中國工商銀行股份有限公司

INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED

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

(Stock Code: 1398)

2009 ANNUAL RESULTS ANNOUNCEMENT

The Board of Directors of Industrial and Commercial Bank of China Limited (the "Bank") is pleased to announce the annual audited results of the Bank and its subsidiaries (the "Group") for the year ended 31 December 2009. The Board of Directors and the Audit Committee of the Board of Directors of the Bank have reviewed and confirmed the annual audited results.

1. Important Notice

The Board of Directors, the Board of Supervisors, Directors, Supervisors and Senior Management members of Industrial and Commercial Bank of China Limited undertake that the information in this announcement contains no false record, misleading statement or material omission, and assume individual and joint and several liabilities to the authenticity, accuracy and completeness of the information in this report.

The 2009 Annual Report of the Bank and the results announcement have been considered and approved at the meeting of the Board of Directors of the Bank held on 25 March 2010. All directors were present at the meeting.

The 2009 financial statements prepared by the Bank in accordance with generally accepted accounting principles in the PRC ("PRC GAAP") and International Financial Reporting Standards ("IFRSs") have been audited by Ernst & Young Hua Ming and Ernst & Young in accordance with Chinese and International Standards on Audit respectively, with standard unqualified auditors' reports being issued.

The Board of Directors of Industrial and Commercial Bank of China Limited
25 March 2010

Mr. Jiang Jianqing, Legal Representative of the Bank, Mr. Yang Kaisheng, President in charge of finance of the Bank, and Mr. Shen Rujun, General Manager of the Finance and Accounting Department of the Bank, hereby warrant and guarantee that the financial statements contained in the Annual Report are authentic and complete.

2. Corporate Information

2.1 Basic Information

Stock name	工商银行 (A Share)	ICBC (H Share)
Stock code	601398	1398
Stock exchange on which shares are listed	Shanghai Stock Exchange	The Stock Exchange of Hong Kong Limited
Registered address and office address	No. 55 Fuxingmennei Avenue, Xicheng District, Beijing, PRC	
Postal code	100140	
Website	www.icbc.com.cn, www.icbc-ltd.com	
E-mail	ir@icbc.com.cn	

2.2 Contact

Board Secretary and Company Secretary

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3. Financial Highlights

(Financial data and indicators in this Results Announcement are prepared in accordance with IFRSs and, unless otherwise specified, are consolidated amounts of the Bank and its subsidiaries and denominated in Renminbi.)

3.1 Financial Data

	Year ended 31 December 2009	Year ended 31 December 2008	Year ended 31 December 2007
Annual operating results (in RMB millions)			
Net interest income	**245,821**	263,037	224,465
Net fee and commission income	**55,147**	44,002	38,359
Operating income	**309,411**	310,195	257,428
Operating expenses	**120,819**	111,335	104,660
Impairment losses	**23,285**	55,462	37,406
Operating profit	**165,307**	143,398	115,362
Profit before tax	**167,294**	145,376	115,378
Net profit	**129,396**	111,226	82,254
Net profit attributable to equity holders of the parent company	**128,645**	110,841	81,520
Net cash flow from operating activities	**403,862**	370,913	296,129
As at the end of the reporting period (in RMB millions)			
Total assets	**11,785,053**	9,757,146	8,683,712
Total loans and advances to customers	**5,728,626**	4,571,994	4,073,229
Allowance for impairment losses on loans	**145,452**	135,983	115,687
Net investment in securities	**3,599,173**	3,048,310	3,107,328
Total liabilities	**11,106,119**	9,150,516	8,140,036
Due to customers	**9,771,277**	8,223,446	6,898,413
Due to banks and other financial institutions	**1,001,634**	646,254	805,174
Equity attributable to equity holders of the parent company	**673,893**	602,675	538,371
Net capital base	**731,956**	620,033	576,741
Net core capital base	**586,431**	510,549	484,085
Supplementary capital	**172,994**	121,998	94,648
Risk-weighted assets(1)	**5,921,330**	4,748,893	4,405,345
Per share data (in RMB yuan)			
Net assets per share(2)	**2.02**	1.80	1.61
Basic earnings per share	**0.39**	0.33	0.24
Diluted earnings per share	**0.39**	0.33	0.24
Net cash flow per share from operating activities	**1.21**	1.11	0.89
Credit rating			
S&P(3)	**A–/Positive**	A–/Positive	A–/Positive
Moody's(3)	**A1/Positive**	A1/Stable	A1/Stable

Notes: (1) Being risk-weighted assets and market risk capital adjustment. Please refer to the section headed "Discussion and Analysis — Capital Adequacy Ratio".

(2) Calculated by dividing equity attributable to equity holders of the parent company at the end of the reporting period by the number of shares issued at the end of the reporting period.

(3) The rating results are in form of "long-term foreign currency deposits rating/outlook".

3.2 Financial Indicators

	Year ended 31 December 2009	Year ended 31 December 2008	Year ended 31 December 2007
Profitability(%)			
Return on average total assets(1)	**1.20**	1.21	1.02
Return on weighted average equity(2)	**20.15**	19.43	16.23
Net interest spread(3)	**2.16**	2.80	2.67
Net interest margin(4)	**2.26**	2.95	2.80
Return on risk-weighted assets(5)	**2.43**	2.43	2.01
Ratio of net fee and commission income to operating income	**17.82**	14.19	14.90
Cost-to-income ratio(6)	**33.18**	29.84	35.02
Asset quality(%)			
Non-performing loans ("NPL") ratio(7)	**1.54**	2.29	2.74
Allowance to NPL(8)	**164.41**	130.15	103.50
Allowance to total loans ratio(9)	**2.54**	2.97	2.84
Capital adequacy(%)			
Core capital adequacy ratio(10)	**9.90**	10.75	10.99
Capital adequacy ratio(10)	**12.36**	13.06	13.09
Total equity to total assets ratio	**5.76**	6.22	6.26
Risk-weighted assets to total assets ratio	**50.24**	48.67	50.73

Notes: (1) Calculated by dividing net profit by the average balance of total assets at the beginning and at the end of the reporting period.

(2) Calculated by dividing profit attributable to equity holders of the parent company by the weighted average balance of equity attributable to equity holders of the parent company, which is calculated in accordance with the "Rules for the Compilation and Submission of Information Disclosure by Companies that Offer Securities to the Public No. 9 — Computation and Disclosure of Return on Net Assets and Earnings per Share (Revision 2010)" issued by China Securities Regulatory Commission ("CSRC").

(3) Calculated by the spread between yield on average balance of interest-generating assets and cost on average balance of interest-bearing liabilities.

(4) Calculated by dividing net interest income by the average balance of interest-generating assets.

(5) Calculated by dividing net profit by the average balance of risk-weighted assets and adjustment to market-risk capitals at the beginning and at the end of the reporting period.

(6) Calculated by dividing operating expenses (less business tax and surcharges) by operating income.

(7) Calculated by dividing the balance of NPL by total balance of loans and advances to customers.

(8) Calculated by dividing allowance for impairment losses on loans and advances by total balance of NPL.

(9) Calculated by dividing allowance for impairment losses on loans and advances by total balance of loans and advances to customers.

(10) Please refer to the section headed "Discussion and Analysis — Capital Adequacy Ratio".

3.3 Five-Year Financial Summary

	Year ended 31 December 2009	Year ended 31 December 2008	Year ended 31 December 2007	Year ended 31 December 2006	Year ended 31 December 2005
Annual operating results (in RMB millions)					
Net interest income[(1)]	**245,821**	263,037	224,465	163,542	153,603
Net fee and commission income	**55,147**	44,002	38,359	16,344	10,546
Operating income	**309,411**	310,195	257,428	181,638	171,620
Profit before tax	**167,294**	145,376	115,378	72,065	63,026
Net profit	**129,396**	111,226	82,254	49,880	38,019
Net profit attributable to equity holders of the parent company	**128,645**	110,841	81,520	49,263	37,555
As at the end of reporting period (in RMB millions)					
Total assets	**11,785,053**	9,757,146	8,683,712	7,508,751	6,456,131
Loans and advances to customers, net	**5,583,174**	4,436,011	3,957,542	3,533,978	3,205,861
Net investment in securities	**3,599,173**	3,048,310	3,107,328	2,860,798	2,305,689
Total liabilities	**11,106,119**	9,150,516	8,140,036	7,037,750	6,196,255
Due to customers	**9,771,277**	8,223,446	6,898,413	6,326,390	5,736,866
Equity attributable to equity holders of the parent company	**673,893**	602,675	538,371	466,464	255,839
Per share data (in RMB yuan)					
Basic earnings per share	**0.39**	0.33	0.24	0.18	0.15
Diluted earnings per share	**0.39**	0.33	0.24	0.18	0.15
Financial indicators (%)					
Return on average total assets	**1.20**	1.21	1.02	0.71	0.66
Net interest spread	**2.16**	2.80	2.67	2.32	2.58
Net interest margin	**2.26**	2.95	2.80	2.41	2.61
Ratio of net fee and commission income to operating income	**17.82**	14.19	14.90	9.00	6.14
Cost-to-income ratio[(2)]	**33.18**	29.84	35.02	36.32	40.09
NPL ratio	**1.54**	2.29	2.74	3.79	4.69
Allowance to NPL	**164.41**	130.15	103.50	70.56	54.20
Allowance to total loans ratio	**2.54**	2.97	2.84	2.68	2.54

Notes: (1) Due to the changes in the presentation of the financial statements, the approaches adopted for calculation of the "net interest income" for 2005 and other years are different, please refer to the 2007 Annual Report of the Bank for details.

(2) Calculated by dividing operating expense (less business tax and surcharges) by operating income. In calculating the cost-to-income ratio for year 2005, expenses and income from the special government bond for the period ended 30 November 2005 were deducted.

3.4 Other Financial Indicators

		Regulatory Criteria	2009	2008	2007
Liquidity ratio[2](%)	RMB	>=25.0	**30.7**	33.3	26.8
	Foreign currency	>=25.0	**61.1**	83.5	97.9
Loan-to-deposit ratio[3](%)	RMB and foreign currency	<=75.0	**59.5**	56.4	56.3
Percentage of loans to single largest customer[4](%)		<=10.0	**2.8**	2.9	3.1
Percentage of loans to top 10 customers[5](%)			**20.9**	20.4	21.1
Loan migration ratio (%)	Pass		**3.5**	4.6	3.5
	Special mention		**9.9**	9.3	10.4
	Substandard		**31.3**	39.4	41.3
	Doubtful		**18.1**	10.2	10.2

Notes: (1) The regulatory ratios in the table are calculated in accordance with related regulatory requirements and accounting standards applicable to the current year. The comparative figures are not restated.

(2) Calculated by dividing the balance of current assets by the balance of current liabilities.

(3) Calculated by dividing loan balance by deposit balance. Deposit balances exclude fiscal deposits and outward remittance, and loan balances at the end of 2007 exclude discounted bills.

(4) Calculated by dividing loans to the single largest customer by net capital base.

(5) Calculated by dividing loans to the top 10 customers in aggregate by net capital base.

3.5 Differences between the financial statements prepared under IFRSs and those prepared in accordance with PRC GAAP

A reconciliation of differences between the financial statements prepared under IFRSs and those prepared in accordance with PRC GAAP is set out below.

	2009	2008
Profit for the year attributable to equity holders of the parent company under PRC GAAP	**128,599**	110,766
Adjustment of revaluation surplus on assets disposed of or impaired	**46**	75
Profit for the year attributable to equity holders of the parent company under IFRSs	**128,645**	110,841

	31 December 2009	31 December 2008
Equity attributable to equity holders of the parent company under PRC GAAP	**673,893**	603,183
Reversal of revaluation surplus	**—**	(508)
Equity attributable to equity holders of the parent company under IFRSs	**673,893**	602,675

During the Group's restructuring, the Group performed revaluation on certain assets pursuant to relevant requirements, with the revaluation surplus recognised in the capital reserve in the financial statements prepared under PRC GAAP. Under IFRSs, certain assets were carried at cost and the revaluation surplus was reversed. Upon disposal or when such assets are impaired, adjustments on recognition of the revaluation surplus and impairment loss were reversed accordingly. In addition, for the available-for-sale equity investments included in these assets, when they meet the specific conditions to be measured at fair value under IFRSs, the adjustments on reversal of revaluation surplus were made to the investment revaluation reserve.

3.6 Movement of Financial Instruments Measured at Fair Value and the Effect on Profit or Loss

The following table is prepared pursuant to the format prescribed by CSRC in the "No. 2 Standards on the Content and Format of Information Disclosure of Companies with Public Offerings — Content and Format of the Annual Report" (Revision 2007).

MOVEMENT OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

In RMB millions

Item	Balance at the beginning of the year	Balance at the end of the year	Changes in current year	Effects on profit for the year
Financial assets designated at fair value through profit or loss	33,641	20,147	(13,494)	(114)
Available-for-sale financial assets	535,690	948,020	412,330	(590)
Derivative financial assets	15,721	5,758	(9,963)	(9,963)
Total financial assets	585,052	973,925	388,873	(10,667)
Financial liabilities designated at fair value through profit or loss	11,834	15,831	3,997	69
Derivative financial liabilities	13,612	7,773	(5,839)	(5,839)
Total financial liabilities	25,446	23,604	(1,842)	(5,770)

4. Business Review

Last year, the Bank faced the severe challenge of the spreading global financial crisis. All staff of ICBC worked diligently to overcome the hard hit as a result of the financial crisis and realize healthy and stable development of the Bank. The Bank also managed a new leap forward by seizing opportunities in the crisis, showing the investors and the public the Bank's strong competitiveness and sound risk control and value creation capabilities in this "final test" of the crisis.

Despite the negative impacts resulting from the global financial crisis, the decline of domestic economic growth and narrowed interest spread on the growth of banks' profits, the Bank achieved commendable financial performance, with net profit increasing by 16.3%, and further improved its revenue structure, through accelerating business innovation and changing its mode of development. During the past year, net fee and commission income of the Bank increased by 25.3%, continuing to lead comparable domestic peers, both in terms of the actual amount of increment and the growth rate. Net fee and commission income contributed 17.82% of the total operating income, representing an increase of 3.63 percentage points from the previous year, and reaching a level comparable to international big banks. Income from investment banking grew by 56.2%, making the Bank the first domestic commercial bank with investment banking income exceeding RMB10 billion. The fast development of fee-based business has to some extent offset the negative impact of narrowed interest spread on the profit growth, promoting a sustainable growth of profit.

Amid the complicated economic and financial environments both domestically and internationally in 2009, the Bank has made good judgment and well controlled its credit policy, both in terms of volume and pace, whilst actively satisfying the reasonable capital demand of the real economy. Domestic branches recorded an increase in RMB loans of RMB1,035,247 million in 2009, representing an increase of RMB498,482 million or 24.2% year-on-year, hitting a record high in terms of increase in loans in the history of the Bank. The selection of the profile of borrowers was reasonable and the monthly and quarterly growth in loans was well distributed. The Bank adhered to the policy of "differentiated treatment, encouraging the growth of some sectors while discouraging the expansion of others" and actively promoted the restructuring of the economy through optimising its credit structure. In this way, the Bank on the one hand expanded its support to key national projects, key industries and enterprises in line with the industrial policies, as well as construction projects in the fields of new energy, comprehensive use of energy, and energy saving and environmental protection, and promoted the development of modern service industry. The Bank also backed the reasonable capital demands of small and medium-sized enterprises, trade financing, and personal consumption. On the other hand, the Bank strictly controlled the lending to industries with high pollution, high energy consumption and over-capacity as well as substandard and duplicating construction projects. Meanwhile, the Bank has continuously enhanced its ability to control regional risks and proactively adjusted its regional credit policies under the guidance of the State's plan for regional development. In 2009, the growth of loans in the Bank's operations in central and western regions was notably higher than the Bank's average as a whole.

Facing with the unique opportunities resulting from the evolving crisis and arising during the course of our combating the crisis, the Bank has realized new breakthroughs in our competitiveness and development by seizing these opportunities. In the past year, the Bank has continuously improved its diversified and inter-market competitive development capability through accelerating financial innovation and business transformation. Not only did the Bank consolidate its advantages in traditional businesses, it also further established its leading position in most emerging business sectors in China such as credit card, E-banking, investment banking, asset custody and pension and cash management. At the same time, the Bank considered service enhancing as an important means of seizing opportunities and promoting development and therefore placed great emphasis on improving service quality and increasing the capability of winning customers and markets by accelerating the innovations of technology and products, upgrading the building of sales channels and changing its service mode. In 2009, the Bank made smooth progress in the construction of its future-oriented fourth-generation IT application system (NOVA+), further increasing its superiority in advanced technology. The tiered marketing service system of outlets was fully established, providing more refined and personalised customer services. The substitution rate of E-banking business exceeded 50%, with significant improvement in service quality and efficiency. The Bank also achieved new breakthroughs in its global reach. The Bank acquired 70% equity interest in The Bank of East Asia (Canada), launched a voluntary tender offer for all shares in ACL BANK Public Company Limited in Thailand, merged Seng Heng Bank and the Macau Branch into Industrial and Commercial Bank of China (Macau) Limited, opened Hanoi branch and obtained business licences for the Abu Dhabi branch and the subsidiary bank in Malaysia. The Bank has 23 banking institutions in 20 countries and regions worldwide, and the number of branches totaled 162, indicating a marked enhancement in its global service capability. The overseas institutions have accelerated business innovation and improved their localized operations, in reaction to the global financial crisis and maintained sound and rapid development. All the overseas institutions of the Bank gained profits and the overall profit level has a relatively big increase.

Under such severe and complicated economic and financial situations, the Bank took business development and risk prevention and control into overall consideration and paid more attention to legal and stable operation. The Bank has especially taken strict control over loans approval when increasing the credit, strengthened the post-lending management, and made full check of new lendings to make prompt corrections and eliminate potential risks, thus ensuring that its risks are controlled at an acceptable level. The Bank's balance of non-performing loans (NPLs) in 2009 decreased by RMB16,015 million, and the NPL ratio fell by 0.75 percentage point to 1.54%. It has been the tenth consecutive year that the Bank maintained a drop in both the NPL balance and the NPL ratio. Confronted with the ups and downs in the international financial market, the Bank has resolutely and promptly reduced its holding of foreign-currency bonds with high risks, and made timely adjustment of its investment strategy and assets portfolio, effectively lowering risks and increasing profit. Adapting to the evolving trend in risks under special conditions, the Bank has adopted various measures, including improving its systems and policies, tightening its rules and regulations, encouraging innovative technological means, and strengthening supervision and inspection, to constantly strengthen and improve risk prevention and control in various business sectors, and achieve new breakthroughs in comprehensive risk management.

