

The information set out below is the unaudited interim financial information of the Group for the period ended 31 March 2010 and does not form part of the Accountants' Report prepared by the reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong as set out in Appendix I, and is included herein for information purposes only.

## **REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION**

To the Board of Directors of Agricultural Bank of China Limited

### **Introduction**

We have reviewed the interim financial information set out on pages II-2 to II-41, which comprises the condensed consolidated statement of financial position of Agricultural Bank of China Limited (the "Bank") and its subsidiaries (together, the "Group") as at 31 March 2010 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the three-month period then ended and certain explanatory notes. The directors of the Bank are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### **Scope of review**

We conducted our review in accordance with Hong Kong Standards on Review Engagements 2400 "Engagements to Review Financial Statements". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu  
Certified Public Accountants  
Hong Kong

30 June 2010

## AGRICULTURAL BANK OF CHINA LIMITED

CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE THREE MONTHS ENDED 31 MARCH 2010

(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	Three months ended	
		31/3/2010 (unaudited)	31/3/2009 (unaudited)
Interest income	III. 1	81,220	69,804
Interest expense	III. 1	(27,672)	(28,369)
Net interest income		53,548	41,435
Fee and commission income	III. 2	11,162	9,235
Fee and commission expense	III. 2	(305)	(195)
Net fee and commission income		10,857	9,040
Net trading gain	III. 3	793	970
Net gain/(loss) on financial instruments designated as at fair value through profit or loss	III. 4	551	(249)
Net gain on investment securities		25	147
Other operating income, net		561	742
Operating income		66,335	52,085
Operating expenses	III. 5	(26,047)	(20,715)
Impairment losses on assets	III. 6	(8,500)	(7,077)
Operating profit		31,788	24,293
Profit before tax		31,788	24,293
Income tax expense	III. 7	(6,809)	(6,259)
Profit for the period		24,979	18,034
Attributable to:			
Equity holders of the Bank		24,970	18,031
Non-controlling interests		9	3
		24,979	18,034
Earnings per share (Expressed in RMB per share)			
—Basic	III. 8	0.10	0.07

## AGRICULTURAL BANK OF CHINA LIMITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THREE MONTHS ENDED 31 MARCH 2010

(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	Three months ended	
		31/3/2010 (unaudited)	31/3/2009 (unaudited)
Profit for the period .....		24,979	18,034
Other comprehensive income:			
Fair value gain/(loss) on available-for-sale financial assets			
—fair value gain/(loss) arising during the period .....		3,180	(7,646)
—amount reclassified to the profit or loss upon disposal/impairment of available-for-sale financial assets .....		(42)	(456)
Exchange difference arising on translating foreign operations .....		3	41
Income tax relating to available-for-sale financial assets .....		(776)	2,014
Other comprehensive income for the period (net of tax) .....		2,365	(6,047)
Total comprehensive income for the period .....		<u>27,344</u>	<u>11,987</u>
Total comprehensive income attributable to:			
Equity holders of the Bank .....		27,335	11,984
Non-controlling interests .....		9	3
		<u>27,344</u>	<u>11,987</u>

## AGRICULTURAL BANK OF CHINA LIMITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 31 MARCH 2010

(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	31/3/2010 (unaudited)	31/12/2009 (audited)
<b>Assets</b>			
Cash and balances with central banks . . . . .	III. 9	1,679,042	1,517,806
Deposits with banks and other financial institutions . . . . .	III. 10	67,902	61,693
Placements with banks and other financial institutions . . . . .	III. 11	84,443	49,435
Financial assets held for trading . . . . .	III. 12	22,228	15,346
Financial assets designated as at fair value through profit or loss . . . . .	III. 13	101,667	96,830
Financial assets held under resale agreements . . . . .	III. 14	456,796	421,093
Derivative financial assets . . . . .	III. 15	4,375	4,678
Loans and advances to customers . . . . .	III. 16	4,316,787	4,011,495
Available-for-sale financial assets . . . . .	III. 17	569,329	730,382
Held-to-maturity investments . . . . .	III. 18	1,145,214	883,915
Debt securities classified as receivables . . . . .	III. 19	839,605	890,199
Interest in an associate . . . . .		141	141
Property and equipment . . . . .		110,512	111,973
Deferred tax assets . . . . .	III. 29	19,615	19,659
Other assets . . . . .	III. 20	81,831	67,943
<b>Total assets . . . . .</b>		<b>9,499,487</b>	<b>8,882,588</b>
<b>Liabilities</b>			
Borrowings from central bank . . . . .		58	58
Deposits from banks and other financial institutions . . . . .	III. 21	565,295	573,949
Placements from banks and other financial institutions . . . . .	III. 22	32,225	26,312
Financial liabilities held for trading . . . . .	III. 23	68	56
Financial liabilities designated as at fair value through profit or loss . . . . .	III. 24	91,546	113,843
Financial assets sold under repurchase agreements . . . . .	III. 25	103,981	100,812
Derivative financial liabilities . . . . .	III. 15	6,712	7,690
Due to customers . . . . .	III. 26	8,100,382	7,497,618
Accrued staff costs . . . . .	III. 27	28,906	29,938
Tax liabilities . . . . .		9,595	5,163
Debt securities issued . . . . .	III. 28	57,059	55,179
Other liabilities . . . . .	III. 30	133,381	129,045
<b>Total liabilities . . . . .</b>		<b>9,129,208</b>	<b>8,539,663</b>
<b>Equity</b>			
Share capital . . . . .		260,000	260,000
Investment revaluation reserve . . . . .	III. 31	6,986	4,624
Surplus reserve . . . . .		7,676	7,676
General and regulatory reserve . . . . .		10,776	10,772
Retained earnings . . . . .		84,783	59,817
Currency translation reserve . . . . .		(67)	(70)
<b>Equity attributable to equity holders of the Bank . . . . .</b>		<b>370,154</b>	<b>342,819</b>
<b>Non-controlling interests . . . . .</b>		<b>125</b>	<b>106</b>
<b>Total equity . . . . .</b>		<b>370,279</b>	<b>342,925</b>
<b>Total equity and liabilities . . . . .</b>		<b>9,499,487</b>	<b>8,882,588</b>

APPENDIX II

UNAUDITED INTERIM FINANCIAL INFORMATION

AGRICULTURAL BANK OF CHINA LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE MONTHS ENDED 31 MARCH 2010  
(Amounts in millions of Renminbi, unless otherwise stated)

	Total equity attributable to equity holders of the Bank							Total
	Share capital	Surplus reserve	General and regulatory reserve	Retained earnings	Investment revaluation reserve	Currency translation reserve	Subtotal	
As at 1 January 2010 (audited)	260,000	7,676	10,772	59,817	4,624	(70)	342,819	342,925
Profit for the period	—	—	—	24,970	—	—	24,970	24,979
Other comprehensive income	—	—	—	—	2,362	3	2,365	2,365
Total comprehensive income for the period	—	—	—	24,970	2,362	3	27,335	27,344
Contribution from non-controlling shareholders	—	—	—	—	—	—	—	10
Appropriation to surplus reserve	—	—	4	(4)	—	—	—	—
Appropriation to general and regulatory reserve	—	—	—	—	—	—	—	—
As at 31 March 2010 (unaudited)	260,000	7,676	10,776	84,783	6,986	(67)	370,154	370,279
	Total equity attributable to equity holders of the Bank							
	Share capital	Surplus reserve	General and regulatory reserve	Retained earnings	Investments revaluation reserve	Currency translation reserve	Subtotal	Non-controlling interests
As at 1 January 2009 (audited)	260,000	1,187	64	12,022	17,292	(120)	290,445	96
Profit for the period	—	—	—	18,031	—	—	18,031	3
Other comprehensive income	—	—	—	—	(6,088)	41	(6,047)	—
Total comprehensive income for the period	—	—	—	18,031	(6,088)	41	11,984	3
Appropriation to surplus reserve	—	—	2	(2)	—	—	—	—
Appropriation to general and regulatory reserve	—	—	66	30,051	11,204	(79)	302,429	99
As at 31 March 2009 (unaudited)	260,000	1,187	—	46,961	(6,580)	9	46,961	7
Profit for the period	—	—	—	46,961	(6,580)	9	40,390	7
Other comprehensive income	—	—	—	(6,489)	—	—	(6,571)	—
Total comprehensive income for the period	—	—	—	(6,489)	(6,580)	9	—	—
Appropriation to surplus reserve	—	6,489	10,706	(10,706)	—	—	—	—
Appropriation to general and regulatory reserve	—	—	10,772	59,817	4,624	(70)	342,819	106
As at 31 December 2009 (audited)	260,000	7,676	10,772	59,817	4,624	(70)	342,819	106

