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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 2011**

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 2011. 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 Corporate information**

|  |   |
|--|---|
| <b>Stock name</b>                          | 中國銀行  |
| <b>Stock code</b>                          | 601988 (A Share)                              |
| <b>Listing venue</b>                       | Shanghai Stock Exchange                       |
| <b>Stock name</b>                          | Bank of China                                 |
| <b>Stock code</b>                          | 3988 (H Share)                                |
| <b>Listing venue</b>                       | The Stock Exchange of Hong Kong Limited       |
| <b>Securities name</b>                     | 中行轉債  |
| <b>Securities code</b>                     | 113001 (A-Share Convertible Bonds)            |
| <b>Listing venue</b>                       | Shanghai Stock Exchange                       |
| <b>Secretary to the Board of Directors</b> | ZHANG Bingxun (張秉訓)                           |
| <b>Contact address</b>                     | 1 Fuxingmen Nei Dajie, Beijing, China, 100818 |
| <b>Telephone</b>                           | (86)10-66592638                               |
| <b>Facsimile</b>                           | (86)10-66594568                               |
| <b>E-mail</b>                              | 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<br>30 September<br>2011                      | As at<br>31 December<br>2010                       | Change (%)                    |
|---|--|--|-------------------------------|
| Total assets  | 11,529,912   | 10,459,865   | 10.23                         |
| Capital and reserves attributable to equity holders of the Bank                         | 694,061  | 644,165  | 7.75                          |
| Net assets per share (RMB)  | 2.49   | 2.31   | 7.75                          |
| Items   | Nine-month<br>period ended<br>30 September<br>2011 | Nine-month<br>period ended<br>30 September<br>2010 | Change (%)                    |
| Net cash inflow from operating activities   | 170,671  | 228,750  | -25.39                        |
| Net cash inflow from operating activities per share (RMB)                               | 0.61   | 0.90   | -32.15                        |
| Items   | Nine-month<br>period ended<br>30 September<br>2011 | Nine-month<br>period ended<br>30 September<br>2010 | Change (%)                    |
| Profit for the period   | 101,284  | 82,960   | 22.09                         |
| Profit attributable to equity holders of the Bank                                       | 96,301   | 79,244   | 21.52                         |
| Earnings per share for profit attributable to equity holders of the Bank (basic, RMB)   | 0.35   | 0.30   | 14.28                         |
| Earnings per share for profit attributable to equity holders of the Bank (diluted, RMB) | 0.33   | 0.30   | 12.41                         |
| Return on average equity (%)  | 19.15  | 19.50  | Down by 0.35 percentage point |
| Items   | As at<br>30 September<br>2011                      | As at<br>31 December<br>2010                       | Change                        |
| Core capital adequacy ratio (%)   | 9.92   | 10.09  | Down by 0.17 percentage point |
| Capital adequacy ratio (%)  | 12.84  | 12.58  | Up by 0.26 percentage point   |

## **1.2.2 Reconciliation of differences between Chinese Accounting Standards (“CAS”) and IFRS financial information**

There are no differences in the Group’s operating results for the nine-month period ended 30 September 2011 and 30 September 2010; or the total equity as at 30 September 2011 and as at 31 December 2010 presented in the Group’s consolidated financial information prepared under IFRS and those prepared under CAS.

## **1.3 Number of shareholders and top ten shareholders**

**1.3.1 As at 30 September 2011, the Bank had a total of 1,124,149 shareholders, comprising 890,660 A-Share Holders and 233,489 H-Share Holders.**

### **1.3.2 Top ten shareholders as at 30 September 2011**

*Unit: share*

| No. | Name of shareholder  | Number of shares held | Percentage in total share capital | Type of shareholder                   | Type of shares |
|-----|--|-----------------------|-----------------------------------|---------------------------------------|----------------|
| 1   | Central Huijin Investment Ltd.   | 188,553,352,005       | 67.55%                            | State                                 | A              |
| 2   | HKSCC Nominees Limited   | 80,692,107,223        | 28.91%                            | Foreign legal person                  | H              |
| 3   | Li Ka Shing (Canada) Foundation  | 700,000,000           | 0.25%                             | Foreign legal person                  | H              |
| 4   | The Bank of Tokyo-Mitsubishi UFJ Ltd.  | 520,357,200           | 0.19%                             | Foreign legal person                  | H              |
| 5   | China Life Insurance Company Limited<br>– dividend – personal dividend<br>– 005L – FH002Shanghai                 | 420,524,931           | 0.15%                             | State-owned legal person              | A              |
| 6   | Asian Development Bank   | 304,007,461           | 0.11%                             | Foreign legal person                  | H              |
| 7   | PICC Property and Casualty Company Limited<br>– traditional – ordinary insurance products – 008C – CT001Shanghai | 196,759,432           | 0.07%                             | State-owned legal person              | A              |
| 8   | China Life Insurance Company Limited<br>– traditional – ordinary insurance products – 005L – CT001Shanghai       | 147,201,482           | 0.05%                             | State-owned legal person              | A              |
| 9   | Sino Life Insurance Co., Ltd.<br>– traditional – ordinary insurance products                                     | 115,983,491           | 0.04%                             | Domestic Non state-owned legal person | A              |
| 10  | Shenhua Group Corporation Limited  | 99,999,900            | 0.04%                             | State-owned legal person              | A              |
| 10  | Aluminum Corporation of China  | 99,999,900            | 0.04%                             | State-owned legal person              | A              |

