

A large, abstract graphic element in the background consists of several overlapping, curved, light-gray shapes that resemble stylized leaves or petals.

CSR 2009

中国银行社会责任报告

Building a Harmonious Society through Social Responsibility





Building a Harmonious Society through Social Responsibility

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Message from the Chairman

In 2009, the government resolutely initiated a package of measures to lead the Chinese people in a joint effort to overcome the global financial crisis. As a result, China's economy continued its steady and rapid development, and China's social environment as a whole remained stable and harmonious. The Bank continued to adopt a scientific approach to development, implemented new strategies and delivered sound performance in all business segments with a view to promoting the development of the economy and society.

As a large state-owned joint-stock commercial bank, we have maintained a close connection between our growth and the development of the national economy. In line with the government's proactive fiscal policy and moderately liberal monetary policy, we have provided financial support for the sustainable and sound restructuring and development of the national economy.

As the first commercial bank to be simultaneously listed in domestic and overseas capital markets, we have made persistent efforts to improve corporate governance, risk control and business performance with a view to generating long-term value for shareholders, and have stepped up our investor relationship management to achieve mutually beneficial outcomes with our investors.

As China's most globalized and diversified commercial bank, we have leveraged the Group's leading capabilities to promote the "Going Global" efforts of domestic enterprises, promote the growth of trade finance and provide superior professional services to support expansion into overseas markets and the promotion of cross-border trade.

As the longest-standing brand in China's financial sector, we have consistently maintained our customer-centered and market-oriented approach, enhanced customer service and continuously promoted product innovation so as to comprehensively meet our customers' diverse requirements.

As a responsible corporate citizen with a global presence, we are committed to responding to the challenge of climate change by reducing the emission of greenhouse gases, building a green bank, developing green finance and providing green credits. We are also dedicated to creating a favorable environment for our employees, providing plenty of resources to support their growth and development, and promoting employee involvement in social undertakings that contribute to the harmony of society.

Looking ahead, we will continue to take a scientific approach to development, resolutely carry out the macroeconomic policies of the state, seize opportunities, accelerate development, prevent risks, improve business performance, honour our commitment to the country, to society, to shareholders, to ourselves, to our customers and employees, in an effort to push forward the sound and rapid development of our economy and society.

Chairman





Message from the President

2009 has witnessed the most extraordinary difficulties in China's economic development since the start of the new century. Under the guidance of our scientific approach to development, we have confronted these challenges and seized opportunities to accelerate development. We have met our corporate social responsibilities, achieved sound business performance across the Bank and steadily pushed forward the development of all of our business segments. As at the end of 2009, the total assets of the Bank reached RMB 8,751.9 billion, a year-on-year increase of 25.8%. After-tax profit attributable to shareholders increased by 27.2% to RMB 80.8 billion. Return on equity (not including minority shareholders' interest) increased by 2.2 percentage points to 16.4%. The total capitalization of the Group reached RMB 1051.1 billion, making Bank of China the fifth largest bank in the world by this measure.

In 2009, we actively implemented the government's proactive fiscal policy and moderately liberal monetary policy, extended credit in an increasingly effective and targeted manner, and restructured our lending portfolio so as to strengthen and improve the financial services sector. The increase in new domestic and foreign currency loans during the year was equivalent to RMB 1614.2 billion, most of which were extended to key state-supported projects and to sectors critical to peoples' livelihoods and the recovery and growth of the national economy.

In 2009, we continued to diligently serve the general public and support the building of a harmonious society. We launched a new service model for SMEs designed to support their growth and help them overcome near-term economic difficulties. We continued to grant national student loans, a programme which has helped nearly one million impoverished college students to complete their studies over the past ten years. We recruited nearly 20,000 college graduates and staff of other backgrounds during the year to help increase employment. We provided nearly RMB 90 billion for people in earthquake-affected areas to resume production and rebuild their homes. We also carried forward the Olympic spirit by promoting the development of National Fitness Day.

In order to facilitate the development of low carbon economy, we have in 2009 stepped up support for environmentally friendly, energy saving and emissions reducing enterprises, implemented the green credit policy and reduced loans to projects characterised by high pollution, high energy consumption or redundant construction. We launched diversified operations and developed innovative products to improve our financial services offering for environmental-friendly enterprises. We also strengthened our cooperation with government agencies to promote the development of environmentally friendly industries.

In 2009, we enhanced proactive risk management so as to support our development. In line with the relevant state policies, we updated guidelines regarding the industry mix of our lending activities in order to optimise our credit portfolio structure. We strengthened the risk management of loans based on government financing platforms, loans granted to industries suffering from overcapacity and loans to the real estate industry, while exercising strict control of loan access, credit review and post-loan management. We initiated self-inspections on newly extended loans in order to eliminate potential risks and ensure the security of credit assets.

Looking ahead, we will continue to adopt a scientific approach to development, break through the bottlenecks that might threaten growth, strengthen management fundamentals, promote innovation, use resources efficiently and transform our strategy in order to deliver sound and rapid development and build Bank of China into a world-class bank.

President





Key performance indicators



Key performance indicators

Key performance indicators

Economic indicators (RMB million or %)	2009	2008	2007
Total assets	8,751,943	6,955,694	5,995,553
Operating income	232,198	228,288	194,195
Non-performing loan ratio	1.52%	2.65%	3.12%
Capital adequacy ratio	11.14%	13.43%	13.34%
Net profit	85,349	65,073	62,017
Enterprise income tax	25,748	21,178	27,938
Owners' equity	514,992	468,272	424,766
SME loans (including discount)	911,456	572,079	566,734
National student loans	8,887	8,372	7,140
Social indicators	2009	2008	2007
Total number of employees	262,566	249,278	237,379
Proportion of female employees (%)	54.61%	53.90%	52.88%
Employee satisfaction ratio (%)	56.67%	44.29%	36.81%
Customer satisfaction ratio (%)	96%	91%	90%
Charitable Donations (RMB million)	58	139	118
Environmental protection indicators	2009	2008	2007
Green credits (RMB million)	124,494	69,293	48,114

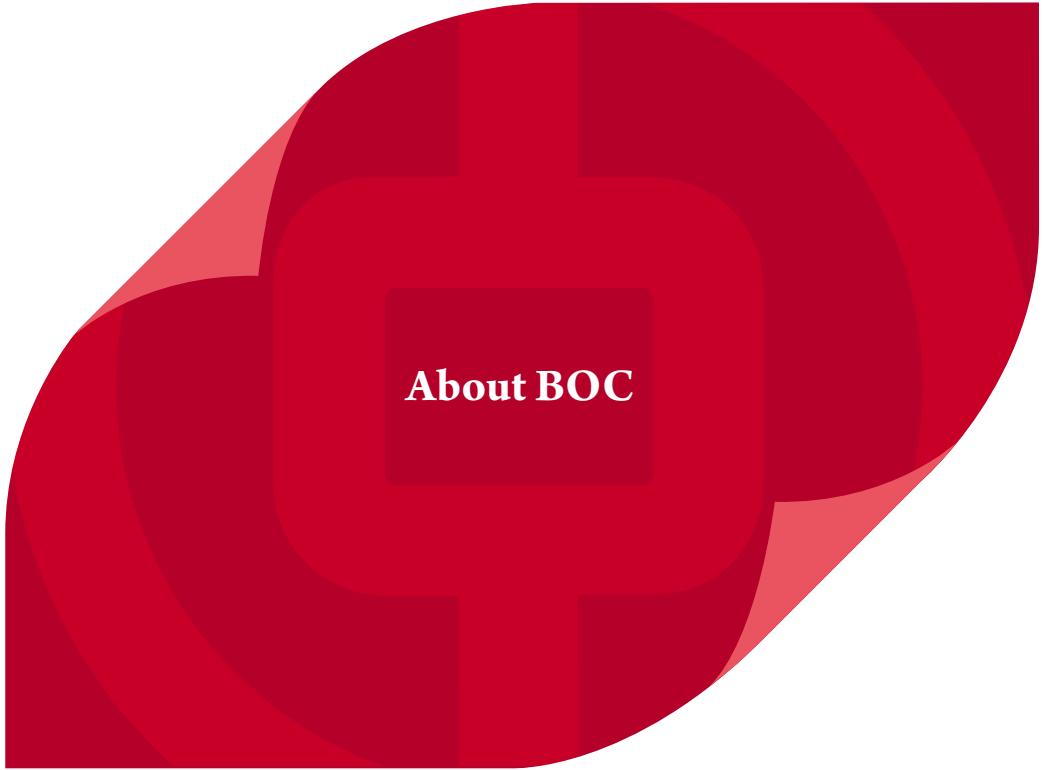
Note: The financial data herein are prepared in accordance with the 2006 Accounting Standards for Business Enterprises.



The social contribution value per share of BOC was RMB 1.07 in 2009.

Note: Social contribution value per share = (Contribution value of economic performance + Contribution value of social performance - Social cost resulting from environmental pollution) / Total share capital, where, Contribution value of economic performance = Annual net profit + Annual total tax payment + Total deposit interest paid to customers + Total remuneration of employees Contribution value of social performance = Annual employee welfare and gross social security expenditure + Annual total employee training costs + Annual total donations

In 2009, the social cost of BOC resulting from environmental pollution was calculated as the sum of pollution discharge fees and fines for violating regulations concerning environmental protection.



About BOC





Long-standing history

Headquartered in Beijing, Bank of China Limited (BOC) is one of China's largest state-owned commercial banks.

BOC is also one of the Chinese financial sector's longest-standing brands. Established in February 1912 with the approval of Dr. Sun Yat-sen, BOC functioned as the country's central bank, international settlement bank and international trade bank during 1912 to 1949. After the founding of the PRC, BOC became a state-owned specialist bank engaged in foreign exchange

and foreign trade. In 1994, BOC was restructured into a wholly state-owned commercial bank. In August 2004, BOC was incorporated into Bank of China Limited. BOC successfully went public on Hong Kong Stock Exchange and Shanghai Stock Exchange in June and July 2006 respectively, making it the first Chinese commercial bank listed in the Chinese Mainland and Hong Kong.

BOC was the sole official banking partner of the 2008 Beijing Olympics and the Paralympics. BOC honoured its

commitment, successfully completed its tasks and reported no errors or customer complaints, and was applauded by both Chinese and foreign customers.

In 2009, BOC ranked the 11th among the world's top 1,000 banks by tier-one capital, according to The Banker magazine.

Global presence

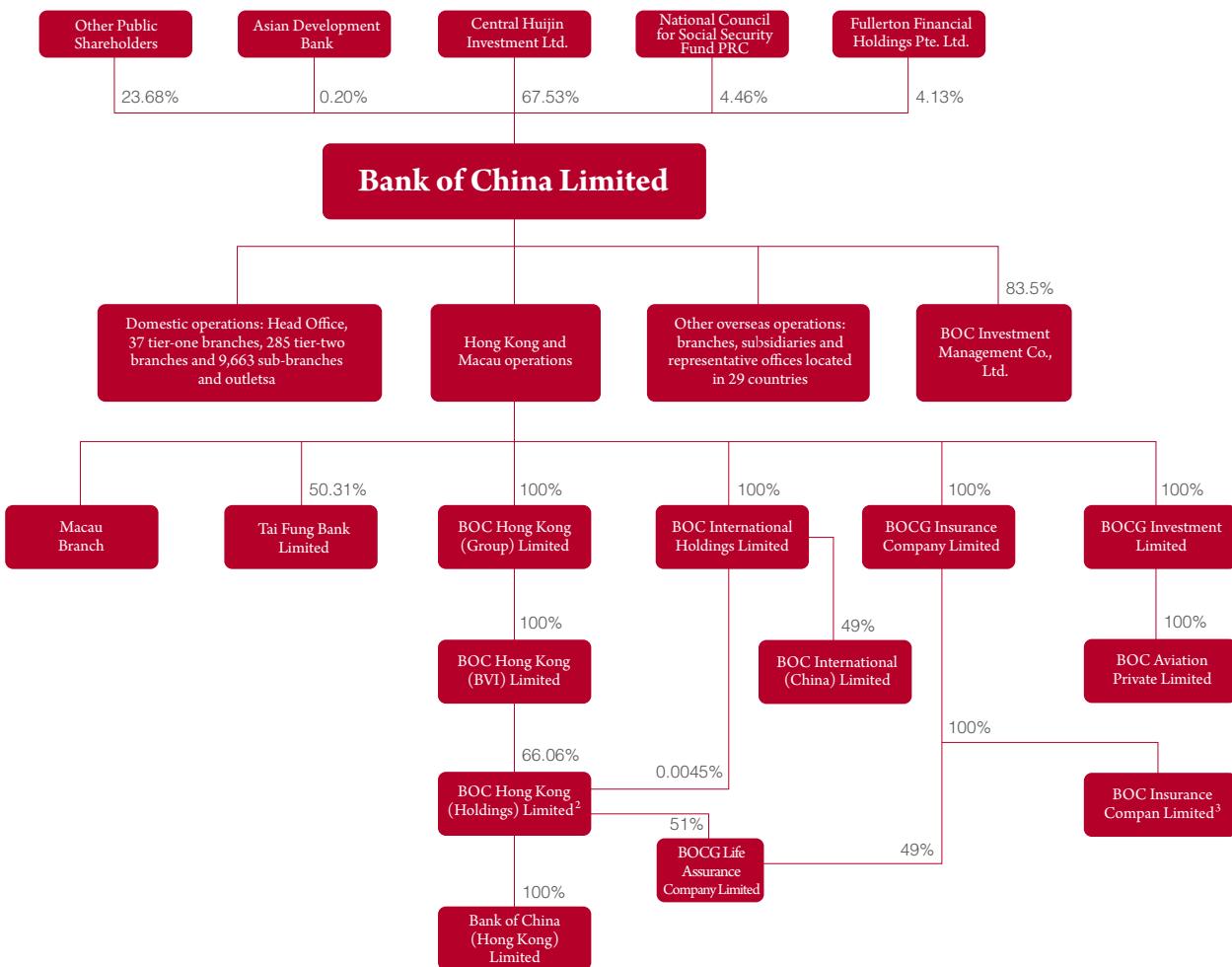
BOC is the most globalised bank in China. As at the end of 2009, the Bank had a total of 10,961 domestic and overseas institutions, an increase of 172 over the end of the previous year. This included 9,988 institutions in the Chinese Mainland, comprising 37 tier-one and direct branches, 285 tier-two branches and 9,663 sub-branches and outlets. Outside of the Chinese Mainland, the Bank had 973 institutions across the Hong Kong and Macau SARs and 29 countries worldwide, including 684 business institutions and 289 non-business institutions.



