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**中国农业银行**

AGRICULTURAL BANK OF CHINA

**AGRICULTURAL BANK OF CHINA LIMITED**

**中國農業銀行股份有限公司**

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

**(Stock Code: 1288)**

## **THE THIRD QUARTERLY REPORT OF 2010**

The board of directors (the “Board”) of Agricultural Bank of China Limited (the “Bank”) is pleased to announce the unaudited results of the Bank and its subsidiaries (collectively the “Group”) for the third quarter ended 30 September 2010, prepared under the International Financial Reporting Standards (“IFRS”). This announcement is made in accordance with Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### **§1. Important Notice**

- 1.1 The Board, the Board of Supervisors, Directors, Supervisors and Senior Management of the Bank undertake that the information stated in this report contains no false record, misleading statement or material omission, and assume individual and joint and several liabilities as to the authenticity, accuracy and completeness of the information in this report.
- 1.2 The First Board has reviewed and approved this quarterly report at the 15th meeting held on 27 October 2010. All directors were present at the meeting.
- 1.3 The financial statements therein have not been audited.
- 1.4 Mr. XIANG Junbo, our Legal Representative, Mr. PAN Gongsheng, Executive Vice President in charge of finance, and Mr. SHAO Jianrong, General Manager of the Finance and Accounting Department of the Bank, hereby warrant and guarantee that the financial statements contained in this quarterly report are authentic and complete.

## §2. Corporate Information

### 2.1 Basic corporate information

<b>Stock exchange on which A shares are listed</b>	Shanghai Stock Exchange
<b>Stock name</b>	農業銀行
<b>Stock code</b>	601288
<b>Stock exchange on which H shares are listed</b>	The Stock Exchange of Hong Kong Limited
<b>Stock name</b>	ABC
<b>Stock code</b>	1288
<b>Board Secretary and Company Secretary</b>	LI Zhenjiang Address: No. 69, Jianguomen Nei Avenue, Dongcheng District, Beijing, PRC (Postal code:100005) Tel: 86-10-85109619 Fax: 86-10-85108557 E-mail: ir@abchina.com

## 2.2 Financial highlights

Financial data and indicators recorded in this quarterly report are prepared on consolidated basis in accordance with IFRS and denominated in Renminbi (“RMB”), unless otherwise stated.

### 2.2.1 Major financial data and indicators

*In millions of RMB, unless otherwise stated*

	<b>30 September 2010</b>	<b>31 December 2009</b>	<b>Change (%)</b>
Total assets	10,117,122	8,882,588	13.90
Loans and advances to customers, net	4,619,651	4,011,495	15.16
Investment securities and other financial assets, net	2,697,824	2,616,672	3.10
Total liabilities	9,588,844	8,539,663	12.29
Deposits from customers	8,664,348	7,497,618	15.56
Equity attributable to equity holders of the Bank	528,108	342,819	54.05
Net assets per share (in RMB Yuan)	1.63	1.32	23.48
	<b>Nine months ended 30 September 2010 (January–September)</b>		<b>Change as compared to the same period of 2009 (%)</b>
Net cash flow from operating activities	204,203		206.51
Net cash flow per share from operating activities (in RMB Yuan)	0.63		142.31
	<b>Three months ended 30 September 2010 (July–September)</b>	<b>Nine months ended 30 September 2010 (January–September)</b>	<b>Change as compared to the same three months period of 2009 (%)</b>
Net profit	24,322	70,185	29.60
Net profit attributable to equity holders of the Bank	24,306	70,146	29.53
Basic earnings per share (in RMB Yuan)	0.08	0.25	14.29
Return on weighted average net assets (annualised, %)	21.00	23.47	Down by 2.33 percentage points

### 2.2.2 Differences between the financial statements prepared under IFRS and Generally Accepted Accounting Principles of the People’s Republic of China (“PRC GAAP”)

There are no differences in the net profit or equity attributable to equity holders in the consolidated financial statements prepared under IFRS and those prepared in accordance with PRC GAAP by the Group.

