The following discussion and analysis should be read in conjunction with our unaudited consolidated financial statements, together with accompanying notes, included in Appendix II to this prospectus. Our unaudited consolidated financial statements have been prepared in accordance with IFRS. Our historical results of operations and financial condition at and for the three months ended March 31, 2010 do not necessarily indicate our results of operations or financial condition expected for any future periods, nor do they necessarily represent our expected annual results of operations or year-end financial condition.

Results of Operations for the Three Months Ended March 31, 2010 Compared to the Three Months Ended March 31, 2009

The following table sets forth, for the periods indicated, our condensed consolidated results of operations.

	For the three months ended March 31,	
	2009	**2010**
	(in millions of RMB) (unaudited)	
Interest income	69,804	81,220
Interest expense	(28,369)	(27,672)
Net interest income	41,435	53,548
Net fee and commission income	9,040	10,857
Other net income[(1)]	1,610	1,930
Operating income	52,085	66,335
Operating expenses[(2)]	(20,715)	(26,047)
Provisions for impairment losses	(7,077)	(8,500)
Profit before tax	24,293	31,788
Income tax expense	(6,259)	(6,809)
Net profit	**18,034**	**24,979**

(1) Consists primarily of net trading gain/(loss), net gain/(loss) on financial instruments designated as at fair value through profit or loss, net gain/(loss) on investment securities and other operating income/(expense).

(2) Consists primarily of staff costs, general operating and administrative expenses, depreciation and amortization and business tax and surcharges.

Our net profit increased by 38.5% to RMB25.0 billion for the three months ended March 31, 2010 compared to RMB18.0 billion for the three months ended March 31, 2009, primarily due to increases in net interest income and net fee and commission income, which were partially offset by increases in operating expenses and provisions for impairment losses.

Net Interest Income

Our net interest income increased by 29.2% to RMB53.5 billion for the three months ended March 31, 2010 compared to RMB41.4 billion for the three months ended March 31, 2009, primarily due to an increase in interest income and a decrease in interest expense. Net interest income is the largest component of our operating income, representing 80.7% and 79.6% of our operating income for the three months ended March 31, 2010 and 2009, respectively.

The following table sets forth, for the periods indicated, our interest income, interest expense and net interest income.

	For the three months ended March 31, 2009	For the three months ended March 31, 2010
	(in millions of RMB) (unaudited)	
Interest income	69,804	81,220
Interest expense	(28,369)	(27,672)
Net interest income	**41,435**	**53,548**

The table below sets forth, for the periods indicated, the average balances of our assets and liabilities and the related interest income or expense and average yields (for assets) or average costs (for liabilities). The average balances of interest-earning assets and interest-bearing liabilities are the average of the daily balances. The average balances of non-interest-earning assets, non-interest-bearing liabilities and the allowance for impairment losses are the average of the balances at January 1 and March 31 for the three months ended March 31, 2010 and 2009, respectively.

	For the three months ended March 31,					
	2009			2010		
	Average Balance	Interest Income	Average Yield[1]	Average Balance	Interest Income	Average Yield[1]
	(in millions of RMB, except percentages) (unaudited)					
Assets						
Loans to customers, total	3,237,107	46,356	5.73%	4,296,461	54,631	5.09%
Debt securities investments[2]	2,319,123	18,468	3.19	2,558,051	18,746	2.93
Non-restructuring-related debt securities	1,563,144	12,565	3.22	1,841,535	13,140	2.85
Restructuring-related debt securities[3]	755,979	5,903	3.12	716,516	5,606	3.13
Balances with central banks [4]	1,199,032	3,836	1.28	1,484,055	5,807	1.57
Amounts due from banks and other financial institutions[5]	449,899	1,144	1.02	504,318	2,036	1.61
Total interest-earning assets	**7,205,161**	**69,804**	**3.88%**	**8,842,885**	**81,220**	**3.67%**
Allowance for impairment losses	(88,415)			(131,072)		
Non-interest-earning assets[6]	299,258			424,241		
Total Assets	**7,416,004**			**9,136,054**		

