



北京 2008 年奥运会银行合作伙伴
OFFICIAL BANKING PARTNER OF THE BEIJING 2008 OLYMPIC GAMES

2006 Interim Report

Stock Code: 3988

中國銀行股份有限公司
BANK OF CHINA LIMITED

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Financial Highlights

(This report is prepared in accordance with International Accounting Standard No. 34 *Interim Financial Reporting*.)

Unit: RMB million

	At 30 June 2006	At 31 December 2005	At 31 December 2004	Increase/Decrease from 1 January 2006 to 30 June 2006(%)
Total assets	5,231,635	4,740,048	4,265,221	10.37
Loans and advances to customers, net	2,317,625	2,152,112	2,072,919	7.69
Total liabilities	4,846,553	4,484,529	4,037,314	8.07
Due to customers	4,048,438	3,699,464	3,338,448	9.43
Capital and reserves attributable to equity holders of the Bank	355,747	226,419	200,755	57.12
Net asset per share	1.40	1.08	1.08	29.63
	Half year ended 30 June 2006	Half year ended 30 June 2005	Year ended 31 December 2005	Increase/Decrease from first half of 2005 to first half of 2006(%)
Operating profit	34,338	28,683	53,636	19.72
Profit before income tax	34,709	28,731	53,811	20.81
Profit for the period attributable to the equity holders of the Bank	19,477	15,181	25,921	28.30
Earnings per share for profit attributable to the equity holders of the Bank during the period (RMB)	0.09	0.08	0.14	12.50
Net cash inflow (outflow) from operating activities	(117, 589)	20,497	13,731	(673.69)

	At 30 June 2006(%)	At 31 December 2005(%)	At 31 December 2004(%)	Increase/Decrease from first half of 2005 to first half of 2006 (%)
Return on average total assets (annualized) ¹	0.89	0.70	0.66	0.19
Return on average equity (annualized) ²	13.38	12.14	11.22	1.24
Credit cost	0.47	0.52	1.11	(0.05)
Identified impaired loans to gross loans ³	4.40	4.90	5.51	(0.5)
Total allowance for impairment losses to identified impaired loans	83.18	75.92	63.16	7.26
Capital Adequacy Ratio ⁴	12.40	10.42	10.04	1.98
	Half year ended 30 June 2006(%)	Half year ended 30 June 2005(%)	Year ended 31 December 2005(%)	Increase/Decrease from first half of 2005 to first half of 2006 (%)
Non-interest income to operating income ⁵	21.12	20.47	19.26	0.65
Operating expenses to operating income (excluding business and other taxes)	38.41	40.82	43.41	(2.41)
Net interest margin ⁶	2.27	2.31	2.33	(0.04)

1. Represents the profit of the year (including profit attributable to minority interests) as a percentage of the average balance of total assets as of the beginning and end of period.
2. Represents the profit attributable to equity holders of the Bank as a percentage of the average balance of total equity (excluding minority interests) as of the beginning and end of period.
3. Gross loans represent the total amount of loans and advances to customers before allowance for impairment losses.
4. Represents the consolidated ratios as of period end calculated in accordance with the China Banking Regulatory Commission (CBRC) guidelines and based on PRC GAAP financial data.
5. Operating income consists of net interest income, net fees and commission income, net trading income, net gains (losses) on investment securities, other operating income and net gains on sale of shares in a subsidiary.
6. Calculated by dividing net interest income by average interest-earning assets.

Chairman's Statement

Building a Stronger Foundation for Growth

The year 2006 will stand out as an important chapter in the history of Bank of China Limited. We became the first Chinese bank to be listed in both international and domestic capital markets, which has laid a solid foundation for our vision of becoming a leading international bank. I am therefore delighted to present to our constituents in the community and the investing public the performance of the Bank in the first half of the year. For the six months ended 30 June 2006, we recorded an operating profit of RMB34,338 million and net profit of RMB19,477million, representing a year on year increase of 19.72% and 28.30% respectively. Our annualized ROAA was 0.89% and annualized ROAE was 13.38%, an increase of 0.19% and 1.24% over the end of 2005.

The satisfactory performance is the result of the Bank's advance with time and reforms introduced over the last two years. We completed the financial restructuring in 2004, and the introduction of strategic investors in 2005. On 1 June and 5 July 2006, our shares were successfully listed on the Stock Exchange of Hong Kong and the Shanghai Stock Exchange respectively, thus making us the first Chinese bank to be listed in both international and domestic capital markets. We raised HK\$86 billion through issuing H Shares, a new world record in the amount of equity capital raised in an IPO by a financial institution and also the largest IPO in the world over the last six years. The issue of A Shares on the other hand raised RMB20 billion, making it the largest IPO ever in the A Share market to date. The listings have enhanced our influence in both the international and domestic markets, giving added splendor to our century-old brand.

The successful IPOs have brought our reform to a new starting point and also fueled it with new impetus. They have offered a historical opportunity for us to achieve sustainable growth and created a platform to take our businesses to new heights. The IPOs have strengthened the Bank's capital base, boosted the value of our brand name and market reputation, and will drive us to reform further and improve our corporate governance. Becoming a listed bank is set to bring profound changes to our corporate value, development strategy, organization structure, business process, staff quality and management practices. It will not only sustain but will also speed up our reforms. Our goal is to completely transform our operational system and substantively enhance our management capabilities.

However, we are also fully aware that along with the listings will come unprecedented challenges and tests. The Bank will be subject to both banking and securities regulatory requirements, stringent market discipline and demands to deliver higher returns. We are committed to abide strictly by all relevant laws and regulations, disclose truthful, accurate and complete information in a timely manner to assure transparency, and to nurture and strengthen our core competitiveness and create maximum value.

In the second half of 2006, we expect China to maintain a robust yet healthy economic growth. The effects of government macro-adjustment measures will become more apparent. The Bank will closely monitor the development of the macro-economic environment and take advantage of opportunities to achieve strong and steady growth while staying alert to the associated risks. We will continue to improve our corporate governance and adhere to the "client-oriented and market-driven" principle. Our focus is on enhancing profitability and sustainable growth so as to create maximum value for shareholders. By studying the setting up of strategic business units along the lines of corporate banking, personal banking and treasury business,

we will try to strengthen the management of business lines so as to gradually establish a matrix management model commonly adopted by international financial institutions. We will also continue to implement the IT blueprint to achieve centralized processing operations and set up uniform data standards and operational procedures. The ultimate objective of these endeavors is to centralize transaction data processing and facilitate the sharing of management information, thereby building a solid platform for improving the Bank's overall competitiveness and profitability, and at the same time enhancing internal control. It is also our commitment to build a strong corporate culture with work ethics that encourages honesty and integrity, the drive for performance, a people oriented spirit, diligence and accountability and the pursuit of excellence. We will cultivate shared values and common behaviour among our employees so as to pool their wisdom and ability and provide the Bank with the lasting drive for a sustainable development.

To conclude, I wish to thank all our domestic and overseas customers, our shareholders, our peers and the public for your care and support in the past, and hope to have your continuous support in the years to come. I would also like to thank members of the Board of Directors, Board of Supervisors and Senior Management for your hard work and shrewd guidance. Last but not the least, my gratitude goes to our entire staff for its industry and dedication, unswerving as always.



Chairman
29 August 2006

President's Statement

In 2006, Bank of China Limited was successfully listed in both domestic and international capital markets, which demonstrated the wide market recognition of our century-old brand name. On behalf of the Management, I would like to thank investors and the different constituents in the community for your trust and support.

In the first half of 2006, both Chinese economy and the world economy registered rapid growth, which enabled us and our peers in the domestic as well as international markets to share the opportunity and achievements arising from a booming economy. Meanwhile, we have been vigilant to the challenges posed by volatility in both markets and the Government's macroeconomic adjustment measures in response to which we have taken further measures to improve our risk management to ensure a steady and sustainable growth.

Led by the Board of Directors, the Management diligently implemented the Bank's strategy, made good progress in diverse areas and achieved strong financial results. Under International Financial Reporting Standards, as at the end of June 2006, the Group's total assets stood at RMB5,231.635 billion, total liabilities was RMB4,846.553 billion, and owners' equity was RMB355.747 billion, representing an increase of 10.37%, 8.07% and 57.12% respectively from the end of last year. Profit before tax and net profit were RMB34.709 billion and RMB19.477 billion respectively, 20.81% and 28.30% higher than in the same period last year.

The surge in our profit during the period was mainly driven by increase of net interest income and non-interest income, and better control of credit cost and operating expenses.

Compared with the end of last year, our total customer deposits increased by 9.4% and total loans increased by 7.7%. Amount of investment securities rose 18.9% and net interest income grew by 12.3%.

The profit before tax of domestic operations climbed 31.8%, accounting for 62.6% of the Group's total profit before tax compared with 55.2% as at the end of 2005. Investment banking and insurance business reported a 50.2% surge in profit before tax and accounted for 8.0% of the Group's total profit against 7.6% in last year. Commercial banking, our core business, posted a 14.5% growth in profit before tax.

Non-interest income registered a 16.9% growth compared with the same period last year, with its contribution to the Group's operating profit rising from 20.5% to 21.1%. Net service fees and commissions rose 51.4%.

Our lending business grew steadily with total loans up 7.7% from the end of last year. Loans made by domestic operations increased 9.6%, and RMB loans grew 11.2%. Our risk management system functioned smoothly with continual improvement in credit asset quality. Ratio of special mention loan dropped from 12.7% to 10.9% and impaired loan ratio decreased from 4.90% at the end of last year to 4.40%. Coverage ratio increased from 75.9% to 83.2%.

The Group's operating profit grew faster than operating expenses. Our cost-to-income ratio was successfully lowered from 40.8% to 38.4%; effective tax rate also decreased from 38.1% to 35.9%.

The Management is fully aware that the listings have ushered in a new phase in the century old history of the Bank. We will remain alert to challenges and operate prudently while actively developing our

businesses. We will accelerate product innovation and improve service quality, with a view to enhancing our core competitiveness. Our risk management and internal control will continue to be enhanced so as to safeguard against cases and incidents of fraud. We will keep a watchful eye on effective cost control and will push forward with our organizational structure reforms, business processes integration and implementation of the IT Blueprint to achieve centralization and cost savings in our operation. Human resources reform will also remain our key focus. We are committed to building an effective incentive system and nurturing a corporate culture that encourages integrity, performance, responsibility, harmony and excellence. We believe that with these initiatives and by offering more training, we will be able to substantially improve the overall quality of our workforce.



President

29 August 2006

Management Discussion & Analysis

Economic, Financial and Regulatory Environment

In the first half of 2006, the global economy achieved robust growth. The International Monetary Fund raised its global GDP growth forecast to 4.9% for 2006, which will be the fourth consecutive year with growth rate over 4%. The Chinese economy continued to maintain its trend of steady expansion, with a year-on-year GDP growth of 10.9% to RMB9,143.3 billion in the first half of 2006. Commodity price remained stable. During the period, consumer price index rose by 1.3%, investments and exports grew especially strongly, while consumption steadily increased. Foreign trade climbed 23.4%, 0.2 percentage point higher than the growth rate a year earlier. Trade surplus reached USD61.4 billion. With strengthened macro-economic adjustment measures, the overheated factors in the economy have shown signs of cooling down. Total retail sales of consumer goods increased by 13.3%, or 12.4% in real terms, 0.4 percentage points higher than the growth a year earlier. The Chinese economy continued to register fast growth and low inflation.

In the first half of 2006, China's financial market advanced smoothly with financial credits and money supply increased and more financial innovations introduced. RMB interest rate and exchange rate remained stable. By the end of June, RMB had appreciated 0.94% against the USD. The balance of all financial institutions' RMB and foreign currency loans had increased by 14.34% to RMB22.79 trillion, and the balance of deposits had surged by 17.19%.

2006 is the fifth year following China's entry to the WTO. With the country fully opening up its financial sector to the world by the end of the year, competition among domestic and foreign financial institutions has become increasingly fierce.

The China Banking Regulatory Commission (CBRC) promulgated a series of regulatory policies in the first half of 2006, covering such areas as the adoption of unified regulatory rating system for all commercial banks, promotion of corporate governance and innovations, approval for banks to offer overseas wealth management services to customers, strengthening regulation of foreign exchange risk management and guidance on loan issuance. These policies have significant bearing on the banking industry's profitability and business management.

The changing economic, financial and regulatory environment has imposed more stringent requirements on the operation and management of commercial banks.

Our Target This year, the Bank will firmly push forward all its reforms in greater depth. While seizing the opportunities arising from China's continuous economic growth, it will also vigilantly guard against potential risks for the financial sector caused by conflicts in the inner working of the economy. It will accelerate the development of its risk management and internal control system, consolidate management and business processes, speed up the implementation of its IT blueprint, and make efforts to improve management capabilities. It will expedite product and service innovation to enhance its core competitiveness. Our goal is to ensure the Bank develops in a comprehensive, coordinated and sustainable manner, thereby create greater value for shareholders, the Bank, our clients and employees.

Financial Statement Analysis

Overview

As of 30 June, 2006, total assets of Bank of China Limited (“the Bank”) and its subsidiaries (“the Group”) reached RMB5,231.635 billion, an increase of RMB491.587 billion or 10.37% over 31 December 2005. Total liabilities stood at RMB4,846.553 billion, an increase of RMB362.024 billion or 8.07% over 31 December 2005. Owners' equity (excluding minority interests) totaled RMB355.747 billion, an increase of RMB129.328 billion or 57.12% over 31 December 2005.

The Group achieved a net profit of RMB19,477 billion in the first half of 2006, a year-on-year increase of RMB4,296 billion or 28.30%. The Group is in a good financial position.

Income Statement Analysis

Unit: RMB million			
	Half year ended 30 June 2006	Half year ended 30 June 2005	Year ended 31 December 2005
Net interest income	54,823	48,808	101,008
Non-interest income	14,680	12,562	24,098
Impairment losses on loans and advances	(5,479)	(4,966)	(11,486)
Other operating expenses	(29,686)	(27,721)	(59,984)
Operating profit	34,338	28,683	53,636
Profit before income tax	34,709	28,731	53,811
Income tax expense	(12,458)	(10,957)	(22,253)
Profit for the period	22,251	17,774	31,558
Profit for the period attributable to equity holders of the Bank	19,477	15,181	25,921

Management Discussion & Analysis

Reconciliation Between PRC GAAP and IFRS Financial Information

Unit: RMB million

	Net Assets		Net Profit	
	At 30 June 2006	At 31 December 2005	Half year ended 30 June 2006	Half year ended 30 June 2005
PRC GAAP figures	357,641	233,842	19,024	16,434
Adjustments for accounting standard differences:				
– Reversal of asset revaluation surplus and corresponding depreciation	(7,794)	(7,999)	205	133
– Fair value measurement on investment properties	3,199	2,816	438	1,059
– Equity securities classified as available-for-sale financial assets	3,566	1,775	-	-
– Early retirement benefit obligation	(4,911)	(5,097)	186	(1,749)
– Cost method to non-trading precious metals	(757)	(637)	(120)	(83)
– Deferred tax impact	4,222	992	(97)	(97)
– Minority interests effect and others	581	727	(159)	(516)
Sub-total	(1,849)	(7,423)	453	(1,253)
IFRS figures	355,747	226,419	19,477	15,181

Please refer to the Supplementary Information (Reconciliation between RPRC GAAP and IFRS financial information) for details.

Operation of Major Subsidiary

	Half year ended June 2006	Half year ended June 2005
Name	BOC Hong Kong (Holdings) Limited	
Listing place and code	Hong Kong 2388	
Scope of business	BOC Hong Kong (Holdings) Limited is a holding company; its subsidiaries provide banking and relevant financial services in Hong Kong.	
Net profit	RMB7.515 billion	RMB7.109 billion
Contribution of major subsidiary to the net profit of the Group during the period	33.77%	40.00%

Net Interest Income

The Group achieved a net interest income of RMB54.823 billion in the first half of 2006, a year-on-year increase of RMB6.015 billion or 12.32%. The average balance⁷ and average interest rate⁸ of the Group's interest-earning assets and interest-bearing liabilities are shown in the table below:

Unit: RMB million

Items	Half year ended 30 June 2006				Half year ended 30 June 2005				Year ended 31 December 2005			
	Average balance		Interest income/expense	Average interest rate(%)	Average balance		Interest income/expense	Average interest rate(%)	Average balance		Average interest rate	Interest income/expense
	Volume	Proportion (%)			Volume	Proportion (%)			Volume	Proportion (%)		
Interest-earning assets												
Loans and advances to customers	2,294,002	48	60,707	5.29	2,198,126	52	52,120	4.74	2,194,078	51	110,313	5.03
Investment securities ⁹	1,850,510	38	30,652	3.31	1,391,696	33	19,909	2.86	1,485,640	34	44,938	3.02
Due from banks and other financial institutions	694,824	14	8,765	2.52	639,077	15	5,587	1.75	655,359	15	12,697	1.94
Sub-total	4,839,336	100	100,124	4.14	4,228,899	100	77,616	3.67	4,335,077	100	167,948	3.87
Interest-bearing liabilities												
Due to customers*	4,001,322	89	38,887	1.94	3,471,702	88	23,815	1.37	3,560,014	88	55,914	1.57
Due to banks and other financial institutions	371,143	8	4,122	2.22	336,394	9	2,827	1.68	355,856	9	6,512	1.83
Other borrowed funds	112,108	3	2,292	4.09	113,672	3	2,166	3.81	115,843	3	4,514	3.90
Sub-total	4,484,573	100	45,301	2.02	3,921,768	100	28,808	1.47	4,031,713	100	66,940	1.66
Net interest income			54,823				48,808				101,008	
Net interest spread ¹⁰ (%)				2.12				2.20				2.21
Net interest margin ¹¹ (%)				2.27				2.31				2.33

* Include the balance of certificates of deposits issued.

The following table illustrates changes in the Group's net interest income arising from changes of volume and interest rate factors¹². Variances caused by changes in both volume and rate are attributed to interest rate factor.

⁷ Average balances of interest-earning assets and interest-bearing liabilities are daily average balances derived from the Bank's management accounts.

⁸ The average interest rate is annualized rate and calculated by dividing interest income/expense by average balance. Average interest rates in the first half of 2006 and the first half of 2005 are converted into annualized rates.

⁹ Include investment securities classified as loans and receivables, held-to-maturity securities and available-for-sale securities and trading debt securities.

¹⁰ Net interest spread=Average yield of interest-earning assets - Average cost of interest-bearing liabilities

¹¹ Net interest margin=Net interest income / Average balance of interest-earning assets

¹² Volume variance is calculated based on movements in average balances of interest-earning assets and interest-bearing liabilities in the report period; and interest rate variance is calculated based on changes in average interest rates on interest-earning assets and interest-bearing liabilities in the report period.

Management Discussion & Analysis

Unit: RMB million

Half year ended 30 June 2006 vs Half year ended 30 June 2005			
	Volume	Interest rate	Total
Interest income			
Loans and advances to customers	2,272	6,315	8,587
Investment securities	6,561	4,182	10,743
Due from banks and other financial institutions	488	2,690	3,178
Sub-total	9,321	13,187	22,508
Interest expense			
Due to customers	(3,628)	(11,444)	(15,072)
Due to banks and other financial institutions	(292)	(1,003)	(1,295)
Other borrowed funds	30	(156)	(126)
Sub-total	(3,890)	(12,603)	(16,493)
Net interest income	5,431	584	6,015

Interest Income

The Group's interest income was RMB100.124 billion in the first half of 2006, a year-on-year increase of RMB22.508 billion or 29.00%. The growth is attributable to the size expansion as well as the increase of average interest rate of interest-earning assets. The average balance of the Group's interest-earning assets increased by 14.43% from RMB4,228.899 billion in the first half of 2005 to RMB4,839.336 billion in the first half of 2006. The average interest rate of interest-earning assets climbed from 3.67% in the first half of 2005 to 4.14% in the first half of 2006, an increase of 47 basis points.

Loans and Advances to Customers

In the first half of 2006, interest income from loans and advances of the Group reached RMB60.707 billion, a year-on-year increase of RMB8.587 billion or 16.48%. It is mainly attributable to a 55 basis points increase in the average yield of loans from 4.74% in the first half of 2005 to 5.29% in the first half of 2006, and the increase in the average balance of loans and advances from RMB2,198.126 billion to RMB2,294.002 billion. The Group continued to firmly control loan qualities and achieved a steady growth of loans and advances. The major reasons for the growth of the average yield of loans are: (1) continuous pickup of foreign currency loan interest rates; (2) upward adjustment of the benchmark interest rate of RMB loans at the end of April 2006 by the People's Bank of China. Influenced by the low interest rate of the domestic RMB money market, the discount yield was under pressure, thus partly offset the rapid growth of interest income.

Investment Securities

In the first half of 2006, interest income from investment securities of the Group reached RMB30.652 billion, a year-on-year increase of RMB10.743 billion or 53.96%. The main reason is that the average balance of investment securities soared by 32.97% from RMB1,391.696 billion in the first half of 2005 to RMB1,850.51 billion in the first half of 2006,

and the average yield increased by 45 basis points from 2.86% in the first half of 2005 to 3.31% in the first half of 2006. The increase in average balance is primarily due to the following factors: (1) with continuous increase in deposits from customers, the Group invested the funds not used as loans in securities which have higher yield than due from banks and other financial institutions; (2) the Group continued to optimize the asset portfolio by reducing the proportion of relatively lower yield due from and placement with banks and other financial institutions. The increase in average yield was attributed to the continuous rise of yield on foreign currency securities due to market influence, which offset the impact of the lower interest rate in the domestic RMB money market.

Due from Banks and Other Financial Institutions

In the first half of 2006, interest income from due from banks and other financial institutions of the Group reached RMB8.765 billion, a year-on-year increase of RMB3.178 billion or 56.88%. The increase is mainly due to (1) 77 basis points increase in the average yield from 1.75% in the first half of 2005 to 2.52% in the first half of 2006 driven by the continuous increase of the average yield of foreign currency assets, and (2) the 8.72% increase in average balance from RMB639.077 billion in the first half of 2005 to RMB694.824 billion in the first half of 2006 which was attributable to the growth of deposit reserves placed with central banks as a result of increasing customer deposits, though partly offset by the reduction of lower yield due from and placements with banks and other financial institutions.

Interest Expense

In the first half of 2006, the Group's interest expense reached RMB45.301 billion, a year-on-year increase of RMB16.493 billion or 57.25%. The growth is attributable to the size expansion as well as the increase of the average cost of interest-bearing liabilities. The average balance of interest-bearing liabilities increased by 14.35% from RMB3,921.768 billion in the first half of 2005 to RMB4,484.573 billion in the first half of 2006, and the average cost of interest-bearing liabilities rose by 55 basis points from 1.47% in the first half of 2005 to 2.02% in the same period of 2006.

Due to Customers

In the first half of 2006, the Group's interest expense for deposits from customers was RMB38.887 billion, a year-on-year increase of RMB15.072 billion or 63.29%. The increase in interest expense is mainly attributable to a 57 basis points increase in the interest rate from 1.37% in the first half of 2005 to 1.94% in the same period of 2006, and a RMB529.62 billion or 15.26% increase in the average balance of deposits from customers from RMB3,471.702 billion in the first half of 2005 to RMB4,001.322 billion in the same period of 2006. The growth of interest rate of deposits from customers is principally due to: (1) significant increase in the interest rate of low balance foreign currency deposits; (2) continuous growth of the overseas market interest rate. The growth of the average balance of deposits from customers is largely due to the rapid growth of RMB business with the development of the Chinese economy, which offset the decline of domestic foreign currency deposits caused by the expectation of RMB appreciation.

Due to Banks and Other Financial Institutions

In the first half of 2006, the Group's interest expense for due to banks and other financial institutions was RMB4.122 billion, a year-on-year increase of RMB1.295 billion or 45.81%. It is primarily attributed to a 54 basis points rise in the cost of foreign currency funds from 1.68% in the first half of 2005 to 2.22% in the same period of 2006. Although the average balance increased by 10.33% from RMB 336.394 billion in the first half of 2005 to RMB 371.143 billion in the first half of 2006, the proportion of due to banks and other financial institutions in the interest-bearing liabilities declined from 9% in the first half of 2005 to 8% in the first half of 2006.

Management Discussion & Analysis

Other Borrowed Funds

In the first half of 2006, the Group's interest expense for the special purpose borrowings and bonds issued was RMB2.292 billion, a year-on-year increase of RMB126 million or 5.82%. The change is primarily attributable to the growth of fund cost, with the interest rate rising by 28 basis points from 3.81% in the first half of 2005 to 4.09% in the same period of 2006.

Net Interest Margin and Net Interest Spread

In the first half of 2006, the Group's net interest spread declined by 8 basis points to 2.12%. Due to increase in interest rate, contribution from cost free funds increased by 4 basis points; and net interest margin decreased by 4 basis points to 2.27%. The decrease in interest spread is mainly attributable to: (1) although the proportion of investment securities to total interest-earning assets increased by 5 percentage points, yet the increase of yield was offset by the low interest rate in RMB money market; (2) due to rapid expansion of interest-earning assets and the Group's prudence in balancing risk and return, the proportion of loans in the interest-earning assets relatively declined and more funds were invested in the debt market; and (3) the cost of foreign currency fund increased.

In the first half of 2006, based on the market forecast and development needs of assets and liabilities business, the Group intensified its efforts to absorb RMB deposits, and optimized asset and liability structure. The robust growth in various business lines mitigated the negative impact of the decrease in interest spread. Net interest income increased by 12.32% from RMB48.808 billion in the first half of 2005 to RMB54.823 billion in the same period of 2006.

Non-interest Income

The Group achieved a non-interest income of RMB14.68 billion in the first half of 2006, a year-on-year increase of RMB2.118 billion or 16.86%.

Unit: RMB million

	Half year ended June 2006	Half year ended June 2005	Year ended December 2005
Net fee and commission income	6,841	4,518	9,247
Net trading income	557	2,795	4,283
Net gains/(losses) on investment securities	64	20	(582)
Other operating income	7,218	5,229	11,150
Total	14,680	12,562	24,098

Net Fee and Commission Income

Unit: RMB million

	Half year ended June 2006	Half year ended June 2005	Full year ended December 2005
Settlement and clearing fees	1,794	1,287	2,941
Agency commission	2,201	1,235	2,735
Credit commitment fees	1,438	1,308	2,693
Bank card fees	1,365	1,049	2,340
Custodian and other fiduciary service fees	248	235	483
Others	1,120	801	1,506
Fee and commission income	8,166	5,915	12,698
Fee and commission expense	(1,325)	(1,397)	(3,451)
Net fee and commission income	6,841	4,518	9,247

The Group achieved a net fee and commission income of RMB6.841 billion in the first half of 2006, a year-on-year increase of RMB2.323 billion or 51.42%. The increase was mainly attributed to the Group's intensified efforts to drive the growth in fee-based businesses. As a result, significant increase was recorded in agency commissions, settlement and clearing fees, and bank card fees.

Agency commission reached RMB2.201 billion, a year-on-year increase of RMB966 million or 78.22%. The growth is mainly attributable to increased sales of products and services such as treasury bonds, investment funds and insurance.

Settlement and clearing fees stood at RMB1.794 billion as of 30 June 2006, a year-on-year increase of RMB507 million or 39.39%. The growth is primarily attributable to the rapid growth of businesses such as factoring, L/C settlement and personal electronic remittance.

Bank card fees reached RMB1.365 billion as of 30 June 2006, a year-on-year increase of RMB316 million or 30.12%. The growth is mainly attributable to the intensified efforts of the Group on promoting bank cards business in line with market changes and customer demand, which led to continuous increase in new card issuance, transaction volume and frequency of ATM transactions.

Management Discussion & Analysis

Net Trading Income

Unit: RMB million

	Half year ended June 2006	Half year ended June 2005	Full year ended December 2005
Net gains/(losses) from foreign exchange and foreign exchange products	1,243	3,155	2,226
Net gains/(losses) from precious metal transactions	136	85	150
Net gains/(losses) from interest rate instrument	(1,008)	(355)	1,753
Net gains/(losses) from trading equity securities	180	(113)	130
Others	6	23	24
Total	557	2,795	4,283

In the first half of 2006, net trading income of the Group reached RMB557 million, a year-on-year decline of RMB2.238 billion or 80.07%.

In the first half of 2006, the domestic operations' spread income from foreign exchange dealings with customers was RMB2.728 billion, a year-on-year increase of RMB804 million or 41.79%. The increase is mainly attributable to the change in foreign exchange rate and moderate liberalization of personal limits that spurred the growth of personal foreign exchange transactions. During the same period, due to interest rate volatility, the Group suffered a loss from interest rate instruments of RMB1.008 billion, a year-on-year decrease of RMB653 million or 183.94%.

Starting from 21 July 2005, the People's Bank of China adopted a managed floating exchange rate regime. As a result of RMB appreciation, the Group suffered a net loss of RMB3.5 billion on foreign currency exposure under the restricted foreign exchange capital account in the first half of 2006. At the same time, the foreign exchange option contract entered into between the Group and Central SAFE Investments Limited gave rise to evaluation gain of RMB300 million. Should the above factors be excluded, the Group's net trading income has increased by 34.42% year-on-year.

Net gains on Investment Securities

Unit: RMB million

	Half year ended June 2006	Half year ended June 2005	Full year ended December 2005
De-recognition of available-for-sale securities	97	40	(606)
(Charge)/ write back for impairment losses	(33)	(20)	24
Total	64	20	(582)

In the first half of 2006, net gains on investment securities of the Group increased by RMB44 million or 220% to RMB64 million. The increase is mainly attributable to gains from sale of the available-for-sale securities.

Other Operating Income

Unit: RMB million

	Half year ended June 2006	Half year ended June 2005	Full year ended December 2005
Changes in fair value of investment properties	606	996	1,697
Insurance premiums	4,286	2,624	5,237
Net gains on disposal of other subsidiaries and associates	138	-	320
Net gains on disposal of property and equipment and other assets	70	517	870
Dividend income	18	27	194
Others	2,100	1,065	2,832
Total	7,218	5,229	11,150

In the first half of 2006, other operating income of the Group was RMB7.218 billion, a year-on-year increase of RMB1.989 billion or 38.04%. This increase is primarily attributable to: (1) the rapid development of insurance business; (2) net gains on sales of other subsidiaries and associates; and (3) other gains arising from the sale of certain debt assets.

Impairment Losses on Loans and Advances

Unit: RMB million

	Half year ended June 2006	Half year ended June 2005	Full year ended December 2005
Impairment losses on loans and advances	(5,479)	(4,966)	(11,486)

In the first half of 2006, the impairment losses on loans and advances of the Group were RMB5.479 billion, a year-on-year increase of RMB513 million.

Management Discussion & Analysis

Other Operating Expenses

Unit: RMB million

	Half year ended June 2006	Half year ended June 2005	Full year ended December 2005
Staff costs	13,093	13,403	27,106
General operating and administrative expenses	5,861	5,114	13,251
Depreciation and amortization	2,840	3,135	6,314
Business and other taxes	2,987	2,670	5,680
Insurance claims expenses	3,423	2,168	4,153
Operating lease rentals	820	727	1,550
Impairment losses on other assets	-	-	433
Losses on disposal of property and equipment	-	-	205
Provision for litigation losses	385	3	712
Other expenses	277	501	872
Total	29,686	27,721	59,984

In the first half of 2006, other operating expenses of the Group totaled RMB29.686 billion, a year-on-year increase of RMB1.965 billion or 7.09%. The increase is mainly attributable to increases in insurance claims, general operating and administrative expenses, provisions for legal proceedings and business and other taxes. Among them, the rapid development of insurance business resulted in increased insurance claims expenses, and general operating and administrative expenses for supporting the Group's business increased with the expansion of business and increasingly fierce market competition. Business and other taxes also increased as a result of the increasing income of domestic operations. However, depreciation expense continued to decline as a result of factors such as the sale and disposal of fixed assets in previous years.

Income Tax Analysis

In the first half of 2006, the Group's income tax expense was RMB12.458 billion, a year-on-year increase of RMB1.501 billion or 13.70%. The Group's effective tax rate was 35.89%, a year-on-year decrease of 2.25 percentage points.

