

*The information set out below is the unaudited interim financial information of the Group for the nine months ended September 30, 2013 and does not form part of the Accountant's Report prepared by the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, as set out in Appendix I, and is included herein for information purpose only.*



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December 10, 2013

## **REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION**

To the Board of Directors of China Everbright Bank Company Limited

### **INTRODUCTION**

We have reviewed the accompanying interim financial information set out on pages II-2 to II-46, which comprises the condensed consolidated statement of financial position of China Everbright Bank Company Limited (the "Bank") and its subsidiaries (collectively the "Group") as at September 30, 2013 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the nine-month period then ended, and explanatory notes (the "Condensed Consolidated Financial Information"). The directors are responsible for the preparation and presentation of interim financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"), issued by the International Accounting Standards Board.

Our responsibility is to form a conclusion, based on our review, on the interim financial information and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### **SCOPE OF REVIEW**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

### **CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

**KPMG**

*Certified Public Accountants*

Hong Kong

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013**

(Expressed in millions of Renminbi, unless otherwise stated)

	Note	Nine months ended September 30,	
		2013	2012
Interest income .....		89,015	76,629
Interest expense .....		(50,477)	(38,698)
<b>Net interest income</b> .....	3	<u>38,538</u>	<u>37,931</u>
Fee and commission income .....		11,638	7,027
Fee and commission expense .....		(532)	(350)
<b>Net fee and commission income</b> .....	4	<u>11,106</u>	<u>6,677</u>
Net trading losses .....	5	(1,358)	(371)
Dividend income .....		3	3
Net gains arising from investment securities .....	6	94	40
Foreign exchange gains .....		292	33
Other operating income .....		201	145
<b>Operating income</b> .....		<u>48,876</u>	<u>44,458</u>
<b>Operating expenses</b> .....	7	<u>(18,026)</u>	<u>(15,769)</u>
<b>Operating profit before impairment</b> .....		<u>30,850</u>	<u>28,689</u>
Impairment losses on assets .....	8	(3,287)	(3,366)
<b>Profit before tax</b> .....		<u>27,563</u>	<u>25,323</u>
Income tax .....	9	(5,863)	(6,267)
<b>Net profit</b> .....		<u>21,700</u>	<u>19,056</u>
<b>Other comprehensive income:</b>			
Items that may be reclassified subsequently to profit or loss			
– Net change in fair value of available-for-sale financial assets .....		(1,876)	47
– Income tax relating to other comprehensive income .....		469	(12)
– Net change in fair value of available-for-sale financial assets reclassified to profit or loss .....		46	143
<b>Other comprehensive income, net of tax</b> .....		<u>(1,361)</u>	<u>178</u>
<b>Total comprehensive income</b> .....		<u>20,339</u>	<u>19,234</u>
<b>Net profit attributable to:</b>			
Equity shareholders of the Bank .....		21,664	19,033
Non-controlling interests .....		36	23
		<u>21,700</u>	<u>19,056</u>
<b>Total comprehensive income attributable to:</b>			
Equity shareholders of the Bank .....		20,303	19,211
Non-controlling interests .....		36	23
		<u>20,339</u>	<u>19,234</u>
Basic and diluted earnings per share (in RMB) .....	10	<u>0.54</u>	<u>0.47</u>

The notes on pages II-7 to II-46 form part of the Condensed Consolidated Financial Information.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT SEPTEMBER 30, 2013**

(Expressed in millions of Renminbi, unless otherwise stated)

	Note	September 30, 2013	December 31, 2012
<b>Assets</b>			
Cash and deposits with the central bank .....	11	325,432	285,478
Deposits with banks and other financial institutions .....	12	55,231	47,019
Placements with banks and other financial institutions .....	13	119,604	135,979
Financial assets at fair value through profit or loss .....	14	29,907	29,453
Positive fair value of derivatives.....	15	1,410	1,677
Financial assets held under resale agreements.....	16	223,643	230,726
Interests receivable.....	17	13,572	10,140
Loans and advances to customers .....	18	1,115,545	997,331
Available-for-sale financial assets .....	19	96,063	91,900
Held-to-maturity investments .....	20	101,470	95,824
Debt securities classified as receivables.....	21	291,385	261,207
Fixed assets.....	22	12,086	11,869
Goodwill .....	23	1,281	1,281
Deferred tax assets .....	24	2,915	2,454
Other assets.....	25	84,800	76,957
<b>Total assets</b> .....		<u>2,474,344</u>	<u>2,279,295</u>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Deposits from banks and other financial institutions .....	27	512,266	527,561
Placements from banks and other financial institutions .....	28	52,154	23,205
Negative fair value of derivatives .....	15	1,918	1,861
Financial assets sold under repurchase agreements .....	29	54,042	74,285
Deposits from customers .....	30	1,622,107	1,426,941
Accrued staff costs .....	31	7,056	7,405
Taxes payable.....	32	2,209	3,174
Interests payable.....	33	20,534	18,414
Debt securities issued.....	34	45,181	52,700
Other liabilities .....	35	24,531	29,427
<b>Total liabilities</b> .....		<u>2,341,998</u>	<u>2,164,973</u>
<b>Equity</b>			
Share capital.....	36	40,435	40,435
Capital reserve .....	37	18,897	20,258
Surplus reserve.....	38	6,560	6,560
General reserve .....	38	28,063	28,063
Retained earnings .....	39	38,181	18,862
Total equity attributable to equity shareholders of the Bank .....		132,136	114,178
Non-controlling interests.....		210	144
<b>Total equity</b> .....		<u>132,346</u>	<u>114,322</u>
<b>Total liabilities and equity</b> .....		<u>2,474,344</u>	<u>2,279,295</u>

The notes on pages II-7 to II-46 form part of the Condensed Consolidated Financial Information.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013  
(Expressed in millions of Renminbi, unless otherwise stated)**

	Note	Attributable to equity shareholders of the Bank						Non-controlling interests	Total
		Share Capital	Capital reserve	Surplus reserve	General reserve	Retained earnings	Sub-total		
Balance at January 1, 2013....		40,435	20,258	6,560	28,063	18,862	114,178	144	114,322
Changes in equity for the period:									
Total comprehensive income..		-	(1,361)	-	-	21,664	20,303	36	20,339
Changes in share capital:									
- Non-controlling interests of new subsidiaries .....		-	-	-	-	-	-	30	30
Appropriation of profit:									
- Appropriation to shareholders.....	39	-	-	-	-	(2,345)	(2,345)	-	(2,345)
Balance at September 30, 2013.....		<u>40,435</u>	<u>18,897</u>	<u>6,560</u>	<u>28,063</u>	<u>38,181</u>	<u>132,136</u>	<u>210</u>	<u>132,346</u>
Balance at January 1, 2012....		40,435	20,328	4,226	13,877	17,169	96,035	115	96,150
Changes in equity for the period:									
Total comprehensive income..		-	178	-	-	19,033	19,211	23	19,234
Appropriation of profit:									
- Appropriation to shareholders.....	39	-	-	-	-	(5,378)	(5,378)	-	(5,378)
Balance at September 30, 2012.....		<u>40,435</u>	<u>20,506</u>	<u>4,226</u>	<u>13,877</u>	<u>30,824</u>	<u>109,868</u>	<u>138</u>	<u>110,006</u>
Balance at January 1, 2012....		40,435	20,328	4,226	13,877	17,169	96,035	115	96,150
Changes in equity for the year:									
Total comprehensive income..		-	(70)	-	-	23,591	23,521	29	23,550
Appropriation of profit:									
- Appropriation to surplus reserve .....	39	-	-	2,334	-	(2,334)	-	-	-
- Appropriation to general reserve .....	39	-	-	-	14,186	(14,186)	-	-	-
- Appropriation to shareholders.....	39	-	-	-	-	(5,378)	(5,378)	-	(5,378)
Balance at December 31, 2012.....		<u>40,435</u>	<u>20,258</u>	<u>6,560</u>	<u>28,063</u>	<u>18,862</u>	<u>114,178</u>	<u>144</u>	<u>114,322</u>

The notes on pages II-7 to II-46 form part of the Condensed Consolidated Financial Information.

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013  
(Expressed in millions of Renminbi, unless otherwise stated)**

	Nine months ended September 30,	
	2013	2012
<b>Cash flows from operating activities</b>		
Net profit.....	21,700	19,056
<i>Adjustments for:</i>		
Impairment losses on assets.....	3,287	3,366
Depreciation and amortization .....	1,202	1,019
Unwinding of discount.....	(266)	(94)
Dividend income.....	(3)	(3)
Unrealized foreign exchange losses .....	34	3
Net gains on disposal of investment securities .....	(94)	(40)
Net losses on disposal of trading securities.....	228	335
Revaluation losses on financial instruments at fair value through profit or loss .....	1,130	36
Interest expense on debt securities issued.....	1,637	1,342
Net losses on disposal of fixed assets.....	3	1
Income tax .....	5,863	6,267
	<u>34,721</u>	<u>31,288</u>
<i>Changes in operating assets</i>		
Net increase in deposits with the central bank, banks and other financial institutions .....	(50,835)	(25,465)
Net increase in placements with banks and other financial institutions .....	(22,537)	(43,256)
Net increase in loans and advances to customers.....	(121,735)	(107,753)
Net decrease/(increase) in financial assets held under resale agreements.....	6,352	(79,332)
Net increase in other operating assets .....	(9,007)	(102,886)
	<u>(197,762)</u>	<u>(358,692)</u>
<i>Changes in operating liabilities</i>		
Net (decrease)/increase in deposits from banks and other financial institutions .....	(15,295)	220,379
Net increase in placements from banks and other financial institutions .....	28,949	4,963
Net (decrease)/increase in financial assets sold under repurchase agreements .....	(20,439)	10,267
Net increase in deposits from customers.....	195,166	189,260
Income tax paid.....	(7,005)	(7,132)
Net (decrease)/increase in other operating liabilities.....	(3,060)	9,561
	<u>178,316</u>	<u>427,298</u>
<b>Net cash flows from operating activities</b> .....	<u>15,275</u>	<u>99,894</u>
<b>Cash flows from investing activities</b>		
Proceeds from disposal and redemption of investments .....	205,678	294,443
Dividend received.....	3	3
Proceeds from disposal of fixed assets and other assets.....	113	10
Payments on acquisition of investments.....	(248,950)	(447,146)
Payments on acquisition of fixed assets, intangible assets and other assets .....	(1,469)	(903)
<b>Net cash flows used in investing activities</b> .....	<u>(44,625)</u>	<u>(153,593)</u>

The notes on pages II-7 to II-46 form part of the Condensed Consolidated Financial Information.