*Notes:*

1. On 10 October 2011, Central Huijin Investment Ltd. increased its shareholding of the Bank through the transaction system of the Shanghai Stock Exchange by 3,509,673 A shares. After the share increment, Huijin holds 188,556,861,678 A shares of the Bank, representing 67.55% of the total share capital of the Bank. Please refer to the announcement made by the Bank on 10 October 2011 for more information.
2. 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.
3. 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. “China Life Insurance Company Limited – dividend – personal dividend – 005L – FH002Shanghai” and “China Life Insurance Company Limited – traditional – ordinary insurance products – 005L – CT001Shanghai” are both products of China Life Insurance Company Limited. Save for that, the Bank is not aware of any connected relations or concerted action among the aforementioned shareholders.
4. All the shares held by the aforesaid shareholders are not subject to selling restriction.
5. HKSCC Nominees Limited acted as the nominees for all institutional and individual investors that maintain an account with it as at 30 September 2011. The aggregate number of H Shares held by HKSCC Nominees Limited included the shares held by National Council for Social Security Fund PRC and Temasek Holdings (Private) Limited.

## 1.4 Convertible Bonds

### 1.4.1 Convertible bondholders and guarantors

| <b>Number of convertible bondholders as at 30 September 2011</b> |   | 19,176  |  |
|--|---|---|--|
| <b>Guarantor of the Bank’s Convertible Bonds</b>                 |   | None  |  |
| <i>Top ten convertible bondholders as at 30 September 2011</i>   |   |   |  |
| No.  | Name of convertible bondholders   | Amount of Convertible Bonds held at the end of the reporting period<br>(in RMB) | Percentage of total issued Convertible Bonds |
| 1  | China Life Insurance Company Limited – dividend – personal dividend – 005L – FH002Shanghai              | 2,025,124,000   | 5.06%  |
| 2  | New China Life Insurance Company Limited – dividend – group dividend – 018L – FH001Shanghai             | 1,989,059,000   | 4.97%  |
| 3  | China Credit Trust Co., Ltd. – BoComm Fixed Income Stand Alone Trust                                    | 1,414,912,000   | 3.54%  |
| 4  | China Life Insurance Company Limited – traditional – ordinary insurance products – 005L – CT001Shanghai | 1,189,906,000   | 2.97%  |
| 5  | ICBC Credit Suisse Credit Value-added Debt Securities Investment Fund                                   | 994,273,000   | 2.49%  |
| 6  | AnBang Property & Casualty Insurance Co., Ltd. – traditional insurance products                         | 794,348,000   | 1.99%  |

|    |  |             |       |
|----|--|-------------|-------|
| 7  | ChangJiang Securities Company Limited  | 771,382,000 | 1.93% |
| 8  | Fullgoal Convertible Bond Securities Investment Fund                                       | 768,000,000 | 1.92% |
| 9  | Bosera Convertible Bond Enhanced Debt Securities Investment Fund                           | 760,792,000 | 1.90% |
| 10 | ICBC Credit Suisse Asset Management Co., Ltd.<br>– ICBC – Specific Client Asset Management | 681,757,000 | 1.70% |

#### 1.4.2 Changes in Convertible Bonds during the reporting period

Unit: RMB

| Name of Convertible Bond               | Before the change | Increase/decrease |            |           |        | After the change |
|--|-------------------|-------------------|------------|-----------|--------|------------------|
|  |                   | Conversion        | Redemption | Back-sell | Others |                  |
| Bank of China A-Share Convertible Bond | 39,999,400,000    | 2,000             | –          | –         | –      | 39,999,398,000   |

#### 1.4.3 Accumulated conversion of Convertible Bonds during the reporting period

|   |                |
|---|----------------|
| Amount of conversion during the reporting period (RMB)                                    | 2,000          |
| Converted shares during the reporting period (share)                                      | 557            |
| Accumulated converted shares (share)  | 160,821        |
| Proportion of accumulated converted shares to total shares before conversion (%)          | 0.000059%      |
| Amount of remaining Convertible Bonds not converted (RMB)                                 | 39,999,398,000 |
| Proportion of amount of remaining Convertible Bonds to total issued Convertible Bonds (%) | 99.9985%       |

#### 1.4.4 Previous adjustments of the conversion price

The Bank issued RMB40 billion of Convertible Bonds on 2 June 2010.