## AGRICULTURAL BANK OF CHINA LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE THREE MONTHS ENDED 31 MARCH 2010

(Amounts in millions of Renminbi, unless otherwise stated)

	Notes	Three months ended	
		31/3/2010 (unaudited)	31/3/2009 (unaudited)
<b>Cash flows from operating activities</b>			
Profit before tax		31,788	24,293
Adjustments for:			
Amortisation of intangible assets and other assets		381	374
Depreciation of property and equipment		2,388	2,242
Impairment losses on assets		8,500	7,077
Interest income arising from investment securities		(18,609)	(18,279)
Interest income arising from impaired financial assets		(377)	(471)
Interest expense on subordinated bonds issued		453	—
Net gain on investment securities		(25)	(147)
Net gain on disposal of property and equipment and other assets		(52)	(63)
Net foreign exchange loss		730	690
Operating cash flows before movements in working capital		25,177	15,716
Net increase in balances with central banks, deposits with banks and other financial institutions		(146,518)	(52,677)
Net increase in placements with banks and other financial institutions		(1,556)	(13,322)
Net increase in loans and advances to customers		(313,549)	(576,852)
Net decrease in borrowings from central bank		—	(207)
Net increase in due to customers and deposits from banks and other financial institutions		595,986	979,054
Decrease/(increase) in other operating assets		114,574	(343,126)
(Decrease)/increase in other operating liabilities		(11,272)	1,813
Cash generated from operations		262,842	10,399
Income tax paid		(3,108)	(2,005)
Net cash generated by operating activities		259,734	8,394
<b>Cash flows from investing activities</b>			
Cash received from disposal/redemption of investment securities		352,732	234,074
Cash received from returns on investment securities		10,966	17,119
Cash received from other investing activities		406	322
Cash paid for purchase of investment securities		(404,786)	(291,905)
Cash paid for purchase of property and equipment and other assets		(2,075)	(1,729)
Net cash used in investing activities		(42,757)	(42,119)
<b>Cash flows from financing activities</b>			
Contribution from non-controlling shareholders		10	—
Net cash generated by financing activities		10	—
Net increase/(decrease) in cash and cash equivalents		216,987	(33,725)
Opening balances of cash and cash equivalents		329,300	488,564
Effect of exchange rate changes on cash and cash equivalents		(610)	(518)
<b>Closing balances of cash and cash equivalents</b>	III. 32	<u>545,677</u>	<u>454,321</u>

## AGRICULTURAL BANK OF CHINA LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2010

(Amounts in millions of Renminbi, unless otherwise stated)

**I. BASIC OF PREPARATION**

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”).

**II. SIGNIFICANT ACCOUNTING POLICIES**

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as appropriate. The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) for the year ended 31 December 2009.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations (“new or revised IFRSs”) issued by International Accounting Standards Board (“IASB”) which are effective for the Group’s financial year beginning on 1 January 2010.

The application of the new or revised IFRSs has had no material effect for the current and prior periods, accordingly, no adjustment has been required.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective:

IFRSs (Amendments)	Improvements to IFRSs May 2010 <sup>1</sup> (Except for Amendment to IFRS 1)
IAS 32 (Amendment)	Classification of Rights Issues <sup>2</sup>
IFRS 9	Financial Instruments <sup>5</sup>
IFRIC 14 (Amendment)	Prepayments of a Minimum Funding Requirement <sup>4</sup>
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments <sup>3</sup>

1 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.

2 Effective for annual periods beginning on or after 1 February 2010

3 Effective for annual periods beginning on or after 1 July 2010

4 Effective for annual periods beginning on or after 1 January 2011

5 Effective for annual periods beginning on or after 1 January 2013

IFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. In the opinion of management, the application of IFRS 9 will have a material effect on the classification and measurement of the Group’s financial assets.

## AGRICULTURAL BANK OF CHINA LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2010 (continued)

(Amounts in millions of Renminbi, unless otherwise stated)

## III. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. Net interest income

	Three months ended	
	31/3/2010 (unaudited)	31/3/2009 (unaudited)
Interest income		
Loans and advances to customers	54,631	46,356
Including: Corporate loans and advances	42,032	37,584
Personal loans and advances	10,963	6,439
Discounted bills	1,636	2,333
Debt securities classified as receivables	6,905	6,899
Held-to-maturity investments	7,264	5,645
Available-for-sale financial assets	4,451	5,762
Balances with central banks	5,807	3,836
Financial assets held under resale agreements and placements/deposits with banks and other financial institutions	2,036	1,144
Financial assets held for trading	99	126
Financial assets designated as at fair value through profit or loss	27	36
Subtotal	81,220	69,804
Interest expense		
Due to customers	(24,489)	(26,859)
Deposits/placements from banks and other financial institutions and financial assets sold under repurchase agreements	(2,718)	(1,469)
Financial liabilities designated as at fair value through profit or loss	—	(16)
Debt securities issued	(465)	(25)
Borrowings from central bank	—	—
Subtotal	(27,672)	(28,369)
Net interest income	53,548	41,435
Included in interest income is interest income accrued on impaired financial assets	377	471



## AGRICULTURAL BANK OF CHINA LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2010 (continued)

(Amounts in millions of Renminbi, unless otherwise stated)

III. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(continued)

## 2. Net fee and commission income

	Three months ended	
	31/3/2010 (unaudited)	31/3/2009 (unaudited)
Fee and commission income		
Settlement and clearing fees	3,371	2,794
Agency commissions	3,120	3,436
Bank card fees	1,357	1,028
Consultancy and advisory fees	2,331	1,422
Credit commitment fees	254	124
Electronic banking services fees	448	221
Custodian and other fiduciary service fees	202	128
Others	79	82
Subtotal	11,162	9,235
Fee and commission expense		
Bank card fees	(85)	(93)
Settlement and clearing fees	(118)	(59)
Other service fees	(102)	(43)
Subtotal	(305)	(195)
Total	10,857	9,040

## 3. Net trading gain

	Three months ended	
	31/3/2010 (unaudited)	31/3/2009 (unaudited)
Net gain on exchange rate derivatives	607	391
Net gain on interest rate derivatives	43	781
Net gain/(loss) on held-for-trading debt securities	78	(209)
Others	65	7
Total	793	970

## AGRICULTURAL BANK OF CHINA LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2010 (continued)

(Amounts in millions of Renminbi, unless otherwise stated)

III. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(continued)

## 4. Net gain/(loss) on financial instruments designated as at fair value through profit or loss

	Three months ended	
	31/3/2010	31/3/2009
	(unaudited)	(unaudited)
Net gain/(loss) on debt securities .....	557	(228)
Net gain/(loss) on financial guarantee contracts .....	1	(5)
Others .....	(7)	(16)
Total .....	<u>551</u>	<u>(249)</u>

## 5. Operating expenses

	Note	Three months ended	
		31/3/2010	31/3/2009
		(unaudited)	(unaudited)
Staff costs .....	(1)	13,803	10,949
General operating and administrative expenses .....		5,822	4,079
Business tax and surcharges .....		3,638	2,981
Depreciation and amortisation .....		2,769	2,616
Others .....		15	90
Total .....		<u>26,047</u>	<u>20,715</u>

(1) Staff costs

	Three months ended	
	31/3/2010	31/3/2009
	(unaudited)	(unaudited)
Salaries, bonuses and allowances .....	9,075	7,167
Social insurance .....	2,388	1,552
Housing funds .....	973	767
Labour union fee and staff education expenses .....	374	312
Supplementary retirement benefits .....	—	595
Early retirement benefits .....	89	84
Others .....	904	472
Total .....	<u>13,803</u>	<u>10,949</u>

## AGRICULTURAL BANK OF CHINA LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2010 (continued)

(Amounts in millions of Renminbi, unless otherwise stated)

III. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(continued)