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT (continued)**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013**  
(Expressed in millions of Renminbi, unless otherwise stated)

	Note	Nine months ended September 30,	
		2013	2012
<b>Cash flows from financing activities</b>			
Capital contribution by non-controlling interests .....		30	–
Net proceeds from new debt securities issued .....		481	36,700
Repayment of debt securities issued .....		(8,000)	–
Interest paid on debt securities issued .....		(2,211)	(562)
Dividends paid .....		(2,348)	(5,528)
<b>Net cash flows (used in)/from financing activities .....</b>		<b>(12,048)</b>	<b>30,610</b>
<b>Effect of foreign exchange rate changes on cash and cash equivalents .....</b>			
		(189)	(16)
<b>Net decrease in cash and cash equivalents .....</b>	40(a)	<b>(41,587)</b>	<b>(23,105)</b>
<b>Cash and cash equivalents as at January 1 .....</b>		<b>137,913</b>	<b>156,645</b>
<b>Cash and cash equivalents as at September 30 .....</b>	40(b)	<b>96,326</b>	<b>133,540</b>
Interest received .....		86,286	73,533
Interest paid (excluding interest expense on debt securities issued) .....		(45,950)	(35,113)

The notes on pages II-7 to II-46 form part of the Condensed Consolidated Financial Information.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in millions of Renminbi, unless otherwise stated)

**1 Background information**

China Everbright Bank Company Limited (the “Bank”) commenced operation in Beijing, the People’s Republic of China (the “PRC”) on August 18, 1992.

The principal activities of the Bank and its subsidiaries (collectively the “Group”) are the provision of corporate and retail deposits, loans and advances, settlement, treasury business and other financial services as approved by the China Banking Regulatory Commission (the “CBRC”). The Bank mainly operated in mainland China, which, for the purpose of this report, excludes the Hong Kong Special Administration Region of the PRC (“Hong Kong”), the Macau Special Administration Region of the PRC and Taiwan.

The Bank has branches in 28 provinces, autonomous regions and municipalities in mainland China and Hong Kong as at September 30, 2013.

**2 Basis of preparation****(1) Compliance with International Financial Reporting Standards (“IFRSs”)**

These condensed consolidated interim financial information have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”.

These condensed consolidated interim financial information do not include all the information required for a full set of financial statements prepared in accordance with IFRSs. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual consolidated financial statements as at and for the year ended December 31, 2012.

**(2) Use of estimates and assumptions**

The preparation of the condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results in the future may differ from those reported as a result of the use of estimates and assumptions about future conditions.

**(3) Consolidation**

The condensed consolidated interim financial information comprise the Bank and its subsidiaries.

The results and affairs of subsidiaries are included in the condensed consolidated interim financial information from the date that control commences until the date that control ceases. Necessary adjustments on the accounting period and accounting policies of subsidiaries are made to comply with those of the Bank. Intragroup balances and transactions, and any profits or losses arising from intragroup transactions are eliminated in full in preparing the condensed consolidated financial information.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)  
(Expressed in millions of Renminbi, unless otherwise stated)

**2 Basis of preparation (continued)**

*(4) Significant accounting policies*

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs, including International Accounting Standards ("IASs")) for the year ended December 31, 2012, except for the adoption of the following revised IFRSs as of January 1, 2013. The principal effects of adopting these revised IFRSs are as follows:

*IAS 1 – Presentation of financial statements – Presentation of items of other comprehensive income (Amendment)*

The amendment to IAS 1 enhances disclosures for other comprehensive income. These disclosures require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in this condensed consolidated interim financial information has been modified accordingly.

*IFRS 10 – Consolidated financial statements*

IFRS 10 replaces the requirements in IAS 27, Consolidated and separate financial statements relating to the preparation of consolidated financial statements and SIC 12 Consolidation – Special purpose entities. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

*IFRS 12 – Disclosure of interests in other entities*

IFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by IFRS 12 are generally more extensive than those previously required by the respective standards. Since those disclosure requirements only apply to a full set of financial statements, the Group has not made additional disclosures in this condensed consolidated interim financial information as a result of adopting IFRS 12.

*IFRS 13 – Fair value measurement*

IFRS 13 replaces existing guidance in individual IFRSs with a single source of fair value measurement guidance. IFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and nonfinancial instruments. The adoption of IFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)  
(Expressed in millions of Renminbi, unless otherwise stated)

3 Net interest income

	Note	Nine months ended September 30,	
		2013	2012
<b>Interest income arising from</b>			
Deposits with the central bank .....		3,367	2,850
Deposits with banks and other financial institutions .....		975	1,682
Placements with banks and other financial institutions ....		4,460	4,321
Loans and advances to customers.....	3(a)		
– Corporate loans and advances .....		35,011	34,836
– Personal loans and advances .....		16,010	12,187
– Discounted bills.....		658	1,102
Financial assets held under resale agreements.....		7,342	10,681
Investments.....		20,834	8,371
Re-discounted bills .....		358	599
Sub-total .....		89,015	76,629
<b>Interest expenses arising from</b>			
Deposits from banks and other financial institutions.....		19,415	11,648
Placements from banks and other financial institutions....		918	1,193
Deposits from customers			
– Corporate customers.....		21,374	18,962
– Individual customers .....		5,504	4,158
Financial assets sold under repurchase agreements .....		1,629	1,395
Debt securities issued .....	3(b)	1,637	1,342
Sub-total .....		50,477	38,698
<b>Net interest income .....</b>		<b>38,538</b>	<b>37,931</b>

Notes:

- (a) The interest income arising from impaired financial assets for the nine months ended September 30, 2013 amounted to RMB266 million (Nine months ended September 30, 2012: RMB94 million).
- (b) Interest expense on financial liabilities with maturity over five years mainly included the interest expense on debt securities issued.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)  
(Expressed in millions of Renminbi, unless otherwise stated)

4 Net fee and commission income

	Nine months ended September 30,	
	2013	2012
<b>Fee and commission income</b>		
Bank card service fees .....	5,108	2,116
Wealth management service fees .....	1,729	999
Underwriting and advisory fees .....	1,516	1,166
Settlement and clearing fees .....	1,281	1,103
Acceptance and guarantee fees .....	672	464
Custody and other fiduciary business fees .....	608	430
Agency services fees .....	448	499
Others .....	276	250
Sub-total .....	<u>11,638</u>	<u>7,027</u>
<b>Fee and commission expense</b>		
Bank card transaction fees .....	415	262
Settlement and clearing fees .....	52	37
Others .....	65	51
Sub-total .....	<u>532</u>	<u>350</u>
<b>Net fee and commission income</b> .....	<u><u>11,106</u></u>	<u><u>6,677</u></u>

5 Net trading losses

	Nine months ended September 30,	
	2013	2012
Trading financial instruments		
– Debt securities .....	(504)	(463)
– Derivatives .....	(324)	751
Financial instruments designated at fair value through profit or loss .....	<u>(530)</u>	<u>(659)</u>
Total .....	<u><u>(1,358)</u></u>	<u><u>(371)</u></u>

6 Net gains arising from investment securities

	Nine months ended September 30,	
	2013	2012
Net gains on disposal of available-for-sale financial assets..	125	214
Net revaluation losses reclassified from other comprehensive income on disposal .....	(61)	(191)
Net gains on disposal of debt securities classified as receivables .....	32	15
Net (losses)/gains on disposal of held-to-maturity financial assets .....	<u>(2)</u>	<u>2</u>
Total .....	<u><u>94</u></u>	<u><u>40</u></u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)  
(Expressed in millions of Renminbi, unless otherwise stated)

7 Operating expenses

	Nine months ended September 30,	
	2013	2012
Staff costs		
– Salaries and bonuses.....	6,153	5,966
– Staff welfares .....	151	137
– Pension and annuity.....	645	522
– Housing allowances .....	342	272
– Supplementary retirement benefits.....	5	6
– Others .....	643	563
Sub-total .....	<u>7,939</u>	<u>7,466</u>
Premises and equipment expenses		
– Depreciation of fixed assets.....	857	736
– Amortization of intangible assets.....	125	100
– Amortization of long-term assets.....	220	183
– Rental and property management expenses.....	1,257	1,022
Sub-total .....	<u>2,459</u>	<u>2,041</u>
Business tax and surcharges .....	4,167	3,278
Other general and administrative expenses .....	3,461	2,984
Total.....	<u><u>18,026</u></u>	<u><u>15,769</u></u>

