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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 First Quarter ended 31 March 2009**

The Board of Directors (the "Board") of Bank of China Limited (the "Bank") is pleased to announce the unaudited results of the Bank and its subsidiaries (the "Group") for the first quarter ended 31 March 2009. This announcement is made by the Bank pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### **I. BASIC INFORMATION**

#### **1.1 Company information**

<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>Secretary to the Board of Directors</b>	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 31 March 2009	As at 31 December 2008	Change (%)
Total assets	<b>7,923,656</b>	6,951,680	13.98
Capital and reserves attributable to the equity holders of the Bank	<b>481,196</b>	464,258	3.65
Net assets per share (RMB)	<b>1.90</b>	1.83	3.65

*Unit: RMB million (unless otherwise stated)*

Items	Three-month period ended 31 March 2009	Three-month period ended 31 March 2008	Change (%)
Net cash inflows from operating activities <sup>1</sup>	<b>324,903</b>	16,618	1,855.13
Net cash inflows from operating activities per share <sup>2</sup> (RMB)	<b>1.28</b>	0.07	1,855.13

*Notes:*

1. Cash outflows from investment securities classified as available for sale, held to maturity and loans and receivables for the three-month period ended 31 March 2008 of RMB10,656 million have been reclassified from “Cash flows from operating activities” to “Cash flows from investing activities”.
2. Net cash inflows from operating activities per share is calculated based on the Bank’s total number of ordinary shares outstanding at the end of the reporting period.

Unit: RMB million (unless otherwise stated)

Items	Three-month period ended 31 March 2009	Three-month period ended 31 March 2008	Change (%)
Profit for the period	19,347	23,067	(16.13)
Profit attributable to the equity holders of the Bank	18,570	21,696	(14.41)
Earnings per share for profit attributable to the equity holders of the Bank (basic, RMB)	0.07	0.09	(14.41)
Earnings per share for profit attributable to the equity holders of the Bank (diluted, RMB)	0.07	0.09	(14.41)
Return on average equity (annualised, %)	15.71	20.17	Decrease 4.46 percentage points

Items	As at 31 March 2009	As at 31 December 2008	Change
Core capital adequacy ratio (%)	9.88	10.81	Decrease 0.93 percentage point
Capital adequacy ratio (%)	12.34	13.43	Decrease 1.09 percentage points

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

Unit: RMB million

	Equity		Net profit attributable to the equity holders of the Bank	
	As at 31 March 2009	As at 31 December 2008	Three-month period ended 31 March 2009	Three-month period ended 31 March 2008
<b>CAS figures</b>	<b>511,531</b>	493,901	<b>18,509</b>	21,622
Adjustments for accounting standard differences:				
– Reversal of asset revaluation surplus and corresponding depreciation/amortisation and others	(5,270)	(5,352)	82	99
– Deferred tax impact	1,317	1,338	(21)	(25)
Subtotal	(3,953)	(4,014)	61	74
<b>IFRS figures</b>	<b>507,578</b>	489,887	<b>18,570</b>	21,696

### 1.3 Number of shareholders and top ten shareholders

**1.3.1 As at 31 March 2009, the Bank had a total of 1,587,841 shareholders, comprising 1,318,959 A-Share holders and 268,882 H-Share holders.**

**1.3.2 Top ten shareholders as at 31 March 2009**

*Unit: share*

No.	Name of shareholder	Number of shares held	Number of shares subject to selling restriction	Proportion in total share capital	Type of shareholder	Type of share
1	Central SAFE Investments Limited	171,407,012,157	171,325,404,740	67.53%	State	A
2	HKSCC Nominees Limited	55,360,496,791	–	21.81%	Foreign legal person	H
3	Fullerton Financial Holdings Pte. Ltd. (Temasek Holdings (Private) Limited holds H Shares of the Bank through its wholly-owned subsidiary, Fullerton Financial Holdings Pte. Ltd.)	10,471,368,118	–	4.13%	Foreign legal person	H
4	National Council for Social Security Fund, PRC	8,377,341,329	–	3.30%	State	H
5	Asian Development Bank	506,679,102	–	0.20%	Foreign legal person	H
6	The Bank of Tokyo-Mitsubishi UFJ Ltd.	473,052,000	–	0.19%	Foreign legal person	H
7	China Life Insurance Company Limited – traditional – ordinary insurance products – 005L – CT001Shanghai	99,000,000	–	0.04%	State-owned legal person	A
8	Aluminum Corporation of China	90,909,000	–	0.04%	State-owned legal person	A
8	China Southern Power Grid Co., Ltd.	90,909,000	–	0.04%	State-owned legal person	A
8	Shenhua Group Corporation Limited	90,909,000	–	0.04%	State-owned legal person	A

