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中國銀行
BANK OF CHINA

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 2010

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 2010. 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
Securities name	中行轉債
Securities code	113001 (A-Share convertible bonds)
Listing venue	Shanghai Stock Exchange
Secretary to the Board of Directors	Zhang Bingxun (張秉訓)
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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 2010**	As at 31 December 2009	**Change (%)**
Total assets	**10,102,435**	8,751,943	15.43
Capital and reserves attributable to equity holders of the Bank	**566,455**	514,992	9.99
Net assets per share *(RMB)*	**2.23**	2.03	9.99

Items	**Nine-month period ended 30 September 2010**	Nine-month period ended 30 September 2009	**Change (%)**
Net cash inflow/(outflow) from operating activities	**228,750**	(194,112)	–
Net cash inflow/(outflow) from operating activities per share *(RMB)*	**0.90**	(0.76)	–

Items	**Nine-month period ended 30 September 2010**	Nine-month period ended 30 September 2009	**Change (%)**
Profit for the period	**82,960**	65,079	27.48
Profit attributable to equity holders of the Bank	**79,244**	62,056	27.70
Earnings per share for profit attributable to equity holders of the Bank *(basic, RMB)*	**0.31**	0.24	27.70
Earnings per share for profit attributable to equity holders of the Bank *(diluted, RMB)*	**0.31**	0.24	25.91
Return on average equity *(annualised, %)*	**19.54**	17.17	Up by 2.37 percentage points

Items	**As at 30 September 2010**	As at 31 December 2009	**Change**
Core capital adequacy ratio (%)	**9.35**	9.07	Up by 0.28 percentage point
Capital adequacy ratio (%)	**11.73**	11.14	Up by 0.59 percentage point

1.2.2 Reconciliation of differences between CAS and IFRS financial information

There are no differences in the Group's operating results for the nine month periods ended 30 September 2010 and 30 September 2009 or total equity as at 30 September 2010 and as at 31 December 2009 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 2010, the Bank had a total of 1,245,344 shareholders, comprising 998,494 A-Share holders and 246,850 H-Share holders.

1.3.2 Top ten shareholders as at 30 September 2010

Unit: share

No.	Name of shareholder	Number of shares held	Percentage in total share capital	Type of shareholder	Type of share
1	Central Huijin Investment Ltd.	171,412,138,186	67.53%	State	A
2	HKSCC Nominees Limited	71,041,739,156	27.99%	Foreign legal person	H
3	Li Ka Shing	2,566,790,989	1.01%	Foreign natural person	H
4	Asian Development Bank	506,679,102	0.20%	Foreign legal person	H
5	The Bank of Tokyo-Mitsubishi UFJ Ltd.	473,052,000	0.19%	Foreign legal person	H
6	Li Ka Shing Foundation Limited	350,000,000	0.14%	Foreign legal person	H
7	China Life Insurance Company Limited – dividend – personal dividend – 005L – FH002Shanghai	304,923,231	0.12%	State-owned legal person	A
8	China Life Insurance Company Limited – traditional – ordinary insurance products – 005L – CT001Shanghai	116,804,654	0.05%	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
9	China Southern Power Grid Co., Ltd.	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. "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 aforesaid shareholders.

3. All the shares held by the aforesaid shareholders are not subject to selling restriction.

4. HKSCC Nominees Limited acted as the nominees for all institutional and individual investors that maintain an account with it as at 30 September 2010. 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

The Bank's A-Share convertible bonds ("convertible bonds") were held by 24,937 bondholders as at 30 September 2010 and these bonds are not guaranteed by any guarantors.

Top ten convertible bondholders as at 30 September 2010

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	New China Life Company Limited dividend – group dividend – 018L – FH001Shanghai	2,522,079,000	6.31%
2	China Life Insurance Company Limited dividend – personal dividend – 005L – FH002Shanghai	1,278,506,000	3.20%
3	CITIC Trust & Investment Co., Ltd. – win – win No.10	905,000,000	2.26%
4	CITIC Securities Co., Ltd.	871,900,000	2.18%
5	ICBCCS Credit Value-added Debt Securities Investment Fund	864,692,000	2.16%
6	China Life Insurance Company Limited – traditional – ordinary insurance products – 005L – CT001Shanghai	674,548,000	1.69%
7	Industrial Convertible Bond Mixed Securities Investment Fund	642,647,000	1.61%
8	ICBC Credit Suisse Asset Management Co., Ltd. – ICBC – Specific Clients Asset Management	606,757,000	1.52%
9	Morgan Stanley & Co. International PLC.	601,238,000	1.50%
10	China Pacific Insurance (Group) Co., Ltd. – dividend – personal dividend	545,673,000	1.36%

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	40,000,000,000	–	–	–	–	40,000,000,000

1.4.3 Accumulated conversion of convertible bonds during the reporting period

The applicable conversion period for the Bank's RMB40 billion A-Share convertible bonds issued on 2 June 2010 did not commence during the reporting period.

