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招商銀行股份有限公司

**CHINA MERCHANTS BANK CO., LTD.**

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

**(Stock code: 03968)**

## **OVERSEAS REGULATORY ANNOUNCEMENT FIRST QUARTERLY REPORT OF 2011**

Pursuant to the regulations of the China Securities Regulatory Commission, China Merchants Bank Co., Ltd. is required to publish a quarterly report for each of the first and third quarters.

This announcement is made pursuant to 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 of Directors, the Board of Supervisors and the directors, supervisors and senior management of China Merchants Bank Co., Ltd. hereby confirm that the information contained in this report does not contain any false representations, misleading statements or material omissions and individually and jointly accept full responsibilities for the truthfulness, accuracy and completeness of the information contained in this report.
- 1.2 None of the directors, supervisors and senior management has made any statement that he/she is unable to warrant or objects to the truthfulness, accuracy and completeness of the information contained in the quarterly report.
- 1.3 The twelfth meeting of the Eighth Session of the Board of Directors of the Company has approved the first quarterly report of 2011 of the Company through voting by correspondence. 17 out of the 17 Directors attended and voted at the meeting.
- 1.4 All financial statements set out in this report are prepared in accordance with the PRC Generally Accepted Accounting Principles and are unaudited. Unless otherwise stated, all monetary sums stated in this report are expressed in RMB.

- 1.5 Hereinafter the “Company”, the “Bank” and “CMB” mentioned in this report are all referred to China Merchants Bank Co., Ltd.; and the “Group” is referred to China Merchants Bank Co., Ltd. and its subsidiaries.
- 1.6 Mr. FU Yuning, Chairman of the Company, Mr. MA Weihua, the President, Mr. LI Hao, the Executive Vice President and Chief Financial Officer, and Mr. ZHOU Song, who is in charge of the Planning and Finance Department, hereby make representations in respect of the truthfulness and completeness of the financial statements contained in this quarterly report.

## §2 GENERAL INFORMATION

### 2.1 Major accounting data & financial indicators

*(Unless otherwise stated, amounts expressed in millions of RMB)*

	<b>At the end of the reporting period 31 March 2011</b>	At the end of last year 31 December 2010	Increase/decrease at the end of the reporting period as compared to the end of last year (%)
Total assets	<b>2,584,723</b>	2,402,507	7.58
Equity attributable to shareholders of the Bank	<b>142,777</b>	134,006	6.55
Net assets per share attributable to shareholders of the Bank <i>(in RMB Yuan)</i>	<b>6.62</b>	6.21	6.60
	<b>Reporting period January to March 2011</b>	Corresponding period of last year January to March 2010	Increase/decrease as compared to the corresponding period of last year (%)
Net cash flow from operating activities	<b>5,474</b>	22,175	-75.31
Net cash flow from operating activities per share <i>(in RMB Yuan)</i>	<b>0.25</b>	1.05	-76.19

	<b>Reporting period January to March 2011</b>	Corresponding period of last year January to March 2010	Increase/decrease in this reporting period as compared to the corresponding period of last year (%)
Net profit attributable to shareholders of the Bank	<b>8,810</b>	5,909	49.09
Basic earnings per share (in RMB Yuan)	<b>0.41</b>	0.30	36.67
Diluted earnings per share (in RMB Yuan)	<b>0.41</b>	0.30	36.67
Basic earnings per share, net of non-recurring gains or losses (in RMB Yuan)	<b>0.41</b>	0.30	36.67
Diluted earnings per share, net of non-recurring gains or losses (in RMB Yuan)	<b>0.41</b>	0.30	36.67
Annualized return on equity – weighted average (%)	<b>25.79</b>	22.71	Increased by 3.08 percentage points
Annualized return on equity – weighted average, net of non-recurring gains or losses (%)	<b>25.59</b>	22.59	Increased by 3.00 percentage points
<b>Non-recurring gains or losses</b>		<b>January to March 2011</b>	
Non-operating income		<b>100</b>	
Non-operating expense		<b>(8)</b>	
Effect of income tax		<b>(22)</b>	
Net non-operating income/expense		<b>70</b>	

## 2.2 Total number of shareholders and the top ten shareholders whose shares are not subject to trading moratorium as at the end of the reporting period

