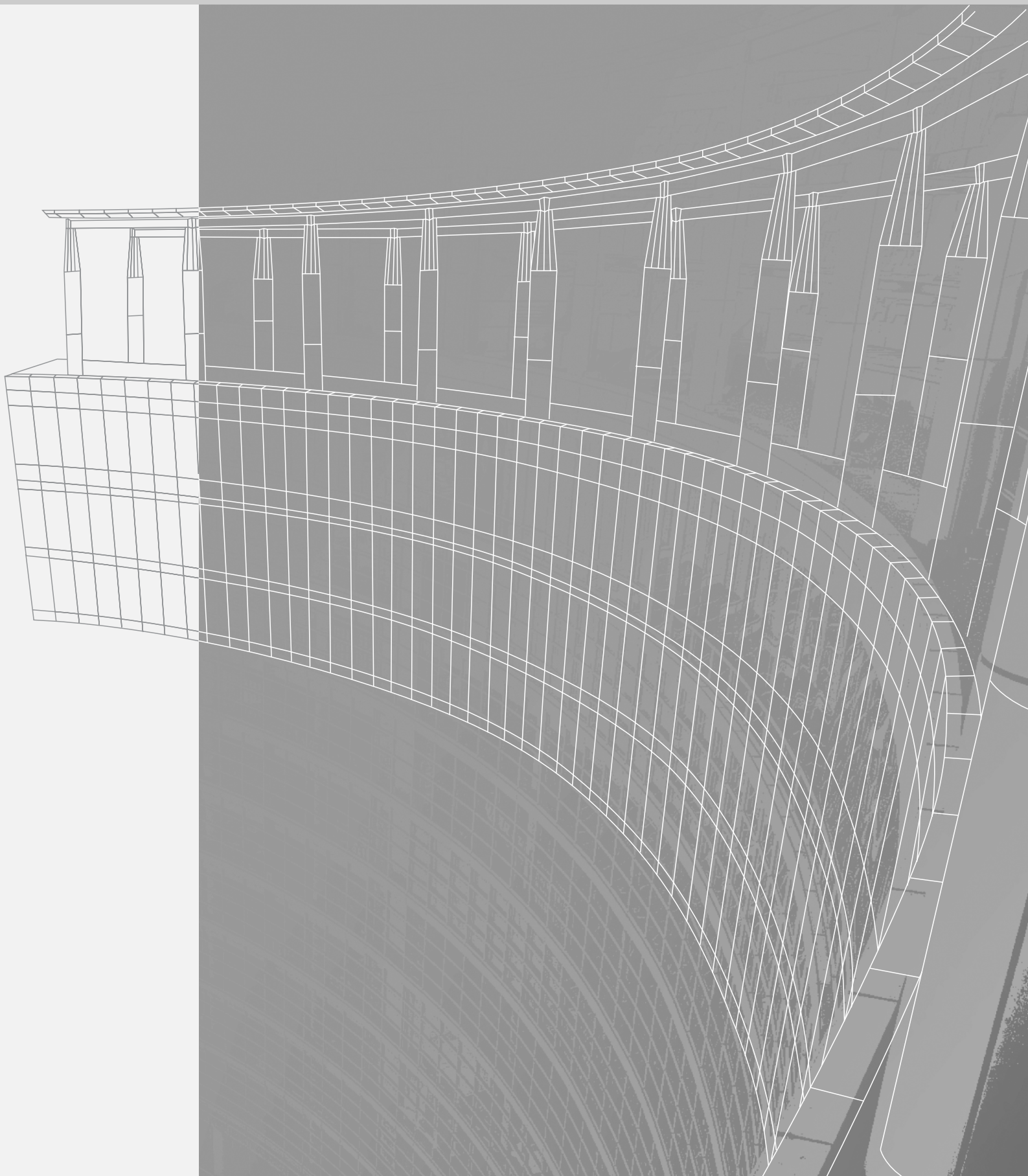




**INDUSTRIAL AND COMMERCIAL
BANK OF CHINA**



Core Business

2002 was the first year after China's WTO entry. In this year, China's macro economy maintained vigorous growth with GDP growing by 8%, fixed assets investment rising by 16.1%, and total retail sales of consumer goods up 8.8%. Domestic investment and consumption demand remained strong. The economic efficiency of enterprises continued to improve. State-owned and state share holding companies reported steadily increasing profits. Financial operations remained stable. The total outstanding deposits held at all financial institutions reached RMB 18.3 trillion, representing an annual growth of 18.1%. The total outstanding credit reached RMB 14 trillion, up 15.4% from the previous year.

