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 Interim Results Announcement

The Board of Directors of Industrial and Commercial Bank of China Limited (the "Bank") is pleased to announce the unaudited interim results of the Bank and its subsidiaries (the "Group") for six months ended 30 June 2009. The Board of Directors and the Audit Committee of the Board of Directors of the Bank has reviewed and confirmed the unaudited interim 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 presentations, misleading statements or material omissions; and agree to assume individual and joint and several liabilities for the authenticity, accuracy and completeness of the information contained in this announcement.

The 2009 Interim 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 20 August 2009. All directors were present at the meeting.

The 2009 interim financial statements prepared by the Bank in accordance with the Chinese Accounting Standards (CASs) and the International Financial Reporting Standards (IFRSs) have been reviewed by Ernst & Young Hua Ming and Ernst & Young in accordance with the Chinese and international standards on review engagements, respectively.

The Board of Directors of
Industrial and Commercial Bank of China Limited

20 August 2009

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 Interim Report are authentic and complete.

2. Corporate Information

2.1 Basic Information

Stock name	工商銀行 (A shares)	ICBC (H shares)
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, People's Republic of China	
Postal code	100140	
Internet website	www.icbc.com.cn, www.icbc-ltd.com	
E-mail	ir@icbc.com.cn	

2.2 Contact

Board Secretary and Company Secretary

Name	Gu Shu
Contact address	No.55 Fuxingmennei Avenue, Xicheng District, Beijing, People's Republic of China
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3. Financial Highlights

(Financial data and indicators in this Interim 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

	Six months ended 30 June 2009	Six months ended 30 June 2008	Year ended 31 December 2008
Operating Results (in RMB millions)			
Net interest income	**116,038**	131,785	263,037
Net fee and commission income	**27,744**	24,480	44,002
Operating income	**148,082**	154,956	310,195
Operating expenses	**53,048**	53,193	111,335
Impairment losses	**10,212**	18,315	55,462
Operating profit	**84,822**	83,448	143,398
Profit before tax	**85,788**	84,411	145,376
Profit after tax	**66,724**	64,879	111,226
Net profit attributable to equity holders of the parent company	**66,424**	64,531	110,841
Net cash flow generated from operating activities	**(67,265)**	196,132	370,913
Per share data (in RMB)			
Basic earnings per share	**0.20**	0.19	0.33
Diluted earnings per share	**0.20**	0.19	0.33
Net cash flow per share from operating activities	**(0.20)**	0.59	1.11

	30 June 2009	31 December 2008	31 December 2007
Balance sheet items (in RMB millions)			
Total assets	**11,434,607**	9,757,146	8,683,712
Total loans and advances to customers	**5,436,469**	4,571,994	4,073,229
Allowance for impairment losses on loans	**136,353**	135,983	115,687
Net investment in securities	**3,116,441**	3,048,310	3,107,328
Total liabilities	**10,814,166**	9,150,516	8,140,036
Due to customers	**9,533,117**	8,223,446	6,898,413
Due to banks and other financial institutions	**1,011,258**	646,254	805,174
Equity attributable to equity holders of the parent company	**615,937**	602,675	538,371
Net assets per share(1) (in RMB)	**1.84**	1.80	1.61
Net capital base	**664,328**	620,033	576,741
Net core capital base	**547,963**	510,549	484,085
Supplementary capital	**126,691**	121,998	94,648
Risk-weighted assets(2)	**5,494,937**	4,748,893	4,405,345

Notes: (1) 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.

(2) Being risk-weighted assets and market risk capital adjustment. Please refer to "Discussion and Analysis – Capital Adequacy Ratio".

3.2 Financial Indicators

	Six months ended 30 June 2009	Six months ended 30 June 2008	Year ended 31 December 2008
Profitability (%)			
Return on average total assets(1)	**1.26***	1.44*	1.21
Return on weighted average equity(2)	**20.86***	22.80*	19.43
Net interest spread(3)	**2.13***	2.88*	2.80
Net interest margin(4)	**2.25***	3.01*	2.95
Return on risk-weighted assets(5)	**2.61***	2.89*	2.43
Ratio of net fee and commission income to operating income	**18.74**	15.80	14.19
Cost-to-income ratio(6)	**29.85**	28.46	29.84

	30 June 2009	31 December 2008	31 December 2007
Asset quality (%)			
Non-performing loans ratio(7)	**1.81**	2.29	2.74
Allowance to non-performing loans(8)	**138.20**	130.15	103.50
Allowance to total loans ratio(9)	**2.51**	2.97	2.84
Capital adequacy (%)			
Core capital adequacy ratio(10)	**9.97**	10.75	10.99
Capital adequacy ratio(10)	**12.09**	13.06	13.09
Total equity to total assets ratio	**5.43**	6.22	6.26
Risk-weighted assets to total assets ratio	**48.06**	48.67	50.73

Notes: * indicates annualized ratios.

(1) Calculated by dividing profit after tax 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 2007) issued by China Securities Regulatory Commission ("CSRC").

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

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

(5) Calculated by dividing profit after tax by the average of risk-weighted assets and adjustment to market risk capital 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 non-performing loans 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 non-performing loans.
(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 "Discussion and Analysis — Capital Adequacy Ratio".

3.3 Other Financial Indicators

		Regulatory criteria	**30 June 2009**	31 December 2008	31 December 2007
Liquidity ratio (%)(1)	RMB	>=25.0	**28.0**	33.3	26.8
	Foreign currency	>=25.0	**81.2**	83.5	97.9
Loan-to-deposit ratio (%)(2)	RMB and foreign currency	<=75.0	**57.6**	56.4	56.3
Percentage of loans to single largest customer (%)(3)		<=10.0	**3.0**	2.9	3.1
Percentage of loans to top 10 customers (%)(4)			**20.5**	20.4	21.1
Loan migration rate (%)(5)	Pass		**1.3**	4.6	3.5
	Special mention		**6.7**	9.3	10.4
	Sub-standard		**8.8**	39.4	41.3
	Doubtful		**5.6**	10.2	10.2

Notes: (1) Calculated by dividing the balance of current assets by the balance of current liabilities.
(2) 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.
(3) Calculated by dividing loans to the single largest customer by net capital base.
(4) Calculated by dividing loans to the top ten customers in aggregate by net capital base.
(5) Calculated in accordance with the "Notice on Printing and Distribution of Definitions and Formulas of Off-site Supervisory Indicators" issued by China Banking Regulatory Commission ("CBRC").

3.4 Differences between the financial statements prepared under IFRSs and those prepared in accordance with generally accepted accounting principles in the PRC ("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.

In RMB millions

	Six months ended 30 June	
	2009	2008
Profit for the period attributable to equity holders of the parent company under PRC GAAP	**66,313**	64,531
Adjustment of revaluation surplus on assets disposed of	**111**	—
Profit for the period attributable to equity holders of the parent company under IFRSs	**66,424**	64,531

	30 June 2009	31 December 2008
Equity attributable to equity holders of the parent company under PRC GAAP	**616,416**	603,183
Reversal of revaluation surplus	**(479)**	(508)
Equity attributable to equity holders of the parent company under IFRSs	**615,937**	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.

4. Business Overview

In the first half of 2009, the Bank maintained sound and steady growth in response to the complex and ever-changing external environment, benefiting from its persistence in maintaining balance in development and management as well as the enormous efforts made in alignment with changing environment to get over difficulties and embrace opportunities.

— **The Bank registered growth in net profit despite difficulties facing the global banking industry, being hard hit by the global financial crisis.** In the first half of 2009, the Bank accelerated business transformation, tapped new markets and diversified income streams as a cushion against the negative impacts brought about by the spreading global financial crisis, slowing Chinese economy and rapid advancement of the market-based reform of interest rates on our profit growth. The Bank produced RMB66.724 billion of net profit, representing a growth of 2.8% over the same period of last year. In particular, the relatively fast expansion of emerging businesses underpinned our profit growth. The first half of 2009 witnessed rapid growth in investment banking, enterprise annuity, banking wealth management, bank cards, E-banking and underwriting of debt financing instruments. Growth rebound was also seen in fund agency services, asset custody services and other businesses related to capital markets, driven by the recovery of capital markets. Furthermore, profit growth was also attributable to continued improvement in the Bank's assets quality that resulted in a significant drop in the allowance for assets impairment loss, and to scientific costs management that maintained the cost/income ratio at 29.85%.

— **The Bank made a balance between lending growth and risks control in the course of making efforts to boost domestic demand and retain economic growth.** In the first half of 2009, the Bank controlled the total volume of lending and the pace of lending growth to suit evolving macro-economic conditions. Loans grew by RMB864.475 billion or 18.9%, an amount higher than any annual lending in the past. The Bank properly implemented the moderately easy monetary policy in support of reasonable demand of the market while effectively controlled the overall risks. In addition to maintaining a reasonable size of total lending, the Bank focused more on its credit structure and provided new loans mainly for areas supported and encouraged by the State. Specifically, loans to high-quality projects that focused on investments supported and encouraged by the government increased by RMB407.3 billion in support of the Government's policy designed to expand investment and spur economic growth. The key innovative credit product of the Bank "Domestic Trade Finance" grew by RMB96.666 billion or 79.1%, and therefore served better as a substitute for traditional working capital loans and catered better for enterprises' needs for short-term financing. Loans to SME rose by RMB477.3 billion or 26%, 7 percentage points higher than the growth of total corporate loans, which helped to drive the development of SMEs and mitigate risks posed by loans concentration. Personal loans grew by RMB138.564 billion or 16.7% in support of the reasonable capital demand resulting from expanding consumption. Meanwhile, the Bank further improved the industry-specific credit policy system, strictly controlled credit accessibility and strengthened the oversight of credit operations and post-lending management, thereby assuring controlled risk levels of new loans. In addition, efforts were stepped up to eliminate loans with potential risks and recover or otherwise dispose of NPLs, driving balance of NPL down by RMB5.817 billion and NPL ratio down by 0.48 percentage point to 1.81%.

— **The Bank sharpened its competitive edge by deepening its reform and accelerating innovations.** In the first half of 2009, operation and management reforms proceeded smoothly. The new operational risk monitoring system was put live, the remote authorization system was launched in pilot branches, and centralized business processing was advanced in an orderly way. The centralized restructuring of reporting statements was pushed forward quickly, and in respect of the financial market business, proprietary operations and agency services are completely separated. Reform of county-level sub-branches was deepened, which further inspired robust operation and tapped potential of human resources. The overall service level was heightened as service management was further strengthened, with the customer stratification service system taking shape and the service refinement project carried out extensively. Accelerated innovation of products and services, including the launch of 320 new products, further adds to the customer service capability of the Bank. Main functions of the initial release of the Generation IV application system were successfully put to use in support of new operation mechanisms and business models. These reforms and innovations contributed to the enhancement of the Bank's competitiveness and market position. Customer deposits grew by RMB1,309.671 billion in the first half of 2009, compared with the growth of RMB669.336 billion in the same period last year, representing the highest growth in the domestic banking industry. RMB142.4 billion debt financing instruments were underwritten, ranking first by market share. 28.56 million new bank cards were issued and the corresponding consumption reached RMB617.2 billion, representing a growth of 62.3% over the same period of last year. 6.65 million new credit cards were issued and the corresponding consumption stood at RMB199.5 billion, up 80.1% over the same period of last year, thus establishing a stronger market leading position. Transactions via E-banking amounted to RMB70 trillion, accounting for 46.2% of total business volume, up 3.1 percentage points from last year and maintained the No.1 ranking in the market.

— **The Bank strengthened internal management while advancing rapid growth of businesses in a complex and difficult business environment.** The Bank further strengthened its risk management and internal control measures under the guiding principles of full compliance with laws and regulations and prudent operation. The Bank accelerated the development of quantitative risk management technologies, including the Internal Rating-based (IRB) Approach for credit risk, the Internal Model Approach for market risk and the Advanced Measurement Approach (AMA) for operational risk. The Bank also increased the application of the results throughout the risk management process and improved the risk management mechanism accordingly. These cutting-edge technologies and systematic innovation have essentially increased the Bank's ability to identify, measure, monitor, forewarn and control risks. The Bank strengthened the risk management of foreign currency denominated bonds and other assets held, reduced its holdings of some risky foreign currency denominated bonds and increased the allowance of impairment losses for foreign currency denominated bonds, so as to further control market risks. Risks assessment and elimination was carried out over selected key business areas, aspects and processes, and accountability was strictly enforced, with vulnerabilities and potential risks eliminated promptly. The overall improvement in internal control management has effectively increased the Bank's capability in internal control and risk management and safeguarded the stability and safety of its operation.

The Bank weathered many challenges and its operations and management were improved and enhanced in the first half of 2009. Though the global finance and economy showed signs of stabilization, a number of uncertainties still remain. Recovery is approaching while risks do not recede. The Bank will further monitor the business environment, with a view to identifying opportunities while reducing risks. The Bank will aim to make foresighted decisions and take solid actions, in particular by strengthening scientific management and improving effectiveness of risks control to ensure the Bank's safe operations and healthy development. The Bank will also promote business and profit growth by means of deepening reforms, accelerating innovation and advancing transformation. The Bank will seek to reach "new heights" whilst overcoming difficulties and challenges and deliver results to the satisfaction of shareholders and other stakeholders despite the current complex and difficult conditions, paving a solid platform for the sustainable development of the Bank.