2010 may be a year when China will experience even more complicated economic conditions. The Bank will cautiously study and assess the economic and financial situation and be more forward-looking and proactive in its operations. The Bank will place more emphasis on sustainable development by changing its mode of development and adjusting its structure, winning more customers and markets through accelerating innovation and enhancing service, and coping with the challenges of various uncertainties and risks by strengthening corporate governance and improving internal control management. We will try our best to enhance our ability to compete and develop, and ensure stable quality of assets and sustainable profit growth.

5. Discussion and Analysis

5.1 Income Statement Analysis

In 2009, in response to the impact of the international financial crisis and the influence of volatile domestic economy, the Bank has actively seized the opportunities amid the market change, continued pushing forward the strategic transformation of business structure and growth pattern, accelerated the product innovation and market exploration, drove forward the diversification of revenue structure, actively broadened its source of income, implemented strict risk management and cost control, further enhanced its profitability, thereby sustaining a sound momentum of healthy development in the complicated and austere operating environment. Net profit reached RMB129,396 million, representing an increase of RMB18,170 million or 16.3% over the previous year. Operating income amounted to RMB309,411 million, maintaining the same level as last year. Among the operating income, net interest income dropped by RMB17,216 million or 6.5% to RMB245,821 million due to the influence of narrowing net interest margin, but comparing with the third quarter, net interest income has already shown a growth. Non-interest income grew by RMB16,432 million or 34.8% to RMB63,590 million. Operating expense increased by RMB9,484 million or 8.5% to RMB120,819 million. Allowance for impairment losses declined by RMB32,177 million or 58.0%. Income tax expense increased by RMB3,748 million or 11.0% to RMB37,898 million.

Net Interest Income

In 2009, the Bank actively adapted to the changes in market environment, properly accelerated the credit disbursement, optimized the deployment of credit resources, arranged for reasonable investment schedule, timely adjusted the investment strategy and structure, enhanced the operation of funds, and increased the efficiency of fund utilization in accordance with the state proactive fiscal policy and moderately ease monetary policy. It adopted multiple measures to actively expand the low-cost liability business and endeavored to minimize the adverse impact on net interest income from the downward revision of benchmark interest rate and the low market interest rate. The Bank recorded a net interest income of RMB245,821 million, representing a decrease of RMB17,216 million or 6.5% from the previous year, accounting for 79.4% of the Bank's total operating income. Interest income dropped by RMB34,696 million or 7.9% to RMB405,878 million; interest expenses declined by RMB17,480 million or 9.8% to RMB160,057 million.

The table below sets out the average balance of interest-generating assets and interest-bearing liabilities, interest income and expense, as well as average yield and average cost, respectively.

In RMB millions, except for percentages

Item	**Year ended 31 December 2009** Average balance	Interest income/ expense	Average yield/cost (%)	Year ended 31 December 2008 Average balance	Interest income/ expense	Average yield/cost (%)
Assets						
Loans and advances to customers	**5,318,554**	**277,139**	**5.21**	4,341,052	307,103	7.07
Investment in securities	**3,183,562**	**96,230**	**3.02**	3,072,444	102,688	3.34
Investment in securities not related to restructuring	**2,227,043**	**75,294**	**3.38**	2,066,299	80,222	3.88
Investment in securities related to restructuring(2)	**956,519**	**20,936**	**2.19**	1,006,145	22,466	2.23
Due from central banks	**1,519,055**	**23,361**	**1.54**	1,254,668	22,634	1.80
Due from banks and other financial institutions(3)	**837,673**	**9,148**	**1.09**	252,565	8,149	3.23
Total interest-generating assets	**10,858,844**	**405,878**	**3.74**	8,920,729	440,574	4.94
Non-interest-bearing assets	**438,737**			392,892		
Allowance for impairment losses	**(145,825)**			(130,132)		
Total assets	**11,151,756**			9,183,489		
Liabilities						
Deposits	**9,103,898**	**145,246**	**1.60**	7,380,312	160,253	2.17
Due to banks and other financial institutions(3)	**1,002,534**	**13,021**	**1.30**	897,473	16,043	1.79
Subordinated bonds	**53,087**	**1,790**	**3.37**	35,000	1,241	3.55
Total interest-bearing liabilities	**10,159,519**	**160,057**	**1.58**	8,312,785	177,537	2.14
Non-interest-bearing liabilities	**350,840**			316,547		
Total liabilities	**10,510,359**			8,629,332		
Net interest income		**245,821**			263,037	
Net interest spread			**2.16**			2.80
Net interest margin			**2.26**			2.95

Notes: (1) The average balances of interest-generating assets and interest-bearing liabilities represent their daily average balances. The average balances of non-interest-generating assets, non-interest-bearing liabilities and the allowance for impairment losses represent the average of the balances at the beginning of the year and that at the end of the year.

(2) Investment in securities related to restructuring includes Huarong bonds, special government bonds, MOF receivables and special PBOC bills.

(3) Due from banks and other financial institutions includes the amount of reverse repurchase agreements; and due to banks and other financial institutions includes the amount of repurchase agreements.

- **Net Interest Spread and Net Interest Margin**

Net interest spread and net interest margin reached 2.16% and 2.26%, respectively, representing a decrease of 64 and 69 basis points as compared to the previous year. This is primarily because the average yield of interest-generating assets declined by 120 basis points, a decline higher than that in the average cost on interest-bearing liabilities, which decreased by 56 basis points. Since the third quarter, the net interest spread and the net interest margin have both stabilized and started to grow.

The table below sets out the changes in the yield of interest-generating assets, cost of interest-bearing liabilities, net interest spread and net interest margin.

Percentages

Item	**Year ended 31 December 2009**	Year ended 31 December 2008	**Increase/ (decrease) (basis point)**
Yield of interest-generating assets	**3.74**	4.94	(120)
Cost of interest-bearing liabilities	**1.58**	2.14	(56)
Net interest spread	**2.16**	2.80	(64)
Net interest margin	**2.26**	2.95	(69)

Interest Income

- **Interest Income on Loans and Advances to Customers**

Interest income on loans and advances to customers was RMB277,139 million, representing a decrease of RMB29,964 million or 9.8%. The decrease in interest income is mainly attributable to the decline of average yield of loans and advances to customers by 186 basis points from 7.07% in 2008 to 5.21%. In 2009, the scale of the Bank's outstanding loans grew rapidly, and the average balance increased by RMB977,502 million or 22.5%, resulting in increase in interest income by RMB50,780 million. The decline in yield of loans and advances to customers, however, reduced interest income by RMB80,744 million, and outweighed the increase in interest income from volume growth. As a result, the balance of interest income on loans and advances to customers declined.

In terms of maturity structure, the average balance of short-term loans were RMB1,746,303 million, interest income derived therefrom was RMB79,803 million, and the average yield was 4.57%. The average balance of medium to long-term loans were RMB3,572,251 million, interest income arising therefrom was RMB197,336 million, and the average yield was 5.52%.

ANALYSIS OF THE AVERAGE YIELD OF LOANS AND ADVANCES TO CUSTOMERS BY BUSINESS LINE

In RMB millions, except for percentages

Item	**Year ended 31 December 2009** Average balance	Interest income	Average yield (%)	Year ended 31 December 2008 Average balance	Interest income	Average yield (%)
Corporate loans	**3,698,346**	**213,084**	**5.76**	3,135,615	226,646	7.23
Discounted bills	**457,609**	**10,625**	**2.32**	230,444	15,529	6.74
Personal loans	**983,203**	**48,445**	**4.93**	796,763	56,776	7.13
Overseas and others	**179,396**	**4,985**	**2.78**	178,230	8,152	4.57
Total loans and advances to customers	**5,318,554**	**277,139**	**5.21**	4,341,052	307,103	7.07

Interest income on corporate loans amounted to RMB213,084 million, representing a decrease of 6.0% and accounting for 76.9% of the total interest income on loans and advances to customers. The decrease of interest income was attributable to the decrease in the average yield from 7.23% in 2008 to 5.76% but was partially offset by the increase in the average balance. The decrease in average yield was mainly because PBOC lowered the benchmark interest rate for RMB-denominated loans for five times in the second half of 2008. As a result, the benchmark interest rate for 1-year RMB-denominated loans was 5.31% at the beginning of 2009, which decreased by 216 basis points from the beginning of the last year. Due to the cumulative effect of interest rate reduction policy, a relatively lower interest rate was applied to the newly granted loans and re-priced loans of the Bank.

Interest income on discounted bills was RMB10,625 million, representing a decrease by 31.6%. The decrease in interest income is because the average yield declined from 6.74% in the previous year to 2.32%, which partially offset the growth in average balance. The decline in average yield was principally attributable to the significant decrease in the SHIBOR-based market interest rate applied to discounted bills as compared to the previous year as a result of the moderately ease monetary policy.

Interest income on personal loans was RMB48,445 million, representing a decrease of 14.7%. The decline in interest income was mainly due to the decrease in average yield from 7.13% in 2008 to 4.93% but was partially offset by the increase in the average balance. The decline in the average yield was principally due to: (1) the cumulative effect of interest rate reduction policy; (2) favorable interest rates were applied to the qualified personal housing loans in order to implement the macro-control policy of stimulating household consumption.

Interest income on overseas and other loans was RMB4,985 million, representing a decrease by 38.8%. The decrease in interest income was attributable to the decline in the average yield from 4.57% in 2008 to 2.78% but was partially offset by the increase in the average balance. The decline in the average yield was mainly due to the sharp decline in the average LIBOR and HIBOR as compared to the previous year.

- **Interest Income on Investment in Securities**

Interest income on investment in securities was RMB96,230 million, representing a decrease of RMB6,458 million or 6.3%. Interest income on investment in securities not related to restructuring decreased by RMB4,928 million or 6.1%, and the decline was because of the decline in the average yield from 3.88% in 2008 to 3.38% but was partially offset by the increase in the average balance. The decline in the average yield of investment in securities not related to restructuring was principally because: (1) the yield curve for the RMB-denominated bonds moved down remarkably as compared to the previous year, thereby reducing the yield of new investment; (2) PBOC reduced the benchmark interest rate for deposits for four times during the second half of 2008, thereby the yield of the Bank's investment in RMB-denominated floating rate bonds dropped as such bonds were linked to the benchmark interest rate for deposits. Despite of the abovementioned unfavorable factors, the Bank has closely monitored the trend of the RMB bond market, arranged for reasonable investment schedule and timely adjusted the investment strategy and investment structure, thus the Bank managed to limit the decline in the average yield of investment in securities not related to restructuring to 50 basis points.

Interest income on investment in securities related to restructuring decreased by RMB1,530 million or 6.8%, which was mainly attributable to the partial repayment of MOF receivables. As yield on MOF receivables was higher than that of the remaining investment in securities relating to restructuring, reduction in average balance and average yield of investment in securities relating to restructuring was resulted.

- **Interest Income on Due From Central Banks**

Due from central banks mainly includes the mandatory reserve deposits with central banks and the excess reserve deposits. Interest income on due from central banks was RMB23,361 million, representing an increase of RMB727 million or 3.2%. The increase in interest income was attributable to the growth in the average balance by RMB264,387 million but was partially offset by the decline in the average yield. The increase in the average balance was principally due to the growth in the deposits from customers. The decrease in the average yield was mainly because PBOC reduced the interest rate for reserve deposits by 27 basis points in November 2008.

- **Interest Income on Due from Banks and Other Financial Institutions**

Interest income on due from banks and other financial institutions was RMB9,148 million, representing an increase by RMB999 million or 12.3%. The increase in interest income was mainly caused by the growth in the average balance by RMB585,108 million but was partially offset by the 214 basis points decrease in the average yield. The increase in the average balance was principally because the Bank enhanced the operation of reverse repurchase agreements to increase the yield from fund operation. The decrease in the average yield was mainly because of the significant decline in the average interest rate in the inter-bank money market in 2009 as compared to the previous year.

Interest Expense

- **Interest Expense on Deposits**

Interest expense on deposits amounted to RMB145,246 million, representing a decrease of RMB15,007 million or 9.4%, and accounted for 90.7% of the total interest expense. The decrease in interest expense on deposits was mainly due to the decrease in the average cost from 2.17% in 2008 to 1.60% but was partially offset by the increase in the average balance. The decrease in average cost was mainly attributed to the cumulative effect of interest rate reduction policy. PBOC reduced the benchmark interest rate for RMB-denominated deposits for four times during the second half of 2008, as a result of which the benchmark interest rate for 1-year RMB-denominated deposits decreased by 189 basis points to 2.25% and the benchmark interest rate for demand deposits decreased by 36 basis points to 0.36%. Due to the fact that the Bank has maintained a high proportion of demand deposits and the re-pricing of time deposits lagged slightly behind, the average cost of deposits dropped by merely 57 basis points.

ANALYSIS OF AVERAGE DEPOSIT COST BY PRODUCTS

In RMB millions, except for percentages

	Year ended 31 December 2009			Year ended 31 December 2008		
Item	**Average balance**	**Interest expense**	**Average cost (%)**	Average balance	Interest expense	Average cost (%)
Corporate deposits						
Time deposits	**1,618,171**	**39,705**	**2.45**	1,227,435	41,938	3.42
Demand deposits[1]	**2,911,786**	**18,456**	**0.63**	2,439,832	24,721	1.01
Sub-total	**4,529,957**	**58,161**	**1.28**	3,667,267	66,659	1.82
Personal deposits						
Time deposits	**2,869,428**	**80,094**	**2.79**	2,276,616	82,313	3.62
Demand deposits	**1,537,701**	**5,568**	**0.36**	1,281,000	7,590	0.59
Sub-total	**4,407,129**	**85,662**	**1.94**	3,557,616	89,903	2.53
Overseas deposits	**166,812**	**1,423**	**0.85**	155,429	3,691	2.37
Total deposits	**9,103,898**	**145,246**	**1.60**	7,380,312	160,253	2.17

Note: (1) Includes outward remittance and remittance payables.

- **Interest Expense on Due to Banks and Other Financial Institutions**

Interest expense on due to banks and other financial institutions was RMB13,021 million, representing a decrease of RMB3,022 million or 18.8%. The decrease in interest expense was due to the decrease in average cost from 1.79% in 2008 to 1.30% but was partially offset by the increase in the average balance. By capitalizing the ample liquidity in the inter-bank market and the brisk trades on the capital market, the Bank actively absorbed the low-cost liabilities and increased the proportion of the deposits with relatively low interest rate in due to banks and other financial institutions, and thus effectively lowered the average cost.

- **Interest Expense on Subordinated Bonds**

Interest expense on subordinated bonds was RMB1,790 million, representing an increase of RMB549 million or 44.2%. The increase in interest expense was due to the growth of average balance by RMB18,087 million which was partially offset by the 18 basis points decrease in the average cost. The increase in the average balance was attributable to the Bank's issuance of RMB40 billion subordinated bonds in July 2009.

Non-interest Income

Due to the implementation of an income structure diversification strategy, the Bank recorded a non-interest income of RMB63,590 million during the reporting period, representing an increase of RMB16,432 million or 34.8%, and accounted for 20.6% of total operating income, an increase of 5.4 percentage points. This implied a continuous improvement in the revenue structure.

In line with the changes in market environment and in the customer demands, the Bank vigorously expedited the innovation of products and services, accelerated the channel building, extended the customer resources and enhanced the management level. Net fee and commission income was RMB55,147 million, representing a growth of RMB11,145 million or 25.3% as compared to that of the previous year. The net fee and commission income represented 17.82% of the total operating income, representing an increase of 3.63 percentage points. Among others, the Bank realized a relatively fast growth in income from investment banking business, bank card business, corporate wealth management services and guarantee and commitment business; and maintained steady growth of settlement, clearing business and cash management, personal wealth management and private banking services, trust and agency service as well as the asset fiduciary business. During the reporting period, income from the wealth management services amounted to RMB5,834 million and income from various agency services amounted to RMB8,651 million.

COMPOSITION OF NET FEE AND COMMISSION INCOME

In RMB millions, except for percentages

Item	**Year ended 31 December 2009**	Year ended 31 December 2008	**Increase/ (decrease)**	**Growth rate (%)**
Settlement, clearing business and cash management	**14,587**	13,002	1,585	12.2
Investment banking business	**12,539**	8,028	4,511	56.2
Personal wealth management and private banking services	**12,059**	10,327	1,732	16.8
Bank card business	**9,408**	7,199	2,209	30.7
Corporate wealth management services	**4,442**	2,788	1,654	59.3
Guarantee and commitment business	**2,396**	1,849	547	29.6
Asset fiduciary business	**2,212**	2,066	146	7.1
Trust and agency services	**882**	756	126	16.7
Others	**517**	696	(179)	(25.7)
Fee and commission income	**59,042**	46,711	12,331	26.4
Less: Fee and commission expense	**3,895**	2,709	1,186	43.8
Net fee and commission income	**55,147**	44,002	11,145	25.3

Income from settlement, clearing business and cash management business was RMB14,587 million, representing an increase of RMB1,585 million or 12.2% as compared to that of the previous year. Against the impact from financial crisis, the Bank has managed to realize steady growth of income from RMB settlement, cash and account management business, although income from commissioned foreign exchange settlement business declined.

Income from investment banking business increased by RMB4,511 million or 56.2% to RMB12,539 million, mainly because the Bank made use of favorable opportunities and boosted the growth of income from businesses such as investment and financing advisor services, syndicated loan management and the undertaking of enterprise bond issuance while keeping the continuous growth of revenue from corporate information services.

Income from personal wealth management and private banking business was RMB12,059 million, representing an increase of RMB1,732 million or 16.8%. This was mainly due to the rapid growth of income from personal wealth management products and the insurance products agency services. With the turnaround of the capital market and the intensified marketing efforts, the income from personal fund agency services increased by RMB373 million or 10.2%.

Income from bank card business increased by RMB2,209 million or 30.7% to RMB9,408 million, mainly due to the notable growth of bank card consumption, which raised the consumption rebate income and the administrative charges on installment payment, as well as the increase in the number of new cards issued, which increased the annual fee income charged on bank cards.

Income from corporate wealth management services amounted to RMB4,442 million, representing an increase of RMB1,654 million or 59.3%. The increase was mainly due to the increase of commission income and management fee resulted from the rapid growth in the sales volume of corporate wealth management products and the increase in operating income from treasury bond issuance agency service and the third party fiduciary services.

Income from guarantee and commitment business was RMB2,396 million, representing an increase of RMB547 million or 29.6%, which was mainly resulted from the development of loan commitment and other businesses.

