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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 2012

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 2012. 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

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
Securities name	中行轉債
Securities code	113001 (A-Share Convertible Bonds)
Listing venue	Shanghai Stock Exchange
Secretary to the Board of Directors	FAN Yaosheng (范耀勝)
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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 2012	As at 31 December 2011	Change (%)
Total assets	12,743,685	11,829,789	7.73
Capital and reserves attributable to equity holders of the Bank	791,703	723,914	9.36
Net assets per share (RMB)	2.84	2.59	9.36
Items	Nine-month period ended 30 September 2012	Nine-month period ended 30 September 2011	Change (%)
Profit for the period	111,419	101,424	9.85
Profit attributable to equity holders of the Bank	106,363	96,368	10.37
Earnings per share for profit attributable to equity holders of the Bank (basic, RMB)	0.38	0.35	10.37
Earnings per share for profit attributable to equity holders of the Bank (diluted, RMB)	0.37	0.33	10.19
Return on average equity (%)	18.66	19.14	Down by 0.48 percentage point
Items	As at 30 September 2012	As at 31 December 2011	Change
Core capital adequacy ratio (%)	10.38	10.08	Up by 0.30 percentage point
Capital adequacy ratio (%)	13.16	12.98	Up by 0.18 percentage point
Items	Nine-month period ended 30 September 2012	Nine-month period ended 30 September 2011	Change (%)
Net cash inflow from operating activities	336,212	170,671	96.99
Net cash inflow from operating activities per share (RMB)	1.20	0.61	96.99

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 2012 and 2011 or the total equity as at 30 September 2012 and as at 31 December 2011 presented in the Group’s consolidated financial statements prepared under IFRS and those prepared under CAS.

1.3 Number of shareholders and top ten shareholders

1.3.1 As at 30 September 2012, the Bank had a total of 1,063,465 shareholders, comprising 834,722 A-Share Holders and 228,743 H-Share Holders.

1.3.2 Top ten shareholders as at 30 September 2012

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.	188,804,624,720	67.64%	State	A
2	HKSCC Nominees Limited	81,635,657,178	29.24%	Foreign legal person	H
3	The Bank of Tokyo-Mitsubishi UFJ Ltd.	520,357,200	0.19%	Foreign legal person	H
4	China Life Insurance Company Limited – dividend – personal dividend – 005L – FH002Shanghai	445,981,348	0.16%	State-owned legal person	A
5	Sino Life Insurance Co., Ltd. – traditional – ordinary insurance products	184,083,248	0.07%	Domestic non state-owned legal person	A
6	Sino Life Insurance Co., Ltd. – dividend – group dividend	165,543,425	0.06%	Domestic non state-owned legal person	A
7	China Life Insurance Company Limited – traditional – ordinary insurance products – 005L – CT001Shanghai	113,648,974	0.04%	State-owned legal person	A
8	Aluminum Corporation of China	99,999,900	0.04%	State-owned legal person	A
8	Shenhua Group Corporation Limited	99,999,900	0.04%	State-owned legal person	A
10	China Southern Power Grid Co., Ltd.	90,909,000	0.03%	State-owned legal person	A

Notes:

1. During the reporting period, Central Huijin Investment Ltd. increased its shareholding of the Bank by 18,812,360 shares.
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. HKSCC Nominees Limited acted as the nominee for all institutional and individual investors that maintain an account with it as at 30 September 2012. 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.
4. “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. “Sino Life Insurance Co., Ltd. – traditional – ordinary insurance products” and “Sino Life Insurance Co., Ltd. – dividend – group dividend” are both products of Sino Life Insurance Co., Ltd. Save for that, the Bank is not aware of any connected relations or concerted action among the afore-mentioned shareholders.
5. All the shares held by the aforesaid shareholders are not subject to selling restriction. 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.