8 Impairment losses on assets

	Nine months ended September 30,	
	2013	2012
Loans and advances to customers.....	3,202	3,282
Held-to-maturity investments.....	(30)	44
Available-for-sale financial assets.....	(1)	–
Others .....	116	40
Total.....	<u><u>3,287</u></u>	<u><u>3,366</u></u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)  
(Expressed in millions of Renminbi, unless otherwise stated)

9 Income tax

(a) Income tax:

	Note	Nine months ended September 30,	
		2013	2012
Current tax.....		6,156	6,285
Deferred tax.....	24(b)	(7)	(48)
Adjustments for prior years .....		(286)	30
Total .....		<u>5,863</u>	<u>6,267</u>

(b) Reconciliations between income tax and accounting profit are as follows:

	Nine months ended September 30,	
	2013	2012
Profit before tax.....	<u>27,563</u>	<u>25,323</u>
Statutory tax rate .....	25%	25%
Income tax calculated at statutory tax rate .....	<u>6,891</u>	<u>6,331</u>
Non-deductible expenses	-----	-----
– Staff costs.....	22	27
– Impairment losses .....	(303)	229
– Others .....	111	97
Sub-total .....	<u>(170)</u>	<u>353</u>
Non-taxable income	-----	-----
– Interest income from the PRC government bonds .....	<u>(572)</u>	<u>(447)</u>
Sub-total .....	<u>(572)</u>	<u>(447)</u>
Adjustments for prior years .....	<u>(286)</u>	<u>30</u>
Total Income tax .....	<u>5,863</u>	<u>6,267</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)  
(Expressed in millions of Renminbi, unless otherwise stated)

10 Basic and diluted earnings per share

	Note	Nine months ended September 30,	
		2013	2012
Weighted average number of ordinary shares (in millions).....	10(a)	40,435	40,435
Net profit attributable to equity shareholders of the Bank .....		21,664	19,033
Basic and diluted earnings per share attributable to equity shareholders of the Bank (in RMB).....		0.54	0.47

There is no difference between basic and diluted earnings per share as there was no potentially dilutive shares outstanding during the period.

(a) Weighted average number of ordinary shares (in millions)

	Nine months ended September 30,	
	2013	2012
Number of ordinary shares as at January 1 .....	40,435	40,435
New added weighted average number of ordinary shares.....	—	—
Weighted average number of ordinary shares.....	<u>40,435</u>	<u>40,435</u>

11 Cash and deposits with the central bank

	Note	September 30,	December 31,
		2013	2012
Cash on hand .....		6,915	6,873
Deposits with the central bank			
– Statutory deposit reserves .....	11(a)	278,061	250,350
– Surplus deposit reserves.....	11(b)	35,537	24,130
– Fiscal deposits.....		4,919	4,125
Sub-total.....		<u>318,517</u>	<u>278,605</u>
Total.....		<u>325,432</u>	<u>285,478</u>

(a) The Group places statutory deposit reserves with the People's Bank of China (the "PBOC") in accordance with relevant regulations. As at the end of the reporting periods, the statutory deposit reserve ratios applicable to the Bank were as follows:

	September 30, 2013	December 31, 2012
Reserve ratio for RMB deposits.....	18.0%	18.0%
Reserve ratio for foreign currency deposits.....	5.0%	5.0%

The statutory deposit reserves are not available for the Group's daily business.

(b) The surplus deposit reserves are maintained with the PBOC for the purpose of clearing.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)  
(Expressed in millions of Renminbi, unless otherwise stated)

**12 Deposits with banks and other financial institutions**

Analyzed by type and location of counterparty

	September 30, 2013	December 31, 2012
Deposits in mainland China		
– Banks.....	52,924	43,428
– Other financial institutions .....	119	116
Sub-total .....	53,043	43,544
Deposits outside mainland China		
– Banks.....	2,219	3,505
Sub-total .....	2,219	3,505
Total.....	55,262	47,049
Less: Provision for impairment losses .....	(31)	(30)
Net balances .....	55,231	47,019

**13 Placements with banks and other financial institutions**

Analyzed by type and location of counterparty

	September 30, 2013	December 31, 2012
Placements in mainland China		
– Banks.....	95,017	109,527
– Other financial institutions .....	21,508	26,460
Sub-total .....	116,525	135,987
Placements outside mainland China		
– Banks.....	3,081	–
Sub-total .....	3,081	–
Total.....	119,606	135,987
Less: Provision for impairment losses .....	(2)	(8)
Net balances .....	119,604	135,979

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)  
(Expressed in millions of Renminbi, unless otherwise stated)

14 Financial assets at fair value through profit or loss

	Note	September 30, 2013	December 31, 2012
Debt securities held for trading.....	14(a)	29,630	29,084
Financial assets designated at fair value through profit or loss.....	14(b)	277	369
Total .....		<u>29,907</u>	<u>29,453</u>

(a) Debt securities held for trading

	Note	September 30, 2013	December 31, 2012
Issued by the following governments or institutions			
In mainland China			
– Government .....		350	138
– The PBOC .....		–	100
– Banks and other financial institutions .....		6,501	6,589
– Other institutions .....	(i)	<u>22,779</u>	<u>22,257</u>
Total .....	(ii)	<u>29,630</u>	<u>29,084</u>
Unlisted .....		<u>29,630</u>	<u>29,084</u>
Total .....		<u>29,630</u>	<u>29,084</u>

Notes:

- (i) Debt securities issued by other institutions in mainland China mainly represented debt securities issued by state-owned enterprises and joint stock enterprises.
- (ii) No investments were subject to material restrictions on realization.
- (b) Financial assets designated at fair value through profit or loss represented fixed interest rate personal mortgage loans. The Group used interest rate swap to manage the associated interest rate risk. As at September 30, 2013, the contractual amount of these mortgage loans was RMB278 million (December 31, 2012: RMB362 million). The changes in fair value during the period and the accumulated changes attributable to credit risk were immaterial.

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)**  
**(Expressed in millions of Renminbi, unless otherwise stated)**

**15 Derivatives**

Derivative financial instruments include forward and swap contracts undertaken by the Group in foreign currency and interest rate markets. The Group acts as an intermediary between a wide range of customers for structuring deals to provide risk management solutions to meet customer needs. These positions are actively managed through entering into back-to-back deals with external parties to ensure the Group's net exposures are within acceptable risk level. The Group also uses derivative financial instruments in the management of its own asset and liability portfolios and structural positions.

The following tables provide an analysis of the notional amounts of derivative financial instruments of the Group and the corresponding fair values at the end of the reporting periods. The notional amounts of the derivatives indicate the volume of transactions outstanding at the end of the reporting periods, they do not represent amounts at risk.

(a) Analyzed by nature of contract

	<b>September 30, 2013</b>		
	<b>Notional amount</b>	<b>Fair value</b>	
		<b>Assets</b>	<b>Liabilities</b>
Interest rate derivatives			
– Interest rate swap.....	74,036	577	(560)
Currency derivatives			
– Foreign exchange forward.....	18,142	163	(200)
– Foreign exchange swap.....	133,345	670	(1,158)
Total.....	<u>225,523</u>	<u>1,410</u>	<u>(1,918)</u>
	<b>December 31, 2012</b>		
	<b>Notional amount</b>	<b>Fair value</b>	
		<b>Assets</b>	<b>Liabilities</b>
Interest rate derivatives			
– Interest rate swap.....	128,086	944	(1,065)
Currency derivatives			
– Foreign exchange forward.....	17,067	122	(173)
– Foreign exchange swap.....	127,329	611	(623)
Credit derivatives			
– Credit default swap.....	200	–	–
Total.....	<u>272,682</u>	<u>1,677</u>	<u>(1,861)</u>



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)  
(Expressed in millions of Renminbi, unless otherwise stated)

15 Derivatives (continued)

- (b) Analyzed by credit risk-weighted amounts

	<u>September 30, 2013</u>
Counterparty default risk-weighted assets	
– Interest rate derivatives .....	178
– Currency derivatives .....	1,698
Credit value adjustment.....	<u>2,050</u>
Total .....	<u><u>3,926</u></u>

- (i) The credit risk weighted amounts represent the counterparty credit risk associated with derivative transactions, which are calculated with reference to the guidelines issued by the CBRC. These amounts include counterparty credit default risk-weighted assets and credit valuation adjustment.
- (ii) As at December 31, 2012, the Group calculated the credit risk weighted assets for derivatives in accordance with “Regulations Governing Capital Adequacy of Commercial Banks” and other relevant requirements promulgated by the CBRC, which were abolished on January 1, 2013. The relevant figures are as follows:

	<u>December 31, 2012</u>
Interest rate derivatives .....	695
Currency derivatives .....	642
Credit derivatives .....	<u>10</u>
Total .....	<u><u>1,347</u></u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)  
(Expressed in millions of Renminbi, unless otherwise stated)

16 Financial assets held under resale agreements

(a) Analyzed by type and location of counterparty

	September 30, 2013	December 31, 2012
In mainland China		
– Banks .....	205,706	212,755
– Other financial institutions .....	17,908	17,942
– Other enterprises .....	29	29
Total .....	<u>223,643</u>	<u>230,726</u>
Net balances .....	<u>223,643</u>	<u>230,726</u>

(b) Analyzed by type of security held

	September 30, 2013	December 31, 2012
Debts Securities		
– Government bonds .....	3,313	2,818
– Other debt securities .....	30,760	43,678
– Others .....	15,895	29
Sub-total .....	<u>49,968</u>	<u>46,525</u>
Bank acceptances .....	164,193	184,001
Others .....	9,482	200
Total .....	<u>223,643</u>	<u>230,726</u>
Net balances .....	<u>223,643</u>	<u>230,726</u>