Balance Sheet Analysis

Unit: RMB million

	At 30 June 2006	At 31 December 2005	At 31 December 2004
Balances with central banks	340,651	316,941	284,348
Placements with banks and other financial institutions	293,140	332,099	340,192
Investment securities ¹³	2,002,555	1,683,313	1,321,646
Loans and advances to customers, net	2,317,625	2,152,112	2,072,919
Property and equipment	62,238	62,417	65,012
Total assets	5,231,635	4,740,048	4,265,221
Due to banks	171,422	134,217	111,788
Due to central banks	30,495	30,055	66,738
Certificates of deposits and placements from banks and other financial institutions	190,880	212,626	141,087
Due to customers	4,048,438	3,699,464	3,338,448
Total liabilities	4,846,553	4,484,529	4,037,314
Minority interests	29,335	29,100	27,152
Capital and reserves attributable to equity holders of the Bank	355,747	226,419	200,755
Total equity	385,082	255,519	227,907

Investment Securities

Unit: RMB million

	At 30 June 2006	At 31 December 2005	At 31 December 2004
Trading assets and other financial instruments at fair value through profit or loss	114,167	111,782	92,124
Available-for-sale securities	929,894	602,221	357,587
Held-to-maturity securities, net	569,126	607,459	457,994
Securities classified as loans and receivables, net	389,368	361,851	413,941
Total	2,002,555	1,683,313	1,321,646

As of 30 June 2006, securities of the Group reached RMB2,002.555 billion, an increase of RMB319.242 billion or 18.97% over 31 December 2005. The increase was mainly attributed to the growth of RMB327.673 billion in available-for-sale securities.

¹³Include available-for-sale securities, held-to-maturity securities, investment securities classified as loans and receivables, and trading assets and other financial instruments at fair value through profit or loss.

Management Discussion & Analysis

Loans and Advances

As of 30 June 2006, the Group had a total loan portfolio of RMB2,405.753 billion, an increase of RMB170.488 billion or 7.6% over the previous year-end. Loans and advances by domestic operations were RMB1,972.848 billion, an increase of RMB172.706 billion or 9.6% over the previous year-end. Loans and advances by domestic operations of the Eastern Region grew at the highest rate, with an RMB93.813 billion or 13.1% increase over the previous year-end.

Loan Portfolio Concentrations by Geographic Region

Unit: RMB million

	At 30 June 2006		At 31 December 2005		At 31 December 2004	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
Domestic operations	1,972,848	82.01	1,800,142	80.53	1,735,528	80.81
Overseas operations	432,905	17.99	435,123	19.47	412,160	19.19
Total	2,405,753	100.00	2,235,265	100.00	2,147,688	100.00

Domestic Loans and Advances by Geographic Region

Unit: RMB million

Domestic	At 30 June 2006		At 31 December 2005		At 31 December 2004	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
Northern Region	353,477	17.92	322,451	17.91	314,843	18.14
Northeast Region	135,304	6.86	131,649	7.32	128,600	7.41
Eastern Region	813,572	41.24	719,759	39.98	679,773	39.17
Central & Southern Region	470,372	23.84	444,869	24.71	433,860	25.00
Western Region	200,123	10.14	181,414	10.08	178,452	10.28
Total	1,972,848	100.00	1,800,142	100.00	1,735,528	100.00

Note: Northern Region includes Beijing Municipality, Tianjin Municipality, Hebei Province, Shanxi Province, Inner Mongolia Autonomous Region, and the Head Office of the Bank;
 Northeastern Region includes Heilongjiang Province, Jilin Province, and Liaoning Province;
 Eastern Region includes Shanghai Municipality, Jiangsu Province, Zhejiang Province, Anhui Province, Fujian Province, Jiangxi Province, and Shandong Province;
 Central & Southern Region includes Henan Province, Hubei Province, Hunan Province, Guangdong Province, Shenzhen City, Guangxi Autonomous Region, and Hainan Province;
 Western Region includes Chongqing Municipality, Sichuan Province, Guizhou Province, Yunnan Province, Shaanxi Province, Gansu Province, Ningxia Autonomous Region, Qinghai Province, Tibet Autonomous Region, and Xinjiang Uighur Autonomous Region.

Industry Concentration of the Group's Loans and Advances

As at 30 June 2006, the outstanding balance of the Group's corporate loans and advances was RMB1,864.298 billion, an increase of RMB 152.036 billion or 8.9% from the beginning of the year. These loans and advances were mainly concentrated in the sectors of manufacturing, commerce and services, accounting for 31.8% and 17.3% of total corporate loans and advances respectively. Industry concentration of corporate loans and advances by domestic operations was consistent with the overall characteristics of the Group.

Industry Concentration of Corporate Loans and Advances by the Group

Unit: RMB million

	At 30 June 2006		At 31 December 2005		At 31 December 2004	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
Manufacturing	592,126	31.76	531,410	31.04	523,732	31.67
Commerce and services	323,348	17.34	301,863	17.63	348,432	21.07
Real estate	201,585	10.81	190,297	11.11	187,110	11.31
Energy, mining and agriculture	252,415	13.54	230,854	13.48	203,544	12.31
Transportation	200,503	10.76	193,428	11.30	185,449	11.21
Public utilities	104,827	5.62	91,924	5.37	87,731	5.31
Construction	38,304	2.05	36,050	2.11	36,059	2.18
Financial services	112,153	6.02	96,245	5.62	46,518	2.81
Others	39,037	2.10	40,191	2.34	35,072	2.13
Total	1,864,298	100.00	1,712,262	100.00	1,653,647	100.00

Industry Concentration of Corporate Loans and Advances by Domestic Operations

Unit: RMB million

	At 30 June 2006		At 31 December 2005		At 31 December 2004	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
Manufacturing	544,048	34.70	491,117	34.58	497,543	35.94
Commerce and services	276,491	17.63	255,460	17.99	284,772	20.57
Real estate	104,121	6.64	96,390	6.79	100,932	7.29
Energy, mining and agriculture	233,357	14.88	210,281	14.81	186,942	13.51
Transportation	173,417	11.06	165,396	11.64	158,762	11.47
Public utilities	104,827	6.68	91,924	6.47	87,731	6.34
Construction	32,940	2.10	30,089	2.12	27,938	2.02
Financial services	96,440	6.15	77,237	5.44	32,079	2.32
Others	2,512	0.16	2,290	0.16	7,484	0.54
Total	1,568,153	100.00	1,420,184	100.00	1,384,183	100.00

Management Discussion & Analysis

Loans and Advances of the Group by Customer

As at 30 June 2006, the outstanding balance of the Group's corporate loans and advances was RMB1,864.298 billion, an increase of RMB152.036 billion or 8.9% from the prior year-end, representing 77.5% of the total. The outstanding balance of personal loans and advances was RMB541.455 billion, an increase of RMB18.452 billion or 3.5% from the prior year-end, representing 22.5% of the total.

Loans and Advances of the Group by Customer

Unit: RMB million

	At 30 June 2006		At 31 December 2005		At 31 December 2004	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
Corporate loans and advances	1,864,298	77.49	1,712,262	76.60	1,653,647	77.00
Trade bills	269,713	11.21	225,026	10.07	177,738	8.28
Personal loans and advances	541,455	22.51	523,003	23.40	494,041	23.00
Total	2,405,753	100.00	2,235,265	100.00	2,147,688	100.00

Loans and Advances of Domestic Operations by Customer

Unit: RMB million

	At 30 June 2006		At 31 December 2005		At 31 December 2004	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
Corporate loans and advances	1,568,153	79.49	1,420,184	78.89	1,384,183	79.76
Trade bills	240,826	12.21	195,311	10.85	148,832	8.58
Personal loans and advances	404,695	20.51	379,958	21.11	351,345	20.24
Total	1,972,848	100.00	1,800,142	100.00	1,735,528	100.00

Personal Loans and Advances of Domestic Operations by Product

Unit: RMB million

	At 30 June 2006		At 31 December 2005		At 31 December 2004	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
Mortgage	308,387	76.20	286,829	75.49	240,640	68.49
Credit cards	2,212	0.55	1,929	0.51	1,441	0.41
Others*	94,096	23.25	91,200	24.00	109,264	31.10
Total	404,695	100.00	379,958	100.00	351,345	100.00

* Others mainly include auto loans, personal investment loans and personal education loans.

Loans and Advances of the Group by Currency

As of 30 June 2006, the outstanding balance of the Group's loans and advances in RMB was RMB1,643.896 billion, an increase of RMB 166.037 billion or 11.2% from the beginning of the year. It accounted for 68.3% of the total.

Loans and Advances of the Group by Currency

Unit: RMB million

	At 30 June 2006		At 31 December 2005		At 31 December 2004	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
RMB	1,643,896	68.3	1,477,859	66.1	1,378,760	64.2
Foreign currencies	761,857	31.7	757,406	33.9	768,928	35.8
Total	2,405,753	100.00	2,235,265	100.00	2,147,688	100.00

Loans and Advances of Domestic Operations by Currency

Unit: RMB million

	At 30 June 2006		At 31 December 2005		At 31 December 2004	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
RMB	1,641,482	83.2	1,475,821	82.0	1,378,343	79.4
Foreign currencies	331,366	16.8	324,321	18.00	357,185	20.6
Total	1,972,848	100.00	1,800,142	100.00	1,735,528	100.00

Loans and Advances of the Group by Types of Security

As of 30 June, 2006, a large proportion of the Group's loans and advances were secured, accounting for 45.9% of the total. Unsecured loans accounted for 24.1%.

Loans and Advances of the Group by Types of Security

Unit: RMB million

Types of security	At 30 June 2006		At 31 December 2005		At 31 December 2004	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
Unsecured	579,204	24.08	475,983	21.29	449,026	20.91
Guaranteed	723,502	30.07	684,824	30.64	650,905	30.31
Collateralized and other secured	1,103,047	45.85	1,074,458	48.07	1,047,757	48.78
Total	2,405,753	100.00	2,235,265	100.00	2,147,688	100.00

Management Discussion & Analysis

Quality of the Group's Loans and Advances

As of 30 June 2006, the Group's total impaired loans and advances were RMB105.944 billion, a decrease of RMB3.586 billion over the previous year-end; and the impaired loan ratio was 4.4%, a decrease of 0.5 percentage point. The impaired loans and advances of domestic operations were RMB99.543 billion, a decrease of RMB2.816 billion over the previous year-end; and the impaired loan ratio was 5.05%, a decrease of 0.64 percentage point. The impaired loans and advances of overseas operations were RMB6.401 billion, a decrease of RMB770 million over the previous year-end; and the impaired loan ratio was 1.48%, a decrease of 0.17 percentage point.

Impaired Loan Portfolio Concentration of the Group by Region

Unit: RMB million

	At 30 June 2006			At 31 December 2005			At 31 December 2004		
	Balance	Proportion (%)	Impaired loan ratio(%)	Balance	Proportion (%)	Impaired loan ratio(%)	Balance	Proportion (%)	Impaired loan ratio(%)
Domestic Operations	99,543	93.96	5.05	102,359	93.45	5.69	104,553	88.32	6.02
Overseas Operations	6,401	6.04	1.48	7,171	6.55	1.65	13,830	11.68	3.36
Total	105,944	100.00	4.40	109,530	100.00	4.90	118,383	100.00	5.51

Notes: 1. According to the International Accounting Standard No. 39, if objective impairment evidence shows that the future cash flow of loans will decrease and the amount can be estimated, then the Bank identifies the loan as impaired loan and recognizes the losses as well.
2. Impaired loan ratio is calculated by dividing the balance of impaired loans with the balance of total loans and advances.

Impaired Loan Portfolio Concentration of Domestic Operations by Region

Unit: RMB million

	At 30 June 2006			At 31 December 2005			At 31 December 2004		
	Balance	Proportion (%)	Impaired loan ratio(%)	Balance	Proportion (%)	Impaired loan ratio(%)	Balance	Proportion (%)	Impaired loan ratio(%)
Northern Region	18,457	18.54	5.22	17,699	17.29	5.49	22,600	21.62	7.18
Northeastern Region	11,967	12.02	8.84	12,582	12.29	9.56	13,396	12.81	10.42
Eastern Region	25,963	26.08	3.19	27,811	27.17	3.86	28,595	27.35	4.21
Central & Southern Region	30,071	30.21	6.39	30,611	29.91	6.88	26,611	25.45	6.13
Western Region	13,085	13.15	6.54	13,656	13.34	7.53	13,351	12.77	7.48
Total	99,543	100.00	5.05	102,359	100.00	5.69	104,553	100.00	6.02

Industry Concentration of Impaired Corporate Loans by Domestic Operations

Unit: RMB million

	At 30 June 2006			At 31 December 2005			At 31 December 2004		
	Balance	Proportion (%)	Impaired loan ratio(%)	Balance	Proportion (%)	Impaired loan ratio(%)	Balance	Proportion (%)	Impaired loan ratio(%)
Manufacturing	34,856	38.86	6.41	33,188	35.73	6.76	32,444	33.53	6.52
Commerce and services	23,162	25.83	8.38	25,443	27.39	9.96	26,344	27.22	9.25
Real estate	11,596	12.93	11.14	12,763	13.74	13.24	13,453	13.90	13.33
Energy, mining and agriculture	6,624	7.39	2.84	6,665	7.18	3.17	6,588	6.81	3.52
Transportation	7,176	8.00	4.14	7,759	8.35	4.69	9,729	10.05	6.13
Public utilities	4,312	4.81	4.11	4,627	4.98	5.03	5,564	5.75	6.34
Construction	1,717	1.91	5.21	2,226	2.40	7.40	2,569	2.65	9.20
Financial services	235	0.26	0.24	215	0.23	0.28	72	0.08	0.22
Others	6	0.01	0.26	0	0.00	0.00	6	0.01	0.08
Total	89,684	100.00	5.72	92,886	100.00	6.54	96,769	100.00	6.99

Impaired Loans of the Group by Customer

Unit: RMB million

	At 30 June 2006			At 31 December 2005			At 31 December 2004		
	Balance	Proportion (%)	Impaired loan ratio(%)	Balance	Proportion (%)	Impaired loan ratio(%)	Balance	Proportion (%)	Impaired loan ratio(%)
Corporate loans and advances	95,120	89.78	5.10	98,888	90.28	5.78	108,230	91.42	6.54
Personal loans and advances	10,824	10.22	2.00	10,642	9.72	2.03	10,153	8.58	2.06
Total	105,944	100.00	4.40	109,530	100.00	4.90	118,383	100.00	5.51

Impaired Loans of Domestic Operations by Customer

Unit: RMB million

	At 30 June 2006			At 31 December 2005			At 31 December 2004		
	Balance	Proportion (%)	Impaired loan ratio(%)	Balance	Proportion (%)	Impaired loan ratio(%)	Balance	Proportion (%)	Impaired loan ratio(%)
Corporate loans and advances	89,684	90.10	5.72	92,886	90.75	6.54	96,769	92.55	6.99
Personal loans and advances	9,859	9.90	2.44	9,473	9.25	2.49	7,784	7.45	2.22
Total	99,543	100.00	5.05	102,359	100.00	5.69	104,553	100.00	6.02

Management Discussion & Analysis

Impaired Personal Loans of Domestic Operations by Product

Unit: RMB million

	At 30 June 2006			At 31 December 2005			At 31 December 2004		
	Balance	Proportion (%)	Impaired loan ratio(%)	Balance	Proportion (%)	Impaired loan ratio(%)	Balance	Proportion (%)	Impaired loan ratio(%)
Mortgage	3,930	39.87	1.27	3,837	40.50	1.34	3,608	46.35	1.50
Credit cards	267	2.71	12.08	228	2.41	11.82	218	2.80	15.13
Others	5,662	57.42	6.02	5,408	57.09	5.93	3,958	50.85	3.62
Total	9,859	100.00	2.44	9,473	100.00	2.49	7,784	100.00	2.22

Five-category Classification of Loans and Advances

As of 30 June, 2006, the Group's non-performing loans (NPLs) were RMB100.788 billion in accordance with regulatory classification standards, a decrease of RMB2.438 billion over the previous year-end; NPL ratio was 4.19%, a decrease of 0.43 percentage point. NPLs of domestic operations stood at RMB96.519 billion, a decrease of RMB1.69 billion over the previous year-end; NPL ratio was 4.89%, a decrease of 0.57 percentage point. Loans and advances of the Group classified as special mention stood at RMB261.788 billion, a decrease of RMB22.26 billion over the previous year-end, accounting for 10.88% of total loans and advances, a decrease of 1.83 percentage points.

Asset Quality of the Group

Unit: RMB million

	At 30 June 2006		At 31 December 2005		At 31 December 2004	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
Pass	2,043,177	84.93	1,847,991	82.67	1,612,936	75.10
Special mention	261,788	10.88	284,048	12.71	424,606	19.77
Substandard	42,082	1.75	45,573	2.04	61,515	2.87
Doubtful	43,479	1.81	44,550	1.99	32,931	1.53
Loss	15,227	0.63	13,103	0.59	15,700	0.73
Total	2,405,753	100.00	2,235,265	100.00	2,147,688	100.00
Total NPLs	100,788	4.19	103,226	4.62	110,146	5.13

Asset Quality of Domestic Operations

Unit: RMB million

	At 30 June 2006		At 31 December 2005		At 31 December 2004	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
Pass	1,625,993	82.42	1,430,429	79.46	1,228,414	70.78
Special mention	250,336	12.69	271,504	15.08	408,571	23.54
Substandard	40,917	2.07	44,056	2.45	57,882	3.33
Doubtful	41,760	2.12	42,852	2.38	29,787	1.72
Loss	13,842	0.70	11,301	0.63	10,874	0.63
Total	1,972,848	100.00	1,800,142	100.00	1,735,528	100.00
Total NPLs	96,519	4.89	98,209	5.46	98,543	5.68

Due to Customers

Unit: RMB million

	At 30 June 2006	At 31 December 2005	At 31 December 2004
Demand deposit			
– Corporate deposits	940,638	836,763	776,648
– Personal deposit	734,894	667,957	697,028
– Others	168,780	128,392	107,061
Sub-total	1,844,312	1,633,112	1,580,737
Time deposit			
– Corporate deposit	558,621	511,983	406,019
– Personal deposit	1,645,505	1,554,369	1,351,692
Sub-total	2,204,126	2,066,352	1,757,711
Total	4,048,438	3,699,464	3,338,448

As of 30 June 2006, total deposits of the Group reached RMB4,048.438 billion, an increase of RMB348.974 billion or 9.43% over the previous year-end. Of the total amount, demand deposits increased by RMB211.2 billion, accounting for 60.52% of the increase. Personal and corporate deposits increased by RMB158.073 billion and RMB150.513 billion respectively over the previous year-end.

Management Discussion & Analysis

Due to Customers by Currency

As of 30 June 2006, the balance of the Group's RMB deposits increased by RMB344.697 billion or 13.6% from the beginning of the year to RMB2,876.575 billion. The balance of RMB deposits accounted for 71.1% of total deposits.

Due to customers of the Group by Currency

Unit: RMB million

	At 30 June 2006		At 31 December 2005		At 31 December 2004	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
RMB	2,876,575	71.05	2,531,878	68.44	2,093,272	62.70
Foreign currencies	1,171,863	28.95	1,167,586	31.56	1,245,176	37.30
Total	4,048,438	100.00	3,699,464	100.00	3,338,448	100.00

Equity

Shareholders' Equity

Unit: RMB million

	At 30 June 2006	At 31 December 2005	At 31 December 2004
Minority interests	29,335	29,100	27,152
Equity	355,747	226,419	200,755
Total equity	385,082	255,519	227,907

Changes in Shareholders' Equity within the Report Period

Unit: RMB million

	Share capital	Capital reserve	Statutory reserve	General and regulatory reserve	Undistributed profit	Reserve for fair value changes of available-for-sale securities	Currency translation differences	Minority interests	Total
Balance at 1 January 2006	209,427	(5,954)	5,987	5,109	10,188	1,899	(237)	29,100	255,519
Net profit for the period	-	-	-	-	19,477	-	-	2,774	22,251
Issue of ordinary shares (net of issuance cost)	44,412	72,567	-	-	-	-	-	-	116,979
Appropriation to statutory reserve	-	-	2,108	-	(2,108)	-	-	-	-
Appropriation to general and regulatory reserve	-	-	-	4,291	(4,291)	-	-	-	-
Net change in fair value of available-for-sale securities	-	-	-	-	-	(5,502)	-	(284)	(5,786)
Dividends	-	-	-	-	(1,375)	-	-	(1,891)	(3,266)
Translation differences	-	-	-	-	-	-	(251)	(312)	(563)
Sale of shares in subsidiaries	-	-	-	(2)	2	-	-	(52)	(52)
Balance at 30 June 2006	253,839	66,613	8,095	9,398	21,893	(3,603)	(488)	29,335	385,082

Management Discussion & Analysis

Supplementary Financial Information as of the End of the Last Three Report Periods

Major regulatory indicators	Regulatory Criteria	At 30 June 2006	At 31 December 2005	At 31 December 2004
Capital adequacy ratio (%)	≥8	12.4	10.4	10.0
Core capital adequacy ratio (%)	≥4	10.6	8.1	8.5
Liquidity ratio (%)	RMB	≥25	32.0	48.9
	Foreign currencies	≥25	45.8	87.4
Loan-deposit ratio (%)	RMB	≤75	57.2	51.7
	Foreign currencies	≤85	64.7	70.4
NPL ratio (%)	-	4.2	4.6	5.1
Provision coverage ratio (%)	≥60	87.4	80.6	68.0
Proportion of single largest customer loans (%)	≤10	3.9	4.7	3.4
Proportion of loans to top 10 customers (%)	≤50	19.3	25.6	25.4

The above regulatory indicators are calculated in accordance with relevant provisions of CBRC, and financial information is prepared in accordance with the *Accounting Standards for Business Enterprises* and the *Accounting System for Financial Institutions*. The liquidity ratio is calculated in accordance with relevant provisions of CBRC in 2006.

Capital Adequacy Ratio

The Bank calculates and discloses the capital adequacy ratio in line with the *Management Measures on Capital Adequacy Ratio of Commercial Banks* (CBRC Decree [2004] No.2) promulgated by CBRC on 23 February 2004. In 2005, the Group calculated market risk capital in line with the provisions of the *Circular of the General Office of China Banking Regulatory Commission on Issuing Market Risk Capital Calculation Sheet and Explanation for Commercial Banks* (YJF [2004] No.374) promulgated by the CBRC. As of 30 June 2006, the Group's capital adequacy ratio increased by 1.98 percentage points to 12.40%, and core capital adequacy ratio also increased by 2.55 percentage points to 10.63%.

The Group's net capital amounted to RMB452.027 billion as of 30 June 2006, an increase of RMB125.79 billion over the previous year-end. The net core capital grew by RMB134.728 billion to RMB387.698 billion, and risk-weighted assets (excluding market risk) increased by RMB370.47 billion to RMB3,163.659 billion. The market risk Capital requirement of the Group was RMB38.549 billion, and the balance of corresponding risk-weighted assets was RMB481.868 billion.

Unit: RMB million/%			
Items	At 30 June, 2006	At 31 December, 2005	Change
Net core capital (a)	387,698	252,970	134,728
Net capital (b)	452,027	326,237	125,790
Risk-weighted assets (c)	3,163,659	2,793,189	370,470
Market risk capital (d)	38,549	27,025	11,524
Core capital adequacy ratio (%) [e=a/(c+d*12.5)]	10.63%	8.08%	2.55%
Capital adequacy ratio (%) [f=b/(c+d*12.5)]	12.40%	10.42%	1.98%

Segment Reporting

Reporting by Region

Unit: RMB million

At 30 June 2006					
	Mainland	Hong Kong & Macau	Other overseas regions	Eliminations	Group
Net interest income	45,347	8,627	845	4	54,823
Non-interest income	4,933	10,058	191	(502)	14,680
(Charge)/write-back for impairment losses	(6,473)	876	118	-	(5,479)
Other operating expenses	(21,722)	(7,294)	(702)	32	(29,686)
Operating profit	22,085	12,267	452	(466)	34,338
Gross profit	11,276	11,012	310	(347)	22,251
Segment assets	4,198,974	998,924	199,286	(165,549)	5,231,635
Segment liabilities	(3,921,380)	(898,840)	(191,882)	165,549	(4,846,553)

Unit: RMB million

At 30 June 2005					
	Mainland	Hong Kong & Macau	Other overseas regions	Eliminations	Group
Net interest income	40,619	7,345	844	-	48,808
Non-interest income	5,660	6,413	489	-	12,562
(Charge)/write-back for impairment losses	(6,818)	1,642	210	-	(4,966)
Other operating expenses	(21,420)	(5,710)	(591)	-	(27,721)
Operating profit	18,041	9,690	952	-	28,683
Gross profit	8,557	8,425	792	-	17,774
Segment assets	3,736,930	969,872	186,995	(153,749)	4,740,048
Segment liabilities	3,586,428	872,995	178,855	(153,749)	4,484,529

During the first half of 2006, the Chinese mainland remained to be the primary business region of the Group and the important sources of income and profit as well, accounting for 80% of total assets and 51% of net profit of the Group. Hong Kong and Macau were also key business regions, accounting for 19% of total assets and 49% of net profit of the Group.

Management Discussion & Analysis

Reporting by Business Line

Unit: RMB million

At 30 June 2006								
	Corporate banking	Personal banking	Treasury services	Investment banking	Insurance business	Others	Eliminations	Total
Net interest income	26,761	17,083	11,362	19	250	(656)	4	54,823
Non-interest income	4,988	4,236	(1,548)	1,175	3,853	3,127	(1,151)	14,680
(Charge)/write-back for impairment losses	(4,639)	(835)	-	(5)	-	-	-	(5,479)
Other operating expenses	(9,623)	(11,933)	(3,909)	(229)	(3,714)	(959)	681	(29,686)
Operating profit	17,487	8,551	5,905	960	389	1,512	(466)	34,338
Profit before income tax	17,487	8,551	5,905	1,109	389	1,818	(550)	34,709
Segment assets	1,811,161	636,140	2,689,385	18,003	17,112	84,097	(24,263)	5,231,635
Capital expenditure	416	782	31	6	2	953	-	2,190

Unit: RMB million

At 30 June 2005								
	Corporate banking	Personal banking	Treasury services	Investment banking	Insurance business	Others	Eliminations	Total
Net interest income	25,845	16,126	6,996	63	183	(405)	-	48,808
Non-interest income	4,179	2,714	660	290	2,394	2,613	(288)	12,562
(Charge)/write-back for impairment losses	(5,494)	571	-	(4)	-	(39)	-	(4,966)
Other operating expenses	(9,813)	(11,379)	(3,516)	(192)	(2,443)	(666)	288	(27,721)
Operating profit	14,717	8,032	4,140	157	134	1,503	-	28,683
Profit before income tax	14,717	8,032	4,140	203	134	1,505	-	28,731
Segment assets	1,655,351	599,263	2,397,839	15,086	12,316	78,617	(18,424)	4,740,048
Capital expenditure	342	665	32	4	25	698	-	1,766

With effect from 1 January 2006, the internal funding transfer pricing mechanism of the Bank was revised. The new pricing mechanism is based on the market deposit and lending rates, adjusted for pre-determined margins with reference to different products and respective maturities. Previously, blended mid prices between the Bank's average cost of funding and average yield on interest bearing assets were adopted, without taking into consideration the variety of products and respective maturities. The reason for the change is primarily to better reflect the performance of the individual segments as part of the Bank's efforts to enhance its assets and liabilities management capability. The above segment information at 30 June 2005 is based on the new transfer pricing mechanism.

Business Review

Commercial Banking

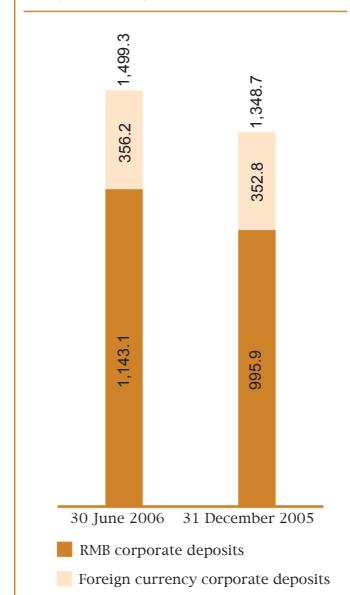
The Bank operates three principal lines of business – commercial banking, investment banking and insurance. With a global presence in 27 countries and regions, we maintain correspondent relationships with over 1,400 foreign banks, which collectively have 46,900 branches worldwide. Leveraging our global network, quality services, and operational strengths, we enjoy a distinctive competitive advantage in the domestic banking market.

Corporate Banking

Corporate banking refers to a variety of financial products, credit facilities and financial solutions that we provide to our customers, including deposit-taking, lending, trade finance, settlement, clearing and custody.

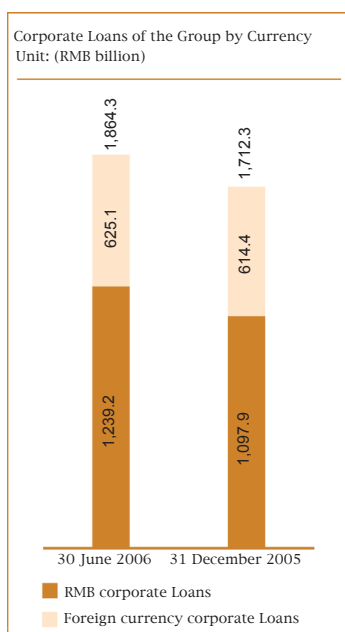
Corporate Deposits and Loans The Bank continued to strengthen marketing efforts to promote corporate deposits. RMB corporate deposits maintained its sustainable and rapid growth momentum which has persisted over the years. As at the end of June 2006, the balance of domestic RMB corporate deposits was RMB1,142.1 billion, an increase of RMB146.7 billion or 14.7% from the prior year-end with a market share of 8.2% among all financial institutions¹⁴. The Bank actively expanded the key customer segment and applied differentiation policies in business management and service delivery, leveraged concerted marketing strengths between the Head Office and branches in marketing for key projects and speeded up the development of quality asset business. As at the end of June 2006, the outstanding balance of domestic RMB corporate loans stood at RMB1,236.7 billion, an increase of RMB140.9 billion or 12.8% from the prior year-end, representing a market share of 6.7% among all financial institutions. While maintaining the stable growth of RMB corporate deposits, the Bank also strengthened its efforts in promoting foreign currency corporate deposits in a bid to sustain its leading position in the market. As of the end of June 2006, the balance of domestic foreign currency corporate deposits was USD17.67 billion, an increase of USD1.29 billion from the prior year-end, with a market share among all financial institutions of 21.1%. Fully leveraging its strength in foreign exchange business, the Bank actively conducted product innovation and seized opportunities to develop its trade finance business, which promoted the

Corporate Deposits of the Group by Currency
Unit: (RMB billion)



¹⁴ All financial institutions include: People's Bank of China, policy banks, state-owned commercial banks, other commercial banks, urban commercial banks, rural commercial banks, urban credit cooperatives, rural cooperative banks, rural credit cooperatives, financial companies, trust and investment corporations, leasing companies, and savings and remittance bureaus.

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growth in foreign currency corporate loans. By the end of the report period, the outstanding balance of domestic foreign currency corporate loans was USD41.44 billion, with a market share of 33.5%, representing an increase of USD1.26 billion, and a decrease of 0.4 percentage point from the prior year-end respectively. The balance of foreign currency corporate deposits of overseas operations was USD26.9 billion, and outstanding balance of foreign currency corporate loans was USD37.04 billion.

In the first half of 2006, the Bank devoted great efforts to expand its high-quality customers segment, and forged ahead with reforming the corporate business operation and management model. It continued to strengthen joint marketing between the Head Office and branches on key projects or to key customers, and enhanced cooperation between product departments to expand cross selling. It also reinforced collaboration between domestic operations and Bank of China (Hong Kong) Limited ("BOC Hong Kong"), BOC International Holdings ("BOCI"), Bank of China Group Investment Limited ("BOCGI"), Bank of China Group Insurance company Limited ("BOCG Insurance") and other overseas operations to promote the overall competitiveness of its corporate banking. By launching initiatives such as pilot projects targeting small enterprises and strengthening product innovation, the Bank seeks to ensure sustainable and healthy development of its corporate business.

