



中国银行股份有限公司

A 股股份代码：601988

2006 年中期报告

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重要提示

公司董事会、监事会及董事、监事、高级管理人员保证本报告所载资料不存在任何虚假记载、误导性陈述或者重大遗漏，并对其内容的真实性、准确性和完整性承担个别及连带责任。

公司董事会会议于 2006 年 8 月 29 日审议通过了公司《2006 年半年度报告》正文及摘要。会议应到董事 16 名，实际到会董事 16 名。16 名行使表决权，公司 5 名监事列席了本次会议。

公司 2006 半年度中国会计准则和国际财务报告准则会计报表已经普华永道中天会计师事务所及罗宾咸永道会计师事务所分别根据国内和国际审阅准则审阅。

中国银行股份有限公司董事会

公司董事长肖钢、行长李礼辉、主管会计工作副行长周载群及会计机构负责人刘燕芬，保证半年度报告中财务报告的真实、完整。

财务概要 (本报告按中国企业会计准则及《金融企业会计制度》之要求编制)

单位: 百万元人民币

	2006年 6月30日	2005年 12月31日	2004年 12月31日	2006年6月30日比年初增减
总资产	5,226,933	4,742,806	4,270,443	10.21%
其中: 贷款净额	2,317,408	2,151,893	2,071,693	7.69%
总负债	4,840,480	4,480,186	4,037,705	8.04%
其中: 客户存款	4,053,024	3,703,777	3,342,477	9.43%
本行股东应享有权益总额	357,641	233,842	205,351	52.94%
每股净资产(元)	1.41	1.12	1.10	25.89%
调整后每股净资产(元) ¹	1.40	1.11	1.09	26.13%

	2006年 1-6月	2005年 1-6月	2005年 1-12月	2006年1-6月比上年同期增减
营业利润	38,422	33,009	64,744	16.40%
利润总额	34,013	29,578	55,140	14.99%
净利润	19,024	16,434	27,492	15.76%
扣除非经常性损益后净利润	18,314	NA	26,174	NA
每股收益 ² (全面摊薄,元)	0.07	0.09	0.13	(22.22%)
每股收益 ^{2、3} (加权平均,元)	0.09	0.09	0.15	0.00%
经营活动中产生的现金流量净额	(117,991)	21,615	13,883	(645.88%)

	2006年 6月30日	2005年 12月31日	2004年 12月31日	2006年6月30日比年初增减 (单位: 百分点)
总资产净回报率(年率)	0.87%	0.72%	0.61%	0.15
股本净回报率 ⁴ (年率, 不含少数股东权益)	12.87%	12.52%	10.23%	0.35
股本净回报率(年率, 含少数股东权益)	13.34%	13.16%	10.92%	0.18
净资产收益率 ² (年率,全面摊薄)	10.64%	11.76%	10.19%	(1.12)
净资产收益率 ² (年率,加权平均)	14.99%	12.62%	10.04%	2.37
信贷成本(年率)	0.44%	0.50%	1.06%	(0.06)
不良贷款比率	4.19%	4.62%	5.12%	(0.43)
资本充足率	12.40%	10.42%	10.04%	1.98
拨备覆盖率	87.44%	80.55%	68.02%	6.89

	2006年 1-6月	2005年 1-6月	2005年 1-12月	2006年1-6月比上年同期增减 (单位: 百分点)
成本收入比	35.90%	37.05%	39.30%	(1.15)
非利息收入占比	15.67%	14.15%	13.46%	1.52
净息差	2.26%	2.31%	2.32%	(0.05)

¹ 根据《公开发行证券的公司信息披露内容与格式准则第3号——半年度报告的内容与格式(2003年修订)》(证监公司字[2003]25号)的规定计算。

² 根据中国证券业监督管理委员会《公开发行证券公司信息披露编报规则(第9号)——净资产收益率和每股收益的计算及披露》的规定计算。

³ 股本和净资产的加权平均值采用按日加权的方式计算。

⁴ 根据《国有商业银行公司治理及相关监管指引》(银监发[2006]22号)的规定计算。

董事长致辞

固本强基 蓄势谋发

2006年必将是中国银行历史上浓墨重彩的一个篇章。在这一年，中国银行成为第一家在国际国内资本市场成功发行上市的银行，为建设成为国际一流大银行的发展目标奠定了坚实的基础。在此，我非常高兴地向关注中国银行的社会各界和广大投资者报告本行2006年上半年所取得的经营业绩。截至2006年6月30日，中国银行实现营业利润384.22亿元人民币，净利润190.24亿元人民币，同比分别增长16.40%和15.76%。总资产净回报率(ROAA)折合年率为0.87%，股本净回报率(ROAE)折合年率为12.87%，分别比2005年末增加0.15和0.35个百分点。

良好的经营业绩是本行近两年来与时俱进、改革创新的成果。2004年，本行圆满完成财务重组；2005年，成功引进战略投资者。2006年6月1日和7月5日，本行股票先后在香港联合证券交易所和上海证券交易所挂牌交易，在中国银行业中首次获得了在国际和国内资本市场同时发行上市的成功。本行H股发行募集资金860亿港元，创造了全球金融机构首次公开发行(IPO)筹资额的最新纪录，成为近6年来全球最大的招股活动。A股发行募集资金200亿人民币，是迄今为止A股市场最大的首次公开发行(IPO)项目。此举进一步扩大了本行在国际市场和国内市场的影响力，为中国银行的百年品牌再添风采。

成功发行上市是中国银行改革发展历程中新的起点和新的动力，为本行的可持续发展提供了历史性机遇，打造了更新更高的上升平台。上市提高了资本实力和资本充足率，提升了中国品牌的品牌价值和声誉，推动本行进一步深化改革、完善公司治理。上市必将在价值观念、发展战略、组织架构、业务流程、员工素质、管理行为等方面带来巨大而深刻的变化，推动本行持续变革并加快变革，彻底转换经营管理机制，提高经营管理水平。

同时，我们深刻认识到，上市后中国银行将面临前所未有的挑战和考验。我们要接受多方面的金融监管，包括银行业和证券业的双重监管；接受更严格的市场约束；创造更高的价值回报。为此，本行承诺将严格遵循相关法律、法规的规范和制约，确保信息披露的真实、准确、完整、及时，增强透明度，培育和增强核心竞争力，努力实现价值最大化。

2006年下半年，我国经济预计将继续保持较快的健康增长态势，宏观调控措施的成效将进一步显现。中国银行将密切跟踪宏观经济走势，抓住机遇，稳健发展，关注风险，创造佳绩。我们将进一步完善公司治理机制，始终秉承“以客户为中心、以市场为导向”的理念，始终关注未来的盈利空间及持续增长能力，持续地为股东创造价值。我们将研究建立以公司业务、个人金融及资金业务为主的战略业务单元，加强业务的条线管理，逐步建立国际化大银行普遍采用的矩阵式管理模型。继续推进IT蓝图实施，尽快实现业务操作的逻辑集中，统一数据标准与操作规范，达到集中核算和信息共享，为全面增强竞争能力和盈利能力、全面提升内部管理与控制水平构建强大的信息基础平台。加强企业文化建设，营造诚实守信、绩效优先、以人为本、尽职尽责、追求卓越的工作氛围，用共同的价值观念与行为规范凝聚全体员工的智慧与力量，为中国银行的发展提供持久的精神动力。

最后，我要感谢关心和支持中国银行的海内外广大客户、股东、同业和社会各界朋友，并希望未来继续得到大家的关注。我要感谢中国银行董事会、监事会及管理层所有成员，感谢你们的努力和智慧。我还要感谢中国银行全体员工，感谢你们一如既往的积极工作和辛勤奉献。

肖钢

董事长

行长致辞

2006年，我行在国际国内资本市场成功发行上市，中国银行百年品牌得到市场认同，在此，我代表管理层衷心感谢投资者和社会各界的信任与支持！

2006年上半年，世界经济和中国经济快速增长。中国银行与国际国内同业一起分享经济增长带来的机会和成就。与此同时，我们十分关注国际国内市场波动和宏观调控带来的挑战，加强风险管理，保持业务的持续健康发展。

在董事会的领导下，管理层认真贯彻实施发展战略，各项工作进展顺利，经营业绩良好。按中国会计准则计算，2006年6月末，集团资产总额52,269.33亿元人民币，负债总额48,404.80亿元人民币，所有者权益3,576.41亿元人民币，分别比上年末增长10.21%、8.04%和52.94%。实现税前利润340.13亿元人民币、净利润190.24亿元人民币，比上年同期分别增长14.99%和15.76%。

上半年利润增长主要驱动因素是净利息收入和非利息收入增加，信贷成本和营运成本得到有效控制。

集团客户存款比上年末增长9.4%，贷款增长7.7%，证券投资增长19.1%。净利息收入同比增长12.0%。

境内业务的税前利润同比增长10.5%，对集团税前利润的贡献度由2005年年末的59.4%提高到2006年上半年的63.1%；投资银行、保险业务等多元化经营板块的税前利润同比增长145.7%，贡献度由2005年年末的3.2%提高到2006年上半年的6.6%；商业银行业务仍然是核心业务，税前利润增长达到10.8%。

非利息收入占营业收入的比重由上年同期的14.2%提高到15.7%，增长26.2%，其中净手续费和佣金收入增长51.4%。

信贷业务平稳增长，集团贷款增长7.7%，其中，境内贷款业务增长9.6%，人民币贷

款业务增长 11.2%。风险管理制度运行良好，信贷资产质量提高，关注类贷款比率由 12.7% 降低到 10.9%，减值贷款比率由上年末的 4.90%降低到 4.40%，拨备覆盖率由 80.6%提高到 87.4%。

营业收入的增长幅度高于总营业费用的增长幅度，成本收入比由 37.05%下降到 35.9%。有效税率由 36.7%降低到 36.3%。

管理层深知，成功上市意味着中国银行历经百年，再启新篇。我们将始终保持冷静和清醒，坚持稳健经营的方针，积极拓展业务。我们将加快创新，不断提高服务质量，培育核心竞争力。我们将继续加强风险管理和内部控制，有效控制成本，切实防范案件和事故。我们将继续推进组织架构改革和流程整合，加快实施 IT 蓝图，提高集约化、集中化程度。我们将继续推进人力资源管理改革，完善激励机制，推进以诚信、绩效、责任、和谐、卓越为核心价值观的企业文化建设，加强培训，提升员工素质。

李礼辉

行长

管理层讨论与分析

经济、金融和监管环境

2006 年上半年，世界经济增长强劲，国际货币基金组织上调 2006 年全球增长预期至 4.9%，这将是连续第 4 年维持在 4% 以上。中国经济继续保持平稳快速增长的态势，上半年国内生产总值 91,433 亿元人民币，同比增长 10.9%。物价保持稳定，1-6 月居民消费价格总水平同比上涨 1.3%；投资和出口的增长尤其强劲，消费则继续稳中有升。上半年中国进出口总额增长 23.4%，增速比去年同期加快 0.2 个百分点，实现贸易顺差 614 亿美元。宏观调控力度加大，经济中过热因素有望得到遏止。社会消费品零售总额同比增长 13.3%，扣除价格因素，实际增长 12.4%，增速比去年同期加快 0.4 个百分点。中国经济“高增长、低通胀”的格局继续保持。

2006 年上半年，中国金融市场运行平稳，货币信贷增加较多，货币供应持续加快，金融创新活跃，人民币市场利率平稳，汇率保持稳定。截至 6 月末，人民币对美元累计升值 0.94%；全部金融机构本外币贷款余额为 22.79 万亿元人民币，同比增长 14.34%，存款余额同比增长 17.19%。

2006 年是中国加入世界贸易组织的第五年，年底金融业将履行全面对外开放的承诺，国内外金融机构竞争日趋激烈。

2006 年上半年，中国银行业监督管理委员会（简称“银监会”）出台了一系列新的监管政策，包括统一商业银行监管评级、推动公司治理和自主创新、批准开办代客境外理财业务、加强外汇风险监管和贷款投向指导等等，对银行业的盈利性及经营管理将产生重要影响。

经济、金融和监管环境的变化对商业银行的经营管理提出了更高要求。

我们的目标 2006 年中国银行坚定地推进和深化各项改革，在积极把握住经济增长带来的发展机遇的同时，切实防范经济运行中深层次矛盾可能引发的金融风险；加快风险管理和内控体系建设，整合管理流程和业务流程，加快信息科技蓝图建设，着力提升经营管理水平；增强自主创新能力，加快产品创新和服务创新，着力提升核心竞争力；保持全面、协调、可持续发展，实现股东、银行、客户和员工的价值提升。

财务报表分析

概述

2006年6月末，中国银行股份有限公司（以下简称“本行”）及其子公司（以下简称“集团”）资产总额为52,269.33亿元人民币，较上年末增长4,841.27亿元人民币，增幅10.21%；负债总额为48,404.80亿元人民币，较上年末增长3,602.94亿元人民币，增幅8.04%；股东权益总额（不含少数股东权益）为3,576.41亿元人民币，较上年末增长1,237.99亿元人民币，增幅52.94%。

2006年上半年，集团实现净利润190.24亿元人民币，同比增长25.9亿元人民币，增幅15.76%。集团整体财务运行状况良好。

利润表项目分析

单位：百万元人民币

项目	2006年1-6月	2005年1-6月	2005年1-12月
净利息收入	54,476	48,658	100,405
非利息收入	10,126	8,021	15,623
业务及管理费	(23,193)	(21,000)	(45,604)
营业税金及附加	(2,987)	(2,670)	(5,680)
营业利润	38,422	33,009	64,744
营业外收支净额	467	1,145	1,381
扣除资产减值损失前利润总额	38,889	34,154	66,125
减：资产减值损失	(4,876)	(4,576)	(10,985)
税前利润总额	34,013	29,578	55,140
减：所得税	(12,362)	(10,860)	(22,543)
减：少数股东应享本年利润	(2,627)	(2,284)	(5,105)
净利润	19,024	16,434	27,492

按中国证监会发布的《公开发行证券公司信息披露编报规则》第 9 号的要求计算的净资产收益率及每股收益

项目	报告期利润 (百万元人民币)	净资产收益率(%)		每股收益(元)	
		全面摊薄	加权平均	全面摊薄	加权平均
主营业务利润	38,422	21.49%	30.27%	0.15	0.18
营业利润	38,422	21.49%	30.27%	0.15	0.18
净利润	19,024	10.64%	14.99%	0.07	0.09
扣除非经常性损益后的净利润	18,314	10.24%	14.43%	0.07	0.08

国内外审计重要财务数据及差异

单位：百万元人民币

	净资产		净利润	
	2006年 6月30日	2005年 12月31日	2006年 1-6月	2005年 1-6月
按中国会计准则呈报	357,641	233,842	19,024	16,434
会计准则差异调整项目				
— 冲回资产评估增值及其相关的折旧费用	(7,794)	(7,999)	205	133
— 投资物业以公允价值计量	3,199	2,816	438	1,059
— 权益性投资分类为可供出售证券以公允价值计量	3,566	1,775	-	-
— 计提内退员工内退期间的工资及福利义务	(4,911)	(5,097)	186	(1,749)
— 对非交易性贵金属按成本法计量	(757)	(637)	(120)	(83)
— 递延所得税影响	4,222	992	(97)	(97)
— 以上事项对少数股东权益的影响及其他	581	727	(159)	(516)
小计	(1,894)	(7,423)	453	(1,253)
按国际财务报告准则呈报	355,747	226,419	19,477	15,181

会计准则差异说明详见会计报表及审阅内容附件二 4. 中国会计准则与国际财务报告准则会计报表差异说明.

非经常性损益项目

单位：百万元人民币

项目	余额
处置长期股权投资净收益	141
营业外收入	1,111
营业外支出	(644)
以前年度已经计提各项减值准备的转回	451
相应税项调整	(349)
合计	710

参股公司经营情况

	2006年1-6月份	2005年1-6月份
参股公司名称	中银香港（控股）有限公司	
参股公司上市地点及代码	香港·2388	
参股公司经营范围	中银香港（控股）有限公司是一家投资控股公司，其附属公司中国银行（香港）有限公司（简称“中银香港”）主要于香港从事提供银行及相关金融服务	
参股公司净利润（扣除少数股东损益后）	45.70亿元人民币	39.93亿元人民币
参股公司当期净利润占上市公司净利润比重（%）	24.02%	24.30%

净利息收入

2006年上半年，集团实现净利息收入544.76亿元人民币，同比增长58.18亿元人民币，增幅11.96%。

集团生息资产、付息负债的平均余额⁵和平均利率⁶情况如下表所述：

单位：百万元人民币

项目	2006上半年				2005上半年				2005全年			
	平均余额		利息收支	平均利率	平均余额		利息收支	平均利率	平均余额		利息收支	平均利率
	金额	占比			金额	占比			金额	占比		
生息资产												
贷款	2,291,998	48%	60,360	5.27%	2,196,061	52%	51,971	4.73%	2,192,058	51%	109,711	5.00%
债券投资 ⁷	1,837,222	38%	30,652	3.34%	1,383,481	33%	19,908	2.88%	1,475,673	34%	44,938	3.05%
存放及拆放同业和存放中央银行	694,824	14%	8,765	2.52%	639,077	15%	5,587	1.75%	655,359	15%	12,696	1.94%
小计	4,824,044	100%	99,777	4.14%	4,218,619	100%	77,466	3.67%	4,323,090	100%	167,345	3.87%
付息负债												
客户存款*	4,001,322	89%	38,887	1.94%	3,471,702	88%	23,815	1.37%	3,560,014	88%	55,914	1.57%
同业存入及拆入和对中央银行负债	371,143	8%	4,122	2.22%	336,394	9%	2,827	1.68%	355,856	9%	6,512	1.83%
借入专项资金和发行债券	112,108	3%	2,292	4.09%	113,672	3%	2,166	3.81%	115,843	3%	4,514	3.90%
小计	4,484,573	100%	45,301	2.02%	3,921,768	100%	28,808	1.47%	4,031,713	100%	66,940	1.66%
净利息收入			54,476				48,658				100,405	
净利差(%) ⁸				2.12%				2.20%				2.21%
净息差(%) ⁹				2.26%				2.31%				2.32%

⁵ 生息资产、付息负债平均余额是集团的管理帐目日平均余额。

⁶ 平均利率为年率，按照利息收入（或支出）除以平均余额计算。2006年上半年和2005年上半年平均利率已折算为年率。

⁷ 包括交易性及其他公允价值变动计入损益的债券和债券投资。

⁸ 净利差=生息资产平均收益率-付息负债平均成本。

⁹ 净息差=净利息收入/生息资产平均余额。

*包括发行存款证余额。

集团净利息收入受规模和利率因素变动而引起的变化¹⁰如下表所述。其中，因规模因素和利率因素共同产生的影响归结为利率因素变动。

单位：百万元人民币

2006年上半年比2005年上半年			
	规模因素	利率因素	合计
利息收入			
贷款	2,269	6,120	8,389
债券投资	6,534	4,210	10,744
存放及拆放同业和存放中央银行	488	2,690	3,178
小计	9,291	13,020	22,311
利息支出			
客户存款	(3,628)	(11,444)	(15,072)
同业存入及拆入和对中央银行负债	(292)	(1,003)	(1,295)
借入专项资金和发行债券	30	(156)	(126)
小计	(3,890)	(12,603)	(16,493)
净利息收入	5,401	417	5,818