1.4 Convertible Bonds

1.4.1 Convertible bondholders and guarantors

Number of convertible bondholders as at 30 September 2012: 16,182			
Guarantor of the Bank’s Convertible Bonds: None			
<i>Top ten convertible bondholders as at 30 September 2012</i>			
No.	Name of convertible bondholders	Amount of Convertible Bonds held at the end of the reporting period (in RMB)	Percentage of total issued Convertible Bonds
1	China Life Insurance Company Limited – dividend – personal dividend – 005L – FH002Shanghai	2,324,196,000	5.81%
2	An-Bang Insurance Group Co., Ltd. – traditional insurance products	1,817,030,000	4.54%
3	China Life Insurance Company Limited – traditional – ordinary insurance products – 005L – CT001Shanghai	1,401,211,000	3.50%

4	China Credit Trust Co., Ltd. – BoComm Fixed Income Stand Alone Trust	1,097,373,000	2.74%
5	Fullgoal Convertible Bond Securities Investment Fund	1,043,508,000	2.61%
6	ICBC Credit Suisse Asset Management Co., Ltd. – ICBC – Specific Client Asset Management	771,405,000	1.93%
7	Bosera Convertible Bond Enhanced Debt Securities Investment Fund	756,292,000	1.89%
8	China Life Insurance (Group) Company – traditional – ordinary insurance products	715,460,000	1.79%
9	CITIC Securities Co., Ltd.	688,869,000	1.72%
10	Sunshine Life Insurance Company Limited – dividend insurance products	686,327,000	1.72%

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	39,999,338,000	-	-	-	-	39,999,338,000

1.4.3 Accumulated conversion of Convertible Bonds during the reporting period

Amount of conversion during the reporting period (RMB)	-
Converted shares during the reporting period (share)	-
Accumulated converted shares (share)	177,628
Proportion of accumulated converted shares to total shares before conversion	0.000065%
Amount of remaining Convertible Bonds not converted (RMB)	39,999,338,000
Proportion of amount of remaining Convertible Bonds to total issued Convertible Bonds	99.9983%

1.4.4 Previous adjustments of conversion price

Effective date of adjusted conversion price	Conversion price after adjustment	Disclosure date	Reasons of adjustments	Media of disclosure
4 June 2010	RMB3.88 per share	31 May 2010	2009 profit distribution	<i>China Securities Journal, Shanghai Securities News, Security Times, Securities Daily and the websites of SSE, HKEx and the Bank</i>
16 November 2010	RMB3.78 per share	11 November 2010	A Share rights issue	
16 December 2010	RMB3.74 per share	13 December 2010	H Share rights issue	
10 June 2011	RMB3.59 per share	3 June 2011	2010 profit distribution	
13 June 2012	RMB3.44 per share	6 June 2012	2011 profit distribution	
Conversion price at the end of reporting period		RMB3.44 per share		

Note: *Securities Daily* became the Bank's selected newspaper for information disclosure from 1 January 2012.

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[2012]No.157) which assigned an AAA credit rating to its Convertible Bonds. Dagong International believes that the Bank is able to provide significantly strong support to the repayment of its Convertible Bonds issued in 2010.

The Bank is one of China's large-scale state-owned commercial banks. The Bank's business covers commercial banking, investment banking, insurance, direct investment and investment management, etc., providing comprehensive and quality financial services to personal and corporate customers worldwide. The Bank's risk management capability has continuously improved along with its enhanced capital base and overall operational sophistication. The Bank's adequate capital, stable mix 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 financials, 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 and develop its business in the future and is capable of repaying 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 the beginning of 2012, the Bank has adopted a scientific outlook on development and remained faithful to its proven century-old tradition of excellence in strict compliance with macroeconomic policies and regulatory requirements. The Bank has followed a path of constant and balanced growth by adhering to the principles of “streamlining structure, scaling up, managing risks and sharpening competitiveness”. It has strongly encouraged innovative, transformative and cross-border development while striving to maintain its unique characteristics. These principles are the foundation of the Bank’s customer-centric, market-oriented, technology-led global service system, which has helped to sustain the healthy development of its various businesses and enhance its operating efficiency and results. During the first three quarters of 2012, the Group achieved a profit of RMB111.419 billion and profit attributable to equity holders of the Bank stood at RMB106.363 billion, a year-on-year increase of 9.85% and 10.37% respectively (representing both an increase of 13.53% after eliminating the one-off impact of Lehman Brothers-related products¹ etc., during 2011). Return on average equity (“ROE”) and return on average total assets (“ROA”) stood at 18.66% and 1.21%, representing increases of 0.39 and 0.04 percentage point compared with the prior year-end.