OTHER NON-INTEREST RELATED GAIN

In RMB millions, except for percentages

Item	Year ended 31 December 2009	Year ended 31 December 2008	Increase/ (decrease)	Growth rate (%)
Net trading income/(expense)	**(75)**	1,883	(1,958)	(104.0)
Net loss on financial assets and liabilities designated at fair value through profit or loss	**(129)**	(699)	570	N/A
Net gain/(loss) on financial investments	**7,339**	(367)	7,706	N/A
Other operating income, net	**1,308**	2,339	(1,031)	(44.1)
Total	**8,443**	3,156	5,287	167.5

Other non-interest income was RMB8,443 million, an increase of RMB5,287 million as compared to that of the previous year. Net income on financial investments increased by RMB7,706 million, which was principally because the Bank strengthened the treasury operation and enhanced the efficiency of asset deployment. Net trading income decreased by RMB1,958 million, mainly due to the Bank's proactive reduction of bond position on trading accounts and the decline in the revenue from trading bonds. Other net operating income declined as a result of the increase in net loss from foreign exchange and foreign exchange products.

Operating Expenses

Operating expenses were RMB120,819 million, representing an increase of RMB9,484 million or 8.5% from the previous year. Staff costs amounted to RMB60,490 million, representing an increase of RMB7,238 million or 13.6% as compared to the previous year. Premise and equipment expenses increased by RMB1,743 million or 11.6%, mainly because the Bank enhanced the investment in service channel building in a bid to upgrade the channel marketing competence and service level and improve the customer satisfaction degree. Due to the Bank's intensified efforts in cost control and management and resources allocation optimization, other operating expense amounted to RMB24,051 million, representing an increase of 4.6%. Cost-to-income ratio was 33.18%, maintaining at a reasonable level.

Allowance for Impairment Losses

Allowance for impairment losses decreased by RMB32,177 million or 58.0% to RMB23,285 million, of which, allowance for impairment loss on loans and advances to customers decreased by RMB14,830 million to RMB21,682 million, mainly because the Bank strengthened the control over loan risks, and intensified its efforts on the disposal and recovery of non-performing loans, thereby gradually improving the loan quality. Allowance for impairment losses on other assets decreased by RMB17,347 million to RMB1,603 million, which was mainly caused by the decrease of allowance for impairment loss on foreign currency-denominated debt securities.

Income Tax Expense

Income tax expense increased by RMB3,748 million or 11.0% from the previous year to RMB37,898 million. The effective tax rate decreased by 0.8 percentage point to 22.7%. The effective tax rate was lower than the statutory tax rate mainly because the interest income arising from PRC government bonds is exempt from income tax under the tax law.

5.2 Segment Information

The Bank's principal operating segments are corporate banking, personal banking and treasury operations. The Bank adopts the Performance Value Management System (PVMS) to evaluate the performance of each of its operating segments.

SUMMARY OPERATING SEGMENT INFORMATION

In RMB millions, except for percentages

Item	**Year ended 31 December 2009** Amount	Percentage (%)	Year ended 31 December 2008 Amount	Percentage (%)
Corporate banking	**166,157**	**53.7**	153,068	49.3
Personal banking	**93,114**	**30.1**	106,301	34.3
Treasury operations	**48,727**	**15.7**	49,927	16.1
Others	**1,413**	**0.5**	899	0.3
Total operating income	**309,411**	**100.0**	310,195	100.0

SUMMARY GEOGRAPHICAL SEGMENT INFORMATION

In RMB millions, except for percentages

Item	**Year ended 31 December 2009** Amount	Percentage (%)	Year ended 31 December 2008 Amount	Percentage (%)
Head Office	**24,903**	**8.0**	28,742	9.3
Yangtze River Delta	**68,446**	**22.1**	74,394	24.0
Pearl River Delta	**43,551**	**14.1**	46,079	14.8
Bohai Rim	**63,568**	**20.6**	57,558	18.5
Central China	**39,062**	**12.6**	37,871	12.2
Western China	**47,605**	**15.4**	44,360	14.3
Northeastern China	**13,554**	**4.4**	14,478	4.7
Overseas and others	**8,722**	**2.8**	6,713	2.2
Total operating income	**309,411**	**100.0**	310,195	100.0

5.3 Balance Sheet Analysis

Assets Deployment

At the end of 2009, total assets of the Bank was RMB11,785,053 million, representing an increase of RMB2,027,907 million or 20.8% from the end of the previous year, of which the gross loans and advances to customers (collectively referred to as "loans") increased by RMB1,156,632 million or 25.3%, net investment in securities increased by RMB550,863 million or 18.1%, and reverse repurchase agreements increased by RMB245,333 million or 150.1%. By the composition of assets, net loans accounted for 47.4% of the total assets, representing an increase of 1.9 percentage points from the end of 2008; the net investment in securities accounted for 30.5%, representing a decrease of 0.7 percentage point; and reverse repurchase agreements accounted for 3.5%, representing an increase of 1.8 percentage points.

ASSETS DEPLOYMENT

In RMB millions, except for percentages

Item	At 31 December 2009 Amount	Percentage (%)	At 31 December 2008 Amount	Percentage (%)
Total loans and advances to customers	**5,728,626**	**—**	4,571,994	—
Less: Allowance for impairment losses on loans	**145,452**	**—**	135,983	—
Loans and advances to customers, net	**5,583,174**	**47.4**	4,436,011	45.5
Investment in securities, net	**3,599,173**	**30.5**	3,048,310	31.2
Cash and balance with central banks	**1,693,048**	**14.4**	1,693,024	17.4
Due from banks and other institutions, net	**235,301**	**2.0**	168,363	1.7
Reverse repurchase agreements	**408,826**	**3.5**	163,493	1.7
Others	**265,531**	**2.2**	247,945	2.5
Total assets	**11,785,053**	**100.0**	9,757,146	100.0

Loans

In 2009, the Bank pursued a prudent credit policy, reasonably expanded the aggregate volume of credit on the premise of proper risk control, properly accelerated credit disbursement, increased the credit support to the state major construction projects as well as to the pillar industries and enterprises that are in line with orientation of the state industrial policies, actively developed the quality personal credit market, and optimized the allocation of credit resources in light of changes in the national macro-control policy. At the end of 2009, loans amounted to RMB5,728,626 million, representing an increase of RMB1,156,632 million or 25.3% from the end of the previous year, of which, RMB-denominated loans of domestic operations increased by RMB1,035,247 million or 24.2%.

DISTRIBUTION OF LOANS BY BUSINESS LINE

In RMB millions, except for percentages

Item	At 31 December 2009 Amount	Percentage (%)	At 31 December 2008 Amount	Percentage (%)
Loans of domestic operations	**5,494,428**	**95.9**	4,387,759	96.0
Corporate loans	**3,957,786**	**69.1**	3,232,102	70.7
Discounted bills	**329,792**	**5.7**	326,315	7.1
Personal loans	**1,206,850**	**21.1**	829,342	18.2
Overseas and others	**234,198**	**4.1**	184,235	4.0
Total	**5,728,626**	**100.0**	4,571,994	100.0

Corporate loans increased by RMB725,684 million or 22.5%. In terms of maturity, the short-term corporate loans increased by RMB57,114 million or 5.0%; the medium to long-term corporate loans increased by RMB668,570 million or 31.9%. In terms of product type, project loans increased by RMB573,448 million or 34.1%. This is mainly because the credit demand increased notably after the state rolled out a series of plans to boost the steady yet fast development of the macro economy; and the Bank accelerated the adjustment of credit policies and the product innovation, and increased the credit support to major customers in infrastructure area and the disbursement of quality medium to long-term project loans that are in line with the orientation of the state policy of boosting domestic demand. The real estate loans increased by RMB95,137 million or 27.8%, principally attributable to the continuous optimization of real estate loan structure and the proper increase of land reserve loans. Working capital loans increased by RMB57,099 million or 4.7%; among which, trade finance increased by RMB189,202 million or 154.9%, mainly because the Bank vigorously boosted the development of trade finance business, strengthened the allocation and transformation of general working capital loans and further optimized the structure of working capital loans.

Discounted bills increased by RMB3,477 million from the end of the previous year. This is mainly because the Bank timely adjusted the scale of discounted bill business in accordance with the progress of credit disbursement and the demand in credit market, in a bid to realize the balanced disbursement of loans and meet the revenue target.

Personal loans increased by RMB377,508 million or 45.5%, and accounted for 21.1% of the loans, representing an increase of 2.9 percentage points from the end of 2008. This is mainly because the Bank timely revised and improved the personal credit policy in light of the changes in personal credit demand and in strict adherence to the national policy of boosting domestic demand. The Bank strengthened the product innovation and effectively supported the credit demands relating to personal housing, consumption and business. Personal housing loans increased by RMB276,870 million or 46.3%; personal consumer loans increased by RMB56,490 million or 55.9%; and personal business loans increased by RMB24,369 million or 21.4%. Credit card overdraft increased by RMB19,779 million or 115.7%, largely due to the continuous growth of the number of credit cards issued and the transaction amount and the rapid development of credit card installment repayment business.

DISTRIBUTION OF LOANS BY FIVE-TIER CLASSIFICATION

In RMB millions, except for percentages

Item	**At 31 December 2009** Amount	Percentage (%)	At 31 December 2008 Amount	Percentage (%)
Pass	**5,411,226**	**94.46**	4,229,609	92.51
Special Mention	**228,933**	**4.00**	237,903	5.20
Non-performing Loans	**88,467**	**1.54**	104,482	2.29
Substandard	**31,842**	**0.55**	37,694	0.83
Doubtful	**43,413**	**0.76**	55,641	1.22
Loss	**13,212**	**0.23**	11,147	0.24
Total	**5,728,626**	**100.00**	4,571,994	100.00

Loan quality continued to improve. At the end of 2009, according to the five-tier classification, pass loans amounted to RMB5,411,226 million, representing an increase of RMB1,181,617 million over the end of the previous year and accounting for 94.46% of total loans, up 1.95 percentage points; special mention loans stood at RMB228,933 million, representing a decrease of RMB8,970 million and accounting for 4.00% of total loans, down 1.20 percentage points; outstanding NPLs amounted to RMB88,467 million, down RMB16,015 million, and NPL ratio was 1.54%, down 0.75 percentage points, continuing on the downtrend in both NPL balance and NPL ratio. The results was contributed from the Bank's combined efforts on cash recovery, bad-debt write-off, repossession of assets and renegotiation, further enhanced collection and disposal of NPLs and strengthened monitoring of and the withdrawal of loans with potential risks.

DISTRIBUTION OF LOANS AND NPLS BY BUSINESS LINE

In RMB millions, except for percentages

	At 31 December 2009				At 31 December 2008			
Item	**Loan**	**Percentage (%)**	**NPL**	**NPL ratio (%)**	Loan	Percentage (%)	NPL	NPL ratio (%)
Corporate loans	**3,957,786**	**69.1**	**76,792**	**1.94**	3,232,102	70.7	93,747	2.90
Discounted bills	**329,792**	**5.7**	**—**	**—**	326,315	7.1	—	—
Personal Loans	**1,206,850**	**21.1**	**10,029**	**0.83**	829,342	18.2	9,593	1.16
Overseas and others	**234,198**	**4.1**	**1,646**	**0.70**	184,235	4.0	1,142	0.62
Total	**5,728,626**	**100.0**	**88,467**	**1.54**	4,571,994	100.0	104,482	2.29

The balance of non-performing corporate loans stood at RMB76,792 million, down RMB16,955 million over the end of the previous year, and NPL ratio was 1.94%, down 0.96 percentage point. The balance of non-performing personal loans stood at RMB10,029 million, up RMB436 million, and NPL ratio was 0.83%, down 0.33 percentage point. The quality of personal loans maintained at a relatively favorable level.

DISTRIBUTION OF CORPORATE LOANS AND NON-PERFORMING CORPORATE LOANS BY INDUSTRY

In RMB millions, except for percentages

Item	At 31 December 2009				At 31 December 2008			
	Loan	**Percentage (%)**	**NPL**	**NPL ratio (%)**	Loan	Percentage (%)	NPL	NPL ratio (%)
Transportation, storage and postal services	**800,244**	**20.2**	**11,178**	**1.40**	690,809	21.4	9,480	1.37
Manufacturing	**793,233**	**20.0**	**34,571**	**4.36**	758,764	23.5	44,974	5.93
Chemicals	**133,243**	**3.4**	**6,132**	**4.60**	124,981	3.9	8,126	6.50
Machinery	**106,198**	**2.7**	**4,680**	**4.41**	102,747	3.2	6,285	6.12
Metal processing	**95,682**	**2.4**	**1,887**	**1.97**	79,876	2.5	2,720	3.41
Textiles and apparels	**84,590**	**2.1**	**5,794**	**6.85**	78,072	2.4	7,343	9.41
Iron and steel	**83,816**	**2.1**	**489**	**0.58**	87,686	2.7	975	1.11
Transportation equipment	**44,522**	**1.1**	**994**	**2.23**	46,888	1.4	1,301	2.77
Telecommunications equipment, computer and other electronic equipment	**41,067**	**1.0**	**2,716**	**6.61**	40,831	1.3	3,201	7.84
Petroleum processing, coking and nuclear fuel	**38,226**	**1.0**	**346**	**0.91**	41,709	1.3	721	1.73
Non-metallic mineral	**35,471**	**0.9**	**2,943**	**8.30**	33,591	1.0	3,497	10.41
Others	**130,418**	**3.3**	**8,590**	**6.59**	122,383	3.8	10,805	8.83
Production and supply of electricity, gas and water	**531,562**	**13.4**	**6,541**	**1.23**	501,411	15.5	7,672	1.53
Water, environment and public utility management	**510,721**	**12.9**	**333**	**0.07**	275,469	8.5	1,781	0.65
Real estate	**421,804**	**10.7**	**6,348**	**1.50**	343,895	10.6	7,600	2.21
Leasing and commercial services	**290,410**	**7.3**	**1,316**	**0.45**	188,120	5.8	1,887	1.00
Wholesale, retail and lodging	**261,261**	**6.6**	**12,135**	**4.64**	188,831	5.8	13,720	7.27
Mining	**105,575**	**2.7**	**357**	**0.34**	85,054	2.6	461	0.54
Science, education, culture and sanitation	**66,809**	**1.7**	**1,132**	**1.69**	70,148	2.2	1,963	2.80
Construction	**62,403**	**1.6**	**1,330**	**2.13**	61,006	1.9	1,574	2.58
Others	**113,764**	**2.9**	**1,551**	**1.36**	68,595	2.2	2,635	3.84
Total	**3,957,786**	**100.0**	**76,792**	**1.94**	3,232,102	100.0	93,747	2.90

In 2009, the Bank granted relatively more loans to water, environment and public utility management, transportation, storage and postal services as well as leasing and commercial services. Total new loans to these industries accounted for 61.6% of new corporate loans. Specifically, loans to the water, environment and public utility management industry increased by RMB235,252 million or 85.4%, mainly due to increased lending to urban infrastructure projects that were in conformity with the national policy; loans to transportation, storage and postal services increased by RMB109,435 million or 15.8%, principally due to increased lending to the highway sector in conformity with the Bank's credit policy; loans to leasing and commercial services increased by RMB102,290 million or 54.4%, mainly attributable to expanded lending to investment and asset management.

A relatively larger decline in NPLs occurred in manufacturing; wholesale, retail and lodging; water, environment and public utility management; real estate; and production and supply of electricity, gas and water industries. The balance of NPLs in transportation, storage and postal services industry increased by RMB1,698 million, mainly due to bad debts of several enterprises.

CHANGES IN ALLOWANCE FOR IMPAIRMENT LOSS ON LOANS

In RMB millions

	Individually assessed	Collectively assessed	Total
At the beginning of the year	**54,059**	**81,924**	**135,983**
Charge for the year	3,179	18,503	21,682
Including:			
Impairment allowances charged	20,056	61,557	81,613
Impairment allowances transferred	242	(242)	—
Reversal of impairment allowances	(17,119)	(42,812)	(59,931)
Accreted interest on impaired loans	(1,021)	—	(1,021)
Write-offs	(11,259)	(607)	(11,866)
Recoveries of loans and advances previously written off	774	142	916
Transfer out[1]	(232)	(10)	(242)
At the end of the year	**45,500**	**99,952**	**145,452**

Note: (1) Transfer out mainly represents impairment losses of loans transferred into repossessed assets.

At the end of 2009, the allowance for impairment losses on loans stood at RMB145,452 million, up RMB9,469 million over the end of the previous year. Provision coverage was 164.41%, up 34.26 percentage points and the risk tolerance was further strengthened; allowance to total loans ratio was 2.54%.

DISTRIBUTION OF LOANS BY COLLATERAL

In RMB millions, except for percentages

	At 31 December 2009		At 31 December 2008	
Item	**Amount**	**Percentage (%)**	Amount	Percentage (%)
Loans secured by mortgages	**2,191,909**	**38.3**	1,688,435	36.9
Including: Personal housing loans[1]	**874,244**	**15.3**	597,374	13.1
Pledged loans	**786,739**	**13.7**	676,129	14.8
Including: Discounted bills[1]	**329,792**	**5.8**	326,315	7.1
Guaranteed loans	**933,853**	**16.3**	866,129	18.9
Unsecured loans	**1,816,125**	**31.7**	1,341,301	29.4
Total	**5,728,626**	**100.0**	4,571,994	100.0

Note: (1) Data of domestic branches.

Loans secured by mortgages stood at RMB2,191,909 million, representing an increase of RMB503,474 million or 29.8% over the end of the previous year. Unsecured loans amounted to RMB1,816,125 million, representing an increase of RMB474,824 million or 35.4%, with its percentage of total loans up 2.3 percentage points, indicating that the Bank granted more loans to high-quality customers and projects.

OVERDUE LOANS

In RMB millions, except for percentages

Overdue periods	**At 31 December 2009** Amount	**At 31 December 2009** % of total	At 31 December 2008 Amount	At 31 December 2008 % of total
3 to 6 months	**4,175**	**0.1**	9,231	0.2
6 to 12 months	**11,090**	**0.2**	8,487	0.2
Over 12 months	**61,823**	**1.1**	70,162	1.5
Total	**77,088**	**1.4**	87,880	1.9

Note: Loans and advances to customers are deemed overdue when either the principal or interest is overdue. For loans and advances to customers repayable by instalment, the full amount of loans will be deemed overdue if any of the instalments is overdue.

RENEGOTIATED LOANS

Renegotiated loans and advances amounted to RMB15,611 million, representing a decrease of RMB9,635 million or 38.2% as compared to the end of the previous year. Renegotiated loans and advances overdue for over three months amounted to RMB11,106 million, down RMB7,878 million.

BORROWER CONCENTRATION

The total amount of loans granted by the Bank to the single largest customer and the top ten single customers accounted for 2.8% and 20.9% of the Bank's net capital, respectively, both in compliance with the regulatory requirements. The total amount of loans granted to the top ten single customers was RMB152,969 million, accounting for 2.7% of the total loans.

Investment

In 2009, the Bank arranged for reasonable investment schedule, timely adjusted the investment strategy and actively optimized the investment structure in accordance with the trends in domestic and foreign financial markets. At the end of 2009, net investment in securities amounted to RMB3,599,173 million, representing an increase of RMB550,863 million or 18.1% as compared to the end of the previous year.