利息收入

2006年上半年，集团实现利息收入997.77亿元人民币，同比增长223.11亿元人民币，增幅28.80%。利息收入增长不仅来自于生息资产规模的扩张，更多来自于生息资产平均利率的改善。生息资产的平均余额从2005年上半年的42,186.19亿元人民币增至2006年上半年的48,240.44亿元人民币，增幅14.35%。集团生息资产平均利率从2005年上半年的3.67%提高到2006年上半年的4.14%，增长47个基点。

贷款

2006年上半年，集团贷款利息收入603.60亿元人民币，同比增长83.89亿元人民币，增幅16.14%。主要由于贷款平均收益率从2005年上半年的4.73%提高到2006年上半年的

¹⁰ 计算规模因素变化对利息收支影响的基准是披露期内生息资产和付息负债平均余额的变化；计算利率因素变化对利息收支影响的基准是披露期内生息资产和付息负债平均利率和其他因素的变动。

5.27%，增长 54 个基点，以及平均余额从 2005 年上半年的 21,960.61 亿元人民币增至 2006 年上半年的 22,919.98 亿元人民币。集团继续严格控制贷款质量，客户贷款稳健增长，平均余额增幅为 4.37%。平均收益率的提高主要由于(1) 外币贷款市场利率的持续上升；(2) 人民银行在 2006 年 4 月末提高了人民币贷款的基准利率；(3) 本行贷款质量的继续改善。受境内人民币货币市场利率低位运行的影响，贴现的收益率受到一定压力，影响了利息收入的快速增长。

证券投资

2006 年上半年，集团证券投资利息收入 306.52 亿元人民币，同比增长 107.44 亿元人民币，增幅 53.97%。主要由于证券平均余额从 2005 年上半年的 13,834.81 亿元人民币增加到 2006 年上半年的 18,372.22 亿元人民币，增长 32.80%，以及证券平均收益率从 2005 年上半年的 2.88%提高到 2006 年上半年的 3.34%，增长 46 个基点。证券投资平均余额的增长主要由于 (1)客户存款持续增长，集团将未能用于贷款投放的剩余资金投向比存放及拆放同业和存放中央银行收益率更高的证券投资；(2) 集团继续优化资产组合，降低收益率较低的存放及拆放同业资金在资产组合中的比重。平均收益率提高主要由于外币债券收益率受到市场影响持续攀升，并弥补了境内人民币货币市场利率低迷的不利影响。

存放及拆放同业和存放中央银行

2006 年上半年，集团存放及拆放同业和存放中央银行利息收入为 87.65 亿元人民币，同比增长 31.78 亿元人民币，增幅 56.88%。增长主要由于外币资产平均收益率的持续攀升，带动平均收益率从 2005 年上半年的 1.75%提高到 2006 年上半年的 2.52%，增长 77 个基点；其次，虽然存放中央银行的存款准备金因客户存款增长而增加，但集团压缩了收益率较低的存放及拆放同业资产，平均余额从 2005 年上半年的 6,390.77 亿元人民币增加到 2006 年上

半年的 6,948.24 亿元人民币，增长 8.72%。

利息支出

2006 年上半年，集团利息支出 453.01 亿元人民币，同比增长 164.93 亿元，增幅 57.25%。利息支出增长不仅来源于付息负债规模的增长，更多来自于付息负债平均成本的上升。付息负债的平均余额从 2005 年上半年的 39,217.68 亿元人民币增至 2006 年上半年的 44,845.73 亿元人民币，增幅 14.35%；付息负债平均成本从 2005 年上半年的 1.47% 提高到 2006 年上半年的 2.02%，增长 55 个基点。

客户存款

2006 年上半年，客户存款利息支出 388.87 亿元人民币，同比增长 150.72 亿元，增幅 63.29%。增长主要由于客户存款付息率从 2005 年上半年的 1.37% 提高到 2006 年上半年的 1.94%，增长 57 个基点，以及平均余额从 2005 年上半年的 34,717.02 亿元人民币增加到 2006 年上半年的 40,013.22 亿元人民币，增长 5,296.20 亿元，增幅 15.26%。客户存款付息率的增长主要由于 (1) 小额外币存款利率同比有较大提高；(2) 境外机构市场利率的继续提高。平均余额的增长主要由于中国经济快速发展，人民币业务快速增长弥补了因客户预期人民币升值而导致境内外币存款业务下滑的影响。

同业存入及拆入和对中央银行负债

2006 年上半年，同业存入及拆入和对中央银行负债利息支出 41.22 亿元人民币，同比增长 12.95 亿元人民币，增幅 45.81%。增长主要是由于外币资金成本上升，付息率从 2005 年上半年的 1.68% 提高到 2006 年上半年的 2.22%，增长 54 个基点。尽管平均余额从 2005 年上半年的 3,363.94 亿元人民币增加到 2006 年上半年的 3,711.43 亿元人民币，增幅 10.33%，

但同业及其他金融机构存入在付息负债中的比重从 2005 年上半年的 9%下降至 2006 年上半年的 8%。

借入专项资金和发行债券

2006 年上半年，集团借入专项资金和发行债券利息支出 22.92 亿元人民币，同比增长 1.26 亿元人民币，增幅 5.82%。增长主要由于资金成本的上升，付息率从 2005 年上半年的 3.81%提高到 2006 年上半年的 4.09%，增长 28 个基点。

净利差和净息差

2006 年上半年，集团净利差为 2.12%，同比收窄 8 个基点，由于受利率上升因素影响，无息资金的贡献上升 3 个基点，净息差为 2.26%，同比收窄 5 个基点。息差下降主要由于 (1) 债券投资比重上升，在生息资产组合中的比重较上年同期上升 5 个百分点，但受人民币货币市场利率低迷的影响，抵销了收益率的上升；(2) 受生息资产快速增长和集团审慎维持风险和收益之间的平衡的影响，贷款在生息资产的比重有所下降，更多资金投入债券市场；(3) 外币资金成本上升。

2006 年上半年，基于对市场的预测和未来资产负债业务发展的需要，集团加大了吸收人民币存款的力度，努力优化和改善资产负债结构，各项业务快速发展，弥补了息差缩窄的影响，净利息收入从 2005 年上半年的 486.58 亿元人民币增加到 2006 年上半年的 544.76 亿元人民币，增幅 11.96%。

非利息收入

2006 年上半年，集团实现非利息收入 101.26 亿元人民币，同比增长 21.05 亿元人民币，增幅 26.24%。

单位：百万元人民币

	2006年 1-6月	2005年 1-6月	2005年 1-12月
手续费及佣金收支净额	6,841	4,518	9,247
净交易收入	(193)	2,993	4,482
投资收益	1681	149	(248)
其他业务收支净额	1,797	361	2,142
合计	10,126	8,021	15,623

手续费及佣金收支净额

单位：百万元人民币

	2006年 1-6月	2005年 1-6月	2005年 1-12月
结算与清算业务收入	1,794	1,287	2,941
代理业务收入	2,201	1,235	2,735
信用承诺手续费及佣金收入	1,438	1,308	2,693
银行卡业务收入	1,365	1,049	2,340
受托业务收入	248	235	483
其他	1,120	801	1,506
手续费及佣金收入	8,166	5,915	12,698
手续费及佣金支出	(1,325)	(1,397)	(3,451)
手续费及佣金收支净额	6,841	4,518	9,247

2006年上半年，集团实现手续费及佣金收支净额68.41亿元人民币，同比增长23.23亿元人民币，增幅51.42%。增长主要由于集团大力发展中间业务，代理业务、结算与清算业务和银行卡手续费等项目增长明显。

集团代理业务收入22.01亿元人民币，同比增长9.66亿元人民币，增幅78.22%。增长主要由于国债、基金和保险等产品及服务的销售量增长。

集团结算与清算手续费收入17.94亿元人民币，同比增长5.07亿元人民币，增幅39.39%。增长主要由于信用证等结算业务量以及保理业务和对私电子汇划费收入的快速增长。

集团银行卡手续费收入13.65亿元人民币，同比增长3.16亿元人民币，增幅30.12%。

增长主要由于集团根据市场变化和客户需求，不断加大银行卡营销力度，银行卡发卡量、交易量和 ATM 交易频率持续增长。

净交易收入

单位：百万元人民币

	2006年 1-6月	2005年 1-6月	2005年 1-12月
汇兑及汇率产品净收益	1,302	3,322	2,518
利率产品净（损失）/收益	(1,495)	(329)	1,964
合计	(193)	2,993	4,482

2006年上半年，集团净交易损失1.93亿元人民币，同比下降31.86亿元人民币，降幅106.45%。

2006年上半年，境内行外汇买卖价差收入27.28亿元，同比增长8.04亿元，增幅41.79%。增长主要由于汇率波动以及个人购汇手续和额度的适度放开，促进了个人结售汇交易量的上升。同期，受市场利率波动影响，集团利率工具净收益出现亏损14.95亿元，同比下降11.66亿元，降幅354.41%。

由于中国人民银行（简称“央行”）自2005年7月21日起对人民币实行有管理的浮动汇率制度，受人民币升值影响，2006年上半年集团受限制的外汇资本性项目下外汇敞口产生的净外汇损失约35亿元人民币，同时集团与中央汇金投资有限责任公司签署的外币期权合同的估值收益为3亿元人民币。如不考虑上述因素，集团净交易收入同比增长1,400万元。

投资收益

单位：百万元人民币

	2006年 1-6月	2005年 1-6月	2005年 1-12月
股权投资收益	1,587	125	678
其中：投资联营企业净收益	339	48	166
其他股权投资净收益	1,248	77	512
债券投资（损失）/收益	94	24	(926)
合计	1,681	149	(248)

2006年上半年，集团实现投资收益16.81亿元人民币，同比增长15.32亿元，增幅1028.19%，增长主要由于（1）集团于2005年9月增持华能国际电力开发公司5%的股权至20%，并对华能国际按联营企业采用权益法核算，该部份股权投资收益计入投资联营企业净收益；（2）集团向非全资的中银香港(控股)有限公司出售了中银集团人寿保险有限公司的股份；（3）中银国际投资收益同比增加。

其他业务收支净额

单位：百万元人民币

	2006年 1-6月	2005年 1-6月	2005年 1-12月
其他营业收入	5,366	2,767	6,617
其中：保险业务收入	4,286	2,624	5,237
其他	1,080	143	1,380
其他营业支出	(3,569)	(2,406)	(4,475)
其中：保险理赔费用	(3,423)	(2,168)	(3,861)
其他	(146)	(238)	(614)
合计	1,797	361	2,142

2006年上半年，集团实现其他业务收支净额17.97亿元人民币，同比增长14.36亿元人民币，增幅397.78%，增长主要由于集团保险业务收入和其他子公司收入的持续上升。

业务及管理费

单位：百万元人民币

	2006年 1-6月	2005年 1-6月	2005年 1-12月
员工费用	13,278	11,654	23,979
业务费用	7,174	6,208	15,742
折旧	2,741	3,138	5,883
合计	23,193	21,000	45,604

2006年上半年，集团业务及管理费231.93亿元人民币，同比增长21.93亿元人民币，增幅10.44%。增长的因素主要包括：（1）继续完善员工薪酬改革以保持集团在此方面的竞争力；（2）实施中国银行企业年金计划；（3）由于业务规模扩大和市场竞争日趋激烈，集团支持业务发展的费用随之增长；（4）受以前年度出售和处置固定资产等因素影响，上半年的折旧支出同比继续下降。

资产减值损失

单位：百万元人民币

	2006年 1-6月	2005年 1-6月	2005年 1-12月
贷款减值损失	5,062	4,718	10,888
抵债资产减值损失	(131)	96	133
其他应收款坏账损失/（转回）	(55)	206	498
固定资产及其他资产减值（转回）/损失	-	(444)	(534)
合计	4,876	4,576	10,985

2006年上半年，集团资产减值损失同比增长3亿元人民币，增幅6.56%。

应收利息及其他应收坏帐准备的计提情况

依据财政部《金融企业会计制度》有关规定，“金融企业应当在期末分析各项应收款项（含拆出资金、应收保费等，但不包括贷款的应收利息）的可收回性，并预计可能产生的坏帐损失。对预计可能发生的坏账损失，计提坏账准备”。贷款应收利息或其对应的贷款本金逾期

90 天后，应收利息转入表外，同时将已入账的利息收入和应收利息予以冲销。应收贷款利息的账龄均为 90 天以内。

报告期内，集团坏账准备计提情况如下：

单位：百万元人民币

	2006 年 6 月 30 日	2005 年 12 月 31 日	增加额
其他应收款	17,538	14,275	3,263
坏账准备余额	3,874	3,878	(4)

所得税分析

2006 年上半年，集团所得税费用为 123.62 亿元人民币，同比增长 15.02 亿元人民币，增幅 13.83%。集团有效税率为 36.34%，同比下降 0.38 个百分点。

资产负债项目分析

单位：百万元人民币

	2006 年 6 月 30 日	2005 年 12 月 31 日	2004 年 12 月 31 日
债券投资 ¹¹	1,988,271	1,669,591	1,309,479
存放及拆放同业和存放中央银行	640,765	661,478	631,727
贷款净值	2,317,408	2,151,893	2,071,693
固定资产及在建工程	75,148	76,320	79,302
资产总计	5,226,933	4,742,806	4,270,443
同业存入及拆入和对中央银行负债	388,844	375,288	318,443
客户存款	4,053,024	3,703,777	3,342,477
借入专项资金和发行债券	109,799	112,343	95,802
负债合计	4,840,480	4,480,186	4,037,705
少数股东权益	28,812	28,778	27,387
股东权益合计	357,641	233,842	205,351
负债和股东权益总计	5,226,933	4,742,806	4,270,443

¹¹ 包括可供出售证券、持有至到期日债券、贷款及应收款和交易性及其他公允价值变动计入损益的债券。

证券

单位：百万元人民币

	2006年 6月30日	2005年 12月31日	2004年 12月31日
交易性及其他公允价值变动计入损益的债券	110,602	107,271	91,012
可供出售债券	919,175	593,010	346,532
持有至到期日债券净值	569,126	607,459	457,994
分类为贷款及应收款的债券净值	389,368	361,851	413,941
合计	1,988,271	1,669,591	1,309,479

截至 2006 年 6 月末，集团证券资产 19,882.71 亿元人民币，较上年末增长 3,186.80 亿元人民币，增幅 19.09%。其中可供出售债券增长 3,261.65 亿元人民币，是证券资产增长的主要原因。

贷款

截至 2006 年 6 月末，集团贷款总额为 24,055.36 亿元人民币，较上年末增加 1,704.9 亿元人民币，增幅 7.6%。其中，境内机构贷款总额为 19,726.31 亿元人民币，较上年末增加 1,727.08 亿元人民币，增幅 9.6%，境内机构贷款增长最快的地区是华东地区，贷款余额较上年末增加 938.1 亿元人民币，增幅 13.1%。

集团贷款地区集中度

单位：百万元人民币

	2006年6月30日		2005年12月31日		2004年12月31日	
	余额	占比	余额	占比	余额	占比
境内机构	1,972,631	82.00%	1,799,923	80.53%	1,734,302	80.80%
境外机构	432,905	18.00%	435,123	19.47%	412,160	19.20%
合计	2,405,536	100.00%	2,235,046	100.00%	2,146,462	100.00%

境内机构贷款地区结构

单位：百万元人民币

	2006年6月30日		2005年12月31日		2004年12月31日	
	余额	占比	余额	占比	余额	占比
华北地区	353,477	17.92%	322,451	17.91%	313,843	18.10%
东北地区	135,087	6.85%	131,430	7.30%	128,374	7.40%
华东地区	813,572	41.24%	719,759	39.99%	679,773	39.20%
中南部地区	470,372	23.85%	444,869	24.72%	433,860	25.02%
西部地区	200,123	10.14%	181,414	10.08%	178,452	10.28%
合计	1,972,631	100.00%	1,799,923	100.00%	1,734,302	100.00%

注： 华北地区包括北京、天津、河北、山西、内蒙古及总行本部；
东北地区包括黑龙江、吉林及辽宁；
华东地区包括上海、江苏、浙江、安徽、福建、江西及山东；
中南地区包括河南、湖北、湖南、广东、深圳、广西及海南；
西部地区包括重庆、四川、贵州、云南、陕西、甘肃、宁夏、青海、西藏及新疆。

集团贷款行业集中度

截至 2006 年 6 月末，集团公司贷款余额为 18,640.81 亿元人民币，较年初增加 1,520.38 亿元人民币，增幅为 8.9%。公司贷款主要集中于制造业、商业及服务业等行业领域，该两类贷款分别占公司贷款的 31.75%及 17.35%，境内机构贷款行业结构与集团总体特点相似。

集团公司贷款行业结构

单位：百万元人民币

	2006年6月30日		2005年12月31日		2004年12月31日	
	余额	占比	余额	占比	余额	占比
制造业	591,909	31.75%	531,191	31.03%	523,506	31.70%
商业、服务业	323,348	17.35%	301,863	17.63%	348,432	21.10%
房地产	201,585	10.82%	190,297	11.11%	187,110	11.40%
能源、采矿和农业	252,415	13.54%	230,854	13.48%	203,544	12.30%
运输业	200,503	10.76%	193,428	11.30%	184,449	11.10%
公用事业	104,827	5.62%	91,924	5.37%	87,731	5.30%
建筑业	38,304	2.05%	36,050	2.11%	36,059	2.20%
金融业	112,153	6.02%	96,245	5.62%	46,518	2.80%
其他	39,037	2.09%	40,191	2.35%	35,072	2.10%
公司贷款总计	1,864,081	100.00%	1,712,043	100.00%	1,652,421	100.00%

境内机构公司贷款行业结构

单位：百万元人民币

	2006年6月30日		2005年12月31日		2004年12月31日	
	余额	占比	余额	占比	余额	占比
制造业	543,831	34.68%	490,898	34.57%	497,317	36.10%
商业、服务业	276,491	17.64%	255,460	17.99%	284,772	20.60%
房地产	104,121	6.64%	96,390	6.79%	100,932	7.30%
能源、采矿和农业	233,357	14.88%	210,281	14.81%	186,942	13.50%
运输业	173,417	11.06%	165,396	11.65%	157,762	11.40%
公用事业	104,827	6.69%	91,924	6.47%	87,731	6.30%
建筑业	32,940	2.10%	30,089	2.12%	27,938	2.00%
金融业	96,440	6.15%	77,237	5.44%	32,079	2.30%
其他	2,512	0.16%	2,290	0.16%	7,484	0.50%
公司贷款总计	1,567,936	100.00%	1,419,965	100.00%	1,382,957	100.00%

