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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: 3968)

OVERSEAS REGULATORY ANNOUNCEMENT THIRD QUARTERLY REPORT OF 2009

Pursuant to the regulations of the China Securities Regulatory Commission (“CSRC”), China Merchants Bank Co., Ltd. (the “Company” or “CMB”) 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. (the “Company” or “CMB”) 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 object to the truthfulness, accuracy and completeness of the information contained in the quarterly report.
- 1.3 The 46th meeting of the Seventh Session of the Board of Directors has approved the third quarterly report of 2009 of the Company through voting by correspondence. 18 out of the 18 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 (“PRC GAAP”) and are unaudited. Unless otherwise stated, all monetary sums stated in this report are expressed in RMB.

- 1.5 Hereinafter the “Company” 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. QIN Xiao, Chairman of the Company, Mr. MA Weihua, the President, Mr. LI Hao, the Executive Vice President and Chief Financial Officer, and Mr. ZHOU Song, the person 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)

	At the end of the reporting period 30 September 2009	31 December 2008	Increase/decrease at the end of the reporting period as compared to the end of last year (%)
Total assets	2,016,901	1,571,797	28.32
Total equity attributable to shareholders of the parent company	87,505	79,515	10.05
Net assets per share attributable to shareholders of the parent company (<i>in RMB Yuan</i>)	4.58	5.41	-15.34 <i>Note 1</i>
		January to September 2009	Increase/decrease as compared to the corresponding period of last year (%)
Net cash flow from operating activities		52,647	-20.54
Net cash flow from operating activities per share (<i>in RMB Yuan</i>)		2.75	-38.89

	This reporting period July to September 2009	January to September 2009	Increase/decrease in this reporting period as compared to the corresponding period of last year (%) ^{Note 2}
Net profit attributable to shareholders of the parent company	4,816	13,078	-16.30
Basic earnings per share (in RMB Yuan)	0.25	0.68	-16.67 ^{Note 3}
Diluted earnings per share (in RMB Yuan)	0.25	0.68	-16.67 ^{Note 3}
Basic earnings per share, net of non-recurring gains or losses (in RMB Yuan)	0.25	0.68	-16.67 ^{Note 3}
Return on equity – fully diluted (%)	5.50	14.95	Decrease by 1.38 percentage point
Return on equity – fully diluted, net of non-recurring gains or losses (%)	5.49	14.76	Decrease by 1.34 percentage point

	January to September 2009
Non-recurring gains or losses	
Non-operating income	210
Non-operating expense	(48)
Effect of income tax	(33)
Net non-operating income/expense	129

Note 1: The decrease in net assets per share attributable to shareholders of the parent company as compared to the end of last year was mainly due to the fact that the Company had implemented the profit appropriation plan for 2008 of a bonus issue of 3 bonus shares for every 10 shares held and a cash dividend of RMB1.00 (including tax) for every 10 shares held during the reporting period. Net assets per share attributable to shareholders of the parent company as at 30 September 2009 was calculated on the basis of the total share capital as at the end of the reporting period after the bonus issue.

Note 2: “Increase/decrease in this reporting period as compared to the corresponding period of last year” refers to the comparison between the relevant financial indicators for the period from July to September 2009 and the financial indicators for the period from July to September 2008.

Note 3: The Company had implemented the profit appropriation plan for 2008 of a bonus issue of 3 bonus shares for every 10 shares held and a cash dividend of RMB1.00 (including tax) for every 10 shares held during the reporting period. As such, earnings per share for each presented period was restated based on the number of shares after the implementation of the profit appropriation plan.

2.2 Management discussion and analysis

The Group

As at the end of the reporting period, total assets of the Group amounted to RMB2,016.901 billion, representing an increase of 28.32% as compared with the beginning of the year; and its total liabilities amounted to RMB1,929.396 billion, representing an increase of 29.31% as compared with the beginning of the year. Total loans and advances amounted to RMB1,169.765 billion, representing an increase of 33.78% as compared with the beginning of the year. Deposits from customers amounted to RMB1,583.494 billion, representing an increase of 26.61% as compared with the beginning of the year.

During the nine-month period ended 30 September 2009, the Group realized a net profit of RMB13.078 billion, representing a decrease of 31.16% as compared with the corresponding period of the previous year. The Group realized an operating income of RMB37.832 billion, among which, net interest income decreased by 18.97% from that of the corresponding period of the previous year to RMB29.007 billion, the decrease was mainly attributable to the continuous interest rate cut by the Central Bank which caused significant decline in net interest margin. From January to September 2009, net interest margin was 2.21%, and net interest income accounted for 76.67% of the operating income. The Group's net fees and commission income increased by 5.46% from that of the corresponding period of the previous year to RMB6.178 billion, and accounted for 16.33% of the operating income; and other net income amounted to RMB2.647 billion, representing an increase of RMB1.781 billion as compared with the corresponding period of the previous year, mainly due to a considerable increase in net gain arising from change in fair value, foreign exchange gain and net investment gain.