**Total number of shareholders** **623,670**

<b>Top ten shareholders whose shares are not subject to trading moratorium</b>			
<b>No.</b>	<b>Name of shareholders</b>	<b>Number of shares held</b>	<b>Class of Shares</b>
1	HKSCC Nominees Limited <i>(Note 1)</i>	3,854,682,081	H shares
2	China Merchants Steam Navigation Company Limited	2,675,612,600	A Shares not subject to trading moratorium
3	China Ocean Shipping (Group) Company	1,284,140,156	A Shares not subject to trading moratorium
4	Shenzhen Yan Qing Investment and Development Company Limited	636,788,489	A Shares not subject to trading moratorium
5	Guangzhou Maritime Transport (Group) Company Limited	631,287,834	A Shares not subject to trading moratorium
6	Shenzhen Chu Yuan Investment and Development Company Limited	556,333,611	A Shares not subject to trading moratorium
7	China Communications Construction Company Limited	383,445,439	A Shares not subject to trading moratorium
8	Shanghai Automotive Industry Corporation	368,079,979	A Shares not subject to trading moratorium
9	CNOOC Investment Co., Ltd.	301,593,148	A Shares not subject to trading moratorium
10	Shandong State-owned Assets Investment Holdings Company Limited	258,470,781	A Shares not subject to trading moratorium
10	China Shipping (Group) Company	258,470,781	A Shares not subject to trading moratorium
10	Hebei Port Group Co., Ltd.	258,470,781	A Shares not subject to trading moratorium

*Note 1:* Shares held by HKSCC Nominees Limited are the total shares in the accounts of holders of H Shares of China Merchants Bank trading on the transaction platform of HKSCC Nominees Limited.

*Note 2:* Except that China Merchants Steam Navigation Company Limited, Shenzhen Yan Qing Investment and Development Company Limited and Shenzhen Chu Yuan Investment and Development Company Limited are subsidiaries of China Merchants Group Limited, and Guangzhou Maritime Transport (Group) Company Limited is a wholly-owned subsidiary of China Shipping (Group) Company, the Company is not aware of any other related relationship among the above top ten shareholders.

## 2.3 Management discussion and analysis

### 2.3.1 Analysis of operating status of the Group

As at the end of March 2011, total assets of the Group amounted to RMB2,584.723 billion, representing an increase of 7.58% as compared with the beginning of the year; and its total liabilities amounted to RMB2,441.946 billion, representing an increase of 7.65% as compared with the beginning of the year. Deposits from customers amounted to RMB2,032.077 billion, representing an increase of 7.11% as compared with the beginning of the year. Total loans and advances amounted to RMB1,505.761 billion, representing an increase of 5.19% as compared with the beginning of the year.

For the period from January to March 2011, the Group realized a net profit attributable to shareholders of the Bank of RMB8.810 billion, representing an increase of 49.09% as compared with the corresponding period of the previous year, and an operating income of RMB22.323 billion, among which, net interest income increased by 38.70% to RMB17.357 billion from that of the corresponding period of the previous year, mainly due to the increase in the volume of interest-earning assets, and the gradual improvement of net interest spread and net interest margin, which was 2.89% and 2.98%, respectively for the period from January to March 2011. The net interest income accounted for 77.75% of the operating income. The Group's net fee and commission income increased by 62.33% to RMB3.922 billion from that of the corresponding period of the previous year, and accounted for 17.57% of the operating income. Other net income amounted to RMB1.044 billion, representing an increase of 51.30% as compared with the corresponding period of the previous year. The cost-to-income ratio (excluding business tax and surcharges) of the Group decreased by 2.32 percentage points to 32.77% from that of the corresponding period of the previous year.

As at the end of March 2011, the non-performing loans of the Group totaled RMB9.260 billion, representing a decrease of RMB426 million as compared with the beginning of the year; the non-performing loan ratio was 0.61%, representing a decrease of 0.07 percentage point as compared with the beginning of the year; and the non-performing loan allowance coverage ratio was 335.31%, representing an increase of 32.90 percentage points as compared with the beginning of the year; the allowance-to-loan ratio was 2.06%, representing an increase of 0.01 percentage point as compared with that at the beginning of the year.

As at the end of March 2011, the capital adequacy ratio of the Group was 10.91%, representing a decrease of 0.56 percentage point as compared with the beginning of the year; and the core capital adequacy ratio was 7.66%, representing a decrease of 0.38 percentage point as compared with the beginning of the year. Such decrease in the capital adequacy ratio and the core capital adequacy ratio was mainly due to the promulgation of the Administrative Measures for Supervision of the Credit Cards of Commercial Banks by China Banking Regulatory Commission in January 2011, which stipulates that the unused credit line for credit cards should be incorporated into the calculation of weighted risk assets.

### ***2.3.2 Analysis of operating status of the Company***

During the period from January to March 2011, the Company, in response to the changes in the macro-economic situation, steadily promoted its Second Transformation, resulting in fruitful operating performance as below:

**Steady growth of assets and liabilities.** As at the end of March 2011, total assets of the Company amounted to RMB2,453.375 billion, representing an increase of 7.21% as compared with the beginning of the year; and its total liabilities amounted to RMB2,303.805 billion, representing an increase of 7.29% as compared with the beginning of the year. Total loans and advances amounted to RMB1,410.738 billion, representing an increase of 4.80% as compared with the beginning of the year, among which corporate loans accounted for 60.11%, retail loans accounted for 35.26% and discounted bills accounted for 4.63%. Deposits from customers amounted to RMB1,944.537 billion, representing an increase of 7.50% as compared with the beginning of the year, among which demand deposits accounted for 56.70% and time deposits accounted for 43.30%. Among the demand deposits, corporate deposits accounted for 60.77% while retail deposits accounted for 39.23%; and among the time deposits, corporate deposits accounted for 67.33% and retail deposits accounted for 32.67%.