On 27 May 2010, the Bank's 2009 Annual General Meeting approved the Bank's 2009 profit distribution plan and the bank published the announcement on A Share dividend distribution on 31 May 2010. The Bank adjusted the conversion price from RMB4.02 to RMB3.88 per share in accordance with the "Determination and Adjustment of Conversion Price" provision in the *Prospectus of Public Offering of Convertible Bonds of Bank of China*, effective after 3 June 2010 (share registration day for dividend distribution). The conversion price of the Bank's Convertible Bonds on the first day of trading was RMB3.88 per share.

With the approval of domestic and overseas regulatory authorities, the Bank issued 17,705,975,596 A Shares and 7,602,025,126 H Shares to A-Share Holders and H-Share Holders respectively. Following the A Share Rights Issue, the conversion price of the Bank's Convertible Bonds has been adjusted from RMB3.88 to RMB3.78 per share since 16 November 2010. Following the H Share Rights Issue, the conversion price has been adjusted from RMB3.78 to RMB3.74 per share since 16 December 2010.

On 27 May 2011, the Bank's 2010 Annual General Meeting approved the Bank's 2010 profit distribution plan and the bank published the announcement on A Share dividend distribution on 3 June 2011. The Bank adjusted the conversion price from RMB3.74 to RMB3.59 per share in accordance with the "Determination and Adjustment of Conversion Price" provision in the *Prospectus of Public Offering of Convertible Bonds of Bank of China*, effective after 9 June 2011 (share registration day for dividend distribution).

For details of the adjustments of the conversion price, please refer to the related announcements on the websites of the Shanghai Stock Exchange, Hong Kong Exchanges and Clearing Limited and the Bank.

#### ***1.4.5 The Bank's outstanding debts, creditworthiness and availability of cash for repayment of debts in future years***

Dagong International Credit Rating Co., Ltd. (Dagong International) has evaluated the Bank's Convertible Bonds and provided an updated credit rating report (Da Gong Bao SD[2011]No.53) which assigned an AAA counterparty credit rating to the Bank and an AAA credit rating to its Convertible Bonds. Dagong International believes that the Bank has a significantly strong ability to repay its issued bonds.

The Bank is one of China's large-scale state-owned commercial banks. The Bank's business covers commercial banking, investment banking and insurance, etc, providing comprehensive and quality financial services to corporate and personal customers worldwide. The Bank's risk management capacity is continually improving along with its increasingly enhanced capital base and overall operational sophistication. The Bank's adequate capital, stable structure of assets and liabilities and healthy profitability provide a solid foundation for the repayment of its various debts.

Guided by a sound corporate governance mechanism, the Bank is transparent in its finances, efficient in its management and prudent in its operations. The Bank has healthy liquidity and no historical record of default. The Bank will further enhance its management, develop its business and repay debts in a timely manner.

#### ***1.4.6 Significant changes to the profitability, asset condition and creditworthiness of the Convertible Bonds guarantor***

There is no guarantee in relation to the Bank's issuance of the Convertible Bonds.

## **II. SUMMARY OF ANALYSIS ON OVERALL OPERATING ACTIVITIES**

Since 2011, through adopting concepts of scientific development, the Bank earnestly implemented the national macro-economic policies and strategic development plans, vigorously promoted innovation, transformation and cross-border business development. The Bank made significant progress in the transformation of its business, optimization of its management processes and acceleration of its infrastructure construction. These efforts robustly strengthened its core competitiveness, resulting in a sustainable and healthy growth across all business lines and a steady increase in its profitability and efficiency. In the first three quarters of 2011, the Group recorded a profit attributable to equity holders of the Bank of RMB96.301 billion<sup>1</sup>, an increase of 21.52% compared with the same period of the previous year. Earnings per share were RMB0.35, an increase of RMB0.05 compared with the same period of 2010. Return on average equity was 19.15%, a decrease of 0.35 percentage point compared with the same period of 2010. Return on average total assets was 1.23%, an increase of 0.06 percentage point compared with the same period of 2010.

<sup>1</sup> The unit of currency in "Summary of analysis on overall operating activities" is RMB, unless indicated otherwise.

