be reclassified subsequently to profit or loss: | | |
| Actuarial gains/(losses) on pension benefits | 14 | (25) |
| Other comprehensive income for the period | 301 | (414) |
| Comprehensive income for the period | <u>19,751</u> | <u>18,817</u> |
| Net profit attributable to: | | |
| Shareholders of the Bank | 19,323 | 19,066 |
| Non-controlling interests | 127 | 165 |
| | 19,450 | 19,231 |
| Total comprehensive income attributable to: | | |
| Shareholders of the Bank | 19,647 | 18,779 |
| Non-controlling interests | 104 | 38 |
| | 19,751 | 18,817 |
| Basic and diluted earnings per share for profit attributable to the shareholders of the Bank (in RMB yuan) | <u>0.26</u> | <u>0.26</u> |

Unaudited Condensed Consolidated Interim Statement of Financial Position

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

| | As at 31 March 2017 | As at 31 December 2016 |
|--|---------------------------|------------------------------|
| ASSETS | | |
| Cash and balances with central banks | 1,010,524 | 991,435 |
| Due from banks and other financial institutions | 696,503 | 715,787 |
| Financial assets at fair value through profit or loss | 232,846 | 216,444 |
| Loans and advances to customers | 4,244,850 | 4,009,046 |
| Financial investments – loans and receivables | 398,746 | 385,020 |
| Financial investments – available-for-sale | 384,465 | 342,755 |
| Financial investments – held-to-maturity | 1,413,756 | 1,407,449 |
| Long-term equity investment | 749 | 714 |
| Property and equipment | 116,600 | 114,425 |
| Deferred income tax assets | 15,306 | 12,567 |
| Other assets | 219,366 | 207,524 |
| | <u>8,733,711</u> | <u>8,403,166</u> |
| Total assets | 8,733,711 | 8,403,166 |
| LIABILITIES | | |
| Due to banks and other financial institutions | 2,267,087 | 2,231,060 |
| Financial liabilities at fair value through profit or loss | 75,762 | 84,299 |
| Due to customers | 4,937,673 | 4,728,589 |
| Certificates of deposits issued | 375,805 | 318,950 |
| Current tax liabilities | 11,771 | 5,164 |
| Deferred income tax liabilities | 156 | 145 |
| Debt securities issued | 228,024 | 229,515 |
| Other liabilities | 185,275 | 173,037 |
| | <u>8,081,553</u> | <u>7,770,759</u> |
| Total liabilities | 8,081,553 | 7,770,759 |
| EQUITY | | |
| Share capital | 74,263 | 74,263 |
| Preference shares | 59,876 | 59,876 |
| Capital surplus | 113,392 | 113,392 |
| Other reserves | 281,361 | 280,913 |
| Retained earnings | 119,897 | 100,698 |
| | <u>648,789</u> | <u>629,142</u> |
| Equity attributable to shareholders of the bank | 648,789 | 629,142 |
| Non-controlling interests | 3,369 | 3,265 |
| | <u>652,158</u> | <u>632,407</u> |
| Total equity | 652,158 | 632,407 |
| Total equity and liabilities | 8,733,711 | 8,403,166 |