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

5.1 Changes in Share Capital

DETAILS OF CHANGES IN SHARE CAPITAL

Unit: Share

		At 31 December 2008		Increase/ decrease during the reporting period (+, -)	At 30 June 2009	
		Number of shares	Percentage (%)	Expiration of the lock-up period	Number of shares	Percentage (%)
I.	Shares subject to restriction on sales	274,299,235,026	82.1	-14,200,639,233	260,098,595,793	77.9
1.	State-owned shares	236,012,348,064	70.7	0	236,012,348,064	70.7
2.	Shares held by other domestic investors	14,102,149,559	4.2	-7,051,074,779	7,051,074,780	2.1
3.	Shares held by foreign investors	24,184,737,403	7.2	-7,149,564,454	17,035,172,949	5.1
II.	Shares not subject to restriction on sales	59,719,615,000	17.9	14,200,639,233	73,920,254,233	22.1
1.	RMB-denominated ordinary shares	14,950,000,000	4.5	0	14,950,000,000	4.5
2.	Foreign shares listed overseas	44,769,615,000	13.4	14,200,639,233	58,970,254,233	17.6
III.	Total number of shares	334,018,850,026	100.0	0	334,018,850,026	100.0

Notes: (1) Please refer to the table headed "Details of Changes in the Shares subject to Restriction on Sales" for detailed information on changes in share capital during the reporting period.

(2) 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 SAFE Investments Limited ("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.

(3) 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 RESTRICTION ON SALES

Unit: Share

Name of shareholders	Number of shares subject to restriction on sales at the beginning of the period	Number of shares released from restriction on sales during the period	Increase in the number of shares subject to restriction on sales during the period	Number of shares subject to restriction on sales at the end of the period	Reason for restriction on sales	Date on which shares become tradable
Goldman Sachs[1]	16,476,014,155	3,295,202,831	0	13,180,811,324	Restriction upon issuance	28 April 2009
Allianz	6,432,601,015	3,216,300,507	0	3,216,300,508	Restriction upon issuance	28 April 2009
American Express	1,276,122,233	638,061,116	0	638,061,117	Restriction upon issuance	28 April 2009
SSF	14,102,149,559	7,051,074,779	0	7,051,074,780	Restriction upon issuance	29 June 2009
Total	38,286,886,962	14,200,639,233	0	24,086,247,729	—	—

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

5.2 Shareholding of Top 10 Shareholders and Top 10 Holders of Tradable Shares or Shares Not Subject to Restriction on Sales

As at the end of the reporting period, the Bank had a total number of 1,391,096 shareholders, including 172,593 holders of H shares and 1,218,503 holders of A shares.

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

NUMBER OF SHAREHOLDERS AND PARTICULARS OF SHAREHOLDING

Unit: Share

Total number of shareholders	1,391,096 (number of holders of A shares and H shares on the register of shareholders as at 30 June 2009)

Particulars of shareholding of the top 10 shareholders (The following data are based on the register of shareholders as at 30 June 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 shares	A shares	35.4	118,286,742,560	118,006,174,032	None
MOF	State-owned shares	A shares	35.3	118,006,174,032	118,006,174,032	None
HKSCC NOMINEES LIMITED	Foreign investment	H shares	15.3	51,256,682,738	0	Unknown
SSF	Shares held by other domestic entities	H shares	4.2	14,102,149,559	7,051,074,780	None
Goldman Sachs	Foreign investment	H shares	3.9	13,180,811,324	13,180,811,324	None
ALLIANZ INVESTMENTS III LUXEMBOURG SARL[2]	Foreign investment	H shares	1.0	3,216,300,508	3,216,300,508	None
American Express	Foreign investment	H shares	0.2	638,061,117	638,061,117	None
China Huarong Asset Management Corporation	Shares held by other domestic entities	A shares	0.1	480,769,000	0	None
China Life Insurance Company Limited — Traditional — Ordinary insurance products — 005L — CT001 Hu	Shares held by other domestic entities	A shares	0.1	382,038,806	0	None
China Life Insurance Company Limited — Dividend distribution — Personal dividend — 005L — FH002 Hu	Shares held by other domestic entities	A shares	0.1	365,280,095	0	None

Notes: (1) Since 23 September 2008, Huijin has increased its shareholding in the Bank by acquiring shares through the SSE Trading System, and as at 30 June 2009, Huijin has increased holdings of the Bank's A shares by 280,568,528 shares accumulatively, accounting for approximately 0.084% of the total issued share capital of the Bank.

(2) As at 30 June 2009, ALLIANZ INVESTMENTS III LUXEMBOURG SARL is a wholly owned subsidiary of Allianz, through which Allianz holds the shares of the Bank.

PARTICULARS OF SHAREHOLDING OF THE TOP 10 SHAREHOLDERS NOT SUBJECT TO RESTRICTION ON SALES (THE FOLLOWING DATA ARE BASED ON THE REGISTER OF SHAREHOLDERS AS AT 30 JUNE 2009)

Unit: Share

Name of shareholders	Number of shares not subject to restriction on sales	Type of shares
HKSCC Nominees Limited	51,256,682,738	H shares
China Huarong Asset Management Corporation	480,769,000	A shares
China Life Insurance Company Limited — Traditional — Ordinary insurance products — 005L — CT001 Hu	382,038,806	A shares
China Life Insurance Company Limited — Dividend distribution — Personal dividend — 005L — FH002 Hu	365,280,095	A shares
E-Fund 50 Index Securities Investment Fund	316,343,765	A shares
Central SAFE Investments Limited	280,568,528	A shares
China Life Insurance (Group) Company — Traditional — Ordinary insurance products	263,310,963	A shares
Boshi Theme Industry Stock Fund	210,428,525	A shares
CITIC Securities Co., Ltd	200,600,000	A shares
China Pacific Life Insurance Company Limited — Traditional — Ordinary insurance products	190,409,400	A shares

China Life Insurance Company Limited is a subsidiary of China Life Insurance (Group) Company. Save and except as the aforesaid, the Bank is not aware of any connections between the above shareholders or whether they are parties acting in concert.

5.3 Changes of the Substantial Shareholders and De Facto Controller of the Bank

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

6. Directors, Supervisors and Senior Management

As at the end of the reporting period, the composition of the Board of Directors, the Board of Supervisors and the Senior Management of the Bank is as follows:

The Board of Directors of the Bank comprises 14 directors, including four executive directors, namely Mr. Jiang Jianqing, Mr. Yang Kaisheng, Mr. Zhang Furong and Mr. Niu Ximing; six non-executive directors, namely Mr. Huan Huiwu, Mr. Gao Jianhong, Ms. Li Chunxiang, Mr. Li Jun, Mr. Li Xiwen and Mr. Wei Fusheng; and four independent non-executive directors, namely Mr. Leung Kam Chung, Antony, Mr. Qian Yingyi, Mr. Xu Shanda and Mr. Wong Kwong Shing, Frank.

The Board of Supervisors of the Bank consists of five members, including two shareholder supervisors, namely Mr. Zhao Lin and Ms. Wang Chixi; two external supervisors, namely Ms. Dong Juan and Mr. Meng Yan; and an employee supervisor Mr. Zhang Wei.

The Senior Management of the Bank consists of ten members, Mr. Jiang Jianqing, Mr. Yang Kaisheng, Mr. Zhang Furong, Mr. Niu Ximing, Ms. Wang Lili, Mr. Li Xiaopeng, Mr. Liu Lixian, Mr. Yi Huiman, Mr. Wei Guoxiong and Mr. Gu Shu.

During the reporting period, the Bank did not implement share incentives, and none of the incumbent directors, supervisors, and members of the Senior Management held shares, share options, or were granted restricted shares of the Bank, which remained unchanged during the reporting period.

7. Discussion and Analysis

7.1 Income Statement Analysis

In the first half of 2009, the Bank actively responded to the changes in macro-economic and financial environment and took advantage of opportunities in the changing market. The Bank continued to accelerate the reform and innovation, steadily pushed forward the operating transformation and revenue diversification, strengthened risk management and tightened cost control, and managed to mitigate the impacts of various adverse factors. During the period, the Bank achieved a profit after tax of RMB66,724 million, representing an increase of RMB1,845 million or 2.8% over the same period of last year. Operating income decreased by 4.4% to RMB148,082 million, of which, net interest income decreased by RMB15,747 million or 11.9% to RMB116,038 million due to decline of net interest spread. However, the decrease rate has slowed down remarkably compared to the previous quarter. Non-interest income increased by RMB8,873 million or 38.3% to RMB32,044 million. Operating expenses decreased by 0.3% to RMB53,048 million. Impairment losses decreased by 44.2% to RMB10,212 million, which was mainly due to the continuous improvement of assets quality of the Bank.

Net Interest Income

Following the proactive fiscal policy and moderately loose monetary policy implemented by the Chinese government in the first half of 2009, the Bank properly accelerated the granting of loans, optimized the allocation of credit resources, appropriately adjusted the investment strategy and structure, strengthened treasury operation, and enhanced the efficiency of fund utilization. Meanwhile, the Bank took various measures to develop the low-cost liability business and mitigate the adverse impacts of benchmark interest rate cut and low market interest rate on net interest income. In the first half of 2009, net interest income decreased by 11.9% over the same period of 2008 to RMB116,038 million, accounting for 78.4% of operating income. Interest income decreased by RMB15,734 million or 7.3% to RMB199,277 million, and interest expense increased slightly by RMB13 million to RMB83,239 million.

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

In RMB millions, except for percentages

	Six months ended 30 June 2009			Six months ended 30 June 2008		
Item	**Average balance**	**Interest income/ expense**	**Average yield/cost (%)**	Average balance	Interest income/ expense	Average yield/cost (%)
Assets						
Loans and advances to customers	**5,029,763**	**137,488**	**5.47**	4,258,715	148,417	6.97
Investment in securities	**2,985,050**	**46,599**	**3.12**	3,119,784	51,524	3.30
Investment in securities not related to restructuring	**2,009,491**	**35,901**	**3.57**	2,093,017	40,056	3.83
Investment in securities related to restructuring(2)	**975,559**	**10,698**	**2.19**	1,026,767	11,468	2.23
Due from central banks	**1,507,535**	**11,221**	**1.49**	1,142,757	10,390	1.82
Due from banks and other financial institutions(3)	**810,664**	**3,969**	**0.98**	242,058	4,680	3.87
Total interest-earning assets	**10,333,012**	**199,277**	**3.86**	8,763,314	215,011	4.91
Non-interest-earning assets	**512,468**			452,587		
Allowance for impairment losses	**(141,187)**			(122,434)		
Total assets	**10,704,293**			9,093,467		

Item	Six months ended 30 June 2009 Average balance	Interest income/ expense	Average yield/cost (%)	Six months ended 30 June 2008 Average balance	Interest income/ expense	Average yield/cost (%)
Liabilities						
Deposits	**8,701,598**	**76,391**	**1.76**	7,044,478	73,231	2.08
Due to banks and other financial institutions[3]	**907,904**	**6,276**	**1.38**	1,103,026	9,378	1.70
Subordinated bonds	**35,000**	**572**	**3.27**	35,000	617	3.53
Total interest-bearing liabilities	**9,644,502**	**83,239**	**1.73**	8,182,504	83,226	2.03
Non-interest-bearing liabilities	**273,424**			211,354		
Total liabilities	**9,917,926**			8,393,858		
Net interest income		**116,038**			131,785	
Net interest spread			**2.13**			2.88
Net interest margin			**2.25**			3.01

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

(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 stood at 2.13% and 2.25% respectively, representing a decrease of 75 basis points and 76 basis points respectively over the same period of last year, which was mainly due to the decrease of 105 basis points in the average yield of interest-earning assets during the reporting period compared to the same period of last year, larger than the decrease of 30 basis points in the average cost of interest-bearing liabilities. Based on quarterly comparison, the decrease of net interest spread and net interest margin slowed down in the second quarter.

The table below sets out the yield of interest-earning assets, cost of interest-bearing liabilities, net interest spread and net interest margin in the first half of 2009, the first half of 2008 and the year of 2008, respectively.

Percentages

Item	**Six months ended 30 June 2009**	Six months ended 30 June 2008	Year ended 31 December 2008
Yield of interest-earning assets	**3.86**	4.91	4.94
Cost of interest-bearing liabilities	**1.73**	2.03	2.14
Net interest spread	**2.13**	2.88	2.80
Net interest margin	**2.25**	3.01	2.95

Interest Income

Interest Income on Loans and Advances to Customers

Interest income on loans and advances to customers reached RMB137,488 million, representing a decrease of RMB10,929 million or 7.4% compared to the same period of last year, which was mainly because the average yield decreased by 150 basis points to 5.47% from 6.97% in the first half of 2008. During the reporting period, the Bank properly accelerated the granting of loans, and the average balance of loans and advances to customers grew by RMB771,048 million or 18.1%. The volume growth contributed to an increase of RMB21,011 million in interest income, but the yield decrease led to a decrease of RMB31,940 million in interest income, which offset the effect of volume growth. As a result, interest income on loans and advances to customers decreased slightly.

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

In RMB millions, except for percentages

	Six months ended 30 June 2009			Six months ended 30 June 2008		
Item	**Average balance**	**Interest income**	**Average yield (%)**	Average balance	Interest income	Average yield (%)
Corporate loans	**3,491,692**	**105,854**	**6.06**	3,094,302	108,880	7.04
Short-term loans	**1,156,454**	**33,511**	**5.80**	1,186,866	41,172	6.94
Medium to long-term loans	**2,335,238**	**72,343**	**6.20**	1,907,436	67,708	7.10
Discounted bills	**499,948**	**6,054**	**2.42**	214,155	8,012	7.48
Personal loans	**879,054**	**22,646**	**5.15**	779,637	27,730	7.11
Overseas and others	**159,069**	**2,934**	**3.69**	170,621	3,795	4.45
Total loans and advances to customers	**5,029,763**	**137,488**	**5.47**	4,258,715	148,417	6.97

Interest income on corporate loans decreased by 2.8% over the same period of last year to RMB105,854 million, accounting for 77.0% of the interest income on loans and advances to customers. The decrease was caused by the decline of average yield from 7.04% in the first half of 2008 to 6.06%, which was partially offset by the increase in average balance. The decrease in average yield was mainly because the benchmark interest rates for RMB loans had been cut down for five times by the People's Bank of China ("PBOC") in the second half of 2008. The benchmark interest rate for one-year RMB loans was 5.31% at the beginning of 2009, which decreased by 216 basis points from the beginning of 2008. The cumulative effects of interest rate cuts resulted in a remarkable decrease in effective interest rates for newly granted loans and re-priced loans of the Bank.

