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BANK OF CHONGQING CO., LTD.*

重慶銀行股份有限公司*

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

(Stock Code: 1963)

(Stock Code of Preference Shares: 4616)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR 2018

The board of directors (the “**Board**”) of Bank of Chongqing Co., Ltd.* (the “**Bank**” or “**Bank of Chongqing**”) is pleased to announce the unaudited results announcement of the Bank and its subsidiaries (the “**Group**”) for the first quarter ended March 31, 2018 (the “**Reporting Period**”) prepared in accordance with the International Financial Reporting Standards (the “**IFRSs**”). This quarterly results announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

1. IMPORTANT NOTICE

- 1.1 The Board, the board of supervisors, the directors, supervisors and senior management of the Bank confirm that there are no misstatements, misleading representations or material omissions in this quarterly results announcement, and assume joint and several liability for the truthfulness, accuracy and completeness of this results announcement.
- 1.2 This quarterly results announcement has been reviewed and approved at the board meeting of the Bank held on April 26, 2018.
- 1.3 The financial information contained in this quarterly results announcement has not been audited.
- 1.4 The unaudited operating information for the first quarter is provided as additional information.

* *The Bank is not an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of Laws of Hong Kong), not subject to the supervision of the Hong Kong Monetary Authority, and not authorized to carry on banking and/or deposit-taking business in Hong Kong.*

2. CORPORATE INFORMATION

2.1 Company information

Stock name of H shares:	BCQ
Stock code of H shares:	1963
Listing Exchange of H shares:	The Stock Exchange of Hong Kong Limited
Stock Name of Offshore Preference Shares:	BCQ 17USDPREF
Stock Code of Offshore Preference Shares:	4616
Listing Exchange of Offshore Preference Shares:	The Stock Exchange of Hong Kong Limited
Legal Representative:	LIN Jun
Authorized Representatives:	RAN Hailing WONG Wah Sing
Joint Company Secretaries:	WONG Wah Sing HO Wing Tsz Wendy
Registered Address:	No. 6 Yongpingmen Street, Chengxi Avenue, Jiangbei District, Chongqing, the People's Republic of China (the "PRC"), 400024
Principal Place of Business in Hong Kong:	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong
Telephone:	+86 (23) 6379 2129
Fax:	+86 (23) 6379 2238
E-mail:	ir@cqcbank.com

2.2 Financial highlights

The financial information set out in this quarterly results announcement was prepared on a consolidated basis according to IFRSs. Unless otherwise stated, the financial information of the Group is expressed in RMB.

In respect of the financial statements of the Group prepared under the PRC GAAP (China Accounting Standards) and those under the IFRSs, there is no difference between the net profit attributable to equity holders of the Bank for the Reporting Period ended March 31, 2018 and equity attributable to equity holders of the Bank as at the end of the Reporting Period.

Major financial data and indicators

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	March 31, 2018	December 31, 2017	Increase/(decrease) at the end of the Reporting Period as compared to the end of the previous year (%)
Total assets	423,875,068	422,763,025	0.3
Loans and advances to customers, gross	186,398,592	177,206,904	5.2
Total liabilities	391,627,527	390,303,113	0.3
Customer deposits	245,172,074	238,704,678	2.7
Equity attributable to shareholders of the Bank	30,725,239	30,951,596	(0.7)
Total equity	32,247,541	32,459,912	(0.7)
Net assets per share attributable to shareholders of the Bank (RMB) ⁽¹⁾	8.26	8.33	(0.8)
			Increase/(decrease) in the Reporting Period as compared to the same period of the previous year (%)
<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	January to March 2018	January to March 2017	
Net profit	1,121,207	1,094,810	2.4
Net profit attributable to shareholders of the Bank	1,113,607	1,094,810	1.7

	January to March 2018	January to March 2017	Increase/(decrease) in the Reporting Period as compared to the same period of the previous year
Basic earnings per share (RMB)	0.36	0.35	0.01
Average annualized return on equity (%) ⁽²⁾	17.42	17.74	(0.32)

Notes:

- (1) Refers to equity attributable to shareholders of the Bank after deduction of preference shares as at the end of the Reporting Period divided by the total number of ordinary share capital as at the end of the Reporting Period.
- (2) Excluding the impact of preference shares.