## 2.3 Number of shareholders and particulars of shareholding of the top 10 shareholders not subject to restrictions on sales at the end of the reporting period

At the end of the reporting period, the Bank had 722,997 shareholders in total, including 35,562 H-share shareholders and 687,435 A-share shareholders.

### Particulars of shareholding of the top 10 shareholders (based on the register of shareholders as at 30 September 2010)

Name of shareholder	Nature of shareholder	Type of shares	Shareholding percentage (%)	Total number of shares held	Number of shares subject to restrictions on sales	Number of pledged or locked-up shares
Central Huijin Investment Ltd. (“Huijin”)	State-owned	A shares	40.03	130,000,000,000	130,000,000,000	None
Ministry of Finance of the People’s Republic of China (“MOF”)	State-owned	A shares	39.21	127,361,764,737	127,361,764,737	None
HKSCC Nominees Limited	Foreign corporation	H shares	8.89	28,886,214,096	11,564,169,000	Unknown
National Council for Social Security Fund of the PRC (“NCSSF”)	State-owned	A shares	3.02	9,797,058,826	9,797,058,826	None
National Council for Social Security Fund of the PRC — Account III for state-owned shares transfer	General institution	A shares	0.41	1,325,882,341	1,325,882,341	None
Standard Chartered Bank	Foreign corporation	H shares	0.37	1,217,281,000	1,217,281,000	Unknown
China Life Insurance Company Limited — Dividend distribution — Personal dividend — 005L — FH002 Shanghai	General institution	A shares	0.37	1,208,757,000	1,208,757,000	None
Hwabao Trust Co., Ltd. — Individual capital trust R2008ZX013	General institution	A shares	0.30	964,108,880	0	None
State Grid Asset Management Company Limited	State-owned	A shares	0.23	746,268,000	746,268,000	None
China Tobacco Corporation	General institution	A shares	0.23	746,268,000	746,268,000	None

- Note: (1) Particulars of shareholding of holders of H shares were based on the number of shares set out in the Bank’s register of shareholders maintained by the H shares registrar.
- (2) HKSCC Nominees Limited represents as a nominee for the total H shares of all the institutions and individual investors that open an account and register with HKSCC Nominees Limited as at 30 September 2010.
- (3) The Bank is not aware of any connections between the above shareholders or whether they are parties acting in concert.

**Particulars of shareholding of the top 10 shareholders not subject to restrictions on sales  
(based on the register of shareholders as at 30 September 2010)**

<b>Name of shareholder</b>	<b>Number of shares not subject to restrictions on sales</b>	<b>Type of shares</b>
HKSCC Nominees Limited	17,322,045,096	H shares
Hwabao Trust Co., Ltd. — Individual capital trust R2008ZX013	964,108,880	A shares
CITIC Securities Co., Ltd.	449,305,505	A shares
ICBC Credit Suisse Fund Management Co., Ltd. — ABC — Enterprise Annuity Council of Agricultural Bank of China Limited	445,000,400	A shares
China Pacific Life Insurance Co., Ltd. — Dividend distribution — Personal dividend	261,580,000	A shares
New China Life Insurance Co., Ltd — Dividend distribution — Group dividend — 018L — FH001Shanghai	237,823,927	A shares
Industrial and Commercial Bank of China Limited — China Universal SSE Composite Index Fund	106,629,200	A shares
China International Capital Corporation Limited	95,311,657	A shares
Shantou Decheng Investment Co., Ltd.	52,942,600	A shares
Qingdao Bohai Agricultural Development Co., Ltd.	50,000,031	A shares

- Note: (1) Particulars of shareholding of holders of H shares were based on the number of shares set out in the Bank's register of shareholders maintained by the H shares registrar.
- (2) The Bank is not aware of any connections between the above shareholders or whether they are parties acting in concert.

### **§3. Brief Analysis on Overall Operating Activities in the Third Quarter**

(The financial data herein are presented in RMB unless otherwise indicated.)