Unaudited Condensed Consolidated Interim Statement of Cash Flows

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

| | Three months ended 31 March | |
|---|------------------------------------|-----------|
| | 2017 | 2016 |
| Cash flows from operating activities: | | |
| Profit before tax: | 24,012 | 24,707 |
| Adjustments for: | | |
| Impairment allowances on loans and advances to customers | 7,439 | 6,839 |
| Impairment of finance lease receivables | 38 | 42 |
| Provision for/(reversal of) impairment of financial investments | 361 | 19 |
| Provision for/(reversal of) impairment of other receivables | 21 | (6) |
| Provision for impairment losses on foreclosed assets | – | 7 |
| Insurance contracts reserve | 4,903 | 5,422 |
| Depreciation and amortisation | 2,186 | 1,889 |
| Provision for/(reversal of) outstanding litigation and unsettled obligation | 18 | 25 |
| Net gains on disposal of property and equipment | (25) | (6) |
| Net gains on disposal of foreclosed assets | (1) | (1) |
| Interest income from financial investments | (19,098) | (14,883) |
| Unwind of discount on allowances during the period | (451) | (503) |
| Fair value loss/(gains) | 231 | 206 |
| Share of profit of associates | (30) | (19) |
| Net gains arising from financial investments | (366) | (396) |
| Interest expense on debt securities issued | 2,198 | 1,875 |
| | <hr/> | <hr/> |
| Operating cash flows before movements in operating assets and liabilities | 21,436 | 25,217 |
| | <hr/> | <hr/> |
| Net decrease/(increase) in mandatory reserve deposits | (19,988) | (34,656) |
| Net (increase)/decrease in due from banks and other financial institutions | 19,885 | (23,412) |
| Net increase in financial assets at fair value through profit or loss | (35,532) | (8,711) |
| Net increase in loans and advances to customers | (242,792) | (170,733) |
| Net increase in other assets | (7,936) | (34,304) |
| Net increase in due to banks and other financial institutions | 36,027 | 27,655 |
| Net increase in financial liabilities at fair value through profit or loss | 5,920 | 3,681 |
| Net increase in due to customers | 270,838 | 153,756 |
| Net increase in other liabilities | 118 | 68,451 |
| Net increase/(decrease) in value added tax and other taxes payable | 253 | (250) |
| Income tax paid | (975) | (3,139) |
| | <hr/> | <hr/> |

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

| | Three months ended 31 March | |
|---|------------------------------------|-----------------------|
| | 2017 | 2016 |
| Net cash generated from operating activities | <u>47,254</u> | <u>3,555</u> |
| Cash flows from investing activities: | | |
| Purchase of financial investments | (151,007) | (227,800) |
| Disposal or redemption of financial investments | 87,118 | 113,385 |
| Dividends received | 148 | 140 |
| Interest received from financial investments | 17,022 | 13,631 |
| Acquisition of intangible assets and other assets | (181) | (139) |
| Disposal of intangible assets and other assets | 5 | 15 |
| Purchase and construction of property and equipment | (4,251) | (5,628) |
| Disposal of property and equipment | <u>75</u> | <u>50</u> |
| Net cash used in investing activities | (51,071) | (106,346) |
| Cash flows from financing activities: | | |
| Cash received on debt securities issued | 19,567 | 9,692 |
| Interest paid on debt securities issued | (1,154) | (725) |
| Repayment of the principals of debts securities issued | <u>(21,030)</u> | <u>(1,623)</u> |
| Net cash flows from financing activities | (2,617) | 7,344 |
| Effect of exchange rate changes on cash and cash equivalents | <u>(972)</u> | <u>(414)</u> |
| Net increase/(decrease) in cash and cash equivalents | (7,406) | (95,861) |
| Cash and cash equivalents at the beginning of the period | <u>316,396</u> | <u>330,435</u> |
| Cash and cash equivalents at the end of the period | <u>308,990</u> | <u>234,574</u> |
| Net cash flows from operating activities include: | | |
| Interest received | 57,669 | 56,987 |
| Interest paid | <u>(37,176)</u> | <u>(35,348)</u> |

VI. PUBLICATION OF THE FIRST QUARTERLY REPORT

The result announcement will be simultaneously published on the website of the Hong Kong Stock Exchange at www.hkexnews.hk, as well as the website of the Bank at www.bankcomm.com for the reference of shareholders. The first quarter 2017 report 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 at www.bankcomm.com.

By order of the Board
Bank of Communications Co., Ltd.
Niu Ximing
Chairman of the Board of Directors

Shanghai, the PRC
28 April 2017

The Directors of the Bank as at the date of this announcement are Mr. Niu Ximing, Mr. Peng Chun, Mr. Wong Tung Shun, Peter, Ms. Yu Yali, Mr. Hou Weidong, Mr. Wang Taiyin*, Mr. Liu Changshun*, Ms. Wong Pik Kuen, Helen*, Mr. Liu Hanxing*, Mr. Luo Mingde*, Mr. Liu Haoyang*, Mr. Peter Hugh Nolan#, Mr. Chen Zhiwu#, Mr. Yu Yongshun#, Ms. Li Jian#, Mr. Liu Li# and Mr. Yeung Chi Wai, Jason#.*

* *Non-executive Directors*

Independent Non-executive Directors