*Notes:*

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

### 1.3.3 Top ten shareholders of shares not subject to selling restriction as at 31 March 2009

Unit: share

No.	Name of shareholder	Number of shares not subject to selling restriction	Type of share
1	HKSCC Nominees Limited	55,360,496,791	H
2	Fullerton Financial Holdings Pte. Ltd. (Temasek Holdings (Private) Limited holds H Shares of the Bank through its wholly-owned subsidiary, Fullerton Financial Holdings Pte. Ltd.)	10,471,368,118	H
3	National Council for Social Security Fund, PRC	8,377,341,329	H
4	Asian Development Bank	506,679,102	H
5	The Bank of Tokyo-Mitsubishi UFJ Ltd.	473,052,000	H
6	China Life Insurance Company Limited – traditional – ordinary insurance products – 005L – CT001Shanghai	99,000,000	A
7	Aluminum Corporation of China	90,909,000	A
7	China Southern Power Grid Co., Ltd.	90,909,000	A
7	Shenhua Group Corporation Limited	90,909,000	A
10	SSE 50 Trading Open-end Index Securities Investment Fund	84,109,708	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 Bank is not aware of the existence of connected relations or concerted actions among the aforesaid shareholders.

## II. SUMMARY OF ANALYSIS ON OVERALL OPERATING ACTIVITIES

During the first quarter of 2009, the Group proactively responded to the adverse effects of the intensified and wide-spread global financial crisis, and endeavored to mitigate the negative impact of the crisis on its operating performance through the launch of various policies and measures to expand business volume, adjust business mix and control costs. In the first quarter of 2009, the Group recorded a profit attributable to the equity holders of the Bank of RMB18.570 billion, a decrease of 14.41% compared with the same period of 2008. Earnings per share were RMB0.07, a decrease of RMB0.02 compared with the same period of 2008. Return on average total assets (annualised) was 1.04% and return on average equity (annualised) was 15.71%, a decrease of 0.46 and 4.46 percentage points respectively, compared with the same period of 2008.

- (I) The principal components of the Group's income statement for the three-month period ended 31 March 2009 were as follows:
1. Net interest income amounted to RMB36.838 billion, a decrease of RMB3.977 billion or 9.74% against the same period of 2008. Net interest margin of the Group was 2.14%, a decrease of 0.63 percentage point compared with the same period of 2008. In the first quarter of 2009, the Group effectively mitigated the impact of the decline in market interest rates on its net interest income through significant growth in its interest-earning assets, an increase of the proportion of loans and a further improvement on the structure of its customer deposits. As at 31 March 2009, the loan portfolio had increased by RMB511.13 billion, an increase of 15.51%, compared with the end of 2008. The Group's loan portfolio represented 49.73% of the balance of interest-earning assets, an increase of 0.43 percentage point compared with the end of 2008. Demand deposits represented 44.85% of the Group's customer deposits, an increase of 0.23 percentage point compared with the end of 2008.
  2. Non-interest income amounted to RMB13.629 billion, a decrease of RMB3.279 billion or 19.39% compared with the same period of 2008.
    - (1) The Group earned net fee and commission income of RMB11.263 billion, a decrease of RMB557 million or 4.71% against the same period of 2008, representing 22.32% of the operating income, an increase of 1.84 percentage points compared with the same period of 2008. During the first quarter of 2009, the Group's net fee and commission income from international settlement, agency business and foreign exchange transactions decreased compared with the same period of 2008, primarily driven by the decline in imports and exports, continuous adjustments in the capital markets, as well as the weakening market anticipation in RMB appreciation. However, the Group capitalised on the business opportunities arising from the stimulus plan to encourage lending and stimulate domestic demand, resulting in continuous growth in fee income from financial consultancy business.
    - (2) Other non-interest income amounted to RMB2.366 billion, a decrease of RMB2.722 billion compared with the same period of 2008. The decrease was mainly attributable to BOC Group Life Assurance Company Limited ("BOCG Life")'s adjustment in its business strategy and product structure, resulting in a decrease in insurance premiums.
  3. Operating expenses amounted to RMB19.448 billion, a decrease of RMB3.452 billion or 15.07% against the same period in 2008. The cost to income ratio was 33.06%, a decrease of 1.57 percentage points compared with the same period in 2008, mainly attributable to the decrease of the insurance benefits and claims expenses of BOCG Life.