Global Service Bank of China
Always with you

Diversified service platform

The organisational chart¹ of the Group as of 31 December 2009 is as follows:



Note:

1. The number of H shares held by the holders is calculated based upon the register of interests in shares as recorded in accordance with Section 336 of the Securities and Futures Ordinance of Hong Kong.
2. Listed in The Stock Exchange of Hong Kong Limited.
3. Incorporated in domestic China.



Development strategy

Strategic objective:

“to pursue excellence, seek continuous growth and build BOC into a world-class bank”

Development strategy:

to build BOC into a large multinational banking group, specialised in commercial banking, and with a diversified services platform and integrated domestic and overseas operations.

BOC will build itself into a world-class bank by 2020 by meeting the following standards:

- Rank among world-class banks by core capital, asset scale and market capitalization, and match the average performance levels of the top ten international banks.
- Develop a competitive edge at home and abroad based on the integrated operations of domestic and overseas institutions.
- Build a sound brand awareness and reputation, recognized by domestic and overseas customers.
- Meet best practice standards regarding capital adequacy, strict internal control, secure operations, cutting edge technology, superior service and sound performance.
- Create a corporate culture of integrity, performance, responsibility, innovation and harmony, establish the pursuit of excellence as a common concept and code of conduct for all employees, develop an adequate talent base, build a sound organizational structure and sharpen international competitiveness.



Social responsibility management



Concept of social responsibility

As a large state-owned banking group with significant cross-border operations, the Bank has established an excellent brand image over the past century, winning the admiration of both peers and customers for its pursuit of excellence, prudent operation and customer-centred service. Corporate social responsibility is an important part of the Bank's strategy and commitment to society. Working together with all stakeholders, the Bank will continue to actively implement the policies of the state, serve customers, strengthen corporate governance, promote cultural excellence and support social undertakings so as to push forward the harmonious development of China's economy and society and become a world-class provider of sustainable financial services.

Core issues

The Bank's core corporate social responsibility priorities include:

- Establishing a bank-wide corporate social responsibility management system that incorporates social responsibility into the strategy, daily operations and management of the Bank;
- Strengthening communication with stakeholders at home and abroad, actively responding to global social responsibility issues and promoting socially responsible practices around the world;
- Adopting a prudent risk management policy, including strengthened management of environmental and social risks, so as to achieve sustainable development;
- Provide a supportive working environment that enables employees to identify with the Bank's business concept and helps them grow their careers along with the Bank;
- Promote environmental protection, support energy saving, cut the use of resources and reduce emissions of carbon dioxide and other greenhouse gases to promote the development of low carbon economy;
- Support the development of local communities throughout our global network, finance social undertakings and organize and encourage employees to participate in volunteer activities.

Participation of stakeholders

List of stakeholders

Stakeholder	Stakeholders' Expectations	BOC's Response
Country	Ensure preservation and appreciation of state assets, serve national economic development, promote international economic communication and cooperation	Maintain prudent operation and sustainable growth, implement the government's macroeconomic policies, step up effective credit extension to support the development of real economy; promote service innovation, finance the "Going Global" effort of domestic enterprises and the development of SMEs and play an active role in international communication and cooperation
Investors	Provide satisfactory returns on investment, guarantee sound operation and governance	Enhance business performance, create value for shareholders, strengthen corporate governance, protect the interests and rights of shareholders, carry out operations in compliance with relevant laws and exercise effective risk control
Customers	Provide comprehensive financial services, improve service quality	Launch innovative products, implement the transformation of our service model, strengthen customer relationship management, IT systems and channel development in order to provide comprehensive and superior financial services and create value for customers
Staff	Reasonable remuneration and welfare, satisfactory work environment, good career development	Maintain fairness in human resources policies, establish an integrated human resources management system and an incentive and discipline mechanism in domestic and overseas institutions, enhance the working environment, safeguard employee health and provide a diversified career development platform
Society	Repay society	Implement social responsibility management, strengthen cooperation with partners, promote social charities, act as a responsible global citizen and support the development of culture, education, science and technology, arts and sports
Environment	Support the development of a low carbon economy, protect the environment, promote sustainable development	Support energy saving and emissions reduction, adopt a green credit policy and launch green credit products, build a green bank, create a resource efficient and environmentally friendly society and promote the harmonious development of the economy, society and the environment



↗ Awards

International Awards

The Banker	Bank of the Year in China 2009
Euromoney	Best Private Bank in China 2009
Global Finance	Best Foreign Exchange Provider in China 2009
Trade Finance	Best Trade Service Bank in China 2009
The Asset	Best Trade Finance Bank in China
FinanceAsia	Best Private Bank in China, Best Trade Finance Bank in China, Best FX Bank in China
Universum	3rd place in the “Most Ideal Employer” rankings of Chinese college students
IR magazine	Best Annual Report and Corporate Document Award
League of American Communications Professionals	Gold Award in the selection of annual reports

Domestic Awards

CCTV	Top 60 Brands of 60 Years
The Banker (China)	Best Corporate Image Award
21st Century Economic Report	Best Corporate Banking Provider in Asia 2009
First Financial Daily	Best Corporate Banking Brand 2009 – Global Corporate Banking
Economic Observer	VISA Olympic Card was selected as the best theme credit card of 2008
Money Weekly	Best Online Bank 2009
chinahr.com	1st place in the “Most Ideal Employer in the Financial Sector” rankings of Chinese college students
Southern Weekly	5th place in the CSR rankings of State-owned Listed Enterprises of 2009
Shanghai Stock Exchange	China Corporate Governance Award - Best Board of Directors 2009
Chinese Academy of Social Sciences, China National School of Administration and etc.	2nd place in the corporate governance rankings of the Top 100 Listed Chinese Companies



Commitment to the country



As the global financial crisis continued to spread in 2009, the Bank proactively responded to the unprecedented challenges facing the economy. Maintaining its scientific approach to development, the Bank implemented the government's macroeconomic policies for expanding domestic demand, restructuring the economy and increasing economic growth, made the extension of credit more targeted and effective, optimised its credit portfolio structure and improved its financial services offering with a view to overcoming the global financial crisis and contributing to the stable and rapid development of the national economy.

Preservation and appreciation of state-owned assets

In 2009, the Bank continued to enhance performance through prudent operation. As at the end of 2009, the Bank had total assets of RMB 8,751.9 billion, a year-on-year increase of 25.8%, and paid corporate income tax of RMB 25.7 billion, a year-on-year increase of 21.6%, thus achieving the preservation and appreciation of state-owned assets.



BOC Chairman Xiao Gang attended the CCTV Special Coverage on the "Two Conferences – the NPC & CPPCC" to talk about hot economic issues.

Implementation of macroeconomic regulatory policy

Extending credit more effectively

The Bank resolutely implemented the government's moderately liberal monetary policy, increased the provision of effectively-targeted credits in a scientific manner and stepped up support for the development of the real economy. As at the end of 2009, the balance of RMB-denominated corporate loans extended by domestic branches was RMB 2531.2 billion, a year-on-year increase of RMB 846.5 billion or 50.2%, accounting for 7.5% among all financial institutions, an increase of one percentage point over the beginning of the

year. The balance of foreign currency denominated loans stood at USD 95.9 billion, an increase of USD 48.6 billion or 102.5% over the beginning of the year, accounting for 25.3% among all financial institutions and thus continuing to lead the market.

The Bank actively supported the state policy of restructuring and revitalizing ten key industries. As at the end of 2009, the balance of loans extended to the ten industries stood at RMB 744.9 billion, accounting for 30% of total loans granted, an increase of RMB 287.2 billion or 63% over the beginning of the year. This provided effective support for the restructuring and revitalization of the ten industries.

Note: Including automobile industry, inor & steel industry, textile industry, equipment manufacturing, shipbuilding, electronic information industry, light industry, petrochemical industry, non-ferrous industry and logistics.

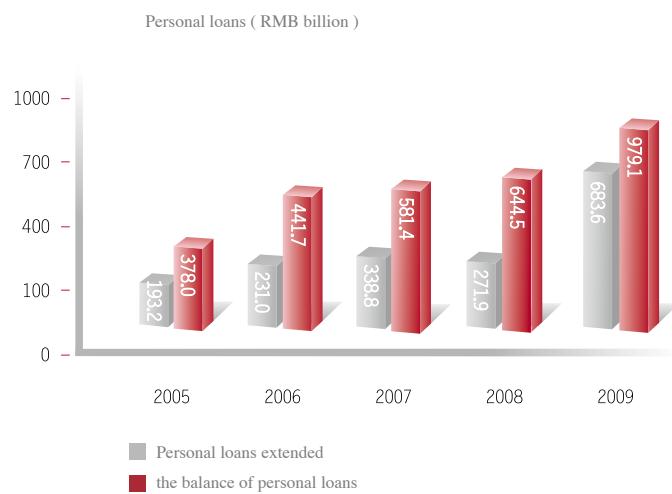
Enhancing credit portfolio structure

The Bank actively enhanced its credit portfolio structure by providing support for key sectors such as infrastructure and post-disaster construction, enterprise M&A and independent innovation and extending more credit to state policy-supported industries including electric power, resources, and railway, highway, and urban construction, with a view to ensuring economic growth and expanding business scale. The Bank reduced the amount of loans for projects in overcapacity industries and stopped new loans to projects that fail to meet the requirements of China's industrial and market access policies and environmental and emission standards. As at the end of 2009, the balance of loans extended to infrastructure-related industries such as transportation, water conservation and urban construction increased by nine percentage points, the balance of loans extended to the manufacturing industry fell by 5.5 percentage points and the balance of loans extended to the iron & steel, cement and other overcapacity industries declined by 5.4 percentage points, further enhancing the industry mix of the Bank's credit portfolio.

Promoting domestic consumption through consumer credit

The Bank promoted the development of consumer credit so as to expand domestic consumption and improve livelihoods. In 2009, the Bank extended personal loans of RMB 683.7 billion,

a year-on-year increase of RMB 411.8 billion or 151.5%. As at the end of 2009, the balance of total personal loans was RMB 979.1 billion, accounting for a market share of 16.3% among all financial institutions.



The Bank carefully implemented the Opinions of the General Office of the State Council on Promoting the Healthy Development of the Real Estate Market and the policies and measures regarding the stimulus of automobile consumption by promoting housing and auto loans in key regions. As at the end of 2009, the balance of personal housing loans was RMB 764.2 billion, an increase of RMB 256.8 billion or 50.6% over the beginning of the year. The balance of personal automobile loans was RMB 53.3 billion, an increase of RMB 14 billion or 35.7% over the beginning of the year.

