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## ANNUAL REPORT



**INDUSTRIAL AND COMMERCIAL  
BANK OF CHINA**

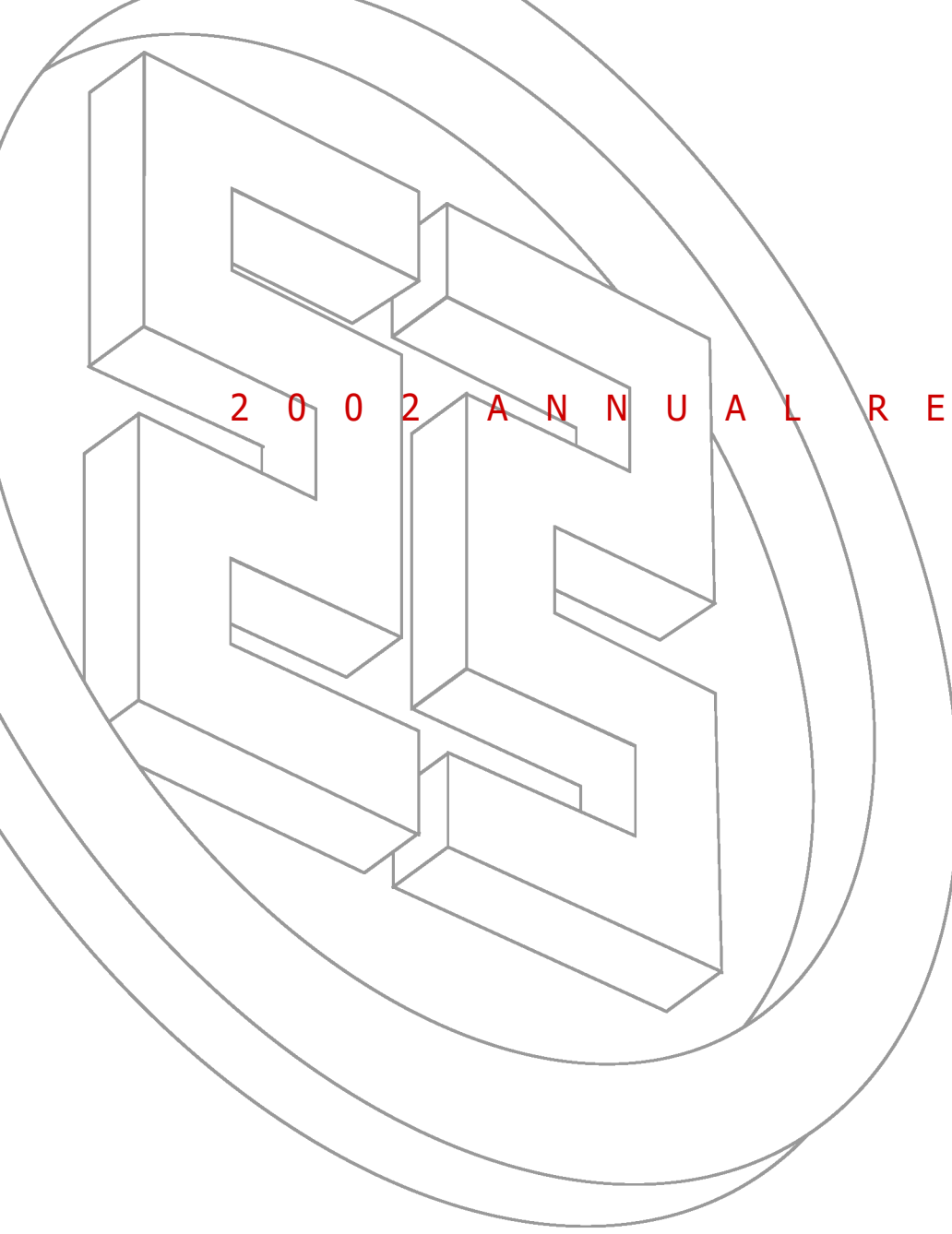




Incorporated on January 1, 1984, Industrial and Commercial Bank of China ("ICBC") is now the largest commercial bank in China and one of the top ten commercial banks around the world. As of end of 2002, its total assets reached RMB 4,776.8 billion, representing 1/4 of the aggregate domestic assets of all Chinese commercial banks. It is the market leader in all major areas of the banking service in China.

