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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 2012**

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 thirtieth meeting of the Eighth Session of the Board of Directors of the Company has approved the first quarterly report of 2012 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 China Merchants Bank 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)

	At the end of the reporting period 31 March 2012	At the end of last year 31 December 2011	Increase/decrease at the end of the reporting period as compared to the end of last year (%)
Total assets	2,963,579	2,794,971	6.03
Equity attributable to shareholders of the Bank	177,255	164,997	7.43
Net assets per share attributable to shareholders of the Bank <i>(in RMB Yuan)</i>	8.21	7.65	7.32
	Reporting period January to March 2012	Corresponding period of last year January to March 2011	Increase/decrease in the reporting period as compared to the corresponding period of last year (%)
Net cash flow from operating activities	2,765	5,474	(49.49)
Net cash flow from operating activities per share <i>(in RMB Yuan)</i>	0.13	0.25	(48.00)

	Reporting period January to March 2012	Corresponding period of last year January to March 2011	Increase/decrease in the reporting period as compared to the corresponding period of last year (%)
Net profit attributable to shareholders of the Bank	11,643	8,810	32.16
Basic earnings per share attributable to shareholders of the Bank (<i>in RMB Yuan</i>)	0.54	0.41	31.71
Diluted earnings per share attributable to shareholders of the Bank (<i>in RMB Yuan</i>)	0.54	0.41	31.71
Basic earnings per share attributable to shareholders of the Bank, net of non-recurring gains or losses (<i>in RMB Yuan</i>)	0.54	0.41	31.71
Annualized return on equity attributable to shareholders of the Bank – weighted average (%)	27.20	25.79	Increase of 1.41 percentage points
Annualized return on equity attributable to shareholders of the Bank – weighted average, net of non-recurring gains or losses (%)	27.06	25.59	Increase of 1.47 percentage points
Non-recurring gains or losses			January to March 2012
Non-operating income			86
Non-operating expense			(9)
Effect of income tax			(19)
Net non-operating income/expense			58

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 **588,928**

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 ^(Note 1)	3,854,452,086	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	1,341,336,551	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	SAIC Motor Corporation Limited	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	Hebei Port Group Co., Ltd.	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

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 2012, total assets of the Group amounted to RMB2,963.579 billion, representing an increase of 6.03% as compared with the beginning of the year; and its total liabilities amounted to RMB2,786.306 billion, representing an increase of 5.94% as compared with the beginning of the year. Total deposits from customers amounted to RMB2,259.494 billion, representing an increase of 1.78% as compared with the beginning of the year. Total loans and advances amounted to RMB1,703.808 billion, representing an increase of RMB62.733 billion or 3.82% as compared with the beginning of the year.

For the period from January to March 2012, the Group realized a net profit attributable to shareholders of the Bank of RMB11.643 billion, representing an increase of 32.16% as compared with the corresponding period of the previous year, and an operating income of RMB28.385 billion, among which, net interest income increased by 24.15% to RMB21.548 billion from that of the corresponding period of the previous year, mainly due to the gradual improvement of net interest spread and net interest margin as a result of the stable expansion of the volume of interest-earning assets and the re-pricing of the assets. For the period from January to March 2012, net interest spread and net interest margin was 3.05% and 3.21% respectively, representing an increase of 0.16 percentage point and 0.23 percentage point respectively as compared with the corresponding period of the previous year, and representing the same and an increase of 0.06 percentage point respectively as compared with the fourth quarter of 2011. The net interest income accounted for 75.91% of the operating income. The Group's net fee and commission income increased by 23.41% to RMB4.840 billion from that of the corresponding period of the previous year, and accounted for 17.05% of the operating income. Other net income amounted to RMB1.997 billion, representing an increase of 91.28% 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 0.91 percentage point to 31.86% from that of the corresponding period of the previous year.