Serving the “Going Global” strategy

The Bank actively supported China’s “Going Global” strategy by ensuring the integration of its domestic and overseas institutions’ service networks, continuing to build a diversified service platform, further enhancing its overseas service network and pushing forward innovation in cross-border financial services with a view to serving the “Going Global” Chinese enterprises as a reliable banking partner.

Enhancing overseas service network

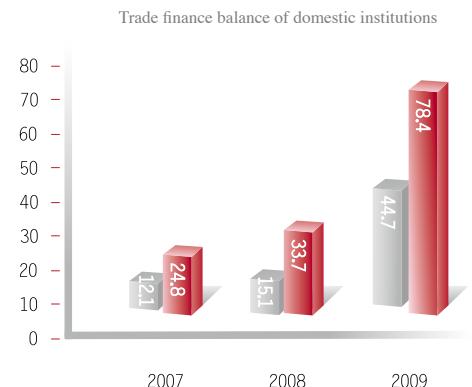
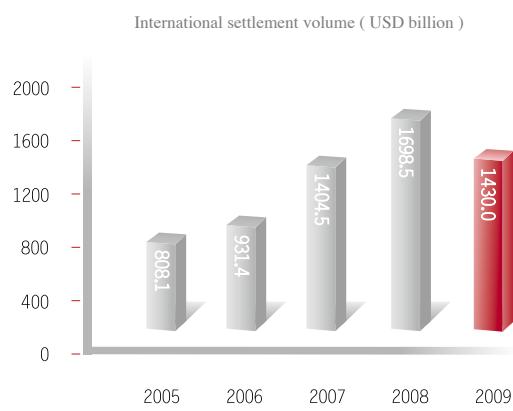
In 2009, the Bank accelerated the construction of its overseas service network and enhanced its global network distribution in order to provide better services at a close distance for the “Going Global” enterprises. The Bank established ten overseas institutions (besides Hong Kong based institutions), bringing the total number of overseas institutions to 973 across the Hong Kong and Macau SARs and 29 countries worldwide. The opening of BOC (Brazil) Limited saw the Bank become the first Chinese financial institution to operate in South America, significantly expanding its business coverage. The Bank also stepped up its cooperation with correspondent banks, and has now established correspondent bank relationships with 86% of the top 1000 banks in the world. This included signing a package of agreements with a number of correspondent banks to serve the “Going Global” Chinese enterprises.



BANCO DA CHINA BRASIL S.A.
started operations formally.

Supporting cross-border operations

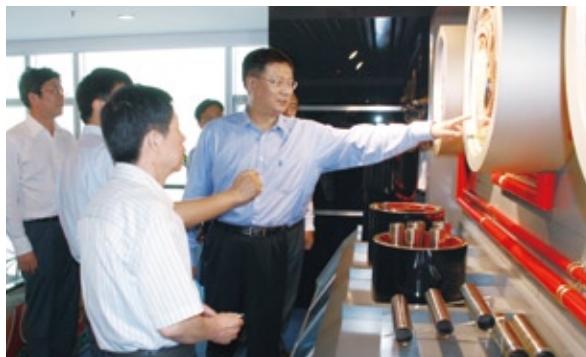
In 2009, BOC stepped up credit support for the “Going Global” Chinese enterprises, particularly in resource industries such as iron & steel, nonferrous metal, petrochemical and electric power, becoming the major banking partner for a number of Sinopec, CNOOC, Huaneng and Yanzhou Coal Mining’s “Going Global” projects. As at the end of 2009, the balance of corporate loans extended by overseas institutions of BOC was equivalent to RMB 576.6 billion, an increase of 19.1% over the beginning of the year, of which RMB 372.6 billion was extended to operations in Hong Kong and Macau and RMB 204 billion was extended to other regions.



the balance of foreign currency denominated trade finance granted by domestic branches (USD billion)

the balance of RMB denominated trade finance granted by domestic branches (RMB billion)

The Bank reinforced its leading edge in international settlement business. In 2009, the Bank's international settlement volume stood at USD 1.4 trillion, leading the world. Of this total, USD 640 billion was accounted for by the settlement volume of domestic branches, making up 30.4% of the market and ranking first in China.



BOC President Li Lihui visited Pangang Group to investigate the customer's demands.

The Bank actively responded to the government's policy of stabilising and promoting exports by making persistent efforts to develop trade finance. As at the end of 2009, the balance of foreign currency denominated trade finance granted by domestic branches was USD 44.7 billion, accounting for a leading proportion of 43%; the balance of RMB denominated trade finance rapidly increased to RMB 78.4 billion. The Bank launched supply chain finance products to solve the financing difficulties of enterprises at the upper and lower streams of the supply chain and avoid counterparty risk. The "Export Rongxinda Service" jointly developed by the Bank's domestic branches and insurance companies reported a total business volume of USD 3.4 billion, accounting for nearly 37% of the entire market and ranking first in China.

Pushing forward international RMB operations

In 2009, the Bank handled China's first RMB-denominated settlement for cross-border trade, being one of the banks permitted to do so on a trial basis. As at the end of 2009, domestic branches handled 147 RMB-denominated settlement transactions for cross-border operations, involving an amount of RMB 1.6 billion and ranking first by market proportion. The Bank established principal reporting bank relationships with 40% of the pilot enterprises. Overseas correspondent banks opened 80 RMB-denominated clearing accounts with the Bank, more than any other bank.



BOC served as the lead arranger and receiving bank for the RMB bonds that were issued by the Ministry of Finance in Hong Kong.

The Bank also promoted the development of RMB-denominated operations abroad. In 2009, Manila Branch handled the first RMB cash recycling operation, the first cross-border cash transport and the first overseas RMB-denominated personal remittance. The Singapore Branch, Macau Branch, Bangkok Branch and BOC Brazil successfully handled the first RMB-denominated operations in their respective local areas.

Providing a global banking service

The Bank has established a global customer relationship management system in order to provide integrated financial services for both “Going Global” customers and large multinationals. In 2009, the Bank appointed global customer relationship managers to 38 enterprises on a trial basis.



BOC supported the “going-out” of Huawei.

The Bank is able to extend credit to finance domestic enterprises’ overseas mergers and acquisitions via its three syndicated loan centres in Asia-Pacific, Europe-Africa and America. As at the end of 2009, the Bank had provided a total contract amount of USD 13.8 billion in financing through the global credit line products, and the balance of loans stood at USD 8.6 billion.

The Bank continued to enhance and promote its cross-border cash management services, which provide global cash management solutions for “Going Global” enterprises and multinationals that operate beyond national borders.

Strengthening support for SMEs

The Bank resolutely implemented the government’s policy of supporting SME development by promoting service innovation, improving service efficiency, extending more credit and helping SMEs to overcome difficulties. In serving as a reliable banking partner of SMEs, the Bank made great contributions to expanding employment, promoting economic growth and maintaining social stability.

Strengthening the strategic position of SME service

The Bank incorporated SME business into its long-term development strategy and developed sound cooperation with government agencies at all levels in order to create a favourable financing service platform for SMEs. In 2009, the Bank communicated with government agencies including the National Reform and Development Commission, the Ministry of Commerce, the Ministry of Science and Technology and the Ministry of Environmental Protection to seek their expert advice in enhancing its SME service. The Bank promoted the signing of a memorandum on cooperation between the Ministry of Industry and Information Technology and the top four state-owned commercial banks to support SME development. The Bank’s branches at various levels signed a number of SME financial service agreements with government agencies



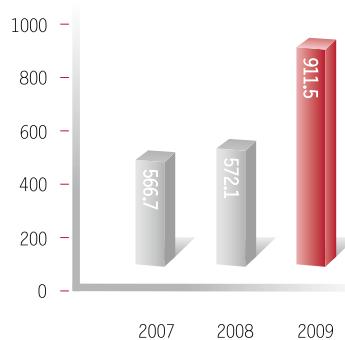
BOC sponsored the signing ceremony for the cooperation between the Ministry of Industry and Information Technology of the People’s Republic of China and the four biggest banks in China in support of SMEs.

of different areas. The Beijing Branch signed a cooperation framework agreement with the Administrative Committee of Zhongguancun, being the only banking institution to join the Zhongguancun Venture Financial Service Platform.

Increasing credit support

The Bank increased loans extended to SMEs, thus effectively alleviating their financial difficulties and supporting their development. As at the end of 2009, the balance of loans extended to SMEs grew by 60% and the number of customers increased by 31% over the previous year. The balance of loans extended to small enterprises grew by 130% to RMB 100 billion and the number of customers increased by 50% over the previous year.

The balance of SME loans (including discount) (RMB billion)



Launching innovative products and services

The Bank customised over 200 products to meet the diverse needs of SMEs, developing a combination of credit products, trade finance products and wealth management products and launching innovative guarantee services for purchase orders, inventories and intellectual property rights.

In 2009, the Bank developed a series of exclusive products based on the inventory pledges of SMEs engaged in cotton, furniture, silk and animal husbandry. The Bank also provided patent pledge loans and launched "Rongyida", a supply chain product designed to provide financing solutions for suppliers at the upper stream of the supply chain and thus help SMEs remove bottlenecks in their business development.

Application of new services

The Bank continued to enhance and promote the application of its SME services across its network. In 2009, the "BOC Credit Factory" model was applied in 17 tier-one branches, which was well received by customers and banking regulators for its success in speeding up credit approval. "BOC Credit Factory" won the "Best Chinese SME Financing Plan Award 2009" at the Second Chinese SMEs Investment and Financing Summit.



BOC President Li Lihui introduced the experience of BOC in how to settle the SME financing difficulty on CCTV.

International cooperation and communication

The Bank actively participated in a range of international and domestic associations and organizations, and played a key role in promoting cross-border information exchange and international economic cooperation.

Associations and organizations joined by BOC

Organization	Post
Institute of International Finance	Director bank
International Monetary Conference	Member bank
Annual conference of World Bank/ International Monetary Fund	Attended the annual conference as a non-official representative
Bankers' Association for Finance and Trade - International Financial Services Association	Joint Chief of Staff of Asian Standards Advisory Committee
International Forfeiting Association	Member unit
Northeast Asian Committee of International Forfeiting Association	Chairman unit
Factors Chain International	Director unit
SWIFT International Banking Operations Seminar	Participant bank
SWIFT Trade Services Utilities	Member
Asian Development Bank	Member bank
Asian Pacific Bankers Club	Director bank, chairman of 2010 and vice president
APEC CEO Summit	Member
Asia Securities Industry & Financial Markets Association	Director
Asian Pacific Council of MasterCard	Director
China Center for International Economic Exchange	Director
China International Finance Society	President
Association of Financial Market Institutional Investors	Vice President
China Chamber of International Commerce	Vice President
Banking Commission of China Chamber of International Commerce	Vice President

China Council for the Promotion of International Trade	Member
China International Economic and Trade Arbitration Commission	Member
Legal Affairs Committee and Factoring Committee of China Banking Association	Director General
China-ASEAN Business Council	Director
China Electronic Finance Industrial Alliance	Director unit
Association for Cross Straits Exchange	Director
China Overseas Exchange Association	Executive director
Beijing Olympic-City Development Association	Member unit
China Numismatic Society	Executive director
Tan Kah Kee Science Award Foundation	Vice President
Association of the Party Research	Director
China Trade Union of Financial Sector	Director



BOC Vice President Zhang Yanling attended the meeting on the founding of the Factoring Specialist Committee of China Banking Association.



Commitment to shareholders

BUSINESS GROWTH

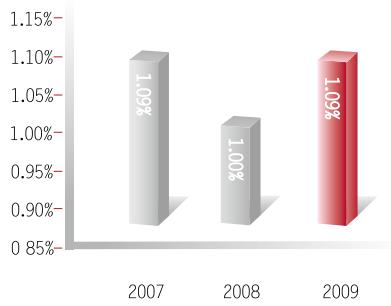


The Bank implemented the Group's development strategy by enhancing corporate governance, business performance and risk management so as to protect the rights and interests of shareholders and achieve shared success with investors.