**Rapid growth of profits.** During the period from January to March 2011, the Company realized a net profit of RMB8.451 billion, representing an increase of 49.36% as compared with the corresponding period of the previous year. The Company realized an operating income of RMB21.452 billion, among which, net interest income increased by 38.46% from that of the corresponding period of the previous year to RMB16.856 billion, mainly due to the increase in the volume of interest-earning assets, and the gradual improvement of net interest spread and net interest margin, which was 2.96% and 3.06% respectively. The net interest income accounted for 78.58% of the operating income. The Company's net fee and commission income increased by 61.57% from that of the corresponding period of the previous year to RMB3.755 billion, mainly due to the increase in bank card fees, agency services fees, commissions from custody and other trustee business. Net fee and commission income accounted for 17.50% of the operating income. Other net income amounted to RMB841 million, representing an increase of RMB378 million as compared with the corresponding period of the previous year, mainly due to the increase of net gain arising from investments.

**Effective control in cost.** The Company continued to effectively manage its costs through harsh measures in budget management, resources integration and workflow optimization. During the period from January to March 2011, operating and administrative expenses of the Company amounted to RMB6.975 billion. Cost-to-income ratio was 32.51%, representing a decrease of 2.17 percentage points as compared with the corresponding period of the previous year.

**Continuous improvement in asset quality.** The Company improved its comprehensive credit risk management system by further optimizing the process of credit risk management, exploring portfolio risk management and promoting the transformation of credit structure. It also adopted strategies for developing both small-sized enterprise credit and personal credit businesses, while with stringent control over loan extension to local government financing platforms, real estate and “high pollution, high energy consumption and excess capacity” and other high risk sectors and industries. As at the end of March 2011, the balance of the Company’s non-performing loans was RMB8.933 billion, representing a decrease of RMB397 million as compared with the beginning of the year; and the non-performing loan ratio was 0.63%, representing a decrease of 0.06 percentage point as compared with the beginning of the year; and the non-performing loan allowance coverage ratio was 341.52%, representing an increase of 32.83 percentage points as compared with the beginning of the year; the allowance-to-loan ratio was 2.16%, representing an increase of 0.02 percentage point as compared with that at the beginning of the year. Annualized credit cost was 0.50%, which was 0.07 percentage point higher when compared with the previous year.

**Continuous advancement in the loan business for small and medium-sized enterprises.** During the reporting period, the Company managed to maintain a relatively rapid growth in its small and medium-sized enterprises loans (“SME corporate loans”) and asset quality continued to remain sound. As at the end of March 2011, the balance of domestic SME corporate loans amounted to RMB415.513 billion, representing an increase of RMB27.096 billion as compared with the beginning of the year. The SME corporate loans accounted for 50.38% of the total balance of domestic corporate loans, an increase of 0.66 percentage point as compared with the beginning of the year. The non-performing loan ratio was 1.28%, decreased by 0.18 percentage point as compared with the beginning of the year.

**Remarkable improvement in risk pricing of loans.** The Company significantly raised its loan risk pricing levels through a batch of effective approaches, such as clearly defined loan pricing policies, strengthening evaluation of loan pricing, deepening its product innovation as well as enhancing its integrated services, etc. During the first quarter of 2011, the weighted average floating band of interest rates (according to the weighted granted amount, same as below) of our newly granted general corporate loans in RMB rose by 7.13 percentage points as compared with the previous year, the weighted average floating band of interest rates of our newly granted retail loans in RMB rose by 12.01 percentage points as compared with the previous year.

**Steady increase in proportion of high-net-worth customers.** The Company has been constantly increasing the share of its high-net-worth customers and their aggregate contribution through enhancing resources integration and streamlined customer management, vigorously promoting business coordination and cross-selling and deepening customer cultivation. As at the end of March 2011, the number of our retail customers with daily average total assets per month of RMB500,000 or above was 715,000, the proportion of high-net-worth retail customers increased from 1.48% to 1.54% as compared with the beginning of the year, the number of corporate customers contributing an annualized total revenue of RMB100,000 or above was 42,814, the proportion of high-net-worth corporate customers increased from 8.70% to 12.96%, and their proportion of contribution increased to 95.47% as compared with the beginning of the year.

**Steady progress on establishment of branches.** During the first quarter of 2011, the Company had seven domestic branches commencing operations with the approval of the regulatory authorities, namely Shangrao Branch, Tianjin Binhai Branch, Liuzhou Branch, Dongying Branch, Xuzhou Branch, Luzhou Branch and Ma'anshan Branch. Besides, the Hulunbuir Branch was under preparation with the approval of the regulatory authorities. The Taipei representative office was set up on 15 March 2011.