1.4.4 Historical adjustments of conversion price

The Bank issued RMB40 billion of convertible bonds on 2 June 2010.

On 27 May 2010, the Bank's 2009 profit distribution plan was approved at its 2009 Annual General Meeting. The Bank published its announcement on A-Share dividend distribution in the newspapers selected for information disclosure, namely *China Securities*, *Shanghai Securities* and *Securities Times*, as well as the website of the Shanghai Stock Exchange, 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, effective from 3 June 2010 (equity registration day for dividend distribution). The conversion price of the convertible bonds on the first day of trading was RMB3.88. For details, please refer to the *Prospectus of Public Offering of Convertible Bonds of Bank of China Limited* published on the website of the Shanghai Stock Exchange.

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

The Bank's risk management capability is improving continually along with its increasingly enhanced capital base and overall operational sophistication. The Bank's adequate capital base, stable mix of assets and liabilities and healthy profitability provide a solid foundation for the repayment of its debts.

Under a sound corporate governance structure, the Bank is transparent in its financial position, efficient in its management and prudent in its operations. The Bank maintains a healthy liquidity position and has no record of default. The Bank will further enhance its management and improve its operational efficiency in the future, ensuring its ability of debt repayment 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 or security in relation to the Bank's issuance of the convertible bonds.

II. SUMMARY OF ANALYSIS ON OVERALL OPERATING ACTIVITIES

Since 2010, the Bank continued to adopt the scientific outlook on development and pushed forward the implementation of its strategic development plan in a complex and volatile operating environment. By earnestly implementing the principles of streamlining structure, scaling up, managing risks and sharpening competitiveness, the Bank achieved sound operating results. In the first three quarters of 2010, the Group recorded a profit for the period of RMB82.960 billion[1], an increase of 27.48% compared with the same period of 2009. Earnings per share (basic) were RMB0.31, an increase of RMB0.07 compared with the same period of 2009. Return on average equity (annualised) was 19.54% and return on average total assets (annualised) was 1.17%, an increase of 2.37 percentage points and 0.04 percentage point, respectively, compared with the same period of 2009.

2.1 The principal components of the Group's income statement for the nine-month period ended 30 September 2010 were as follows:

1. The Group earned net interest income of RMB140.804 billion, an increase of RMB25.194 billion or 21.79% compared with the same period of 2009. Net interest margin of the Group was 2.04%, an increase of 0.01 percentage point compared with the same period of 2009. Net interest margin of domestic RMB businesses increased, whereas that of domestic foreign currency businesses moderately decreased compared with the same period of 2009. It was mainly attributable to: (1) the Bank further optimised its interest-earning asset structure to increase the proportion of high-yield assets, while actively developed its RMB businesses to expand the scale and proportion of its RMB-denominated assets to total assets; and (2) the decrease of average interest rates for domestic foreign currency interest-bearing liabilities was lower than the average rate of return of foreign currency interest-earning assets, leading to a narrower interest spread.

2. Non-interest income of the Group amounted to RMB61.493 billion, an increase of RMB8.359 billion or 15.73% compared with the same period of 2009. Net fee and commission income amounted to RMB41.344 billion, an increase of RMB6.831 billion or 19.79% compared with the same period of 2009. Other non-interest income amounted to RMB20.149 billion, an increase of RMB1.528 billion or 8.21% compared with the same period of 2009.

3. The Group recorded operating expenses of RMB84.465 billion, an increase of RMB11.696 billion or 16.07% compared with the same period of 2009. The increase was largely attributable to the workforce expansion, increased expenditure for infrastructure construction, and the increase in its expenses of insurance and precious metals businesses. The Group's cost to income ratio (calculated under domestic regulations) was 31.34%, a decrease of 0.63 percentage point compared with the same period of 2009.