INVESTMENT

In RMB millions, except for percentages

Item	At 31 December 2009 Amount	Percentage (%)	At 31 December 2008 Amount	Percentage (%)
Investment in securities not related to restructuring	**2,699,254**	**75.0**	2,063,981	67.7
Investment in securities related to restructuring[1]	**895,306**	**24.9**	975,559	32.0
Equity instruments	**4,613**	**0.1**	8,770	0.3
Total	**3,599,173**	**100.0**	3,048,310	100.0

Note: (1) Investment in securities relating to restructuring includes Huarong bonds, special government bonds, MOF receivable and special PBOC bills.

Investment in securities not related to restructuring amounted to RMB2,699,254 million, representing an increase of RMB635,273 million or 30.8% from the end of last year. With respect to the investment portfolio analysis by issuers, investment in government bonds increased by RMB148,367 million or 35.1%; investment in bonds issued by the central bank increased by RMB170,122 million or 21.3%; investment in bonds issued by policy banks increased by RMB157,883 million or 26.3%; and investment in other bonds increased by RMB158,901 million or 65.3%, mainly because the Bank properly increased its investment in quality enterprise bonds with controllable risks and high yield. With respect to the investment portfolio analysis by remaining maturity, bonds not related to restructuring with a term of less than three months or a term of three to 12 months increased by RMB642,605 million or 141.6%, and their proportion in total investment in bonds not related to restructuring increased by 18.6 percentage points. This is mainly because against the low yield in the bond market, the Bank proactively revised the investment strategy and shortened the duration of investment portfolio to control interest rate risks. With respect to the investment portfolio analysis by currency, RMB bonds grew by RMB656,875 million or 33.9%, mainly because the Bank closely monitored the trend of RMB-denominated debt securities market and increased the investment in RMB bonds in the second half year when the yield was high; the RMB equivalent of investment in USD bonds decreased by RMB11,840 million or 13.4%; and the RMB equivalent of investment in other foreign currency bonds decreased by RMB9,762 million or 24.8%, mainly due to the Bank's timely divestment of some foreign currency bonds.

Investment in securities related to restructuring was RMB895,306 million, representing a decrease of RMB80,253 million from the end of 2008, which was due to the repayment of MOF receivables during the reporting period.

DISTRIBUTION OF INVESTMENT IN SECURITIES NOT RELATED TO RESTRUCTURING BY ISSUER

In RMB millions, except for percentages

Item	At 31 December 2009 Amount	Percentage (%)	At 31 December 2008 Amount	Percentage (%)
Government bonds	**570,952**	**21.2**	422,585	20.5
Central bank bills	**967,146**	**35.8**	797,024	38.6
Policy bank bonds	**759,010**	**28.1**	601,127	29.1
Other bonds	**402,146**	**14.9**	243,245	11.8
Total	**2,699,254**	**100.0**	2,063,981	100.0

DISTRIBUTION OF INVESTMENT IN SECURITIES BY HOLDING PURPOSE

In RMB millions, except for percentages

Item	At 31 December 2009 Amount	Percentage (%)	At 31 December 2008 Amount	Percentage (%)
Investments at fair value through profit or loss	**20,147**	**0.6**	33,641	1.1
Available-for-sale investments	**949,909**	**26.4**	537,580	17.6
Held-to-maturity investments	**1,496,738**	**41.6**	1,314,320	43.1
Receivables	**1,132,379**	**31.4**	1,162,769	38.2
Total	**3,599,173**	**100.0**	3,048,310	100.0

At the end of 2009, the aggregate nominal value of the Bank's investment in the US sub-prime residential mortgage-backed securities, Alt-A residential mortgage-backed securities, structured investment vehicles (SIVs), corporate CDOs and the bonds issued by Lehman Brothers Holdings of the USA was USD1,808 million, representing 0.10% of the Group's total assets. The Group has made accumulative allowance of USD1,554 million for impairment loss on the abovementioned assets based on the market valuation results. The provision coverage (provisions/unrealized loss) was 104.37%, and the provision ratio (provisions/nominal value) was 85.95%.

The Group believes that allowance for impairment losses on the abovementioned assets has reflected the impact of the observable market conditions on such assets as at the end of the reporting period. The Group will closely monitor the future development of the market.

Reverse Repurchase Agreements

Reverse purchase agreements amounted to RMB408,826 million, representing an increase of RMB245,333 million or 150.1% from the end of the previous year, which is mainly because the Bank enhanced the treasury operation and expanded the scale of reverse repurchase agreements business with a view to increase the efficiency and yield of funds utilization.

Liabilities

At the end of 2009, total liabilities of the Bank amounted to RMB11,106,119 million, representing an increase of RMB1,955,603 million or 21.4% from the end of the previous year.

LIABILITIES

In RMB millions, except for percentages

Item	**At 31 December 2009** Amount	**Percentage (%)**	At 31 December 2008 Amount	Percentage (%)
Due to customers	**9,771,277**	**88.0**	8,223,446	89.9
Due to banks and other financial institutions	**1,001,634**	**9.0**	646,254	7.0
Repurchase agreements	**36,060**	**0.3**	4,648	0.1
Subordinated bonds	**75,000**	**0.7**	35,000	0.4
Others	**222,148**	**2.0**	241,168	2.6
Total liabilities	**11,106,119**	**100.0**	9,150,516	100.0

Due to Customers

Customer deposit is the Bank's main source of fund. In 2009, thanks to the continuous implementation of a proactive fiscal policy and a moderately loose monetary policy, the market liquidity was ample, the initial public offerings were resumed, and the capital market turned around. Leveraging on its competitive advantages in the market, the Bank achieved a steady growth of deposits by guiding the customers to adjust their financial assets allocation. At the end of 2009, the balance of due to customers was RMB9,771,277 million, representing an increase of RMB1,547,831 million or 18.8% compared with that of the end of 2008. In terms of the customers structure, the balance of corporate deposits increased by RMB849,523 million or 21.6% and its proportion in the total deposits grew by 1.1 percentage points; and the personal deposits increased by RMB650,184 million or 16.2% and its proportion in the total deposits decreased by 1.1 percentage points. In terms of the maturity structure, the balance of time deposits increased by RMB518,854 million or 13.1%, while the balance of demand deposits increased by RMB980,853 million or 24.6% and the ratio of demand deposits to total deposits balance increased by 2.4 percentage points, showing a strong trend that time deposits shifted to demand deposits in the market.

DISTRIBUTION OF DUE TO CUSTOMERS BY BUSINESS LINE

In RMB millions, except for percentages

Item	At 31 December 2009 Amount	At 31 December 2009 Percentage (%)	At 31 December 2008 Amount	At 31 December 2008 Percentage (%)
Corporate deposits				
Time deposits	**1,625,829**	**16.6**	1,380,907	16.8
Demand deposits	**3,162,661**	**32.4**	2,558,060	31.1
Sub-total	**4,788,490**	**49.0**	3,938,967	47.9
Personal deposits				
Time deposits	**2,852,197**	**29.2**	2,578,265	31.4
Demand deposits	**1,808,235**	**18.5**	1,431,983	17.4
Sub-total	**4,660,432**	**47.7**	4,010,248	48.8
Overseas	**185,640**	**1.9**	158,222	1.9
Others[(1)]	**136,715**	**1.4**	116,009	1.4
Total	**9,771,277**	**100.0**	8,223,446	100.0

Note: (1) Mainly includes outward remittance and remittance payables.

Due to Banks and Other Financial Institutions

The balance of due to banks and other financial institutions was RMB1,001,634 million, an increase of RMB355,380 million or 55.0% as compared that at the end of the previous year. As a result of the ample liquidity in the banking market and the recovery of capital market, the Bank actively promoted the development of third-party fiduciary services and achieved a relatively rapid growth of deposits from banks and other financial institutions.

Subordinated Bonds

Subordinated bonds were RMB75,000 million, representing an increase of RMB40,000 million or 114.3% from the end of the previous year. This is mainly because the Bank successfully issued RMB40 billion of RMB subordinated bonds in the national inter-bank bond market in July 2009.

5.4 Other Financial Information

Financial Instruments Measured at Fair Value

Quoted market price in an active market is the best evidence of the fair value of the Group's financial instruments measured at fair value. In the event that the market for a financial instrument is inactive, valuation techniques shall be adopted. The majority of the valuation techniques adopted only observable market data, while those of some other financial instruments may use one or more inputs that are not observable in the market. The Group's financial instruments measured at fair value primarily include investments in RMB bonds and foreign currency bonds, derivatives and others. The fair value of investments in RMB bonds is mainly based on quoted market price or determined using valuation techniques based only on observable market data. The fair value of foreign currency bonds is established mainly by referring to the quoted prices from dealers, brokers and valuation service providers. The fair value of vanilla derivatives is mainly determined using valuation models that are generally adopted by market participants. Inputs to valuation models are determined from observable market data as far as possible, such as the market quotation of spot and forward exchange rates and the market yield curve. For more complex structured derivatives, the fair value is mainly determined by reference to quoted prices from dealers.

In terms of the internal control related to the determination of fair value, the Bank has set up a market risk management control system. In accordance with the unique characteristics of the related business as well as the market conditions, the Bank formulated the fair value assessment methods and put the methods into use after it was approved by the Market Risk Management Committee; unified and standardized the valuation techniques and workflow on fair value measurement, built an independent team for product control to test the fair value, and developed specific procedures on reporting and measurement of the fair value.

5.5 Capital Adequacy Ratio

The Bank calculates capital adequacy ratio and core capital adequacy ratio in accordance with the "Regulations Governing Capital Adequacy of Commercial Banks" and related regulations promulgated by China Banking Regulatory Commission ("CBRC"), and formulated the three-year capital plan which set out the objective of capital adequacy ratio management based on the development strategy and risk preference of the Bank.

As at the end of 2009, the Bank's capital adequacy ratio and core capital adequacy ratio were 12.36% and 9.90%, respectively, both meeting regulatory requirements. The capital adequacy ratio and core capital adequacy ratio decreased by 0.70 and 0.85 percentage points respectively from the end of 2008, mainly because (1) the Bank's businesses grew rapidly, and risk-weighted assets increased accordingly; (2) in accordance with the requirements set out in the "Notice on Improving the Capital Replenishment Mechanism of Commercial Banks" promulgated by CBRC, the Bank deducted all long-term subordinated bonds held in other banks since 1 July 2009 from the supplementary capital.

CAPITAL ADEQUACY RATIO

In RMB millions, except for percentages

Item	At 31 December 2009	At 31 December 2008
Core capital	**622,121**	543,642
Share capital	**334,019**	334,019
Reserves[1]	**283,061**	205,668
Minority interests	**5,041**	3,955
Supplementary capital	**172,994**	121,998
General provisions for loan impairment	**97,994**	82,834
Subordinated bonds	**75,000**	35,000
Other supplementary capital	**—**	4,164
Total capital base before deductions	**795,115**	665,640
Deductions	**63,159**	45,607
Unconsolidated equity investments	**19,559**	19,499
Goodwill	**24,621**	20,579
Others	**18,979**	5,529
Net capital base	**731,956**	620,033
Net core capital base	**586,431**	510,549
Risk weighted assets and market risk capital adjustment	**5,921,330**	4,748,893
Core capital adequacy ratio	**9.90%**	10.75%
Capital adequacy ratio	**12.36%**	13.06%

Note: (1) Mainly includes the recordable part of capital reserve, surplus reserves, general reserve and the recordable part of retained profits.

5.6 Outlook

In 2010, it is anticipated that overall development of the domestic and global economy will be more favorable as compared to 2009, creating a good external environment for the Bank to expand market, accelerate innovation and promote transformation. Based on the circumstances, the Bank will face major opportunities as follows: firstly, the State will continue to implement proactive fiscal policy and moderately loose monetary policy in 2010 which creates a favorable policy environment for the reasonable development of the Bank's credit business; secondly, a series of national policies and measures including promoting economic restructuring, lifting consumption and developing low-carbon footprint will provide a significant drive for the Bank in profoundly adjusting its credit structure, vigorously developing and expanding new operations, accelerating financial innovation and optimizing profit structure; and thirdly, in the post-crisis era, domestic and international financial markets will undergo faster reform and adjustment, providing the Bank with rare opportunities for promoting the global strategy of the Bank and accelerating the implementation of the internationalized and diversified strategy.

In 2010, the Bank will also face a series of operational challenges mainly in: firstly, relatively narrow interest margin will impose certain pressure on the Bank for ensuring sound and fast profit growth, secondly, the in-depth promotion of economic restructuring and deepened transformation of the development model by the State will put forth a higher requirement on the Bank for innovating and expanding various operations and improving the risk management system; and thirdly, all-dimensional, multi-tiered and fierce competition within the industry will pose a challenge to the Bank for consolidating and increasing its market share.

In 2010, the Bank will actively grasp the national macro-control policy, fully implement the bank-wide development strategic plan, and further emphasize the advancement of business transformation by adjusting development method and restructuring, compete for customers and increase market share by accelerating innovation and optimizing services and cope with the challenges arising from different types of uncertain factors and risks by strengthening corporate governance and improving internal control management. In general, the Bank will perform works mainly in relation to the following aspects:

Firstly, while controlling total credit extension on a reasonable basis, the Bank will strengthen the adjustment of the distribution of credit by regions, industries and product types based on the State's regional development plan and the orientation of industrial policies, as well as extend the support to SMEs, projects for people's well being, infrastructure and ecological environment construction in order to improve sustainable development of its credit business and to raise efficiency and reduce risks. Secondly, the Bank will strengthen financial innovation and vigorously promote the development of emerging businesses to further increase profit contribution of investment banking, private banking, precious metals, cash management and financial market businesses. Thirdly, the Bank will strive to enhance service quality and fully explore value creation capability with respect to its services. In 2010, the "Service Value Year" of the Bank, the Bank will improve the building of the financial services platform in terms of customer marketing, global cash management and cross-border settlement and payment, push forward the development of “corporate-private linkage” and “big personal banking” and advance the establishment of service channels, accelerate the formation of an internationally competitive marketing services network with stronger functions, comprehensively improve customer service level and further optimize customer experience. Fourthly, the Bank will continue to actively and steadily propel internationalized development and promote comprehensive business pilot program. On the one hand, the Bank will promote sound global strategic distribution, innovate the management mechanism of overseas institutions, optimize business processes of overseas operations and accelerate the extension of domestic business platform to and its coordination with overseas institutions. On the other hand, the Bank will regulate and promote comprehensive business pilot program within the regulatory policy framework and continue to deepen the exploration of the mechanism and management of the coordinated development of diversified businesses including funds, leasing, investment banking and insurance. Fifthly, the Bank will continuously reinforce risk management and ensure sound operation and healthy development across the Bank. In addition to the implementation of up-to-standard Basel II related work, the Bank will accelerate the establishment of an inter-market, continuous and uniform comprehensive risk management system covering various types of domestic and overseas institution, and effectively strengthen risk control and management of the Group. Lastly, the Bank will enhance brand building by adhering to independent innovation, promoting honest culture and improving service quality in an effort to build “ICBC” into a global financial brand with high recognition and reputation.

According to the business plan of the Bank for 2010, total assets and total liabilities shall increase by approximately RMB1,420.0 billion and RMB1,400.0 billion, respectively; and the NPL ratio as at the end of 2010 shall be maintained below 1.40%.

6. Details of Changes in Share Capital and Shareholding of Substantial Shareholders

6.1 Changes in Share Capital

Details of Changes in Share Capital

Unit: Share

	At 31 December 2008		Increase/ decrease during the reporting period (+, -)	At 31 December 2009	
	Number of shares	Percentage (%)	Expiration of the lock-up period	Number of shares	Percentage (%)
I. Shares subject to restrictions on sales	274,299,235,026	82.1	-261,118,423,702	13,180,811,324	3.9
1. State-owned shares	236,012,348,064	70.7	-236,012,348,064	0	0.0
2. Shares held by other domestic investors	14,102,149,559	4.2	-14,102,149,559	0	0.0
3. Shares held by foreign investors	24,184,737,403	7.2	-11,003,926,079	13,180,811,324	3.9
II. Shares not subject to restrictions on sales	59,719,615,000	17.9	261,118,423,702	320,838,038,702	96.1
1. RMB-denominated ordinary shares	14,950,000,000	4.5	236,012,348,064	250,962,348,064	75.2
2. Foreign shares listed overseas	44,769,615,000	13.4	25,106,075,638	69,875,690,638	20.9
III. Total number of shares	334,018,850,026	100.0	0	334,018,850,026	100.0

Notes: (1) For the purpose of this table, "state-owned shares" specifically refers to the shares held by the Ministry of Finance of the People's Republic of China ("MOF") and Central Huijin Investment Ltd. ("Huijin"). "Shares held by other domestic investors" refers to the shares held by National Council for Social Security Fund ("SSF"). "Shares held by foreign investors" refers to the shares held by foreign strategic investors, including The Goldman Sachs Group, Inc. ("Goldman Sachs"), Allianz Group ("Allianz") and American Express Company ("American Express"). "Foreign shares listed overseas", namely H shares, are within the same meaning as defined in the "No. 5 Standards on the Content and Format of Information Disclosure of Companies with Public Offerings — Content and Format of the Report of Change in Corporate Shareholding" (Revision 2007) of CSRC.

(2) Shares subject to restrictions on sales refer to shares held by shareholders who are subject to restrictions on sales in accordance with applicable laws and regulations or undertakings.

Details of Changes in the Shares Subject to Restrictions on Sales

Unit: Share

Name of shareholder	Number of shares subject to restrictions on sales at the beginning of the period	Number of shares released from restrictions on sales during the period	Increase in the number of shares subject to restrictions on sales during the period	Number of shares subject to restrictions on sales at the end of the period	Reason for restrictions on sales	Date on which shares become tradable
MOF	118,006,174,032	118,006,174,032	0	0	Restrictions upon issuance	27 October 2009
Huijin	118,006,174,032	118,006,174,032	0	0	Restrictions upon issuance	27 October 2009
Goldman Sachs(1)	16,476,014,155	3,295,202,831	0	13,180,811,324	Restrictions upon issuance	28 April 2009
SSF(2)	14,102,149,559	14,102,149,559	0	0	Restrictions upon issuance	29 June 2009 20 October 2009
Allianz(2)	6,432,601,015	6,432,601,015	0	0	Restrictions upon issuance	28 April 2009 20 October 2009
American Express(2)	1,276,122,233	1,276,122,233	0	0	Restrictions upon issuance	28 April 2009 20 October 2009
Total	274,299,235,026	261,118,423,702	0	13,180,811,324	—	—

Notes: (1) For details of the changes in the dates on which shares subject to restrictions on sales held by Goldman Sachs become tradable during the reporting period, please refer to the Bank's Announcement on the Commitment of Goldman Sachs to a New Lock-up Arrangement released on the designated websites of The Stock Exchange of Hong Kong Limited ("SEHK") and the Shanghai Stock Exchange ("SSE") on 25 March 2009 and 26 March 2009, respectively.