	For the three months ended March 31,					
	2009			2010		
	Average Balance	Interest Expense	Average Cost(1)	Average Balance	Interest Expense	Average Cost(1)
	(in millions of RMB, except percentages) (unaudited)					
Liabilities						
Deposits from customers	6,394,073	26,859	1.68%	7,724,763	24,489	1.27%
Amounts due to banks and other financial institutions(7)	423,835	1,469	1.39	646,363	2,718	1.68
Other interest-bearing liabilities(8)	4,824	41	3.40	56,984	465	3.26
Total interest-bearing liabilities	**6,822,732**	**28,369**	**1.66%**	**8,428,110**	**27,672**	**1.31%**
Non-interest-bearing liabilities(9)	263,931			349,943		
Total liabilities	**7,086,663**			**8,778,053**		
Net interest income		**41,435**			**53,548**	
Net interest spread(10)		**2.22%**			**2.36%**	
Net interest margin(11)		**2.30%**			**2.42%**	

(1) Calculated on an annualized basis.
(2) Consists of debt securities at fair value through profit or loss, available-for-sale debt securities, held-to-maturity debt securities and debt securities classified as receivables.
(3) Consists of the MOF receivable and the special PRC government bond.
(4) Consists primarily of statutory deposit reserves and surplus deposit reserves.
(5) Consists primarily of deposits and placements with banks and other financial institutions and financial assets held under resale agreements.
(6) Consists primarily of cash, property and equipment, interest receivable, deferred tax assets and other assets.
(7) Consists primarily of deposits and placements from banks and other financial institutions and financial assets sold under repurchase agreements.
(8) Consists of certificates of deposit issued and subordinated bonds issued.
(9) Consists primarily of interest payables, accrued staff costs, tax liabilities and other liabilities.
(10) Calculated as the difference between the average yield on total interest-earning assets and the average cost of total interest-bearing liabilities.
(11) Calculated by dividing net interest income by the average balance of total interest-earning assets.

Interest Income

Our interest income increased by 16.4% to RMB81.2 billion for the three months ended March 31, 2010 compared to RMB69.8 billion for the three months ended March 31, 2009, primarily due to increases in interest income from loans to customers.

Interest Income from Loans to Customers

Interest income from loans to customers increased by 17.9% to RMB54.6 billion for the three months ended March 31, 2010 compared to RMB46.4 billion for the same period of 2009, primarily due to an increase in the average balance, which was partially offset by a decrease in the average yield. The annualized average yield decreased to 5.09% for the three months ended March 31, 2010 compared to 5.73% for the same period of 2009, primarily because a significant portion of our existing loans were repriced after the first quarter of 2009 at lowered interest rates as a result of the consecutive decreases in the PBOC benchmark rates in the second half of 2008. The increase in the average balance was primarily attributable to the growth of our corporate and retail loan portfolio as a result of our increased lending following the first quarter of 2009.

Interest income from corporate loans increased by 11.8% to RMB41.9 billion for the three months ended March 31, 2010 compared to RMB37.5 billion for the same period of 2009. Interest income from retail loans increased by 70.3% to RMB11.0 billion for the three months ended March 31, 2010 compared to RMB6.4 billion for the same period of 2009. Interest income from corporate loans and retail loans were primarily due to increases in the average balances of corporate and retail loans, partially offset by decreases in the average yields on these loans.

Interest income from discounted bills decreased by 29.8% to RMB1.6 billion for the three months ended March 31, 2010 compared to RMB2.3 billion for the same period of 2009, primarily due to the decreases in both the average balance and the average yield. The decrease in the average balance resulted primarily from our adjustments to our loan mix to increase the allocation of funds to other higher-yielding assets. The decrease in the average yield reflected the cumulative effect of the decreased market interest rates on discounted bills.

Interest income from loans to customers of our overseas and other operations increased by 11.6% to RMB154 million for the three months ended March 31, 2010 compared to RMB138 million for the same period of 2009, primarily due to an increase in the average balance, partially offset by a decrease in the average yield.

Interest Income from Debt Securities Investments

Interest income from debt securities investments increased slightly by 1.5% to RMB18.7 billion for the three months ended March 31, 2010 compared to RMB18.5 billion for the same period of 2009, primarily due to an increase in the average balance, which was largely offset by a decrease in the average yield. The increase in the average balance was primarily due to our increased investments in debt securities, primarily the PRC government bonds and PBOC bills, based on our assessment of the macroeconomic and market conditions. The decrease in the average yield was primarily due to (i) the lower coupon rates on newly-acquired debt securities and the decreases in the applicable interest rates on the floating rate instruments as a result of the increased liquidity in the market, and (ii) our continued focus on investing in debt securities with short durations when the market interest rates were at a relatively low level to reduce potential interest risk when interest rates are rising.