- 2.1 The principal components of the Group's consolidated income statement for the nine-month period ended 30 September 2011 were as follows:
1. Net interest income of the Group was RMB167.302 billion, an increase of RMB26.498 billion or 18.82% as compared with the same period of 2010. Net interest margin of the Group was 2.10%, an increase of 0.06 percentage point compared with the same period of 2010. Major factors impacting the Group's net interest margin included: (1) structure optimisation of assets and liabilities; (2) improvements in pricing capabilities of lending business; (3) significant increases in the RMB base rate and the market interest rates.
  2. Non-interest income of the Group reported an increase of RMB16.286 billion or 26.48% to RMB77.779 billion, of which net fee and commission income amounted to RMB50.827 billion, an increase of RMB9.483 billion or 22.94% compared with the same period of 2010; and other non-interest income amounted to RMB26.952 billion, an increase of RMB6.803 billion or 33.76% compared with the same period of 2010. Non-interest income represented 31.74% among the total operating income, up by 1.34 percentage points compared with the same period of 2010.
  3. The Group recorded operating expenses of RMB97.694 billion, an increase of RMB13.229 billion or 15.66% compared with the same period of 2010. The Bank has further ramped up its operations and investment in human resources for its key regions, and business lines across its domestic, overseas and subsidiary institutions, which corresponded to the increase in staff costs; it has devoted significant resources to the rapid development of key regions, businesses, products and projects, resulting in an increase in general operating and administrative expenses; and the continued increase in investment for infrastructure construction, including the development of outlets, channels and the launch of the IT Blueprint, led to increases in expenses such as depreciation and amortisation. The Group's cost to income ratio (calculated under domestic regulations) was 30.14%, a decrease of 1.20 percentage points compared with the same period of 2010. Operating efficiency was steadily improved.
  4. The Group's impairment losses on assets for the nine-month period ended 30 September 2011 amounted to RMB16.237 billion, including:
    - (1) Impairment losses on loans and advances amounted to RMB16.770 billion with a credit cost of 0.38%. As at 30 September 2011, the Group reported identified impaired loans totalling RMB62.778 billion, a decrease of RMB1.098 billion from the prior year-end; and the ratio of identified impaired loans to total loans was 1.00%, down by 0.13 percentage point compared with the end of 2010. The ratio of non-performing loans to total loans was 0.99%, a decrease of 0.11 percentage point from the prior year-end. The ratio of allowance for loan impairment losses to non-performing loans was 223.01%, up by 26.34 percentage points from the prior year-end.
    - (2) The reversal of impairment losses on debt securities amounted to RMB0.673 billion.

2.2 The principal components of the Group's financial position as at 30 September 2011 were as follows:

The Group's total assets amounted to RMB11,529.912 billion, an increase of RMB1,070.047 billion or 10.23% compared with the end of 2010, and total liabilities amounted to RMB10,804.125 billion, an increase of RMB1,020.410 billion or 10.43% compared with the end of 2010, including:

1. The Group's deposits from customers amounted to RMB7,929.372 billion, an increase of RMB446.118 billion or 5.96% compared with the end of 2010. As at 30 September 2011, domestic RMB-denominated deposits amounted to RMB6,303.209 billion, an increase of RMB326.130 billion or 5.46% from the prior year-end. The proportion of domestic RMB-denominated demand deposits was 44.77%, a decrease of 1.67 percentage points compared with the prior year-end.
2. The Group's loans and advances to customers amounted to RMB6,248.328 billion, an increase of RMB587.707 billion or 10.38% compared with the prior year-end. In 2011, the Bank continued to implement prudent monetary policy and macro-economic control requirements, and has kept a sensible grasp on the pace of lending, which resulted in a moderate but steady development of its loan business. As at 30 September 2011, domestic RMB-denominated loans amounted to RMB4,520.781 billion, an increase of RMB393.371 billion or 9.53% compared with the prior year-end.
3. The Group held investment securities<sup>2</sup> of RMB1,882.945 billion, a decrease of RMB172.379 billion or 8.39% compared with the prior year-end. The Group's RMB-denominated investment securities amounted to RMB1,358.070 billion, a decrease of RMB138.000 billion or 9.22% from the end of 2010. The balance of foreign currency-denominated investment securities was USD82.594 billion, a decrease of USD1.851 billion or 2.19% compared with the prior year-end. As at 30 September 2011, the proportion of RMB-denominated investment securities was 72.12%, a decrease of 0.67 percentage point compared with the prior year-end.

As at 30 September 2011, the carrying value of US subprime mortgage related debt securities, US Alt-A mortgage-backed securities and Non-Agency US mortgage-backed securities held by the Group amounted to USD1.875 billion (or RMB11.915 billion), and the related impairment allowance was USD1.678 billion (or RMB10.664 billion).

As at 30 September 2011, the carrying value of debt securities issued by US Freddie Mac and Fannie Mae held by the Group was USD0.010 billion (RMB0.064 billion). The carrying value of mortgage-backed securities guaranteed by these two agencies was USD0.057 billion (RMB0.363 billion). The principal and interest payments on these securities are currently on schedule.