17 Interests receivable

	September 30, 2013	December 31, 2012
Interests receivable from loans and advances to customers .....	3,614	3,148
Interests receivable from investments .....	8,593	5,521
Interests receivable from deposits and placements with banks and other financial institutions .....	1,179	1,325
Other interests receivable .....	215	191
Total .....	<u>13,601</u>	<u>10,185</u>
Less: Provision for impairment losses .....	(29)	(45)
Net balances .....	<u>13,572</u>	<u>10,140</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)  
 (Expressed in millions of Renminbi, unless otherwise stated)

18 Loans and advances to customers

(a) Analyzed by nature

	September 30, 2013	December 31, 2012
Corporate loans and advances .....	750,729	699,090
Personal loans and advances		
– Residential and commercial mortgage loans .....	175,274	154,550
– Credit cards.....	94,552	69,611
– Micro-enterprise equipment loans .....	33,473	41,756
– Others .....	73,139	45,537
Sub-total.....	376,438	311,454
Discounted bills .....	12,231	12,643
Gross loans and advances to customers .....	1,139,398	1,023,187
Less: Provision for impairment losses		
– Individually assessed.....	(3,126)	(3,487)
– Collectively assessed.....	(20,727)	(22,369)
Total provision for impairment losses .....	(23,853)	(25,856)
Net loans and advances to customers.....	1,115,545	997,331

As at the end of reporting periods, part of the above loans and advances to customers was pledged for repurchase agreements, see Note 26(a).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)  
(Expressed in millions of Renminbi, unless otherwise stated)

18 Loans and advances to customers (continued)

(b) Loans and advances and provision for impairment losses

	September 30, 2013				
	(Note (i)) Loans and advances for which provision are collectively assessed	(Note (ii)) Impaired loans and advances		Total	Gross impaired loans and advances as a percentage of gross loans and advances
		for which provision are collectively assessed	for which provision are individually assessed		
Gross loans and advances to customers .....	1,130,034	2,327	7,037	1,139,398	0.82%
Less: Provision for impairment losses .....	<u>(19,181)</u>	<u>(1,546)</u>	<u>(3,126)</u>	<u>(23,853)</u>	
Net loans and advances to customers .....	<u>1,110,853</u>	<u>781</u>	<u>3,911</u>	<u>1,115,545</u>	

  

	December 31, 2012				
	(Note (i)) Loans and advances for which provision are collectively assessed	(Note (ii)) Impaired loans and advances		Total	Gross impaired loans and advances as a percentage of gross loans and advances
		for which provision are collectively assessed	for which provision are individually assessed		
Gross loans and advances to customers .....	1,015,574	1,600	6,013	1,023,187	0.74%
Less: Provision for impairment losses .....	<u>(21,237)</u>	<u>(1,132)</u>	<u>(3,487)</u>	<u>(25,856)</u>	
Net loans and advances to customers .....	<u>994,337</u>	<u>468</u>	<u>2,526</u>	<u>997,331</u>	

Notes:

- (i) Loans and advances collectively assessed for impairment bear relatively insignificant impairment losses as a proportion of the total portfolio. These loans and advances include those which are graded normal or special-mention.
- (ii) Impaired loans and advances include those for which objective evidence of impairment has been identified and assessed using the following methods:
- Individually (including corporate loans and advances which are graded substandard, doubtful or loss); or
  - Collectively, representing portfolios of homogeneous loans (including personal loans and advances which are graded substandard, doubtful or loss).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)  
(Expressed in millions of Renminbi, unless otherwise stated)

18 Loans and advances to customers (continued)

(c) Movements of provision for impairment losses

	Nine months ended September 30, 2013			
	Provision for loans and advances which are collectively assessed	Provision for impaired loans and advances		Total
		which are collectively assessed	which are individually assessed	
As at January 1 .....	(21,237)	(1,132)	(3,487)	(25,856)
Charge for the period.....	–	(1,190)	(4,566)	(5,756)
Release for the period.....	2,056	–	498	2,554
Recoveries.....	–	(110)	(34)	(144)
Unwinding of discount.....	–	–	266	266
Disposals.....	–	–	3,523	3,523
Write-offs.....	–	886	674	1,560
As at September 30.....	<u>(19,181)</u>	<u>(1,546)</u>	<u>(3,126)</u>	<u>(23,853)</u>

	2012			
	Provision for loans and advances which are collectively assessed	Provision for impaired loans and advances		Total
		which are collectively assessed	which are individually assessed	
As at January 1 .....	(16,509)	(711)	(3,823)	(21,043)
Charge for the year.....	(4,728)	(722)	(872)	(6,322)
Release for the year.....	–	–	632	632
Recoveries.....	–	(92)	(96)	(188)
Unwinding of discount.....	–	–	156	156
Write-offs.....	–	393	516	909
As at December 31 .....	<u>(21,237)</u>	<u>(1,132)</u>	<u>(3,487)</u>	<u>(25,856)</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)  
(Expressed in millions of Renminbi, unless otherwise stated)

19 Available-for-sale financial assets

	Note	September 30, 2013	December 31, 2012
Available-for-sale debt investments.....	19(a)	95,964	91,801
Available-for-sale equity investments.....	19(b)	99	99
Total.....		<u>96,063</u>	<u>91,900</u>
Listed.....		1,183	724
– of which in Hong Kong.....		596	187
Unlisted.....		<u>94,880</u>	<u>91,176</u>
Total.....		<u>96,063</u>	<u>91,900</u>

(a) Available-for-sale debt investments

All available-for-sale debt investments were stated at fair value and issued by the following governments and institutions:

	Note	September 30, 2013	December 31, 2012
In mainland China			
– Government.....		38,835	42,370
– Banks and other financial institutions.....		5,604	9,947
– Other institutions.....	(i)	<u>50,369</u>	<u>38,761</u>
Sub-total.....		<u>94,808</u>	<u>91,078</u>
Outside mainland China			
– Banks and other financial institutions.....		934	610
– Other institutions.....		<u>222</u>	<u>113</u>
Sub-total.....		<u>1,156</u>	<u>723</u>
Total.....	(ii)	<u>95,964</u>	<u>91,801</u>

Notes:

- (i) Debt securities issued by other institutions mainly represent debt securities issued by state-owned enterprises and joint stock enterprises.
- (ii) As at the end of the reporting periods, certain available-for-sale financial assets was pledged for repurchase agreements and time deposits (see Note 26(a)).

(b) Available-for-sale equity investments

	September 30, 2013	December 31, 2012
Cost of investments.....	100	100
Less: Provision for impairment losses.....	<u>(1)</u>	<u>(1)</u>
Net balances.....	<u>99</u>	<u>99</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)  
(Expressed in millions of Renminbi, unless otherwise stated)

**20 Held-to-maturity investments**

Analyzed by type and location of issuer

	Note	September 30, 2013	December 31, 2012
In mainland China			
– Government.....		49,636	45,771
– Banks and other financial institutions.....		27,813	25,593
– Other institutions .....	20(a)	23,910	24,495
Sub-total.....		101,359	95,859
Outside mainland China			
– Banks and other financial institutions.....		376	253
Total.....	20(b)	101,735	96,112
Less: Provision for impairment losses.....		(265)	(288)
Net balances.....		101,470	95,824
Listed .....		369	461
– of which in Hong Kong .....		311	402
Unlisted.....		101,101	95,363
Net balances.....		101,470	95,824
Fair value .....		99,823	96,064

*Notes:*

- (a) Debt securities issued by other institutions mainly represented debt securities issued by state-owned enterprises and joint stock enterprises.
- (b) As at the end of the reporting periods, part of the held-to-maturity investments was pledged as security for certain transactions (see Note 26(a)).
- (c) The Group disposed of the held-to-maturity debt investments with a notional amount of RMB1,543 million prior to their maturity dates during the nine months ended September 30, 2013 (2012: RMB130 million), which accounted for 1.61% (2012: 0.15%) of the portfolio before the disposal.