2.1 The principal components of the Group’s consolidated income statement for the nine-month period ended 30 September 2012 were as follows:

1. The Group’s net interest income amounted to RMB189.444 billion, representing an increase of RMB22.142 billion or 13.23% compared with the same period of 2011. The net interest margin was 2.12%, an increase of 0.02 percentage point as compared to the end of June 2012, which was about the same as that as at the end of 2011.
2. The Group’s non-interest income amounted to RMB79.895 billion, representing an increase of RMB2.116 billion or 2.72% compared with the same period of 2011. Of this, non-interest income for the third quarter of 2012 was RMB24.284 billion, an increase of RMB3.003 billion compared to the second quarter of 2012. For the nine months ended 30 September 2012, non-interest income represented 29.66% of the total operating income.

Net fee and commission income amounted to RMB49.930 billion, a decline of RMB0.897 billion or 1.76% compared with the same period of 2011. Of this, net fee and commission income for the third quarter of 2012 was RMB15.680 billion, an increase of RMB2.582 billion compared to the second quarter of 2012.

3. The Group’s operating expenses amounted to RMB113.146 billion, an increase of RMB15.452 billion or 15.82% compared with the same period of 2011. There has been a corresponding increase in expenses as the Bank continued to push ahead with the transformation of its network, channel development, system re-design and investments in strategic resources. The Group’s cost to income ratio (calculated under domestic regulations) was 30.51%, a decline of 2.56 percentage points compared to the end of 2011.

¹ Including the recovery in the underlying assets related to BOCHK’s exposure to Lehman Brothers minibonds, after deducting the related expenses.

4. The Group's impairment losses on assets amounted to RMB13.626 billion, including:
 - (1) Impairment losses on loans and advances amounted to RMB13.669 billion with a credit cost of 0.27%. As at 30 September 2012, the Group reported non-performing loans totalling RMB64.099 billion, and the ratio of non-performing loans to total loans was 0.93%, down by 0.07 percentage point from the prior year-end. The ratio of allowance for loan impairment losses to non-performing loans was 237.19%, up by 16.44 percentage points from the prior year-end.
 - (2) The reversal of impairment losses on debt securities amounted to RMB290 million.

2.2 The principal components of the Group's financial position as at 30 September 2012 were as follows:

The Group's total assets amounted to RMB12,743.685 billion, an increase of RMB913.896 billion or 7.73% compared with the end of 2011, and total liabilities amounted to RMB11,915.956 billion, an increase of RMB843.304 billion or 7.62% compared with the prior year-end. The Group's loan to deposit ratio was 71.49%.

1. The Group's due to customers amounted to RMB9,343.145 billion, an increase of RMB525.184 billion or 5.96% compared with the end of 2011. Among these, RMB-denominated deposits amounted to RMB7,487.975 billion, an increase of RMB205.884 billion or 2.83% from the prior year-end.
2. The Group's loans and advances to customers amounted to RMB6,918.410 billion, an increase of RMB575.596 billion or 9.07% compared with the prior year-end. RMB-denominated loans amounted to RMB5,274.079 billion, an increase of RMB498.585 billion or 10.44% compared with the prior year-end.
3. The Group's investment securities² amounted to RMB2,277.798 billion, an increase of RMB277.039 billion or 13.85% compared with the prior year-end. The Group's RMB-denominated investment securities amounted to RMB1,664.565 billion, an increase of RMB196.161 billion or 13.36% from the end of 2011. Foreign-currency-denominated investment securities amounted to USD96.709 billion, an increase of USD12.220 billion or 14.46% compared with the prior year-end.