集团贷款客户集中度

截至2006年6月末,集团公司贷款余额为18,640.81亿元人民币,较上年末增加1,520.38亿元人民币,增幅为8.9%,公司贷款占全部贷款的比率为77.5%;个人贷款余额为5,414.55亿元人民币,较上年末增加184.52亿元人民币,增幅为3.5%,个人贷款占全部贷款的比率为22.5%。境内机构公司贷款余额较上年末增加1,479.71亿元人民币,增幅为10.4%;个人贷款余额较上年末增加247.37亿元人民币,增幅为6.5%。

集团贷款按客户分类

单位：百万元人民币

	2006年6月30日		2005年12月31日		2004年12月31日	
	余额	占比	余额	占比	余额	占比
公司贷款	1,864,081	77.49%	1,712,043	76.60%	1,652,421	76.98%
包括：贸易票据	269,713	11.21%	225,026	10.07%	177,738	8.28%
个人贷款	541,455	22.51%	523,003	23.40%	494,041	23.02%
合计	2,405,536	100.00%	2,235,046	100.00%	2,146,462	100.00%

境内机构贷款按客户分类

单位：百万元人民币

	2006年6月30日		2005年12月31日		2004年12月31日	
	余额	占比	余额	占比	余额	占比
公司贷款	1,567,936	79.48%	1,419,965	78.89%	1,382,957	79.74%
包括：贸易票据	240,826	12.21%	195,311	10.85%	148,832	8.58%
个人贷款	404,695	20.52%	379,958	21.11%	351,345	20.26%
合计	1,972,631	100.00%	1,799,923	100.00%	1,734,302	100.00%

境内机构个人贷款按产品分类

单位：百万元人民币

	2006年6月30日		2005年12月31日		2004年12月31日	
	余额	占比	余额	占比	余额	占比
按揭	308,387	76.20%	286,829	75.49%	240,640	68.49%
信用卡	2,212	0.55%	1,929	0.51%	1,441	0.41%
其他	94,096	23.25%	91,200	24.00%	109,264	31.10%
合计	404,695	100.00%	379,958	100.00%	351,345	100.00%

注：(1) 其他主要包括汽车消费贷款、个人投资经营贷款和个人助学贷款等。

集团贷款币种结构

截至 2006 年 6 月末，集团人民币贷款余额为 16,438.96 亿元，较年初增加 1,660.37 亿元，增幅为 11.2%，占贷款总额的 68.3%。

集团贷款币种结构

单位：百万元人民币

	2006年6月30日		2005年12月31日		2004年12月31日	
	余额	占比	余额	占比	余额	占比
人民币	1,643,896	68.34%	1,477,859	66.12%	1,378,760	64.23%
外币	761,640	31.66%	757,187	33.88%	767,702	35.77%
合计	2,405,536	100.00%	2,235,046	100.00%	2,146,462	100.00%

境内机构贷款币种结构

单位：百万元人民币

	2006年6月30日		2005年12月31日		2004年12月31日	
	余额	占比	余额	占比	余额	占比
人民币	1,641,482	83.21%	1,475,821	82.00%	1,378,343	79.50%
外币	331,149	16.79%	324,102	18.00%	355,959	20.50%
合计	1,972,631	100.00%	1,799,923	100.00%	1,734,302	100.00%

集团贷款担保结构

截至 2006 年 6 月末，集团贷款担保方式抵押、质押贷款占比较大，为 45.85%，信用贷款占比为 24.1%。

集团贷款担保方式

单位：百万元人民币

	2006年6月30日		2005年12月31日		2004年12月31日	
	余额	占比	余额	占比	余额	占比
信用贷款	578,987	24.08%	475,764	21.29%	447,800	20.86%
保证贷款	723,502	30.07%	684,824	30.64%	650,905	30.32%
抵押、质押贷款	1,103,047	45.85%	1,074,458	48.07%	1,047,757	48.82%
合计	2,405,536	100.00%	2,235,046	100.00%	2,146,462	100.00%

贷款质量

截至 2006 年 6 月末，集团减值贷款总额为 1059.44 亿元人民币，较上年末减少 33.67 亿元人民币，减值贷款比率 4.4%，较上年末下降 0.49 个百分点。境内机构减值贷款总额为 995.43 亿元人民币，较上年末减少 25.97 亿元人民币，减值贷款比率 5.05%，较上年末下降 0.62 个百分点。海外机构减值贷款总额为 64.01 亿元人民币，较上年末减少 7.70 亿元人民币，减值贷款比率 1.48%，较上年末下降 0.17 个百分点。

集团减值贷款地区结构

单位：百万元人民币

	2006年6月30日			2005年12月31日			2004年12月31日		
	余额	占比	减值比率	余额	占比	减值比率	余额	占比	减值比率
境内机构	99,543	93.96%	5.05%	102,140	93.44%	5.67%	104,327	88.3%	6.02%
境外机构	6,401	6.04%	1.48%	7,171	6.56%	1.65%	13,830	11.7%	3.36%
合计	105,944	100.00%	4.40%	109,311	100.00%	4.89%	118,157	100.0%	5.50%

注(1)若有客观减值证据证明贷款的预计未来现金流量减少且减少余额可以预计，则本行确认该客户贷款已减值，并确认损失。

(2) 减值贷款比率按识别减值贷款金额除以该类别的贷款总余额计算。

境内机构减值贷款地区结构

单位：百万元人民币

	2006年6月30日			2005年12月31日			2004年12月31日		
	余额	占比	减值比率	余额	占比	减值比率	余额	占比	减值比率
华北地区	18,457	18.54%	5.22%	17,699	17.30%	5.50%	22,600	21.70%	7.20%
东北地区	11,968	12.03%	8.84%	12,363	12.10%	9.40%	13,170	12.60%	10.26%
华东地区	25,962	26.08%	3.19%	27,811	27.20%	3.90%	28,595	27.40%	4.21%
中南部地区	30,071	30.21%	6.39%	30,611	30.00%	6.90%	26,611	25.50%	6.13%
西部地区	13,085	13.14%	6.54%	13,656	13.40%	7.50%	13,351	12.80%	7.48%
合计	99,543	100.00%	5.05%	102,140	100.00%	5.70%	104,327	100.00%	6.02%

境内机构公司减值贷款行业结构

单位：百万元人民币

	2006年6月30日			2005年12月31日			2004年12月31日		
	余额	占比	减值比率	余额	占比	减值比率	余额	占比	减值比率
制造业	34,856	38.86%	6.41%	32,969	35.58%	6.76%	32,218	33.37%	6.48%
商业、服务业	23,162	25.83%	8.38%	25,443	27.46%	9.96%	26,344	27.29%	9.25%
房地产	11,596	12.93%	11.14%	12,763	13.77%	13.24%	13,453	13.93%	13.33%
能源、采矿和农业	6,624	7.39%	2.84%	6,665	7.19%	3.17%	6,588	6.82%	3.52%
运输业	7,176	8.00%	4.14%	7,759	8.37%	4.69%	9,729	10.08%	6.17%
公用事业	4,312	4.81%	4.11%	4,627	4.99%	5.03%	5,564	5.76%	6.34%
建筑业	1,717	1.91%	5.21%	2,226	2.40%	7.40%	2,569	2.66%	9.20%
金融业	235	0.26%	0.24%	215	0.24%	0.28%	72	0.08%	0.22%
其他	6	0.01%	0.26%	0	0.00%	0.00%	6	0.01%	0.08%
公司减值贷款合计	89,684	100.00%	5.72%	92,667	100.00%	6.54%	96,543	100.00%	6.98%

集团减值贷款客户结构

单位：百万元人民币

	2006年6月30日			2005年12月31日			2004年12月31日		
	余额	占比	减值比率	余额	占比	减值比率	余额	占比	减值比率
公司贷款	95,120	89.78%	5.10%	98,669	90.26%	5.76%	108,005	91.41%	6.54%
个人贷款	10,824	10.22%	2.00%	10,642	9.74%	2.03%	10,152	8.59%	2.05%
合计	105,944	100.00%	4.40%	109,311	100.00%	4.89%	118,157	100.00%	5.50%

境内机构减值贷款客户结构

单位：百万元人民币

	2006年6月30日			2005年12月31日			2004年12月31日		
	余额	占比	减值比率	余额	占比	减值比率	余额	占比	减值比率
公司贷款	89,684	90.10%	5.72%	92,667	90.73%	6.53%	96,543	92.55%	6.99%
个人贷款	9,859	9.90%	2.44%	9,473	9.27%	2.49%	7,784	7.45%	2.22%
合计	99,543	100.00%	5.05%	102,140	100.00%	5.67%	104,327	100.00%	6.02%

境内机构个人减值贷款分布

单位：百万元人民币

	2006年6月30日			2005年12月31日			2004年12月31日		
	余额	占比	减值比率	余额	占比	减值比率	余额	占比	减值比率
按揭	3,930	39.87%	1.27%	3,837	40.50%	1.34%	3,608	46.35%	1.50%
信用卡	267	2.71%	12.08%	228	2.41%	11.82%	218	2.80%	15.13%
其他	5,662	57.42%	6.02%	5,408	57.09%	5.93%	3,958	50.85%	3.62%
合计	9,859	100.00%	2.44%	9,473	100.00%	2.49%	7,784	100.00%	2.22%

贷款五级分类情况

截止 2006 年 6 月末,集团按照监管分类标准确认的不良贷款总额 1,007.88 亿元人民币,较上年末减少 24.38 亿元人民币,不良贷款比率 4.19%,较上年末下降 0.43 个百分点。境内机构不良贷款总额为 965.19 亿元人民币,较上年末减少 16.9 亿元人民币,不良贷款比率 4.89%,较上年末下降 0.57 个百分点。集团关注类贷款总额 2,617.88 亿元人民币,较上年末

减少 222.60 亿元人民币，关注类贷款占全部贷款比例 10.88%，较上年末下降 1.83 个百分点。

集团资产质量状况

单位：百万元人民币

	2006年6月30日		2005年12月31日		2004年12月31日	
	余额	占比	余额	占比	余额	占比
正常	2,042,960	84.93%	1,847,772	82.67%	1,611,936	75.10%
关注	261,788	10.88%	284,048	12.71%	424,606	19.78%
次级	42,082	1.75%	45,573	2.04%	61,289	2.86%
可疑	43,479	1.81%	44,550	1.99%	32,931	1.53%
损失	15,227	0.63%	13,103	0.59%	15,700	0.73%
合计	2,405,536	100.00%	2,235,046	100.00%	2,146,462	100.00%
不良总额	100,788	4.19%	103,226	4.62%	109,920	5.12%

境内机构资产质量状况

单位：百万元人民币

	2006年6月30日		2005年12月31日		2004年12月31日	
	余额	占比	余额	占比	余额	占比
正常	1,625,776	82.42%	1,430,210	79.46%	1,227,414	70.77%
关注	250,336	12.69%	271,504	15.08%	408,571	23.56%
次级	40,917	2.07%	44,056	2.45%	57,656	3.32%
可疑	41,760	2.12%	42,852	2.38%	29,787	1.72%
损失	13,842	0.70%	11,301	0.63%	10,874	0.63%
合计	1,972,631	100.00%	1,799,923	100.00%	1,734,302	100.00%
不良总额	96,519	4.89%	98,209	5.46%	98,317	5.67%

客户存款

单位：百万元人民币

	2006年 6月30日	2005年 12月31日	2004年 12月31日
短期 ¹² 对公存款	1,467,863	1,323,444	1,150,115
短期储蓄存款	2,044,461	1,911,921	1,756,312
长期 ¹³ 对公存款	32,157	26,317	32,743
长期储蓄存款	339,763	313,703	296,246
存入保证金	168,780	128,392	107,061
合计	4,053,024	3,703,777	3,342,477

¹² 活期、一年及以下定期存款

¹³ 一年以上定期存款

截至 2006 年 6 月末，集团客户存款 40,530.24 亿元人民币，较上年末增长 3,492.47 亿元人民币，增幅 9.43%。其中，对公存款、对私存款分别增长 1,502.59 亿元人民币和 1,586 亿元人民币。

客户存款币种结构

截至 2006 年 6 月末，集团人民币存款余额为 28,765.75 亿元人民币，较年初增加 3,446.97 亿元，增幅为 13.6%，占存款总额 71%。

客户存款币种结构

单位：百万元人民币

	2006 年 6 月 30 日		2005 年 12 月 31 日		2004 年 12 月 31 日	
	余额	占比	余额	占比	余额	占比
人民币	2,876,575	70.97%	2,531,878	68.36%	2,093,272	62.63%
外币	1,176,449	29.03%	1,171,899	31.64%	1,249,205	37.37%
合计	4,053,024	100.00%	3,703,777	100.00%	3,342,477	100.00%

所有者权益

单位：百万元人民币

	2006 年 6 月 30 日	2005 年 12 月 31 日	2004 年 12 月 31 日
少数股东权益	28,812	28,778	27,387
股东权益	357,641	233,842	205,351
股东权益合计	386,453	262,620	232,738

2006 年上半年，本行向全国社会保障基金理事会定向溢价发行普通股，随后，向境外投资者溢价发行境外上市外资股(H 股)和向境内投资者溢价发行普通股(A 股)。请见附件——会计师报告附注三 17(1)。

报告期内股东权益变动情况

单位：百万元人民币

	股本	资本公积	盈余公积	一般准备及法定储备金	未分配利润	可供出售债券公允价值变动储备	外币报表折算差额	合计
2006年1月1日余额	209,427	3,978	5,987	5,109	12,585	(1,380)	(1,864)	233,842
本年净利润	-	-	-	-	19,024	-	-	19,024
发行普通股	44,412	72,567	-	-	-	-	-	116,979
提取盈余公积	-	-	2,108	-	(2,108)	-	-	-
提取一般准备及法定储备金	-	-	-	4,291	(4,291)	-	-	-
可供出售债券储备净变动	-	-	-	-	-	(10,574)	-	(10,574)
股利分配	-	-	-	-	(1,375)	-	-	(1,375)
外币报表折算差额	-	-	-	-	-	-	(255)	(255)
其他	-	-	-	(2)	2	-	-	-
2006年6月30日余额	253,839	76,545	8,095	9,398	23,837	(11,954)	(2,119)	357,641

主要表外项目余额

报告期末，集团主要表外项目及余额如下表所示：

单位：百万元人民币

	2006年6月30日	2005年12月31日
银行承兑	230,434	195,234
开出保函	255,779	212,987
开出信用证	115,686	101,195
不可撤销的信用承诺及其他	422,297	386,346
合计	1,024,196	895,762

截止报告期末前三年期末补充财务指标

单位：%

主要监管指标		监管标准	2006年6月30日	2005年12月31日	2004年12月31日
资本充足率(%)		≥8	12.4	10.4	10.0
核心资本充足率(%)		≥4	10.6	8.1	8.5
流动性比率(%)	人民币	≥25	32.0	48.9	35.3
	外币	≥25	45.8	87.4	78.6
贷存款比例(%)	人民币	≤75	57.2	51.7	59.6
	外币	≤85	64.7	70.4	67.9
不良贷款率(%)		-	4.2	4.6	5.1
拨备覆盖率(%)		≥60	87.4	80.6	68.0
单一最大客户贷款比例(%)		≤10	3.9	4.7	3.4
最大十家客户贷款比例(%)		≤50	19.3	25.6	25.4

以上监管指标依据中国银行业监督管理委员会的相关规定进行计算，财务数据按中国企业会计准则及《金融企业会计制度》要求编制。其中流动性指标根据银监会2006年相关规定计算。

资本充足率

本行根据中国银监会2004年2月23日颁布的《商业银行资本充足率管理办法》（中国银行业监督管理委员会令[2004]第2号）计算和披露资本充足率。自2005年起，集团按照银监会颁布的《中国银行业监督管理委员会办公厅关于下发商业银行市场风险资本要求计算表、计算说明的通知》（银监发[2004]第374号），计算市场风险资本。截至2006年6月末，集团资本充足率为12.40%，较上年末上升1.98个百分点；核心资本充足率10.63%，较上年末上升2.55个百分点。

截至2006年6月末，集团资本净额4,520.27亿元，较上年末增加1,257.90亿元。其中，核心资本净额3,876.98亿元，较上年末增加1,347.28亿元。集团加权风险资产总额31,636.59亿元（不含市场风险），较上年末增加3,704.70亿元。集团市场风险资本要求为385.49亿元，相应转换风险资产4,818.68亿元。

单位：百万元人民币/%

项 目	2006年6月30日	2005年12月31日	增减额/率
核心资本净额 (a)	387,698	252,970	134,728
资本净额 (b)	452,027	326,237	125,790
加权风险资产 (c)	3,163,659	2,793,189	370,470
市场风险资本 (d)	38,549	27,025	11,524
核心资本充足率 (%) [e=a/(c+d*12.5)]	10.63%	8.08%	2.55%
资本充足率 (%) [f=b/(c+d*12.5)]	12.40%	10.42%	1.98%

分部报告

地区分部报告

2006年6月30日

单位：百万元人民币

	中国内地	港澳地区	其他 境外地区	抵销	集团
净利息收入	45,078	8,549	845	4	54,476
非利息收入	4,371	6,189	152	(586)	10,126
业务及管理费	(18,920)	(3,618)	(687)	32	(23,193)
营业利润	27,584	11,091	297	(550)	38,422
资产减值(损失)/回拨	(5,932)	935	121	-	(4,876)
利润总额	21,824	12,284	455	(550)	34,013
所得税	(10,751)	(1,672)	(142)	203	(12,362)
少数股东应享本年利润	(4)	(2,623)	-	-	(2,627)
净利润	11,069	7,989	313	(347)	19,024
分部资产	4,268,205	993,715	199,169	(234,156)	5,226,933
分部负债	(3,917,105)	(897,042)	(191,882)	165,549	(4,840,480)

2005年6月30日

单位：百万元人民币

	中国内地	港澳地区	其他 境外地区	抵销	集团
净利息收入	40,434	7,380	844	-	48,658
非利息收入	4,860	2,712	449	-	8,021
业务及管理费	(17,046)	(3,358)	(596)	-	(21,000)
营业利润	25,612	6,710	687	-	33,009
资产减值(损失)/回拨	(6,591)	1,805	210	-	(4,576)
利润总额	19,744	8,882	952	-	29,578
所得税	(9,472)	(1,228)	(160)	-	(10,860)
少数股东应享本年利润	9	(2,293)	-	-	(2,284)
净利润	10,281	5,361	792	-	16,434
分部资产	3,803,989	966,225	186,982	(214,390)	4,742,806
分部负债	(3,584,086)	(871,046)	(178,853)	153,799	(4,480,186)