As at the end of the reporting period, the non-performing loans of the Group totaled RMB9.733 billion, representing an increase of RMB56 million as compared with the beginning of the year; the non-performing loan ratio was 0.83%, representing a decrease of 0.28 percentage point as compared with the beginning of the year; and the allowance coverage ratio was 245.10%, representing an increase of 21.81 percentage points as compared with the beginning of the year.

As at the end of the reporting period, the capital adequacy ratio of the Group was 10.54%, representing a decrease of 0.80 percentage point as compared with the beginning of the year; and the core capital adequacy ratio was 6.61%, representing an increase of 0.05 percentage point as compared with the beginning of the year.

The Company

As at the end of the reporting period, total assets of the Company amounted to RMB1,924.882 billion, representing an increase of 28.37% as compared with the beginning of the year; total liabilities amounted to RMB1,829.516 billion, representing an increase of 29.58% as compared with the beginning of the year. Total loans and advances amounted to RMB1,116.965 billion, representing an increase of 34.00% as compared with the beginning of the year, among which, corporate loans accounted for 58.47%, retail loans accounted for 29.45% and discounted bills accounted for 12.08%. Deposits from customers amounted to RMB1,501.805 billion, representing an increase of 27.46% as compared with the beginning of the year, among which, demand deposits accounted for 52.74% and time

deposits accounted for 47.26%. Among the demand deposits, corporate deposits accounted for 61.90%, retail deposits accounted for 38.10%; and among the time deposits, corporate deposits accounted for 63.99% and retail deposits accounted for 36.01%.

During the nine-month period ended 30 September 2009, the Company realized a net profit of RMB12.611 billion, representing a decrease of 33.63% as compared to the corresponding period of the previous year. The Company realized an operating income of RMB35.928 billion, among which, net interest income decreased by 21.52% from that of the corresponding period of the previous year to RMB28.066 billion and accounted for 78.12% of the operating income, mainly due to the continuous interest rate cut by Central Bank, with a considerably decreased net interest margin of 2.24% during the first nine months of 2009. The Company's net fees and commission income increased by 1.15% from that of the corresponding period of the previous year to RMB5.905 billion, and accounted for 16.44% of the operating income; and other net income amounted to RMB1.957 billion, representing an increase of RMB1.081 billion as compared with the corresponding period of the previous year, mainly due to a considerable increase in net gain arising from change in fair value, foreign exchange gain and net investment gain.

As at the end of the reporting period, the balance of the Company's non-performing loans totaled RMB9.396 billion, representing a decrease of RMB103 million as compared with the beginning of the year; and the non-performing loan ratio was 0.84%, representing a decrease of 0.3 percentage point as compared with the beginning of the year. As at the end of the reporting period, the balance of allowances for loan impairment losses amounted to RMB23.602 billion, among which, RMB17.438 billion was made on a collective basis, accounted for 73.88% of the total allowances, and RMB6.164 billion was made on an individual basis, accounted for 26.12%. As at the end of the reporting period, the allowance coverage ratio was 251.19%, representing an increase of 25.46 percentage points as compared with the beginning of the year. Annualized credit cost was 0.37%, which was 0.12 percentage point lower when compared with 2008.

As at the end of the reporting period, the capital adequacy ratio of the Company was 10.04%, representing a decrease of 0.45 percentage point as compared with the beginning of the year; the core capital adequacy ratio was 7.29%, representing an increase of 0.14 percentage point as compared with the beginning of the year.

During the reporting period, the Company managed to keep a relatively rapid growth in its small-and-medium sized enterprises loans ("SME corporate loans"), and therefore both the amount and ratio of its non-performing loans dropped as compared with the beginning of the year. As at the end of the reporting period, the balance of domestic SME corporate loans amounted to RMB302.037 billion, representing an increase of RMB81.501 billion as compared with the beginning of the year. The SME corporate loans accounted for 46.82% of the total balance of domestic corporate loans, an increase of 3.72 percentage points from the beginning of the year. The non-performing loan ratio was 1.82%, decreased by 0.86 percentage point as compared with the beginning of the year.

