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中國銀行股份有限公司

BANK OF CHINA LIMITED

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

(Stock Code: 3988)

Report for the Third Quarter ended 30 September 2009

The Board of Directors (the "Board") of Bank of China Limited (the "Bank") is pleased to announce the unaudited results of the Bank and its subsidiaries (the "Group") for the third quarter ended 30 September 2009. This announcement is made by the Bank pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

I. BASIC INFORMATION

1.1 Company information

Stock name	中國銀行
Stock code	601988 (A share)
Listing venue	Shanghai Stock Exchange
Stock name	Bank of China
Stock code	3988 (H share)
Listing venue	The Stock Exchange of Hong Kong Limited
Secretary to the Board of Directors	Zhang Bingxun (張秉訓)
Contact address	1 Fuxingmen Nei Dajie, Beijing, China, 100818
Telephone	(86) 10-66592638
Facsimile	(86) 10-66594568
E-mail	bocir@bank-of-china.com

1.2 Key financial data and performance indicators

1.2.1 Key financial data and performance indicators for the Group prepared in accordance with International Financial Reporting Standards (“IFRS”)

Unit: RMB million (unless otherwise stated)

Items	As at 30 September 2009	As at 31 December 2008	Change (%)
Total assets	8,338,495	6,951,680	19.95
Capital and reserves attributable to equity holders of the Bank	491,508	464,258	5.87
Net assets per share (<i>RMB</i>)	1.94	1.83	5.87

Unit: RMB million (unless otherwise stated)

Items	Nine-month period ended 30 September 2009	Nine-month period ended 30 September 2008	Change (%)
Net cash (outflow)/inflow from operating activities	(194,112)	84,818	N/M
Net cash (outflow)/inflow from operating activities per share* (<i>RMB</i>)	(0.76)	0.33	N/M

N/M = not meaningful

* Net cash (outflow)/inflow from operating activities per share is calculated based on the Bank's total number of ordinary shares outstanding at the end of the reporting period.

Unit: RMB million (unless otherwise stated)

Items	Nine-month period ended 30 September 2009	Nine-month period ended 30 September 2008	Change (%)
Profit for the period	65,253	62,533	4.35
Profit attributable to equity holders of the Bank	62,230	59,943	3.82
Earnings per share for profit attributable to equity holders of the Bank (<i>basic, RMB</i>)	0.25	0.24	3.82
Earnings per share for profit attributable to equity holders of the Bank (<i>diluted, RMB</i>)	0.25	0.24	3.82
Return on average equity (<i>annualised, %</i>)	17.36	18.37	Decrease 1.01 percentage points

Items	As at 30 September 2009	As at 31 December 2008	Change
Core capital adequacy ratio (%)	9.37	10.81	Decrease 1.44 percentage points
Capital adequacy ratio (%)	11.63	13.43	Decrease 1.80 percentage points

1.2.2 Reconciliation between IFRS and CAS (Chinese Accounting Standards) financial information

Unit: RMB million

	Equity		Net profit attributable to equity holders of the Bank	
	As at 30 September 2009	As at 31 December 2008	Nine-month period ended 30 September 2009	Nine-month period ended 30 September 2008
CAS figures	524,334	493,901	62,056	59,200
Adjustments for accounting standard differences:				
– Reversal of asset revaluation surplus and corresponding depreciation/amortisation and others	(5,121)	(5,352)	232	325
– Refund to Huijin for initial funding of annuity plan	–	–	–	500
– Deferred tax impact	1,280	1,338	(58)	(82)
Subtotal	(3,841)	(4,014)	174	743
IFRS figures	520,493	489,887	62,230	59,943

1.3 Number of shareholders and top ten shareholders

1.3.1 *As at 30 September 2009, the Bank had a total of 1,414,500 shareholders, comprising 1,156,190 A-Share holders and 258,310 H-Share holders.*

