

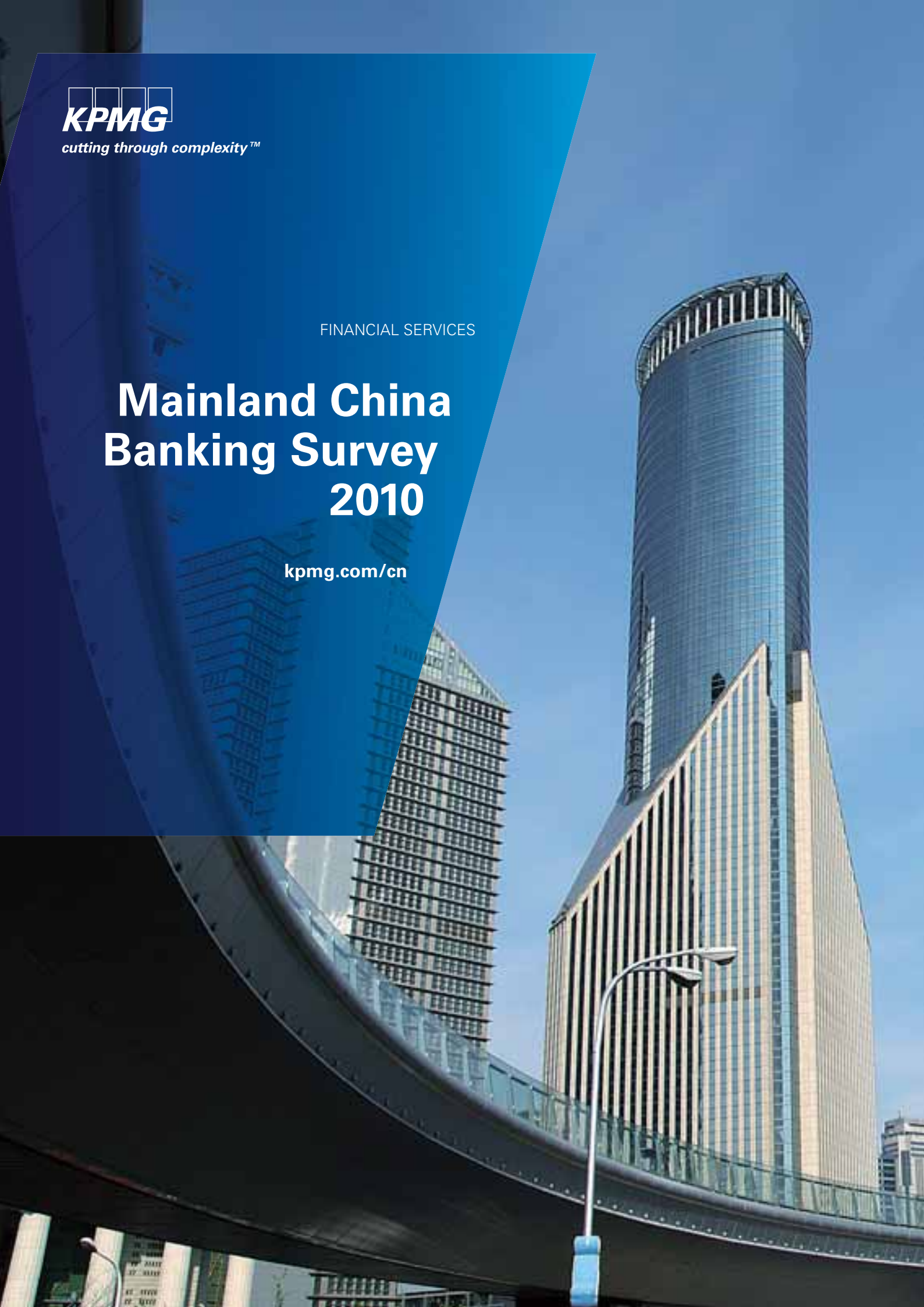


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FINANCIAL SERVICES

Mainland China Banking Survey 2010

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Introduction



China and its banking sector have largely weathered the financial crisis without the emergence of systemic risk and the subsequent government support as observed in the West. The government stimulus package was largely channeled through the banks and resulted in a large expansion of bank lending in 2009. This increase in lending has led to concerns about future growth potential for non-performing assets, there are no indications as yet that there will be a significant deterioration in loan quality, however the government and regulators are taking careful assessment of these risks.

One of the key outcomes of the global financial crisis on China's banking sector has been increased oversight by the China Banking Regulatory Commission (CBRC) as it seeks to set even higher regulatory standards for China's banks through increased capital requirements, loan ratios and impairment rules. From an international perspective, Chinese banks have continued their international expansion largely through organic growth via the opening of international branches and subsidiaries. The sector has also progressed further in the last year, with the roll out of a number of new pilot programmes by the CBRC and many banks broadening their business through an increase in non-interest income. From a performance point of view, the banking sector has continued to focus on the development of new products and services, the success of which is evidenced by the growth of non-interest income. By way of illustration, the number of debit cards and credit cards issued in China now exceeds 1.88 billion and 186 million respectively according to figures from the People's Bank of China (PBC).

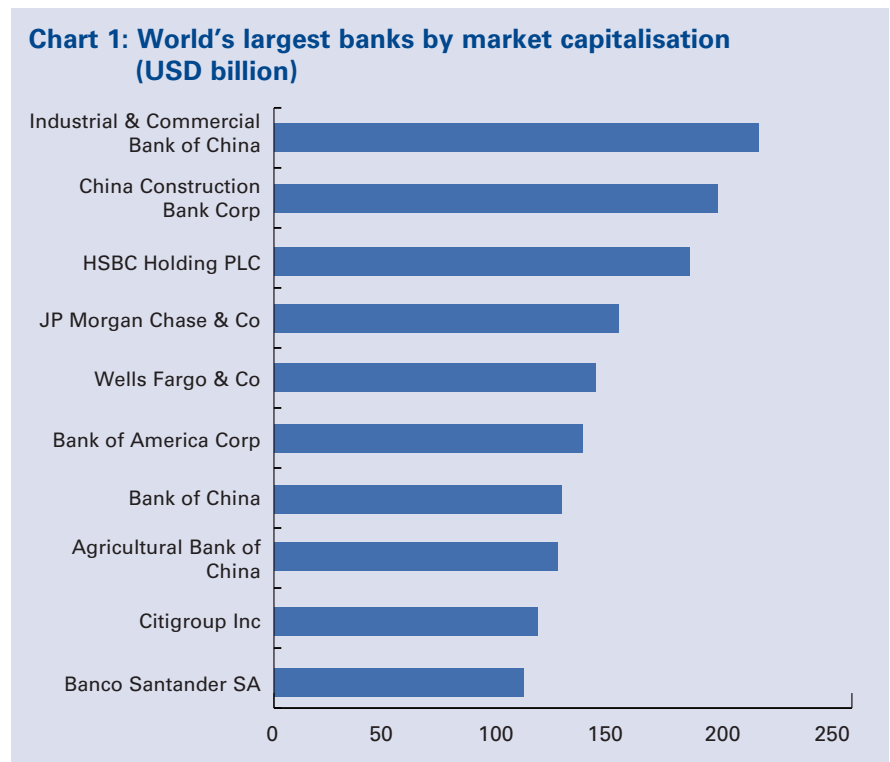
Profit after tax in the banking sector increased by 14.6 percent from 2008 to 2009 although this growth was less pronounced than in previous years. Different areas of the banking sector varied in terms of underlying business which led to inconsistent profit patterns from one bank to another.

Table 1: Banking sector performance (in RMB 1 billion)

	Assets		Loans		Deposits		Profit after tax	
	2009	2008	2009	2008	2009	2008	2009	2008
Big four commercial banks	40,089	31,835	19,597	14,762	31,955	25,870	400	354
Other banking institutions	37,129	29,372	22,963	17,251	29,245	21,974	238	201

The rapid growth of lending from 2008 to 2009, in which loan books grew nearly 25 percent from RMB 32 trillion to RMB 42.6 trillion, shows how the banking sector remains core to implementing government macroeconomic policy. In 2010 we have seen two major banks undertake IPOs, continuing the process of

reform of the sector. Agricultural Bank of China's USD 19.2 billion dual listing on the Shanghai and Hong Kong stock exchanges was not only a very successful listing but also the world's largest ever IPO in terms of monies raised. This was followed by Everbright Bank's IPO on 18 August 2010, which raised a higher than expected USD 2.8 billion. China's big four commercial banks are now all in the top ten list of the world's largest banks according to market capitalization (see Chart 1). More listings are expected in the near future and a number of banks have reportedly applied or are currently in preparations to list, including Bank of Hangzhou, Shengjing Bank and Yingkou Bank.



The coverage in this year's banking survey has reached a record 153 banks, compared to last year's coverage of 130 banks, representing 89 percent of all banking assets in China. This year's survey also includes the financial information for 23 of the 35 foreign banks incorporated prior to year end 2009. Financial information for other banks was not publicly available and has thus been excluded.

Profitability



Bank profitability in 2009 was mixed. A significant number of banks saw declines in profit while many others had increases in profit that were small compared to profit growth from 2007 to 2008. However, overall profitability increased 14.6 percent which is particularly impressive since interest income, the mainstay of the Chinese banking sector, actually dropped slightly. However, despite the decrease in interest income, the net interest margin for many banks increased as corporate deposit growth has largely been in the form of lower interest-rate demand deposits as opposed to higher rate time deposits.¹ Also beneficial was very strong growth in non-interest income. Among the more notable increases was the Agricultural Bank of China (ABC) with a recorded profit growth of 26 percent. This was almost entirely through growth of non-interest income. As with last year, rural commercial banks experienced the largest growth in terms of both assets and profitability. However, a great deal of this growth can be attributed to the increasing number of rural commercial banks as other banking institutions, such as urban credit cooperatives, are amalgamated into these larger institutions.

On a sector-wide basis, the increase in net profit from 2008 to 2009 was substantial. For the 146 banks that provided net profit figures for both 2008 and 2009, the average increase in net profit was 18 percent. The largest increases were achieved by policy banks (48.4 percent), outperforming the big four commercial banks (20.7 percent), joint stock banks (14.7 percent), and city commercial banks (9.6 percent).

In contrast to last year, where increased lending was the key factor in profit growth, this year's profit has largely been driven by growth of non-interest income. Our survey reveals that from 2008 to 2009, for the 144 banks that provided figures for both years, advances to customers grew by 32.3 percent, while for the 147 banks that provided deposit figures, total deposits from customers grew by 26.9 percent. Non-interest income as a percentage of total income increased from 12.9 percent in 2008 to 18.3 percent in 2009 for the 136 banks that disclosed information for both years. More interestingly, non-interest income grew a surprising 35.5 percent on average from 2008 to 2009 for the 136 banks.

Table 2: Total assets of banking institutions (RMB 100 million)

Institutions/Year	2003	2004	2005	2006	2007	2008	2009
Banking institutions	276,583.8	315,989.8	374,696.9	439,499.7	525,982.5	623,876.3	787,690.5
Policy banks & the CDB	21,247.0	24,122.5	29,283.2	34,732.3	42,781.0	56,453.9	69,456.1
Large commercial banks	160,511.7	179,816.7	210,050.0	242,363.5	280,070.9	318,358.0	400,890.2
Joint-stock commercial banks	29,598.6	36,476.0	44,654.9	54,445.9	72,494.0	88,091.5	117,849.8
City commercial banks	14,621.7	17,056.3	20,366.9	25,937.9	33,404.8	41,319.7	56,800.1
Rural commercial banks	384.8	565.4	3,028.9	5,038.1	6,096.7	9,290.5	18,661.2
Rural cooperative banks	–	–	2,750.4	4,653.6	6,459.8	10,033.3	12,791.2
Urban credit cooperatives	1,468.3	1,786.8	2,032.7	1,830.7	1,311.7	803.7	271.9
Rural credit cooperatives	26,509.2	30,767.0	31,426.7	34,502.8	43,434.4	52,112.6	54,925.0
Non-bank financial institutions	9,100.0	8,726.8	10,161.9	10,594.1	9,717.0	11,802.3	15,507.8
Postal savings bank	8,984.4	10,849.6	13,786.8	16,122.0	17,687.5	22,162.9	27,045.1
Foreign banks	4,159.7	5,822.9	7,154.5	9,278.7	12,524.7	13,447.8	13,492.3

Source: CBRC 2009 Annual Report

¹ People's Bank of China website

New banking products and services

The expansion of non-interest income is indicative of the growing diversification of banks into other areas of the financial services sector. While the trend towards an expansion of services by banks through mergers and acquisitions is less pronounced than in previous years, organic growth into new areas has been strong. Operations in leasing, fund management, insurance, private banking and trust have grown significantly both in number and in terms of the size of those entities relative to their parent bank. A number of pilot schemes were also rolled out in 2009 and 2010, including permitting listed banks to trade bonds on the stock exchanges. A pilot program for establishing consumer finance companies was also launched and to date the uptake has been positive. These initiatives are aimed at supporting efforts to boost domestic demand and stimulate the economy.

While many banks in China are increasingly seeking to diversify through the establishment or acquisition of new financial services platforms, the CBRC is taking note of the additional risk associated with such expansions. In particular, they now require banks to spin off such cross-sector subsidiaries should the returns on assets or equity for such entities be below the average in that sector for a prolonged period.²

In leasing, which has been open to the banking sector since 2008, the CBRC and the PBC jointly announced the decision to allow the issuance of financial bonds by financial leasing companies, which should work to reduce the funding bottleneck faced by leasing companies (both those non-bank and bank invested leasing companies). More importantly, however, progress was made in solving the taxation issues that have functioned as an obstacle to the business development of financial leasing companies.³

However, while many banks continue to offer increasingly specialised services and bring more sophisticated financial tools to bear, there are now more limits in place and greater supervision on introducing new wealth management products. The CBRC is also paying more attention to the consumer protection issues arising from banks' personal wealth management activities. When offering personal wealth management, commercial banks are required to be prudent and ensure full information disclosure and better control over investment risk by refraining from structuring wealth management funds in financial products with high risk or with overly complicated structures. More specifically, a recent regulation from the CBRC has severely limited the ability of banks to create trust company-sourced wealth management products.⁴ The CBRC has also intensified supervision of the wealth management departments of banks in order to reduce risks relating to highly structured, innovative products and the possible mis-selling of such products. Banks are also being compelled to adhere to stricter requirements in their wealth management business and must operate under the principle of controllable risk, measurable cost, and adequate information disclosure.

² CBRC 2009 Annual Report

³ CBRC 2009 Annual Report

⁴ CBRC website

Banks are taking these risks seriously although they are also cognizant of the fact that growth prospects in traditional areas of banking are limited in the long run, and that further growth must stem from new products or new business lines. This has led to banks competing fiercely to gain advantage in terms of product innovation and operating capabilities. Customers are also becoming more sophisticated and better educated about their investing and financing options. To meet customers' demands and maintain customer relationships, many banks are considering changes to their operating mechanisms, and looking at ways to improve product innovation, system support, risk management, channel construction and human resources.

Table 3: Chinese banks with financial leasing subsidiaries (as of 30 July 2010)

Bank	Name of leasing subsidiary	Establishment method	Scope of leasing business
China Development Bank	CDB Financial Leasing	Acquisition of Shenzhen Financial Leasing	Aircraft and telecommunications equipment leasing along with equipment leasing to hi-tech companies and SMEs
Industrial and Commercial Bank of China	ICBC Financial Leasing	Wholly owned financial leasing unit	Aviation, shipping and heavy equipment leasing
Bank of China	BOC Aviation	Acquisition of Singapore Aircraft Leasing	Aircraft leasing
China Construction Bank	CCB Leasing	Joint venture with Bank of America	Equipment and facilities leasing, particularly in the power generation and transmission industries
China Merchants Bank	China Merchants Financial Leasing	Wholly owned financial leasing unit	Leasing of equipment with focus on the equipment manufacturing, infrastructure construction and environmental protection industries
Minsheng Bank	Minsheng Financial Leasing	Joint venture with Tianjin Free Trade Zone	Ship, aircraft and equipment manufacturing leasing
Bank of Communications	Bank of Communications Financial Leasing	Wholly owned financial leasing unit	Leasing services to a number of industries including aviation, shipping, manufacturing and infrastructure
Bank of Nanjing	Jiangsu Finance Leasing Ltd.	Acquisition of 35% stake	High technology, aviation, shipping, printing, medical equipment, and pharmaceutical equipment leasing
Industrial Bank	Industrial Bank Financial Leasing	Wholly owned financial leasing unit	Environmental
China Everbright Bank	China Everbright Bank Financial Leasing	Joint venture	Construction machinery financial leasing
Bank of Beijing *	-	-	-
Chongqing Rural Commercial Bank	Kunlun Financial Leasing	Minority shareholder	Equipment leasing
Agricultural Bank of China	ABC Financial Leasing	Wholly owned financial leasing unit	Shipping, aircraft and large equipment leasing

*Not yet approved

The bond market



The domestic bond market is split into two distinct segments — the interbank market and the nation's two stock exchanges in Shanghai and Shenzhen. However, trade has overwhelmingly been concentrated on the interbank market, where commercial banks, rural credit cooperatives, insurance firms, trust companies, leasing companies, fund management companies, auto finance companies, pension management firms and securities houses are all eligible to participate. Previously, the two stock exchanges listed bonds of only a few companies and levels of trading activity were relatively low. This was mainly because banks were not permitted to participate. However in 2009, the CBRC rolled out a pilot program, allowing listed banks to trade bonds on the stock exchanges. Banks investing in bonds are subject to tightened supervisory requirements on their risk management and controls, stress tests, accounting practices and capital charges. The purpose was to prevent the risk spread between the credit market and the bond market.

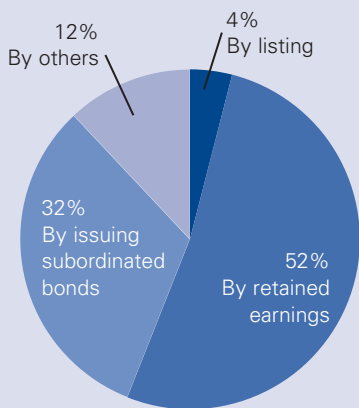
Aside from bonds being an important part of banks' treasury activities, banks are also turning to bond issuances to replenish capital. According to the CBRC, 32 percent of capital raised by commercial banks in 2009 was through bond issues compared to only 17 percent in 2008. Early indications of bond issuances in 2010 also provide a strong indication that this number will only increase further.

However, banks are now required to deduct their holdings of subordinated debt issued by other banks from their Tier-2 capital, as such crossholdings clearly increase inter-connectedness and systemic risk within the banking sector. This has led to other financial institutions, such as insurance companies and fund management companies, to become the largest buyers of bank bonds. Moreover, banks are no longer permitted to provide guarantees for corporate bonds issuances.

The profile of bond issuances has also changed in 2009 and 2010 as banks are issuing bonds with longer maturities, typically between 10 and 15 years, in order to lock in low rates below what they were a few years ago. See Table 4 for a full list of bond issuances in 2009 and the first half of 2010.

Analysis of these bond issuances also reveals a strong disparity in the yield spread above the government bond rate, which is made more difficult by the fact that the credit ratings are largely compressed in the AA- to AAA range. More transparency and greater involvement by the big three foreign credit ratings might be beneficial in creating greater differentiation and understanding of risk between bond issuances.

Chart 2: Capital raising avenues of commercial banks



Source: CBRC 2009 Annual Report

Table 4: Bond issuances by banks in 2009 and 2010 (as of 30 June 2010)

Issuing bank	Amount (100 million RMB)	Number of bond issuances	Issuer rating	Bond rating
Agricultural Bank of China	500	3	AAA	AAA
Bank of China	649.3	4	AAA	AAA
Bank of Communications	250	2	n/a	AAA
China Bohai Bank	12	1	AA	AA-
China Construction Bank	800	5	AAA	AAA
China Minsheng Banking Corporation	108	3	AAA	AA - AA+
Bank of Chongqing	10	1	n/a	A+
Chongqing Rural Commercial Bank	23	1	AA-	A+
China CITIC Bank	165	2	AAA	AAA
Bank of Dalian	17	1	AA-	A+
Deyang Commercial Bank	1.5	1	n/a	BBB+
Dongying Commercial Bank	2.5	1	n/a	n/a
China Everbright Bank	30	1	AAA	AA+
Evergrowing Bank	10	1	AA	AA-
Fuxin Bank	2	1	n/a	n/a
Guiyang Bank	6	1	A+	A
Harbin Bank	10	1	AA-	A+
Bank of Hebei	8	1	AA-	A+
Huaxia Bank	44	1	AAA	AA+
Industrial and Commercial Bank of China	400	3	n/a	AAA
China Industrial Bank	130	3	AAA	AA+
Bank of Jiangsu	20	1	AA	AA-
Mianyang Commercial Bank	1.1	1	n/a	n/a
Bank of Langfang	3.6	1	n/a	n/a
Bank of Tokyo-Mitsubishi UFJ (China)	10	1	AAA	AAA
Bank of Ningbo	50	1	n/a	AA
Panzhuhua City Commercial Bank	1.6	1	AAA	A-
Ping An Bank	30	2	AAA	AA+
Qilu Bank	7	1	n/a	AA-
Bank of Shanghai	50	2	n/a	AA+
Shanghai Rural Commercial Bank	15	1	AA	AA-
Shenzhen Development Bank	15	1	AA+	AA-
Bank of Tianjin	15	1	AA	AA-
United Rural Cooperative Bank of Hangzhou	8	1	n/a	A+
Xiamen Bank	3	1	AAA	A-
Bank of Zhengzhou	6.9	1	n/a	A
Zheshang Bank	12	1	AA-	A+

Source: China Bond

Private banking

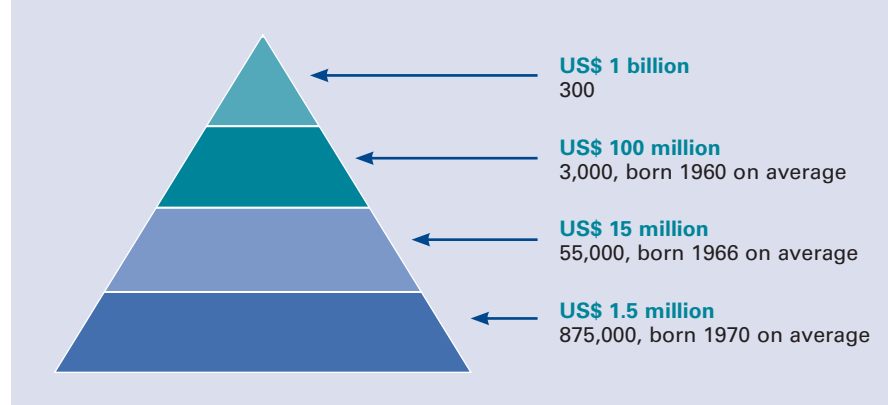


With the rapid growth of private wealth in China, catering to Chinese high net worth individuals (HNWIs) is widely regarded as one of the least developed and most attractive areas in the financial services sector in China.