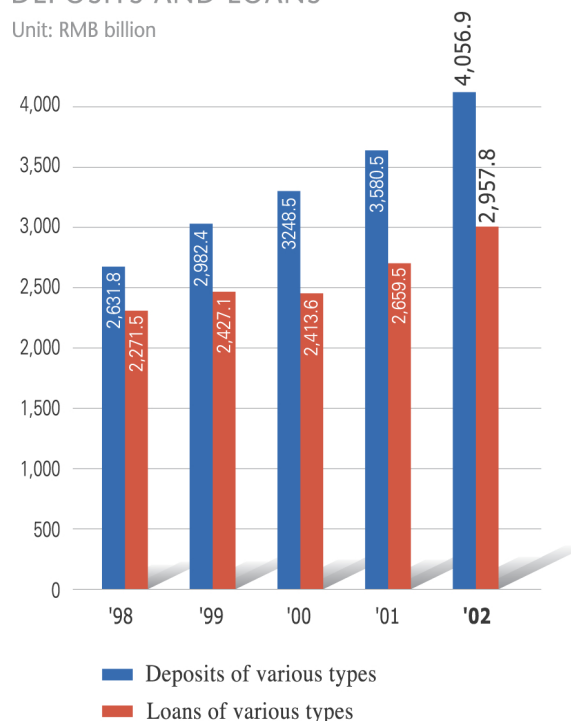
In 2002, despite fierce competition from foreign banks and domestic banks, the Bank maintained its leading position in the market. While consolidating our present business lines and customer base, we made tremendous efforts in exploring new businesses and tapping new customers. As a result, business volumes soared to a record high and the quality of both our service and management rose to a new level.

In 2002, the Bank's deposits and loans continued to grow steadily. The outstanding loans of all types reached RMB 2,957.8 billion, increasing by RMB 298.4 billion, RMB 52.5 billion more than the growth of the year before. The outstanding deposits of all kinds stood at RMB 4,056.9 billion, up RMB 476.4 billion, RMB 144.5 billion more than the growth of the previous year. The market share of the loan and deposit businesses were 21% and 22% respectively, which further enhanced our status as the market leader. This result is largely attributable to the continuous efforts in improving our sales and marketing mechanisms, which is characterized by bank-wide planning, focusing on key customers, customer segmentation, and cross selling synergies. Customer relationship management systems have been established in branches at all levels, which further perfects our customer relationship management. Moreover, the Bank provides tailor-made financial service solutions to key customers and new products and services catering to different needs of differing customers groups.

The intermediary business expanded dramatically and brought substantial revenue growth. The total revenue generated by the intermediary business amounted to RMB 5.13 billion, up RMB 1.2 billion. In 2002, we focused on building up ICBC's brand in the intermediary business. Through all-round efforts, our products such as "Remittance Express", "Financial E-channel", and "Elite club" were gradually recognized and accepted by our customers. Products characterized by high technology and high added value took up an increasing proportion of our intermediary product portfolio. We continued to constantly explore new business areas.

DEPOSITS AND LOANS

Unit: RMB billion



In 2002, ICBC not only won the bid to be the clearing bank and custodian bank for the Shanghai Gold Exchange but also successfully launched the "book-entry treasury bond OTC trading" business.

Because of our outstanding performance, we were named "Bank of year 2002 China" by *The Banker*, "Best Bank Award in 2002 China" by *Global Finance*, and "Excellence in Retail Financial Services Award 2002 China" by *The Asian Banker*. We also ranked the 4th position in the Top Ten Chinese Domestic Companies ranked by the US magazine *Far East Economic Review*.