4. Impairment losses on assets for the three-month period ended 31 March 2009 amounted to RMB5.843 billion, including:
  - (1) Impairment losses on loans and advances amounted to RMB2.752 billion. The credit cost was 0.31% of average loans. As at 31 March 2009, the Group identified total impaired loans of RMB87.227 billion with a ratio of impaired loans to gross loans of 2.29%, a decrease of RMB3.652 billion and 0.47 percentage point, respectively, from the end of 2008. The ratio of the allowance for loan impairment losses to identified impaired loans was 123.43%, up 6.25 percentage points from the end of 2008.
  - (2) Impairment losses on investment securities amounted to RMB3.013 billion, mainly relating to the additional impairment on foreign currency debt securities held by the Group.

(II) The principal components of the Group's financial position as at 31 March 2009 were as follows:

The Group's total assets amounted to RMB7,923.656 billion, an increase of RMB971.976 billion or 13.98% compared with the end of 2008, and total liabilities amounted to RMB7,416.078 billion, an increase of RMB954.285 billion or 14.77% compared with the end of 2008.

1. Customer deposits amounted to RMB5,868.394 billion, an increase of RMB766.283 billion or 15.02% compared with the end of 2008. The significant growth in deposits was attributable to the Group's proactive marketing efforts. As at 31 March 2009, the Bank's market share<sup>1</sup> of domestic RMB-denominated corporate deposits and personal deposits stood at 9.19% and 9.41%, respectively, an increase of 0.79 and 0.14 percentage point compared with the end of 2008.
2. Loans and advances to customers amounted to RMB3,807.276 billion, an increase of RMB511.13 billion or 15.51% compared with the end of 2008. In the first quarter of 2009, the Group experienced rapid growth in loans and advances to customers, taking advantage of increasing domestic demand and accelerating economic growth in accordance with the State's macro-economic policies. As at 31 March 2009, the Group's domestic RMB-denominated loans<sup>1</sup> increased by RMB569.40 billion or 24% compared with the end of 2008, an increase of 0.62 percentage point in market share. The Group's loan to deposit ratio was 64.88%, an increase of 0.28 percentage point compared with the end of 2008.

<sup>1</sup> The market share percentages and the Group's domestic RMB-denominated loans referred herein are based on the PBOC's monthly "Summary of Sources and Uses of Funds of Chinese Financial Institutions".



3. Investment securities<sup>2</sup> amounted to RMB1,808.442 billion, an increase of RMB162.234 billion or 9.86% compared with the end of 2008. Of this amount, RMB-denominated investment securities amounted to RMB1,219.482 billion, an increase of RMB188.557 billion or 18.29% compared with the previous year. The amount of foreign currency-denominated investment securities was USD86.157 billion, a decrease of USD3.868 billion or 4.30% compared with the end of 2008. During the first quarter of 2009, the Group steadily reduced its foreign currency-denominated securities portfolio, further reducing the risk in its investments portfolio.