According to a study by Bain Consulting and China Merchants Bank, the total amount of wealth held by HNWIs in China, which is defined as individuals with RMB 10 million or more worth of investable assets, is estimated to be RMB 9.3 trillion. This number is also continuing to grow rapidly. This is also illustrated by the growth of luxury consumption. According to a 2010 KPMG China survey on the development of the luxury goods market in China, China sales of luxury products rose by 12 percent in 2009, in a year where luxury sales globally dropped by eight percent. By some measures, China is now the second largest luxury market in the world, after Japan.⁵

This pool of rapidly growing wealth has not gone unnoticed by either foreign or domestic banks and competition in this space has proved to be particularly fierce. Citibank was the first bank to establish private banking operations in China by opening an office in Shanghai in March of 2006. Since then a large number of new players, both foreign and domestic, have entered the private banking sector. However, with the exception of an announced joint venture private bank between CITIC Bank and Spanish lender Banco Bilbao Vizcaya Argentaria (BBVA), all private banks have been rolled out through existing retail branch networks rather than as stand-alone entities.⁶ While the shared platform approach is more cost-effective, this has essentially made private banking in China more of a 'red-carpet' form of retail banking.

Chart 3: Number of HNWIs in China



Source: 2010 Hurun Research Report

The sharp drops in the Chinese stock markets in 2007 and 2010 may prove long term to be a boon for the wealth management sector as more HNWIs turn to third party wealth managers and alternative asset managers to manage their wealth as opposed to doing so directly themselves. In particular, private banks may be a beneficiary of this trend, assuming they can align their service offerings and product development capabilities with the demand.

⁵ Refined Strategies: Luxury extends its reach across China, May 2010, KPMG

⁶ CITIC Bank, BBVA to set up independent private banking unit, 29 June 2010, China Knowledge

Zhengzhou

Adult population: 2.05 million
 Population with monthly household income above RMB3,500: 0.99 million
 Number of RMB millionaires: 15,200 (total for province)
 Capital of Henan province; major transportation hub for central China; strong in manufacturing, textiles and agriculture; home to one of China's three futures exchanges

Tianjin

Adult population: 4.55 million
 Population with monthly household income above RMB3,500: 2.14 million
 Number of RMB millionaires: 14,500
 One of four provincial-level municipalities (with Beijing, Shanghai and Chongqing); an international port; strong manufacturing, including petrochemicals linked to nearby Dagang oilfields.

Nanjing

Adult population: 3.15 million
 Population with monthly household income above RMB3,500: 2.45 million
 Number of RMB millionaires: 22,100
 Capital of Jiangsu province, capital of China in previous eras; modern economy built on electronics, automotive, petrochemical and iron & steel, with a resurgent financial sector.

Chengdu

Adult population: 3.32 million
 Population with monthly household income above RMB3,500: 1.07 million
 Number of RMB millionaires: 13,500
 Chengdu is a popular gateway to the country's western regions, a regional financial centre and an increasingly notable hub for hi-tech industries.

Chongqing

Adult population: 5.07 million
 Population with monthly household income above RMB3,500: 2.02 million
 Number of RMB millionaires: 9,700
 The largest of the four provincial-level municipalities, and western China's largest inland port; well developed industrial base, especially in metals, minerals and petrochemicals.

Xiamen

Adult population: 1.78 million
 Population with monthly household income above RMB3,500: 1.14 million
 Number of RMB millionaires: 11,500
 One of the first five special economic zones established; a coastal port city looking out on the Taiwan Strait; consistently ranks one of the top 10 "most liveable" cities in China.

Source: TNS and KPMG research. Millionaire statistics provided by Hurun Report

Shenyang

Adult population: 4.19 million

Population with monthly household income above RMB3,500: 1.47 million

Number of RMB millionaires: 7,660

Capital of Liaoning province; a trade and logistics hub for Northeast Asia, with direct rail links to North Korea and Russia; particularly strong in automobiles, aviation and energy.

Harbin

Adult population: 3.23 million

Population with monthly household income above RMB3,500: 1.38 million

Number of RMB millionaires: 5,790

China's 10th largest city; a gateway to Russia and home to new and high-tech development zones; renowned for its winter ice-sculpture festival and multicultural architecture.

Qingdao

Adult population: 2.25 million

Population with monthly household income above RMB3,500: 1.01 million

Number of RMB millionaires: 11,100

A major port and naval city, facing Korea and Japan across the Yellow Sea; home to the popular "Tsingtao" beer brand; host city for the Olympic sailing competition in 2008.

Suzhou

Adult population: 1.17 million

Population with monthly household income above RMB3,500: 0.96 million

Number of RMB millionaires: 15,600

A popular tourist destination for its traditional-style architecture and UNESCO-listed gardens; historically renowned for its silk, now also a base for the hi-tech and pharmaceutical industries.

Hangzhou

Adult population: 2.08 million

Population with monthly household income above RMB3,500: 1.88 million

Number of RMB millionaires: 47,300

Capital of Zhejiang province; strong in light industry, textiles, chemicals and hi-tech; just over an hour from Shanghai by train, with a faster Maglev line planned; its West Lake is a popular holiday spot.

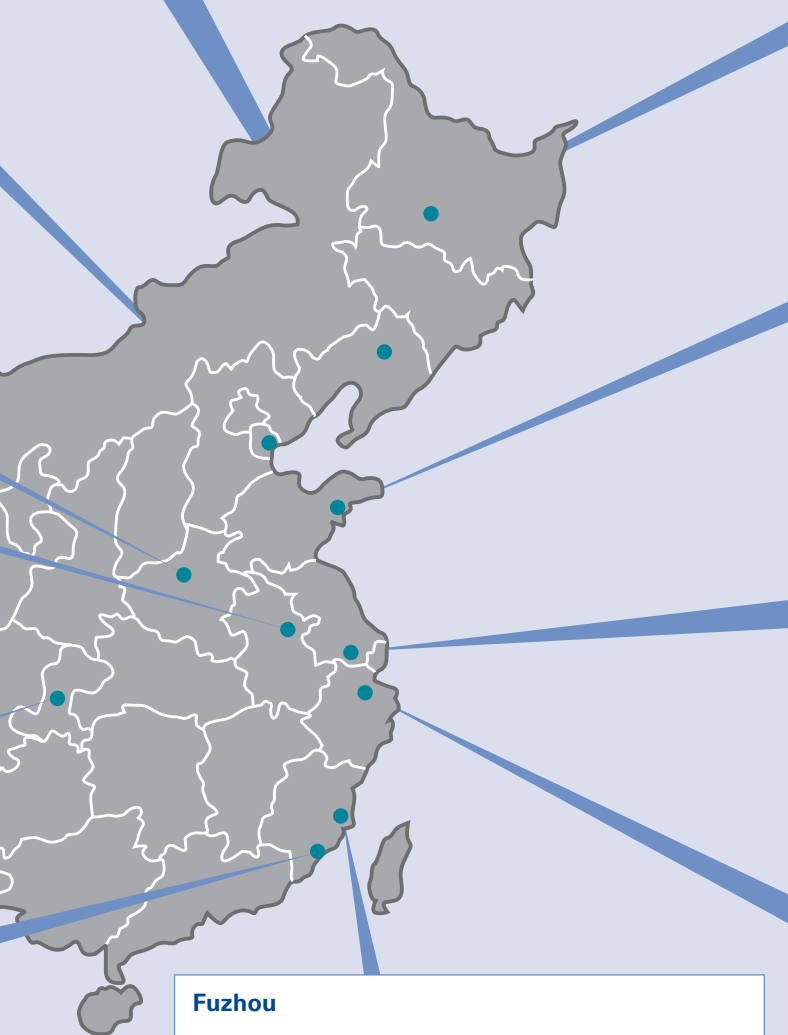
Fuzhou

Adult population: 1.62 million

Population with monthly household income above RMB3,500: 0.97 million

Number of RMB millionaires: 10,200

Capital of Fujian province; opened to foreign investment in 1984; a centre for chemicals and a port city on the Min river; nicknamed "Spa City" for its hot springs and famed for its lacquer products.



Currently, most private banks in China provide a relatively similar, limited range of products and services. This has led numerous private banks to partner with trust companies on product formation; some of the more successful products being rolled out by private banks are alternative asset funds such as art trusts, wine trusts and real estate trusts. The licenses of trust companies offer strong capabilities in product structuring as they have access to the widest range of asset classes of any financial institution in China. Nevertheless, it is unclear at this point how the recent CBRC regulation limiting the distribution of trust products through bank networks will affect this relationship.⁷ Currently though most private banking products are still plain vanilla products or involve introductions into private equity funds. However, an increasing number of private customers are demanding greater access to more diversified, lower risk products. Offering tailor-made products will continue to be viewed as a significant competitive advantage.

However, the trust companies themselves are progressively showing themselves to be potential competitors of the private banks and the new regulations from the CBRC may well reinforce this further should banks find themselves incapable of offering appropriate product. For example, Morgan Stanley-invested Hangzhou Trust specifically develops funds to cater to HNWIs and relies on word-of-mouth to develop new business, avoiding bank distribution networks.⁸ This strategy has proven highly successful, especially in light of the fact that China's wealthy tend to be relatively conservative and risk adverse compared to their peers overseas.

In an effort to mitigate the negative effects of competition, several foreign banks and domestic commercial banks have signalled their intention to differentiate their private banking services. Credit Suisse, for example, plans to exclusively target the "ultra-high net worth segment" of the private banking market.⁹ While Bank of China's investment into the French private bank, La Compagnie Financiere Edmond de Rothschild in 2009, ultimately fell through, it showed its dedication to this space and the bank has noted that it will continue to seek other forms of co-operation with Rothschild, particularly in the private banking space.¹⁰ A shortage of talented private banking staff in China is also often cited as a key obstacle to development of this sector.

⁷ China's Trust Sector, The Next Chapter, February 2010, KPMG

⁸ China's Trust Sector, The Next Chapter, February 2010, KPMG

⁹ Credit Suisse eyes private banking in China, 29 May 2008, Reuters Newse

¹⁰ ANALYSIS-Mideast, Asian firms poised for private bank deals, 26 June 2009, Reuters News

Consumer finance



A program for establishing consumer finance companies was launched by the CBRC on a pilot basis following the issuance of Rules Governing Pilot Consumer Finance Companies in July 2009. Initially limited to four cities — Beijing, Tianjin, Shanghai and Chengdu — this programme may be permitted nationwide in the future. Such a nationwide roll out would certainly help the existing consumer finance companies to expand on a national basis and reach the scales of economy necessary for sustained profitability.

At the end of July 2010, four such entities have been set up. Bank of Chengdu joined hands with Malaysian lender Hong Leong Bank to establish Sichuan Jincheng Consumer Finance Company on a joint venture basis; Bank of Beijing has set up Bei Yin Consumer Finance as a wholly owned consumer finance company; Bank of China teamed up with Bailian Group and Shanghai Lujiazui Finance Development Company to set up BOC Consumer Finance Company in Shanghai; and a wholly foreign owned consumer finance company, Home Credit Consumer Finance, was established by Czech Republic-headquartered bank, PPF. China CITIC Bank and Corporacion General Financiera (CORFISA), a wholly-owned subsidiary of BBVA, have also agreed to set up an auto finance joint venture in China with a registered capital of RMB 1 billion.

The lending facilities of these entities are still somewhat restricted. Initial loans to a new customer must be in the form of an installment loan for a consumer durable goods purchase while general purpose consumption loans can only be extended to a customer following the granting of this initial installment loan. The logic behind this restriction is to control risk, but it also significantly limits the ability of consumer finance companies to draw in new clientele. There is an expectation that unsecured lending will be a key driver of these businesses going forward and a preferable approach might be to require consumer finance companies to demonstrate that their risk management systems are capable of managing such risk.

The capital requirements to set up consumer finance companies are daunting at RMB 300 million and clearly reflect a strong belief in the future growth of the consumer in China by the financial institutions invested in these entities. The value of a more consumer-centric economy is clear to the regulatory authorities who recognise the potential benefits generated from allocating capital and resources more efficiently, creating higher employment, and spreading the benefits of growth more equitably.

However the challenges for these companies in what is still an immature market for consumer credit are significant — although the potential rewards are likewise very attractive. According to a 2009 report by McKinsey, the ability of these entities to assure responsible lending and borrowing will be largely predicated on the further development of credit bureaus, improved financial education, support for “new to credit” products such as low-limit or collateralised credit cards and the capability to securitise consumer finance balances. Moreover, consumer finance companies will need to set up highly advanced credit risk assessment systems capable of carrying out timely loan assessments on thousands of small loans per day. Even bank-led consumer finance companies will more than likely need a significant upgrade or tailoring of their risk control systems to meet the needs of a consumer finance subsidiary.

Small and Medium-sized Enterprise finance



The situation for small and medium-sized enterprises (SMEs) has improved remarkably in the past few years in terms of their access to financing, although securing capital is still challenge in some sectors.

It is proving to be particularly challenging in China where many entities still rely on profit-based funding and financing from underground banks and certain non-bank financial institutions. SMEs typically require financial resources to purchase equipment, fuel capacity expansion, increase working capital, support growing trade and mitigate risk for doing business with overseas buyers and suppliers.¹¹

For historical reasons, banks are partial to loans secured with real estate as collateral. However, many SMEs lack firm land use rights or have insufficient property or real estate to do this. This is the case even more so for SMEs based in rural areas as they often operate on land that was previously used for agriculture and is thus collectively owned. The assets SMEs do have, such as equipment, inventory and intangible assets, are often less well received by banks as they are hard for credit teams to value accurately.

One of the more positive developments has been the establishment by the CBRC of a new department to manage supervision of credit guarantee firms. While these entities are not new, the presence of such a highly organised and disciplined regulatory body as the CBRC should drive further development and professionalism of this sector and increase the role of these firms. While credit guarantees are still not the ideal solution since they substantially increase the cost of financing, the cost of a loan with a credit guarantee attached to it is still very competitively priced compared to other potential sources of financing.

The CBRC has also continued to encourage the larger commercial banks and joint stock banks to set up special business units to service SME clients. In practice, these units are meant to have independent credit limits, management and operation teams as well as differentiated policies and procedures for credit review. Interestingly enough however, many city commercial banks and rural banks have also come to view SME lending as an area where they may enjoy a competitive advantage and have actively established SME lending units, often using the assistance of third party advisors such as accounting firms to set up SME credit risk assessment platforms.

¹¹ SMEs Look to Non-Traditional Lenders, 5 March 2009, Amcham China Brief (submission by GE Capital)

Policy banks



Efforts to further commercialise China's policy banks have continued apace this year. Set up in 1993, these banks were established to take over policy-driven investments and allow the major banks to develop into more commercially-focused institutions. As sizable institutions in their own right, they account for 9 percent of total banking assets in China according to CBRC figures. As a result of market economy development and China's external sector development, their role has undergone major changes, and in recent years their business has become increasingly market-based, as the proportion of subsidised, government-directed business has decreased and self-initiated business increased. Certainly, the conditions are in place for them to readjust their roles and functions and undergo this transformation. These banks are now being pushed to focus more on profitability and may face increased scrutiny, though they will still function to some extent as policy lenders and will continue to raise capital through bonds guaranteed by the Ministry of Finance.

China Development Bank (CDB) is the largest of the three policy banks and officially restructured on 11 December 2008 into a commercial joint stock banking institution under the ownership of the Ministry of Finance and Central Huijin Investment Corp. However, CDB has not been granted the right to accept deposits from individuals, as other commercial lenders can, although it can take in deposits from corporate clients. Nonetheless, it will continue to rely on bond issuances in the interbank market to an extent and this will be aided by the fact that its sovereign rating is still in place.

In the short term, CDB appears unlikely to shift away from its current focus on infrastructure, construction and other industrial sectors although it has voiced an interest in getting into retail banking as well as expanding into other areas of the financial services sector. Testament to those efforts are the purchase of a 3.1 per cent stake in British bank Barclays in 2007 and within China it has also diversified its business through the acquisitions of Shenzhen Financial Leasing and Aviation Securities.

The Export-Import Bank of China (Exim Bank) also voiced its intention to commercialise and has begun to widen the scope of its operations. In a sign of how this is progressing, it has revised its Articles of Association, replenished capital and improved corporate governance and risk controls allowing it to apply similar loan assessment tools as any other commercial bank.¹² However, it is still financed through the Ministry of Finance bonds and will continue to focus on boosting foreign trade and economic cooperation.

¹² 2009 CBRC Annual Report

In late 2007, CDB and Exim Bank joined hands with Italian bank Intesa Sanpaolo to establish a joint venture private equity fund called Mandarin Capital Partners. The JV focuses on investments into Italian companies to support an expansion strategy in China and on investments into Chinese companies to support an expansion strategy in Europe, which is a fully commercial undertaking that fits nicely with the mandate of supporting the overseas expansion of Chinese enterprises.¹³

The Agricultural Development Bank of China (ADBC) is likely to face the greatest challenge in commercialising its operations as it has taken over the previous mandate of the Agricultural Bank of China, and thus focuses on poverty alleviation-oriented loans in rural areas as well as safeguarding China's food security. While the bank is set to continue to focus on rural small enterprise business lending, green industries, agricultural technology loans, rural basic infrastructure construction loans and short-term agricultural production resources loans, there have been some moves to commercialise, such as issuing a joint credit card with ICBC. However, ADBC has explicitly ruled out a full restructuring along the lines of CDB in the near future.¹⁴ The government has also highlighted the importance of ADBC in its new countryside programme. In its current form, its business will focus not only on loans for grain, cotton and oil purchase, but also on loans to leading agricultural enterprises as well as on loans to develop infrastructure in those regions.

¹³ Mandarin Capital Partners website: www.mandarincp.com

¹⁴ Agricultural Development Bank Of China: No Restructuring Plan, 11 June 2009, Dow Jones Chinese Financial Wire

City commercial banks and regional banks



Despite the consolidation of certain city commercial banks into larger provincial and regional banks, the number of banks deemed city commercial banks actually increased in 2009 compared to 2008 from 136 to 143 banks. This has largely been as a result of the consolidation of other types of financial institutions, such as rural credit cooperatives and urban credit cooperatives, into city commercial banks. China's banking regulator has strongly encouraged these mergers as a way to improve the capital strength and competitiveness of smaller banks and to provide local businesses a greater selection of financial services, which these larger banks are more capable of rolling out across their expanded branch network. Longjiang Bank, for example, was formed from the merger of Qiqihar City Commercial Bank, Mudanjiang City Commercial Bank, Daqing City Commercial Bank and Qitaihe City Credit Union. At present there are at least 16 such banks in existence — Bank of Ningxia, Wuhan Rural Commercial Bank, Binhai Bank, Bank of Qinghai, Bank of Jiangsu, Huishang Bank, Beibu Gulf Bank, Jinshang Bank, Longjiang Bank, Bank of Inner Mongolia, Yunnan Fudian Bank, Bank of Hebei, Hankou Bank, Three Gorges Bank, Bank of Wenzhou, and Jilin Bank. A number of other provinces have also reportedly looked at undergoing the same process, namely Hunan province (Xiaoxiang Bank).

Moreover, with increasing asset quality and risk management systems, a growing number of city commercial banks are being granted trans-regional expansion licenses allowing them to do business outside of their immediate regions. The criterion to get these licenses is quite rigorous and includes maintaining a sound record of supervisory ratings and high performance in terms of risk management. It is no coincidence that to date most of the banks that have received approval have either been listed, have a strategic foreign investor, or have been restructured. Bank of Beijing has even been approved to set up a representative office in Hong Kong, marking the first time a city commercial bank has established operations overseas.

The outlook for city commercial banks is still very positive although there are concerns surrounding the loan quality at certain city commercial banks, as much of the surge in banking lending in 2008 and 2009 came from these banks.

Table 5: Banks granted trans-regional expansion licenses (as of 30 June 2010)

Chinese bank	Established	Approved
Harbin Bank	Dalian, Shuangyashan*, Tianjin, Jixi, Chengdu, Hegang, Suihua	
Binhai Bank	Kashi, Kuerle	
Bank Of Lanzhou	Jiuquan, Tianshui	
Hankou Bank	Ezhou, Chongqing	
Shengjing Bank	Beijing, Tianjin, Dalian, Huludao, Yingkou	
Bank of Beijing	Tianjin, Shanghai, Xi'an, Shenzhen, Hangzhou, Changsha, Nanjing, Hong Kong	
Bank of Ningbo	Shanghai, Hangzhou, Nanjing, Shenzhen, Suzhou	Wenzhou, Beijing
Bank of Hangzhou	Zhoushan, Shanghai, Beijing, Shenzhen, Ningbo	Shaoxing
Bank of Qingdao	Jinan	
Bank of Changsha	Zhuzhou, Changde	

Chinese bank (continued)	Established (continued)	Approved (continued)
Qi Lu Bank	Liaocheng, Tianjin	Qingdao
Bank of Jinzhou	Tianjin, Shenyang, Dalian, Harbin, Dandong	
Baoshang Bank	Shenzhen, Ningbo, Chengdu	
Zhejiang Chouzhou Commercial Bank	Nanjing, Lishui, Fuzhou, Wenzhou, Hangzhou	
Bank of Jiujiang	Ji'an, Nanchang, Fuzhou, Hefei	
Bank of Weifang	Qingdao	
Bank of Hebei	Tangshan, Tianjin, Handan	
Bank of Shanghai	Nanjing, Ningbo, Hangzhou, Tianjin, Chengdu, Shenzhen, Beijing	
Bank of Nanjing	Beijing, Wuxi, Taizhou, Shanghai, Hangzhou, Nantong, Yangzhou	
Laishang Bank	Heze, Xuzhou	Jinan
Bank of Dalian	Shenyang, Tianjin, Beijing, Chengdu, Yingkou	
Bank of Rizhao	Qingdao, Jinan	
Bank of Chongqing	Chengdu, Guiyang	
Zhejiang Mintai Commercial Bank	Chengdu, Hangzhou, Zhoushan, Ningbo	
Bank of Yingkou	Shenyang, Dalian	
Bank of Tianjin	Binhai, Beijing, Tangshan, Jinan, Shanghai	
Pingan Bank	Shenzhen, Shanghai, Fuzhou, Quanzhou, Xiamen, Guangzhou, Huizhou, Dongguan	
Bank of Nanchang	Pingxiang, Jiujiang, Ganzhou	
Qishang bank	Binzhou, Xi'an	
Bank of Dongguan	Guangzhou, Shenzhen	
Fujian Hai Xia Bank	Zhangzhou, Longyan, Ningde, Quanzhou	
Bank of Luoyang	Zhengzhou, Sanmenxia	
Linshang Bank	Ningbo	
Bank of Jinhua	Quzhou	
Taizhou Commercial Bank	Zhoushan, Wenzhou	Hangzhou
Zhanjiang City Commercial Bank Bank	Guangzhou, Shenzhen, Chongqing	
Nanchong City Commercial Bank	Guiyang, Chengdu	
Deyang City Commercial Bank	Chengdu	
Guilin City Commercial Bank	Wuzhou	
Bank of Huangshi	Xianning	
Xiamen Bank	Fuzhou	
Zunyi City Commercial Bank	Jinsha	
Leshan City Commercial Bank	Meishan	
Bank of Chengdu	Guang'an, Chongqing	
Bank of Guangzhou	Shenzhen	
Bank of Jiangsu	Beijing, Shenzhen, Shanghai	
Huishang Bank	Nanjing	
Bank of Wenzhou	Shanghai	
Bank of Ningxia	Xi'an	

Source: Publicly available sources

* Harbin Bank opened its Shuangyashan branch through the acquisition of Shuangyashan City Credit Cooperatives

Rural banking



The rural banking sector in China has made tremendous progress over the past few years as the development of a fully functional financial services sector in rural areas has become a policy goal for the central government. As in previous years, rural banks enjoyed very high growth rates of 20 percent in terms of total asset growth from 2008 to 2009.¹⁵ This can partially be attributed to growth in numbers of these institutions. In particular, the number of rural commercial banks nearly doubled from 22 to 43 over that period while village and township banks increased in number from 91 to 143. In contrast, the number of rural credit cooperatives dropped precipitously from 4,965 to 3,056 although their total assets increased slightly indicating that many of them have simply undergone consolidation.