**21 Debt securities classified as receivables**

	Note	September 30, 2013	December 31, 2012
Wealth management products issued by other financial institutions.....	21(a)	48,599	97,513
Beneficial interest transfer plans.....	21(b)/(c)	242,786	163,694
Total.....		291,385	261,207
Carrying amount.....		291,385	261,207

*Notes:*

- (a) Wealth management products issued by other financial institutions are fixed-term products.
- (b) Beneficial interest transfer plans are mainly beneficial interests issued by trust companies, securities companies, insurance companies and asset management companies.
- (c) As at September 30, 2013, part of the investments in beneficial interest transfer plans held by the Bank was under forward sale contracts with other financial institutions in mainland China, the notional amount of which was RMB151,497 million (December 31, 2012: RMB120,188 million). The fair values of the investments mentioned above approximates to their carrying amount.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)  
(Expressed in millions of Renminbi, unless otherwise stated)

22 Fixed assets

	Premises	Investment properties	Construction in progress	Electronic equipment	Others	Total
<b>Cost</b>						
As at January 1, 2013.....	9,219	445	1,129	3,552	2,245	16,590
Additions .....	35	–	471	354	224	1,084
Transfers (out)/in of construction in progress .....	–	–	(11)	4	7	–
Transfers in/(out) of Investment property .....	18	(18)	–	–	–	–
Disposals .....	–	–	–	(107)	(14)	(121)
As at September 30, 2013 .....	<u>9,272</u>	<u>427</u>	<u>1,589</u>	<u>3,803</u>	<u>2,462</u>	<u>17,553</u>
<b>Accumulated depreciation</b>						
As at January 1, 2013.....	(1,657)	(121)	–	(2,067)	(717)	(4,562)
Charge for the period .....	(219)	(9)	–	(381)	(248)	(857)
Transfers out/(in) of Investment property .....	3	(3)	–	–	–	–
Disposals .....	–	–	–	101	10	111
As at September 30, 2013 .....	<u>(1,873)</u>	<u>(133)</u>	<u>–</u>	<u>(2,347)</u>	<u>(955)</u>	<u>(5,308)</u>
<b>Provision for impairment</b>						
As at January 1, 2013.....	(128)	(31)	–	–	–	(159)
As at September 30, 2013 .....	<u>(128)</u>	<u>(31)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(159)</u>
<b>Net book value</b>						
As at September 30, 2013 .....	<u>7,271</u>	<u>263</u>	<u>1,589</u>	<u>1,456</u>	<u>1,507</u>	<u>12,086</u>
<b>Cost</b>						
As at January 1, 2012.....	8,418	435	951	3,144	1,763	14,711
Additions .....	281	–	784	559	451	2,075
Transfers in/(out) of construction in progress .....	514	16	(606)	7	69	–
Transfers in/(out) of investment properties .....	6	(6)	–	–	–	–
Disposals .....	–	–	–	(158)	(38)	(196)
As at December 31, 2012 .....	<u>9,219</u>	<u>445</u>	<u>1,129</u>	<u>3,552</u>	<u>2,245</u>	<u>16,590</u>
<b>Accumulated depreciation</b>						
As at January 1, 2012.....	(1,281)	(116)	–	(1,820)	(525)	(3,742)
Charge for the year.....	(368)	(13)	–	(392)	(224)	(997)
Transfers (in)/out of investment properties .....	(8)	8	–	–	–	–
Disposals .....	–	–	–	145	32	177
As at December 31, 2012 .....	<u>(1,657)</u>	<u>(121)</u>	<u>–</u>	<u>(2,067)</u>	<u>(717)</u>	<u>(4,562)</u>
<b>Provision for impairment</b>						
As at January 1, 2012.....	(135)	(24)	–	–	–	(159)
Transfers out/(in).....	7	(7)	–	–	–	–
As at December 31, 2012 .....	<u>(128)</u>	<u>(31)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(159)</u>
<b>Net book value</b>						
As at December 31, 2012 .....	<u>7,434</u>	<u>293</u>	<u>1,129</u>	<u>1,485</u>	<u>1,528</u>	<u>11,869</u>



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)  
(Expressed in millions of Renminbi, unless otherwise stated)

**22 Fixed assets (continued)**

The net book values of premises at the end of the reporting periods are analyzed by the remaining terms of the leases as follows:

	September 30, 2013	December 31, 2012
Held in mainland China		
– Long term leases (over 50 years) .....	160	171
– Medium term leases (10 – 50 years) .....	7,092	7,243
– Short term leases (less than 10 years) .....	19	20
Total.....	<u>7,271</u>	<u>7,434</u>

The net book values of investment properties at the end of the reporting periods are analyzed by the remaining terms of the leases as follows:

	September 30, 2013	December 31, 2012
Held in mainland China		
– Long term leases (over 50 years) .....	3	3
– Medium term leases (10 – 50 years) .....	260	290
Total.....	<u>263</u>	<u>293</u>

**23 Goodwill**

	September 30, 2013	December 31, 2012
Cost .....	6,019	6,019
Less: Provision for impairment losses .....	(4,738)	(4,738)
Net book value .....	<u>1,281</u>	<u>1,281</u>

As approved by the PBOC, the Bank and China Development Bank (“CDB”) jointly signed an “Agreement between China Development Bank and China Everbright Bank for the transfer of assets, liabilities and banking premises of China Investment Bank” (the “Agreement”) on March 18, 1999. According to the Agreement, CDB transferred the assets, liabilities, equity and 137 outlets of 29 branches of the former China Investment Bank (“CIB”) to the Bank. The Agreement became effective on March 18, 1999. The Bank assessed the fair value of the transferred assets and liabilities, and recognized the excess of the purchase cost over the sum of the fair value of the net assets transferred and deferred tax assets as goodwill.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)  
(Expressed in millions of Renminbi, unless otherwise stated)

24 Deferred tax assets and liabilities

(a) Analyzed by nature

	September 30, 2013	December 31, 2012
Deferred tax assets .....	2,915	2,454
Deferred tax liabilities .....	—	—
Net balances .....	<u>2,915</u>	<u>2,454</u>

(b) Movements of deferred tax

	Provision for impairment losses	Staff cost payable	Net losses/ (gains) from fair value changes of financial instruments	Net balance of deferred tax assets
	Note (i)		Note (ii)	
January 1, 2013.....	1,001	1,232	221	2,454
Recognized in profit or loss.....	20	(128)	115	7
Recognized in other comprehensive income .....	—	—	454	454
September 30, 2013 .....	<u>1,021</u>	<u>1,104</u>	<u>790</u>	<u>2,915</u>

	Provision for impairment losses	Staff cost payable	Net losses/ (gains) from fair value changes of financial instruments	Net balance of deferred tax assets
	Note (i)		Note (ii)	
January 1, 2012.....	661	948	248	1,857
Recognized in profit or loss.....	340	284	(50)	574
Recognized in other comprehensive income .....	—	—	23	23
December 31, 2012 .....	<u>1,001</u>	<u>1,232</u>	<u>221</u>	<u>2,454</u>

Notes:

- (i) The Group made provision for impairment losses on loans and advances to customers and other assets. The provision for impairment losses was determined based on the expected recoverable amount of the relevant assets at the end of the reporting periods. However, the amounts deductible for income tax purposes are calculated at 1% of the gross carrying amount of qualifying assets at the end of the reporting period, together with write-offs which fulfill specific criteria as set out in the PRC tax rules and are approved by the relevant tax authorities.
- (ii) Net gains or losses from fair value changes of financial instruments are subject to income tax when realized.
- (iii) Unrecognized deferred tax assets

As at September 30, 2013, the Group has not recognized deferred tax assets of RMB1,865 million (December 31, 2012: RMB2,276 million) in respect of RMB7,460 million provision for impairment losses (December 31, 2012: RMB9,103 million). This was mainly because it was uncertain whether the losses from write-offs of the impaired assets could be approved by the relevant tax authorities in the foreseeable future.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)  
(Expressed in millions of Renminbi, unless otherwise stated)

**25 Other assets**

	Note	September 30, 2013	December 31, 2012
Assets held for wealth management products.....	25(a)	60,610	60,874
Financial lease receivables .....		15,744	11,644
Other receivables.....		4,967	1,454
Precious metal.....		1,266	52
Long-term deferred expense.....		1,020	1,094
Intangible assets .....		543	532
Fixed assets purchase prepayment .....		326	1,031
Repossessed assets .....		199	148
Land use rights.....		125	128
Total.....		<u>84,800</u>	<u>76,957</u>

(a) Assets held for wealth management products

The assets held for wealth management products represent the entrusted investments purchased by the Group, acting as an agent for the wealth management investors. The credit risk, interest risk, liquidity risk and investment risk of the underlying entrusted investments are assumed by the investors who purchased the wealth management products. However, the Group has risk exposures in respect of the above wealth management products for which the amounts and maturities do not exactly match the underlying entrusted funds. Accordingly, the Group accounts for such assets under management in other assets and the corresponding entrusted funds in other liabilities (see Note 35).

**26 Pledged assets**

(a) Assets pledged as collaterals

Financial assets pledged by the Group as collaterals for liabilities or contingent liabilities include discounted bills and debt securities. They are mainly pledged for repurchase agreements, time deposits and swap transactions. The carrying amount of the financial assets pledged as security as at September 30, 2013 amounted to RMB77,895 million (December 31, 2012: RMB97,798 million).

(b) Collaterals received

The Group conducts resale agreements under usual and customary terms of placements, and holds collateral for these transactions. As at the end of the reporting periods, the Group did not hold any resale agreement that collaterals were permitted to sell or repledge in the absence of the counterparty's default on the agreements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)  
(Expressed in millions of Renminbi, unless otherwise stated)

**27 Deposits from banks and other financial institutions**

Analyzed by type and location of counterparty

	September 30, 2013	December 31, 2012
Deposits in mainland China		
– Banks.....	363,046	399,049
– Other financial institutions .....	<u>137,937</u>	<u>121,102</u>
Sub-total .....	500,983	520,151
Deposits outside mainland China		
– Banks.....	<u>11,283</u>	<u>7,410</u>
Total.....	<u><u>512,266</u></u>	<u><u>527,561</u></u>

**28 Placements from banks and other financial institutions**

Analyzed by type and location of counterparty

	September 30, 2013	December 31, 2012
Placements in mainland China		
– Banks.....	42,782	20,040
– Other financial institutions .....	<u>168</u>	<u>–</u>
Sub-total .....	42,950	20,040
Placements outside mainland China		
– Banks.....	<u>9,204</u>	<u>3,165</u>
Sub-total .....	<u>9,204</u>	<u>3,165</u>
Total.....	<u><u>52,154</u></u>	<u><u>23,205</u></u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)  
(Expressed in millions of Renminbi, unless otherwise stated)