CORPORATE BANKING

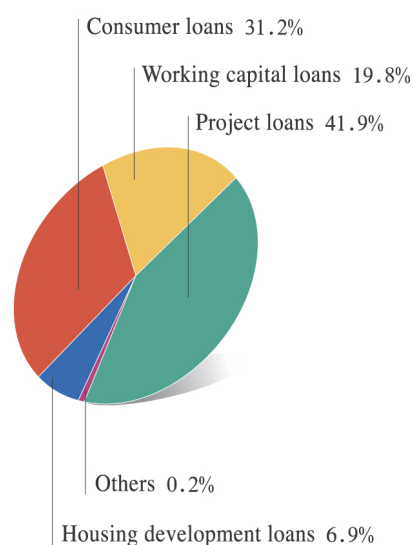
We view corporate clients as our core customer base. We offer a full array of corporate banking products and services including loans and deposits, clearing and settlement, agency and trust services, fund custody, cash management, and investment banking. Confronted with intensifying competition, we have built a quality customer relationship team committed to delivering the best service to our clients. In 2002, the Head Office organized the sales and marketing teams to visit over 300 key multinational, cross regional corporate groups and has maintained close business relations with a number of quality clients both at home and abroad. These clients include household names such as Sinopec, CNPC, Walmart, and BP. Branches at all levels have also been active in doing marketing on reputable regional group clients directly. In the meantime, the Bank also improved its services to small and medium sized enterprises and private businesses.

In terms of product innovation, the Bank provides "One-stop" financial solutions to large conglomerates and launches new products like bullion loans, bullion-secured loans, factoring without recourse, and corporate account overdraft facilities. Moreover, it promotes the marketing efforts for products like banker's acceptances issued against automobile quality certificates, warehouse certificate pledged facilities, financing under export credit insurance, and loans pledged against land pre-registration certificates. A joint assessment and approval process is initiated for syndicated loans and large scale projects. In addition, the Bank establishes new policies which allow natural persons to pledge their personal property as a guarantee for SME loans.

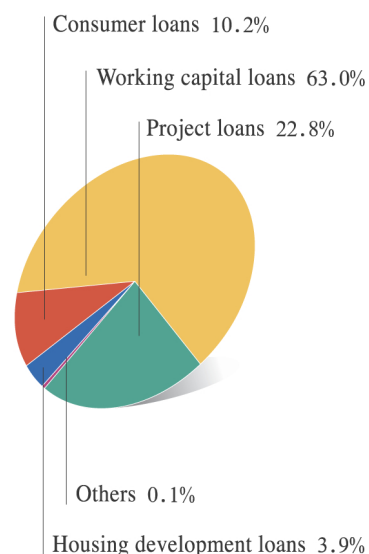
CORPORATE DEPOSITS

As of the end of 2002, the outstanding amount of corporate deposits stood at RMB 1,771.7 billion, up by RMB 207.1 billion or 13% year on year. Among them, the amount of corporate demand

INCREMENTAL LOANS



LOANS OUTSTANDING



deposits reached RMB 1,439 billion, accounting for 81% of the total corporate deposits, with a growth of 16% or RMB 201.5 billion. The outstanding amount of time deposits received from corporate clients stood at RMB 332.7 billion, up by 2% or RMB 5.6 billion.

CORPORATE LOANS

The outstanding of corporate loans stood at RMB 2,654.8 billion, reflecting a RMB 205.3 billion increase. Working capital loans increased by RMB 59.1 billion, accounting for 28.8% of the total amount of new corporate loans granted. Discounted bills rose by RMB 29.3 billion, accounting for 14.3% of the total increment. Project finance loans went up by RMB 124.9 billion, representing 60.8% of the total. The breakdown of the project loans showed that syndicated loans increased by RMB 27.6 billion or 13.4% of the total incremental volume. Loans extended to real estate companies increased by RMB 20.7 billion or 10.1% of the total increase in value. Other types of loans increased by RMB 600 million, accounting for 0.3% of the total incremental volume.

INSTITUTIONAL BANKING

ICBC has been an active player in the inter-bank market and the domestic bond market and a primary lender or investor in both markets. In 2002 the Bank achieved impressive performance in the area of money market transactions, with an accumulative turnover of RMB 1.7 trillion, up 72.9% as compared to the previous year. Inter-bank transactions amounted to RMB 107.8 billion, down 12% and bond repurchases totaled RMB 1.6 trillion in accumulation, up 83.9%.

Cooperation with insurance companies went smoothly. The Bank signed Comprehensive Cooperation Agreements with 8 big domestic insurance companies in a bid to work hand in hand in market exploration and product design. By the end of 2002, ICBC worked on an agency basis for 13 insurance companies in distributing their life insurance and property insurance products.

