

APPENDIX III UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

The information set out below does not form part of the Accountants' Report prepared by the independent reporting accountants, KPMG, Certified Public Accountants, Hong Kong, as set out in Appendix I, and is included herein for information purpose only.

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION (Expressed in millions of Renminbi unless otherwise stated)

1 Liquidity ratios

	As at December 31, 2010	Average for the year ended December 31, 2010
RMB current assets to RMB current liabilities	45.63%	37.07%
Foreign currency current assets to foreign currency current liabilities.....	95.81%	54.63%
	As at December 31, 2011	Average for the year ended December 31, 2011
RMB current assets to RMB current liabilities	37.67%	36.32%
Foreign currency current assets to foreign currency current liabilities.....	70.94%	36.53%
	As at December 31, 2012	Average for the year ended December 31, 2012
RMB current assets to RMB current liabilities	51.25%	42.62%
Foreign currency current assets to foreign currency current liabilities.....	45.88%	41.54%
	As at June 30, 2013	Average for the period ended June 30, 2013
RMB current assets to RMB current liabilities	27.63%	30.42%
Foreign currency current assets to foreign currency current liabilities.....	43.94%	46.28%

The above liquidity ratios were calculated in accordance with the formulas promulgated by the China Banking Regulatory Commission (the "CBRC").

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2 Currency concentrations

	December 31, 2010			
	US Dollars (RMB equivalent)	HK Dollars (RMB equivalent)	Others (RMB equivalent)	Total
Spot assets	31,720	978	4,139	36,837
Spot liabilities	(34,775)	(3,760)	(5,668)	(44,203)
Forward purchases	49,792	3,236	1,778	54,806
Forward sales	(44,978)	(118)	(821)	(45,917)
Net long/(short) position	<u>1,759</u>	<u>336</u>	<u>(572)</u>	<u>1,523</u>
Net structural position.....	<u>11</u>	<u>-</u>	<u>-</u>	<u>11</u>

	December 31, 2011			
	US Dollars (RMB equivalent)	HK Dollars (RMB equivalent)	Others (RMB equivalent)	Total
Spot assets	36,980	4,071	5,234	46,285
Spot liabilities	(43,806)	(3,935)	(5,860)	(53,601)
Forward purchases	66,298	321	3,025	69,644
Forward sales	(57,750)	(189)	(2,521)	(60,460)
Net long/(short) position	<u>1,722</u>	<u>268</u>	<u>(122)</u>	<u>1,868</u>
Net structural position.....	<u>11</u>	<u>-</u>	<u>-</u>	<u>11</u>

	December 31, 2012			
	US Dollars (RMB equivalent)	HK Dollars (RMB equivalent)	Others (RMB equivalent)	Total
Spot assets	44,365	1,131	2,998	48,494
Spot liabilities	(53,992)	(3,298)	(7,832)	(65,122)
Forward purchases	72,962	2,938	9,184	85,084
Forward sales	(74,273)	(2,938)	(9,017)	(86,228)
Net short position.....	<u>(10,938)</u>	<u>(2,167)</u>	<u>(4,667)</u>	<u>(17,772)</u>
Net structural position.....	<u>11</u>	<u>-</u>	<u>-</u>	<u>11</u>

	June 30, 2013			
	US Dollars (RMB equivalent)	HK Dollars (RMB equivalent)	Others (RMB equivalent)	Total
Spot assets	61,531	4,868	6,912	73,311
Spot liabilities	(83,549)	(4,300)	(7,422)	(95,271)
Forward purchases	83,739	2,880	6,257	92,876
Forward sales	(69,694)	(2,510)	(2,323)	(74,527)
Net (short)/long position	<u>(7,973)</u>	<u>938</u>	<u>3,424</u>	<u>(3,611)</u>
Net structural position.....	<u>11</u>	<u>-</u>	<u>-</u>	<u>11</u>

The net structural position of the Group includes the structural positions, denominated in foreign currency, of the Bank's Hong Kong Branch. Structural assets mainly include fixed assets.