2.3 Particulars of shareholdings of ordinary shares as at the end of the Reporting Period

As at the end of the Reporting Period, the Bank had a total of 3,127,054,805 shares, comprising 1,548,033,993 domestic shares and 1,579,020,812 H shares.

Particulars of shareholdings of the top ten shareholders of domestic shares of the Bank

Unit: share

Name of shareholder	Nature of shareholder	Total number of shares held	Shareholding percentage (%)	Number of shares pledged
Chongqing Yufu Assets Management Group Co., Ltd.	State-owned	407,010,187	13.02	0
Chongqing Road & Bridge Co., Ltd.	Private	171,339,698	5.48	0
Chongqing Land Group	State-owned	139,838,675	4.47	0
Chongqing Water Conservancy Investment Group Co., Ltd.	State-owned	139,838,675	4.47	0
Lifan Industry (Group) Co., Ltd.	Private	129,564,932	4.14	0
Peking University Founder Group Co., Ltd.	State-owned	94,506,878	3.02	0
Chongqing South Group Limited	Private	68,602,362	2.19	68,600,000
Chongqing Transport and Travel Investment Group Limited	State-owned	37,456,522	1.20	0
Chongqing Expressway Co., Ltd.	State-owned	29,942,325	0.96	0
Minsheng Industrial (Group) Co., Ltd.	State-owned	24,191,310	0.77	0
Total		1,242,291,564	39.73	68,600,000

Interests and short positions of substantial shareholders and other persons

As at March 31, 2018, the interests of substantial shareholders (as defined under the SFO), other than directors and supervisors of the Bank, in the H shares and underlying shares of the Bank as recorded in the register required to be kept under Section 336 of the SFO and to the best knowledge of the Bank were as follows:

Unit: share

Name of shareholder	Capacity	Number of H shares held	Percentage of the total number of H shares of the Bank (%)	Percentage of the total share capital of the Bank (%)
Dah Sing Bank, Limited ⁽¹⁾	Beneficial owner	458,574,853 (long position)	29.04	14.66
Dah Sing Banking Group Limited ⁽¹⁾	Interest of a controlled corporation	458,574,853 (long position)	29.04	14.66
Dah Sing Financial Holdings Limited ⁽¹⁾	Interest of a controlled corporation	458,574,853 (long position)	29.04	14.66
HSBC International Trustee Limited ⁽⁵⁾	Interest of a trustee	458,574,853 (long position)	29.04	14.66
David Shou-Yeh WONG ⁽¹⁾	Settlor of a discretionary trust/interest of the beneficiary of a trust	458,574,853 (long position)	29.04	14.66
Christine Yen WONG ⁽¹⁾	Interest of spouse	458,574,853 (long position)	29.04	14.66
Harold Tsu-Hing WONG ⁽¹⁾	Deemed interest	458,574,853 (long position)	29.04	14.66
SAIC Motor HK Investment Limited ⁽²⁾	Beneficial owner	240,463,650 (long position)	15.23	7.69
SAIC Motor Corporation Limited ⁽²⁾	Interest of a controlled corporation	240,463,650 (long position)	15.23	7.69
Lifan International (Holdings) Limited ⁽³⁾	Beneficial owner	165,254,000 (long position)	10.47	5.28
Chongqing Lifan Industry (Group) Import and Export Co., Ltd. ⁽³⁾	Interest of a controlled corporation	165,254,000 (long position)	10.47	5.28
Lifan Industry (Group) Co., Ltd. ⁽³⁾	Interest of a controlled corporation	165,254,000 (long position)	10.47	5.28
Chongqing Lifan Holdings Co., Ltd. ⁽³⁾	Interest of a controlled corporation	165,254,000 (long position)	10.47	5.28