The carrying value of the debt securities issued by European governments and institutions held by the Group amounted to RMB53.190 billion, a decrease of RMB27.931 billion from the prior year-end. Among these, debt securities related to the United Kingdom, Germany, Netherlands, France and Switzerland amounted to RMB51.033 billion or 95.94%. The Group did not hold any debt securities issued by governments and institutions in Greece, Portugal, Ireland, Italy and Spain.

The carrying value of US subprime-mortgage related debt securities, US Alt-A mortgage-backed and Non-Agency US mortgaged-backed securities held by the Group amounted to USD1.178 billion and, the related impairment allowance was USD0.640 billion. The total carrying value of the debt securities issued by Freddie Mac and Fannie Mae and the debt securities guaranteed by these two US agencies held by the Group was USD0.050 billion.

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.

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 2011, or compared with those for the nine-month period ended 30 September 2011 are as follows:

Unit: RMB million

Items	As at 30 September 2012	As at 31 December 2011	Change (%)	Main reasons
Placements with and loans to banks and other financial institutions	364,127	618,366	-41.11	Due to the decrease in placements with and loans to banks and other financial institutions.
Precious metals	136,139	95,907	41.95	Due to the increase in precious metals for trading.
Due to central banks	132,757	81,456	62.98	Due to the increase in foreign currency denominated central bank debts.
Placements from banks and other financial institutions	417,427	265,838	57.02	Due to the increase in placements from banks and other financial institutions.
Treasury shares	(13)	(25)	-48.00	The subsidiaries reduced part of their holdings of the Bank's stocks.
Reserve for fair value changes of available for sale securities	6,568	3,642	80.34	Due to the increase of fair value of debt securities available for sale caused by volatility in off-shore securities markets.

Items	Nine-month period ended 30 September 2012	Nine-month period ended 30 September 2011	Change (%)	Main reasons
Interest expense	(191,299)	(130,730)	46.33	Due to the increase in the scale of interest-bearing liabilities and increase in average interest rates.
Net trading gains	6,884	4,953	38.99	Due to the increase in net yield from interest-rate products as compared to the corresponding period in prior year.
Net gains on investment securities	1,670	3,478	-51.98	Due to the decline in gains from the purchase and sale of available for sale financial assets.

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 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.

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

Beijing, PRC
25 October 2012

As at the date of this announcement, the Directors of the Bank are: XIAO Gang, LI Lihui, LI Zaohang, WANG Yongli, CAI Haoyi^{}, SUN Zhijun^{*}, LIU Lina^{*}, JIANG Yansong^{*}, ZHANG Xiangdong^{*}, ZHANG Qi^{*}, Anthony Francis NEOH[#], 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 period ended 30 September 2012 (unaudited)	Three-month period ended 30 September 2011 (restated)	Nine-month period ended 30 September 2012 (unaudited)	Nine-month period ended 30 September 2011 (restated)
Interest income	127,622	107,258	380,743	298,032
Interest expense	<u>(62,232)</u>	<u>(50,171)</u>	<u>(191,299)</u>	<u>(130,730)</u>
Net interest income	65,390	57,087	189,444	167,302
Fee and commission income	17,009	17,278	53,730	54,881
Fee and commission expense	<u>(1,329)</u>	<u>(1,425)</u>	<u>(3,800)</u>	<u>(4,054)</u>
Net fee and commission income	15,680	15,853	49,930	50,827
Net trading gains	1,423	690	6,884	4,953
Net gains on investment securities	618	142	1,670	3,478
Other operating income	<u>6,563</u>	<u>5,335</u>	<u>21,411</u>	<u>18,521</u>
Operating income	89,674	79,107	269,339	245,081
Operating expenses	<u>(39,628)</u>	<u>(34,438)</u>	<u>(113,146)</u>	<u>(97,694)</u>
Impairment losses on assets	<u>(4,389)</u>	<u>(3,950)</u>	<u>(13,626)</u>	<u>(16,237)</u>
Operating profit	45,657	40,719	142,567	131,150
Share of results of associates and joint ventures	<u>267</u>	<u>156</u>	<u>492</u>	<u>502</u>
Profit before income tax	45,924	40,875	143,059	131,652
Income tax expense	<u>(9,507)</u>	<u>(9,685)</u>	<u>(31,640)</u>	<u>(30,228)</u>
Profit for the period	<u>36,417</u>	<u>31,190</u>	<u>111,419</u>	<u>101,424</u>
Attributable to:				
Equity holders of the Bank	34,762	29,812	106,363	96,368
Non-controlling interests	<u>1,655</u>	<u>1,378</u>	<u>5,056</u>	<u>5,056</u>
	<u>36,417</u>	<u>31,190</u>	<u>111,419</u>	<u>101,424</u>
Earnings per share for profit attributable to equity holders of the Bank during the period (Expressed in RMB per ordinary share)				
– Basic	0.12	0.11	0.38	0.35
– Diluted	<u>0.12</u>	<u>0.10</u>	<u>0.37</u>	<u>0.33</u>