The rural financial services market is vast and encompasses a population of 750 million people and a growing number of SMEs in an area covering 2,800 counties, 40,000 townships, and around 400,000 villages.¹⁶ It is important to recognise the variation between these areas. The term rural is often associated with farming regions which is something of a misconception since the term is used more as a political categorisation in China to separate different administrative units. Certain counties in China, which fall under the rural banking system, are home to some of China's most profitable industrial areas and innovative SMEs. For many of these counties, the agricultural sector is only a minor contributor, with the bulk of the local economy based on industry. Hence, rural China should be viewed as an area that covers some highly industrialised areas, as well as the countryside.

As part of its effort to bolster the rural banking sector, the CBRC launched a pilot program in 2006 creating three new type financial institutions — microloan companies, rural mutual credit cooperatives (RMCC) and village/township banks (VTB) — which are specifically aimed at expanding financial services in the rural areas. The success of this initiative exceeded expectations and the programme was rolled out nationwide in 2007. According to the CBRC, at the end of December 2009, there were 172 new rural financial institutions, comprising 148 VTBs, 16 RMCCs and eight microloan companies. As a percentage of the overall banking sector, these institutions do not register significantly. However, in absolute figures, they are quite sizable and their rate of growth has been remarkable. In total, these institutions had RMB 26.9 billion in deposits with total lending of RMB 18.1 billion. In terms of loan profile, RMB 6.6 billion was lent to 51,000 rural households while RMB 9.1 billion was disbursed to 5,000 rural SMEs, accounting for 37 percent and 50 percent of total lending.¹⁷ To put this into context, this level of lending is more than triple that of year end 2008 when loans totalled RMB 5.5 billion.

The licenses of these entities and the vast potential of the financial services market in rural areas have made them very attractive both to domestic and foreign banks looking to grow and diversify their business. The existing network of the other rural institutions (rural credit cooperatives, rural commercial banks, urban credit cooperatives and rural cooperative banks) though are still key players in rural areas. In particular, rural credit cooperatives, despite being downsized, still continue to play a leading role in providing financial services for the rural

¹⁵ 2009 CBRC Annual Report

¹⁶ Gold in China's Rural Hills , 9 January 2009, Far Eastern Economic Review

¹⁷ 2009 CBRC Annual Report

economy. However they have been less successful in constructing a full range of financial services due to high non-performing loan (NPL) ratios, heavy losses, and competition with informal lenders. Rural commercial banks have undergone steady reform and there is strong domestic and foreign interest in their development. They continue to go further than any other rural banking institution to increase competitiveness and commercialise.

Among the new type financial institutions, VTBs have drawn the greatest amount of interest as they can operate much like a commercial bank and issue loans, accept deposits and provide a wide variety of financial services. These institutions also face fewer restrictions in setting lending rates as they are capped at a rate as high as four times the central bank's base rate, giving them greater capacity to price for risk. Not surprisingly, this has drawn the involvement of some of the larger commercial banks, foreign banks and city commercial banks who are keen to expand beyond their city borders. Among some of the more notable banks to set up such operations are Huaxia Bank, ANZ, HSBC, Minsheng Bank, CCB and Standard Chartered. Under a CBRC circular issued in May, financial companies or banks that own 30 rural financial institutions are allowed to set up rural financial holding companies. These rural business units must be run through locally incorporated entities with separate teams for each unit. China Construction Bank and Spanish lender Santander have reportedly submitted a proposal to set up such a rural banking holding company which will include more than 100 VTBs in rural areas.¹⁸

Moreover, regulatory authorities are reportedly giving consideration to relaxing ownership restrictions in the near future from the current regulations which stipulate that the largest shareholder of a rural bank must be a bank and the share it holds no less than 20 percent of the total while individuals or non-banking enterprises are only permitted up to a 10 percent stake.¹⁹ According to these discussions, private, non-bank financial institutions may be permitted to become the key shareholders in VTBs. This would potentially allow the development of VTBs into more specialised deposit-taking financing institutions.

Increased interest in the rural banking sector can largely be attributed to two other factors as well. Firstly projections estimate a loan demand of RMB 20 trillion by 2020 in rural areas, making rural banking a very attractive long-term investment with limited competition.²⁰ Secondly, the risks associated with rural banking are far less than they were in the past, particularly as the government has made development of rural areas a cornerstone of its policy over the coming decade.

¹⁸ CCB Likely to Gain Approval for Rural Holding JV, 24 June 2010, Business China

¹⁹ Rural banking threshold lowered for private capital, 17 June 2010, China Daily

²⁰ Door to rural China opens, 28 May 2008, Australian Financial Review

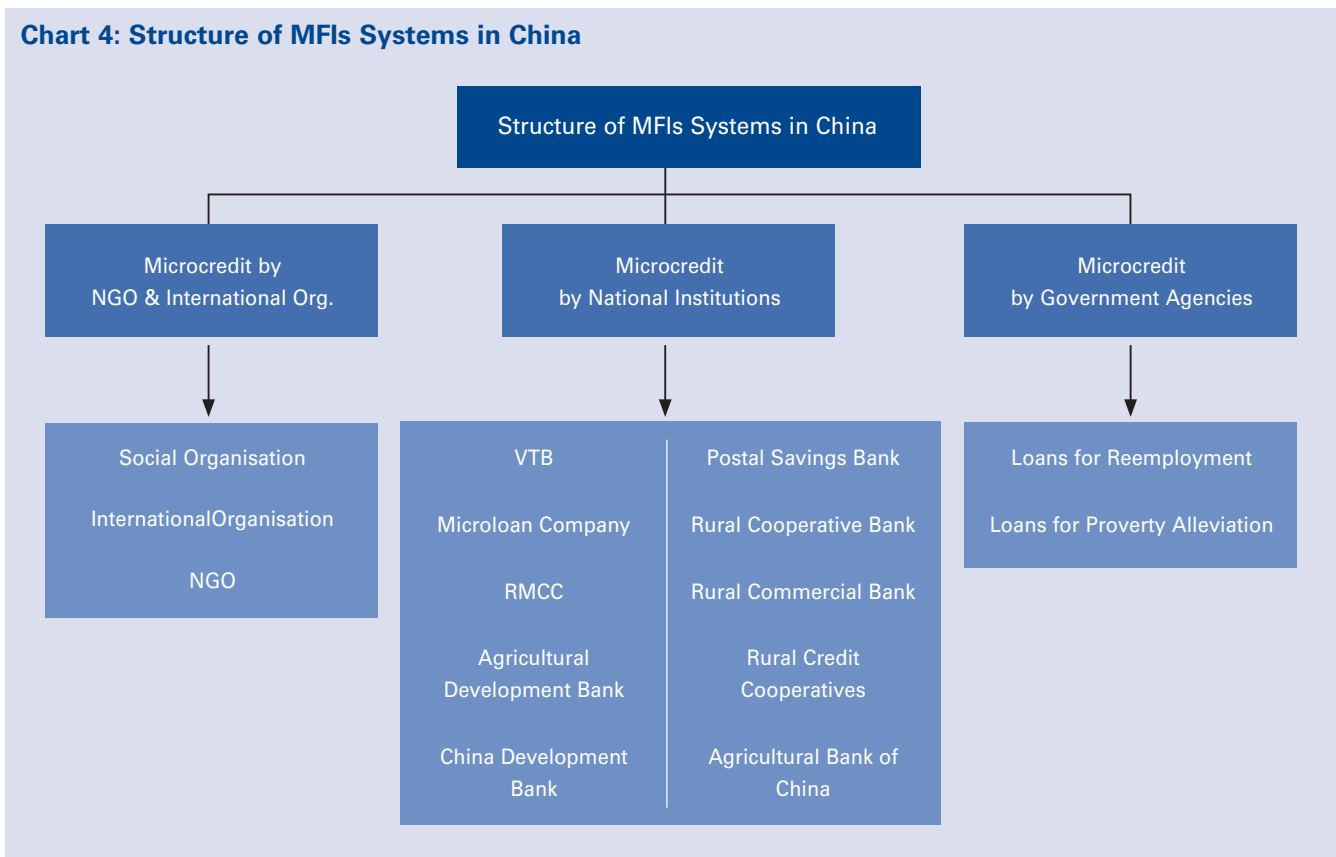
Microfinance



Despite the rapid and continuous economic development over the past two decades, there are still tens of millions of impoverished people across China. They may face much better prospects than earlier generations, but are still largely locked out of the financial services sector. Given the government's oft-stated policy of improving standards of living in rural areas, microfinance has become a clear tool through which to achieve this. The success of microfinance in countries like Bangladesh and India, where microfinance banks feature among the larger financial institutions, have spurred interest in this space and this is being reflected through new policies. The fact that it offers a commercial route to poverty alleviation makes it that much more attractive. Since a pilot program permitting the granting of 20 micro credit companies (MCCs) licenses, initial government caution has given way to a sector that had 1,334 registrants by the end of December 2009.²¹ However, lending by these entities is blurred by the fact that many of them are also engaging in SME finance. While this is to be welcomed, it complicates efforts to assess the actual size of microfinance lending.

Currently there are three tiers of microfinance institutions (MFI) in China (see Chart 4), although the key driver of microfinance in China is that run through financial institutions and to a lesser extent non-governmental organisations

Chart 4: Structure of MFIs Systems in China



Source: China Association of Microfinance, 9 February 2009, *China Microfinance Industry Assessment Report*

²¹ An accessible economy: Microfinance in China, March 2010, KPMG: Frontiers in Finance

(NGOs). Non-profit organisations such as PlaNet Finance have also emerged to play a role in advising financial institutions on the implementation of microfinance lending capabilities and other microfinance related matters.

In February 2010, the PBC, the key regulator for MCCs in China, announced its intention to roll out policies to make the microfinance model more profitable and sustainable. Currently, MCCs face a number of restrictions, including being limited to a single country or district, caps on interest rates (which are currently four times the benchmark rate) and issues relating to debt financing and the sourcing of funding. Under the proposed regulations, interest rate caps will be removed and the limits on debt financing relaxed. The burden posed by interest rate limitations is particularly problematic as most MCCs obtain their financing from commercial sources, typically local banks or other financial institutions. However, the combination of this higher cost financing and capped interest rates means that MCCs often struggle to earn a profit, particularly when the benchmark rate suddenly drops.

Under the proposed regulations, MCCs will enjoy greater flexibility in raising funds by allowing them to borrow up to twice their net registered capital from no more than two financial institutions and one non-financial institution.²² This is in stark contrast to current regulations that limit MCCs to debt financing equivalent to 50 percent of the total value of its registered capital. By permitting market-determined interest rates and effectively lowering the cost of borrowing, MCCs should be able to improve their operations and ultimately expand their branch network. Such regulations would also go a long way to reduce the aversion domestic banks have to financing MCCs.

A final development for the microfinance sector in China is the presence of international financial institutions such as Grameen Trust, BlueOrchard and ACCION, all of which have recently established operations in China.²³ This is a ringing endorsement of the sustainability and future potential of China's microfinance sector. Such global microfinance institutions are not only a source of financing for local microfinance institutions, but they bring with them international expertise and best practices. They are also working closely with domestic partners such as China Development Bank and Alibaba.

²² PBoC to Abolish Interest Rate Caps and Expand Funding for Microfinance Institutions, Spring 2010, Planet Finance China Newsletter

²³ International Microfinance Players Enter China Market, Spring 2010, Planet Finance China Newsletter

Mobile Banking



There has been much discussion around the potential for mobile banking in China. China stands in stark contrast to many other developing countries in the world because of its very high rates of mobile phone ownership. As such, for a country with 780 million mobile phone users, mobile banking seems like an ideal solution to bring banking services to the unbanked. However, for a variety of reasons mobile banking has fallen far short of its potential in this market.

However, recent developments point to a shift in this space. China Mobile has become one of the key investors in Shanghai Pudong Development Bank, the logic being to roll out a mobile banking platform, while each of the big four state-owned banks has begun providing mobile banking services for clients, such as account management, remittances and investment management. Moreover, a number of other larger banks such as Bank of Communications, China Merchants Bank, Minsheng Bank, Everbright Bank, and CITIC Bank have voiced their intention to provide mobile banking services. Guangdong Development Bank and China Unicom are also reportedly inking a deal to cooperate on mobile banking.²⁴

The rapid development of the mobile phone industry, especially the new 3G system, makes this all the more possible. Likewise, it offers a potential avenue for banks to improve and increase customer retention. Many Chinese bank clients bemoan the long lines and high fees at retail branches. Mobile phone banking services are not only significantly cheaper (transaction fees on a mobile phone are roughly 20 percent that of counter service), they are also much more convenient.²⁵ The current customer profile for such services is more like that of Japan (largely young, white collar workers, students, and investors) as opposed to the Philippines, where mobile banking plays a key role in remittances and rural banking. Over time, however, it is hoped that mobile banking can play a significant role in helping to alleviate the burden and high costs associated with banking for rural residents.

Statistics indicate that the market size for mobile banking at the end of 2009 stands at RMB 2.8 billion. There are estimates of it becoming a RMB 100 billion business if mobile services are popularised.²⁶

²⁴ 银行争食手机支付市场, 20 May 2010, C114 (中国通信网)

²⁵ 新动态：“手机银行”市场竞争愈演愈烈, 21 May 2010, 手机中国

²⁶ 银行争食手机支付市场, 20 May 2010, C114 (中国通信网)

Foreign incorporated banks



The number of incorporated foreign banks has grown greatly since the initial batch of incorporations was approved in December 2006. By the end of July 2010, there were 37 incorporated foreign banks in China from countries from all around the world.

However, the China banking sector is challenging and while foreign banks in 2009 have managed to grow deposits substantially, both lending and non-interest income have seen drops. Foreign banks are also struggling to meet certain regulatory requirements and in particular are encountering difficulties in meeting the 2011 deadline to reduce their loan to deposit ratio to 75 percent.

The CBRC tends to use banking regulation not only as a tool to control risks but also as a way to accommodate the state's macroeconomic policy. Thus, while areas such as foreign exchange, commercial banking and international fund transfer are opening up, administration in these areas has increased, in an effort to reduce risks and facilitate economic and other government objectives. This disproportionately affects foreign banks, which are seeking to develop a competitive advantage in these areas.

Table 6: Incorporation requirements for foreign banks

	Foreign Bank Branch Office	Locally incorporated WFOE or Joint Venture
Renminbi business to Chinese Citizens	Subject to CBRC approval, cannot provide renminbi business to Chinese citizens except for acceptance of deposits in excess of RMB 1 million.	Subject to CBRC approval, can provide renminbi business to Chinese citizens.
Minimum capital	Minimum operating fund of RMB 200 million	Minimum registered capital of RMB 1 billion in freely convertible currency
Statutory reserves	Must set aside 30 percent of operating fund for statutory reserves	No requirement
Loan to deposit ratio	No restriction	Must be less than 75 percent (however, a grace period to 31 December 2011 is provided)

Treasury operations



Chinese banks' treasury operations continue to evolve both in terms of the complexity of products offered as well as from a risk management and control perspective. As the impact of the government's stimulus measures subsides, and regulations around interest margins are loosened, banks are expected to rely less on lending and balance sheet growth to increase revenue and market share. Increasingly treasury operations are expected to become a key source of non-interest income in their own right. Product innovation is the key to success in this area, and this will result in Chinese banks taking on more risks, particularly as they reduce their dependence on foreign banks to provide risk management products. Moreover, the aftermath of the financial crisis has also seen a raft of new regulations introduced, both internationally and within China. A number of leading banks in China are also actively implementing Basel II which also has a significant impact on the way the market risks incurred through banks' treasury operations are managed.

Cash-management products are becoming increasingly sophisticated. Whereas in the past cash management services focused on settlement, Chinese banks now offer a range of investment, financing, and risk management products. These products are now being actively marketed to the SME segment which ties in with the large banks' broader strategy to expand their penetration of this area of the market.

The principal treasury activities conducted by Chinese banks remain money market placements, investment in debt securities and the provision of derivatives to corporate customers. The past year has seen rapid global financial reforms, frequent macro-economic adjustments and increased customer demands, as well as a spate of new regulations in light of the financial crisis, which have presented a number of challenges to banks' treasury business. Many banks adjusted their investment policies following the financial crisis, diversifying their holdings of foreign currency assets away from the US dollar. Banks' investments in corporate bonds have focused on those with controllable risks and higher returns.

As many predicted last year, the measures introduced by the CBRC in July 2009 in their notice on Further Strengthening Risk Management for Derivatives Transactions between Banking Financial Institutions and Corporate Clients have had an impact on banks' customer driven derivatives business, particularly in risk management and sales practices. As required by the CBRC guidelines, banks are introducing new valuation and risk measurement models for the most exotic products, and have enhanced their customer suitability procedures to ensure that the products sold to customers are relevant to the underlying risks which they are seeking to manage. The past year has seen further changes in the OTC derivatives market, with collateral practices changing as a result of lessons learnt during the immediate aftermath of the financial crisis when a number of banks found themselves with uncollateralized OTC derivative exposures, and in response to the roll-out of the National Association of Financial Market Institutional Investors ('NAFMII') derivatives master agreement. This agreement, which is now mandatory for Renminbi derivatives transactions was introduced in March 2009 and is the Chinese version of the ISDA master agreement used globally as the basis for OTC derivatives contracts. Early fears regarding the level of acceptance of the new master agreement have proved unfounded, with a total of 91 banks, including locally incorporated subsidiaries of foreign banks, having signed a total of 857 master agreements by August 2010.²⁷

²⁷ NAFMII website

Basel II



In 2009, the CBRC became a full member of the Financial Stability Board (FSB) and the Basel Committee on Banking Supervision (BCBS).²⁸ This membership is a positive step for China and should help with the implementation of Basel II in banks.

In July 2009, the BCBS issued a set of enhancements to the Basel II framework to strengthen its risk coverage in the light of lessons drawn from the financial crisis. The improvements raise banks' capital requirements for trading book and securitisation exposures, provide supplemental guidance on risk management principles and strengthen disclosure in corresponding areas.

The Basel Committee released two consultative documents in December 2009, namely "Strengthening the Resilience of the Banking Sector" and "International Framework for Liquidity Risk Measurement Standards and Monitoring". These documents set out proposals to strengthen global capital and liquidity standards:

- improving the quality, consistency and transparency of the capital base of banks
- strengthening the risk coverage of the Basel II framework in relation to counterparty credit risk
- introducing a leverage ratio to supplement the Basel II risk-based measure and helping contain the build-up of excessive leverage in the banking system
- promoting the build-up of counter-cyclical capital buffers within the banking sector outside periods of stress, which can be drawn down as losses are incurred
- and introducing a minimum global liquidity standard to enhance the resilience of banks against liquidity stress.

The CBRC has closely followed these changes and existing supervisory rules were reviewed, evaluated and changed where deemed fit. In particular, in-depth reviews were carried out with respect to rules overseeing corporate governance, compensation, capital replenishment, leverage, liquidity with corresponding guidelines being issued or amended.²⁹ A number of new regulations were introduced in late 2009 covering topics such as liquidity risk, capital adequacy information disclosure, the validation of advanced measurement models, interest rate risk in the banking book, and the supervisory review of capital adequacy. Meanwhile, in November 2009 the CBRC kicked off its assessment of banks' Basel II implementation efforts with a Notice on Launching the Pre-evaluation for the Preparatory Work of Basel II Banks. This document sets out the process through which the CBRC will evaluate the extent of banks' compliance with the new regulations.

²⁸ BASEL Committee website

²⁹ 2009 CBRC Annual Report

Risks / NPLs

The CBRC has remained vigilant against the embedded risks accumulated during the rapid credit expansion in 2009. According to CBRC figures, at the end of 2009, the adequacy ratio of loan loss provisions for the major commercial banks reached 183 percent, representing an increase of 30 percent over the previous year. This increase in loan provisioning is largely a reflection of the current credit market environment.

Local government funding platforms (LGFPs; also often referred to as Urban Development Investment Corporations) have drawn the attention of regulators and the government, leading them to improve risk management in these areas. The CBRC in particular has actively stepped in to ensure that they are only provided with financing as per certain requirements. As part of this effort, the CBRC rolled out what it has entitled the three 'bottom lines of defense', namely a prohibition on package loans, preventing banks from signing loan contracts with local governments to fund large scale projects lacking commercial viability and lastly, restricting banks from lending to LGFPs recognised for insufficient equity, poor corporate governance, weak internal controls, inefficient risk management, or unsatisfactory fund management and utilisation.³⁰

The risks associated with overheating real estate markets in certain parts of the country have also not escaped the attention of the CBRC, which recently initiated stress testing on banks to assess the impact of worst-case scenario drops in property prices of 50 to 60 percent in cities that have seen excessive growth in property values.³¹ Previous stress tests along this line only assumed drops of up to 30 percent, which would have led to an estimated 2.2 percent rise in real estate NPLs. Banks have also been instructed to stress test loans for specific industries where concerns about overcapacity exist, such as in cement, steel and construction materials.