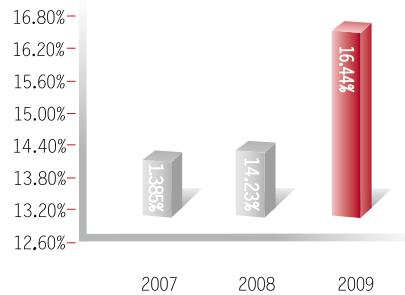
Shareholder value

In 2009, the Bank capitalised on new macroeconomic policies designed to restructure the economy and accelerate development, overcame the impact of global financial crisis and repaid shareholders with excellent performance. The Bank's operating income grew by 1.7% to RMB 232.2 billion, net profit increased by 31.2% to RMB 85.3 billion, owners' equity rose by 10% to RMB 515 billion, earnings per share attributable to shareholders (basic and diluted) climbed RMB 0.07 to RMB 0.32, and return on assets and return on equity (not including minority shareholders' interest) reached 1.1% and 16.4%, a year-on-year increase of 0.1 and 2.2 percentage points respectively.

Net return on assets (ROA)



Net return on equity (ROE, excluding minority interests)



Corporate governance

The bank made persistent efforts to optimise its governance structure and improve its scientific decision-making mechanism in order to deliver better results and protect the rights and interests of shareholders.

Governance structure

The Bank continued to improve its corporate governance framework in compliance with state laws and regulations and regulatory authority requirements. The framework is based on that of a modern joint-stock company, composed of the General Meeting of Shareholders, the Board of Directors and the Board of Supervisors.

The Board of Directors is composed of 15 members, including the Chairman, three executive directors, seven non-executive directors and four independent directors. The Board of Directors has set up a Strategic Development Committee, Audit Committee, Risk Policy Committee, Personnel and Remuneration Committee, and Connected Transaction Control Committee, which assist the Board in performing its responsibilities. The Chairman and the President of BOC are held by two persons.

As the supervisory body of BOC, the Board of Supervisors is responsible to the General Meeting of Shareholders. According to the Company Law and the Articles of Association of BOC, the Board of Supervisors is responsible for overseeing the Bank's financial affairs and the legal compliance of the Board of Directors and the Senior Management in their performance. The Board of Supervisors comprises five supervisors, including three shareholder supervisors and two employee supervisors.



BOC Chairman Xiao Gang delivered a speech at the Annual Conference of the Asian Corporate Governance Association.

As the executive body of BOC, the senior management is responsible to the Board of Directors. The senior management is headed by the President, with Vice President and other senior management members assisting the President in performing his responsibilities. Under the senior management are committees responsible for corporate banking, personal banking, global markets business, operational service, risk management and internal control, securities investment management, purchase review, asset disposal, and anti-money laundering, in accordance with their charters.

In 2009, the Bank revised the Articles of Association and the Measures on the Examination and Approval of Investment of BOC, adopted the Supplementary Authorization Plan of the General Meeting of Shareholders to the Board of Directors of BOC, and specified the responsibilities of the General Meeting of Shareholders, the Board of Directors and senior management, which further enhanced the efficiency and effectiveness of decision-making. The Bank revised the Measures on the Management of Securities Trading by the Directors, Supervisors and Senior Executives of BOC to regulate their conduct and performance in keeping with revised regulatory requirements.

Investor relationship management

The Bank has always placed great emphasis on investor relationship management and developed effective channels such as the General Meeting of Shareholders to ensure that all shareholders have the right to be informed of, participate in and vote on the material events of the company. To ensure that the shareholders in the Chinese Mainland and Hong Kong exercise their rights on an equal basis, the Bank has held General Meetings of Shareholders in Beijing and Hong Kong by way of video conference since 2007. In 2009, the Bank held two shareholders' meetings. The shareholders and their authorized representatives present at the meetings reviewed and approved a number of important proposals through onsite voting.

The Bank strictly performed its information disclosure obligations as a listed company, carrying out information disclosure in a timely, fair, accurate, truthful and complete manner through enhanced systems, expanded channels and innovative applications. In 2009, the Bank held a 2008 annual results presentation, a 2009 interim results presentation and a number of investor road shows to introduce BOC's long-term business strategies and achievements to investors in the Chinese Mainland, Hong Kong and other countries and regions in Asia, Europe and North America. The Bank arranged face-to-face talks, live online broadcasts, email contacts and telephone hotlines to strengthen communication with investors and boost market confidence.



Beijing Venue of the Annual Shareholders' General Meeting for 2008.

The Bank enhanced its accountability systems for significant information disclosure errors and issued the Measures on the Management of the Insiders of Internal Information of BOC to strengthen the management of information disclosure and prevent insider trading.

The Bank won the “Board of Directors of 2009 Award” conferred by Shanghai Stock Exchange for its corporate governance performance, which is the highest honour granted by Chinese securities regulators to a listed company for corporate governance. BOC is the only state-owned commercial bank to receive this award.



BOC was honored with the “2009 Board Award” from the Stock Exchange of Shanghai.

Risk compliance

The Bank enhanced its risk compliance management system according to the principle of centralised management, kept credit costs at a reasonable level, pushed forward Basel II implementation, strengthened internal control, increased efforts against money laundering and bribery and strengthened disaster recovery and emergency management. The Bank remains committed to maintaining comprehensive, proactive, effectively targeted and professional risk management and internal control system.

Objective

The Bank aims at maximizing the interests of shareholders within a tolerable risk scope while meeting the requirements of banking regulators, depositors and other stakeholders regarding prudent operation. The Bank acts according to a moderate risk appetite and balances risk and return in a rational, prudent and diligent manner.

Management structure

BOC’s risk management structure comprises the Board of Directors, the Risk Policy Committee, Risk Management Committee, Internal Control Committee, Anti-money Laundering Committee, Asset Disposal Committee, Risk Management Department, Credit Administration Department, Financial Management Department, and the Legal and Compliance Department under the management. The Bank oversees the risk conditions in its branches and business departments through both vertical management and window based management. In its subsidiaries, the Bank appoints a number of members from the Board of Directors or Risk Management Committee to supervise risk management. The Bank will continue to push forward the integration of its risk management function. It will establish a Risk Management Committee and Internal Control Committee at group level to handle the Group’s risk management and internal control, and integrate the functions of the Risk Management Department, Credit Administration Department and Legal and Compliance Department into the Risk Management Department of the Head Office.

Risk management

In 2009, the Bank continued to exercise centralised management of credit examination and approval, credit rating and risk classification. It responded to macroeconomic changes and adjustments to industrial policies, clarified its risk appetite and the industry mix of its credit allocation, and actively adjusted its consumer and product policies. The Bank reviewed the industry mix of its domestic credit portfolio and initiated industry limits on a trial basis, with a view to controlling the scale and industry

concentration of credit assets in high risk industries. The Bank strictly controlled the extension of credit to industries with high energy consumption and high pollution, resource-intensive industries and industries with surplus capacities. The diversified authorization system was enhanced and the risk monitoring and early warning systems were strengthened. The Bank gradually reduced credit exposure to customers carrying high risks in terms of financial performance, operation and management, credit strength and energy saving and environmental protection records, and made adequate provisions for loan impairment in a prudent and accurate manner.

The Bank took active measures to strengthen the Group's management of market risk, carefully scrutinising the market risks affecting the Group's transactions and investments, as well as reinforcing the centralised management of the Group's securities investment. The Bank improved its investment policies and procedures, enhanced the function of the Securities Investment Management Committee and adjusted its investment strategies and risk limits according to market changes.

In 2009, the Bank launched 13 projects related to Basel II, strictly implemented their project management and assisted the inspections of the China Banking Regulatory Commission. As at the end of 2009, the projects related to the first phase of Basel II implementation required by New Basel Capital Accord Implementation Plan of BOC were largely completed.

Internal control

The Bank's internal control system comprises three "defence lines": the first is composed of the Bank's institutions, business departments and employees at all levels, the second is the Legal and Compliance Department and management departments, and the third is the Audit Department. The Bank promoted publicity drives and training programmes on compliance and enhanced various regulations to embed the concept of compliance requirements into each post and procedure.

The Bank established the Anti-money Laundering Committee and issued policies on combating money laundering, business bribery and terrorism financing. In line with the Measures on the Management of Customer Due Diligence Investigation and Risk Classification for Combating against Money Laundering and Terrorism Financing, domestic branches carried out risk ratings for customers who opened accounts after July 1, 2007, and re-confirmed the identities of several customers in order to upgrade their information. The Bank also carried out risk rating and identity confirmation for customers who opened accounts after July 1, 2009, while the overseas branches conducted due diligence investigation of customers as per the requirements of the Head Office.

In 2009, the Bank held three anti-money laundering meetings, organized 3230 training courses on anti-money laundering attended by 149,826 employees and visited different enterprises and communities as part of an anti-money laundering publicity drive.

The Bank revised the Measures on Sanctions against Employees of BOC for Non-compliance, Measures on Management Accountability, Ten Don'ts of the Persons in Charge of the Outlets of BOC and Ten Don'ts of BOC Tellers, investigated three business bribery incidents and made all employees aware of the importance of integrity.

The Bank strengthened its disaster recovery and emergency management mechanisms in order to ensure business continuity and the data security of its core system in the event of disasters or material accidents. The Bank issued the Measures on the Management of Disaster Recovery Environment and Emergency Response Plan of the Information Centre, set up a sound disaster information platform, rolled out emergency response exercises and completed 166 projects designed to strengthen the resilience of its information systems.



Commitment to customers



Guided by its customer-centred service model, the Bank promoted product innovation, upgraded services, strengthened IT systems, enhanced channel development and improved customer relationship management in order to provide a comprehensive and superior financial services offering that creates value for customers.

Product and service innovation

The Bank has always attached importance to promoting innovation in financial products and services in order to deliver more value to customers, and has thus made its innovation mechanism more efficient so as to improve product quality. In 2009, the Bank launched 407 new products across corporate banking, personal banking, global markets and other businesses.

Corporate banking services

In 2009, the Bank successfully delivered the first export buyer's credit with financial leasing structure in China and the first ship buyer's credit insured by China Export & Credit Insurance Corporation. The range of domestic settlement products was expanded to cover seven categories of nearly 50 products. The Bank launched new products including syndicated guarantee, maritime guarantee, lease factoring and account receivable pool-based financing and initiated the "1+N" model and the "TSU Champion Bank Plan". The Bank initiated RMB denominated trade settlement and advance exchange settlement as well as other new services. BOC was the first Chinese bank to conduct a trade finance transaction with Asian Development Bank, completed the first domestic pre-export trade finance transaction in China with Inter-American Development Bank and successfully conducted the first financing risk participation business based on bank drafts in China with ABN AMRO.



BOC Vice President Li Zaohang addressed the signing ceremony of the corporate annuity management contract between the customer and BOC.

Personal banking services

In 2009, the Bank launched the "Loan Housekeeper" service, forest property backed loans and joint guarantee based small-value loans for farm employees, developed a cooperation venture with "MoneyGram", the second largest remittance company in the world, to expand the channels of international remittance, developed and promoted the application of online banking based small-value exchange settlement and upgraded the "Private Banker + Investment Consultant" service to provide onshore and offshore value-added services for high-end customers.



BOC's financial service for foreign study

The Bank enhanced the functions and services of its bank cards, launched the BOC Platinum Lady Credit Card and BOC National Fitness Card and issued debit cards in such overseas branches such as the Frankfurt Branch and the Tokyo Branch and upgraded the functions of the new generation of Great Wall credit card products. The Bank also established a central budget unit corporate card support system, an online banking based credit card service platform and a corporate card authorization and reimbursement system to meet the needs of corporate card holders, as well as providing instalment payment services for cardholders, merchants and large-value transactions. The Bank established BOC Payment Business Co., Ltd. in Shanghai and obtained approval for the proposed establishment of BOC Consumption Finance Co., Ltd.



BOC vice president Zhou Zaiqun addressed the ceremony of Banking Wealth Management Forum.

The Bank worked together with E-Fund Management Co. to develop a “feeder fund”, and provided innovative custody services such as private wealth management custody, infrastructure investment and independent supervision for insurance plans and custody for banks’ collective investment plans. The Bank acted as underwriter for short-term financing bills and medium-term notes of such customers as the Ministry of Railways, PetroChina, State Grid and COFCO, and underwrote the first USD denominated medium-term note issue in China valued at USD 1 billion, for PetroChina. The Bank also launched asset management collection services, close-end funds, ETF product agency sales and one-to-many exclusive wealth management services with fund companies.

Global markets services

The Bank reinforced its traditional advantages in foreign exchange business and maintained its domestic leadership in exchange settlement, precious metals trading and RMB bonds trading. The Bank began proprietary trading of the U.S. dollar against the rouble, engaged in RMB exchange transactions, launched the dual-way Foreign Exchange (Gold) Dealings for Individual Accounts and a physical gold trading business, and provided risk avoidance and cross-border transaction services to reduce enterprises’ exchange costs.