Consolidated Statement of Comprehensive Income

Unit: RMB million

	Three-month period ended 30 September 2012 (unaudited)	Three-month period ended 30 September 2011 (restated)	Nine-month period ended 30 September 2012 (unaudited)	Nine-month period ended 30 September 2011 (restated)
Profit for the period	36,417	31,190	111,419	101,424
Other comprehensive income:				
Fair value gains/(losses) on available for sale financial assets:				
Amount recorded in equity	630	(4,404)	6,234	417
Less: related income tax impact	(123)	465	(1,501)	(43)
Amount transferred to income statement	(574)	(113)	(1,281)	(3,790)
Less: related income tax impact	148	55	437	509
Subtotal	81	(3,997)	3,889	(2,907)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(21)	–	(67)	(7)
Less: related income tax impact	7	–	6	2
Subtotal	(14)	–	(61)	(5)
Exchange differences from the translation of foreign operations	1,160	(2,902)	1,786	(4,835)
Less: net amount transferred to income statement from other comprehensive income	72	299	310	501
Subtotal	1,232	(2,603)	2,096	(4,334)
Other	10	(1)	39	46
Other comprehensive gains/(losses) for the period, net of tax	1,309	(6,601)	5,963	(7,200)
Total comprehensive income for the period	37,726	24,589	117,382	94,224
Total comprehensive income attributable to:				
Equity holders of the Bank	35,488	24,155	111,045	90,574
Non-controlling interests	2,238	434	6,337	3,650
	37,726	24,589	117,382	94,224

Consolidated Statement of Financial Position

Unit: RMB million

	As at 30 September 2012 (unaudited)	As at 31 December 2011 (restated)
ASSETS		
Cash and due from banks and other financial institutions	724,912	590,964
Balances with central banks	2,034,270	1,919,651
Placements with and loans to banks and other financial institutions	364,127	618,366
Government certificates of indebtedness for bank notes issued	69,006	56,108
Precious metals	136,139	95,907
Financial assets at fair value through profit or loss	90,670	73,807
Derivative financial assets	40,645	42,757
Loans and advances to customers, net	6,766,371	6,203,138
Investment securities	2,187,128	1,926,952
– available for sale	693,787	553,318
– held to maturity	1,200,997	1,074,116
– loans and receivables	292,344	299,518
Investment in associates and joint ventures	13,200	13,293
Property and equipment	139,795	138,234
Investment properties	16,618	14,616
Deferred income tax assets	20,378	19,264
Other assets	140,426	116,732
Total assets	12,743,685	11,829,789

Consolidated Statement of Financial Position (continued)

Unit: RMB million

	As at 30 September 2012 (unaudited)	As at 31 December 2011 (restated)
LIABILITIES		
Due to banks and other financial institutions	1,416,474	1,370,943
Due to central banks	132,757	81,456
Bank notes in circulation	69,218	56,259
Placements from banks and other financial institutions	417,427	265,838
Derivative financial liabilities	35,578	35,473
Due to customers	9,343,145	8,817,961
– at amortised cost	8,892,691	8,256,874
– at fair value	450,454	561,087
Bonds issued	181,050	169,902
Other borrowings	30,479	26,724
Current tax liabilities	29,001	29,353
Retirement benefit obligations	5,307	6,086
Deferred income tax liabilities	3,729	2,966
Other liabilities	251,791	209,691
Total liabilities	11,915,956	11,072,652
EQUITY		
Capital and reserves attributable to equity holders of the Bank		
Share capital	279,147	279,147
Capital reserve	115,405	115,403
Treasury shares	(13)	(25)
Statutory reserves	52,280	52,165
General and regulatory reserves	81,508	81,243
Undistributed profits	273,320	210,599
Reserve for fair value changes of available for sale securities	6,568	3,642
Currency translation differences	(16,512)	(18,260)
	791,703	723,914
Non-controlling interests	36,026	33,223
Total equity	827,729	757,137
Total equity and liabilities	12,743,685	11,829,789