As at 31 March 2009, the carrying value of US subprime mortgage related debt securities held amounted to USD2.219 billion (or RMB15.162 billion), representing 0.84% of the investment securities of the Group, of which 21.92% was AAA rated, 24.84% AA rated and 8.23% A rated. The impairment allowance for these securities held as at 31 March 2009 was USD2.401 billion (or RMB16.413 billion). In addition, the Group recorded a fair value change of USD0.241 billion (or RMB1.648 billion) as at 31 March 2009 directly in the Reserve for Fair Value Changes of Available-for-Sale Securities under the equity, reflecting the decrease in the fair value of the US subprime mortgage related debt securities positions.

As at 31 March 2009, the carrying value of US Alt-A mortgage-backed securities was USD1.048 billion (or RMB7.169 billion), representing 0.40% of the investment securities of the Group, of which 23.94% was AAA rated. The impairment allowance for US Alt-A mortgage-backed securities held as at 31 March 2009 was USD0.762 billion (or RMB5.206 billion).

As at 31 March 2009, the carrying value of Non-Agency US mortgage-backed securities was USD3.201 billion (or RMB21.886 billion), representing 1.21% of the investment securities of the Group, of which 31.69% was AAA rated. The impairment allowance for Non-Agency US mortgage-backed securities held as at 31 March 2009 was USD1.675 billion (or RMB11.446 billion).

As at 31 March 2009, the carrying value of debt securities issued by US Freddie Mac and Fannie Mae and held by the Group was USD3.423 billion (or RMB23.397 billion), of which 99.40% was AAA rated. The carrying value of mortgage-backed securities held by the Group and guaranteed by these two agencies as at 31 March 2009 was USD3.254 billion (or RMB22.242 billion). The principal and interest payment on these securities is currently on schedule.

The Group will continue to follow the developments in the international financial markets and assess impairment on related assets in a prudent manner in accordance with International Financial Reporting Standards.

<sup>2</sup> Investment securities include securities classified as available for sale, held to maturity, 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 2008, or compared with those for the three-month period ended 31 March 2008 are as follows:

*Unit: RMB million*

Items	As at 31 March 2009	As at 31 December 2008	Change (%)	Main reasons
Due to banks and other financial institutions	867,376	603,393	43.75	Due to the increase in due to domestic banks and other financial institutions.
Financial liabilities at fair value through profit or loss	34,690	67,549	(48.64)	Due to the decrease in structured deposits.

*Unit: RMB million*

Items	Three-month period ended 31 March 2009	Three-month period ended 31 March 2008	Change (%)	Main reasons
Net trading losses	(627)	(1,629)	(61.51)	Due to the decrease in net losses from interest rate products, foreign exchange and foreign exchange products.
Net gains on investment securities	201	1,313	(84.69)	Due to the decrease in net gains from the disposal of available for sale securities.
Other operating income	2,792	5,404	(48.33)	Due to the decrease in insurance premiums.
Share of results of associates and joint ventures	193	284	(32.04)	Due to the decrease in share of results of associates.
Profit attributable to minority interest	777	1,371	(43.33)	Due to the decrease in net profits of major subsidiaries.

### **3.2 Development of significant events, related impact and resolution**

☒ Applicable      ☐ Not Applicable

Not all of the conditions and precedents contained in the Investor Agreement (and the Business Cooperation Framework attached) dated 18 September 2008 and entered into by and among the Bank, the La Compagnie Financière Edmond de ROTHSCHILD Banque and Compagnie Financière Saint-Honoré (“CFSH”) (as amended on 30 December 2008) were fulfilled prior to the longstop date of 31 March 2009. Accordingly, the Investor Agreement and other related agreements have lapsed.

### **3.3 Fulfillment of undertakings by the company, shareholders and controlling parties**

☒ Applicable      ☐ Not Applicable

Based on the best knowledge of the Bank, undertakings by the Bank, its shareholders and controlling parties 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 Investment securities

✓ Applicable

☐ Not Applicable

Securities of other listed companies were held by the Bank and its subsidiaries during their ordinary course of business operations.