For the nine months ended 30 September 2010, the Group achieved a net profit of RMB70,185 million, representing an increase of 36.32% over the same period of 2009, principally due to continued expansion of business scale, rebound of net interest margin, and rapid growth of net fee and commission income. Our annualised return on average total assets and return on weighted average net assets reached 0.99% and 23.47%, up by 0.11 percentage point and 1.21 percentage points, respectively, compared to the same period of 2009. We achieved the basic earnings per share of RMB0.25.

Net interest income amounted to RMB174,023 million, representing an increase of 36.09% over the same period of 2009. Net fee and commission income reached RMB34,032 million, representing an increase of 32.95% over the same period of 2009; excluding agency commissions from the MOF for the disposal of and recovery on non-performing assets on its behalf, net fee and commission income increased by 45.99% compared to the same period of 2009. Operating expenses increased by 25.10% compared to the same period of 2009 of RMB88,529 million; cost-to-income ratio was 36.72%, down by 2.13 percentage points over the same period of 2009. Our provisions for impairment losses on assets reached RMB32,547 million, an increase of RMB947 million.

At 30 September 2010, total assets amounted to RMB10,117,122 million, representing an increase of RMB1,234,534 million or 13.90% compared to the end of 2009. The Group implemented proactively the macro-control policies, timed the loans granting appropriately and optimized the granting structure; as a result, at the end of the reporting period, loans and advances to customers increased by RMB640,264 million to RMB4,778,451 million, among which, corporate loans, retail loans, discounted bills and overseas and other loans accounted for RMB3,501,053 million, RMB1,084,371 million, RMB133,812 million and RMB59,215 million. Loan-to-deposit ratio was 55.15%, a decrease of 0.04 percentage point compared to the end of 2009. Investment securities and other financial assets increased by RMB81,152 million or 3.10% compared to the end of 2009 to RMB2,697,824 million.

Our total liabilities increased by RMB1,049,181 million or 12.29% over the end of 2009 to RMB9,588,844 million. Deposits from customers increased by RMB1,166,730 million or 15.56% over the end of 2009 of RMB8,664,348 million, among which, time deposits, demand deposits and other deposits accounted for RMB3,578,740 million, RMB4,831,468 million and RMB254,140 million respectively.

Total equity increased by RMB185,353 million or 54.05% compared to the end of 2009 to RMB528,278 million, with share capital of RMB324,794 million, capital reserve of RMB99,776 million, investment revaluation reserve of RMB7,150 million, surplus reserve of RMB12,263 million, general and regulatory reserve of RMB58,339 million and retained earnings of RMB25,727 million.

The quality of assets the Bank improved continuously, and both outstanding non-performing loans and the non-performing loans ratio were kept decreasing. Outstanding non-performing loans amounted to RMB99,438 million, decreased by RMB20,803million over the end of 2009; non-performing loans ratio was 2.08%, decreased by 0.83 percentage point over the end of 2009; Allowance to NPLs reached 159.70%, up by 54.33 percentage points compared to the end of 2009.

At 30 September 2010, core capital adequacy ratio was 9.75%, and capital adequacy ratio was 11.38%, increased by 3.03 percentage points and 3.07 percentage points respectively compared to 30 June 2010.

## §4. Significant Events

### 4.1 Significant changes in major financial statements items and financial indicators and the reasons thereof

√ Applicable    ☐ Not Applicable

Compared with the end of 2009 or the same period of 2009, items of major consolidated financial statements and financial indicators with changes over 30% and the reasons thereof are as follows:

*In millions of RMB, except for percentages*

Item	Nine months ended 30 September 2010	Nine months ended 30 September 2009	Change over the same period of 2009 (%)	Major reasons for change
Net interest income	174,023	127,878	36.09	The rebound of net interest margin, and the expansion of interest-bearing assets
Fee and commission income	35,203	26,476	32.96	The steady growth of traditional fee- and commission-based businesses such as settlement and clearing and agency insurance, and the rapid development of new fee- and commission-based businesses such as financial advisory services and e-banking
Fee and commission expense	(1,171)	(879)	33.22	The growth of fee- and commission-based businesses
Net trading loss	(38)	(133)	-71.43	The increase of fair value of derivative financial instruments
Net gain on financial assets and liabilities designated as at fair value through profit or loss	332	1,793	-81.48	The decrease of fair value of wealth management products designated as at fair value through profit or loss
Net gain on investment securities	170	596	-71.48	The decrease of gain on available-for-sale debt securities
Other operating income	1,752	2,680	-34.63	The decrease of net foreign exchange gain
Income tax expense	(19,010)	(4,556)	317.25	The lower effective tax rate in the same period of 2009 resulting from certain tax exemptions, and the increase of total profit over the same period of 2009
Non-controlling interests	39	8	387.5	The increase of net profit of subsidiaries
Other comprehensive income (expense)	2,655	(18,927)	-114.03	The increase of fair value of available-for-sale financial assets



*In millions of RMB, except for percentages*

<b>Item</b>	<b>30 September 2010</b>	<b>31 December 2009</b>	<b>Change over the end of 2009 (%)</b>	<b>Major reasons for change</b>
Deposits with banks and other financial institutions	82,175	61,693	33.20	The increase of deposits with domestic banks
Placements with banks and other financial institutions	77,256	49,435	56.28	The increase of loans to financial leasing companies and overseas banks
Financial assets designated as at fair value through profit or loss	62,615	96,830	-35.34	The optimization of the structure of wealth management products and the decrease of principal-and-return-guaranteed wealth management product
Derivative financial assets	6,288	4,678	34.42	The increase of transaction volume and the fair value of derivative financial instruments such as currency forwards
Financial assets held under resale agreements	561,049	421,093	33.24	Substantial increase of bills held under resale agreements
Held-to-maturity investments	1,168,918	883,915	32.24	The increase of government bonds and policy bank bonds, and the moderate increase of corporate bonds
Deferred tax assets	27,293	19,659	38.83	The increase of allowance for impairment losses led to the increase of deductible temporary differences
Other assets	92,026	67,943	35.45	The increase of interest receivable of loans and investments, and prepayment
Borrowings from central bank	30	58	-48.28	Repayment to the central bank
Placements from banks and other financial institutions	47,862	26,312	81.90	The increase of placements from domestic banks
Financial liabilities held for trading	2,624	56	4585.71	The increase of bonds short selling business and its impact on the changes of fair value
Financial liabilities designated as at fair value through profit or loss	53,182	113,843	-53.28	The optimization of the structure of wealth management products and the decrease of principal-and-return-guaranteed wealth management product
Financial assets sold under repurchase agreements	53,416	100,812	-47.01	The decrease of bills sold under repurchase agreements
Dividend payable	32,077	—	N/A	Accrual of dividend payable in accordance with the profit distribution resolution of the first half of 2010
Tax liabilities	12,172	5,163	135.75	The increase of enterprise income tax payable



Item	30 September 2010	31 December 2009	Change over the end of 2009 (%)	Major reasons for change
Capital reserve	99,776	—	N/A	The premiums arising from the new shares issued
Investment revaluation reserve	7,150	4,624	54.63	The increase of the fair value of available-for-sale financial assets
Surplus reserve	12,263	7,676	59.76	Appropriating to the reserve in accordance with the profit distribution resolution of the first half of 2010
General and regulatory reserve	58,339	10,772	441.58	Appropriating to the general and regulatory reserve in accordance with the profit distribution resolutions of 2009 and of the first half of 2010
Retained earnings	25,727	59,817	-56.99	Profit distribution and gains in the third quarter of 2010
Currency translation reserve	59	(70)	-184.29	The translation of financial statements of overseas institutions
Non-controlling interests	170	106	60.38	The establishment of new subsidiaries and the profit increase of subsidiaries

## 4.2 Progress of significant events and analysis on their effects and solutions

√ Applicable    ☐ Not Applicable

### 4.2.1 Initial Public Offering

On 21 April 2010, the initial public offering plan was reviewed and approved at the extraordinary general meeting. On 15 and 16 July 2010, the Bank became listed on the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited. A total of 54,794 million A and H shares were offered, accounting for 16.87% of the total share capital after offering, including 25,571 million A shares and 29,223 million H shares, representing 7.87% and 9.00% respectively of the total issued share capital. The over-allotment options for the A share offering and the H share offering have been fully exercised. The offer price for the A share offering was RMB2.68 each share and the offer price for the H share offering was HKD3.20 each share.