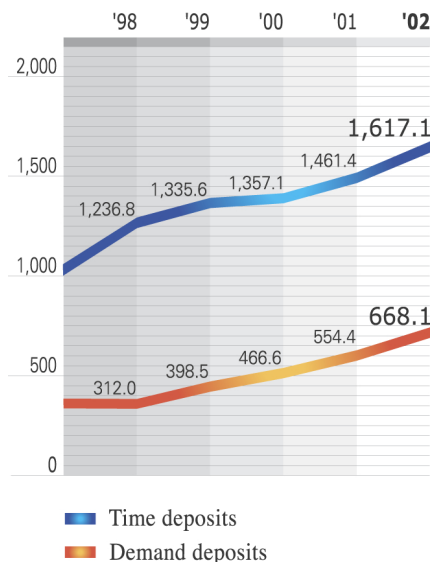
In 2002, ICBC signed Comprehensive Cooperation Agreements with 28 securities firms, Bank-Securities Cooperation Agreements with 32 securities firms as well as Deposit Trust Agreements with 69 securities brokerage companies and 21 trust and investment companies. A total RMB 8 billion worth of stock-backed loans were extended. In addition, ICBC became one of the first financial institutional members of the Shanghai Gold Exchange.

PERSONAL BANKING

In conjunction with domestic residents' growing attention to wealth management and their need for diversifying their investment portfolio, ICBC accelerated the product innovation and adjusted its core product strategy. Based upon the traditional business, a complete, diversified personal financial service solutions which focused on new business and wealth management shaped up to enrich the customers' choices for convenient and personalized financial services.

SAVINGS DEPOSITS

Unit: RMB billion



SAVINGS DEPOSITS

In 2002, the outstanding amount of savings deposits reached RMB 2,285.2 billion, increasing by RMB 269.3 billion. Within this amount, RMB-denominated deposits increased by 254.6 billion, taking 95% of the total incremental deposits, up RMB 70.3 billion over the growth of the previous year. Demand savings deposits went up by RMB 113.7 billion or 21%. Time deposits increased by RMB 155.6 billion or 11%. In 1999, ICBC was the first among its peers to launch education savings deposits, a product that was enthusiastically welcomed by our customers. As the end of 2002, 4.36 million education savings accounts had been opened with outstanding deposits of RMB 35.2 billion.

CONSUMER CREDIT

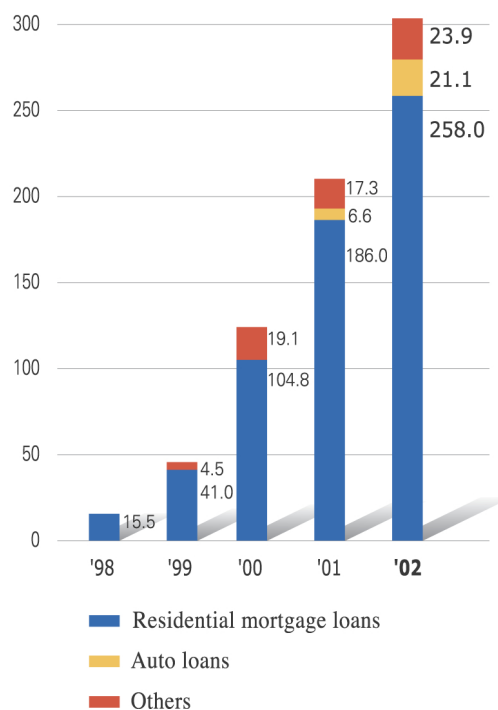
In 2002, residential mortgage loans and auto loans became two engines for growth in the market. ICBC took concrete steps towards promoting the mortgage and auto loan business in a bid to drive the consumer lending business as a whole and to aid optimizing our credit structure. As the end of 2002, the outstanding amount of consumer loans increased by RMB 93.1 billion to RMB 303 billion. The number of consumer credit customers reached 2.8 million. In 2002, a total of RMB 187.3 billion consumer loans were extended, up RMB 23.4 billion from the previous year. Consumer credit was characterized by good credit quality, with the NPL ratio being kept below 1%.