Interest Income from Other Interest-earning Assets

Interest income from balances with central banks increased by 51.4% to RMB5.8 billion for the three months ended March 31, 2010 compared to RMB3.8 billion for the same period of 2009, primarily due to increases in both the average balance and the average yield. The increase in the average balance was primarily due to an increase in our deposits from customers and the increases in the statutory deposit reserve ratios in the first quarter of 2010. The increase in the average yield was primarily due to the increased proportion of statutory deposit reserves, which bear higher interest rates than surplus deposit reserves, in our total balances with central banks.

Interest income from amounts due from banks and other financial institutions increased by 78.0% to RMB2.0 billion for the three months ended March 31, 2010 compared to RMB1.1 billion for the same period of 2009, primarily due to increases in both the average balance and the average yield. The increase in the average balance was primarily due to the increases in financial assets held under resale agreements and placements with banks and other financial institutions. The increase in the average yield was primarily due to an increase in the money market interest rates in the first quarter of 2010 compared to the same period of 2009.

Interest Expense

Our interest expense decreased by 2.5% to RMB27.7 billion for the three months ended March 31, 2010 compared to RMB28.4 billion for the three months ended March 31, 2009, primarily due to a decrease in interest expense on deposits from customers.

Interest Expense on Deposits from Customers

Interest expense on deposits from customers decreased by 8.8% to RMB24.5 billion for the three months ended March 31, 2010 compared to RMB26.9 billion for the same period of 2009, primarily due to a decrease in the average cost, which was partially offset by an increase in the average balance. The annualized average cost on deposits from customers decreased to 1.27% for the three months ended March 31, 2010 compared to 1.68% for the same period of 2009, primarily because a portion of our existing customer deposits were repriced after the first quarter of 2009 at lowered interest rates as a result of the consecutive decreases in the PBOC benchmark rates in the fourth quarter of 2008. The increase in the average balance of deposits from customers resulted primarily from our continued marketing efforts leveraging our branch network and customer base.

Interest Expense on Amounts Due to Banks and Other Financial Institutions

Interest expense on amounts due to banks and other financial institutions increased by 85.0% to RMB2.7 billion for the three months ended March 31, 2010 compared to RMB1.5 billion for the same period of 2009, primarily due to an increase in the average balance, accompanied by an increase in the average cost. The increase in the average balance was primarily due to increases in deposits from banks and financial institutions as well as financial assets sold under repurchase agreements. The increase in the average cost was primarily due to an increase in the money market interest rates in the first quarter of 2010 compared to the same period of 2009.

Interest Expense on Other Interest-bearing Liabilities

Interest expense on other interest-bearing liabilities increased significantly to RMB465 million for the three months ended March 31, 2010 compared to RMB41 million for the same period of 2009, primarily attributable to the interest expense on the subordinated bonds with an aggregate nominal value of RMB50 billion we issued in May 2009.

Net Interest Spread and Net Interest Margin

As a result of the above, our annualized net interest spread increased to 2.36% for the three months ended March 31, 2010 compared to 2.22% for the three months ended March 31, 2009. Our annualized net interest margin increased to 2.42% for three months ended March 31, 2010 compared to 2.30% for the same period of 2009.

Net Fee and Commission Income

Our net fee and commission income increased by 20.1% to RMB10.9 billion for the three months ended March 31, 2010 compared to RMB9.0 billion for the same period of 2009. Excluding the net commissions from our agency services for the MOF in connection with the disposals of non-performing assets, which amounted to RMB548 million for the three months ended March 31, 2010 compared to RMB2,198 million for the same period of 2009, our net fee and commission income would have increased by 50.7% to RMB10.3 billion for the three months ended March 31, 2010 compared to RMB6.8 billion for the same period of 2009. The increase in our net fee and commission income was primarily due to increases in consultancy and advisory fees, settlement and clearing fees, bank card fees and electronic banking service fees as a result of our continued efforts to grow our fee- and commission-based business.

Other Net Income

Other net income increased by 19.9% to RMB1.9 billion for the three months ended March 31, 2010 compared to RMB1.6 billion for the same period of 2009, primarily due to a net gain on financial instruments designated as at fair value through profit or loss, which was partially offset by decreases in net trading gain, other net operating income and net gain on investment securities.