## 6. Impairment losses on assets

	Three months ended	
	31/3/2010 (unaudited)	31/3/2009 (unaudited)
Loans and advances to customers .....	8,624	6,700
Available-for-sale financial assets .....	(67)	398
Held-to-maturity investments .....	18	(5)
Debt securities classified as receivables .....	—	(1)
Property and equipment .....	2	—
Placements with banks and other financial institutions .....	(16)	4
Other assets .....	(61)	(19)
Total .....	<u>8,500</u>	<u>7,077</u>

## 7. Income tax expense

	Three months ended	
	31/3/2010 (unaudited)	31/3/2009 (unaudited)
Income tax expense comprises:		
Current income tax		
—PRC Enterprise Income Tax .....	7,515	5,921
—Hong Kong Profits Tax .....	26	15
Subtotal .....	<u>7,541</u>	<u>5,936</u>
Deferred tax (Note III.29)		
—Current period .....	(732)	323
Subtotal .....	<u>(732)</u>	<u>323</u>
Total .....	<u>6,809</u>	<u>6,259</u>

PRC Corporate Income Tax is calculated at 25% of the estimated assessable profit for the current and prior periods. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

## AGRICULTURAL BANK OF CHINA LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2010 (continued)

(Amounts in millions of Renminbi, unless otherwise stated)

III. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(continued)

## 7. Income tax expense (continued)

The tax charges for the three months ended 31 March 2010 and 31 March 2009 can be reconciled to the profit per the condensed consolidated income statements as follows:

	Note	Three months ended	
		31/3/2010 (unaudited)	31/3/2009 (unaudited)
Profit before tax .....		31,788	24,293
Tax calculated at applicable statutory tax rate of 25% .....		7,947	6,073
Tax effect of expenses not deductible for tax purpose .....		(14)	1,143
Tax effect of income not taxable for the tax purpose .....	(1)	(1,110)	(949)
Effect of different tax rates on Overseas Institutions .....		(14)	(8)
Income tax expense .....		<u>6,809</u>	<u>6,259</u>

(1) Income not taxable for the tax purpose represents interest income from treasury bonds.

## 8. Earnings per share

The calculation of basic earnings per share is as follows:

	Three months ended	
	31/3/2010 (unaudited)	31/3/2009 (unaudited)
Earnings:		
Profit for the period attributable to equity holders of the Bank .....	24,970	18,031
Numbers of shares:		
Number of shares in issue (million) .....	260,000	260,000
Basic earnings per share (RMB yuan) .....	<u>0.10</u>	<u>0.07</u>

There was no potential ordinary share outstanding during the both periods. Accordingly, no diluted earnings per share was presented.

## AGRICULTURAL BANK OF CHINA LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2010 (continued)

(Amounts in millions of Renminbi, unless otherwise stated)

III. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(continued)

## 9. Cash and balances with central banks

	Notes	As at 31 March 2010 (unaudited)	As at 31 December 2009 (audited)
Cash .....		56,745	48,896
Mandatory reserve deposits with central banks .....	(1)	1,289,343	1,137,696
Surplus reserve deposits with central bank .....	(2)	111,497	103,893
Other deposits with central banks .....	(3)	221,457	227,321
Total .....		<u>1,679,042</u>	<u>1,517,806</u>

(1) The Group places mandatory reserve deposits mainly with the People's Bank of China ("PBOC"). These include RMB reserve deposits and foreign currency reserve deposits. These mandatory reserve deposits are not available for the Group's daily operations. As at 31 March 2010, mandatory reserve deposits with the PBOC were calculated at 16.5% (31 December 2009: 15.5%) of eligible RMB deposit, and 5% (31 December 2009: 5%) of foreign currency deposits from customers respectively. Mandatory reserve deposits placed with the central bank of other country are determined by the local regulator and non-interest bearing. The foreign currency reserve deposits placed with the PBOC are non-interest bearing.

(2) The surplus reserve deposits are maintained with the PBOC mainly for the purpose of clearing.

(3) This mainly represents fixed deposit and fiscal deposits placed with the PBOC. The fiscal deposits placed with the PBOC are non-interest bearing.

(4) Except as specifically disclosed, all other deposits with the PBOC are interest bearing at prevailing PBOC rates.

## 10. Deposits with banks and other financial institutions

	As at 31 March 2010 (unaudited)	As at 31 December 2009 (audited)
Deposits with:		
Domestic banks .....	35,930	22,476
Other domestic financial institutions .....	919	357
Overseas banks .....	<u>31,053</u>	<u>38,860</u>
	67,902	61,693
Allowance for impairment losses .....	—	—
Total .....	<u>67,902</u>	<u>61,693</u>

As at 31 March 2010, the Group pledged deposits with overseas banks amounting to RMB1,958 million (31 December 2009: Nil) for the purpose of carrying out financial derivative operations. As at 31 December 2009, the Group pledged deposits with China Foreign Exchange Trading Center System (CFETS) amounting to RMB81 million as guarantee deposits.

## AGRICULTURAL BANK OF CHINA LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2010 (continued)

(Amounts in millions of Renminbi, unless otherwise stated)

III. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(continued)

## 11. Placements with banks and other financial institutions

	As at 31 March 2010 (unaudited)	As at 31 December 2009 (audited)
Placements with:		
Domestic banks .....	16,944	11,991
Other domestic financial institutions .....	15,505	7,940
Overseas banks .....	51,994	29,520
	<u>84,443</u>	<u>49,451</u>
Allowance for impairment losses .....	—	(16)
Total .....	<u>84,443</u>	<u>49,435</u>

## 12. Financial assets held for trading

	Note	As at 31 March 2010 (unaudited)	As at 31 December 2009 (audited)
Trading debt securities issued by:			
Governments .....		14,481	8,858
Public sector and quasi-governments .....		4,449	3,596
Financial institutions .....		—	311
Corporations .....		3,298	2,581
Total .....		<u>22,228</u>	<u>15,346</u>
Analysed as:			
Listed in Hong Kong .....		—	—
Listed outside Hong Kong .....	(1)	22,228	15,346
Unlisted .....		—	—
Total .....		<u>22,228</u>	<u>15,346</u>

(1) Debt securities traded on the China Domestic Interbank Bond Market are included in "Listed outside Hong Kong".

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## 13. Financial assets designated as at fair value through profit or loss

	Note	As at 31 March 2010 (unaudited)	As at 31 December 2009 (audited)
Designated debt securities issued by:			
Governments .....		9,003	9,531
Public sector and quasi-governments .....		10,953	21,024
Financial institutions .....		4,531	5,934
Corporations .....		8,780	6,216
Financial guarantee contracts .....		8	21
Credit notes issued by trust companies .....		68,354	53,784
Others .....		38	320
Total .....		<u>101,667</u>	<u>96,830</u>
Analysed as:			
Listed in Hong Kong .....		88	85
Listed outside Hong Kong .....	(1)	28,773	38,960
Unlisted .....		72,806	57,785
Total .....		<u>101,667</u>	<u>96,830</u>

(1) Debt securities traded on the China Domestic Interbank Bond Market are included in "Listed outside Hong Kong".

## 14. Financial assets held under resale agreements

	As at 31 March 2010 (unaudited)	As at 31 December 2009 (audited)
Analysed by collateral type:		
Bonds .....	275,686	298,321
Bills .....	171,965	117,113
Loans and advances to customers .....	9,145	5,659
Total .....	<u>456,796</u>	<u>421,093</u>

## 15. Derivative financial assets/(liabilities)

The Group enters into foreign currency exchange rate, interest rate and precious metals related derivative financial instruments for purpose of trading, asset and liability management and customer driven business.