29 Financial assets sold under repurchase agreements

(a) Analyzed by type and location of counterparty

	September 30, 2013	December 31, 2012
In mainland China		
– Banks .....	53,708	74,221
– Other financial institutions.....	333	3
– Other entities .....	1	61
Total .....	<u>54,042</u>	<u>74,285</u>

(b) Analyzed by collaterals

	September 30, 2013	December 31, 2012
Bank acceptances .....	11,053	36,621
Debt securities.....	42,989	37,664
Total .....	<u>54,042</u>	<u>74,285</u>

30 Deposits from customers

	September 30, 2013	December 31, 2012
<b>At amortized cost</b>		
Demand deposits		
– Corporate customers .....	377,831	397,626
– Individual customers.....	191,487	157,302
Sub-total .....	<u>569,318</u>	<u>554,928</u>
Time deposits		
– Corporate customers .....	570,735	476,737
– Individual customers.....	132,361	127,378
Sub-total .....	<u>703,096</u>	<u>604,115</u>
Pledged deposits		
– Acceptances .....	203,227	184,085
– Letters of credit.....	23,018	20,134
– Letters of guarantees .....	10,490	8,902
– Others .....	9,750	8,841
Sub-total .....	<u>246,485</u>	<u>221,962</u>
Inward and outward remittances .....	2,829	3,319
Total deposits from customers at amortized cost .....	<u>1,521,728</u>	<u>1,384,324</u>
<b>At fair value</b>		
Structured deposits		
– Corporate customers .....	24,797	14,103
– Individual customers.....	75,582	28,514
Total deposits from customers at fair value.....	<u>100,379</u>	<u>42,617</u>
Total.....	<u>1,622,107</u>	<u>1,426,941</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)  
(Expressed in millions of Renminbi, unless otherwise stated)

31 Accrued staff costs

	Note	September 30, 2013	December 31, 2012
Salary and welfare payable .....		6,691	7,087
Pension payable.....	31(a)	84	37
Supplementary retirement benefits payable .....	31(b)	<u>281</u>	<u>281</u>
Total.....		<u>7,056</u>	<u>7,405</u>

(a) Pension scheme

Pursuant to the relevant laws and regulations in the PRC, the Group has joined a defined contribution scheme for the employees arranged by local government labor and social security organizations. The Group makes contributions to the retirement scheme at the applicable rates based on the amounts stipulated by the relevant government organizations.

The Group also provides an annuity plan to the eligible employees. The Group makes annuity contributions in proportion to its employees' gross wages in prior year, which are expensed to profit or loss when the contributions are made.

(b) Supplementary retirement benefits ("SRB")

The Group pays SRB for eligible employees. The amount represents the present value of the total estimated amount of future benefits that the Group is committed to pay for eligible employees at the end of the reporting periods. (The Group's obligations in respect of the SRB as at December 31, 2012 were reviewed using projected unit credit method by qualified staff (a member of society of Actuaries in America) of an external independent actuary: Towers Watson Management Consulting (Shenzhen) Co., Ltd.)

(i) The balances of SRB of the Group are as follows:

	September 30, 2013	December 31, 2012
Present value of SRB obligation.....	<u>281</u>	<u>281</u>

(ii) Movements of SRB of the Group are as follows:

	September 30, 2013	December 31, 2012
As at January 1.....	281	318
Expenses recognized in profit or loss		
– Current service cost.....	4	21
– Interest cost.....	–	12
– Actuarial loss.....	–	14
Payments made .....	<u>(4)</u>	<u>(84)</u>
As at September 30/December 31.....	<u>281</u>	<u>281</u>

Interest cost was recognized in staff costs, see Note 7.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)  
(Expressed in millions of Renminbi, unless otherwise stated)

31 Accrued staff costs (continued)

- (b) Supplementary retirement benefits (“SRB”) (continued)  
(iii) Principal actuarial assumptions of the Group

	September 30, 2013	December 31, 2012
Discount rate .....	4.30%	4.30%
Medical expense increase rate .....	6.00%	6.00%
Average expected future lifetime .....	20.89	20.89

Except as mentioned in Note (a) and Note (b) above, the Group has no significant responsibilities to pay any other retirement benefits to retired employees.

32 Taxes payable

	September 30, 2013	December 31, 2012
Business tax and surcharges payable .....	1,673	1,493
Income tax payable .....	433	1,568
Others .....	103	113
Total.....	<u>2,209</u>	<u>3,174</u>

33 Interests payable

	September 30, 2013	December 31, 2012
Deposits from customers.....	17,203	13,906
Debt securities issued .....	989	1,563
Others .....	2,342	2,945
Total.....	<u>20,534</u>	<u>18,414</u>

34 Debt securities issued

	Note	September 30, 2013	December 31, 2012
Subordinated debts issued .....	34(a)	14,700	22,700
Financial bonds .....	34(b)	30,000	30,000
Certificates of deposit issued .....		481	—
Total.....		<u>45,181</u>	<u>52,700</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)  
(Expressed in millions of Renminbi, unless otherwise stated)

34 Debt securities issued (continued)

(a) Subordinated debts issued

	Note	September 30, 2013	December 31, 2012
Subordinated fixed rate debts maturing in April 2018.....	(i)	–	3,500
Subordinated floating rate debts maturing in April 2018 .	(ii)	–	2,500
Subordinated fixed rate debts maturing in June 2018 .....	(iii)	–	2,000
Subordinated fixed rate debts maturing in December 2018.....	(iv)	5,000	5,000
Subordinated fixed rate debts maturing in March 2019 ...	(v)	3,000	3,000
Subordinated fixed rate debts maturing in June 2027 .....	(vi)	<u>6,700</u>	<u>6,700</u>
Total .....	(vii)	<u>14,700</u>	<u>22,700</u>

Notes:

- (i) Fixed rate subordinated debts of RMB3.5 billion with a term of ten years was issued on April 25, 2008. The coupon rate for the first five years is 5.85%. The Group redeemed the debts on April 28, 2013.
- (ii) Floating rate subordinated debts of RMB2.5 billion with a term of ten years was issued on April 25, 2008. The subordinated debts bear interest at a floating rate based on the PBOC's one-year time deposits rate plus a margin of 1.66%. The Group redeemed the debts on April 28, 2013.
- (iii) Fixed rate subordinated debts of RMB2 billion with a term of ten years was issued on June 27, 2008. The coupon rate for the first five years is 5.92%. The Group redeemed the debts on June 30, 2013.
- (iv) Fixed rate subordinated debts of RMB5 billion with a term of ten years was issued on December 15, 2008. The coupon rate for the first five years is 4.05%. The Group has an option to redeem the debts on December 17, 2013 at the nominal amount. If the debts are not redeemed by the Group, the coupon rate will increase to 7.05% for the next five years.
- (v) Fixed rate subordinated debts of RMB3 billion with a term of ten years was issued on March 13, 2009. The coupon rate for the first five years is 3.75%. The Group has an option to redeem the debts on March 17, 2014 at the nominal amount. If the debts are not redeemed by the Group, the coupon rate will increase to 6.75% for the next five years.
- (vi) Fixed rate subordinated debts of RMB6.7 billion with a term of fifteen years was issued on June 7, 2012. The coupon rate is 5.25%. The Group has an option to redeem the debts on June 8, 2022 at the nominal amount.
- (vii) As at September 30, 2013, the fair value of the total subordinated debts issued amounts to RMB14,400 million (December 31, 2012: RMB22,486 million).

(b) Financial bonds

	Note	September 30, 2013	December 31, 2012
Financial fixed rate bonds maturing in March 2017.....	(i)	20,000	20,000
Financial floating rate bonds maturing in March 2017 ....	(ii)	<u>10,000</u>	<u>10,000</u>
Total .....	(iii)	<u>30,000</u>	<u>30,000</u>

Notes:

- (i) Fixed rate financial bonds of RMB20 billion with a term of five years was issued on March 28, 2012. The coupon rate is 4.20%.
- (ii) Floating rate financial bonds of RMB10 billion with a term of five years was issued on March 28, 2012. The bonds bear interest at a floating rate based on the PBOC's one-year time deposits rate plus a margin of 0.95%.
- (iii) As at September 30, 2013, the fair value of the total financial bonds issued amounts to RMB29,159 million (December 31, 2012: RMB29,337 million).



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)  
(Expressed in millions of Renminbi, unless otherwise stated)

35 Other liabilities

	Note	September 30, 2013	December 31, 2012
Wealth management fund .....	35(a)	14,762	23,442
Finance lease payable.....		2,306	1,784
Payment and collection clearance accounts .....		2,408	854
Deferred income.....		1,354	1,424
Dormant accounts.....		361	338
Dividend payable .....		25	28
Provisions.....	35(b)	257	17
Others.....		3,058	1,540
Total .....		<u>24,531</u>	<u>29,427</u>

(a) Wealth management fund

Details of assets relating to wealth management products are set out in Note 25(a).

(b) Provisions

As at September 30, 2013, the accrual of litigation losses estimated by the Group based on the status of litigation cases and the probability of losses was RMB17 million (December 31, 2012: RMB17 million).

36 Share capital

The Bank's shareholding structure as at the end of the reporting periods is as follows:

	Note	September 30, 2013		December 31, 2012	
		Amount	Percentage	Amount	Percentage
Central Huijin Investment Ltd. ("Huijin") and its affiliates.....	36(a)	20,866	51.61%	21,025	52.00%
China Everbright (Group) Corporation ("China Everbright (Group)") .....		2,094	5.18%	2,094	5.18%
China Everbright Limited .....		1,758	4.35%	1,758	4.35%
National Council for Social Security Fund of the PRC .....		544	1.34%	544	1.34%
Other shareholders .....	36(b)	15,173	37.52%	15,014	37.13%
Total.....		<u>40,435</u>	<u>100.00%</u>	<u>40,435</u>	<u>100.00%</u>

(a) As at September 30, 2013, Huijin holds 48.62% of equity interests in the Bank directly, and it also holds 2.99% of equity interests in the Bank indirectly through its subsidiary, China Reinsurance (Group) Corporation.