Residential Mortgage Loan

Residential mortgage loans have risen steadily. As the end of 2002, we offered 9 different types of products in our residential mortgage loan portfolio and a total of 1.92 million households received mortgage loans from us, with the outstanding mortgage loan reaching RMB 258 billion, which represents 31% of the mortgage market. We claimed the major residential mortgage bank in China. In 2002, despite intensifying competition from other banks and a 37% increase in loan pre-repayment, we granted a total of RMB 118.5 billion worth of mortgage loans, with the outstanding balance growing by RMB 72 billion.

CONSUMER LOANS

Unit: RMB billion



Auto Loan

Auto loans expanded by leaps and bounds. At the end of 2002, the outstanding amount of auto loans reached RMB 21.1 billion, increasing by RMB 14.5 billion or 220%, representing 16% of the total incremental consumer credit.

PERSONAL INTERMEDIARY BUSINESS

The personal intermediary business has boomed. We now offer agency banking, individual settlement, advisory services, foreign exchange intermediary business, and bank card business to our customers. There are altogether 212 products, falling into 9 major categories. In 2002 we provided payroll services for 64.58 million people, with total payments amounting to RMB 493.5 billion. Individual settlement transactions reached RMB 6.2 trillion. "Remittance Express" becomes a reputable brand of personal remittance. The number of personal remittance transactions for the year reached 39.23 million and the transaction volume reached RMB 332 billion accumulatively. The Bank distributed RMB 16.2 billion worth of life insurance and property insurance products, five times that of the prior year; it collected on an agency basis insurance premiums of RMB 71.6 billion, 1.7 times more than that of the previous year. Also in the same year we launched a number of new businesses such as "purchase of foreign exchange for private purposes" and "Double Gain Deposit" for domestic residents.

WEALTH MANAGEMENT

The year 2002 marked a new phase in the development of our wealth management for private customers. We renovated 1,000 wealth management centers, trained 12,000 wealth management customer relationship managers in a bid to offer a full array of services to our customers and thus built our "Elite Club" into a well-known brand. Since open-ended mutual fund had recently entered into the residents' investment portfolio, we distributed 4 open-ended mutual funds on an agency basis for fund management companies through over 3,000 offices. Altogether we sold 68% of the 4 funds. In June 2002, we were among the first group of approved banks to launch the book-entry T-bonds OTC transactions in Shanghai and Beijing. By the end of 2002, the total transaction volume reached RMB 1,774 million, representing a 44% market share.

BANKING CARD BUSINESS

As of the end of 2002, 79.46 million Peony Cards were on issue and the card spending totaled RMB 68.5 billion, among which 64% was debit card transactions and 36% credit card transactions. Inbound business amounted to RMB 3.43 billion, up 32%. The consumption level per card grew on average by 22% despite a 1.1% decline in the total number of cards resulting from the suspension of a number of low-usage or unused cards. The number of international debit cards and credit cards increased by 60,000 and 30,000 respectively with card spending up by 100% and 40% respectively, while an additional net 500,000 RMB credit cards were issued with 467% growth in card spending. The bank maintained the leading position both in terms of number of credit cards and card spending.

ICBC improved internal operating guidelines for both risk management and business operations. The

Bank placed more emphasis on enhancing quality, profitability and sound operations by measures like simplifying procedures for card-holder identity verification, immediate suspension of cards upon reporting of card-loss as well as abolishing the guarantee requirements for card applications.

The cross-bank card link was on a smooth track. Over the year, ICBC issued 1.07 million China UnionPay (CUP) cards and had the largest cross-bank card transaction volume amongst the domestic banks.

MAJOR DATA FOR BANK CARDS

	2002	2001	Growth	Growth rate(%)
Total number of bank cards issued (in million)	79.46	80.34	-0.88	-1.1
Debit cards	74.48	73.76	0.72	1.0
Credit cards	4.98	6.58	-1.60	-24.3
Annual card spending (in RMB billion)	68.5	56.1	12.4	22.1
Debit cards	43.6	33.8	9.8	29.0
Credit cards	24.9	22.3	2.6	11.7

INTERMEDIARY BUSINESS

CLEARING AND SETTLEMENT

The Bank conducted RMB100 trillion in settlements, up RMB 14 trillion since 2001, yielding RMB 980 million in revenues, which was RMB 220 million more than the previous year. The settlements for corporate clients maintained the leading position amongst its peers. The Bank provided settlement services for over 100 large groups and signed Group Settlement Agreements with a number of group companies. In addition, it handled RMB 254.3 billion worth of banker's acceptance bills and RMB 21 trillion of clearing for other banks and non-banking institutions.

