



中國銀行股份有限公司

BANK OF CHINA LIMITED

(a joint stock company incorporated in the People's Republic of China with limited liability)

(the "Bank")

(Stock Code: 3988)

ANNOUNCEMENT

SUBORDINATED CREDIT FACILITY BETWEEN BANK OF CHINA LIMITED AND BANK OF CHINA (HONG KONG) LIMITED

The Bank and BOCHK have approved in principle the main terms of a subordinated credit facility agreement pursuant to which the Bank will extend a US\$2,500,000,000 subordinated credit facility to BOCHK. The facility is expected to be drawn down on or before 23 December 2008. The Bank and BOCHK expect to enter into the subordinated credit facility agreement on or about 16 December 2008.

The Subordinated Loan will allow the Bank to take advantage of its capital to strengthen BOCHK's capital base, providing BOCHK with greater operating flexibility to meet its business development needs and to weather the economic uncertainties arising from the global financial turmoil.

The terms of the Subordinated Loan were negotiated on an arm's length basis between the two parties, and are in the interests of the Bank and its shareholders taken as a whole.

The Bank and Bank of China (Hong Kong) Limited ("BOCHK"), the principal operating subsidiary of BOC Hong Kong (Holdings) Limited, have approved in principle the main terms of a subordinated credit facility agreement pursuant to which the Bank will extend a US\$2,500,000,000 subordinated credit facility to BOCHK (the "Subordinated Loan").

The Subordinated Loan will be for a term of 10 years and is expected to be drawn down on or before 23 December 2008. BOCHK may elect to repay, subject to regulatory approval, the Subordinated Loan at any time on or after five years and one day of the date of drawdown. Interest on the Subordinated Loan shall be payable every six months at 2.00% + LIBOR for the initial period of 5 years from the date of the drawdown and, if not repaid, at 2.50% + LIBOR for the remaining period. The Bank and BOCHK expect to enter into the subordinated credit facility agreement on or about 16 December 2008.

The Subordinated Loan will constitute a connected transaction for the Bank under Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. The Subordinated Loan will be provided in the ordinary and usual course of the Bank's business and on normal commercial terms. The terms of the Subordinated Loan were negotiated on an arm's length basis between the two parties, and are in the interests of the Bank and its shareholders taken as a whole.

All liabilities of BOCHK under the Subordinated Loan will rank pari passu with all liabilities of BOCHK accruing under the agreement in respect of a subordinated credit facility of €660,000,000 between the Bank and BOCHK dated 25 June 2008.

The Subordinated Loan will qualify as Tier 2 Capital of BOCHK pursuant to the regulatory requirements of the Hong Kong Monetary Authority and will improve the capital structure of BOCHK. The Subordinated Loan allows the Bank to take advantage of its capital to strengthen BOCHK's capital base, providing BOCHK with greater flexibility to meet its business development needs and to weather the economic uncertainties arising from the global financial turmoil.

By Order of the Board
YEUNG Cheung Ying
Company Secretary

Hong Kong, 12 December 2008

As at the date of this announcement, the Directors of the Bank are: XIAO Gang, LI Lihui, LI Zaohang, ZHOU Zaiqun, ZHANG Jinghua, HONG Zhihua*, HUANG Haibo*, CAI Haoyi*, WANG Gang*, LIN Yongze*, Sir Frederick Anderson GOODWIN*, SEAH Lim Huat Peter*, Anthony Francis NEOH**, Alberto TOGNI**, HUANG Shizhong** and HUANG Danhan**.*

* *Non-executive Directors*

** *Independent Non-executive Directors*