In 2009, the Bank launched 824 wealth management products, a year-on-year increase of 55.2%. The Bank introduced the BOC Stable Return and BOC Endeavour wealth management brands, launched premium products such as “Weekend Wealth Management”, “Daily Accumulation” and “BOC Fund Select” and provided differentiated products, services and quotations for a range of customers, issuing a total of 240 customized products in the process.



Wealth management products launched by BOC.

Diversified operations

To meet the increasingly complicated requirements of customers, the Bank has made persistent efforts to establish a comprehensive and diversified financial service platform. BOC International Holdings provides domestic and overseas customers with an extensive range of investment banking products and services, including equity financing, debt financing, merger and acquisition, financial consulting, securities dealing and trading, fixed interest rate returns, direct investment, asset management, leverage and structural financing and private wealth management through its branches in the Chinese Mainland, Hong Kong, USA, UK and Singapore. In 2009, the BOC International Holdings acted as the principal underwriter for a bond issue by China Communications Construction Co. and successfully launched two collective asset management programmes, China Red Number One and China Red Fund-of-Funds.

BOC Prudent Asset Management Limited, a joint venture under BOC International Holdings, launched the Polaris WISE CSI300 ETF with Polaris International Securities Investment Trust Co., Ltd. which became the first fund authorised for trade on the Taiwan Stock Exchange, marking a breakthrough in cross-border ETF business. Bank of China Investment Management stepped up product development efforts and became the first domestic company to manage “one-to-many” products. BOC Group Insurance launched an interactive marketing model, built up its bancassurance channel, and provided insurance coverage for investment projects of large state-owned enterprises such as China Petroleum Engineering & Construction Corp. and China Railway Construction Corporation Limited in Africa, the Middle East, Middle Asia, Middle and South America. It also provided coverage for the world’s largest overseas natural gas project, the natural gas pipeline from Turkmenistan to China. Finally, BOC Group Investment’s strong investment platform successfully helped the Head Office win bids for a number of large projects.



BOC Aviation Pte. Ltd., a wholly-owned subsidiary of BOC, delivered the airplane to the customer.

Development of fundamentals

Channel development

The Bank pushed forward the development of its banking channels, balancing the development of traditional outlets and electronic channels and significantly improving service efficiency and quality.

The Bank continued to implement outlet transformation and optimise the distribution of its banking outlets. In 2009, the Bank established 44 outlets, upgraded 872 outlets, relocated 822 outlets and renovated 2339 outlets. The Bank made further efforts to develop professional marketing specialists such as lobby managers, whose number reached 7793, covering 78% of total outlets, a year-on-year increase of 25%. The Bank set up over 700 wealth management centres, over 80 prestigious wealth management centres and 15 private banking divisions to provide wealth management and private banking services.

The Bank upgraded and diversified its online banking functions. The Bank enhanced global cash management services for group customers by adding cross-border remittance, batch collection, batch card issuance for other banks, regular account inquiry, overdraft balance inquiry and bonus clearing, and B2B payment products for corporate customers. The Bank developed its VIP personal banking business to offer exclusive services for middle and high-end customers, including enhanced large-value cross-bank remittance, card to book transfer, small-value exchange settlement and online sales of wealth management products, among others. The Bank enhanced online payment procedures to provide a convenient, fast and secure online payment platform for personal customers. The overseas service functions were enhanced and online banking coverage was expanded: as at the end of 2009, the Bank's overseas online banking services covered 19 countries and regions and was connected with the online banking system of BOCHK, further reinforcing the advantages for customers of its cross-border online banking service.

The Bank launched a WAP mobile banking service to provide customers with account management, transfer and remittance, credit card service, bill payment, investment and wealth management and mobile phone-based payment. The Bank cooperated with China Mobile, China Unicom and China Telecom to put in place a dynamic password identity verification system, which improved the convenience and security of the mobile banking service.



BOC service outlet lately established



BOC Wealth Management Center

The Bank made increased efforts to install and upgrade self-service equipment. As at the end of 2009, the Bank had 18,061 ATMs and 11,722 self-service terminals in operation, a year-on-year increase of 22.5% and 30% respectively. The Bank also set up over 120 self-service banks, increasing the number to over 5400. The launch of the ATM deposit transfer service enabled ATMs across the entire system to support such functions as bank card transfer, deposit and payment. Major branches implemented the BOC Self-service Express offering, whereby multi-functional self-service terminals were equipped to handle counter-based non-cash services.

IT blueprint implementation

In early October 2009, the Bank launched IT blueprint version 1.0 in its Hebei Branch, marking a breakthrough in its IT blueprint implementation. To date, the core banking system and peripheral systems have operated smoothly and have been well received by the customers. The new core banking system is a customer-oriented and transaction-driven business processing system which processes and manages the information of customers, accounts and transactions on a centralised basis. The Bank initiated IT blueprint version 2.0 in the second half of 2009, and upgraded the system in its Hebei Branch in the first quarter of 2010. This has laid a strong foundation for its application in other branches.

The implementation of the IT blueprint is more than an upgrade of the Bank's IT system. By reforming the Bank's core systems, the IT blueprint will reengineer the Bank's business processes in a way that supports the fundamental strategic shift from an "account-centred" to a "customer-centred" approach. The application of the IT blueprint will enable the Bank to better fulfil its commitment to provide reliable financial products and efficient financial services with standardised operations, streamlined procedures, convenient services and strict risk control.



BOC Vice President Wang Yongli surveyed the preparatory work of Hebei Provincial Branch for the commissioning of IT Blueprint.



General Control Center for the Operation and Maintenance of Information Systems of Bank of China

Customer relationship management

The Bank is keenly aware of the strategic importance of good customer relationships and made persistent efforts to improve customer relationship management so as to enhance customer satisfaction and loyalty.

Enhancing management systems

The Bank continues to strengthen customer relationship management and push forward structural integration. In 2009, the Bank completed a customer relationship enhancement initiative in the Corporate Banking Department, Personal Banking Department, Global Markets Department and Operation Service Department that established the correct balance of customer relationship management, product management and channel management. The structural integration of tier-one branches with regard to the customer-centred service model is largely completed, and a flat and intensely effective operational structure and management mechanism has started to take shape.



BOC opened a "Green Channel of the World University Winter Games" to welcome Chinese and foreign guests.

Conducting satisfaction ratio survey

In 2009, the Bank conducted customer satisfaction surveys by way of interviews, customer comment books at branches and customer meetings. In 2009, the Bank's customer satisfaction ratio reached 96%, an increase of five percentage points from 2008.



Strengthening management of customer complaints

The Bank attaches great importance to customer complaints and continued to enhance its customer complaint management mechanism in 2009. The Bank prepared the Measures on the Management of Customer Complaints which makes provisions concerning the handling of customer complaints, time limitations and customer satisfaction ratios. Thanks to these efforts, the Bank witnessed a continuous decline in the ratio of customer complaints and a stable rise in the ratio of customer satisfaction with how the complaints are handled.



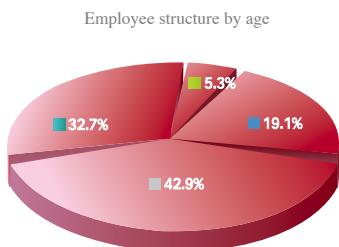
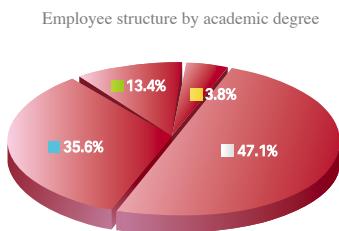
Commitment to employees



The Bank believes that its most important asset is its employees, and takes seriously its responsibility to develop their inherent talents by creating a favourable and supportive environment. The Bank goes to great lengths to provide a diversified career development platform that will ensure that BOC's growth and its employees' career growth go hand-in-hand.

Employee profile

BOC has a competent and diverse employee team. As at the end of 2009, the Bank had 262,566 employees*. There were 26,633 employees in Hong Kong, Macau and overseas-based institutions and subsidiaries. Of the contracted employees in domestic branches, 6,810 have a master's degree or above, accounting for 3.8%, 83,932 have a bachelor's degree, accounting for 47.1% and 63,495 have a junior college degree, accounting for 35.6%. In terms of age diversity, there are 34,000 employees under 30, accounting for 19%, 76,484 employees between 31 and 40, accounting for 42.9%, and 58,209 employees between 41 and 50, accounting for 32.7%. There are 129,107 female employees in domestic branches, accounting for 54.6%, and 9,549 employees from ethnic minority groups, accounting for 3.6%. There are 116 female employees in middle and senior management, a proportion of 20.5%.

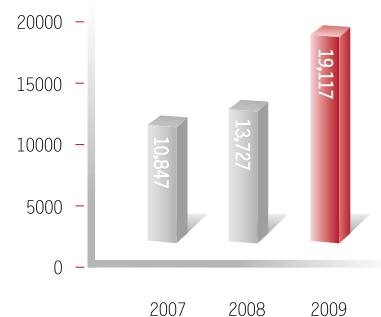


* Note: Including 57,748 persons under labor dispatching agreements with some domestic commercial banks

Recruitment

In 2009, the Bank actively responded to the government's call to meet its social responsibilities by creating jobs to combat the global financial crisis. Instead of reducing headcount, the Bank created 19,117 jobs for new graduates and others, bringing onboard talented people from different backgrounds and academic disciplines through campus recruitment, social recruitment and the hiring of returned overseas students.

Number of staff recruited by BOC



Campus recruitment was the most important part of the Bank's recruitment effort in 2009. The Bank prepared and strictly implemented standard recruitment procedures on a fair, impartial and open basis. These procedures cover the release of recruitment information, registration, written tests and interviews, allowing everyone to compete on an equal basis. The Bank recruited 9,964 students with bachelor's degrees, master's degrees or doctoral degrees throughout the year.

The Bank also prepared and implemented such regulations as the Process, Focus and Standard of Social Recruitment and Basic Qualifications of Social Recruitment to regulate social recruitment.

BOC placed third overall in the 2009 “Most Ideal Employers” survey of Chinese students organised by Universum Communications, coming first in the votes of business and law school students. The Bank won the “Top 100 Employer Award” conferred by Beijing Municipal Education Commission for its efforts in creating employment for college students of Beijing in 2009.



BOC received the title of the “Best Ten Employers in the Financial Industry”.

Interests of employees

As part of its people-focused philosophy, the Bank makes great effort to protect the legitimate interests of its employees in terms of recruitment and democratic management. Following an equitable and just human resources policy that disallows discrimination in any form, forced labour and use of child labour, the Bank complied with the relevant state laws and regulations, strictly carried out the principle of equal pay for equal work and signed labour contracts with all its employees. BOC provides employees with benefits that include social security, a housing provident fund, statutory holidays, enterprise annuity, and supplementary medical insurance.



BOC Xiamen Branch held the Employee Congress

BOC attaches great importance to the role of trade unions, employee representative meetings and increased transparency of bank operations in providing a channel for employees to express their opinions and ensure their right of information, participation and supervision. As at the end of 2009, 100% of the Bank’s units had established a trade union, covering 100% of total employees. The Bank promoted the application of collective contracts on a trial basis, with 12 branches signing a collective contract and 18 branches establishing a collective contract system. All tier-one branches established an employee representative meeting system and 80% of the branches held employee representative meetings in 2009. Through the employee supervisor system and a bank operation reporting system that reflects employee concerns, the Bank was able to protect the legitimate rights and interests of employees, maintain team stability and promote overall employee competence.

In 2009, the Bank prepared the Opinions on Strengthening Labour Management of Subsidiary Institutions of BOC and the Measures on the Hiring of Domestic Branch Employees by Subsidiary Institutions.

Employee development

The Bank provides a diversified career development platform to promote the harmonious development of BOC and its employees. In 2009, the Bank provided training courses, enhanced its incentive and restraint policies and strived to identify and develop outstanding employees so as to build a competent, world-class employee team.

Career development

The Bank has established a multi-faceted career development structure focused on three employee categories: operation managers, professionals and technical personnel. In 2009, the Bank prepared and implemented the Measures on the Construction and Implementation of Professional Sequences of BOC with a view to developing experts in different fields and investing professional talents with the appropriate powers and responsibilities. The Bank accelerated the implementation of a recruitment and development plan for globalised professional talents. The Bank continued with employee expatriation, expanded the development resources for technical personnel, strengthened horizontal and vertical communication among employees and diversified their working experiences so as to promote their career development.