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## 15. Derivative financial assets/(liabilities) (continued)

The contractual/notional amounts and fair values of derivative instruments held by the Group are set out in the following tables. The contractual/notional amounts of financial instruments provide a basis for comparison with fair value of instruments recognised on the condensed consolidated statement of financial position but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or market risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates or commodity prices relative to their terms. The aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

	As at 31 March 2010 (unaudited)		
	Contractual/ notional amount	Fair value	
		Assets	Liabilities
Exchange rate derivatives			
Currency forwards	173,551	1,632	(1,910)
Currency swaps	133,636	440	(412)
Cross-currency interest rate swaps	12,052	1,445	(2,626)
Currency options	88	5	—
Subtotal		3,522	(4,948)
Interest rate derivatives			
Interest rate swaps	114,381	801	(1,716)
Other interest rate derivatives	846	2	(13)
Subtotal		803	(1,729)
Other derivatives	1,299	50	(35)
Total derivatives financial assets/(liabilities)		4,375	(6,712)
	As at 31 December 2009 (audited)		
	Contractual/ notional amount	Fair value	
		Assets	Liabilities
Exchange rate derivatives			
Currency forwards	110,467	1,546	(2,271)
Currency swaps	100,550	411	(374)
Cross-currency interest rate swaps	12,503	1,729	(3,140)
Currency options	81	2	(1)
Subtotal		3,688	(5,786)
Interest rate derivatives			
Interest rate swaps	113,644	932	(1,864)
Other interest rate derivatives	751	—	(15)
Subtotal		932	(1,879)
Other derivatives	1,008	58	(25)
Total derivatives financial assets/(liabilities)		4,678	(7,690)



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## 16. Loans and advances to customers

## (1) Analysis of loans and advances to customers

	As at 31 March 2010 (unaudited)	As at 31 December 2009 (audited)
Corporate loans and advances		
Loans and advances	3,351,834	2,994,794
Discounted bills	179,725	353,937
Subtotal	<u>3,531,559</u>	<u>3,348,731</u>
Personal loans and advances		
Residential mortgages	579,612	497,950
Credit cards	17,667	14,118
Others	322,957	277,388
Subtotal	<u>920,236</u>	<u>789,456</u>
Gross loans and advances	<u>4,451,795</u>	<u>4,138,187</u>
Individually assessed	(56,314)	(55,596)
Collectively assessed	<u>(78,694)</u>	<u>(71,096)</u>
Allowance for impairment losses	<u>(135,008)</u>	<u>(126,692)</u>
Loans and advances to customers	<u><u>4,316,787</u></u>	<u><u>4,011,495</u></u>

## (2) Analysis of loans and advances to customers by collective and individual assessments

	Loans and advances for which allowance is collectively assessed (A)	Identified impaired loans and advances (B)			Total	Identified impaired gross loans and advances as a % of gross total loans and advances
		For which allowance is collectively assessed	For which allowance is individually assessed	Sub-total		
At 31 March 2010 (unaudited)						
Gross loans and advances	4,342,252	10,206	99,337	109,543	4,451,795	2.46
Allowance for impairment losses	<u>(73,683)</u>	<u>(5,011)</u>	<u>(56,314)</u>	<u>(61,325)</u>	<u>(135,008)</u>	
Loans and advances to customers	<u>4,268,569</u>	<u>5,195</u>	<u>43,023</u>	<u>48,218</u>	<u>4,316,787</u>	
At 31 December 2009 (audited)						
Gross loans and advances	4,017,946	11,072	109,169	120,241	4,138,187	2.91
Allowance for impairment losses	<u>(66,057)</u>	<u>(5,039)</u>	<u>(55,596)</u>	<u>(60,635)</u>	<u>(126,692)</u>	
Loans and advances to customers	<u>3,951,889</u>	<u>6,033</u>	<u>53,573</u>	<u>59,606</u>	<u>4,011,495</u>	

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III. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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## 16. Loans and advances to customers (continued)

(2) Analysis of loans and advances to customers by collective and individual assessments  
(continued)

- (A) Loans and advances for which allowance is collectively assessed consist of loans and advances which have not been specifically identified as impaired.
- (B) Identified gross impaired loans and advances include loans for which objective evidence of impairment exists and which have been identified as bearing an impairment loss and assessed either individually or collectively.

## (3) Movements of allowance for impairment losses on loans and advances to customers

	2010		
	Individually assessed allowance	Collectively assessed allowance	Total
As at 1 January	55,596	71,096	126,692
Net additions	984	7,640	8,624
Written off	(7)	—	(7)
Recovery of loans and advances written off in previous periods	4	1	5
Unwinding of discount on allowance	(328)	(39)	(367)
Other transfer in	66	—	66
Exchange difference	(1)	(4)	(5)
As at 31 March (unaudited)	<u>56,314</u>	<u>78,694</u>	<u>135,008</u>
	2009		
	Individually assessed allowance	Collectively assessed allowance	Total
As at 1 January	43,141	42,034	85,175
Net additions	15,025	29,264	44,289
Written off	(1,036)	(34)	(1,070)
Recovery of loans and advances written off in previous periods	20	6	26
Unwinding of discount on allowance	(1,551)	(173)	(1,724)
Exchange difference	(3)	(1)	(4)
As at 31 December (audited)	<u>55,596</u>	<u>71,096</u>	<u>126,692</u>

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## 17. Available-for-sale financial assets

	Note	As at 31 March 2010 (unaudited)	As at 31 December 2009 (audited)
Debt securities issued by:			
Governments .....		315,120	476,700
Public sector and quasi-governments .....		152,054	159,215
Financial institutions .....		23,599	23,267
Corporations .....		78,022	70,713
Subtotal .....		<u>568,795</u>	<u>729,895</u>
Equity instruments .....		534	487
Total .....		<u>569,329</u>	<u>730,382</u>
Analysed as:			
Listed in Hong Kong .....		2,141	1,886
Listed outside Hong Kong .....	(1)	565,155	726,600
Unlisted .....		2,033	1,896
Total .....		<u>569,329</u>	<u>730,382</u>

## 18. Held-to-maturity investments

	Note	As at 31 March 2010 (unaudited)	As at 31 December 2009 (audited)
Debt securities issued by:			
Governments .....		774,670	536,566
Public sector and quasi-governments .....		285,168	264,842
Financial institutions .....		41,717	42,342
Corporations .....		43,789	40,288
		<u>1,145,344</u>	<u>884,038</u>
Allowance for impairment losses .....		(130)	(123)
Total .....		<u>1,145,214</u>	<u>883,915</u>
Analysed as:			
Listed in Hong Kong .....		221	141
Listed outside Hong Kong .....	(1)	1,144,309	883,070
Unlisted .....		684	704
Total .....		<u>1,145,214</u>	<u>883,915</u>

(1) Debt securities traded on the China Domestic Interbank Bond Market are included in "Listed outside Hong Kong".

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## 19. Debt securities classified as receivables

	Notes	As at 31 March 2010 (unaudited)	As at 31 December 2009 (audited)
Receivable from the MOF .....	(1)	606,558	635,539
Special Government bond .....	(2)	93,300	93,300
Certificate treasury bonds .....		21,278	22,092
Savings treasury bonds .....		10,190	10,101
PBOC's designated bills .....	(3)	98,831	119,744
PBOC's special bills .....		112	112
Financial institution bonds .....		9,330	9,306
Corporate bonds .....		93	92
		<u>839,692</u>	<u>890,286</u>
Allowance for impairment losses .....		(87)	(87)
Total .....		<u>839,605</u>	<u>890,199</u>

(1) Pursuant to the *MOF Notice on Relevant Issues Concerning the Disposal of Non-performing assets of Agricultural Bank of China (Caijin [2008] No. 138)*, the receivable resulting from the disposal of non-performing assets to the MOF is to be settled by the MOF in 15 years starting from 1 January 2008 at an interest of 3.3% per annum.

(2) Special Government bond refers to the non-transferable bond with a maturity year of 2028 and a fixed annual interest rate of 2.25%, which was issued by MOF in 1998 in the aggregate principal amount of RMB93.3 billion to the former Agricultural Bank of China with a purpose to improve its capital adequacy.

(3) The Bank acquired the following bills from the PBOC:

Issue date	Tenor	Interest rate per annum (%)	Face value	As at 31 March 2010 Carrying value	As at 31 December 2009 Carrying value
9 March 2007 .....	3 years	3.07	21,000	—	20,999
11 May 2007 .....	3 years	3.22	25,000	24,998	24,998
13 July 2007 .....	3 years	3.60	19,000	18,997	18,997
17 August 2007 .....	3 years	3.69	12,000	11,998	11,998
7 September 2007 .....	3 years	3.71	23,000	22,997	22,997
15 September 2009 .....	1 year	zero coupon bond	20,000	19,841	19,755
			<u>120,000</u>	<u>98,831</u>	<u>119,744</u>

The above bills cannot be transferred or pledged as collateral for borrowings without the approval of the PBOC.

