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中國銀行股份有限公司

BANK OF CHINA LIMITED

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

(Stock Code: 3988)

Report for the First Quarter ended 31 March 2010

The Board of Directors (the "Board") of Bank of China Limited (the "Bank") is pleased to announce the unaudited results of the Bank and its subsidiaries (the "Group") for the first quarter ended 31 March 2010. This announcement is made by the Bank pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

I. BASIC INFORMATION

1.1 Company information

Stock name	中國銀行
Stock code	601988(A share)
Listing venue	Shanghai Stock Exchange
Stock name	Bank of China
Stock code	3988(H share)
Listing venue	The Stock Exchange of Hong Kong Limited
Secretary to the Board of Directors	Zhang Bingxun(張秉訓)
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1.2 Key financial data and performance indicators

1.2.1 Key financial data and performance indicators for the Group prepared in accordance with International Financial Reporting Standards (“IFRS”)

Unit: RMB million (unless otherwise stated)

Items	As at 31 March 2010	As at 31 December 2009	Change (%)
Total assets	9,717,963	8,748,177	11.09
Capital and reserves attributable to equity holders of the Bank	538,250	511,226	5.29
Net assets per share (RMB)	2.12	2.01	5.29
Items	Three-month period ended 31 March 2010		Change (%)
Net cash inflow from operating activities	254,932		(21.54)
Net cash inflow from operating activities per share (RMB)	1.00		(21.54)
Items	Three-month period ended 31 March 2010	Three-month period ended 31 March 2009	Change (%)
Profit for the period	27,401	19,347	41.63
Profit attributable to equity holders of the Bank	26,230	18,570	41.25
Earnings per share for profit attributable to equity holders of the Bank (basic, RMB)	0.10	0.07	41.25
Earnings per share for profit attributable to equity holders of the Bank (diluted, RMB)	0.10	0.07	41.25
Return on average equity (annualised, %)	19.99	15.71	Up by 4.28 percentage points
Items	As at 31 March 2010	As at 31 December 2009	Change
Core capital adequacy ratio (%)	9.11	9.07	Up by 0.04 percentage point
Capital adequacy ratio (%)	11.09	11.14	Down by 0.05 percentage point

1.2.2 Reconciliation between IFRS and CAS (Chinese Accounting Standards) financial information

Unit: RMB million

	Equity		Net profit attributable to equity holders of the Bank	
	As at 31 March 2010	As at 31 December 2009	Three-month period ended 31 March 2010	Three-month period ended 31 March 2009
CAS figures	573,490	545,394	26,175	18,509
Adjustments for accounting standard differences:				
– Reversal of asset revaluation surplus and corresponding depreciation/amortisation and other	(4,947)	(5,021)	73	82
– Deferred tax impact	1,237	1,255	(18)	(21)
Subtotal	(3,710)	(3,766)	55	61
IFRS figures	569,780	541,628	26,230	18,570

1.3 Number of shareholders and top ten shareholders

1.3.1 As at 31 March 2010, the Bank had a total of 1,263,136 shareholders, comprising 1,013,420 A-Share holders and 249,716 H-Share holders.

1.3.2 Top ten shareholders as at 31 March 2010

Unit: share

No.	Name of shareholder	Number of shares held	Proportion in total share capital	Type of shareholder	Type of share
1	Central Huijin Investment Ltd.	171,412,138,186	67.53%	State	A
2	HKSCC Nominees Limited	71,040,641,981	27.99%	Foreign legal person	H
3	Li Ka Shing	3,066,790,989	1.21%	Foreign natural person	H
4	Asian Development Bank	506,679,102	0.20%	Foreign legal person	H
5	The Bank of Tokyo-Mitsubishi UFJ Ltd.	473,052,000	0.19%	Foreign legal person	H
6	Shenhua Group Corporation Limited	90,909,000	0.04%	State-owned legal person	A
6	China Southern Power Grid Co., Ltd.	90,909,000	0.04%	State-owned legal person	A
6	Aluminum Corporation of China	90,909,000	0.04%	State-owned legal person	A
9	SSE 50 Trading Open-end Index Securities Investment Fund	89,566,254	0.04%	Domestic non-state-owned legal person	A
10	China Southern Composition Selected Stock Securities Investment Fund	73,131,648	0.03%	Domestic non-state-owned legal person	A