(2) The shares subject to restrictions on sales held by Allianz and American Express were released in equal proportion on 28 April 2009 and 20 October 2009, respectively. The shares subject to restrictions on sales held by SSF were released in equal proportion on 29 June 2009 and 20 October 2009, respectively.

6.2 Particulars of shareholding of the top 10 shareholders and the top 10 shareholders not subject to restrictions of sales

As at the end of the reporting period, the Bank had a total number of 1,239,824 shareholders, including 164,195 holders of H shares and 1,075,629 holders of A shares.

Particulars of Shareholding of the Top 10 Shareholders of the Bank (particulars of shareholding of holders of H shares were based on the number of shares set out in the bank's register of shareholders maintained at the H share registrar)

Unit: Share

Total number of shareholders	1,239,824 (number of holders of A shares and H shares on the register of shareholders as at 31 December 2009)

Particulars of shareholding of the top 10 shareholders (The following data are based on the register of shareholders as at 31 December 2009)

Name of shareholder	Nature of shareholder	Type of shares	Shareholding percentage (%)	Total number of shares held	Number of shares subject to restriction on sales	Number of pledged or locked-up shares
Huijin(1)	State-owned	A shares	35.4	118,316,816,139	0	None
MOF	State-owned	A shares	35.3	118,006,174,032	0	None
HKSCC Nominees Limited	Foreign legal person	H shares	16.3	54,489,300,096	0	Unknown
SSF	Other domestic entities	H shares	4.2	14,102,149,559	0	None
Goldman Sachs	Foreign legal person	H shares	3.9	13,180,811,324	13,180,811,324	None
American Express	Foreign legal person	H shares	0.2	638,061,117	0	None
China Huarong Asset Management Corporation	Other domestic entities	A shares	0.1	480,769,000	0	None
China Life Insurance Company Limited — Traditional — Ordinary insurance products — 005L — CT001 Hu	Other domestic entities	A shares	0.1	379,673,016	0	None
China Life Insurance Company Limited – Dividend distribution – Personal dividend — 005L — FH002 Hu	Other domestic entities	A shares	0.1	327,144,103	0	None
E-Fund 50 Index Securities Investment Fund	Other domestic entities	A shares	0.1	254,918,659	0	None

Note: (1) Since 23 September 2008, Huijin has increased its shareholding in the Bank by acquiring shares through the SSE Trading System, and as at 31 December 2009, Huijin increased its holding of the Bank's A shares by a total of 310,642,107 shares, accounting for approximately 0.093% of the total issued share capital of the Bank.

Particulars of Shareholding of the Top 10 Shareholders not subject to Restrictions on Sales (the following data are based on the register of shareholders as at 31 December 2009)

Unit: Share

Name of shareholder	Number of shares not subject to restrictions on sales	Type of shares
Central Huijin Investment Ltd.	118,316,816,139	A shares
The Ministry of Finance of the People's Republic of China	118,006,174,032	A shares
HKSCC Nominees Limited	54,489,300,096	H shares
National Council for Social Security Fund	14,102,149,559	H shares
American Express Company	638,061,117	H shares
China Huarong Asset Management Corporation	480,769,000	A shares
China Life Insurance Company Limited — Traditional — Ordinary insurance products — 005L — CT001 Hu	379,673,016	A shares
China Life Insurance Company Limited — Dividend distribution — Personal dividend — 005L — FH002 Hu	327,144,103	A shares
E-Fund 50 Index Securities Investment Fund	254,918,659	A shares
Fortune SGAM Selected Sectors Fund	252,080,472	A shares

6.3 Particulars of Substantial Shareholders

During the reporting period, the Bank's substantial shareholders and the de facto controller remained unchanged.

Substantial Shareholders

The largest single shareholder of the Bank is Huijin, which holds approximately 35.4% of the shares of the Bank. On 23 September 2008, Huijin increased its shareholding in the Bank through on-market purchase at the SSE[1]. In 2009, Huijin increased its shareholding in the Bank by a total of 53,999,426 A shares, representing approximately 0.016% of the Bank's total issued share capital.

1 Please refer to the Bank's announcement published on the websites designated by SEHK and SSE on 23, 24 September 2008 and 11, 12 October 2009, respectively, for particulars of the increase in shares of the Bank held by Huijin.

Huijin is a wholly state-owned company incorporated on 16 December 2003 under the Company Law of the People's Republic of China. Huijin had a registered capital of RMB552.117 billion, and its legal representative is Mr. Lou Jiwei. Huijin, which is the wholly-owned subsidiary of China Investment Corporation, makes equity investment in state-owned key financial institutions as authorized by the State Council, and exercises the contributor's rights and obligations in such financial institutions up to its contribution on behalf of the state to achieve preservation and appreciation of state-owned financial assets. Huijin does not engage in any other commercial activities nor does it intervene daily operation of those financial institutions.

The second largest single shareholder of the Bank is MOF, which holds approximately 35.3% of the shares of the Bank. MOF is a constituent part of the State Council, and is responsible for overseeing the state's fiscal revenue and expenditure, formulating the financial and taxation policies, and supervising state finance at a macro level.

7. Directors, Supervisors and Senior Management

7.1 Basic Information on Directors, Supervisors and Senior Management[1]

Name	Position	Gender	Age	Tenure[2]	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Reasons for changes
Jiang Jianqing	Chairman of the Board of Directors, Executive Director	Male	56	October 2008–October 2011	0	0	—
Yang Kaisheng	Vice Chairman of the Board of Directors, Executive Director, President	Male	60	October 2008–October 2011	0	0	—
Zhao Lin	Chairman of the Board of Supervisors	Male	55	June 2008–June 2011	0	0	—
Zhang Furong	Executive Director, Vice President	Male	57	October 2008–October 2011	0	0	—
Huan Huiwu	Non-executive Director	Male	56	February 2009–February 2012	0	0	—
Gao Jianhong	Non-executive Director	Male	45	December 2008–December 2011	0	0	—
Li Chunxiang	Non-executive Director	Female	54	February 2009–February 2012	0	0	—
Li Jun	Non-executive Director	Male	50	December 2008–December 2011	0	0	—
Li Xiwen	Non-executive Director	Male	61	December 2008–December 2011	0	0	—
Wei Fusheng	Non-executive Director	Male	54	February 2009–February 2012	0	0	—
Leung Kam Chung, Antony	Independent Non-executive Director	Male	57	October 2008–October 2011	0	0	—
Qian Yingyi	Independent Non-executive Director	Male	53	October 2008–October 2011	0	0	—
Xu Shanda	Independent Non-executive Director	Male	62	September 2007–September 2010	0	0	—
Wong Kwong Shing, Frank	Independent Non-executive Director	Male	61	January 2009–January 2012	0	0	—

Name	Position	Gender	Age	Tenure[2]	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Reasons for changes
Malcolm Christopher McCarthy	Independent Non-executive Director	Male	65	December 2009– December 2012	0	0	—
Kenneth Patrick Chung	Independent Non-executive Director	Male	52	December 2009– December 2012	0	0	—
Wang Chixi	Shareholder Supervisor	Female	54	October 2008– October 2011	0	0	—
Dong Juan	External Supervisor	Female	57	May 2009– May 2012	0	0	—
Meng Yan	External Supervisor	Male	54	May 2009– May 2012	0	0	—
Zhang Wei	Employee Supervisor	Male	47	August 2009– August 2012	0	0	—
Chang Ruiming	Employee Supervisor	Male	58	August 2009– August 2012	0	0	—
Wang Lili	Vice President	Female	58	October 2005–	0	0	—
Li Xiaopeng	Vice President	Male	50	October 2005–	0	0	—
Luo Xi	Vice President	Male	49	December 2009–	0	0	—
Liu Lixian	Secretary of Party Discipline Committee	Male	55	October 2005–	0	0	—
Yi Huiman	Vice President	Male	45	July 2008–	0	0	—
Wei Guoxiong	Chief Risk Officer	Male	54	August 2006–	0	0	—
Gu Shu	Board Secretary	Male	42	July 2008–	0	0	—

Notes: (1) Please refer to the section headed "Directors, Supervisors and Senior Management — Appointment and Removal".

(2) The terms of Mr. Jiang Jianqing, Mr. Yang Kaisheng and Mr. Zhang Furong as Directors of the Bank are set out in the above table and their terms as Senior Management members of the Bank started from October 2005.

As at the end of the reporting period, the Bank did not implement share incentives. Directors, Supervisors and Senior Management members of the Bank did not hold any share option nor were they granted any restricted shares.

7.2 Appointment and Removal

The appointment of Mr. Wong Kwong Shing, Frank as Independent Non-executive Director of the Bank, was approved by CBRC on 9 January 2009. The appointment of the other three Non-executive Directors, namely Mr. Huan Huiwu, Ms. Li Chunxiang and Mr. Wei Fusheng, were approved by CBRC on 17 February 2009.

At the Second Extraordinary General Meeting for the Year 2009 held on 27 November 2009, Mr. Malcolm Christopher McCarthy and Mr. Kenneth Patrick Chung were appointed as Independent Non-executive Directors of the Bank. The appointment of Mr. Malcolm Christopher McCarthy and Mr. Kenneth Patrick Chung were approved by CBRC on 14 December 2009.

At the meeting of the Board of Directors of the Bank held on 29 December 2009, Ms. Wang Lili was nominated as a candidate for the post of Executive Director of the Bank, subject to the approvals by the Shareholders' General Meeting of the Bank and CBRC.

Mr. Fu Zhongjun, Mr. Kang Xuejun and Mr. Song Zhigang ceased to act as Directors of the Bank with effect from 17 February 2009 upon completion of their tenure; Mr. Christopher A. Cole ceased to act as Director of the Bank with effect from 1 June 2009 upon completion of his tenure; Mr. Niu Ximing ceased to act as Executive Director and Vice President of the Bank with effect from 29 December 2009 due to change of job assignment.

At the Annual General Meeting for the Year 2008 of the Bank held on 25 May 2009, Ms. Dong Juan and Mr. Meng Yan were elected as Supervisors of the Bank with effect from the date of approval at that Annual General Meeting.

At the enlarged meeting of the Staff Union Working Committee of the Bank held on 4 August 2009, Mr. Zhang Wei and Mr. Chang Ruiming were elected as Employee Supervisors of the Bank, and their appointment took effect from the date of election. Mr. Zhang Wei was re-elected and re-appointed.

According to relevant requirements, Mr. Wang Daocheng and Mr. Miao Gengshu ceased to act as Supervisors of the Bank with effect from 25 May 2009 upon completion of their tenures, and ceased to hold the position as chief member and member of the Supervision Committee of the Board of Supervisors of the Bank, respectively.

At the meeting of the Board of Directors of the Bank held on 29 December 2009, Mr. Luo Xi was appointed as Vice President of the Bank and his appointment has been approved by CBRC.

7.3 Annual Remuneration

Unit: RMB'0000

Name	Remuneration paid (before tax) (1)	Contribution by the employer to social insurance, housing allowance, annuities, and additional medical insurances (2)	Part-time fee (3)	Total remuneration before tax[Note 1] (4) = (1) + (2) + (3)	Whether or not the remuneration is paid by the shareholder entities or other connected entities
Jiang Jianqing	81.0	10.1	—	91.1	No
Yang Kaisheng	77.0	10.1	—	87.1	No
Zhao Lin	72.5	10.1	—	82.6	No
Zhang Furong	66.6	9.6	—	76.2	No
Huan Huiwu	—	—	—	—	Yes
Gao Jianhong	—	—	—	—	Yes
Li Chunxiang	—	—	—	—	Yes
Li Jun	—	—	—	—	Yes
Li Xiwen	—	—	—	—	Yes
Wei Fusheng	—	—	—	—	Yes
Leung Kam Chung, Antony	—	—	49.8	49.8	No
Qian Yingyi	—	—	48.5	48.5	No
Xu Shanda	—	—	—	—	No
Wong Kwong Shing, Frank	—	—	42.8	42.8	No
Malcolm Christopher McCarthy	—	—	2.5	2.5	No
Kenneth Patrick Chung	—	—	2.5	2.5	No
Wang Chixi	68.0	8.9	—	76.9	No
Dong Juan	—	—	17.5	17.5	No
Meng Yan	—	—	16.5	16.5	No
Zhang Wei	—	—	5.0	5.0	No
Chang Ruiming	—	—	1.7	1.7	No
Wang Lili	66.8	9.6	—	76.4	No
Li Xiaopeng	66.6	9.5	—	76.1	No
Luo Xi[Note 2]	—	—	—	—	No
Liu Lixian	66.6	9.6	—	76.2	No
Yi Huiman	66.7	9.3	—	76.0	No
Wei Guoxiong	59.2	8.6	—	67.8	No
Gu Shu	56.4	8.6	—	65.0	No

Notes: 1. According to the latest requirements of relevant government authorities, the total final remuneration payable to the Chairman of the Board of Directors, the President, the Chairman of the Board of Supervisors, Executive Directors, Supervisors and other Senior Management members is still subject to final confirmation. Additional details of remuneration will be disclosed when it has been determined.

2. Mr. Luo Xi did not receive any remuneration from the Bank in 2009.

3. Mr. Niu Ximing resigned from his positions as an Executive Director and Vice President of the Bank on 29 December 2009 and his total remuneration before tax for the year 2009 was RMB768,000.

8. Significant Events

8.1 Material Legal Proceedings and Arbitration

The Bank was involved in several legal proceedings in the ordinary course of business. Most of these legal proceedings were initiated by the Bank for recovering non-performing loans. In addition, some legal proceedings arose from customer disputes. As at 31 December 2009, the amount of pending proceedings which the Bank and/or its subsidiaries acted as defendant totaled RMB2,131 million. The Bank does not expect any material adverse effect from the abovementioned legal proceedings on the Bank's business, financial position or operational results.

8.2 Shares in Other Listed Companies and Financial Enterprises Held by the Bank

Securities Investment

S/N	Type	Stock code	Stock name	Initial investment cost (RMB)	Number of shares held (10,000)	Book value at the end of the period (RMB)	Percentage of total securities investment at the end of the period (%)	Gain/(loss) during the reporting period (RMB)
1	Fund	—	Global Total Return Bond Fund	35,219,600	400	35,867,641	27.9	648,041
2	Fund	—	China & Hong Kong Vision Fund	17,609,800	200	19,995,928	15.5	2,386,128
3	Fund	—	Asia Selection Growth Fund	17,609,800	200	19,492,288	15.2	1,882,488
4	Stock	3988 (Hong Kong, China)	BOC	14,514,922	500	18,446,266	14.3	9,697,237
5	Fund	—	Asia Infrastructure & Redevelopment Fund	15,408,575	175	16,490,257	12.8	1,081,682
6	Fund	—	Global Financial Opportunities Fund	15,848,820	180	15,791,764	12.3	(57,056)
7	Stock	2288 (Hong Kong, China)	Sundart International Ltd.	1,733,099	50	1,157,904	0.9	(573,629)
8	Stock	596 (Hong Kong, China)	Inspur International Ltd.	1,582,290	140	1,368,352	1.1	(212,508)
	Other securities investment held as at the end of the reporting period				—			
	Gain/(loss) from sale of securities investment during the reporting period			—	—	—	—	12,201,347
	Total			119,526,906	—	128,610,400	100	27,053,730

Note: The stock investment specified above is recognized as financial assets held for trading. The Bank held shares in Bank of China and shares in funds through its subsidiary, Industrial and Commercial Bank of China (Asia) Limited ("ICBC (Asia)"), and held shares in Sundart International Ltd. and Inspur International Ltd. through its subsidiary, ICBC International Holdings Limited.

Shares in Other Listed Companies

Stock code	Stock name	Initial investment cost (RMB)	Percentage of the investee's total equities (%)	Book value at the end of the period (RMB)	Gain/(loss) during the period[2] (RMB)	Change in owner's equity during the reporting period (RMB)	Accounting item	Source of shares
SBK (South Africa)	Standard Bank Group	33,755,937,605	20.09	36,120,927,595	1,968,336,566	6,293,631,643	Long-term equity investment	Investment with self-owned capital
966 (Hong Kong, China)	CHINA INSURANCE	187,361,377	3.10	1,163,514,520	—	614,571,270	Available-for-sale financial assets	Purchase from market
601998	CNCB	149,999,600	0.07	212,844,260	2,206,029	113,016,940	Available-for-sale financial assets	Purchase from market
1688 (Hong Kong, China)	ALIBABA	131,782,620	0.20	158,931,968	1,765,911	110,204,738	Available-for-sale financial assets	Purchase from market
000430	ST ZTDC	2,000,000	3.33	43,268,400	—	18,421,200	Available-for-sale financial assets	Consolidation with trust investment company
001740 (Korea)	SK Networks	10,063,627	0.10	14,699,521	—	3,770,394	Available-for-sale financial assets	Debt-equity swap
4642 (Malaysia)	YHS	500,091	0.02	66,978	3,167	12,519	Available-for-sale financial assets	Purchase from market
532 (Singapore)	EQUATION CORP LTD	152,816	<0.01	13,380	—	6,257	Available-for-sale financial assets	Purchase from market
Total		34,237,797,736	—	37,714,266,622	1,972,311,673	7,153,634,961		

Notes: (1) The shares in CHINA INSURANCE and ALIBABA were held by ICBC (Asia), a controlling subsidiary of the Bank; shares in SK Networks were held by Seoul Branch of the Bank; and shares in YHS and EQUATION CORP LTD were held by Singapore Branch of the Bank.

(2) Refers to dividend income, share of profits and losses of associates.