1.3.2 Top ten shareholders as at 30 September 2009

Unit: share

No.	Name of shareholder	Number of shares held	Proportion in total share capital	Type of shareholder	Type of share
1	Central Huijin Investment Ltd.	171,412,038,186	67.53%	State	A
2	HKSCC Nominees Limited	62,654,163,614	24.68%	Foreign legal person	H
3	National Council for Social Security Fund, PRC	8,377,341,329	3.30%	State	H
4	Li Ka Shing	3,066,790,989	1.21%	Foreign natural person	H
5	Asian Development Bank	506,679,102	0.20%	Foreign legal person	H
6	The Bank of Tokyo-Mitsubishi UFJ Ltd	473,052,000	0.19%	Foreign legal person	H
7	Bosera Emerging Growth Stock Securities Investment Fund	139,999,749	0.06%	Domestic non-state-owned legal person	A
8	China Universal Asset Management – SHCOMP Index Securities Investment Fund	137,123,440	0.05%	Domestic non-state-owned legal person	A
9	China Southern Power Grid Co., Ltd.	90,909,000	0.04%	State-owned legal person	A
9	Aluminum Corporation of China	90,909,000	0.04%	State-owned legal person	A
9	Shenhua Group Corporation Limited	90,909,000	0.04%	State-owned legal person	A

Notes:

1. The number of shares held by H-Share holders was recorded in the Register of Members as kept by the H-Share Registrar of the Bank.
2. The shares held by the aforesaid A-Share holders have not been pledged or frozen. The Bank is not aware of whether the shares held by the aforesaid H-Share holders have been pledged or frozen, nor is the Bank aware of the existence of any connected relations or concerted actions among the aforesaid shareholders.
3. All the shares held by the aforesaid shareholders are not subject to selling restriction.

II. SUMMARY OF ANALYSIS ON OVERALL OPERATING ACTIVITIES

During 2009, the Bank operated in a complex and uncertain economic environment. Adhering to the guiding principles of a scientific outlook on development, and in line with the government's strategic direction to "maintain growth, expand domestic demand and promote restructuring" along with a moderately relaxed monetary policy, the Bank continued to implement its strategic development plan and achieved remarkable results in business development including expansion of scale, promotion of restructuring and improvements in risk management. In the first three quarters of 2009, the Group recorded a profit attributable to equity holders of the Bank of RMB62.230 billion¹, an increase of 3.82% compared with the same period of the previous year. Earnings per share were RMB0.25, an increase of RMB0.01 compared with the same period of 2008. Return on average equity (annualised) was 17.36% and return on average total assets (annualised) was 1.14%, a decrease of 1.01 percentage points and 0.19 percentage point, respectively, compared with the same period of 2008.

(I) The principal components of the Group's income statement for the nine-month period ended 30 September 2009 were as follows:

1. The Group earned a net interest income of RMB115.610 billion, a decrease of RMB6.640 billion or 5.43% against the same period of 2008. Net interest margin of the Group was 2.03%, a decrease of 0.65 percentage point compared with the same period of 2008. The Group took advantage of opportunity offered by its business development, steady expansion of scale and optimal restructuring and improvements in risk management to build a solid foundation for sustainable development. The Group recorded a net interest income of RMB40.888 billion for the third quarter of 2009, an increase of RMB3.004 billion or 7.93% compared with the second quarter of 2009.
2. The Group reported a non-interest income of RMB53.150 billion, a decrease of RMB2.108 billion or 3.81% compared with the same period of 2008. Non-interest income represented 31.49% of the operating income, an increase of 0.36 percentage point compared with the same period of 2008.
 - (1) Net fee and commission income amounted to RMB34.513 billion, an increase of RMB2.672 billion or 8.39% compared with the first three quarters of 2008. In order to mitigate the negative impact of the external operating environment, the Group reinforced its customer base, enhanced product innovation, promoted development of its network and improved service quality, so as to maintain its leading position in international settlement. In addition, the Group actively sought new opportunities, and domestic settlement fee, consultancy and advisory fee and bank card fee income increased rapidly.
 - (2) Other non-interest income amounted to RMB18.637 billion, a decrease of RMB4.780 billion or 20.41% compared with the same period of 2008. The decrease included the impact of the completion of sales of Olympic-licensed products in the first quarter of 2009, resulting in a decrease in related sales revenue compared with the same period of 2008.