Name of shareholder	Capacity	Number of H shares held	Percentage of the total number of H shares of the Bank (%)	Percentage of the total share capital of the Bank (%)
Chongqing Huiyang Holdings Co., Ltd. ⁽³⁾	Interest of a controlled corporation	165,254,000 (long position)	10.47	5.28
YIN Mingshan ⁽³⁾	Interest of a controlled corporation	165,254,000 (long position)	10.47	5.28
CHEN Qiaofeng ⁽³⁾	Interest of spouse	165,254,000 (long position)	10.47	5.28
Funde Sino Life Insurance Co., Ltd. ⁽⁴⁾	Beneficial owner	150,000,000 (long position)	9.50	4.80
	Interest of a controlled corporation	67,570,150 (long position)	4.28	2.16
Chongqing Beiheng Investment & Development Limited	Beneficial owner	84,823,500 (long position)	5.37	2.71
Fund Resources Investment Holding Group Company Limited ⁽⁴⁾	Beneficial owner	67,570,150 (long position)	4.28	2.16

Notes:

- (1) Dah Sing Bank, Limited held 458,574,853 H shares of the Bank. Dah Sing Bank, Limited is wholly owned by Dah Sing Banking Group Limited, which is in turn owned as to approximately 74.44% by Dah Sing Financial Holdings Limited. Mr. David Shou-Yeh WONG is the beneficial owner of approximately 40.97% of the issued share capital of Dah Sing Financial Holdings Limited and Ms. Christine Yen WONG is the spouse of Mr. David Shou-Yeh WONG. For the purpose of the SFO, Dah Sing Banking Group Limited, Dah Sing Financial Holdings Limited, Mr. David Shou-Yeh WONG, Ms. Christine Yen WONG and Mr. Harold Tsu-Hing WONG are deemed to be interested in the shares of the Bank held by Dah Sing Bank, Limited.
- (2) SAIC Motor HK Investment Limited held 240,463,650 H shares of the Bank. SAIC Motor HK Investment Limited is wholly owned by SAIC Motor Corporation Limited. For the purpose of the SFO, SAIC Motor Corporation Limited is deemed to be interested in the shares of the Bank held by SAIC Motor HK Investment Limited.
- (3) As confirmed by Chongqing Lifan Industrial (Group) Import and Export Co., Ltd., Lifan Industry (Group) Co., Ltd., Chongqing Lifan Holdings Co., Ltd., Chongqing Huiyang Holdings Co., Ltd., Mr. YIN Mingshan and Ms. CHEN Qiaofeng, as at March 31, 2018, Lifan International (Holdings) Limited held 165,254,000 H shares of the Bank. Lifan International (Holdings) Limited is wholly owned by Chongqing Lifan Industry (Group) Import and Export Co., Ltd., which is wholly owned by Lifan Industry (Group) Co., Ltd. Lifan Industry (Group) Co., Ltd. is owned as to 49.40% by Chongqing Lifan Holdings Co., Ltd., which is in turn owned as to 72% by Chongqing Huiyang Holdings Co., Ltd. Mr. YIN Mingshan is the beneficial owner of approximately 51% of the interest of Chongqing Huiyang Holdings Co., Ltd. and Ms. CHEN Qiaofeng is the spouse of Mr. YIN Mingshan. For the purpose of the SFO, Chongqing Lifan Industrial (Group) Import and Export Co., Ltd., Lifan Industry (Group) Co., Ltd., Chongqing Lifan Holdings Co., Ltd., Chongqing Huiyang Holdings Co., Ltd., Mr. YIN Mingshan and Ms. CHEN Qiaofeng are deemed to be interested in the shares of the Bank held by Lifan International (Holdings) Limited.
- (4) Funde Sino Life Insurance Co., Ltd. held 150,000,000 H shares of the Bank, and Fund Resources Investment Holding Group Company Limited held 67,570,150 H shares of the Bank. Fund Resources Investment Holding Group Company Limited is wholly owned by Funde Sino Life Insurance Co., Ltd. For the purpose of the SFO, Funde Sino Life Insurance Co., Ltd. is deemed to be interested in the shares of the Bank held by Fund Resources Investment Holding Group Company Limited.
- (5) HSBC International Trustee Limited, the trustee of a family discretionary trust established with Mr. David Shou-Yeh WONG as the grantor, held 37.66% interests in Dah Sing Financial Holdings Limited indirectly. For the purpose of the SFO, HSBC International Trustee Limited is deemed to be interested in the shares of the Bank held by Dah Sing Bank, Limited (see note (1) above).