(b) As at the end of the reporting periods, each of the other shareholders holds less than 5% of the total shares issued.

37 Capital reserve

	September 30, 2013	December 31, 2012
Fair value changes on available-for-sale financial assets.....	(1,656)	(295)
Share premium.....	20,553	20,553
Total.....	<u>18,897</u>	<u>20,258</u>

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)**  
**(Expressed in millions of Renminbi, unless otherwise stated)**

**38 Surplus reserve and general reserve**

(a) Surplus reserve

The surplus reserve at the end of the reporting periods represented statutory surplus reserve fund. The Bank is required to appropriate 10% of its net profit, after making good prior year's accumulated loss, to statutory surplus reserve fund until the reserve fund balance reaches 50% of its registered capital.

(b) General reserve

Prior to July 1, 2012, the Bank pursuant to relevant regulations issued by the MOF is required to set aside a general reserve through appropriations of profit after tax according to a certain provision ratio of the ending balance of gross risk-bearing assets to cover potential losses against their assets. In principle, the general reserve balance should not be lower than 1% of the ending balance of gross risk-bearing assets.

With effect from July 1, 2012, pursuant to the "Administrative Measures on Accrual of Provisions by Financial Institutions" issued by the MOF in March 2012, the Bank is required, in principle, to set aside a general reserve not lower than 1.5% of the ending balance of its gross risk-bearing assets.

**39 Appropriation of profits**

(a) In accordance with the resolution of the Bank's 2012 Annual General Meeting on May 17, 2013, the shareholders approved the following profit appropriations for the year ended December 31, 2012:

- Appropriate statutory surplus reserve amounted to RMB2.334 billion, based on 10% of the net profit of the Bank.
- Appropriate general reserve amounted to RMB7.248 billion.
- Appropriate cash dividend RMB0.58 per 10 shares before tax and in aggregation amount of RMB2.345 billion to all shareholders.

On the Extraordinary General Meeting held on November 19, 2012, the shareholders approved the appropriation of general reserve amounted to RMB6.938 billion.

The appropriation amount of general reserve for the year of 2012 was RMB14.186 billion in total.

(b) In accordance with the resolution of the Bank's 2011 Annual General Meeting on May 15, 2012, the shareholders approved the following profit appropriations for the year ended December 31, 2011:

- Appropriate statutory surplus reserve amounted to RMB1.792 billion, based on 10% of the net profit of the Bank.
- Appropriate general reserve amounted to RMB2.245 billion.
- Appropriate cash dividend RMB1.330 per 10 shares before tax and in aggregation amount of RMB5.378 billion to all shareholders.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)  
(Expressed in millions of Renminbi, unless otherwise stated)

40 Notes to condensed consolidated cash flow statements

(a) Net decrease in cash and cash equivalents

	Nine months ended September 30,	
	2013	2012
Cash and cash equivalents as at September 30 .....	96,326	133,540
Less: Cash and cash equivalents as at January 1 .....	<u>137,913</u>	<u>156,645</u>
Net decrease in cash and cash equivalents .....	<u>(41,587)</u>	<u>(23,105)</u>

(b) Cash and cash equivalents

	September 30,	September 30,
	2013	2012
Cash on hand .....	6,915	6,108
Deposits with the central bank .....	35,538	41,425
Deposits with banks and other financial institutions ....	28,482	38,947
Placements with banks and other financial institutions .....	<u>25,391</u>	<u>47,060</u>
Total .....	<u>96,326</u>	<u>133,540</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)  
(Expressed in millions of Renminbi, unless otherwise stated)

41 Related party relationships and transactions

(a) Huijin and its affiliates

The Group's material transactions and balances with Huijin and its affiliates at the end of the reporting periods are summarized as follows:

	Nine months ended September 30,	
	2013	2012
Interest income .....	1,297	1,730
Interest expense .....	(5,410)	(3,118)
	<b>September 30,</b>	<b>December 31,</b>
	<b>2013</b>	<b>2012</b>
Deposits with banks and other financial institutions ....	9,588	22,096
Placements with banks and other financial institutions .....	19,699	20,927
Financial assets held for trading .....	5,966	6,016
Financial assets held under resale agreements.....	17,908	9,640
Interests receivable.....	2,583	881
Loans and advances to customers .....	1,859	1,448
Available-for-sale financial assets .....	4,513	8,688
Held-to-maturity investments .....	22,189	20,430
Debt securities classified as receivables.....	59,677	29,978
Other assets.....	3,309	1,971
Deposits from banks and other financial institutions ...	155,868	431,095
Placements from banks and other financial institutions .....	16,534	6,404
Financial assets sold under repurchase agreements .....	23,527	33,060
Deposits from customers .....	16,958	15,051
Interests payable.....	1,077	1,646
Other liabilities .....	-	4,250

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)  
(Expressed in millions of Renminbi, unless otherwise stated)

41 Related party relationships and transactions (continued)

(b) Transactions between the Group and other related parties

The Group's material transactions and balances with China Everbright (Group) and its affiliates at the end of the reporting period are summarized as follows:

	China Everbright (Group)	China Everbright Limited	Affiliated Companies	Others	Total
Transactions with related parties for the nine months ended September 30, 2013:					
Interest income .....	–	–	1	135	136
Interest expense .....	(1)	(2)	(164)	(630)	(797)
Balances with related parties as at September 30, 2013:					
Financial assets held under resale agreements .....	–	–	–	330	330
Loans and advances to customers .....	–	–	–	167	167
Held-to-maturity investments .....	–	–	–	900	900
Interests receivable .....	–	–	10	444	454
Others assets .....	–	–	9,237	–	9,237
	<u>–</u>	<u>–</u>	<u>9,247</u>	<u>1,841</u>	<u>11,088</u>
Deposits from banks and other financial institutions .....	–	–	4,579	151	4,730
Deposits from customers .....	15	1	2,086	18,969	21,071
Interests payable .....	–	–	10	434	444
Financial assets sold under repurchase agreements .....	–	–	–	330	330
	<u>15</u>	<u>1</u>	<u>6,675</u>	<u>19,884</u>	<u>26,575</u>
Significant off-balance sheet items with related parties as at September 30, 2013:					
Guarantee granted (Note) .....	<u>180</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>180</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)  
(Expressed in millions of Renminbi, unless otherwise stated)

41 Related party relationships and transactions (continued)

(b) Transactions between the Group and other related parties (continued)

	China Everbright (Group)	China Everbright Limited	Affiliated Companies	Others	Total
Transactions with related parties for the nine months ended September 30, 2012					
Interest income .....	–	–	–	22	22
Interest expense .....	(8)	(3)	(135)	(22)	(168)
Balances with related parties as at December 31, 2012:					
Financial assets held under resale agreements .....	–	–	485	–	485
Loans and advances to customers .....	–	–	–	98	98
Interests receivable .....	–	–	–	1	1
Available-for-sale financial assets .....	–	–	–	1,403	1,403
Other assets .....	–	–	6,632	–	6,632
	<u>–</u>	<u>–</u>	<u>7,117</u>	<u>1,502</u>	<u>8,619</u>
Deposits from banks and other financial institutions .....	–	–	7,707	65	7,772
Deposits from customers .....	10	1	1,266	874	2,151
Interests payable .....	–	–	22	9	31
Other liabilities .....	9	–	–	–	9
	<u>19</u>	<u>1</u>	<u>8,995</u>	<u>948</u>	<u>9,963</u>
Significant off-balance sheet items with related parties as at December 31, 2012:					
Guarantee granted (Note) .....	<u>180</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>180</u>

Note:

As at the end of the reporting periods, the Bank has guarantee obligations relating to the China Everbright (Group)'s outstanding interest obligation of RMB180 million due to one of the state-owned commercial banks.

(c) Key management personnel

	Nine months ended September 30,	
	2013	2012
	RMB'000	RMB'000
Remuneration .....	<u>13,473</u>	<u>9,699</u>
Retirement benefits .....	<u>721</u>	<u>603</u>
Basic social pension insurance .....	<u>398</u>	<u>342</u>

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)**  
**(Expressed in millions of Renminbi, unless otherwise stated)**

**42 Segment reporting**

The Group manages its business by business lines and geographical areas. Consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group defines reporting segments based on the following operating segments:

*Corporate banking*

This segment represents the provision of a range of financial products and services to corporations, government agencies and financial institutions. These products and services include corporate loans and advances, trade financing and deposit taking activities, agency services, cash management services, financial consulting and advisory services, remittance and settlement services, custody services, and guarantee services.

*Retail banking*

This segment represents the provision of a range of financial products and services to retail customers. These products and services include personal loans and deposit taking activities, bank card business, personal wealth management services, remittance services, and securities agency services.

*Treasury business*

This segment covers the Group's treasury operations. The treasury business enters into inter-bank money market transactions, repurchases transactions and investments. It also trades in debt securities, derivatives and foreign currency trading for its own accounts. The treasury segment also covers customer-driven derivatives and foreign currency trading, as well as management of the Group's overall liquidity position, including the issuance of subordinated debts.

*Others*

These represent equity investments and related income.

Measurement of segment assets and liabilities and of segment income, expenses and results is based on the Group's accounting policies.