Interest income on discounted bills decreased by 24.4% over the same period of last year to RMB6,054 million. The decrease was caused by the decline of average yield from 7.48% in the first half of 2008 to 2.42%, which was partially offset by the increase in average balance. The decrease in average yield was mainly due to the remarkable decrease in SHIBOR-based interest rate for discounting during the reporting period in the context of the moderately loose monetary policy.

Interest income on personal loans decreased by 18.3% over the same period of last year to RMB22,646 million. The decrease was caused by the decline of average yield from 7.11% in the first half of 2008 to 5.15%, which was partially offset by the increase in average balance. The decrease in average yield was mainly due to: (1) the accumulative effects of benchmark interest rate cuts; and (2) the Bank's cut of interest rate for eligible personal housing loans through IT system following the government's macro-economic policy of stimulating consumption.

Interest income on overseas and others decreased by 22.7% over the same period of last year to RMB2,934 million. The decrease was caused by the decline of average yield from 4.45% in the first half of 2008 to 3.69% and the decrease of RMB11,552 million in average balance. The decrease in average yield was mainly due to the remarkable decrease in LIBOR and HIBOR in the first half of 2009.

Interest Income on Investment in Securities

Interest income on investment in securities reached RMB46,599 million, representing a decrease of RMB4,925 million or 9.6% compared to the same period of last year. Interest income on investment in securities not related to restructuring decreased by RMB4,155 million, which was caused by the decline of average yield from 3.83% in the first half of 2008 to 3.57% and the decrease of RMB83,526 million in average balance. Reasons for the decrease in average yield of investment in securities not related to restructuring included: (1) the yield curve of RMB bonds shifted downwards during the reporting period compared to the same period of last year, resulting in a decrease in the yield of new investment; (2) PBOC cut the benchmark interest rate for deposits four times during the second half of 2008, and the yield of RMB bonds with floating rates linked with the benchmark interest rate of deposits declined accordingly; and (3) the remarkable decrease in average LIBOR during the reporting period led to a decrease in the yield of investment in bonds denominated in foreign currencies. Despite of the above adverse factors, the Bank focused on the investment value of newly issued bonds and the investment timing, and properly structured the maturity and product mix of investment portfolios. In addition, high-yield and long-term bonds took up a large proportion in the portfolio. As a result, the average yield of investment in securities not related to restructuring dropped slightly by 26 basis points.

The interest income on investment in securities related to restructuring decreased by RMB770 million or 6.7%, which was due to the decreases in both average balance and average yield of investment in securities related to restructuring after MOF repaid RMB51,208 million of principal and interest of MOF receivables in the second half of 2008. MOF receivables generated a higher yield than other securities related to restructuring.

Interest Income on Due from Central Banks

Due from central banks of the Bank mainly include mandatory reserve deposits with central banks and excess reserve deposits. Interest income on due from central banks reached RMB11,221 million, representing an increase of RMB831 million or 8.0% over the same period of last year. The growth was due to the increase of RMB364,778 million in average balance, which was partially offset by the decrease of 33 basis points in the average yield. The increase in average balance was mainly attributable to the increase in deposits from customers, and the decrease in average yield was principally resulted from the cut of interest rate on deposit reserve by PBOC in the second half of 2008.

Interest Income on Due from Banks and Other Financial Institutions

Interest income on due from banks and other financial institutions decreased by RMB711 million or 15.2% to RMB3,969 million. The decrease was mainly due to the decline of average yield from 3.87% in the first half of 2008 to 0.98%, which was partially offset by the increase in average balance. The decline of average yield was caused by the remarkable decrease in average interest rate of inter-bank money market in the first half of 2009. The average balance increased by RMB568,606 million or 234.9%, which was mainly attributable to the Bank's enhanced efforts under reverse repurchase agreements and improved efficiency of fund utilization.

Interest Expense

Interest Expense on Deposits

Interest expense on deposits increased by RMB3,160 million or 4.3% to RMB76,391 million, accounting for 91.8% of total interest expense. The increase in interest expense on deposits was mainly due to the increase of RMB1,657,120 million in average balance, which was partially offset by the decrease in average cost. The decrease in average cost was resulted from accumulative effects of interest rate cuts. PBOC cut the benchmark interest rates for RMB deposits four times in the second half of 2008, as a result, the benchmark interest rate for one-year RMB deposits decreased by 189 basis points to 2.25% and that for demand deposits dropped by 36 basis points to 0.36%. However, the average cost of deposits decreased only slightly by 32 basis points as the demand deposits took up a large proportion of the Bank's deposit base and part of the existing time deposits has not been re-priced yet.

ANALYSIS OF AVERAGE DEPOSIT COST BY PRODUCTS

In RMB millions, except for percentages

Item	Six months ended 30 June 2009 Average balance	Interest expense	Average cost (%)	Six months ended 30 June 2008 Average balance	Interest expense	Average cost (%)
Corporate deposits						
Time deposits	**1,560,086**	**21,377**	**2.74**	1,157,765	18,804	3.25
Demand deposits[1]	**2,676,108**	**8,232**	**0.62**	2,353,749	12,021	1.02
Sub-total	**4,236,194**	**29,609**	**1.40**	3,511,514	30,825	1.76
Personal deposits						
Time deposits	**2,877,417**	**43,380**	**3.02**	2,205,504	36,400	3.30
Demand deposits	**1,447,515**	**2,638**	**0.36**	1,178,440	4,250	0.72
Sub-total	**4,324,932**	**46,018**	**2.13**	3,383,944	40,650	2.40
Overseas	**140,472**	**764**	**1.09**	149,020	1,756	2.36
Total deposits	**8,701,598**	**76,391**	**1.76**	7,044,478	73,231	2.08

Note: (1) Include 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 reached RMB6,276 million, representing a decrease of RMB3,102 million or 33.1% compared to the same period of last year. The decrease was mainly due to the decline of average cost from 1.70% to 1.38% and the decrease of RMB195,122 million in average balance. The decline of average cost was due to the Bank's active expansion of low-cost liability business by taking advantage of excess liquidity in the market and the increasing proportion of deposits in the amount due to banks and other financial institutions. Affected by the suspended issuance of new shares in the capital market, the average balance of due to banks and other financial institutions decreased compared to the same period of last year.

Interest Expense on Subordinated Bonds

Interest expense on subordinated bonds was RMB572 million, representing a decrease of RMB45 million over the same period of last year. The average cost of subordinated bonds decreased to 3.27% from 3.53% in the first half of 2008, which was mainly due to the decrease in cost of subordinated bonds with floating rate issued by the Bank in 2005 compared to the same period of last year.

Non-Interest Income

In the first half of 2009, the Bank adhered to the strategy of diversifying income, actively expedited the innovation of products and services, maintained and expanded the market, and enhanced income level continuously. The non-interest income reached RMB32,044 million, representing an increase of RMB8,873 million or 38.3% over the same period of last year, and the ratio of non-interest income to operating income increased by 6.6 percentage points to 21.6%. The income structure was further improved. The net fee and commission income grew by 13.3%, representing an increase of 3.6 percentage points from the growth rate of the first quarter; and other non-interest income was RMB4,300 million, with a switch from net loss to net gain.

Net fee and commission income increased by RMB3,264 million or 13.3% over the same period of last year to RMB27,744 million, which accounted for 18.74% of operating income, representing an increase of 2.94 percentage points over the same period of last year. The income from investment banking, bank card, corporate wealth management, and guarantee and commitment businesses maintained stable growth, while the income from personal fund agency and asset fiduciary businesses decreased compared to the same period of last year, but it began to rebound in the second quarter as a result of the gradual recovery of the capital market and the enhanced marketing efforts of the Bank. The Bank achieved an income of RMB2,997 million from entrusted wealth management business and RMB3,636 million from various agency services during the reporting period.

COMPOSITION OF NET FEE AND COMMISSION INCOME

In RMB millions, except for percentages

Item	**Six months ended 30 June 2009**	Six months ended 30 June 2008	Increase/ (decrease)	Growth rate (%)
Investment banking	**7,143**	4,822	2,321	48.1
Settlement, clearing and cash management	**7,102**	6,821	281	4.1
Personal wealth management and private banking	**5,546**	6,095	(549)	-9.0
Bank card	**4,355**	3,197	1,158	36.2
Corporate wealth management	**1,836**	1,458	378	25.9
Guarantee and commitment	**1,460**	1,116	344	30.8
Asset fiduciary business	**1,034**	1,257	(223)	-17.7
Trust and agency	**431**	406	25	6.2
Others	**384**	298	86	28.9
Fee and commission income	**29,291**	25,470	3,821	15.0
Less: fee and commission expense	**1,547**	990	557	56.3
Net fee and commission income	**27,744**	24,480	3,264	13.3

Income from investment banking business increased by RMB2,321 million or 48.1% over the same period of last year to RMB7,143 million, which was mainly due to the continuous growth of income from investment and financing advisory services, corporate information services and debt securities underwriting for non-financial enterprises.

Income from bank card business grew by RMB1,158 million or 36.2% over the same period of last year to RMB4,355 million, which was mainly attributable to the growth of commission income for bank card settlement and consumption, annual fee and service charge for installment payment driven by the increase in the number of new cards issued and transaction volume.

Income from corporate wealth management business grew by RMB378 million over the same period of last year or 25.9% to RMB1,836 million, which was mainly attributable to the continuous growth in sales volume of corporate wealth management products and rapid growth of commission and management fee income from corporate wealth management products.

Income from guarantee and commitment business increased by RMB344 million or 30.8% over the same period of last year to RMB1,460 million, which was mainly attributable to the growth of loan commitment and non-financing guarantee business.

Income from settlement, clearing and cash management business increased by RMB281 million or 4.1% over the same period of last year to RMB7,102 million. The slow-down of growth was resulted from the decrease in income from foreign exchange sale and settlement agency services. However, the income from corporate account management and RMB settlement services maintained a stable growth.

Income from personal wealth management and private banking services decreased by RMB549 million or 9.0% over the same period of last year to RMB5,546 million, which was mainly because the income from personal fund agency services decreased by RMB1,018 million but the income from personal banking wealth management and life insurance agency services maintained a relatively rapid growth.

OTHER NON-INTEREST RELATED INCOME/(EXPENSE)

In RMB millions, except for percentages

Item	**Six months ended 30 June 2009**	Six months ended 30 June 2008	**Increase/ (decrease)**	**Growth rate (%)**
Net trading income	**488**	1,333	(845)	-63.4
Net loss on financial assets and liabilities designated at fair value through profit or loss	**(117)**	(288)	171	N/A
Net gain/(loss) on financial investments	**3,349**	(869)	4,218	N/A
Other operating income/ (expense), net	**580**	(1,485)	2,065	N/A
Total	**4,300**	(1,309)	5,609	N/A

Other non-interest related income increased by RMB5,609 million over the same period of last year to RMB4,300 million, of which, net gain on financial investments and other operating income grew by RMB4,218 million and RMB2,065 million respectively. The growth was principally due to the continuous decrease in net foreign exchange exposure and the decrease of RMB2,466 million in net loss on foreign exchange and exchange rate products of the Bank in the context of stable RMB exchange rate in the first half of 2009.

Operating Expenses

Operating expenses decreased by RMB145 million or 0.3% over the same period of last year to RMB53,048 million, of which, staff costs decreased by RMB2,071 million or 7.3% to RMB26,437 million, and other administrative expenses increased by 12.4% to RMB9,483 million. The cost to income ratio stood at a low level of 29.85%.

Impairment Losses

Impairment losses decreased by RMB8,103 million or 44.2% to RMB10,212 million. Owing to the continuous improvement of loans quality of the Bank, impairment losses on loans decreased by RMB4,400 million to RMB9,248 million. Impairment losses on other assets decreased by RMB3,703 million to RMB964 million, mainly because the impairment losses on foreign currency bonds was adequate at the end of 2008 and the fair value of related bonds fluctuated slightly during the first half of 2009, thus the impairment losses on bonds decreased significantly compared to the same period of last year.

Income Tax Expense

Income tax expense decreased by RMB468 million or 2.4% over the same period of last year to RMB19,064 million, and the effective income tax rate decreased by 0.9 percentage point to 22.2%.

7.2 Segment Information

The Bank's principal operating segments include corporate banking, personal banking and treasury operations. The Bank utilizes the Performance Value Management System (PVMS) to evaluate the performance of each operating segment. The table below sets out operating income of the Bank from each operating segment.

SUMMARY OPERATING SEGMENT INFORMATION

In RMB millions, except for percentages

	Six months ended 30 June 2009		Six months ended 30 June 2008	
Item	**Amount**	**Percentage (%)**	Amount	Percentage (%)
Corporate banking	**84,753**	**57.2**	71,626	46.2
Personal banking	**42,442**	**28.7**	51,690	33.4
Treasury operations	**20,487**	**13.8**	30,199	19.5
Others	**400**	**0.3**	1,441	0.9
Total operating income	**148,082**	**100.0**	154,956	100.0

The table below sets out operating income of the Bank from each geographical segment.