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## 20. Other assets

	As at 31 March 2010 (unaudited)	As at 31 December 2009 (audited)
Accounts receivable .....	6,087	3,494
Interest receivable .....	42,092	32,127
Foreclosed assets .....	9	—
Intangible assets .....	1,491	1,580
Land use rights .....	24,881	25,062
Assets pending for disposal .....	11	11
Others .....	7,260	5,669
Total .....	<u>81,831</u>	<u>67,943</u>

## 21. Deposits from banks and other financial institutions

	As at 31 March 2010 (unaudited)	As at 31 December 2009 (audited)
Deposits from:		
Domestic banks .....	218,956	284,899
Other domestic financial institutions .....	342,747	285,518
Overseas banks .....	1,077	379
Other overseas financial institutions .....	2,515	3,153
Total .....	<u>565,295</u>	<u>573,949</u>

## 22. Placements from banks and other financial institutions

	As at 31 March 2010 (unaudited)	As at 31 December 2009 (audited)
Placements from:		
Domestic banks .....	10,631	11,241
Overseas banks .....	21,594	15,071
Total .....	<u>32,225</u>	<u>26,312</u>

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III. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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## 23. Financial liabilities held for trading

	As at 31 March 2010 (unaudited)	As at 31 December 2009 (audited)
Short position in bond .....	68	—
Short position in gold .....	—	56
Total .....	<u>68</u>	<u>56</u>

## 24. Financial liabilities designated as at fair value through profit or loss

	Notes	As at 31 March 2010 (unaudited)	As at 31 December 2009 (audited)
Financial guarantee agreements .....		756	770
Structured deposits .....		678	1,127
Principal guaranteed wealth management products .....	(1)	89,422	109,924
Others .....	(2)	690	2,022
Total .....	(3)	<u>91,546</u>	<u>113,843</u>

- (1) The Group designates the amounts received through the principal guaranteed wealth management products sold to their customers as financial liabilities at FVTPL. As at 31 March 2010, the fair value of the principal guaranteed wealth management products issued by the Group were lower than the contractual amount payable upon maturity to the holders of the wealth management products by RMB777 million (31 December 2009: RMB1,071 million).
- (2) As at 31 March 2010 and 31 December 2009, the fair value of financial instruments designated as at fair value through profit or loss approximated the contractual amounts payable upon maturity of these contracts.
- (3) For the three-month period ended 31 March 2010 and 31 March 2009, there were no significant changes in the fair value of the Group's financial liabilities designated as at fair value through profit or loss that were attributable to the changes in credit risk.

## 25. Financial assets sold under repurchase agreements

	As at 31 March 2010 (unaudited)	As at 31 December 2009 (audited)
Analysed by collateral type:		
Bonds .....	32,478	22,385
Bills .....	52,377	69,356
Loans and advances to customers .....	19,126	9,071
Total .....	<u>103,981</u>	<u>100,812</u>

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## 26. Due to customers

	Note	As at 31 March 2010 (unaudited)	As at 31 December 2009 (audited)
Demand deposits			
Corporate customers		2,315,005	2,168,775
Individual customers		2,152,701	1,992,301
Time deposits			
Corporate customers		861,282	743,589
Individual customers		2,551,633	2,373,160
Guaranteed and margin deposits	(1)	144,705	129,525
Others (including outward remittance and remittance outstanding)		75,056	90,268
Total		<u>8,100,382</u>	<u>7,497,618</u>

(1) Analysed by business/products for which deposit is required:

	As at 31 March 2010 (unaudited)	As at 31 December 2009 (audited)
Bank acceptances	70,626	74,002
Letters of guarantee	11,185	9,161
Letters of credit	11,786	9,185
Personal guarantee	5,806	4,413
Others	45,302	32,764
Total	<u>144,705</u>	<u>129,525</u>

## 27. Accrued staff costs

	Note	As at 31 March 2010 (unaudited)	As at 31 December 2009 (audited)
Salaries, bonuses and allowances		9,320	10,669
Social insurance		759	574
Housing funds		344	260
Labour union fees and staff education expenses		1,415	1,256
Early retirement benefits	(1)	15,388	15,879
Others		1,680	1,300
Total		<u>28,906</u>	<u>29,938</u>

(1) Early retirement benefits

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## 27. Accrued staff costs (continued)

(1) Early retirement benefits (continued)

Amount recognised in profit or loss in respect of the early retirement benefits is as follows:

	Three months ended 31 March 2010	Year ended 31 December 2009
	(unaudited)	(audited)
Interest cost .....	87	331
Actuarial loss/(gain) recognised in the period .....	2	(250)
Present value of benefit obligation for early retired employees annuity plan contribution .....	—	369
Incremental early retirement obligation cost .....	—	330
Total .....	<u>89</u>	<u>780</u>

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	As at 31 March 2010	As at 31 December 2009
	(unaudited)	(audited)
Discount rate .....	2.50%	2.50%
Annual average medical expenses inflation rate .....	8.00%	8.00%
Annual subsidies inflation rate .....	8.00%	8.00%
Normal retirement age		
—Male .....	60	60
—Female .....	<u>55</u>	<u>55</u>

## 28. Debt securities issued

There were no significant debt securities issued, repurchased or repaid during the three-month period ended 31 March 2010.

## 29. Deferred tax assets

For the purpose of presentation in the condensed consolidated statement of financial position, certain deferred tax assets and liabilities have been offset.



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## 29. Deferred tax assets (continued)

The following are the major deferred tax assets and liabilities recognised and movements thereon during the current and prior period :

	Allowance of impairment loss	Early retirement benefits	Accrued but not paid staff cost	Provision	Fair value changes of financial instruments	Others	Total
As at 1 January 2010	12,600	3,970	2,660	1,008	(580)	1	19,659
Credit/(charge) to profit or loss	1,469	(123)	(333)	4	(289)	4	732
Charge to other comprehensive income	—	—	—	—	(776)	—	(776)
As at 31 March 2010 (unaudited)	<u>14,069</u>	<u>3,847</u>	<u>2,327</u>	<u>1,012</u>	<u>(1,645)</u>	<u>5</u>	<u>19,615</u>
	Allowance of impairment loss	Early retirement benefits	Accrued but not paid staff cost	Provision	Fair value changes of financial instruments	Others	Total
As at 1 January 2009	13,087	4,472	720	1,040	(4,057)	1,845	17,107
(Charge)/credit to profit or loss	(487)	(502)	1,940	(32)	(805)	(1,844)	(1,730)
Credit to other comprehensive income	—	—	—	—	4,282	—	4,282
As at 31 December 2009 (audited)	<u>12,600</u>	<u>3,970</u>	<u>2,660</u>	<u>1,008</u>	<u>(580)</u>	<u>1</u>	<u>19,659</u>

## 30. Other liabilities

	As at 31 March 2010 (unaudited)	As at 31 December 2009 (audited)
Interest payable	67,153	66,762
Amount payable to the MOF	5,423	5,891
Items in process of clearing and settlement	18,656	13,361
Dormant accounts	4,963	3,056
Securities purchases payable	—	6,626
Provision	4,828	5,047
Business and other taxes payable	4,284	4,282
Others	28,074	24,020
Total	<u>133,381</u>	<u>129,045</u>

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III. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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## 31. Investment revaluation reserve

	Three months ended 31 March 2010 (unaudited)		
	Gross amount	Tax effect	Net effect
As at 1 January	6,182	(1,558)	4,624
Gain/(loss) on fair value changes of available-for-sale financial assets	3,180	(787)	2,393
Reclassification adjustment to profit or loss upon disposal/impairment of available-for-sale financial assets	(42)	11	(31)
As at 31 March	<u>9,320</u>	<u>(2,334)</u>	<u>6,986</u>

  

	Year ended 31 December 2009 (audited)		
	Gross amount	Tax effect	Net effect
As at 1 January	23,132	(5,840)	17,292
(Loss)/gain on fair value changes of available-for-sale financial assets	(13,146)	3,331	(9,815)
Reclassification adjustment to profit or loss upon disposal/impairment of available-for-sale financial assets	(3,804)	951	(2,853)
As at 31 December	<u>6,182</u>	<u>(1,558)</u>	<u>4,624</u>

## 32. Cash and cash equivalents

For the purpose of the condensed consolidated statement of cash flows, cash and cash equivalents include the following balances with an original maturity of less than three months:

	As at 31 March 2010 (unaudited)	As at 31 March 2009 (unaudited)
Cash	56,745	47,399
Balances with central banks	111,497	181,918
Deposits with banks and other financial institutions with an original maturity of less than 3 months	50,279	50,445
Financial assets held under resale agreements with an original maturity of less than 3 months	263,488	150,353
Placements with banks and other financial institutions with an original maturity of less than 3 months	<u>63,668</u>	<u>24,206</u>
Total	<u>545,677</u>	<u>454,321</u>

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(continued)****33. Segment information**

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board and relevant management committees (chief operating decision maker) for the purposes of allocating resources to segments and assessing their performance. The Group's chief operating decision maker reviews three different sets of financial information for allocating resources and performance assessment. They are financial information based on (i) geographical location, (ii) business activities and (iii) argo-related (County Area and Urban Area) banking business.