Institutional Banking Institutional banking business of the Bank refers to various asset, liability and fee-based services the Bank is engaged in by leveraging on its own resources, with a view to serving various financial institutions and generating comprehensive benefits. Institutional deposits grew rapidly in May-June 2006 as influenced by the stock market. At the end of June 2006, the balance of RMB deposits from financial institutions for domestic operations was RMB172.33 billion, an increase of RMB18.27 billion from the prior year-end. The balance of current and time foreign currency deposits from financial institutions for domestic operations was USD9.87 billion, a decrease of USD180 million.

Since 1987, the Bank has sequentially designated its New York, Tokyo and Frankfurt branches as the major clearing channels for US dollar, yen and euro respectively. Over years' efforts, the Bank has set up a comprehensive overseas clearing system which covers different currencies and regions and provides domestic and overseas customers with efficient and convenient clearing services.

Custody and Fund Distribution The Bank serves as custodian for a diverse range of closed-end funds, open-end funds, brokerage wealth management programs, Social Security Fund, insurance companies, QFII, annuity funds, trust companies, asset securitization capitals and emerging products such as industry funds and QDII etc. The funds we distribute as agent cover all types of open-end funds such as equity, balanced and bond funds, brokerage wealth management program,

and investment-linked insurance products.

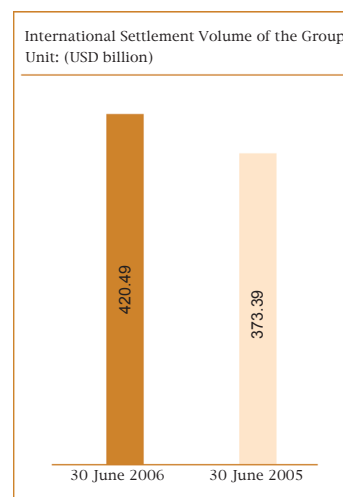
In the first half of 2006, the environment of custody and fund distribution business improved generally. Facing an active stock market, investors have quickened the pace of investment and more innovations have been introduced to the market. The fund distribution and custody business thus maintained generally healthy and fast development. As at the end of June 2006, total assets in the Bank's custody, leading the market, reached nearly RMB210 billion, an increase of 20% over the year beginning. Total volume of the Bank's fund distributions exceeded RMB28 billion, a year-on-year increase of 50%.

In the first half of 2006, the Bank achieved new breakthroughs in custody business for QFII funds, insurance funds, corporate annuity and local social insurance fund, making it the largest Chinese QFII custodian bank.

International settlement and trade finance The Bank's international settlement and trade finance services include issuance of import letters of credit, collection and presentation of document under export letter of credit, import bill advance, export bill purchase, forfeiting, confirmation of letters of credit, letter of guarantee and factoring. In addition to traditional international settlement and trade finance services, the Bank also exclusively provides such services as processing trade account services, tax payment guarantee, etc, meeting customers' different settlement and financing needs.

During the first half of 2006, the Group's total volume of international settlements reached USD420.49 billion, an increase of 12.6% year-on-year. Of the total amount, USD269.9 billion was carried out by domestic operations, a year-on-year increase of 10.7%, and USD150.5 billion was by overseas operations, a year-on-year increase of 16.2%. Due to the steady growth of domestic economy, the volume of domestic trade finance surged sharply, with factoring business climbing 223%. The growth of international trade finance slowed down due to the pickup of interest rate in the international market. In the first half of 2006, the Group undertook total volume of international trade finance of USD29.17 billion, a year-on-year increase of 13.3%. Of the total amount, USD13.14 billion was undertaken by domestic operations, and USD19.91 billion was by overseas operations. The volume of letters of guarantee denominated in foreign currencies issued by domestic operations was USD4.77 billion, a year-on-year increase of 83.5%; and those denominated in RMB was 37.3 billion, a year-on-year increase of 109.5%. The volume of international factoring transactions undertaken by domestic operations was USD2.58 billion, representing an increase of 27.4% over the same period last year; and the volume of domestic factoring transactions was RMB12.76 billion, reflecting a year-on-year increase of 192.3%.

The Bank strengthened innovation and improved portfolioed application



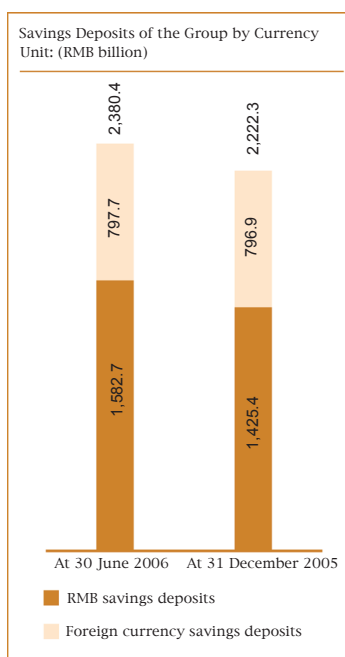
Management Discussion & Analysis

of trade finance and fee-based products in the first half of 2006. A series of competitive products were launched, including “Export Quan Yi Da, Import Hui Li Da, Import Bao Fu Da, and E-customs Declaration”. The Bank also developed such new products and services as forfeiting under export credit insurance. These product innovations highlighted the Bank’s distinctive advantages in products and services of international settlement and trade finance, and have helped to consolidate its leadership in this area.

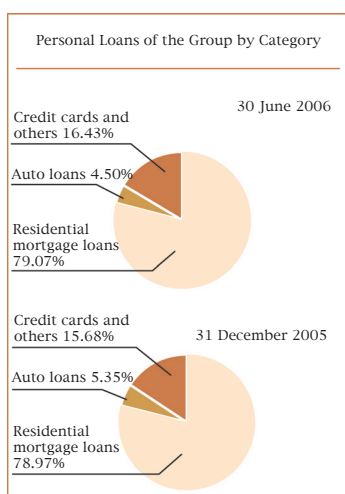
Personal Banking

Personal banking refers to the financial services provided by the Bank to residents or households, including deposit-taking, lending, wealth management and bank card services.

Savings Deposits As at the end of June 2006, the balance of domestic RMB savings deposits was RMB1,573.8 billion, an increase of RMB157.44 billion over the prior year-end, representing a market share of 10.2%, an increase of 0.1 percentage point. The balance of domestic foreign currency savings deposits totaled USD31.69 billion, a decrease of USD820 million from the prior year-end, representing a market share of 49.8%, a decrease of 0.9 percentage point. Savings deposits at overseas operations amounted to USD69.2 billion (including RMB8.97 billion of savings deposits), an increase of USD1.84 billion. The decrease of foreign currency savings deposits was mainly attributable to the reform of the RMB exchange rate regime, which buoyed the market’s expectation of further RMB appreciation and weakened residents’ willingness to hold such deposits.



Personal Loans At the end of June 2006, the outstanding balance of domestic personal loans was RMB404.7 billion, an increase of RMB24.7 billion from the prior year-end. Of the total personal loans, the balance of residential mortgage loans was RMB308.4 billion, an increase of RMB21.6 billion. The balance of overseas personal loans was USD17.1 billion, a decrease of USD620 million from the prior year-end.



Note: (1) Others include personal investment loans and personal education loans.

In the first half of 2006, the Bank strengthened marketing efforts of personal residential mortgage loans through its direct-sale model under a unified brand, i.e. “Ideal Home”, and launched two competitive new products, namely “Yi Ju Bao” first-hand residential mortgage loans and “An Ju Bao” second-hand residential mortgage loans. It also promoted strategic cooperation with leading real estate developers in China. As at end of June 2006, the Bank has a network of over 7,000 domestic outlets offering consumer loans through direct-sale model, accounting for more than 60% of all its outlets in the country.

Wealth Management In the first half of 2006, the Bank launched “BOC Global Wealth Management Service” in the wealth management centers of domestic

operations. Over 250 wealth management centers are capable of offering services of unified standard to the Bank's VIP customers. The Bank also launched a series of foreign exchange wealth management products which are linked to the performance of exchange rate, oil and gold, and RMB structured wealth management products which are linked to the performance of exchange rate and gold. A Boc Wealth management advisory team was established comprising over 20 experts from the Global Markets Department and Personal Banking Department of the Head Office, BOC Hong Kong, BOCI and BOCI China, to promote the "BOC Wealth Management" brand among customers. The Bank has also built a stronger wealth management team with over 2,300 wealth management managers at various domestic branches, of whom nearly 900 are Certified Financial Planners.

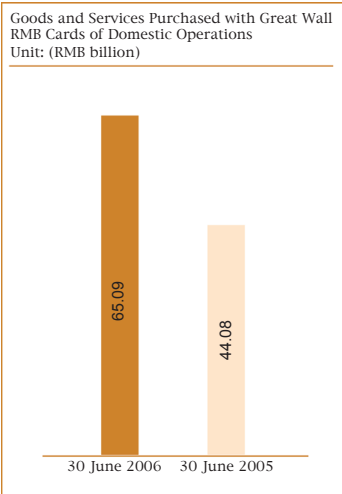
Bank Cards

The Bank provides customers with such bank card services as single and dual-currency debit cards, quasi-credit cards, credit cards and foreign currency card settlement services.

In the first half of 2006, the Bank steadily pushed forward the establishment of the credit card business unit in cooperation with The Royal Bank of Scotland Group PLC (RBS Group). It also strengthened the operation and risk management of bank card business, actively promoted per card transaction volume and usage frequency and steadily increased bank card business income. The Bank's domestic operations realized total bank card fees of RMB960 million, a year-on-year increase of 51.4%.

As at the end of June 2006, the Bank's domestic operations issued a total of 94.6 million Great Wall RMB Debit Cards, 7.03 million BOC Great Wall Credit Cards, and 1.09 million BOC Credit Cards, an increase of 15.2%, 12.5% and 561% respectively over the same period of last year. The volume of foreign currency card settlements was RMB10,482 million, a year-on-year increase of 16.6%. Transaction volume of Great Wall RMB cards reached RMB65.1 billion, an increase of 47.7%.

In the first half of 2006, the Bank continued to enhance bank card product innovation, and launched a variety of bank cards including BOC City Card (a standard RMB credit card featured by installment), BOC Jiuguang JCB Co-Branded Credit Card, BOC Beida Credit Card, and BOC Golden Eagle Co-Branded Card. It also jointly launched the Great Wall Jiashi Fund Co-Branded Card, Great Wall Zhongsheng Co-Branded Card and some other cards with a number of large enterprises and public institutions. These products were well accepted by the market.



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Treasury Business

The Bank is engaged in treasury business including investments and transactions on its own account, and meanwhile provides treasury products and services for corporate and personal customers. It takes a leading position among domestic commercial banks in foreign exchange treasury services.

The Bank's investment covers fields such as foreign currency bonds, money market, derivatives and asset management; its trading business includes foreign exchange transactions, foreign exchange swaps, foreign exchange settlement and sale, foreign exchange options, foreign currency bonds and derivatives, RMB bonds and precious metals. The Bank has a league of experienced traders and risk managers supporting its treasury business, ensuring that it earns profit with risks controlled within acceptable level.

The development and quotation of new products is one of the Bank's major competitive edges. In recent years, the People's Bank of China has launched a number of new initiatives, including market maker system, tier-1 foreign exchange trader, OTC, forward, spot, interest rate swap, and inter-bank RMB foreign exchange swap. These initiatives have seen pace of marketization of RMB exchange rate regime quickened notably. Subsequently, the People's Bank of China, CBRC and the State Administration of Foreign Exchange jointly promulgated the *Interim Administrative Measures for Commercial Banks to Provide Overseas Financial Management Services*, and the Bank became one of the first banks approved to offer overseas wealth management services and obtained the biggest quota. Leveraging on its treasury business, the Bank gradually promoted the innovation of treasury products and attracted high-end customers by developing and offering customized products and services. In the first half of 2006, the Bank made great efforts to exploit treasury products and services in the face of fierce market competition. Apart from RMB interest rate swap and long-term forward exchange settlement and sales services, it also launched RMB structured wealth management products, including "Game" retail wealth management products, and "Olympics" wealth management series products. To meet the wealth management needs of corporate customers, the Bank also launched such products as "Four-Season Forward" and "Credit Garden". Its Huijubao personal foreign exchange wealth management series products have been named for the second consecutive year as "Best Wealth Management Brand in China" by a domestic professional financial and economic website www.hexun.com.

Gold bullion trading is one of the major treasury businesses of the Bank. As at 30 June 2006, the Bank held a 37% market share and ranked first on Shanghai Gold Exchange, the sole gold exchange in China.

Operations of BOC Hong Kong

Bank of China (Hong Kong) Limited (“BOC Hong Kong”) is a subsidiary in Hong Kong with 65.87% stake held by the Bank. BOC Hong Kong is one of the major commercial banks and also one of the three note-issuing banks in Hong Kong. As at the end of June 2006, it had 302 branches, of which 287 operate in Hong Kong, 14 in Mainland and 1 overseas, and 454 ATMs. BOC Hong Kong provides retail customers and corporate customers with a full range of financial products and services through its wide service network. In the first half of 2006, BOC Hong Kong acquired 51% stake in BOC Group Life Assurance Limited, thus further expanded its service scope and income sources. In the first half of 2006, BOC Hong Kong contributed a total of RMB4.8 billion (excluding minority interests) to the Bank's after tax profit, a year-on-year increase of 4.8%.

During the period, braced by the strong external economies and robust Chinese economy, the Hong Kong economy continued to register rapid growth. More employment opportunities were created, citizens' income was increased, and investment market became more active. The favorable economic environment has seen BOC Hong Kong's profit increased steadily with net interest margin expanded and non-interest income grew markedly compared with the same period of last year. Its investment agency business achieved remarkable results, and cost-income ratio remained at a low level in the market.

BOC Hong Kong improved the structure of its deposit-taking business while maintaining its edges. As at the end of June 2006, the balance of deposits from customers amounted to HKD650.99 billion, an increase of 1.9% over the end of last year. Rise in interest rate, among other factors, suppressed demand for housing mortgage loans and market competition intensified, which led to a slight decrease of 0.2% in BOC Hong Kong's loan balance. In face of the adverse environment, BOC Hong Kong devoted great efforts to optimize credit portfolio and improve process management, and achieved a steady growth of loans to small and medium enterprises. It also held the lead in the syndicated loan market, ranking second in the Hong Kong and Macau syndicated loan market and third in the Hong Kong and China syndicated loan market.

In the first half of 2006, BOC Hong Kong continued to lead in Hong Kong's personal RMB business market, achieving good performance in all fields. RMB Deposits rose slightly by 0.1%; its RMB credit card business takes a dominant market share, with total business volume rising 60.3%. As at the end of June, BOC Hong Kong had a total of 236 ATMs which offer RMB cash withdrawal services. In March 2006, BOC Hong Kong formally launched RMB clearing system, providing a superior clearing platform and a strong foundation for the further development of RMB business in Hong Kong. The launch of RMB-denominated personal checking services has offered customers a new consumption option with more flexibility and convenience. Leveraging the synergy with the parent bank,

Management Discussion & Analysis

BOC Hong Kong remains driven in developing high-quality products and services with the aim of generating sustainable superior return on capital and maximum value for shareholders.

Investment Banking

BOC International Holdings Limited (“BOCI”) is a wholly owned subsidiary registered in Hong Kong, and has 30 affiliates and subsidiaries around the world. It is a full-service investment bank with a full-fledged investment banking team and an independent international placement network.

In the first half of 2006, BOCI realized total profit of HKD1.109 billion, an increase of 446% year-on-year. During the period, it participated in six IPO projects in the capacity of exclusive/joint lead underwriter, and held a 28.5% share of the stock underwriting market in Hong Kong in terms of funds raised. It topped the list of IPO underwriters in terms of total funds raised and number of IPO projects. BOCI provides a wide range of asset management services through BOCI Prudential Asset Management Ltd (“BOCI Prudential”). At the end of June 2006, total assets under management by BOCI Prudential reached HKD26.85 billion, an increase of HKD1.5 billion or 5.9% from the prior year-end. With respect to Mandatory Provident Fund business in Hong Kong, BOCI Prudential has a registered MPF membership of 0.46 million, and total assets under management exceeded HKD14 billion, accounting for approximately 8% of the market.

BOC International (China) Limited (“BOCI China”), incorporated in March 2002, was the first Sino-foreign joint venture securities company with comprehensive A-share brokerage license. As at 30 June, 2006, BOCI China ranked first among all Chinese securities companies in terms of total underwriting amounts. It also participated in underwriting the 15th issue of financial bonds of China Development Bank, and ranked first among all the underwriters in terms of the underwriting amount. In the same period, it claimed second place among Chinese securities companies in terms of volume of bond delivery.

Insurance Business

The Bank offers insurance services including life insurance and non-life insurance. Non-life insurance business is wholly owned and operated by the Bank, and life insurance business is owned and operated jointly with the Bank’s subsidiary BOC Hong Kong.

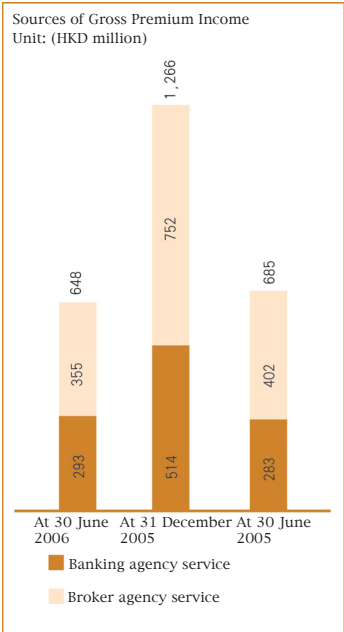
Bank of China Group Insurance Company Limited (“BOCG Insurance”) and BOC Group Life Assurance Company Limited (“BOCG Life”) are responsible for the operation of the Group’s insurance business.

In the first half of 2006, the insurance business of the Group achieved gross premium income of HKD648 million, translating into RMB389 million in total profit, up 189% year-on-year. Main business resources include banking agency business and broker agency business.

In 2006, BOCG Insurance penetrated into more specialized liability insurance market, including directors liability insurance and professional liability insurance. At the same time, following the “User-Pay” principle advocated by the government in the medical system reforms, the bank launched a series of tailored medical insurance programs. To expand overseas business, BOCG Insurance acquired a 32% stake in Luen Fung Hang Insurance Co., Ltd in the first half of 2006 in a move to penetrate into the insurance market of Macau. In order to further consolidate the interaction of commercial banking, investment banking and insurance business, BOCG Insurance disposed of 51% of its equity interests in BOCG Life to BOC Hong Kong (holdings) Limited, thus opened a new chapter for the development of life insurance business of BOCG Life.

Information Technology

The Bank realizes that IT construction is crucial to its future development. In the first half of 2006, the Bank continued to direct IT efforts with supporting business development and ensuring secure operation as priority. Progress was achieved for significant IT projects including construction of the management information system, new online banking platform, and centralized international settlement and trade finance system. Meanwhile, the infrastructure construction of a new information center and a disaster recovery center has been initiated. The Bank is also systematically implementing the IT Blueprint; fundamental tasks including system training, gap analysis and stress testing have been launched. Effective implementation of IT Blueprint is critical to the Bank’s reform, development and innovation. It will help the Bank realize centralized processing of operational information of its branches to intensify internal control, risk prevention and timely supervision by the internal audit, and formulate a customer-centered management model based on business lines, thereby creating a powerful IT platform for sharpening the Bank’s competitive edge.



Management Discussion & Analysis

Risk Management

Risk management is an important part of the Bank's management framework, which is the precondition to its robust, sustainable and healthy development. In the first half of this year, the Bank further enhanced its risk management capability, improved credit asset structure and quality to pursue sustainable and healthy development of its credit business.

The risk management framework of the Bank comprises the Board of Directors and the Risk Policy Committee under the Board, the Internal Control Committee, the Anti-Money Laundering Committee, the Asset-Liability Management Committee and Assets Disposal Committee under the Management, the Risk Management Department, the Credit Administration Department, the Asset & Liability Management Department and Legal and Compliance Department. The Bank uses vertical management model to manage the risks of domestic and overseas branches, and adopts window management model for business departments. It also monitors and controls the risk management of subsidiaries through participation in their respective Board of Directors or Risk Committee.

Credit Risk

Credit risk is the risk that a customer or counterparty may be unable or unwilling to meet a debt obligation to the Bank when required. The Bank's credit risks are mainly from loans, trade finance and treasury business.

The Bank's credit risk management process can be divided into three major stages: 1) credit origination and assessment; 2) credit review and approval; and 3) loan granting and post-lending management.

Corporate Loans For corporate credit facilities, we continue to adopt the "three-in-one" credit decision-making mechanism. The three components of this mechanism are an independent due diligence investigation, an independent risk review, a strict approval process by authorized approvers and follow-up evaluation.

In the first half of 2006, the Bank continued its reform efforts in establishing centralized credit review and approval mechanism, which is being implemented step by step. It adjusted the credit approval authority limits and authority management model for overseas operations, and enhanced the risk control over the total credit exposures to customers. To promote the sustainable and healthy development of credit business to small enterprises, the Bank further clarified customer entry thresholds and launched pilot branches.

The Bank adopts a two-dimensional rating system that relates the customers' credit rating logically with the classification of credit asset. The results of customer credit rating are important basis for credit authority management, customer entry and exit management, credit approval, credit pricing, and classification of credit assets. The Bank plans to start the testing and subsequent adoption of the probability-of-default-based customer credit rating model in the second half year. As at 30 June, 2006, the balance of domestic loans to A-rating customers accounted for 43.7% of the total, an increase of 1.8% over the end of last year.

During the first half of 2006, the Bank established customer risk evaluation standards for large-amount credits, and formulated corresponding management measures to improve the management of credit risks of the Bank. According to China's macro-adjustment policies and the development of the real estate market, the Bank strengthened risk supervision over industrial risk and management of credits to the sector, and achieved steady improvement in the quality of real estate loans.

Five-tier loan classification approach, which was introduced in 1999, is an important part of the Bank's ongoing credit monitoring. In the first half year, the Bank continued to manage the special mention loans by subdividing them into high, medium and low risks categories. Such classification results have become more objective, and the balance and proportion of such loans kept decreasing.

Personal Loans In the first half of 2006, the Bank completed the centralization of approval authority for personal loans to tier-1 branches other than personal pledged loans and education loans. Meanwhile, it strengthened risk supervision of personal loans, including overall monitoring by regions and products, and key monitoring and risk reporting of high-risk real estate projects, distributors and customers.

The Bank reclaims on the debtors of non-performing loans mainly by means of negotiation, legal proceedings, debt restructuring and write-off. The foreclosed assets will be disposed of in an open and transparent manner, generally through auction, invitation for bid and submission of tenders and negotiated transfer.

Market Risk

Market risk is the risk of loss to the Bank's on-balance-sheet and off-balance-sheet operations that may result from changes in interest rates, exchange rates, stock prices and commodity prices. Market risk exists in both trading and non-trading businesses. The Bank manages market risk by setting up risk limits, which are determined by reference to different risk factors such as interest rates, exchange rates, commodity and stock prices, etc. A variety of risk measurement techniques, such as sensitivity limits, were used in formulation of specific management measures.

VAR (Value at risk) is a kind of statistic methodology which is applied in evaluating the potential losses of risk positions caused by fluctuation of interest rates, exchange rates, and commodity and stock prices at designated confidence level during a specific period. The table below shows the result of VAR analysis for the foreign currency trading portfolios of the Bank's domestic business (excluding relatively large-amount investment accounts or bank accounts of the Bank) as of 30 June 2006.

Unit: USD million

	At 30 June 2006				At 31 December 2005			
	Period-end	Average	High	Low	Period-end	Average	High	Low
Interest rate risk	4.88	8.10	16.25	0.82	4.77	3.27	11.94	0.20
Exchange rate risk	2.64	3.67	14.12	0.78	0.39	2.70	18.69	0.34
Volatility risk	0.19	0.68	4.63	0.16	0.36	0.80	2.54	0.04
Total market risk	5.84	8.10	19.15	1.84	15.60	5.10	18.86	0.69

Interest Rate Risk Management Interest rate risk is the risk of loss to interest income or the value of assets due to the volatility of interest rates. We manage the interest rate risk of the banking book primarily through gap analysis, and use the gap analysis data to perform stress-testing, on the basis of which we adjust the re-pricing period structure of assets and liability. Meanwhile, we closely follow the trend of local and foreign currency interest rates, and adjust the interest rates of local and foreign currency deposits and loans in a timely manner to manage interest rate risk.

In respect of treasury products, the Bank adopts such indicators as VAR, duration and Price Value of a Basis Point (PVBP) to measure interest rate risk, and utilizes stress-testing and scenario analysis to monitor risks. The Bank also set up a

Management Discussion & Analysis

series of risk limits, which are closely monitored and managed. The Bank has established a globalized treasury product internal control platform with an advanced market risk management infrastructure to effectively monitor the market risk of treasury products offered by its main branches.

Exchange Rate Risk Management The Bank's management of exchange rate risks covers trading accounts and non-trading accounts. Non-trading exchange rate risk mainly arises from the currency mismatches in assets and liabilities, foreign exchange capital, investments in overseas subsidiaries, and foreign currency profit or loss. The Bank seeks to reduce the exchange rate risk arising from currency mismatches in assets and liabilities by matching the source and use of funds on a currency-by-currency basis. In addition, we also manage and control exchange risk through settlement or hedging transactions.

However, the Group's ability to manage its foreign currency positions in relation to the RMB is limited as RMB is not a freely convertible currency. According to the current applicable foreign currency policies of the PRC government, the conversion of foreign currency is subject to application and approval by the relevant PRC government authorities. The Bank has taken following measures to reduce its foreign exchange exposure:

In 2005, the Bank entered into a foreign currency option agreement with Central SAFE Investments Limited having a notional amount of USD18 billion to economically hedge a portion of its net on-balance sheet foreign currency position.

During the six month period ended 30 June 2006, the Bank executed certain foreign exchange transactions to reduce its net foreign currency position by USD3.3 billion.

Subsequent to the balance sheet date in August 2006, the Bank further effected certain foreign exchange transactions, further reducing its net foreign currency position by USD14.2 billion.

The risk of trading accounts mainly comes from the foreign exchange transactions the Bank is engaged in. The Bank took a variety of measures according to its risk tolerance and operating capability to effectively reduce the possible losses caused by uncertain market factors, including total exposure control, structural management, limit management, and valuation techniques.

Liquidity Risk

Liquidity risk refers to the risk of funding availability at an appropriate cost when required to meet.

The objective of the Bank's liquidity management is to ensure that the Bank have adequate liquidity at all times to satisfy payment of deposits and other debts due and the development of asset-based business, and is able to raise enough funds at reasonable prices within a certain period in the case of business opportunities or emergencies.

The Bank's liquidity risk is managed on a consolidated basis at the Head Office. Liquidity management policy and measures are applied across the Bank from top to down. Liquidity management mainly includes two scenarios, namely normal business environment and emergent or extreme conditions. Under normal environment, the Bank regularly updates internal liquidity management guidelines and liquidity ratios, proactively manage its cash positions and inter-branch fund transfers, and establishes liquidity portfolio and financing guidelines, with the view to ensuring the normal operation of the Bank's asset and liability business and to adjusting the liquidity of the Bank to a proper level.

In addition, the Bank also monitors warning indicators, set up emergency programs and conduct financing capability testing to discover and prevent risk in a timely manner.

In the first half of 2006, the Group's asset and liability business registered healthy and steady development and liquidity was managed effectively. As at 30 June 2006, all indicators relating the Bank's liquidity status have met the regulatory requirements as table below:

At 30 June 2006	RMB(%)	Foreign Currencies(%)
Liquidity ratio	32.03	45.88
Loan-deposit ratio of domestic operations	56.47	71.95
Excess reserve ratio*	2.58	17.07

* Deposit reserve refers to the deposits with the Central Bank for the purpose of ensuring the withdrawal of deposits and fund clearing by customers, and deposit reserve ratio is the proportion of deposit reserve required by the Central Bank in total balance of deposits.

Deposit reserve and deposit reserve ratio are composed of two parts. The deposit reserve ratio stipulated by the Central Bank is called statutory deposit reserve ratio, which stands at 7.5% at present, i.e. commercial banks must deposit 7.5% of deposits received with the Central Bank; the corresponding deposits is called statutory deposit reserve. The reserve beyond statutory deposit reserve is called excess reserve, and the proportion of excess reserve in total deposits is the excess reserve ratio.

The above liquidity ratio is calculated in accordance with the relevant provisions of the People's Bank of China and CBRC, and the financial data are based on the Accounting Standard for Business Enterprises and the Accounting System for Financial Institutions.

Internal Control and Operational Risk

Internal Control The Bank is committed to continuously improve its internal control system by establishing three defense lines composed of function management, compliance control and internal audit. By clarifying the responsibilities of all business units, the Bank seeks to ensure effective risk prevention and optimum resource allotment from the management framework perspective.

The principal objective of developing internal control function is to establish a compliance culture and construct a comprehensive, dynamic, proactive and verifiable internal control system, which is based on a sound internal control infrastructure and rules and regulations, supported by advanced information technology, guided by an effective incentive and accountability system, provides checks and balance, and emphasizes refined process control.

As required by the Guidelines on Internal Control of Commercial Banks promulgated by the People's Bank of China, the Bank continuously reinforced internal control measures and improved internal control mechanism and environment in different business and management lines, including corporate banking, treasury services, personal banking business, e-banking, bank card, and human resources. Meanwhile, it also established key indicator monitoring system to conduct key monitoring and periodic reporting of such indicators as including rotation, function in an acting capacity, and business errors.

Operational Risk Operational risk refers to the risk of losses caused by substandard or problematic internal procedures, human or system errors or external events. In the first half of 2006, the Bank cooperated with RBS in respect of the operational risk management framework. The two parties carried out a preliminary study of operational risk management framework based on the Bank's conditions. Work processes were developed covering operational risk and control review, key risk indicators, reporting of significant events, etc. Pilot project relating operational risk and control assessment and key risk indicators was also activated.

Management Discussion & Analysis

Internal Audit

In order to fully leverage the function of internal audit in our corporate governance structure, in the first half of 2006, the Bank appointed an independent external consulting agency to conduct an overall evaluation of its internal controls by referring to international internal audit industry best practices. Based on the evaluation results and regulatory requirements, the Bank started improving the organizational structure of internal audits, management techniques, reporting lines and practical standards, and devoted great efforts to build a new vertical, independent and effective internal audit system steered by the Board of Directors and the Audit Committee. In the mean time, the Bank continuously improved the depth of its audits, focused on improvement in high-risk and weak areas and significantly enhanced the effectiveness of internal controls. Under the internal audit plan which mainly comprises regular audits while supplemented by special audits and individual case investigations, all levels of internal audit departments, at home and abroad, had deepened the audits while giving consideration to coverage. In the first half of 2006, the Bank conducted regular internal audits on 6 overseas institutions, 9 tier-1 branches, 115 tier-2 branches, 689 urban sub-branches and 957 county-level sub-branches, and meanwhile completed 1,172 special internal audits (including 850 economic responsibility audits), and 31 case investigations.

Capital Management

The objective of the Bank's capital management is to effectively plan various types of capital to ensure that its capital is in line with the requirements of external regulations, credit rating, risk compensation and shareholder's return. It also endeavors to optimize financial ratios, improve the equity value and maximize shareholder's value on a risk-controlled basis by making full use of capital instruments and management measures. During the report period, the Bank's capital level is in line with all statutory requirements.

Outlook

In the second half of the year, we expect the Chinese economy will maintain its rapid growth momentum, thus providing a favorable macro environment for the operation of the Bank. Presented with new circumstances and new missions, the Bank will further study its strategy and strive to maintain stable and rapid growth for its various businesses, so as to ensure that the targets set at the beginning of the year can be fulfilled. In addition, the Bank will also continue its reforms, bearing in mind the requirements of the capital market. With respect to business development, the Bank will focus on developing its intermediary business, speed up development of its personal banking business, and further optimize its business structure and income mix. The Bank will also steadily develop its asset business with quality customers, maintain an appropriate pace of business development, proactively manage its liabilities, lower fund costs and improve service quality. In terms of risk management, the Bank will strengthen comprehensive risk management, refine its internal control systems, and establish three lines of defense comprising function management, compliance control and internal audit. The Bank also plans to take its organizational reforms and process integration to further depth, and also accelerate the implementation of the IT Blueprint. The reforms in HR management will continue, and more effort will be devoted to improving management capability and staff quality.