2.4 Particulars of shareholdings of preference shares as at the end of the Reporting Period

As of the end of the Reporting Period, the total number of preference shareholders (or nominees) of the Bank is 25.

3. HIGHLIGHTS OF QUARTERLY RESULTS

As at March 31, 2018, the Group's total assets amounted to RMB423,875 million, representing an increase of RMB1,112 million or 0.3% as compared to the end of the previous year.

- Customer deposits amounted to RMB245,172 million, representing an increase of RMB6,467 million or 2.7% as compared to the end of the previous year. Of which, time deposits, demand deposits, pledged deposits held as collateral and other deposits amounted to RMB149,079 million, RMB78,246 million, RMB8,521 million, and RMB9,326 million, respectively.
- Total loans and advances to customers amounted to RMB186,399 million, representing an increase of RMB9,192 million or 5.2% as compared to the end of the previous year. Of which, corporate loans, personal loans and discounted bills amounted to RMB115,940 million, RMB63,585 million and RMB6,874 million, respectively.
- The balance of non-performing loans amounted to RMB2,093 million, representing a decrease of RMB307 million as compared to the end of the previous year; the non-performing loan ratio was 1.12%, representing a decrease of 0.23 percentage point as compared to the end of the previous year; and the provision coverage ratio was 262.59%, representing an increase of 52.43 percentage points as compared to the end of the previous year.

For the three months ended March 31, 2018, the Group recorded a net profit of RMB1,121 million, representing an increase of RMB26 million or 2.4% as compared to the same period of the previous year. The average annualized return on total assets was 1.07%, representing a decrease of 0.08 percentage point as compared with the same period of the previous year. The average annualized return on equity was 17.42%, representing a decrease of 0.32 percentage point as compared with the same period of the previous year. The Group recorded basic earnings per share of RMB0.36, representing an increase of RMB0.01 as compared with the same period of the previous year.

- Interest-earning assets grew continuously and the net interest income increased steadily. Net interest income amounted to RMB2,041 million, representing an increase of RMB14 million or 0.7% as compared with the same period of the previous year. The annualized net interest margin was 2.06%, representing a decrease of 16 basis points as compared with the same period of the previous year.

- Net fee and commission income decreased. Net fee and commission income amounted to RMB275 million, representing a decrease of RMB135 million or 32.9% as compared with the same period of the previous year, primarily due to fee income from settlement and agency services amounting to RMB55 million for the period, representing a decrease of 62.3% as compared with the same period of the previous year. In the meantime, fee and commission expense recorded an increase of RMB58 million as compared with the same period of the previous year, representing a significant increase of 137.71%.
- Operating expenses amounted to RMB587 million, representing an increase of RMB8 million or 1.4% as compared to the same period of the previous year. The cost-to-income ratio was 24.26%, representing an increase of 1.76 percentage points as compared to the same period of the previous year. The asset impairment losses amounted to RMB471 million, representing a decrease of RMB38 million or 7.4% as compared to the same period of the previous year.

In accordance with the “Administrative Measures for the Capital of Commercial Banks (for Trial Implementation)”, as at the end of the Reporting Period, the Group’s Core Tier One capital adequacy ratio, Tier One capital adequacy ratio and capital adequacy ratio were 8.40%, 10.00% and 13.54%, respectively, representing a decrease of 0.22, 0.24 and 0.06 percentage points respectively as compared to the end of the previous year, fulfilling the latest regulatory requirements on capital adequacy ratios applicable to the PRC banking industry.