As at 30 September 2011, the total carrying value of the Group's exposure to debt securities issued by sovereign governments, institutions and corporate entities of European countries amounted to RMB97.083 billion. RMB93.326 billion or 96.13% of this amount was related to the United Kingdom, Germany, Netherlands, France and Switzerland.

As at 30 September 2011, the total carrying value of debt securities issued by Italy held by the Group was RMB0.454 billion, a decrease of RMB0.682 billion compared with the half-year-end. The related impairment allowance was RMB0.047 billion. The Group did not hold any debt securities issued by Portugal, Ireland, Greece and Spain. The Bank will continue to follow developments in international financial markets and prudently assess the allowances for related assets losses in accordance with the requirements of the relevant accounting standards.

<sup>2</sup> 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.



### 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 2010, or compared with those for the nine-month period ended 30 September 2010 are as follows:

*Unit: RMB million*

| Items   | As at<br>30 September<br>2011 | As at<br>31 December<br>2010 | Change (%) | Main reasons  |
|---|-------------------------------|------------------------------|------------|---|
| Placements with and loans to banks and other financial institutions | <b>424,741</b>                | 213,716                      | 98.74      | Due to the increase in placements with and loans to banks and other financial institutions.                           |
| Financial liabilities at fair value through profit or loss          | <b>612,590</b>                | 215,874                      | 183.77     | Due to the increase in structured deposits.   |
| Undistributed profits   | <b>202,656</b>                | 148,355                      | 36.60      | Due to the increase in profits.   |
| Reserve for fair value changes of available for sale securities     | <b>1,407</b>                  | 4,015                        | -64.96     | Due to the decrease in evaluation of available for sale securities caused by fluctuation in overseas capital markets. |
| Treasury shares   | <b>(25)</b>                   | (138)                        | -81.88     | The subsidiaries reduced part of its holdings of the Bank's stock.  |

Unit: RMB million

| Items   | Nine-month period ended 30 September 2011 | Nine-month period ended 30 September 2010 | Change (%) | Main reasons   |
|---|---|---|------------|--|
| Interest income   | 298,032                                   | 228,228                                   | 30.59      | Since the fourth quarter of 2010, the PBOC raised benchmark interest rates of deposits and loans five times, and the market interest rates increased. The interest rates for interest-earning assets increased compared with the same period of 2010. Meanwhile, the average balance of interest-earning assets increased compared with the same period of 2010. |
| Interest expense  | (130,730)                                 | (87,424)                                  | 49.54      | Since the fourth quarter of 2010, the PBOC raised benchmark interest rates of deposits and loans five times, and the market interest rates increased. The interest rates for interest-bearing liabilities increased compared with the same period of 2010. Meanwhile, the average balance of customer deposits increased compared with the same period of 2010.  |
| Net trading gains   | 4,953                                     | 2,235                                     | 121.61     | Due to the increase in net gains from foreign exchange and foreign exchange products.  |
| Impairment losses on assets                                     | (16,237)                                  | (11,162)                                  | 45.47      | Due to the increase in impairment losses on loans and advances, and the decrease in the reversal of impairment losses on debt securities.  |
| Share of results of associates and joint ventures               | 502                                       | 746                                       | -32.71     | Due to the decrease in profit from associates.   |
| Profit for the period attributable to non-controlling interests | 4,983                                     | 3,716                                     | 34.10      | Due to the increase in profit from main subsidiaries.  |

### 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

Based on 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

## IV. QUARTERLY REPORT

This announcement is simultaneously available on the website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and that of the Bank at [www.boc.cn](http://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](http://www.sse.com.cn) and that of the Bank.

By Order of the Board  
**Bank of China Limited**  
**YEUNG Cheung Ying**  
Company Secretary

Beijing, PRC,  
26 October, 2011

*As at the date of this announcement, the Directors of the Bank are: XIAO Gang, LI Lihui, LI Zaohang, CAI Haoyi\*, SUN Zhijun\*, LIU Lina\*, JIANG Yansong\*, ZHANG Xiangdong\*, ZHANG Qi\*, Anthony Francis NEOH#, Alberto TOGNI#, HUANG Shizhong#, HUANG Danhan#, CHOW Man Yiu, Paul# and Jackson P.TAI#.*