Notes:

- The number of shares held by H-Share holders was recorded in the Register of Members as kept by the H-Share Registrar of the Bank.
- The shares held by the aforesaid A-Share holders have not been pledged or frozen. The Bank is not aware of whether the shares held by the aforesaid H-Share holders have been pledged or frozen, nor is the Bank aware of the existence of connected relations or concerted actions among the aforesaid top ten shareholders.
- All the shares held by the aforesaid shareholders are not subject to selling restrictions.
- HKSCC Nominees Limited acted as the nominee for all institutional and individual investors that maintain an account with it as at 31 March 2010. The aggregate number of H Shares held by HKSCC Nominees Limited included the shares held by National Council for Social Security Fund PRC and Temasek Holdings (Private) Limited.

II. SUMMARY OF ANALYSIS ON OVERALL OPERATING ACTIVITIES

Since 2010, under the scientific outlook on development and the spirit of the Central Economic Working Conference and the state's proactive fiscal and moderately easy monetary policy, the Bank has achieved preliminary sound operating results by accelerating the implementation of its strategic development plan, optimising structure, scaling up, managing risk and sharpening competitiveness. In the first quarter of 2010, the Group recorded a profit attributable to equity holders of the Bank of RMB26.230 billion¹, an increase of 41.25% compared with the same period of the previous year. Earnings per share were RMB0.10, an increase of RMB0.03 compared with the same period of 2009. Return on average equity (annualised) was 19.99% and return on average total assets (annualised) was 1.19%, an increase of 4.28 percentage points and 0.15 percentage point, respectively, compared with the same period of 2009.

2.1 The principal components of the Group's consolidated income statement for the three-month period ended 31 March 2010 were as follows:

1. The Group earned net interest income of RMB44.506 billion, an increase of RMB7.668 billion or 20.82% compared with the same period of 2009. Net interest margin of the Group was 2.04%, a decrease of 0.10 percentage point compared with the same period of 2009. The decrease was principally because the impact of RMB and foreign currency interest rates cuts in the fourth quarter of 2008 on net interest margin was not fully realised in the first quarter of 2009.
2. Non-interest income of the Group reported an increase of RMB9.416 billion or 69.09% and amounted to RMB23.045 billion, representing 34.11% of the total operating income, up by 7.10 percentage points compared with the same period of 2009, including:
 - (1) Net fee and commission income amounted to RMB15.656 billion, an increase of RMB4.393 billion or 39.00% compared with the same period of 2009. In 2010, the Bank continued to enhance product innovation and consolidate its traditional advantages, maintaining its leading market position in international settlement. At the same time, the Bank actively developed RMB business and new business, and promoted the optimisation of its revenue structure, resulting in rapid growth in bank card fees, financial advisory fees, credit commitment fees and agency commissions.
 - (2) Other non-interest income amounted to RMB7.389 billion, an increase of RMB5.023 billion or 212.30% compared with the same period of 2009. Significant increase was reported in net trading gains, net gains on investment securities, insurance premium income and revenue on precious metals business.

¹ The unit of currency in "Summary of analysis on overall operating activities" is RMB, unless indicated otherwise.