2006年上半年，中国内地仍然是中国银行最重要的经营区域，是集团重要的收入和利润增长来源，该地区资产在集团资产总额中的占比为78%，净利润占比为57%；港澳地区是集团除内地之外的另一个重点经营区域，该地区资产占集团资产总额的18%，净利润占比为41%。

业务分部报告

2006年6月30日

单位：百万元人民币

	公司银行业务	个人银行业务	资金业务	投资银行	保险业务	其他	抵销	总计
净利息收入	26,602	16,881	11,376	19	250	(656)	4	54,476
非利息收入	5,029	4,147	(1,471)	1,324	198	1,536	(637)	10,126
业务及管理费	(8,588)	(11,677)	(2,876)	(224)	(103)	(406)	681	(23,193)
营业利润	21,565	8,892	6,006	1,117	342	452	48	38,422
资产减值(损失)/回拨	(4,202)	(720)	1	(5)	6	44	-	(4,876)
利润总额	17,419	8,299	6,052	1,110	388	1,295	(550)	34,013
分部资产	1,813,042	637,280	2,692,140	18,079	17,153	84,279	(35,040)	5,226,933
资本性支出	416	782	31	6	2	953	-	2,190

2005年6月30日

单位：百万元人民币

	公司银行业务	个人银行业务	资金业务	投资银行	保险业务	其他	抵销	总计
净利息收入	25,744	16,021	7,056	63	183	(409)	-	48,658
非利息收入	4,135	2,558	746	335	46	243	(42)	8,021
业务及管理费	(7,876)	(10,148)	(2,680)	(195)	(88)	(301)	288	(21,000)
营业利润	20,548	7,995	4,362	201	140	(483)	246	33,009
资产减值(损失)/回拨	(5,471)	819	19	1	(2)	58	-	(4,576)
利润总额	15,184	9,029	4,452	203	134	576	-	29,578
分部资产	1,658,718	603,891	2,399,377	15,159	12,398	77,644	(24,381)	4,742,806
资本性支出	342	665	32	4	25	698	-	1,766

自2006年1月1日起，本集团对内部转移定价政策进行了修订。新的内部转移定价机制以市场存款和贷款利率为基准，参照不同产品及其期限调整其预定利润率。在2006年1月1日前，本集团采用资金的平均成本和生息资产的平均利率作为内部转移定价的基础，并未考虑不同产品和各自到期日。该方法变化的主要原因是为了更好的反映各业务分部的经营业绩，加强本行对资产和负债的管理能力。以上表已根据新的分部转移定价，对2005年6月30日的报表项目的分部信息进行重新披露。

业务回顾

商业银行业务

本行业务涵盖商业银行、投资银行和保险三大领域，在世界 27 个国家和地区拥有分支机构，与 1,400 家国外代理行总行及其 46,900 家分支机构保持了代理业务关系，凭借全球化的网络及其优质的服务、雄厚的实力，使本行在国内市场保持着独特的竞争优势。

公司业务

公司业务指本行向公司客户提供的包括存款、贷款、贸易融资、结算、清算、托管等在内的各项金融产品和融资、财务解决方案等。

公司存、贷款业务 本行继续加大公司存款的营销力度，人民币公司存款延续了多年来的快速增长态势。截至 2006 年 6 月末，境内行人民币公司存款余额 11,421 亿元人民币，比上年末增加 1,467 亿元人民币，增长率为 14.7%，在全部金融机构¹⁴中的市场份额约为 8.2%；本行积极扩展重点客户群，落实差别化的业务管理和服务政策，并发挥总分行对重点项目的联动营销优势，加快发展优质资产业务。截至 2006 年 6 月末，境内行人民币公司贷款余额 12,367 亿元人民币，比上年末增加 1,409 亿元人民币，增长率为 12.8%，在全部金融机构中的市场份额约为 6.7%。在保持人民币公司存款稳定增长的同时，本行加大了外币公司存款拓展力度，努力维持我行市场优势。截至 2006 年 6 月末，境内行外币公司存款余额 176.7 亿美元，比上年末增加 12.9 亿美元，在全部金融机构中的市场份额约为 21.1%；本行充分发挥外汇业务优势，积极开展产品创新，并抓住贸易融资业务的市场机会，促进外币公

¹⁴ 全部金融机构包括：中国人民银行、政策性银行、国有商业银行、其他商业银行、城市商业银行、农村商业银行、城市信用社、农村合作银行、农村信用社、财务公司、信托投资公司、租赁公司、邮政储汇局。

司贷款的增长。本报告期末，境内行外币公司贷款余额 414.4 亿美元，比上年末增加 12.8 亿美元，在全部金融机构中的市场份额约为 33.5%。境外机构外币公司存款余额 270 亿美元，公司贷款余额 370.4 亿美元。

集团公司存款币种结构 （单位：亿元人民币）

	2006年6月30日	2005年12月31日
人民币	11,431	9,959
外币折合人民币	3,569	3,539
各货币折合人民币	15,000	13,498

2006 年上半年，本行大力拓展优质客户和业务，积极探索公司业务经营和管理的转型。继续加强总分行间对重点客户、重点项目的联动营销，拓展优质资产业务；加强与产品部门的合作，扩大产品的交叉销售；加强海内外联动和与本行附属机构中国银行(香港)有限公司(简称“中银香港”)、中银国际控股有限公司(简称“中银国际”)、中银国际投资有限公司(简称“中银投资”)、中银集团保险有限公司(简称“中银集团保险”)等机构的业务合作，提高公司业务整体竞争力；通过试点小企业业务、强化产品创新，确保公司业务的持续健康发展。

集团公司贷款币种结构 （单位：亿元人民币）

	2006年6月30日	2005年12月31日
人民币	12,392	10,979
外币折合人民币	6,249	6,141
各货币折合人民币	18,641	17,120

金融机构业务 本行金融机构业务是指以各类金融机构客户为服务对象，运用银行自身资源，以获取综合效益为目的所从事的资产、负债和中间业务等业务活动。受股市影响，2006 年 5-6 月金融机构存款增长较快。截至 2006 年 6 月末，境内行人民币金融机构存款余额为 1,723.3 亿元人民币，比上年末增加 182.7 亿元人民币；外币金融机构活期及定期存款余额为 98.7 亿美元，比上年末减少 1.8 亿美元。

自 1987 年起，本行先后确定纽约分行、东京分行、法兰克福作为美元、日元和欧元清算主渠道。经过若干年的发展，本行已建立起一个完整的、多货币、跨区域的海外清算体系。为海内外客户提供高效、快捷、便利的清算服务。

托管与基金代销业务 本行托管业务产品包括封闭式基金托管、开放式基金托管、券商集合理财计划托管、全国社保基金托管、保险资金托管、合格境外机构投资者（QFII）资金托管、企业年金托管、信托资金托管、资产证券化资金托管以及产业基金托管、合格境内机构投资者（QDII）境外投资资金托管等新兴托管产品。代销产品涵盖了股票型、平衡型、债券型等所有开放式基金类型，及券商集合理财计划代销、投资连结保险产品代销等产品。

2006 年上半年，托管和代销业务的经营环境总体向好，股市活跃，使得各类投资者入市步伐加快，业务创新提速。总体上看，上半年代销及托管业务均保持了健康快速的发展。截至 2006 年 6 月末，本行托管总资产规模近 2100 亿元人民币，比年初增长逾 20%，居市场领先地位；本行代销基金金额逾 280 亿元人民币，同比增长逾 50%。

2006 年上半年，我行在合格境外机构投资者(QFII)境内证券投资资金、保险资金、企业年金、地方社保基金等托管业务方面均取得了新的突破，成为最大的中资 QFII 托管银行。

国际结算及贸易融资业务 本行国际结算及贸易融资业务涵盖了进口开立信用证、出口信用证项下交单、进出口押汇、福费廷、信用证保兑、保函、保理等产品，除传统的国际结算及贸易融资服务外，本行独家办理的加工贸易保证金台帐、税款保付保函等业务，满足了客户不同层次的结算及融资需求。

2006 年上半年，集团共办理国际结算业务 4,204.9 亿美元，同比增长 12.6 %，其中境内行办理国际结算业务 2,699 亿美元，同比增长 10.7 %；境外行办理国际结算业务 1,505 亿

美元，同比增长 16.2%。2006 年上半年，受国内经济发展良好态势的影响，国内贸易融资业务大幅度增长，其中保理融资业务同比增幅达 223%；受国际市场利率攀升等因素的影响，国际贸易融资业务增势趋缓。2006 年上半年，集团共叙作国际贸易融资业务 291.7 亿美元，同比增长 13.3%。其中境内行办理国际贸易融资业务 131.4 亿美元，境外行办理国际贸易融资业务 199.1 亿美元。境内行叙作外汇保函业务 47.7 亿美元，同比增长 83.5%；人民币保函业务 373 亿元，同比增长 109.5%。境内行叙作国际保理业务 25.8 亿美元，同比增长 27.4%；叙作国内保理业务 127.6 亿元人民币，同比增长 192.3%。

年度	2006年6月30日	2005年6月30日
业务量	4,204.9	3,733.9

2006 年上半年，本行加大了对贸易融资产品和中间业务产品的创新和组合应用，先后推出了“出口全益达、进口汇利达、进口保付达、报关及时通”等一系列具有强大市场竞争力的产品，研发了出口信用险项下的福费廷业务等新型产品和服务。这些产品创新突显我行国际结算及贸易融资产品和服务的优势，进一步巩固了本行国际结算业务领先者的市场地位。

个人金融业务

个人金融业务是指本行为居民个人或家庭提供的包括个人存款、个人贷款、财富管理和银行卡等在内的各项金融服务。

储蓄存款 截至 2006 年 6 月末，境内行人民币储蓄存款余额为 15,738 亿元，比上年末增加 1,574.4 亿元；在全部金融机构中的市场份额为约 10.2%，比上年末上升 0.1 个百分点。境内行外币储蓄存款为 316.9 亿美元，比上年末减少 8.2 亿美元，在全部金融机构中的市场份额约为 49.8%。境外机构储蓄存款为 696.8 亿美元(其中含人民币储蓄存款 89.7 亿元)，比上年末增加 19.1 亿美元。外币储蓄存款下降的主要原因为人民币汇率形成机制的改变，

加大了市场对于人民币汇率再次升值的预期，使居民外币储蓄意愿减弱。

集团储蓄存款币种结构（单位：亿元人民币）

	2006年6月30日	2005年12月31日
人民币	15,827	14,254
外币折合人民币	8,015	8,002
各货币折合人民币	23,842	22,256

个人贷款 截至2006年6月末，境内行个人贷款余额为4,047亿元人民币，比上年末增加247亿元，其中住房贷款余额为3,084亿元人民币，比上年末增加216亿元人民币。境外机构个人贷款余额为171亿美元，比上年末减少6.2亿美元。

2006年上半年，本行加大以“理想之家”为统一品牌的直客式个人住房贷款的营销力度，推出了具有较强市场竞争力的“易居宝”一手房贷款和“安居宝”二手房贷款两款新产品；加强了与全国领先房地产开发企业的战略合作。截至2006年6月末，境内机构开展“直客式”消费贷款业务的网点数量超过7,000个，占全部网点的60%以上。

2006年6月末集团个人贷款品种结构

	住房贷款	汽车贷款	信用卡及其他
2006年6月30日	79.07%	4.50%	16.43%
2005年12月31日	78.97%	5.35%	15.68%

注：(1)其他主要包括个人投资经营贷款和个人助学贷款。

财富管理 2006年上半年,本行在境内理财中心推出了“中银理财全球服务”内容,达到统一服务标准的理财中心超过250家,可向中银理财贵宾客户提供预约服务。推出了一系列与汇率、石油、黄金挂钩的外汇理财产品,以及与汇率、黄金挂钩的人民币结构性理财产品。建立了“中银理财”专家顾问团,由本行全球金融市场部、个人金融部等相关部门,中银香港、中银国际、中银证券等20余名专家组成,支持“中银理财”品牌推广及客户教育。加强理财从业队伍建设,境内分行理财客户经理已超过2300人,其中近900人获得金融理财师资格认证。

银行卡业务

本行为客户提供包括的单双币种借记卡、准贷记卡、贷记卡和代理外卡交易等银行卡服务。

2006年上半年,本行稳步推进与苏格兰皇家银行集团有限公司(RBS)合作的信用卡业务单元的建设工作,加强银行卡业务经营管理和风险管理,提高银行卡单卡交易量和活动率,稳步提高银行卡业务收入。境内行累计实现银行卡手续费收入9.6亿元人民币,同比增长51.4%。

截至2006年6月末,境内行累计发行长城人民币借记卡9463.38万张,中银长城卡703万张,中银信用卡109万张,分别比去年同期增长15.2%,12.5%和561%。外卡收单交易额实现104.82亿元人民币,同比增长16.6%。长城人民币卡直消额实现651亿元人民币,同比增长47.7%。

2006年上半年,本行继续加大银行卡业务产品创新,先后推出了具备分期付款功能的标准人民币贷记卡-中银都市卡,中银久光JCB联名信用卡、中银北大信用卡、中银金鹰联名卡等产品,同时与大型企事业单位合作联名推出了长城嘉实基金联名卡、长城中升联名卡等项目,该类产品的推出,取得了良好的市场效果。

境内行长城人民币卡直接消费额 （单位：亿元人民币）

	2006年6月30日	2005年6月30日
直接消费额	650.9	440.8

资金业务

本行从事自营资金的投资和交易，同时为公司及个人客户提供资金产品及服务。在外汇资金业务方面，本行在国内商业银行界处于领先地位。

本行的投资业务涵盖本外币债券、货币市场、衍生产品和资产管理领域；交易业务包括外汇交易、外汇掉期交易、结售汇、外汇期权交易、外币债券及衍生产品交易、本币债券交易、贵金属交易等。本行拥有一批经验丰富的交易人员及资金业务风险管理人员，在盈利的同时保障资金风险处于可控范围之内。

新产品的开发和报价能力是本行主要竞争优势之一。近年来，央行陆续推出了人民币做市商制度、外汇一级交易商、询价交易方式、远期、即期、利率掉期、银行间人民币外汇掉期交易等多项举措，人民币汇率形成机制的市场化进程明显加快。此后，中国人民银行、中国银监会和国家外汇管理局又发布了《商业银行开办代客境外理财业务管理暂行办法》，本行成为首批获准开办代客境外理财业务并获额度最大的银行。本行充分利用资金业务优势，逐步提高资金产品的设计能力。特别是通过开发及提供量身定制的资金产品和服务吸引更多的优质客户。2006年上半年，面对激烈的市场竞争，本行积极开拓资金产品及业务。相继开展了人民币利率掉期业务、超远期结售汇业务等，同时针对国内理财市场的巨大潜力，推出了人民币结构性理财产品包括“博弈”零售理财产品、“奥运概念”理财产品系列。针对公司客户的理财需求，本行适时推出了“四季远期”、“信用花园”等理财产品。本行推出的“汇聚宝”个人外汇理财系列产品连续两年被国内专业财经网站“和讯网”授予“国内最佳理财

品牌”称号。

黄金交易是本行重要资金业务之一。截至 2006 年 6 月 30 日，本行在国内唯一的黄金交易所——上海黄金交易所的市场份额为 37%，是国内黄金交易之冠。

中银香港业务

中银香港为本行在香港设立的子公司，本行持有中银香港 65.87%的股权。中银香港是香港主要商业银行之一亦是香港三家发钞银行之一。截至 2006 年 6 月末，中银香港拥有分行共 302 家，其中香港分行 287 家，内地分支行 14 家，海外分行 1 家；自动柜员机(ATM)数目共 454 部。中银香港通过其广泛的服务网络向零售客户和企业客户提供全面的金融产品与服务。2006 年上半年，中银香港收购中银集团保险持有的中银集团人寿的 51%股权，进一步扩大了服务领域并开拓了新的收入来源。2006 年上半年，中银香港实现净利润折合人民币 45.70 亿元（扣除少数股东损益后），同比增长 14.5%。

2006 年上半年，外围经济的有力支持及中国经济的强劲增长带动香港经济继续快速增长，就业市场改善、市民收入增加、投资市场活跃。得益于良好的经济环境，中银香港上半年盈利取得稳步增长，与去年同期比较，净利息收益率上升，非利息收入有较大增长，其中代理投资业务表现突出，成本收入比率保持市场低位。

存款业务继续保持优势，结构趋于优化。截至 6 月末，客户存款余额为 6509.94 亿港元，较上年末上升 1.9%。受利率上升等因素的影响，住房按揭贷款需求受到抑制，市场竞争进一步加剧，放款轻微减少 0.2%；面对信贷业务发展不利的环境，中银香港着力优化授信组合，改善流程管理，中小企业贷款稳步增长。银团贷款市场份额名列前茅。在香港及澳门银团贷款市场位居第二名，在香港及中国银团贷款市场排名第三。

2006 年上半年中银香港继续保持香港人民币业务的市场领导地位，并于各类人民币业务领域持续取得理想的成绩。人民币存款于 2006 年上半年轻微增长 0.1%。人民币信用卡发卡

业务居主导地位，业务量增长 60.3%。截至 2006 年 6 月底，提供人民币提取服务的自动柜员机数目增至 236 台。2006 年 3 月，人民币交收系统正式推出，为人民币业务提供了一个优越的清算平台，并为香港人民币业务的进一步发展奠定基础。人民币个人支票服务的推出，为客户提供了更加灵活便捷的消费新模式。中银香港充分利用与母行的合作协同效应，以创造长期持续的理想资本回报率及股东最大效益为发展动力，继续开发高素质产品及服务。

投资银行业务

中银国际是中国银行在香港设立的全资附属子公司，在全球拥有 30 家附属机构。中银国际是一家拥有较强投资银行专业队伍、独立国际配售网络的全功能投资银行。

2006 年上半年，中银国际实现利润总额折合人民币 11.10 亿元，同比增长 446 %。2006 年上半年，中银国际以独家/联席牵头经办人的角色参与了中国银行等 6 个 IPO 上市项目，集资额占香港股票承销市场总集资额的 28.5%。中银国际在 2006 年上半年新股承销榜上取得融资总金额及完成上市项目数量第一名。中银国际通过中银国际英国保诚资产管理有限公司（简称“中银保诚”）提供广泛的资产管理服务。截至 2006 年 6 月末，中银保诚资产管理公司管理的总资产额为 268.5 亿港元，较 2005 年年末增加 15 亿港元，增长率为 5.9%。在强积金业务方面，中银保诚拥有超过 46 万计划登记成员，资产值逾 140 亿港元，以管理资产金额计算，中银保诚约占市场额 8%左右。

中银国际证券有限公司（简称“中银国际证券”）于 2002 年 3 月成立，是首家获得 A 股综合类券商牌照的中外合资证券公司。截至 2006 年 6 月 30 日，中银国际证券承销额位居券商第一名；参与了国开行 15 期金融债的承销工作，承销额位居券商第一名；同期完成的债券交割量位居券商第二名。