2.3 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 **711,487**

Top ten shareholders whose shares are not subject to trading moratorium

No.	Name of shareholders	Number of shares held	Class of Shares
1	HKSCC Nominees Limited <i>Note 1</i>	3,401,879,605	H Shares
2	China Merchants Steam Navigation Company Limited	2,364,586,372	A Shares not subject to trading moratorium
3	China Ocean Shipping (Group) Company	1,199,313,269	A Shares not subject to trading moratorium
4	Guangzhou Maritime Transport (Group) Company Limited	672,107,730	A Shares not subject to trading moratorium
5	Shenzhen Yan Qing Investment and Development Company Limited	563,529,636	A Shares not subject to trading moratorium
6	Shenzhen Chu Yuan Investment and Development Company Limited	492,330,629	A Shares not subject to trading moratorium
7	China Communications Construction Company Limited	339,332,247	A Shares not subject to trading moratorium
8	Shanghai Automotive Industry Corporation	325,734,495	A Shares not subject to trading moratorium
9	CNOOC Investment Co., Ltd.	266,896,591	A Shares not subject to trading moratorium
10	Qinhuangdao Port Group Company Limited	228,735,204	A Shares not subject to trading moratorium
10	Shandong State-owned Assets Investment Holdings Company Limited	228,735,204	A Shares not subject to trading moratorium
10	China Shipping (Group) Company	228,735,204	A Shares not subject to trading moratorium
10	Guangdong Provincial Highways Administration Bureau	228,735,204	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 are wholly-owned subsidiaries of China Shipping (Group) Company, the Company is not aware of any related relationship among the top ten shareholders.

§3. SIGNIFICANT EVENTS

3.1 Disclosure as to, and reasons 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 changes over 30% and their reasons:

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

Major items	As at 30 September 2009	Changes over the end of last year	Major reasons
Financial assets designated at fair value through profit or loss	4,487	83.52%	Increase in financial assets designated at fair value through profit or loss
Derivative financial assets	1,523	-33.41%	Decrease in derivative financial assets
Financial assets purchased under agreements to resell	123,723	65.98%	Increase in notes purchased under agreements to resell
Loans and advances	1,145,911	34.38%	Increase in loans and advances
Investment receivables	23,851	54.73%	Increase in investment receivables
Other assets	8,275	41.19%	Increase in other assets of subsidiaries
Deposits from banks and other financial institutions	173,703	50.01%	Increase in deposits from other financial institutions
Financial liabilities held for trading	1,688	222.14%	Increase in financial liabilities of subsidiaries held for trading
Financial liabilities designated at fair value through profit or loss	940	-48.58%	Decrease in financial liabilities designated at fair value through profit or loss of subsidiaries
Financial assets sold under agreements to repurchase	45,673	271.87%	Increase in notes sold under agreements to repurchase
Salaries payable	4,187	40.50%	Increase in staff cost
Taxes payable	2,534	-38.13%	Decrease in taxable income
Other liabilities	33,083	128.27%	Increase in amounts payable
Paid-in capital	19,119	30.00%	Distribution of stock dividends

Major items	As at 30 September 2009	Changes over the end of last year	Major reasons
Investment revaluation reserves	(343)	N/A	Changes in unrealised gains or losses in the available-for-sale financial assets
Proposed dividend appropriations	0	-100.00%	Dividends distributed
Major items	January to September 2009	Changes over the same period of last year	Major reasons
Net gain arising from changes in fair value	583	108.21%	Increase in gains from the financial assets held for trading
Net gain arising from investments	809	N/A	Increase in gains from disposal of the available-for-sale financial assets
Net foreign exchange gain	888	49.49%	Increase in net gain from forex trading
Income from insurance business	276	N/A	Increase in profit or loss items from acquisition of Wing Lung Bank
Other net income – others	91	N/A	Increase in profit or loss items from acquisition of Wing Lung Bank
Provision for insurance claims	246	N/A	Increase in profit or loss items from acquisition of Wing Lung Bank
Operating income	16,295	-33.57%	Decrease in operating income
Income tax expense	3,379	-40.30%	Decrease in taxable income
Net profit	13,078	-31.16%	Decrease in operating income

3.2 Progress of significant events, their impacts and analysis & explanations for the solutions

3.2.1 Progress of rights issue of A Shares and H Shares of the Company

The Company held the 2009 second extraordinary general meeting, the 2009 first class meeting for holders of A Shares and the 2009 first class meeting for H Shares holders at the Conference Room, 5/F, China Merchants Bank Tower, Shenzhen, in the afternoon of 19 October 2009. The above meetings considered and approved each of the resolutions regarding the Proposal (Revised) on Rights Issue of A Shares and H Shares of China Merchants Bank Co., Ltd. as a separate special resolution by way of poll.