3. In the first quarter of 2010, the Group recorded operating expenses of RMB26.274 billion, an increase of RMB6.826 billion or 35.10% compared with the same period of 2009. The principal reasons for the increase were: (1) In order to support long-term development, the Bank increased the number of professional workforce and frontline staff at retail outlets on a reasonable scale, resulting in an increase of staff costs. (2) The Bank continued to increase expenditure on infrastructure construction, marketing and key businesses. (3) Rapid growth of the insurance and precious metals businesses resulted in an increase in the related expenses. The Group's cost to income ratio (calculated under domestic regulations) was 29.89%, a decrease of 2.32 percentage points compared with the first quarter of 2009.
4. The Group's impairment losses on assets for the three-month period ended 31 March 2010 amounted to RMB5.897 billion, including:
 - (1) Impairment losses on loans and advances amounted to RMB6.955 billion with a credit cost of 0.54%. As at 31 March 2010, the Group identified total impaired loans of RMB70.337 billion with a ratio of identified impaired loans to total loans of 1.32%, a decrease of RMB5.669 billion and 0.23 percentage point, respectively, compared with the end of 2009. The ratio of non-performing loans to total loans was 1.30%, a decrease of 0.22 percentage point from the prior year-end. The ratio of allowance for loan impairment losses to non-performing loans was 172.09%, up by 20.92 percentage points from the prior year-end.
 - (2) The reversal of impairment losses on debt securities amounted to RMB0.968 billion.

2.2 The principal components of the Group's financial position as at 31 March 2010 were as follows:

The Group's total assets amounted to RMB9,717.963 billion, an increase of RMB969.786 billion or 11.09%, and total liabilities amounted to RMB9,148.183 billion, an increase of RMB941.634 billion or 11.47% compared with the end of 2009, including:

1. The Group's deposits from customers amounted to RMB7,284.731 billion, an increase of RMB664.179 billion or 10.03% compared with the end of 2009. Taking advantage of the seasonal first quarter increase in deposit business, the Bank strengthened its marketing activities, expanded its customer base, enhanced the efficiency of outlets and perfected its e-channel system. Through these measures, customer deposits achieved rapid and sustainable growth. As at 31 March 2010, domestic RMB-denominated deposits from customers amounted to RMB5,928.824 billion, an increase of RMB617.423 billion or 11.62% from the prior year-end, enabling the Bank to increase its market share among financial institutions to 9.89%, up by 0.45 percentage point compared with the prior year-end. Demand deposits accounted for 44.34% of total RMB-denominated deposits from customers in the Bank's domestic operations, an increase of 0.03 percentage point compared with the prior year-end.

2. The Group's loans and advances to customers amounted to RMB5,312.596 billion, an increase of RMB402.238 billion or 8.19% compared with the prior year-end. In 2010, the Bank continued to implement government policies, support a reasonable credit supply, enhance credit risk management and accelerate adjustments to its loan structure, promoting the healthy development of its loan business. As at 31 March 2010, domestic RMB-denominated loans amounted to RMB3,764.852 billion, an increase of RMB254.616 billion or 7.25% compared with the prior year-end. The Bank's market share among financial institutions was 8.84%, up by 0.08 percentage point compared with the prior year-end.
3. The Group held investment securities² of RMB1,967.515 billion, an increase of RMB150.836 billion or 8.30% compared with the prior year-end. The Group's RMB-denominated investment securities amounted to RMB1,413.294 billion, an increase of RMB132.957 billion or 10.38% compared with the prior year-end. The balance of foreign currency-denominated investment securities was USD81.189 billion, an increase of USD2.641 billion or 3.36% compared with the prior year-end. In an environment with generally high levels of liquidity, the Bank actively sought investment opportunities and increased investment in RMB-denominated debt securities, endeavoring to improve the efficient use of funds. As at 31 March 2010, the proportion of RMB-denominated investment securities was 71.83%, an increase of 1.35 percentage points compared with the prior year-end.

Since 2009, the US mortgage-backed debt securities market has shown signs of recovery and stabilisation. As at 31 March 2010, the carrying value of US subprime mortgage related debt securities, US Alt-A mortgage-backed securities and Non-Agency US mortgage-backed securities held by the Group amounted to USD3.868 billion (or RMB26.413 billion) and the related impairment allowance was USD3.321 billion (or RMB22.667 billion).

As at 31 March 2010, the carrying value of the debt securities issued by Portugal, Ireland, Italy, Greece and Spain held by the Group amounted to RMB4.756 billion, a decrease of RMB2.264 billion compared with the prior year-end, principally a result of disposal of part of the debt securities issued by these governments. The total carrying value of these debt securities held by the Group exceeded cost. The Group will continue to follow the developments of related issues.

² Investment securities include available for sale securities, held to maturity securities, securities classified as loans and receivables, and financial assets at fair value through profit or loss.