The measurement of segment assets and liabilities, segment income and results is based on the Group's accounting policies in accordance with accounting rules and regulations applicable to PRC enterprises. There is no significant difference between the segments accounting policies and the policies applied to preparing the financial statements.

Transactions between segments are conducted under normal commercial terms and conditions. Internal charges and transfer pricing are determined with reference to market rates and have been reflected in the performance of each segment. Interest income and expense arising from internal charges and transfer pricing adjustments are referred to as "inter-segment interest income/expense". Interest income and expense earned from third parties are referred to as "external 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.

(a) Geographical segment

The details of the geographical segments are as follows:

- Head office
- Yangtze River Delta: including Shanghai, Jiangsu, Zhejiang, Ningbo
- Pearl River Delta: including Guangdong, Shenzhen, Fujian, Xiamen
- Bohai Rim: including Beijing, Tianjin, Hebei, Shandong, Qingdao
- Central China: including Shanxi, Hubei, Henan, Hunan, Jiangxi, Hainan, Anhui
- Western China: including Chongqing, Sichuan, Guizhou, Yunnan, Shaanxi, Gansu, Qinghai, Ningxia, Xinjiang, Xinjiang Bingtuan, Tibet, Inner Mongolia, Guangxi
- Northeastern China: including Liaoning, Heilongjiang, Jilin, Dalian and
- Overseas and others: including overseas branches and subsidiaries.

APPENDIX II

UNAUDITED INTERIM FINANCIAL INFORMATION

AGRICULTURAL BANK OF CHINA LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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III. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

33. Segment information (continued)

(a) Geographical segment (continued)

For the three-month period ended 31 March 2010

	Head Office	Yangtze River delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and others	Segment and consolidated total
External interest income	26,277	15,044	8,040	9,477	6,870	13,135	2,136	241	81,220
External interest expense	(1,139)	(6,397)	(4,034)	(5,154)	(4,240)	(4,882)	(1,751)	(75)	(27,672)
Inter-segment interest (expense)/ income	(21,931)	3,560	3,189	4,198	4,637	4,486	1,781	80	—
Net interest income	3,207	12,207	7,195	8,521	7,267	12,739	2,166	246	53,548
Fee and commission income	1,095	2,805	1,600	1,513	1,807	1,940	338	64	11,162
Fee and commission expense	(30)	(62)	(47)	(40)	(40)	(53)	(22)	(11)	(305)
Net fee and commission income	1,065	2,743	1,553	1,473	1,767	1,887	316	53	10,857
Net trading gain/(loss)	1,078	(98)	42	(18)	45	(247)	(40)	31	793
Net gain/(loss) on financial instruments designated as at fair value through profit or loss	544	(1)	—	—	—	—	—	8	551
Net gain/(loss) on investment securities	20	—	—	—	—	(2)	—	7	25
Other operating (expense)/income, net	(120)	259	134	116	55	58	20	39	561
Operating income	5,794	15,110	8,924	10,092	9,134	14,435	2,462	384	66,335
Operating expenses	(1,055)	(5,408)	(3,595)	(3,920)	(4,046)	(6,175)	(1,736)	(112)	(26,047)
Impairment losses on assets	27	(1,354)	(831)	(1,594)	(1,690)	(2,363)	(697)	2	(8,500)
Operating profit	4,766	8,348	4,498	4,578	3,398	5,897	29	274	31,788
Profit before tax	4,766	8,348	4,498	4,578	3,398	5,897	29	274	31,788
Income tax expense	—	—	—	—	—	—	—	—	(6,809)
Profit for the period	—	—	—	—	—	—	—	—	24,979

APPENDIX II

UNAUDITED INTERIM FINANCIAL INFORMATION

AGRICULTURAL BANK OF CHINA LIMITED

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III. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

33. Segment information (continued)

(a) Geographical segment (continued)

For the three-month period ended 31 March 2009

	Head Office	Yangtze River delta	Pearl River Delta	Bohai Rim	Central China	Western China	Northeastern China	Overseas and others	Segment and consolidated total
External interest income	24,383	13,366	6,609	7,767	5,395	10,572	1,488	224	69,804
External interest expense	(2,797)	(6,395)	(3,930)	(4,227)	(4,501)	(4,776)	(1,662)	(81)	(28,369)
Inter-segment interest (expense)/income	(18,688)	2,448	2,994	3,297	4,337	3,858	1,723	31	—
Net interest income	2,898	9,419	5,673	6,837	5,231	9,654	1,549	174	41,435
Fee and commission income	1,198	1,404	1,428	1,204	1,556	1,898	516	31	9,235
Fee and commission expense	(27)	(57)	(37)	(20)	(19)	(27)	(8)	—	(195)
Net fee and commission income	1,171	1,347	1,391	1,184	1,537	1,871	508	31	9,040
Net trading gain/(loss)	2,569	(881)	(58)	(24)	(131)	(426)	(88)	9	970
Net (loss)/ gain on financial instruments designated as at fair value through profit or loss	(253)	—	—	—	—	—	—	4	(249)
Net gain on investment securities	143	2	2	—	—	—	—	—	147
Other operating income, net	133	119	122	94	151	41	70	12	742
Operating income	6,661	10,006	7,130	8,091	6,788	11,140	2,039	230	52,085
Operating expenses	(1,051)	(4,225)	(2,522)	(3,092)	(3,440)	(4,889)	(1,398)	(98)	(20,715)
Impairment losses on assets	(574)	(1,129)	(738)	(1,245)	(1,024)	(1,838)	(523)	(6)	(7,077)
Operating profit	5,036	4,652	3,870	3,754	2,324	4,413	118	126	24,293
Profit before tax	5,036	4,652	3,870	3,754	2,324	4,413	118	126	24,293
Income tax expense	—	—	—	—	—	—	—	—	(6,259)
Profit for the period	—	—	—	—	—	—	—	—	18,034

**AGRICULTURAL BANK OF CHINA LIMITED****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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**III. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(continued)****33. Segment information (continued)****(b) Business operating segment**

The Group provides a diversified range of banking and related financial services. The products and services offered to customers are organised into four business segments:

*Corporate banking*

The corporate banking segment provides financial products and services to corporations, government agencies and financial institutions. The range of products and services includes corporate loans, trade financing, deposit products and other types of corporate intermediary services.

*Personal banking*

The personal banking segment provides financial products and services to individual customers. The range of products and services includes personal loans, deposit products, card business, personal wealth management services and other types of personal intermediary services.

*Treasury operations*

The Group's treasury operations conduct money market or repurchase transactions, debt instruments investment, and holding of derivative positions, for its own accounts or on behalf of customers.

*Others*

Others comprise equity investments and the remaining part of the Group that could not directly fall into any of the above segments, and certain assets, liabilities, income or expenses of the Head Office that could not be allocated on a reasonable basis.