Through 22,034 domestic outlets, 71 overseas branches and offices and 1,020 correspondent banks all over the world and via an advanced computer network, ICBC delivers comprehensive and convenient service to millions of corporate clients and approximately 100 million personal customers.

*Note: all figures in this annual report, unless stated, are the figures of all of ICBC's domestic and overseas branches.*



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### ***THE BANKER, UK.***

In 2002, The Banker named ICBC "Bank of the Year 2002 China". We have won this award for 3 years in a row.

In 2002, ICBC won the "Bank of the Year 2002 Website".

In its 2002 global top 1000 bank ranking by tier-one capital, we took the 10<sup>th</sup> position. We have been included in the top ten in this ranking for the last 4 consecutive years since 1998.



### ***GLOBAL FINANCE, U.S.A.***

ICBC won "Best Bank Award 2002 China". We have won this recognition for the last two years in a row.

In 2002, ICBC was given the "Best Corporate Internet Bank Award 2002 China".



## **THE ASIAN BANKER**

### ***THE ASIAN BANKER, Singapore***

In 2002, ICBC won "Excellence in Retail Financial Services Award 2002 China".



### ***FORTUNE, U.S.A.***

In 2002 we were ranked 243<sup>rd</sup> in Fortune's Global 500. It was the fourth consecutive year that we have been included in these ranking.



### ***FAR EAST ECONOMIC REVIEW, U.S.A.***

In 2002, ICBC was included in its "200 Asia's Leading Companies" and ranked 4<sup>th</sup> in the Top Ten Chinese domestic companies. The bank was ahead of all the other domestic financial institutions included in the ranking.



## Market Position and Competitive Edge





## Overall Strength

- **The largest commercial bank in China.** ICBC's total assets reach approximately RMB 4.8 trillion, taking **1/4** of the total domestic assets owned by Chinese commercial banks.
- **Serving the most extensive corporate clients in China.** ICBC has **8.1 million** corporate accounts and currently has credit relationship with 220,000 corporate clients.
- **Serving the largest number of personal customers in China.** ICBC has approximately 100 million personal customers, 2.8 million consumer credit clients, and approximately **400 million** personal savings accounts.
- **Equipped with the most advanced technology among the commercial banks in China.** ICBC has deployed the most advanced IT infrastructure in China, including 2 consolidated data centers. The computer network covers all the branch offices. We have also deployed the **largest** number of ATM and POS.
- **The bank that always stands by your side.** Through 22,034 domestic outlets, 71 overseas branches and offices and 1,020 correspondent banks in 105 countries across six continents, ICBC delivers convenient service to customers.

## Deposits and Loans

- **The largest wholesale banking provider in China.** The outstanding corporate deposits reaches RMB 1,771.7 billion, representing a **20%** market share. The outstanding corporate loans reaches RMB 2,654.8 billion, representing a **20%** market share.
- **The largest savings bank in China.** The outstanding savings deposits reaches RMB 2,285.2 billion, representing a **24%** market share.
- **The largest housing mortgage lender in China.** The outstanding amount of housing mortgage loans stands at RMB 258 billion, making up **31%** of the market share.
- **The largest consumer-banking provider in China.** The outstanding amount of consumer credit stands at RMB 303 billion, representing **28%** in the market. Other consumer credit (excluding housing mortgages) reaches RMB 45 billion, representing a **19%** market share, of which, auto loans reach RMB 21.1 billion, increasing by **220%** year on year.