\* Non-executive Directors

# Independent Non-executive Directors

## APPENDIX – FINANCIAL STATEMENTS (PREPARED IN ACCORDANCE WITH IFRS)

### Consolidated Income Statement

Unit: RMB million

|   | Three-month<br>period ended<br>30 September<br>2011<br>(unaudited) | Three-month<br>period ended<br>30 September<br>2010<br>(unaudited) | Nine-month<br>period ended<br>30 September<br>2011<br>(unaudited) | Nine-month<br>period ended<br>30 September<br>2010<br>(unaudited) |
|---|--|--|---|---|
| Interest income   | 107,258  | 80,203   | 298,032   | 228,228   |
| Interest expense  | (50,171)   | (31,263)   | (130,730)   | (87,424)  |
| <b>Net interest income</b>  | <b>57,087</b>  | 48,940   | <b>167,302</b>  | 140,804   |
| Fee and commission income   | 17,278   | 14,221   | 54,881  | 44,726  |
| Fee and commission expense  | (1,425)  | (1,183)  | (4,054)   | (3,382)   |
| <b>Net fee and commission income</b>  | <b>15,853</b>  | 13,038   | <b>50,827</b>   | 41,344  |
| Net trading gains   | 690  | 1,045  | 4,953   | 2,235   |
| Net gains on investment securities  | 142  | 1,008  | 3,478   | 2,836   |
| Other operating income  | 5,335  | 5,387  | 18,521  | 15,078  |
| <b>Operating income</b>   | <b>79,107</b>  | 69,418   | <b>245,081</b>  | 202,297   |
| Operating expenses  | (34,438)   | (31,371)   | (97,694)  | (84,465)  |
| Impairment losses on assets   | (3,950)  | (1,211)  | (16,237)  | (11,162)  |
| <b>Operating profit</b>   | <b>40,719</b>  | 36,836   | <b>131,150</b>  | 106,670   |
| Share of results of associates and joint ventures   | 156  | 293  | 502   | 746   |
| <b>Profit before income tax</b>   | <b>40,875</b>  | 37,129   | <b>131,652</b>  | 107,416   |
| Income tax expense  | (9,724)  | (8,544)  | (30,368)  | (24,456)  |
| <b>Profit for the period</b>  | <b>31,151</b>  | 28,585   | <b>101,284</b>  | 82,960  |
| <b>Attributable to:</b>   |  |  |   |   |
| Equity holders of the Bank  | 29,788   | 27,222   | 96,301  | 79,244  |
| Non-controlling interests   | 1,363  | 1,363  | 4,983   | 3,716   |
|   | <b>31,151</b>  | 28,585   | <b>101,284</b>  | 82,960  |
| Earnings per share for profit attributable to equity holders of the Bank during the period<br>(Expressed in RMB per ordinary share) |  |  |   |   |
| – Basic   | 0.11   | 0.10   | 0.35  | 0.30  |
| – Diluted   | 0.10   | 0.10   | 0.33  | 0.30  |

## Consolidated Statement of Comprehensive Income

Unit: RMB million

|  | Three-month<br>period ended<br>30 September<br>2011<br>(unaudited) | Three-month<br>period ended<br>30 September<br>2010<br>(unaudited) | Nine-month<br>period ended<br>30 September<br>2011<br>(unaudited) | Nine-month<br>period ended<br>30 September<br>2010<br>(unaudited) |
|--|--|--|---|---|
| <b>Profit for the period</b>   | <b>31,151</b>  | 28,585   | <b>101,284</b>  | 82,960  |
| <b>Other comprehensive income:</b>   |  |  |   |   |
| Fair value (losses)/gains on available for<br>sale financial assets:   |  |  |   |   |
| Amount taken to equity   | (4,404)  | 5,841  | 417   | 11,938  |
| Less: related income tax impact  | 465  | (1,040)  | (43)  | (2,471)   |
| Amount transferred to income statement   | (113)  | (1,924)  | (3,790)   | (5,094)   |
| Less: related income tax impact  | 55   | 362  | 509   | 873   |
| Subtotal   | (3,997)  | 3,239  | (2,907)   | 5,246   |
| Share of other comprehensive income of<br>associates and joint ventures accounted<br>for using the equity method | -  | (2)  | (7)   | 105   |
| Less: related income tax impact  | -  | -  | 2   | (2)   |
| Subtotal   | -  | (2)  | (5)   | 103   |
| Exchange differences on translating<br>foreign operations  | (2,877)  | (460)  | (4,780)   | (2,061)   |
| Less: net amount transferred to income<br>statement from other comprehensive<br>income                           | 299  | 49   | 501   | 80  |
| Subtotal   | (2,578)  | (411)  | (4,279)   | (1,981)   |
| Other  | (4)  | 269  | 40  | 562   |
| <b>Other comprehensive income for<br/>the period, net of tax</b>   | <b>(6,579)</b>   | 3,095  | <b>(7,151)</b>  | 3,930   |
| <b>Total comprehensive income for the period</b>   | <b>24,572</b>  | 31,680   | <b>94,133</b>   | 86,890  |
| <b>Total comprehensive income attributable to:</b>   |  |  |   |   |
| Equity holders of the Bank   | 24,144   | 30,077   | 90,539  | 82,875  |
| Non-controlling interests  | 428  | 1,603  | 3,594   | 4,015   |
|  | <b>24,572</b>  | 31,680   | <b>94,133</b>   | 86,890  |