2009 saw a significant drop in NPLs across the banks. However, should growth halt or slow significantly, mainland banks will need to ensure that their credit management processes are robust enough to quickly identify and deal with the consequences of an increase in NPLs. According to 2009 figures, three of the 153 banks surveyed had NPL ratios over five percent, 21 had ratios between two and five percent and 115 had ratios below two percent while 14 did not provide NPL data. Commercial banks have also been urged by the regulatory authorities to actively deal with impaired assets via collection, auction, or write-off while increasing provision coverage.

³⁰ CBRC 2009 Annual Report

³¹ China tests said to check risk of developer crunch, 05 August 2010, Bloomberg

Conclusion



The banking sector still faces a challenging environment although conditions are improving compared to last year and the outlook for the remainder of 2010 is positive. While there are recognized risks within the sector, the government and regulators have actively turned their attention to these risks and are putting in place measures to prevent a surge in NPLs as well as limiting lending to the real estate sector and other industries with excess capacity. The indicators in this market point the banking sector in a direction of sustainable development with more well-rounded features. The expansion of rural banking, microfinance, mobile banking and the diversification of banks into other areas of the financial services sector are all indicative of the maturation of the banking sector and its development.

KPMG China is pleased with the changes that have taken place over the past year and the marked increase in transparency across the sector. From our inaugural Mainland China Banking Survey in 2006, which had the numbers for 21 banks, primarily the joint stock banks and the big four state-owned banks, the survey has expanded greatly to cover 153 banks, inclusive of city commercial banks, rural banks and foreign incorporated banks. We look forward to seeing this number move even higher in the coming years.

Table 7: Chinese banks with insurance subsidiaries (as of 30 July 2010)

Name	Insurance company	Stakes	Establishment method
Bank of Communications	BoComm Life Assurance Company	51%	Joint venture with Commonwealth Bank of Australia
Bank of Beijing	ING-BOB Life Insurance Company	50%	Joint venture with ING
China Construction Bank	Pacific-Antai life Insurance Company *	50%	Acquisition
China Merchants Bank	CIGNA & CMC Life Insurance Company *	50%	Acquisition
Bank of China	Heng An Standard Life Company *	n/a	Acquisition
ICBC	AXA Minmetals Assurance Company *	70%	Acquisition

Table 8: Chinese banks with trust subsidiaries (as of 30 July 2010)

Bank	Trust company	Stake size
China Construction Bank	China Construction Bank Trust	67%
Bank of Communications	Bank of Communications International Trust	85%
China Merchants Bank	China Merchants Bank International Trust *	60.50%
Industrial Bank	Union Trust	-

Table 9: Chinese banks with fund management subsidiaries (as of 30 June 2010)

Bank	Name of fund management JV	Stake size held by bank	Method of establishment
China Merchants Bank	China Merchants Fund Management	40%	Stake purchase in existing fund management company
Industrial and Commercial Bank of China	ICBC Credit Suisse Asset Management	55%	Joint venture
	Worldsec Asset Management	100%	Acquisition
China Construction Bank	CCB Principal Asset Management	65%	Joint venture
Bank of China	Bank of China Investment Management	84%	Joint venture
	Heritage Fund Management (Switzerland)	30%	Stake purchase in existing fund management company
Agricultural Bank of China	ABC-Credit Agricole Fund Management	51%	Joint venture
Bank of Communications	Bank of Communications Schroder Fund Management	65%	Joint venture
China Minsheng Bank	Minsheng Royal Fund Management	60%	Joint venture
Shanghai Pudong Development Bank	AXA SPDB Investment Managers Co	51%	Joint venture
Bank of Beijing	Bank of Beijing Scotiabank Asset Management	67%	Joint venture

* Deal has yet to receive approval.

Financial highlights

Name of bank (ranked by total assets)		Profit and loss (in RMB million)							
		Net interest income		Non-interest income		Operating expenses		Operating profit before provisions	
		2009	2008	2009	2008	2009	2008	2009	2008
1	Industrial and Commercial Bank of China	245,821	263,037	63,252	46,293	119,860	110,271	189,213	199,059
2	China Construction Bank	211,885	224,920	55,049	42,471	103,872	97,955	163,062	169,436
3	Agricultural Bank of China	181,639	193,845	40,635	17,344	108,390	107,640	113,884	103,549
4	Bank of China	158,881	162,936	59,385	51,572	92,721	83,324	125,545	131,184
5	China Development Bank	74,421	83,902	4,870	(706)	16,989	14,587	62,302	68,609
6	Bank of Communications	66,564	65,636	13,741	10,933	31,190	28,951	49,115	47,618
7	China Merchants Bank	40,364	46,885	11,082	8,423	26,562	23,742	24,884	31,566
8	China CITIC Bank	35,984	37,351	4,817	4,329	19,060	17,383	21,741	24,297
9	Agricultural Development Bank of China	29,657	34,711	(2)	(11)	12,802	12,208	16,853	22,492
10	Shanghai Pudong Development Bank	33,538	31,534	2,902	2,808	16,080	15,292	20,360	19,050
11	China Minsheng Banking Corporation	32,240	30,380	9,211	4,367	20,539	17,817	20,912	16,930
12	China Industrial Bank	27,202	26,192	4,328	3,500	13,795	12,306	17,735	17,386
13	China Everbright Bank	19,602	22,336	4,624	2,342	11,343	10,261	12,883	14,417
14	Hua Xia Bank	15,807	16,485	1,316	1,117	8,935	8,674	8,188	8,928
15	The Export-Import Bank of China	3,498	3,623	2,381	2,713	2,205	2,015	3,674	4,320
16	Guangdong Development Bank	13,098	15,716	1,995	1,953	8,607	7,827	6,486	9,842
17	Shenzhen Development Bank	12,984	12,598	2,130	1,915	7,380	6,376	7,734	8,137
18	Bank of Beijing	10,954	11,088	928	1,204	4,062	3,608	7,820	8,684
19	Bank of Shanghai	9,052	9,282	356	515	4,358	4,149	5,050	5,648
20	Bank of Jiangsu	7,807	6,825	603	343	3,805	3,144	4,605	4,024
21	Beijing Rural Commercial Bank	3,752	5,037	2,052	2,007	3,066	2,961	2,738	4,083
22	Ping An Bank	3,425	3,814	839	63	2,845	2,100	1,419	1,777
23	Evergrowing Bank	2,854	2,108	8	940	1,352	1,167	1,510	1,881
24	Shanghai Rural Commercial Bank	4,999	5,324	(71)	(65)	2,303	1,994	2,625	3,265
25	Guangzhou Rural Commercial Bank	4,192	3,224	285	182	1,844	1,712	2,633	1,694
26	China Zheshang Bank	3,100	2,105	212	42	1,869	1,201	1,443	946
27	Bank of Ningbo	3,553	2,891	622	513	2,000	1,596	2,175	1,808
28	Huishang Bank	3,448	3,284	1,137	1,105	1,881	1,974	2,704	2,415
29	HSBC (China)	2,746	3,965	991	1,387	3,166	3,165	571	2,187
30	Bank of Hangzhou	3,223	2,649	436	498	1,623	1,261	2,036	1,886
31	Bank of Tianjin	3,500	3,088	(35)	535	1,283	1,149	2,182	2,474
32	Bank of Nanjing	3,167	2,596	461	627	1,397	1,000	2,231	2,223
33	Standard Chartered Bank (China)	2,823	3,139	851	1,075	3,128	3,148	546	1,066
34	Bank of Guangzhou	1,647	1,228	(27)	233	724	646	896	815
35	Bank of Dalian	2,334	2,758	132	202	1,224	1,100	1,242	1,860
36	Chengdu Rural Commercial Bank*	2,920	n/a	630	n/a	1,479	n/a	2,071	n/a
37	Bank of East Asia (China)	2,557	2,590	353	293	1,630	1,475	1,280	1,408
38	China Bohai Bank	1,808	991	404	277	1,432	872	780	396
39	Bank of Chengdu	2,207	2,368	165	74	883	788	1,489	1,654
40	Harbin Bank	1,649	1,505	376	610	914	712	1,111	1,403
41	Baoshang Bank	1,208	761	866	953	920	679	1,154	1,035
42	Bank of Chongqing	1,935	1,822	158	90	901	820	1,192	1,092
43	Bank of Dongguan	1,595	1,693	391	495	908	802	1,078	1,386
44	Bank of Tokyo-Mitsubishi UFJ (China)	1,188	1,487	751	1,190	602	629	1,337	2,048
45	Bank of Changsha	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
46	Xi'an City Commercial Bank	1,371	1,517	185	112	590	487	966	1,142
47	Hankou Bank	1,332	1,208	15	100	652	572	695	736
48	Qilu Bank	1,708	1,816	150	91	748	680	1,110	1,227
49	Hangzhou United Bank	1,602	1,820	13	-	573	548	1,042	1,272
50	Nanhai Rural Credit Cooperatives of Foshan	1,016	1,124	332	230	579	548	769	806
51	Bank of Hebei	1,078	1,049	31	53	507	471	602	631
52	Bank of Jinzhou	1,349	1,072	23	36	584	491	788	617
53	Fudian Bank	1,314	1,198	114	164	837	698	591	664
54	Zhejiang Xiaoshan Rural Cooperative Bank	1,115	1,239	200	(9)	n/a	n/a	n/a	n/a
55	Xiamen International Bank	704	848	489	282	601	625	592	505
56	Bank of Nanchang	1,125	1,150	484	271	556	517	1,053	904
57	Bank of Qingdao	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
58	Bank of Zhengzhou	832	784	328	292	446	366	714	710
59	Jiangsu Jianguyin Rural Commercial Bank	1,229	1,335	50	27	362	293	917	1,069
60	Fujian Haixia Bank	604	603	366	304	413	350	557	557
61	Bank of Wenzhou	1,156	1,206	42	33	647	541	551	698
62	Jiangsu Changshu Rural Commercial Bank	n/a	841	n/a	98	n/a	294	n/a	645
63	Ningbo Yinzhou Rural Cooperative Bank	933	1,106	285	219	402	384	816	941
64	Bank of Ningxia	1,255	1,178	(1)	66	515	479	739	765
65	DBS (China)	1,018	1,110	65	88	659	593	424	605
66	Jiangsu Xizhou Rural Commercial Bank	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
67	Anshan City Commercial Bank	1,013	606	126	86	383	223	756	469
68	Taizhou City Commercial Bank	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
69	Bank of Shaoxing	757	880	11	25	286	292	482	613
70	Rural Commercial Bank of Zhangjiagang	894	892	95	48	336	278	653	662
71	Zhejiang Chouzhou Commercial Bank	819	518	54	50	440	225	433	343
72	Binhai Bank	n/a	694	n/a	127	n/a	252	n/a	569
73	Nanyang Commercial Bank (China)	465	n/a	50	n/a	399	n/a	116	n/a
74	Jinshang Bank	550	346	234	243	484	346	300	243
75	Jiangsu Wujiang Rural Commercial Bank	947	988	42	28	424	383	565	633
76	Bank of Weifang	793	692	188	211	407	363	574	540
77	Bank of Luoyang	742	759	31	78	263	221	510	616

* Rural Credit Cooperative Union of Chengdu changed its name to Chengdu Rural Commercial Bank on 31 December 2009.

Profit and loss (in RMB million)

Charge for bad and doubtful debts		Exceptional and other items		Profit before tax		Net profit after tax	
2009	2008	2009	2008	2009	2008	2009	2008
21,682	36,512	1,254	1,770	167,248	145,301	129,350	111,151
24,256	36,246	1,123	1,134	138,725	119,741	106,836	92,642
44,289	39,858	186	278	73,928	52,349	65,002	51,453
15,445	16,792	539	98	111,097	86,251	85,349	65,073
20,189	23,376	212	5,108	42,192	27,938	31,872	20,755
11,258	10,715	21	35	38,240	35,818	30,211	28,520
3,073	3,703	471	347	22,384	26,759	18,235	20,946
2,446	5,727	143	175	19,265	17,679	14,560	13,220
13,570	19,757	(132)	(100)	3,145	2,610	2,247	1,714
3,053	3,471	118	(29)	17,296	15,303	13,215	12,516
4,792	5,686	51	76	15,656	10,488	12,108	7,893
559	3,238	12	67	17,229	14,037	13,282	11,385
2,385	6,050	(30)	(205)	10,493	7,924	7,643	7,316
3,330	4,507	17	(27)	4,828	4,007	3,760	3,071
n/a	n/a	437	199	3,486	2,826	2,521	2,222
1,461	6,678	(9)	107	5,012	3,084	3,387	2,784
1,441	6,973	32	(10)	6,191	793	5,031	614
695	1,725	8	108	7,162	6,945	5,633	5,417
1,333	1,982	146	(27)	4,078	3,454	3,623	3,077
n/a	n/a	107	5	3,527	2,980	2,621	2,251
1,638	2,486	41	(20)	1,077	791	773	499
194	212	143	101	1,379	1,609	1,105	1,636
36	713	(16)	4	1,458	1,170	1,190	934
278	3,000	137	891	2,484	3,930	1,969	3,651
348	1,142	(288)	23	705	566	314	390
389	257	8	3	1,061	655	867	591
422	257	(3)	(28)	1,750	1,523	1,457	1,332
478	860	49	46	2,275	1,591	1,755	1,261
(7)	24	79	28	657	2,191	718	1,799
381	320	(11)	(11)	1,642	1,545	1,366	1,277
474	866	(52)	-	1,573	1,505	1,310	1,292
356	400	(3)	6	1,871	1,741	1,545	1,456
126	209	25	(26)	428	825	423	638
n/a	n/a	5	17	500	831	508	814
(107)	156	(31)	(6)	1,279	1,114	951	893
n/a	n/a	38	n/a	1,665	n/a	1,237	n/a
n/a	83	48	18	1,197	1,343	898	1,020
444	213	35	28	370	211	256	127
113	487	30	41	1,407	1,201	1,079	915
64	256	-	(22)	1,023	1,126	784	856
61	1	2	5	1,094	978	914	788
85	230	17	(12)	1,123	852	876	655
n/a	n/a	(14)	(1)	1,087	1,134	906	905
261	247	59	(45)	1,133	1,762	833	1,265
80	n/a	n/a	n/a	n/a	n/a	780	738
39	137	6	2	930	909	716	676
214	129	9	22	616	479	490	390
482	757	2	2	609	468	489	351
205	508	22	49	859	813	695	487
n/a	n/a	(18)	4	199	197	168	109
436	114	208	(44)	394	100	324	160
110	255	(1)	9	677	388	509	271
288	41	8	813	315	1,445	264	1,124
n/a	n/a	8	10	852	791	692	594
n/a	n/a	19	7	556	493	413	369
n/a	n/a	(11)	(1)	834	642	677	471
n/a	n/a	-	1	508	461	419	323
n/a	n/a	(1)	(2)	331	248	254	190
125	293	12	(6)	808	764	627	598
193	139	13	(5)	377	413	324	376
5	102	5	1	551	593	445	466
n/a	150	7	12	565	505	n/a	446
n/a	n/a	2	(3)	668	586	465	443
112	387	(8)	7	383	610	288	471
298	208	17	11	143	408	113	315
n/a	65	236	117	450	402	344	317
n/a	n/a	-	(13)	683	299	517	224
63	15	1	(4)	959	784	724	593
250	n/a	10	40	242	436	227	342
56	n/a	1	3	598	591	519	500
77	n/a	-	(2)	356	257	266	195
n/a	80	n/a	(1)	508	435	392	336
n/a	n/a	14	n/a	170	n/a	170	n/a
86	161	21	1	188	83	147	69
n/a	n/a	26	60	476	467	366	370
n/a	n/a	19	(188)	455	222	351	165
5	283	-	3	477	316	381	263

Financial highlights

Name of bank (ranked by total assets)		Profit and loss (in RMB million)							
		Net interest income		Non-interest income		Operating expenses		Operating profit before provisions	
		2009	2008	2009	2008	2009	2008	2009	2008
78	Qishang Bank	1,188	1,112	31	28	423	404	796	736
79	BNP Paribas (China)	464	252	35	950	437	316	62	886
80	The Royal Bank of Scotland (China)	551	n/a	n/a	n/a	n/a	n/a	n/a	n/a
81	Xiamen Bank	384	477	(5)	75	244	232	135	320
82	Zhejiang City Commercial Bank	375	552	114	58	195	164	294	446
83	Guangxi Beibu Gulf Bank	707	454	60	13	372	210	395	257
84	Yuhang Rural Cooperative Bank	666	924	n/a	n/a	n/a	n/a	n/a	n/a
85	Chongqing Three Gorges Bank	545	266	66	187	209	115	402	338
86	Zhejiang Tailong Commercial Bank	947	645	52	34	468	287	531	392
87	Bank of Yingkou	793	673	12	6	310	270	495	409
88	Yantai Bank	603	726	17	2	351	361	269	367
89	Linshang Bank	755	891	76	53	467	581	364	363
90	Bank of Rizhao	989	888	14	73	279	252	724	709
91	Bank of Liaoyang	721	543	83	54	306	290	498	307
92	Kunshan Rural Commercial Bank	763	706	45	39	260	229	548	516
93	Zhejiang Mintai Commercial Bank	667	379	39	27	339	180	367	226
94	Nanchong City Commercial Bank	539	351	107	87	226	172	420	266
95	Ordos Commercial Bank	691	372	53	36	220	126	524	282
96	Bank of Jiujiang	481	324	97	93	245	169	333	248
97	First Sino Bank	423	468	91	151	197	206	317	413
98	Laishang Bank	527	536	182	131	288	261	421	406
99	Bank of Inner Mongolia	717	545	103	72	344	298	476	319
100	Deyang City Commercial Bank	364	372	162	102	163	141	363	333
101	Jinhua City Commercial Bank	708	731	43	31	331	311	420	451
102	Hefei Science & Technology Rural Commercial Bank	n/a	376	n/a	n/a	n/a	n/a	n/a	n/a
103	Liuzhou City Commercial Bank	416	398	77	47	232	245	261	200
104	Bank of Jiaxing	417	482	153	75	237	220	333	337
105	Tieling Commercial Bank	351	291	30	5	183	144	198	152
106	OCBC Bank (China)	355	470	(3)	(50)	306	316	47	104
107	Dongying City Commercial Bank	508	503	5	(2)	202	198	311	303
108	Bank of Cangzhou	480	394	8	40	227	179	261	255
109	Panzhuhua City Commercial Bank	485	491	20	9	179	146	326	354
110	JP Morgan Chase (China)	243	322	153	189	224	278	172	233
111	Bank of Ganzhou	381	296	56	32	174	141	263	187
112	Guilin City Commercial Bank	356	290	88	67	189	155	255	202
113	United Overseas Bank (China)	374	481	13	(125)	248	240	139	116
114	Huzhou City Commercial Bank	385	416	37	12	205	194	217	234
115	Jincheng City Commercial Bank	200	219	132	73	113	115	219	177
116	Bank of Qinghai	331	n/a	52	n/a	146	n/a	237	n/a
117	Handan Commercial Bank	348	314	70	26	165	123	253	217
118	Zhejiang Wenling Rural Cooperative Bank	630	637	(111)	(192)	203	188	316	257
119	Wing Hang Bank (China)	297	284	24	43	179	149	142	178
120	Xingtai Commercial Bank	367	190	9	8	134	80	242	118
121	Taicang Rural Commercial Bank	431	378	22	12	181	149	272	241
122	Credit Agricole Corporate and Investment Bank (China)*	110	n/a	46	n/a	78	n/a	78	n/a
123	Bank of Chengde	416	366	38	25	102	84	352	307
124	Bank of Quanzhou	n/a	396	n/a	10	n/a	154	n/a	252
125	Chinese Mercantile Bank	237	270	46	42	61	63	222	249
126	Commercial Bank of Kaifeng	119	69	48	63	95	90	72	43
127	Jiaozuo City Commercial Bank	244	245	82	71	135	118	191	198
128	Bank of Xinxiang	419	349	66	76	141	107	344	318
129	Leshan City Commercial Bank	256	212	46	18	128	102	174	128
130	Bank of Shangrao	249	163	58	42	156	100	151	105
131	Woori Bank (China)	307	283	51	89	194	181	164	191
132	Societe Generale (China)	160	58	89	8	453	236	(204)	(170)
133	Xiangtan City Commercial Bank	156	129	116	104	147	120	125	113
134	Bank of Jining	276	333	21	17	131	133	166	217
135	Bank of Wuhai	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
136	Pingdingshan Commercial Bank	211	262	25	37	113	115	123	184
137	Heng Yang City Commercial Bank	129	96	12	13	95	90	46	19
138	Bank of Xuchang	165	146	34	39	105	92	94	93
139	Shinhan Bank (China)	195	138	19	(40)	141	99	73	(1)
140	Liangshan Prefecture Commercial Bank	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
141	Yibin City Commercial Bank	239	166	2	2	98	70	143	98
142	Qujing City Commercial Bank	197	179	7	9	104	93	100	95
143	Commercial Bank of Anyang	82	117	37	6	63	56	56	67
144	Zhumadian City Commercial Bank	240	229	37	40	97	84	180	185
145	Jilin Jiutai Rural Commercial Bank	202	172	34	(31)	119	n/a	117	n/a
146	CITIC Bank International (China)	116	79	16	22	81	68	51	33
147	Zaozhuang City Commercial Bank	197	183	5	3	72	70	130	116
148	Sanmenxia City Commercial Bank	96	109	(24)	(30)	44	41	28	38
149	Guizhou Xingyi Rural Credit Union	n/a	112	n/a	1	n/a	66	n/a	47
150	Commercial Bank of Anshun	106	n/a	(1)	n/a	56	n/a	49	n/a
151	Dah Sing Bank (China)	47	36	10	3	57	27	-	12
152	Morgan Stanley Bank (China)	58	101	8	228	65	57	1	272
153	Bank International Ningbo	30	81	27	24	38	41	19	64

* The 2009 financial information for Credit Agricole Corporate and Investment Bank (China) covers a five month period only because of the date of their incorporation.