保险业务

本行从事的保险业务包括寿险及非寿险。非寿险业务由本行全资持有，寿险业务由本行与子公司中银香港共同持有并经营。

中银集团保险及中银集团人寿保险有限公司（简称“中银集团人寿”）负责具体经营本集团的保险业务。

2006 年上半年，本集团保险业务实现毛保费收入 6.48 亿港元；实现利润总额折合人民币 3.88 亿元，同比增长 189%，业务来源主要包括银行代理业务及经纪代理业务两大类。

毛保费收入来源分析

单位：百万港元

	2006 年 6 月 30 日	2005 年 12 月 31 日	2005 年 6 月 30 日
银行代理毛保费收入	293	514	283
经纪代理毛保费收入	355	752	402
合计	648	1,266	685

为了开拓更专业化的产品市场，中银集团保险于 2006 年起积极拓展董事责任保险、专业人员责任险等专业责任保险、同时响应政府提倡的“用者自付”医疗改革举措，筹划推出了一系列贴身医疗保险计划。2006 年上半年，为了拓展海外业务，中银集团保险收购了联丰亨保险有限公司 32% 的股权，藉此涉足澳门市场，开展产寿险业务。为了进一步提升商业银行、投资银行及保险业务三业并举的理念及加强银保的业务联动，2006 年 6 月，中银集团保险出让了中银集团人寿 51% 股权予中银香港，为中银集团人寿业务的发展奠定了新的里程碑。

信息科技

本行充分认识到信息科技的进步对本行未来发展的重要性。2006 年上半年，本行信息科技工作继续以支持业务发展及安全生产为核心目标。推进了管理信息系统、网上银行新平台、国际结算及贸易融资集中化系统等重大 IT 项目建设。同时启动了位于北京的新的信息中心及位于上海的灾难备份中心的基础设施建设工作。IT 蓝图项目有条不紊地开展，启动了系统培

训、差距分析及压力测试等基础性工作。IT 蓝图建设的有力推进，关系到本行改革、发展和创新的全局。IT 蓝图的实施将实现本行分支机构网络业务操作信息逻辑集中化处理，以加强本行内部管理、风险防范及内部稽核的适时监控力度，使本行内控制度更趋完善，业务和管理流程实现以客户为中心、管理线条化模式。IT 蓝图项目的稳步实施将为全面增强本行竞争能力、全面提升内部管理与控制水平构建强大的信息基础平台。

风险管理

综述 风险管理是本行管理架构中重要的部分，良好的风险管理是本行持续健康较快发展的重要保证。2006 年上半年，本行进一步提高风险管理实力，优化授信资产结构，改善授信资产质量，促进授信业务持续健康较快发展。

风险管理架构 本行董事会及其下属风险政策委员会，管理层下设的内部控制委员会、反洗钱工作委员会、资产负债管理委员会和资产处置委员会，风险管理部、授信执行部、资产负债管理部、法律与合规部等相关部门共同构成本行风险管理的主要组织架构。本行通过垂直管理模式管理分行的风险状况，通过窗口风险管理模式管理业务部门的风险状况，通过委任子公司的董事会或风险管理委员会的若干成员，监控及控制子公司的风险管理。

信用风险

信用风险是因借款人或交易对手未能或不愿意履行偿债义务的风险。本行的信用风险主要来源于贷款、贸易融资和资金业务。

本行管理信用风险的流程可分为三个主要环节：（1）信贷发起和评估；（2）对信用风险的审查和批准；（3）贷款发放和贷后管理。

公司授信 对于公司授信业务，本行执行独立的尽责审查、民主的风险评审、严格的问责审批和后评价为内容的“三位一体”授信决策机制。

2006 年上半年，本行继续推进授信集中审批机制改革，陆续实施授信集中审批。调整了海外机构授信审批权限和授权管理模式，加强了对客户的授信总量风险控制。为促进小企业授信业务的持续健康发展，本行进一步明确小企业授信准入条件并已启动分行试点工作。

本行实行客户信用评级与授信资产风险分类有机联系的二维评级体系。客户评级结果是授信授权管理、客户准入退出管理、授信审批、授信定价、授信资产风险分类的重要依据。本行计划下半年开始基于 PD（违约概率）的客户信用评级模型的测试和推广工作。截至 2006 年 6 月 30 日，本行境内机构 A 类客户授信余额占比 43.7%，较上年末提高 1.8 个百分点。

2006 年上半年，本行建立了大额授信客户风险评估标准并制订了管理措施，完善了集团客户授信风险管理。根据国家宏观调控政策和房地产市场情况，加强了对行业风险的监控及房地产授信业务的管理，房地产贷款的资产质量稳步改善。

贷款五级分类是本行持续信贷监控的重要环节。本行从 1999 年开始实施授信资产五级分类制度。本行上半年继续对关注类贷款按“高、中、低”风险进行细分并管理，分类结果的客观性进一步提高，关注类贷款余额和占比继续下降。

个人贷款 2006 年上半年，本行全面完成个人质押贷款和国家助学贷款以外的其他个人贷款审批权限向一级分行的集中工作。同时加强了对个人贷款的风险监控，包括对个人贷款在地区、产品等组合层面的全面监控，对高风险楼盘、高风险经销商以及高风险客户的重点监控和风险报告。

本行主要采取协商谈判、法律诉讼、债务重组、核销等各种方式向不良债务人追偿债务；普遍应用拍卖、招投标、协议转让等公开、透明市场方式加紧对实物资产的处置。

市场风险

市场风险是指因市场价格包括利率、汇率、股票价格和商品价格的不利变动而使银行表内和表外业务发生损失的风险。市场风险存在于银行的交易和非交易业务中。本行通过市场

风险限额进行管理，风险限额参照不同的风险因素，例如：利率、汇率、商品及股票价格等。采用多种风险计量技术，如敏感度限额等制订具体管理措施。

涉险值是一种统计学方式，用以在一段特定时间内，按指定的置信度，估量由于利率、汇率、商品及股票价格波动而可能对风险持仓所造成的潜在的损失。下表为截至 2006 年 6 月 30 日止本行境内业务外币交易组合(不涵盖本行的较大金额投资帐户或银行帐户)的风险价值分析结果：

	截至 2006 年 6 月 30 日				截至 2005 年 12 月 31 日			
	期末	平均	高	低	期末	平均	高	低
利率风险	4.88	8.10	16.25	0.82	4.77	3.27	11.94	0.20
汇率风险	2.64	3.67	14.12	0.78	0.39	2.7	18.69	0.34
波动风险	0.19	0.68	4.63	0.16	0.36	0.8	2.54	0.04
市场风险总额	5.84	8.10	19.15	1.84	15.6	5.1	18.86	0.69

单位：百万美元

利率风险管理 利率风险是利率波动造成利息收入或资产价值遭受损失的风险。本行主要通过缺口分析来评估银行账户的利率风险状况。通过定期监测缺口状况，并利用缺口数据进行压力测试，以此调整计息资产与计息负债的重新定价期限结构。同时，本行密切关注本外币利率走势，紧跟市场利率变化，适时调整本外币存贷款利率，努力防范利率风险。

对于资金业务，本行采用风险价值、持续期和基点价值等技术计量利率风险，并运用压力测试和情景分析方法监控风险。本行还通过设定风险限额，对限额执行情况监控和管理。目前本行已建立了全球统一的资金业务内控中台，依托先进的市场风险管理系统，对本行各主要分支机构资金业务的市场风险进行有效的监控。

汇率风险管理 本行对汇率风险的管理涵盖非交易性帐户及交易性帐户的风险管理。非交易性汇率风险主要来自于资产与负债货币错配、外汇资本金、海外附属机构投资以及外币盈利或亏损。本行通过资金来源和运用的货币逐一匹配的方式尽量减少资产负债货币错配产生的汇率风险，辅之以结汇或考虑对冲交易的方式管理和控制汇率风险。然而，本行对外币头寸可实施的控制措施有限，因为人民币为非自由兑换货币。按照中国政府现行

的外汇管理政策，外汇兑换需要中国政府有关部门的批准。本行针对降低外汇头寸采取了如下方式：

2005 年与中央汇金投资有限责任公司签署了一份外币期权合同，名义本金为 180 亿美元，对部分资产负债表的外汇头寸净额进行了经济套期保值。

截至 2006 年 6 月 30 日止期间，本行通过叙做外汇交易，降低外汇头寸净额 33 亿美元。

在资产负债表日后，截至 2006 年 8 月，本行通过叙做外汇交易，进一步降低外汇头寸净额 142 亿美元。

本行交易性帐户的风险主要来自本行自主或经营外汇交易业务面临的风险，对于交易性帐户的风险管理，本行则根据自身风险承受能力和经营能力，结合多种手段合理承担。通过总量控制、结构管理、额度管理、预测和估值等管理手段，有效降低市场不确定因素造成损失的可能性。

流动性风险

流动性风险是指无法以合理价格获取资金，满足到期债务支付需求的风险。

本行流动性管理的目标是：确保任何时候都拥有充足的流动性，以满足存款和其他到期债务的支付以及资产业务发展的需要，以及在有业务发展机会或有紧急情况时，有足够的能在一定的时间内以合理的成本融入资金。

本行的流动性管理贯彻一级法人管理原则，全行的流动性管理实行自上而下、一级管一级、一级保一级的管理顺序。流动性管理的内容，包括正常经营环境下的管理和应对突发事件或极端情况下的应急措施。前者主要通过定期更新的管理政策指引、流动性指标管理、流动性缺口管理、头寸管理、总分行间资金往来管理、流动性资产组合管理和融资指导原则等手段，确保全行资产负债业务的正常开展，同时把全行流动性水平调控到适当的水平之上；

后者主要通过预警指标、应急方案、融资能力测试等手段，达到及时发现和化解风险的目的。

2006年上半年，本集团的资产负债业务平稳健康发展，流动性状况良好。截至2006年6月30日，反映流动性状况的有关指标均达到监管要求，具体如下表：

2006/6/30	本币	外币
流动性比例：	32.03%	45.88%
境内行贷存比：	56.47%	71.95%
超额备付率★：	2.58%	17.07%

★存款准备金是指金融机构为保证客户提取存款和资金清算需要而准备的在中央银行的存款，中央银行要求的存款准备金占其存款总额的比例就是存款准备金率。

存款准备金及存款准备金率包括两部分，中央银行规定的存款准备金率被称为法定存款准备率，目前为7.5%，即接受存款的商业银行必须把存款的7.5%上存中央银行，与法定存款准备率对应的准备金就是法定准备金。超过法定准备金的准备金叫做超额准备金(国内习惯于称其为备付金)，超额准备金与存款总额的比例是超额准备率(国内常称之为备付率)。

以上流动性比率依据中国人民银行及银行业监督管理委员会的相关规定进行计算，财务数据按照中国企业会计准则及《金融企业会计制度》要求编制。

内部控制与操作风险

内部控制 本行致力于不断完善内部控制体系，构建由职能管理、合规控制和内部稽核组成的内部控制三道防线。明晰各业务单位岗位职责，在管理架构上为有效防范风险、科学配置资源提供保证。

本行内控建设的总目标是：以完善的内部控制组织体系为保障，以体现制衡原则、健全有效的制度为基础，以精细化的过程控制为着眼点，以激励约束机制和问责制为引导，以信息科技手段为依托，大力培育合规文化，努力构建本行全面系统、动态、主动和可证实的内部控制体系。

根据中国人民银行《商业银行内部控制指引》规定，本行从内部控制环境、公司业务、资金业务、个人金融业务、电子银行、银行卡、人力资源等不同业务及管理层面入手，不断强化内部控制措施，健全内部控制机制。同时，建立内部控制关键指标监测制度，对轮岗、代职、业务差错等内控关键指标进行重点监测及定期报告。

操作风险 操作风险是指由不完善或有问题的内部程序、人员及系统或外部事件所造成损失的风险。2006 年上半年，本行与战略投资者苏格兰皇家银行开展了操作风险管理框架合作项目。初步探索适合本行实际情况的操作风险管理架构。制定了包括操作风险与控制评审、关键风险指标、重大事件报告等在内的工作流程。启动了操作风险与控制评估及关键风险指标的试点工作。

内部稽核 为了更充分地发挥内部稽核在公司治理中的积极作用，2006 年上半年，本行聘请独立的外部咨询机构，参照国际内部审计行业最佳实践对本行稽核工作进行了整体评估，并结合评估结果和监管机构的要求，开始实施从稽核组织架构、管理方式、报告路线到实务技术标准的全方位改进，着力构建董事会及稽核委员会的领导下的垂直、独立、有效的新稽核体系。与此同时，本行继续加大稽核检查的深度，关注高风险领域和内控薄弱环节的改进，有效促进内部控制有效性的不断提升。按照以常规稽核为主导，辅之以专项稽核和个案调查的稽核计划和统计体系，境内外各级稽核部门在兼顾检查广度的同时强化检查深度。2006 年上半年，对 6 个海外机构，9 个一级分行，115 个二级分行，689 个城区支行和 957 个县支行进行了常规稽核，同时完成专项稽核 1,172 个（其中经济责任稽核 850 个），个案调查 31 个。

资本管理

本行资本管理的目标是通过各类资本的有效筹划，保证本行的资本符合外部监管、信用评级、风险补偿和股东回报的要求；同时，充分利用资本工具和资本管理手段持续优化资本的财务效率，提升股本价值，实现以风险控制为基础的股东价值最大化。在报表披露的经营期间，本行及集团的资本水平符合各项法定要求。

展望

下半年，我国经济将继续保持较快增长的态势，这为本行的经营提供了良好的宏观环境。面对新形势、新任务，本行将加强战略研究，努力保持各项业务平稳较快增长，确保按计划完成年初确定目标，同时根据资本市场的要求，实施变革管理。在业务发展方面，本行将大力发展中间业务，加快发展个人金融业务，进一步优化业务结构和收入结构。稳健发展优质公司资产业务，把握好业务发展的速度和节奏，完善主动负债管理，降低资金成本，提高服务水平。在风险管理方面，本行将进一步加强全面风险管理，完善内部控制体系，构建由职能管理、合规控制和内部稽核组成的内部控制三道防线。在基础建设方面，本行将深化组织架构改革和流程整合，加快 IT 蓝图实施。在人力资源方面，本行将继续推进人力资源改革，加强领导班子建设和员工队伍建设。

公司基本情况简介

法定中文名称：中国银行股份有限公司（简称：中国银行，下称“本行”）

公司法定英文名称：BANK OF CHINA LIMITED（简称：BANK OF CHINA）

法定代表人：肖钢

董事会秘书：杨志威

合格会计师：梁剑兰

授权代表：李礼辉

杨志威

合规顾问：高盛(亚洲)有限责任公司

瑞士银行，通过其业务集团瑞银投资银行营运

联系地址：中国北京市复兴门内大街1号

联系电话：010-66596688

传真：010-66016871

电子信箱：bocir@bank-of-china.com

注册地址：中国北京市复兴门内大街1号

办公地址：中国北京市复兴门内大街1号

邮政编码：100818

香港营业地点：香港中环花园道1号中银大厦8楼

信用评级（长期）

标准普尔：BBB+ 日本评级及投资信息公司：A -

穆迪投资服务：A2 大公国际资信评估有限公司：AAA

惠誉国际评级：A -

国际互联网网址 <http://www.boc.cn>

选定的信息披露报纸 《中国证券报》《上海证券报》《证券时报》《中国日报》

香港报纸：香港 《南华早报》《信报》

刊登半年度报告的中国证监会指定网站：<http://www.sse.com.cn>

刊登半年度报告的香港联合交易所网站：<http://www.hkex.com.hk>

半年度报告备置地点：主要营业场所

指数成份股

本公司为下列指数之成份股：

摩根士丹利资本国际 (MSCI) 中国指数

上海证券交易所指数系列

新华富时中国 25 指数

新华富时香港指数

恒生中国企业指数 ("H 股指数") (由 2006 年 9 月 11 日起生效)

股份代码：

H 股：

香港联合交易所有限公司 3988

路透社 3988.HK

彭博 3988 HK

A 股：

上海证券交易所 601988

路透社 601988.SS

彭博 601988 CH

股份过户登记处

H 股：香港中央证券登记有限公司

香港湾仔皇后大道东 183 号

合和中心 46 楼

A 股：中国证券登记结算有限公司上海分公司

上海市浦东新区陆家嘴东路 166 号

中国保险大厦 36 楼

其它有关资料

首次注册登记日期：1983 年 10 月 31 日

变更注册日期：2004 年 8 月 26 日

首次注册登记机关：中华人民共和国国家工商行政管理局

企业法人营业执照注册号：1000001000134

金融许可证机构编码：B10311000H0001

税务登记号：京国税西字 110102100001342

地税京字 110102100001342000

聘请的国内会计师事务所名称：普华永道中天会计师事务所有限公司

会计师事务所办公地址：上海市湖滨路 202 号普华永道中心 11 楼

邮编：200021

聘请的国际会计师事务所名称：罗兵咸永道会计师事务所

会计师事务所办公地址：香港中环太子大厦 22 楼

主营业务范围：吸收人民币存款；发放短期、中期和长期贷款；办理结算；办理票据贴现；发行金融债券；代理发行、代理兑付、承销政府债券；买卖政府债券；从事同业拆借；提供信用证服务及担保；代理收付款项及代理保险业务；提供保管箱服务；外汇存款；外汇贷款；外汇汇款；外币兑换；国际结算；同业外汇拆借；外汇票据的承兑和贴现；外汇借款；

外汇担保；结汇、售汇；发行和代理发行股票以外的外币有价证券；买卖和代理买卖股票以外的外币有价证券；自营外汇买卖；代客外汇买卖；外汇信用卡的发行和代理国外信用卡的发行及付款；资信调查、咨询、见证业务；组织或参加银团贷款；国际贵金属买卖；海外分支机构经营当地法律许可的一切银行业务；在港澳地区的分行依据当地法令可发行或参与代理发行当地货币；经中国银行业监督管理委员会等监管部门批准的其他业务。

本报告分别以中、英文编制，在对中英文文本的理解发生歧义时，以中文文本为准。

董事、监事、高级管理人员和员工情况

董事、监事和高级管理人员情况

名誉董事⁽¹⁾

姓名	职务
陈慕华	名誉董事长
庄世平	名誉副董事长

董事会

姓名	职务
肖钢	董事长
李礼辉	副董事长兼行长
张景华	非执行董事
俞二牛	非执行董事
朱彦	非执行董事
张新泽	非执行董事
洪志华	非执行董事
黄海波	非执行董事
Frederick Anderson	
GOODWIN爵士	非执行董事
佘林发	非执行董事
华庆山	执行董事、副行长
李早航	执行董事、副行长
梁定邦	独立非执行董事
William	
Peter COOKE	独立非执行董事
Patrick de	
SAINT-AIGNAN	独立非执行董事
Alberto TOGNI	独立非执行董事