Corporate Information

Registered Name in Chinese	中國銀行股份有限公司 (中國銀行)
Registered Name in English	Bank of China Limited (Bank of China)
Legal Representative	XIAO Gang
Secretary to the Board	YEUNG Jason Chi Wai
Qualified Accountant	LEUNG Kim Lan Francis
Authorized Representatives	LI Lihui
	YEUNG Jason Chi Wai
Compliance Advisers	Goldman Sachs (Asia) L.L.C.
	UBS AG acting through its business group UBS Investment Bank
Address	No.1 Fuxingmen Nei Da Jie, Beijing, China
Telephone	8610-66596688
Fax	8610-66016871
E-mail	bocir@bank-of-china.com
Registered Office	No.1 Fuxingmen Nei Da Jie, Beijing, China
Office Address	No.1 Fuxingmen Nei Da Jie, Beijing, China
Post Code	100818
Place of Business in Hong Kong	8th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong
Credit Ratings (Long Term)	Standard & Poor's BBB+
	Moody's Investors Services A2
	Fitch Ratings A-
	Rating and Investment Information, Inc. A-
	Dagong Global Credit Rating Co., Ltd. AAA
Website	http://www.boc.cn
Selected newspapers for disclosure	China Securities, Shanghai Securities, Securities Times, China Daily
Hong Kong newspapers	South China Morning Post and Hong Kong Economic Journal
Places Where the Interim Report Can be Obtained	Major business locations
Website Designated by the China Securities Regulatory Commission to Publish the Interim Report	http://www.sse.com.cn
Website Designated by the Stock Exchange of Hong Kong Limited to Publish the Interim Report	http://www.hkex.com.hk
Index Constituent	
The Bank is a constituent of the following indices:	
MSCI China Index Series	
Shanghai Stock Exchange Index Series	
FTSE/Xinhua China 25 Index	
FTSE/Xinhua Hong Kong Index	
Hang Seng China Enterprises Index (H-share Index) (Effective from 11 September 2006)	
Stock Codes	
H shares	
The Stock Exchange of Hong Kong Limited	3988
Reuters	3988.HK
Bloomberg	3988 HK

Corporate Information

A shares

The Shanghai Stock Exchange	601988
Reuters	601988.SS
Bloomberg	601988 CH

Share Registrar

H shares Computershare Hong Kong Investor Services Limited

Hopewell Centre, 46th Floor, 183 Queen's Road East, Wan Chai, Hong Kong

A shares China Securities Depository and Clearing Corporation Limited, Shanghai Branch

36/F, China Insurance Building, 166 Lujiazui East Road, Pudong District, Shanghai

Other relevant information

Date of first registration	31 October 1983
Modified registration date	26 August 2004
Authority of first registration	State Administration of Industry and Commerce of PRC
Corporate business license serial number	1000001000134
Financial license institution serial number	B10311000H0001
Tax registration certificate number	JGSXZ 110102100001342 DSJZ 110102100001342000
Appointed domestic auditor	PricewaterhouseCoopers Zhong Tian Certified Public Accountants Limited Company
Address of appointed auditor	11 Floor PWC Center, No.202 Hubin Road, Shanghai
Post Code	200021
Appointed international auditor	PricewaterhouseCoopers LLC
Address of appointed auditor	22/F, Prince's Building Center, Hong Kong

Business scope RMB deposit-taking; disbursement of short, medium and long-term loans, settlement; discount of bills; issuance of financial bonds; issuance and redemption as an agency, and underwriting of government bonds; trading of government bonds; inter-bank lending; provision of letter of credit and guarantee services; collection and payment and insurance agency services; safe box services; foreign exchange deposits, loans and remittance; foreign currency exchange; international settlement; inter-bank foreign exchange lending; acceptance and discount of foreign exchange bills; foreign exchange loans, guarantee, settlement and sales; issuance and agency of foreign currency marketable securities other than stock for its own accounts or for customers' accounts; proprietary foreign exchange trading; foreign exchange trading for customers; issuance of foreign exchange credit cards and foreign credit card issuance and payment as an agency; credit standing investigation, consultation and witness; organizing of or participation in syndicated loans; trading of international precious metal; all banking services engaged by overseas operations as approved by local laws; issuance of local currencies through branches in Hong Kong and Macau according to local laws and decrees or acting as an agency; other services as approved by CBRC and other regulatory authorities.

Directors, Supervisors, Senior Management and Staff

Directors, Supervisors and Senior Management

Honorary Directors(1)

Name	Position
CHEN Muhua	Honorary Chairperson
CHUANG Shih Ping	Honorary Vice Chairman

Board of Directors

Name	Position
XIAO Gang	Chairman
LI Lihui	Vice Chairman and President
ZHANG Jinghua	Non-Executive Director
YU Erniu	Non-Executive Director
ZHU Yan	Non-Executive Director
ZHANG Xinze	Non-Executive Director
HONG Zhihua	Non-Executive Director
HUANG Haibo	Non-Executive Director
Sir Frederick Anderson GOODWIN	Non-Executive Director
SEAH Lim Huat Peter	Non-Executive Director
HUA Qingshan	Executive Director; Vice President
LI Zaohang	Executive Director; Vice President
Anthony Francis NEOH	Independent Non-Executive Director
William Peter COOKE	Independent Non-Executive Director
Patrick de SAINT-AIGNAN	Independent Non-Executive Director
Alberto TOGNI	Independent Non-Executive Director

Notes: ⁽¹⁾

Under PRC law, the honorary directors are not members of the Board of Directors and do not have any power or right to vote on any matters considered by our Board under our Articles of Association.

Directors, Supervisors, Senior Management and Staff

Board of Supervisors

Name	Position
LIU Ziqiang	Chairman of Board of Supervisors
WANG Xueqiang	Supervisor
LIU Wanming	Supervisor
LI Chunyu	Employee Supervisor
LIU Dun	Employee Supervisor

Senior Management

Name	Position
LI Lihui	President
HUA Qingshan	Executive Director; Vice President
LI Zaohang	Executive Director; Vice President
ZHOU Zaiqun	Vice President
ZHANG Yanling	Vice President
ZHANG Lin	Secretary of the Party Discipline Committee
ZHU Min	Assistant President
ZHU Xinqiang	Assistant President
WANG Yongli	Assistant President
Lonnie DOUNN*	Chief Credit Officer
YEUNG Jason Chi Wai	Secretary to the Board of Directors

(*tendered his resignation in April 2006, effective in September 2006.)

Human Resources and Management

Number of Institutions and Employees As of the end of June 2006, the Bank had 11,543 domestic and overseas branches and subsidiaries, a reduction of 103 from the beginning of the year. Domestic branches and subsidiaries numbered 10,907, a reduction of 111 from the beginning of the year, and overseas branches and subsidiaries numbered 635, an increase of eight from the beginning of the year.

As of the end of June 2006, the Bank had 197,636 regular employees, a decrease of 11,629 from the beginning of the year. Employees of domestic operations numbered 179,453, a decrease of 11,375; and employees of overseas operations totaled 18,183, a decrease of 254 from the beginning of the year. Besides, the Bank had 28,769 dispatched staff in its domestic operations.

Management of Human Resources In the first half of 2006, the Bank continued to reform and improve its human resources management system. Intensified efforts were made to adjust and staff the Management team of its branches, subsidiaries and departments of the Head Office. The Bank launched leadership development model, and consolidated

the supporting resources. Through in-depth position appointment reform, the Bank gradually formed a merit-based recruitment system through fair competition. It also controlled the headcount, and optimized staff structure constantly. Leveraging diverse channels, including campus recruitment and social recruitment, it filled up post vacancy to satisfy the needs of business development and management. It also improved an all-round remuneration system, guided domestic branches to design remuneration reform plans and calculate remuneration level, promoted the implementation of remuneration reform, started the establishment of the corporate annuity system, and preliminarily set up a long-term and standardized supplementary retirement insurance mechanism. It also enhanced performance management, set the performance indicators for branches by virtue of balanced score card, reinforced process management, and guided each branch to implement the scientific approach to development.

Training and Development of Human Resources The Bank devoted great efforts to the training of management personnel at high and middle ranks. It developed senior leadership course in cooperation with Peking University and Business School of Harvard University, and sent senior executives to participate in a senior management course provided by RBS.

To support and boost business development, training was also provided to professionals in the fields of wealth management planning, financial service marketing, operational risk, trading and settlement, etc. The Bank also strengthened training for frontline and new employees. In the first half, the Bank launched 2,441 off-job training courses each over two days, training 95,577 persons.

Process Integration and Organizational Restructuring The Bank continued to promote the business process integration and organizational restructuring. It conducted an overall investigation on the organizational framework, business process and operational mechanism of RBS, in an effort to explore and study the direction of its own organizational framework reform in line with its own conditions. By studying the setting up of strategic business units along the lines of corporate banking, personal banking and treasury business and adjusting the functions of the branch outlets, the Bank will try to strengthen the management of business lines so as to gradually establish a matrix management model commonly adopted by international financial institutions. As of the end of June 2006, organizational resources of the Bank continued to be allocated in favour of key regions to optimize the geographical layout. The Bank newly established 25 institutions/outlets, upgraded 216 institutions/outlets, and closed 192 small institutions/outlets of poor development potential.

Corporate Culture The Bank intends to build a strong corporate culture with work ethics that encourages honesty and integrity, the drive for performance, a people oriented spirit, diligence and accountability and the pursuit of excellence so as to achieve a seamless integration of its corporate culture with the operation and management of the Bank. By leveraging on the corporate culture guidance, appropriate incentives and constraints, we aim to align the strategic development goal of the Bank with the career aspirations of our employees.

Corporate Governance

Corporate Governance

During the report period, the Bank has been in strict compliance with *the Company Law* and *the Law for Commercial Banks* as well as other applicable laws of China. In accordance with the rules and regulations enacted by the regulatory authorities but taking into account our current conditions, we continued to improve the organizational framework and management processes in order to enhance corporate governance and optimized the functions and responsibilities among the Board of Directors, Board of Supervisors and Senior Management. All parties under our corporate governance framework operated independently according to the law and performed their respective rights and obligations in accordance with their responsibilities set forth in the Articles of Association.

General Meeting of Shareholders

The Bank convened and held the general meeting of shareholders according to the related laws and regulations and the Articles of Association of the Bank to ensure that all the shareholders have an equal right to know, participate and vote. During the first half of 2006, the Bank held the Annual General Meeting of Shareholders and four interim meetings and reviewed work reports of the Board of Directors and Board of Supervisors, proposal on business plan and financial budget, and profit distribution plan etc. The Shareholders' General Meeting has played a crucial role in promoting the development of the Bank and protecting the interest of the investors and other stakeholders.

Directors and the Board of Directors

In the first half of 2006, one Independent Non-Executive Director and one Non-Executive Director were appointed to the Board of the Bank. As of 30 June, 2006, the Board consisted of 16 members, including the Chairman, four Independent Non-Executive Directors, eight Non-Executive Directors and three Executive Directors. Within the report period, the Bank held five board meetings, adopted resolution through voting by correspondence, and reviewed its development strategies, business plans, profit distribution plans, the Board's self-evaluation plans, 2005 Annual Report, objectives of performance management and bonus distribution plan for senior management, IPO plan, the amendment of Articles of Association and other proposals. All directors diligently performed their responsibilities to ensure the practicability of the Board's decisions, and protected the interests of the Bank and all its shareholders.

The Board of Directors has set up five special committees, namely Strategic Development Committee, Audit Committee, Risk Policy Committee, Personnel and Remuneration Committee and Connected Transaction Control Committee. The five committees directly report to the Board. The work performance of each committee in the first half of 2006 is as follows:

Committees	Work Performance
Strategic Development Committee	The committee held four meetings and mainly reviewed proposals such as the development strategies, business development plan for 2006-2008, and business plan and financial budget for 2006 of the Bank.
Audit Committee	The committee held four meetings and mainly reviewed proposals such as the financial management measures of Bank of China Limited, improvement of internal control, business plan and expense budget for 2006, the appointment, audit plan and audit fees of external auditors, profit forecast for 2006, financial report for year 2005 prepared in accordance with PRC GAAP and IFRS, and relevant auditors' report.
Risk Policy Committee	The committee held two meetings and mainly reviewed proposals such as key risk management work and plan for 2006, report on the key risk management indicators, and progress in market risk management.
Personnel and Remuneration Committee	The committee held two meetings and mainly reviewed proposals such as the evaluation guideline and self-evaluation plan of the Board of Directors, membership changes to special committees under the Board of Directors, and the measures on performance management of Senior Management of the Bank.
Connected Transaction Control Committee	The committee held two meetings and mainly reviewed such proposals as the management measures on connected transactions of the Bank, plan on division of responsibilities for connected transaction control, and the rules and procedures of the Connected Transaction Control Committee.

Corporate Governance

Supervisors and the Board of Supervisors

The Board of Supervisors of the Bank is composed of five members, including the Chairman of Board of Supervisors, two full-time supervisors and two employee supervisors. The size and the composition of the Board of Supervisors comply with the supervisory requirements and the Articles of Association. The Board of Supervisors examines and supervises the operation and the financial activities of the Bank by holding meetings regularly, reading and checking various documents, debriefing the work report and reports on certain issues from the management.

Senior Management

The Senior Management is the executive body of the Bank. Headed by the President, the Senior Management comprises the Vice Presidents and Assistant Presidents, who assist the President in managing the Bank's business activities. The Senior Management of the Bank is assessed and supervised by the Board of Directors. In the first half of 2006, the Objectives for Performance Management and Scheme for Bonus Allocation of the Senior Management was deliberated and approved by the Board of Directors. In order to incentivize and motivate the Senior Management, the Bank set up scientific assessment and evaluation standards, and established an assessment mechanism in which the compensation is linked to performance, responsibilities and risks, adhering to the principle of balancing incentives and constraints.

Investor Relations and Information Disclosure

The Bank strictly complies with relevant requirements, and discloses all material information promptly, accurately, faithfully and completely to ensure all shareholders are treated equally.

The Bank is committed to promoting investor relations in the capital markets, and places investor relations management as top priority. During the report period, the Bank faithfully, accurately, promptly and sufficiently fulfilled its responsibilities of information disclosure and promoted the interests of its investors through meetings with institutional investors, press and analysts, and by adopting multiple communication channels such as launching an IR page on its website, arranging one-on-one meetings and various communication tools such as mail, phone and fax.

Other Information

I Profit Distribution during the Report Period

Profit Distribution in 2005 The 2005 profit distribution plan of the Bank was adopted at the 2005 annual general meeting of shareholders, i.e., to distribute a profit of RMB 1.375 billion to the registered shareholders of the Bank as of 31 December, 2005. The plan has been implemented.

According to the resolutions of the board meeting held on 29 August 2006, the Bank transferred 10% of the net profit from January to June 2006 to the statutory surplus reserve, set aside RMB4,291 million as general reserve fund. The Bank does not declare any dividend for the first half of 2006.

II Listing of H-Share and A-Share

The H-Share of the Bank was listed on The Stock Exchange of Hong Kong Limited (the Hong Kong Stock Exchange) on 1 June 2006. The 25,568,590,000 H-Shares were issued on the initial public offering. Following the exercise of the over-allotment option on 9 June 2006, a further of 3,835,288,000 H-Shares were issued. The issuance of H-Shares accounted for 11.9% of the total enlarged share capital at an issue price of HK\$2.95 per share. With the issuance of the shares, US\$11.2 billion was raised. The H-Share IPO was the fourth largest around the world to date, the largest for the financial sector, the Largest in Asia excluding Japan, and the largest global offering by a Chinese company.

The Bank issued its A-Share in the domestic market from 19 to 23 June 2006. These shares were issued at an issue price of RMB3.08 per share and commenced trading on the Shanghai Stock Exchange on 5 July 2006. As the largest domestic listing of A-Share on the domestic market so far, 6,493,506,000 A-Shares were offered, representing 2.56% of the fully diluted share capital. A total of RMB 19,999,998,480 was raised, and our IPO was the largest A share offering to date.

The IPOs of H-Share and A-Share account for 14.14% of the total enlarged share capital of the Bank. After the IPOs, the share capital of the Bank increased to RMB253,839,162,009 or 253,839,162,009 shares. The two IPOs and successful listing marked a milestone in the stock reform of the Bank. Since 19 July 2006, the Bank (A share code: 601988) has been included in SSE 180 index and SSE 50 index.

Other Information

III Changes in Share Capital and Shareholdings of Substantial Shareholders

1. Changes in Share Capital

	1 Jan 2006							30 June 2006
	Number of shares	Allotment of shares	Bonus Shares	Shares transferred from the surplus reserve	Increase of share capital	Others	Subtotal	Number of shares
I. Unlisted shares								
i. Shares held by the state(promoter's shares)	174,128,718,217					-2,803,313,477	-2,803,313,477	171,325,404,740
ii. Shares held by the state					8,514,415,652	-8,514,415,652	-8,514,415,652	
iii. Shares held by domestic legal person								
iv. Shares held by foreign legal person	35,298,644,140					-35,298,644,140	-35,298,644,140	
v. Shares of legal person promoters								
vi. Shares held by staff								
vii. Preferred shares or other shares					6,493,506,000		6,493,506,000	6,493,506,000
Subtotal	209,427,362,357							177,818,910,740
II. Listed shares								
i. RMB-denominated ordinary shares								
ii. Domestically listed foreign shares								
iii. Overseas listed foreign shares					29,403,878,000	46,616,373,269	76,020,251,269	76,020,251,269
iv. Others								
Subtotal	0							76,020,251,269
III. Total	209,427,362,357							253,839,162,009

(i) The number of shares in the column of "Preferred Shares or Other Shares" is the number of A Shares offered by the Bank to the public from 12 to 29 June 2006, which were registered with the Shanghai Branch of China Securities Depository and Clearing Corporation on 29 June 2006, and commenced trading on the Shanghai Stock Exchange on 5 July 2006.

(ii) The Bank invited the National Council for Social Security Fund (SSF) as a strategic investor on 13 March 2006, to which 8,514,415,652 ordinary shares were offered. 25,568,590,000 IPO H-shares were issued in May 2006. 35,298,644,140 non-listed foreign funded shares previously held by The Bank's foreign strategic investors, 8,514,415,652 ordinary shares by the SSF, and 2,803,313,477 ordinary shares transferred by Central SAFE Investments Limited, promoter of the Bank, to SSF as required by the State, were converted to H Shares, and listed on the Hong Kong Stock Exchange on 1 June along with the H shares already offered to the public. The H Share over allotment option was exercised in full, involving 3,835,288,000 H shares on 9 June 2006. In June 2006, 6,493,506,000 A shares were offered to the public. On 29 June 2006, the A shares offered to the public by the Bank and 171,325,404,740 ordinary shares held by Central SAFE Investments Limited, promoter of the Bank, were registered as A-shares. The A-Shares of the Bank were listed on the Shanghai Stock Exchange on 5 July 2006. As of 5 July 2006, the Bank has issued 177,818,910,740 A shares and 76,020,251,269 H shares, representing 253,839,162,009 ordinary shares in aggregate.

2. Number of shareholders and shareholdings

Total number of shareholders As of the end of the reporting period, the Bank's shareholders (A-Share+ H-Share) numbered 1,060,828, including 457,146 holders of H-Share and 603,682 holders of A-Share.

Top Ten Shareholders (The number of shares held by H share shareholders are those recorded in the Register of Members as kept by the H Share Registrar of the Bank)

No.	Name of Shareholder	Type of Shareholder	Type of Share	Shareholding at the End of Report Period (As of 30 June 2006)	Proportion in Total Share Capital(%)	Shares Pledged or Frozen
1	Central SAFE Investments Limited	State owned	A Share	171,325,404,740	67.49	
2	HKSCC Nominees Limited	Foreign	H Share	30,341,965,800	11.95	
3	RBS China Investments S.à.r.l.	Foreign	H Share	20,942,736,236	8.25	
4	Asia Financial Holdings Pte Ltd	Foreign	H Share	10,471,368,118	4.13	
5	National Council for Social Security Fund, PRC	State owned	H Share	8,377,341,329	3.30	
6	UBS AG	Foreign	H Share	3,377,860,684	1.33	
7	Asian Development Bank	Foreign	H Share	506,679,102	0.20	
8	The Bank of Tokyo-Mitsubishi UFJ Ltd	Foreign	H Share	473,052,000	0.19	
9	Wingreat International Limited	Foreign	H Share	420,490,000	0.17	
10	Best Sense Investments Limited	Foreign	H Share	236,526,000	0.09	
10	Turbo Top Limited	Foreign	H Share	236,526,000	0.09	

The Bank is not aware whether the shares of the above shareholders have been pledged or frozen, or the connected relations between the above shareholders.

Other Information

Top ten Shareholders of Listed Shares that are not subject to Selling Restrictions (as at 5 July 2006, being the date of listing of A-Share, the shares held by HKSCC Nominees Limited is as at 30 June, 2006)

No.	Name of Shareholder	Listed Trading Shares	Type of Share
1	HKSCC Nominees Limited	30,341,965,800	H Share
2	ICBC- GF Strategic Selection Balanced Securities Investment Fund	70,669,000	A Share
3	Shanghai Huiyin Investment Limited Corporation	70,000,000	A Share
4	ICBC- E Fund Value Selection Stock Securities Investment Fund	50,397,000	A Share
5	China Life Insurance (Group) Company – Traditional-General Insurance	38,765,000	A Share
6	China Life Insurance Company Limited-Dividend- Personal Dividend-005L-FH002 SH	29,076,000	A Share
7	China Life Insurance Company Limited-Dividend-Group Dividend-005L-FH001 SH	23,982,000	A Share
8	China Pacific Life Insurance Co., Ltd-Dividend-Personal Dividend	23,357,300	A Share
9	China Life Insurance Company Limited-Traditional-General Insurance-005L-CT001 SH	23,260,000	A Share
10	Bank of Communications- Hua An Innovation	23,101,000	A Share
Explanation of the connected relations and the concerted action among the above shareholders		Except that some of the above shareholders may be under the management of the same corporation, the Bank is not aware of the connected relations and the concerted action among the above shareholders.	

Substantial Interests in Share Capital

The register maintained by the Bank pursuant to section 336 of the Securities and Futures Ordinance (the “SFO”) of the laws of Hong Kong recorded that, as at 30 June 2006, the following corporations had the following interests (as defined in the SFO) in the Bank set opposite their respective names:

Name of Shareholders	Number of shares held	Type of shares	Percentage of total issued A shares (%)	Percentage of total issued H shares (%)	Percentage of total issued share capital (%)	Capacity
Central SAFE Investments Limited	171,325,404,740	A	96.35	-	67.49	Beneficial owner
The Royal Bank of Scotland Group PLC ^{Note 1}	20,944,789,236	H	-	27.55	8.25	Attributable interests & beneficial owner
RBS CI Limited ^{Note 1}	20,942,736,236	H	-	27.54	8.25	Attributable interests & beneficial owner
RBS China Investments S.à.r.l.	20,942,736,236	H	-	27.54	8.25	Beneficial owner
Temasek Holdings (Private) Limited ^{Note 2}	11,792,559,118	H	-	15.51	4.65	Attributable interests
National Council for Social Security Fund of the PRC	11,317,729,129	H	-	14.89	4.46	Beneficial owner
UBS AG	3,892,847,114 132,154,877 (S)*	H	-	5.12 0.17	1.53 0.05	Attributable interests, beneficial owner & person having a security interest in shares

* “S” denotes short positions

Notes:

- 1.The Royal Bank of Scotland Group PLC (“RBS Group”) holds the entire issued share capital of RBS CI Limited, which in turn holds 51.61% of RBS China Investments S.à.r.l. (“RBS China”). Accordingly, RBS Group and RBS CI Limited are deemed to have the same interests in the Bank as RBS China for the purpose of the SFO.
- 2.Temasek Holdings (Private) Limited (“Temasek”) holds the entire issued share capital of Fullerton Management Pte Ltd, which in turn holds the entire issued share capital of Asia Financial Holdings Pte Ltd. Accordingly, for the purpose of the SFO, Temasek and Fullerton Management Pte Ltd are deemed to have the same interests in the Bank as Asia Financial Holdings Pte Ltd, which has an interest in 11,785,825,118 shares of the Bank.

All the interests stated above represented long positions except stated otherwise. Save as disclosed above, as at 30 June 2006, no other interests or short positions were recorded in the register maintained by the Bank under section 336 of the SFO.

IV Significant Related Party Transactions (Under Chinese Laws and Regulations)

(Please refer to Note 32 of the Condensed Consolidated Financial Statements under Related Party Transaction)

V Material Merger and Acquisition, Sales or Restructuring of Assets

Except as stated below, the Bank did not have material merger and acquisition, sales or restructuring of assets during the report period.

Other Information

The following are highlights of the current report period in purchases & sales of assets and mergers:

On 1 June 2006, BOCG Insurance, a wholly-owned subsidiary of the Group, sold a 51% stake of BOCG Life to BOC Hong Kong (Holdings) Limited in which the Bank holds a stake of 65.87%, at the purchase price of HKD900 million by reference to the valuation of BOCG Life as of 31 December 2005. The Group effectively sold a 17.4% stake of BOCG Life to minority shareholders of BOC Hong Kong (Holdings) Limited, and achieved a gain of RMB138 million.

Bank of China Group Investment Limited, a Hong Kong subsidiary of the Group, sold loans at a book value of RMB63 million to an independent third party in May 2006, giving rise to an income of RMB723 million, with net income at RMB660 million.

VI Major Contracts and Performance

During the report period and except as disclosed, the Bank does not have material assets business with other companies to custody, contract or lease their assets, and does not entrust other companies to custody, contract or lease the Bank's material assets

The guarantee business is one of our off-balance sheet items in the ordinary course of our business. We carry out external guarantee business in a prudent manner, and manage risk according to the five-category classification of loans to ensure the asset quality of our guarantee business.

During the report period and except as disclosed, no material cash assets of the Bank were entrusted to others for management.

VII Undertakings

During the report period, the Bank or shareholders holding shares of more than 5% (including 5%) in the Bank have not made undertakings that might have significant adverse impact on the operational results and financial position of the Bank.

VIII Material Litigation and Arbitration

During the report period and except as disclosed herein, there was no material litigation and arbitration that might have significant adverse impact on the operation of the Bank.

The Bank has involved in certain litigation and arbitration cases in regular businesses. After consulting professional legal firms, the Management holds that these litigation and arbitration cases will not have significant adverse impacts on the operation of the Bank.

IX Appointment and Dismissal of Auditors

The Bank has appointed PricewaterhouseCoopers Zhong Tian Certified Public Accountants Limited Company and PricewaterhouseCoopers Hong Kong as its domestic and international statutory external auditors respectively.

X Punishment and Remedial Actions Required by the Bank, Board of Directors and Directors

During the report period, none of the Bank, the Board of Directors or any Director was subject to any investigation

and administrative punishment from the China Securities Regulatory Commission, or was the subject of a public reprimand from any stock exchange.

XI Explanation on the Alteration of Business Plan

During the report period and except as publicly disclosed, there has been no material amendment to the Bank's business plan.

XII Warnings and Reasons for Predicted Loss or Significant Changes in Net Accumulated Profit from the Beginning of the Year to the End of Next Report Period

Except as publicly disclosed, the Bank does not believe that the net accumulated profit earned from the beginning of the year to the end of the next report period would result in a loss, nor would there be significant changes compared with the same period of last year.

XIII Use of IPO Proceeds

Fund raising in the current report period is as follow:

Pursuant to the *Response of CBRC on BOC's Absorption of Investment and Shareholding by SSF* (YJF [2006] No. 49), the Bank issued to SSF 8,514,415,652 ordinary shares on 13 March 2006, par value RMB1 for each share, at a premium. SSF contributed RMB10 billion in cash, with the capital contribution including an equity premium of RMB1, 481 million.

Pursuant to the *Response of CBRC on BOC's Transformation to Overseas Offering and Listing of Shares* (YJF [2006] No. 53) and the *Response on Approving BOC's Issuance of Foreign Capital Stock Listed Abroad* (ZJGHZ [2006] No.8), the Bank issued at a premium to foreign investors 29,403,878,000 foreign capital stocks listed abroad (H Share) on 1 June 2006 and 9 June 2006, par value RMB1 for each share, which were publicly listed on the Hong Kong Stock Exchange, at an issue price of HK\$2.95 per share.

Pursuant to the *Response of CBRC on BOC Issuing Stocks and Going Public* (YJF [2006] No. 135) and the *Circular on Approval of BOC Initial Public Offering* (ZJFXZ [2006] No.20), the Bank issued at a premium to domestic investors 6,493,506,000 ordinary shares (A Share) on 29 June 2006, par value RMB1 for each share, which were publicly listed on the Shanghai Stock Exchange, at an issue price of RMB3.08 per share.

Funds raised within the report period are mainly used to strengthen the Bank's capital base.

XIV The Audit Committee

The Audit Committee of the Bank is composed of non-executive directors, including two non-executive directors and three independent non-executive directors. Independent non-executive director Patrick de Saint-Aignan is the Chairman; and Zhu Yan, Huang Haibo, Anthony Francis Neoh and Peter Cooke are members of the Committee.

In line with the principle of independence, The Committee assisted the Board of Directors in supervising the Group's financial reporting, internal control, internal audit and external audit etc.

The Audit Committee has reviewed the interim results of the Bank. The Bank's external auditors have carried out a

Other Information

review of the interim financial statements in accordance with International Standards on Review Engagements No. 2410 but not audit in accordance with International Audit Standards. The Audit Committee has discussed matters such as the accounting standards and the auditing practice, internal control and financial statements adopted in the interim report.

XV Directors' and Supervisors' Rights to Acquire Shares

On 5 July 2002, the following Directors were granted options by BOC Hong Kong (BVI) Limited ("BOC (BVI)"), the immediate holding company of BOC Hong Kong (Holdings) Limited, pursuant to a Pre-Listing Share Option Scheme to purchase from BOC (BVI) existing issued shares of BOC Hong Kong (Holdings) Limited at a price of HK\$8.50 per share. BOC Hong Kong (Holdings) Limited is a subsidiary of the Bank which is also listed on the Hong Kong Stock Exchange. These options have a vesting period of four years from 25 July 2002 with a valid exercise period of ten years. Twenty-five percent of the shares subject to such options will vest at the end of each year.

Particulars of the outstanding options granted to the Directors under the Pre-Listing Share Option Scheme as at 30 June 2006 are set out below:

	Date of grant	Exercise price (HK\$)	Exercisable Period	Number of share options					
				Granted on 5 July 2002	Balances as at 1 January 2006	Exercised during the period	Surrendered during the period	Lapsed during the period	Balances as at 30 June 2006
HUA Qingshan	5 July 2002	8.50	25 July 2003 to 4 July 2012	1,446,000	1,446,000	–	–	–	1,446,000
LI Zaohang	5 July 2002	8.50	25 July 2003 to 4 July 2012	1,446,000	1,446,000	–	–	–	1,446,000

Save as disclosed above, at no time during the period under review was the Bank, its holding companies, or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors and Supervisors of the Bank and their respective spouses or children below the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate.

XVI Directors and Supervisors' Interests in Shares, Underlying Shares and Debentures

Save as disclosed in Part XV above, as of 30 June 2006, none of the Directors or Supervisors of the Bank had any interests or short positions in the shares, underlying shares or debentures of the Bank or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Bank pursuant to section 352 of the SFO or as otherwise notified to the Bank and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules of the Hong Kong Stock Exchange.

XVII Purchase, Sale or Redemption of the Bank's Shares

The Bank issued to SSF 8,514,415,652 ordinary shares on 13 March 2006.

The Bank issued 25,568,590,000 IPO H shares in the Hong Kong Stock Exchange on 1 June 2006; with the over-allotment option exercised on 9 June 2006, 3,835,288,000 H-Shares were issued.

The Bank issued 6,493,506,000 new A shares on 29 June 2006, and the Bank's A shares were listed and commenced trading on the Shanghai Stock Exchange on 5 July 2006.

Save for the above, neither the Bank nor any of its subsidiaries has purchased, sold or redeemed any of the Bank's shares.