As at the end of March 2012, the non-performing loans of the Group totaled RMB9.460 billion, representing an increase of RMB287 million as compared with the beginning of the year; the non-performing loan ratio was 0.56%, which remained at the same level as compared with the beginning of the year; and the non-performing loan allowance coverage ratio was 404.36%, representing an increase of 4.23 percentage points as compared with the beginning of the year; the allowance-to-loan ratio was 2.25%, representing an increase of 0.01 percentage point as compared with that at the beginning of the year.

As at the end of March 2012, the capital adequacy ratio of the Group was 11.54%, representing an increase of 0.01 percentage point as compared with the beginning of the year; and the core capital adequacy ratio was 8.31%, representing an increase of 0.09 percentage point as compared with the beginning of the year.

2.3.2 Analysis of operating status of the Company

During the period from January to March 2012, the Company, in face of the complicated and changing external economic situation, accelerated the promotion of its Second Transformation and maintained a sound development momentum as a whole:

Steady growth of assets and liabilities. As at the end of March 2012, total assets of the Company amounted to RMB2,815.997 billion, representing an increase of 6.26% as compared with the beginning of the year; and its total liabilities amounted to RMB2,633.586 billion, representing an increase of 6.24% as compared with the beginning of the year. Total loans and advances amounted to RMB1,587.527 billion, representing an increase of 3.77% as compared with the beginning of the year, among which corporate loans accounted for 59.79%, while retail loans accounted for 35.49% and discounted bills accounted for 4.72%. Deposits from customers amounted to RMB2,164.789 billion, representing an increase of 1.78% as compared with the beginning of the year, among which, demand deposits accounted for 54.43% and time deposits accounted for 45.57%. Among the demand deposits, corporate deposits accounted for 59.97% while retail deposits accounted for 40.03%; and among the time deposits, corporate deposits accounted for 66.94% and retail deposits accounted for 33.06%.

Stable growth of profits. During the period from January to March 2012, the Company realized a net profit of RMB11.121 billion, representing an increase of 31.59% as compared with the corresponding period of the previous year. The Company realized an operating income of RMB27.232 billion, among which, net interest income increased by 23.78% from that of the corresponding period of the previous year to RMB20.865 billion, mainly due to the increase in the volume of interest-earning assets, the re-pricing of the assets and the gradual improvement of net interest spread and net interest margin, which was 3.14% and 3.30% respectively, representing an increase of 0.18 percentage point and 0.24 percentage point respectively as compared with the corresponding period of the previous year, and both representing an increase of 0.05 percentage point as compared with the fourth quarter of 2011. The net interest income accounted for 76.62% of the operating income. The Company's net fee and commission income increased by 22.42% from that of the corresponding period of the previous year to RMB4.597 billion, mainly due to the increase in settlement and clearing fees and commissions from custody and other trustee businesses. Net fee and commission income accounted for 16.88% of the operating income. Other net income amounted to RMB1.770 billion, representing an increase of RMB929 million as compared with the corresponding period of the previous year, mainly due to the increase of net gain arising from investments.

Stable and sound investment in costs as a whole. The Company continued to improve standardization and sophistication in expense management. During the period from January to March 2012, operating and administrative expenses of the Company amounted to RMB8.673 billion. Cost-to-income ratio (excluding business tax and surcharges) was 31.85%, representing a decrease of 0.66 percentage point as compared with the corresponding period of the previous year.

Stable asset quality maintained. The Company fully boosted its credit risk management system by continuously deepening the overall procedure optimization of credit risk management, improving basic credit risk management, exploring portfolio risk management and streamlining the existing credit structure. It also promoted the healthy and rapid development of the credit business of small-sized enterprises and small and micro enterprises, 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 to prevent the risks of shadow banking and off-balance sheet activities. As at the end of March 2012, the balance of the Company’s non-performing loans was RMB9.146 billion, representing an increase of RMB256 million as compared with the beginning of the year; and the non-performing loan ratio was 0.58%, which remained at the same level as compared with the beginning of the year. The balance of loans of local government financing platforms amounted to RMB110.083 billion, representing a decrease of RMB4.100 billion as compared with the end of the previous year, accounting for 6.93% of the total loans of the Company, representing a decrease of 0.53 percentage point as compared with the end of the previous year; and the non-performing loan ratio was 0.14%, representing a decrease of 0.01 percentage point as compared with the end of the previous year.