The proposal on rights issue of A Shares and H Shares of the Company is subject to approval from China Banking Regulatory Commission and China Securities Regulatory Commission, and subject to review and approval of The Stock Exchange of Hong Kong Limited.

3.2.2 Financial position and integration progress of Wing Lung Bank Limited (“WLB” or “Wing Lung Bank”)

Financial position (calculated based on Hong Kong Accounting Standards)

As at 30 September 2009, Wing Lung Bank Limited and its subsidiaries (hereinafter referred to as “WL Group”) recorded total assets of HK\$119.510 billion, net assets of HK\$11.192 billion and a capital adequacy ratio of 13.78%.

During the period from January to September 2009, WL Group recorded an unaudited consolidated net profit after tax of HK\$689 million, representing an increase of HK\$782 million as compared with the corresponding period of the last year.

As at 30 September 2009, the total deposits of WL Group, including structured deposits, increased by 11.18% to HK\$92.498 billion as compared with that at 2008 year-end; total loans (excluding trade bills) grew by 18.32% to HK\$51.312 billion as compared with that at 2008 year-end; the non-performing loans balance and ratio was HK\$382 million and 0.74% respectively, showing its overall loan quality remained sound.

Integration progress

In the reporting period, Wing Lung Bank set up its China Hong Kong City Branch and Mei Foo Sun Chuen Branch in Hong Kong. Furthermore, it launched Sunflower Wealth Management services and invited high-end retail clients from China Merchants Bank to Hong Kong to gain actual experience, so as to strive to achieve brand, service and image integration with China Merchants Bank. Meanwhile, Wing Lung Bank succeeded in dealing with the first Guangdong-Hong Kong cross-border RMB trade settlement service and was engaged in providing receiving bank service for 2 IPOs.

As at the end of the reporting period, the Company celebrated the first anniversary of acquiring WLB. During the past year, the integration with WLB progressed smoothly and the synergy effect began to emerge gradually.

On the one hand, cross-recommendation of customers and joint marketing were forging ahead by the two banks; business cooperation in various fields including accepting standby letter of credit from the Company in favor of WLB as security for loans granted to Hong Kong subsidiaries of China based enterprises, providing standby letter of credit by WLB in favor of the Company as security for loans granted by the Company to China based enterprises, syndicated lending, international settlement, money market lending and borrowing, foreign exchange trading, account opening witnessed by CMB manager, centralized procurement, IPO receiving bank service and swap of credit card merchant discount etc. was unfolded in a multidirectional manner. Cross-border services such as “China-Hong Kong Express Link” and “Financing Passage for SMEs in Hong Kong and Guangdong” were duly launched and cross-border business linkage was boosted. With its own efforts and supported by business coordination, WLB performed well. As at the end of the reporting period, our branches within China have successfully recommended corporate customers to WLB with loans of HK\$2.556 billion and deposits of HK\$971 million. The revenues generated from corporate intermediary business amounted to HK\$20.1318 million. The Company has successfully recommended 104 individual customers to WLB with loans of HK\$54.4734 million and deposits of HK\$16.2580 million respectively. WLB and China Merchants Bank have swapped 61 and 62 credit card merchant discount, involving 750 and 89 outlets in Hong Kong and in the PRC respectively.

On the other hand, in line with the progress of the integration work, WLB optimized its internal organization structure, further enhanced the risk control and operational management as well as completed the brand transition process. Meanwhile, the IT integration is going smoothly with a focus on the intended goal of “build an integrated cross-border service platform featuring cross-border service”. As the cultural integration furthers and the channel construction has made material progress, WLB has improved its business capabilities, management ability and brand image. All these have built a solid foundation for realization of the strategic integration goal of “lay a solid foundation in the first year, achieve significant benefits in three years and then proven success in five years.”

3.2.3 Establishment of branches

During the reporting period, according to the “Approval Letter from CBRC on the Establishment of Weihai Branch of China Merchants Bank” (Yin Jian Fu [2009] No.341) issued by the China Banking Regulatory Commission, the Company obtained the approval to establish its Weihai Branch and the branch is currently under preparation.

During the reporting period, according to the “Approval and Reply from Hunan Regulatory Bureau of China Banking Regulatory Commission in Relation to the Preparation of Establishment of Hengyang Branch of China Merchants Bank Co., Ltd.” (Xiang Yin Jian Fu [2009] No.235) issued by Hunan Regulatory Bureau of China Banking Regulatory Commission, the Company is approved to prepare for the establishment of its Hengyang Branch, which is currently under construction.