Profit and loss (in RMB million)								
Charge for bad and doubtful debts		Exceptional and other items		Profit before tax		Net profit after tax		
2009	2008	2009	2008	2009	2008	2009	2008	
369	334	5	(5)	433	382	324	290	
(24)	105	39	(5)	125	776	84	600	
n/a	n/a	n/a	n/a	n/a	n/a	33	n/a	
n/a	n/a	(1)	(1)	95	280	63	215	
n/a	45	7	(1)	273	400	230	330	
n/a	122	(10)	69	264	202	197	152	
n/a	n/a	n/a	n/a	413	525	314	380	
41	31	1	1	363	307	272	230	
77	71	2	(1)	456	320	344	239	
45	70	39	33	489	372	362	261	
308	46	20	8	58	298	15	256	
n/a	n/a	1	(2)	56	92	20	68	
n/a	n/a	(4)	2	559	553	433	425	
124	n/a	1	-	374	175	314	79	
n/a	n/a	-	3	330	288	256	227	
n/a	n/a	9	-	305	198	225	146	
55	45	1	(3)	356	217	304	185	
165	19	-	(1)	359	262	251	196	
n/a	n/a	1	(2)	271	193	225	158	
(39)	72	12	-	368	341	279	259	
90	99	(2)	(8)	329	299	263	232	
130	181	1	1	288	166	211	103	
191	260	16	12	188	85	144	85	
215	141	5	1	206	280	175	228	
n/a	n/a	2	1	179	132	117	100	
82	25	5	3	184	178	139	132	
75	175	(1)	(5)	257	157	203	127	
115	84	(3)	8	80	101	60	75	
56	10	15	25	8	118	6	93	
n/a	n/a	1	(1)	262	227	200	163	
21	92	1	1	224	231	177	181	
n/a	n/a	(1)	(1)	308	333	231	250	
13	(11)	8	(3)	167	241	136	172	
27	13	3	1	238	153	186	120	
34	75	-	-	221	110	166	85	
41	135	7	7	105	(12)	79	(10)	
n/a	n/a	1	-	200	180	153	135	
66	6	-	1	141	132	112	103	
100	n/a	11	n/a	148	n/a	118	66	
71	n/a	(2)	1	180	168	136	126	
138	194	(27)	2	289	259	185	150	
12	61	1	-	131	117	95	101	
145	n/a	-	-	70	29	53	10	
72	75	(2)	2	170	158	141	129	
3	n/a	8	n/a	83	n/a	82	n/a	
(32)	32	-	1	304	276	236	214	
100	60	-	(2)	152	132	117	75	
n/a	n/a	2	(1)	100	221	76	178	
16	n/a	(2)	0	54	36	44	31	
110	133	(1)	(8)	80	67	60	51	
n/a	n/a	-	-	244	236	176	158	
78	71	79	-	165	57	118	33	
n/a	n/a	51	-	194	82	152	69	
70	n/a	1	-	56	179	50	141	
42	1	13	14	(217)	(184)	(219)	(172)	
n/a	n/a	10	28	85	118	79	100	
3	83	12	2	175	123	130	84	
n/a	n/a	n/a	n/a	210	n/a	n/a	n/a	
20	35	(4)	(41)	99	108	74	69	
134	9	6	14	42	24	34	24	
22	22	6	3	72	64	53	46	
(5)	3	1	27	76	18	57	12	
17	n/a	-	(1)	81	77	60	58	
n/a	n/a	(21)	(53)	93	40	72	25	
n/a	n/a	1	-	65	61	48	46	
1	n/a	3	1	57	42	43	28	
35	92	-	-	145	93	93	78	
7	n/a	-	-	110	92	83	92	
15	16	3	20	35	37	27	31	
31	61	(1)	2	98	57	73	35	
25	n/a	7	1	35	39	33	36	
n/a	n/a	n/a	1	n/a	32	38	22	
n/a	n/a	-	n/a	37	n/a	28	n/a	
(1)	5	4	21	5	32	4	23	
-	-	-	1	1	273	4	223	
-	-	1	-	20	64	15	48	

Financial highlights

Name of bank (ranked by total assets)		Size and strength measures (in RMB million)					
		Total assets		Gross advances to customers		Provisions against customer advances	
		2009	2008	2009	2008	2009	2008
1	Industrial and Commercial Bank of China	11,785,053	9,757,654	5,728,626	4,571,994	145,452	135,983
2	China Construction Bank	9,623,355	7,555,452	4,819,773	3,793,943	126,826	110,368
3	Agricultural Bank of China	8,882,588	7,014,351	4,138,187	3,100,159	126,692	85,175
4	Bank of China	8,751,943	6,955,694	4,910,358	3,296,146	112,950	106,494
5	China Development Bank	4,541,058	3,821,218	3,708,410	2,898,555	74,625	57,874
6	Bank of Communications	3,309,137	2,678,255	1,839,314	1,328,590	37,776	29,814
7	China Merchants Bank	2,067,941	1,571,797	1,185,822	874,362	24,005	21,608
8	China CITIC Bank	1,775,031	1,319,255	1,065,649	730,386	15,170	14,000
9	Agricultural Development Bank of China	1,656,824	1,354,649	1,451,259	1,219,279	14,731	12,377
10	Shanghai Pudong Development Bank	1,622,718	1,309,425	928,855	697,565	18,347	16,298
11	China Minsheng Banking Corporation	1,426,392	1,054,350	882,979	658,360	15,241	11,885
12	China Industrial Bank	1,332,162	1,020,899	701,597	499,386	9,634	9,400
13	China Everbright Bank	1,197,696	851,838	647,916	464,574	15,765	14,053
14	Hua Xia Bank	845,456	731,637	430,226	355,478	10,773	9,810
15	The Export-Import Bank of China	792,138	641,570	n/a	n/a	n/a	n/a
16	Guangdong Development Bank	666,487	546,015	380,875	311,699	14,240	13,360
17	Shenzhen Development Bank	587,811	474,440	359,518	283,742	3,955	2,027
18	Bank of Beijing	533,469	417,021	273,481	193,074	6,031	5,383
19	Bank of Shanghai	466,039	367,736	244,704	178,002	6,568	5,375
20	Bank of Jiangsu	330,654	225,211	193,710	134,231	4,449	3,708
21	Beijing Rural Commercial Bank	284,312	227,338	122,147	117,713	5,965	4,672
22	Ping An Bank	220,681	145,923	107,562	72,486	772	601
23	Evergrowing Bank	213,764	150,996	93,729	65,756	762	722
24	Shanghai Rural Commercial Bank	212,250	170,382	118,778	93,130	2,198	1,929
25	Guangzhou Rural Commercial Bank	185,692	147,527	91,536	71,950	n/a	n/a
26	China Zhesang Bank	163,418	83,803	87,443	51,388	1,011	621
27	Bank of Ningbo	163,352	103,263	81,864	49,156	1,096	690
28	Huishang Bank	162,400	131,309	96,521	76,736	2,434	1,972
29	HSBC (China)	162,052	153,002	65,451	54,195	262	275
30	Bank of Hangzhou	149,991	99,617	85,765	58,106	1,259	879
31	Bank of Tianjin	149,670	122,835	63,905	50,032	2,112	1,878
32	Bank of Nanjing	149,566	91,911	67,028	40,179	1,420	1,122
33	Standard Chartered Bank (China)	131,167	124,168	74,092	64,876	373	315
34	Bank of Guangzhou	127,386	110,994	50,066	38,918	277	469
35	Bank of Dalian	126,829	85,548	58,708	46,480	1,441	1,604
36	Chengdu Rural Commercial Bank*	126,189	n/a	67,813	n/a	1,374	n/a
37	Bank of East Asia (China)	120,996	118,036	84,865	81,618	218	163
38	China Bohai Bank	117,516	62,211	69,735	34,749	840	396
39	Bank of Chengdu	104,346	72,512	54,969	40,429	1,205	2,146
40	Harbin Bank	84,536	63,302	43,353	33,654	691	675
41	Baoshang Bank	81,649	61,936	27,949	23,162	329	270
42	Bank of Chongqing	80,866	56,442	42,255	28,793	760	668
43	Bank of Dongguan	79,209	70,041	32,485	28,147	796	835
44	Bank of Tokyo-Mitsubishi UFJ (China)	77,766	80,005	46,199	53,553	240	503
45	Bank of Changsha	64,522	57,157	27,623	23,081	789	926
46	Xi'an City Commercial Bank	62,647	51,665	31,025	27,077	908	1,016
47	Hankou Bank	62,579	42,922	30,451	21,104	636	455
48	Qilu Bank	61,789	49,545	35,310	28,156	1,411	1,028
49	Hangzhou United Bank	59,357	45,701	36,027	27,217	1,272	1,091
50	Nanhai Rural Credit Cooperatives of Foshan	55,835	49,272	32,584	27,379	1,185	997
51	Bank of Hebei	54,846	41,385	26,366	19,665	408	342
52	Bank of Jinzhou	54,382	35,492	31,163	20,336	717	615
53	Fudian Bank	53,615	39,073	28,626	20,613	1,009	689
54	Zhejiang Xiaoshan Rural Cooperative Bank	53,357	45,618	29,686	23,210	786	681
55	Xiamen International Bank	46,893	43,989	n/a	n/a	n/a	n/a
56	Bank of Nanchang	44,264	35,090	22,366	17,459	704	506
57	Bank of Qingdao	43,629	32,555	22,498	17,667	n/a	n/a
58	Bank of Zhengzhou	42,427	33,993	20,203	16,203	567	453
59	Jiangsu Jiangyin Rural Commercial Bank	41,572	32,058	25,355	19,832	588	508
60	Fujian Haixia Bank	41,531	30,795	19,586	15,908	442	288
61	Bank of Wenzhou	41,017	34,141	24,593	20,479	332	328
62	Jiangsu Changshu Rural Commercial Bank	40,371	35,703	22,188	18,184	429	468
63	Ningbo Yinzhou Rural Cooperative Bank	39,584	32,503	24,067	19,286	622	631
64	Bank of Ningxia	37,209	29,317	20,249	16,501	769	369
65	DBS (China)	37,017	37,071	28,771	27,026	611	488
66	Jiangsu Xizhou Rural Commercial Bank	36,598	28,423	23,223	16,329	576	389
67	Anshan City Commercial Bank	35,072	23,217	19,984	12,036	796	405
68	Taizhou City Commercial Bank	33,723	25,215	20,960	15,153	157	101
69	Bank of Shaoxing	33,398	29,365	20,459	18,587	804	562
70	Rural Commercial Bank of Zhangjiagang	32,518	26,824	18,005	13,327	443	396
71	Zhejiang Chouzhou Commercial Bank	32,501	18,789	19,969	11,431	238	153
72	Binhai Bank	32,282	21,493	19,102	11,267	371	279
73	Nanyang Commercial Bank (China)	32,091	14,219	25,233	n/a	221	n/a
74	Jinshang Bank	32,048	20,983	17,730	9,113	486	399
75	Jiangsu Wujiang Rural Commercial Bank	31,559	25,907	19,892	15,983	573	465
76	Bank of Weifang	31,449	26,874	19,069	15,280	412	295
77	Bank of Luoyang	30,753	24,482	15,674	13,542	431	427

* Rural Credit Cooperative Union of Chengdu changed its name to Chengdu Rural Commercial Bank on 31 December 2009.

Size and strength measures (in RMB million)

Total deposits from customers		Total equity		Capital adequacy ratio		Liquidity ratio	
2009	2008	2009	2008	2009	2008	2009	2008
9,771,277	8,223,446	678,934	607,138	12.36%	13.06%	30.70%	33.30%
8,001,323	6,375,915	559,020	467,562	11.70%	12.16%	49.63%	52.74%
7,497,618	6,097,428	342,925	290,541	10.07%	9.41%	40.99%	44.79%
6,685,049	5,173,352	545,394	493,901	11.14%	13.43%	45.30%	48.80%
387,083	245,012	379,913	348,528	11.83%	11.31%	n/a	n/a
2,372,055	1,865,815	164,425	145,642	12.00%	13.47%	28.02%	39.72%
1,608,146	1,250,648	92,783	79,781	10.45%	11.34%	34.47%	43.14%
1,341,927	1,027,325	107,008	129,059	10.14%	14.32%	48.12%	51.37%
273,890	183,285	25,301	22,773	n/a	n/a	n/a	n/a
1,295,342	947,294	68,087	41,702	10.34%	9.06%	48.71%	55.24%
1,127,938	785,786	88,894	54,672	10.83%	9.22%	34.56%	45.52
900,884	632,426	59,597	49,022	10.75%	11.24%	32.07%	41.04%
799,644	605,170	48,121	33,232	10.39%	9.10%	35.38%	47.61%
581,678	485,350	30,234	27,421	10.20%	11.40%	28.68%	52.90%
51,277	44,183	10,189	7,583	n/a	n/a	n/a	n/a
543,890	404,655	22,190	19,602	8.98%	11.63%	54.28%	52.59%
454,635	360,514	20,470	16,401	8.88%	8.58%	38.59%	41.50%
446,939	315,840	37,578	33,814	14.35%	19.66%	46.99%	63.00%
333,421	266,363	21,512	18,840	10.29%	11.27%	34.92%	38.21%
278,740	199,852	15,038	11,230	10.74%	10.48%	50.16%	55.82%
262,244	207,293	7,886	7,684	11.10%	10.50%	65.40%	55.20%
149,065	106,814	14,315	8,641	13.05%	10.69%	n/a	66.99%
138,654	85,137	10,127	4,103	12.00%	8.91%	73.24%	68.13%
179,234	147,080	13,069	11,217	11.95%	11.80%	44.65%	61.08%
152,368	128,877	11,366	5,881	11.95%	n/a	n/a	n/a
121,381	71,468	8,700	4,302	11.06%	10.01%	39.53%	62.60%
110,752	76,222	9,742	8,805	10.75%	16.15%	46.17%	56.44%
132,561	100,249	12,809	11,957	12.14%	14.94%	35.61%	39.44%
117,624	100,094	12,254	11,644	15.70%	16.00%	n/a	n/a
124,279	82,043	10,363	4,809	12.63%	10.48%	58.16%	64.83%
128,335	105,850	8,327	8,007	12.48%	12.38%	60.84%	63.96%
102,127	62,731	12,168	11,346	13.90%	24.12%	40.24%	50.92%
77,952	69,016	10,949	8,311	14.10%	n/a	n/a	n/a
108,324	95,232	8,376	7,881	14.66%	10.66%	80.79%	83.84%
103,628	70,495	6,175	5,270	13.38%	10.94%	70.32%	51.74%
103,684	n/a	7,923	n/a	12.43%	n/a	n/a	n/a
84,090	66,516	11,167	10,290	15.00%	15.17%	40.10%	59.03%
101,590	48,653	5,242	4,990	10.21%	13.24%	42.61%	50.29%
91,404	62,908	7,748	6,669	13.57%	16.84%	54.56%	60.67%
74,997	53,080	3,881	3,193	13.12%	10.72%	43.41%	45.95%
67,604	47,768	3,564	3,032	12.40%	12.50%	66.08%	45.81%
59,248	42,244	4,036	3,291	13.75%	10.77%	40.38%	37.62%
59,128	49,787	4,137	3,504	13.08%	14.37%	42.59%	47.75%
50,837	44,412	8,411	7,590	n/a	n/a	67.54%	n/a
51,584	39,726	2,427	1,767	11.14%	9.86%	59.09%	55.86%
52,083	39,914	3,867	1,831	17.52%	12.72%	53.94%	36.14%
50,777	34,573	3,769	3,429	11.62%	13.25%	45.46%	48.60%
53,660	43,891	2,815	2,671	11.66%	11.34%	50.10%	60.45%
51,702	40,661	3,791	3,183	11.18%	10.00%	67.75%	76.17%
50,789	44,603	3,422	3,171	3.24%	0.20%	55.39%	n/a
50,580	34,589	3,278	1,958	13.93%	10.82%	56.73%	46.68%
44,432	29,911	5,073	2,195	14.62%	10.30%	49.83%	55.86%
39,782	28,318	3,172	2,937	13.33%	16.03%	33.65%	33.97%
44,003	35,808	3,650	2,943	11.83%	11.68%	62.61%	77.98%
36,844	31,986	2,813	2,410	n/a	n/a	n/a	n/a
34,947	28,652	4,217	3,687	14.16%	16.41%	45.45%	51.09%
32,236	25,038	4,119	3,919	15.50%	19.69%	36.88%	57.82%
34,940	27,171	2,074	1,851	14.67%	9.36%	54.55%	44.67%
35,841	28,317	2,717	2,169	11.73%	13.70%	n/a	n/a
30,531	24,624	4,089	1,823	17.25%	11.59%	41.99%	42.48%
31,516	24,660	2,611	1,800	11.60%	10.60%	37.41%	52.61%
35,002	28,456	2,593	2,333	11.55%	14.78%	42.95%	40.63%
33,713	26,927	2,391	1,921	11.52%	12.89%	51.87%	87.17%
29,547	24,412	3,063	2,193	14.69%	13.92%	42.99%	39.33%
20,584	18,332	4,526	4,413	17.60%	17.50%	72.50%	91.50%
32,045	24,116	2,098	1,838	12.22%	12.96%	34.60%	35.46%
31,420	20,321	3,083	2,148	11.73%	14.02%	58.66%	63.71%
29,647	21,812	2,421	1,696	10.82%	10.77%	58.45%	54.85%
29,943	25,058	2,093	1,991	12.11%	10.40%	76.13%	90.34%
26,225	20,596	3,249	2,872	13.51%	14.67%	60.31%	59.33%
27,327	15,495	2,152	1,044	13.03%	10.58%	51.08%	76.72%
n/a	17,335	3,475	2,483	15.95%	20.61%	32.01%	84.39%
12,026	3,712	4,901	2,699	21.62%	n/a	50.00%	n/a
28,710	17,685	2,835	2,576	16.48%	32.38%	51.22%	102.12%
28,657	23,308	1,977	1,658	13.24%	14.01%	35.96%	32.99%
28,629	22,991	1,971	1,638	11.20%	12.21%	67.85%	85.53%
25,321	20,548	1,769	1,485	13.17%	12.38%	44.37%	50.14%

Financial highlights

Name of bank (ranked by total assets)	Size and strength measures (in RMB million)					
	Total assets		Gross advances to customers		Provisions against customer advances	
	2009	2008	2009	2008	2009	2008
78 Qishang Bank	30,092	24,864	19,367	15,604	680	430
79 BNP Paribas (China)	28,697	36,158	8,564	12,544	149	177
80 The Royal Bank of Scotland (China)	28,483	n/a	n/a	n/a	n/a	n/a
81 Xiamen Bank	28,277	16,539	8,935	8,483	340	349
82 Zhanjiang City Commercial Bank	27,779	15,502	15,168	9,155	110	92
83 Guangxi Beibu Gulf Bank	27,199	16,067	13,335	7,517	328	207
84 Yuhang Rural Cooperative Bank	26,589	21,417	15,828	12,671	393	375
85 Chongqing Three Gorges Bank	26,569	18,934	8,026	3,784	84	43
86 Zhejiang Tailong Commercial Bank	26,249	18,096	15,409	10,194	193	129
87 Bank of Yingkou	26,190	17,365	14,612	10,061	316	277
88 Yantai Bank	26,131	27,191	15,869	15,866	444	431
89 Linshang Bank	25,547	17,075	14,483	10,620	476	504
90 Bank of Rizhao	25,355	18,333	14,724	10,271	464	303
91 Bank of Liaoyang	25,260	18,867	15,854	11,551	604	498
92 Kunshan Rural Commercial Bank	24,976	19,662	16,333	11,843	718	491
93 Zhejiang Mintai Commercial Bank	24,363	15,669	11,102	6,547	131	65
94 Nanchong City Commercial Bank	24,155	16,418	10,049	6,466	171	117
95 Ordos Commercial Bank	24,116	11,150	7,560	4,695	228	63
96 Bank of Jiujiang	23,008	13,443	11,371	7,119	143	87
97 First Sino Bank	21,616	15,878	15,430	11,412	130	175
98 Laishang Bank	21,321	14,572	10,129	7,829	284	195
99 Bank of Inner Mongolia	20,642	15,795	10,924	8,327	460	336
100 Deyang City Commercial Bank	20,035	12,581	10,222	6,566	312	247
101 Jinhua City Commercial Bank	19,825	20,481	12,572	11,439	382	166
102 Hefei Science & Technology Rural Commercial Bank	19,687	13,037	9,540	7,596	87	109
103 Liuzhou City Commercial Bank	18,350	10,121	8,232	6,055	208	119
104 Bank of Jiaxing	17,821	14,105	11,293	9,056	319	300
105 Tieling Commercial Bank	17,660	11,994	8,649	6,301	327	187
106 OCBC Bank (China)	17,579	15,824	9,563	8,471	113	70
107 Dongying City Commercial Bank	17,245	14,267	10,396	8,617	220	186
108 Bank of Cangzhou	17,238	12,243	9,300	5,818	188	173
109 Panzhihua City Commercial Bank	16,763	13,391	9,627	7,967	109	91
110 JP Morgan Chase (China)	16,342	17,631	4,119	5,015	41	50
111 Bank of Ganzhou	15,744	10,147	8,529	5,745	91	64
112 Guilin City Commercial Bank	15,190	9,190	7,693	5,097	77	55
113 United Overseas Bank (China)	14,579	17,535	9,699	10,905	305	284
114 Huzhou City Commercial Bank	14,492	10,840	8,943	6,301	154	136
115 Jincheng City Commercial Bank	13,871	10,479	5,836	5,119	137	77
116 Bank of Qinghai	13,824	10,419	7,505	5,904	262	174
117 Handan Commercial Bank	13,613	8,755	7,556	4,597	113	78
118 Zhejiang Wenling Rural Cooperative Bank	13,005	10,827	8,402	6,847	450	329
119 Wing Hang Bank (China)	12,975	11,561	9,308	8,452	93	84
120 Xingtai Commercial Bank	12,823	7,411	5,379	3,591	181	130
121 Taicang Rural Commercial Bank	12,275	9,813	8,111	6,241	237	172
122 Credit Agricole Corporate and Investment Bank (China)*	12,136	n/a	6,374	n/a	91	n/a
123 Bank of Chengde	12,070	8,273	5,530	4,145	119	78
124 Bank of Quanzhou	11,543	10,597	7,010	5,794	217	147
125 Chinese Mercantile Bank	11,243	9,356	n/a	n/a	n/a	n/a
126 Commercial Bank of Kaifeng	10,772	7,429	4,362	2,776	101	85
127 Jiaozuo City Commercial Bank	10,630	9,791	6,500	6,007	304	267
128 Bank of Xinxiang	10,612	10,133	6,704	6,302	322	224
129 Leshan City Commercial Bank	10,599	6,309	5,826	3,533	155	86
130 Bank of Shangrao	10,209	6,306	4,939	3,448	75	94
131 Woori Bank (China)	10,130	11,381	7,562	8,765	197	95
132 Societe Generale (China)	9,933	6,471	7,307	2,974	93	50
133 Xiangtan City Commercial Bank	9,801	8,210	4,231	3,362	118	71
134 Bank of Jining	8,992	6,841	5,923	4,159	174	163
135 Bank of Wuhai	8,885	n/a	4,513	n/a	n/a	n/a
136 Pingdingshan Commercial Bank	8,293	7,377	5,250	4,378	130	93
137 Heng Yang City Commercial Bank	8,184	7,267	3,925	3,494	219	85
138 Bank of Xuchang	8,009	6,421	4,378	3,448	83	76
139 Shinhan Bank (China)	7,794	7,490	4,484	5,203	65	70
140 Liangshan Prefecture Commercial Bank	7,539	6,197	3,129	2,125	54	39
141 Yibin City Commercial Bank	6,897	5,124	3,303	2,201	84	55
142 Qujing City Commercial Bank	6,858	5,554	3,466	2,837	35	29
143 Commercial Bank of Anyang	6,705	4,892	3,365	2,829	81	89
144 Zhumadian City Commercial Bank	6,029	5,261	3,498	3,091	163	128
145 Jilin Jiutai Rural Commercial Bank	5,849	4,427	2,506	1,713	28	30
146 CITIC Bank International (China)	5,728	4,347	3,612	3,776	38	23
147 Zaozhuang City Commercial Bank	5,363	4,390	2,700	2,101	87	79
148 Sanmenxia City Commercial Bank	3,673	3,646	2,286	2,127	120	96
149 Guizhou Xingyi Rural Credit Union	3,639	2,865	2,173	1,507	n/a	65
150 Commercial Bank of Anshun	3,447	1,765	1,975	n/a	56	48
151 Dah Sing Bank (China)	2,487	1,925	1,322	752	6	7
152 Morgan Stanley Bank (China)	2,464	3,427	269	876	-	-
153 Bank International Ningbo	2,134	1,922	415	214	-	-

* The 2009 financial information for Credit Agricole Corporate and Investment Bank (China) covers a five month period only because of the date of their incorporation.