Further enhancement in capability to resist risks. The Company continued to adopt a stable and prudent policy for making provisions. As at the end of March 2012, the Company’s allowances for impairment losses on loans amounted to RMB37.471 billion, representing an increase of RMB1.492 billion as compared with that at the end of the previous year, among which, RMB31.172 billion was made on a collective basis, accounting for 83.19% of the total allowances, and RMB6.299 billion was made on an individual basis, accounting for 16.81% of the total allowances. As at the end of March 2012, the non-performing loan allowance coverage ratio of the Company was 409.70%, representing an increase of 4.99 percentage points as compared with the beginning of the year. Allowance-to-loan ratio was 2.36%, representing an increase of 0.01 percentage point as compared with the beginning of the year. Annualized credit cost was 0.47%, which was 0.08 percentage point lower as compared with the previous year.

Slight reduction in capital adequacy ratio. As at the end of March 2012, the Company had a capital adequacy ratio of 11.13% and a core capital adequacy ratio of 8.69%, representing a decrease of 0.15 percentage point and 0.05 percentage point respectively as compared with the beginning of the year, mainly as the Company completed the capital increase of RMB2 billion in its subsidiary CMB Financial Leasing Co., Ltd. during the reporting period.

Continuous improvement in risk pricing of loans. From January to March 2012, the weighted average floating band of interest rates (weighted at actual granted amounts, same as below) of our newly granted general corporate loans in RMB rose by 1.86 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 5.29 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 2012, the number of our retail customers with daily average total assets per month of RMB500,000 and above was 852,900. The proportion of high-net-worth retail customers increased from 1.56% to 1.70% as compared with the beginning of the year. The number of wholesale customers contributing an annualized total revenue of RMB100,000 and above was 56,924. The number of high-net-worth wholesale customers increased by 2,090 or 3.81% and their proportion of contribution increased to 97.56% as compared with the beginning of the year.

Steady progress on establishment of branches. During the first quarter of 2012, the Company had two domestic branches commencing operations with the approval of the regulatory authorities, namely Zunyi Branch and Tonghua Branch. Three branches were approved by the regulatory authorities for setting up, namely Zhanjiang Branch, Loudi Branch and Binzhou Branch. Besides, Rizhao Sub-branch was approved by the regulatory authorities to be upgraded to Rizhao Branch.

2.3.3 Major financial indicators of WL Group (calculated based on Hong Kong Accounting Standards)

For the period from January to March 2012, Wing Lung Bank Limited and its subsidiaries (hereinafter referred to as “WL Group”) recorded an unaudited consolidated profit after tax of HK\$516 million, representing an increase of 35.25% as compared with the corresponding period of the previous year.

As at 31 March 2012, WL Group had total assets of HK\$166.925 billion, representing an increase of 1.88% as compared with the end of 2011; total loans (including trade bills) declined by 2.36% to HK\$83.301 billion as compared with the end of 2011; total deposits increased by 1.52% to HK\$116.887 billion as compared with the end of 2011.