III. SIGNIFICANT EVENTS

3.1 Significant changes in major financial statement items and indicators and the reasons thereof

Applicable Not Applicable

The Group's key financial items and indicators which fluctuated over 30% compared with those as at the end of 2009, or compared with those for the three-month period ended 31 March 2009 are as follows:

Unit: RMB million

Items	As at 31 March 2010	As at 31 December 2009	Change (%)	Main reasons
Cash and due from banks and other financial institutions	572,839	434,351	31.88	The Bank enlarged the use of funds, resulting in the increase in due from domestic banks and other financial institutions.
Due to banks and other financial institutions	1,180,133	904,166	30.52	The Bank enhanced the deposits business, increasing due to domestic banks and other financial institutions.

Unit: RMB million

Items	Three-month period ended 31 March 2010	Three-month period ended 31 March 2009	Change (%)	Main reasons
Net fee and commission income	15,656	11,263	39.00	Due to the rapid growth in fee-based business, the net fee and commission income increased.
Net trading gains/(losses)	893	(627)	–	Due to the increase in net gains from foreign exchange, foreign exchange products and interest rate products.
Net gains on investment securities	1,205	201	499.50	Due to the increase in net gains from disposal of available for sale equity investments.
Other operating income	5,291	2,792	89.51	Due to the increase in insurance premium income and revenue on precious metals business.
Operating income	67,551	50,467	33.85	Due to the changes of profit and loss items mentioned above.
Operating expenses	(26,274)	(19,448)	35.10	The Bank increased expenditure on human resources, infrastructure construction, marketing and key businesses in line with its strategic development plan. In addition, rapid growth of the insurance business and precious metals business resulted in an increase in related expenses.
Operating profit	35,380	25,176	40.53	Due to the changes of profit and loss items mentioned above.
Profit before income tax	35,547	25,369	40.12	Due to the changes of profit and loss items mentioned above.
Income tax expense	(8,146)	(6,022)	35.27	Due to the increase in profit before income tax.
Profit for the period	27,401	19,347	41.63	Due to the changes of profit and loss items mentioned above.
Profit attributable to minority interests	1,171	777	50.71	Due to the increase in net profit of major subsidiaries.
Profit attributable to equity holders of the Bank	26,230	18,570	41.25	Due to the changes of profit and loss items mentioned above.

3.2 Development of significant events, related impact and resolution

Applicable Not Applicable

3.3 Fulfillment of undertakings by the company, shareholders and de facto controllers

Applicable Not Applicable

To the best knowledge of the Bank, undertakings by the Bank, its shareholders and de facto controllers were fulfilled during the reporting period.

3.4 Warnings and explanations of any forecasted losses or significant changes to accumulated net profit from the beginning of the year to the end of the next reporting period

Applicable Not Applicable

3.5 Implementation of cash dividend policy during the reporting period

Applicable Not Applicable

IV. QUARTERLY REPORT

This announcement is simultaneously available on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and that of the Bank at www.boc.cn. The first quarter report prepared in accordance with CAS is also available on the website of the Shanghai Stock Exchange at www.sse.com.cn and that of the Bank at www.boc.cn.

By Order of the Board
YEUNG Cheung Ying
Company Secretary

Beijing, PRC, 27 April 2010

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

* Non-executive Directors

Independent Non-executive Directors

APPENDIX – FINANCIAL STATEMENTS (PREPARED IN ACCORDANCE WITH IFRS)