Size and strength measures (in RMB million)

Total deposits from customers		Total equity		Capital adequacy ratio		Liquidity ratio	
2009	2008	2009	2008	2009	2008	2009	2008
26,459	21,841	2,159	1,679	13.02%	14.20%	54.35%	67.45%
7,163	7,210	4,382	4,348	24.00%	31.00%	n/a	n/a
9,952	n/a	4,396	n/a	n/a	n/a	n/a	n/a
18,888	13,177	1,344	1,066	12.94%	10.57%	84.84%	53.28%
24,432	14,130	2,829	941	13.11%	8.73%	64.10%	81.25%
23,423	13,228	3,220	2,576	22.34%	38.09%	48.59%	63.23%
22,420	17,688	1,518	1,233	10.41%	10.77%	56.33%	68.88%
15,772	9,399	2,449	2,257	14.62%	52.15%	62.33%	86.04%
22,759	15,624	1,629	845	13.12%	11.89%	59.16%	62.89%
22,936	15,363	2,348	1,287	14.12%	9.73%	49.26%	44.53%
22,061	21,541	2,895	1,170	23.05%	8.58%	46.04%	41.14%
22,354	14,762	2,052	1,331	12.85%	11.20%	44.80%	46.06%
20,961	13,165	1,840	1,516	16.06%	18.64%	74.83%	78.82%
22,817	17,353	2,170	1,131	15.05%	9.76%	51.42%	n/a
22,617	17,893	1,357	1,086	14.07%	12.81%	45.26%	49.85%
20,560	12,519	1,556	807	14.18%	10.59%	75.45%	80.44%
17,267	10,038	963	748	11.17%	11.29%	92.04%	98.39%
21,925	10,476	1,285	574	13.57%	8.12%	60.57%	55.58%
16,236	9,521	1,622	1,474	13.21%	25.46%	93.55%	59.92%
18,282	12,085	1,896	1,629	12.98%	15.87%	n/a	n/a
17,032	12,566	1,630	904	14.33%	14.54%	106.92%	112.50%
17,598	14,795	2,491	780	17.24%	10.04%	43.42%	40.23%
16,374	10,669	622	480	11.75%	9.19%	48.29%	47.83%
17,442	17,912	1,275	1,173	13.84%	10.22%	47.12%	74.91%
16,613	10,650	866	749	n/a	10.10%	65.50%	64.32%
15,735	9,402	1,105	548	13.85%	9.12%	61.02%	39.11%
15,944	12,639	1,067	938	11.27%	10.36%	54.02%	45.49%
15,080	10,326	1,013	719	10.19%	9.06%	47.74%	64.12%
5,880	6,231	3,573	3,568	36.61%	45.71%	n/a	n/a
14,811	11,848	999	859	13.74%	12.31%	42.14%	45.99%
15,605	10,677	1,251	777	14.40%	14.35%	53.26%	103.05%
14,926	11,897	838	653	12.10%	9.19%	63.42%	56.90%
4,344	3,608	4,469	2,327	40.00%	21.00%	159.00%	192.00%
14,292	8,877	1,201	732	12.25%	12.64%	58.09%	58.41%
12,917	7,595	1,079	563	13.23%	10.19%	35.39%	34.18%
6,641	5,217	3,363	3,276	37.30%	30.60%	n/a	n/a
12,370	9,226	1,049	605	11.17%	8.85%	57.73%	72.83%
12,050	9,021	436	350	11.43%	10.52%	61.43%	51.72%
12,823	9,363	699	621	12.29%	13.74%	53.91%	41.54%
12,354	8,141	794	411	13.24%	n/a	56.67%	n/a
11,478	9,437	1,272	1,127	14.15%	15.50%	46.55%	49.72%
7,145	4,765	1,782	1,838	25.00%	28.00%	n/a	n/a
10,034	5,675	880	515	17.10%	15.13%	71.77%	54.02%
11,063	8,810	842	720	13.27%	13.73%	n/a	n/a
4,780	n/a	3,081	n/a	42.10%	n/a	n/a	n/a
10,494	7,364	827	659	16.13%	17.16%	62.12%	57.74%
10,179	9,501	1,078	966	11.44%	11.68%	44.04%	65.20%
4,864	2,430	1,903	1,338	n/a	n/a	n/a	n/a
7,984	6,059	613	570	12.48%	14.50%	57.03%	57.60%
9,374	8,834	924	635	12.47%	9.78%	67.40%	69.50%
8,953	8,781	832	659	12.55%	10.61%	n/a	80.92%
8,859	5,594	553	391	11.70%	10.72%	53.36%	59.20%
8,156	5,180	889	737	17.22%	18.89%	64.20%	107.46%
5,222	3,219	2,372	2,324	30.57%	n/a	51.86%	n/a
4,039	1,001	3,606	3,822	n/a	n/a	n/a	n/a
8,248	6,334	488	407	9.45%	10.16%	59.12%	51.57%
8,161	5,748	644	544	11.95%	14.89%	76.86%	108.78%
8,357	n/a	477	n/a	15.21%	n/a	n/a	n/a
7,193	6,170	652	521	13.77%	12.97%	80.15%	88.66%
6,540	5,995	1,015	453	14.91%	8.88%	34.84%	41.29%
6,187	5,007	352	289	13.06%	13.04%	40.90%	38.96%
5,120	1,947	2,073	2,016	40.55%	37.88%	n/a	n/a
6,577	5,672	551	226	19.55%	10.84%	58.34%	56.81%
6,088	4,669	474	267	14.99%	12.08%	57.60%	43.39%
6,407	5,200	364	277	12.03%	n/a	47.72%	n/a
4,730	4,519	289	235	12.07%	14.47%	84.97%	58.76%
5,195	4,809	701	315	19.27%	11.72%	92.89%	91.70%
5,104	3,874	400	371	11.82%	20.34%	n/a	n/a
2,146	1,071	1,062	1,037	36.30%	33.30%	n/a	n/a
4,997	4,022	316	264	12.35%	13.00%	63.75%	72.65%
3,342	3,307	245	212	11.32%	10.08%	70.44%	88.42%
3,297	2,661	181	109	8.64%	7.36%	n/a	n/a
3,264	n/a	162	136	10.20%	15.06%	44.81%	46.46%
833	121	990	988	81.00%	134.00%	106.00%	380.00%
285	118	1,172	1,168	107.71%	68.46%	n/a	n/a
1,229	735	841	827	126.93%	244.30%	n/a	n/a

Key ratios

Name of bank (ranked by total assets)		Performance measures					
		Net loan/deposit ratio		Non-interest income/ total operating income		Net interest income/total assets	
		2009	2008	2009	2008	2009	2008
1	Industrial and Commercial Bank of China	57.14%	53.94%	20.47%	14.97%	2.09%	2.70%
2	China Construction Bank	58.65%	57.77%	20.62%	15.88%	2.20%	2.98%
3	Agricultural Bank of China	53.50%	49.45%	18.28%	8.21%	2.04%	2.76%
4	Bank of China	71.76%	61.66%	27.21%	24.04%	1.82%	2.34%
5	China Development Bank	938.76%	1,159.40%	6.14%	(0.85%)	1.64%	2.20%
6	Bank of Communications	75.95%	69.61%	17.11%	14.28%	2.01%	2.45%
7	China Merchants Bank	72.25%	68.18%	21.54%	15.23%	1.95%	2.98%
8	China CITIC Bank	78.28%	69.73%	11.81%	10.39%	2.03%	2.83%
9	Agricultural Development Bank of China	524.49%	658.48%	(0.01%)	(0.03%)	1.79%	2.56%
10	Shanghai Pudong Development Bank	70.29%	71.92%	7.96%	8.18%	2.07%	2.41%
11	China Minsheng Banking Corporation	76.93%	82.27%	22.22%	12.57%	2.26%	2.88%
12	China Industrial Bank	76.81%	77.48%	13.73%	11.79%	2.04%	2.57%
13	China Everbright Bank	79.05%	74.45%	19.09%	9.49%	1.64%	2.62%
14	Hua Xia Bank	72.11%	71.22%	7.69%	6.35%	1.87%	2.25%
15	The Export-Import Bank of China	1,154.28%	1,001.44%	40.50%	42.82%	0.44%	0.56%
16	Guangdong Development Bank	67.41%	73.73%	13.22%	11.05%	1.97%	2.88%
17	Shenzhen Development Bank	78.21%	78.14%	14.09%	13.20%	2.21%	2.66%
18	Bank of Beijing	59.84%	59.43%	7.81%	9.79%	2.05%	2.66%
19	Bank of Shanghai	71.42%	64.81%	3.78%	5.26%	1.94%	2.52%
20	Bank of Jiangsu	67.90%	65.31%	7.17%	4.79%	2.36%	3.03%
21	Beijing Rural Commercial Bank	44.30%	54.53%	35.35%	28.49%	1.32%	2.22%
22	Ping An Bank	71.64%	67.30%	19.68%	1.62%	1.55%	2.61%
23	Evergrowing Bank	67.05%	76.39%	0.28%	30.84%	1.34%	1.40%
24	Shanghai Rural Commercial Bank	65.04%	62.01%	(1.44%)	(1.24%)	2.36%	3.12%
25	Guangzhou Rural Commercial Bank	n/a	n/a	6.36%	5.35%	2.26%	2.19%
26	China Zheshang Bank	71.21%	71.03%	6.40%	1.96%	1.90%	2.51%
27	Bank of Ningbo	72.93%	63.59%	14.90%	15.07%	2.18%	2.80%
28	Huishang Bank	70.98%	74.58%	24.80%	25.18%	2.12%	2.50%
29	HSBC (China)	55.42%	53.87%	26.52%	25.92%	1.69%	2.59%
30	Bank of Hangzhou	68.00%	69.75%	11.92%	15.82%	2.15%	2.66%
31	Bank of Tianjin	48.15%	45.49%	(1.01%)	14.77%	2.34%	2.51%
32	Bank of Nanjing	64.24%	62.26%	12.71%	19.45%	2.12%	2.82%
33	Standard Chartered Bank (China)	94.57%	93.54%	23.16%	25.51%	2.15%	2.53%
34	Bank of Guangzhou	45.96%	40.37%	(1.67%)	15.95%	1.29%	1.11%
35	Bank of Dalian	55.26%	63.66%	5.35%	6.82%	1.84%	3.22%
36	Chengdu Rural Commercial Bank*	64.08%	n/a	17.74%	n/a	2.31%	n/a
37	Bank of East Asia (China)	100.66%	122.46%	12.13%	10.16%	2.11%	2.19%
38	China Bohai Bank	67.82%	70.61%	18.26%	21.85%	1.54%	1.59%
39	Bank of Chengdu	58.82%	60.86%	6.96%	3.03%	2.12%	3.27%
40	Harbin Bank	56.88%	62.13%	18.57%	28.84%	1.95%	2.38%
41	Baoshang Bank	40.85%	47.92%	41.76%	55.60%	1.48%	1.23%
42	Bank of Chongqing	70.04%	66.58%	7.55%	4.71%	2.39%	3.23%
43	Bank of Dongguan	53.59%	54.86%	19.69%	22.62%	2.01%	2.42%
44	Bank of Tokyo-Mitsubishi UFJ (China)	90.40%	119.45%	38.73%	44.45%	1.53%	1.86%
45	Bank of Changsha	52.02%	55.77%	n/a	n/a	n/a	n/a
46	Xi'an City Commercial Bank	57.83%	65.29%	11.89%	6.88%	2.19%	2.94%
47	Hankou Bank	58.72%	59.73%	1.11%	7.65%	2.13%	2.81%
48	Qilu Bank	63.17%	61.81%	8.07%	4.77%	2.76%	3.67%
49	Hangzhou United Bank	67.22%	64.25%	0.80%	-	2.70%	3.98%
50	Nanhai Rural Credit Cooperatives of Foshan	61.82%	59.15%	24.63%	16.99%	1.82%	2.28%
51	Bank of Hebei	51.32%	55.86%	2.80%	4.81%	1.97%	2.53%
52	Bank of Jinzhou	68.52%	65.93%	1.68%	3.25%	2.48%	3.02%
53	Fudian Bank	69.42%	70.36%	7.98%	12.04%	2.45%	3.07%
54	Zhejiang Xiaoshan Rural Cooperative Bank	65.68%	62.92%	15.21%	(0.73%)	2.09%	2.72%
55	Xiamen International Bank	n/a	n/a	40.99%	24.96%	1.50%	1.93%
56	Bank of Nanchang	61.99%	59.17%	30.08%	19.07%	2.54%	3.28%
57	Bank of Qingdao	n/a	n/a	n/a	n/a	n/a	n/a
58	Bank of Zhengzhou	56.20%	57.97%	28.28%	27.14%	1.96%	2.31%
59	Jiangsu Jiangyin Rural Commercial Bank	69.10%	68.24%	3.91%	1.98%	2.96%	4.16%
60	Fujian Haixia Bank	62.70%	63.43%	37.73%	33.52%	1.45%	1.96%
61	Bank of Wenzhou	76.98%	81.72%	3.51%	2.66%	2.82%	3.53%
62	Jiangsu Changshu Rural Commercial Bank	62.17%	62.26%	n/a	10.44%	n/a	2.36%
63	Ningbo Yinzhou Rural Cooperative Bank	69.54%	69.28%	23.40%	16.53%	2.36%	3.40%
64	Bank of Ningxia	65.93%	66.08%	(0.08%)	5.33%	3.37%	4.02%
65	DBS (China)	136.81%	144.76%	6.00%	7.35%	2.75%	2.99%
66	Jiangsu Xizhou Rural Commercial Bank	70.67%	66.10%	n/a	n/a	n/a	n/a
67	Anshan City Commercial Bank	61.07%	57.24%	11.06%	12.43%	2.89%	2.61%
68	Taizhou City Commercial Bank	70.17%	69.01%	n/a	n/a	n/a	n/a
69	Bank of Shaoxing	65.64%	71.93%	1.37%	2.76%	2.27%	3.00%
70	Rural Commercial Bank of Zhangjiagang	66.97%	62.78%	9.61%	5.11%	2.75%	3.33%
71	Zhejiang Chouzhou Commercial Bank	72.20%	72.78%	6.19%	8.80%	2.52%	2.76%
72	Binhai Bank	n/a	63.39%	n/a	15.47%	n/a	3.23%
73	Nanyang Commercial Bank (China)	207.98%	n/a	9.71%	n/a	1.45%	n/a
74	Jinshang Bank	60.06%	49.27%	29.85%	41.26%	1.72%	1.65%
75	Jiangsu Wujiang Rural Commercial Bank	67.41%	66.58%	4.25%	2.76%	3.00%	3.81%
76	Bank of Weifang	65.17%	65.18%	19.16%	23.37%	2.52%	2.57%
77	Bank of Luoyang	60.20%	63.83%	4.01%	9.32%	2.41%	3.10%

* Rural Credit Cooperative Union of Chengdu changed its name to Chengdu Rural Commercial Bank on 31 December 2009.

Performance measures

Cost/income ratio		Net interest margin		ROA		ROE	
2009	2008	2009	2008	2009	2008	2009	2008
38.78%	35.65%	2.26%	2.95%	1.10%	1.14%	19.05%	18.31%
38.91%	36.63%	2.41%	3.24%	1.11%	1.23%	19.11%	19.81%
48.76%	50.97%	2.28%	3.03%	0.73%	0.73%	18.96%	17.71%
42.48%	38.84%	2.04%	2.63%	0.98%	0.94%	15.65%	13.18%
21.43%	17.53%	1.89%	2.60%	0.70%	0.54%	8.39%	5.96%
38.84%	37.81%	2.29%	3.01%	0.91%	1.06%	18.37%	19.58%
51.63%	42.93%	2.23%	3.42%	0.88%	1.33%	19.65%	26.25%
46.71%	41.71%	2.51%	3.16%	0.82%	1.00%	13.61%	10.24%
43.17%	35.18%	n/a	n/a	0.14%	0.13%	8.88%	7.53%
44.13%	44.53%	2.19%	3.05%	0.81%	0.96%	19.41%	30.01%
49.55%	51.28%	2.59%	3.15%	0.85%	0.75%	13.62%	14.44%
43.75%	41.45%	n/a	n/a	1.00%	1.12%	22.29%	23.22%
46.82%	41.58%	n/a	n/a	0.64%	0.86%	15.88%	22.01%
52.18%	49.28%	n/a	n/a	0.44%	0.42%	12.44%	11.20%
37.50%	31.80%	n/a	n/a	0.32%	0.35%	24.74%	29.30%
57.03%	44.30%	n/a	n/a	0.51%	0.51%	15.26%	14.20%
48.83%	43.93%	2.47%	3.02%	0.86%	0.13%	24.58%	3.74%
34.19%	29.35%	n/a	n/a	1.06%	1.30%	14.99%	16.02%
46.32%	42.35%	n/a	n/a	0.78%	0.84%	16.84%	16.33%
45.24%	43.86%	n/a	n/a	0.79%	1.00%	17.43%	20.04%
52.83%	42.04%	n/a	n/a	0.27%	0.22%	9.80%	6.49%
66.72%	54.17%	1.86%	2.84%	0.50%	1.12%	7.72%	18.93%
47.24%	38.29%	n/a	n/a	0.56%	0.62%	11.75%	22.76%
46.73%	37.92%	n/a	n/a	0.93%	2.14%	15.07%	32.55%
41.19%	50.27%	n/a	n/a	0.17%	0.26%	2.76%	6.63%
56.43%	55.94%	n/a	n/a	0.53%	0.71%	9.97%	13.74%
47.90%	46.89%	n/a	n/a	0.89%	1.29%	14.96%	15.13%
41.03%	44.98%	n/a	n/a	1.08%	0.96%	13.70%	10.55%
84.72%	59.14%	n/a	n/a	0.44%	1.18%	5.86%	15.45%
44.36%	40.07%	n/a	n/a	0.91%	1.28%	13.18%	26.55%
37.03%	31.71%	n/a	n/a	0.88%	1.05%	15.73%	16.14%
38.51%	31.03%	n/a	n/a	1.03%	1.58%	12.70%	12.83%
85.14%	74.70%	n/a	n/a	0.32%	0.51%	3.86%	7.68%
44.69%	44.22%	n/a	n/a	0.40%	0.73%	6.06%	10.33%
49.64%	37.16%	n/a	n/a	0.75%	1.04%	15.40%	16.94%
41.66%	n/a	n/a	n/a	0.98%	n/a	15.61%	n/a
56.01%	51.16%	n/a	n/a	0.74%	0.86%	8.04%	9.91%
64.74%	68.77%	n/a	n/a	0.22%	0.20%	4.88%	2.55%
37.23%	32.27%	n/a	n/a	1.03%	1.26%	13.93%	13.72%
45.14%	33.66%	n/a	n/a	0.93%	1.35%	20.20%	26.81%
44.35%	39.61%	n/a	n/a	1.12%	1.27%	25.64%	25.99%
43.05%	42.89%	n/a	n/a	1.08%	1.16%	21.70%	19.90%
45.72%	36.65%	n/a	n/a	1.14%	1.29%	21.90%	25.83%
31.05%	23.50%	n/a	n/a	1.07%	1.58%	9.90%	16.67%
n/a	n/a	n/a	n/a	1.21%	1.29%	32.14%	41.77%
37.90%	29.90%	n/a	n/a	1.14%	1.31%	18.52%	36.92%
48.40%	43.73%	n/a	n/a	0.78%	0.91%	13.00%	11.37%
40.26%	35.66%	n/a	n/a	0.79%	0.71%	17.37%	13.14%
35.48%	30.11%	n/a	n/a	1.17%	1.07%	18.33%	15.30%
42.95%	40.47%	3.50%	2.91%	0.30%	0.22%	4.91%	3.44%
45.72%	42.74%	n/a	n/a	0.59%	0.39%	9.88%	8.17%
42.57%	44.31%	n/a	n/a	0.94%	0.76%	10.03%	12.35%
58.61%	51.25%	2.67%	3.48%	0.49%	2.88%	8.32%	38.27%
n/a	n/a	n/a	n/a	1.30%	1.30%	18.96%	20.18%
50.38%	55.31%	n/a	n/a	0.88%	0.84%	14.68%	15.31%
34.56%	36.38%	n/a	n/a	1.53%	1.34%	16.05%	12.77%
n/a	n/a	n/a	n/a	0.96%	0.99%	10.17%	8.24%
38.45%	34.01%	n/a	n/a	0.60%	0.56%	12.25%	10.26%
28.30%	21.51%	n/a	n/a	1.51%	1.87%	23.08%	27.57%
42.58%	38.59%	n/a	n/a	0.78%	1.22%	7.92%	20.63%
54.01%	43.66%	n/a	n/a	1.08%	1.36%	17.04%	25.89%
n/a	31.31%	n/a	n/a	n/a	1.25%	n/a	19.12%
33.00%	28.98%	n/a	n/a	1.17%	1.36%	19.45%	23.06%
41.07%	38.50%	n/a	n/a	0.77%	1.61%	9.40%	21.48%
60.85%	49.50%	n/a	n/a	0.31%	0.85%	2.50%	7.14%
n/a	n/a	n/a	n/a	0.94%	1.11%	16.40%	17.24%
33.63%	32.23%	n/a	n/a	1.47%	0.96%	16.77%	10.43%
n/a	n/a	n/a	n/a	2.15%	2.35%	29.90%	34.96%
37.20%	32.27%	n/a	n/a	0.68%	1.16%	10.85%	17.18%
33.97%	29.57%	n/a	n/a	1.60%	1.86%	15.97%	17.41%
50.40%	39.61%	n/a	n/a	0.82%	1.04%	12.36%	18.68%
n/a	30.69%	n/a	n/a	1.21%	1.56%	11.28%	13.53%
77.48%	n/a	2.07%	n/a	0.53%	n/a	3.47%	n/a
61.73%	58.74%	n/a	n/a	0.46%	0.33%	5.19%	2.68%
42.87%	37.70%	n/a	n/a	1.16%	1.43%	18.51%	22.32%
41.49%	40.20%	n/a	n/a	1.12%	0.61%	17.81%	10.07%
34.02%	26.40%	n/a	n/a	1.24%	1.07%	21.54%	17.71%