As at the end of March 2012, the core capital adequacy ratio and capital adequacy ratio of WL Group were 10.10% and 14.12% respectively, representing an increase of 0.47 and 0.26 percentage point respectively as compared with the beginning of the year. The average liquidity ratio from January to March 2012 was 47.85%. All were above statutory requirements. As at the end of March 2012, the non-performing loan balance (including trade bills) and non-performing loan ratio was HK\$387 million and 0.46% respectively, showing that 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 Group

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)

Major items	As at 31 March 2012	Changes over the end of last year	Major reasons
Placements with banks and other financial institutions	122,329	94.03%	Significant increase in scale of placements with other banks
Financial assets purchased under agreements to resell	100,727	36.16%	Increase in scale of debt assets purchased under agreements to resell
Other assets	13,741	92.29%	Increase in amounts to be settled arising from sales of bonds
Financial assets sold under repurchase agreement	60,604	44.08%	Increase in scale of debts and notes sold under repurchase agreement
Salaries and welfare payable	4,683	41.05%	Increase in salaries payable
Bonds payable	67,844	46.95%	Issue of financial bills
Deferred income tax liabilities	501	(42.01%)	Decrease in deferred income tax liabilities of subsidiaries
Other liabilities	31,032	108.02%	Increase in amounts to be settled arising from purchase of bonds
Investment revaluation reserve	558	255.41%	Increase in value of available-for-sale financial assets
Hedging reserve	117	(57.91%)	Decrease in the value of hedge items

Major items	January to March 2012	Changes over the corresponding period of last year	Major reasons
Interest income	36,006	37.63%	Increase in the size of interest-earning assets and yield
Interest expense	(14,458)	64.20%	Increase in the size of interest-bearing liabilities and cost
Net gain arising from changes in fair value	32	(50.00%)	Decrease in net gain arising from changes in fair value of financial instruments held for trading
Net gain arising from investments	1,433	175.58%	Increase in bills spread income
Business tax and surcharges	(1,873)	39.88%	Increase in operating income
Income tax expense	(3,845)	35.63%	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 Capital increase in subsidiaries during the reporting period

The “Proposal regarding Capital Increase of RMB2 Billion in CMB Financial Leasing Co., Ltd.” was considered and passed at the 11th meeting of the Eighth Session of the Board of the Company on 31 March 2011. On 6 March 2012, the China Banking Regulatory Commission issued the “Approval to the Increase in Registered Capital and the Amendments to the Articles of Association of CMB Financial Leasing Co., Ltd.”, pursuant to which, it approved the registered capital of CMB Financial Leasing Co., Ltd. to be increased from RMB2 billion to RMB4 billion but the shareholding structure would remain unchanged. During the reporting period, the Company completed the capital increase in CMB Financial Leasing Co., Ltd.

3.6 Internal control status during the reporting period

During the reporting period, the Company continued to propel internal control regulation project and completed internal control evaluation, internal control audit, and design and improvement of long-term internal control system. As at the end of the reporting period, the Company completed all tasks under the internal control regulation project according to the arrangements in the “Working Plan for the Implementation of Internal Control Principles of China Merchants Bank”.

I. Completion of internal evaluation and disclosure of evaluation report.

According to relevant requirements under the “Internal Control Evaluation Implementation Plan of China Merchants Bank” and the “Internal Control Evaluation Measures of China Merchants Bank Co., Ltd.”, the Company organized and conducted the internal control evaluation for the year 2011. The evaluation results showed that the Company’s internal control system is sound and effective. According to the results, the Company prepared and disclosed the “2011 Report on the Assessment of Internal Control of China Merchants Bank Co., Ltd.”

II. Completion of internal control audit and disclosure of audit report.

The Company appointed KPMG Huazhen Certified Public Accountants to conduct an audit on the effectiveness of internal control related to financial reporting. The audit results showed that the Company has maintained effective internal control on financial reporting in all material aspects according to “Basic Principles for Internal Control of Enterprises” and relevant provisions. The “Audit Report on Internal Control” of the Company has been disclosed according to regulatory requirements.

III. Design and improvement of long-term internal control system.

Building an integrated internal control framework is an important task under the Company’s internal control regulation project. During the implementation, the Company and the consulting firms discussed and exchanged opinions on internal control framework, job allocation model, internal control rationalization and restructuring, internal control training, internal control assessment, and construction of internal control information system for several times. Meanwhile, it is now preparing the “Measures for Review and Management of Internal Control of China Merchants Bank”, to design and standardize the content of its internal control rationalization, workflow, and division of responsibilities, so as to lay a solid foundation for the Company’s internal control in the long run.