XVIII Compliance with the Code on Corporate Governance Practices of the Listing Rules

The Bank endeavored to establish good corporate governance principles and practices and believed that upholding international standards of corporate governance is crucial to safeguarding the interests of shareholders. The Board of Directors and Board of Supervisors have been organized in line with relevant laws and regulations. The Board of Directors is accountable to the general meeting of shareholders and responsible for, among other things, approving the Bank's business strategy and operating plans, appointing senior management and establishing organization structure. With the Board of Directors at the core, the Bank has set up a number of Board committees, namely Strategic Development Committee, Audit Committee, Risk Policy Committee, Personnel and Remuneration Committee and Connected Transaction Control Committee to perform functions designated by the Board of Directors. The Board of Supervisors is accountable to the general meeting of shareholders and has the responsibility and power to, among other things, supervise the Board of Directors and senior management, inspect the Bank's financial activities and examine decisions made.

The Bank has conducted a gap analysis between the requirements of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules of the Hong Kong Stock Exchange on the one hand and the Group's internal requirements and practices on the other hand. The Bank has been in full compliance with the code provisions and has substantially complied with the recommended best practices set out in the CG Code.

XIX Compliance with the Model Code for Securities Transactions by Directors

The Bank has adopted the Model Code for Securities Transactions by Directors of Listed Issuers of the Hong Kong Stock Exchange as set out in Appendix 10 of the Listing Rules to govern securities transactions by Directors and Supervisors. The Bank has made specific enquiry of all Directors and Supervisors of the Bank, and the Directors and Supervisors have confirmed that they have complied with the required standards set out in the said Model Code throughout the period under review.

XX Compliance with No. 34 of the International Accounting Standard

The Interim report as at the end of the first half of 2006 is in compliance with the requirements of Interim Financial Report, No. 34 of the International Accounting Standard.

XXI Interim Report

This Interim Report is available in both English and Chinese. The Chinese and English versions of this Interim Report prepared for holders of H shares is available by writing to the Bank's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Hopewell Centre, 46th Floor, 183 Queen's Road East, Wan Chai, Hong Kong. The Chinese and English versions of this Interim Report prepared for holders of A shares are available at major business locations of the Bank. This Interim Report is also available (in both English and Chinese) on the Bank's website at www.boc.cn, www.sse.com.cn, www.hkex.com.hk

If you have any queries about how to obtain copies of this Interim Report or how to access those documents on the Bank's website, please call the Bank's hotline at (852) 2862 8633 or 8610 66596688.

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Independent review report

To the Board of Directors of Bank of China Limited
(Incorporated in the People's Republic of China with Limited Liability)

Introduction

We have reviewed the accompanying condensed consolidated balance sheet of Bank of China Limited ("the Bank") and its subsidiaries ("the Group") as of 30 June, 2006 and the related condensed consolidated statements of income, changes in equity and cash flows for the six month period then ended. The directors are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard No. 34 "*Interim Financial Reporting*". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard No. 34 "*Interim Financial Reporting*".

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
29 August 2006

Condensed Consolidated Income Statements

For The Six Month Period Ended 30 June 2006

(Amount in millions of Renminbi, unless otherwise stated)

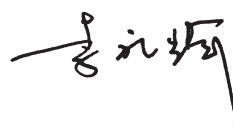
	Notes	For the six month period ended 30 June	
		2006 (unaudited)	2005 (unaudited)
Interest income	II.2	100,124	77,616
Interest expense	II.2	(45,301)	(28,808)
Net interest income		54,823	48,808
Fee and commission income	II.3	8,166	5,915
Fee and commission expense	II.3	(1,325)	(1,397)
Net fee and commission income		6,841	4,518
Net trading income	II.4	557	2,795
Net gains on investment securities	II.5	64	20
Other operating income	II.6	7,218	5,229
Impairment losses on loans and advances		(5,479)	(4,966)
Other operating expenses	II.7	(29,686)	(27,721)
Operating profit		34,338	28,683
Share of results of associates		371	48
Profit before income tax		34,709	28,731
Income tax expense	II.9	(12,458)	(10,957)
Profit for the period		22,251	17,774
Attributable to:			
Equity holders of the Bank		19,477	15,181
Minority interest		2,774	2,593
		22,251	17,774
Earnings per share for profit attributable to the equity holders of the Bank during the period (Renminbi per ordinary share) - Basic and diluted	II.10	0.09	0.08

The accompanying notes form an integral part of these financial statements.

Approved by the Board of Directors on 29 August 2006 and signed on behalf of the Board by:



Director



Director

Condensed Consolidated Balance Sheets

As At 30 June 2006

(Amount in millions of Renminbi, unless otherwise stated)

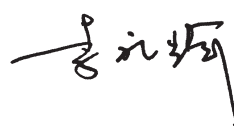
	Notes	As at 30 June 2006 (unaudited)	As at 31 December 2005 (audited)
ASSETS			
Cash and due from banks	II.11	36,785	41,082
Balances with central banks	II.12	340,651	316,941
Placements with banks and other financial institutions	II.13	293,140	332,099
Government certificates of indebtedness for bank notes issued		36,094	35,586
Precious metals		39,259	26,974
Trading assets and other financial instruments at fair value through profit or loss	II.14	114,167	111,782
Derivative financial instruments	II.15	21,540	16,808
Loans and advances to customers, net	II.16	2,317,625	2,152,112
Investment securities	II.17		
- available-for-sale		929,894	602,221
- held-to-maturity		569,126	607,459
- loans and receivables		389,368	361,851
Investment in associates		5,675	5,061
Property and equipment		62,238	62,417
Investment property		8,612	8,511
Deferred income tax assets	II.26	23,431	20,504
Other assets		44,030	38,640
Total assets		5,231,635	4,740,048

The accompanying notes form an integral part of these financial statements.

Approved by the Board of Directors on 29 August 2006 and signed on behalf of the Board by:



Director



Director

Condensed Consolidated Balance Sheets

As At 30 June 2006

(Amount in millions of Renminbi, unless otherwise stated)

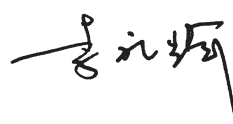
		As at 30 June 2006	As at 31 December 2005
	Notes	(unaudited)	(audited)
LIABILITIES			
Due to banks		171,422	134,217
Due to central banks	II.19	30,495	30,055
Bank notes in circulation		36,151	35,731
Certificates of deposits and placements from banks and other financial institutions		190,880	212,626
Derivative financial instruments and liabilities at fair value through profit or loss	II.20	101,172	91,174
Due to customers	II.21	4,048,438	3,699,464
Bonds issued	II.22	60,177	60,179
Special purpose borrowings	II.23	49,622	52,164
Current tax liabilities		20,637	23,459
Retirement benefit obligations		6,933	7,052
Deferred income tax liabilities	II.26	2,053	2,136
Other liabilities	II.24	128,573	136,272
Total liabilities		4,846,553	4,484,529
EQUITY			
Capital and reserves attributable to equity holders of the Bank			
Share capital	II.27	253,839	209,427
Capital reserve	II.27	66,613	(5,954)
Statutory reserves	II.28	8,095	5,987
General and regulatory reserves	II.28	9,398	5,109
Undistributed profits	II.28	21,893	10,188
Reserve for fair value changes of available-for-sale securities		(3,603)	1,899
Currency translation differences		(488)	(237)
		355,747	226,419
Minority interest		29,335	29,100
Total equity		385,082	255,519
Total equity and liabilities		5,231,635	4,740,048

The accompanying notes form an integral part of these financial statements.

Approved by the Board of Directors on 29 August 2006 and signed on behalf of the Board by:



Director



Director

Condensed Consolidated Statement of Changes in Equity

For The Six Month Period Ended 30 June 2006

(Amount in millions of Renminbi, unless otherwise stated)

	Unaudited									
	Attributable to equity holders of the Bank									
	Notes	Share capital	Capital reserve	Statutory reserves	General and regulatory reserves	Undistributed profits	Reserve for fair value changes of available-for-sale securities	Currency translation differences	Minority interest	Total
Balance at 1 January 2006		209,427	(5,954)	5,987	5,109	10,188	1,899	(237)	29,100	255,519
Net profit		-	-	-	-	19,477	-	-	2,774	22,251
Issue of ordinary shares (net of issuance costs)	II.27	44,412	72,567	-	-	-	-	-	-	116,979
Appropriation to statutory reserves	II.28	-	-	2,108	-	(2,108)	-	-	-	-
Appropriation to general reserve and regulatory reserve	II.28	-	-	-	4,291	(4,291)	-	-	-	-
Net change in fair value of available- for-sale investments, net of tax		-	-	-	-	-	(5,502)	-	(284)	(5,786)
Dividends	II.28	-	-	-	-	(1,375)	-	-	(1,891)	(3,266)
Translation differences		-	-	-	-	-	-	(251)	(312)	(563)
Sale of shares in subsidiaries		-	-	-	(2)	2	-	-	(52)	(52)
Balance at 30 June 2006		253,839	66,613	8,095	9,398	21,893	(3,603)	(488)	29,335	385,082

The accompanying notes form an integral part of these financial statements.

Condensed Consolidated Statement of Changes in Equity

For The Six Month Period Ended 30 June 2005

(Amount in millions of Renminbi, unless otherwise stated)

	Unaudited									Total
	Attributable to equity holders of the Bank								Minority interest	
	Notes	Share capital	Capital reserve	Statutory reserves	General and regulatory reserves	Undistributed profits	Reserve for fair value changes of available-for-sale securities	Currency translation differences		
Balance at 1 January 2005		186,390	(10,432)	3,140	419	16,547	2,730	1,961	27,152	227,907
Net profit		-	-	-	-	15,181	-	-	2,593	17,774
Appropriation to statutory reserve	II.28	-	-	75	-	(75)	-	-	-	-
Appropriation to general and regulatory reserves	II.28	-	-	-	2,480	(2,480)	-	-	-	-
Exercise of subsidiary share options		-	-	-	-	-	-	-	5	5
Net change in fair value of available-for-sale investments, net of tax		-	-	-	-	-	2,999	-	2	3,001
Translation differences		-	-	-	-	-	-	(354)	19	(335)
Dividends		-	-	-	-	-	-	-	(1,637)	(1,637)
Balance at 30 June 2005		186,390	(10,432)	3,215	2,899	29,173	5,729	1,607	28,134	246,715
Issue of ordinary shares (net of issuance costs)	II.27	23,037	3,964	-	-	-	-	-	-	27,001
Net profit		-	-	-	-	10,740	-	-	3,044	13,784
Appropriation to statutory reserve	II.28	-	-	2,772	-	(2,772)	-	-	-	-
Appropriation to general and regulatory reserves	II.28	-	-	-	2,210	(2,210)	-	-	-	-
Exercise of subsidiary share options		-	-	-	-	-	-	-	12	12
Net change in fair value of available-for-sale investments, net of tax		-	-	-	-	-	(1,576)	-	(112)	(1,688)
Capital contribution from an equity holder		-	500	-	-	-	-	-	-	500
Adoption of equity accounting for investment in associates		-	-	-	-	2,194	(2,254)	-	-	(60)
Translation differences		-	-	-	-	-	-	(1,844)	(661)	(2,505)
Dividends	II.28	-	-	-	-	(26,937)	-	-	(1,317)	(28,254)
Others		-	14	-	-	-	-	-	-	14
Balance at 31 December 2005		209,427	(5,954)	5,987	5,109	10,188	1,899	(237)	29,100	255,519

The accompanying notes form an integral part of these financial statements.

Condensed Consolidated Cash Flow Statements

For The Six Month Period Ended 30 June 2006

(Amount in millions of Renminbi, unless otherwise stated)

	Notes	For the six month period ended 30 June	
		2006 (unaudited)	2005 (unaudited)
Cash flows from operating activities			
Profit before income tax		34,709	28,731
Adjustments:			
Impairment losses on loans and advances		5,479	4,966
Impairment losses on other assets		418	20
Depreciation of property and equipment		2,503	2,539
Amortization of intangible assets and other long term assets		337	596
Net gains on disposal of property and equipment and other assets		(70)	(517)
Net gains on disposal of shares in a subsidiary		(138)	-
Share of results of associates		(371)	(48)
Interest expenses arising from bonds issued		1,384	1,178
Net changes in operating assets and liabilities:			
Net increase in balances with central banks		(18,820)	(24,116)
Net decrease in due from banks and placements with banks and other financial institutions		15,392	58,072
Net increase in loans and advances to customers		(170,992)	(138,684)
Net increase in investment securities		(309,892)	(166,328)
Net increase in other assets		(22,798)	(4,012)
Net increase in due to banks		37,205	15,093
Net increase/(decrease) in due to central banks		440	(7,925)
Net (decrease)/increase in certificates of deposits and placements from banks and other financial institutions		(21,746)	30,625
Net increase in due to customers		348,974	246,305
Net decrease in other liabilities		(4,324)	(12,667)
Cash (paid) /received in operations		(102,310)	33,828
Income tax paid		(15,279)	(13,331)
Net cash (outflows)/inflows from operating activities		(117,589)	20,497

The accompanying notes form an integral part of these financial statements.

Condensed Consolidated Cash Flow Statements

For The Six Month Period Ended 30 June 2006

(Amount in millions of Renminbi, unless otherwise stated)

	Notes	For the six month period ended 30 June	
		2006 (unaudited)	2005 (unaudited)
Cash flows from investing activities			
Cash received from disposal of investments in other subsidiaries and associates		21	272
Cash received from disposal of property and equipment, intangible assets and other long term assets		625	1,651
Dividends received		20	36
Cash paid for increase of investments in subsidiaries and associates		(84)	-
Cash paid for purchase of property and equipment, intangible assets and other long term assets		(2,190)	(1,766)
Net cash (outflows)/inflows from investing activities		(1,608)	193
Net cash (outflows)/inflows before financing activities		(119,197)	20,690
Cash flows from financing activities			
Capital contribution from equity holders		117,423	-
Cash received from issuance of subordinated bonds		-	33,930
Cash received from minority equity holders of subsidiaries		86	5
Cash payments for interest on bonds issued		(1,379)	(15)
Dividend paid		(3,266)	(1,637)
Other cash payments related to financing activities		(238)	-
Net cash inflows from financing activities		112,626	32,283
Effect of exchange rate changes on cash and cash equivalents		(1,068)	(4,159)
Net (decrease)/increase in cash and cash equivalents		(7,639)	48,814
Cash and cash equivalents as at 1 January		397,112	366,142
Cash and cash equivalents as at 30 June	II.31	389,473	414,956

The accompanying notes form an integral part of these financial statements.

Notes to The Condensed Consolidated Financial Statements

For The Six Month Period Ended 30 June 2006

(Amount in millions of Renminbi, unless otherwise stated)

I. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared in accordance with International Accounting Standard No. 34 *Interim Financial Reporting* (“IAS 34”) and should be read in conjunction with the 2005 annual financial statements.

The principal accounting policies adopted in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the Group’s accounts for the year ended 31 December 2005.

During 2005, the International Accounting Standards Board issued an amendment to International Accounting Standard No. 21 *Effects of Changes in Foreign Exchange Rates* (“IAS 21”), which was effective for the year beginning 1 January 2006. This amendment finalized treatment for the net investment in a foreign entity. The Group has assessed the impact of this amendment, and concluded that its adoption did not have any material effect on its results of operations or financial position nor result in a change in the Group’s accounting policies.

In August 2005, the International Accounting Standards Board issued International Financial Reporting Standard No. 7 *Financial Instruments: Disclosures* (“IFRS 7”), which is effective for accounting periods commencing on or after 1 January 2007. IFRS 7 requires more detailed qualitative and quantitative disclosures primarily related to fair value information and risk management accordingly the adoption of this standard will have no effect on the Group’s results of operations or financial position.

The preparation of the unaudited condensed consolidated financial statements in conformity with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are consistent with those disclosed in our annual financial statements for the year ended 31 December 2005.

Notes to The Condensed Consolidated Financial Statements

For The Six Month Period Ended 30 June 2006

(Amount in millions of Renminbi, unless otherwise stated)

II. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Segment information

The Group's businesses operate in three principal geographical areas: the Chinese Mainland, Hong Kong and Macau, and other overseas locations. Significant other overseas locations include New York, London, Singapore and Tokyo. Within Hong Kong and Macau, BOC Hong Kong (Holdings) Limited ("BOCHK Holdings") and its intermediate holding companies (collectively, referred to as "BOC Hong Kong Group"), account for the majority of the Group's operating activities.

The geographical analysis of revenues, segment results, segment assets, segment liabilities and capital expenditure reflects the process through which the Group's operating activities are managed. In accordance with the Group's organizational structure and its internal financial reporting process, the Group has determined that geographical segments should be presented as its primary segment.

Interest and fee income, total assets, total liabilities, credit commitments and capital expenditure have generally been based on the country in which the branch or subsidiary is located.

Period ended 30 June 2006	Hong Kong & Macau						Total
	Chinese Mainland	BOC Hong Kong Group	Others	Sub-total	Other overseas locations	Elimination	
Interest income	76,715	20,075	2,276	22,351	3,426	(2,368)	100,124
Interest expense	(31,368)	(12,235)	(1,489)	(13,724)	(2,581)	2,372	(45,301)
Net interest income	45,347	7,840	787	8,627	845	4	54,823
Fee and commission income	4,617	2,335	1,296	3,631	433	(515)	8,166
Fee and commission expense	(392)	(611)	(306)	(917)	(46)	30	(1,325)
Net fee and commission income	4,225	1,724	990	2,714	387	(485)	6,841
Net trading income	(229)	677	336	1,013	(227)	-	557
Net gains/(losses) on investment securities	115	(9)	(40)	(49)	(2)	-	64
Other operating income	822	4,270	2,110	6,380	33	(17)	7,218
Impairment (losses)/write back on loans and advances	(6,473)	664	212	876	118	-	(5,479)
Other operating expenses	(21,722)	(6,182)	(1,112)	(7,294)	(702)	32	(29,686)
Operating profit	22,085	8,984	3,283	12,267	452	(466)	34,338
Share of results of associates	-	-	455	455	-	(84)	371
Profit before income tax	22,085	8,984	3,738	12,722	452	(550)	34,709
Income tax expense	(10,809)	(1,469)	(241)	(1,710)	(142)	203	(12,458)
Profit for the period	11,276	7,515	3,497	11,012	310	(347)	22,251
As at 30 June 2006							
Segment assets	4,198,973	878,599	114,651	993,250	199,286	(165,549)	5,225,960
Investments in associates	1	59	5,615	5,674	-	-	5,675
Total assets	4,198,974	878,658	120,266	998,924	199,286	(165,549)	5,231,635
Segment liabilities	(3,921,380)	(799,301)	(99,539)	(898,840)	(191,882)	165,549	(4,846,553)
Other segment items:							
Credit commitments	827,712	173,457	18,334	191,791	57,397	(52,704)	1,024,196
Period ended 30 June 2006							
Depreciation and amortization	2,424	275	90	365	51	-	2,840
Capital expenditure	1,800	296	15	311	79	-	2,190

Notes to The Condensed Consolidated Financial Statements

For The Six Month Period Ended 30 June 2006

(Amount in millions of Renminbi, unless otherwise stated)

1. Segment information (continued)

Period ended 30 June 2005	Hong Kong & Macau					Elimination	Total
	Chinese Mainland	BOC Hong Kong Group	Others	Sub-total	Other overseas locations		
Interest income	64,068	10,940	1,432	12,372	2,429	(1,253)	77,616
Interest expense	(23,449)	(4,477)	(550)	(5,027)	(1,585)	1,253	(28,808)
Net interest income	40,619	6,463	882	7,345	844	-	48,808
Fee and commission income	3,177	2,034	290	2,324	430	(16)	5,915
Fee and commission expense	(648)	(537)	(191)	(728)	(37)	16	(1,397)
Net fee and commission income	2,529	1,497	99	1,596	393	-	4,518
Net trading income/(expense)	2,156	520	134	654	(15)	-	2,795
Net gains/(losses) on investment securities	-	18	(15)	3	17	-	20
Other operating income	975	1,361	2,799	4,160	94	-	5,229
Impairment (losses)/write back on loans and advances	(6,818)	1,376	266	1,642	210	-	(4,966)
Other operating expenses	(21,420)	(2,820)	(2,890)	(5,710)	(591)	-	(27,721)
Operating profit	18,041	8,415	1,275	9,690	952	-	28,683
Share of results of associates	4	(2)	46	44	-	-	48
Profit before income tax	18,045	8,413	1,321	9,734	952	-	28,731
Income tax expense	(9,488)	(1,304)	(5)	(1,309)	(160)	-	(10,957)
Profit for the period	8,557	7,109	1,316	8,425	792	-	17,774
As at 31 December 2005							
Segment assets	3,736,929	848,767	116,045	964,812	186,995	(153,749)	4,734,987
Investments in associates	1	64	4,996	5,060	-	-	5,061
Total assets	3,736,930	848,831	121,041	969,872	186,995	(153,749)	4,740,048
Segment liabilities	3,586,428	770,166	102,829	872,995	178,855	(153,749)	4,484,529
Other segment items:							
Credit commitments	699,066	168,203	14,131	182,334	52,434	(38,072)	895,762
Period ended 30 June 2005							
Depreciation and amortization	2,756	265	60	325	54	-	3,135
Capital expenditure	1,485	176	34	210	71	-	1,766

Business segments comprise the Group's secondary segment reporting format. The Group provides services through six main business segments: corporate banking, retail banking, treasury operations, investment banking, insurance and other operations. Segment revenue, segment results, segment assets and capital expenditure presented in business segments include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Funding is provided to and from individual business segments through Treasury operations as part of the asset and liability management process. The pricing of these transactions is based on management's assessment of its average cost of funding and the growth in interest bearing assets and liabilities. The effects of these transactions are eliminated on consolidation.

Corporate banking - providing services to corporate customers including current accounts, deposits, overdrafts, lending, trade related products and other credit facilities, foreign currency and derivative products.

Retail banking - providing services to personal customers including current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages and wealth management.

Treasury operations - consisting of foreign exchange transactions, customer-based interest rate and foreign exchange derivative transactions, money market transactions, proprietary trading and asset-liability management, including foreign currency translation gains and losses. The results of this segment include the inter-segment funding income and expenses resulting from variations in the growth of interest bearing assets and liabilities and foreign currency translation gains and losses.

Investment banking - consisting of debt and equity underwriting, financial advisory services, sales and trading of securities, stock brokerage, investment research and asset management services, and private equity investment services.

Insurance - underwriting of general and life insurance business and insurance agency services.

Other operations of the Group comprise investment holding and other miscellaneous activities, none of which constitute a separately reportable segment or can be allocated on a reasonable basis.

Notes to The Condensed Consolidated Financial Statements

For The Six Month Period Ended 30 June 2006

(Amount in millions of Renminbi, unless otherwise stated)

1. Segment information (continued)

Period ended 30 June 2006	Corporate banking	Retail banking	Treasury operation	Investment banking	Insurance	Others	Elimination	Total
Interest income	45,488	42,693	38,537	289	269	191	(27,343)	100,124
Interest expenses	(18,727)	(25,610)	(27,175)	(270)	(19)	(847)	27,347	(45,301)
Net interest income/(expense)	26,761	17,083	11,362	19	250	(656)	4	54,823
Fee and commission income	3,325	3,845	458	1,143	1	113	(719)	8,166
Fee and commission expense	(179)	(678)	(108)	(205)	(278)	(104)	227	(1,325)
Net fee and commission income/(expense)	3,146	3,167	350	938	(277)	9	(492)	6,841
Net trading income/(expense)	1,813	976	(2,033)	231	(428)	(3)	1	557
Net gains/(losses) on investment securities	-	-	101	-	-	(37)	-	64
Other operating income	29	93	34	6	4,558	3,158	(660)	7,218
Impairment losses on loans and advances	(4,639)	(835)	-	(5)	-	-	-	(5,479)
Other operating expenses	(9,623)	(11,933)	(3,909)	(229)	(3,714)	(959)	681	(29,686)
Operating profit	17,487	8,551	5,905	960	389	1,512	(466)	34,338
Share of results of associates	-	-	-	149	-	306	(84)	371
Profit before income tax	17,487	8,551	5,905	1,109	389	1,818	(550)	34,709
Income tax expense								(12,458)
Profit for the period								22,251
As at 30 June 2006								
Segment assets	1,811,161	636,140	2,689,385	17,189	16,864	79,484	(24,263)	5,225,960
Investments in associates	-	-	-	814	248	4,613	-	5,675
Total assets	1,811,161	636,140	2,689,385	18,003	17,112	84,097	(24,263)	5,231,635
Period ended 30 June 2006								
Capital expenditure	416	782	31	6	2	953	-	2,190

Period ended 30 June 2005	Corporate banking	Retail banking	Treasury operation	Investment banking	Insurance	Others	Elimination	Total
Interest income	39,651	31,600	24,679	243	183	129	(18,869)	77,616
Interest expenses	(13,806)	(15,474)	(17,683)	(180)	-	(534)	18,869	(28,808)
Net interest income/(expense)	25,845	16,126	6,996	63	183	(405)	-	48,808
Fee and commission income	2,660	2,587	484	275	1	90	(182)	5,915
Fee and commission expense	(138)	(785)	(269)	(104)	(255)	(28)	182	(1,397)
Net fee and commission income/(expense)	2,522	1,802	215	171	(254)	62	-	4,518
Net trading income/(expense)	1,584	755	424	90	(48)	(10)	-	2,795
Net gains on investment securities	-	1	18	-	-	1	-	20
Other operating income	73	156	3	29	2,696	2,560	(288)	5,229
Impairment (losses)/write back on loans and advances	(5,494)	571	-	(4)	-	(39)	-	(4,966)
Other operating expenses	(9,813)	(11,379)	(3,516)	(192)	(2,443)	(666)	288	(27,721)
Operating profit	14,717	8,032	4,140	157	134	1,503	-	28,683
Share of results of associates	-	-	-	46	-	2	-	48
Profit before income tax	14,717	8,032	4,140	203	134	1,505	-	28,731
Income tax expense								(10,957)
Profit for the period								17,774
As at 31 December 2005								
Segment assets	1,655,351	599,263	2,397,839	14,418	12,316	74,224	(18,424)	4,734,987
Investments in associates	-	-	-	668	-	4,393	-	5,061
Total assets	1,655,351	599,263	2,397,839	15,086	12,316	78,617	(18,424)	4,740,048
Period ended 30 June 2005								
Capital expenditure	342	665	32	4	25	698	-	1,766

Notes to The Condensed Consolidated Financial Statements

For The Six Month Period Ended 30 June 2006

(Amount in millions of Renminbi, unless otherwise stated)

1. Segment information (continued)

With effect from 1 January 2006, the internal funding transfer pricing mechanism of the Bank was revised. The new pricing mechanism is based on the market deposit and lending rates, adjusted for pre-determined margins with reference to the different products and respective maturities. Previously, blended mid prices between the Bank's average cost of funding and average yield on interest bearing assets were adopted, without taking into consideration the variety of products and respective maturities. The reason for the change is primarily to better reflect the performance of the individual segments as part of the Bank's efforts to enhance its assets and liabilities management capability.

The effect of the change in basis of pricing between business segments for the period ended 30 June 2005 is summarized below.

Period ended 30 June 2005	Corporate banking	Retail banking	Treasury operation	Investment banking	Insurance	Others	Total
Net interest income as reported previously	25,354	17,923	5,690	63	183	(405)	48,808
Effect of change - increase / (decrease)	491	(1,797)	1,306	-	-	-	-
Net interest income as revised	25,845	16,126	6,996	63	183	(405)	48,808
Operating profit as reported previously	14,226	9,829	2,834	157	134	1,503	28,683
Effect of change - increase / (decrease)	491	(1,797)	1,306	-	-	-	-
Operating profit as revised	14,717	8,032	4,140	157	134	1,503	28,683
Profit before income tax as reported previously	14,226	9,829	2,834	203	134	1,505	28,731
Effect of change - increase / (decrease)	491	(1,797)	1,306	-	-	-	-
Profit before income tax as revised	14,717	8,032	4,140	203	134	1,505	28,731

2. Net interest income

	For the six month period ended 30 June	
	2006	2005
Interest income		
Loans and advances to customers	60,707	52,120
Investment securities	30,652	19,909
Due from banks and other financial institutions	8,765	5,587
Sub-total	100,124	77,616
Interest expense		
Due to customers	(38,887)	(23,815)
Due to banks and other financial institutions	(4,122)	(2,827)
Other borrowed funds	(2,292)	(2,166)
Sub-total	(45,301)	(28,808)
Net interest income	54,823	48,808

Included in interest income is RMB 269 million and RMB 185 million with respect to the accretion of the discount on allowance for identified impaired loans for six month period ended 30 June 2006 and 2005 respectively.

3. Net fee and commission income

	For the six month period ended 30 June	
	2006	2005
Settlement and clearing fees	1,794	1,287
Agency commissions	2,201	1,235
Credit commitment fees	1,438	1,308
Bank card fees	1,365	1,049
Custodian and other fiduciary service fees	248	235
Others	1,120	801
Fee and commission income	8,166	5,915
Fee and commission expense	(1,325)	(1,397)
Net fee and commission income	6,841	4,518

4. Net trading income

	For the six month period ended 30 June	
	2006	2005
Net gains from foreign exchange and foreign exchange products	1,243	3,155
Net gains from precious metal transactions	136	85
Net losses from interest rate instruments	(1,008)	(355)
Net gains/(losses) from trading equity securities	180	(113)
Others	6	23
Total	557	2,795

5. Net gains on investment securities

	For the six month period ended 30 June	
	2006	2005
De-recognition of available-for-sale securities	97	40
Provision for impairment losses	(33)	(20)
Total	64	20

Notes to The Condensed Consolidated Financial Statements

For The Six Month Period Ended 30 June 2006

(Amount in millions of Renminbi, unless otherwise stated)

6. Other operating income

	For the six month period ended 30 June	
	2006	2005
Changes in fair value of investment properties	606	996
Insurance premiums arising from		
- Long term insurance contracts	3,600	1,891
- General insurance contracts	686	733
Net gains on disposal of shares in a subsidiary (1)	138	-
Gains on disposal of property and equipment and other assets	70	517
Dividend income	18	27
Others	2,100	1,065
Total	7,218	5,229

- (1) On 1 June 2006, Bank of China Group Insurance Company Limited, a wholly owned subsidiary of the Group disposed of 51% of its equity interest in BOC Group Life Assurance Company Limited to BOC Hong Kong (Holdings) Limited, a 65.87% owned listed subsidiary of the Group for a consideration of HKD 900 million in cash.

7. Other operating expenses

	For the six month period ended 30 June	
	2006	2005
Staff costs (Note II.8)	13,093	13,403
General operating and administrative expenses	5,861	5,114
Depreciation and amortization	2,840	3,135
Business and other taxes	2,987	2,670
Insurance claims and expenses arising from		
- Long term insurance contracts	3,099	1,836
- General insurance contracts	324	332
Operating lease rentals	820	727
Provision for litigation losses (Note II.30)	385	3
Other expenses	277	501
Total	29,686	27,721

8. Staff costs

	For the six month period ended 30 June	
	2006	2005
Salaries and benefits	9,748	9,020
Defined contribution plans (1)	1,495	659
Retirement benefits (2)	347	2,312
Housing funds	626	427
Social security costs	415	362
Others	462	623
Total	13,093	13,403

- (1) Contributions to defined contribution plans for the six month period ended 30 June 2006 and 2005 include the effect of deductions of forfeited contributions of RMB 12 million and RMB 14 million, respectively. The amounts of unutilized forfeited contributions available for further deduction are not material as of 30 June 2006 and 2005 respectively.
- (2) Included within retirement benefits are components of net periodic benefit cost related to the Bank's defined benefits payable to certain retired and early retired employees as below:

	For the six month period ended 30 June	
	2006	2005
Interest cost	159	126
Net actuarial loss recognized in the period	188	2,186
Total	347	2,312

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For The Six Month Period Ended 30 June 2006

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9. Income tax expense

	For the six month period ended 30 June	
	2006	2005
Current income tax		
Mainland China income tax	10,594	9,601
Hong Kong profits tax	1,330	1,211
Overseas taxation	212	185
	12,136	10,997
Deferred income tax (Note II.26)	322	(40)
	12,458	10,957

The provision for Mainland China income tax is calculated based on the statutory rate of 33% of the assessable income of the Bank and each of the subsidiaries established in Mainland China as determined in accordance with the relevant PRC income tax rules and regulations for each of the six month period ended 30 June 2006 and 2005.