We recorded a net gain of RMB551 million on financial instruments designated as at fair value through profit or loss for the three months ended March 31, 2010 compared to a net loss of RMB249 million for the same period of 2009, primarily reflecting the increases in the fair value of these financial instruments as a result of an improvement in the market condition.

Operating Expenses

The following table sets forth, for the periods indicated, the principal components of our total operating expenses.

	For the three months ended March 31,	
	2009	2010
	(in millions of RMB) (unaudited)	
Staff costs	10,949	13,803
General operating and administrative expenses	4,079	5,822
Business tax and surcharges	2,981	3,638
Depreciation and amortization	2,616	2,769
Others[(1)]	90	15
Total operating expenses	**20,715**	**26,047**

(1) Consists primarily of expense incurred from disposal of property and equipment and provisions for litigation.

Our operating expenses increased by 25.7% to RMB26.0 billion for the three months ended March 31, 2010 compared to RMB20.7 billion for the same period of 2009, primarily attributable to an increase of RMB2.9 billion in staff costs and an increase of RMB1.7 billion in general operating and administrative expenses, reflecting the overall growth of our business.

Provisions for Impairment Losses

The following table sets forth, for the periods indicated, the principal components of our impairment losses on assets.

	For the three months ended March 31,	
	2009	2010
	(in millions of RMB) (unaudited)	
Provisions for/(releases from) impairment losses on:		
Loans to customers	6,700	8,624
Investment Securities	392	(49)
Property and equipment	—	2
Other assets[(1)]	(15)	(77)
Total	**7,077**	**8,500**

(1) Consists primarily of provisions for/(releases from) impairment losses on amounts due from banks and other financial institutions.

Provisions for impairment losses increased by 20.1% to RMB8.5 billion for the three months ended March 31, 2010 compared to RMB7.1 billion for the same period of 2009, primarily attributable to an increase in provisions for loan impairment losses as a result of the overall growth of our corporate and retail loan portfolio and our continued implementation of a conservative approach to provisioning given the macroeconomic conditions continued to present uncertainties.

Income Tax

We recorded a tax expense of RMB6.8 billion for the three months ended March 31, 2010 compared to RMB6.3 billion for the same period of 2009, primarily due to an increase in our taxable income. Our effective tax rate was 21.42%, lower than the statutory tax rate of 25%, for the three months ended March 31, 2010, primarily attributable to non-taxable interest income on PRC government bonds.

Net Profit

Primarily as a result of all the foregoing factors, our net profit increased by 38.5% to RMB25.0 billion for the three months ended March 31, 2010 compared to RMB18.0 billion for the same period of 2009.

Shareholders' Equity

The following table sets forth, for the three months ended March 31, 2010, the components of the changes in our total equity attributable to shareholders.

	Shareholders' equity
	(in millions of RMB) (unaudited)
At December 31, 2009	**342,925**
Profit for the period	24,979
Other comprehensive income	2,365
Contribution from non-controlling shareholders	10
At March 31, 2010	**370,279**

Our total shareholders' equity increased to RMB370.3 billion at March 31, 2010 from RMB342.9 billion at December 31, 2009, primarily due to (i) our net profit of RMB25.0 billion for the three months ended March 31, 2010, and (ii) other comprehensive income of RMB2.4 billion recognized for the three months ended March 31, 2010 as a result of the increases in the fair value of our available-for-sale investment securities.

Assets and Liabilities at March 31, 2010

At March 31, 2010, our total assets amounted to RMB9,499.5 billion, a 6.9% increase from RMB8,882.6 billion at December 31, 2009, primarily due to increases in loans to customers as well as cash and balances with central banks. The following table sets forth, at the dates indicated, the components of our total assets.