SUMMARY GEOGRAPHICAL INFORMATION

In RMB millions, except for percentages

Item	**Six months ended 30 June 2009** Amount	**Six months ended 30 June 2009** Percentage (%)	Six months ended 30 June 2008 Amount	Six months ended 30 June 2008 Percentage (%)
Head Office	**11,628**	**7.9**	16,650	10.7
Yangtze River Delta	**32,375**	**21.9**	36,285	23.4
Pearl River Delta	**21,335**	**14.4**	23,850	15.4
Bohai Rim	**30,731**	**20.7**	27,336	17.6
Central China	**18,943**	**12.8**	19,041	12.3
Western China	**23,063**	**15.6**	21,159	13.7
Northeastern China	**6,412**	**4.3**	7,543	4.9
Overseas and others	**3,595**	**2.4**	3,092	2.0
Total operating income	**148,082**	**100.0**	154,956	100.0

7.3 Balance Sheet Analysis

Assets Deployment

As at the end of June 2009, total assets amounted to RMB11,434,607 million, representing an increase of RMB1,677,461 million or 17.2% as compared to the end of 2008, of which the gross loans and advances to customers (collectively referred to as "loans") increased by RMB864,475 million or 18.9%, net investment in securities increased by RMB68,131 million or 2.2%, and reverse repurchase agreements increased by RMB779,791 million or 477.0%. With respect to the asset structure, net loans accounted for 46.4% of total assets, representing an increase of 0.9 percentage point from the end of 2008; net investment in securities accounted for 27.3%, representing a decrease of 3.9 percentage points; and reverse repurchase agreements accounted for 8.2%, representing an increase of 6.5 percentage points.

ASSETS DEPLOYMENT

In RMB millions, except for percentages

Item	At 30 June 2009 Amount	At 30 June 2009 Percentage (%)	At 31 December 2008 Amount	At 31 December 2008 Percentage (%)
Total loans and advances to customers	**5,436,469**	**—**	4,571,994	—
Less: allowance for impairment losses on loans	**136,353**	**—**	135,983	—
Loans and advances to customers, net	**5,300,116**	**46.4**	4,436,011	45.5
Investment in securities, net	**3,116,441**	**27.3**	3,048,310	31.2
Of which: receivables	**1,163,169**	**10.2**	1,162,769	11.9
Cash and balance with central banks	**1,648,941**	**14.4**	1,693,024	17.4
Reverse repurchase agreements	**943,284**	**8.2**	163,493	1.7
Due from banks and other financial institutions, net	**176,872**	**1.5**	168,363	1.7
Others	**248,953**	**2.2**	247,945	2.5
Total assets	**11,434,607**	**100.0**	9,757,146	100.0

Loans

In the first half of 2009, the government continued to implement proactive fiscal policy and moderately loose monetary policy and launched policy package for "sustaining growth, expanding domestic demand, and adjusting structure" to deal with global financial crisis and economic recession of major economies. In response to the changes of macro-economic policies and following the sound credit policy, the Bank accelerated the extension of loans, took initiatives to adjust lending direction, strengthened credit support to key construction projects, key industries and key enterprises consistent with the industry policy orientation of the government, endeavored to expand the high-quality personal loan market, and further optimized the allocation of credit resources. As at the end of June 2009, the balance of loans amounted to RMB5,436,469 million, up RMB864,475 million or 18.9% from the end of last year.

DISTRIBUTION OF LOANS BY BUSINESS LINE

In RMB millions, except for percentages

Item	At 30 June 2009 Amount	At 30 June 2009 Percentage (%)	At 31 December 2008 Amount	At 31 December 2008 Percentage (%)
Loans of domestic operations	**5,248,539**	**96.5**	4,387,759	96.0
Corporate loans	**3,811,537**	**70.1**	3,232,102	70.7
Discounted bills	**469,096**	**8.6**	326,315	7.1
Personal loans	**967,906**	**17.8**	829,342	18.2
Overseas and others	**187,930**	**3.5**	184,235	4.0
Total	**5,436,469**	**100.0**	4,571,994	100.0

Corporate loans grew by RMB579,435 million or 17.9%. With respect to the structure of maturity, short-term corporate loans increased by RMB66,306 million or 5.9% while medium and long-term corporate loans increased by RMB513,129 million or 24.4%. With respect to product type, project loans increased by RMB449,853 million or 26.8%, mainly because the demand for loans increased remarkably following the government's stimulus policy to drive smooth and rapid economic development, and the Bank sped up credit policy adjustment and product innovation and granted more medium and long-term project loans to key customers in the infrastructure industry in line with the government policy of expanding domestic demand. The property development loans grew by RMB63,877 million or 18.7% because the Bank continued to optimize the product type structure of property development loans and appropriately grant such loans to property developers with strong financial strength, good qualification and reputation. The working capital loans grew by RMB65,705 million or 5.4%, of which, trade finance increased by RMB96,666 million or 79.1%. This was mainly because the Bank developed trade finance business vigorously, continued to deepen the transformation of general working capital loans, and further optimized the structure of working capital loans.

The balance of discounted bills increased by RMB142,781 million or 43.8% with the growth being 17.9 percentage points lower than that in the first quarter, primarily because the Bank appropriately adjusted the business scale of discounted bills to achieve balanced loan extension and income objective according to the bank-wide loans granting status and the market demand in the context of moderately loose monetary policy.

Personal loans increased by RMB138,564 million or 16.7%, mainly because the Bank took advantage of the government policy for expanding domestic demand to improve personal loan policy, strengthen product innovation and marketing activities, and effectively support the personal credit demand for housing, consumption and business. Personal housing loans increased by RMB101,468 million or 17.0%, personal consumption loans increased by RMB22,800 million or 22.5%, and personal business loans grew by RMB7,055 million or 6.2%. Credit card overdrafts grew by RMB7,241 million or 42.4%, which was mainly due to continuous increases in the number of credit cards issued and transaction amount and the Bank's robust promotion of credit card installment payment services.

DISTRIBUTION OF LOANS BY FIVE-TIER CLASSIFICATION

In RMB millions, except for percentages

Item	**At 30 June 2009** Amount	**Percentage (%)**	At 31 December 2008 Amount	Percentage (%)
Pass	**5,145,073**	**94.64**	4,229,609	92.51
Special mention	**192,731**	**3.55**	237,903	5.20
Non-performing loans	**98,665**	**1.81**	104,482	2.29
Sub-standard	**40,823**	**0.75**	37,694	0.83
Doubtful	**48,577**	**0.89**	55,641	1.22
Loss	**9,265**	**0.17**	11,147	0.24
Total	**5,436,469**	**100.00**	4,571,994	100.00

The quality of loans has been improved continuously. At the end of June 2009, in accordance with the five-tier classification, pass loans of the Bank amounted to RMB5,145,073 million and accounted for 94.64% of total loans, representing an increase of RMB915,464 million and 2.13 percentage points, respectively, as compared to the end of last year. The special mention loans amounted to RMB192,731 million and accounted for 3.55% of total loans, representing a decrease of RMB45,172 million and 1.65 percentage points, respectively. The balance of NPLs was RMB98,665 million, representing a decrease of RMB5,817 million; and the NPL ratio was 1.81%, representing a decrease of 0.48 percentage point. The continuous decrease in the balance of both NPLs and the NPL ratio was mainly due to the Bank's accelerated collection and disposal of NPLs and strengthened the monitoring of and intensified the withdrawal of loans with potential risk.

DISTRIBUTION OF LOANS and NPLs BY BUSINESS LINE

In RMB millions, except for percentages

	At 30 June 2009				At 31 December 2008			
Item	**Loan**	**Percentage (%)**	**NPL**	**NPL ratio (%)**	Loan	Percentage (%)	NPL	NPL ratio(%)
Corporate loans	**3,811,537**	**70.1**	**86,627**	**2.27**	3,232,102	70.7	93,747	2.90
Discounted bills	**469,096**	**8.6**	**—**	**—**	326,315	7.1	—	—
Personal loans	**967,906**	**17.8**	**10,780**	**1.11**	829,342	18.2	9,593	1.16
Overseas and others	**187,930**	**3.5**	**1,258**	**0.67**	184,235	4.0	1,142	0.62
Total	**5,436,469**	**100.0**	**98,665**	**1.81**	4,571,994	100.0	104,482	2.29

The balance of non-performing corporate loans decreased by RMB7,120 million to RMB86,627 million, and the NPL ratio decreased by 0.63 percentage point to 2.27%. The balance of non-performing personal loans increased by RMB1,187 million to RMB10,780 million, which was mainly due to the slow-down of economic growth and the increase in non-performing personal housing loans and personal business loans; and NPL ratio decreased by 0.05 percentage point to 1.11%. The quality of personal loans remained stable in general.

DISTRIBUTION OF CORPORATE LOANS AND NPLs BY INDUSTRY

In RMB millions, except for percentages

	At 30 June 2009				At 31 December 2008			
Item	**Loan**	**Percentage (%)**	**NPL**	**NPL ratio (%)**	Loan	Percentage (%)	NPL	NPL ratio (%)
Manufacturing	**801,295**	**21.0**	**40,896**	**5.10**	758,764	23.5	44,974	5.93
Chemicals	**133,003**	**3.5**	**6,960**	**5.23**	124,981	3.9	8,126	6.50
Machinery	**105,235**	**2.7**	**5,386**	**5.12**	102,747	3.2	6,285	6.12
Iron and steel	**90,234**	**2.4**	**883**	**0.98**	87,686	2.7	975	1.11
Metal processing	**87,177**	**2.3**	**2,229**	**2.56**	79,876	2.5	2,720	3.41
Textiles and apparels	**83,010**	**2.2**	**6,524**	**7.86**	78,072	2.4	7,343	9.41
Electronics	**47,439**	**1.2**	**4,038**	**8.51**	40,831	1.3	3,201	7.84
Automobile	**45,754**	**1.2**	**1,165**	**2.55**	46,888	1.4	1,301	2.77
Petroleum processing	**42,243**	**1.1**	**423**	**1.00**	41,709	1.3	721	1.73
Cement	**36,881**	**1.0**	**3,422**	**9.28**	33,591	1.0	3,497	10.41
Others	**130,319**	**3.4**	**9,866**	**7.57**	122,383	3.8	10,805	8.83
Transportation and logistics	**781,668**	**20.5**	**8,981**	**1.15**	690,809	21.4	9,480	1.37
Power generation and supply	**528,318**	**13.9**	**7,326**	**1.39**	501,411	15.5	7,672	1.53
Water, environment and public utility management	**493,483**	**12.9**	**542**	**0.11**	275,469	8.5	1,781	0.65
Property development	**395,560**	**10.4**	**7,707**	**1.95**	343,895	10.6	7,600	2.21
Leasing and commercial services	**268,020**	**7.0**	**1,708**	**0.64**	188,120	5.8	1,887	1.00
Retail, wholesale and catering	**219,670**	**5.8**	**13,578**	**6.18**	188,831	5.8	13,720	7.27
Science, education, culture and sanitation	**72,175**	**1.9**	**1,623**	**2.25**	70,148	2.2	1,963	2.80
Construction	**65,078**	**1.7**	**1,488**	**2.29**	61,006	1.9	1,574	2.58
Others	**186,270**	**4.9**	**2,778**	**1.49**	153,649	4.8	3,096	2.01
Total	**3,811,537**	**100.0**	**86,627**	**2.27**	3,232,102	100.0	93,747	2.90

In the first half of 2009, the four industries to which the Bank extended most of its loans were water, environment and public utility management, transportation and logistics, leasing and commercial services and property development. The incremental loans for these industries accounted for 76.0% of total incremental corporate loans. Loans extended to water, environment and public utility management increased by RMB218,014 million or 79.1%, which was mainly due to the increase of loans extended to industries such as urban infrastructure in line with the government policy. Loans extended to transportation and logistics increased by RMB90,859 million or 13.2%, mainly attributable to the increase in loans extended to highway, transportation and other related sub-industries which were consistent with the credit policy of the Bank. Loans extended to leasing and commercial services increased by RMB79,900 million or 42.5%, which was mainly due to the relatively rapid increase in loans extended to development zone and other related industries driven by the accelerated investment in fixed assets by the government. Loans extended to property development increased by RMB51,665 million or 15.0%, which were mainly granted to high-quality customers of the Bank with strong financial strength, good qualification and reputation.

NPL balance of the four industries, namely manufacturing industry, water, environment and public utility management, transportation and logistics and power generation and supply, experienced the largest decrease amongst other industries. NPL balance of electronics and property development industries increased by RMB837 million and RMB107 million respectively, mainly due to the delinquency of loans granted to certain enterprises.

CHANGES IN ALLOWANCE FOR IMPAIRMENT LOSSES ON LOANS

In RMB millions

	Individually assessed	**Collectively assessed**	**Total**
At the beginning of the period	54,059	81,924	135,983
Charge for the period	1,099	8,149	9,248
Including: impairment allowances charged	7,757	39,504	47,261
Impairment allowances transferred	205	(205)	—
Reversal of impairment allowances	(6,863)	(31,150)	(38,013)
Accreted interest on impaired loans	(727)	—	(727)
Write-offs	(7,941)	(335)	(8,276)
Recoveries of loans and advances previously written off	260	59	319
Transfer out[(1)]	(184)	(10)	(194)
At the end of the period	46,566	89,787	136,353

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

At the end of June 2009, the allowance for impairment losses on loans amounted to RMB136,353 million, representing an increase of RMB370 million as compared to that of the end of the previous year. The ratio of total allowance to NPL was 138.20%, up 8.05 percentage points, representing a further improvement in the Bank's ability to resist risk. The allowance to total loans ratio was 2.51%.