Incentive and restraint mechanisms

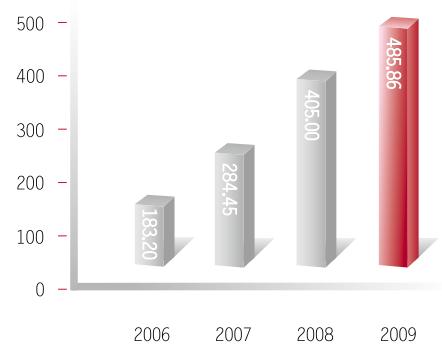
The Bank pushed forward with the construction of its incentive and restraint mechanism. In 2009, the Bank prepared the Opinions on Further Promoting Performance Management which specified the strategic orientation of the Bank's performance management function. The Bank enhanced its BSC centred performance management system and established customer-centred assessment modes and employee evaluation mechanisms at all levels to reinforce performance management.

The Bank continued to optimise the remuneration incentive mechanism of its subsidiaries in order to enhance the effect of incentives and restraints for all employees.

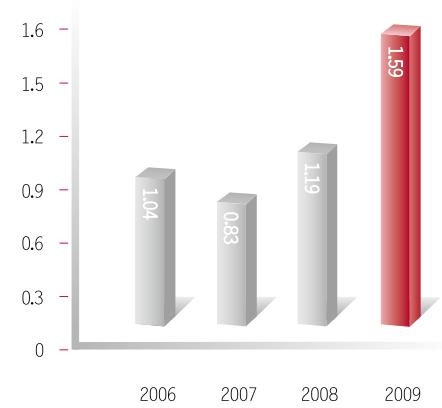
Employee training

In 2009, the Bank carried out the Training and Development Plan of BOC for 2009-2012, investing RMB 485.9 million to increase employee training. This resulted in 45,328 training courses with an aggregate attendance of 1,585,087 participants, including 5,132 training courses of over two days' duration with an aggregate attendance of 259,195 participants.

Training costs invested (RMB million)



Training times (RMB million)



The Bank has a series of standardised training courses designed to support strategy implementation, business development and talent growth, including "Post Qualification Training", "Expertise Development Training", "Operation Training" and "Basic Competence Training". These focus on enhancing the qualifications and expertise of personnel in core professional areas, including customer managers and wealth managers. The Bank also provided standardised and integrated training courses for employees at operation posts in line with the development of the IT blueprint and the transformation of the Bank's outlets and service modes and encouraged employees to attend on-the-job study and off-work-hour education, setting out the incentives for the latter with greater clarity.

Localisation of employees

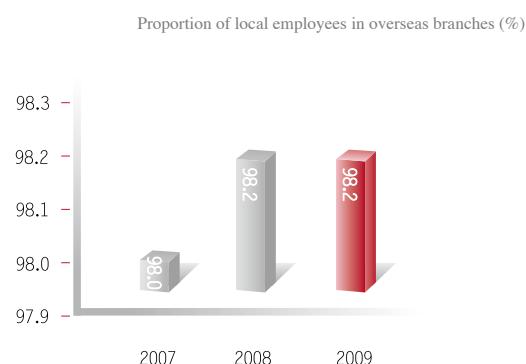
The Bank greatly values its overseas employees and has incorporated their development into a human resources management system and incentive and restraint mechanism that is integrated across domestic and overseas institutions. In particular, the Bank has increased resources for the career development of local employees and facilitated the growth of globalised talents by leveraging its diversified platform and extensive business network.



Local employees of BOC Luxembourg Branch took part in the International Marathon.

Overview of overseas employees

As at the end of 2009, the total number of employees in the overseas and subsidiary institutions of BOC was 26,633 (including 9,108 employees working in the operation branches in the Chinese Mainland) of which 26,146 were local, accounting for 98.2%.



Growth of overseas employees

The Bank established a globally integrated human resources system to provide equal opportunities for the development of local employees in overseas branches.

During the period from 2007 to 2009, local employees accounted for an average ratio of 31.3% of senior management personnel in overseas institutions. The general managers of two overseas branches and one overseas subsidiary company were non-Chinese and over 50% of senior executive posts in seven overseas institutions such as London Branch, BOCHK and BOC Aviation Leasing were held by non-Chinese. In 2009, the Bank further standardised the department setup, recruitment procedures and performance management of its overseas institutions, revised the remuneration incentive program of its overseas subsidiary institutions and strengthened the competence and development of its local employees.

Cultural communication

The Bank pays due respect to local cultures. In 2009, the overseas institutions carried out all kinds of activities to promote cultural exchanges among Chinese and foreign employees, facilitate mutual understanding and enhance the cohesion of the employee team.



The employees of BOC New York Branch joined in the activity to celebrate the "Dragon Boat Festival".



The head of BOC London Branch granted awards to excellent foreign employees.

Care for employees

The Bank is committed to providing a sound working environment that safeguards the safety and health of its employees, particularly female employees and employees in need. This is critical to maintaining employee satisfaction and team stability.



BOC Hong Kong presented gifts to the employees to send the best regards.

Care for employee health

The Bank attaches great importance to the safety of work premises. It strives to build a safe and comfortable working environment for employees, prepares evacuation plans for emergencies and holds regular drills. The Bank provides regular health checks and holds lectures on health care. In 2009, the Bank took effective measures to respond to the spread of H1N1 and protect the health of employees.

Care for female employees

The Bank holds lectures and training courses to support the needs of female employees.



BOC organized various female employees' activities.

Care for employees in need

The Bank helps employees in need to solve problems related to healthcare and the schooling of their children. In 2009, the Bank provided RMB 10.7 million worth of material support on 4,448 occasions for employees in need.

Employee satisfaction

The Bank carries out regular surveys on employee satisfaction and communicates with employees on a regular basis in order to discover their needs and take the appropriate measures to enhance their satisfaction, thus maintaining team stability.

Corporate culture

The Bank places great emphasis on the development of its corporate culture. To this end, it has initiated activities to promote the core value of "Pursuing Excellence" throughout the bank and has established the concept of "integrity, performance, responsibility, innovation and harmony" as a set of shared values and a code of conduct for managers and employees at all levels.



BOC Secretary of the Party Discipline Committee Zhang Lin took a group photo with the winners of the "Speech Contest on Core values".



BOC organized the employees to participate into the singing contest to enrich their leisure life.



Commitment to society



In 2009, the Bank continued to adopt a scientific approach to development, stepped up cooperation with stakeholders, diligently implemented a responsible purchasing policy, supported social undertakings and earnestly performed its social responsibilities as a global corporate citizen with a view to co-existing harmoniously with society.

Cooperation with partners

The Bank developed extensive cooperation with government agencies, other banks, enterprises and the media with the aim of seeking mutual benefit and shared success. In 2009, the Bank signed 121 strategic cooperation agreements or memorandums with central government agencies and local governments as well as key customers.

Cooperation with government

In 2009, the Bank advanced cooperation with government agencies in the areas of education, environmental protection, technical innovation and cultural undertakings and provided financial support for the development of science, education, art and healthcare.



BOC cooperated with the Ministry of Science and Technology of the People's Republic of China to jointly promote the development of hi-tech industry.

Cooperation between BOC and central ministries in 2009

Partner	Cooperation agreement
Ministry of Education	Comprehensive Cooperation Agreement on Assisting the Extension of National Student Loans to Universities under the Administration of Central Ministries
Ministry of Science and Technology	Comprehensive technical and financial cooperation
Ministry of Industry and Information Technology	Cooperation Agreement on Providing Financial Services for SMEs
Ministry of Railways	Strategic Cooperation Agreement
Ministry of Transport	Memorandum on Financial Cooperation
Ministry of Environmental Protection	Cooperation Memorandum on Supporting the Development of Environmental Protection
Ministry of Commerce	Notice on Providing Financial Service Support for Key Export and Import Enterprises
Ministry of Culture	Strategic Cooperation Agreement on Supporting the Development of Culture Industry
General Administration of Customs	Cooperation Agreement on the Electronic Management of Bank Guarantee Deposit Account for Processing Trade
State General Administration of Sport	Strategic Cooperation Agreement
General Administration of Press and Publication	Strategic Cooperation Memorandum on Supporting the Development of Press and Publication

In 2009, the Bank actively strengthened cooperation with the governments of various provinces, municipalities and autonomous regions to support the construction of key infrastructure projects and the development of local economies. This involved surveys, senior-level talks and strategic cooperation agreements based on the economic and social conditions and overall development plans of the local areas.

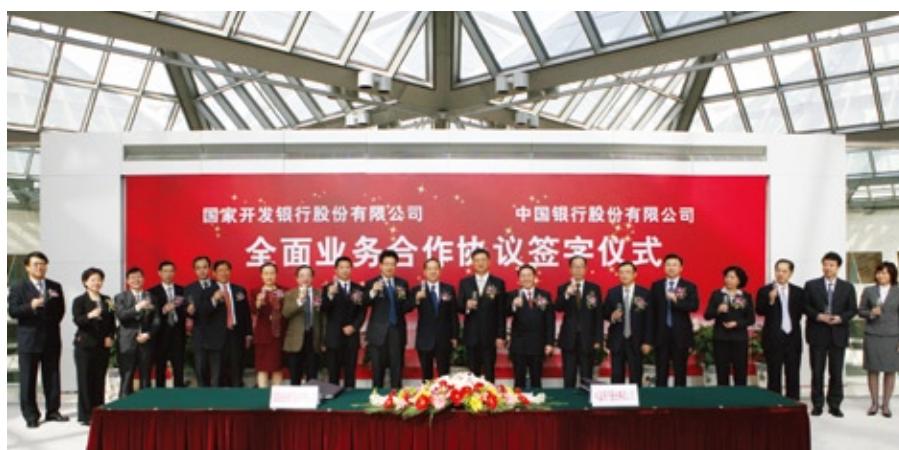
Cooperation between BOC and local governments in 2009

Local government	Cooperation
Liaoning	Supported the “Five Points and One Line” development strategy and the construction of economic zones and the development of county-level economies in Shenyang
Shandong	Supported the regional economy through the “One Body, Two Wings” strategy
Jilin	Supported the construction of the Changchun-Jilin-Tumenjiang Area
Dalian	Supported the revitalization of old industrial bases, aided the integrated development of urban and rural areas and accelerated the construction of international cities in Northeast Asia
Henan	Supported the development of city clusters and industry clusters in the central part of China
Sichuan	Supported post-disaster reconstruction and key projects to expand domestic demand
Hubei	Pushed forward such key projects as the development of the central area of the province and the “1+8” city cluster of Wuhan
Ningxia	Pushed forward the construction of large coal mining and coal chemical bases in eastern Ningxia and the construction of the West-East Power Transmission plants
Hebei	Promoted the upgrading of key industries and implemented a three-year project to improve urban construction in Hebei
Hunan	Supported the construction of a resource efficient and environmentally friendly society, helped to revitalise and develop industry and infrastructure, supported the building of basic facilities and key projects in Changsha-Zhuzhou-Xiangtan Area
Xinjiang	Supported the development of energy and mining, infrastructure and urban construction
Shaanxi	Supported the development of the Guanzhong Industrial Belt, the energy and chemical base in north Shaanxi and other modern industrial bases

Heilongjiang	Supported the construction of a “New Socialist Countryside”, accelerated the development of tertiary industries, balanced the development of various regions and helped to build a resource efficient and environmentally friendly society and to advance reforms and “opening up” policies
Jiangsu	Supported the development of coastal areas in an effort to build a prosperous society and achieve modernisation
Fujian	Supported the development of the western part of the Taiwan Strait and promoted economic and cultural exchanges with Taiwan
Shanghai	Supported the construction of two centres and promoted financial cooperation
Anhui	Supported the demonstration zone for the transfer of industries to the cities along the Wanjiang River

Cooperation with other banks

In 2009, the Bank actively cooperated with other banks at home and abroad including China Exim Bank, China Development Bank, Zheshang Bank and Inter-American Development Bank in the areas of product innovation and syndicated loans. The Bank signed the first inter-bank TSU cooperation agreement with Mitsubishi Bank and signed the Memorandum on RMB-denominated Exchange Settlement Cooperation with Citibank.



BOC signed the comprehensive business cooperation agreement with China Development Bank.

Cooperation with enterprises

In 2009, the Bank continued to provide comprehensive credit services and professional and efficient financial services for enterprises. The Bank advanced such cooperation by entering into a number of comprehensive strategic cooperation agreements with enterprises to provide effective support against the global financial crisis.



BOC Vice President Chen Siqing visited China Eastern Airlines.