Consolidated Income Statement

Unit: RMB million

	Three-month period ended 31 March 2010 (unaudited)	Three-month period ended 31 March 2009 (unaudited)
Interest income	71,252	63,300
Interest expense	<u>(26,746)</u>	<u>(26,462)</u>
Net interest income	44,506	36,838
Fee and commission income	16,776	12,079
Fee and commission expense	<u>(1,120)</u>	<u>(816)</u>
Net fee and commission income	15,656	11,263
Net trading gains/(losses)	893	(627)
Net gains on investment securities	1,205	201
Other operating income	<u>5,291</u>	<u>2,792</u>
Operating income	67,551	50,467
Operating expenses	(26,274)	(19,448)
Impairment losses on assets	<u>(5,897)</u>	<u>(5,843)</u>
Operating profit	35,380	25,176
Share of results of associates and joint ventures	<u>167</u>	<u>193</u>
Profit before income tax	35,547	25,369
Income tax expense	<u>(8,146)</u>	<u>(6,022)</u>
Profit for the period	<u>27,401</u>	<u>19,347</u>
Attributable to:		
Equity holders of the Bank	26,230	18,570
Minority interests	<u>1,171</u>	<u>777</u>
	<u>27,401</u>	<u>19,347</u>
Earnings per share for profit attributable to the equity holders of the Bank during the period (Expressed in RMB per ordinary share)		
– Basic and diluted	<u>0.10</u>	<u>0.07</u>

Consolidated Statement of Comprehensive Income

Unit: RMB million

	Three-month period ended 31 March 2010 (unaudited)	Three-month period ended 31 March 2009 (unaudited)
Profit for the period	27,401	19,347
Other comprehensive income:		
Fair value gains/(losses) on available for sale financial assets taken to equity	3,755	(4,134)
Less: related income tax impact	(768)	1,188
Amount transferred to income statement from other comprehensive income	(2,152)	2,226
Less: related income tax impact	252	(591)
Net-of-tax amount transferred to income statement from other comprehensive income	(1,900)	1,635
Subtotal	1,087	(1,311)
Exchange differences on translation of foreign operations	(334)	(254)
Less: net amount transferred to income statement from other comprehensive income	1	(36)
Subtotal	(333)	(290)
Other	85	38
Other comprehensive income for the period, net of tax	839	(1,563)
Total comprehensive income for the period	28,240	17,784
Total comprehensive income attributable to:		
Equity holders of the Bank	27,022	16,921
Minority interests	1,218	863
	28,240	17,784

Consolidated Statement of Financial Position

Unit: RMB million

	As at 31 March 2010 (unaudited)	As at 31 December 2009 (audited)
ASSETS		
Cash and due from banks and other financial institutions	572,839	434,351
Balances with central banks	1,323,921	1,111,351
Placements with and loans to banks and other financial institutions	270,299	223,444
Government certificates of indebtedness for bank notes issued	39,548	36,099
Precious metals	65,983	59,655
Financial assets at fair value through profit or loss	70,433	61,897
Derivative financial assets	28,247	28,514
Loans and advances to customers, net	5,193,787	4,797,408
Investment securities		
– available for sale	601,884	622,307
– held to maturity	922,152	744,693
– loans and receivables	373,046	387,782
Investment in associates and joint ventures	11,010	10,668
Property and equipment	114,998	113,508
Investment property	15,859	15,952
Deferred income tax assets	22,966	24,774
Other assets	90,991	75,774
	<hr/>	<hr/>
Total assets	<u>9,717,963</u>	<u>8,748,177</u>

Consolidated Statement of Financial Position *(continued)*

Unit: RMB million

	As at 31 March 2010 (unaudited)	As at 31 December 2009 (audited)
LIABILITIES		
Due to banks and other financial institutions	1,180,133	904,166
Due to central banks	69,517	61,615
Bank notes in circulation	39,354	36,154
Certificates of deposit and placements from banks and other financial institutions	174,831	186,643
Financial liabilities at fair value through profit or loss	36,086	44,234
Derivative financial liabilities	24,473	23,223
Due to customers	7,284,731	6,620,552
Bonds issued	87,442	76,798
Other borrowings	35,685	37,186
Current tax liabilities	21,176	17,801
Retirement benefit obligations	6,776	6,867
Deferred income tax liabilities	3,535	3,386
Other liabilities	184,444	187,924
Total liabilities	<u>9,148,183</u>	<u>8,206,549</u>
EQUITY		
Capital and reserves attributable to equity holders of the Bank		
Share capital	253,839	253,839
Capital reserve	66,357	66,278
Treasury shares	(41)	(43)
Statutory reserves	30,461	30,391
General and regulatory reserves	60,585	60,328
Undistributed profits	130,984	105,084
Reserve for fair value changes of available for sale securities	6,475	5,473
Currency translation differences	(10,410)	(10,124)
	<u>538,250</u>	<u>511,226</u>
Minority interests	<u>31,530</u>	<u>30,402</u>
Total equity	<u>569,780</u>	<u>541,628</u>
Total equity and liabilities	<u>9,717,963</u>	<u>8,748,177</u>