DISTRIBUTION OF LOANS BY COLLATERALS

In RMB millions, except for percentages

Item	At 30 June 2009 Amount	At 30 June 2009 Percentage (%)	At 31 December 2008 Amount	At 31 December 2008 Percentage (%)
Loans secured by mortgages	**1,913,931**	**35.2**	1,688,435	36.9
Including: Personal housing loans[1]	**698,842**	**12.9**	597,374	13.1
Pledged loans	**876,019**	**16.1**	676,129	14.8
Including: Discounted bills[1]	**469,096**	**8.6**	326,315	7.1
Guaranteed loans	**927,517**	**17.1**	866,129	18.9
Unsecured loans	**1,719,002**	**31.6**	1,341,301	29.4
Total	**5,436,469**	**100.0**	4,571,994	100.0

Note: (1) Data of domestic branches.

The Bank's unsecured loans amounted to RMB1,719,002 million, representing an increase of RMB377,701 million or 28.2% compared to the end of last year, as a result of the increase in loans extended to customers with higher credit rating. Loans secured by mortgages amounted to RMB1,913,931 million, representing an increase of RMB225,496 million or 13.4%.

OVERDUE LOANS

In RMB millions, except for percentages

Overdue periods	At 30 June 2009 Amount	At 30 June 2009 % of total	At 31 December 2008 Amount	At 31 December 2008 % of total
3 to 6 months	**10,598**	**0.2**	9,231	0.2
6 to 12 months	**13,096**	**0.2**	8,487	0.2
Over 12 months	**62,691**	**1.2**	70,162	1.5
Total	**86,385**	**1.6**	87,880	1.9

Note: Loans and advances are deemed overdue when either the principal or interest is not repaid by the due date. For loans and advances to customers repayable by instalments, the full amount of loans will be deemed overdue if any of the instalments is not repaid by the due date.

RENEGOTIATED LOANS

Renegotiated loans and advances amounted to RMB19,612 million, representing a decrease of RMB5,634 million or 22.3% compared to the end of last year, of which renegotiated loans and advances to customers overdue for over three months amounted to RMB14,253 million, representing a decrease of RMB4,731 million.

LOAN CONCENTRATION

The total amount of loans granted by the Bank to the single largest customer and the top ten customers accounted for 3.0% and 20.5% of the Bank's net capital, respectively, both in compliance with the regulatory requirements. The total amount of loans granted to the top ten customers was RMB136,405 million, accounting for 2.5% of the total loans.

Investment

In the first half of 2009, the Bank appropriately adjusted the investment strategy and optimized the portfolio structure in line with movements of domestic and global financial markets. At the end of June 2009, net investment in securities was RMB3,116,441 million, representing an increase of RMB68,131 million or 2.2% from the end of last year.

INVESTMENT

In RMB millions, except for percentages

	At 30 June 2009		At 31 December 2008	
Item	**Amount**	**Percentage (%)**	Amount	Percentage (%)
Investment in securities not related to restructuring	**2,136,526**	**68.6**	2,063,981	67.7
Investment in securities related to restructuring[1]	**975,559**	**31.3**	975,559	32.0
Equity instruments	**4,356**	**0.1**	8,770	0.3
Total	**3,116,441**	**100.0**	3,048,310	100.0

Note: (1) Includes Huarong bonds, special government bonds, MOF receivable and special PBOC bills.

Investment in securities not related to restructuring increased by RMB72,545 million or 3.5% from the end of last year to RMB2,136,526 million. From the analysis of the investment portfolio by issuer, investment in government bonds increased by RMB88,657 million or 21.0%; investment in policy bank bonds increased by RMB55,319 million or 9.2%; and investment in central bank bonds decreased by RMB123,731 million or 15.5%. From the analysis of the investment portfolio by remaining maturity, bonds not related to restructuring with a term of 3 to 12 months increased by RMB98,700 million or 32.9%, mainly because the Bank proactively adjusted the bonds investment strategy and appropriately reduced the duration of the investment portfolio in the environment of relatively lower yield of bonds. From the analysis of the investment portfolio by currency, RMB bonds increased by RMB67,146 million or 3.5%, mainly because the Bank properly increased its investment in bonds in line with the trend of RMB bond market; RMB equivalent of USD denominated bonds decreased by RMB1,345 million or 1.5%, and RMB equivalent of other foreign currencies denominated bonds increased by RMB6,744 million or 17.1%, which was mainly because the Bank timely reduced its holding of USD denominated bonds and increased the proportion of other foreign currencies denominated bonds by taking advantage of the recovery of the international financial market.

DISTRIBUTION OF INVESTMENT IN SECURITIES NOT RELATED TO RESTRUCTURING BY ISSUER

In RMB millions, except for percentages

	At 30 June 2009		At 31 December 2008	
Item	**Amount**	**Percentage (%)**	Amount	Percentage (%)
Government bonds	**511,242**	**24.0**	422,585	20.5
Policy bank bonds	**656,446**	**30.7**	601,127	29.1
Central bank bills	**673,293**	**31.5**	797,024	38.6
Other bonds	**295,545**	**13.8**	243,245	11.8
Total	**2,136,526**	**100.0**	2,063,981	100.0

DISTRIBUTION OF INVESTMENT IN SECURITIES BY HOLDING PURPOSES

In RMB millions, except for percentages

	At 30 June 2009		At 31 December 2008	
Item	**Amount**	**Percentage (%)**	Amount	Percentage (%)
Investments at fair value through profit or loss	**31,653**	**1.0**	33,641	1.1
Available-for-sale investments	**648,478**	**20.8**	537,580	17.6
Held-to-maturity investments	**1,273,141**	**40.9**	1,314,320	43.1
Receivables	**1,163,169**	**37.3**	1,162,769	38.2
Total	**3,116,441**	**100.0**	3,048,310	100.0

At the end of June 2009, the Group held USD1,995 million of US sub-prime residential mortgage-backed securities, Alt-A residential mortgage-backed securities, structured investment vehicles (SIVs), corporate collateralized debt obligations (Corporate CDOs) and debt securities related to Lehman Brothers, representing 0.12% of the Group's total assets. The

Group has made accumulative allowance of USD1,621 million for impairment losses based on the market valuation results of the abovementioned assets. The provision coverage (provisions/unrealized loss) was 102.79%, and the provision ratio (provisions/nominal value) was 81.25%.

The face value of debt securities related to Freddie Mac and Fannie Mae, US mortgage agencies, was USD1,334 million, representing 0.08% of the Group's total assets. The Group has made accumulative allowance of USD136 million for the abovementioned debt securities. The provision coverage was 113.33%, and the provision rate was 10.19%. The principal repayment and interest payment of these debt securities are normal at present.

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

Reverse Repurchase Agreements

The reverse purchase agreements amounted to RMB943,284 million, representing an increase of RMB779,791 million or 477.0%, which was mainly attributable to the Bank's strengthened fund utilization and the expanding of the scale of the securities under reverse repurchase agreements for the purpose of enhancing the efficiency of fund utilization and the relevant yield.

Liabilities

As at the end of June 2009, total liabilities amounted to RMB10,814,166 million, representing an increase of RMB1,663,650 million or 18.2% as compared to the end of 2008, of which the balance of due to customers increased by 15.9% and due to banks and other financial institutions increased by 56.5%.

LIABILITIES

In RMB millions, except for percentages

	At 30 June 2009		At 31 December 2008	
Item	**Amount**	**Percentage (%)**	Amount	Percentage (%)
Due to customers	**9,533,117**	**88.2**	8,223,446	89.9
Due to banks and other financial institutions	**1,011,258**	**9.3**	646,254	7.0
Repurchase agreements	**6,877**	**0.1**	4,648	0.1
Subordinated bonds	**35,000**	**0.3**	35,000	0.4
Others	**227,914**	**2.1**	241,168	2.6
Total liabilities	**10,814,166**	**100.0**	9,150,516	100

Due to Customers

In the first half of 2009, PBOC continued to implement moderately loose monetary policy, which led to increasing liquidity in the market and continuous growth of household income. In such environment, the Bank took advantage of its customer base and service channels, and achieved a stable growth in deposits. The balance of due to customers was RMB9,533,117 million at the end of June 2009, representing an increase of RMB1,309,671 million or 15.9% as compared to the end of 2008. Corporate deposits increased by RMB782,237 million or 19.9%, and the proportion increased by 1.6 percentage points; and personal deposits increased by RMB546,130 million or 13.6%, and the proportion decreased by 1.0 percentage point. With respect to the structure of maturity, demand deposits increased by RMB727,039 million or 18.2%, and the proportion increased by 1.0 percentage point; and time deposits increased by RMB601,328 million or 15.2%, and the proportion decreased by 0.4 percentage point.

DISTRIBUTION OF DUE TO CUSTOMERS BY BUSINESS LINES

In RMB millions, except for percentages

	At 30 June 2009		At 31 December 2008	
Item	**Amount**	**Percentage (%)**	Amount	Percentage (%)
Corporate deposits				
Time deposits	**1,745,091**	**18.3**	1,380,907	16.8
Demand deposits	**2,976,113**	**31.2**	2,558,060	31.1
Sub-total	**4,721,204**	**49.5**	3,938,967	47.9
Personal deposits				
Time deposits	**2,815,409**	**29.5**	2,578,265	31.4
Demand deposits	**1,740,969**	**18.3**	1,431,983	17.4
Sub-total	**4,556,378**	**47.8**	4,010,248	48.8
Overseas	**155,049**	**1.6**	158,222	1.9
Others(1)	**100,486**	**1.1**	116,009	1.4
Total	**9,533,117**	**100.0**	8,223,446	100.0

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

Due to Banks and Other Financial Institutions

The balance of due to banks and other financial institutions at 30 June 2009 amounted to RMB1,011,258 million, representing an increase of RMB365,004 million or 56.5% from the end of 2008. The increase was mainly due to the increasing liquidity in the market, as well as the recovery of capital market and the rebound of initial public offerings which caused a relatively rapid growth of deposits from banks and other financial institutions.

7.4 Capital Adequacy Ratio

The Bank calculates the capital adequacy ratio and core capital adequacy ratio in accordance with the "Regulations Governing Capital Adequacy Ratio of Commercial Banks" and other related regulations promulgated by CBRC. As at the end of June 2009, the Bank had a capital adequacy ratio of 12.09% and a core capital adequacy ratio of 9.97%, both meeting the regulatory requirements.

CAPITAL ADEQUACY RATIO

In RMB millions, except for percentages

Item	At 30 June 2009	At 31 December 2008
Core capital:		
Share capital	**334,019**	334,019
Reserves[1]	**243,347**	205,668
Minority interests	**4,504**	3,955
Total core capital	**581,870**	543,642
Supplementary capital:		
General provisions for loan impairment	**88,739**	82,834
Subordinated bonds	**35,000**	35,000
Other supplementary capital	**2,952**	4,164
Total supplementary capital	**126,691**	121,998
Total capital base before deductions	**708,561**	665,640
Deductions:		
Unconsolidated equity investments	**17,783**	19,499
Goodwill	**23,581**	20,579
Others	**2,869**	5,529
Net capital base	**664,328**	620,033
Core capital base after deductions	**547,963**	510,549
Risk weighted assets and market risk capital adjustment	**5,494,937**	4,748,893
Core capital adequacy ratio	**9.97%**	10.75%
Capital adequacy ratio	**12.09%**	13.06%

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

7.5 Outlook

Looking into the second half of 2009, in response to the complex and ever-changing economic and financial environment, the Bank will firmly adhere to the goal of achieving sustainable growth, fully implement the Strategic Development Plan for 2009–2011, strengthen risk management, reinforce and expand its market leading advantage in core businesses, and expedite the efforts in building the Bank as an internationally leading modern financial enterprise. Specifically, the Bank will: (1) proactively adjust and optimize its credit structure and identify high-quality enterprises that meet the government's industrial and environmental policies and with strong risk resistance capabilities and sustainability of development by seizing the opportunities brought about by the government's initiatives to promote the reviving of industries; (2) seize the opportunities brought about by cross-border RMB settlement to further expand its international operations; (3) strictly control operational risks, be highly alert to asset price bubbles, strengthen credit review, prevent credit from flowing into stock markets, and pay particular attention to risks associated with property development loans; (4) strengthen liquidity management and projection and strive to increase the return on capital while realizing a proper match of assets and liabilities in terms of duration; and (5) seize market opportunities to achieve innovative development of wealth management services and precious metals businesses, and promote rapid expansion of intermediary business relating to capital markets.

8. Significant Events

8.1 Compliance with the Code of Corporate Governance Practices (Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Hong Kong Listing Rules"))

During the reporting period, the Bank fully complied with all the principles and code provisions stipulated in the Code of Corporate Governance Practices (Appendix 14 to the Hong Kong Listing Rules).

8.2 Profits and Dividends Distribution

With the approval of the Annual General Meeting for the Year 2008 held on 25 May 2009, the Bank distributed cash dividends of a total 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 who appeared on the register of shareholders as at 3 June 2009. The Bank will not declare any interim dividends for the interim period of 2009, nor will it convert any reserve to share capital.

8.3 Use of IPO Proceeds

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

8.4 Use 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.

8.5 Material Legal Proceedings and Arbitration

The Bank was involved in legal proceedings in the ordinary course of business. Most of these legal proceedings involved enforcement claims initiated by the Bank for recovering non-performing loans. In addition, some legal proceedings were arisen from customer disputes. As at 30 June 2009, the amount of material pending proceedings which the Bank and/or its subsidiaries was/were defendant totaled RMB2,604 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.

8.6 Material Asset Acquisition, Disposal and Merger

On 4 June 2009, the Bank and The Bank of East Asia, Limited ("BEA") entered into relevant agreements for the acquisition of equity interest in The Bank of East Asia (Canada) and the disposal of equity interest in ICEA Finance Holdings Limited ("ICEA"), respectively. Pursuant to the relevant agreements, the Bank will 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 will purchase 70% issued ordinary shares of The Bank of East Asia (Canada) for a consideration of CAD80,249,120 (equivalent to approximately HKD567 million). After the first anniversary of the completion of the transaction, the Bank will have an option to acquire 10% of the shares of The Bank of East Asia (Canada) from BEA, and BEA will 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 interest in ICEA and completion of the acquisition of equity interest in the Bank of East Asia (Canada) are inter-conditional. The completion of the aforementioned transactions is also subject to the approval of relevant regulatory authorities. For details of the share sale and purchase agreements, please refer to the announcements published by the Bank on the designated websites of SEHK and SSE on 4 June 2009 and 5 June 2009, respectively.