Key ratios

Name of bank (ranked by total assets)	Performance measures					
	Net loan/deposit ratio		Non-interest income/ total operating income		Net interest income/total assets	
	2009	2008	2009	2008	2009	2008
78 Qishang Bank	70.63%	69.47%	2.54%	2.46%	3.95%	4.47%
79 BNP Paribas (China)	117.48%	171.53%	7.01%	79.03%	1.62%	0.70%
80 The Royal Bank of Scotland (China)	n/a	n/a	n/a	n/a	1.93%	n/a
81 Xiamen Bank	45.51%	61.73%	(1.37%)	13.61%	1.36%	2.88%
82 Zhanjiang City Commercial Bank	61.63%	64.14%	23.31%	9.51%	1.35%	3.56%
83 Guangxi Beibu Gulf Bank	55.53%	55.26%	7.82%	2.78%	2.60%	2.83%
84 Yuhang Rural Cooperative Bank	68.84%	69.52%	n/a	n/a	2.50%	4.31%
85 Chongqing Three Gorges Bank	50.36%	39.80%	10.80%	41.28%	2.05%	1.40%
86 Zhejiang Tailong Commercial Bank	66.86%	64.42%	5.21%	5.01%	3.61%	3.56%
87 Bank of Yingkou	62.33%	63.69%	1.49%	0.88%	3.03%	3.88%
88 Yantai Bank	69.92%	71.65%	2.74%	0.27%	2.31%	2.67%
89 Linshang Bank	62.66%	68.53%	9.15%	5.61%	2.96%	5.22%
90 Bank of Rizhao	68.03%	75.72%	1.40%	7.61%	3.90%	4.84%
91 Bank of Liaoyang	66.84%	63.70%	10.32%	9.05%	2.85%	2.88%
92 Kunshan Rural Commercial Bank	69.04%	63.44%	5.57%	5.23%	3.05%	3.59%
93 Zhejiang Mintai Commercial Bank	53.36%	51.78%	5.52%	6.65%	2.74%	2.42%
94 Nanchong City Commercial Bank	57.21%	63.25%	16.56%	19.86%	2.23%	2.14%
95 Ordos Commercial Bank	33.44%	44.22%	7.12%	8.82%	2.87%	3.34%
96 Bank of Jiujiang	69.16%	73.86%	16.84%	22.30%	2.09%	2.41%
97 First Sino Bank	83.69%	92.98%	17.70%	24.39%	1.96%	2.95%
98 Laishang Bank	57.80%	60.75%	25.67%	19.64%	2.47%	3.68%
99 Bank of Inner Mongolia	59.46%	54.01%	12.56%	11.67%	3.47%	3.45%
100 Deyang City Commercial Bank	60.52%	59.23%	30.80%	21.52%	1.82%	2.96%
101 Jinhua City Commercial Bank	69.89%	62.94%	5.73%	4.07%	3.57%	3.57%
102 Hefei Science & Technology Rural Commercial Bank	56.90%	70.30%	n/a	n/a	n/a	2.88%
103 Liuzhou City Commercial Bank	50.99%	63.14%	15.62%	10.56%	2.27%	3.93%
104 Bank of Jiaxing	68.83%	69.28%	26.84%	13.46%	2.34%	3.42%
105 Tieling Commercial Bank	55.19%	59.21%	7.87%	1.69%	1.99%	2.43%
106 OCBC Bank (China)	160.72%	134.84%	(0.74%)	(11.96%)	2.02%	2.97%
107 Dongying City Commercial Bank	68.71%	71.16%	0.97%	(0.40%)	2.95%	3.53%
108 Bank of Cangzhou	58.39%	52.87%	1.64%	9.22%	2.78%	3.22%
109 Panzhihua City Commercial Bank	63.77%	66.20%	3.96%	1.80%	2.89%	3.67%
110 JP Morgan Chase (China)	93.88%	137.61%	38.64%	36.99%	1.49%	1.83%
111 Bank of Ganzhou	59.04%	64.00%	12.81%	9.76%	2.42%	2.92%
112 Guilin City Commercial Bank	58.96%	66.39%	19.82%	18.77%	2.34%	3.16%
113 United Overseas Bank (China)	141.45%	203.58%	3.36%	(35.11%)	2.57%	2.74%
114 Huzhou City Commercial Bank	71.05%	66.82%	8.77%	2.80%	2.66%	3.84%
115 Jincheng City Commercial Bank	47.29%	55.89%	39.76%	25.00%	1.44%	2.09%
116 Bank of Qinghai	56.48%	61.20%	13.58%	n/a	2.39%	n/a
117 Handan Commercial Bank	60.25%	55.51%	16.75%	7.65%	2.56%	3.59%
118 Zhejiang Wenling Rural Cooperative Bank	69.28%	69.07%	(21.39%)	(43.15%)	4.84%	5.88%
119 Wing Hang Bank (China)	128.97%	175.61%	7.48%	13.15%	2.29%	2.46%
120 Xingtai Commercial Bank	51.80%	60.99%	2.39%	4.04%	2.86%	2.56%
121 Taicang Rural Commercial Bank	71.17%	68.89%	4.86%	2.98%	3.51%	3.85%
122 Credit Agricole Corporate and Investment Bank (China)*	131.44%	n/a	29.49%	n/a	0.91%	n/a
123 Bank of Chengde	51.56%	55.23%	8.37%	6.39%	3.45%	4.42%
124 Bank of Quanzhou	66.74%	59.44%	n/a	2.46%	n/a	3.74%
125 Chinese Mercantile Bank	n/a	n/a	16.25%	13.46%	2.11%	2.89%
126 Commercial Bank of Kaifeng	53.37%	44.41%	28.79%	47.74%	1.10%	0.94%
127 Jiaozuo City Commercial Bank	66.10%	64.98%	25.15%	22.47%	2.30%	2.50%
128 Bank of Xinxiang	71.28%	69.22%	13.61%	17.88%	3.95%	3.44%
129 Leshan City Commercial Bank	64.01%	61.62%	15.23%	7.83%	2.42%	3.36%
130 Bank of Shangrao	59.64%	64.75%	18.89%	20.49%	2.44%	2.58%
131 Woori Bank (China)	141.04%	269.34%	14.25%	23.92%	3.03%	2.49%
132 Societe Generale (China)	178.61%	292.11%	35.74%	12.12%	1.61%	0.90%
133 Xiangtan City Commercial Bank	49.87%	51.96%	42.65%	44.64%	1.59%	1.57%
134 Bank of Jining	70.44%	69.52%	7.07%	4.86%	3.07%	4.87%
135 Bank of Wuhai	n/a	n/a	n/a	n/a	n/a	n/a
136 Pingdingshan Commercial Bank	71.18%	69.45%	10.59%	12.37%	2.54%	3.55%
137 Heng Yang City Commercial Bank	56.67%	56.86%	8.51%	11.93%	1.58%	1.32%
138 Bank of Xuchang	69.42%	67.35%	17.09%	21.08%	2.06%	2.27%
139 Shinhan Bank (China)	86.31%	263.64%	8.88%	(40.82%)	2.50%	1.84%
140 Liangshan Prefecture Commercial Bank	46.75%	36.78%	n/a	n/a	n/a	n/a
141 Yibin City Commercial Bank	52.87%	45.96%	0.83%	1.19%	3.47%	3.24%
142 Qujing City Commercial Bank	53.55%	54.00%	3.43%	4.79%	2.87%	3.22%
143 Commercial Bank of Anyang	69.43%	60.63%	31.09%	4.88%	1.22%	2.39%
144 Zhumadian City Commercial Bank	64.20%	61.61%	13.36%	14.87%	3.98%	4.35%
145 Jilin Jiutai Rural Commercial Bank	48.55%	43.43%	14.41%	(21.88%)	3.45%	3.88%
146 CITIC Bank International (China)	166.54%	350.42%	12.12%	21.78%	2.03%	1.82%
147 Zaozhuang City Commercial Bank	52.29%	50.27%	2.48%	1.61%	3.67%	4.17%
148 Sanmenxia City Commercial Bank	64.81%	61.42%	(33.33%)	(37.97%)	2.61%	2.99%
149 Guizhou Xingyi Rural Credit Union	n/a	54.19%	n/a	0.88%	n/a	3.91%
150 Commercial Bank of Anshun	58.79%	n/a	(0.95%)	n/a	3.08%	n/a
151 Dah Sing Bank (China)	157.98%	615.70%	17.54%	7.69%	1.89%	1.87%
152 Morgan Stanley Bank (China)	94.39%	742.37%	12.12%	69.30%	2.35%	2.95%
153 Bank International Ningbo	33.77%	29.12%	47.37%	22.86%	1.41%	4.21%

* The 2009 financial information for Credit Agricole Corporate and Investment Bank (China) covers a five month period only because of the date of their incorporation.

Performance measures

Cost/income ratio		Net interest margin		ROA		ROE	
2009	2008	2009	2008	2009	2008	2009	2008
34.70%	35.44%	n/a	n/a	1.08%	1.17%	15.01%	17.27%
87.58%	26.29%	n/a	n/a	0.29%	1.66%	1.92%	13.80%
n/a	n/a	n/a	n/a	0.12%	n/a	0.75%	n/a
64.49%	41.99%	n/a	n/a	0.22%	1.30%	4.69%	20.17%
39.88%	26.89%	n/a	n/a	0.83%	2.13%	8.13%	35.07%
48.50%	44.97%	n/a	n/a	0.72%	0.95%	6.12%	5.90%
n/a	n/a	n/a	n/a	1.18%	1.77%	20.69%	30.82%
34.21%	25.39%	n/a	n/a	1.02%	1.21%	11.11%	10.19%
46.85%	42.27%	n/a	n/a	1.31%	1.32%	21.12%	28.28%
38.51%	39.76%	n/a	n/a	1.38%	1.50%	15.42%	20.28%
56.61%	49.59%	n/a	n/a	0.06%	0.94%	0.52%	21.88%
56.20%	61.55%	n/a	n/a	0.08%	0.40%	0.97%	5.11%
27.82%	26.25%	n/a	n/a	1.71%	2.32%	23.53%	28.03%
38.06%	48.58%	n/a	n/a	1.24%	0.42%	14.47%	6.98%
32.18%	30.74%	n/a	n/a	1.02%	1.15%	18.87%	20.90%
48.02%	44.33%	n/a	n/a	0.92%	0.93%	14.46%	18.09%
34.98%	39.27%	n/a	n/a	1.26%	1.13%	31.57%	24.73%
29.57%	30.88%	n/a	n/a	1.04%	1.76%	19.53%	34.15%
42.43%	40.53%	n/a	n/a	0.98%	1.18%	13.87%	10.72%
38.33%	33.28%	n/a	n/a	1.29%	1.63%	14.72%	15.90%
40.62%	39.13%	n/a	n/a	1.23%	1.59%	16.13%	25.66%
41.95%	48.30%	n/a	n/a	1.02%	0.65%	8.47%	13.21%
30.99%	29.75%	n/a	n/a	0.72%	0.68%	23.15%	17.71%
44.07%	40.81%	n/a	n/a	0.88%	1.11%	13.73%	19.44%
n/a	n/a	n/a	n/a	0.59%	0.77%	13.51%	13.37%
47.06%	55.06%	n/a	n/a	0.76%	1.30%	12.58%	24.09%
41.58%	39.50%	n/a	n/a	1.14%	0.90%	19.03%	13.54%
48.03%	48.65%	n/a	n/a	0.34%	0.63%	5.92%	10.43%
86.77%	75.24%	n/a	n/a	0.03%	0.59%	0.16%	2.61%
39.38%	39.52%	n/a	n/a	1.16%	1.14%	20.02%	18.98%
46.52%	41.24%	n/a	n/a	1.03%	1.48%	14.15%	23.29%
35.45%	29.20%	n/a	n/a	1.38%	1.87%	27.57%	38.28%
56.57%	54.40%	n/a	n/a	0.83%	0.98%	3.04%	7.39%
39.82%	42.99%	n/a	n/a	1.18%	1.18%	15.49%	16.39%
42.57%	43.42%	n/a	n/a	1.09%	0.92%	15.38%	15.10%
64.08%	67.42%	2.90%	3.00%	0.54%	(0.06%)	2.35%	(0.31%)
48.58%	45.33%	n/a	n/a	1.06%	1.25%	14.59%	22.31%
34.04%	39.38%	n/a	n/a	0.81%	0.98%	25.69%	29.43%
38.12%	n/a	n/a	n/a	0.85%	0.63%	16.88%	10.63%
39.47%	36.18%	n/a	n/a	1.00%	1.44%	17.13%	30.66%
39.11%	42.25%	n/a	n/a	1.42%	1.39%	14.54%	13.31%
55.76%	45.57%	n/a	n/a	0.73%	0.87%	5.33%	5.50%
35.64%	40.40%	n/a	n/a	0.41%	0.13%	6.02%	1.94%
39.96%	38.18%	n/a	n/a	1.15%	1.31%	16.75%	17.92%
50.00%	n/a	n/a	n/a	0.68%	n/a	2.66%	n/a
22.47%	21.48%	n/a	n/a	1.96%	2.59%	28.54%	32.47%
n/a	37.93%	n/a	n/a	1.01%	0.71%	10.85%	7.76%
21.55%	20.19%	n/a	n/a	0.68%	1.90%	3.99%	13.30%
56.70%	67.56%	n/a	n/a	0.40%	0.41%	7.11%	5.35%
41.41%	37.34%	n/a	n/a	0.56%	0.52%	6.49%	8.03%
29.07%	25.18%	n/a	n/a	1.66%	1.56%	21.15%	23.98%
42.38%	44.35%	n/a	n/a	1.11%	0.52%	21.34%	8.44%
50.81%	48.78%	n/a	n/a	1.49%	1.09%	17.10%	9.36%
54.19%	48.66%	n/a	n/a	0.49%	1.24%	2.11%	6.07%
181.93%	357.58%	n/a	n/a	(2.20%)	(2.66%)	(6.07%)	(4.50%)
54.04%	51.50%	n/a	n/a	0.81%	1.22%	16.19%	24.57%
44.11%	38.00%	n/a	n/a	1.45%	1.23%	20.19%	15.44%
n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
47.88%	38.46%	n/a	n/a	0.89%	0.94%	11.35%	13.24%
67.38%	82.94%	n/a	n/a	0.42%	0.33%	3.35%	5.30%
52.76%	49.73%	n/a	n/a	0.66%	0.72%	15.06%	15.92%
65.89%	101.02%	n/a	n/a	0.73%	0.16%	2.75%	0.60%
n/a	n/a	n/a	n/a	0.80%	0.94%	10.89%	25.66%
40.66%	41.67%	n/a	n/a	1.04%	0.49%	15.19%	9.36%
50.98%	49.47%	n/a	n/a	0.70%	0.83%	13.19%	16.61%
52.94%	45.53%	n/a	n/a	0.64%	0.57%	14.88%	11.91%
35.02%	31.23%	n/a	n/a	1.54%	1.48%	13.27%	24.76%
50.42%	n/a	n/a	n/a	1.42%	2.09%	20.75%	24.92%
61.36%	67.33%	n/a	n/a	0.47%	0.71%	2.54%	2.99%
35.64%	37.63%	n/a	n/a	1.36%	0.80%	23.10%	13.26%
61.11%	51.90%	n/a	n/a	0.90%	0.99%	13.47%	16.98%
n/a	58.41%	n/a	n/a	1.04%	0.77%	20.99%	20.28%
53.33%	n/a	n/a	n/a	0.81%	n/a	17.28%	n/a
100.00%	69.23%	2.44%	4.93%	0.16%	1.19%	0.40%	2.33%
98.48%	17.33%	n/a	n/a	0.16%	6.51%	0.34%	19.09%
66.67%	39.05%	n/a	n/a	0.70%	2.50%	1.78%	5.80%

Key ratios

Name of bank (ranked by total assets)		Asset quality (in RMB million)			
		Gross NPLs		Gross NPLs/gross advances to customers	
		2009	2008	2009	2008
1	Industrial and Commercial Bank of China	88,467	104,482	1.54%	2.29%
2	China Construction Bank	72,156	83,882	1.50%	2.21%
3	Agricultural Bank of China	120,241	134,067	2.91%	4.32%
4	Bank of China	74,718	87,490	1.52%	2.65%
5	China Development Bank	34,963	27,827	0.94%	0.96%
6	Bank of Communications	25,009	25,460	1.36%	1.92%
7	China Merchants Bank	9,732	9,677	0.82%	1.11%
8	China CITIC Bank	10,157	10,286	0.95%	1.41%
9	Agricultural Development Bank of China	52,393	46,338	3.61%	3.80%
10	Shanghai Pudong Development Bank	7,460	8,467	0.80%	1.21%
11	China Minsheng Banking Corporation	7,397	7,921	0.84%	1.20%
12	China Industrial Bank	3,779	4,149	0.54%	0.83%
13	China Everbright Bank	8,123	9,362	1.25%	2.02%
14	Hua Xia Bank	6,457	6,487	1.50%	1.82%
15	The Export-Import Bank of China	n/a	n/a	n/a	n/a
16	Guangdong Development Bank	9,123	8,870	2.40%	2.85%
17	Shenzhen Development Bank	2,444	1,928	0.68%	0.68%
18	Bank of Beijing	2,795	2,987	1.02%	1.55%
19	Bank of Shanghai	3,891	3,979	1.59%	2.24%
20	Bank of Jiangsu	2,807	2,444	1.45%	1.82%
21	Beijing Rural Commercial Bank	9,130	5,799	7.47%	4.93%
22	Ping An Bank	495	391	0.46%	0.54%
23	Evergrowing Bank	360	361	0.38%	0.55%
24	Shanghai Rural Commercial Bank	2,234	2,125	1.88%	2.28%
25	Guangzhou Rural Commercial Bank	n/a	n/a	n/a	n/a
26	China Zheshang Bank	252	202	0.29%	0.39%
27	Bank of Ningbo	645	452	0.79%	0.92%
28	Huishang Bank	895	935	0.93%	1.22%
29	HSBC (China)	n/a	n/a	n/a	n/a
30	Bank of Hangzhou	686	489	0.80%	0.84%
31	Bank of Tianjin	984	992	1.54%	1.98%
32	Bank of Nanjing	815	660	1.22%	1.64%
33	Standard Chartered Bank (China)	373	339	0.50%	0.52%
34	Bank of Guangzhou	-	4,639	-	11.92%
35	Bank of Dalian	733	1,139	1.25%	2.45%
36	Chengdu Rural Commercial Bank*	916	n/a	1.35%	n/a
37	Bank of East Asia (China)	n/a	208	n/a	0.25%
38	China Bohai Bank	70	88	0.10%	0.25%
39	Bank of Chengdu	721	1,393	1.31%	3.45%
40	Harbin Bank	430	1,063	0.99%	3.16%
41	Baoshang Bank	144	122	0.51%	0.53%
42	Bank of Chongqing	199	223	0.47%	0.77%
43	Bank of Dongguan	509	529	1.57%	1.88%
44	Bank of Tokyo-Mitsubishi UFJ (China)	n/a	n/a	n/a	n/a
45	Bank of Changsha	472	712	1.71%	3.08%
46	Xi'an City Commercial Bank	534	1,316	1.72%	4.86%
47	Hankou Bank	391	404	1.28%	1.91%
48	Qilu Bank	705	717	2.00%	2.55%
49	Hangzhou United Bank	432	452	1.20%	1.66%
50	Nanhai Rural Credit Cooperatives of Foshan	5,438	6,174	16.69%	22.55%
51	Bank of Hebei	268	576	1.02%	2.93%
52	Bank of Jinzhou	461	605	1.48%	2.98%
53	Fudian Bank	654	660	2.28%	3.20%
54	Zhejiang Xiaoshan Rural Cooperative Bank	268	384	0.90%	1.65%
55	Xiamen International Bank	n/a	n/a	n/a	n/a
56	Bank of Nanchang	340	501	1.52%	2.87%
57	Bank of Qingdao	336	345	1.49%	1.95%
58	Bank of Zhengzhou	305	365	1.51%	2.25%
59	Jiangsu Jianguyin Rural Commercial Bank	331	451	1.31%	2.27%
60	Fujian Haixia Bank	272	370	1.39%	2.33%
61	Bank of Wenzhou	219	298	0.89%	1.46%
62	Jiangsu Changshu Rural Commercial Bank	211	332	0.95%	1.83%
63	Ningbo Yinzhou Rural Cooperative Bank	364	373	1.51%	1.93%
64	Bank of Ningxia	407	440	2.01%	2.67%
65	DBS (China)	460	558	1.60%	2.06%
66	Jiangsu Xizhou Rural Commercial Bank	440	699	1.89%	4.28%
67	Anshan City Commercial Bank	512	n/a	2.56%	n/a
68	Taizhou City Commercial Bank	65	66	0.31%	0.44%
69	Bank of Shaoxing	522	527	2.55%	2.84%
70	Rural Commercial Bank of Zhangjiagang	170	211	0.94%	1.58%
71	Zhejiang Chouzhou Commercial Bank	100	89	0.50%	0.78%
72	Binhai Bank	233	280	1.22%	2.49%
73	Nanyang Commercial Bank (China)	135	n/a	0.54%	n/a
74	Jinshang Bank	297	268	1.68%	2.94%
75	Jiangsu Wujiang Rural Commercial Bank	366	403	1.84%	2.52%
76	Bank of Weifang	268	291	1.41%	1.90%
77	Bank of Luoyang	190	193	1.21%	1.43%

* Rural Credit Cooperative Union of Chengdu changed its name to Chengdu Rural Commercial Bank on 31 December 2009.