4. SIGNIFICANT EVENTS

4.1 Particulars and reasons of material changes in major accounting statement items and financial indicators

Applicable Not applicable

The main reasons for material changes over 30% in the major accounting statement items and financial indicators as compared to the same period of the previous year or the end of the previous year are as follows:

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	January to March 2018	January to March 2017	Change rate as compared to the same period of the previous year (%)	Main reasons of the changes
Fee and commission expense	(100,333)	(42,323)	137.1	Mainly due to the increase in fee expense for third party online services
Net trading losses	(7,368)	(4,067)	81.2	Mainly due to the continuing decline in the exchange rate of foreign currencies and the increase in exchange loss of the Bank during the first quarter of 2018
Net (losses)/gains on investment securities	(1,758)	101,085	N/A	Mainly due to gains or losses from trading of trading-type bonds and available-for-sale bonds
Other operating income	4,403	17,832	(75.3)	Mainly due to partial recognition of security deposit income by the Bank during the first quarter of the previous year as a result of default by partners
Share of profit of associates	59,174	3,080	1,821.2	Mainly due to recognition of investment return as a result of Three Gorges Bank becoming an associate of the Group in April of the previous year
Income tax	(190,964)	(371,739)	(48.6)	Mainly due to loss from disposal of non-performing assets deductible from the current income tax

<i>(All amounts expressed in thousands of RMB unless otherwise stated)</i>	March 31, 2018	December 31, 2017	Change rate as compared to the end of the previous year (%)	Main reasons of the changes
Financial assets at fair value through profit or loss	42,902,416	702,202		
Investment Securities-Loans and receivables	-	100,607,725		
Investment Securities-Available-for-sale financial assets	-	37,106,799	N/A	Mainly due to the Group's implementation of IFRS 9 Financial Instruments since January 1, 2018
Investment Securities-Held-to-maturity	-	21,012,375		
Investment Securities-Financial assets at fair value through other comprehensive income	29,591,742	-		
Investment Securities-Financial assets measured at amortised cost	76,539,228	-		
Current tax liabilities	-	358,515	(100.0)	Mainly due to loss from disposal of non-performing assets deductible from the current income tax

4.2 The progress of significant events and their influence and analysis on the solutions

Applicable Not applicable

4.3 Status of performance of undertakings of the Company, shareholders and de facto controller

Applicable Not applicable

4.4 Implementation of the cash dividend policy during the Reporting Period

Applicable Not applicable

4.5 Disclosure of, and reasons for, the warning in respect of forecast of a probable loss in respect of the accumulated net profit from the beginning of the year to the end of the next reporting period or any significant changes in profit as compared to the same period of the previous year

Applicable Not applicable

5. PUBLICATION OF QUARTERLY RESULTS ANNOUNCEMENT

The quarterly results announcement will be published on the website of The Hong Kong Stock Exchange Limited (www.hkexnews.hk) and the website of the Bank (www.cqcbank.com).

This quarterly results announcement was prepared in both Chinese and English versions, where there is a discrepancy between the Chinese and English versions, the Chinese version shall prevail.

By order of the Board
Bank of Chongqing Co., Ltd.*
WONG Wah Sing
Joint Company Secretary

Chongqing, the PRC, April 26, 2018

As at the date of this announcement, the executive directors of the Bank are Ms. LIN Jun, Mr. RAN Hailing, Mr. LIU Jianhua and Mr. WONG Wah Sing; the non-executive directors are Mr. WONG Hon Hing, Mr. DENG Yong, Ms. LV Wei and Mr. YANG Jun; and the independent non-executive directors are Mr. LI He, Mr. TO Koon Man Henry, Mr. KONG Xiangbin, Mr. WANG Pengguo and Dr. JIN Jingyu.