No.	Security code	Company name	Stock held at period end (unit: share)	Initial investment cost (unit: RMB)	Carrying value at period end (unit: RMB)	Carrying value at the beginning of the period (unit: RMB)	Accounting classification
1	23 HK	Bank of East Asia	85,244,687	3,515,517,783	1,124,779,776	1,107,281,987	Available for sale equity security
2	1398 HK	ICBC	207,706,000	594,892,527	736,025,607	1,630,207	Trading equity security, available for sale equity security
3	600591 CH	Shanghai Airlines	143,886,600	87,808,439	706,565,262	627,682,560	Available for sale equity security
4	MA	MasterCard Inc.	346,971	–	397,236,048	339,007,334	Trading equity security, available for sale equity security
5	1186 HK	China Railway Construction	36,416,000	347,140,204	324,401,266	370,009,866	Available for sale equity security
6	2008 HK	Phoenix TV	412,000,000	343,760,854	261,636,480	250,734,960	Available for sale equity security
7	V	VISA Inc.	911,880	–	217,882,867	213,607,302	Available for sale equity security
8	5 HK	HSBC Holdings	4,848,521	256,282,957	182,388,258	171,467,907	Trading equity security
9	151 HK	WANT WANT CHINA	51,894,000	138,696,997	162,027,598	146,465,626	Available for sale equity security
10	600663 CH	Shanghai Lujiazui Fin & Trade Zone Dev	5,931,114	147,119,419	152,720,205	78,766,894	Trading equity security
Total			–	5,431,219,180	4,265,663,367	3,306,654,643	

Notes:

- Investment securities listed in this table include the Group's holding of stocks, warrants, convertible bonds issued by other listed companies, open-ended funds and close-ended funds that were classified as financial assets available for sale and trading financial assets as at 31 March 2009.
- The table lists the top ten investment securities held by the Group in descending order at their carrying value as at 31 March 2009.
- The Group was allocated certain shares of MasterCard Inc. and VISA Inc. in conjunction with their initial public offering arrangements. Initial investment consideration was nil.
- Carrying value at the beginning of the period reflects the Group's investment securities as at the end of 2008.

### 3.6 Implementation of cash dividend policy during the reporting period

☒ Applicable      ☐ Not Applicable

The Dividend Policy of the Bank is in compliance with relevant regulatory requirements. Furthermore, the Bank has recommended an amendment pursuant to the regulatory requirements to the Articles of Association to the forthcoming Annual General Meeting to be held on Thursday, 18 June 2009 for approval. During the reporting period, no cash dividend distribution was made.

## 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 first 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 at [www.boc.cn](http://www.boc.cn).

By Order of the Board  
**YEUNG Cheung Ying**  
Company Secretary

Beijing, PRC, 28 April 2009

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

\* Non-executive Directors

# Independent Non-executive Directors

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

### Consolidated Income Statement

*Unit: RMB million*

	<b>Three-month period ended 31 March 2009 (unaudited)</b>	Three-month period ended 31 March 2008 (unaudited)
Interest income	<b>63,300</b>	70,091
Interest expense	<b>(26,462)</b>	(29,276)
<b>Net interest income</b>	<b>36,838</b>	40,815
Fee and commission income	<b>12,079</b>	12,645
Fee and commission expense	<b>(816)</b>	(825)
<b>Net fee and commission income</b>	<b>11,263</b>	11,820
Net trading losses	<b>(627)</b>	(1,629)
Net gains on investment securities	<b>201</b>	1,313
Other operating income	<b>2,792</b>	5,404
<b>Operating income</b>	<b>50,467</b>	57,723
Operating expenses	<b>(19,448)</b>	(22,900)
Impairment losses on assets	<b>(5,843)</b>	(5,006)
<b>Operating profit</b>	<b>25,176</b>	29,817
Share of results of associates and joint ventures	<b>193</b>	284
<b>Profit before income tax</b>	<b>25,369</b>	30,101
Income tax expense	<b>(6,022)</b>	(7,034)
<b>Profit for the period</b>	<b>19,347</b>	23,067
<b>Attributable to:</b>		
Equity holders of the Bank	<b>18,570</b>	21,696
Minority interest	<b>777</b>	1,371
	<b>19,347</b>	23,067
Earnings per share for profit attributable to the equity holders of the Bank during the period (Expressed in RMB per ordinary share)		
– Basic and diluted	<b>0.07</b>	0.09

*Note:* Spread income earned from foreign exchange business for the three-month period ended 31 March 2008 of RMB2,366 million has been reclassified from “Net trading losses” to “Fee and commission income” and impairment on investment securities for the three-month period ended 31 March 2008 of RMB2,542 million has been reclassified from “net gains on investment securities” to “impairment losses on assets”.