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[1] The unit of currency in "Summary of analysis on overall operating activities" is RMB, unless indicated otherwise.

4. The Group's impairment losses on assets amounted to RMB11.162 billion, comprising:

   (1) Impairment losses on loans and advances amounted to RMB13.579 billion with a credit cost of 0.35%. As at 30 September 2010, the Group reported identified impaired loans totalling RMB62.711 billion, a decrease of RMB13.295 billion from the prior year-end; and the ratio of identified impaired loans to total loans was 1.13%, down by 0.42 percentage point compared with the end of 2009. The ratio of non-performing loans to total loans was 1.10%, a decrease of 0.42 percentage point from the prior year-end. The ratio of allowance for loan impairment losses to non-performing loans was 198.93%, up by 47.76 percentage points from the prior year-end.

   (2) The reversal of impairment losses on debt securities amounted to RMB2.408 billion.

2.2 The principal components of the Group's financial position as at 30 September 2010 were as follows:

The Group's total assets amounted to RMB10,102.435 billion, an increase of RMB1,350.492 billion or 15.43% compared with the prior year-end, and total liabilities amounted to RMB9,504.490 billion, an increase of RMB1,297.941 billion or 15.82% compared with the end of 2009.

1. The Group's deposits from customers amounted to RMB7,438.576 billion, an increase of RMB818.024 billion or 12.36% compared with the end of 2009. As at 30 September 2010, domestic RMB-denominated deposits amounted to RMB5,953.029 billion, an increase of RMB641.628 billion or 12.08% from the prior year-end.

2. The Group's loans and advances to customers amounted to RMB5,555.171 billion, an increase of RMB644.813 billion or 13.13% compared with the prior year-end. Since 2010, the Bank continued to implement government policies, support a reasonable credit supply, enhance credit risk management and accelerate adjustments to its loan structure, promoting the healthy development of its loan business. As at 30 September 2010, domestic RMB-denominated loans amounted to RMB4,053.592 billion, an increase of RMB543.356 billion or 15.48% compared with the prior year-end.

3. The Group held investment securities[2] of RMB2,055.063 billion, an increase of RMB238.384 billion or 13.12% compared with the prior year-end. The Group's RMB-denominated investment securities amounted to RMB1,499.776 billion, an increase of RMB219.439 billion or 17.14% from 2009. The balance of foreign currency-denominated investment securities was USD82.865 billion, an increase of USD4.317 billion or 5.50% compared with the prior year-end. As at 30 September 2010, the proportion of RMB-denominated investment securities was 72.98%, an increase of 2.50 percentage points compared with the prior year-end.

[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 2010, 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 USD3.317 billion (or RMB22.228 billion) and the related impairment allowance was USD2.661 billion (or RMB17.833 billion).

As at 30 September 2010, the carrying value of the debt securities issued by Portugal, Ireland, Italy, Greece and Spain held by the Group amounted to RMB2.785 billion, a decrease of RMB4.235 billion compared with the prior year-end, principally a result of partial disposal of the debt securities issued by these governments and financial institutions. The total carrying value of these debt securities held by the Group exceeded cost. The Group will continue to follow the developments of related issues.

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 2009, or compared with those for the nine-month period ended 30 September 2009 are as follows:

Unit: RMB million

Items	**As at 30 September 2010**	As at 31 December 2009	**Change (%)**	**Main reasons**
Cash and due from banks and other financial institutions	**590,573**	434,351	35.97	The Bank expanded its use of funds, resulting in increase in due from domestic banks and other financial institutions.
Financial assets at fair value through profit or loss	**83,845**	61,897	35.46	Due to increase in trading debt securities.
Derivative financial assets	**42,259**	28,514	48.20	Due to fluctuation of market parameters such as exchange rates and interest rates, the derivative financial assets increased.
Held to maturity investment securities	**1,050,980**	744,693	41.13	Due to increase in held to maturity investment securities.
Other assets	**121,544**	84,350	44.09	Due to increase in receivable of pending for settlement.
Due to banks and other financial institutions	**1,225,560**	904,166	35.55	The Bank enhanced its deposits business, increasing due to domestic banks and other financial institutions.