Shares in Unlisted Financial Institutions

Company	Initial investment cost (RMB)	Number of shares held (10,000)	Shareholding percentage (%)	Book value at the end of the period (RMB)	Gain/(loss) during the period[2] (RMB)	Change in owner's equity during the reporting period (RMB)	Accounting item	Source of shares
Tai Ping General Insurance Co., Ltd.	243,550,678	N/A	12.45	—	(133,290,871)	—	Available-for-sale financial assets	Investment of property fund
China UnionPay Co., Ltd	146,250,000	11,250.00	3.84	146,250,000	3,825,000	—	Available-for-sale financial assets	Investment of property fund
Xiamen International Bank	102,301,500	N/A	18.75	102,301,500	—	—	Available-for-sale financial assets	Investment of property fund
Guangdong Development Bank	52,465,475	2,498.18	0.21	52,465,475	580,529	—	Available-for-sale financial assets	Investment of property fund
Joint Electronic Teller Services Limited	10,158,374	0.0024	0.03	9,722,288	2,588,618	—	Available-for-sale financial assets	Investment of property fund
Yueyang City Commercial Bank	3,500,000	353.64	1.59	3,500,000	—	—	Available-for-sale financial assets	Investment of property fund
Luen Fung Huang Insurance Co., Ltd.	1,518,440	2.40	6.00	1,483,071	102,579	—	Available-for-sale financial assets	Investment of property fund
Guilin City Commercial Bank	420,000	113.61	0.19	420,000	136,330	—	Available-for-sale financial assets	Investment of property fund
Bank of Nanchang	300,000	39.00	0.03	390,000	23,400	—	Available-for-sale financial assets	Investment of property fund
Total	560,464,467	—	—	316,532,334	(126,034,415)	—	—	—

Notes: (1) The shares in Tai Ping General Insurance Co., Ltd. were held by ICBC (Asia), a controlling subsidiary of the Bank; shares in Joint Electronic Teller Services Limited were held by ICBC (Asia) and Industrial and Commercial Bank of China (Macau) Limited ("ICBC (Macau)"), controlling subsidiaries of the Bank, and shares in Luen Fung Hang Insurance Co., Ltd. were held by ICBC (Macau).

(2) Refers to dividend income and impairment losses.

Purchase and Sale of Shares in Other Listed Companies

	Stock name	Shares held at the beginning of the period	Shares bought/sold during the reporting period	Shares held at the end of the period	Fund utilized (RMB)	Investment income generated (RMB)
Buy	—	—	—	—	—	—
Sell	—	124,601,697	71,849,610	52,752,087	—	822,409,632

8.3 Material Asset Acquisition, Sale and Merger

Acquisition of Shares in The Bank of East Asia (Canada) and Sale of Shares in ICEA

On 4 June 2009, the Bank and The Bank of East Asia, Limited ("BEA") entered into two agreements for the acquisition of equity interests in The Bank of East Asia (Canada) and the disposal of equity interests in Industrial and Commercial East Asia Finance Holdings Limited ("ICEA") (the "acquisition and disposal"), respectively. Pursuant to the agreements, the Bank would sell to BEA 15,000,000 ordinary shares of ICEA, representing 75% issued share capital of ICEA for a consideration of HKD372,154,045. At the same time, the Bank would purchase 70% issued ordinary shares of The Bank of East Asia (Canada) for a consideration of CAD80,249,120 from BEA. After the first anniversary of the completion of the transactions, the Bank would have an option to acquire 10% of the shares of The Bank of East Asia (Canada) from BEA, and BEA would have an option to sell to the Bank all the remaining shares of The Bank of East Asia (Canada) held by BEA. Completion of the disposal of equity interests in ICEA and completion of the acquisition of equity interests in The Bank of East Asia (Canada) are inter-conditional. Such acquisition and disposal have been completed on 28 January 2010.

Capital Injection in ICBC Leasing

Pursuant to the approval of the First Extraordinary General Meeting for 2009 held on 2 September 2009, the Bank injected capital equivalent to RMB3 billion in ICBC Financial Leasing Co., Ltd.. The capital injection has now been fully completed.

Acquisition of Shares of ACL BANK Public Company Limited of Thailand

Pursuant to the approval of the Second Extraordinary General Meeting for the Year 2009 held on 27 November 2009, the Bank implemented the voluntary tender offer of all issued ordinary shares and preference shares (if applicable) issued by ACL BANK Public Company Limited of Thailand ("ACL"), and conducted possible delisting tender offer. As at 2 March 2010, the Bank had obtained all regulatory approvals necessary for the voluntary tender offer, and had made the voluntary tender offer to ACL. Since the offer period has not expired, the project is still underway.

8.4 Material Connected Transactions

During the reporting period, the Bank had not entered into any material connected transactions.

8.5 Material Contracts and Performance of Obligations thereunder

Material Trust, Sub-contract and Lease

During the reporting period, the Bank had not held on trust to a material extent or entered into any material sub-contract or lease arrangement in respect of assets of other corporations, and no other corporation had held on trust to a material extent or entered into any material sub-contract or lease arrangement in respect of the Bank's assets.

Material Guarantees

The provision of guarantees is in the ordinary course of business of the Bank. During the reporting period, the Bank did not have any material guarantee that needed to be disclosed except for the financial guarantee services within the business scope as approved by PBOC and CBRC.

Material Events Concerning Entrusting Other Persons for Cash Management or Entrusted Loans

No such matters concerning entrusting other persons for cash management or entrusted loan occurred in the Bank during the reporting period.

8.6 Implementation of Share Incentive Plan

The Fourth Extraordinary General Meeting for the Year 2006 of the Bank on 31 July 2006 approved the share appreciation rights plan. As at the end of the reporting period, the Bank did not grant any share appreciation right.

8.7 Occupation of Fund by Controlling Shareholder and Other Related Parties

None of the controlling shareholder or related parties of the Bank occupied any fund of the Bank. The auditors have issued the "Special Explanation on the Occupation of Fund by Controlling Shareholder and Other Related Parties of Industrial and Commercial Bank of China Limited in 2009".

8.8 Commitments Made by the Bank or Its Shareholders Holding 5% Shares or Above

During the reporting period, the shareholders holding 5% shares or above did not make any new commitments. The commitments lasting to the reporting period were the same as those disclosed in the 2006 Annual Report. As at 31 December 2009, all of the commitments made by the above shareholders were properly fulfilled.

9. Other Information

9.1 Compliance with the Code on Corporate Governance Practices

During the reporting period, the Bank fully complied with the principles and code provisions stipulated in the Code on Corporate Governance Practices (the "Code") (Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Hong Kong Listing Rules")), and essentially complied with the recommended best practices of the Code.

9.2 Securities Transactions of Directors and Supervisors

The Bank has adopted a set of codes of conduct concerning the securities transactions by Directors and Supervisors which is no less stringent than the standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers, Appendix 10 to the Hong Kong Listing Rules. After making enquiries to all Directors and Supervisors of the Bank, the Bank is satisfied that in the year ended 31 December 2009, all Directors and Supervisors of the Bank have complied with the provisions of the aforesaid code of conduct.

9.3 Profits and Dividends Distribution

The profit and financial status of the Group during the reporting period are presented in the independent auditors' report and financial statements of this Annual Report.

Upon the approval at the Annual General Meeting for the Year 2008 on 25 May 2009, the Bank has distributed cash dividends of RMB55,113 million, or RMB1.65 per ten shares (pre-tax), for the period from 1 January 2008 to 31 December 2008 to the shareholders whose names appeared on the share register as at 3 June 2009.

The Board of Directors of the Bank proposed a cash dividend of RMB1.70 per ten shares (pre-tax), totaling RMB56,783 million, for the financial year ended 31 December 2009. Such proposed dividend distribution is subject to the approval at the forthcoming Annual General Meeting for the Year 2009.

If such distribution is approved at the annual general meeting, the dividend is expected to be paid to holders of A shares and H shares whose names appear on the register of members of the Bank after close of trading on 26 May 2010. The register of members of H shares will be closed from 21 May 2010 to 26 May 2010 (both days inclusive). In order to qualify for the proposed cash dividends, holders of H shares are required to deposit the transfer documents together with the relevant share certificates at the H share registrar of the Bank, Computershare Hong Kong Investor Services Limited, at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong at or before 4:30 p.m. on 20 May 2010.

The table below sets out the dividends distribution of the Bank for the recent three years.

In RMB millions, except for percentages

Item	2008	2007	2006
Cash dividends (pre-tax)[(1)]	55,113	44,425	5,344
Percentage of cash dividends[(2)](%)	50	54	59

Notes: (1) Figure for 2006 excluded interim dividends and special dividends distributed prior to the IPO.

(2) Calculated by dividing cash dividends (pre-tax) by net profit attributable to equity holders of the parent company for the period. Figure for 2006 is the ratio of cash dividends distributed after the IPO to net profit for the period starting from the date of IPO and ended 31 December 2006 (not restated).

9.4 Purchase, Sale or Redemption of Shares

During the reporting period, neither the Bank nor any of its subsidiaries purchased, sold or redeemed any listed shares of the Bank.

9.5 Use of Proceeds from the IPO

The funds raised from the Bank's IPO were used for the purposes as disclosed in the prospectus, namely, strengthening the capital base to support the ongoing growth of the Bank.

9.6 Material Investment of Funds not Raised from the IPO

During the reporting period, the Bank did not have any material investment of funds not raised from the IPO.

10. Financial Report

10.1 Audit Opinions

The 2009 financial statements of the Bank prepared in accordance with PRC GAAP and IFRSs have been audited by Ernst & Young Hua Ming and Ernst & Young, respectively. Ernst & Young Hua Ming and Ernst & Young have expressed unqualified opinions in the auditors' reports.

10.2 Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows

10.2.1 Consolidated Income Statement

Year ended 31 December 2009

(In RMB millions, unless otherwise stated)

	2009	2008
Interest income	**405,878**	440,574
Interest expense	**(160,057)**	(177,537)
NET INTEREST INCOME	**245,821**	263,037
Fee and commission income	**59,042**	46,711
Fee and commission expense	**(3,895)**	(2,709)
NET FEE AND COMMISSION INCOME	**55,147**	44,002
Net trading income/(expense)	**(75)**	1,883
Net loss on financial assets and liabilities designated at fair value through profit or loss	**(129)**	(699)
Net gain/(loss) on financial investments	**7,339**	(367)
Other operating income, net	**1,308**	2,339
OPERATING INCOME	**309,411**	310,195
Operating expenses	**(120,819)**	(111,335)
Impairment losses on:		
Loans and advances to customers	**(21,682)**	(36,512)
Others	**(1,603)**	(18,950)
OPERATING PROFIT	**165,307**	143,398
Share of profits and losses of associates and a jointly-controlled entity	**1,987**	1,978
PROFIT BEFORE TAX	**167,294**	145,376
Income tax expense	**(37,898)**	(34,150)
PROFIT FOR THE YEAR	**129,396**	111,226
Attributable to:		
Equity holders of the parent company	**128,645**	110,841
Non-controlling interests	**751**	385
	129,396	111,226
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY — Basic and diluted (RMB yuan)	**0.39**	0.33

10.2.2 Consolidated Statement of Comprehensive Income

Year ended 31 December 2009

(In RMB millions, unless otherwise stated)

	2009	2008
Profit for the year	**129,396**	111,226
Other comprehensive income/(loss) (after-tax, net):		
Net gain/(loss) on available-for-sale financial assets	**(8,890)**	9,191
Net loss on cash flow hedges	**(9)**	(4,073)
Share of other comprehensive income/(loss) of associates and a jointly-controlled entity	**(1,155)**	500
Foreign currency translation differences	**7,531**	(8,604)
Subtotal of other comprehensive loss for the year	**(2,523)**	(2,986)
Total comprehensive income for the year	**126,873**	108,240
Total comprehensive income attributable to:		
Equity holders of the parent company	**125,682**	108,729
Non-controlling interests	**1,191**	(489)
	126,873	108,240

10.2.3 Consolidated Statement of Financial Position

31 December 2009

(In RMB millions unless otherwise stated)

	2009	2008
ASSETS		
Cash and balances with central banks	**1,693,048**	1,693,024
Due from banks and other financial institutions	**235,301**	168,363
Financial assets held for trading	**18,976**	32,182
Financial assets designated at fair value through profit or loss	**1,171**	1,459
Derivative financial assets	**5,758**	15,721
Reverse repurchase agreements	**408,826**	163,493
Loans and advances to customers	**5,583,174**	4,436,011
Financial investments	**3,579,026**	3,014,669
Investments in associates and a jointly-controlled entity	**36,278**	28,421
Property and equipment	**95,684**	86,800
Deferred income tax assets	**18,696**	10,746
Other assets	**109,115**	106,257
TOTAL ASSETS	**11,785,053**	9,757,146
LIABILITIES		
Financial liabilities held for trading	**—**	4,268
Financial liabilities designated at fair value through profit or loss	**15,831**	7,566
Derivative financial liabilities	**7,773**	13,612
Due to banks and other financial institutions	**1,001,634**	646,254
Repurchase agreements	**36,060**	4,648
Certificates of deposit and notes payable	**1,472**	726
Due to customers	**9,771,277**	8,223,446
Income tax payable	**22,231**	37,862
Deferred income tax liabilities	**178**	16
Subordinated bonds	**75,000**	35,000
Other liabilities	**174,663**	177,118
TOTAL LIABILITIES	**11,106,119**	9,150,516
EQUITY		
Equity attributable to equity holders of the parent company		
Issued share capital	**334,019**	334,019
Reserves	**221,114**	195,727
Retained profits	**118,760**	72,929
	673,893	602,675
Non-controlling interests	**5,041**	3,955
TOTAL EQUITY	**678,934**	606,630
TOTAL EQUITY AND LIABILITIES	**11,785,053**	9,757,146

10.2.4 Consolidated Statement of Changes in Equity

Year ended 31 December 2009

(In RMB millions, unless otherwise stated)

	Attributable to equity holders of the parent company												
		Reserves											
	Issued share capital	Capital reserve	Surplus reserves	General reserve	Investment revaluation reserve	Foreign currency translation reserve	Cash flow hedge reserve	Other reserves	Subtotal	Retained profits	Total	Non-controlling interests	Total equity
Balance as at 1 January 2009	334,019	106,312	24,650	69,355	8,433	(9,448)	(4,075)	500	195,727	72,929	602,675	3,955	606,630
Profit for the year	—	—	—	—	—	—	—	—	—	128,645	128,645	751	129,396
Other comprehensive income/(loss)	—	—	—	—	(9,330)	7,529	(7)	(1,155)	(2,963)	—	(2,963)	440	(2,523)
Total comprehensive income/(loss)	—	—	—	—	(9,330)	7,529	(7)	(1,155)	(2,963)	128,645	125,682	1,191	126,873
Dividend — 2008 final	—	—	—	—	—	—	—	—	—	(55,113)	(55,113)	—	(55,113)
Appropriation to surplus reserves(i)	—	—	12,834	—	—	—	—	—	12,834	(12,834)	—	—	—
Appropriation to general reserve(ii)	—	—	—	14,867	—	—	—	—	14,867	(14,867)	—	—	—
Change in shareholdings in subsidiaries	—	99	—	—	—	—	—	—	99	—	99	(99)	—
Capital injection by non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	80	80
Dividends to non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	(86)	(86)
Others	—	550	—	—	—	—	—	—	550	—	550	—	550
Balance as at 31 December 2009	334,019	106,961	37,484	84,222	(897)	(1,919)	(4,082)	(655)	221,114	118,760	673,893	5,041	678,934

(i) Includes the appropriation made by overseas branches and subsidiaries in the amount of RMB29 million and RMB30 million, respectively.

(ii) Includes the appropriation made by subsidiaries in the amount of RMB54 million.

	Attributable to equity holders of the parent company												
		Reserves											
	Issued share capital	Capital reserve	Surplus reserves	General reserve	Investment revaluation reserve	Foreign currency translation reserve	Cash flow hedge reserve	Other reserves	Subtotal	Retained profits	Total	Non-controlling interests	Total equity
Balance as at 1 January 2008	334,019	106,312	13,536	40,834	(1,389)	(1,089)	—	—	158,204	46,148	538,371	5,305	543,676
Profit for the year	—	—	—	—	—	—	—	—	—	110,841	110,841	385	111,226
Other comprehensive income/(loss)	—	—	—	—	9,822	(8,359)	(4,075)	500	(2,112)	—	(2,112)	(874)	(2,986)
Total comprehensive income/(loss)	—	—	—	—	9,822	(8,359)	(4,075)	500	(2,112)	110,841	108,729	(489)	108,240
Dividend — 2007 final	—	—	—	—	—	—	—	—	—	(44,425)	(44,425)	—	(44,425)
Appropriation to surplus reserves[(i)]	—	—	11,114	—	—	—	—	—	11,114	(11,114)	—	—	—
Appropriation to general reserve[(ii)]	—	—	—	28,521	—	—	—	—	28,521	(28,521)	—	—	—
Acquisition of a subsidiary	—	—	—	—	—	—	—	—	—	—	—	368	368
Change in shareholdings in a subsidiary	—	—	—	—	—	—	—	—	—	—	—	(854)	(854)
Dividends to non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	(375)	(375)
Balance as at 31 December 2008	334,019	106,312	24,650	69,355	8,433	(9,448)	(4,075)	500	195,727	72,929	602,675	3,955	606,630

(i) Includes the appropriation made by overseas branches and subsidiaries in the amount of RMB9 million and RMB53 million, respectively.

(ii) Includes the appropriation made by subsidiaries in the amount of RMB147 million.

10.2.5 Consolidated Statement of Cash Flows

Year ended 31 December 2009

(In RMB millions, unless otherwise stated)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**167,294**	145,376
Adjustments for:		
Share of profits and losses of associates and a jointly-controlled entity	**(1,987)**	(1,978)
Depreciation	**9,639**	8,190
Amortisation	**1,361**	1,300
Amortisation of financial investments	**(3,566)**	(4,345)
Impairment losses on loans and advances to customers	**21,682**	36,512
Impairment losses on assets other than loans and advances to customers	**1,603**	18,950
Unrealised foreign exchange difference	**4,297**	30,390
Interest expense on subordinated bonds	**1,790**	1,241
Accreted interest on impaired loans	**(1,021)**	(1,538)
(Gain)/loss on disposal of available-for-sale financial assets, net	**(7,238)**	449
Net trading (gain)/loss on equity investments	**(26)**	14
Net loss on financial assets and liabilities designated at fair value through profit or loss	**129**	57
Net gain on disposal of property and equipment and other assets (other than repossessed assets)	**(575)**	(518)
Dividend income	**(101)**	(82)
	193,281	234,018
Net decrease/(increase) in operating assets:		
Due from central banks	**(284,127)**	(262,312)
Due from banks and other financial institutions	**(72,561)**	13,801
Financial assets held for trading	**13,005**	6,580
Financial assets designated at fair value through profit or loss	**396**	1,182
Reverse repurchase agreements	**(153,500)**	(56,115)
Loans and advances to customers	**(1,169,891)**	(541,025)
Other assets	**(1,826)**	(7,133)
	(1,668,504)	(845,022)
Net increase/(decrease) in operating liabilities:		
Financial liabilities designated at fair value through profit or loss	**4,065**	(6,759)
Due to banks and other financial institutions	**355,470**	(148,259)
Repurchase agreements	**31,412**	(188,835)
Certificates of deposit	**(747)**	(252)
Due to customers	**1,548,192**	1,337,886
Other liabilities	**(369)**	26,681
	1,938,023	1,020,462
Net cash inflow from operating activities before tax	**462,800**	409,458
Income tax paid	**(58,938)**	(38,545)
Net cash inflow from operating activities	**403,862**	370,913

	2009	2008
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment and other assets	**(20,285)**	(15,554)
Proceeds from disposal of property and equipment and other assets (other than repossessed assets)	**1,407**	520
Purchases of financial investments	**(1,559,376)**	(1,086,048)
Proceeds from sale and redemption of investments	**992,406**	1,127,448
Invest in a jointly-controlled entity	**(5)**	—
Acquisition of a subsidiary	**—**	2,261
Acquisition of non-controlling interests	**—**	(1,783)
Acquisition of an associate	**—**	(37,420)
Proceeds from disposal of an associate	**25**	—
Dividends received	**544**	652
Net cash outflow from investing activities	**(585,284)**	(9,924)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital injection by non-controlling shareholders	**80**	66
Proceeds from debts issued	**40,000**	—
Interest paid on subordinated bonds	**(1,168)**	(1,240)
Dividends paid on ordinary shares	**(55,113)**	(44,425)
Dividends paid to non-controlling shareholders	**(86)**	(325)
Net cash outflow from financing activities	**(16,287)**	(45,924)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(197,709)**	315,065
Cash and cash equivalents at beginning of the year	**607,291**	301,687
Effect of exchange rate changes on cash and cash equivalents	**(188)**	(9,461)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**409,394**	607,291
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES INCLUDES:		
Interest received	**399,115**	425,143
Interest paid	**(162,920)**	(148,789)

10.3 New and Revised International Financial Reporting Standards that are Effective or Early Adopted in 2009 and Relevant to the Group

The IASB has issued the following new and revised IFRSs (including International Accounting Standards ("IASs")) and IFRIC interpretations that are effective or early adopted in 2009 and relevant to the Group's operation.

