



中國銀行
BANK OF CHINA

Bank of China Limited

Report for the First Quarter ended 31 March 2007

I IMPORTANT NOTES

- 1.1** The Board of Directors of Bank of China Limited (the “Bank”) and its directors, the Board of Supervisors and its supervisors, and the senior management of the Bank warrant that there are no false disclosures, misleading statements or material omissions contained in this report and that they will be individually and jointly responsible for the truthfulness, accuracy and completeness of the report.
- 1.2** All directors of the Bank attended the meeting of the Board of Directors approving this quarterly report.
- 1.3** The financial information of the Bank and its subsidiaries (the “Group”) contained in this report for the first quarter of 2007 prepared under Chinese Accounting Standard (“CAS”) is unaudited.
- 1.4** Chairman Xiao Gang, President Li Lihui, Mr. Zhu Min, Executive Vice President in charge of the accounting function, and Mr. Zhang Jinliang, General Manager in charge of the Financial Management Department, undertake that the financial information contained in this quarterly report is true and complete.

II BASIC INFORMATION

2.1 Key financial data and performance indicators

2.1.1 Key financial data and performance indicators for the Group prepared under CAS

	As at 31 March 2007	As at 31 December 2006	Increase/ (decrease) compared to 31 December 2006 (%)
Total assets (RMB million)	5,603,637	5,332,025	5.09
Equity attributable to equity holders of the Bank (RMB million)	398,665	387,286	2.94
Net assets per share (RMB)	1.57	1.53	2.94
Adjusted net assets per share (RMB)	1.56	1.51	3.31

	Three month period ended 31 March 2007	Three month period ended 31 March 2006	Increase/ (decrease) compared to three month period ended 31 March 2006 (%)
Net cash outflow from operating activities (RMB million)	(777)	(29,711)	97.38
Net cash outflow from operating activities per share (RMB)	(0.003)	(0.140)	97.86

	Three month period ended 31 March 2007	Three month period ended 31 March 2006	Increase/ (decrease) compared to three month period ended 31 March 2006 (%)
Profit after tax (RMB million)	13,414	11,149	20.32
Net profit attributable to equity holders (RMB million)	12,147	9,898	22.72
Earnings per share (Basic and diluted, RMB)	0.05	0.05	—
Return on period end equity (Annualized, excluding minority interest)	12.19%	15.84%	(3.65) percentage points
Return on weighted average equity (Annualized, excluding minority interest)	12.36%	16.66%	(4.30) percentage points
Return on period end equity after deducting the non-routine items (Annualized, excluding minority interest)	12.01%	15.13%	(3.12) percentage points
Return on weighted average equity after deducting the non-routine items (Annualized, excluding minority interest)	12.19%	15.92%	(3.73) percentage points

On 16 March 2007, the National People's Congress approved the new PRC Enterprise Income Tax Law. This legislation will reduce the enterprise income tax rate for domestic enterprises from 33% to 25% with effect from 2008. In accordance with CAS (No. 18), the Group re-measured its net deferred tax assets of the domestic operations as at the date of pronouncement of the new Income Tax Law to reflect future realisation at the newly enacted tax rate and thereby increased the tax expenses by RMB3,652 million. This adjustment is of one-off in nature. Excluding such impact, the Group's profit after tax would be RMB17,066 million, and profit attributable to equity holders of the Bank would be RMB15,799 million, an increase of 53.07% and 59.62%, respectively, compared to the first quarter of the prior year.

Non-routine profit/loss items are listed as follows:

Items (Amount in millions of RMB)	Three month period ended 31 March 2007
Non-operating income, net	150
Net gain on disposal of long-term equity investments	3
Write-back of impairment losses recognized in previous years*	64
Income tax impact of non-routine items	(42)
Total	175

* mainly represents write-back of impairment losses against accounts receivable.

2.1.2 Reconciliation between CAS and IFRS financial information

The Group adopted CAS issued by the Ministry of Finance in February 2006 effective 1 January 2007. The reconciliations of the Group's net profit attributable to equity holders of the Bank for the three month periods ended 31 March 2006 and 2007 and the consolidated equity as at 31 March 2007 and 31 December 2006 prepared under CAS to those under International Financial Reporting Standards (the "IFRS") are set forth below. The unaudited financial information as at 31 December 2006 and for the three month period ended 31 March 2006 has been restated in accordance with CAS.