## Consolidated Statement of Comprehensive Income

*Unit: RMB million*

	<b>Three-month period ended 31 March 2009 (unaudited)</b>	Three-month period ended 31 March 2008 (unaudited)
<b>Profit for the period</b>	<b>19,347</b>	23,067
<b>Other comprehensive income:</b>		
Exchange differences on translating foreign operations	(290)	(3,833)
Available for sale financial assets		
– Net fair value losses taken to equity	(4,134)	(659)
– Net fair value losses transferred to the income statement	2,226	927
Other	38	(93)
Income tax relating to components of other comprehensive income	597	(434)
<b>Other comprehensive income for the period, net of tax</b>	<b>(1,563)</b>	(4,092)
<b>Total comprehensive income for the period</b>	<b>17,784</b>	<b>18,975</b>
Total comprehensive income attributable to:		
Equity holders of the Bank	16,921	19,426
Minority interest	863	(451)
	<b>17,784</b>	<b>18,975</b>

## Consolidated Statement of Financial Position

*Unit: RMB million*

	As at 31 March 2009 (unaudited)	As at 31 December 2008 (audited)
<b>ASSETS</b>		
Cash and due from banks and other financial institutions	55,896	72,533
Balances with central banks	1,471,773	1,207,613
Placements with banks and other financial institutions	533,498	488,465
Government certificates of indebtedness for bank notes issued	34,018	32,039
Precious metals	48,039	42,479
Financial assets at fair value through profit or loss	85,858	87,814
Derivative financial assets	70,043	76,124
Loans and advances to customers, net	3,699,615	3,189,652
Investment securities		
– available for sale	846,115	752,602
– held to maturity	445,613	365,838
– loans and receivables	430,856	439,954
Investment in associates and joint ventures	7,657	7,376
Property and equipment	93,875	92,236
Investment property	9,526	9,637
Deferred income tax assets	16,281	17,405
Other assets	74,993	69,913
<b>Total assets</b>	<b>7,923,656</b>	<b>6,951,680</b>



# Consolidated Statement of Financial Position *(continued)*

*Unit: RMB million*

	As at 31 March 2009 (unaudited)	As at 31 December 2008 (audited)
<b>LIABILITIES</b>		
Due to banks and other financial institutions	867,376	603,393
Due to central banks	60,356	55,596
Bank notes in circulation	33,924	32,064
Certificates of deposit and placements from banks and other financial institutions	195,253	200,354
Financial liabilities at fair value through profit or loss	34,690	67,549
Derivative financial liabilities	45,183	59,482
Due to customers	5,868,394	5,102,111
Bonds issued	64,851	65,393
Other borrowings	40,909	42,838
Current tax liabilities	25,911	24,827
Retirement benefit obligations	6,975	7,363
Deferred income tax liabilities	2,121	2,093
Other liabilities	170,135	198,730
<b>Total liabilities</b>	<b>7,416,078</b>	<b>6,461,793</b>
<b>EQUITY</b>		
<b>Capital and reserves attributable to the equity holders of the Bank</b>		
Share capital	253,839	253,839
Capital reserve	66,189	66,166
Treasury shares	—	(17)
Statutory reserves	23,534	23,429
General and regulatory reserves	40,976	40,973
Undistributed profits	101,890	83,427
Reserve for fair value changes of available for sale securities	6,152	7,534
Currency translation differences	(11,384)	(11,093)
	<b>481,196</b>	<b>464,258</b>
<b>Minority interest</b>	<b>26,382</b>	<b>25,629</b>
<b>Total equity</b>	<b>507,578</b>	<b>489,887</b>
<b>Total equity and liabilities</b>	<b>7,923,656</b>	<b>6,951,680</b>