### ***2.3.3 Major financial indicators of Wing Lung Group (calculated based on Hong Kong Accounting Standards)***

As at 31 March 2011, Wing Lung Bank Limited and its subsidiaries (hereinafter referred to as “WL Group”) recorded total assets of HK\$152.315 billion, representing an increase of 11.12% as compared with the beginning of the year; net assets of HK\$13.175 billion, representing an increase of 3.33% as compared with the beginning of the year; and a capital adequacy ratio of 14.22%, representing a decrease of 0.65 percentage point as compared with the beginning of the year due to the increase in the volume of loan assets.

For the period from January to March 2011, WL Group recorded an unaudited consolidated net profit after tax of HK\$381 million, representing an increase of 15.97% as compared with the corresponding period of the last year.

As at 31 March 2011, the total deposits of WL Group decreased by 0.12% to HK\$104.125 billion as compared with the beginning of the year. Total loans (including trade bills) grew by 9.81% to HK\$77.433 billion as compared with the beginning of the year; the non-performing loan balance (including trade bills) and non-performing loan ratio were HK\$388 million and 0.50% respectively, representing a decrease of 7.85% and 0.10 percentage point as compared with the beginning of the year, respectively, showing its overall loan quality remained satisfactory.

### §3 SIGNIFICANT EVENTS

#### 3.1 Disclosure as to, and reason for, material changes in major accounting items and financial indicators of the Company

Applicable     Not applicable

The table below sets out the major accounting items with change rate over 30% and their reasons:

*(Unless otherwise stated, amounts expressed in millions of RMB)*

<b>Major items</b>	<b>As at 31 March 2011</b>	<b>Changes over the end of last year</b>	<b>Major reasons</b>
Deposits from banks and other financial institutions	53,118	83.41%	Increase in deposits from banks
Financial assets held for trading	16,481	36.44%	Increase in financial assets held for trading
Other assets	17,357	196.60%	Increase in amounts receivable by subsidiaries on the disposal of debt securities
Financial liabilities designated as at fair value through profit or loss	185	-84.12%	Decrease in financial liabilities designated at fair value through profit or loss
Taxes payable	6,492	30.57%	Increase in taxes payable
Hedge reserve	2	-33.33%	Decrease in the value of hedge items
<b>Major items</b>	<b>January to March 2011</b>	<b>Changes over the corresponding period of last year</b>	<b>Major reasons</b>
Net interest income	17,357	38.70%	Growth in interest-earning assets and increase of net interest margin
Net fee and commission income	3,922	62.33%	Increase in fee income from bank cards and agency services, etc.
Net gain arising from changes in fair value	64	100.00%	Increase in net gain arising from change in fair value of financial instruments held for trading
Net gain arising from investments	520	227.04%	Including gain arising from difference between the prices of notes that was excluded for the corresponding period of last year

<b>Major items</b>	<b>January to March 2011</b>	<b>Changes over the corresponding period of last year</b>	<b>Major reasons</b>
Business tax and surcharges	(1,339)	47.14%	Increase in operating income
Operating and administrative expense	(7,315)	33.46%	Increase in operating and administrative expense
Impairment losses of assets	(2,049)	31.60%	Increase in impairment losses for loans and advances
Non-operating income	100	51.52%	Increase in non-operating income
Non-operating expense	(8)	-63.64%	Decrease in non-operating expense
Income tax expense	(2,835)	63.12%	Increase in total profits and income tax rates

**3.2 Performance of undertakings given by the Company, shareholders and de facto controllers**

Applicable  Not applicable

**3.3 Warning in respect of forecast of a probable loss or a significant change in the accumulated net profit from the beginning of the financial year to the end of the next reporting period or as compared with that of the corresponding period of last year and the reasons therefor**

Applicable  Not applicable

**3.4 Implementation of the cash-based dividends policy during the reporting period**

Applicable  Not applicable

**3.5 Internal Control Status during the Reporting Period**

***I. Completion of self-assessment on internal control for 2010***

As per the provisions of the Basic Standards for Corporate Internal Control and the accompanying guidelines, the Guidelines on Internal Control of Commercial Banks, the Basic Requirements on Internal Control of China Merchants Bank, the Administrative Measures for Self-examination and Self-evaluation on Internal Control of China Merchants Bank, the Company staged an overall internal control assessment among the departments under the Head Office and branches and affiliates of all levels on the status of internal control implementation, and prepared and published the Self Assessment Report on Internal Control of China Merchants Bank for 2010.

## ***II. Systematic analysis on internal control status of the Company and establishment of an implementation plan for internal control standards***

In order to fully implement the Basic Standards for Corporate Internal Control and the accompanying guidelines in 2011, we have performed overall reorganization, analysis and research on the existing internal control system and achievements, held a thorough and in-depth communication and consultation with a number of consultancy companies and accountants firms, and finally come up with a general roadmap and proposal on improving internal control. Meanwhile, pursuant to the Notice on Due Performance of Specific Matters Relating to Pilot Implementation of Internal Control Standards for Listed Companies in Shenzhen as required by China Securities Regulatory Commission Shenzhen Regulatory Bureau, the Company enacted the Implementation Plan for Internal Control Standards of China Merchants Bank, setting out clearly each specific task with the corresponding responsible departments and the timeframe for completion.