Items	**As at 30 September 2010**	As at 31 December 2009	**Change (%)**	**Main reasons**
Financial liabilities at fair value through profit or loss	**84,654**	44,234	91.38	Due to increase in structured deposit.
Derivative financial liabilities	**34,095**	23,223	46.82	Due to fluctuation of market parameters such as exchange rates and interest rates, the derivative financial liabilities increased.
Bonds issued	**133,216**	76,798	73.46	The Bank newly issued convertible bonds and subordinated notes to supplement its capital, meeting various needs of business development.
Treasury shares	**(66)**	(43)	53.49	Due to transactions of derivative and hedging products by overseas subsidiaries, resulting in increase of holding shares issued by the Bank.
Undistributed profits	**143,174**	100,758	42.10	Due to increase in profit for the current period.
Reserve for fair value changes of available for sale securities	**9,841**	4,750	107.18	Due to fluctuation of market parameters, such as interest rates, the fair value reserve for available for sale debt securities increased.

Unit: RMB million

Items	**Nine-month period ended 30 September 2010**	Nine-month period ended 30 September 2009	**Change (%)**	**Main reasons**
Net trading gains	**2,235**	3,683	(39.32)	Due to decrease in revaluation gains from interest rate products.
Net gains on investment securities	**2,836**	1,751	61.96	Due to increase in gains from disposal of available for sale securities.
Share of results of associates and joint ventures	**746**	515	44.85	Due to increase in profits of associates.

3.2 Development of significant events, related impact and resolution

√ Applicable ❑ Not Applicable

2010 Second Extraordinary General Meeting, 2010 First A-shareholders Class Meeting and 2010 First H-shareholders Class Meeting of the Bank approved the proposed rights issue of A Shares and H Shares on 20 August 2010 and the Bank published announcement on the website of the Hong Kong Exchanges and Clearing Limited and on the website of the Bank. The Bank's application for the A Share Rights Issue has been examined and approved by the Public Offering Review Committee of China Securities Regulatory Commission on 22 October 2010. Please refer to the *Announcement Regarding the Application for A Share Rights Issue Having been Examined and Approved by the Public Offering Review Committee of China Securities Regulatory Commission* on the website of the Hong Kong Exchanges and Clearing Limited and on the website of the Bank.

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 at www.boc.cn.

By Order of the Board
YEUNG Cheung Ying
Company Secretary

Beijing, PRC, 27 October 2010

As at the date of this announcement, the directors of the Bank are: XIAO Gang, LI Lihui, LI Zaohang, ZHOU Zaiqun, HONG Zhihua, HUANG Haibo*, CAI Haoyi*, SUN Zhijun*, LIU Lina*, JIANG Yansong*, SEAH Lim Huat Peter*, Anthony Francis NEOH#, Alberto TOGNI#, HUANG Shizhong#, HUANG Danhan# and CHOW Man Yiu, Paul#.*

* *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 2010 (unaudited)	Three-month period ended 30 September 2009 (restated)	**Nine-month period ended 30 September 2010 (unaudited)**	Nine-month period ended 30 September 2009 (restated)
Interest income	**80,203**	66,336	**228,228**	193,668
Interest expense	**(31,263)**	(25,448)	**(87,424)**	(78,058)
Net interest income	**48,940**	40,888	**140,804**	115,610
Fee and commission income	**14,221**	12,690	**44,726**	37,540
Fee and commission expense	**(1,183)**	(1,132)	**(3,382)**	(3,027)
Net fee and commission income	**13,038**	11,558	**41,344**	34,513
Net trading gains	**1,045**	1,954	**2,235**	3,683
Net gains on investment securities	**1,008**	219	**2,836**	1,751
Other operating income	**5,387**	6,283	**15,078**	13,187
Operating income	**69,418**	60,902	**202,297**	168,744
Operating expenses	**(31,371)**	(30,803)	**(84,465)**	(72,769)
Impairment losses on assets	**(1,211)**	(1,649)	**(11,162)**	(11,730)
Operating profit	**36,836**	28,450	**106,670**	84,245
Share of results of associates and joint ventures	**293**	257	**746**	515
Profit before income tax	**37,129**	28,707	**107,416**	84,760
Income tax expense	**(8,544)**	(6,862)	**(24,456)**	(19,681)
Profit for the period	**28,585**	21,845	**82,960**	65,079
Attributable to:				
Equity holders of the Bank	**27,222**	21,051	**79,244**	62,056
Non-controlling interests	**1,363**	794	**3,716**	3,023
	28,585	21,845	**82,960**	65,079
Earnings per share for profit attributable to the equity holders of the Bank during the period *(Expressed in RMB per ordinary share)*				
– Basic	**0.11**	0.08	**0.31**	0.24
– Diluted	**0.10**	0.08	**0.31**	0.24