By order of the Board of Directors of
China Merchants Bank Co., Ltd.

27 April 2012

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 Yi Xiqun, Wong Kwai Lam, Yan Lan, Chow Kwong Fai, Edward, Pan Yingli and Liu Hongxia.

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

31 March 2012 31 December 2011

Assets

Cash	10,199	10,725
Balances with central bank	397,631	397,579
Balances with banks and other financial institutions	122,329	63,046
Placements with banks	127,500	131,381
Financial assets purchased under agreements to resell	100,727	73,975
Loans and advances	1,665,556	1,604,371
Interest receivables	13,255	10,852
Financial assets at fair value through profit or loss	13,066	15,530
Derivative financial assets	1,326	1,887
Available-for-sale financial assets	281,117	275,173
Long term equity investments	1,172	1,143
Held-to-maturity investments	158,335	145,586
Investment receivables	22,948	22,085
Fixed assets	16,139	16,242
Investment properties	1,683	1,710
Intangible assets	2,630	2,605
Goodwill	9,598	9,598
Deferred income tax assets	4,627	4,337
Other assets	13,741	7,146
	<hr/>	<hr/>
Total assets	2,963,579	2,794,971
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Liabilities

Deposits from banks and other financial institutions	248,014	205,699
Placements from banks	84,437	67,484
Financial assets sold under agreements to repurchase	60,604	42,064
Deposits from customers	2,259,494	2,220,060
Interests payable	16,830	16,080
Financial liabilities as at fair value		
through profit or loss	3,337	4,724
Derivative financial liabilities	1,162	1,469
Bonds payable	67,844	46,167
Salaries and welfare payable	4,683	3,320
Taxes payable	8,368	7,112
Deferred income tax liabilities	501	864
Other liabilities	31,032	14,918
	<hr/>	<hr/>
Total liabilities	2,786,306	2,629,961
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UNAUDITED CONSOLIDATED BALANCE SHEET (CONTINUED)*(Expressed in millions of Renminbi unless otherwise stated)*

	31 March 2012	31 December 2011
Shareholders' equity		
Share capital	21,577	21,577
Capital reserve	38,072	37,665
Among which: investment revaluation reserve	558	157
Hedge reserve	117	278
Surplus reserve	14,325	14,325
Statutory general reserve	18,782	18,794
Retained profits	85,524	73,508
Among which: proposed dividend appropriations	9,062	9,062
Foreign currency translation reserve	(1,142)	(1,150)
	<hr/>	<hr/>
Total equity attributable to the Bank's shareholders	177,255	164,997
Minority interests	18	13
	<hr/>	<hr/>
Total shareholders' equity	177,273	165,010
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Total liabilities and shareholders' equity	2,963,579	2,794,971
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This financial statement was approved by the Board of Directors on 27 April 2012.

UNAUDITED BALANCE SHEET

(Expressed in millions of Renminbi unless otherwise stated)

31 March 2012 31 December 2011

Assets

Cash	9,684	10,186
Balances with central bank	394,562	394,119
Balances with banks and other financial institutions	117,460	59,657
Placements with banks	100,482	109,387
Financial assets purchased under agreements to resell	103,915	73,975
Loans and advances	1,550,056	1,493,913
Interest receivables	12,711	10,363
Financial assets as at fair value through profit or loss	9,337	11,067
Derivative financial assets	1,240	1,664
Available-for-sale financial assets	270,786	262,015
Long term equity investments	35,310	33,300
Held-to-maturity investments	155,963	143,398
Investment receivables	24,164	23,300
Fixed assets	12,463	12,508
Investment properties	291	298
Intangible assets	1,490	1,466
Deferred income tax assets	4,501	4,207
Other assets	11,582	5,203
Total assets	2,815,997	2,650,026