8.7 Connected Transactions

Connected Transactions as Defined by the SSE Listing Rules

During the reporting period, Goldman Sachs was a connect party of the Bank. Please refer to the relevant content of the Interim Report for specific content of the connected transactions with Goldman Sachs during the reporting period. These transactions were carried out in the usual business of the Bank and on normal commercial terms, fulfilled the principle of honesty and good faith and will not affect the independence of the Bank.

Connected Transactions as Defined by Accounting Standards

Please refer to the relevant content of the Interim Report for specific content of the connected transactions with MOF, Huijin and other connected parties.

8.8 Material Contracts and Performance of Obligations thereunder

Material Trust, Sub-Contract and Lease

During the reporting period, the Bank has not held on trust to a material extent or entered into any material subcontract or lease arrangement in respect of assets of other corporations, and no other corporation has 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 belongs to the usual business of the Bank. During the reporting period, the Bank did not have any material guarantees 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

No such matters concerning entrusting other persons for cash management occurred during the reporting period.

8.9 Funds Held by Substantial Shareholders

No funds were held by substantial shareholders in the Bank.

8.10 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 in the reporting period were the same as those disclosed in the 2006 Annual Report. As of 30 June 2009, all of the commitments made by shareholders were properly fulfilled.

8.11 Commitments Made by the Shareholders Holding 5% Shares or Above in Relation to Additional Shares Subject to Restrictions on Sale

None.

8.12 Sanctions Imposed on the Bank and its Directors, Supervisors and Members of the Senior Management

During the reporting period, neither the Bank nor any of its directors, supervisors or members of the Senior Management was subject to any investigation by competent authorities, compulsory enforcement by judicial and disciplinary authorities, transfer to judicial department or pursuit of criminal responsibilities, investigation, censure or administrative penalty by CSRC, prohibition of securities market access, punishment by other administrative departments for improper personnel engagement or public reprimand by the stock exchanges.

8.13 Purchase, Sale or Redemption of Shares

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

8.14 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 not 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 during the reporting period, all Directors and Supervisors have complied with the provisions of the aforesaid codes of conduct.

8.15 Interests in Shares, Underlying Shares, and Debentures Held by Directors and Supervisors

As at 30 June 2009, none of the Directors or Supervisors of the Bank had any interests or short positions in the shares, underlying shares or debentures of the Bank or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance of Hong Kong) which have to be notified to the Bank and SEHK under Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance of Hong Kong (including interests or short positions therein that they shall be deemed to have pursuant to such provisions of the Securities and Futures Ordinance of Hong Kong), or any interests or short positions which have to be recorded in the register under Section 352 of the Securities and Futures Ordinance of Hong Kong, or any interests or short positions which have to be notified to the Bank and SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules.

8.16 Review of the Interim Financial Report

The 2009 interim financial statements prepared by the Bank in accordance with CASs and IFRSs have been reviewed by Ernst & Young Hua Ming and Ernst & Young in accordance with Chinese and international standards on review engagements, respectively.

The Interim Report of the Bank has been reviewed and adopted by the Audit Committee of the Board of Directors.

8.17 Warning and Explanation on the Prediction that the Accumulated Net Profits from the beginning of the Year to the End of the Next Reporting Period May be Negative or Have Substantial Changes Compared to the Same Period of Last Year

Not applicable.

8.18 Other Major Events

SECURITIES INVESTMENT

S/N	**Stock (Fund) Code**	**Short name**	**Holding at the end of the period** *(in 10,000)*	**Initial investment cost** *(in RMB)*	**Book value at the end of the period** *(in RMB)*	**Book value at the beginning of the period** *(in RMB)*	**Accounts**
1	966 (Hong Kong, PRC)	CHINA INSURANCE	8,590.69	305,117,068	1,238,926,310	893,955,262	Available-for-sale investment
2	485105	ICBCCS Enhanced Income Bond Fund A	14,186.32	150,000,000	162,021,915	161,156,550	Available-for-sale investment
3	601998	CNCB	2,586.20	149,999,600	154,396,140	99,827,320	Available-for-sale investment
4	1688 (Hong Kong, PRC)	Alibaba	1,002.80	131,782,620	121,460,553	48,727,230	Available-for-sale investment
5	481001	ICBCCS Core Value Equity Fund	7,260.65	20,000,000	57,860,113	46,903,793	Available-for-sale investment
6	000430	ST ZTDC	612.00	2,000,000	36,475,200	24,847,200	Available-for-sale investment
7	485107	ICBCCS Credit Value-added A	3,000.86	30,000,000	33,897,715	32,838,411	Available-for-sale investment
8	483003	ICBCCS Select Balanced Equity Fund	3,576.81	20,000,000	28,378,438	21,096,045	Available-for-sale investment
9	001740 (Korea)	SK Networks	23.94	10,063,627	18,777,222	10,929,127	Available-for-sale investment
10	3988 (Hong Kong, PRC)	BOC	500.00	14,514,922	16,220,044	9,347,849	Financial assets held for trading
Total			**—**	833,477,837	1,868,413,650	1,349,628,787	—

Notes: (1) The share and fund investments listed in this table represent the securities investment recognized by the Bank as available-for-sale and trading financial assets as at the end of the reporting period, including the investments in shares issued by other listed companies and open-end fund or close-end fund (top 10 by the book value at the end of the period).

(2) The shares of CHINA INSURANCE, Alibaba and BOC were held by Industrial and Commercial Bank of China (Asia) Limited ("ICBC (Asia)"), a subsidiary controlled by the Bank. ICBCCS Enhanced Income Bond Fund A, ICBCCS Core Value Equity Fund, ICBCCS Credit Value-added A and ICBCCS Select Balanced Equity Fund were held by ICBC Credit Suisse Asset Management, a subsidiary controlled by the Bank. The SK Networks shares were held by Seoul Branch of the Bank.

SHARES OF UNLISTED FINANCIAL INSTITUTIONS

Company	**Initial investment cost** *(in RMB)*	**Shares held** *(in 10,000)*	**Percentage of total shares** *(%)*	**Book valued at the end of the period** *(in RMB)*
China UnionPay Co., Ltd.	146,250,000	11,250.00	3.90	146,250,000
Xiamen International Bank	102,301,500	N/A	18.75	102,301,500
TaiPing Insurance Company Ltd.	172,585,678	N/A	7.93	62,464,370
Guangdong Development Bank	52,465,475	2,379.22	0.21	52,465,475
China Ping An Insurance (HK) Co., Ltd.	14,134,025	27.50	25.00	26,311,917
Joint Electronic Teller Services Ltd.	10,158,374	0.0024	0.03	9,729,142
Yueyang City Commercial Bank	3,500,000	353.64	1.59	3,500,000
Luen Fung Hang Insurance Co., Ltd.	1,518,440	2.40	6.00	1,483,874
Guilin City Commercial Bank	420,000	113.61	0.28	420,000
Nanchang City Commercial Bank	300,000	39.00	0.03	390,000
Total	503,633,492	—	—	405,316,278

Note: The shares of TaiPing Insurance Company Ltd. and China Ping An Insurance (HK) Co., Ltd were held by ICBC (Asia), a subsidiary controlled by the Bank. The shares of Joint Electronic Teller Services Ltd. were held by ICBC (Asia), a subsidiary controlled by the Bank and Seng Heng Bank Limited, the latter of which also holds the shares of Luen Fung Hang Insurance Co., Ltd.

9. Financial Report

9.1 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

9.1.1 Unaudited Interim Consolidated Income Statement

(In RMB millions, unless otherwise stated)

	Six months ended 30 June	
	2009	2008
	(unaudited)	(unaudited)
Interest income	**199,277**	215,011
Interest expense	**(83,239)**	(83,226)
NET INTEREST INCOME	**116,038**	131,785
Fee and commission income	**29,291**	25,470
Fee and commission expense	**(1,547)**	(990)
NET FEE AND COMMISSION INCOME	**27,744**	24,480
Net trading income	**488**	1,333
Net loss on financial assets and liabilities designated at fair value through profit or loss	**(117)**	(288)
Net gain/(loss) on financial investments	**3,349**	(869)
Other operating income/(expense), net	**580**	(1,485)
OPERATING INCOME	**148,082**	154,956
Operating expenses	**(53,048)**	(53,193)
Impairment losses on:		
Loans and advances to customers	**(9,248)**	(13,648)
Others	**(964)**	(4,667)
OPERATING PROFIT	**84,822**	83,448
Share of profits and losses of associates and a jointly controlled entity	**966**	963
PROFIT BEFORE TAX	**85,788**	84,411
Income tax expense	**(19,064)**	(19,532)
PROFIT FOR THE PERIOD	**66,724**	64,879
Attributable to:		
Equity holders of the parent company	**66,424**	64,531
Minority interests	**300**	348
	66,724	64,879
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY — Basic and diluted (RMB yuan)	**0.20**	0.19

9.1.2 *Unaudited Interim Consolidated Statement of Comprehensive Income*

(In RMB millions, unless otherwise stated)

	Six months ended 30 June	
	2009	2008
	(unaudited)	(unaudited)
Profit for the period	**66,724**	64,879
Other comprehensive income/(loss) (after-tax, net):		
Net loss on available-for-sale investments	**(2,243)**	(2,760)
Net loss on cash flow hedges	**(1)**	(4,080)
Share of other comprehensive income of associates and a jointly controlled entity	**(1,061)**	420
Foreign currency translation differences	**5,543**	(3,148)
Subtotal of other comprehensive income/(loss) for the period	**2,238**	(9,568)
Total comprehensive income/(loss) for the period	**68,962**	55,311
Total comprehensive income attributable to:		
Equity holders of the parent company	**68,378**	55,485
Minority interests	**584**	(174)
	68,962	55,311

9.1.3 *Unaudited Interim Consolidated Statement of Financial Position*

(In RMB millions, unless otherwise stated)

	30 June 2009 (unaudited)	31 December 2008 (audited)
ASSETS		
Cash and balances with central banks	**1,648,941**	1,693,024
Due from banks and other financial institutions	**176,872**	168,363
Financial assets held for trading	**30,353**	32,182
Financial assets designated at fair value through profit or loss	**1,300**	1,459
Derivative financial assets	**6,867**	15,721
Reverse repurchase agreements	**943,284**	163,493
Loans and advances to customers	**5,300,116**	4,436,011
Financial investments	**3,084,788**	3,014,669
Investments in associates and a jointly controlled entity	**33,880**	28,421
Property and equipment	**84,224**	86,800
Deferred income tax assets	**11,390**	10,746
Other assets	**112,592**	106,257
TOTAL ASSETS	**11,434,607**	9,757,146
LIABILITIES		
Financial liabilities held for trading	**—**	4,268
Financial liabilities designated at fair value through profit or loss	**15,288**	7,566
Derivative financial liabilities	**7,697**	13,612
Due to banks and other financial institutions	**1,011,258**	646,254
Repurchase agreements	**6,877**	4,648
Certificates of deposit	**285**	726
Due to customers	**9,533,117**	8,223,446
Income tax payable	**14,217**	37,862
Deferred income tax liabilities	**78**	16
Subordinated bonds	**35,000**	35,000
Other liabilities	**190,349**	177,118
TOTAL LIABILITIES	**10,814,166**	9,150,516
EQUITY		
Equity attributable to equity holders of the parent company		
Issued share capital	**334,019**	334,019
Reserves	**197,693**	195,727
Retained profits	**84,225**	72,929
	615,937	602,675
Minority interests	**4,504**	3,955
TOTAL EQUITY	**620,441**	606,630
TOTAL EQUITY AND LIABILITIES	**11,434,607**	9,757,146

9.1.4 *Unaudited Interim Consolidated Statement of Changes in Equity*

(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	Minority interests	Total equity
Balance as at 1 January 2009 (audited)	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 period	—	—	—	—	—	—	—	—	—	66,424	66,424	300	66,724
Other comprehensive income/(loss)	—	—	—	—	(2,523)	5,539	(1)	(1,061)	1,954	—	1,954	284	2,238
Total comprehensive income/(loss)	—	—	—	—	(2,523)	5,539	(1)	(1,061)	1,954	66,424	68,378	584	68,962
Dividend — 2008 final	—	—	—	—	—	—	—	—	—	(55,113)	(55,113)	—	(55,113)
Appropriation to general reserve (i)	—	—	—	15	—	—	—	—	15	(15)	—	—	—
Change in shareholdings in a subsidiary	—	(3)	—	—	—	—	—	—	(3)	—	(3)	22	19
Dividends to minority shareholders	—	—	—	—	—	—	—	—	—	—	—	(57)	(57)
Balance as at 30 June 2009 (unaudited)	334,019	106,309	24,650	69,370	5,910	(3,909)	(4,076)	(561)	197,693	84,225	615,937	4,504	620,441

(i) Represents the appropriation made by a subsidiary.