The bank card settlements for both the Bank's own card and cross-bank cards reached RMB 707 billion. ICBC has been the clearing bank for both the Shanghai and the Shenzhen Stock Exchange, and has signed clearing agreements with 3 futures companies. It also provides foreign exchange clearing for the China UnionPay.

CUSTODY BUSINESS

The year 2002 witnessed stable growth in the Bank's fund custody business, in which the Bank maintained the leading position among the domestic banks in all custody performance data. ICBC became the custodian for 4 new funds which made the number of funds under custody increase to 20, including 16 close-ended funds and 4 open-ended funds, with 34.5 billion shares and over RMB 30 billion assets under custody, up by 22% as compared to 2001. The custody of trusted assets, social security funds and pension funds expanded steadily.

In 2002, ICBC received approval from the PBOC for custody licenses for launching custody services for entrusted assets, individual pension fund accounts, social security funds for rural residents, investment-linked insurance funds, receipt and payment account service, and QFII domestic securities investment. The Bank currently provides a full spectrum of specialized custody services with 10 different products covering social security funds, securities, trust funds, insurance and foreign assets.

AGENCY AND TRUST SERVICE

The Bank provided payroll payments for 108 ministerial bodies and other central governmental organizations of 27,000 civil service workers and handled RMB 32 million of monthly payments. As the largest agent for treasury bond issuance, it issued RMB 46.8 billion of bearer treasury bonds, 5.2% more than 2001, taking up a 32% market share, and cashed RMB 55.5 billion of treasury bonds. It had RMB 3.1 billion of funds under administration on behalf of the State Development Bank, handling RMB 5.34 billion of settlements and RMB 3.5 billion of banker's acceptance bills. For the China Ex-Im Bank, ICBC handled RMB 3.65 billion of export credit and RMB 9.6 billion of settlements. In addition, it extended RMB 29.7 billion of trust loans on behalf of corporate clients and made the payment of RMB 430 million in compensation to migrants for the Three Gorges Project.

CASH MANAGEMENT

The Bank actively provides customized cash management services for high-net-worth corporate clients such as multi-national corporations and large domestic companies and has developed various state-of-the-art products such as "Cheque Express" and "Instant Clearing", which integrate RMB and international settlement, e-banking, bank card and financing facilities to satisfy the comprehensive and customized demands of the clients.

BULLION TRADING

ICBC is one of the first member banks of the Shanghai Gold Exchange to provide funds clearing as well as physical bullion storage service. In 2002, the Bank settled RMB 2.05 billion of funds for SGE, taking up 58.6% of the total volume of the four clearing banks. Its storage service and bullion trading for non-members took the leading position in the market. Moreover, ICBC was the first bank to start proprietary bullion trading in China.

BILLS BUSINESS

Despite fierce competition and decreasing interest spreads, the Bank still enjoyed considerable growth in bills business. It handled a total of RMB 875.9 billion of traded bills, up by 35%, with RMB 95.78 billion of outstanding bills advances, up by 44%. The average monthly bills advance balance amounted to RMB 81.6 billion, which was the largest amongst ICBC's peer banks. 30% of all bills transactions were executed through the Bills Discounting Center with daily outstanding of RMB 24.5 billion, generating a total profit of RMB 100 million without incurring any non-performing assets. ICBC's bills business thus maintained remarkable growth, with high asset quality and growing profit.

SYNDICATION AND INVESTMENT BANKING

The Bank has acted as lead arranger, associate arranger in a number of large syndication projects, including the Nanhai Petrochemical Project, Shanghai BP Project, Yangtse BASF, West-to-East Gas Pipeline, West-to-East Electricity Transmission Project and the Three Gorges Project, granting a total of RMB 65.7 billion syndicated loans in 2002 and receiving RMB 89.4 million of arrangement and initiation fees. It designed customized financing structures and fund raising schemes and provided clients with consulting services in mergers and acquisitions, and other capital related operations. It has been the financial advisor for Hainan Airlines, Guangdong Macro Co., Ltd., Kunming Municipality Government's Road Show in Hong Kong. Revenues from advisory services amounted to RMB108.47 million in 2002. The Bank also initiated new measures such as bulk sales and M & A to dispose of non-performing assets and other non-core assets.