(Amount in millions of RMB)	Equity (including minority interest)		Net profit attributable to equity holders of the Bank	
	As at 31 March 2007	As at 31 December 2006	Three month period ended 31 March 2007	Three month period ended 31 March 2006
CAS figures	429,344	417,325	12,147	9,898
Adjustments for differences in accounting standards:				
Reversal of asset revaluation surplus, related depreciation and other items	(6,377)	(6,521)	144	97
Deferred tax impact	1,594	2,152	(573)	(32)
Subtotal	(4,783)	(4,369)	(429)	65
IFRS figures	424,561	412,956	11,718	9,963

2.2 Number of shareholders and top ten shareholders

2.2.1 *As at 31 March 2007, the Bank's total number of shareholders was 1,073,786, including 345,923 holders of H Shares and 727,863 holders of A Shares.*

2.2.2 Top ten shareholders of A Share as at 31 March 2007 that were not subject to selling restrictions

No.	Name of shareholder	Number of shares not subject to selling restrictions (Share)
1	Agricultural Bank of China – Dacheng Active Growth Stock Securities Investment Fund	89,627,909
2	Agricultural Bank of China – Baoying Strategic Growth Stock Securities Investment Fund	80,256,120
3	China Pacific Life Insurance Co., Ltd – Traditional – Ordinary Insurance Products	55,370,580
4	China Life Insurance (Group) Company – Traditional – General Insurance	55,044,524
5	ICBC – SSE 50 Trading Open-end Index Securities Investment Fund	48,452,875
6	International Finance – Standard Chartered – CITIGROUP GLOBAL MARKETS LIMITED	47,475,735
7	Agricultural Bank of China – Jingshun Great Wall Domestic Demand Open-ended Securities Investment Fund	30,800,000
8	New China Life Insurance Co. Ltd – Dividend – Personal Dividend – 018L – FH002 SH	27,905,180
9	China Life Insurance Company Limited – Traditional – Ordinary Insurance Products – 005L – CT001 SH	27,058,100
10	China Pacific Life Insurance Co., Ltd – Dividend – Personal Dividend	26,282,563

Note: Certain of the above shareholders are under common control. Save for this, the Bank is not aware of any connected relationship among the above-mentioned shareholders or whether they are parties acting in concert.

2.2.3 Top ten shareholders of H Share as at 31 March 2007

No.	Name of shareholder	Number of shares held (Share)
1	HKSCC Nominees Limited	30,270,836,046
2	RBS China Investments S.à.r.l.	20,942,736,236
3	Asia Financial Holdings Pte. Ltd	10,471,368,118
4	National Council for Social Security Fund, PRC	8,377,341,329
5	UBS AG	3,377,860,684
6	Asian Development Bank	506,679,102
7	The Bank of Tokyo-Mitsubishi UFJ Ltd	473,052,000
8	Wingreat International Limited	420,490,000
9	Best Sense Investments Limited	236,526,000
10	Turbo Top Limited	236,526,000

Note: The number of shares held by H Share shareholders was as recorded in the Register of Members maintained by the H Share Registrar of the Bank as at 31 March 2007.

III SIGNIFICANT EVENTS

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

√ Applicable N.A.

The Group's key financial items and indicators which fluctuated over 30% compared to the first quarter of 2006:

Items	Three month period ended 31 March 2007 (RMB million)	Three month period ended 31 March 2006 (RMB million)	% Change from first quarter of 2006	Main reasons
Net interest income	34,373	26,218	31.10%	Increase in net interest margin and average interest-earning assets.
Net fee and commission income	5,168	3,150	64.06%	Growth in businesses including fund distribution, bank card, and credit commitment and guarantee.
Net trading (losses)/ gains	(735)	1,141	(164.42%)	Increase of net loss from revaluation of foreign exchange position due to the accelerated appreciation of RMB against major foreign currencies. In addition, interest earned from relatively higher yielding foreign currency denominated assets (including assets arising from USD/RMB swaps entered into by the Group to take advantage of interest differentials) was reported under "interest income", but the related swap costs were included in "net trading (losses)/gains".
Net gains/ (losses) on investment securities	606	152	298.68%	Increase in gains arising from the disposal of available-for-sale securities.
Profit before income tax	24,417	17,657	38.29%	Increase due to the above-mentioned factors.

Items	Three month period ended 31 March 2007 (RMB million)	Three month period ended 31 March 2006 (RMB million)	% Change from first quarter 2006	Main reasons
Income tax	(11,003)	(6,508)	69.07%	Increase of income tax expenses for the first quarter of 2007 was mainly due to: (1) re-measurement of deferred tax assets which accounted for an increase of tax expenses amounting to RMB3,652 million (see 2.1.1); and (2) the increase of profit for the period. Excluding the impact under (1) above, the effective income tax rate for the first quarter of 2007 would be 30.11%, largely consistent with that of the prior year.

3.2 Development of significant events, related impact and resolution

Applicable N.A.

3.3 Fulfillment of undertakings by the company, shareholders and controlling parties

Applicable N.A.

Based on the best knowledge of the Bank, undertakings by the Bank, its shareholders and controlling parties were fulfilled during the reporting period.

3.4 Warnings and explanations of any forecasted losses or significant changes to retained earnings brought from the beginning of the financial year to the end of next reporting period

Applicable N.A.

IV QUARTERLY REPORT

This announcement and the first quarter report prepared under CAS are simultaneously available on the website of the Shanghai Stock Exchange at www.sse.com.cn and that of the Bank at www.boc.cn. The first quarter report prepared in accordance with the IFRS is also simultaneously posted on the website of the Bank at www.boc.cn.

Xiao Gang
Chairman
Board of Directors,
Bank of China Limited
30 April 2007