## ***III. Preparations for implementation of internal control standards***

While conducting reorganization and analysis work, the Company was also actively making preparations for the implementation of internal control standards. During the reporting period, we (1) performed an overall reorganization and maintenance on the regulatory documentation in the system in Head Office so as to ensure the effectiveness, accuracy and completeness; (2) prepared a plan for improving the regulations of the Head Office for 2011 and clearly set forth the dedicated personnel and time schedule; (3) performed an update and maintenance on the Compliance Handbook with the changes in the internal and external control rules taken into account, which clearly set forth the critical compliance requirements on the operation and management of the Company; and (4) organized training for the compliance officials in the Head Office and the branches and the directors of the legal and compliance departments across all our branches on the implementation of the Basic Standards for Corporate Internal Control by commercial banks as well as the relevant guidelines and requirements.

Board of Directors,  
**China Merchants Bank Co., Ltd.**

28 April 2011

*As at the date of this announcement, the executive directors of the Company are Ma Weihua, Zhang Guanghua and Li Hao; the non-executive directors of the Company are Fu Yuning, Wei Jiafu, Li Yinquan, Fu Gangfeng, Hong Xiaoyuan, Sun Yueying, Wang Daxiong and Fu Junyuan; and the independent non-executive directors of the Company are Wu Jiesi, Yi Xiqun, Yan Lan, Chow Kwong Fai, Edward, Liu Yongzhang and Liu Hongxia.*

**UNAUDITED CONSOLIDATED BALANCE SHEET**  
*(Expressed in millions of Renminbi unless otherwise stated)*

	<b>31 March 2011</b>	31 December 2010
<b>Assets</b>		
Cash and balances with central bank	323,520	294,955
Balances with banks and other financial institutions	53,118	28,961
Placements with banks and other financial institutions	56,709	58,917
Financial assets held for trading	16,481	12,079
Financial assets designated at fair value		
through profit or loss	2,998	3,150
Derivative financial assets	1,773	1,738
Financial assets purchased under resale agreement	222,925	176,547
Interest receivables	9,404	7,588
Loans and advances to customers	1,474,711	1,402,160
Available-for-sale financial assets	256,985	271,683
Long-term equity investments	1,150	1,130
Held-to-maturity investments	108,108	97,614
Investment receivables	6,459	7,225
Fixed assets	14,981	15,038
Intangible assets	2,606	2,620
Goodwill	9,598	9,598
Investment properties	1,913	1,946
Deferred income tax assets	3,927	3,706
Other assets	17,357	5,852
	<u>2,584,723</u>	<u>2,402,507</u>
<b>Total assets</b>	<b>2,584,723</b>	<b>2,402,507</b>
<b>Liabilities</b>		
Deposits from banks and other financial institutions	233,627	203,011
Placements from banks and other financial institutions	52,733	45,573
Financial liabilities held for trading	175	188
Financial liabilities designated at fair value		
through profit or loss	185	1,165
Derivative financial liabilities	1,572	1,821
Financial assets sold under repurchase agreement	26,599	33,439
Deposits from customers	2,032,077	1,897,178
Salaries and welfare payable	3,454	3,220
Taxes payable	6,492	4,972
Interests payable	11,837	10,369
Debt securities payable	33,525	36,285
Deferred income tax liabilities	911	924
Other liabilities	38,759	30,356
	<u>2,441,946</u>	<u>2,268,501</u>
<b>Total liabilities</b>	<b>2,441,946</b>	<b>2,268,501</b>

**UNAUDITED CONSOLIDATED BALANCE SHEET (Continued)***(Expressed in millions of Renminbi unless otherwise stated)*

	<b>31 March 2011</b>	31 December 2010
<b>Shareholders' equity</b>		
Share capital	<b>21,577</b>	21,577
Capital reserve	<b>36,253</b>	36,197
Among which: investment revaluation reserve	<b>(1,254)</b>	(1,311)
Hedge reserve	<b>2</b>	3
Surplus reserve	<b>10,880</b>	10,880
Statutory general reserve	<b>16,862</b>	16,812
Retained profits	<b>57,823</b>	49,063
Among which: proposed dividend appropriations	<b>6,257</b>	6,257
Exchange reserve	<b>(620)</b>	(526)
	<hr/>	<hr/>
<b>Total shareholders' equity</b>	<b>142,777</b>	134,006
	<hr/>	<hr/>
<b>Total liabilities and shareholders' equity</b>	<b>2,584,723</b>	2,402,507
	<hr/>	<hr/>

## UNAUDITED BALANCE SHEET

(Expressed in millions of Renminbi unless otherwise stated)