Liabilities

Deposits from banks and other financial institutions	243,874	203,614
Placements from banks	52,569	34,896
Financial assets sold under repurchase agreement	60,604	39,064
Deposits from customers	2,164,789	2,126,937
Interests payable	16,262	15,422
Financial liabilities at fair value through profit or loss	2,655	3,558
Derivative financial liabilities	1,038	1,310
Bonds payable	55,938	35,535
Salaries and welfare payable	4,422	3,085
Taxes payable	7,991	6,849
Other liabilities	23,444	8,628
Total liabilities	2,633,586	2,478,898

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

	31 March 2012	31 December 2011
Shareholders' equity		
Share capital	21,577	21,577
Capital reserve	47,119	46,796
Among which: investment revaluation reserve	453	130
Hedge reserve	117	278
Surplus reserve	14,325	14,325
Statutory general reserve	18,571	18,571
Retained profits	80,702	69,581
Among which: proposed dividend appropriations	9,062	9,062
	<hr/>	<hr/>
Total shareholders' equity	182,411	171,128
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Total liabilities and shareholders' equity	2,815,997	2,650,026
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This financial statement was approved by the Board of Directors on 27 April 2012.

UNAUDITED CONSOLIDATED INCOME STATEMENTS*(Expressed in millions of Renminbi unless otherwise stated)***For the period from January to
March ended 31 March**

	2012	2011
Operating income		
Interest income	36,006	26,162
Interest expense	(14,458)	(8,805)
Net interest income	21,548	17,357
Fee and commission income	5,152	4,216
Fee and commission expense	(312)	(294)
Net fee and commission income	4,840	3,922
Net gain arising from change in fair value	32	64
Net gain arising from investments	1,433	520
Net gain arising from foreign exchange	436	372
Insurance operating income	96	88
Other net income	1,997	1,044
Operating expense		
Business tax and surcharges	(1,873)	(1,339)
Operating and administrative expense	(9,044)	(7,315)
Impairment losses on assets	(1,982)	(2,049)
Provision for insurance claims	(76)	(67)
	(12,975)	(10,770)
Operating profit	15,410	11,553
<i>Add: non-operating income</i>	86	100
<i>Less: non-operating expense</i>	(9)	(8)

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

	For the period from January to March ended 31 March	
	2012	2011
Total profit	15,487	11,645
<i>Less: income tax expense</i>	<u>(3,845)</u>	<u>(2,835)</u>
Net profit	<u>11,642</u>	<u>8,810</u>
Net profit attributable to the Bank's shareholders	11,643	8,810
Net profit attributable to the minority shareholders	(1)	–
	<u>11,643</u>	<u>8,810</u>
	<i>In RMB Yuan</i>	<i>In RMB Yuan</i>
Earnings per share		
Basic earnings per share	0.54	0.41
Diluted earnings per share	0.54	0.41
	<u>0.54</u>	<u>0.41</u>

This financial statement was approved by the Board of Directors on 27 April 2012.

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

	For the period from January to March ended 31 March	
	2012	2011
Net profit for the period	11,642	8,810
Net profit attributable to the Bank's shareholders	11,643	8,810
Net profit attributable to the minority shareholders	(1)	–
	=====	=====
Other comprehensive income for the period (after tax and reclassification adjustments)		
Exchange differences	8	(94)
Net movement in fair value reserve of available-for-sale financial assets	401	57
Effective portion of movements in fair value of cash flow hedge	(161)	–
	=====	=====
Total other comprehensive income for the period	248	(37)
	=====	=====
Total comprehensive income for the period	11,890	8,773
	=====	=====
Total comprehensive income attributable to the Bank's shareholders	11,891	8,773
Total comprehensive income attributable to the minority shareholders	(1)	–
	=====	=====

This financial statement was approved by the Board of Directors on 27 April 2012.