The Group's operations in Hong Kong are subject to Hong Kong profits tax at the rate of 17.5% on the estimated assessable income for each of the six month period ended 30 June 2006 and 2005.

Taxation on overseas profits has been calculated on the estimated assessable profit at the rates of taxation prevailing in the countries or regions in which the Group operates.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic domestic tax rate of the Bank as follows:

	For the six month period ended 30 June	
	2006	2005
Profit before income tax	34,709	28,732
Tax calculated at 33%	11,454	9,482
Effect of different tax rates in Overseas Operations	(1,999)	(1,675)
Supplementary tax on overseas income paid in the PRC	1,688	865
Prior year tax expense adjustment (1)	(350)	(2)
Income not subject to tax	(1,263)	(708)
Expenses not deductible for tax purposes (2)	2,899	3,118
Others	29	(123)
Income tax expense	12,458	10,957

- (1) The prior year tax expense adjustment for the six month period ended 30 June 2006 primarily consisted of a tax deduction of the Group's realized loss amounting to RMB 860 million arising from the disposal of certain domestic equity investment in prior years. The approval from the Ministry of Finance and the PRC State Administration of Tax for the tax deduction was obtained on 22 March 2006.
- (2) Non-deductible expenses primarily include staff salary costs in excess of those permitted to be deducted under the relevant PRC tax regulations. The Group is currently in the process of applying for a revision to the statutory salary deductible threshold for its domestic employees from the PRC State Administration of Taxation("SAT"). In accordance with Guoshuihan[2006] No.484, "Response Letter on the Bank of China Limited salary deduction matter" issued by SAT on 19 May 2006, it was agreed in principle that, after the overseas listing of the Bank, the salary costs that are deductible for income tax purposes will be based on the performance of the Bank. The details related to the implementation of such deductibility threshold have however not yet been determined and are subject to further approval of relevant PRC government authorities and as a result, the effect of this has not been reflected in tax expense. The Group will continue to follow up with the relevant PRC government authorities regarding the detailed implementation plans of this approval in accordance with the relevant regulations and guidance.

10. Earnings per share (Basic & diluted)

Basic earnings per share have been computed by dividing the profit attributable to the equity holders of the Bank for the six month period ended 30 June 2006 by the weighted average number of ordinary shares in issue during the period.

The Group had no dilutive potential ordinary shares for the six month period ended 30 June 2006 and 2005.

	For the six month period ended 30 June	
	2006	2005
Profit attributable to equity holders of the Bank	19,477	15,181
Weighted average number of ordinary shares in issue (in millions)	218,002	186,390
Basic and diluted earnings per share (in RMB)	0.09	0.08

11. Cash and due from banks

	As at 30 June	As at 31 December
	2006	2005
Cash	29,811	28,644
Due from banks	6,974	12,438
Total	36,785	41,082

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(Amount in millions of Renminbi, unless otherwise stated)

12. Balances with central banks

	As at 30 June	As at 31 December
	2006	2005
Mandatory reserves	226,583	202,030
Other deposits	114,068	114,911
Total	340,651	316,941

The Group places mandatory reserve funds with the People's Bank Of China ("PBOC") and the central banks of other countries or regions where it has operations. As at 30 June 2006, mandatory reserve funds placed with the PBOC were calculated at 7.5% (2005: 7.5%) and 3% (2005: 3%) of eligible RMB deposits and foreign currency deposits from customers of domestic branches of the Bank respectively. The amounts of mandatory reserve funds placed with the central banks of other countries are determined by local jurisdiction.

The mandatory reserve funds are not available for use in the Group's day to day operations.

13. Placements with banks and other financial institutions

	As at 30 June	As at 31 December
	2006	2005
Placements with domestic banks	53,862	52,439
Placements with other domestic financial institutions	50,605	26,302
Placements with overseas banks and other financial institutions	189,217	253,904
	293,684	332,645
Allowance for impairment losses	(544)	(546)
	293,140	332,099
Impaired placements	544	546
Percentage of impaired placements to total placements with banks and other financial institutions	0.19%	0.16%

14. Trading assets and other financial instruments at fair value through profit or loss

	As at 30 June	As at 31 December
	2006	2005
Trading debt securities		
Government	27,761	19,116
Public sector and quasi-government	3,088	2,095
Financial institution	23,600	30,599
Corporate	3,794	4,179
	58,243	55,989
Other debt securities at fair value through profit or loss (designated at initial recognition)		
Government	9,267	10,704
Public sector and quasi government	11,218	12,974
Financial institution	26,667	19,979
Corporate	5,207	7,625
	52,359	51,282
Trading equity securities	3,565	4,511
	114,167	111,782
Analyzed as follows:		
Listed	80,695	90,543
Unlisted	33,472	21,239
	114,167	111,782

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15. Derivative financial instruments

The Group enters into a number of foreign exchange rate and interest rate related derivative financial instruments for trading and risk management purposes. These are discussed in our annual financial statements for the period ended 31 December 2005 together with discussions of the use of derivative financial instruments in managing the Group's exposure to market and currency risk.

The fair values of derivatives that are not quoted in active markets are determined by using valuation techniques. Valuation techniques used include discounted cash flows analysis and models. To the extent practical, models use only observable data, such as interest rate and foreign exchange rates, however areas such as credit risk (both own and counterparty's), volatilities and correlations require management to make estimates. Changes in such observable data and assumptions about these factors could affect reported fair values of financial instruments.

The contractual/notional amounts and fair values of derivative financial instruments held by the Group are disclosed below. The contractual/notional amounts of financial instruments provide a basis for comparison with fair value instruments recognized on the balance sheets but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Group's exposure to credit or market risks. The derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates or equity/commodity prices relative to their terms. The aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

	As at 30 June 2006			As at 31 December 2005		
	Contractual/ notional amount	Fair value		Contractual/ notional amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
Exchange rate derivatives						
Currency forwards (1)	800,207	8,412	(5,040)	563,397	6,991	(4,813)
Currency options purchased (2)	209,712	4,348	-	176,643	3,781	-
Currency options written	59,026	-	(708)	19,369	-	(374)
		12,760	(5,748)		10,772	(5,187)
Interest rate derivatives						
Interest rate swaps	402,830	6,194	(7,333)	361,332	3,132	(5,246)
Cross-currency interest rate swaps	38,209	1,943	(3,980)	39,427	1,735	(4,131)
Interest rate options purchased	33,967	146	-	11,584	148	-
Interest rate options written	115,561	-	(1,058)	98,994	-	(215)
Interest rate futures	17,552	21	(3)	14,939	28	(34)
		8,304	(12,374)		5,043	(9,626)
Equity derivatives	11,223	166	(227)	15,442	14	(7)
Precious metals derivatives	10,686	310	(412)	21,008	979	(932)
Total derivative financial instruments assets /(liabilities) (Note II.20)		21,540	(18,761)		16,808	(15,752)

- (1) Since 2005, the PBOC selected certain domestic banks, including the Bank, to conduct Foreign Exchange Swap transactions. Under these agreements, the PBOC sold USD to the Bank in spot transactions for RMB and agreed to buy back the USD after one year at agreed exchange rates, which reflect the interest rate differentials between USD and RMB at the respective inception date of the transactions.
- (2) On 5 January 2005, the Bank entered into a Foreign Currency Option Agreement with Central SAFE Investment Limited ("Huijin") whereby the Bank acquired options to sell to Huijin USD, totaling USD 18 billion, of no more than USD1, 500 million at the beginning of each calendar month during the year ending 31 December 2007 at a fixed exchange rate of USD1 to RMB 8.2769. The related option premium amounted to RMB 4,469 million, is payable by the Bank to Huijin in 12 equal monthly installments at the beginning of each calendar month during the year ending 31 December 2007.

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15. Derivative financial instruments (continued)

Credit risk weighted amounts

	As at 30 June	As at 31 December
	2006	2005
Derivatives		
Exchange rate contracts	4,816	3,744
Interest rate contracts	4,378	3,543
Other derivative contracts	32	45
	9,226	7,332

Replacement costs

	As at 30 June	As at 31 December
	2006	2005
Derivatives		
Exchange rate contracts	12,760	10,772
Interest rate contracts	8,304	5,043
Other derivative contracts	476	993
	21,540	16,808

The credit risk weighted amounts are calculated with reference to the guidelines issued by the China Banking Regulatory Commission ("CBRC") and are dependent on, among other factors, the creditworthiness of the counterparty and the maturity characteristics of each type of contract.

Replacement cost is the cost of replacing all contracts which have a positive value when marked to market (should the counterparty default on its obligations) and is obtained by marking contracts to market. Replacement cost is a close approximation of the credit risk for these contracts as of the balance sheet date.

The credit risk weighted amounts and replacement costs stated above have not taken the effects of netting arrangements into account.

16. Loans and advances to customers, net

	As at 30 June	As at 31 December
	2006	2005
Corporate loans and advances	1,864,298	1,712,262
Personal loans and advances	541,455	523,003
	2,405,753	2,235,265
Allowance for impairment losses	(88,128)	(83,153)
Loans and advances to customers, net	2,317,625	2,152,112

The Group reviews its loan portfolios to assess impairment on a periodic basis, unless known circumstances indicate that impairment may have occurred as of an interim date. In determining whether an impairment loss should be recorded in the consolidated income statements, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans and advances before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group (e.g. payment delinquency or default), or national or local economic conditions that correlate with defaults on assets in the Group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when estimating expected future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Geographical concentrations of risk for loans and advances to customers (gross) of the Group are as follows:

	As at 30 June		As at 31 December	
	2006		2005	
	%		%	
Chinese Mainland	1,972,848	82	1,800,142	81
Hong Kong and Macau	374,584	16	379,071	17
Other overseas locations	58,321	2	56,052	2
Gross amounts of loans and advances before allowance for impairment losses	2,405,753	100	2,235,265	100

Notes to The Condensed Consolidated Financial Statements

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16. Loans and advances to customers, net (continued)

Gross loans and advances to customers analyzed by customer type:

	As at 30 June	As at 31 December
	2006	2005
Chinese Mainland		
Corporate entities	1,327,327	1,224,873
Individuals	404,695	379,958
Trade bills	240,826	195,311
	1,972,848	1,800,142
Hong Kong, Macau and other overseas		
Corporate entities	267,258	262,363
Individuals	136,760	143,045
Trade bills	28,887	29,715
	432,905	435,123
Gross amounts of loans and advances before allowance for impairment losses	2,405,753	2,235,265

The economic sector concentration of risk for loans and advances to customers (gross) based on the Group's internal classification system are as follows:

	As at 30 June		As at 31 December	
	2006		2005	
Chinese Mainland	%		%	
Corporate loans				
Manufacturing	544,049	23	491,117	22
Commerce and services	276,491	12	255,460	12
Real estate	104,121	4	96,390	4
Energy, mineral and agriculture	233,357	10	210,281	10
Transportation and logistics	173,417	7	165,396	8
Public utilities	104,827	4	91,924	4
Construction	32,940	1	30,089	1
Financial services	96,439	4	77,237	3
Others	2,512	-	2,290	-
Corporate loan total	1,568,153	65	1,420,184	64
Personal loans				
Mortgage loans	308,387	13	286,829	13
Credit card advances	2,212	-	1,929	-
Others	94,096	4	91,200	4
Personal loan total	404,695	17	379,958	17
Total for Chinese Mainland	1,972,848	82	1,800,142	81
Hong Kong and Macau				
Corporate loans				
Manufacturing	38,822	2	34,285	2
Commerce and services	34,225	1	35,137	2
Real estate	88,671	4	86,419	3
Energy, mineral and agriculture	11,545	-	12,429	1
Transportation and logistics	22,004	1	21,783	1
Construction	4,380	-	4,874	-
Financial services	13,496	1	14,367	1
Others	25,699	1	27,613	1
Corporate loan total	238,842	10	236,907	11
Personal loans				
Mortgage loans	118,914	5	125,514	6
Credit card advances	4,674	-	4,856	-
Others	12,154	1	11,794	-
Personal loan total	135,742	6	142,164	6
Total for Hong Kong and Macau	374,584	16	379,071	17
Other overseas locations	58,321	2	56,052	2
Gross amounts of loans and advances before allowance for impairment losses	2,405,753	100	2,235,265	100

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16. Loans and advances to customers, net (continued)

	Identified impaired loans and advances (2)				Total	Identified impaired loans and advances as a % of gross total loans and advances
	Loans and advances for which an impairment allowance is collectively assessed (1)	for which allowance is collectively assessed	for which allowance is individually assessed	Sub-total		
At 30 June 2006						
Gross loans and advances	2,299,809	22,277	83,667	105,944	2,405,753	4.4%
Allowance for impairment losses	(27,234)	(11,874)	(49,020)	(60,894)	(88,128)	
Net loans and advances	2,272,575	10,403	34,647	45,050	2,317,625	
At 31 December 2005						
Gross loans and advances	2,125,735	26,288	83,242	109,530	2,235,265	4.9%
Allowance for impairment losses	(25,406)	(12,009)	(45,738)	(57,747)	(83,153)	
Net loans and advances	2,100,329	14,279	37,504	51,783	2,152,112	

(1) Loans and advances for which an impairment allowance is collectively assessed consist of loans and advances which have not been identified as impaired, i.e. primarily loans graded pass and special mention.

(2) Identified impaired loans and advances include loans for which objective evidence of impairment exists and which have been assessed as bearing an impairment loss. These include loans for which objective evidence of impairment has been identified and are assessed either:

- individually (including mainly significant corporate loans and advances which are graded substandard, doubtful or loss over a certain amount); or
- collectively, i.e. portfolios of insignificant homogenous loans, which include insignificant corporate loans and advances and all personal loans which are graded substandard, doubtful or loss.

17. Investment securities

	As at 30 June 2006	As at 31 December 2005
Debt securities available-for-sale (at fair value)		
Government	309,350	229,064
Public sector and quasi government	247,158	106,840
Financial institution	228,024	170,038
Corporate	134,643	87,068
	919,175	593,010
Equity securities (at fair value)	10,719	9,211
Total securities available-for-sale	929,894	602,221
Debt securities held-to-maturity (at amortized cost):		
Government	224,065	231,156
Public sector and quasi government	119,604	135,002
Financial institution	192,294	203,724
Corporate	33,163	37,577
	569,126	607,459
Allowance for impairment losses	-	-
Total securities held-to-maturity	569,126	607,459
Debt securities classified as loans and receivables (at amortized cost):		
China Orient Bond	160,000	160,000
PBOC Special Bills	91,612	91,530
Special Purpose Treasury Bond	42,500	42,500
Short term bills and notes		
Public sector and quasi government	15,260	6,096
Financial institution	67,676	49,993
Corporate	1,825	-
Certificate Treasury Bonds and others	10,647	11,888
	389,520	362,007
Allowance for impairment losses	(152)	(156)
Total securities classified as loans and receivables	389,368	361,851
Total	1,888,388	1,571,531
Analyzed as follows:		
Listed	779,858	679,470
Unlisted	1,108,530	892,061
	1,888,388	1,571,531

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17. Investment securities (continued)

The market values of the above listed held-to-maturity securities are set out below:

	As at 30 June 2006		As at 31 December 2005	
	Carrying value	Market value	Carrying value	Market value
Investment securities held-to-maturity				
Listed	321,213	321,029	332,841	334,235

18. Certificates of deposit held

Certificates of deposits held are included within the following balance sheet captions:

	As at 30 June	As at 31 December
	2006	2005
Trading assets and other financial instruments at fair value through profit or loss	5,011	3,147
Investment securities		
-available-for-sale	8,705	4,540
-held-to-maturity	14,177	18,817
-loans and receivables	267	460
	28,160	26,964
Analyzed as follows:		
Listed	817	1,171
Unlisted	27,343	25,793
	28,160	26,964
Market value of listed certificates of deposits held	817	1,169

19. Due to central banks

	As at 30 June	As at 31 December
	2006	2005
Special foreign exchange deposits from PRC government agencies	30,080	28,873
Borrowings from central banks	33	520
Others	382	662
Total	30,495	30,055

20. Derivative financial instruments and liabilities at fair value through profit or loss

	As at 30 June	As at 31 December
	2006	2005
Derivative financial instruments liabilities (Note II.15)	18,761	15,752
Liabilities at fair value through profit or loss		
Structured deposits	75,092	70,069
Short positions in foreign currency debt securities	4,057	3,740
Short position in exchange fund bills	3,262	1,613
Subtotal	82,411	75,422
Total	101,172	91,174

21. Due to customers

	As at 30 June	As at 31 December
	2006	2005
Demand deposits		
Corporate customers	940,638	836,763
Individual customers	734,894	667,957
Others	168,780	128,392
	1,844,312	1,633,112
Time deposits		
Corporate customers	558,621	511,983
Individual customers	1,645,505	1,554,369
	2,204,126	2,066,352
Total	4,048,438	3,699,464

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22. Bonds issued

	Issue date	Maturity date	Interest rate	As at 30 June 2006	As at 31 December 2005
Bonds issued					
1994 US Dollar Debt Securities	10 March 1994	15 March 2014	8.25%	177	179
Subordinated bonds issued (1)					
2004 RMB Debt Securities					
First Tranche	7 July 2004	20 July 2014	4.87%	14,070	14,070
Second Tranche	22 October 2004	16 November 2014	4.94%	12,000	12,000
2005 RMB Debt Securities					
First Tranche	18 February 2005	4 March 2015	4.83%	15,930	15,930
Second Tranche	18 February 2005	4 March 2020	5.18%	9,000	9,000
Second Tranche	18 February 2005	4 March 2015	Floating rate		
				9,000	9,000
				60,000	60,000
				60,177	60,179

- (1) These RMB denominated bonds are subordinated to all other claims on the assets of the Bank, except those of the equity holders. In the calculation of the Group's capital adequacy ratio, these bonds are qualified for inclusion as supplementary capital in accordance with the relevant CBRC guidelines.

23. Special purpose borrowings

	As at 30 June	As at 31 December
	2006	2005
Export credit loans	15,826	17,147
Foreign government loans	18,076	18,414
Other subsidized loans	15,720	16,603
Total	49,622	52,164

Special purpose borrowings are long-term borrowings in multiple currencies from foreign governments and/or banks in the form of export credit loans, foreign government loans and other subsidized loans. These special purpose loans are normally used to finance projects of special commercial purpose in the PRC and the Bank is obliged to repay these loans when they fall due.

As of 30 June 2006, the maturity of Special purpose borrowings ranges from 1 month to 37 years, with floating and fixed interest rates ranging from 0.2% to 9.2%, which are consistent with those related to similar development loans from these entities.

24. Other liabilities

Included in other liabilities are insurance liabilities as of 30 June 2006 and 31 December 2005 arising from insurance contracts analyzed as follows:

	As at 30 June	As at 31 December
	2006	2005
Long term insurance contracts	11,093	8,383
General insurance contracts	2,111	2,079
Total insurance liabilities, net	13,204	10,462

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25. Share appreciation rights plan and share option schemes

(1) Share Appreciation Rights Plan

On 22 November 2005, the Bank's Board of Directors and equity holders approved and adopted a Share Appreciation Rights Plan under which eligible participants including directors, supervisors, management and other personnel designated by the Board, will be granted share appreciation rights, up to 25% of which will be exercisable each year beginning on the third anniversary date from the date of the grant. The share appreciation rights will be valid for seven years from the date of grant. Eligible participants will be entitled to receive an amount equal to the difference, if any, between the average closing market price of the Bank's H shares in the ten days prior to the date of grant and the average closing market price of the Bank's H shares in the 12 months prior to the date of exercise as adjusted for any change in the Bank's equity. The plan provides cash-settled share-based payment only and accordingly, no share will be issued under the share appreciation rights plan.

No share appreciation rights were granted during the six month period ended 30 June 2006 and no rights were outstanding with respect to the Share Appreciation Rights Plan as of 30 June 2006 and 31 December 2005.

(2) Share Option Scheme and Sharesave Plan

On 10 July 2002, the equity holders of BOCHK Holdings, approved and adopted two share option schemes, namely, the Share Option Scheme and the Sharesave Plan.

No options were granted during the six month period ended 30 June 2006 and no options were outstanding with respect to the Share Option Scheme or the Sharesave Plan as of 30 June 2006 and 31 December 2005.

(3) BOCHK Holdings Pre-listing Share Option Scheme

On 5 July 2002, certain of the Bank's directors, senior management personnel and employees of the Group were granted options by BOC Hong Kong (BVI) Limited ("BOCHK (BVI)"), the immediate holding company of BOCHK Holdings, pursuant to a Pre-listing Share Option Scheme to purchase from BOCHK (BVI) an aggregate of 31,132,600 previously issued and outstanding shares of BOCHK Holdings for HKD8.50 per share. These options, with a ten-year term, vest ratably over four years from 25 July 2002. No further options will be granted under the Pre-listing Share Option Scheme. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Details of the movement of share options outstanding are as follows:

	Directors and key management	Other employees	Others (i)	Total number of share options
At 1 January 2006	6,142,500	10,619,250	1,446,000	18,207,750
Transfer	239,000	(239,000)	-	-
Less: Share options exercised during the period	-	(1,994,050)	-	(1,994,050)
At 30 June 2006	6,381,500	8,386,200	1,446,000	16,213,700

	Directors and key management	Other employees	Others (i)	Total number of share options
At 1 January 2005	6,142,500	12,849,300	1,446,000	20,437,800
Less: Share options exercised during the year	-	(2,121,550)	-	(2,121,550)
Less: Share options lapsed during the year	-	(108,500)	-	(108,500)
At 31 December 2005	6,142,500	10,619,250	1,446,000	18,207,750

(i) These represent share options held by former directors or former employees of the BOCHK Holdings.

Regarding the share options exercised during the six month period ended 30 June 2006 and the year ended 31 December 2005, the weighted average share price of BOCHK Holdings' shares at the time of exercise was HKD 15.88 (equivalent to RMB 16.42) and HKD 15.01 (equivalent to RMB 15.61), respectively.

26. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes related to the same fiscal authority. The table below includes the deferred income tax assets and liabilities of the Group after offsetting qualifying amounts:

	As at 30 June 2006	As at 31 December 2005
Deferred income tax assets	23,431	20,504
Deferred income tax liabilities	(2,053)	(2,136)
	21,378	18,368

The movements of the deferred income tax account are as follows:

	2006	2005
At 1 January	18,368	19,215
Charged to consolidated income statements	(322)	(962)
Available-for-sale securities	3,306	94
Exchange differences	26	21
At 30 June/31 December	21,378	18,368

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26. Deferred income taxes (continued)

Deferred income tax assets and liabilities are attributable to the following items:

	As at 30 June	As at 31 December
	2006	2005
Deferred income tax assets		
Asset impairment provisions	18,012	17,744
Fair value changes of trading assets and other financial instruments at fair value through profit or loss, available-for-sale assets, and derivative financial instruments	7,405	3,204
Statutory asset revaluation surplus	2,572	2,640
Pension and other benefit costs	542	578
Other temporary differences	210	311
Sub-total	28,741	24,477
Deferred income tax liabilities		
Fair value changes of trading assets and other financial instruments at fair value through profit or loss, and derivative financial instruments	(4,319)	(3,643)
Depreciation of property and equipment	(461)	(442)
Fair value changes of investment property	(1,987)	(1,978)
Other temporary differences	(596)	(46)
Sub-total	(7,363)	(6,109)
	21,378	18,368

27. Share capital and capital reserve

	Number of ordinary shares	Ordinary shares of RMB 1 each	Capital reserve	Total
	(in millions)			
Balance at 1 January 2006	209,427	209,427	(5,954)	203,473
Issue of ordinary shares (net of issuance costs) (1)	44,412	44,412	72,567	116,979
Balance at 30 June 2006	253,839	253,839	66,613	320,452

	Number of ordinary shares (in millions)	Ordinary shares of RMB 1 each	Capital reserve	Total
Balance at 1 January 2005	186,390	186,390	(10,432)	175,958
Issue of ordinary shares (net of issuance costs)(1)	23,037	23,037	3,964	27,001
Capital contribution from an equity holder	-	-	500	500
Others	-	-	14	14
Balance at 31 December 2005	209,427	209,427	(5,954)	203,473

As at 30 June 2006, the Bank's share capital is as follows:

	As at 30 June 2006
177,818,910,740 domestic listed A shares, par value RMB1.00 per share. (2)	177,819
76,020,251,269 overseas listed H shares, par value RMB1.00 per share. (2)	76,020
Total	253,839

- (1) On 13 March 2006, the Bank issued 8,514,415,652 ordinary shares to a new strategic investor at a cash consideration of RMB10 billion including share premium of RMB1.48 billion.

In June 2006, the Bank issued 29,403,878,000 H shares at a price of HKD2.95 per share, with share premium totaling RMB58.13 billion (net of share issuance costs of RMB2,435 million), through a global offering to Hong Kong and overseas investors ("Global Offering"). As part of the Global Offering, 46,616,373,269 shares held by the equity holders prior to the Global Offering were converted into H shares. As disclosed in 2005 annual financial statements, in connection with the subscription and purchase of shares by certain strategic investors, each investor entered into investor rights agreements with the Bank and Huijin. These investors' rights and obligations under their respective investor rights agreement included net asset protection, price protection and put option where Huijin has agreed to undertake to meet the settlement of these rights and obligations. The Bank has no obligation to Huijin with respect to the potential settlement of these rights and obligations. The related price protection and put option rights lapsed following the completion of the Global Offering by the Bank.

On 29 June 2006, the Bank issued 6,493,506,000 A shares with at a price of RMB3.08 per share, with share premium totaling RMB12.96 billion (net of share issuance costs of RMB549 million), through the A share initial public offering to the domestic investors. Upon the completion of A share initial public offering, 171,325,404,740 shares held by an equity holder prior to the A share initial public offering were converted into A shares.

- (2) All A shares and H shares rank pari passu with the same rights and benefits.

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28. Statutory reserves, General and regulatory reserve and Undistributed profits

	Statutory reserves	General and regulatory reserves	Undistributed profits	Total
Balance at 1 January 2006	5,987	5,109	10,188	21,284
Net profit	-	-	19,477	19,477
Appropriation to statutory reserves (1)	2,108	-	(2,108)	-
Appropriation to general reserve and regulatory reserve (2)	-	4,291	(4,291)	-
Dividends (3)	-	-	(1,375)	(1,375)
Sale of shares in subsidiaries	-	(2)	2	-
Balance at 30 June 2006	8,095	9,398	21,893	39,386

	Statutory reserves	General and regulatory reserves	Undistributed profits	Total
Balance at 1 January 2005	3,140	419	16,547	20,106
Net profit	-	-	25,921	25,921
Appropriation to statutory reserves (1)	2,847	-	(2,847)	-
Appropriation to general reserve and regulatory reserve (2)	-	4,690	(4,690)	-
Adoption of equity accounting for investment in associates	-	-	2,194	2,194
Dividends (3)	-	-	(26,937)	(26,937)
Balance at 31 December 2005	5,987	5,109	10,188	21,284

(1) Statutory reserves

Under relevant PRC Laws, the Bank is required to transfer 10% of its net profit, as determined under PRC GAAP, to a non-distributable Statutory surplus reserve. Appropriation to the Statutory surplus reserve may cease when the balance of such reserves has reached 50% of the share capital. Subject to the approval of the equity holders, the Statutory surplus reserve can be used for replenishing the accumulated losses or increasing the Bank's share capital. The Statutory surplus reserve amount used to increase the share capital is limited to a level where the balance of Statutory surplus reserve after such capitalization is not less than 25% of the share capital.

In addition, some overseas branches and subsidiaries are required to transfer a certain percentage of their net profit to the Statutory surplus reserve as stipulated by local banking authorities.

In accordance with the approval of the Board of Directors on 29 August 2006, the Bank appropriated 10% of the net profit for the six month period ended 30 June 2006 as reported in the PRC financial statements to the Statutory surplus reserves, amounting to RMB 1,964 million.

(2) General and regulatory reserves

Pursuant to Caijin [2005] No. 49 "Measures on General Provision for Bad and Doubtful Debts for Financial Institutions" issued by MOF on 17 May 2005, banks and certain other financial institutions in the PRC are required to maintain an adequate allowance for impairment losses against defined risk assets. In addition to the specific allowance for impairment losses, financial institutions are required to establish and maintain a general reserve within Equity holders' equity, through the appropriation of income to address unidentified potential impairment losses. According to Caijin [2005] No.49, the general reserve should not be less than 1% of the aggregate amount of risk assets as defined therein, before any allowance for impairment losses at the balance sheet date. The Bank intends to achieve the required reserve level within 3 years.

On 29 August 2006, the Board of Directors of the Bank approved the appropriation of RMB 4,291 million to the General reserves for the six month period end 30 June 2006.

The Regulatory reserve mainly refers to the reserve amount set aside by Bank of China (Hong Kong) Limited, a subsidiary of the Group, for general banking risks, including future losses or other unforeseeable risks. As at 30 June 2006 and 31 December 2005, the reserve amount set aside by Bank of China (Hong Kong) Limited was RMB 2,467 million and RMB 2,475 million respectively.

(3) Dividends

A dividend of RMB 1,375 million in respect of 2005 profits was paid to the equity holders of the Bank on 15 May 2006. No dividend was declared and paid during the six month ended 30 June 2005.

The Board of Directors does not propose to declare any dividend for the first half of 2006.

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29. Financial risk management

(1) Currency risk

The Group's net foreign currency positions as at 30 June 2006 and 31 December 2005 are analyzed below:

	Foreign Currency Position			
	As at 30 June 2006		As at 31 December 2005	
	In RMB' billion equivalent	In USD' billion equivalent	In RMB' billion equivalent	In USD' billion equivalent
Net on-balance sheet foreign currency position of the Group	602	76	485	60
Less:				
Net off-balance sheet foreign currency position of the Group	(232)	(29)	(171)	(21)
Net foreign currency position of the Group	370	47	314	39
Less:				
Foreign currency denominated net investments in foreign operations*	(106)	(14)	(106)	(13)
Net position (excluding structural position in foreign operations)	264	33	208	26

* The foreign currency denominated net investments in foreign operations represents the net assets/liabilities of overseas subsidiaries, branches or associated undertakings, the functional currencies of which are currencies other than RMB. The results and financial position of these operations are translated into RMB, for reporting purposes with all exchange differences arising from the translation recognized under the "Currency Translation Differences" as a separate component of equity. These exchange differences therefore do not impact the consolidated profit or loss of the Group.

The Group manages its sources and uses of foreign currencies to minimize potential mismatches. However, the Group's ability to manage its foreign currency positions in relation to the RMB is limited as RMB is not a freely convertible currency. According to the current applicable foreign currency policies of the PRC government, the conversion of foreign currency is subject to application and approval by the relevant PRC government authorities. The Bank has significant foreign currency positions, largely as a result of the foreign currency capital contributions from certain equity holders, the foreign currency surplus arising from the Bank's foreign currency operations and related accumulated profits and losses.

In 2005, the Bank entered into a foreign currency option agreement with Huijin having a notional amount of USD18 billion to economically hedge a portion of its net on-balance sheet foreign currency position (see Note II.15).

During the six month period ended 30 June 2006, the Bank executed certain foreign exchange transactions to reduce its net foreign currency position by USD3.3 billion.

Subsequent to the balance sheet date in August 2006, the Bank further effected certain foreign exchange transactions, further reducing its net foreign currency position by USD14.2 billion.

The following table illustrates the potential impact to the income statement for a 1 per cent fluctuation in the foreign currency exchange rates against RMB based on the net position of the Group excluding the net structural position in foreign operations as set forth above:

	30 June 2006	31 December 2005
	Profit / (loss)	Profit / (loss)
1% appreciation/ depreciation in foreign currency exchange rates against RMB	+/- 2,640	+/- 2,080

The above sensitivity analysis in response to potential movements in the foreign currency exchange rates against RMB is for illustrative purposes and only represents simple scenarios applied to the Bank's net outstanding foreign currency position as at the respective date. Such analysis does not take into account the correlation effect of change in different foreign currencies, any further actions that may have been or could be taken by management after the balance sheet date, subject to the approval by the PRC government, to mitigate the effect of exchange differences, nor for any consequential changes in the foreign currency positions.