E-BANKING

During the year, the Bank developed a full range of electronic self-service banking products, which can be utilized via its internet banking, phone banking, mobile phone banking, corporate banking and self service banking channels. The Bank stayed at the forefront of the electronic banking market by introducing various new innovative products, executed brand building campaigns and focused on improving its service quality, and as a result its banking products were widely accepted and utilized by a large number of corporate and individual clients. Its e-banking transaction volume doubled over the previous year to RMB 8.8 trillion. The internet banking platform was awarded "Bank of the Year 2002 Website" by *The Banker*, and the online corporate banking platform was awarded "Best Internet Bank Award 2002 China" by *Global Finance*.

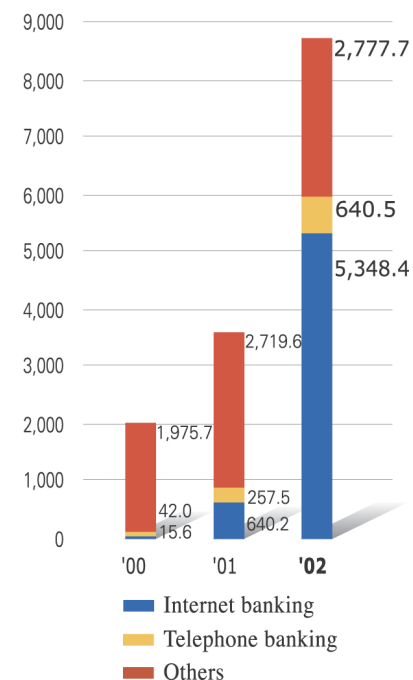
ICBC's internet banking is available in 312 cities across the country and the volume of transactions reached RMB 5.3 trillion in 2002, 8.4 times that of 2001 and also the largest amongst the domestic banks. The number of internet banking corporate clients and individual clients increased to 35,000 and 3.83 million respectively, up by 4-fold and 2-fold respectively as compared to 2001. Besides the unique online settlement services and group financial services designed for corporate clients, the Bank also introduced a series of new products including "Charge Station", agency payments, corporate financial advisory, bank-corporate links and cash management services. For individual clients, it developed new services such as personal remittance, tuition payment, self-service registration, fee payment and e-card services.

Call centers are widespread and located in over 300 cities, and RMB 640.5 billion worth of transactions were conducted via these call centers in 2002, which was 2.5 times that of 2001.

In 2002, the bank installed 1,270 new ATMs and 2,264 POS terminals and set up 106 self-service banking offices, so that

E-BANKING TRANSACTIONS

Unit: RMB billion



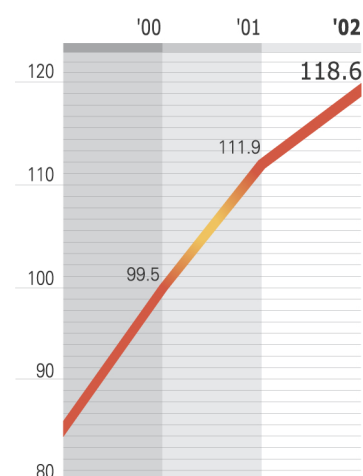
the total number of ATMs, POS terminals and self-service banking offices amounted to 13,000, 72,000 and 413 respectively by the end of 2002. 270.74 million transactions worth a total of RMB162.1 billion were conducted via ATMs, up 34%, and 94.94 million transactions worth some RMB139.6 billion were conducted through POS terminals, up 94%.

INTERNATIONAL BUSINESS

The year 2002 saw stable growth and sound results in our international business. As at the year-end, the ICBC group's total amount of foreign exchange denominated assets reached USD 49.87 billion with USD 33.98 billion held by the Head Office and domestic branches. The business yielded a total profit of USD 422 million, of which USD 298 million was from domestic branches and USD 124 million from overseas branches. The number of overseas branches, subsidiaries and representative offices totaled 71 with total assets of USD 15.89 billion, up 50.4%. The Bank maintains correspondent banking relationships with 1,020 banks across six continents, covering 105 countries. During the year, ICBC introduced a variety of new products such as purchase of foreign exchange for private purposes, factoring, forfeiting and export buyer's credit, which promoted the growth of the Bank's trade finance and international settlement business.