## AGRICULTURAL BANK OF CHINA LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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III. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(continued)

## 33. Segment information (continued)

(b) Business operating segment (continued)

For the three-month period ended 31 March 2010

	Corporate banking	Personal banking	Treasury operations	Others	Segment and consolidated total
External interest income	43,958	11,396	25,848	18	81,220
External interest expense	(9,190)	(17,554)	(928)	—	(27,672)
Inter-segment interest (expense)/income	(1,429)	23,182	(21,753)	—	—
Net interest income	33,339	17,024	3,167	18	53,548
Fee and commission income	3,646	7,516	—	—	11,162
Fee and commission expense	(133)	(172)	—	—	(305)
Net fee and commission income	3,513	7,344	—	—	10,857
Net trading gain	—	—	793	—	793
Net gain on financial instruments designated as at fair value through profit or loss	—	—	551	—	551
Net gain on investment securities	—	—	25	—	25
Other operating income, net	50	112	308	91	561
Operating income	36,902	24,480	4,844	109	66,335
Operating expenses	(9,728)	(13,382)	(2,844)	(93)	(26,047)
Impairment losses on assets	(6,396)	(2,169)	65	—	(8,500)
Operating profit	20,778	8,929	2,065	16	31,788
Profit before tax	20,778	8,929	2,065	16	31,788
Income tax expense	—	—	—	—	(6,809)
Profit for the period	—	—	—	—	24,979

## AGRICULTURAL BANK OF CHINA LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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III. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(continued)

## 33. Segment information (continued)

(b) Business operating segment (continued)

For the three-month period ended 31 March 2009

	Corporate banking	Personal banking	Treasury operations	Others	Segment and consolidated total
External interest income	39,842	6,321	23,640	1	69,804
External interest expense	(7,717)	(19,986)	(666)	—	(28,369)
Inter-segment interest (expense)/income	(6,496)	23,137	(16,641)	—	—
Net interest income	25,629	9,472	6,333	1	41,435
Fee and commission income	5,702	3,533	—	—	9,235
Fee and commission expense	(44)	(151)	—	—	(195)
Net fee and commission income	5,658	3,382	—	—	9,040
Net trading gain	—	—	970	—	970
Net loss on financial instruments designated as at fair value through profit or loss	—	—	(249)	—	(249)
Net gain on investment securities	—	—	147	—	147
Other operating income, net	113	112	347	170	742
Operating income	31,400	12,966	7,548	171	52,085
Operating expenses	(7,894)	(10,318)	(2,427)	(76)	(20,715)
Impairment losses on assets	(5,773)	(908)	(396)	—	(7,077)
Operating profit	17,733	1,740	4,725	95	24,293
Profit before tax	17,733	1,740	4,725	95	24,293
Income tax expense	—	—	—	—	(6,259)
Profit for the period	—	—	—	—	18,034

(c) County Area and Urban Area segment

The Group's operating segments organised by County Area and Urban Area banking business are set out as follows:

*County Area banking business*

The Bank's County Area banking business aims to provide financial products and services to the rural area, agriculture industry and peasants through its outlets at the 2,048 county areas across the PRC and 22 tier-two branches. The products and services comprise mainly loans, deposits, bank cards, and agent services.



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III. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(continued)

## 33. Segment information (continued)

(c) County Area and Urban Area segment (continued)

*Urban Area banking business*

Urban Area banking business comprises all other businesses not covered by County Area banking business, overseas operations, and subsidiaries.

For the three-month period ended 31 March 2010

	County Area banking business	Urban Area banking business	Segment and consolidated total
External interest income . . . . .	17,015	64,205	81,220
External interest expense . . . . .	(9,867)	(17,805)	(27,672)
Inter-segment interest income/ (expense) . . . . .	11,758	(11,758)	—
Net interest income . . . . .	18,906	34,642	53,548
Fee and commission income . . . . .	4,707	6,455	11,162
Fee and commission expense . . . . .	(77)	(228)	(305)
Net fee and commission income . . . . .	4,630	6,227	10,857
Net trading gain . . . . .	4	789	793
Net gain on financial instruments designated as at fair value through profit or loss . . . . .	—	551	551
Net gain on investment securities . . . . .	13	12	25
Other operating income, net . . . . .	271	290	561
Operating income . . . . .	23,824	42,511	66,335
Operating expenses . . . . .	(11,338)	(14,709)	(26,047)
Impairment losses on assets . . . . .	(3,211)	(5,289)	(8,500)
Operating profit . . . . .	9,275	22,513	31,788
Profit before tax . . . . .	9,275	22,513	31,788
Income tax expense . . . . .			(6,809)
Profit for the period . . . . .			24,979

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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III. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(continued)

## 33. Segment information (continued)

(c) County Area and Urban Area segment (continued)

For the three-month period ended 31 March 2009

	County Area banking business	Urban Area banking business	Segment and consolidated total
External interest income	12,855	56,949	69,804
External interest expense	(10,700)	(17,669)	(28,369)
Inter-segment interest income/ (expense)	10,881	(10,881)	—
Net interest income	13,036	28,399	41,435
Fee and commission income	2,958	6,277	9,235
Fee and commission expense	(50)	(145)	(195)
Net fee and commission income	2,908	6,132	9,040
Net trading gain	—	970	970
Net loss on financial instruments designated as at fair value through profit or loss	—	(249)	(249)
Net gain on investment securities	16	131	147
Other operating income, net	164	578	742
Operating income	16,124	35,961	52,085
Operating expenses	(8,896)	(11,819)	(20,715)
Impairment losses on assets	(2,238)	(4,839)	(7,077)
Operating profit	4,990	19,303	24,293
Profit before tax	4,990	19,303	24,293
Income tax expense			(6,259)
Profit for the period			18,034

## 34. Related party transactions

(1) The Bank and the MOF

As at 31 March 2010, the MOF directly owned 50% (31 December 2009: 50%) of the share capital of the Bank.

The MOF is one of the ministries under the State Council, primarily responsible for state fiscal revenue and expenditures, and taxation policies. Enterprises or legal entities under the control or supervision of the MOF are mainly financial institutions, government departments and agencies. The Group is of the opinion that none of the companies over which the MOF controls, jointly controls or exercises significant influence are considered as related party of the Group.

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III. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(continued)

## 34. Related party transactions (continued)

## (1) The Bank and the MOF (continued)

The Group has the following balances and has entered into the following transactions with the MOF in its ordinary course of business:

<i>Treasury bond and special government bonds</i>		
	<u>2010</u>	<u>2009</u>
	(unaudited)	(audited)
As at 31 March/31 December .....	574,416	565,085
	<u>          </u>	<u>          </u>
<i>Receivable from the MOF</i>		
	<u>2010</u>	<u>2009</u>
	(unaudited)	(audited)
As at 31 March/31 December .....	606,558	635,539
	<u>          </u>	<u>          </u>
<i>Interest receivable from the MOF</i>		
	<u>2010</u>	<u>2009</u>
	(unaudited)	(audited)
As at 31 March/31 December .....	5,082	—
	<u>          </u>	<u>          </u>
<i>Structured deposits</i>		
	<u>2010</u>	<u>2009</u>
	(unaudited)	(audited)
As at 31 March/31 December .....	—	546
	<u>          </u>	<u>          </u>
<i>Amount payable to the MOF</i>		
	<u>2010</u>	<u>2009</u>
	(unaudited)	(audited)
As at 31 March/31 December .....	5,423	5,891
	<u>          </u>	<u>          </u>
<i>Deposits from the MOF</i>		
	<u>2010</u>	<u>2009</u>
	(unaudited)	(audited)
As at 31 March/31 December .....	24,989	20,477
	<u>          </u>	<u>          </u>

## AGRICULTURAL BANK OF CHINA LIMITED

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III. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(continued)

## 34. Related party transactions (continued)

(1) The Bank and the MOF (continued)

*Other liability—redemption of certificate treasury bonds*

	<u>2010</u>	<u>2009</u>
	(unaudited)	(audited)
As at 31 March/31 December .....	<u>5,936</u>	<u>792</u>

*Net interest income*

	<u>Three months ended</u>	
	<u>31/3/2010</u>	<u>31/3/2009</u>
	(unaudited)	(unaudited)
Interest income .....	9,414	9,115
Interest expense .....	<u>(43)</u>	<u>(79)</u>
Net interest income .....	<u>9,371</u>	<u>9,036</u>

*Fee and commission income*

	<u>Three months ended</u>	
	<u>31/3/2010</u>	<u>31/3/2009</u>
	(unaudited)	(unaudited)
Fee and commission income .....	<u>587</u>	<u>2,198</u>

*Government bonds underwriting and redemption commitment*

Government bonds underwriting and redemption commitment are disclosed in Note III.35(6).