注：（1）根据中国法律，名誉董事不属于董事会成员，根据本行章程，他们对于本行董事会考虑的任何事宜均无权投票。

监事会

姓名	职务
刘自强	监事会主席
王学强	专职监事
刘万明	专职监事
李春雨	职工监事
刘钝	职工监事

高级管理层

姓名	职务
李礼辉	行长
华庆山	执行董事、副行长
李早航	执行董事、副行长
周载群	副行长
张燕玲	副行长
张林	纪委书记
朱民	行长助理
诸鑫强	行长助理
王永利	行长助理

Lonnie DOUNN* 信贷风险总监

(* 于2006年4月提出辞任，2006年9月生效)

杨志威 董事会秘书

人力资源与管理

机构与员工数量 截至 2006 年 6 月末，本行境内外机构共有 11,543 家，比年初减少 103 家。其中境内分支机构 10,907 家，比年初减少 111 家，境外分支机构 635 家，比年初增加 8 家。

截至 2006 年 6 月末，本行在岗员工总数为 197,636 人，比年初减少 11,629 人。其中境内机构员工 179,453 人，比年初减少 11,375 人。境外机构本地雇员 18,183 人，比年初减少 254 人。此外，本行境内机构中尚有劳务派遣用工 28,769 人。

人力资源管理 2006 年上半年，本行继续深化各项人力资源管理改革，不断完善人力资源管理体系。积极推进境内外分行、附属机构和总行部门管理层调整配备工作，启动领导力模型开发工作，做好后备队伍建设。深化全行职位聘任改革，通过职位聘任，逐步形成竞争择优的用人机制。加强人员结构数量调控，不断优化人员结构。利用校园招聘、社会招聘等多种渠道补充招聘人选，满足业务发展和经营管理的需要。完善全面薪酬体系，积极指导境内分行进行薪酬改革方案设计和薪酬水平测算，推进薪酬改革落地，启动企业年金建设工作，初步建立了长效、规范的补充养老机制。加强绩效管理，运用平衡计分卡方法，设定分行的绩效指标，加强绩效过程管理，引导各行贯彻落实科学发展观。

人力资源培养与开发 全面加强中高层管理人才培养。与北京大学、哈佛商学院合作研发高管领导力课程，派出高管人员参加苏格兰皇家银行的高管课程。

积极开展理财规划师、金融服务营销、操作风险、资金交易结算等专业技术人才培养，支持和促进业务发展。加强一线员工培训和新入行员工培训。上半年共举办两天以上脱产培训班 2,441 期，培训 95,577 人次。

流程整合与机构改革情况 继续推进流程整合与机构改革。对苏格兰皇家银行的组织架构、业务流程和运行机制进行全面考察，结合实际，深入探索和研究本行组织架构的改革方

向。研究建立以公司业务、个人金融及资金业务为主的战略业务单元，加强业务的条线管理，同时调整分支机构的职能，逐步建立国际化大银行普遍采用的矩阵式管理模型。截至 2006 年 6 月末，本行机构资源配置继续向重点地区倾斜，不断优化布局，共增设机构 25 家，升格 216 家机构，撤销 192 家经营规模小、无发展潜力的机构。

企业文化 本行将加强企业文化建设，营造诚信之上，绩效优先，以人为本，尽职尽责，追求卓越的工作氛围，实现企业文化与全行经营管理的深度融合，借助企业文化建设的导向，激励、约束功能，实现全行战略发展目标与员工个人成长目标的和谐统一。

公司治理

报告期内，本行严格遵守中华人民共和国《公司法》、《商业银行法》等相关法律，按照监管部门颁布的相关法规要求，结合公司实际情况，不断完善公司治理相关制度和组织结构建设，优化董事会、监事会、高级管理层的职责和工作机制。公司治理各层级按照《公司章程》赋予的职责，依法独立运行，履行各自权利、义务。

股东大会

本行严格按照有关法律法规和本行章程要求召集、召开股东大会，确保全体股东充分、平等地享有知情权、参与权和表决权。2006 年上半年，本行召开了一次年度股东大会及四次临时股东大会，就董事会及监事会工作报告、经营计划及财务预算、利润分配方案等议案进行审议，股东大会为推进本行发展、保护投资者及其他利益相关者的权益等发挥了重要作用。

董事及董事会

2006 年上半年，本行增补了 1 名独立非执行董事和 1 名非执行董事。截至 2006 年 6 月 30 日，本行董事会由 16 名成员组成，包括董事长及独立非执行董事 4 名、非执行董事 8 名，

执行董事 3 名。报告期内，本行董事会共召开五次会议，并以通讯表决方式通过了一个决议，对发展战略和业务规划、利润分配方案、董事会自我评估方案、2005 年年度报告、高层管理人员绩效管理目标及奖金分配方案、上市发行计划、修改公司章程等议案进行了审议。全体董事恪尽职守，有力地保障了董事会决策的科学性，维护了公司及全体股东的利益。

中国银行董事会下设五个专业委员会：战略发展委员会、稽核委员会、风险政策委员会、人事和薪酬委员会、关联交易控制委员会。五个委员会直接对董事会负责。2006 年上半年各专业委员会工作情况：

专业委员会	工作情况
战略发展委员会	召开四次会议，主要审议了中国银行发展战略、中国银行 2006-2008 年业务发展规划和 2006 年业务计划和财务预算等议案。
稽核委员会	召开四次会议，主要审议了中国银行股份有限公司财务管理办法、内部控制建设、2006 年度业务计划和费用预算、审计师的聘任及其计划与费用、2006 年利润预测、中国会计准则和国际会计准则下的 2005 年度财务报告及审计师相关报告等议案。
风险政策委员会	召开二次会议，主要审议了 2006 年风险管理工作重点及计划、核心风险管理指标报告、市场风险管理进展情况等议案。
人事和薪酬委员会	召开二次会议，主要审议了中国银行董事会评估指引及自我评估方案、董事会下设专业委员会调整方案、中国银行高管人员绩效管理办法等议案。
关联交易控制委员会	召开二次会议，主要审议了中国银行股份有限公司关联交易管理办法、关联交易控制职责分工、关联交易控制委员会会议事规则等议案。

监事及监事会

本行监事会由 5 名成员构成，包括监事长、2 名专职监事、2 名职工监事。监事会的人数、构成符合监管要求和《公司章程》。监事会通过定期召开会议、审阅各类文件、听取管理层的工作报告和专题汇报等方式，对公司的经营状况、财务活动进行检查和监督。

高级管理层

高级管理层是本行的执行机构，高级管理层以行长为代表，副行长、行长助理等高级管理人员协助行长工作。本行高级管理层接受董事会的考核与监督。2006年上半年，本行董事会审议通过了高层管理人员绩效管理目标及奖金分配方案。通过设置科学合理的考评指标，建立高级管理人员薪酬与风险、责任相一致，与经营业绩挂钩的考核机制，坚持激励与约束相统一，有效发挥高级管理人员的主观能动性。

投资者关系管理与信息披露

本行严格按照信息披露的要求，及时、准确、真实、完整地披露本行各项重大信息，确保所有股东有平等的机会获得信息。

本行积极推进资本市场营销，把推进投资者关系管理作为重点。报告期内，本行通过组织投资机构见面会、媒体、分析师见面会，同时借助投资者通讯、信件、电话、传真，在本行互联网站开辟投资者管理专栏，以及面对面访谈等多种沟通方式，真实、准确、及时、充分地履行本行信息披露义务，切实维护本行投资者利益。

重要事项

一、报告期内本行利润分配情况

2005年度利润分配情况：本行2005年度利润分配方案已经2005年度股东大会通过，即“向截至2005年12月31日登记在中国银行股东名册的股东分配利润13.75亿元”。该分配方案已实施。

根据本行2006年8月29日董事会决议，本行按照2006年1-6月份净利润提取10%法定公积金，提取一般准备金42.91亿元。本行不就2006年1-6月份的净利润派发股利。

二、H 股及 A 股上市情况

本行于 2006 年 6 月 1 日在香港联交所成功实现 H 股上市。首次公开发行 H 股数量为 25,568,590,000 股，于 6 月 9 日行使超额配售权，发行 H 股 3,835,288,000 股，H 股发行量占 H 股发行后总股本的 11.9%，每股股价为 2.95 港元。此次发行本行合计筹资达到 112 亿美元。本行 H 股的总筹资规模为全球有史以来第四大发行，全球第一大金融股发行，亚洲除日本以外的最大发行，也是中国最大的全球发行。

本行于 6 月 19 日 - 23 日在境内成功发行 A 股，7 月 5 日于上海证券交易所成功上市。发行价格为 3.08 元人民币/股。首次公开发行 A 股为 6,493,506,000 股，约占全面摊薄后总股本的 2.56%；募集资金总额为 19,999,998,480 元人民币，是迄今为止境内最大规模的 A 股发行项目。

本行首次公开发行的 H 股和 A 股规模约占发行后总股份的 14.14%；发行完成后，本行的总股本增加至 253,839,162,009 股，股本为 253,839,162,009 元人民币。首次公开发行 H 股和 A 股并成功上市标志着本行的股份制改革取得了阶段性进展。本行（代码 601988）自 2006 年 7 月 19 日起纳入上证 180、上证 50 指数。

三、股份变动和主要股东持股情况

(一) 股份变动情况表

	2006年1月1日							2006年6月30日
	数量(股)	配股	送股	公积金转股	增发	其他	小计	数量(股)
一、未上市流通股份								
1 国家持有股份(发起人股份)	174,128,718,217					-2,803,313,477	-2,803,313,477	171,325,404,740
2 国家持有股份					8,514,415,652	-8,514,415,652	-8,514,415,652	
3 境内法人持有股份								
4 境外法人持有股份	35,298,644,140					-35,298,644,140	-35,298,644,140	
5 募集法人股份								
6 内部职工股								
7 优先股或其他					6,493,506,000		6,493,506,000	6,493,506,000
未上市流通股份合计	209,427,362,357							177,818,910,740
二、已上市流通股份								
1、人民币普通股								
2、境内上市的外资股								
3、境外上市的外资股					29,403,878,000	46,616,373,269	76,020,251,269	76,020,251,269
4、其他								
已上市流通股份合计	0							76,020,251,269
三、股份总数	209,427,362,357							253,839,162,009

- 1、在“优先股及其他”一栏填写的股份数量为本行于2006年6月12日-29日公开发行的A股股份数量，该股份于2006年6月29日在中国证券登记结算有限公司上海分公司完成登记，并于2006年7月5日在上海证券交易所上市交易。
- 2、本行于2006年3月13日引进全国社会保障基金理事会为战略投资者，向其发行普通股8,514,415,652股。2006年5月，本行首次公开发行25,568,590,000股H股，在H股发行上市期间，原本行境外战略投资者持有的35,298,644,140股的非上市外资股、全国社会保障基金理事会持有的8,514,415,652股普通股及本行发起人汇金公司根据国家规定减持并转给全国社会保障基金理事会的2,803,313,477股普通股均转换为H股，并与公开发行的H股股份一同于6月1日在香港联交所上市，2006年6月9日，H股超额配售选择权被悉数行使，涉及3,835,288,000股H股。2006年6月，本行公开发行6,493,506,000股A股。2006年6月29日，本次公开发行的A股及本行发起人汇金公司持有的171,325,404,740股普通股完成A股登记。2006年7月5日，本行A股股份在上海证券交易所上市。截止2006年7月5日，本行共有A股177,818,910,740股，H股76,020,251,269股，总股本为253,839,162,009股。

(二) 股东数量和持股情况

股东总数 截至报告期末，本行股东总数(A股+H股)为1,060,828户。其中H股股东457,146户，A股股东603,682户。

前十名股东持股情况(H股股东持股情况乃根据H股股份过户登记处设置的本行股东名册中所列的股份数目)

序号	股东名称	股东性质	股份类别	报告期末持股数 (截至2006年6月30日)	占总股本比例	股份质押或冻结数
					(%)	
1	中央汇金投资有限责任公司	国有	A股	171,325,404,740	67.49%	
2	香港中央结算(代理人)有限公司	外资	H股	30,341,965,800	11.95%	
3	RBS China Investments S.à.r.l.	外资	H股	20,942,736,236	8.25%	
4	亚洲金融控股私人有限公司	外资	H股	10,471,368,118	4.13%	
5	全国社会保障基金理事会	国有	H股	8,377,341,329	3.30%	
6	瑞士银行	外资	H股	3,377,860,684	1.33%	
7	亚洲开发银行	外资	H股	506,679,102	0.20%	
8	The Bank of Tokyo-Mitsubishi UFJ Ltd	外资	H股	473,052,000	0.19%	
9	Wingreat International Limited	外资	H股	420,490,000	0.17%	
10	Best Sense Investments Limited	外资	H股	236,526,000	0.09%	
10	Turbo Top Limited	外资	H股	236,526,000	0.09%	

本行未知上述股东的股份存在质押或冻结的情况,未知上述股东之间关联关系。

已上市交易股份中前10名股东持股情况(2006年7月5日-A股上市日,香港中央结算(代理人)有限公司持股数量统计截止2006年6月30日)

序号	股东名称	已上市交易股份数量	股份类别
1	香港中央结算(代理人)有限公司	30,341,965,800	H股
2	中国工商银行—广发策略优选混合型证券投资基金	70,669,000	A股
3	上海汇银投资有限公司	70,000,000	A股
4	中国工商银行—易方达价值精选股票证券投资基金	50,397,000	A股
5	中国人寿保险(集团)公司—传统—普通保险产品	38,765,000	A股
6	中国人寿保险股份有限公司—分红—个人分红—005L-FH002沪	29,076,000	A股
7	中国人寿保险股份有限公司—分红—团体分红—005L-FH001沪	23,982,000	A股
8	中国太平洋人寿保险股份有限公司—分红—个人分红	23,357,300	A股
9	中国人寿保险股份有限公司—传统—普通保险产品—005L-CT001沪	23,260,000	A股
10	交通银行—华安创新证券投资基金	23,101,000	A股
上述股东关联关系或一致行动的说明		除上述部分股东属于同一法人管理之外,本行未知上述股东之间有关联关系或一致行动关系。	

截至 2006 年 6 月 30 日，本行根据香港《证券及期货条例》第 336 条而备存的登记册，载录下列公司拥有本行的权益（按照该条例所定义者）如下：

股东	持股数量	股份种类	占已发行 A 股股本总额的百分比(%)	占已发行 H 股股本总额的百分比(%)	占已发行股本总额的百分比(%)	身份
中央汇金投资有限责任公司	171,325,404,740	A	96.35%	—	67.49%	实益持有人
苏格兰皇家银行集团有限公司 ^{注 1}	20,944,789,236	H	—	27.55%	8.25%	应占权益及实益持有人
RBS CI Limited ^{注 1}	20,942,736,236	H	—	27.54%	8.25%	应占权益及实益持有人
RBS China Investments S.à.r.l.	20,942,736,236	H	—	27.54%	8.25%	实益持有人
淡马锡控股(私人)有限公司 ^{注 2}	11,792,559,118	H	—	15.51%	4.65%	应占权益
全国社会保障基金理事会	11,317,729,129	H	—	14.89%	4.46%	实益持有人
瑞士银行	3,892,847,114 132,154,877(S)*	H	—	5.12% 0.17%	1.53% 0.05%	应占权益，实益持有人及对股份持有保证权益的人

* “S” 代表淡仓

注：1. 苏格兰皇家银行集团有限公司持有 RBS CI Limited 全部已发行股本，而 RBS CI Limited 持有 RBS China Investments S.à.r.l. 51.61% 的已发行股本。因此，根据《证券及期货条例》，苏格兰皇家银行集团有限公司及 RBS CI Limited 均被视为拥有与 RBS China Investments S.à.r.l. 相同的本行权益。

2. 淡马锡控股(私人)有限公司(「淡马锡」)持有 Fullerton Management Pte Ltd 全部已发行股本，而 Fullerton Management Pte Ltd 持有亚洲金融控股私人有限公司全部已发行股本。因此，根据《证券及期货条例》，淡马锡及 Fullerton Management Pte Ltd 均被视为拥有与亚洲金融控股私人有限公司相同的本行权益。亚洲金融控股私人有限公司持有本行 11,785,825,118 股股份。

除另有说明，上述全部权益皆属好仓。除上述披露外，截至 2006 年 6 月 30 日，本行根据《证券及期货条例》第 336 条而设之登记册并无载录其它权益或淡仓。

四、重大关联交易（请参见简要会计报表及审阅报告之会计报表注释中第五条 关联交易）

五、除下述披露外，报告期内，本行没有发生重大收购、出售资产及资产重组事项

报告期本行收购及出售资产、吸收合并事项如下：

2006 年 6 月 1 日，作为本行的全资子公司中银集团保险向本行持股 65.87%的中银香港

控股出售其持有的中银集团人寿的 51% 股权，购买价格经参考中银集团人寿截至 2005 年 12 月 31 日止的估值后为 9 亿港元。实际从本集团层面向中银香港控股的少数股东出售了中银集团人寿的 17.4% 股权，并获得 1.38 亿元人民币的收益。

本行在香港的子公司中银集团投资有限公司于 2006 年 3 月向独立第三方出售贷款，面值 0.63 亿元人民币，获得收入 7.23 亿元人民币，净收益 6.60 亿元人民币。

六、重大合同及其履行情况

报告期内，除已披露者外，本行没有发生重大托管、承包、租赁其他公司资产的事项，亦不存在其他公司托管、承包、租赁本行重大资产的事项。

担保业务属于本行常规的表外项目之一。本行在开展对外担保业务时一贯遵循审慎原则，对担保业务质量按贷款五级分类进行风险管理。

报告期内，本行没有发生重大委托他人进行现金资产管理事项。

七、公司承诺事项

报告期内，本行或持有公司股份 5% 以上（含 5%）的股东没有对本行经营成果、财务状况可能产生重要影响的承诺事项。

八、重大诉讼、仲裁事项

报告期内，除已披露者外，本行未发生对经营活动产生重大影响的诉讼、仲裁事项。

截至 2006 年 6 月 30 日，本行存在正常业务中发生的若干法律诉讼事项，经与专业法律机构咨询，本行管理层认为该等法律诉讼事项不会对本集团的财务状况产生重大影响。

九、聘任、解聘会计师事务所情况

本行聘请普华永道中天会计师事务所及罗兵咸永道会计师事务所作为法定审计师。

十、公司、董事会、董事受处罚及整改情况

报告期内，本行、本行董事会及董事无受中国证监会稽查、行政处罚和证券交易所公开谴责的情况发生。

十一、经营计划修改的说明

报告期内，除已披露者外，本行未修改经营计划。

十二、预测年初至下一报告期期末的累积净利润可能为亏损或与上年相比发生大幅变动的警示及原因

本行预测年初至下一报告期期末的累积净利润不会亏损，与上年同期相比也不会发生大幅度变动。

十三、募集资金的使用情况

报告期内，本行募集资金情况如下：

根据《中国银行业监督管理委员会关于中国银行股份有限公司吸收全国社会保障基金理事会投资入股的批复》(银监复[2006]49号)，本行于2006年3月13日向全国社会保障基金理事会定向溢价发行8,514,415,652股面值为每股人民币1元的普通股。全国社会保障基金理事会以人民币现金出资100亿元，投入资本包括股本溢价人民币14.81亿元。