UNAUDITED INCOME STATEMENTS

(Expressed in millions of Renminbi unless otherwise stated)

For the period from January to
March ended 31 March

	2012	2011
Operating income		
Interest income	34,453	25,225
Interest expense	(13,588)	(8,369)
Net interest income	<u>20,865</u>	<u>16,856</u>
Fee and commission income	4,888	4,031
Fee and commission expense	(291)	(276)
Net fee and commission income	<u>4,597</u>	<u>3,755</u>
Net gain arising from change in fair value	5	66
Net gain arising from investments	1,390	491
Net gain arising from foreign exchange	375	284
Other net income	<u>1,770</u>	<u>841</u>
Operating expense		
Business tax and surcharges	(1,830)	(1,323)
Operating and administrative expense	(8,673)	(6,975)
Provision for impairment of assets	(1,921)	(1,985)
	<u>(12,424)</u>	<u>(10,283)</u>

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

	For the period from January to March ended 31 March	
	2012	2011
Operating profit	14,808	11,169
<i>Add: non-operating income</i>	28	42
<i>Less: non-operating expense</i>	(9)	(8)
	<hr/>	<hr/>
Total profit	14,827	11,203
<i>Less: income tax expense</i>	(3,706)	(2,752)
	<hr/>	<hr/>
Net profit	11,121	8,451
	<hr/> <hr/>	<hr/> <hr/>

This financial statement was approved by the Board of Directors on 27 April 2012.

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

	For the period from January to March ended 31 March	
	2012	2011
Net profit for the period	11,121	8,451
Other comprehensive income for the period (after tax and reclassification adjustments)		
Net movement in fair value reserve of available-for-sale financial assets	323	20
Effective portion of movements in fair value of cash flow hedge	(161)	–
Total other comprehensive income for the period	162	20
Total comprehensive income for the period	11,283	8,471

This financial statement was approved by the Board of Directors on 27 April 2012.

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

	For the period from January to March ended 31 March	
	2012	2011
Cash flow from operating activities		
Net increase in deposits from customers	39,434	134,899
Net increase in placements from banks and financial assets sold under agreements to repurchase	35,493	–
Net increase in deposits from banks and other financial institutions	42,315	29,951
Net recoveries of loans and advances previously written off	6	15
Cash received from interest, fee and commission	34,320	27,522
Cash received from other operating activities	16,130	2,873
Sub-total of cash inflow from operating activities	167,698	195,260
Net increase in loans and advances	(61,255)	(74,295)
Net increase in placements with banks and financial assets purchased under agreements to resell	(63,979)	(35,705)
Net increase in balances with central bank	(8,253)	(41,799)
Net decrease in placements from banks and financial assets sold under agreements to repurchase	–	(1,889)
Net increase in balances with banks and other financial institutions	(3,959)	(16,785)
Cash paid for interest, fee and commission	(13,306)	(7,595)
Cash payments to and for employees	(4,547)	(4,470)
Income taxes and other taxes and fees paid	(3,747)	(2,647)
Other cash payments relating to operating activities	(5,887)	(4,601)
Sub-total of cash outflow from operating activities	(164,933)	(189,786)
Net cash flow from operating activities	2,765	5,474
Cash flow from investing activities		
Cash received from recovery of investments	247,590	446,591
Cash received from return on investments	3,716	2,726
Cash received from disposal of fixed assets and other assets	3	37
Sub-total of cash inflow from investing activities	251,309	449,354

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

	For the period from January to March ended 31 March	
	2012	2011
Cash paid for investments	(264,854)	(441,799)
Cash paid for purchase and construction of fixed assets and other assets	(199)	(127)
Sub-total of cash outflow from investing activities	(265,053)	(441,926)
Net cash flow from investing activities	(13,744)	7,428
Cash flow from financing activities		
Cash received from issue of financial bills	20,000	–
Cash received from issue of certificates of deposits	7,354	–
Sub-total of cash inflow from financing activities	27,354	–
Repayment of certificates of deposit issued	(6,813)	–
Interest paid for issuance of debt securities	(33)	(37)
Expenses paid for issue of financial bills	(3,013)	–
Sub-total of cash outflow from financing activities	(9,859)	(37)
Net cash flow from financing activities	17,495	(37)
Effect of exchange differences on cash	(200)	(235)
Net increase in cash and cash equivalents	6,316	12,630
<i>Add:</i> balance of cash and cash equivalents at the beginning of the period	219,151	177,220
Balance of cash and cash equivalents at the end of the period	225,467	189,850

This financial statement was approved by the Board of Directors on 27 April 2012.