**Xiao Gang**  
*Director*

**Li Lihui**  
*Director*

## Consolidated Statement of Cash Flow

*Unit: RMB million*

	Three-month period ended 31 March 2009 (unaudited)	Three-month period ended 31 March 2008 (unaudited)
<b>Cash flows from operating activities</b>		
Profit before income tax	25,369	30,101
Adjustments:		
Impairment losses on assets	5,843	5,006
Depreciation of property and equipment	1,921	1,594
Amortisation of intangible assets and other assets	113	208
Net gains on disposal of property and equipment, intangible assets and other long-term assets	(11)	(90)
Share of results of associates and joint ventures	(193)	(284)
Interest income arising from investment securities	(11,725)	(14,278)
Dividends arising from investment securities	(16)	(91)
Net gains on derecognition of investment securities	(201)	(1,313)
Interest expense arising from bonds issued	769	798
Net changes in operating assets and liabilities:		
Net increase in balances with central banks	(74,684)	(96,039)
Net increase in due from banks and placements with banks and other financial institutions	(74,063)	(20,338)
Net increase in precious metals	(5,560)	(120)
Net decrease in financial assets at fair value through profit or loss	9,258	17,596
Net increase in loans and advances to customers	(512,715)	(229,614)
Net decrease in other assets	11,775	2,487
Net increase in due to banks and other financial institutions	263,983	60,861
Net increase/(decrease) in due to central banks	4,760	(44,017)
Net (decrease)/increase in certificates of deposit and placements from banks and other financial institutions	(5,101)	57,360
Net increase in due to customers	766,283	255,195
Net decrease in other borrowings	(1,929)	(1,495)
Net decrease in other liabilities	(76,076)	(5,456)
Net cash flows from operating activities	327,800	18,071
Income tax paid	(2,897)	(1,453)
<b>Net cash inflows from operating activities</b>	<b>324,903</b>	<b>16,618</b>

# Consolidated Statement of Cash Flow *(continued)*

*Unit: RMB million*

	<b>Three-month period ended 31 March 2009 (unaudited)</b>	Three-month period ended 31 March 2008 (unaudited)
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property and equipment, intangible assets and other long-term assets	47	753
Dividends received	16	91
Interest income received from investment securities	9,998	15,101
Proceeds from disposal of investment securities	359,681	358,635
Payment for increase in investment in subsidiaries, associates and joint ventures	(87)	(78)
Purchase of property and equipment, intangible assets and other long-term assets	(4,191)	(3,723)
Purchase of investment securities	<u>(536,871)</u>	<u>(384,392)</u>
<b>Net cash outflows from investing activities</b>	<u>(171,407)</u>	<u>(13,613)</u>
<b>Cash flows from financing activities</b>		
Cash received from issuance of bonds	–	360
Proceeds from minority equity holders of a subsidiary upon exercise of subsidiary share options	–	8
Proceeds from minority equity holders of subsidiaries	–	29
Net sale of treasury shares	17	33
Cash payments for debts	(596)	–
Cash payments for interest on bonds issued	(1,567)	(1,428)
Dividend payments to minority equity holders	<u>(107)</u>	<u>(224)</u>
<b>Net cash outflows from financing activities</b>	<u>(2,253)</u>	<u>(1,222)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(6,963)</u>	<u>(12,138)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>144,280</b>	<b>(10,355)</b>
Cash and cash equivalents at beginning of period	<u>921,407</u>	<u>528,937</u>
Cash and cash equivalents at end of period	<u><b>1,065,687</b></u>	<u><b>518,582</b></u>

*Note:* Cash outflows from investment securities classified as available for sale, held to maturity and loans and receivables for the three-month period ended 31 March 2008 of RMB10,656 million have been reclassified from “Cash flows from operating activities” to “Cash flows from investing activities”.