(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	Minority interests	Total equity
Balance as at 1 January 2008 (audited)	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 period	—	—	—	—	—	—	—	—	—	64,531	64,531	348	64,879
Other comprehensive income/(loss)	—	—	—	—	(2,485)	(2,901)	(4,080)	420	(9,046)	—	(9,046)	(522)	(9,568)
Total comprehensive income/(loss)	—	—	—	—	(2,485)	(2,901)	(4,080)	420	(9,046)	64,531	55,485	(174)	55,311
Dividend — 2007 final	—	—	—	—	—	—	—	—	—	(44,425)	(44,425)	—	(44,425)
Appropriation to surplus reserves (i)	—	—	74	—	—	—	—	—	74	(74)	—	—	—
Appropriation to general reserve (ii)	—	—	—	18	—	—	—	—	18	(18)	—	—	—
Acquisition of a subsidiary	—	—	—	—	—	—	—	—	—	—	—	368	368
Change in shareholdings in a subsidiary	—	—	—	—	—	—	—	—	—	—	—	(878)	(878)
Dividends to minority shareholders	—	—	—	—	—	—	—	—	—	—	—	(286)	(286)
Balance as at 30 June 2008 (unaudited)	334,019	106,312	13,610	40,852	(3,874)	(3,990)	(4,080)	420	149,250	66,162	549,431	4,335	553,766
Profit for the period	—	—	—	—	—	—	—	—	—	46,310	46,310	37	46,347
Other comprehensive income/(loss)	—	—	—	—	12,307	(5,458)	5	80	6,934	—	6,934	(352)	6,582
Total comprehensive income/(loss)	—	—	—	—	12,307	(5,458)	5	80	6,934	46,310	53,244	(315)	52,929
Appropriation to surplus reserves (i)	—	—	11,040	—	—	—	—	—	11,040	(11,040)	—	—	—
Appropriation to general reserve (ii)	—	—	—	28,503	—	—	—	—	28,503	(28,503)	—	—	—
Change in shareholdings in a subsidiary	—	—	—	—	—	—	—	—	—	—	—	24	24
Dividends to minority shareholders	—	—	—	—	—	—	—	—	—	—	—	(89)	(89)
Balance as at 31 December 2008 (audited)	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) Represents the appropriation made by overseas branches and overseas subsidiaries in the amount of RMB9 million and RMB53 million, respectively.

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

9.1.5 *Unaudited Interim Consolidated Statement of Cash Flows*

(In RMB millions, unless otherwise stated)

	Six months ended 30 June	
	2009	2008
	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**85,788**	84,411
Adjustments for:		
Share of profits and losses of associates and a jointly controlled entity	**(966)**	(963)
Depreciation	**4,768**	4,045
Amortisation	**686**	638
Amortisation of financial investments	**(1,745)**	2,375
Impairment losses on loans and advances to customers	**9,248**	13,648
Impairment losses on assets other than loans and advances to customers	**964**	4,667
Foreign exchange difference	**4,339**	9,453
Interest expense on subordinated bonds	**572**	617
Accreted interest on impaired loans	**(727)**	(694)
(Gain)/loss on disposal of available-for-sale investments, net	**(3,300)**	904
Net trading (gain)/loss on equity investments	**(17)**	3
Net gain on disposal of property and equipment and other assets (other than repossessed assets)	**(143)**	(168)
Dividend income	**(49)**	(35)
	99,418	118,901
Net decrease/(increase) in operating assets:		
Due from central banks	**(185,366)**	(307,419)
Due from banks and other financial institutions	**1,157**	1,748
Financial assets held for trading	**1,927**	(2,317)
Financial assets designated at fair value through profit or loss	**190**	54
Reverse repurchase agreements	**(757,665)**	19,438
Loans and advances to customers	**(873,566)**	(306,736)
Other assets	**(6,260)**	(23,817)
	(1,819,583)	(619,049)

	Six months ended 30 June	
	2009	2008
	(unaudited)	(unaudited)
Net increase/(decrease) in operating liabilities:		
Financial liabilities designated at fair value through profit or loss	**3,459**	(6,077)
Due to banks and other financial institutions	**365,042**	67,010
Repurchase agreements	**2,229**	(2,006)
Certificates of deposit	**441**	(10)
Due to customers	**1,309,795**	636,605
Other liabilities	**14,206**	34,721
	1,695,172	730,243
Net cash inflow/(outflow) from operating activities before tax	**(24,993)**	230,095
Income tax paid	**(42,272)**	(33,963)
Net cash inflow/(outflow) from operating activities	**(67,265)**	196,132
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment and other assets	**(3,220)**	(2,717)
Proceeds from disposal of property and equipment and other assets (other than repossessed assets)	**356**	381
Purchases of financial investments	**(510,348)**	(821,506)
Proceeds from sale and redemption of financial investments	**438,524**	722,437
Acquisition of a subsidiary	**—**	2,261
Investment in a jointly controlled entity	**(5)**	—
Acquisition of minority interests	**—**	(1,783)
Acquisition of an associate	**—**	(37,420)
Dividends received	**58**	85
Net cash outflow from investing activities	**(74,635)**	(138,262)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contribution by minority shareholders	**—**	66
Interest paid on subordinated bonds	**(182)**	(183)
Dividends paid on ordinary shares	**(55,113)**	(44,425)
Dividends paid to minority shareholders	**(38)**	(208)

	Six months ended 30 June	
	2009	2008
	(unaudited)	(unaudited)
Net cash outflow from financing activities	**(55,333)**	(44,750)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(197,233)**	13,120
Cash and cash equivalents at beginning of the period	**607,291**	301,687
Effect of exchange rate changes on cash and cash equivalents	**(425)**	(8,270)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**409,633**	306,537
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES INCLUDES:		
Interest received	**196,755**	205,361
Interest paid	**(80,011)**	(67,019)

9.2 Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008, except for the adoption of new and revised International Financial Reporting Standards ("IFRS") and IFRIC interpretations as of 1 January 2009. The principal effects of adopting these new and revised IFRS and IFRIC interpretations are as follows:

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 results 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.

IFRS 8 *Operating Segments* requires disclosure of information about the Group's operating segments and replace 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*.

IAS 1 *Presentation of Financial Statements (Revised)* separates owners 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.

Apart from the above, 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 amendment 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.

* *Improvements to IFRSs* 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.

9.3 Notes to Unaudited Interim Condensed Consolidated Financial Statements

(In RMB millions, unless otherwise stated)

9.3.1 *Net Interest Income*

	Six months ended 30 June	
	2009	2008
	(unaudited)	(unaudited)
Interest income on:		
Loans and advances to customers		
— Personal loans	**22,704**	27,769
— Corporate loans	**108,730**	112,633
— Discounted bills	**6,054**	8,015
Due from central banks	**11,221**	10,390
Due from banks and other financial institutions	**3,969**	4,680
Financial investments	**46,599**	51,524
	199,277	215,011
Interest expense on:		
Due to customers	**(76,391)**	(73,231)
Due to banks and other financial institutions	**(6,276)**	(9,378)
Subordinated bonds	**(572)**	(617)
	(83,239)	(83,226)
Net interest income	**116,038**	131,785

9.3.2 *Net Fee and Commission Income*

	Six months ended 30 June	
	2009	2008
	(unaudited)	(unaudited)
Investment banking business	**7,143**	4,822
Settlement, clearing business and cash management	**7,102**	6,821
Personal wealth management and private banking services	**5,546**	6,095
Bank card business	**4,355**	3,197
Corporate wealth management services	**1,836**	1,458
Guarantee and commitment business	**1,460**	1,116
Assets fiduciary business	**1,034**	1,257
Trust and agency services	**431**	406
Others	**384**	298
Fee and commission income	**29,291**	25,470
Fee and commission expense	**(1,547)**	(990)
Net fee and commission income	**27,744**	24,480

9.3.3 *Net Trading Income*

	Six months ended 30 June	
	2009	2008
	(unaudited)	(unaudited)
Debt securities	**337**	1,226
Equity investments	**17**	(3)
Derivatives	**134**	110
	488	1,333

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

	Six months ended 30 June	
	2009	2008
	(unaudited)	(unaudited)
Financial assets	**62**	(24)
Financial liabilities	**(179)**	(264)
	(117)	(288)

9.3.5 *Net Gain/(Loss) on Financial Investments*

	Six months ended 30 June	
	2009	2008
	(unaudited)	(unaudited)
Dividend income from unlisted investments	**49**	34
Dividend income from listed investments	**—**	1
Dividend income	**49**	35
Gain/(loss) on disposal of available-for-sale investments, net	**3,300**	(904)
	3,349	(869)

9.3.6 *Other Operating Income/(Expense), Net*

	Six months ended 30 June	
	2009	2008
	(unaudited)	(unaudited)
Loss from foreign exchange and foreign exchange products, net	**(366)**	(2,832)
Net gain on disposal of property and equipment, repossessed assets and others	**422**	602
Sundry bank charge income	**34**	74
Others	**490**	671
	580	(1,485)

9.3.7 *Operating Expense*

	Six months ended 30 June	
	2009	2008
	(unaudited)	(unaudited)
Staff costs:		
Salaries and bonuses	**17,879**	18,960
Staff benefits	**5,050**	4,592
Contributions to defined contribution schemes	**3,508**	2,956
Early retirement benefits	**—**	2,000
	26,437	28,508
Premises and equipment expenses:		
Depreciation	**4,768**	4,045
Minimum lease payments under operating leases in respect of land and buildings	**1,363**	1,094
Repairs and maintenance charges	**676**	651
Utility expenses	**785**	723
	7,592	6,513
Amortisation	**686**	638
Business tax and surcharges	**8,850**	9,094
Others	**9,483**	8,440
	53,048	53,193

9.3.8 *Impairment Losses on Assets other than Loans and Advances to Customers*

	Six months ended 30 June	
	2009	2008
	(unaudited)	(unaudited)
Charge/(reversal) of impairment losses on:		
Due from banks and other financial institutions	**(1)**	(91)
Financial investments:		
Held-to-maturity debt securities	**205**	512
Available-for-sale investments	**693**	4,036
Other assets	**67**	210
	964	4,667

9.3.9 Income Tax Expense

The PRC income tax has been provided at the statutory rate of 25% (six months ended 30 June 2008: 25%) in accordance with the relevant tax laws in Mainland China during the period. 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.

	Six months ended 30 June	
	2009	2008
	(unaudited)	(unaudited)
Current income tax expense:		
PRC		
— Mainland China	**18,276**	20,766
— Hong Kong and Macau	**210**	209
Overseas	**141**	41
	18,627	21,016
Adjustment in respect of current income tax of prior periods	**—**	(1,002)
	18,627	20,014
Deferred income tax expense/(credit)	**437**	(482)
	19,064	19,532

A reconciliation of the income tax expense applicable to profit before tax at the PRC statutory income tax rate of 25% (six months ended 30 June 2008: 25%) to income tax expense at the Group's effective income tax rate is as follows:

	Six months ended 30 June	
	2009	2008
	(unaudited)	(unaudited)
Profit before tax	**85,788**	84,411
Tax at the PRC statutory income tax rate	**21,447**	21,103
Effects of different applicable rates of tax prevailing in other countries/regions	**(58)**	(49)
Non-deductible expenses	**336**	1,993
Non-taxable income	**(2,445)**	(2,407)
Profits and losses attributable to associates and a jointly controlled entity	**(241)**	(241)
Adjustment in respect of current income tax of prior periods	**—**	(1,002)
Others	**25**	135
Tax expense at the Group's effective income tax rate	**19,064**	19,532

9.3.10 ***Dividend***

	Six months ended 30 June	
	2009	2008
	(unaudited)	(unaudited)
Dividends on ordinary shares declared and paid:		
Final dividend for 2008: RMB0.165 per share (2007: RMB0.133 per share)	**55,113**	44,425

9.3.11 *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:

	Six months ended 30 June	
	2009	2008
	(unaudited)	(unaudited)
Earnings:		
Profit for the period attributable to equity holders of the parent company	**66,424**	64,531
Shares:		
Weighted average number of ordinary shares in issue (million)	**334,019**	334,019
Basic and diluted earnings per share (RMB yuan)	**0.20**	0.19

There were no dilative events during the six months ended 30 June 2009 and 2008.

9.3.12 *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 date of statement of financial position, the Group had derivative financial instruments as follows:

	30 June 2009 (unaudited)						
	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	**223,569**	**205,320**	**28,945**	**6,204**	**464,038**	**2,774**	**(2,937)**
Option contracts purchased	**4,342**	**3,298**	**446**	**—**	**8,086**	**96**	**(94)**
	227,911	**208,618**	**29,391**	**6,204**	**472,124**	**2,870**	**(3,031)**
Interest rate contracts:							
Swap contracts	**33,197**	**20,894**	**112,844**	**48,461**	**215,396**	**3,619**	**(4,287)**
Forward contracts	**3,758**	**3,621**	**19,772**	**—**	**27,151**	**372**	**(373)**
Option contracts purchased/written	**—**	**176**	**353**	**—**	**529**	**5**	**(5)**
	36,955	**24,691**	**132,969**	**48,461**	**243,076**	**3,996**	**(4,665)**
Other derivative contracts	**150**	**—**	**—**	**—**	**150**	**1**	**(1)**
	265,016	**233,309**	**162,360**	**54,665**	**715,350**	**6,867**	**(7,697)**

	31 December 2008 (audited)						
	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	5,853	8,843	20	—	14,716	305	(305)
	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	21,802	1,504	31,029	118	(118)
Option contracts purchased/written	—	—	529	—	529	5	(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 currency swap contracts that are used to protect against exposures to variability of future cash flows arising from floating rate foreign currency denominated assets during the period. 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.

	30 June 2009 (unaudited)						
	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 contract	**—**	**444**	**—**	**—**	**444**	**—**	**(35)**

	31 December 2008 (audited)						
	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 contract	—	444	—	—	444	—	(33)

There is no ineffectiveness recognised in the income statement that arises from cash flow hedges for the current period (six months ended 30 June 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. The financial instruments hedged for interest rate risk and currency risk mainly include available-for-sale debt securities.