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

Applicable Not applicable

3.4 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

3.5 Implementation of the cash-based bonus policy for the reporting period

On 19 June 2009, the 2008 Annual General Meeting convened by the Company considered and approved the proposed profit appropriations plan for 2008, pursuant to which, the Company issued 3 bonus shares for every 10 shares and declared a cash dividend (tax included) of RMB1.00 (denominated and declared in RMB) for every 10 shares based on total share capital of A Shares and H Shares of the Company, payable in RMB to holders of A Shares and in HKD to holders of H Shares. The above bonus issue and dividend distribution were completed during the reporting period.

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

30 October 2009

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 Qin Xiao, Wei Jiafu, Fu Yuning, Li Yinquan, Hong Xiaoyuan, Ding An Hua Edward, Sun Yueying, Wang Daxiong and Fu Junyuan; and the independent non-executive directors of the Company are Wu Jiesi, Yan Lan, Yi Xiqun, Chow Kwong Fai, Edward, Liu Yongzhang and Liu Hongxia.

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

	30 September 2009	31 December 2008
Assets		
Cash and balances with central bank	225,530	181,601
Balances with banks and other financial institutions	38,293	30,088
Placements with banks	65,385	81,836
Financial assets held for trading	12,891	12,967
Financial assets designated at fair value through profit or loss	4,487	2,445
Derivative financial assets	1,523	2,287
Financial assets purchased under agreements to resell	123,723	74,542
Interest receivables	6,520	5,685
Loans and advances	1,145,911	852,754
Available-for-sale financial assets	243,040	206,332
Long-term equity investments	1,139	1,029
Held-to-maturity investments	87,216	70,373
Investment receivables	23,851	15,415
Fixed assets	12,089	11,676
Intangible assets	2,402	2,381
Goodwill	9,598	9,598
Investment properties	2,215	2,406
Deferred income tax assets	2,813	2,521
Other assets	8,275	5,861
	<u>2,016,901</u>	<u>1,571,797</u>
Total assets		
Liabilities		
Deposits from banks and other financial institutions	173,703	115,792
Placements from banks	34,317	37,842
Financial liabilities held for trading	1,688	524
Financial liabilities designated at fair value through profit or loss	940	1,828
Derivative financial liabilities	1,959	2,266
Financial assets sold under agreements to repurchase	45,673	12,282
Deposits from customers	1,583,494	1,250,648
Staff cost	4,187	2,980
Taxes payable	2,534	4,096
Interests payable	8,027	8,139
Bonds payable	38,883	40,278
Deferred income tax liabilities	908	848
Other liabilities	33,083	14,493
	<u>1,929,396</u>	<u>1,492,016</u>
Total liabilities		

	30 September 2009	31 December 2008
Shareholders' equity		
Share capital	19,119	14,707
Capital reserve	18,056	21,677
Among which: investment revaluation reserve	(343)	2,854
Surplus reserve	6,653	6,653
Regulatory general reserve	10,868	10,793
Retained profits	32,839	25,719
Among which: proposed dividend appropriations	0	5,883
Foreign currency translation differences	(30)	(34)
	<hr/>	<hr/>
Total equity attributable to shareholders of the parent company	87,505	79,515
Minority interests	0	266
	<hr/>	<hr/>
Total shareholders' equity	87,505	79,781
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total liabilities and shareholders' equity	2,016,901	1,571,797
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UNAUDITED BALANCE SHEET

(Expressed in millions of Renminbi unless otherwise stated)

	30 September 2009	31 December 2008
Assets		
Cash and balances with central bank	224,789	181,119
Balances with banks and other financial institutions	37,186	27,548
Placements with banks	39,229	48,950
Financial assets held for trading	9,377	10,494
Financial assets designated at fair value through profit or loss	1,190	370
Derivative financial assets	1,440	2,252
Financial assets purchased under agreements to resell	123,723	74,542
Interest receivables	6,367	5,511
Loans and advances	1,093,363	812,106
Available-for-sale financial assets	233,964	205,189
Long-term equity investments	33,301	32,537
Held-to-maturity investments	77,680	66,217
Investment receivables	25,172	15,415
Fixed assets	9,155	8,728
Intangible assets	1,074	1,017
Investment properties	295	310
Deferred income tax assets	2,750	2,443
Other assets	4,827	4,694
Total assets	1,924,882	1,499,442
Liabilities		
Deposits from banks and other financial institutions	172,746	115,742
Placements from banks	27,327	37,296
Derivative financial liabilities	1,507	2,092
Financial assets sold under agreements to repurchase	45,673	11,982
Deposits from customers	1,501,805	1,178,240
Staff cost	4,074	2,906
Taxes payable	2,497	4,074
Interests payable	7,940	7,985
Bonds payable	37,006	39,379
Other liabilities	28,941	12,239
Total liabilities	1,829,516	1,411,935