Consolidated Statement of Comprehensive Income

Unit: RMB million

	Three-month period ended 30 September 2010 (unaudited)	Three-month period ended 30 September 2009 (restated)	**Nine-month period ended 30 September 2010 (unaudited)**	Nine-month period ended 30 September 2009 (restated)
Profit for the period	**28,585**	21,845	**82,960**	65,079
Other comprehensive income:				
Fair value gains/(losses) on available for sale financial assets:				
Amount taken to equity	**5,841**	1,635	**11,938**	(1,338)
Less: related income tax impact	**(801)**	(283)	**(2,471)**	1,111
Amount transferred to income statement	**(1,924)**	(1,635)	**(5,094)**	(723)
Less: related income tax impact	**123**	383	**873**	58
Net-of-tax amount transferred to income statement	**(1,801)**	(1,252)	**(4,221)**	(665)
Subtotal	**3,239**	100	**5,246**	(892)
Share of other comprehensive income of associates and joint ventures accounted under the equity method	**(2)**	(11)	**105**	(180)
Less: related income tax impact	**–**	–	**(2)**	–
Subtotal	**(2)**	(11)	**103**	(180)
Exchange differences on translating foreign operations	**(460)**	236	**(2,061)**	944
Less: net amount transferred to income statement from other comprehensive income	**49**	18	**80**	(59)
Subtotal	**(411)**	254	**(1,981)**	885
Other	**269**	(62)	**562**	82
Other comprehensive income for the period, net of tax	**3,095**	281	**3,930**	(105)
Total comprehensive income for the period	**31,680**	22,126	**86,890**	64,974
Total comprehensive income attributable to:				
Equity holders of the Bank	**30,077**	20,659	**82,875**	60,181
Non-controlling interests	**1,603**	1,467	**4,015**	4,793
	31,680	22,126	**86,890**	64,974

Consolidated Statement of Financial Position

Unit: RMB million

	As at 30 September 2010 (unaudited)	As at 31 December 2009 (restated)
ASSETS		
Cash and due from banks and other financial institutions	**590,573**	434,351
Balances with central banks	**1,375,952**	1,111,351
Placements with and loans to banks and other financial institutions	**210,994**	223,444
Government certificates of indebtedness for bank notes issued	**40,860**	36,099
Precious metals	**69,586**	59,655
Financial assets at fair value through profit or loss	**83,845**	61,897
Derivative financial assets	**42,259**	28,514
Loans and advances to customers, net	**5,433,533**	4,797,408
Investment securities		
– available for sale	**644,570**	622,307
– held to maturity	**1,050,980**	744,693
– loans and receivables	**275,668**	387,782
Investment in associates and joint ventures	**11,506**	10,668
Property and equipment	**112,971**	109,954
Investment property	**16,192**	15,952
Deferred income tax assets	**21,402**	23,518
Other assets	**121,544**	84,350
Total assets	**10,102,435**	8,751,943

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

Unit: RMB million

	As at 30 September 2010 (unaudited)	As at 31 December 2009 (restated)
LIABILITIES		
Due to banks and other financial institutions	**1,225,560**	904,166
Due to central banks	**69,317**	61,615
Bank notes in circulation	**41,067**	36,154
Placements from banks and other financial institutions	**213,521**	186,643
Financial liabilities at fair value through profit or loss	**84,654**	44,234
Derivative financial liabilities	**34,095**	23,223
Due to customers	**7,438,576**	6,620,552
Bonds issued	**133,216**	76,798
Other borrowings	**36,337**	37,186
Current tax liabilities	**18,613**	17,801
Retirement benefit obligations	**6,460**	6,867
Deferred income tax liabilities	**4,073**	3,386
Other liabilities	**199,001**	187,924
Total liabilities	**9,504,490**	8,206,549
EQUITY		
Capital and reserves attributable to equity holders of the Bank		
Share capital	**253,839**	253,839
Capital reserve	**81,421**	76,710
Treasury shares	**(66)**	(43)
Statutory reserves	**30,518**	30,391
General and regulatory reserves	**60,907**	60,328
Undistributed profits	**143,174**	100,758
Reserve for fair value changes of available for sale securities	**9,841**	4,750
Currency translation differences	**(13,179)**	(11,741)
	566,455	514,992
Non-controlling interests	**31,490**	30,402
Total equity	**597,945**	545,394
Total equity and liabilities	**10,102,435**	8,751,943