IFRS 1 and IAS 27 Amendments	Amendments to IFRS 1 First-time Adoption of IFRSs and IAS 27 Consolidated and Separate Financial Statements — Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
IFRS 3 (Revised)	Business Combinations
IAS 27 (Revised)	Consolidated and Separate Financial Statements
IFRS 7 Amendments	Amendments to IFRS 7 Financial Instruments: Disclosures — Improving Disclosures about Financial Instruments
IFRS 8	Operating Segments
IAS 1 (Revised)	Presentation of Financial Statements
IAS 32 and IAS 1 Amendments	Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements — Puttable Financial Instruments and Obligations Arising on Liquidation
IFRIC 9 and IAS 39 Amendments	Amendments to IFRIC 9 Reassessment of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement — Embedded Derivatives
IFRIC 16	Hedges of a Net Investment in a Foreign Operation

The principal effects of adopting these new and revised IFRSs and IFRIC interpretations are as follows:

The amendment to IAS 27 Consolidated and Separate Financial Statements — Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate requires all dividends from subsidiaries, associates or jointly-controlled entities to be recognised in the income statement in the parent's separate financial statements. The distinction between pre and post acquisition profits is no longer required. However, the payment of such dividends requires the Company to consider whether there is an indicator of impairment. The amendment is applied prospectively. The adoption of the amendments has had no significant impact on the financial position or results of operations of the Group. As the Group is not a first-time adopter of IFRSs, the IFRS 1 Amendment is not applicable to the Group.

The Group has early adopted IFRS 3 Business Combination (Revised) and IAS 27 Consolidated and Separate Financial Statements (Revised) as of 1 January 2009. IFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that impacts the amount of goodwill recognised, the reported result in the period that an acquisition occurs and future reported results. IAS 27 (Revised) requires that a change in the ownership interest of a subsidiary is accounted for as an equity transaction. The Group amended its accounting policy accordingly and did not result in any effect on the financial position and operating results of these financial statements.

The amendments to IFRS 7 Financial Instruments: Disclosures — Improving Disclosures about Financial Instruments require additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management.

IFRS 8 Operating Segments requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. Adoption of this standard did not have any effect on the financial position of the Group. The Group determined that the operating segments were the same as the business segments previously identified under IAS 14 Segment Reporting. Additional disclosures about each of these segments are shown in 10.4.16, including revised comparative information.

IAS 1 Presentation of Financial Statements (Revised) separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, it introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement or in two linked statements. The Group has elected to present two statements.

The amendments to IAS 32 Financial Instruments: Presentation provide a limited scope exception for puttable financial instruments and instruments that impose specified obligations arising on liquidation to be classified as equity if they fulfill a number of specified features. Amendments to IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation require disclosure of certain information relating to these puttable financial instruments and obligations classified as equity. As the Group currently has no such financial instruments or obligations, the amendments have had no impact on the financial position or results of operations of the Group.

The amendment to IFRIC 9 Reassessment of Embedded Derivatives requires an entity to assess whether an embedded derivative must be separated from a host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. IAS 39 has been revised to state that if an embedded derivative cannot be separately measured, the entire hybrid instrument must remain classified as fair value through profit or loss in its entirety. The adoption of the amendments has had no significant impact on the financial position or results of operations of the Group.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation provides guidance on the accounting for a hedge of a net investment in a foreign operation. This includes clarification that (i) hedge accounting may be applied only to the foreign exchange differences arising between the functional currencies of the foreign operation and the parent entity; (ii) a hedging instrument may be held by any entities within a group; and (iii) on disposal of a foreign operation, the cumulative gain or loss relating to both the net investment and the hedging instrument that was determined to be an effective hedge should be reclassified to the income statement as a reclassification adjustment. The adoption of the interpretation has had no significant impact on the financial position or results of operations of the Group.

Apart from the above, in May 2008 the IASB has issued Improvements to IFRSs* which set out amendments to a number of IFRSs primarily with a view to removing inconsistencies and clarifying wording. Except for the amendments to IFRS 5 which is effective for annual periods on or after 1 July 2009, other amendments are effective for annual periods beginning on or after 1 January 2009 although there are separate transitional provisions for each standard. As a consequence of the early adoption of IFRS 3 (Revised) and IAS 27 (Revised), the Group also early adopted the amendments to IFRS 2, IAS 38, IFRIC 9 and IFRIC 16 of Improvements to IFRSs issued in April 2009 by the IASB. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact to the Group.

* Improvements to IFRSs (2008) contain amendments to IFRS 5, IFRS 7, IAS 1, IAS 8, IAS 10, IAS 16, IAS 18, IAS 19, IAS 20, IAS 23, IAS 27, IAS 28, IAS 29, IAS 31, IAS 34, IAS 36, IAS 38, IAS 39, IAS 40 and IAS 41.

10.4 Notes to Financial Statements

(In RMB millions, unless otherwise stated)

10.4.1 Net Interest Income

	2009	2008
Interest income on:		
Loans and advances to customers		
— Corporate loans and advances	**217,954**	234,696
— Personal loans	**48,551**	56,869
— Discounted bills	**10,634**	15,538
Financial investments	**96,230**	102,688
Due from central banks	**23,361**	22,634
Due from banks and other financial institutions	**9,148**	8,149
	405,878	440,574
Interest expense on:		
Due to customers	**(145,246)**	(160,253)
Due to banks and other financial institutions	**(13,021)**	(16,043)
Subordinated bonds	**(1,790)**	(1,241)
	(160,057)	(177,537)
Net interest income	**245,821**	263,037

10.4.2 Net Fee and Commission Income

	2009	2008
Settlement, clearing business and cash management	**14,587**	13,002
Investment banking business	**12,539**	8,028
Personal wealth management and private banking services	**12,059**	10,327
Bank card business	**9,408**	7,199
Corporate wealth management services	**4,442**	2,788
Guarantee and commitment business	**2,396**	1,849
Assets fiduciary business	**2,212**	2,066
Trust and agency services	**882**	756
Others	**517**	696
Fee and commission income	**59,042**	46,711
Fee and commission expense	**(3,895)**	(2,709)
Net fee and commission income	**55,147**	44,002

10.4.3 Net Trading Income/(Expense)

	2009	2008
Debt securities	**349**	1,943
Equity investments	**26**	(14)
Derivatives	**(450)**	(46)
	(75)	1,883

10.4.4 Net Loss on Financial Assets and Liabilities Designated at Fair Value through Profit or Loss

	2009	2008
Financial assets	**171**	(55)
Financial liabilities	**(300)**	(644)
	(129)	(699)

10.4.5 Net Gain/(Loss) on Financial Investments

	2009	2008
Dividend income from unlisted investments	**96**	69
Dividend income from listed investments	**5**	13
Dividend income	**101**	82
Gain/(loss) on disposal of available-for-sale financial assets, net	**7,238**	(449)
	7,339	(367)

10.4.6 Other Operating Income, Net

	2009	2008
Loss from foreign exchange and foreign exchange products, net	**(1,246)**	(851)
Net gain on disposal of property and equipment, repossessed assets and others	**1,122**	1,563
Sundry bank charge income	**244**	251
Others	**1,188**	1,376
	1,308	2,339

10.4.7 Operating Expenses

	2009	2008
Staff costs:		
Salaries and bonuses	**38,769**	35,169
Staff benefits	**11,187**	10,846
Contributions to defined contribution schemes	**6,334**	5,237
Early retirement benefits	**4,200**	2,000
	60,490	53,252
Premises and equipment expenses:		
Depreciation	**9,639**	8,190
Minimum lease payments under operating leases in respect of land and buildings	**2,977**	2,469
Repairs and maintenance charges	**2,301**	2,686
Utility expenses	**1,843**	1,672
	16,760	15,017
Amortisation	**1,361**	1,300
Other administrative expenses	**18,076**	17,243
Business tax and surcharges	**18,157**	18,765
Others	**5,975**	5,758
	120,819	111,335

10.4.8 Impairment Losses on Assets Other than Loans and Advances to Customers

	2009	2008
Charge/(reversal) of impairment losses on:		
Due from banks and other financial institutions	**(3)**	(121)
Financial investments:		
Held-to-maturity investments	**136**	1,616
Available-for-sale financial assets	**781**	16,485
Property and equipment	**—**	16
Other assets	**689**	954
	1,603	18,950

10.4.9 Income Tax Expense

	2009	2008
(a) Income Tax		
Current income tax expense:		
PRC		
— Mainland China	**37,663**	42,054
— Hong Kong and Macau	**599**	142
Overseas	**143**	93
	38,405	42,289
Adjustments in respect of current income tax of prior years(i)	**3,765**	400
	42,170	42,689
Deferred income tax credit	**(4,272)**	(8,539)
	37,898	34,150

(i) As tax bureau announced a set of regulations in 2009, some of which took into effect from 1 January 2008 retrospectively, the group adjusted the income tax payment for 2008 accordingly.

(b) Reconciliation between income tax and accounting profit

The PRC income tax has been provided at the statutory rate of 25% in accordance with the relevant tax laws in Mainland China during the year. Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the countries/regions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof. A reconciliation of the income tax expense applicable to profit before tax at the PRC statutory income tax rate to income tax expense at the Group's effective income tax rate is as follows:

	2009	2008
Profit before tax	**167,294**	145,376
Tax at the PRC statutory income tax rate	**41,824**	36,344
Effects of different applicable rates of tax prevailing in other countries/regions	**(161)**	(112)
Non-deductible expenses[(i)]	**3,307**	2,049
Non-taxable income[(ii)]	**(5,271)**	(4,335)
Profits and losses attributable to associates and a jointly-controlled entity	**(497)**	(494)
Adjustments in respect of current and deferred income tax of prior years	**(1,716)**	400
Others	**412**	298
Tax expense at the Group's effective income tax rate	**37,898**	34,150

(i) The non-deductible expenses mainly represent non-deductible impairment provision and write-offs.

(ii) The non-taxable income mainly represents interest income arising from PRC government bonds, which is exempted from income tax.

10.4.10 Dividends

	2009	2008
Dividends on ordinary shares declared and paid: Final dividend for 2008: RMB0.165 per share (2007: RMB0.133 per share)	**55,113**	44,425

	2009	2008
Dividends on ordinary shares proposed for approval (not recognised as at 31 December): Final dividend for 2009: RMB0.17 per share (2008: RMB0.165 per share)	**56,783**	55,113

10.4.11 Earnings Per Share Attributable to Equity Holders of the Parent Company

The calculation of basic and diluted earnings per share is based on the following:

	2009	2008
Earnings:		
Profit for the year attributable to equity holders of the parent company	**128,645**	110,841
Shares:		
Weighted average number of ordinary shares in issue (million)	**334,019**	334,019
Basic and diluted earnings per share (RMB yuan)	**0.39**	0.33

Basic earnings per share was calculated as profit for the year attributable to ordinary shareholders of the Bank divided by the weighted average number of ordinary shares in issue. There were no dilutive events during the year ended 31 December 2009 and 31 December 2008.

10.4.12 Derivative Financial Instruments

A derivative is a financial instrument, the value of which changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other similar variables. The Group uses derivative financial instruments including forwards, swaps and options.

The notional amount of a derivative represents the amount of underlying asset upon which the value of the derivative is based. It indicates the volume of business transacted by the Group but does not reflect the risk.

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction.

At the end of the reporting period, the Group had derivative financial instruments as follows:

31 December 2009

	Notional amounts with remaining life of					Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Exchange rate contracts:							
Forward and swap contracts	**214,305**	**247,253**	**18,413**	**7,063**	**487,034**	**2,827**	**(3,933)**
Option contracts purchased	**2,952**	**1,249**	**136**	**—**	**4,337**	**30**	**—**
Option contracts written	**3,029**	**1,641**	**137**	**—**	**4,807**	**—**	**(36)**
	220,286	**250,143**	**18,686**	**7,063**	**496,178**	**2,857**	**(3,969)**
Interest rate contracts:							
Swap contracts	**35,185**	**36,999**	**110,244**	**41,586**	**224,014**	**2,526**	**(3,439)**
Forward contracts	**3,619**	**3,415**	**16,349**	**—**	**23,383**	**221**	**(222)**
Option contracts purchased	**—**	**264**	**444**	**—**	**708**	**4**	**—**
Option contracts written	**—**	**264**	**444**	**—**	**708**	**—**	**(4)**
	38,804	**40,942**	**127,481**	**41,586**	**248,813**	**2,751**	**(3,665)**
Other derivative contracts	**273**	**1**	**34**	**—**	**308**	**150**	**(139)**
	259,363	**291,086**	**146,201**	**48,649**	**745,299**	**5,758**	**(7,773)**

31 December 2008

	Notional amounts with remaining life of					Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Exchange rate contracts:							
Forward and swap contracts	242,378	191,333	16,327	11,769	461,807	8,749	(5,721)
Option contracts purchased	2,985	4,437	10	—	7,432	227	(78)
Option contracts written	2,868	4,406	10	—	7,284	78	(227)
	248,231	200,176	16,347	11,769	476,523	9,054	(6,026)
Interest rate contracts:							
Swap contracts	5,094	22,711	103,525	51,392	182,722	6,543	(7,462)
Forward contracts	3,964	3,759	21,803	1,504	31,030	118	(118)
Option contracts purchased	—	—	264	—	264	5	—
Option contracts written	—	—	264	—	264	—	(5)
	9,058	26,470	125,856	52,896	214,280	6,666	(7,585)
Other derivative contracts	27	96	—	—	123	1	(1)
	257,316	226,742	142,203	64,665	690,926	15,721	(13,612)

Cash flow hedges

The Group's cash flow hedge consists of interest rate swap contracts and currency swap contracts that are used to protect against exposures to variability of future cash flows arising from floating rate foreign currency denominated assets and floating rate foreign currency denominated liabilities during the year. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income, and will be recycled into the profit or loss when the forecast cash flows affect the income statement. The ineffective portion is immediately recognised in the income statement.

Among the above derivative financial instruments, those designated as hedging instruments in the Group's cash flow hedge are set out below.

31 December 2009

	Notional amounts with remaining life of					**Fair values**	
	Within three months	**Over three months but within one year**	**Over one year but within five years**	**Over five years**	**Total**	**Assets**	**Liabilities**
Interest rate swap contracts	**—**	**2**	**654**	**194**	**850**	**3**	**(5)**

31 December 2008

	Notional amounts with remaining life of					Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Currency swap contracts	—	444	—	—	444	—	(33)

There is no ineffectiveness recognised in the income statement that arises from cash flow hedges for the current year (2008: Nil).

Fair value hedges

Fair value hedges are used by the Group to protect it against changes in the fair value of financial assets and financial liabilities due to movements in market interest rates and exchange rates. Interest rate swaps and currency swaps are used as hedging instruments to hedge the interest risk and currency risk of financial assets respectively.

The effectiveness of hedges based on changes in fair value of the derivatives and the hedged items attributable to the hedged risk recognised in the income statement during the year is presented as follows:

	2009	2008
Gain/(loss) arising from fair value hedges, net:		
— Hedging instruments	**159**	(529)
— Hedged items attributable to the hedged risk	**(168)**	496
	(9)	(33)

Among the above derivative financial instruments, those designated as hedging instruments in fair value hedges are set out below.

31 December 2009

	Notional amounts with remaining life of					**Fair values**	
	Within three months	**Over three months but within one year**	**Over one year but within five years**	**Over five years**	**Total**	**Assets**	**Liabilities**
Currency swap contracts	**—**	**—**	**54**	**—**	**54**	**—**	**(20)**
Interest rate swap contracts	**635**	**1,942**	**13,350**	**1,900**	**17,827**	**56**	**(676)**
	635	**1,942**	**13,404**	**1,900**	**17,881**	**56**	**(696)**

31 December 2008

	Notional amounts with remaining life of					Fair values	
	Within three months	Over three months but within one year	Over one year but within five years	Over five years	Total	Assets	Liabilities
Currency swap contracts	—	—	124	—	124	—	(23)
Interest rate swap contracts	312	1,721	9,681	1,191	12,905	3	(796)
	312	1,721	9,805	1,191	13,029	3	(819)

The credit risk weighted amounts in respect of the above derivatives of the Group as at the end of the reporting period are as follows:

	2009	2008
Currency derivatives	**4,722**	5,900
Interest rate derivatives	**2,544**	6,141
Other derivatives	**169**	8
	7,435	12,049

The credit risk weighted amounts represent the counterparty credit risk associated with derivative transactions and are calculated with reference to the guidelines issued by the CBRC. The amounts calculated are dependent on, among other factors, the credit worthiness of the customers and the maturity characteristics of each type of contracts. The amounts differ from the carrying amount or the maximum exposure to credit risk.