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29. Financial risk management (continued)

(1) Currency risk (continued)

The table below summarizes the Group's exposure to foreign currency exchange rate risk as at 30 June 2006 and 31 December 2005. Included in the table are the carrying amounts of the assets and liabilities of the Group along with off-balance sheet positions and credit commitments in RMB, categorized by the original currency. Option products are included in the net off-balance sheet position using notional amounts.

	As at 30 June 2006							
	RMB	USD	HKD	EURO	JPY	GBP	Others	Total
Assets								
Cash and due from banks	19,366	5,300	5,462	1,697	2,018	554	2,388	36,785
Balances with central banks	297,893	13,280	3,351	463	23,734	-	1,930	340,651
Placements with banks and other financial institutions	100,532	56,124	92,627	16,440	2,740	5,202	19,475	293,140
Government certificates of indebtedness for bank notes issued	-	-	34,444	-	-	-	1,650	36,094
Precious metals	-	-	1,646	-	-	-	37,613	39,259
Trading assets and other financial instruments at fair value through profit or loss	28,558	44,204	18,632	10,886	6,720	76	5,091	114,167
Derivative financial instruments	-	14,656	5,632	443	318	233	258	21,540
Loans and advances to customers, net	1,571,860	351,110	312,432	38,037	24,695	4,379	15,112	2,317,625
Investment securities								
-available-for-sale	309,916	510,963	41,596	35,499	13,621	4,536	13,763	929,894
-held-to-maturity	267,857	211,185	67,791	5,142	210	1,753	15,188	569,126
-loans and receivables	311,152	5,648	56,260	-	-	284	16,024	389,368
Investments in associates	5,184	31	460	-	-	-	-	5,675
Property and equipment	45,906	230	12,817	138	1,129	501	1,517	62,238
Investment property	-	-	8,138	-	-	-	474	8,612
Deferred income tax assets	23,055	37	69	-	88	-	182	23,431
Other assets	13,676	14,897	11,011	1,245	700	222	2,279	44,030
Total assets	2,994,955	1,227,665	672,368	109,990	75,973	17,740	132,944	5,231,635

	As at 30 June 2006							
	RMB	USD	HKD	EURO	JPY	GBP	Others	Total
Liabilities								
Due to banks	96,973	23,677	4,185	2,369	9,499	307	34,412	171,422
Due to central banks	7	25,367	4,739	-	-	-	382	30,495
Bank notes in circulation	-	-	34,444	-	-	-	1,707	36,151
Certificates of deposits and placements from banks and other financial institutions	80,028	97,830	7,328	2,985	212	239	2,258	190,880
Derivative financial instruments and liabilities at fair value through profit or loss	-	77,290	22,176	1,031	143	263	269	101,172
Due to customers	2,876,575	443,064	526,682	41,220	40,386	25,453	95,058	4,048,438
Bonds issued	60,000	177	-	-	-	-	-	60,177
Special purpose borrowings	-	26,201	-	16,045	4,440	940	1,996	49,622
Current tax liabilities	17,855	253	1,823	23	-	-	683	20,637
Retirement benefit obligations	6,933	-	-	-	-	-	-	6,933
Deferred income tax liabilities	-	-	2,031	-	-	-	22	2,053
Other liabilities	73,274	21,662	29,599	1,441	1,082	731	784	128,573
Total liabilities	3,211,645	715,521	633,007	65,114	55,762	27,933	137,571	4,846,553
Net on-balance sheet position	(216,690)	512,144	39,361	44,876	20,211	(10,193)	(4,627)	385,082
Net off-balance sheet position	235,530	(264,170)	80,413	(49,256)	(31,475)	17,014	15,520	3,576
Credit commitments	478,011	325,303	141,771	46,965	19,286	4,101	8,759	1,024,196

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29. Financial risk management (continued)

(1) Currency risk (continued)

	As at 31 December 2005							Total
	RMB	USD	HKD	EURO	JPY	GBP	Others	
Assets								
Cash and due from banks	17,632	12,507	5,016	1,688	1,422	540	2,277	41,082
Balances with central banks	274,107	13,503	10,655	852	15,826	-	1,998	316,941
Placements with banks and other financial institutions	71,563	124,632	95,603	13,023	474	5,573	21,231	332,099
Government certificates of indebtedness for bank notes issued	-	-	33,945	-	-	-	1,641	35,586
Precious metals	-	-	1,736	-	-	-	25,238	26,974
Trading assets and other financial instruments at fair value through profit or loss	29,051	41,333	15,592	12,061	8,260	143	5,342	111,782
Derivative financial instruments	-	11,493	4,552	149	548	57	9	16,808
Loans and advances to customers, net	1,411,382	346,718	315,727	34,443	24,866	4,192	14,784	2,152,112
Investment securities								
-available-for-sale	230,512	284,807	29,829	28,884	13,891	5,128	9,170	602,221
-held-to-maturity	271,612	232,005	78,267	7,376	921	1,777	15,501	607,459
-loans and receivables	305,762	8,230	31,166	1,723	-	-	14,970	361,851
Investments in associates	4,547	31	483	-	-	-	-	5,061
Property and equipment	46,004	289	12,850	135	1,121	480	1,538	62,417
Investment property	-	-	8,040	-	-	-	471	8,511
Deferred income tax assets	20,177	24	86	-	30	-	187	20,504
Other assets	14,520	11,251	9,757	1,025	618	247	1,222	38,640
Total assets	2,696,869	1,086,823	653,304	101,359	67,977	18,137	115,579	4,740,048

	As at 31 December 2005							
	RMB	USD	HKD	EURO	JPY	GBP	Others	Total
Liabilities								
Due to banks	67,518	22,498	8,351	2,319	7,571	236	25,724	134,217
Due to central banks	1,084	24,162	4,650	29	-	32	98	30,055
Bank notes in circulation	-	-	33,945	-	-	-	1,786	35,731
Certificates of deposits and placements from banks and other financial institutions	142,106	55,077	8,065	2,081	3,968	278	1,051	212,626
Derivative financial instruments and liabilities at fair value through profit or loss	-	70,625	19,552	420	384	117	76	91,174
Due to customers	2,531,878	438,881	527,118	46,854	37,565	26,634	90,534	3,699,464
Bonds issued	60,000	179	-	-	-	-	-	60,179
Special purpose borrowings	-	28,370	-	16,251	4,665	1,092	1,786	52,164
Current tax liabilities	21,728	191	946	15	-	10	569	23,459
Retirement benefit obligations	7,052	-	-	-	-	-	-	7,052
Deferred income tax liabilities	-	-	2,114	-	-	-	22	2,136
Other liabilities	95,714	17,028	19,571	1,510	1,139	518	792	136,272
Total liabilities	2,927,080	657,011	624,312	69,479	55,292	28,917	122,438	4,484,529
Net on-balance sheet position	(230,211)	429,812	28,992	31,880	12,685	(10,780)	(6,859)	255,519
Net off-balance sheet position	173,666	(229,776)	73,943	(29,586)	(16,344)	15,331	15,197	2,431
Credit commitments	394,938	295,280	137,425	30,874	21,185	2,049	14,011	895,762

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29. Financial risk management (continued)

(2) Liquidity risk

The table below summarizes the assets and liabilities of the Group by relevant maturity groupings based on the remaining period at balance sheet date to the contract maturity date.

As at 30 June 2006	Overdue	On demand	Less than 1 month	Between 1-3 months	Between 4-12 months	Between 1-5 years	Over 5 years	Total
Assets								
Cash and due from banks	-	36,785	-	-	-	-	-	36,785
Balances with central banks	-	113,038	226,583	1,030	-	-	-	340,651
Placements with banks and other financial institutions	-	41	201,708	65,568	25,668	155	-	293,140
Government certificates of indebtedness for bank notes issued	-	36,094	-	-	-	-	-	36,094
Precious metals	-	39,259	-	-	-	-	-	39,259
Trading assets and other financial instruments at fair value through profit or loss	-	203	9,059	3,415	15,861	49,270	36,359	114,167
Derivative financial instruments	-	5,635	1,761	736	3,420	5,830	4,158	21,540
Loans and advances to customers, net	39,994	31,396	123,054	269,922	820,925	544,030	488,304	2,317,625
Investment securities								
-available-for-sale	-	3,587	15,631	48,030	139,577	323,507	399,562	929,894
-held-to-maturity	-	-	20,993	82,754	167,299	213,201	84,879	569,126
-loans and receivables	-	-	18,525	38,520	41,506	247,065	43,752	389,368
Investments in associates	-	-	-	-	-	389	5,286	5,675
Property and equipment	-	-	-	-	-	-	62,238	62,238
Investment property	-	-	-	-	-	-	8,612	8,612
Deferred income tax assets	-	-	-	-	37	23,394	-	23,431
Other assets	306	4,895	12,144	5,626	16,482	3,119	1,458	44,030
Total assets	40,300	270,933	629,458	515,601	1,230,775	1,409,960	1,134,608	5,231,635

As at 30 June 2006	Overdue	On demand	Less than 1 month	Between 1-3 months	Between 4-12 months	Between 1-5 years	Over 5 years	Total
Liabilities								
Due to banks	-	171,422	-	-	-	-	-	171,422
Due to central banks	-	7,905	6	5,036	17,548	-	-	30,495
Bank notes in circulation	-	36,151	-	-	-	-	-	36,151
Certificates of deposits and placements from banks and other financial institutions	-	1,734	96,698	38,479	32,962	21,007	-	190,880
Derivative financial instruments and liabilities at fair value through profit or loss	-	2,015	11,363	11,439	38,180	25,798	12,377	101,172
Due to customers	-	1,722,814	595,367	394,010	1,020,027	314,867	1,353	4,048,438
Bonds issued	-	-	-	-	-	-	60,177	60,177
Special purpose borrowings	-	-	874	736	5,368	20,088	22,556	49,622
Current tax liabilities	-	855	17	12	19,690	-	63	20,637
Retirement benefit obligations	-	-	76	150	655	2,842	3,210	6,933
Deferred income tax liabilities	-	-	-	-	1,696	357	-	2,053
Other liabilities	438	51,458	27,843	4,218	31,395	12,997	224	128,573
Total liabilities	438	1,994,354	732,244	454,080	1,167,521	397,956	99,960	4,846,553
Net liquidity gap	39,862	(1,723,421)	(102,786)	61,521	63,254	1,012,004	1,034,648	385,082

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29. Financial risk management (continued)

(2) Liquidity risk (continues)

As at 31 December 2005	Overdue	On demand	Less than 1 month	Between 1-3 months	Between 4-12 months	Between 1-5 years	Over 5 years	Total
Assets								
Cash and due from banks	-	41,082	-	-	-	-	-	41,082
Balances with central banks	-	113,872	202,030	1,019	20	-	-	316,941
Placements with banks and other financial institutions	-	-	220,629	92,650	18,707	113	-	332,099
Government certificates of indebtedness for bank notes issued	-	35,586	-	-	-	-	-	35,586
Precious metals	-	26,974	-	-	-	-	-	26,974
Trading assets and other financial instruments at fair value through profit or loss	-	-	6,301	3,113	15,287	56,028	31,053	111,782
Derivative financial instruments	-	3,890	2,042	753	1,583	5,347	3,193	16,808
Loans and advances to customers, net	40,150	28,363	107,549	220,426	795,450	506,258	453,916	2,152,112
Investment securities	-	-	-	-	-	-	-	-
-available-for-sale	-	292	6,926	17,622	128,532	255,548	193,301	602,221
-held-to-maturity	-	-	31,360	70,239	160,474	247,593	97,793	607,459
-loans and receivables	-	-	29,505	16,996	11,520	260,085	43,745	361,851
Investments in associates	-	-	-	-	-	407	4,654	5,061
Property and equipment	-	-	-	-	-	-	62,417	62,417
Investment property	-	-	-	-	-	-	8,511	8,511
Deferred income tax assets	-	-	-	-	2	20,502	-	20,504
Other assets	302	4,418	7,823	6,743	10,145	3,812	5,397	38,640
Total assets	40,452	254,477	614,165	429,561	1,141,720	1,355,693	903,980	4,740,048

As at 31 December 2005	Overdue	On demand	Less than 1 month	Between 1-3 months	Between 4-12 months	Between 1-5 years	Over 5 years	Total
Liabilities								
Due to banks	-	134,217	-	-	-	-	-	134,217
Due to central banks	-	29,506	529	20	-	-	-	30,055
Bank notes in circulation	-	35,731	-	-	-	-	-	35,731
Certificates of deposits and placements from banks and other financial institutions	-	640	79,584	47,363	50,464	34,575	-	212,626
Derivative financial instruments and liabilities at fair value through profit or loss	-	1,805	9,124	9,301	22,996	38,091	9,857	91,174
Due to customers	-	1,615,637	521,284	441,468	840,668	278,098	2,309	3,699,464
Bonds issued	-	-	-	-	-	-	60,179	60,179
Special purpose borrowings	-	-	1,046	816	5,361	20,840	24,101	52,164
Current tax liabilities	-	13	-	-	23,446	-	-	23,459
Retirement benefit obligations	-	-	76	151	661	2,883	3,281	7,052
Deferred income tax liabilities	-	-	-	-	1,782	354	-	2,136
Other liabilities	-	74,494	14,906	5,585	28,384	12,170	733	136,272
Total liabilities	-	1,892,043	626,549	504,704	973,762	387,011	100,460	4,484,529
Net liquidity gap	40,452	(1,637,566)	(12,384)	(75,143)	167,958	968,682	803,520	255,519

(3) Interest rate risk

The Group takes on exposures to the effects of changes in the prevailing level of market interest rates on its financial position and cash flows. Fluctuations in interest rates could therefore affect the Bank's financial conditions and results of operations in different ways. The general increase in interest rates in the RMB and USD markets for the six month period to 30 June 2006, amongst other things, has decreased the value of the Bank's fixed rate debt securities portfolio as at 30 June 2006. In particular, the net decrease in fair value changes of the Group's debt securities designated as available-for-sale securities is reflected through "Reserves for fair value changes of available-for-sale securities".

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30. Contingent liabilities and commitments

(1) Legal proceedings

As at 30 June 2006, the Group was involved in certain lawsuits as defendants arising from its normal business operations. As at 30 June 2006 and 31 December 2005, provisions of RMB 1,878 million and RMB 1,516 million respectively, were made based on court judgments or the advice of counsel. Based on the advice of legal counsel professionals, management believes that the ultimate outcome of these lawsuits will not have a material impact on the financial position or result of operations of the Group.

(2) Assets pledged

Assets pledged as collateral for repurchase agreements and short positions with other banks and financial institutions are set forth in the tables below. As at 30 June 2006 and 31 December 2005, the Group had such repurchase agreements and short positions amounting to RMB 78,597 million and RMB 62,108 million, respectively. All such agreements mature within twelve months from inception.

	As at 30 June	As at 31 December
	2006	2005
Precious metals	52	2,617
Bills	5,569	11,968
Debt securities	76,822	49,658
Total	82,443	64,243

The Group has accepted collateral that it is permitted to sell or re-pledge in connection with its reverse repo agreements. The fair value of the collateral accepted by the Group was RMB 87,405 million and RMB 69,789 million, as at 30 June 2006 and 31 December 2005, respectively. The Group had an obligation to return collateral that it has sold with a fair value of RMB 875 million and RMB 1,130 million, as at 30 June 2006 and 31 December 2005, respectively.

(3) Capital commitments

	As at 30 June	As at 31 December
	2006	2005
Contracted but not provided for	2,152	1,893
Authorized but not contracted for	2,257	2,687
	4,409	4,580

(4) Operating leases

According to the irrevocable operating lease contracts, the minimum rental payments that should be paid by the Group in the future are summarized as follows:

	As at 30 June	As at 31 December
	2006	2005
Within one year	1,401	1,371
One to two years	1,159	1,085
Two to three years	851	807
Above three years	2,566	2,546
	5,977	5,809

(5) Certificate Treasury Bond redemption commitments

The Bank is entrusted by the MOF to underwrite certain Certificate Treasury Bonds. The investors of Certificate Treasury Bonds have a right to redeem the bonds at par any time prior to maturity and the Bank is committed to redeem those bonds. The redemption price is the principal value of the Certificate Treasury Bonds plus unpaid interest.

The Bank's redemption commitments, representing the principal value of the bonds underwritten and sold by the Bank, amounted to RMB 84,056 million and RMB 80,965 million, as at 30 June 2006 and 31 December 2005, respectively. The original maturities of these bonds vary from 1 to 5 years. As the deposits base rate established by the PBOC is currently lower than the yields on all issues of Certificate Treasury Bonds, management expects the amount of redemption before the maturity dates of those bonds through the Bank will not be material.

The MOF will not provide funding for the early redemption of these Certificate Treasury Bonds on a back-to-back basis but will pay interest and repay the principal at maturity.

(6) Credit commitments

	As at 30 June	As at 31 December
	2006	2005
Credit commitments (i)		
with an original maturity of under one year	182,770	182,965
with an original maturity of one year or over	238,005	201,745
Acceptances	230,434	195,234
Letters of guarantee issued	255,779	212,987
Letters of credit issued	115,686	101,195
Others	1,522	1,636
Total	1,024,196	895,762

- (i) Credit commitments represent general credit facility limits for our corporate customers. These credit facilities may be drawn in the form of cash advances or the issuance of letters of credit, acceptances or letters of guarantee.

Notes to The Condensed Consolidated Financial Statements

For The Six Month Period Ended 30 June 2006

(Amount in millions of Renminbi, unless otherwise stated)

30. Contingent liabilities and commitments (continued)

(7) Credit risk weighted amounts of off balance sheet exposures

	As at 30 June	As at 31 December
	2006	2005
Contingent liabilities and commitments	402,448	329,697

The credit risk weighted amounts are the amounts calculated in accordance with the guidelines issued by the CBRC and are dependent on, among other factors, the creditworthiness of the counterparty and the maturity characteristics. The risk weights used range from 0% to 100% for contingent liabilities and commitments.

The credit risk weighted amounts stated above have not taken into account the effects of netting arrangements.

31. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise the following balances with original maturity less than three months:

	As at 30 June	As at 30 June
	2006	2005
Cash and due from banks	35,445	39,030
Balances with central banks	113,039	130,427
Placements with banks and other financial institutions	210,079	221,350
Short term bills and notes	30,910	24,149
Total	389,473	414,956

32. Related party transactions

Related parties are those parties that have the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Parties are also considered to be related if they are subject to common control. The Group is subject to the control of the State Council of the PRC Government through Huijin.

(1) Financial restructuring arrangements with the MOF

As at 30 June 2006, the Group had a liability of RMB 13,021 million (31 December 2005: RMB 17,362 million) to the MOF in respect of the excess of the appraised value of the net assets of the Bank as at 31 December 2003 over the amount of the share capital of the Bank as at the date of the government directed financial restructuring which involved the sales of non-performing loans and policy related assets and various capital injections by the government through Huijin in the conversion of the Bank into a joint stock limited company during 2003 and 2004. This liability included in "other liabilities" is non-interest bearing and is to be paid in four annual installments before 31 December 2008.

(2) Transactions with the MOF and the PBOC

The Group enters into banking transactions with the MOF and the PBOC in the normal course of business. These include purchase and redemption of investment securities issued by the MOF and the PBOC; maintenance of mandatory reserves, other deposits and amounts due to the PBOC; underwriting and distribution of Certificate Treasury Bonds issued by the MOF through the Group's branch network and earning commission income based on such bonds sold. Details of mandatory reserves and other deposits with the PBOC are set out in Note II.12. Foreign Currency Swap transactions with the PBOC are described in Note II.15. Details of balances due to the PBOC are set out in Note II.19. Details of other transactions and balances are set forth below.

(i) Treasury bonds and PBOC bonds

The Group purchases and redeems bonds issued by the MOF and the PBOC. The volume of such transactions and related interest rate range for the six month ended 30 June 2006 and 2005 and the outstanding balances as of the respective period/year end dates are set out below:

	For the six month period ended 30 June	
	2006	2005
Purchases during the period	354,418	252,620
Redemption/sales during the period	299,827	126,152
Interest rate range (Note II.32(7)):	1.22%-9.00%	1.12%-7.75%
	2006	2005
Outstanding balance at 1 January	533,625	271,120
Outstanding balance at 30 June/31 December	584,002	533,625

(ii) Transactions with the MOF in relation to the underwriting and distribution of Certificate Treasury Bonds

The Group underwrites Certificate Treasury Bonds issued by the MOF and undertakes the role of a distributor of these bonds through its branch network and earns commission income based on the amount of such bonds sold.

	For the six month period ended 30 June	
	2006	2005
Total distribution of Certificate Treasury Bonds in the period	18,200	15,600
Commission income earned in the period	179	122
	2006	2005
Outstanding balance at 1 January	10,185	8,717
Outstanding balance at 30 June/31 December	10,494	10,185

Notes to The Condensed Consolidated Financial Statements

For The Six Month Period Ended 30 June 2006

(Amount in millions of Renminbi, unless otherwise stated)

32. Related party transactions (continued)

(3) Transactions with Huijin

Huijin became the equity holder of the Bank from 30 December 2003. As at 30 June 2006, Huijin owned 67.49% equity interest in the Bank following the completion of the Bank's Global Offering and A share initial public offering.

On 5 January 2005, the Bank entered into a Foreign Currency Option Agreement with Huijin whereby the Bank acquired options to sell to Huijin USD, totaling USD 18 billion, of no more than USD1,500 million at the beginning of each calendar month during the year ending 31 December 2007 at a fixed exchange rate of USD 1 to RMB 8.2769. The related option premium totalled RMB 4,469 million, which is payable by the Bank to Huijin in 12 equal monthly installments at the beginning of each calendar month during the year ending 31 December 2007.

On 15 May 2006, a dividend of RMB 1,375 million, relating to the year ended 31 December 2005, was paid to Huijin, in accordance with the approval by the equity holders at a post-adjournment session of the Annual General Meeting on 30 April 2006.

Deposit placement from Huijin

	2006	2005
At 1 January	38,869	-
Deposits received during the period/year	156,679	42,972
Deposits matured/repaid during the period/year	(173,709)	(4,103)
At 30 June/31 December	21,839	38,869

The interest range in respect of the deposit placement from Huijin for the six month period ended 30 June 2006 varied from 0.72% to 4.59% depending on maturity and currency.

(4) Transactions with other companies controlled by Huijin

Huijin also has controlling equity interests in certain other bank and non-bank entities in the PRC. The Group enters into banking transactions with these companies in the normal course of its business. These include trading assets, investment securities and money market transactions.

The volume of such transactions and related interest rate range for the period ended 30 June 2006 and 2005 and the outstanding balances with these companies as of 30 June 2006 and 31 December 2005 are as follows:

(i) Trading assets and investment securities

	For the six month period ended 30 June	
	2006	2005
Purchases during the period	288	493
Redemption/sales during the period	574	587
Interest rate range (Note II.32 (7))	0.26%-5.90%	0.26%-5.90%
	2006	2005
Outstanding balance at 1 January	2,400	2,183
Outstanding balance at 30 June/31 December	2,113	2,400

(ii) Due from banks

	For the six month period ended 30 June	
	2006	2005
Interest rate range (Note II.32 (7))	0.002%-5.35%	0.002%-1.62%
	2006	2005
Outstanding balance at 1 January	88	94
Outstanding balance at 30 June/31 December	170	88

(iii) Placements with banks and other financial institutions

	For the six month period ended 30 June	
	2006	2005
Interest rate range (Note II.32 (7))	2.95%-5.75%	0.37%-4.38%
	2006	2005
Outstanding balance at 1 January	2,318	3,537
Outstanding balance at 30 June/31 December	3,925	2,318

(iv) Due to banks

	For the six month period ended 30 June	
	2006	2005
Interest rate range (Note II.32 (7))	0.002%-3.00%	0.002%-1.62%
	2006	2005
Outstanding balance at 1 January	2,076	1,895
Outstanding balance at 30 June/31 December	3,088	2,076

Notes to The Condensed Consolidated Financial Statements

For The Six Month Period Ended 30 June 2006

(Amount in millions of Renminbi, unless otherwise stated)

32. Related party transactions (continued)

(4) Transactions with other companies controlled by Huijin (continued)

(v) Placements from banks and other financial institutions

	For the six month period ended 30 June	
	2006	2005
Interest rate range (Note II.32 (7))	1.66%-5.25%	0.09%-2.25%
	2006	2005
Outstanding balance at 1 January	243	-
Outstanding balance at 30 June/31 December	893	243

(5) Transactions with other state controlled entities

The Bank is subject to the control of the State Council of the PRC Government through Huijin, which also directly and indirectly controls a significant number of entities through its government authorities, agencies and affiliates. Accordingly, the Group has extensive transactions with other state controlled entities. Consistent with those disclosed in the Group's consolidated financial statements for the year ended 31 December 2005, the nature of these transactions for the six month periods ended 30 June 2006 and 2005, conducted in the ordinary course of business, includes, but are not limited to, the following:

- Lending, provision of credits and guarantees and deposit taking;
- Inter-bank balance taking and placing;
- Sale, purchase, underwriting and redemption of bonds issued by other state-controlled-entities;
- Rendering of foreign exchange, remittance, investment related services;
- Entrusted lending and provision of other custody services; and
- Purchasing of utilities, telecommunication and postal services.

Management is of the view that the nature and substance of the transactions with state controlled entities for the six month period ended 30 June 2006 are not substantially different from those disclosed in the 2005 annual financial statements.

(6) Transactions with associates

The Group enters into banking transactions with associates in the normal course of business under commercial terms and at market rates. These include loans and advances, deposit taking and such other normal banking businesses. The outstanding balances with associates and related allowance for impairment losses as of the respective period/ year end dates, and the volume of transactions for the periods ended 30 June 2006 and 31 December 2005 are stated below. The related interest income and expense amounts are not considered significant.

(i) Loans and advances

	2006	2005
Outstanding balance as at 1 January	7,240	1,246
Granted during the period/year	18	8,128
Repaid during the period/year	(6,095)	(989)
Write-off and other changes during the period/year	-	(1,145)
Outstanding balance as at 30 June/31 December	1,163	7,240
Allowance for impairment losses as at 30 June/31 December	(190)	(119)

(ii) Deposits

	2006	2005
Outstanding balance as at 1 January	856	1,227
Received during the period/year	3,250	3,879
Repaid and other changes during the period/year	(1,959)	(4,250)
Outstanding balance as at 30 June/31 December	2,147	856

(iii) Trading assets and investment securities

	2006	2005
Outstanding balance as at 1 January	188	-
Purchases during the period/year	-	1,307
Redemption/sales during the period/year	(188)	(1,123)
Fair value changes and others	-	4
Outstanding balance at 30 June/31 December	-	188

(7) Interest rate

Interest rate disclosed in Note II.32(2) to (4) varies across product groups and transactions depending on maturity, credit risk of the counterparty and currency. In particular, given local market conditions, the spread of certain significant or long-dated transactions can vary across the market.

(8) Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including Directors and Executive officers.

The Group enters into banking transactions with key management personnel in the normal course of business.

Notes to The Condensed Consolidated Financial Statements

For The Six Month Period Ended 30 June 2006

(Amount in millions of Renminbi, unless otherwise stated)

During the six month period ended 30 June 2006 and the year ended 31 December 2005, there were no material transactions and balances with key management personnel on an individual basis.

The key management compensation for the periods ended 30 June 2006 and 2005 is detailed as follows:

	For the six month period ended 30 June	
	2006	2005
Short-term employment benefits	11	6
Post-employment benefits	1	-
Total	12	6

33. Events after the balance sheet date

Subsequent to the balance sheet date in August 2006, the Bank entered into certain foreign currency transactions to reduce its net foreign currency position by USD 14.2 billion(see Note 11.29(1))

APPENDIX I Unaudited Supplementary Financial Information

(Amount in millions of Renminbi, unless otherwise stated)

1. Liquidity ratios

	As at 30 June	As at 31 December
	2006	2005
RMB current assets to RMB current liabilities	32.03%	48.92%
Foreign currency current assets to foreign currency current liabilities	45.88%	87.36%

The above liquidity ratios are calculated in accordance with the formula promulgated by the PBOC and China Banking Regulatory Commission ("CBRC") and based on the financial information prepared in accordance with PRC GAAP as at 30 June 2006 and 31 December 2005.

2. Capital adequacy ratios

	As at 30 June	As at 31 December
	2006	2005
Core capital adequacy ratio	10.63%	8.08%
Capital adequacy ratio	12.40%	10.42%

The above capital adequacy ratios are calculated in accordance with the rules and regulations promulgated by the CBRC and based on the financial information prepared in accordance with PRC GAAP as at 30 June 2006 and 31 December 2005.

APPENDIX I Unaudited Supplementary Financial Information

(Amount in millions of Renminbi, unless otherwise stated)

3. Capital adequacy ratio related components

The capital adequacy ratio related components used in the calculation of the adequacy ratios as at 30 June 2006 and 31 December 2005 presented in note 2 above, calculated based on the financial information prepared in accordance with PRC GAAP, are analyzed as below. All figures included in the calculation are extracted from PRC GAAP financial statements of the Group.

	As at 30 June	As at 31 December
	2006	2005
Components of Capital base		
Core capital:		
Share capital	253,839	209,427
Reserves	115,756	25,795
Minority interest	28,812	28,778
Total core capital	398,407	264,000
Supplementary capital:		
General provisions	26,993	25,677
Long-term subordinated bonds issued	60,000	60,000
Others	(11,954)	(1,380)
Gross value of supplementary capital	75,039	84,297
Total capital base before deductions	473,446	348,297
Deductions:		
Investments in non-consolidated financial institutions	(2,385)	(2,877)
Investment properties	(5,503)	(5,697)
Investments in non-financial institutions	(13,531)	(13,486)
Total capital base after deductions	452,027	326,237
Core capital base after deductions(1)	387,698	252,970
Risk-weighted assets and market risk capital adjustment		
Risk-weighted assets and market risk capital adjustment	3,645,527	3,131,002

(1) Pursuant to the relevant regulations, 50% of total deductions were applied in deriving the core capital base.

4. Currency concentrations other than RMB

	Equivalent in million of RMB			
	USD	HKD	Others	Total
As at 30 June 2006				
Spot assets	1,241,244	678,731	338,075	2,258,050
Spot liabilities	(728,666)	(636,729)	(287,808)	(1,653,203)
Forward purchases	358,608	144,566	164,929	668,103
Forward sales	(494,574)	(64,702)	(199,397)	(758,673)
Net options position	(123,155)	(1,554)	(4,363)	(129,072)
Net long position	253,457	120,312	11,436	385,205
Net structural position	695	24,056	3,759	28,510

	Equivalent in million of RMB			
	USD	HKD	Others	Total
As at 31 December 2005				
Spot assets	1,098,680	635,734	300,855	2,035,269
Spot liabilities	(669,188)	(628,115)	(277,674)	(1,574,977)
Forward purchases	276,202	141,283	160,668	578,153
Forward sales	(367,380)	(65,733)	(172,536)	(605,649)
Net options position	(141,639)	(1,637)	(1,834)	(145,110)
Net long position	196,675	81,532	9,479	287,686
Net structural position	320	21,373	3,745	25,438

The net options position is calculated using the delta equivalent approach as set out in the requirements of the banking return of the Hong Kong Monetary Authority. Structural assets and liabilities that are netted to arrive at the above structural position include the following:

- * Investments in fixed assets and premises, net of depreciation charges;
- * Capital and statutory reserves of overseas branches;
- * Investments in overseas subsidiaries and related companies; and
- * Loan capital.

APPENDIX I Unaudited Supplementary Financial Information

(Amount in millions of Renminbi, unless otherwise stated)

5. Cross-border claims

The Group is principally engaged in business operations within Mainland China, and regards all claims on third parties outside Mainland China as cross-border claims.

Cross-border claims include balances with central banks, placements with banks and other financial institutions, government certificates of indebtedness for bank notes issued, trading assets and other financial instruments at fair value through profit or loss, loans and advances to customers and investment securities.

Cross-border claims have been disclosed by different country or geographical areas. A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of cross-border claims, after taking into account any risk transfers. Risk transfer is only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country.