## Consolidated Statement of Financial Position

*Unit: RMB million*

|   | As at<br><b>30 September</b><br><b>2011</b><br>(unaudited) | As at<br>31 December<br>2010<br>(audited) |
|---|--|---|
| <b>ASSETS</b>   |  |   |
| Cash and due from banks and other financial institutions            | <b>597,547</b>   | 636,126                                   |
| Balances with central banks   | <b>2,045,566</b>   | 1,573,922                                 |
| Placements with and loans to banks and other financial institutions | <b>424,741</b>   | 213,716                                   |
| Government certificates of indebtedness for bank notes issued       | <b>51,543</b>  | 42,469                                    |
| Precious metals   | <b>73,238</b>  | 86,218                                    |
| Financial assets at fair value through profit or loss               | <b>67,992</b>  | 81,237                                    |
| Derivative financial assets   | <b>48,092</b>  | 39,974                                    |
| Loans and advances to customers, net                                | <b>6,110,332</b>   | 5,537,765                                 |
| Investment securities   |  |   |
| – available for sale  | <b>500,899</b>   | 656,738                                   |
| – held to maturity  | <b>1,037,102</b>   | 1,039,386                                 |
| – loans and receivables   | <b>276,952</b>   | 277,963                                   |
| Investment in associates and joint ventures                         | <b>11,883</b>  | 12,631                                    |
| Property and equipment  | <b>127,091</b>   | 123,568                                   |
| Investment property   | <b>13,914</b>  | 13,839                                    |
| Deferred income tax assets  | <b>24,115</b>  | 24,041                                    |
| Other assets  | <b>118,905</b>   | 100,272                                   |
|   | <hr/>  | <hr/>                                     |
| <b>Total assets</b>   | <b>11,529,912</b>  | <b>10,459,865</b>                         |
|   | <hr/> <hr/>  | <hr/> <hr/>                               |

## Consolidated Statement of Financial Position (*continued*)

*Unit: RMB million*

|  | As at<br>30 September<br>2011<br>(unaudited) | As at<br>31 December<br>2010<br>(audited) |
|--|--|---|
| <b>LIABILITIES</b>   |  |   |
| Due to banks and other financial institutions                          | 1,328,896                                    | 1,275,814                                 |
| Due to central banks   | 85,832                                       | 73,415                                    |
| Bank notes in circulation  | 51,674                                       | 42,511                                    |
| Placements from banks and other financial institutions                 | 283,194                                      | 230,801                                   |
| Financial liabilities at fair value through profit or loss             | 612,590                                      | 215,874                                   |
| Derivative financial liabilities                                       | 41,062                                       | 35,711                                    |
| Due to customers   | 7,929,372                                    | 7,483,254                                 |
| Bonds issued   | 164,970                                      | 131,887                                   |
| Other borrowings   | 45,890                                       | 42,620                                    |
| Current tax liabilities  | 26,421                                       | 22,775                                    |
| Retirement benefit obligations   | 5,865  | 6,440                                     |
| Deferred income tax liabilities  | 4,276  | 3,919                                     |
| Other liabilities  | 224,083                                      | 218,694                                   |
|  | <hr/>  | <hr/>                                     |
| <b>Total liabilities</b>   | <b>10,804,125</b>                            | <b>9,783,715</b>                          |
| <b>EQUITY</b>  |  |   |
| <b>Capital and reserves attributable to equity holders of the Bank</b> |  |   |
| Share capital  | 279,147                                      | 279,147                                   |
| Capital reserve  | 115,022                                      | 114,988                                   |
| Treasury shares  | (25)   | (138)                                     |
| Statutory reserves   | 40,393                                       | 40,227                                    |
| General and regulatory reserves  | 72,295                                       | 71,195                                    |
| Undistributed profits  | 202,656                                      | 148,355                                   |
| Reserve for fair value changes of available for sale securities        | 1,407  | 4,015                                     |
| Currency translation differences                                       | (16,834)                                     | (13,624)                                  |
|  | <hr/>  | <hr/>                                     |
|  | <b>694,061</b>                               | <b>644,165</b>                            |
| <b>Non-controlling interests</b>                                       | <b>31,726</b>                                | <b>31,985</b>                             |
|  | <hr/>  | <hr/>                                     |
| <b>Total equity</b>  | <b>725,787</b>                               | <b>676,150</b>                            |
|  | <hr/>  | <hr/>                                     |
| <b>Total equity and liabilities</b>                                    | <b>11,529,912</b>                            | <b>10,459,865</b>                         |
|  | <hr/> <hr/>                                  | <hr/> <hr/>                               |