¹ The unit of currency in "Summary of analysis on overall operating activities" is RMB, unless indicated otherwise. RMB-denominated businesses are domestic RMB businesses. The market share is based on the PBOC statistics.

3. In the first three quarters of 2009, the Group recorded operating expenses of RMB72.553 billion, an increase of RMB2.080 billion or 2.95% compared with the same period of 2008. The main reasons were as follows:
 - (1) The Group increased the expenditure in its infrastructure developments, marketing and key business areas in support of the strategic development plan.
 - (2) Taking into account the uncertainties surrounding the amount recoverable from the Lehman Mini-bonds, a charge of HK\$3.008 billion, comprising HK\$0.160 billion for trustee's expenses and HK\$2.848 billion relating to the Repurchase Scheme as announced on 22 July 2009, was included in the operating expenses of BOCHK Group in the third quarter of 2009. The total charges in connection with Lehman Brothers related products including the Mini-bonds for the nine-month period ended 30 September 2009 amounted to HK\$3.242 billion (RMB2.857 billion).
 - (3) The cost of sales of Olympic-licensed products decreased compared with the same period of 2008.
4. The Group's impairment losses on assets for the nine-month period ended 30 September 2009 amounted to RMB11.730 billion, including:
 - (1) Impairment losses on loans and advances amounted to RMB10.576 billion with a credit cost of 0.35%. As at 30 September 2009, the Group identified total impaired loans of RMB76.479 billion with a ratio of impaired loans to gross loans of 1.63%, a decrease of RMB14.4 billion and 1.13 percentage points, respectively, from the end of 2008. The ratio of allowance for loan impairment losses to identified impaired loans was 142.45%, up by 25.27 percentage points from the end of 2008.
 - (2) Impairment losses on other assets were RMB1.154 billion, a reduction of RMB15.727 billion compared with the same period of 2008 which was mainly attributable to the decrease of the impairment charges on the Group's foreign currency-denominated investment securities.

- (II) The principal components of the Group's financial position as at 30 September 2009 were as follows:

The Group's total assets amounted to RMB8,338.495 billion, an increase of RMB1,386.815 billion or 19.95% compared with the end of 2008, and total liabilities amounted to RMB7,818.002 billion, an increase of RMB1,356.209 billion or 20.99% compared with the end of 2008.

1. The Group's deposits from customers amounted to RMB6,402.441 billion, an increase of RMB1,300.330 billion or 25.49% compared with the end of 2008. Since 2009, the Bank has achieved rapid growth in deposits and enlarged its customer base through enhancement of its deposit-taking business, cross selling and marketing activities. As at 30 September 2009, the domestic RMB-denominated deposits were RMB5,079.467 billion, an increase of RMB1,147.822 billion or 29.19% from the prior year-end, allowing the Bank to increase its market share to 9.20%, up by 0.38 percentage point compared with the prior year-end.
2. The Group's loans and advances to customers amounted to RMB4,701.265 billion, an increase of RMB1,405.119 billion or 42.63% compared with the prior year-end. Since 2009, the government has implemented a set of policies to address the effects of the international financial crisis, creating additional funding opportunities to large-scale and high-quality projects. The Group leveraged the advantages of its diversified business platform and revitalised marketing team to convert these opportunities. The Group has achieved significant growth in its loan portfolio while addressing related risk management considerations. As at 30 September 2009, the domestic RMB-denominated loans were RMB3,390.430 billion, an increase of RMB1,051.746 billion or 44.97% from the prior year-end, allowing the Bank to increase its market share to 8.69%, up by 0.98 percentage point compared with the prior year-end.
3. The Group held investment securities² of RMB1,778.256 billion, an increase of RMB132.048 billion or 8.02% compared with the prior year-end. Since 2009, the Group has steadily reduced its foreign currency-denominated securities portfolio in view of the movements in the global financial markets, further reducing risk in its investments portfolio. As at 30 September 2009, the Group's RMB-denominated investment securities amounted to RMB1,247.468 billion, an increase of RMB216.542 billion or 21.00% compared with the prior year-end. The balance of foreign currency-denominated investment securities was USD77.726 billion, a decrease of USD12.299 billion or 13.66% compared with the prior year-end.