	Banks and other financial institutions	Public sector entities	Others	Total
As at 30 June 2006				
Asia Pacific excluding Mainland China				
-Hong Kong	35,454	22,893	339,324	397,671
-Other Asia Pacific locations	123,210	38,630	56,971	218,811
	158,664	61,523	396,295	616,482
North and South America	125,075	459,294	160,790	745,159
Europe	303,408	17,287	49,088	369,783
Middle East and Africa	1,880	1,181	2,559	5,620
	589,027	539,285	608,732	1,737,044
	Banks and other financial institutions	Public sector entities	Others	Total
As at 31 December 2005				
Asia Pacific excluding Mainland China				
-Hong Kong	26,914	28,355	346,806	402,075
-Other Asia Pacific locations	113,010	49,388	52,757	215,155
	139,924	77,743	399,563	617,230
North and South America	99,082	247,242	157,515	503,839
Europe	327,745	14,108	58,315	400,168
Middle East and Africa	1,463	977	3,494	5,934
	568,214	340,070	618,887	1,527,171

6. Overdue assets

For the purposes of the tables below, loans and advances to customers and placements with banks and other Financial institutions are considered overdue if either principal or interest payment is overdue.

(i) Gross amount of overdue loans and advances to customers

	As at 30 June 2006	As at 31 December 2005
Gross loans and advances to customers which		
– between 3 and 6 months	9,729	14,012
– between 6 and 12 months	20,097	21,778
– over 12 months	51,539	40,231
	81,365	76,021
Percentage:		
– between 3 and 6 months	0.40%	0.63%
– between 6 and 12 months	0.84%	0.97%
– over 12 months	2.14%	1.80%
	3.38%	3.40%

(ii) Gross amount of overdue placements with banks and other financial institutions

	As at 30 June 2006	As at 31 December 2005
Gross placements with banks and other financial institutions which have been overdue for:		
– between 3 and 6 months	-	-
– between 6 and 12 months	-	-
– over 12 months	544	546
	544	546
Percentage:		
– between 3 and 6 months	-	-
– between 6 and 12 months	-	-
– over 12 months	0.19%	0.16%
	0.19%	0.16%

APPENDIX I Unaudited Supplementary Financial Information

(Amount in millions of Renminbi, unless otherwise stated)

6. Overdue assets(continued)

(iii) Overdue loans and advances to customers by geographical area

	As at 30 June 2006	As at 31 December 2005
Mainland China	120,808	118,032
Hong Kong and Macau	8,526	8,260
Other overseas locations	224	179
	129,558	126,471
Less: gross loans and advances to customers which have been overdue for less than 3 months	(48,193)	(50,450)
	81,365	76,021

APPENDIX II Supplementary Information-Financial Statements Prepared in Accordance with PRC GAAP

(Amount in millions of Renminbi, unless otherwise stated)

1. CONSOLIDATED INCOME STATEMENTS

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006

	For the six month period ended 30 June	
	2006	2005
	(unaudited)	(unaudited)
Interest income	99,777	77,466
Interest expense	(45,301)	(28,808)
Net interest income	54,476	48,658
Net fee and commission income	6,841	4,518
Net trading income	(193)	2,993
Investment income	1,681	149
Other operating income, net	1,797	361
	64,602	56,679
Operating and administrative expenses	(23,193)	(21,000)
Business tax and surcharges	(2,987)	(2,670)
Operating profit	38,422	33,009
Non-operating income, net	467	1,145
Profit before impairment losses	38,889	34,154
Impairment losses	(4,876)	(4,576)
Profit before tax	34,013	29,578
Income tax	(12,362)	(10,860)
Profit after tax	21,651	18,718
Minority interests	(2,627)	(2,284)
Net profit	19,024	16,434
Earnings per share for profit attributable to the equity holders of the Bank during the period (expressed in Renminbi per ordinary share)		
- Basic and diluted	0.09	0.09

APPENDIX II Supplementary Information-Financial Statements Prepared in Accordance with PRC GAAP

(Amount in millions of Renminbi, unless otherwise stated)

2. CONSOLIDATED BALANCE SHEETS

AS AT 30 JUNE 2006

ASSETS	30 June 2006	31 December 2005
	(unaudited)	(audited)
Cash	29,811	28,644
Precious metals	40,649	30,314
Due from central banks	340,651	316,941
Government certificates of indebtedness for bank notes issued	36,094	35,586
Trading and other debt securities at fair value through profit or loss	110,602	107,271
Derivative financial instruments	21,540	16,808
Due from and placements with banks and other financial institutions	300,114	344,537
Debt securities	1,877,669	1,562,320
Loans and advances to customers	2,405,536	2,235,046
Less: Provision for loan losses	(88,128)	(83,153)
Interest receivable	23,187	20,408
Equity investments	14,775	15,393
Fixed assets	71,208	72,978
Construction in progress	3,940	3,342
Deferred tax assets	17,410	17,561
Other assets	21,875	18,810
Total assets	5,226,933	4,742,806

AS AT 30 JUNE 2006 (Continued)

LIABILITIES	30 June 2006	31 December 2005
	(unaudited)	(audited)
Due to central banks	30,495	30,055
Bank notes in circulation	36,151	35,731
Derivative financial instruments and liabilities at fair value through profit or loss	101,172	91,174
Due to and placements from banks and other financial institutions	358,349	345,233
Deposits from customers	4,053,024	3,703,777
Interest payable	31,485	27,024
Special purpose borrowings	49,622	52,164
Bonds issued	60,177	60,179
Deferred tax liabilities	254	184
Other liabilities	119,751	134,665
Total liabilities	4,840,480	4,480,186
Minority interests	28,812	28,778
SHAREHOLDER'S EQUITY		
Share capital	253,839	209,427
Capital reserve	76,545	3,978
Surplus reserve	8,095	5,987
General reserve and statutory reserve of subsidiary	9,398	5,109
Undistributed profits	23,837	12,585
Reserve for fair value changes of available-for-sale securities	(11,954)	(1,380)
Currency translation differences	(2,119)	(1,864)
Total shareholder's equity	357,641	233,842
Total liabilities and shareholder's equity	5,226,933	4,742,806

APPENDIX II Supplementary Information-Financial Statements Prepared in Accordance with PRC Gaap

(Amount in millions of Renminbi, unless otherwise stated)

3. RECONCILIATION OF DIFFERENCES BETWEEN PRC GAAP AND IFRS FINANCIAL INFORMATION

	Net assets as at		Net profit for the six month period ended 30 June	
	30 June 2006	31 December 2005	2006	2005
PRC GAAP figures	357,641	233,842	19,024	16,434
Adjustments for accounting standard differences:				
-Reversal of asset revaluation surplus and corresponding depreciation (1)	(7,794)	(7,999)	205	133
-Fair value measurement on investment properties (2)	3,199	2,816	438	1,059
-Equity securities classified as available-for-sale financial assets and measured at fair value (3)	3,566	1,775	-	-
-Early retirement benefit obligation (4)	(4,911)	(5,097)	186	(1,749)
-Cost method applied on precious metals (5)	(757)	(637)	(120)	(83)
-Deferred tax impact (6)	4,222	992	(97)	(97)
-Minority interests effect and others	581	727	(159)	(516)
Sub-total	(1,894)	(7,423)	453	(1,253)
IFRS figures	355,747	226,419	19,477	15,181

(1) Reversal of revaluation surplus and corresponding depreciation

Under PRC GAAP, the Bank recorded an asset revaluation adjustment of RMB 10,432 million as of 31 December 2003, related principally to property and equipment, in connection with the Joint Stock Reform Plan. The revalued property and equipment will be amortised over their remaining useful lives. According to IAS 16 *Property, Plant and Equipment*, once an entity has chosen the cost model as its accounting policy, it shall apply the policy to an entire class of property, and shall not be permitted to measure these fixed assets at fair value. Hence, the asset revaluation surplus and corresponding depreciation recognized under PRC GAAP, should be reversed under IFRS.

(2) Fair value measurement on investment properties

Under PRC GAAP, investment properties as fixed assets are measured at cost after deducting accumulated depreciation and impairment losses. According to IAS 40 *Investment Property*, investment properties are measured at fair value at the balance sheet date by the Group.

(3) Equity securities classified as available-for-sale financial assets and measured at fair value

Under PRC GAAP, equity securities are accounted for at cost after deducting impairment losses. According to IAS 39 *Financial Instruments: Recognition and Measurement*, these securities have been classified as available-for-sale

and are stated at fair value.

(4) **Early retirement benefit obligation**

According to MOF requirement, the early retirement benefit expenditures during the early retirement period (from early retirement date to legal retirement date) to those employees who accepted an early retirement arrangement is recognized on a cash basis by the Group. According to IAS 19 *Employee Benefits*, the early retirement benefit at the balance sheet date should be recorded based on the present value of future payment obligation after adjusting for actuarial gain or loss and past servicing cost.

(5) **Cost method applied on precious metals**

According to accounting practice of PRC banking industry, all precious metals are initially recognized at cost and subsequently re-measured at fair value at the balance sheet date by the Bank. According to IAS 2 *Inventories*, precious metals that are not related to the Group's precious metals trading activities are carried at cost.

(6) **Deferred tax impact**

Under IFRS, deferred income tax is provided using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Under PRC GAAP, deferred income tax is provided using the liability method, on timing differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

The difference between PRC GAAP and IFRS in 2006 mainly represents the deferred income tax credited or charged directly to equity under IFRS relating to the fair value re-measurement of available-for-sale investments charged or credited directly to equity.

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Branches, Sub-branches and Subsidiaries Authorised to Handle International Business

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INNER MONGOLIA*

INNER MONGOLIA BRANCH

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TEL: (86) 0519-8122988
FAX: (86) 0519-8101493
0519-8119666
POST CODE: 213003

LIANYUNGANG BRANCH

1 MIDDLE HAILIAN ROAD,
XIN PU DISTRICT,
LIANYUNGANG 222002,
JIANGSU PROV., CHINA
SWIFT: BKCH CN BJ 95A
TLX: 36903 BOCLY CN
TEL: (86) 0518-5319920
0518-5319921
FAX: (86) 0518-5319869
0518-5411983
POST CODE: 222002

NANTONG BRANCH

19 QING NIAN XI ROAD,
NANTONG 226006,
JIANGSU PROV., CHINA
SWIFT: BKCH CN BJ 95G
TLX: 365003 BOCNT CN
TEL: (86) 0513-83516888
FAX: (86) 0513-83518921
POST CODE: 226006

SUZHOU BRANCH

188 GANJIANG XI ROAD,
SUZHOU 215002,
JIANGSU PROV., CHINA
SWIFT: BKCH CN BJ 95B
TLX: 363010 BOCSU CN
TEL: (86) 0512-65112719
FAX: (86) 0512-65114906
POST CODE: 215002

WUXI BRANCH

258 ZHONG SHAN ROAD,
WUXI 214002,
JIANGSU PROV., CHINA
SWIFT: BKCH CN BJ 95C
TLX: 362021 WXBOC CN
TEL: (86) 0510-82705888
FAX: (86) 0510-82705888-1000
0510-82751687
POST CODE: 214002

YANGZHOU BRANCH

541 WEN CHANG MIDDLE ROAD,
YANGZHOU 225002,
JIANGSU PROV., CHINA
SWIFT: BKCH CN BJ 95H
TLX: 364015 YZBOC CN
TEL: (86) 0514-7361060
FAX: (86) 0514-7361057
POST CODE: 225002

ZHENJIANG BRANCH

235 EAST ZHONGSHAN
ROAD, ZHENJIANG 212001,
JIANGSU PROV., CHINA
SWIFT: BKCH CN BJ 95D
TLX: 360029 BOCZJ CN
TEL: (86) 0511-5027934
FAX: (86) 0511-5034395
POST CODE: 212001

ZHANGJIAGANG SUB-BRANCH

111 REN MIN ROAD(M),
YANG SHE TOWN,
ZHANGJIAGANG 215600,
JIANGSU PROV., CHINA
SWIFT: BKCH CN BJ 95L
TLX: 363825 ZGBOC CN
TEL: (86) 0512-58685888
FAX: (86) 0512-58684349
POST CODE: 215600

JIANGXI PROVINCE

JIANGXI BRANCH

1 ZHANQIAN WEST ROAD,
NANCHANG 330002,
JIANGXI PROV., CHINA
SWIFT: BKCH CN BJ 550
TLX: 95013 BOCNC CN
TEL: (86) 0791-6471503
FAX: (86) 0791-6471505
POST CODE: 330002

JINGDEZHEN BRANCH

1053 CI DU AVENUE,
JINGDEZHEN 333000,
JIANGXI PROV., CHINA
SWIFT: BKCH CN BJ 56A
TEL: (86) 0798-8570628
TEL: (86) 0798-8570625
POST CODE: 333000

JILIN PROVINCE

JILIN BRANCH

699 XI AN DA LU, CHANG CHUN
130061, JILIN PROV., CHINA
SWIFT: BKCH CN BJ 840
TLX: 83006 CCB OC CN
TEL: (86) 0431-8409055
FAX: (86) 0431-8409054
POST CODE: 130061

CHANGCHUN XI AN DA LU

SUB-BRANCH
91 TONGZHI STREET,
CHANGCHUN 130061,
JILIN PROV., CHINA
SWIFT: BKCH CN BJ 85A
TLX: 83124 JCBOC CN
TEL: (86) 0431-8948671
FAX: (86) 0431-8948667
POST CODE: 130061

JILIN CITY BRANCH

1 SHENZHEN AVENUE, JILIN 132011,
JILIN PROV., CHINA
SWIFT: BKCH CN BJ 85B
TEL: (86) 0432-4670216
FAX: (86) 0432-4670299
POST CODE: 132011

YANBIAN BRANCH

107 RENMIN LU, YANBIAN 133000,
JILIN PROV., CHINA
SWIFT: BKCH CN BJ 85C
TLX: 842109 YJBOC CN
TEL: (86) 0433-2536454
FAX: (86) 0433-2516877
POST CODE: 133000

LIAONING PROVINCE

LIAONING BRANCH

9 ZHONG SHAN DISTRICT,
DALIAN 116001,
LIAONING PROV., CHINA
SWIFT: BKCH CN BJ 810
TLX: 86163 CDB CN
TEL: (86) 0411-82586666
FAX: (86) 0411-82637098
POST CODE: 116001

DALIAN ZHONGSHAN SQUARE

SUB-BRANCH
5 JIEFANG STREET,
ZHONG SHAN DISTRICT,
DALIAN 116001,
LIAONING PROV., CHINA
SWIFT: BKCH CN BJ 82N
TEL: (86) 0411-82519999
FAX: (86) 0411-82519539
POST CODE: 116001
TLX: 860579 DLB CN/860582

SHENYANG BRANCH

253 SHIFU ROAD, SHENHE DISTRICT,
SHENYANG 110013,
LIAONING PROV., CHINA
SWIFT: BKCH CN BJ 82A
TLX: 80058 BCSB CN
TEL: (86) 024-22810556
FAX: (86) 024-22810536
POST CODE: 110013

ANSHAN BRANCH

298 ROAD, NANZHONGHUA TIEDONG,
ANSHAN, LIAONING PROV., CHINA
SWIFT: BKCH CN BJ 82D
TLX: 810044 BOCAS CN
TEL: (86) 0412-5933011
FAX: (86) 0412-5933013
POST CODE: 114001

DALIAN DEVELOPMENT ZONE BRANCH

BANK OF CHINA TOWER, 158 JIN
MA LU, DALIAN ECONOMIC AND
TECHNICAL DEVELOPMENT ZONE,
DALIAN 116600,
LIAONING PROV., CHINA
SWIFT: BKCH CN BJ 82H
TLX: 86060 BOC DK CN
TEL: (86) 0411-87619999
FAX: (86) 0411-87648411
POST CODE: 116600

JINZHOU BRANCH

25 SECTIONS, 5 JIEFANG ROAD,
LINGHE DISTRICT, JINZHOU
121000, LIAONING PROV., CHINA
SWIFT: BKCH CN BJ 82F
TLX: 864507 / 864501 BOCJZ CN
TEL: (86) 0416-3185869
FAX: (86) 0416-3185869
POST CODE: 121000

YINGKOU BRANCH

8 WEST, BOHAI DAJIE, ZHANQIAN DISTRICT,
YINGKOU 115000,
LIAONING PROV., CHINA
SWIFT: BKCH CN BJ 82C
TLX: 814010 BOCYK CN
TEL: (86) 0417-2802724
FAX: (86) 0417-2833680
POST CODE: 115000

NINGXIA HUI*

NINGXIA BRANCH

170 JIEFANG XI STREET,
YINCHUAN 750001,
NINGXIA HUI*, CHINA
SWIFT: BKCH CN BJ 260
TLX: 750003 BOCYC CN
TEL: (86) 0951-5044671
FAX: (86) 0951-5044671
POST CODE: 750001

QINGHAI PROVINCE

QINGHAI BRANCH

218 DONGGUAN STREET,
XINING 810000,
QINGHAI PROV., CHINA
SWIFT: BKCH CN BJ 280
TEL: (86) 0971-8180186
FAX: (86) 0971-8180192
POST CODE: 810000
TLX: 77019 BOCXN CN

SHAANXI PROVINCE

SHAANXI BRANCH

38 JUHUA YUAN DONGDA STREET,
XI' AN 710001, SHANXI PROV.,
CHINA
SWIFT: BKCH CN BJ 620
TLX: 70128 BOCXA CN
TEL: (86) 029-87261726
FAX: (86) 029-87261933
POST CODE: 710001

SHANDONG PROVINCE

SHANDONG BRANCH

59 XIANGGANG ZHONG LU,
QINGDAO 266071, SHANDONG PROV.,
CHINA
SWIFT: BKCH CN BJ 500
TLX: 32235 BOCQD CN
TEL: (86) 0532-81858201
FAX: (86) 0532-81858185
POST CODE: 266071

JINAN BRANCH

22 LUO YUAN DAJIE, JINAN 250063,
SHANDONG PROV., CHINA
SWIFT: BKCH CN BJ 51B
TEL: (86) 0531-86995076
0531-86995004
FAX: (86) 0531-86995223
POST CODE: 250063

RIZHAO BRANCH

18 HUANGHAI 1 LU, RIZHAO 276826,
SHANDONG PROV., CHINA
SWIFT: BKCH CN BJ 51E
TLX: 320025 BOCRZ CN
TEL: (86) 0633-8329526
FAX: (86) 0633-8331264
POST CODE: 276826

WEIHAI BRANCH

9 NORTH QINGDAO ROAD,
WEIHAI 264200, SHANDONG PROV.,
CHINA
SWIFT: BKCH CN BJ 51D
TLX: 327222 BOCWH CN
TEL: (86) 0631-5326988
FAX: (86) 0631-5317207
POST CODE: 264200

YANTAI BRANCH

166 JIE FANG ROAD,
YANTAI 264001,
SHANDONG PROV., CHINA
SWIFT: BKCH CN BJ 51A
TLX: 32513 BOCYT CN
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FAX: (86) 0535-6238888-6738
POST CODE: 264001

SHANGHAI CITY

SHANGHAI BRANCH

200 MID. YINCHENG RD.,
PUDONG NEW DISTRICT,
SHANGHAI 200121, CHINA
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TLX: 33062 BOCSE CN
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FAX: (86) 021-64729384
POST CODE: 200121

BOC INTERNATIONAL (CHINA) LIMITED

39-40 /F., BANK OF CHINA TOWER,
200 YINCHENG ZHONG LU,
PUDONG, SHANGHAI 200121, CHINA
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FAX: (86) 021-58883554
POST CODE: 200121
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Email: China@bocigroup.com

BOC INTERNATIONAL INVEST- MENT MANAGERS

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FAX: (86) 021-68872488
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Website: www.bociim.com

SHANXI PROVINCE

SHANXI BRANCH

288 YINGZE DAJIE, TAIYUAN 030001,
SHANXI PROV., CHINA
SWIFT: BKCH CN BJ 680
TLX: 28004 BOCTB CN
TEL: (86) 0351-8266282
FAX: (86) 0351-4040364
POST CODE: 030001

SHUOZHOU BRANCH

19 KAIFA NAN LU,
SHUOZHOU 036000,
SHANXI PROV., CHINA
SWIFT: BKCH CN BJ 69A
TEL: (86) 0349-2022180
FAX: (86) 0349-2020861
POST CODE: 036000

SICHUAN PROVINCE

SICHUAN BRANCH

35 MIDDLE RENMIN ROAD
(2 DUAN), CHENGDU 610015,
SICHUAN PROV., CHINA
SWIFT: BKCH CN BJ 570
TLX: 60306 BOCCD CN
TEL: (86) 028-86403267
028-86741950
FAX: (86) 028-86403346
POST CODE: 610015

CHENGDU SHUDUDADAO SUB- BRANCH

18 NORTH SHUMO 3 STREET,
CHENGDU 610016,
SICHUAN PROV., CHINA
SWIFT: BKCH CN BJ 58A
TEL: (86) 028-86679727
028-86662260
FAX: (86) 028-86676787
028-86720847
POST CODE: 610016

SHENZHEN CITY

SHENZHEN BRANCH

INTERNATIONAL FINANCE
BUILDING, 2022 JIANSHE ROAD,
LUOHU DISTRICT,
SHENZHEN 518001,
GUANGDONG PROV., CHINA
SWIFT: BKCH CN BJ 45A
TLX: 420309 BOCSZ CN
420243 BOCSZ CN
TEL: (86) 0755-22338888
FAX: (86) 0755-82237843
0755-82239383
POST CODE: 518001

Major Hong Kong and Macau Network

BOC INTERNATIONAL HOLDINGS LIMITED

26/F., BANK OF CHINA TOWER,
1 GARDEN ROAD, HONG KONG
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FAX: (852) 21479065
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BOCI ASIA LIMITED

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FAX: (852) 25247327
18/F., LOW BLOCK,
GRAND MILLENNIUM PLAZA,
181 QUEEN'S ROAD CENTRAL,
HONG KONG
TEL: (852) 27189888
FAX: (852) 27189966
Email: Securities@bocigroup.com

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1 GARDEN ROAD, HONG KONG
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FAX: (852) 21479513
Website: www.bociresearch.com
Email: Info@bocigroup.com

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1 GARDEN ROAD, HONG KONG
TEL: (852) 22308888
FAX: (852) 21479065
Email: Info@bocigroup.com

BOCI COMMODITIES & FUTURES LIMITED

SUITES 1601-7, 16/F., CITY PLAZA
1111 KING'S ROAD, HONG KONG
TEL: (852) 28676600
FAX: (852) 21970290
Email: Futures@bocigroup.com

BOCI-PRUDENTIAL ASSET MANAGEMENT LIMITED

27/F., BANK OF CHINA TOWER,
1 GARDEN ROAD, HONG KONG
TEL: (852) 22808000
FAX: (852) 21510968
Website: www.boci-pru.com.hk
Email: Info@boci-pru.com.hk

BOCI-PRUDENTIAL TRUSTEE LIMITED

27/F., BANK OF CHINA TOWER,
1 GARDEN ROAD, HONG KONG
TEL: (852) 22808000
FAX: (852) 25166757
Website: www.boci-pru.com.hk
Email: Info@boci-pru.com.hk

BANK OF CHINA GROUP INSURANCE COMPANY LIMITED

9/F., WING ON HOUSE,
71 DES VOEUX ROAD CENTRAL,
HONG KONG
TEL: (852) 28670888
FAX: (852) 25221705
Website: www.bocgroup.com/bocg-ins/
Email: Info_ins@bocgroup.com

BOC GROUP LIFE ASSURANCE COMPANY LIMITED

13-21/F., BOCG INSURANCE TOWER,
134-136 DES VOEUX ROAD CENTRAL,
HONG KONG
TEL: (852) 28629898
FAX: (852) 28660938
Website: www.bocgroup.com/bocg-life
Email: Boc_life@bocgroup.com

BANK OF CHINA GROUP INVESTMENT LIMITED

24/F., BANK OF CHINA TOWER,
1 GARDEN ROAD CENTRAL,
HONG KONG
TEL: (852) 22007500
FAX: (852) 28772629
Website: www.bocgi.com
Email: Bocginv_bgi@bocgroup.com

BANK OF CHINA MACAU BRANCH

BANK OF CHINA BUILDING,
AVENIDA DOUTOR MARIO SOARES,
MACAU
SWIFT: BKCH MO MX
TLX: 88231 BKCHI OM
TEL: (853) 781828
FAX: (853) 781833
Website: www.bocmacau.com

Major Overseas Network

ASIA-PACIFIC AREA

(EXCLUDING HONG KONG & MACAU)

SINGAPORE BRANCH

4 BATTERY ROAD, SINGAPORE 049908
SWIFT: BKCH SG SG
TLX: RS 23046 BKCHINA
TEL: (65) 65352411
FAX: (65) 65343401
Email: Bocsg@bank-of-china.com
Email: Service_SG@bank-of-china.com

SOUTH SUB-BRANCH

20 MAXWELL ROAD,
#01-01 MAXWELL HOUSE,
SINGAPORE 069113
TEL: (65) 62233466
FAX: (65) 62236601

NORTH SUB-BRANCH

133 MIDDLE ROAD, BOC PLAZA,
SINGAPORE 188974
TEL: (65) 68328108
FAX: (65) 63339281

KATONG SUB-BRANCH

188-192 EAST COAST ROAD,
SINGAPORE 428898
TEL: (65) 64402440
FAX: (65) 63440737

CENTRAL SUB-BRANCH

60 CECIL STREET, KPB BUILDING,
SINGAPORE 049709
TEL: (65) 62239622
FAX: (65) 62218820

CHINATOWN SUB-BRANCH

60 EU TONG SEN STREET #01-01,
FURAMA HOTEL,
SINGAPORE 059804
TEL: (65) 65337453
FAX: (65) 65345571

BOC INTERNATIONAL (SINGAPORE) PTE. LTD.

4 BATTERY ROAD #04-00,
BANK OF CHINA BUILDING,
SINGAPORE 049908
TEL: (65) 64128899
FAX: (65) 65343996
Email: Singapore@bocigroup.com

BANK OF CHINA

(MALAYSIA) BERHAD

GROUND, MEZZANINE, & 1st FLOOR,
PLAZA OSK, 25 JALAN AMPANG,
50450 KUALA LUMPUR, MALAYSIA
SWIFT: BKCH MY KL
TLX: MA30733 BKCHMY
TEL: (603) 21626633
FAX: (603) 21615150
Email: Service_MY@bank-of-china.com

SYDNEY BRANCH

39-41 YORK STREET,
SYDNEY NSW 2000, AUSTRALIA
SWIFT: BKCH AU 2S
TEL: (612) 82355888
FAX: (612) 92621794
Email: Service_AU@bank-of-china.com

BANK OF CHINA

(AUSTRALIA) LIMITED

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AUSTRALIA
SWIFT: BKCH AU 2A
TEL: (612) 82355888
FAX: (612) 92621794
Email: Service_AU@bank-of-china.com

HAYMARKET BRANCH

681 GEORGE STREET,
HAYMARKET NSW 2000, AUSTRALIA
TEL: (612) 92123877
FAX: (612) 92123962

MELBOURNE BRANCH

270 QUEEN STREET,
MELBOURNE VIC 3000, AUSTRALIA
TEL: (613) 96023655
FAX: (613) 96023383

PARRAMATTA OFFICE

SHOP 2104, LEVEL 2,
WESTFIELD SHOPPING TOWN,
PARRAMATTA NSW 2150, AUSTRALIA
TEL: (612) 98938833
FAX: (612) 96872919

TOKYO BRANCH

BOC BLDG., 3-4-1 AKASAKA, MINATO-KU,
TOKYO 107-0052, JAPAN
SWIFT: BKCH JP JT
TLX: 516002-BKCH UI
TEL: (813) 35058818
FAX: (813) 35058433
Email: Boctokyo@boctokyo.co.jp
Email: Service_JP@bank-of-china.com

OSAKA BRANCH

BOC BLDG., 1-1-35 KITAHORIE NISHI-KU,
OSAKA, 550-0014, JAPAN
SWIFT: BKCH JP JT OSA
TEL: (816) 65393666
FAX: (816) 65381177

YOKOHAMA BRANCH

1/F., FINCL BLDG., 89-1 YAMASHITA-CHO,
NAKA-KU, YOKOHAMA 231-0023, JAPAN
SWIFT: BKCH JP JT YHA
TEL: (8145) 6632288
FAX: (8145) 6638688

OTEMACHI OFFICE

1/F., SHIN-OTEMACHI BLDG.,
2-2-1 OTEMACHI,
CHIYODA-KU 100-0004, JAPAN
TEL: (813) 32770288
FAX: (813) 32770289

JSC AB «BANK OF CHINA KAZAKHSTAN»

201, STR.GOGOL, 050026, ALMATY,
REPUBLIC OF KAZAKHSTAN
SWIFT: BKCH KZ KA
TEL: (73272) 585510
FAX: (73272) 585514
(73272) 501896
Email: Service_KZ@bank-of-china.com

SEOUL BRANCH

1/F., YOUNG POONG BLDG.,
33 SEOLIN-DONG, CHONGRO-GU,
SEOUL 110-752, KOREA
SWIFT: BKCH KR SEXXX
TLX: K23861
TEL: (822) 3996288
(822) 3996289
FAX: (822) 3996265
(822) 3995938
Email: Service_KR@bank-of-china.com

ANSAN BRANCH

1/F., DONG YANG BLDG., 800-11,
WONGOK-DONG, DANWON-GU, ANSAN,
KYOSGGI-DO 425-846, KOREA
SWIFT: BKCH KR SE ANS
TEL: (8231) 4934638
(8231) 4934639
FAX: (8231) 4956407

BANGKOK BRANCH

179/4 BANGKOK CITY TOWER,
SOUTH SATHORN RD.,
TUNGMAHAMEK, SATHORN DISTRICT,
BANGKOK 10120, THAILAND
SWIFT: BKCH TH BK
TLX: 81091 BOCBKK TH
TEL: (662) 2861010
FAX: (662) 2861020
Email: Bocbkk@cscoms.com
Email: Service_TH@bank-of-china.com

HO CHI MINH CITY BRANCH

19/F., SUN WAH TOWER,
115 NGUYEN HUE BLVD., DISTRICT 1,
HO CHI MINH CITY, VIETNAM
SWIFT: BKCH VN VX
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TEL: (848) 8219949
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MANILA BRANCH

G/F & 36/F, PHILAMLIFE TOWER,
8767 PASEO DE ROXAS, MAKATI CITY,
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JAKARTA BRANCH

WISMA TAMARA SUITE 101&201 JALAN
JEND. SUDIRMAN KAV.24 JAKARTA
12920, INDONESIA
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BAHRAIN REPRESENTATIVE OFFICE

OFFICE 152, AL JASRAH TOWER,
DIPLOMATIC AREA BUILDING 95,
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EUROPE

LONDON BRANCH

90 CANNON STREET,
LONDON EC4N 6HA, U.K.
SWIFT: BKCH GB 2LA
TLX: 8812913 BKCHI G
TEL: (4420) 7282888
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WEST END BRANCH

107 SHAFTESBURY AVE.,
LONDON W1D 5DA, U.K.
TEL: (4420) 74375975
FAX: (4420) 77341704

MANCHESTER BRANCH

67-69 MOSLEY STREET,
MANCHESTER M2 3JB, U.K.
TEL: (4416) 12368302
FAX: (4416) 12280285

GLASGOW BRANCH

450 SAUCHIEHALL STREET,
GLASGOW G2 3JD, U.K.
TEL: (4414) 13323354
FAX: (4414) 13326728

BIRMINGHAM BRANCH

33 HORSE FAIR, BIRMINGHAM B1 1DD, U.K.
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BANK OF CHINA INTERNATIONAL (UK) LIMITED

90 CANNON STREET,
LONDON EC4N 6HA, U.K.
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LUXEMBOURG BRANCH

37/39 BOULEVARD PRINCE HENRI L-1724,
LUXEMBOURG P. O. BOX 114 L-2011,
LUXEMBOURG
SWIFT: BKCH LU LL
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BANK OF CHINA

(LUXEMBOURG) S.A.

37/39 BOULEVARD PRINCE HENRI L-1724,
LUXEMBOURG P. O. BOX 721 L-2017,
LUXEMBOURG
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PARIS BRANCH

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PARIS, FRANCE
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