The total capital raised by the initial public offering of A shares and H shares was about 22,100 US dollars million, where the capital raised from the A share offering was RMB68,500 million. All the net proceeds after deduction of fees and expenses will be used to strengthen our capital base.

### 4.2.2 Establishment of Agricultural Bank of China Financial Leasing Co., Ltd.

On 29 September 2010, Agricultural Bank of China Financial Leasing Co., Ltd., a wholly-owned subsidiary of the Bank, commenced operation with the registered capital of RMB2 billion. For the details of the approval for the opening of the company, please refer to the announcement published in China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily on 2 September 2010.

#### **4.3 Fulfilment of commitments made by the Bank, its shareholders and de facto controllers**

☒ Applicable   ☐ Not Applicable

Commitments made by the shareholders during the reporting period are the same as those disclosed in the prospectus for our initial public offering. As at 30 September 2010, all of the commitments made by the shareholders of the Bank were properly fulfilled.

#### **4.4 Implementation of cash dividend policy during the reporting period**

☒ Applicable   ☐ Not Applicable

As approved at the second extraordinary general meeting held on 21 April 2010, we proposed to distribute a cash dividend (the “Special Dividend”) to shareholders on our register of members as at 30 June 2010 in an amount equal to the sum of our net profit for the six months ended 30 June 2010, after the required appropriations for a statutory surplus reserve and a general reserve, that amounts to 10% and 20%, respectively under the PRC GAAP, and any undistributed profit at the beginning of the period. According to the result of the special audit, after deducting RMB4,587 million of statutory surplus reserve and RMB9,175 million of general and regulatory reserve (including RMB11 million of regulatory reserve appropriated by overseas branches), we proposed to distribute the Special Dividend of RMB32,077 million to all the shareholders on our register of members as at 30 June 2010. According to the number of shares held by each shareholder and the number of shareholding days, the MOF, Huijin and NCSSF will receive a cash dividend of RMB15,804 million, RMB15,804 million and RMB470 million, respectively. The Special Dividend plan was approved at the 14th meeting of the First Board on 27 August 2010.

#### **4.5 Warnings and explanations on estimated loss or significant change (as compared to the same period of last year) in net accumulated profit from the beginning of the year to the end of the next reporting period**

☐ Applicable   ☒ Not Applicable

### **§5 Appendix Financial Statements Prepared under IFRS**

The financial statements prepared under IFRS are attached as the appendix of the Report.

## §6 Release of Quarterly Report

The quarterly report prepared in accordance with IFRS will be published simultaneously on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Bank ([www.abchina.com](http://www.abchina.com)). The quarterly report prepared in accordance with PRC GAAP will be released simultaneously on the website of Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)), the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Bank ([www.abchina.com](http://www.abchina.com)).

By Order of the Board  
**Agricultural Bank of China Limited**  
**XIANG Junbo**  
*Chairman*

Beijing, PRC, 27 October 2010

*As at the date of this announcement, our executive directors are Mr. XIANG Junbo, Mr. ZHANG Yun, Mr. YANG Kun and Mr. PAN Gongsheng; our non-executive directors are Mr. LIN Damao, Mr. ZHANG Guoming, Ms. XIN Baorong, Mr. SHEN Bingxi, Mr. YUAN Linjiang and Mr. CHENG Fengchao, and our independent non-executive directors are Mr. Anthony WU Ting-yuk and Mr. QIU Dong.*

# APPENDIX FINANCIAL STATEMENTS PREPARED UNDER IFRS

## CONSOLIDATED INCOME STATEMENT

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010

(Amounts in millions of Renminbi, unless otherwise stated)