As at 30 September 2009, the carrying value of US subprime mortgage related debt securities was USD1.973 billion (or RMB13.477 billion), representing 0.76% of the investment securities of the Group. The impairment allowance for these securities was USD2.328 billion (or RMB15.896 billion) as at 30 September 2009. In addition, the Group recorded a fair value change of USD0.155 billion (or RMB1.060 billion) in the "Reserve for fair value changes of available for sale securities" in equity, reflecting the decrease in the fair value of the US subprime mortgage related securities positions.

² Investment securities include available for sale securities, held to maturity securities, securities classified as loans and receivables, and financial assets at fair value through profit or loss.

As at 30 September 2009, the carrying value of US Alt-A mortgage-backed securities was USD0.825 billion (or RMB5.636 billion), representing 0.32% of the investment securities of the Group. The impairment allowance for US Alt-A mortgage-backed securities held as at 30 September 2009 was USD0.569 billion (or RMB3.888 billion).

As at 30 September 2009, the carrying value of Non-Agency US mortgage-backed securities was USD2.356 billion (or RMB16.089 billion), representing 0.90% of the investment securities of the Group. The impairment allowance for Non-Agency US mortgage-backed securities held as at 30 September 2009 was USD1.140 billion (or RMB7.784 billion).

As at 30 September 2009, the carrying value of the debt securities issued by US Freddie Mac and Fannie Mae held by the Group was USD1.384 billion (or RMB9.451 billion). The carrying value of the mortgage-backed securities guaranteed by these two agencies as at 30 September 2009 was USD2.415 billion (or RMB16.494 billion). The principal and interest payments on these securities are currently on schedule.

The Group will continue to follow developments in the international financial market and assess impairment on related debt securities in a prudent manner in accordance with IFRS.

III. SIGNIFICANT EVENTS

3.1 Significant changes in major financial statement items and indicators and the reasons thereof

Applicable Not Applicable

The Group's key financial items and indicators which fluctuated over 30% compared with those as at the end of 2008, or compared with those for the nine-month period ended 30 September 2008 are as follows:

Unit: RMB million

Items	As at 30 September 2009	As at 31 December 2008	Change (%)	Main reasons
Financial assets at fair value through profit or loss	59,686	87,814	(32.03)	Due to the decrease in trading debt securities.
Derivative financial assets	27,882	76,124	(63.37)	Due to the fluctuation of market parameters such as exchange rates and interest rates and the decrease in trading position, the derivative financial assets decreased.
Loans and advances to customers, net	4,592,321	3,189,652	43.98	The Group has achieved significant growth in its loan portfolio while addressing related risk management considerations.
Held to maturity securities	520,811	365,838	42.36	Due to the increase in held to maturity securities.
Investment property	13,004	9,637	34.94	Due to the increase in investment property of subsidiaries.
Deferred income tax assets	26,499	17,405	52.25	Due to the changes of fair value of derivative financial instruments and available for sale securities.
Other assets	90,989	69,913	30.15	Due to the increase in receivable of pending for settlement.
Certificates of deposit and placements from banks and other financial institutions	438,001	200,354	118.61	Due to the increase in due to domestic banks and other financial institutions.
Derivative financial liabilities	26,528	59,482	(55.40)	Due to the fluctuation of market parameters such as exchange rates and interest rates and the decrease in trading position, the derivative financial liabilities decreased.