INTERNATIONAL SETTLEMENTS

Unit: USD billion



FOREIGN EXCHANGE DEPOSITS AND LOANS

The foreign exchange deposits outstanding for the group totaled USD 29.4 billion, with USD 24.3 billion taken within the domestic market and USD 5.1 billion from overseas operations. The foreign exchange loans outstanding for the group totaled USD 18.7 billion, of which USD 11 billion was disbursed in the domestic market, up USD 3.3 billion, and USD 7.7 billion disbursed in the overseas market.

INTERNATIONAL SETTLEMENT

ICBC transacted USD 118.6 billion worth of international settlements for all domestic and overseas branches during the year, with USD 26.1 billion handled by overseas branches, and USD 92.5 billion, or 78% by the domestic branches, up USD 15 billion, or 19% over 2001. Trade settlements amounted to USD 71.2 billion, up USD 15 billion, or 27%. Non-trade settlements and settlements under capital items were USD 21.3 billion, a similar level as 2001.

FOREIGN EXCHANGE TREASURY

The Bank stepped up its level of innovation, focusing on services such as "F/X Trading", personal account foreign exchange trading, and financial advisory and risk management for clients. Amounting to USD 88.2 billion, F/X trading for clients' accounts grew by USD 25.9 billion or 42% over 2001. Personal F/X trading reached

a total of USD 28 billion which was 11 times that of the previous year, and the financial advisory and risk management for clients' accounts services transacted USD 2.8 billion, growing by 115%, both of which reported the highest growth rate amongst the Bank's domestic peers. USD 51.8 billion worth of F/X purchases and sales were handled, up by USD 9.5 billion or 22%. The F/X treasury has become an important and profitable core business for the international business activities of the Bank. Various derivative products have been developed, such as structured deposits, structured options, swaps and swaptions.

OVERSEAS HOLDING SUBSIDIARIES

Industrial and Commercial Bank of China (Asia) Ltd. ("ICBC (Asia)")

Despite the economic slowdown in Hong Kong, ICBC (Asia) still maintained remarkable growth in terms of both asset size and profits. Thanks to a strong growth in commission revenue and effective cost control measures, ICBC (Asia) achieved after-tax profits of HKD 482 million, up 46% over 2001's HKD 330 million. Earnings per share grew from HKD 0.56 to HKD 0.70 with ROA and ROE of 1.0% and 10.4% respectively. The amount of loans outstanding and deposits outstanding increased by 16% and 30% respectively. The NPLs reduced by HKD 1.19 billion with the NPL ratio down from 6.8% to 2.3%.

In September 2002, ICBC (Asia) purchased 24.9% shares of Taiping Insurance Company from China Insurance International Holdings Ltd. and China Insurance (Holdings) Ltd., which enhanced the bank's presence in China's insurance market.

Industrial and Commercial International Capital Ltd. ("ICIC")

ICBC completed the acquisition of its Hong Kong-based subsidiary ICIC in May 2002 and now holds 100% of the shares of ICIC. ICIC made a total of HKD 8.45 million operating revenues with HKD 7.14 million profit before provisions and HKD 5.72 million of after-tax profit for the period from May to December 2002. After running in the red for four consecutive years, this was the first time that ICIC reported positive profits. The total loan portfolio increased by 37.8% and the NPL ratio fell by 14.6 percentage points.

Industrial and Commercial East Asia Finance Holdings Ltd. ("ICEA")

ICEA achieved remarkable progress in a number of business lines such as debt financing, equity financing and securities trading. During the year, ICEA, as the financial advisor of Canton-Hongkong Water Supply Company, arranged HKD 14.8 billion of loan swap for the company, which was reported as the largest debt financing deal in Asia that year and also the historically largest single HKD-denominated loan. ICEA enjoys a good reputation in the local primary equity market and has underwritten a total of HKD 164.1 billion for over 50 issues from 1998 to 2002. Securities trading continued to grow in 2002. The number of clients increased to 17,000, making ICEA one of the 15 largest market trader in Hong Kong in terms of trading volume.