APPENDIX FINANCIAL STATEMENTS ACCORDING TO IFRS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

	For the three months ended	
	31 March	2017
	2018	(Unaudited)
	(Unaudited)	(Unaudited)
Interest income	5,041,177	4,424,749
Interest expense	(2,999,804)	(2,397,084)
Net interest income	2,041,373	2,027,665
Fee and commission income	375,357	451,939
Fee and commission expense	(100,333)	(42,323)
Net fee and commission income	275,024	409,616
Net trading losses	(7,368)	(4,067)
Net (losses)/gains on investment securities	(1,758)	101,085
Other operating income	4,403	17,832
Operating income	2,311,674	2,552,131
Operating expenses	(587,459)	(579,619)
Asset impairment losses	(471,218)	(509,043)
Operating profit	1,252,997	1,463,469
Share of profit of associates	59,174	3,080
Profit before income tax	1,312,171	1,466,549
Income tax	(190,964)	(371,739)
Net profit for the period	1,121,207	1,094,810

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2018
(All amounts expressed in thousands of RMB unless otherwise stated)

	For the three months ended	
	31 March	
	2018	2017
	(Unaudited)	(Unaudited)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Revaluation reserve for AFS recognised in other comprehensive income	–	(160,467)
Less: Related income tax impact	–	40,116
Subtotal	<u>–</u>	<u>(120,351)</u>
Net losses on investments in debt instruments measured at FVOCI	(15,083)	–
Less: Related income tax impact	3,771	–
Subtotal	<u>(11,312)</u>	<u>–</u>
Net losses on financial assets measured at FVOCI reclassified to profit or loss on disposal	475	–
Less: Related income tax impact	(119)	–
Subtotal	<u>356</u>	<u>–</u>
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Net gains on investments in equity instruments designated at FVOCI	31,547	–
Less: Related income tax impact	(7,887)	–
Subtotal	<u>23,660</u>	<u>–</u>
Remeasurement of retirement (losses)/benefits	(6,543)	444
Less: Related income tax impact	1,636	(111)
Subtotal	<u>(4,907)</u>	<u>333</u>
Total other comprehensive income, net of tax	<u><u>7,797</u></u>	<u><u>(120,018)</u></u>
Total comprehensive income for the period	<u><u>1,129,004</u></u>	<u><u>974,792</u></u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2018
(All amounts expressed in thousands of RMB unless otherwise stated)

	For the three months ended	
	31 March	
	2018	2017
	(Unaudited)	(Unaudited)
Net profit attributable to:		
Shareholders of the Bank	1,113,607	1,094,810
Non-controlling interests	7,600	–
	<u>1,121,207</u>	<u>1,094,810</u>
Total comprehensive income attributable to:		
Shareholders of the Bank	1,121,404	974,792
Non-controlling interests	7,600	–
	<u>1,129,004</u>	<u>974,792</u>
Earnings per share attributable to the shareholders of the Bank (expressed in RMB per share)		
– basic and diluted	<u>0.36</u>	<u>0.35</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

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

	As at 31 March 2018 (Unaudited)	As at 31 December 2017 (Audited)
ASSETS		
Cash and balances with central bank	39,727,750	43,727,432
Due from other banks and financial institutions	43,626,370	37,000,091
Loans and advances to customers	180,902,095	172,162,090
Financial assets at fair value through profit or loss	42,902,416	702,202
Investment securities		
– Loans and receivables	–	100,607,725
– Available-for-sale(“AFS”)	–	37,106,799
– Held-to-maturity (“HTM”)	–	21,012,375
– Financial assets at fair value through other comprehensive income	29,591,742	–
– Financial assets measured at amortised cost	76,539,228	–
Investment in associates	1,172,320	1,113,146
Property, plant and equipment	2,840,521	2,866,257
Deferred income tax assets	1,684,142	1,380,953
Other assets	4,888,484	5,083,955
Total assets	<u>423,875,068</u>	<u>422,763,025</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 MARCH 2018