Asset quality (in RMB million)

Bad debt charge/gross advances to customers		Provision coverage ratio	
2009	2008	2009	2008
0.38%	0.80%	2.54%	2.97%
0.50%	0.96%	2.63%	2.91%
1.07%	1.29%	3.06%	2.75%
0.31%	0.51%	2.30%	3.23%
0.54%	0.81%	2.01%	2.00%
0.61%	0.81%	2.05%	2.24%
0.26%	0.42%	2.02%	2.47%
0.23%	0.78%	1.42%	1.92%
0.94%	1.62%	1.02%	1.02%
0.33%	0.50%	1.98%	2.34%
0.54%	0.86%	1.73%	1.81%
0.08%	0.65%	1.37%	1.88%
0.37%	1.30%	2.43%	3.02%
0.77%	1.27%	2.50%	2.76%
n/a	n/a	n/a	n/a
0.38%	2.14%	3.74%	4.29%
0.40%	2.46%	1.10%	0.71%
0.25%	0.89%	2.21%	2.79%
0.54%	1.11%	2.68%	3.02%
n/a	n/a	2.30%	2.76%
1.34%	2.11%	4.88%	3.97%
0.18%	0.29%	0.72%	0.83%
0.04%	1.08%	0.81%	1.10%
0.23%	3.22%	1.85%	2.07%
0.38%	1.59%	n/a	n/a
0.44%	0.50%	1.16%	1.21%
0.52%	0.52%	1.34%	1.40%
0.50%	1.12%	2.52%	2.57%
(0.01%)	0.04%	0.40%	0.51%
0.44%	0.55%	1.47%	1.51%
0.74%	1.73%	3.30%	3.75%
0.53%	1.00%	2.12%	2.79%
0.17%	0.32%	0.50%	0.49%
n/a	n/a	0.55%	1.21%
(0.18%)	0.34%	2.45%	3.45%
n/a	n/a	2.03%	n/a
n/a	0.10%	0.26%	0.20%
0.64%	0.61%	1.20%	1.14%
0.21%	1.20%	2.19%	5.31%
0.15%	0.76%	1.59%	2.01%
0.22%	0.00%	1.18%	1.17%
0.20%	0.80%	1.80%	2.32%
n/a	n/a	2.45%	2.97%
0.56%	0.46%	0.52%	0.94%
0.29%	n/a	2.86%	4.01%
0.13%	0.51%	2.93%	3.75%
0.70%	0.61%	2.09%	2.16%
1.37%	2.69%	4.00%	3.65%
0.57%	1.87%	3.53%	4.01%
n/a	n/a	3.64%	3.64%
1.65%	0.58%	1.55%	1.74%
0.35%	1.25%	2.30%	3.02%
1.01%	0.20%	3.52%	3.34%
n/a	n/a	2.65%	2.93%
n/a	n/a	n/a	n/a
n/a	n/a	3.15%	2.90%
n/a	n/a	n/a	n/a
n/a	n/a	2.81%	2.80%
0.49%	1.48%	2.32%	2.56%
0.99%	0.87%	2.26%	1.81%
0.02%	0.50%	1.35%	1.60%
n/a	0.82%	1.93%	2.57%
n/a	n/a	2.58%	3.27%
0.55%	2.35%	3.80%	2.24%
1.04%	0.77%	2.12%	1.81%
n/a	0.40%	2.48%	2.38%
n/a	n/a	3.98%	3.36%
0.30%	0.10%	0.75%	0.67%
1.22%	n/a	3.93%	3.02%
0.31%	n/a	2.46%	2.97%
0.39%	n/a	1.19%	1.34%
n/a	0.71%	1.94%	2.48%
n/a	n/a	0.88%	n/a
0.49%	1.77%	2.74%	4.38%
n/a	n/a	2.88%	2.91%
n/a	n/a	2.16%	1.93%
0.03%	2.09%	2.75%	3.15%

Key ratios

Name of bank (ranked by total assets)	Asset quality (in RMB million)			
	Gross NPLs		Gross NPLs/gross advances to customers	
	2009	2008	2009	2008
78 Qishang Bank	403	421	2.08%	2.70%
79 BNP Paribas (China)	n/a	n/a	n/a	n/a
80 The Royal Bank of Scotland (China)	n/a	n/a	n/a	n/a
81 Xiamen Bank	214	348	2.40%	4.10%
82 Zhanjiang City Commercial Bank	146	51	0.96%	0.55%
83 Guangxi Beibu Gulf Bank	203	143	1.52%	1.90%
84 Yuhang Rural Cooperative Bank	196	252	1.24%	1.99%
85 Chongqing Three Gorges Bank	53	27	0.66%	0.71%
86 Zhejiang Tailong Commercial Bank	108	81	0.70%	0.79%
87 Bank of Yingkou	137	196	0.94%	1.95%
88 Yantai Bank	293	635	1.85%	4.00%
89 Linshang Bank	340	457	2.35%	4.30%
90 Bank of Rizhao	124	95	0.84%	0.93%
91 Bank of Liaoyang	311	497	1.96%	4.30%
92 Kunshan Rural Commercial Bank	389	516	2.38%	4.36%
93 Zhejiang Mintai Commercial Bank	84	52	0.76%	0.79%
94 Nanchong City Commercial Bank	73	74	0.73%	1.14%
95 Ordos Commercial Bank	145	9	1.92%	0.19%
96 Bank of Jiujiang	22	30	0.20%	0.42%
97 First Sino Bank	n/a	n/a	n/a	n/a
98 Laishang Bank	97	63	0.96%	0.80%
99 Bank of Inner Mongolia	241	264	2.21%	3.17%
100 Deyang City Commercial Bank	160	195	1.57%	2.97%
101 Jinhua City Commercial Bank	219	313	1.74%	2.74%
102 Hefei Science & Technology Rural Commercial Bank	183	240	1.92%	3.16%
103 Liuzhou City Commercial Bank	105	108	1.28%	1.78%
104 Bank of Jiaxing	156	225	1.38%	2.48%
105 Tieling Commercial Bank	217	219	2.51%	3.48%
106 OCBC Bank (China)	n/a	n/a	n/a	n/a
107 Dongying City Commercial Bank	87	89	0.84%	1.03%
108 Bank of Cangzhou	96	106	1.03%	1.82%
109 Panzhihua City Commercial Bank	18	17	0.19%	0.21%
110 JP Morgan Chase (China)	-	-	-	-
111 Bank of Ganzhou	10	13	0.12%	0.23%
112 Guilin City Commercial Bank	92	94	1.20%	1.84%
113 United Overseas Bank (China)	390	335	4.02%	3.07%
114 Huzhou City Commercial Bank	77	90	0.86%	1.43%
115 Jincheng City Commercial Bank	78	71	1.34%	1.39%
116 Bank of Qinghai	155	195	2.07%	3.30%
117 Handan Commercial Bank	48	50	0.64%	1.09%
118 Zhejiang Wenling Rural Cooperative Bank	183	165	2.18%	2.41%
119 Wing Hang Bank (China)	34	46	0.37%	0.54%
120 Xingtai Commercial Bank	70	56	1.30%	1.56%
121 Taicang Rural Commercial Bank	104	116	1.28%	1.86%
122 Credit Agricole Corporate and Investment Bank (China)*	n/a	n/a	n/a	n/a
123 Bank of Chengde	80	104	1.45%	2.51%
124 Bank of Quanzhou	138	200	1.97%	3.45%
125 Chinese Mercantile Bank	n/a	n/a	n/a	n/a
126 Commercial Bank of Kaifeng	63	79	1.43%	2.83%
127 Jiaozuo City Commercial Bank	176	257	2.71%	4.28%
128 Bank of Xinxiang	187	n/a	2.79%	n/a
129 Leshan City Commercial Bank	69	69	1.18%	1.95%
130 Bank of Shangrao	43	63	0.87%	1.83%
131 Woori Bank (China)	10	-	0.13%	-
132 Societe Generale (China)	n/a	n/a	n/a	n/a
133 Xiangtan City Commercial Bank	96	49	2.27%	1.46%
134 Bank of Jining	82	82	1.38%	1.97%
135 Bank of Wuhai	10	n/a	0.22%	n/a
136 Pingdingshan Commercial Bank	46	39	0.88%	0.89%
137 Heng Yang City Commercial Bank	155	173	3.95%	4.95%
138 Bank of Xuchang	42	43	0.96%	1.25%
139 Shinhan Bank (China)	n/a	n/a	n/a	n/a
140 Liangshan Prefecture Commercial Bank	29	24	0.93%	1.13%
141 Yibin City Commercial Bank	46	46	1.39%	2.09%
142 Qujing City Commercial Bank	57	55	1.64%	1.94%
143 Commercial Bank of Anyang	46	56	1.37%	1.98%
144 Zhumadian City Commercial Bank	37	37	1.05%	1.20%
145 Jilin Jiutai Rural Commercial Bank	27	34	1.08%	1.99%
146 CITIC Bank International (China)	47	47	1.30%	1.24%
147 Zaozhuang City Commercial Bank	41	41	1.52%	1.95%
148 Sanmenxia City Commercial Bank	67	75	2.93%	3.53%
149 Guizhou Xingyi Rural Credit Union	114	138	5.25%	9.16%
150 Commercial Bank of Anshun	28	n/a	1.42%	n/a
151 Dah Sing Bank (China)	9	9	0.68%	1.20%
152 Morgan Stanley Bank (China)	-	10	-	1.14%
153 Bank International Ningbo	-	-	-	-

* The 2009 financial information for Credit Agricole Corporate and Investment Bank (China) covers a five month period only because of the date of their incorporation.

Asset quality (in RMB million)

Bad debt charge/gross advances to customers		Provision coverage ratio	
2009	2008	2009	2008
1.91%	2.14%	3.51%	2.76%
(0.28%)	0.84%	1.74%	1.41%
n/a	n/a	n/a	n/a
n/a	n/a	3.80%	4.12%
n/a	0.49%	0.73%	1.00%
n/a	1.62%	2.46%	2.75%
n/a	n/a	2.48%	2.96%
0.51%	0.82%	1.05%	1.14%
0.50%	0.70%	1.25%	1.27%
0.31%	0.70%	2.16%	2.75%
1.94%	0.29%	2.80%	2.72%
n/a	n/a	3.29%	4.75%
n/a	n/a	3.15%	2.95%
0.78%	n/a	3.81%	4.31%
n/a	n/a	4.40%	4.15%
n/a	n/a	1.18%	0.99%
0.55%	0.70%	1.70%	1.81%
2.18%	0.40%	3.02%	1.34%
n/a	n/a	1.26%	1.22%
(0.25%)	0.63%	0.84%	1.53%
0.89%	1.26%	2.80%	2.49%
1.19%	2.17%	4.21%	4.04%
1.87%	3.96%	3.05%	3.76%
1.71%	1.23%	3.04%	1.45%
n/a	n/a	0.91%	1.43%
1.00%	0.41%	2.53%	1.97%
0.66%	1.93%	2.82%	3.31%
1.33%	1.33%	3.78%	2.97%
0.59%	0.12%	1.18%	0.82%
n/a	n/a	2.12%	2.16%
0.23%	1.58%	2.02%	2.97%
n/a	n/a	1.13%	1.14%
0.32%	(0.22%)	1.00%	1.00%
0.32%	0.23%	1.07%	1.11%
0.44%	1.47%	1.00%	1.08%
0.42%	1.24%	3.14%	2.60%
n/a	n/a	1.72%	2.16%
1.13%	0.12%	2.35%	1.50%
1.33%	n/a	3.49%	2.95%
0.94%	n/a	1.50%	1.70%
1.64%	2.83%	5.36%	4.81%
0.13%	0.72%	1.00%	0.99%
2.70%	n/a	3.36%	3.62%
0.89%	1.20%	2.92%	2.76%
0.05%	n/a	1.43%	n/a
(0.58%)	0.77%	2.15%	1.88%
1.43%	1.04%	3.10%	2.54%
n/a	n/a	n/a	n/a
0.36%	n/a	2.32%	3.07%
1.69%	2.21%	4.68%	4.44%
n/a	n/a	4.80%	3.55%
1.34%	2.01%	2.66%	2.43%
n/a	n/a	1.52%	2.73%
0.93%	n/a	2.61%	1.08%
0.57%	0.03%	1.27%	1.68%
n/a	n/a	2.79%	2.11%
0.05%	2.00%	2.94%	3.92%
n/a	n/a	n/a	n/a
0.38%	0.80%	2.48%	2.12%
3.41%	0.25%	5.58%	2.43%
0.50%	0.64%	1.90%	2.20%
(0.11%)	0.06%	1.45%	1.35%
0.54%	n/a	1.73%	1.84%
n/a	n/a	2.54%	2.50%
n/a	n/a	1.01%	1.02%
0.03%	n/a	2.41%	3.15%
1.00%	2.98%	4.66%	4.14%
0.28%	n/a	1.12%	1.75%
0.42%	0.42%	1.05%	0.61%
1.15%	2.90%	3.22%	3.76%
1.09%	n/a	5.25%	4.51%
n/a	n/a	n/a	4.31%
n/a	n/a	2.84%	n/a
(0.05%)	0.66%	0.45%	0.93%
-	-	-	-
-	-	-	-

Foreign investments in mainland Chinese banks

Chinese bank	Foreign investor	Stake (as a percentage)	USD (million)
Industrial and Commercial Bank of China	Goldman Sachs Group	3.90%	n/a
	American Express	0.2%	n/a
	Allianz Investments III Luxembourg Sarl	0.96%	n/a
China Construction Bank Corporation	Bank of America	10.95%	n/a
	Fullerton Financial Holdings	5.65%	n/a
	Reca Investment Limited	0.34%	n/a
Bank of China	Li Ka Shing	1.21%	n/a
	Asian Development Bank	0.20%	75
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	0.19%	n/a
Bank of Communications	Hong Kong and Shanghai Banking Corporation (HSBC)	18.60%	n/a
China CITIC Bank Corporation	Banco Bilbao Vizcaya Argentaria	15%	n/a
	Gloryshare Investments Limited	4.93%	n/a
	Mizuho Corporate Bank	0.17%	51
Shanghai Pudong Development Bank	Citibank Overseas Investment Corporation	3.39%	67
Industrial Bank	Hang Seng Bank	12.78%	208
	Tetrad Ventures Pte Ltd.	3.83%	n/a
Hua Xia Bank	Deutsche Bank	17.12%	n/a
Bank of Beijing	ING Bank	16.07%	215
	International Finance Corporation	4.04%	54
Bank of Shanghai	HSBC	8%	63
	International Finance Corporation	7%	47
	Shanghai Commercial Bank Ltd.	3%	23
Bank of Tianjin	Australia and New Zealand Banking Group Limited	20%	120
Bank of Nanjing	BNP Paribas	12.61%	n/a
Bank of Dalian	Bank of Nova Scotia ¹	n/a	n/a
Bank of Ningbo	Oversea Chinese Banking Corporation	10%	70
Bank of Hangzhou	Commonwealth Bank of Australia	19.99%	n/a
	Asian Development Bank	3.95%	n/a
Bank of Chongqing	Dah Sing Bank	20%	87.5
Qilu Bank	Commonwealth Bank of Australia	20%	n/a
China Bohai Bank	Standard Chartered Bank	19.99%	123
Bank of Qingdao	Intesa Sanpaolo	20%	138
	Rothschilds Continuation Holdings AG	4.98%	34
Jilin Bank	Hana Bank	18%	316
First Sino Bank	Lotus International	66.61%	n/a
	Wing Hang Bank Ltd.	3.89%	n/a
Nanchong City Commercial Bank	Deutsche Investitions-und Entwicklungsgesellschaft (DEG)	10%	n/a
	Sparkassen International Development Trust (SIDT)	3.3%	n/a
Bank International Ningbo	Bank International Indonesia	51%	51
	Western Oceanic Bridge Limited	49%	49
Bank of Yingkou	Commerce International Merchant Bankers Berhad (CIMB)	18.19%	23.6
Bank of Chengdu	Hong Leong Bank Berhad	19.99%	261
Urumqi City Commercial bank	Habib Bank ²	19.99%	n/a
Xiamen Bank	Fubon Bank (Hong Kong) Limited	19.99%	34

Source: Publicly available information

¹ Bank of Dalian has signed an MOU to sell a 20 percent stake to the Bank of Nova Scotia through a share placement. No deal has yet went through.

² Habib Bank and Urumqi City Commercial bank signed a memorandum of understanding in February 2006 but the deal has yet to go through.

Chinese bank	Foreign investor	Stake (as a percentage)	USD (million)
Yantai Bank	Hang Seng Bank Ltd.	20%	111
	Wing Lung Bank Ltd.	4.99%	28
Shanghai Rural Commercial Bank	Australia and New Zealand Banking Group Limited	19.9%	263
Evergrowing Bank	United Overseas Bank Ltd.	12.06%	n/a
Guangdong Development Bank	Citigroup Inc.	20%	n/a
	IBM Credit LLC	4.74%	n/a
Chinese Mercantile Bank	ICBC Asia Limited	100%	241.6
Tianjin Binhai Rural Commercial Bank	International Finance Corporation	10.63%	44
Hangzhou United Bank	Rabobank	9.94%	n/a
	International Finance Corporation	4.97%	n/a
Xiamen International Bank	Asian Development Bank	10%	10.3
	Shinsei Bank	10%	10.3
	Sino-US Joint Venture Financial Group	5%	5.2
Xi'an City Commercial Bank	Bank of Nova Scotia	14.8%	n/a
Nan Tung Bank	Morgan Stanley	100%	n/a

Chinese bank	Foreign target	Stake (as a percentage)	USD (million)
Industrial and Commercial Bank of China Limited	ICBC Asia Limited ³	72.4%	n/a
	ICBC Indonesia Limited ⁴	97.83%	63.40
	ICBC Canada Limited ⁵	70%	n/a
	ICBC Macau Limited ⁶	89.33%	n/a
	ICEA Finance Holdings Limited	75%	n/a
	IEC Investment Ltd.	28.96%	n/a
	Standard Bank Group Ltd.	20%	5,460
	China Ping An Insurance (Hong Kong)	18%	n/a
	ACL Bank	97.24%	n/a
China Construction Bank Corporation	China Construction Bank (Asia) Corporation Limited ⁷	100%	n/a
	CCB (Asia) Finance ⁸	100%	70
Bank of China Limited	Heritage Fund Management (HFM)	8.7%	53.75
	BOC Aviation Pte.Ltd. ⁹	100%	965.00
China Development Bank Corporation	Barclays Bank	3.1%	3,000.00
	Pak-China Investment Company Ltd.	50%	n/a
China Merchants Bank	Wing Lung Bank Ltd.	100%	4,698.45
	Hong Kong Life Insurance Limited	16.67%	9.03
China CITIC Bank Corporation Limited	China Investment and Finance Limited	98.52%	n/a
	CITIC International Financial Holdings Ltd	70.32%	n/a

Source: Publicly available information

³ Renamed ICBC (Asia) from Union Bank of Hong Kong.

⁴ Renamed ICBC Indonesia from PT Halim Bank Indonesia.

⁵ Renamed ICBC Canada from Bank of East Asia (Canada).

⁶ Following ICBC's acquisition of Seng Hang Bank, it was merged with ICBC's Macau branch and renamed ICBC Macau Company.

⁷ After acquiring Bank of America (Asia), China Construction Bank renamed the entity China Construction Bank (Asia).

⁸ Renamed CCB (Asia) Finance from AIG Finance (Canada).

⁹ After acquiring Singapore Aircraft Leasing, Bank of China renamed the entity BOC Aviation Leasing.

Financial highlights and key ratio explanation

1	Net interest income	Interest income less interest expenses (including interest income from investments or investment income where interest income from investment is not specifically disclosed)
2	Non-interest income	All operating income not included in net interest income
3	Operating expenses	Includes all expenses charged to arrive at profit before tax (excluding interest expenses, charges for bad and doubtful debts and exceptional and other items)
4	Operating profit before provisions	Total operating income less operating expenses
5	Charge for bad and doubtful debts	Charges to the profit and loss accounts for bad debts, provisions for doubtful debts and net of recoveries against customer advances
6	Exceptional and other items	Non-operating income and expenses and exceptional items
7	Profit before tax	Operating profit after provisions, exceptional items and other items
8	Net profit after tax	Profit before minority interest and transfers to/from reserves and appropriations
9	Gross advances to customers	Loan and advances to customers before provisions, including advances to non-bank group undertakings and trade bills receivables. Excludes advances to banks, accrued interest, and other accounts
10	Provisions against customer advance	Includes individually and collectively assessed provisions for impairment
11	Total deposits from customers	Current, fixed savings, and other deposits from customers including non-bank group undertakings. Excludes current accounts and overdrafts with banks
12	Total equity	Share capital plus distributable and non-distributable reserves and minority interests
13	Capital adequacy ratio	In accordance with the respective regulatory guidelines
14	Liquidity ratio	In accordance with the respective regulatory guidelines
15	Net loan/deposit ratio	Gross advances to customers, less provisions for loan losses as a percentage of deposits from customers
16	Non-interest income/total operating income	Non-interest income as a percentage of total operating income
17	Net interest income/total assets	Net interest income as a percentage of total assets
18	Cost/income ratio	Operating expenses as a percentage of total operating income
19	Net interest margin	Interest income less interest expenses as a percentage of average interest bearing assets
20	Return on assets (ROA)	Profit after tax as a percentage of total assets
21	Return on equity (ROE)	Profit after tax as a percentage of total equity
22	Gross non-performing loans (NPLs)	Customer advances defined as non-performing or impaired in the financial statements
23	Gross NPLs/gross advances to customers	Gross NPLs as a percentage of gross advances to customers
24	Bad debt charge/gross advances to customers	Charge for bad and doubtful debts as a percentage of gross advances to customers
25	Provision coverage ratio	Provision as a percentage of gross advances to customers

Notes

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KPMG China has over 9,000 staff, working in 12 offices; Beijing, Shenyang, Qingdao, Nanjing, Shanghai, Chengdu, Hangzhou, Fuzhou, Guangzhou, Shenzhen, Hong Kong and Macau.

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