Xiao Gang
Director

Li Lihui
Director

Consolidated Statement of Cash Flows

Unit: RMB million

	Three-month period ended 31 March 2010 (unaudited)	Three-month period ended 31 March 2009 (unaudited)
Cash flows from operating activities		
Profit before income tax	35,547	25,369
Adjustments:		
Impairment losses on assets	5,897	5,843
Depreciation of property and equipment	2,287	1,921
Amortisation of intangible assets and other assets	126	113
Net gains on disposal of property and equipment, intangible assets and other long-term assets	(73)	(11)
Share of results of associates and joint ventures	(167)	(193)
Interest income arising from investment securities	(12,204)	(11,725)
Dividends arising from investment securities	(42)	(16)
Net gains on de recognition of investment securities	(1,205)	(201)
Interest expense arising from bonds issued	864	769
Net changes in operating assets and liabilities:		
Net increase in balances with central banks	(160,701)	(74,684)
Net increase in due from banks and placements with and loans to banks and other financial institutions	(103,786)	(74,063)
Net increase in precious metals	(6,328)	(5,560)
Net (increase)/decrease in financial assets at fair value through profit or loss	(3,151)	9,258
Net increase in loans and advances to customers	(403,211)	(512,715)
Net (increase)/decrease in other assets	(21,150)	11,775
Net increase in due to banks and other financial institutions	275,967	283,914
Net increase in due to central banks	7,902	4,760
Net decrease in certificates of deposit and placements from banks and other financial institutions	(11,812)	(25,032)
Net increase in due to customers	664,179	766,283
Net decrease in other borrowings	(1,501)	(1,929)
Net decrease in other liabilities	(9,006)	(76,076)
Net cash inflow from operating activities	258,432	327,800
Income tax paid	(3,500)	(2,897)
Net cash inflow from operating activities	254,932	324,903

Consolidated Statement of Cash Flows (continued)

Unit: RMB million

	Three-month period ended 31 March 2010 (unaudited)	Three-month period ended 31 March 2009 (unaudited)
Cash flows from investing activities		
Proceeds from disposal of property and equipment, intangible assets and other long-term assets	506	47
Proceeds from disposal of investment in subsidiaries, associates and joint ventures	132	–
Dividends received	42	16
Interest income received from investment securities	10,924	9,998
Proceeds from disposal of investment securities	271,423	359,681
Increase in investment in subsidiaries, associates and joint ventures	(315)	(87)
Purchase of property and equipment, intangible assets and other long-term assets	(1,711)	(4,191)
Purchase of investment securities	<u>(271,165)</u>	<u>(536,871)</u>
Net cash inflow/(outflow) from investing activities	<u>9,836</u>	<u>(171,407)</u>
Cash flows from financing activities		
Cash received from issuance of bonds	35,770	–
Other cash inflows from financing activities	3	17
Repayments for debts issued	(24,930)	(596)
Cash payments for interest on bonds issued	(1,469)	(1,567)
Dividend payments to minority equity holders	<u>(91)</u>	<u>(107)</u>
Net cash inflow/(outflow) from financing activities	<u>9,283</u>	<u>(2,253)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(1,921)</u>	<u>(6,963)</u>
Net increase in cash and cash equivalents	272,130	144,280
Cash and cash equivalents as at 1 January	<u>586,319</u>	<u>921,407</u>
Cash and cash equivalents as at 31 March	<u>858,449</u>	<u>1,065,687</u>

Note: Cash flows of RMB19,931 million from fixed deposits held by the Group have been reclassified from “Certificates of deposit and placements from banks and other financial institutions” to “Due to banks and other financial institutions” in the first quarter of 2009.