	At December 31, 2009		At March 31, 2010	
	Amount	% of Total	Amount	% of Total
	(in millions of RMB, except percentages)		(unaudited)	
Gross loans to customers	4,138,187		4,451,795	
Allowance for impairment losses	(126,692)		(135,008)	
Loans to customers, net	4,011,495	45.2%	4,316,787	45.4%
Investment securities and other financial assets, net[1]	2,616,672	29.5	2,678,043	28.2
Cash and balances with central banks	1,517,806	17.1	1,679,042	17.7
Deposits with banks and other financial institutions, net	61,693	0.7	67,902	0.7
Placements with banks and other financial institutions, net[2]	49,435	0.6	84,443	0.9
Financial assets held under resale agreements	421,093	4.7	456,796	4.8
Other assets[3]	204,394	2.2	216,474	2.3
Total assets	**8,882,588**	**100.0%**	**9,499,487**	**100.0%**

(1) Investment securities and other financial assets consist of financial assets at fair value through profit or loss (including financial assets held for trading and financial assets designated as at fair value through profit or loss), available-for-sale financial assets, held-to-maturity investments and debt securities classified as receivables. Investment securities and other financial assets are net of the related allowance for impairment losses of RMB217 million and RMB210 million at March 31, 2010 and December 31, 2009, respectively.

(2) Placements with banks and other financial institutions are net of the related allowance for impairment losses of nil and RMB16 million at March 31, 2010 and December 31, 2009, respectively.

(3) Consists of property and equipment, deferred tax assets, derivative financial assets, interest in an associate, intangible assets and other assets.

Loans to Customers

Our gross loans to customers increased by 7.6% to RMB4,451.8 billion at March 31, 2010 from RMB4,138.2 billion at December 31, 2009, primarily due to increased customer demand for bank financing, reflecting the effect of the PRC's macroeconomic policies.

The following table sets forth, at the dates indicated, our loans to customers by business line.

	At December 31, 2009		At March 31, 2010	
	Amount	% of Total	Amount	% of Total
	(in millions of RMB, except percentages) (unaudited)			
Domestic				
Corporate loans	2,968,691	71.7%	3,319,463	74.5%
Retail loans	789,342	19.1	920,088	20.7
Discounted bills	352,230	8.5	177,857	4.0
Overseas and other operations[(1)]	27,924	0.7	34,387	0.8
Total loans to customers	**4,138,187**	**100.0%**	**4,451,795**	**100.0%**

(1) Consists of loans to customers at our overseas branches and our subsidiaries in and outside of China.

Our corporate and retail loans increased by 11.8% and 16.6% to RMB3,319.5 billion and RMB920.1 billion, respectively, at March 31, 2010 from RMB2,968.7 billion and RMB789.3 billion, respectively, at December 31, 2009, while our discounted bills decreased by 49.5% to RMB177.9 billion at March 31, 2010 from RMB352.2 billion at December 31, 2009. As a percentage of our total loans to customers, corporate and retail loans increased to 74.5% and 20.7%, respectively, at March 31, 2010 from 71.7% and 19.1%, respectively, at December 31, 2009, while discounted bills decreased to 4.0% at March 31, 2010 from 8.5% at December 31, 2009, primarily as a result of our efforts to refine the mix of our assets to increase our allocation of funds to relatively high-yielding assets, including corporate and retail loans.

Asset Quality of Our Loan Portfolio

The following tables set forth, at the dates indicated, the distribution of our loan portfolio by the five-category loan classification.

	At December 31, 2009		At March 31, 2010	
	Amount	% of Total	Amount	% of Total
	(in millions of RMB, except percentages) (unaudited)			
Normal	3,693,136	89.24%	4,035,118	90.64%
Special mention	324,810	7.85	307,134	6.90
Substandard	52,575	1.27	43,448	0.98
Doubtful	62,895	1.52	60,767	1.36
Loss	4,771	0.12	5,328	0.12
Total loans to customers	**4,138,187**	**100.00%**	**4,451,795**	**100.00%**
Non-performing loan ratio[(1)]		**2.91%**		**2.46%**

(1) Calculated by dividing total non-performing loans by total loans.

The non-performing loan ratio for our total loan portfolio decreased to 2.46% at March 31, 2010 from 2.91% at December 31, 2009. The balance of our non-performing loans decreased by 8.9% to RMB109.5 billion at March 31, 2010 from RMB120.2 billion at December 31, 2009. The decreases in both the balance of our non-performing loans and our non-performing loan ratio were primarily due to (i) the overall growth of our loan portfolio, (ii) our increased collection efforts, and (iii) our continued efforts to strengthen our credit policies and procedures.

The following table sets forth, for the period indicated, the changes in the outstanding balance of our non-performing loans in our domestic loan portfolio which amounted for substantially all of our total non-performing loans.