	30 September 2009	31 December 2008
Shareholders' equity		
Share capital	19,119	14,707
Capital reserve	27,107	30,388
Among which: investment revaluation reserve	(450)	2,832
Surplus reserve	6,653	6,653
Regulatory general reserve	10,900	10,900
Retained profits	31,602	24,874
Among which: proposed dividend appropriations	0	5,883
Foreign currency translation differences	(15)	(15)
	<hr/>	<hr/>
Total shareholders' equity	<u>95,366</u>	<u>87,507</u>
Total liabilities and shareholders' equity	<u><u>1,924,882</u></u>	<u><u>1,499,442</u></u>

UNAUDITED CONSOLIDATED INCOME STATEMENTS

(Expressed in millions of Renminbi unless otherwise stated)

	For the nine-month period ended September 30		For the three-month period ended September 30	
	2009	2008	2009	2008
Operating income				
Interest income	48,333	54,146	16,831	18,369
Interest expense	(19,326)	(18,346)	(6,447)	(6,693)
Net interest income	29,007	35,800	10,384	11,676
Fee and commission income	7,038	6,567	2,450	2,033
Fee and commission expense	(860)	(709)	(314)	(269)
Net fee and commission income	6,178	5,858	2,136	1,764
Net gain arising from change in fair value	583	280	99	102
Net gain arising from investments	809	(8)	68	(74)
Net gain arising from foreign exchange	888	594	354	306
Insurance operating income	276	0	89	0
Others	91	0	29	0
Other net income	2,647	866	639	334
Operating expense				
Business tax and surcharges	(2,279)	(2,451)	(822)	(832)
Operating and administrative expense	(16,277)	(13,395)	(5,854)	(4,709)
Provision for impairment of assets	(2,735)	(2,148)	(132)	(755)
Provision for insurance claims	(246)	0	(86)	0
	(21,537)	(17,994)	(6,894)	(6,296)

	For the nine-month period ended September 30		For the three-month period ended September 30	
	2009	2008	2009	2008
Operating profit	16,295	24,530	6,265	7,478
<i>Add: non-operating income</i>	210	171	33	74
<i>Less: non-operating expense</i>	<u>(48)</u>	<u>(42)</u>	<u>(19)</u>	<u>(15)</u>
Total profit	16,457	24,659	6,279	7,537
<i>Less: income tax expense</i>	<u>(3,379)</u>	<u>(5,660)</u>	<u>(1,463)</u>	<u>(1,783)</u>
Net profit	<u>13,078</u>	<u>18,999</u>	<u>4,816</u>	<u>5,754</u>
	In RMB Yuan	In RMB Yuan	In RMB Yuan	In RMB Yuan
Earnings per share ^{Note}				
Basic earnings per share	0.68	0.99	0.25	0.30
Diluted earnings per share	<u>0.68</u>	<u>0.99</u>	<u>0.25</u>	<u>0.30</u>

Note: The Company had implemented the profit appropriation plan for 2008 of a bonus issue of 3 bonus shares for every 10 shares held and a cash dividend of RMB1.00 (including tax) for every 10 shares held during the reporting period. As such, earnings per share for each presented period was restated based on the number of shares after the implementation of the profit appropriation plan.

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Expressed in millions of Renminbi unless otherwise stated)

	For the nine-month period ended September 30		For the three-month period ended September 30	
	2009	2008	2009	2008
Net profit for the period	13,078	18,999	4,816	5,754
Other comprehensive income for the period (after tax and reclassification adjustments)				
Exchange differences	4	0	(7)	0
Net change in revaluation reserve of available-for-sale financial assets	<u>(3,197)</u>	<u>705</u>	<u>(1,490)</u>	<u>334</u>
Total other comprehensive income for the period	<u>(3,193)</u>	<u>705</u>	<u>(1,497)</u>	<u>334</u>
Total comprehensive income for the period	<u>9,885</u>	<u>19,704</u>	<u>3,319</u>	<u>6,088</u>

UNAUDITED INCOME STATEMENTS

(Expressed in millions of Renminbi unless otherwise stated)