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

	For the period from January to March ended 31 March	
	2012	2011
Cash flow from operating activities		
Net increase in deposits from customers	37,852	135,625
Net increase in placements from banks and financial assets sold under agreements to repurchase	39,213	–
Net increase in deposits from banks and other financial institutions	40,260	31,737
Net recoveries of loans and advances previously written off	6	14
Cash received from interest, fee and commission	33,399	24,878
Cash received from other operating activities	11,647	418
	<hr/>	<hr/>
Sub-total of cash inflow from operating activities	162,377	192,672
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net increase in loans and advances	(57,968)	(64,637)
Net increase in placements with banks and financial assets purchased under resale agreement	(62,873)	(35,597)
Net increase in balances with central bank	(8,174)	(41,689)
Net decrease in placements from banks and financial assets sold under agreements to repurchase	–	(6,629)
Net increase in balances with banks and other financial institutions	(4,126)	(17,799)
Cash paid for interest, fee and commission	(12,337)	(7,188)
Cash payments to and for employees	(4,400)	(4,343)
Income tax and other taxes and fees paid	(3,671)	(2,614)
Other cash payments relating to operating activities	(5,677)	(3,779)
	<hr/>	<hr/>
Sub-total of cash outflow from operating activities	(159,226)	(184,275)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net cash flow from operating activities	3,151	8,397
	<hr/>	<hr/>

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

	For the period from January to March ended 31 March	
	2012	2011
Cash flow from investing activities		
Cash received from recovery of investments	242,312	444,052
Cash received from return on investments	3,594	2,599
Cash received from disposal of fixed assets and other assets	3	37
	<u>245,909</u>	<u>446,688</u>
Sub-total of cash inflow from investing activities	245,909	446,688
	-----	-----
Cash paid for bond investments	(263,126)	(440,852)
Capital increase in subsidiaries	(2,000)	-
Cash paid for purchase and construction of fixed assets and other assets	(193)	(121)
	<u>(265,319)</u>	<u>(440,973)</u>
Sub-total of cash outflow from investing activities	(265,319)	(440,973)
	-----	-----
Net cash flow from investing activities	(19,410)	5,715
	<u>(19,410)</u>	<u>5,715</u>
Cash flow from financing activities		
Cash received from issue of financial bills	20,000	-
Cash received from issue of certificates of deposits	1,524	-
	<u>21,524</u>	<u>-</u>
Sub-total of cash inflow from financing activities	21,524	-
	-----	-----
Repayment of certificates of deposits issued	(2,222)	-
Expenses paid for issue of financial bills	(3,013)	-
Interest paid for issuance of debt securities	(22)	(11)
	<u>(5,257)</u>	<u>(11)</u>
Sub-total of cash outflow from financing activities	(5,257)	(11)
	-----	-----

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

	For the period from January to March ended 31 March	
	2012	2011
Net cash flow from financing activities	<u>16,267</u>	<u>(11)</u>
Effect of exchange differences on cash	<u>(223)</u>	<u>(279)</u>
Net increase in cash and cash equivalents	<u>(225)</u>	<u>13,822</u>
<i>Add:</i> balance of cash and cash equivalents at the beginning of the period	<u>200,941</u>	<u>159,085</u>
Balance of cash and cash equivalents at the end of the period	<u>200,716</u>	<u>172,907</u>

This financial statement was approved by the Board of Directors on 27 April 2012.