## E-Banking

- **Leading E-banking service.** A full array of electronic banking services are available, including Internet banking, telephone banking, mobile phone banking and self-service banking. In 2002, the total transaction volume reached RMB 8.8 trillion, increasing 2.4 times compared to the previous year. Our Internet banking solution and phone banking service, which are branded "Financial E-channel" and "95588", have been widely recognized and accepted by our customers. ICBC was the first domestic bank to provide online B-to-B banking service. Today, our Internet banking service covers all aspects of B-to-B and B-to-C business. In 2002, the volume of Internet banking transactions exceeded RMB 5 trillion, increasing some 8.4 times compared to the previous year.

## Bank Card

- **The largest in card spending amongst the domestic banks.** As of end 2002, a total of 79.46 million Peony cards were on issue and card spending reached RMB 68.5 billion, representing 43% of the total card market share held by the 4 state-owned commercial banks. In the card business, we scored best compared to our rivals on three major criteria: the number of credit cards issued, volume of spending, and cross-bank transaction volume.

## Intermediary Business

- **The largest settlement bank in China.** ICBC was the first commercial bank providing real time funds transfer and settlement services. Our RMB settlement market share is 45% which is well ahead of other market players. Our market share in the clearing services for securities, futures, and bullion market is above 50%.
- **The largest agency banking provider in China.** Working on an agency basis, we offer payment and settlement services to government institutions, policy banks, commercial banks, non-bank financial institutions and corporate clients. The payment and settlement transaction volumes ranks the first amongst the domestic players.
- **The largest custody bank in China.** ICBC acts as the custody bank for 20 funds and holds some RMB 30 billion of assets under custody. The assets under custody increased by 22% as compared with last year and we have scored the best among our domestic rivals on all business criteria for the last five years in a row.
- **The largest institutional investor, bond agent and OTC market maker in China's domestic bond market.**





# Financial Highlights

Unit : RMB million, %

ITEM	ICBC Group <sup>1</sup>			ICBC (the Bank)		
	2002	2001	Growth Rate	2002	2001	Growth Rate
<b>Operating Results</b>						
Operating profit <sup>2</sup>	44,850	34,677	29.34	43,917	34,384	27.73
Net profit	6,527	5,950	9.70	6,174	5,803	6.39
Interest income	154,875	159,631	-2.98	153,778	158,243	-2.82
Interest expenses	70,113	86,582	-19.02	69,547	85,823	-18.96
Net interest income	84,762	73,049	16.03	84,231	72,420	16.31
Non-interest income	8,592	7,044	21.98	7,402	6,612	11.95
<b>Balance Sheet Items</b>						
Total assets	4,776,773	4,338,985	10.09	4,734,236	4,318,071	9.64
Loans	3,002,283	2,688,877	11.66	2,957,837	2,659,466	11.22
Total liabilities	4,594,767	4,146,058	10.82	4,556,381	4,127,077	10.40
Deposits	4,100,517	3,612,194	13.52	4,056,898	3,580,470	13.31
Owners' equity <sup>3</sup>	178,208	191,253	-6.82	177,855	190,994	-6.88
<b>Ratios</b>						
Net profit/total assets	0.137	0.137	—	0.130	0.134	-2.99
Net profit/capital	3.66	3.11	17.68	3.47	3.04	14.14
Interest income from loans/total income	72.96	69.75	4.60	73.13	69.82	4.74
Interest expenses on deposits/total expenses	39.75	45.75	-13.11	39.84	45.75	-12.92
Cost/income	56.37	59.23	-4.83	56.55	59.14	-4.38
NPL ratio (Five-Category Classification)	25.43	29.54	-13.91	25.69	29.78	-13.73

**Note:** 1. See Page 52 Important Accounting Policies and Accounting Estimates: 14. Scope and Preparation of ICBC's Consolidated Financial Statements;

2. See Page 25 Financial Review;

3. See Page 57 Notes to the Financial Statements: 14. Owners' Equity.