	Amount	NPL ratio
	(in millions of RMB, except percentages) (unaudited)	
At December 31, 2009	**119,923**	**2.92%**
Downgrades[(1)]	3,114	
Upgrades	(2,960)	
Recoveries	(10,841)	
Write-offs	(7)	
At March 31, 2010	**109,229**	**2.47%**

(1) Represents downgrades of loans classified as normal or special mention at the end of last year and loans newly made in the current year to non-performing classifications.

Allowance for Impairment Losses on Loans to Customers

Our allowance for impairment losses on loans to customers increased by 6.6% to RMB135.0 billion at March 31, 2010 from RMB126.7 billion at December 31, 2009, primarily due to the overall growth of our loan portfolio in this period and our continued implementation of a conservative approach to provisioning given that the macroeconomic conditions continued to present uncertainties.

The coverage ratio of our total allowance for impairment losses to total non-performing loans increased to 123.25% at March 31, 2010 from 105.37% at December 31, 2009.

The following table sets forth, for the period indicated, the changes to the allowance for impairment losses on loans to customers.

	At and for the three months ended March 31,
	(in millions of RMB) (unaudited)
At December 31, 2009	**126,692**
Charge for the year[(1)]	8,624
Write-offs	(7)
Recoveries of loans written-off in previous years	5
Unwinding of discount[(2)]	(367)
Other reversals	66
Exchange differences	(5)
At March 31, 2010	**135,008**

(1) Represents gross provisions for impairment losses (additions to the loan loss allowance), net of write-backs (releases from the loan loss allowance).

(2) Represents the interest income accrued on impaired loans as a result of subsequent increases in their present values due to the passage of time.

Investment Securities and Other Financial Assets

The following table sets forth, at the dates indicated, the components of our investment securities and other financial assets.

	At December 31, 2009		At March 31, 2010	
	Amount	% of Total	Amount	% of Total
	(in millions of RMB, except percentages)		(unaudited)	
Debt Securities[1]				
Restructuring-related debt securities[2]	728,839	27.8%	699,858	26.1%
Non-restructuring-related debt securities	1,833,221	70.1	1,909,251	71.3
Subtotal	2,562,060	97.9	2,609,109	97.4
Equity instruments	487	0.0	534	0.0
Others[3]	54,125	2.1	68,400	2.6
Total investments securities and other financial assets	**2,616,672**	**100.0%**	**2,678,043**	**100.0%**

(1) Consists of debt securities, which are accounted for in our financial statements as debt securities held for trading, debt securities designated as at fair value through profit or loss, available-for-sale debt securities, held-to-maturity investments, and debt securities classified as receivables in our financial statements.

(2) Consists primarily of debt securities classified as "receivables," which include (i) a receivable due from the MOF in connection with our restructuring-related disposal (accruing interest from January 1, 2008), and (ii) the special PRC government bond issued by the MOF as part of a recapitalization program undertaken by the PRC government in 1998, on which the annual interest rate was reduced to 2.25% effective December 1, 2008 from 7.2% as part of our financial restructuring.

(3) Consists primarily of credit notes issued by trust companies which we purchased in support of certain of our wealth management products.

Our investment securities and other financial assets increased by 2.3% to RMB2,678.0 billion at March 31, 2010 from RMB2,616.7 billion at December 31, 2009, primarily attributable to increases in our non-restructuring-related debt securities, in particular PRC government bonds and PBOC bills, reflecting an increase in our general funding from customer deposits. These increases were partially offset by a decrease of RMB29.0 billion in our restructuring-related debt securities as a result of the repayment by the MOF of a portion of the MOF receivable which was issued to us in connection with our financial restructuring.

Other Components of Our Assets

At March 31, 2010, our cash and balances with central banks amounted to RMB1,679.0 billion, an increase of 10.6% from RMB1,517.8 billion at December 31, 2009, primarily attributable to an increase in statutory deposit reserves as a result of the increased deposits from customers and the increases in the statutory deposit reserve ratios by the PBOC in the first quarter of 2010.

Placements with banks and other financial institutions, net of the allowance for impairment losses, increased by 70.8% to RMB84.4 billion at March 31, 2010 from RMB49.4 billion at December 31, 2009, primarily due to increases in placements with overseas and domestic banks and other domestic financial institutions when the market interest rates were rising. Financial assets held under resale agreements increased by 8.5% to RMB456.8 billion at March 31, 2010 from RMB421.1 billion at December 31, 2009, primarily attributable to an increase in discounted bills held under resale agreements. The increases in placements with banks and other financial institutions and financial assets held under resale agreements primarily reflected an overall increase in our funding and our efforts to seek higher returns.