	Three months ended		Nine months ended	
	30.9.2010	30.9.2009	30.9.2010	30.9.2009
	Unaudited	Unaudited	Unaudited	Unaudited
Interest income	91,976	74,391	260,256	216,634
Interest expense	(29,661)	(30,409)	(86,233)	(88,756)
Net interest income	62,315	43,982	174,023	127,878
Fee and commission income	12,027	8,948	35,203	26,476
Fee and commission expense	(454)	(368)	(1,171)	(879)
Net fee and commission income	11,573	8,580	34,032	25,597
Net trading loss	(501)	(665)	(38)	(133)
Net gain on financial assets and liabilities designated as at fair value through profit or loss	502	820	332	1,793
Net gain on investment securities	27	261	170	596
Other operating income	237	997	1,752	2,680
Operating income	74,153	53,975	210,271	158,411
Operating expenses	(30,061)	(26,622)	(88,529)	(70,768)
Impairment losses on assets	(12,924)	(14,055)	(32,547)	(31,600)
Profit before tax	31,168	13,298	89,195	56,043
Income tax expense	(6,846)	5,469	(19,010)	(4,556)
Profit for the period	24,322	18,767	70,185	51,487
Attributable to:				
Equity holders of the Bank	24,306	18,765	70,146	51,479
Non-controlling interests	16	2	39	8
Earnings per share (Expressed in RMB per share)				
— Basic	0.08	0.07	0.25	0.20

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010

(Amounts in millions of Renminbi, unless otherwise stated)

	Three months ended		Nine months ended	
	30.9.2010	30.9.2009	30.9.2010	30.9.2009
	Unaudited	Unaudited	Unaudited	Unaudited
Profit for the period	24,322	18,767	70,185	51,487
Other comprehensive income (expense):				
Fair value gain (loss) on available-for-sale financial assets				
— fair value gain (loss) arising during the period	589	(5,505)	3,679	(14,365)
— amount reclassified to the profit or loss upon disposal/impairment of available-for-sale financial assets	(74)	(541)	(245)	(1,909)
Exchange difference arising on translating foreign operations	156	(52)	129	(6)
Income tax relating to available-for-sale financial assets	(185)	(5,227)	(908)	(2,647)
Other comprehensive income (expense) for the period (net of tax)	486	(11,325)	2,655	(18,927)
Total comprehensive income for the period	<u>24,808</u>	<u>7,442</u>	<u>72,840</u>	<u>32,560</u>
Total comprehensive income attributable to:				
Equity holders of the Bank	24,792	7,440	72,801	32,552
Non-controlling interests	<u>16</u>	<u>2</u>	<u>39</u>	<u>8</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2010

(Amounts in millions of Renminbi, unless otherwise stated)

	30 Sep 2010 Unaudited	31 Dec 2009 Audited
<b>Assets</b>		
Cash and balances with central banks	1,844,298	1,517,806
Deposits with banks and other financial institutions	82,175	61,693
Placements with banks and other financial institutions	77,256	49,435
Financial assets held for trading	17,182	15,346
Financial assets designated as at fair value through profit or loss	62,615	96,830
Derivative financial assets	6,288	4,678
Financial assets held under resale agreements	561,049	421,093
Loans and advances to customers	4,619,651	4,011,495
Available-for-sale financial assets	648,011	730,382
Held-to-maturity investments	1,168,918	883,915
Debt securities classified as receivables	801,098	890,199
Interest in an associate	171	141
Property and equipment	109,091	111,973
Deferred tax assets	27,293	19,659
Other assets	92,026	67,943
Total assets	<u>10,117,122</u>	<u>8,882,588</u>
<b>Liabilities</b>		
Borrowings from central bank	30	58
Deposits from banks and other financial institutions	490,522	573,949
Placements from banks and other financial institutions	47,862	26,312
Financial liabilities held for trading	2,624	56
Financial liabilities designated as at fair value through profit or loss	53,182	113,843
Financial assets sold under repurchase agreements	53,416	100,812
Derivative financial liabilities	9,200	7,690
Due to customers	8,664,348	7,497,618
Accrued staff costs	35,467	29,938
Tax liabilities	12,172	5,163
Debt securities issued	58,336	55,179
Dividend payable	32,077	—
Other liabilities	129,608	129,045
Total liabilities	<u>9,588,844</u>	<u>8,539,663</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2010