Internal charges and transfer prices are determined with reference to market rates and have been reflected in the performance of each segment. Interest income and expense earned from third parties are referred to as "external net interest income/expense". Net interest income and expense arising from internal charges and transfer pricing adjustments are referred to as "internal net interest income/expense".

Segment income, expenses, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment income, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process. Segment capital expenditure is the total cost incurred to acquire fixed assets, intangible assets and other long-term assets.







NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)  
(Expressed in millions of Renminbi, unless otherwise stated)

42 Segment reporting (continued)

(a) Segment results, assets and liabilities (continued)

Reconciliation between segment assets, liabilities and total assets and total liabilities:

	Note	September 30, 2013	December 31, 2012
Segment assets.....		2,470,148	2,275,560
Goodwill.....	23	1,281	1,281
Deferred tax assets .....	24	2,915	2,454
Total assets .....		<u>2,474,344</u>	<u>2,279,295</u>
Segment liabilities .....		2,341,973	2,164,945
Dividend payable.....	35	25	28
Total liabilities.....		<u>2,341,998</u>	<u>2,164,973</u>

(b) Geographical information

The Group operates principally in China with branches located in 28 provinces, autonomous regions, municipalities and Hong Kong special administrative region directly under the central government, with subsidiaries located in Wuhan city of Hubei Province, Shaoshan city of Hunan Province and Huai'an city of Jiangsu Province.

Non-current assets include fixed assets, land use rights and intangible assets. In presenting of geographical information, non-current assets are allocated based on geographical location of the underlying assets. Operating income is allocated based on the locations of the branches which generate income. Geographical areas, as defined for management reporting purposes, are as follows:

- “Yangtze River Delta” refers to the following areas serviced by subsidiary and branches of the Bank: Huai’an Everbright Village Bank Co., Ltd., Shanghai, Nanjing, Hangzhou, Suzhou, Ningbo and Wuxi;
- “Pearl River Delta” refers to the following areas serviced by branches of the Bank: Guangzhou, Shenzhen, Fuzhou, Xiamen and Haikou;
- “Bohai Rim” refers to the following areas serviced by branches of the Bank: Beijing, Tianjin, Shijiazhuang, Jinan, Qingdao and Yantai;
- “Central” refers to the following areas serviced by subsidiaries and branches of the Bank: Everbright Financial Leasing Co., Ltd., Shaoshan Everbright Village Bank Co., Ltd., Zhengzhou, Taiyuan, Changsha, Wuhan, Hefei and Nanchang;
- “Western” refers to the following areas serviced by branches of the Bank: Xi’an, Chengdu, Chongqing, Kunming, Nanning, Hohhot, Urumqi, Guiyang and Lanzhou;
- “Northeastern” refers to the following areas serviced by branches of the Bank: Heilongjiang, Changchun, Shenyang and Dalian;
- “Hong Kong” refers to the Hong Kong special administrative region serviced by branch of the Bank; and
- “Head Office” refers to the headquarter of the Group.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)  
(Expressed in millions of Renminbi, unless otherwise stated)

42 Segment reporting (continued)

(b) Geographical information (continued)

	Operating income									
	Yangtze River			Head office	Pearl River			North eastern	Hong Kong	Total
	Delta	Bohai Rim	Central		Delta	Western	Delta			
Nine months ended September 30, 2013 .....	8,933	9,337	9,715	6,418	5,768	6,102	2,583	20	48,876	
Nine months ended September 30, 2012 .....	9,159	9,237	5,502	6,302	5,929	5,464	2,865	–	44,458	

  

	Non-current assets									
	Yangtze River			Head office	Pearl River			North eastern	Hong Kong	Total
	Delta	Bohai Rim	Central		Delta	Western	Delta			
September 30, 2013 .....	3,030	849	4,635	1,119	1,194	948	964	15	12,754	
December 31, 2012 .....	3,143	877	4,531	1,064	952	963	999	–	12,529	

43 Entrusted lending business

The Group provides entrusted lending business services to government agencies, corporations and individuals. All entrusted loans are funded by entrusted funds from these entities and individuals. The Group does not take any credit risk in relation to these transactions. The Group acts as an agent to hold and manage these assets and liabilities at the direction of the entrustors and receives fee income for the services provided. The entrusted assets are not the assets of the Group and are not recognized in the statements of financial position.

	September 30, 2013	December 31, 2012
Entrusted loans .....	<u>53,596</u>	<u>41,822</u>
Entrusted funds .....	<u>53,596</u>	<u>41,822</u>

44 Commitments and contingent liabilities

(a) Credit commitments

The Group's credit commitments take the form of approved loans with signed contracts, credit card limits, bank acceptances, letters of credit and financial guarantees.

The contractual amounts of loans and credit card commitments represent the amounts should the contracts be fully drawn upon. The Group provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)  
(Expressed in millions of Renminbi, unless otherwise stated)

44 Commitments and contingent liabilities (continued)

(a) Credit commitments (continued)

	September 30, 2013	December 31, 2012
Loan commitments		
– Original contractual maturity within one year.....	10,227	8,249
– Original contractual maturity more than one year (inclusive) .....	42,755	38,267
Credit card commitments .....	58,774	61,839
Sub-total .....	111,756	108,355
Acceptances .....	455,403	407,585
Letters of guarantees.....	49,621	45,417
Letters of credit .....	126,735	114,003
Guarantees .....	361	761
Total.....	<u>743,876</u>	<u>676,121</u>

The Group may be exposed to credit risk in all the above credit businesses. Management periodically assesses credit risk and makes provision for any probable losses. As the facilities may expire without being drawn upon, the total of the contractual amounts shown above is not representative of expected future cash outflows.

(b) Credit risk-weighted amount

	September 30, 2013
Credit risk-weighted amount of credit commitments .....	<u>306,609</u>

- (i) The credit risk weighted amount represent to the amount calculated with reference to the guidelines issued by the CBRC. The risk weights are determined in accordance with the credit status of the counterparties, the maturity profile and other factors. The risk weights ranged from 0% to 150% for credit commitments.
- (ii) On December 31, 2012 the credit risk weighted amount was RMB298,095 million which was calculated in accordance with “Regulations Governing Capital Adequacy of Commercial Banks” (the regulations) and other relevant regulations promulgated by the CBRC. The regulations were abolished on January 1, 2013.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)  
(Expressed in millions of Renminbi, unless otherwise stated)

44 Commitments and contingent liabilities (continued)

(c) Operating lease commitments

As at the end of the reporting periods, the Group's future minimum lease payments under non-cancellable operating leases for properties are as follows:

	September 30, 2013	December 31, 2012
Within one year (inclusive).....	1,343	1,297
After one year but within two years (inclusive) .....	1,772	1,109
After two years but within three years (inclusive).....	1,274	1,056
After three years but within five years (inclusive) .....	2,274	1,777
After five years.....	2,829	2,009
Total.....	<u>9,492</u>	<u>7,248</u>

(d) Capital commitments

As at the end of the reporting periods, the Group's authorized capital commitments are as follows:

	September 30, 2013	December 31, 2012
Contracted for		
– Purchase of property and equipment.....	1,074	1,561
Approved but not contracted for		
– Purchase of property and equipment.....	612	667
Total.....	<u>1,686</u>	<u>2,228</u>

(e) Underwriting and redemption commitments

The Group has unexpired commitments for underwriting bonds as follows:

	September 30, 2013	December 31, 2012
Underwriting commitments.....	<u>5,325</u>	<u>2,010</u>

As an underwriting agent of the PRC government bonds, the Group has the responsibility to buy back those bonds it previously sold should the holders decide to make an early redemption. The redemption price for a bond at any time before its maturity date is based on the coupon value plus any interest unpaid and accrued up to the redemption date. Accrued interests payable to the bond holders is calculated in accordance with the relevant MOF and PBOC rules. The redemption price may be different from the fair value of similar financial instruments traded at the redemption date.

The Group's redemption commitments are as follows:

	September 30, 2013	December 31, 2012
Redemption commitments.....	<u>8,198</u>	<u>8,349</u>

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)**  
**(Expressed in millions of Renminbi, unless otherwise stated)**

**44 Commitments and contingent liabilities (continued)**

(f) Forward assets purchase and sale commitments

The Group has unexpired forward purchase and sale commitments as follows:

	September 30, 2013	December 31, 2012
Forward assets purchase and sale commitments .....	<u>1,650</u>	<u>3,750</u>

(g) Outstanding litigations and disputes

As at September 30, 2013, the Group was the defendant in certain pending litigation and disputes with gross claims of RMB339 million (December 31, 2012: RMB363 million). Provisions (Note 35(b)) have been made for the estimated losses of such litigation based upon the opinions of the Group's internal and external legal counsels. The Group considers that the provisions made are reasonable and adequate.

**45 Subsequent events**

(a) Issuance of tier two capital debt

In accordance with the Reply of CBRC on August 27, 2013 on issuance of tier two capital debt by China Everbright Bank Company Limited (Yin Jian Fu [2013] No. 447), the Group was approved to issue tier two capital debt with the amount of no more than RMB16.2 billion. The issuance is yet to be approved by the PBOC.

(b) Redemption plan of subordinated debts

The Group announced on November 15, 2013 that it would exercise its redemption option on December 17, 2013 to fully redeem the RMB5 billion ten-year fixed rate subordinated debt issued on December 15, 2008.

**46 Immediate and ultimate parent**

The immediate and ultimate parents of the Group are Central Huijin Investment Ltd. and China Investment Corporation respectively.