Liabilities and Sources of Funds

At March 31, 2010, our total liabilities amounted to RMB9,129.2 billion, an increase of 6.9% from RMB8,539.7 billion at December 31, 2009. The following table sets forth, at the dates indicated, the components of our total liabilities.

	At December 31, 2009		At March 31, 2010	
	Amount	% of Total	Amount	% of Total
	(in millions of RMB, except percentages)		(unaudited)	
Deposits from customers	7,497,618	87.8%	8,100,382	88.7%
Deposits from banks and other financial institutions	573,949	6.7	565,295	6.2
Placements from banks and other financial institutions	26,312	0.3	32,225	0.4
Financial assets sold under repurchase agreements	100,812	1.2	103,981	1.1
Debt securities issued				
Subordinated bonds	49,955	0.6	49,968	0.5
Certificates of deposit	5,224	0.1	7,091	0.1
Subtotal	55,179	0.7	57,059	0.6
Borrowings from central bank	58	0.0	58	0.0
Other liabilities(1)	285,735	3.3	270,208	3.0
Total liabilities	**8,539,663**	**100.0%**	**9,129,208**	**100.0%**

(1) Consists of financial liabilities designated as at fair value through profit or loss, financial liabilities held for trading, derivative financial liabilities, accrued staff costs, tax liabilities and other liabilities.

Deposits from Customers

At March 31, 2010, our deposits from customers represented 88.7% of our total liabilities. The following table sets forth, at the dates indicated, our deposits from customers by product type and customer type.

	At December 31, 2009		At March 31, 2010	
	Amount	% of Total	Amount	% of Total
	(in millions of RMB, except percentages)		(unaudited)	
Domestic				
Corporate deposits(1)				
Time	733,303	9.8%	847,806	10.5%
Demand	2,167,944	28.9	2,313,698	28.6
Subtotal	2,901,247	38.7	3,161,504	39.1
Retail deposits				
Time	2,373,111	31.6	2,551,580	31.5
Demand	1,992,276	26.6	2,152,553	26.6
Subtotal	4,365,387	58.2	4,704,133	58.1
Other deposits(2)	219,494	2.9	218,938	2.6
Overseas and other operations(3)	11,490	0.2	15,807	0.2
Total deposits from customers	**7,497,618**	**100.0%**	**8,100,382**	**100.0%**

(1) Consists of deposits from corporate customers, government authorities and other organizations.
(2) Consists of margin deposits and funds deposited with us for remittance.
(3) Consists of deposits from customers at our overseas branches and our subsidiaries in and outside of China.

Our deposits from customers increased by 8.0% to RMB8,100.4 billion at March 31, 2010 from RMB7,497.6 billion at December 31, 2009, primarily due to increases in retail and corporate deposits. Retail deposits increased by 7.8% to RMB4,704.1 billion at March 31, 2010 from RMB4,365.4 billion at December 31, 2009, primarily due to our continued marketing efforts leveraging our branch network and customer base to tap the opportunities from an overall increase in household income in China. Corporate deposits increased by 9.0% to RMB3,161.5 billion at March 31, 2010 from RMB2,901.2 billion at December 31, 2009, primarily due to our continued marketing efforts.

Other Components of Our Liabilities

Deposits from banks and other financial institutions decreased slightly to RMB565.3 billion at March 31, 2010 from RMB573.9 billion at December 31, 2009, primarily as a result of our reduction of negotiated deposits from banks and other financial institutions which bore relatively high interest rates.

Placements from banks and other financial institutions increased by 22.5% to RMB32.2 billion at March 31, 2010 from RMB26.3 billion at December 31, 2009, primarily attributable to the increased placements from banks and other financial institutions to support our overseas business growth.

Financial assets sold under repurchase agreements increased by 3.1% to RMB104.0 billion at March 31, 2010 from RMB100.8 billion at December 31, 2009, primarily as a result of the increased transaction volumes.

Our debt securities issued increased by 3.4% to RMB57.1 billion at March 31, 2010 from RMB55.2 billion at December 31, 2009, primarily attributable to an increase in the certificates of deposit issued through our overseas branches.