(Amounts in millions of Renminbi, unless otherwise stated)

	30 Sep 2010 Unaudited	31 Dec 2009 Audited
<b>Equity</b>		
Share capital	324,794	260,000
Capital reserve	99,776	—
Investment revaluation reserve	7,150	4,624
Surplus reserve	12,263	7,676
General and regulatory reserve	58,339	10,772
Retained earnings	25,727	59,817
Currency translation reserve	59	(70)
	<hr/>	<hr/>
Equity attributable to equity holders of the Bank	528,108	342,819
Non-controlling interests	170	106
	<hr/>	<hr/>
Total equity	528,278	342,925
	<hr/>	<hr/>
Total equity and liabilities	<u>10,117,122</u>	<u>8,882,588</u>

The consolidated financial statements on page I to VI were approved and authorised for issue by the Board of Directors on 27 October 2010 and are signed on its behalf by:

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**XIANG Junbo**  
*DIRECTOR*

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**PAN Gongsheng**  
*DIRECTOR*



# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010

(Amounts in millions of Renminbi, unless otherwise stated)

	Nine months ended 30 September	
	2010	2009
	Unaudited	Unaudited
<b>OPERATING ACTIVITIES</b>		
Profit before tax	89,195	56,043
Adjustments for:		
Amortisation of intangible assets and other assets	1,111	1,199
Depreciation of property and equipment	7,216	6,737
Impairment losses on assets	32,547	31,600
Interest income arising from investment securities	(57,659)	(55,469)
Interest income arising from impaired financial assets	(967)	(1,402)
Interest expense on subordinated bonds issued	1,358	254
Net gain on investment securities	(170)	(596)
Net gain on disposal of property and equipment and other assets	(161)	(109)
Net foreign exchange loss (gain)	3,158	(406)
Operating cash flows before movements in working capital	75,628	37,851
Net increase in balances with central banks, deposits with banks and other financial institutions	(311,719)	(189,778)
Net decrease in placements with banks and other financial institutions	305	6,254
Net increase in loans and advances to customers	(639,861)	(940,489)
Net decrease in borrowings from central bank	(28)	(256)
Net increase in due to customers and deposits from banks and other financial institutions	1,085,852	1,479,203
Decrease (increase) in other operating assets	98,565	(402,338)
(Decrease) increase in other operating liabilities	(84,003)	106,039
Cash generated from operations	224,739	96,486
Income tax paid	(20,536)	(29,863)
Net cash from operating activities	204,203	66,623

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010

(Amounts in millions of Renminbi, unless otherwise stated)

	Nine months ended 30 September	
	2010 (Unaudited)	2009 (Unaudited)
<b>INVESTING ACTIVITIES</b>		
Cash received from disposal/redemption of investment securities	1,093,284	924,265
Cash received from returns on investment securities	53,227	48,083
Cash received from other investing activities	1,011	536
Cash paid for purchase of investment securities	(1,209,963)	(1,254,836)
Cash paid for purchase of property and equipment and other assets	(6,678)	(6,442)
	<u>(69,119)</u>	<u>(288,394)</u>
Net cash used in investing activities		
<b>FINANCING ACTIVITIES</b>		
Cash received from debt securities issued	—	49,950
Shareholders' contribution	165,557	—
Contribution from non-controlling shareholders of subsidiaries	25	—
Cash paid for interest on debt securities issued	(1,803)	—
Dividends paid	(20,000)	—
Cash paid for other financing activities	(1,267)	—
	<u>142,512</u>	<u>49,950</u>
Net cash from financing activities		
Net increase (decrease) in cash and cash equivalents	277,596	(171,821)
Cash and cash equivalents at 1 January	329,300	488,564
Effect of foreign exchange rate changes	(1,821)	364
	<u>605,075</u>	<u>317,107</u>
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>		