Items	As at 30 September 2009	As at 31 December 2008	Change (%)	Main reasons
Bonds issued	88,856	65,393	35.88	Due to the issue of subordinated bonds by the Bank.
Current tax liabilities	15,368	24,827	(38.10)	Due to the decrease in income tax payable.
Deferred income tax liabilities	3,089	2,093	47.59	Due to the fair value changes of available for sale securities of subsidiaries.
Undistributed profits	112,377	83,427	34.70	In the first three quarters of 2009, the Group recorded a profit attributable to equity holders of the Bank of RMB62.230 billion, and paid the 2008 Final Dividend of RMB32.999 billion.
Reserve for fair value changes of available for sale securities	4,701	7,534	(37.60)	Due to the fluctuation of interest rates, the fair value reserve for available for sale debt securities decreased.

Unit: RMB million

Items	Nine-month period ended 30 September 2009	Nine-month period ended 30 September 2008	Change (%)	Main reasons
Net trading gains	3,683	6,262	(41.18)	Due to the decrease in net gains of foreign exchange and foreign exchange products.
Net gains on investment securities	1,751	970	80.52	Due to the increase in net gains from the disposal of available for sale securities.
Impairment losses on assets	(11,730)	(26,313)	(55.42)	Due to the decrease of the impairment charges on the Group's foreign currency-denominated investment securities.

3.2 Development of significant events, related impact and resolution

Applicable Not Applicable

3.3 Fulfillment of undertakings by the company, shareholders and de facto controllers

Applicable Not Applicable

To the best knowledge of the Bank, undertakings by the Bank, its shareholders and de facto controller were fulfilled during the reporting period.

3.4 Warnings and explanations of any forecasted losses or significant changes to accumulated net profit from the beginning of the year to the end of the next reporting period

Applicable Not Applicable

3.5 Implementation of cash dividend policy during the reporting period

Applicable Not Applicable

The Bank's dividend distribution policy complies with relevant regulatory requirements. No cash dividend distribution was made during the reporting period.

IV. QUARTERLY REPORT

This announcement is simultaneously available on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and that of the Bank at www.boc.cn. The third quarter report prepared in accordance with CAS is also available on the website of the Shanghai Stock Exchange at www.sse.com.cn and that of the Bank at www.boc.cn.

By Order of the Board
YEUNG Cheung Ying
Company Secretary

Beijing, PRC, 29 October 2009

As at the date of this announcement, the Directors of the Bank are: XIAO Gang, LI Lihui, LI Zaohang, ZHOU Zaiqun, ZHANG Jinghua, HONG Zhihua*, HUANG Haibo*, CAI Haoyi*, WANG Gang*, LIN Yongze*, SEAH Lim Huat Peter*, Anthony Francis NEOH#, Alberto TOGNI#, HUANG Shizhong# and HUANG Danhan#.*

* Non-executive Directors

Independent Non-executive Directors

APPENDIX – FINANCIAL STATEMENTS (PREPARED IN ACCORDANCE WITH IFRS)

Consolidated Income Statement

Unit: RMB million

	Three-month period ended 30 September 2009 (unaudited)	Three-month period ended 30 September 2008 (unaudited)	Nine-month period ended 30 September 2009 (unaudited)	Nine-month period ended 30 September 2008 (unaudited)
Interest income	66,336	73,208	193,668	214,613
Interest expense	(25,448)	(32,481)	(78,058)	(92,363)
Net interest income	40,888	40,727	115,610	122,250
Fee and commission income	12,690	10,329	37,540	34,442
Fee and commission expense	(1,132)	(853)	(3,027)	(2,601)
Net fee and commission income	11,558	9,476	34,513	31,841
Net trading gains	1,954	2,787	3,683	6,262
Net gains on investment securities	219	235	1,751	970
Other operating income	6,288	5,419	13,203	16,185
Operating income	60,907	58,644	168,760	177,508
Operating expenses	(30,733)	(25,598)	(72,553)	(70,473)
Impairment losses on assets	(1,649)	(9,169)	(11,730)	(26,313)
Operating profit	28,525	23,877	84,477	80,722
Share of results of associates and joint ventures	257	(100)	515	416
Profit before income tax	28,782	23,777	84,992	81,138
Income tax expense	(6,881)	(5,889)	(19,739)	(18,605)
Profit for the period	21,901	17,888	65,253	62,533
Attributable to:				
Equity holders of the Bank	21,107	17,762	62,230	59,943
Minority interest	794	126	3,023	2,590
	21,901	17,888	65,253	62,533
Earnings per share for profit attributable to equity holders of the Bank during the period (Expressed in RMB per ordinary share)				
– Basic and diluted	0.09	0.07	0.25	0.24