根据《中国银行业监督管理委员会关于中国银行股份有限公司变更为境外募集股份有限公司并境外上市的批复》(银监复[2006]53号)和《关于同意中国银行股份有限公司发行境外上市外资股的批复》(证监国合字[2006]8号)，本行于2006年6月1日和2006年6月9日向境外投资者溢价发行29,403,878,000股面值为每股人民币1元的境外上市外资股(H股)，并于香港联合交易所上市，每股发行价格为港币2.95元。

根据《中国银行业监督管理委员会关于中国银行股份有限公司境内发行股份并上市有关事宜的批复》(银监复[2006]135号)和《关于核准中国银行股份有限公司首次公开发行股票的通知》(证监发行字[2006]20号)，本行于2006年6月29日向境内投资者溢价发行6,493,506,000股面值为每股人民币1元的普通股(A股)，并于上海证券交易所上市，每股发行价格为人民币3.08元。

本行募集资金的主要用途用于补充本行资本金。

十四、稽核委员会

本行稽核委员会全部由非执行董事组成，包括2名非执行董事和3名独立非执行董事。主席由独立非执行董事Patrick de Saint-Aignan担任，委员包括朱彦、黄海波、梁定邦和Peter Cooke。

该委员会按照独立性的原则，协助董事会对本集团的财务报告、内部控制、内部审计及外部审计等方面实施监督。

稽核委员会已审阅本行中期报告，本行外部审计师已按照《独立审计实务公告第10号-会计报表审阅》对此中期业绩报告进行审阅。但并未按中国独立审计准则进行审计。稽核委员会已就中期报告采用的会计准则及做法、内部监控及财务报告等事项进行商讨。

十五、董事和监事认购股份之权益

截至2002年7月5日，中银香港(控股)有限公司直接控股公司BOC Hong Kong (BVI) Limited (「中银(BVI)」) 根据上市前认股权计划向下列董事授予认股权，根据认股权董事可以向中银 (BVI) 购入中银香港(控股)有限公司现有已发行股份，行使价为每股8.50港元。中银香港(控股)有限公司为本行附属公司，已于香港联交易所上市。该类认股权自2002年7月25日起的4年内归属，有效行使期为10年。认股权的25%股份数目将于每年年底归属。

以下列出截至2006年6月30日根据上市前认股权计划向董事授予的尚未行使认股权的情况：

认股权数量

	授出日期	每股行使价 (港元)	行使期限	于 2002 年 7 月 5 日授出 之认股权	于 2006 年 1 月 1 日	期内 已行使之认 股权	期内 已放弃之 认股权	期内 已作废之 认股权	于 2006 年 6 月 30 日
华庆山	2002 年 7 月 5 日	8.50	2003 年 7 月 25 日至 2012 年 7 月 4 日	1,446,000	1,446,000	—	—	—	1,446,000
李早航	2002 年 7 月 5 日	8.50	2003 年 7 月 25 日至 2012 年 7 月 4 日	1,446,000	1,446,000	—	—	—	1,446,000

除上文披露外，本报告期任何时间内，本行及控股公司、附属公司或各附属公司概无订立任何安排，使董事、监事或其配偶或18岁以下子女可以购买本行或任何其它法人团体的股份或债券而获益。

董事和监事在股份、相关股份及债券中之权益

除上文披露外，截至 2006 年 6 月 30 日，本行董事、监事概无在本行或其相关法团（按香港《证券及期货条例》第 XV 部所指的定义）的股份、相关股份或债券中拥有任何权益或淡仓，该等权益或淡仓是根据香港《证券及期货条例》第 352 条须予备存的登记册所记录或根据香港联合交易所有限公司（简称“香港联交所”）证券上市规则附录十《上市公司董事进行证券交易的标准守则》须知会本行及香港联合交易所有限公司之权益。

十六、购买、出售或购回本行股份

本行于 2006 年 3 月 13 日向全国社会保障基金理事会定向溢价发行 8,514,415,652 股普通股。

本行于 2006 年 6 月 1 日在香港联交所首次公开发行 H 股数量为 25,568,590,000 股，于 6 月 9 日行使超额配售权，发行 H 股 3,835,288,000 股。

本行于 2006 年 6 月 29 日发行 6,493,506,000 股新 A 股股份，本行 A 股股份于 2006 年 7 月 5 日在上海证券交易所上市并开始进行交易。

除上述披露外，本行及任何附属公司概无购买、出售或赎回本行任何股份。

十七、符合香港联交所上市规则《企业管治常规守则》

本行致力于建立良好公司治理机制，并相信采用国际先进水平的公司治理对维护股东的权益至关重要。本行已按有关法律法规重组董事会和监事会。董事会对股东大会负责，并负责（其中包括）审批本行的业务策略和营运计划、委任高级管理层和建立本行的组织架构。以董事会为核心，本行亦在董事会下设多个下属委员会，履行董事会指定的职能。该等董事会下属委员会包括战略发展委员会、稽核委员会、风险政策委员会、人事和薪酬委员会以及关联交易控制委员会。本行的监事会对股东大会负责，并有责任和权力（其中包括）监督本行的董事会和高级管理层、审查本行的财务活动和检查本行的决策。

本行已根据载列于香港联交所上市规则附录十四《企业管治常规守则》的条文逐条对照本行的有关制度及实际情况。本行目前已全面符合该守则的相关守则条文，并已在绝大部分方面符合了该守则所列的建议最佳常规。

十八、符合《董事进行证券交易标准守则》

本行已采纳了香港联交所证券上市规则附录十《上市公司董事进行证券交易的标准守则》以规范董事及监事的证券交易事项。本行已就此事专门征询所有董事及监事，所有董事及监事均已确认其于期内严格遵守了该标准守则有关条款的规定。

十九、符合中国企业会计准则及《金融企业会计制度》

截至 2006 年上半年止的中期业绩报告符合中国企业会计准则及《金融企业会计制度》之要求。

二十、中期业绩报告

本中期业绩报告备有中、英文版。阁下可致函本行H股股份过户登记处香港中央证券登记有限公司（地址：香港湾仔皇后大道东183号合和中心46楼）索取按照国际会计准则编制的中期报告，或本行营业场所索取按照中国会计准则编制的中期报告。阁下亦可在下列网址

www.boc.cn 、 www.sse.com.cn 、 www.hkex.com.hk 阅览本中期报告英文及中文版本。

倘阁下对如何索取本中期报告或如何在本行网址上阅览该文件有任何疑问，请致电本行热线 (852) 28628633 及 8610-66596688。

中国银行股份有限公司

2006年1月1日至6月30日止期间
简要会计报表及审阅报告(未经审计)

中国银行股份有限公司

2006年1月1日至6月30日止期间简要会计报表及审阅报告

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审阅报告

普华永道中天特审字(2006)第 302 号

中国银行股份有限公司全体股东：

我们审阅了后附的中国银行股份有限公司(以下简称“贵行”)及其子公司(以下简称“贵集团”)2006 年 6 月 30 日的资产负债表和合并资产负债表、2006 年 1 月 1 日至 2006 年 6 月 30 日止期间的利润表和合并利润表及现金流量表和合并现金流量表及其注释(“简要会计报表”)。这些简要会计报表的编制是贵行管理当局的责任，我们的责任是在实施审阅工作的基础上出具审阅报告。

我们按照《独立审计实务公告第 10 号—会计报表审阅》计划和实施审阅工作。我们对上述简要会计报表的审阅主要运用查询和分析性程序,因而所提供之保证程度低于审计。由于我们并没有实施审计工作,因此不对上述简要会计报表发表审计意见。

根据我们的审阅,我们未发现上述简要会计报表在所有重大方面存在违反国家颁布的企业会计准则和《金融企业会计制度》及其他相关规定的情况。

普华永道中天
会计师事务所有限公司

注册会计师

中国·上海市
2006 年 8 月 29 日

注册会计师

中国银行股份有限公司

2006年6月30日资产负债表

(除特别注明外，金额单位为人民币百万元)

资产	注释	中国银行集团		中国银行	
		2006年 6月30日 未经审计	2005年 12月31日 经审计	2006年 6月30日 未经审计	2005年 12月31日 经审计
现金		29,811	28,644	26,684	25,144
贵金属		40,649	30,314	39,003	28,577
存放中央银行	三、1	340,651	316,941	314,986	284,373
存出发钞基金		36,094	35,586	1,650	1,641
交易性及其他公允价值变动 计入损益的债券	三、2	110,602	107,271	81,224	82,082
衍生金融产品资产	三、3	21,540	16,808	15,136	11,329
存放及拆放同业	三、4	300,114	344,537	223,651	256,786
债券投资	三、5; 四、1	1,877,669	1,562,320	1,570,481	1,297,990
贷款	三、6; 四、2	2,405,536	2,235,046	2,042,201	1,868,105
减：贷款损失准备		(88,128)	(83,153)	(84,753)	(79,581)
应收利息		23,187	20,408	18,726	16,107
股权投资	三、7; 四、3	14,775	15,393	69,439	66,951
固定资产		71,208	72,978	52,169	53,392
在建工程		3,940	3,342	3,933	3,331
递延税款借项	三、13	17,410	17,561	17,298	17,428
其他资产		21,875	18,810	11,076	10,384
资产总计		<u>5,226,933</u>	<u>4,742,806</u>	<u>4,402,904</u>	<u>3,944,039</u>

中国银行股份有限公司

2006年6月30日资产负债表(续)
(除特别注明外, 金额单位为人民币百万元)

负债	注释	中国银行集团		中国银行	
		2006年 6月30日 未经审计	2005年 12月31日 经审计	2006年 6月30日 未经审计	2005年 12月31日 经审计
对中央银行负债	三、8	30,495	30,055	30,470	30,030
发行货币债务		36,151	35,731	1,708	1,786
衍生金融产品及公允价值变动计入损益的负债	三、9	101,172	91,174	80,777	76,323
同业存入及拆入		358,349	345,233	350,337	343,574
客户存款	三、10; 四、4	4,053,024	3,703,777	3,356,973	3,009,187
应付利息		31,485	27,024	29,559	25,291
借入专项资金	三、11	49,622	52,164	49,622	52,164
发行债券	三、12	60,177	60,179	60,177	60,179
递延税款贷项	三、13	254	184	22	22
其他负债	三、14	119,751	134,665	85,618	111,641
负债合计		<u>4,840,480</u>	<u>4,480,186</u>	<u>4,045,263</u>	<u>3,710,197</u>
少数股东权益	三、16	<u>28,812</u>	<u>28,778</u>	-	-
股东权益					
股本	三、17	253,839	209,427	253,839	209,427
资本公积	三、18	76,545	3,978	75,888	3,978
盈余公积	三、19	8,095	5,987	8,095	5,987
一般准备及法定储备金	三、19	9,398	5,109	9,398	5,109
未分配利润	三、19	23,837	12,585	24,494	12,585
可供出售债券公允价值变动储备	三、19	(11,954)	(1,380)	(11,954)	(1,380)
外币报表折算差额		<u>(2,119)</u>	<u>(1,864)</u>	<u>(2,119)</u>	<u>(1,864)</u>
股东权益合计		<u>357,641</u>	<u>233,842</u>	<u>357,641</u>	<u>233,842</u>
负债和股东权益总计		<u>5,226,933</u>	<u>4,742,806</u>	<u>4,402,904</u>	<u>3,944,039</u>

后附会计报表注释为本会计报表的组成部分。

法定代表人、董事长:

主管财会工作副行长:

副董事长、行长:

财会部总经理:

中国银行股份有限公司

2006年1月1日至6月30日止期间利润表
(除特别注明外，金额单位为人民币百万元)

	注释	中国银行集团		中国银行	
		2006年 1-6月 未经审计	2005年 1-6月 未经审计	2006年 1-6月 未经审计	2005年 1-6月 未经审计
利息收入	三、20；四、5	99,777	77,466	79,525	66,038
利息支出	三、20；四、5	(45,301)	(28,808)	(33,197)	(24,401)
净利息收入		54,476	48,658	46,328	41,637
手续费及佣金收支净额	三、21；四、6	6,841	4,518	4,762	3,029
净交易(损失)/收入	三、22；四、7	(193)	2,993	(282)	2,250
投资收益	三、23；四、8	1,681	149	7,652	4,840
其他业务收支净额	三、24	1,797	361	245	12
		64,602	56,679	58,705	51,768
业务及管理费	三、25；四、9	(23,193)	(21,000)	(19,715)	(17,744)
营业税金及附加	三、26	(2,987)	(2,670)	(2,952)	(2,650)
营业利润		38,422	33,009	36,038	31,374
营业外收支净额		467	1,145	222	777
扣除资产减值损失前利润总额		38,889	34,154	36,260	32,151
资产减值损失	三、27；四、10	(4,876)	(4,576)	(5,680)	(6,116)
利润总额		34,013	29,578	30,580	26,035
所得税	三、28	(12,362)	(10,860)	(10,937)	(9,601)
税后利润		21,651	18,718	19,643	16,434
少数股东应享本期利润		(2,627)	(2,284)	-	-
净利润		19,024	16,434	19,643	16,434
可供分配给本行股东的每股净收益 (以元/股表示)	三、29				
— 每股基本净收益		0.09	0.09		
— 稀释后每股净收益		0.09	0.09		

后附会计报表注释为本会计报表的组成部分。

法定代表人、董事长：

主管财会工作副行长：

副董事长、行长：

财会部总经理：

中国银行股份有限公司

2006年1月1日至6月30日止期间股东权益变动表
(除特别注明外，金额单位为人民币百万元)

		未经审计							
		中国银行集团							
注释	股本	资本公积	盈余公积	一般准备及 法定储备金	未分配利润	可供出售债券公 允价值变动储备	外币报表 折算差额	合计	
2006年1月1日余额	209,427	3,978	5,987	5,109	12,585	(1,380)	(1,864)	233,842	
本期净利润	-	-	-	-	19,024	-	-	19,024	
发行普通股	三、17; 三、18	44,412	72,567	-	-	-	-	116,979	
提取盈余公积	三、19	-	-	2,108	(2,108)	-	-	-	
提取一般准备及法定储备金	三、19	-	-	4,291	(4,291)	-	-	-	
可供出售债券储备净变动	三、19	-	-	-	-	(10,574)	-	(10,574)	
分配股利	三、19	-	-	-	(1,375)	-	-	(1,375)	
外币报表折算差额	-	-	-	-	-	-	(255)	(255)	
其他	-	-	-	(2)	2	-	-	-	
2006年6月30日余额	253,839	76,545	8,095	9,398	23,837	(11,954)	(2,119)	357,641	

后附会计报表注释为本会计报表的组成部分。

法定代表人、董事长：

主管财会工作副行长：

副董事长、行长：

财会部总经理：

中国银行股份有限公司

2006年1月1日至6月30日止期间股东权益变动表
(除特别注明外，金额单位为人民币百万元)

		未经审计							
		中国银行							
注释	股本	资本公积	盈余公积	一般准备及法定储备金	未分配利润	可供出售债券公允价值变动储备	外币报表折算差额	合计	
2006年1月1日余额	209,427	3,978	5,987	5,109	12,585	(1,380)	(1,864)	233,842	
本期净利润	-	-	-	-	19,643	-	-	19,643	
发行普通股	三、17; 三、18	44,412	72,219	-	-	-	-	116,631	
提取盈余公积	三、19	-	-	2,108	(2,108)	-	-	-	
提取一般准备及法定储备金	三、19	-	-	4,291	(4,291)	-	-	-	
可供出售债券储备净变动	三、19	-	-	-	-	(10,574)	-	(10,574)	
分配股利	三、19	-	-	-	(1,375)	-	-	(1,375)	
外币报表折算差额		-	-	-	-	-	(255)	(255)	
其他	三、18	-	(309)	-	(2)	40	-	(271)	
2006年6月30日余额	253,839	75,888	8,095	9,398	24,494	(11,954)	(2,119)	357,641	

后附会计报表注释为本会计报表的组成部分。

法定代表人、董事长：

主管财会工作副行长：

副董事长、行长：

财会部总经理：

中国银行股份有限公司

2005年1月1日至12月31日止期间股东权益变动表
(除特别注明外，金额单位为人民币百万元)

		未经审计							
		中国银行集团及中国银行							
注释	股本	资本公积	盈余公积	一般准备及子公司法定储备金	未分配利润	可供出售债券公允价值变动储备	外币折算差额	合计	
2005年1月1日余额	186,390	-	3,140	419	17,373	(2,315)	344	205,351	
本期净利润	-	-	-	-	16,434	-	-	16,434	
本期提取	-	-	75	2,480	(2,555)	-	-	-	
可供出售债券储备净变动	-	-	-	-	-	3,349	-	3,349	
外币报表折算差额	-	-	-	-	-	-	(354)	(354)	
2005年6月30日余额	186,390	-	3,215	2,899	31,252	1,034	(10)	224,780	
本期净利润	-	-	-	-	11,058	-	-	11,058	
发行普通股	23,037	3,964	-	-	-	-	-	27,001	
本期提取	-	-	2,772	2,210	(4,982)	-	-	-	
可供出售债券储备净变动	-	-	-	-	-	(2,414)	-	(2,414)	
分配股利	-	-	-	-	(26,937)	-	-	(26,937)	
联营企业权益法核算累积影响	-	-	-	-	2,194	-	-	2,194	
外币报表折算差额	-	-	-	-	-	-	(1,854)	(1,854)	
其他	-	14	-	-	-	-	-	14	
2005年12月31日余额	209,427	3,978	5,987	5,109	12,585	(1,380)	(1,864)	233,842	

后附会计报表注释为本会计报表的组成部分。

法定代表人、董事长：

主管财会工作副行长：

副董事长、行长：

财会部总经理：

中国银行股份有限公司

2006年1月1日至6月30日止期间现金流量表
(除特别注明外, 金额单位为人民币百万元)