	31 March 2011	31 December 2010
<b>Assets</b>		
Cash and balances with central bank	322,256	292,899
Balances with banks and other financial institutions	47,083	24,736
Placements with banks and other financial institutions	40,212	41,551
Financial assets held for trading	14,390	10,377
Financial assets designated at fair value through profit or loss	2,375	1,888
Derivative financial assets	1,587	1,579
Financial assets purchased under resale agreement	222,926	176,547
Interest receivables	9,083	7,304
Loans and advances to customers	1,380,230	1,317,300
Available-for-sale financial assets	244,986	258,637
Long-term equity investments	33,303	33,287
Held-to-maturity investments	103,990	92,865
Investment receivables	7,721	8,497
Fixed assets	11,292	11,257
Intangible assets	1,391	1,388
Investment properties	275	275
Deferred income tax assets	3,817	3,594
Other assets	6,458	4,448
<b>Total assets</b>	<b>2,453,375</b>	<b>2,288,429</b>
<b>Liabilities</b>		
Deposits from banks and other financial institutions	232,348	200,611
Placements from banks and other financial institutions	26,995	23,784
Derivative financial liabilities	1,458	1,620
Financial liabilities designated at fair value through profit or loss	3	1,021
Financial assets sold under repurchase agreement	23,599	33,439
Deposits from customers	1,944,537	1,808,912
Salaries and welfare payable	3,238	3,013
Taxes payable	6,228	4,774
Interests payable	11,559	10,113
Debt securities payable	29,963	33,908
Other liabilities	23,877	26,135
<b>Total liabilities</b>	<b>2,303,805</b>	<b>2,147,330</b>

**UNAUDITED BALANCE SHEET (Continued)**  
*(Expressed in millions of Renminbi unless otherwise stated)*

	<b>31 March 2011</b>	31 December 2010
<b>Shareholders' equity</b>		
Share capital	<b>21,577</b>	21,577
Capital reserve	<b>45,258</b>	45,237
Among which: investment revaluation reserve	<b>(1,409)</b>	(1,429)
Hedge reserve	<b>2</b>	3
Surplus reserve	<b>10,880</b>	10,880
Statutory general reserve	<b>16,700</b>	16,700
Retained profits	<b>55,153</b>	46,702
Among which: proposed dividend appropriations	<b>6,257</b>	6,257
	<hr/>	<hr/>
<b>Total shareholders' equity</b>	<b>149,570</b>	141,099
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<b>Total liabilities and shareholders' equity</b>	<b>2,453,375</b>	2,288,429
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## UNAUDITED CONSOLIDATED INCOME STATEMENTS

(Expressed in millions of Renminbi unless otherwise stated)

	For the Period from January to March ended 31 March	
	2011	2010
<b>Operating income</b>		
Interest income	26,162	18,794
Interest expense	<u>(8,805)</u>	<u>(6,280)</u>
<b>Net interest income</b>	<u>17,357</u>	<u>12,514</u>
Fee and commission income	4,216	2,625
Fee and commission expense	<u>(294)</u>	<u>(209)</u>
<b>Net fee and commission income</b>	<u>3,922</u>	<u>2,416</u>
Net gain arising from change in fair value	64	32
Net gain arising from investments	520	159
Net gain arising from foreign exchange	372	413
Insurance operating income	<u>88</u>	<u>86</u>
<b>Other net income</b>	<u>1,044</u>	<u>690</u>
<b>Operating expense</b>		
Business tax and surcharges	(1,339)	(910)
Operating and administrative expense	(7,315)	(5,481)
Impairment losses of assets	(2,049)	(1,557)
Provision for insurance claims	<u>(67)</u>	<u>(69)</u>
	<u>(10,770)</u>	<u>(8,017)</u>

**UNAUDITED CONSOLIDATED INCOME STATEMENTS (Continued)***(Expressed in millions of Renminbi unless otherwise stated)*

	<b>For the Period from January to March ended 31 March</b>	
	<b>2011</b>	<b>2010</b>
<b>Operating profit</b>	<b>11,553</b>	7,603
<i>Add: non-operating income</i>	<b>100</b>	66
<i>Less: non-operating expense</i>	<b>(8)</b>	<u>(22)</u>
<b>Total profit</b>	<b>11,645</b>	7,647
<i>Less: income tax expense</i>	<b>(2,835)</b>	<u>(1,738)</u>
<b>Net profit</b>	<b><u>8,810</u></b>	<b><u>5,909</u></b>
<b>Net profit attributable to shareholders of the Bank</b>	<b><u>8,810</u></b>	<b><u>5,909</u></b>
	<i>In RMB Yuan</i>	<i>In RMB Yuan</i>
Earnings per share		
Basic earnings per share	<b>0.41</b>	0.30
Diluted earnings per share	<b><u>0.41</u></b>	<b><u>0.30</u></b>

## UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Expressed in millions of Renminbi unless otherwise stated)

	For the Period from January to March ended 31 March	
	2011	2010
<b>Net profit for the period</b>	<b>8,810</b>	5,909
<b>Other comprehensive income for the period (after tax and reclassification adjustments)</b>		
Exchange differences	(94)	(19)
Net change in revaluation reserve of available-for-sale financial assets	<u>57</u>	<u>1,857</u>
<b>Total other comprehensive income for the period</b>	<b><u>(37)</u></b>	<b><u>1,838</u></b>
<b>Total comprehensive income for the period</b>	<b><u>8,773</u></b>	<b><u>7,747</u></b>
<b>Total comprehensive income attributable to shareholders of the Bank</b>	<b><u>8,773</u></b>	<b><u>7,747</u></b>

## UNAUDITED INCOME STATEMENTS

(Expressed in millions of Renminbi unless otherwise stated)

	For the Period from January to March ended 31 March	
	2011	2010
<b>Operating income</b>		
Interest income	25,225	18,252
Interest expense	<u>(8,369)</u>	<u>(6,078)</u>
<b>Net interest income</b>	<u>16,856</u>	<u>12,174</u>
Fee and commission income	4,031	2,519
Fee and commission expense	<u>(276)</u>	<u>(195)</u>
<b>Net fee and commission income</b>	<u>3,755</u>	<u>2,324</u>
Net gain arising from change in fair value	66	5
Net gain arising from investments	491	95
Net gain arising from foreign exchange	<u>284</u>	<u>363</u>
<b>Other net income</b>	<u>841</u>	<u>463</u>
<b>Operating expense</b>		
Business tax and surcharges	(1,323)	(904)
Operating and administrative expense	(6,975)	(5,188)
Impairment loss of assets	<u>(1,985)</u>	<u>(1,529)</u>
	<u>(10,283)</u>	<u>(7,621)</u>
<b>Operating profit</b>	11,169	7,340
Add: non-operating income	42	24
Less: non-operating expense	<u>(8)</u>	<u>(22)</u>
<b>Total profit</b>	11,203	7,342
Less: income tax expense	<u>(2,752)</u>	<u>(1,684)</u>
<b>Net profit</b>	<u>8,451</u>	<u>5,658</u>

**UNAUDITED STATEMENT OF COMPREHENSIVE INCOME***(Expressed in millions of Renminbi unless otherwise stated)*

	<b>For the Period from January to March ended 31 March</b>	
	<b>2011</b>	<b>2010</b>
<b>Net profit for the period</b>	<b>8,451</b>	5,658
<b>Other comprehensive income for the period (after tax and reclassification adjustments)</b>		
Exchange differences	–	–
Net change in revaluation reserve of available-for-sale financial assets	<u>20</u>	<u>1,870</u>
<b>Total other comprehensive income for the period</b>	<b><u>20</u></b>	<b><u>1,870</u></b>
<b>Total comprehensive income for the period</b>	<b><u>8,471</u></b>	<b><u>7,528</u></b>

## UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

(Expressed in millions of Renminbi unless otherwise stated)

	For the Period from January to March ended 31 March	
	2011	2010
<b>Cash flow from operating activities</b>		
Net increase in deposits from customers	134,899	32,980
Net decrease in placements with banks and financial assets purchased under resale agreement	–	11,003
Net increase in deposits from banks and other financial institutions	29,951	83,425
Net decrease in balances with banks and other financial institutions	–	2,691
Net recoveries of loans and advances previously written off	15	14
Cash received from interest, fee and commission	27,522	19,604
Cash received from other operating activities	2,873	2,080
<b>Sub-total of cash inflow from operating activities</b>	<b>195,260</b>	<b>151,797</b>
Net increase in loans and advances	(74,295)	(84,319)
Net increase in placements with banks and financial assets purchased under resale agreement	(35,705)	–
Net increase in balances with central bank	(41,799)	(15,609)
Net decrease in placements from banks and financial assets sold under repurchase agreement	(1,889)	(13,673)
Net increase in balances with banks and other financial institutions	(16,785)	–
Cash paid for interest, fee and commission	(7,595)	(5,319)
Cash payments to and for employees	(4,470)	(3,911)
Income tax and other taxes and fees paid	(2,647)	(2,512)
Other cash payments relating to operating activities	(4,601)	(4,279)
<b>Sub-total of cash outflow from operating activities</b>	<b>(189,786)</b>	<b>(129,622)</b>
<b>Net cash flow from operating activities</b>	<b>5,474</b>	<b>22,175</b>
<b>Cash flow from investing activities</b>		
Cash received from recovery of investments	446,591	356,341
Cash received from return on investments	2,726	2,088
Cash received from disposal of fixed assets and other assets	37	36
<b>Sub-total of cash inflow from investing activities</b>	<b>449,354</b>	<b>358,465</b>