Consolidated Statement of Comprehensive Income

Unit: RMB million

	Three-month period ended 30 September 2009 (unaudited)	Three-month period ended 30 September 2008 (unaudited)	Nine-month period ended 30 September 2009 (unaudited)	Nine-month period ended 30 September 2008 (unaudited)
Profit for the period	21,901	17,888	65,253	62,533
Other comprehensive income:				
Exchange differences on translating foreign operations	254	911	885	(5,327)
Available for sale financial assets				
– Net fair value gains/(losses) taken to equity	1,635	(4,356)	(1,338)	(15,769)
– Net fair value (losses)/gains transferred to the income statement	(1,635)	4,436	(723)	13,366
Share of other comprehensive income of associates	(11)	–	(180)	148
Other	(62)	(380)	81	(382)
Income tax relating to components of other comprehensive income	100	(445)	1,169	(180)
Other comprehensive income for the period, net of tax	281	166	(106)	(8,144)
Total comprehensive income for the period	22,182	18,054	65,147	54,389
Total comprehensive income attributable to:				
Equity holders of the Bank	20,715	18,881	60,354	54,872
Minority interest	1,467	(827)	4,793	(483)

Consolidated Statement of Financial Position

Unit: RMB million

	As at 30 September 2009 (unaudited)	As at 31 December 2008 (audited)
ASSETS		
Cash and due from banks and other financial institutions	81,053	72,533
Balances with central banks	1,096,698	1,207,613
Placements with banks and other financial institutions	434,928	488,465
Government certificates of indebtedness for bank notes issued	35,408	32,039
Precious metals	50,425	42,479
Financial assets at fair value through profit or loss	59,686	87,814
Derivative financial assets	27,882	76,124
Loans and advances to customers, net	4,592,321	3,189,652
Investment securities		
– available for sale	805,125	752,602
– held to maturity	520,811	365,838
– loans and receivables	392,634	439,954
Investment in associates and joint ventures	9,160	7,376
Property and equipment	101,872	92,236
Investment property	13,004	9,637
Deferred income tax assets	26,499	17,405
Other assets	90,989	69,913
	<hr/>	<hr/>
Total assets	8,338,495	6,951,680
	<hr/> <hr/>	<hr/> <hr/>

Consolidated Statement of Financial Position *(continued)*

Unit: RMB million

	As at 30 September 2009 (unaudited)	As at 31 December 2008 (audited)
LIABILITIES		
Due to banks and other financial institutions	460,032	603,393
Due to central banks	69,608	55,596
Bank notes in circulation	35,570	32,064
Certificates of deposit and placements from banks and other financial institutions	438,001	200,354
Financial liabilities at fair value through profit or loss	54,822	67,549
Derivative financial liabilities	26,528	59,482
Due to customers	6,402,441	5,102,111
Bonds issued	88,856	65,393
Other borrowings	39,383	42,838
Current tax liabilities	15,368	24,827
Retirement benefit obligations	6,591	7,363
Deferred income tax liabilities	3,089	2,093
Other liabilities	177,713	198,730
Total liabilities	7,818,002	6,461,793
EQUITY		
Capital and reserves attributable to equity holders of the Bank		
Share capital	253,839	253,839
Capital reserve	66,204	66,166
Treasury shares	(12)	(17)
Statutory reserves	23,349	23,429
General and regulatory reserves	41,236	40,973
Undistributed profits	112,377	83,427
Reserve for fair value changes of available for sale securities	4,701	7,534
Currency translation differences	(10,186)	(11,093)
	491,508	464,258
Minority interest	28,985	25,629
Total equity	520,493	489,887
Total equity and liabilities	8,338,495	6,951,680
Xiao Gang <i>Director</i>	Li Lihui <i>Director</i>	