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3 Cross-border claims

The group is principally engaged in business operations within mainland China. All claims to third parties outside mainland China are considered cross-border claims.

For the purpose of this unaudited supplementary financial information, mainland China excludes Hong Kong Special Administrative Region of the PRC (“Hong Kong”), Macau Special Administrative Region of the PRC (“Macau”) and Taiwan.

Cross-border claims include loans and advances to customers, deposits and placements with banks and other financial institutions, and holdings of trade bills, and investment securities.

Cross-border claims have been disclosed by different country or geographical areas. A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of cross border claims, after taking into account any risk transfers. Risk transfers are only made if the claims are guaranteed by a party in a region or a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country.

“Others” includes transactions with sovereign counterparties.

	December 31, 2010			
	Banks and other financial institutions	Public sector entities	Others	Total
Asia Pacific excluding mainland China.....	1,416	–	755	2,171
– of which attributed to Hong Kong.....	560	–	235	795
Europe.....	1,747	–	651	2,398
North and South America.....	1,127	–	146	1,273
	4,290	–	1,552	5,842

	December 31, 2011			
	Banks and other financial institutions	Public sector entities	Others	Total
Asia Pacific excluding mainland China.....	1,068	–	1,419	2,487
– of which attributed to Hong Kong.....	566	–	910	1,476
Europe.....	801	–	810	1,611
North and South America.....	3,460	–	104	3,564
	5,329	–	2,333	7,662

	December 31, 2012			
	Banks and other financial institutions	Public sector entities	Others	Total
Asia Pacific excluding mainland China.....	683	–	1,419	2,102
– of which attributed to Hong Kong.....	399	–	910	1,309
Europe.....	1,133	–	809	1,942
North and South America.....	2,633	–	104	2,737
	4,449	–	2,332	6,781

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June 30, 2013

	Banks and other financial institutions	Public sector entities	Others	Total
Asia Pacific excluding mainland China.....	2,186	–	1,364	3,550
– of which attributed to Hong Kong	1,004	–	906	1,910
Europe.....	2,317	–	1,403	3,720
North and South America.....	1,136	–	161	1,297
	<u>5,639</u>	<u>–</u>	<u>2,928</u>	<u>8,567</u>

4 Overdue loans and advances by geographical segments

	December 31,			June 30,
	2010	2011	2012	2013
Pearl River Delta	1,421	1,352	1,439	3,367
Yangtze River Delta.....	1,297	1,049	2,702	995
Central	969	836	667	653
Bohai Rim	757	676	606	1,028
Western.....	598	309	444	463
Northeastern	277	230	171	80
Head Office	268	390	939	1,364
Total	<u>5,587</u>	<u>4,842</u>	<u>6,968</u>	<u>7,950</u>

5 Gross amount of overdue loans and advances

	December 31,			June 30,
	2010	2011	2012	2013
Gross loans and advances which have been overdue with respect to either principal or interest for periods of				
– between 3 and 6 months (inclusive)	187	269	1,190	2,339
– between 6 months and 1 year (inclusive).....	317	447	2,365	2,394
– over 1 year.....	5,083	4,126	3,413	3,217
Total	<u>5,587</u>	<u>4,842</u>	<u>6,968</u>	<u>7,950</u>
As a percentage of total gross loans and advances				
– between 3 and 6 months (inclusive)	0.02%	0.03%	0.12%	0.21%
– between 6 months and 1 year (inclusive).....	0.04%	0.05%	0.23%	0.22%
– over 1 year.....	0.66%	0.46%	0.33%	0.29%
Total	<u>0.72%</u>	<u>0.54%</u>	<u>0.68%</u>	<u>0.72%</u>

The above analysis includes loans and advances overdue for more than 90 days. Loans and advances with a specific repayment date are classified as overdue when the principal or interest is overdue.

6 Non-bank mainland China exposure

The Bank is a commercial bank incorporated in mainland China with its banking business conducted in mainland China. As at December 31, 2010, 2011 and 2012, and June 30, 2013 substantial amounts of the Bank's exposures arose from businesses with mainland China entities or individuals.