**XIAO Gang**  
*Director*

**LI Lihui**  
*Director*

## Consolidated Statement of Cash Flows

Unit: RMB million

|   | Nine-month<br>period ended<br>30 September<br>2011<br>(unaudited) | Nine-month<br>period ended<br>30 September<br>2010<br>(unaudited) |
|---|---|---|
| <b>Cash flows from operating activities</b>   |   |   |
| Profit before income tax  | 131,652   | 107,416   |
| Adjustments:  |   |   |
| Impairment losses on assets   | 16,237  | 11,162  |
| Depreciation of property and equipment  | 7,651   | 6,387   |
| Amortisation of intangible assets and other assets  | 1,401   | 1,176   |
| Net gains on disposal of property and equipment,<br>intangible assets and other long-term assets          | (210)   | (254)   |
| Net gains on disposal of investment in subsidiaries,<br>associates and joint ventures                     | –   | (128)   |
| Share of results of associates and joint ventures   | (502)   | (746)   |
| Interest income arising from investment securities  | (40,422)  | (38,292)  |
| Dividends arising from investment securities  | (181)   | (151)   |
| Net gains on derecognition of investment securities   | (3,478)   | (2,836)   |
| Interest expense arising from bonds issued  | 4,727   | 3,315   |
| Net changes in operating assets and liabilities:  |   |   |
| Net increase in balances with central banks   | (299,373)   | (208,023)   |
| Net increase in due from banks and placements with<br>and loans to banks and other financial institutions | (21,526)  | (136,907)   |
| Net decrease/(increase) in precious metals  | 12,980  | (9,931)   |
| Net decrease/(increase) in financial assets at fair value<br>through profits or loss                      | 4,170   | (15,519)  |
| Net increase in loans and advances to customers   | (589,176)   | (649,398)   |
| Net increase in other assets  | (13,397)  | (57,342)  |
| Net increase in due to banks and other financial Institutions   | 53,082  | 321,394   |
| Net increase in due to central banks  | 12,417  | 7,702   |
| Net increase in placements from banks and other financial<br>institutions                                 | 52,393  | 26,878  |
| Net increase in due to customers  | 446,118   | 818,024   |
| Net increase/(decrease) in other borrowings   | 3,270   | (849)   |
| Net increase in other liabilities   | 419,179   | 68,473  |
| Cash inflow from operating activities   | 197,012   | 251,551   |
| Income tax paid   | (26,341)  | (22,801)  |
| Net cash inflow from operating activities   | 170,671   | 228,750   |



## Consolidated Statement of Cash Flows (continued)

Unit: RMB million

|   | Nine-month<br>period ended<br>30 September<br>2011<br>(unaudited) | Nine-month<br>period ended<br>30 September<br>2010<br>(unaudited) |
|---|---|---|
| <b>Cash flows from investing activities</b>   |   |   |
| Proceeds from disposal of property and equipment,<br>intangible assets and other long-term assets | 1,995   | 2,075   |
| Proceeds from disposal of investment in subsidiaries,<br>associates and joint ventures            | 372   | 475   |
| Dividends received  | 380   | 378   |
| Interest income received from investment securities   | 44,209  | 39,240  |
| Proceeds from disposal/maturity of investment securities  | 1,112,180   | 919,948   |
| Increase in investment in subsidiaries, associates<br>and joint ventures                          | (126)   | (583)   |
| Purchase of property and equipment, intangible assets<br>and other long-term assets               | (15,046)  | (8,656)   |
| Purchase of investment securities   | (997,265)   | (1,069,502)   |
| Net cash inflow/(outflow) from investing activities   | <u>146,699</u>  | <u>(116,625)</u>  |
| <b>Cash flows from financing activities</b>   |   |   |
| Cash received from issuance of bonds  | 32,015  | 81,509  |
| Repayments for debts issued   | (758)   | (24,930)  |
| Cash payments for interest on bonds issued  | (4,442)   | (3,406)   |
| Dividend payments to equity holders of the Bank   | (40,756)  | (35,537)  |
| Dividend payments to non-controlling interests  | (3,912)   | (3,239)   |
| Other net cash flows from financing activities  | 152   | 290   |
| Net cash (outflow)/inflow from financing activities   | <u>(17,701)</u>   | <u>14,687</u>   |
| Effect of exchange rate changes on cash and cash equivalents                                      | <u>(5,963)</u>  | <u>(4,035)</u>  |
| <b>Net increase in cash and cash equivalents</b>  | <b>293,706</b>  | <b>122,777</b>  |
| Cash and cash equivalents at beginning of the period  | <u>769,371</u>  | <u>586,319</u>  |
| Cash and cash equivalents at end of the period  | <u><u>1,063,077</u></u>   | <u><u>709,096</u></u>   |