	For the nine-month period ended September 30		For the three-month period ended September 30	
	2009	2008	2009	2008
Operating income				
Interest income	46,945	54,132	16,359	18,354
Interest expense	(18,879)	(18,370)	(6,318)	(6,694)
Net interest income	28,066	35,762	10,041	11,660
Fee and commission income	6,723	6,547	2,329	2,016
Fee and commission expense	(818)	(709)	(299)	(269)
Net fee and commission income	5,905	5,838	2,030	1,747
Net gain arising from change in fair value	420	290	39	103
Net gain arising from investments	723	(8)	56	(74)
Net gain arising from foreign exchange	814	594	333	307
Other net income	1,957	876	428	336
Operating expense				
Business tax and surcharges	(2,267)	(2,451)	(817)	(832)
Operating and administrative expense	(15,282)	(13,345)	(5,535)	(4,690)
Provision for impairment of assets	(2,657)	(2,133)	(108)	(743)
	(20,206)	(17,929)	(6,460)	(6,265)
Operating profit	15,722	24,547	6,039	7,478
Add: non-operating income	192	152	25	108
Less: non-operating expense	(48)	(42)	(19)	(15)
Total profit	15,866	24,657	6,045	7,571
Less: income tax expense	(3,255)	(5,657)	(1,398)	(1,781)
Net profit	12,611	19,000	4,647	5,790

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

	For the nine-month period ended September 30		For the three-month period ended September 30	
	2009	2008	2009	2008
Net profit for the period	12,611	19,000	4,647	5,790
Other comprehensive income for the period (after tax and reclassification adjustments)				
Net change in revaluation reserve of available-for-sale financial assets	<u>(3,282)</u>	<u>705</u>	<u>(1,571)</u>	<u>334</u>
Total other comprehensive income for the period	<u>(3,282)</u>	<u>705</u>	<u>(1,571)</u>	<u>334</u>
Total comprehensive income for the period	<u>9,329</u>	<u>19,705</u>	<u>3,076</u>	<u>6,124</u>

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

	For the nine-month period ended September 30	
	2009	2008 (Restated)
Cash flow from operating activities		
Net increase in deposits from customers	332,846	185,349
Net decrease in placements with banks and other financial institutions and financial assets purchased under agreements to resell	0	72,146
Net increase in balances with banks and other financial institutions	57,911	0
Net increase in placements from banks and financial assets sold under agreements to repurchase	29,866	0
Net recoveries of loans and advances previously written off	19	62
Cash received from interest, fee and commission	47,921	53,376
Cash received from other operating activities	15,404	3,982
Sub-total of cash inflow from operating activities	483,967	314,915
Net increase in loans and advances	(295,404)	(88,691)
Net increase in placements with banks and other financial institutions and financial assets purchased under agreements to resell	(42,935)	0
Net increase in balances with central bank	(40,105)	(33,948)
Net decrease in balances with banks and other financial institutions	0	(92,314)
Net decrease in placements from banks and financial assets sold under agreements to repurchase	0	(118)
Net increase in balances with banks and other financial institutions	(14,022)	(3,205)
Cash paid for interest, fee and commission	(20,245)	(15,934)
Cash payments to and for employees	(7,727)	(5,416)
Income tax paid	(4,244)	(4,494)
Other taxes and fees paid other than income tax	(2,373)	(2,522)
Other cash payments relating to operating activities	(4,265)	(2,018)
Sub-total of cash outflow from operating activities	(431,320)	(248,660)
Net cash flow from operating activities	52,647	66,255

**For the nine-month period
ended September 30**
2009 2008
(Restated)

Cash flow from investing activities		
Cash received from recovery of bond investments	659,245	545,432
Cash received from return on investments	6,382	6,452
Cash received from disposal of fixed assets and other assets	153	302
	<hr/>	<hr/>
Sub-total of cash inflow from investing activities	665,780	552,186
	<hr/>	<hr/>
Cash paid for bond investments	(723,165)	(591,721)
Cash paid for equity investments	(39)	(17,312)
Cash paid for purchase and construction of fixed assets and other assets	(1,780)	(2,193)
	<hr/>	<hr/>
Sub-total of cash outflow from investing activities	(724,984)	(611,226)
	<hr/>	<hr/>
Net cash flow from investing activities	(59,204)	(59,040)
	<hr/>	<hr/>
Cash flow from fund raising activities		
Issuance of certificates of deposit	3,285	662
Issuance of long-term subordinated debts	0	30,000
	<hr/>	<hr/>
Sub-total of cash inflow from fund raising activities	3,285	30,662
	<hr/>	<hr/>
Fees arising from issuance of long-term subordinated debts	0	(63)
Cash paid on distribution of dividends or profits	(1,471)	(4,118)
Interest paid for issuance of long-term bonds	(1,744)	(39)
Cash paid for debt repayment	(4,487)	0
	<hr/>	<hr/>
Sub-total of cash outflow from fund raising activities	(7,702)	(4,220)
	<hr/>	<hr/>
Net cash flow from fund raising activities	(4,417)	26,442
	<hr/>	<hr/>
Effect of exchange differences on cash	206	(1,734)
	<hr/>	<hr/>
Net increase in cash and cash equivalents	(10,768)	31,923
	<hr/>	<hr/>
<i>Add:</i> balance of cash and cash equivalents at the beginning of the period	186,671	167,031
	<hr/>	<hr/>
Balance of cash and cash equivalents at the end of the period	175,903	198,954
	<hr/>	<hr/>