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 period is presented as follows:

	Six months ended 30 June	
	2009	2008
	(unaudited)	(unaudited)
Gain/(loss) arising from fair value hedges, net:		
— Hedging instruments	**(214)**	175
— Hedged items attributable to the hedged risk	**190**	(173)
	(24)	2

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

	30 June 2009 (unaudited)						
	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**	**—**	**(24)**
Interest rate swap contracts	**799**	**1,381**	**10,862**	**1,282**	**14,324**	**37**	**(705)**
	799	**1,381**	**10,986**	**1,282**	**14,448**	**37**	**(729)**

	31 December 2008 (audited)						
	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 date of statement of financial position are as follows:

	30 June 2009 (unaudited)	31 December 2008 (audited)
Currency derivatives	**3,432**	5,900
Interest rate derivatives	**3,957**	6,141
Other derivatives	**10**	8
	7,399	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.

9.3.13 *Financial Investments*

	30 June 2009 (unaudited)	31 December 2008 (audited)
Receivables	**1,163,169**	1,162,769
Held-to-maturity debt securities	**1,273,141**	1,314,320
Available-for-sale investments	**648,478**	537,580
	3,084,788	3,014,669

9.3.14 *Components of Other Comprehensive Income*

	Six months ended 30 June	
	2009	2008
	(unaudited)	(unaudited)
Other comprehensive income/(loss) (after-tax):		
Available-for-sale investments:		
Changes in fair value recorded in other comprehensive income	**(1,123)**	(4,376)
Transfer to income statement arising from disposal/impairment	**(1,120)**	1,616
	(2,243)	(2,760)
Cash flow hedges:		
Losses arising during the period	**(1)**	(4,080)
Share of other comprehensive income/(loss) of associates and jointly controlled entity	**(1,061)**	420
Foreign currency translation differences	**5,543**	(3,148)
	2,238	(9,568)

	Six months ended 30 June					
	2009 (unaudited)			2008 (unaudited)		
	Amount before tax	**Income tax**	**Amount after tax**	Amount before tax	Income tax	Amount after tax
Related tax impact on other comprehensive income/(loss):						
Net loss on available-for-sale investments	**(3,262)**	**1,019**	**(2,243)**	(3,742)	982	(2,760)
Net loss on cash flow hedges	**(1)**	**—**	**(1)**	(4,080)	—	(4,080)
Share of other comprehensive income/(loss) of associates and jointly controlled entity	**(1,061)**	**—**	**(1,061)**	420	—	420
Foreign currency translation differences	**5,543**	**—**	**5,543**	(3,148)	—	(3,148)
	1,219	**1,019**	**2,238**	(10,550)	982	(9,568)

9.3.15 *Commitments and Contingent Liabilities*

(a) Capital commitments

At the date of statement of financial position, the Group had capital commitments as follows:

	30 June 2009 (unaudited)	31 December 2008 (audited)
Authorised, but not contracted for	**1,421**	1,687
Contracted, but not provided for	**4,105**	1,658
	5,526	3,345

As at 30 June 2009, the Group entered into agreements in relation to the acquisition of equity interests in subsidiaries at a total consideration of approximately RMB2,400 million.

(b) Operating lease commitments

At the date of statement of financial position, the Group leased certain of its premises under operating lease arrangements. The total future minimum lease payments in respect of non-cancellable operating leases were as follows:

	30 June 2009 (unaudited)	31 December 2008 (audited)
Within one year	**2,354**	2,146
After one year but not more than five years	**5,508**	5,178
After five years	**1,856**	1,658
	9,718	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.

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 acceptances, letters of credit and guarantees represent the maximum potential losses that would be recognised at the date of statement of financial position had the counterparties failed to perform as contracted.

	30 June 2009 (unaudited)	31 December 2008 (audited)
Letters of credit issued	**143,251**	113,253
Guarantees issued	**216,625**	217,071
Acceptances	**337,283**	206,632
Loan commitments with original maturity of:		
Not more than one year	**111,196**	144,585
More than one year	**117,926**	94,102
Undrawn credit card limit	**173,401**	160,830
	1,099,682	936,473

	30 June 2009 (unaudited)	31 December 2008 (audited)
Credit risk weighted amounts of credit commitments	**448,394**	385,049

The credit risk weighted amounts refer to the amounts computed in accordance with the rules promulgated by the CBRC and depend on the status of the counterparties and the maturity profile. 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 date of statement of financial position.

	30 June 2009 (unaudited)	31 December 2008 (audited)
Claimed amounts	**2,604**	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 30 June 2009, the Bank had underwritten and sold bonds with an accumulated amount of RMB133,868 million (31 December 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 date of statement of financial position, the amount of unexpired underwriting obligations was as follows:

	30 June 2009 (unaudited)	31 December 2008 (audited)
Underwriting obligations	—	1,000

9.3.16 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 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. The treasury conducts money market or repurchase transactions, debt instruments investments, and the holding of derivative positions, for its own accounts or on behalf of customers.

Others

This represents the head office ("HO") assets, liabilities, income and expenses that are not directly attributable to a segment or cannot be allocated 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 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, 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 utilisation of assets. Income taxes are managed on a group basis and are not allocated to operating segments.

	Corporate banking	Personal banking	Treasury operations	Others	Total
Six months ended 30 June 2009 (unaudited)					
External net interest income/(expense)	84,337	(23,803)	55,504	—	116,038
Internal net interest income/(expense)	(17,168)	55,841	(38,673)	—	—
Net fee and commission income	17,303	10,403	38	—	27,744
Other operating income, net	281	1	3,618	400	4,300
Operating income	84,753	42,442	20,487	400	148,082
Operating expenses	(26,206)	(18,988)	(6,912)	(942)	(53,048)
Impairment losses on:					
Loans and advances to customers	(6,601)	(2,647)	—	—	(9,248)
Others	(55)	—	(896)	(13)	(964)
Operating profit/(loss)	51,891	20,807	12,679	(555)	84,822
Share of profits and losses of associates and a jointly controlled entity	—	—	—	966	966
Profit before tax	51,891	20,807	12,679	411	85,788
Income tax expense					(19,064)
Profit for the period					66,724
Other segment information:					
Depreciation	2,127	1,691	889	61	4,768
Amortisation	327	221	134	4	686
Capital expenditure	1,358	1,047	565	34	3,004
As at 30 June 2009 (unaudited)					
Segment assets	4,432,591	1,023,022	5,908,558	70,436	11,434,607
Investments in associates and a jointly controlled entity	—	—	—	33,880	33,880
Property and equipment	35,077	27,943	14,637	6,567	84,224
Other non-current assets	14,101	7,810	4,932	5,409	32,252
Segment liabilities	5,047,685	4,680,073	1,077,443	8,965	10,814,166
Other segment information:					
Credit commitments	926,281	173,401	—	—	1,099,682

	Corporate banking	Personal banking	Treasury operations	Others	Total
Six months ended 30 June 2008 (unaudited)					
External net interest income/(expense)	89,690	(14,504)	56,599	—	131,785
Internal net interest income/(expense)	(33,466)	56,086	(22,620)	—	—
Net fee and commission income	14,171	10,205	104	—	24,480
Other operating income/(expense), net	1,231	(97)	(3,884)	1,441	(1,309)
Operating income	71,626	51,690	30,199	1,441	154,956
Operating expenses	(24,861)	(17,669)	(7,137)	(3,526)	(53,193)
Impairment losses on:					
Loans and advances to customers	(11,870)	(1,778)	—	—	(13,648)
Others	(211)	—	(4,454)	(2)	(4,667)
Operating profit/(loss)	34,684	32,243	18,608	(2,087)	83,448
Share of profits and losses of associates	—	—	—	963	963
Profit/(loss) before tax	34,684	32,243	18,608	(1,124)	84,411
Income tax expense					(19,532)
Profit for the period					64,879
Other segment information:					
Depreciation	1,683	1,222	755	385	4,045
Amortisation	269	206	126	37	638
Capital expenditure	1,108	799	501	263	2,671
As at 31 December 2008 (audited)					
Segment assets	3,706,953	878,988	5,105,568	65,637	9,757,146
Investments in associates	—	—	—	28,421	28,421
Property and equipment	36,532	24,739	15,652	9,877	86,800
Other non-current assets	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

(b) Geographical information

The Group operates principally in Mainland China with branches located in different provinces, autonomous regions and municipalities directly under the Government. The Group 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

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

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

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

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

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

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

(vii) Northeastern China: including Liaoning, Heilongjiang, Jilin and Dalian.

Overseas and others: branches located outside Mainland China, and domestic and overseas subsidiaries.

	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and others	Eliminations	Total
	Mainland China									
Six months ended 30 June 2009 (unaudited)										
External net interest income	56,920	18,073	10,823	4,570	8,305	13,116	1,709	2,522	—	116,038
Internal net interest income/(expense)	(51,631)	8,482	5,764	20,676	7,161	6,423	3,241	(116)	—	—
Net fee and commission income	1,151	6,794	4,509	5,624	3,913	3,589	1,275	889	—	27,744
Other operating income/(expense), net	5,188	(974)	239	(139)	(436)	(65)	187	300	—	4,300
Operating income	11,628	32,375	21,335	30,731	18,943	23,063	6,412	3,595	—	148,082
Operating expenses	(3,556)	(9,792)	(6,230)	(10,173)	(8,629)	(9,638)	(3,780)	(1,250)	—	(53,048)
Impairment losses on:										
Loans and advances to customers	(204)	248	(1,228)	(3,515)	(2,018)	(1,595)	(336)	(600)	—	(9,248)
Others	(862)	(3)	(2)	(15)	13	(34)	(23)	(38)	—	(964)
Operating profit	7,006	22,828	13,875	17,028	8,309	11,796	2,273	1,707	—	84,822
Share of profits and losses of associates and a jointly controlled entity	—	—	—	—	—	—	—	966	—	966
Profit before tax	7,006	22,828	13,875	17,028	8,309	11,796	2,273	2,673	—	85,788
Income tax expense										(19,064)
Profit for the period										66,724
Other segment information:										
Depreciation	544	794	563	771	779	849	417	51	—	4,768
Amortisation	235	110	42	61	94	100	29	15	—	686
Capital expenditure	831	661	264	324	308	363	65	188	—	3,004
As at 30 June 2009 (unaudited)										
Assets by geographical areas	6,086,650	2,316,442	1,554,650	2,840,398	1,452,980	1,567,730	705,184	346,286	(5,447,103)	11,423,217
Investments in associates and a jointly controlled entity	—	—	—	—	—	—	—	33,880	—	33,880
Property and equipment	7,521	16,577	9,789	14,334	12,277	14,642	8,309	775	—	84,224
Other non-current assets	5,951	6,209	2,303	4,005	5,511	4,821	2,465	987	—	32,252
Unallocated assets										11,390
Total assets										11,434,607
Liabilities by geographical areas	5,646,987	2,290,962	1,539,442	2,821,116	1,444,433	1,555,379	703,150	245,505	(5,447,103)	10,799,871
Unallocated liabilities										14,295
Total liabilities										10,814,166
Other segment information:										
Credit commitments	191,774	266,474	110,027	236,006	75,761	73,284	32,057	114,299	—	1,099,682

	Mainland China									
	Head Office	Yangtze River Delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and others	Eliminations	Total
Six months ended 30 June 2008 (unaudited)										
External net interest income	59,546	23,445	13,191	8,015	9,939	12,834	2,391	2,424	—	131,785
Internal net interest income/(expense)	(38,604)	6,202	5,215	14,632	5,091	4,533	3,327	(396)	—	—
Net fee and commission income	2,510	5,447	3,260	4,520	3,207	3,118	1,444	974	—	24,480
Other operating income/(expense), net	(6,802)	1,191	2,184	169	804	674	381	90	—	(1,309)
Operating income	16,650	36,285	23,850	27,336	19,041	21,159	7,543	3,092	—	154,956
Operating expenses	(5,139)	(9,896)	(6,480)	(8,976)	(8,350)	(9,052)	(4,110)	(1,190)	—	(53,193)
Impairment losses on:										
Loans and advances to customers	(104)	(3,201)	(2,738)	(3,990)	(1,756)	(1,860)	115	(114)	—	(13,648)
Others	(4,522)	23	102	(16)	(14)	(2)	(217)	(21)	—	(4,667)
Operating profit	6,885	23,211	14,734	14,354	8,921	10,245	3,331	1,767	—	83,448
Share of profits and losses of associates	—	—	—	—	—	—	—	963	—	963
Profit before tax	6,885	23,211	14,734	14,354	8,921	10,245	3,331	2,730	—	84,411
Income tax expense										(19,532)
Profit for the period										64,879
Other segment information:										
Depreciation	415	676	498	672	666	695	382	41	—	4,045
Amortisation	209	97	39	60	95	84	28	26	—	638
Capital expenditure	1,017	396	275	289	200	333	60	101	—	2,671
As at 31 December 2008 (audited)										
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
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	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

9.3.17 *Comparative Amounts*

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

10. Issue of Results Announcement and Interim Report

This announcement will be released on the websites of the SEHK (www.hkexnews.hk) and the Bank (www.icbc.com.cn, www.icbc-ltd.com) simultaneously. The 2009 Interim Report prepared in accordance with IFRSs will be released on the websites of the SEHK (www.hkexnews.hk) and the Bank (www.icbc.com.cn, www.icbc-ltd.com), and sent to holders of H Shares. The 2009 Interim Report and its summary prepared in accordance with CASs will be released simultaneously on the websites of the SSE (www.sse.com.cn) and the Bank (www.icbc.com.cn, www.icbc-ltd.com).

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

The Board of Directors
Industrial and Commercial Bank of China Limited

20 August 2009

As at the date of this announcement, the board of directors of the Bank comprises Mr. JIANG Jianqing, Mr. YANG Kaisheng, Mr. ZHANG Furong and Mr. NIU Ximing 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 and Mr. WONG Kwong Shing, Frank as independent non-executive directors.