XIAO Gang
Director

LI Lihui
Director

Consolidated Statement of Cash Flows

Unit: RMB million

	Nine-month period ended 30 September 2010 (unaudited)	Nine-month period ended 30 September 2009 (restated)
Cash flows from operating activities		
Profit before income tax	**107,416**	84,760
Adjustments:		
Impairment losses on assets	**11,162**	11,730
Depreciation of property and equipment	**6,387**	5,303
Amortisation of intangible assets and other assets	**1,176**	1,067
Net gains on disposal of property and equipment, intangible assets and other long-term assets	**(254)**	(415)
Net gains on disposal of investment in subsidiaries, associates and joint ventures	**(128)**	(4)
Share of results of associates and joint ventures	**(746)**	(515)
Interest income arising from investment securities	**(38,292)**	(35,617)
Dividends arising from investment securities	**(151)**	(143)
Net gains on derecognition of investment securities	**(2,836)**	(1,751)
Interest expense arising from bonds issued	**3,315**	2,475
Net changes in operating assets and liabilities:		
Net increase in balances with central banks	**(208,023)**	(144,795)
Net increase in due from banks and placements with and loans to banks and other financial institutions	**(136,907)**	(65,396)
Net increase in precious metals	**(9,931)**	(7,946)
Net (increase)/decrease in financial assets at fair value through profits or loss	**(15,519)**	36,369
Net increase in loans and advances to customers	**(649,398)**	(1,413,245)
Net (increase)/decrease in other assets	**(57,342)**	30,044
Net increase in due to banks and other financial institutions	**321,394**	125,589
Net increase in due to central banks	**7,702**	14,012
Net increase/(decrease) in placements from banks and other financial institutions	**26,878**	(30,005)
Net increase in due to customers	**818,024**	1,299,032
Net decrease in other borrowings	**(849)**	(3,455)
Net increase/(decrease) in other liabilities	**68,473**	(65,370)
Net cash inflow/(outflow) from operating activities	**251,551**	(158,276)
Income tax paid	**(22,801)**	(35,836)
Net cash inflow/(outflow) from operating activities	**228,750**	(194,112)

Consolidated Statement of Cash Flows ***(continued)***

Unit: RMB million

	Nine-month period ended 30 September 2010 (unaudited)	Nine-month period ended 30 September 2009 (restated)
Cash flows from investing activities		
Proceeds from disposal of property and equipment, intangible assets and other long-term assets	**2,075**	1,191
Proceeds from disposal of investment in subsidiaries, associates and joint ventures	**475**	4
Dividends received	**378**	420
Interest income received from investment securities	**39,240**	33,796
Proceeds from disposal/maturity of investment securities	**919,948**	1,300,799
Increase in investment in subsidiaries, associates and joint ventures	**(583)**	(1,431)
Purchase of property and equipment, intangible assets and other long-term assets	**(8,656)**	(19,294)
Purchase of investment securities	**(1,069,502)**	(1,479,076)
Net cash outflow from investing activities	**(116,625)**	(163,591)
Cash flows from financing activities		
Cash received from issuance of bonds	**81,509**	40,000
Repayments for debts issued	**(24,930)**	(16,607)
Cash payments for interest on bonds issued	**(3,406)**	(2,489)
Dividend payments to equity holders of the Bank	**(35,537)**	(32,999)
Dividend payments to non-controlling interests	**(3,239)**	(1,184)
Other cash inflows from financing activities	**313**	35
Other cash outflows from financing activities	**(23)**	(393)
Net cash inflow/(outflow) from financing activities	**14,687**	(13,637)
Effect of exchange rate changes on cash and cash equivalents	**(4,035)**	9,155
Net increase/(decrease) in cash and cash equivalents	**122,777**	(362,185)
Cash and cash equivalents as at beginning of the period	**586,319**	921,407
Cash and cash equivalents as at end of the period	**709,096**	559,222