XIAO Gang
Director

LI Lihui
Director

Consolidated Statement of Cash Flows

Unit: RMB million

For the nine-month period ended 30 September

	2012 (unaudited)	2011 (restated)
Cash flows from operating activities		
Profit before income tax	143,059	131,652
Adjustments:		
Impairment losses on assets	13,626	16,237
Depreciation of property and equipment	8,754	7,651
Amortisation of intangible assets and other assets	1,688	1,401
Net gains on disposal of property and equipment, intangible assets and other long-term assets	(253)	(210)
Net gains on disposal of investment in subsidiaries, associates and joint ventures	(93)	–
Share of results of associates and joint ventures	(492)	(502)
Interest income arising from investment securities	(46,684)	(40,422)
Dividends arising from investment securities	(251)	(181)
Net gains on de-recognition of investment securities	(1,670)	(3,478)
Interest expense arising from bonds issued	5,431	4,727
Net changes in operating assets and liabilities:		
Net increase in balances with central banks	(128,821)	(299,373)
Net decrease/(increase) in due from and placements with and loans to banks and other financial institutions	187,078	(21,526)
Net (increase)/decrease in precious metals	(40,232)	12,980
Net (increase)/decrease in financial assets at fair value through profit or loss	(13,296)	4,170
Net increase in loans and advances to customers	(576,830)	(589,176)
Net increase in other assets	(13,562)	(13,397)
Net increase in due to banks and other financial institutions	45,531	53,082
Net increase in due to central banks	51,301	12,417
Net increase in placements from banks and other financial institutions	151,589	52,393
Net increase in due to customers	525,184	846,271
Net increase in other borrowings	3,755	4,812
Net increase in other liabilities	54,445	17,484
Cash inflow from operating activities	369,257	197,012
Income tax paid	(33,045)	(26,341)
Net cash inflow from operating activities	336,212	170,671

Consolidated Statement of Cash Flows (continued)

Unit: RMB million

For the nine-month period ended 30 September

	2012 (unaudited)	2011 (restated)
Cash flows from investing activities		
Proceeds from disposal of property and equipment, intangible assets and other long-term assets	421	1,995
Proceeds from disposal of investment in subsidiaries, associates and joint ventures	1,570	372
Dividends received	379	380
Interest income received from investment securities	45,319	44,209
Proceeds from disposal/maturity of investment securities	887,561	1,112,180
Increase in investment in subsidiaries, associates and joint ventures	(822)	(126)
Purchase of property and equipment, intangible assets and other long-term assets	(11,251)	(15,046)
Purchase of investment securities	(1,158,101)	(997,265)
Net cash (outflow)/inflow from investing activities	(234,924)	146,699
Cash flows from financing activities		
Proceeds from issuance of bonds	16,123	32,015
Repayments of debts issued	(4,640)	(758)
Cash payments for interest on bonds issued	(6,340)	(4,442)
Dividend payments to equity holders of the Bank	(43,268)	(40,756)
Dividend payments to non-controlling interests	(3,542)	(3,912)
Other net cash flows from financing activities	21	152
Net cash outflow from financing activities	(41,646)	(17,701)
Effect of exchange rate changes on cash and cash equivalents	3,749	(5,963)
Net increase in cash and cash equivalents	63,391	293,706
Cash and cash equivalents at beginning of the period	1,017,368	769,371
Cash and cash equivalents at end of the period	1,080,759	1,063,077