(2) The Bank and Central Huijin Investment Ltd. (“Huijin”)

Huijin is a wholly-owned subsidiary of China Investment Corporation Limited, which is incorporated in Beijing, PRC with a registered capital of RMB552,117 million. Huijin is established to hold certain equity investments as authorised by the State Council and does not engage in other commercial activities. Huijin exercises legal rights and obligations in the Bank on behalf of the PRC Government.

As at 31 March 2010, Huijin directly owned 50% (31 December 2009: 50%) of share capital of the Bank. The transactions carried out with Huijin are conducted in the normal course of business, with prices based on normal transaction prices, and under normal commercial terms.

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III. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(continued)

## 34. Related party transactions (continued)

## (2) The Bank and Central Huijin Investment Ltd. (“Huijin”) (continued)

The Group has ordinary business transactions with Huijin. The details are as follows.

	As at 31 March 2010 (unaudited)	As at 31 December 2009 (audited)
Financial liabilities at FVTPL .....	—	4,014

## (3) The Bank and its associate

*Balances with an associate*

	As at 31 March 2010 (unaudited)	As at 31 December 2009 (audited)
Loans and advances to customers .....	300	300
Due to customers .....	(1)	(1)

In the opinion of management, no material impact to profit or loss arose from the transactions between the Bank and its associate.

## (4) The Bank and government controlled or related entities

The Group enters into various banking transactions with government controlled or government related entities on commercial terms under normal course of business. These transactions mainly include provision of credit and guarantee, deposit placing and taking, foreign exchange related services and underwriting and provision of agency services on purchase and redemption of treasury bonds issued by the government.

## (5) Key management personnel

Key management personnel are those persons who have the authority and responsibility to plan, direct and control the activities of the Group.

The remuneration of directors and other members of key management during the reporting period was as follows:

	Three months ended	
	31/3/2010 (unaudited)	31/3/2009 (unaudited)
Salaries, bonuses and staff welfare .....	2.38	1.88

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III. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(continued)

## 34. Related party transactions (continued)

## (6) The Bank with the Annuity Plan

	As at 31 March 2010 (unaudited)	As at 31 December 2009 (audited)
Due to customers .....	<u>6,374</u>	<u>6,339</u>
	<b>Three months ended</b>	
	<b>31/3/2010</b>	<b>31/3/2009</b>
	(unaudited)	(unaudited)
Interest expense .....	<u>21</u>	<u>N/A</u>

## 35. Contingent liabilities and commitments

## (1) Legal proceedings

The Group is involved as defendants in certain lawsuits arising from its normal business operations. As at 31 March 2010, provisions of RMB3,039 million (31 December 2009:RMB2,974 million) were made based on court judgments or the advice of counsel. Management of the Group believes, based on legal advice, that the final result of these lawsuits will not have a material impact on the financial position or operations of the Group.

## (2) Capital commitments

	As at 31 March 2010 (unaudited)	As at 31 December 2009 (audited)
Contracted but not provided for .....	5,937	6,217
Authorised but not contracted for .....	<u>1,169</u>	<u>1,102</u>
Total .....	<u>7,106</u>	<u>7,319</u>

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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III. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(continued)

## 35. Contingent liabilities and commitments (continued)

## (3) Credit commitments

	As at 31 March 2010 (unaudited)	As at 31 December 2009 (audited)
Loan commitments .....	851,135	744,524
—With an original maturity of less than 1 year .....	51,036	50,650
—With an original maturity of 1 year or above .....	800,099	693,874
Letters of credit .....	58,114	53,933
Letters of guarantee .....	156,943	151,355
Acceptances .....	279,383	271,871
Total .....	<u>1,345,575</u>	<u>1,221,683</u>

Credit commitments represent credit cards and general credit facility limits granted to customers. These credit facilities may be drawn in the form of loans and advances or through the issuance of letters of credit, acceptances or letters of guarantee.

## (4) Operating lease commitment

As at the end of each reporting period, the Group has the following non-cancellable operating lease commitments:

	As at 31 March 2010 (unaudited)	As at 31 December 2009 (audited)
Within 1 year .....	928	1,271
1 to 2 years .....	1,091	1,087
2 to 3 years .....	968	919
Above 3 years .....	<u>3,615</u>	<u>3,174</u>
Total .....	<u>6,602</u>	<u>6,451</u>

## AGRICULTURAL BANK OF CHINA LIMITED

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III. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(continued)

## 35. Contingent liabilities and commitments (continued)

## (5) Collateral

*Assets pledged*

The carrying amount of assets pledged as collateral under repurchase agreement as set out in Note III. 25 “Financial assets sold under repurchase agreements” by the Group is as follows:

	As at 31 March 2010 (unaudited)	As at 31 December 2009 (audited)
Bonds .....	32,447	22,389
Bills .....	52,558	69,611
Loans and advances to customers .....	19,126	9,071
Total .....	<u>104,131</u>	<u>101,071</u>

The net book value of financial assets sold under repurchase agreements by the Group as at 31 March 2010 was RMB103,981 million (31 December 2009: RMB100,812 million). All repurchase agreements are due within 12 months from the effective date.

In addition, the bonds pledged as collateral by the Group and derivative transactions with other banks and financial institutions as at 31 March 2010 amounted to RMB6,323 million (31 December 2009: RMB8,603 million).

*Collateral accepted*

Part of cash and securities received as collateral can be resold or re-pledged in connection with purchase of assets under resale agreements and security lending business. The fair value of collateral accepted by the Group as at 31 March 2010 was RMB75,206 million (31 December 2009: RMB75,425 million). Of this total, the Group has an obligation to return collateral that had been sold or re-pledged by the Group with a fair value of RMB 25,214 million (31 December 2009: RMB51,107 million).

## (6) Government bonds underwriting and redemption commitment

The Group is entrusted by the MOF to underwrite certain certificate treasury bonds. The investors of treasury bonds have a right to redeem the bonds at par any time prior to maturity and the Group is committed to such redemption. The redemption price is calculated as the par value of the treasury bonds plus unpaid interest in accordance with the early redemption arrangement.



**AGRICULTURAL BANK OF CHINA LIMITED****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2010 (continued)**

(Amounts in millions of Renminbi, unless otherwise stated)

**III. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(continued)****35. Contingent liabilities and commitments (continued)****(6) Government bonds underwriting and redemption commitment (continued)**

As at 31 March 2010, the nominal value of treasury bonds the Group committed to redeem prior to maturity is RMB60,070 million (31 December 2009: RMB59,378 million). The original maturities of these bonds vary from 1 to 5 years. As the benchmark interest rate of deposits set by the PBOC is lower than the coupon rate of these bonds, management of the Group expects the amount of redemption before the maturity dates of those bonds will not be material to the Group.

The MOF will not provide funding for the early redemption of these bonds on a back-to-back basis, but will settle the principal and interest upon maturity.

**36. Dividends**

No dividend was paid or proposed during both periods. On 21 April 2010, cash dividend of RMB20 billion to its shareholders was approved at the extraordinary shareholders' general meeting.

**37. Events after the end of the interim period**

(1) According to "Agricultural Bank of China Limited's Share Subscription Agreement" signed on 21 April 2010 by the MOF, Huijin, the Bank, and the National Council for Social Security Fund (the "NCSSF"), the NCSSF subscribed for 10 billion share capital of the Bank, par value of RMB1 per share. After the subscription, the NCSSF held 3.70% of total share capital of the Bank.

(2) In the resolutions of the extraordinary shareholders' meeting on 21 April 2010, the profit appropriation for 2009 was set out as follows:

- (i) An appropriation of RMB6,489 million to the statutory surplus reserve based on the unconsolidated profit for the year 2009 of the Bank in an amount of RMB64,892 million;
- (ii) An appropriation of RMB38,386 million to the general reserve; and
- (iii) A cash dividend of RMB20 billion to the MOF and Huijin.

The above item (i) relating to appropriation to the statutory surplus reserve had been included in the surplus reserve of the Bank's and the Group's financial statements as at 31 December 2009.

The above item (iii) was disclosed in Note III. 36.

(3) On 18 June 2010, 11 corporate investors have entered into cornerstone investment agreements with the Bank to subscribe H shares in the Bank at the offer price for an aggregate amount of USD5.45 billion. Details are set out in "summary of material contracts" in Appendix IX to the Prospectus.