**UNAUDITED CONSOLIDATED CASH FLOW STATEMENT (Continued)***(Expressed in millions of Renminbi unless otherwise stated)*

	<b>For the Period from January to March ended 31 March</b>	
	<b>2011</b>	<b>2010</b>
Cash paid for investments	<b>(441,799)</b>	(372,665)
Cash paid for purchase and construction of fixed assets and other assets	<u><b>(127)</b></u>	<u>(169)</u>
<b>Sub-total of cash outflow from investing activities</b>	<u><b>(441,926)</b></u>	<u>(372,834)</u>
<b>Net cash flow from investing activities</b>	<u><b>7,428</b></u>	<u>(14,369)</u>
<b>Cash flow from financing activities</b>		
Cash received from rights issue	<u><b>–</b></u>	<u>17,764</u>
<b>Sub-total of cash inflow from financing activities</b>	<u><b>–</b></u>	<u>17,764</u>
Repayment of certificates of deposit issued	<b>–</b>	(202)
Interest paid for issuance of debt securities	<b>(37)</b>	(27)
Expenses paid for rights issue	<u><b>–</b></u>	<u>(83)</u>
<b>Sub-total of cash outflow from financing activities</b>	<u><b>(37)</b></u>	<u>(312)</u>
<b>Net cash flow from financing activities</b>	<u><b>(37)</b></u>	<u>17,452</u>
Effect of exchange differences on cash	<u><b>(235)</b></u>	<u>(47)</u>
<b>Net increase in cash and cash equivalents</b>	<u><b>12,630</b></u>	<u>25,211</u>
<i>Plus:</i> Balance of cash and cash equivalents at the beginning of the period	<u><b>177,220</b></u>	<u>183,631</u>
<b>Balance of cash and cash equivalents at the end of the period</b>	<u><b>189,850</b></u>	<u>208,842</u>

## UNAUDITED CASH FLOW STATEMENT

(Expressed in millions of Renminbi unless otherwise stated)

	For the Period from January to March ended 31 March	
	2011	2010
<b>Cash flow from operating activities</b>		
Net increase in deposits from customers	135,625	35,060
Net decrease in placements with banks and financial assets purchased under resale agreement	–	10,160
Net increase in deposits from banks and other financial institutions	31,737	82,185
Net decrease in balances with banks and other financial institutions	–	2,555
Net recoveries of loans and advances previously written off	14	14
Cash received from interest, fee and commission	24,878	19,177
Cash received from other operating activities	418	377
<b>Sub-total of cash inflow from operating activities</b>	<b>192,672</b>	<b>149,528</b>
Net increase in loans and advances	(64,637)	(76,630)
Net increase in placements with banks and financial assets purchased under resale agreement	(35,597)	–
Net increase in balances with central bank	(41,689)	(15,553)
Net decrease in placements from banks and financial assets sold under repurchase agreement	(6,629)	(16,703)
Net increase in balances with banks and other financial institutions	(17,799)	–
Cash paid for interest, fee and commission	(7,188)	(5,127)
Cash payments to and for employees	(4,343)	(3,801)
Income tax and other taxes and fees paid	(2,614)	(2,499)
Other cash payments relating to operating activities	(3,779)	(3,369)
<b>Sub-total of cash outflow from operating activities</b>	<b>(184,275)</b>	<b>(123,682)</b>
<b>Net cash flow from operating activities</b>	<b>8,397</b>	<b>25,846</b>

**UNAUDITED CASH FLOW STATEMENT (Continued)**  
*(Expressed in millions of Renminbi unless otherwise stated)*

	<b>For the Period from January to March ended 31 March</b>	
	<b>2011</b>	<b>2010</b>
<b>Cash flow from investing activities</b>		
Cash received from recovery of investments	444,052	350,446
Cash received from return on investments	2,599	2,012
Cash received from disposal of fixed assets and other assets	37	35
<b>Sub-total of cash inflow from investing activities</b>	<u>446,688</u>	<u>352,493</u>
Cash paid for investments	(440,852)	(364,198)
Cash paid for purchase and construction of fixed assets and other assets	(121)	(163)
<b>Sub-total of cash outflow from investing activities</b>	<u>(440,973)</u>	<u>(364,361)</u>
<b>Net cash flow from investing activities</b>	<u>5,715</u>	<u>(11,868)</u>
<b>Cash flow from financing activities</b>		
Cash received from rights issue	–	17,764
<b>Sub-total of cash inflow from financing activities</b>	<u>–</u>	<u>17,764</u>
Expenses paid for rights issue	–	(83)
Interest paid for issuance of debt securities	(11)	–
<b>Sub-total of cash outflow from financing activities</b>	<u>(11)</u>	<u>(83)</u>
<b>Net cash flow from financing activities</b>	<u>(11)</u>	<u>17,681</u>
Effect of exchange differences on cash	(279)	(187)
<b>Net increase in cash and cash equivalents</b>	<u>13,822</u>	<u>31,472</u>
<i>Plus:</i> Balance of cash and cash equivalents at the beginning of the period	<u>159,085</u>	<u>163,217</u>
<b>Balance of cash and cash equivalents at the end of the period</b>	<u>172,907</u>	<u>194,689</u>