Cooperation between BOC and enterprises in 2009

Name of enterprise	Cooperation agreement
China Communications Construction Company	Strategic Cooperation Agreement with a total amount of RMB 75 billion
Space China	Strategic Cooperation Framework Agreement with a total amount of RMB 60 billion
Shenzhen Energy Corporation	Strategic Cooperation Agreement with a total amount of RMB 30 billion in financing or credit support
China Eastern Airlines	Comprehensive cooperation agreement between Banks and Enterprises with a total amount of RMB 20 billion
Shanghai Chengtou Corporation	Comprehensive Strategic Cooperation Agreement with a total credit line of RMB 50 billion
China State Shipbuilding Corporation	Strategic Cooperation Framework Agreement with a total amount of RMB 80 billion
Capital Airports Holding Company	Comprehensive Strategic Cooperation Agreement with a total amount of RMB 50 billion
China Resources National Corporation	Provided credit of RMB 70 billion
China Shipping (Group) Company	Strategic Cooperation Agreement with a total amount of RMB 80 billion
China Aerospace Science & Industry Corporation	Strategic Cooperation Framework Agreement with a total amount of RMB 30 billion
China Aerospace Science & Technology Corporation	Strategic Cooperation Framework Agreement with a total amount of RMB 30 billion
BYD	Strategic Cooperation Agreement with a total amount of RMB 15 billion
Beijing Automotive Group	Comprehensive Strategic Cooperation Agreement with a total amount of RMB 20 billion

Cooperation with the media

The Bank actively sought to cooperate fully with news media in order to promote the development of the press and to facilitate communication with the general public for mutual gain.

Cooperation between BOC and the media in 2009

Media	Cooperation agreement
Xinhua News Agency	Comprehensive Strategic Cooperation Agreement
China Daily	Comprehensive Strategic Cooperation Agreement
Economic Daily News (Group)	Comprehensive Strategic Cooperation Agreement



BOC engaged into the comprehensive strategic cooperation with Xinhua News Agency.

In addition, the Bank also advanced cooperation with universities and research institutions at home and abroad. It established post-doctoral work stations and jointly recruited post-doctoral researchers with the Chinese Academy of Sciences, Renmin University and Fudan University for the research into the major issues affecting the financial sector.

Responsible purchasing policy

The Bank places great importance on ensuring equitable cooperation with its suppliers. As such, the Bank has standardised and integrated the management systems, rules of transaction, methods and procedures of its purchasing function across different levels with a view to achieving shared success for all parties on a fair, impartial and open basis. In 2009, the Bank carried out 400 centralised procurement projects.

Establishing a procurement platform

In 2009, the Bank accelerated the development of a centralised procurement team and provided training courses for all relevant personnel to enhance organisational readiness. The Bank also established a bank-wide cooperation mechanism to assist with centralised procurement. The Bank steadily pushed forward the construction of a centralised procurement information management platform and promoted the application of electronic bidding and a standardised product catalogue, in order to improve transparency and competition.

Strengthening supplier management

The Bank followed a differentiated approach in the management of suppliers with a view to developing long-term cooperation. In 2009, the Bank issued the Measures on the Selection of Projects of BOC and the Measures on the Management of Suppliers of BOC, and carried out regular communications with suppliers. The Bank assessed supplier performance and drew up a blacklist of suppliers that failed to meet the required standard.

Social undertakings

The Bank is dedicated to supporting social undertakings, and has made persistent efforts to serve and contribute to society by sharing the proceeds of its growth. In 2009, the Bank's external donations totalled RMB 57.8 million.

Fighting against natural disasters

In 2009, the Bank spared no effort to support post-disaster reconstruction in Wenchuan. As at the end of 2009, the Bank had granted a total credit of RMB 7.4 billion for housing construction in the affected areas. The Bank signed cooperation agreements for post-disaster reconstruction with Dongfang Electric Group and Panzhihua Iron & Steel Group, involving a total amount of RMB 80 billion. The Bank also provided investment banking services to finance SMEs in Sichuan Province. The Bank provided support for infrastructure reconstruction, industry transfer and investment promotion projects and properly handled the appropriation of reconstruction funds and deposits for administrative undertakings. The Bank raised RMB 10 million through its "Love Deposit" service to build a modern primary school in Jinzishan Village of Qingchuan County, thus allowing local children to return to education. The school is designed to withstand an earthquake measuring 8.0 on the Richter scale.



BOC President Li Lihui laid the foundation for the rebuilding project in the post-quake Sichuan.



"BOC Love Primary School" was built formally in the quake-hit region in Sichuan.

In 2009, the Bank responded quickly to the sudden impact of natural disasters at home and abroad, lending a helping hand to affected areas. The Bank arranged a credit line of RMB 50 million to Piao'an Group, the largest medical consumable manufacturer in China, to assist with the prevention and control of H1N1. The Bank donated RMB 5 million to the people in Taiwan affected by Typhoon Morakot through the Association for Relations across the Taiwan Straits and made donations to the areas affected by the hurricane that hit the Philippines and the earthquake that struck Indonesia.



The employees of BOC Hong Kong went to the seriously affected quake zone of Beichuan in Sichuan to render volunteer service.

Providing poverty relief

Since 2002, the Bank has provided poverty relief to the four counties in the north of Xianyang, Shaanxi Province, including Yongshou, Changwu, Xunyi and Chunhua. As at the end of 2009, the Bank had donated RMB 23.5 million to the counties, established 21 schools and 19 water projects and carried out 28 immigration projects. In 2009, the Bank completed such projects as immigration, drinking water, road construction and village-level organisation establishment, benefiting 6619 people in total. The Bank financed the building of a vehicle repair store in an impoverished pastoral area of Tibet to ensure that local residents are properly equipped to maximise production and income. The above-mentioned projects were based on close-end operation, which ensured that all the projects were successfully carried out.



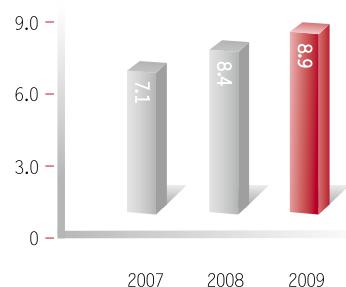
BOC actively launched the local campaign for poverty alleviation.



The basic-level cadres of BOC gave money to local most needy family.

BOC is exclusively authorised by the central government to provide student loans for China's national universities. The Bank views this programme as a vital part of its social responsibility and has instituted a three-level system for the extension of student loans to national universities. As at the end of 2009, the Bank had provided student loans of RMB 13.1 billion to help one million students to complete their studies. Meanwhile, the Bank worked with universities to incorporate the theme of financial education throughout the entire student loans process, thus promoting the values of integrity and responsibility among the students.

Balance of the State-subsidized Student Loans (RMB billion)



Promoting scientific and cultural undertakings

The Bank is deeply committed to promoting the advancement of science, art and culture. In 2009, the Bank continued to cooperate with China's National Grand Theatre by launching ticketing services in 50 outlets in Beijing and financing the "Let Art Come Near to Everyone" campaign to promote art to the general public. The Bank financed the UNDP-Dadawa Culture-Based Development for Ethnic Minorities in China programme, an initiative of the United Nations Development Program and well-known artist Dadawa to promote China's ethnic cultures to the world. In addition, the Bank sponsored the "Tan Kan Kee Science Award Presentation" with the Chinese Academy of Sciences and financed the scholarship program of the Caijing, inviting trainees to visit BOC for exchanges.



BOC supported the "World Sees – the Campaign for the Protection and Development of Culture of Ethnic Minority Groups in China".



BOC carried out various fitness activities targeting at the general public nationwide.

Advocating national fitness

As the exclusive banking partner of the Beijing Olympics and Paralympics, the Bank carried forward the Olympic spirit and advocated the concept that "health is wealth". In 2009, the Bank worked together with State General Administration of Sport to develop and launch the first "National Fitness Day". The Bank participated in the design and selection of the logo and slogan for the National Fitness Day, issued a BOC National Fitness Card, donated RMB 5 million for the event and financed the "2009 BOC National Fitness Carnival" held at National Olympic Sports Centre. In the spirit of promoting social welfare, the Bank developed an innovative combination of sports events and national fitness activities designed to spark the nation's enthusiasm for participating in the National Fitness Day and establish it as a permanent event.

Enhancing financial literacy

The Bank attaches great importance to the promotion of financial literacy. In 2009, the Bank held financial education activities of different forms at all levels, including financial lectures, exhibitions and community publicity drives.



BOC employees popularized the knowledge on fake money identification among the general public.

Volunteering activities

The Bank encourages and supports its employees to participate in volunteer activities that strengthen the ties with local communities, promote social welfare and express the caring attitude of BOC. In 2009, 5,981 employees volunteered on 27,338 occasions, accumulating 85,294 hours of volunteer activity.



The Youth Association of BOC Macau Branch carried out the "Activity of Protecting the World Heritage".

Global citizenship

As a global corporate citizen, the Bank has a responsibility to achieve mutual development with the local areas in which it operates. In light of this, the Bank has embedded the concept of sustainable development into its global operations.

Supporting community development

In 2009, the Bank strictly complied with the laws and regulations of various countries in which it operates, continued to increase the proportion of local employees, purchased locally and undertook community investment to contribute to the economic and social prosperity of local areas.

The Bank's New York Branch held a "Chinatown Fitness Day" event with local medical institutions to promote the "health is wealth" concept. The Bank provided health consulting services for local residents and new immigrants.



BOC New York Branch launched the campaign titled with the "Healthy Day of Overseas Chinese" among local Chinese.

The Luxembourg Branch assisted the Chinese Embassy in Luxembourg's participation in the annual donation sales held by the Red Cross Society of Luxembourg and donated all the proceeds to the local branch of Red Cross Society.

The Macau Branch established the BOC Macau Charity Foundation and used all proceeds from the issuance of commemorative Olympic banknotes for charitable purposes.



BOC Jakarta Branch showed love to local poor children.



BOC London Branch sponsored the celebration of the Chinese New Year on Trafalgar Square.

Promoting cultural exchanges

BOC is dedicated to advocating and enabling cultural exchanges between China and other countries via its international network to promote mutual understanding and development between different cultures.

The Bank's London Branch organised the "Sino-UK Stamp Collection" activity with the China Soong Ching Ling Foundation. The Frankfurt Branch co-sponsored the "Golden Autumn" evening party along with the Chinese Consul in Frankfurt, Association of Overseas Chinese in Germany and the China Peking Opera Theatre. The Seoul Branch sponsored the "BOC Cup", a Chinese speech contest organised by the Confucius School of South Korea, in order to expand the influence of Chinese culture in South Korea. BOC Canada sponsored the "Spring Festival Art Performance of Toronto Chinese" as well as special performances held by the art delegation of China Federation of Literary and Art Circles in University of Toronto.



Commitment to the environment

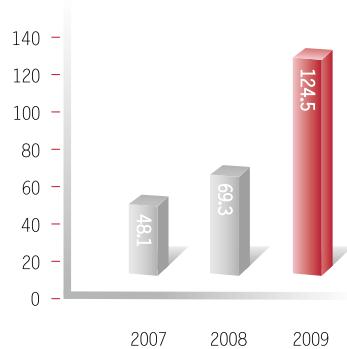


Environmental protection and the reduction of greenhouse gas emission is critical to the welfare and long-term development of mankind. The Bank has launched green loans and other green products to support energy saving and emissions reduction. BOC is dedicated to building a green bank, and has made persistent efforts to minimise its environmental footprint and support the building of a resource efficient and environmentally friendly society.

Supporting a low carbon economy

The Bank has carefully implemented the policies and regulations on energy saving, emissions reduction and environmental protection. The Bank has launched innovative green products and blended the concept of “green credits” into its credit policies, systems and processes in order to support the development of a low carbon economy. In 2009, the Bank incorporated standards of environmental protection, energy saving and emissions reduction into its credit extension and business operational policies and increased its support for environmentally friendly and energy saving enterprises and projects. The Bank extended green credits of RMB 55.2 billion throughout the year, an increase of 80%. The Inner Mongolia Branch actively implemented the government’s clean energy development strategy, authorising a credit line of RMB 5 billion to wind power projects and issuing loan commitments totalling RMB 9.5 billion and financing the marketing of 22 wind power projects. The Zhejiang Branch opened the first letter of guarantee on carbon emissions in China to support enterprises with low carbon technologies expand into overseas markets and promote the innovation of low carbon products.

Green credits (RMB billion)



BOC supported the project of Yunnan Dianchi to pollution treatment.