Consolidated Cash Flow Statement

Unit: RMB million

	Nine-month period ended 30 September 2009 (unaudited)	Nine-month period ended 30 September 2008 (unaudited)
Cash flows from operating activities		
Profit before income tax	84,992	81,138
Adjustments:		
Impairment losses on assets	11,730	26,313
Depreciation of property and equipment	5,762	4,546
Amortisation of intangible assets and other assets	386	903
Net gains on disposal of property and equipment, intangible assets and other long-term assets	(425)	(699)
Net gains on disposal of investments in subsidiaries, associates and joint ventures	(4)	(2)
Share of results of associates and joint ventures	(515)	(416)
Interest income arising from investment securities	(35,617)	(42,781)
Dividends arising from investment securities	(143)	(219)
Net gains on de-recognition of investment securities	(1,751)	(970)
Interest expense arising from bonds issued	2,475	2,372
Net changes in operating assets and liabilities:		
Net increase in balances with central banks	(144,795)	(178,634)
Net (increase)/decrease in due from banks and placements with banks and other financial institutions	(65,396)	4,074
Net increase in precious metals	(7,946)	(3,008)
Net decrease in financial assets at fair value through profits/loss	36,369	43,884
Net increase in loans and advances to customers	(1,413,245)	(441,814)
Net decrease in other assets	30,044	46,707
Net (decrease)/increase in due to banks and other financial Institutions	(143,361)	102,426
Net increase/(decrease) in due to central banks	14,012	(34,001)
Net increase/(decrease) in certificates of deposit and placements from banks and other financial institutions	237,647	(57,928)
Net increase in due to customers	1,300,330	539,227
Net decrease in other borrowings	(3,455)	(7,408)
Net (decrease)/increase in other liabilities	(65,370)	19,458
Net cash (used in)/from operating activities	(158,276)	103,168
Income tax paid	(35,836)	(18,350)
Net cash (outflow)/inflow from operating activities	(194,112)	84,818

Consolidated Cash Flow Statement *(continued)*

Unit: RMB million

	Nine-month period ended 30 September 2009 (unaudited)	Nine-month period ended 30 September 2008 (unaudited)
Cash flows from investing activities		
Proceeds from disposal of property and equipment, intangible assets and other long-term assets	1,191	3,237
Proceeds from disposal of investments in subsidiaries, associates and joint ventures	4	126
Dividends received	420	519
Interest income received from investment securities	33,796	43,019
Proceeds from disposal of investment securities	1,300,799	1,197,191
Payment for increase of investments in subsidiaries, associates and joint ventures	(1,431)	(273)
Purchase of property and equipment, intangible assets and other long-term assets	(19,294)	(10,852)
Purchase of investment securities	(1,479,076)	(1,160,496)
Net cash (outflow)/inflow from investing activities	(163,591)	72,471
Cash flows from financing activities		
Cash received from issuance of bonds	40,000	2,559
Proceeds from minority equity holders of a subsidiary upon exercise of subsidiary share options	18	20
Proceeds from minority equity holders of subsidiaries	–	29
Net sale of treasury shares	17	23
Cash payments for debts	(16,607)	–
Cash payments for interest on bonds issued	(2,489)	(2,384)
Dividend payments to equity holders of the Bank	(32,999)	(25,384)
Dividend payments to minority-equity holders	(1,184)	(3,732)
Cash flow from other financing activities	(393)	(18)
Net cash outflow from financing activities	(13,637)	(28,887)
Effect of exchange rate changes on cash and cash equivalents	9,155	(24,562)
Net (decrease)/increase in cash and cash equivalents	(362,185)	103,840
Cash and cash equivalents as at 1 January	921,407	528,937
Cash and cash equivalents as at 30 September	559,222	632,777