UNAUDITED CASH FLOW STATEMENT

(Expressed in millions of Renminbi unless otherwise stated)

	For the nine-month period ended September 30	
	2009	2008 (Restated)
Cash flow from operating activities		
Net increase in deposits from customers	323,565	185,288
Net decrease in placements with banks and other financial institutions and financial assets purchased under agreements to resell	0	72,146
Net increase in balances with banks and other financial institutions	57,004	0
Net increase in placements from banks and financial assets sold under agreements to repurchase	23,722	0
Net recoveries of loans and advances previously written off	16	62
Cash received from interest, fee and commission	46,544	53,522
Cash received from other operating activities	13,702	3,874
Sub-total of cash inflow from operating activities	464,553	314,892
Net increase in loans and advances	(284,006)	(87,171)
Net increase in placements with banks and other financial institutions and financial assets purchased under agreements to resell	(40,454)	0
Net increase in balances with central bank	(40,115)	(33,948)
Net decrease in balances with banks and other financial institutions	0	(92,273)
Net decrease in placements from banks and financial assets sold under agreements to repurchase	0	(118)
Net increase in balances with banks and other financial institutions	(14,734)	(3,205)
Cash paid for interest, fee and commission	(19,732)	(15,958)
Cash payments to and for employees	(7,389)	(5,402)
Income tax paid	(4,198)	(4,494)
Other taxes and fees paid other than income tax	(2,368)	(2,522)
Other cash payments relating to operating activities	(2,125)	(2,028)
Sub-total of cash outflow from operating activities	(415,121)	(247,119)
Net cash flow from operating activities	49,432	67,773

**For the nine-month period
ended September 30**
2009 2008
(Restated)

Cash flow from investing activities		
Cash received from recovery of bond investments	635,947	545,370
Cash received from return on investments	6,268	6,452
Cash received from disposal of fixed assets and other assets	153	302
	<hr/>	<hr/>
Sub-total of cash inflow from investing activities	642,368	552,124
	<hr/>	<hr/>
Cash paid for bond investments	(686,669)	(591,321)
Cash paid for equity investments	(39)	(19,312)
Cash paid for purchase and construction of fixed assets and other assets	(1,749)	(2,157)
	<hr/>	<hr/>
Sub-total of cash outflow from investing activities	(688,457)	(612,790)
	<hr/>	<hr/>
Net cash flow from investing activities	(46,089)	(60,666)
	<hr/>	<hr/>
Cash flow from fund raising activities		
Issuance of certificates of deposit	1,831	662
Issuance of long-term subordinated debts	0	30,000
	<hr/>	<hr/>
Sub-total of cash inflow from fund raising activities	1,831	30,662
	<hr/>	<hr/>
Fees arising from issuance of long-term subordinated debts	0	(63)
Cash paid on distribution of dividends or profits	(1,471)	(4,118)
Interest paid for issuance of long-term bonds	(1,733)	(39)
Cash paid for debt repayment	(4,010)	0
	<hr/>	<hr/>
Sub-total of cash outflow from fund raising activities	(7,214)	(4,220)
	<hr/>	<hr/>
Net cash flow from fund raising activities	(5,383)	26,442
	<hr/>	<hr/>
Effect of exchange differences on cash	135	(1,628)
	<hr/>	<hr/>
Net increase in cash and cash equivalents	(1,905)	31,921
	<hr/>	<hr/>
<i>Add:</i> balance of cash and cash equivalents at the beginning of the period	151,990	167,023
	<hr/>	<hr/>
Balance of cash and cash equivalents at the end of the period	150,085	198,944
	<hr/> <hr/>	<hr/> <hr/>