The Bank increased restrictions on credit access for industries with high energy consumption and high pollution, specified requirements for energy saving and emissions reduction and implemented a “single-vote veto system” for credit approval. The Bank carefully examined the conditions of industries with high energy consumption and high pollution throughout the lending process, established a mechanism of tracking, monitoring and analysing environmental factors and drew up a blacklist of enterprises with excessively high energy consumption, high pollution and surplus capacity. The Bank made plans to disengage from such customers, and restricted or suspended loan extension to enterprises that violated regulations on environmental protection.

The Bank made persistent efforts to convey to its business partners the importance of environmental protection. The Bank incorporated provisions related to energy consumption and pollution risks into its credit contracts, including a provision that requires the borrower to make a statement on energy saving and emission reduction compliance, as well as a provision that allows the Bank to accelerate the collection of loans, suspend loan extension and exercise its rights of pledge and mortgage early if the borrower fails to meet its environmental commitments or if new energy consumption and pollution risks emerge.

The Bank increased its efforts to develop a diversified green financial services system to provide environmentally friendly enterprises with investment banking services, including domestic and overseas IPO and bond underwriting as well as investment management and asset management services. In addition, the Bank provided insurance services for environmentally friendly projects and personal banking services for the management and employees of environmentally friendly enterprises.



BOC Macau Branch and The Macao SAR Government jointly carried out the activity of "Smoke-free Office".



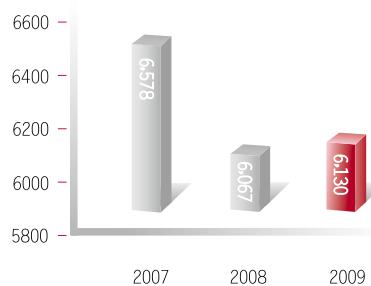
BOC made tips on environmental protection to improve the staff's awareness of water and electric power conservation.

Building a green bank

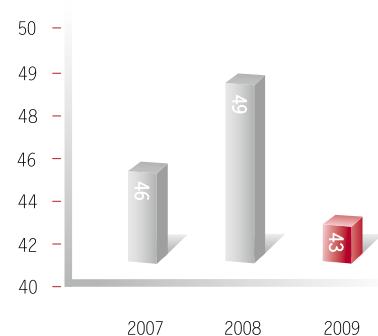
The Bank strengthened the internal management of its energy saving and emission reduction programme, enhanced management policies and processes regarding office environment management, specified energy saving and emissions reduction objectives and monitored the Bank's consumption of water, power and gas on a regular basis. The Bank reduced business travel through video and telephone conferencing, prepared measures on the management of vehicle use to cut gas consumption, promoted a "paperless office" approach and encouraged employees to save energy and reduce emission via their own initiatives. The Milan Branch set up an office environment management system, the Macau Branch launched a "non-smoking office" plan and the Tokyo Branch achieved sound results in its efforts to reduce garbage discharge.

Water, power and gas per capita consumption of the Head Office of BOC

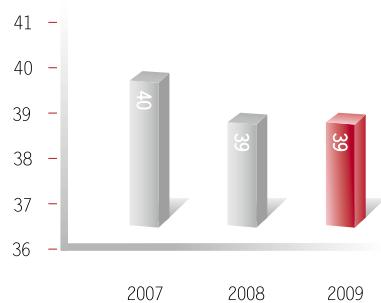
Power per capita consumption (KWH)



Gas per capita consumption (Cubic metre)



Water per capita consumption (Cubic metre)



The Bank encouraged shareholders to use electronic documents so as to reduce the consumption of paper. The Bank revised the delivery methods for its regular reports to its H-shares holders in line with the latest listing rules of Hong Kong Stock Exchange. The Bank also reduced the number of printed regular reports and optimised report layouts to save paper, while ensuring information disclosure remained complete.

Promoting environmental protection

As well as striving to minimise the environmental impact of its own operations, the Bank also played an active role in promoting environmental protection among the general public, with a view to helping China develop and grow in harmony with the environment. The Bank donated RMB 5 million to the West Ecological Health Protection Foundation of Hubei Province for the construction of Danjiangkou Eco-environment Demonstration Zone. In April 2009, the Hainan Branch organised an “Environmental Protection Ambassador” bicycle ride to promote environmental protection and water conservation.



BOC staff joined in the volunteer tree planting actively.



BOC Hong Kong supported the activity of “Charity Environmental Protection Tour of Hong Kong Geo-park”.



BOC volunteers carried out the activity of protecting mew titled with “Extending my hands to protect 1,000 mew”.



Outlook



In response to the challenges and opportunities that lay ahead, the Bank will continue to implement a scientific approach to development and uphold its core values of “pursuing excellence” and corporate culture of “integrity, performance, responsibility, innovation and harmony”. It will continue to incorporate social responsibility into its development strategy and daily operations, increase its focus on sustainable growth and strive to develop in harmony with the wider economy, society and environment.

The Bank will capitalise on transformation of China’s economic strategy. Taking a wide view, the Bank will carefully balance the relationships between structural adjustment, business development, scale expansion and risk control. The Bank will optimise the speed and scale of loan extension, strengthen and enhance customer relationship management and accelerate the transformation of its service modes to provide better services for customers. The Bank will foster talent development and invest more resources so as to achieve rapid development of its overseas operations.

The Bank will actively implement the “green credit” policy in order to fuel the development of a low carbon economy. The Bank will increase support for low emission and low pollution projects, green technology projects and the research and development of environmentally friendly products, as well as providing environmentally friendly enterprises with global financial services through its diversified and integrated financial services platform.

The Bank will continue to enhance the comprehensiveness, intensity, focus and effectiveness of its risk management and internal control functions. The Bank will push forward its preparations for Basel II implementation, using this as an opportunity to enhance risk management technologies and procedures.

Above all, the Bank will remain a people-focused organisation. It will provide more resources to facilitate its employees’ career development, increase its support for social undertakings and promote the development of education, culture, science and technology so as to strengthen the nation and perform its social responsibilities as a corporate citizen.



ASSURANCE STATEMENT

Introduction

Det Norske Veritas AS (DNV) has been commissioned by Bank of China Limited (BOC) to carry out verification on Bank of China Social Responsibility Report 2009 (the Report) against the AA1000 Assurance Standard (2008) (AA1000AS 2008).

BOC is responsible for the collection, analysis, aggregation and presentation of information within the Report, while our responsibility is to perform this work completely in accordance with agreed terms of reference. The stakeholders of BOC are the intended users of this statement. The verification is carried out based on the assumption that the data and information provided to us is complete and true.

Scope of Assurance and Limitations

The scope of work agreed upon with BOC includes the following:

- The social, environmental and economic data presented in the Report, covering BOC's social responsibility performance from January to December 2009;
- On-site verification at BOC's head office in China;
- No interviews with external stakeholders;
- Evaluation of Accountability Principles (Type 1) with a moderate level of assurance, according to AA1000AS 2008;
- Verification was completed by DNV in March 2010;
- DNV has not observed significant factors to limit our assurance activities.

Verification Methodology

Our verification was planned and carried out in accordance with the DNV Protocol for Verification of Sustainability Reporting.¹ The Report has been evaluated against the following criteria:

- Adherence to the principles of Inclusivity, Materiality and Responsiveness, as well as Reliability of specified sustainability performance information, as set out in the AA1000AS 2008;
- Adherence to additional principles of Completeness and Neutrality, as set out in DNV's Protocol.

As part of the verification, DNV has challenged the statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls. For example, we have:

- Examined and reviewed documents, data and other information made available to DNV by BOC;
- Conducted interviews with 40 BOC representatives, including senior managers and key employees;
- Performed sample-based reviews of the mechanisms for implementing BOC's social responsibility policies, as described in the Report;
- Performed sample-based checks of the processes for generating, gathering and managing the quantitative and qualitative data included in the Report.

¹ www.dnv.com/services/assessment/corporate_responsibility/services_solutions/sustainabilityreporting/index.asp



Conclusions

In DNV's opinion, BOC's Social Responsibility Report 2009 provides a credible presentation of BOC's overall sustainability performance and application of the AA1000 Accountability Principles. We have evaluated the Report's adherence to the following principles on a scale of 'Good', 'Acceptable' and 'Needs Improvement':

AA1000 AS 2008 principles:

Inclusivity: Acceptable. BOC has established a systematic process for identifying stakeholders' expectations to improve BOC's sustainable performance, as well as making daily work plans according to stakeholders' expectations and demands.

Materiality: Acceptable. BOC has established internal processes that are effective in bringing out significant sustainability issues of BOC and its stakeholders. The results have been used to structure the Report content and select relevant performance data.

Responsiveness: Good. The Report illustrates BOC's strategy and key issue, providing objective data corresponding to the major concerns of the main stakeholders.

Reliability: The system for collecting specified performance data and information presented in the Report are reliable. Database supporting system of BOC has been adequately described to DNV. No systematic errors were detected during verification.

Additional principles:

Completeness: Acceptable. Within the reporting scope and boundary defined by BOC, we accept that the Report does not omit relevant information that could influence stakeholders' decisions or that reflect significant sustainability impacts within the reporting period.

Neutrality: Acceptable. We consider the overall tone of the Report to be neutral and the presentation of information to be mostly balanced. The emphasis on various topics in the Report is basically proportionate to their relative materiality.

Opportunities for Improvement

The following is an excerpt from the observations and opportunities reported back to the management of BOC. However, these do not affect our conclusions on the Report, and they are indeed generally consistent with the management objectives already in place.

- Disclose the relevant performance indicators more comprehensively according to the indicators of the Global Reporting Initiative sustainability reporting guidelines (GRI G3).
- Continue to improve the effective communication mechanism with relevant stakeholders, especially with customers, to understand their concerns and respond effectively and transparently.
- The disclosure of operational environment performance data shall be implemented from head office to all branches.

Statement of DNV's Competence and Independence

DNV is a global provider of sustainability services, with qualified environmental and social assurance specialists working in over 100 countries. DNV was not involved in the preparation of any statements or data included in the Report except for this Verification Statement. DNV maintains complete impartiality toward stakeholders interviewed during the verification process. DNV expressly disclaims any liability or coresponsibility for any decision a person or entity would make based on this Assurance Statement.

For Det Norske Veritas AS

Signed:
Lead Verifier: ZHANG Jun
Det Norske Veritas AS

Signed:
Approver: WANG Xuezhu
CR Services Manager, DNV China



GRI indicators index

G3 indicators index

Serial number	Content	Disclosure of location
Strategy and Analysis		
1.1	Statement from the most senior decisionmaker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	P1-2, P3-4
1.2	Description of key impacts, risks, and opportunities.	P1-2, P3-4
Organizational Profile		
2.1	Name of the organization.	P11
2.2	Primary brands, products, and/or services.	P39-42
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	P13
2.4	Location of organization's headquarters.	P11
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	P12-64
2.6	Nature of ownership and legal form.	P11
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	P11-12
2.8	Scale of the reporting organization.	P7, P33, P39-41
2.10	Awards received in the reporting period.	P20
Report Parameters		
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	P77
3.2	Date of most recent previous report (if any).	P77
3.3	Reporting cycle (annual, biennial, etc.)	P77
3.4	Contact point for questions regarding the report or its contents.	P77
3.5	Process for defining report content.	P77
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	P77
3.7	State any specific limitations on the scope or boundary of the report.	P77
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	P77
3.12	Table identifying the location of the Standard Disclosures in the report.	P75-77
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	P73-74
Governance, Commitments, and Engagement		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	P13, P33-34
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	P34
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	P33
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	P33, P48
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	P33
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	P33
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	P1-2, P14
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	P33-34

Serial number	Content	Disclosure of location
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	P35-36
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	P29-30
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization.	P29-30
4.14	List of stakeholder groups engaged by the organization.	P18
4.15	Basis for identification and selection of stakeholders with whom to engage.	P18
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	P18
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	P18, P21-70

Economic Performance Indicators

EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	P3, P7, P23-24, P28, P33, P60-62
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	P1-2, P3-4, P23-28
EC3	Coverage of the organization's defined benefit plan obligations.	P48-52
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	P48
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	P59
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, inkind, or pro bono engagement.	P60-64
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	P23-28, P56-57
EN3	Direct energy consumption by primary energy source.	P69
EN5	Energy saved due to conservation and efficiency improvements.	P68
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	P66-67
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	P67-70
EN8	Total water withdrawal by source.	P69
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	P67-68
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	P67-68
EN30	Total environmental protection expenditures and investments by type.	P67-68

Labor Practices and Decent Work Performance Indicators

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LA2	Total number and rate of employee turnover by age group, gender, and region.	P47
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LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	P49-50
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HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	P48
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Financial Service Sector Specific Disclosure on Management Approach

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About this report

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