10.4.13 Financial Investments

	2009	2008
Receivables	**1,132,379**	1,162,769
Held-to-maturity investments	**1,496,738**	1,314,320
Available-for-sale financial assets	**949,909**	537,580
	3,579,026	3,014,669

10.4.14 Components of Other Comprehensive Income

	2009	2008
Available-for-sale financial assets:	**(10,461)**	9,067
Changes in fair value recorded in other comprehensive income/(loss)		
Less: Income tax effect	**3,516**	(3,305)
Transfer to income statement arising from disposal/impairment	**(1,945)**	3,429
	(8,890)	9,191
Cash flow hedges:		
Losses arising during the year	**(2)**	(4,073)
Less: Income tax effect	**—**	—
Transfer to income statement	**(7)**	—
	(9)	(4,073)
Share of other comprehensive income/(loss) of associates and a jointly-controlled entity	**(1,155)**	500
Less: Income tax effect	**—**	—
Transfer to income statement	**—**	—
	(1,155)	500
Foreign currency translation differences	**7,531**	(8,604)
Less: Transfer to income statement	**—**	—
	7,531	(8,604)
	(2,523)	(2,986)

10.4.15 Commitments and Contingent Liabilities

(a) Capital commitments

At the end of the reporting period, the Group had capital commitments as follows:

	2009	2008
Authorised, but not contracted for	**4,177**	1,687
Contracted, but not provided for	**6,125**	1,658
	10,302	3,345

As at 31 December 2009, the Bank had commitments in relation to the transfer and acquisition of shares for the purpose of acquiring subsidiaries amounted to RMB4,262 million approximately, amongst which RMB3,025 million and RMB1,237 million approximately were included in the amounts of authorised, but not contracted for and contracted, but not provided for commitments as shown above respectively.

(b) Operating lease commitments

At the end of the reporting period, the Group leased certain of its premises under operating lease arrangements. The total future minimum lease payments in respect of non-cancellable operating leases are as follows:

	2009	2008
Within one year	**2,570**	2,146
After one year but not more than five years	**6,022**	5,178
After five years	**1,616**	1,658
	10,208	8,982

(c) Credit commitments

At any given time, the Group has outstanding commitments to extend credit. These commitments are in the form of approved loans and credit card limits.

The Group provides letters of credit and financial guarantees to guarantee the performance of customers to third parties.

Bank acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers.

The contractual amounts of credit commitments by category are set out below. The amounts disclosed in respect of loan commitments and undrawn credit card limit are under the assumption that the amounts will be fully advanced. The amounts for bank acceptances, letters of credit and guarantees represent the maximum potential losses that would be recognised at the end of the reporting period had the counterparties failed to perform as contracted.

	2009	2008
Bank acceptances	**209,967**	206,632
Guarantees issued	**210,243**	217,071
Financing letters of guarantees	**78,643**	87,176
Non financing letters of guarantees	**131,600**	129,895
Usance letters of credit	**113,416**	73,374
Sight letters of credit	**50,019**	39,879
Loan commitments	**457,956**	238,687
With original maturity of not more than one year	**216,253**	144,585
With original maturity of more than one year	**241,703**	94,102
Undrawn credit card limit	**198,086**	160,830
	1,239,687	936,473

	2009	2008
Credit risk weighted amount of credit commitments	**507,149**	385,049

The credit risk weighted amount refers to the amount computed in accordance with the rules promulgated by the CBRC. The risk weights are determined in accordance with the credit status of the counterparties, the maturity profile and other factors. The risk weights ranged from 0% to 100% for credit commitments.

(d) Legal proceedings

There were a number of legal proceedings outstanding against the Bank and/or its subsidiaries as at the end of the reporting period.

	2009	2008
Claimed amounts	**2,131**	3,292

In the opinion of management, the Group has made adequate allowance for any probable losses based on the current facts and circumstances, and the ultimate outcome of these lawsuits will not have a material impact on the financial position or operations of the Group.

(e) Redemption commitments of government bonds

As an underwriting agent of the Government, the Bank underwrites certain PRC government bonds and sells the bonds to the general public, in which the Bank is obliged to redeem these bonds at the discretion of the holders at any time prior to maturity. The redemption price for the bonds is based on the nominal value of the bonds plus any interest accrued up to the redemption date. As at 31 December 2009, the Bank had underwritten and sold bonds with an accumulated amount of RMB149,506 million (2008: RMB151,345 million) to the general public, and these government bonds have not yet matured nor been redeemed. Management expects that the amount of redemption of these government bonds through the Bank prior to maturity will not be material.

The MOF will not provide funding for the early redemption of these government bonds on a back-to-back basis but is obliged to repay the principal and the respective interest upon maturity.

(f) Underwriting obligations

At the end of the reporting period, the amount of unexpired securities underwriting obligations was as follows:

	2009	2008
Underwriting obligations	**1,800**	1,000

10.4.16 Segment Information

(a) Operating segments

For management purposes, the Group is organised into different operating segments, namely corporate banking, personal banking and treasury operations, based on internal organisational structure, management requirement and internal reporting system.

Corporate banking

The corporate banking segment covers the provision of financial products and services to corporations, government agencies and financial institutions. The products and services include corporate loans, trade financing, deposit-taking activities, corporate wealth management services, custody activities and various types of corporate intermediary services.

Personal banking

The personal banking segment covers the provision of financial products and services to individual customers. The products and services include personal loans, deposit-taking activities, card business, personal wealth management services and various types of personal intermediary services.

Treasury operations

The treasury operations segment covers the Group's treasury operations which include money market transactions, investment securities, foreign exchange transactions and the holding of derivative positions, for its own accounts or on behalf of customers.

Others

This represents the assets, liabilities, income and expenses that are not directly attributable or cannot be allocated to a segment on a reasonable basis.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group.

Transactions between segments mainly represent the provision of funding to and from individual segments. These transactions are conducted on terms determined with reference to the average cost of funding and have been reflected in the performance of each segment. Net interest income and expense arising on internal fund transfer charges are referred to as "internal net interest income/expense". Interest income and expense relating to third parties are referred to as "external net interest income/expense".

Segment revenues, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The basis for allocation is mainly based on occupation of or contribution to resources. Income taxes are managed on a group basis and are not allocated to operating segments.

	Corporate banking	Personal banking	Treasury operations	Others	Total
Year ended 31 December 2009					
External net interest income/(expense)	**168,772**	**(37,973)**	**115,022**	**—**	**245,821**
Internal net interest income/(expense)	**(35,965)**	**108,571**	**(72,606)**	**—**	**—**
Net fee and commission income[(i)]	**32,486**	**22,499**	**162**	**—**	**55,147**
Other income, net	**864**	**17**	**6,149**	**1,413**	**8,443**
Operating income	**166,157**	**93,114**	**48,727**	**1,413**	**309,411**
Operating expenses	**(58,707)**	**(45,080)**	**(14,229)**	**(2,803)**	**(120,819)**
Impairment losses on:					
Loans and advances to customers	**(14,998)**	**(6,684)**	**—**	**—**	**(21,682)**
Others	**(421)**	**—**	**(914)**	**(268)**	**(1,603)**
Operating profit/(loss)	**92,031**	**41,350**	**33,584**	**(1,658)**	**165,307**
Share of profits and losses of associates and a jointly-controlled entity	**—**	**—**	**—**	**1,987**	**1,987**
Profit before tax	**92,031**	**41,350**	**33,584**	**329**	**167,294**
Income tax expense					**(37,898)**
Profit for the year					**129,396**
Other segment information:					
Depreciation	**4,166**	**3,415**	**1,881**	**177**	**9,639**
Amortisation	**657**	**436**	**260**	**8**	**1,361**
Capital expenditure	**8,867**	**7,172**	**4,018**	**373**	**20,430**
As at 31 December 2009					
Segment assets	**4,472,851**	**1,262,155**	**5,966,772**	**83,275**	**11,785,053**
Including: Investments in associates and a jointly-controlled entity	**—**	**—**	**—**	**36,278**	**36,278**
Property and equipment	**37,546**	**30,736**	**17,079**	**10,323**	**95,684**
Other non-current assets[(ii)]	**13,893**	**7,668**	**4,761**	**5,794**	**32,116**
Segment liabilities	**5,165,238**	**4,787,973**	**1,143,877**	**9,031**	**11,106,119**
Other segment information:					
Credit commitments	**1,041,601**	**198,086**	**—**	**—**	**1,239,687**

(i) All from external customers.

(ii) Including long term receivables, intangible assets, goodwill, long term deferred expenses and other non-current assets.

	Corporate banking	Personal banking	Treasury operations	Others	Total
Year ended 31 December 2008					
External net interest income/(expense)	181,782	(36,122)	117,377	—	263,037
Internal net interest income/(expense)	(56,035)	123,456	(67,421)	—	—
Net fee and commission income[(i)]	24,907	18,953	142	—	44,002
Other income/(expense), net	2,414	14	(171)	899	3,156
Operating income	153,068	106,301	49,927	899	310,195
Operating expenses	(54,683)	(36,716)	(13,452)	(6,484)	(111,335)
Impairment losses on:					
Loans and advances to customers	(30,639)	(5,873)	—	—	(36,512)
Others	(554)	(6)	(17,985)	(405)	(18,950)
Operating profit/(loss)	67,192	63,706	18,490	(5,990)	143,398
Share of profits and losses of associates	—	—	—	1,978	1,978
Profit/(loss) before tax	67,192	63,706	18,490	(4,012)	145,376
Income tax expense					(34,150)
Profit for the year					111,226
Other segment information:					
Depreciation	3,663	2,470	1,579	478	8,190
Amortisation	640	360	269	31	1,300
Capital expenditure	7,334	4,883	3,147	900	16,264
As at 31 December 2008					
Segment assets	3,706,953	878,988	5,105,568	65,637	9,757,146
Including: Investments in associates	—	—	—	28,421	28,421
Property and equipment	36,532	24,739	15,652	9,877	86,800
Other non-current assets[(ii)]	14,674	6,669	5,280	5,865	32,488
Segment liabilities	4,280,441	4,147,162	715,448	7,465	9,150,516
Other segment information:					
Credit commitments	775,643	160,830	—	—	936,473

(i) All from external customers.

(ii) Including long term receivables, intangible assets, goodwill, long term deferred expenses and other non-current assets.

(b) Geographical information

The Group operates principally in Mainland China, and also has branches and subsidiaries operating outside Mainland China in Hong Kong, Macau, Singapore, Frankfurt, Luxembourg, Seoul, Busan, Tokyo, London, Almaty, Indonesia, Moscow, Doha, Dubai, Sydney and New York.

The distribution of the geographical areas is as follows:

Mainland China (Head Office and domestic branches):

Head Office ("HO"): the HO business division (including institutions directly controlled by the HO and their offices);

Yangtze River Delta: including Shanghai, Jiangsu, Zhejiang, Ningbo and Suzhou;

Pearl River Delta: including Guangdong, Shenzhen, Fujian and Xiamen;

Bohai Rim: including Beijing, Tianjin, Hebei, Shandong and Qingdao;

Central China: including Shanxi, Henan, Hubei, Hunan, Anhui, Jiangxi and Hainan;

Western China: including Chongqing, Sichuan, Guizhou, Yunnan, Guangxi, Shaanxi, Gansu, Qinghai, Ningxia, Xinjiang, Inner Mongolia and Tibet; and

Northeastern China: including Liaoning, Heilongjiang, Jilin and Dalian.

Overseas and others: branches located outside Mainland China, domestic and overseas subsidiaries, and investments in associates and a jointly-controlled entity.

	Mainland China (HO and domestic branches)									
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and others	Eliminations	Total
Year ended 31 December 2009										
External net interest income	117,085	38,412	22,417	11,912	18,500	27,864	4,116	5,515	—	245,821
Internal net interest income/(expense)	(102,800)	16,835	11,988	41,162	13,879	12,541	6,611	(216)	—	—
Net fee and commission income[(i)]	1,552	14,133	9,234	10,934	6,988	7,291	2,751	2,264	—	55,147
Other income/(expense), net	9,066	(934)	(88)	(440)	(305)	(91)	76	1,159	—	8,443
Operating income	24,903	68,446	43,551	63,568	39,062	47,605	13,554	8,722	—	309,411
Operating expenses	(7,548)	(21,760)	(15,644)	(21,808)	(19,464)	(22,294)	(9,552)	(2,749)	—	(120,819)
Impairment losses on:										
Loans and advances to customers	(50)	(3,665)	(3,507)	(6,172)	(4,191)	(2,872)	(391)	(834)	—	(21,682)
Others	(652)	(41)	(36)	(85)	(54)	(96)	(380)	(259)	—	(1,603)
Operating profit	16,653	42,980	24,364	35,503	15,353	22,343	3,231	4,880	—	165,307
Share of profits and losses of associates and a jointly-controlled entity	—	—	—	—	—	—	—	1,987	—	1,987
Profit before tax	16,653	42,980	24,364	35,503	15,353	22,343	3,231	6,867	—	167,294
Income tax expense										(37,898)
Profit for the year										129,396
Other segment information:										
Depreciation	1,130	1,610	1,141	1,549	1,523	1,738	840	108	—	9,639
Amortisation	460	222	113	118	185	182	55	26	—	1,361
Capital expenditure	2,103	3,626	1,937	2,589	3,949	3,390	1,259	1,577	—	20,430

(i) All from external customers.

	Mainland China (HO and domestic branches)									
	Head Office	**Yangtze River Delta**	**Pearl River Delta**	**Bohai Rim**	**Central China**	**Western China**	**Northeastern China**	**Overseas and others**	**Eliminations**	**Total**
As at 31 December 2009										
Assets by geographical areas	**5,823,910**	**2,427,925**	**1,461,854**	**2,965,139**	**1,491,357**	**1,636,235**	**719,400**	**385,725**	**(5,145,188)**	**11,766,357**
Including: Investments in associates and a jointly-controlled entity	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**36,278**	**—**	**36,278**
Property and equipment	**7,981**	**18,492**	**10,792**	**15,661**	**14,977**	**16,623**	**9,081**	**2,077**	**—**	**95,684**
Other non-current assets[(i)]	**6,303**	**6,172**	**2,269**	**4,365**	**5,546**	**4,576**	**1,905**	**980**	**—**	**32,116**
Unallocated assets										**18,696**
Total assets										**11,785,053**
Liabilities by geographical areas	**5,409,113**	**2,376,668**	**1,433,407**	**2,927,875**	**1,470,073**	**1,607,198**	**712,231**	**292,333**	**(5,145,188)**	**11,083,710**
Unallocated liabilities										**22,409**
Total liabilities										**11,106,119**
Other segment information:										
Credit commitments	**215,103**	**244,798**	**167,451**	**288,195**	**73,463**	**84,286**	**31,815**	**134,576**	**—**	**1,239,687**

(i) Including long term receivables, intangible assets, goodwill, long term deferred expenses and other non-current assets.

	Mainland China (HO and domestic branches)									
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and others	Eliminations	Total
Year ended 31 December 2008										
External net interest income	118,029	47,738	26,021	14,805	19,704	26,457	4,533	5,750	—	263,037
Internal net interest income/(expense)	(84,690)	13,690	10,497	32,580	11,618	10,461	6,561	(717)	—	—
Net fee and commission income[(i)]	2,245	10,687	7,217	8,437	5,522	5,723	2,282	1,889	—	44,002
Other income/(expense), net	(6,842)	2,279	2,344	1,736	1,027	1,719	1,102	(209)	—	3,156
Operating income	28,742	74,394	46,079	57,558	37,871	44,360	14,478	6,713	—	310,195
Operating expenses	(6,743)	(21,081)	(14,496)	(19,298)	(17,829)	(20,249)	(9,213)	(2,426)	—	(111,335)
Impairment losses on:										
Loans and advances to customers	(409)	(10,102)	(5,632)	(7,861)	(5,012)	(5,442)	(1,375)	(679)	—	(36,512)
Others	(16,768)	(225)	92	(136)	(329)	(123)	(439)	(1,022)	—	(18,950)
Operating profit	4,822	42,986	26,043	30,263	14,701	18,546	3,451	2,586	—	143,398
Share of profits and losses of associates	—	—	—	—	—	—	—	1,978	—	1,978
Profit before tax	4,822	42,986	26,043	30,263	14,701	18,546	3,451	4,564	—	145,376
Income tax expense										(34,150)
Profit for the year										111,226
Other segment information:										
Depreciation	872	1,356	1,004	1,361	1,341	1,405	760	91	—	8,190
Amortisation	446	193	79	117	185	176	58	46	—	1,300
Capital expenditure	2,541	2,863	1,785	2,334	2,480	3,148	892	221	—	16,264

(i) All from external customers.

	Mainland China (HO and domestic branches)									
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and others	Eliminations	Total
As at 31 December 2008										
Assets by geographical areas	5,229,411	2,003,485	1,174,627	2,402,081	1,245,770	1,342,482	609,063	302,138	(4,562,657)	9,746,400
Including: Investments in associates	—	—	—	—	—	—	—	28,421	—	28,421
Property and equipment	7,599	16,930	10,114	14,848	12,791	15,151	8,670	697	—	86,800
Other non-current assets (i)	5,816	6,056	2,470	4,371	5,468	5,040	2,278	989	—	32,488
Unallocated assets										10,746
Total assets										9,757,146
Liabilities by geographical areas	4,825,553	1,952,978	1,145,838	2,365,629	1,226,264	1,318,006	604,331	236,696	(4,562,657)	9,112,638
Unallocated liabilities										37,878
Total liabilities										9,150,516
Other segment information:										
Credit commitments	185,105	215,313	93,180	199,581	54,933	47,067	18,232	123,062	—	936,473

(i) Including long term receivables, intangible assets, goodwill, long term deferred expenses and other non-current assets.

10.4.17 Comparative Amounts

Certain comparative amounts have been reclassified to conform with the current year's presentation.

11. Issue of Results Announcement and Annual Report

This Results Announcement will be released on HKExnews website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the websites of the Bank (www.icbc.com.cn, www.icbc-ltd.com) simultaneously. The 2009 Annual Report prepared in accordance with IFRSs will be released on the HKExnews website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the websites of the Bank (www.icbc.com.cn, www.icbc-ltd.com) and will be despatched to the shareholders of H shares of the Bank. The 2009 Annual Report and its abstract prepared in accordance with PRC GAAP will be released simultaneously on the websites of the Shanghai Stock Exchange (www.sse.com.cn) and the Bank (www.icbc.com.cn, www.icbc-ltd.com).

This Results Announcement has been prepared in both Chinese and English languages. In case of any discrepancy between the two versions, the Chinese version shall prevail.

By the order of
The Board of Directors of
Industrial and Commercial Bank of China Limited

25 March 2010

As at the date of this announcement, the Board of Directors comprises Mr. JIANG Jianqing, Mr. YANG Kaisheng and Mr. ZHANG Furong as executive directors, Mr. HUAN Huiwu, Mr. GAO Jianhong, Ms. LI Chunxiang, Mr. LI Jun, Mr. LI Xiwen and Mr. WEI Fusheng as non-executive directors, and Mr. LEUNG Kam Chung, Antony, Mr. QIAN Yingyi, Mr. XU Shanda, Mr. WONG Kwong Shing, Frank, Sir Malcolm Christopher McCARTHY and Mr. Kenneth Patrick CHUNG as independent non-executive directors.