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

	As at 31 March 2018 (Unaudited)	As at 31 December 2017 (Audited)
LIABILITIES		
Due to other banks and financial institutions	49,896,121	55,771,252
Customer deposits	245,172,074	238,704,678
Debt securities issued	89,984,402	88,727,330
Current tax liabilities	–	358,515
Other liabilities	6,574,930	6,741,338
	<u>391,627,527</u>	<u>390,303,113</u>
Total liabilities	391,627,527	390,303,113
EQUITY		
Share capital	3,127,055	3,127,055
Preference shares	4,909,307	4,909,307
Capital surplus	4,680,638	4,680,638
Other reserves	6,909,524	6,637,648
Retained earnings	11,098,715	11,596,948
	<u>30,725,239</u>	<u>30,951,596</u>
Equity attributable to shareholders of the Bank	30,725,239	30,951,596
Non-controlling interests	1,522,302	1,508,316
	<u>32,247,541</u>	<u>32,459,912</u>
Total equity	32,247,541	32,459,912
Total liabilities and equity	423,875,068	422,763,025

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2018
(All amounts expressed in thousands of RMB unless otherwise stated)

	For the three months ended	
	31 March	
	2018	2017
	(Unaudited)	(Unaudited)
Cash flows from operating activities:		
Profit before income tax	1,312,171	1,466,549
Adjustments:		
Depreciation and amortisation	51,595	45,430
Impairment losses on loans	657,683	360,442
Impairment (reversal)/losses on other assets	(186,465)	148,600
Fair value losses	3,078	6,651
Net losses/(gains) arising from financial investments	1,758	(101,085)
Share of profit of associates	(59,174)	(3,080)
Interest income arising from investment securities	(1,801,806)	(1,740,668)
Interest expense arising from debt securities issued	1,025,328	607,890
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Net increase in operating assets:		
Net decrease/(increase) in restricted deposit balances with central bank	1,796,140	(114,786)
Net decrease/(increase) in due from and placements to banks and other financial institutions	1,444,064	(8,103,992)
Net (increase)/decrease in financial assets held under resale agreements	(7,710,498)	8,870,264
Net increase in loans and advances to customers	(10,802,895)	(6,348,122)
Net decrease/(increase) in other operating assets	492,964	(1,042,725)
Net increase/(decrease) in operating liabilities:		
Net increase in borrowings from central bank	102,078	796,506
Net decrease in due to and placements from banks and other financial institutions	(9,293,209)	(3,787,609)
Net increase/(decrease) in financial assets sold under repurchase agreements	3,316,000	(6,758,295)
Net increase in customer deposits	6,467,396	2,802,456
Net (decrease)/increase in other operating liabilities	(126,439)	1,207,003
Income tax paid	(404,506)	(390,087)
	<hr/>	<hr/>
Net cash outflows from operating activities	(13,714,737)	(12,078,658)

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2018

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

	For the three months ended	
	31 March	
	2018	2017
	(Unaudited)	(Unaudited)
Cash flows from investing activities:		
Proceeds from disposal of property, plant and equipment, intangible assets and other long-term assets	25,756	6,409
Purchase of property, plant and equipment, intangible assets and other long-term assets	(48,163)	(92,223)
Proceeds from sale and redemption of investments	82,848,204	91,769,528
Purchase of investment securities	(70,819,071)	(99,988,012)
Net cash inflows/(outflows) from investing activities	12,006,726	(8,304,298)
Cash flows from financing activities:		
Capital contribution by non-controlling interests of a subsidiary	–	1,470,000
Proceeds from issuance of debt securities and inter-bank certificates of deposit	42,384,390	54,552,457
Cash paid to redeem debt securities and inter-bank certificates of deposit issued	(42,030,000)	(25,400,000)
Interest paid in relation to debt securities issued	(354,000)	(120,400)
Dividends paid to shareholders	(47)	(3,725)
Net cash inflows from financing activities	343	30,498,332
Impact from exchange rate changes on cash and cash equivalents	(133,612)	(13,046)
Net (decrease)/increase in cash and cash equivalents	(1,841,280)	10,102,330
Cash and cash equivalents at the beginning of the period	20,424,977	24,788,329
Cash and cash equivalents at the end of the period	18,583,697	34,890,659