	注释	中国银行集团		中国银行	
		2006年 1-6月 未经审计	2005年 1-6月 未经审计	2006年 1-6月 未经审计	2005年 1-6月 未经审计
经营活动产生的现金流量					
收取的利息		96,998	75,995	76,906	64,952
收取的手续费		7,505	5,919	5,218	3,701
收回已核销贷款		986	1,823	250	607
客户存款净增加额		349,247	246,881	347,786	248,163
存放及拆放同业净减少额		15,392	58,072	39,448	17,039
同业存入及拆入净增加额		13,116	45,141	6,763	20,378
其他与经营活动有关的项目变动净额		(2,811)	392	(18,114)	(10,686)
现金流入小计		480,433	434,223	458,257	344,154
支付的存款及同业往来利息		(39,461)	(24,782)	(27,550)	(20,572)
支付的手续费		(1,325)	(1,397)	(460)	(673)
支付给员工及为员工支付的现金		(13,670)	(11,289)	(11,139)	(9,290)
支付的业务管理费及其他		(7,322)	(6,450)	(6,399)	(5,397)
支付的所得税款		(15,279)	(13,331)	(14,681)	(12,859)
支付的营业税及其他税款		(3,421)	(2,763)	(3,387)	(2,738)
贷款净增加额		(171,476)	(140,154)	(175,023)	(111,643)
债券投资净增加额		(315,213)	(174,485)	(269,766)	(148,567)
存放中央银行净增加额		(18,820)	(24,116)	(24,531)	(24,119)
贵金属净(增加)/减少额		(10,335)	4,832	(10,426)	4,816
对中央银行负债净增加/(减少)额		440	(9,777)	440	(9,776)
借入专项资金净减少额		(2,542)	(8,896)	(2,542)	(8,896)
现金流出小计		(598,424)	(412,608)	(545,464)	(349,714)
经营活动产生的现金流量净额	三、30; 四、11	(117,991)	21,615	(87,207)	(5,560)

中国银行股份有限公司

2006年1月1日至6月30日止期间现金流量表(续)

(除特别注明外, 金额单位为人民币百万元)

	注释	中国银行集团		中国银行	
		2006年 1-6月 未经审计	2005年 1-6月 未经审计	2006年 1-6月 未经审计	2005年 1-6月 未经审计
投资活动产生的现金流量					
处置固定资产和其他资产所收到的现金		625	1,651	73	690
处置股权投资所收到的现金		609	660	69	267
分得股利或利润所收到的现金		20	36	3,894	3,340
现金流入小计		<u>1,254</u>	<u>2,347</u>	<u>4,036</u>	<u>4,297</u>
购建固定资产和其他资产所支付的现金		(2,190)	(1,766)	(1,730)	(1,556)
增加股权投资所支付的现金		(270)	(1,506)	(447)	(49)
现金流出小计		<u>(2,460)</u>	<u>(3,272)</u>	<u>(2,177)</u>	<u>(1,605)</u>
投资活动产生的现金流量净额		<u>(1,206)</u>	<u>(925)</u>	<u>1,859</u>	<u>2,692</u>
筹资活动产生的现金流量					
吸收权益性投资所收到的现金		117,423	-	116,766	-
发行次级债券所收到的现金		-	33,930	-	33,930
吸收少数股东权益性投资所收到的现金		86	5	-	-
现金流入小计		<u>117,509</u>	<u>33,935</u>	<u>116,766</u>	<u>33,930</u>
偿还发行债券利息所支付的现金		(1,379)	(15)	(1,379)	(15)
分配股利所支付的现金		(3,266)	(1,637)	(1,375)	-
支付其他与筹资活动有关的现金		(238)	-	(238)	-
现金流出小计		<u>(4,883)</u>	<u>(1,652)</u>	<u>(2,992)</u>	<u>(15)</u>
筹资活动产生的现金流量净额		<u>112,626</u>	<u>32,283</u>	<u>113,774</u>	<u>33,915</u>
汇率变动对现金流量的影响额		<u>(1,068)</u>	<u>(4,159)</u>	<u>1</u>	<u>(4,032)</u>
现金及现金等价物净(减少)/增加额		<u>(7,639)</u>	<u>48,814</u>	<u>28,427</u>	<u>27,015</u>
现金及现金等价物一期初余额		<u>397,112</u>	<u>366,142</u>	<u>275,623</u>	<u>274,215</u>
现金及现金等价物一期末余额	三、30; 四、11	<u>389,473</u>	<u>414,956</u>	<u>304,050</u>	<u>301,230</u>

后附会计报表注释为本会计报表的组成部分。

法定代表人、董事长:

主管财会工作副行长:

副董事长、行长:

财会部总经理:

中国银行股份有限公司

简要会计报表注释

2006年1月1日至6月30日止期间

(除特别注明外，金额单位为人民币百万元)

一 会计报表编制及合并基础

1 会计报表编制基础

本会计报表按照中华人民共和国财政部（以下简称“财政部”）颁布的企业会计准则、《金融企业会计制度》及其相关规定编制，本中期报告应与本集团 2005 年度会计报表一并阅读。

本中期会计报表根据财政部颁布的《企业会计准则-中期财务报告》和证监会颁布的《公开发行证券的公司信息披露内容与格式准则第 3 号-半年度报告的内容与格式》（2003 年修订）编制。

本中期报告所采用的会计政策与编制 2005 年度报告所采用的会计政策相一致。

2006 年 2 月，财政部发布了 39 项与国际财务报告准则趋同的企业会计准则，并要求自 2007 年 1 月 1 日起首先在上市公司施行。本集团正在研究和详细评估该等准则体系对本集团现行会计政策的具体影响，并计划自 2007 年 1 月 1 日起在本集团施行该等会计准则。本集团管理层预期实施新发布的企业会计准则，将在以下主要方面对本集团未来年度的财务状况和经营成果产生影响：

- (1) 在现行中国会计准则下，股权投资按照其购买成本确认，并计提减值准备。根据新颁布的企业会计准则，除对子公司、联营企业及交易性股权投资以外的其他股权投资将被分类至可供出售证券。本集团管理层计划按新颁布的企业会计准则要求，将上述其他股权投资分类为可供出售证券。其中，对存在活跃市场报价的股权投资按公允价值计量，其公允价值变动确认在权益表中。
- (2) 在现行中国会计准则下，投资物业按历史成本扣除累计折旧及减值准备计量。根据新颁布的中国会计准则，投资物业可根据管理层的决定采用公允价值或历史成本扣除累计折旧及减值准备的方法计量，此方法一经选定不可随意更改。本集团管理层计划采用公允价值方法对投资物业进行计量。
- (3) 在现行会计法规下，为内退离职员工支付的在内退期间的退休福利采用现金收付制核算。根据新颁布的企业会计准则，当银行对内退离职人员存在未来支付福利的安排时，银行应在其内退时确认相应负债。该负债在资产负债表日反映银行未来支付福利的精算现值，且其变动在利润表中确认。
- (4) 在现行中国会计准则下，在母公司的会计报表中，对子公司的股权投资采用权益法进行核算。根据新颁布的企业会计准则，该等股权投资在母公司的会计报表中将采用成本法进行核算。

中国银行股份有限公司

简要会计报表注释

2006年1月1日至6月30日止期间

(除特别注明外，金额单位为人民币百万元)

一 会计报表编制及合并基础(续)

2 会计报表合并基础

合并会计报表的范围包括本行及纳入合并范围的子公司。本行重大控股子公司名单，见注释二、控股子公司。

本行从取得子公司的实际控制权之日起开始将其予以合并；从丧失实际控制权之日起停止合并。本集团内部所有重大往来余额、交易及未实现损益已在合并会计报表编制时予以抵销。合并子公司的其他投资者对子公司净资产享有的权益，作为少数股东权益在合并会计报表中单独列示。

如有需要，在编制合并会计报表时，本行对子公司的会计政策进行调整以确保其与本行所采用的会计政策相一致。

3 分部报告

业务分部是指由一组资产和经营活动组成的与其他业务分部中的资产和经营活动面临不同的风险及收益的特定组成部分。地区分部是指本集团在特定的区域经济环境下提供产品或服务，并且承担着不同于在其他区域经济环境下经营的风险和报酬的特定组合。

中国银行股份有限公司

简要会计报表注释

2006年1月1日至6月30日止期间

(除特别注明外，金额单位为人民币百万元)

二 控股子公司

本行主要控股子公司于 2006 年 6 月 30 日的基本情况如下。下列主要子公司均已纳入合并范围。所有的投资皆为本行持有的普通股。

公司名称	注册/成立地点	出资/控股比例 (%)	注册资本/实收资本	主要业务
<u>直接控股</u>				
中银香港(集团)有限公司	中国香港	100.00	港币 34,806 百万	控股公司业务
中银国际控股有限公司	中国香港	100.00	港币 3,539 百万	投资银行业务
中银集团保险有限公司	中国香港	100.00	港币 1,269 百万	保险业务
中银集团投资有限公司	中国香港	100.00	港币 200 百万	实业投资及其他
澳门大丰银行有限公司	中国澳门	50.31	澳门元 1,000 百万	全面银行业务
<u>间接控股</u>				
中银香港(控股)有限公司 (1)	中国香港	65.87	港币 52,864 百万	控股公司业务
中国银行(香港)有限公司	中国香港	65.87	港币 43,043 百万	全面银行业务
南洋商业银行有限公司	中国香港	65.87	港币 600 百万	全面银行业务
集友银行有限公司 (2)	中国香港	46.43	港币 300 百万	全面银行业务
中银信用卡(国际)有限公司	中国香港	65.87	港币 480 百万	信用卡业务
中银集团信托人有限公司 (3)	中国香港	76.31	港币 200 百万	信托业务

(1) 在香港联合交易所上市。

(2) 由中国银行(香港)有限公司持有 70.49% 股权。

(3) 分别由中国银行(香港)有限公司持有 54%，南洋商业银行有限公司持有 6%，集友银行有限公司持有 6% 和中银国际控股有限公司持有 34% 股权。

中国银行股份有限公司

简要会计报表注释

2006年1月1日至6月30日止期间

(除特别注明外，金额单位为人民币百万元)

三 合并会计报表主要项目注释

1 存放中央银行

	2006年6月30日	2005年12月31日
存放中国人民银行备付金	88,305	89,124
存放其他中央银行	<u>25,763</u>	<u>25,787</u>
小计	<u>114,068</u>	<u>114,911</u>
缴存中国人民银行人民币存款准备金	203,119	182,825
缴存中国人民银行外币存款准备金	13,549	13,595
缴存中国人民银行财政性存款	7,876	3,355
缴存其他中央银行存款准备金	<u>2,039</u>	<u>2,255</u>
小计	<u>226,583</u>	<u>202,030</u>
合计	<u>340,651</u>	<u>316,941</u>

境内机构按规定向中国人民银行缴存人民币存款准备金、外币存款准备金和财政性存款。于2006年6月30日，境内机构人民币存款准备金缴存比率为7.5% (2005年：7.5%)，境内机构外币存款准备金缴存比率为3% (2005年：3%)。本行对代理国库存款和代理发行国债款项等财政性存款全额缴存中国人民银行。中国人民银行对境内机构缴存的外币存款准备金和财政性存款不计付利息。

中国银行股份有限公司

简要会计报表注释

2006年1月1日至6月30日止期间

(除特别注明外，金额单位为人民币百万元)

三 合并会计报表主要项目注释 (续)

2 交易性及其他公允价值变动计入损益的债券

	2006年6月30日	2005年12月31日
交易性债券		
政府债券	27,761	19,116
公共实体及准政府债券	3,088	2,095
金融机构债券	23,600	30,599
公司债券	3,794	4,179
小计	<u>58,243</u>	<u>55,989</u>
其他公允价值变动计入损益的债券(在初始确认时指定)		
政府债券	9,267	10,704
公共实体及准政府债券	11,218	12,974
金融机构债券	26,667	19,979
公司债券	5,207	7,625
小计	<u>52,359</u>	<u>51,282</u>
合计	<u><u>110,602</u></u>	<u><u>107,271</u></u>

其他公允价值变动计入损益的债券主要包括本集团通过衍生金融产品设定经济套期保值机制的债券投资。该等债券投资本应在债券投资中的“可供出售债券”或“持有至到期日债券”项目中列示，但由于本集团衍生金融产品公允价值的变动计入利润表，为了使设定经济套期保值债券投资的公允价值变动与相应的衍生金融产品公允价值的变动可以在利润表中相互抵销，因此本集团将该类债券投资在初始确认时即指定其公允价值变动计入利润表。

3 衍生金融产品

本集团主要以交易及套期保值为目的叙做下列与汇率和利率相关的衍生金融产品。

本集团持有的衍生金融产品的合同/名义金额及其公允价值列示如下。资产负债表日各种衍生金融工具的合同/名义金额仅提供了一个与表内所确认的公允价值资产或负债的对比基础，并不代表所涉及的未来现金流量或当前公允价值，因而也不能反映本集团所面临的信用风险或市场风险。随着与衍生金融产品合约条款相关的外汇汇率、市场利率及股票或期货价格的波动，衍生金融产品的估值可能产生对银行有利(资产)或不利(负债)的影响，这些影响可能在不同期间有较大的波动。对没有活跃交易市场的金融工具，本集团通过各种估值方法确定其公允价值。使用的估值方法包括贴现现金流模型分析等。在实际操作允许的限度内，各种估值模型仅使用可观察到的数据，如利率和汇率。但管理层需对其他参数，诸如自身和交易对手的信用风险、市场波动率和相关性等方面进行估计。这些可观察到的数据以及相关假设的变化均会对金融工具的公允价值产生影响。

中国银行股份有限公司

简要会计报表注释

2006年1月1日至6月30日止期间

(除特别注明外，金额单位为人民币百万元)

三 合并会计报表主要项目注释 (续)

3 衍生金融产品 (续)

2006年6月30日	合同/名义金额	公允价值	
		资产	负债
外汇衍生金融产品			
远期外汇合同 (1)	800,207	8,412	(5,040)
场外期权 (2)	268,738	4,348	(708)
小计		12,760	(5,748)
利率衍生金融产品			
利率互换合同	402,830	6,194	(7,333)
交叉货币利率互换合同	38,209	1,943	(3,980)
场外期权	149,528	146	(1,058)
利率期货	17,552	21	(3)
小计		8,304	(12,374)
权益衍生金融产品	11,223	166	(227)
贵金属衍生金融产品	10,686	310	(412)
衍生金融产品资产/(负债)合计 (注释三、9)		21,540	(18,761)

中国银行股份有限公司

简要会计报表注释

2006年1月1日至6月30日止期间

(除特别注明外，金额单位为人民币百万元)

三 合并会计报表主要项目注释 (续)

3 衍生金融产品 (续)

2005年12月31日	合同/名义金额	公允价值	
		资产	负债
外汇衍生金融产品			
远期外汇合同 (1)	563,397	6,991	(4,813)
场外期权 (2)	196,012	3,781	(374)
小计		10,772	(5,187)
利率衍生金融产品			
利率互换合同	361,332	3,132	(5,246)
交叉货币利率互换合同	39,427	1,735	(4,131)
场外期权	110,578	148	(215)
利率期货	14,939	28	(34)
小计		5,043	(9,626)
权益衍生金融产品	15,442	14	(7)
贵金属衍生金融产品	21,008	979	(932)
衍生金融产品资产/(负债)合计 (注释三、9)		16,808	(15,752)

- (1) 自 2005 年起，中国人民银行选择部分国内大型商业银行(包括本行)进行外汇掉期交易。在这些交易中，中国人民银行即期卖出美元买入人民币，并在一年后按约定的汇率买入美元卖出人民币，该约定汇率反映了各笔交易初始日美元和人民币利率的差异。
- (2) 包括与中央汇金投资有限责任公司签署的合同金额为 180.00 亿美元的外币期权合同，见注释五、1(1)。该交易的目的是为中央汇金投资有限责任公司注资形成的美元汇率风险头寸提供有效的经济套期保值。

中国银行股份有限公司

简要会计报表注释

2006年1月1日至6月30日止期间

(除特别注明外，金额单位为人民币百万元)

三 合并会计报表主要项目注释 (续)

4 存放及拆放同业

	2006年6月30日	2005年12月31日
存放同业		
存放境内同业	2,860	4,305
存放境外同业	4,114	8,133
小计	6,974	12,438
拆放同业		
拆放境内银行	53,862	52,439
拆放境内非银行金融机构	50,605	26,302
拆放境外同业	189,217	253,904
拆放同业原值	293,684	332,645
拆放同业减值准备	(544)	(546)
小计	293,140	332,099
合计	300,114	344,537

截至2006年6月30日止，拆放同业余额中非应计拆放同业为5.44亿元 (2005年：5.46亿元)。

拆放同业中所含的买入返售款项分类列示如下：

	2006年6月30日	2005年12月31日
买入返售贴现票据	14,007	7,592
买入返售债券		
政府债券	47,109	41,857
金融机构债券	26,476	20,191
合计	87,592	69,640

中国银行股份有限公司

简要会计报表注释

2006年1月1日至6月30日止期间

(除特别注明外，金额单位为人民币百万元)

三 合并会计报表主要项目注释 (续)

5 债券投资

	2006年6月30日	2005年12月31日
可供出售债券(以公允价值列示)		
政府债券	309,350	229,064
公共实体及准政府债券	247,158	106,840
金融机构债券	228,024	170,038
公司债券	134,643	87,068
	<hr/>	<hr/>
小计	919,175	593,010
	<hr/>	<hr/>
持有至到期日债券(以摊余成本列示)		
政府债券	224,065	231,156
公共实体及准政府债券	119,604	135,002
金融机构债券	192,294	203,724
公司债券	33,163	37,577
	<hr/>	<hr/>
小计	569,126	607,459
	<hr/>	<hr/>
分类为贷款及应收款的债券(以摊余成本列示)		
中国东方资产管理公司债券	160,000	160,000
中国人民银行专项票据 (1)	91,612	91,530
财政部特种国债	42,500	42,500
短期票据		
— 公共实体及准政府债券	15,260	6,096
— 金融机构债券	67,676	49,993
— 公司债券	1,825	-
凭证式国债及其他	10,647	11,888
	<hr/>	<hr/>
	389,520	362,007
	<hr/>	<hr/>
分类为贷款及应收款的债券减值准备	(152)	(156)
	<hr/>	<hr/>
小计	389,368	361,851
	<hr/>	<hr/>
合计 (2)	<u>1,877,669</u>	<u>1,562,320</u>

中国银行股份有限公司

简要会计报表注释

2006年1月1日至6月30日止期间

(除特别注明外，金额单位为人民币百万元)

三 合并会计报表主要项目注释 (续)

5 债券投资 (续)

- (1) 2006年6月22日，中国人民银行向本行定向发行专项中央银行票据0.82亿元，用于置换部分国务院特批债转股企业贷款。该票据期限5年，年利率1.89%，未经中国人民银行批准，不能流通、转让、质押和过户，不能用作债务的抵偿物。
- (2) 截至2006年6月30日止，债券投资中包括在卖出回购合约下质押给第三方的债券768.22亿元(2005年：496.58亿元)，见注释九、2。

中国银行股份有限公司

简要会计报表注释

2006年1月1日至6月30日止期间

(除特别注明外，金额单位为人民币百万元)

三 合并会计报表主要项目注释 (续)

6 贷款

(1) 贷款性质分类

本集团依据贷款的主要担保方式进行分类的贷款结构列示如下：

	2006年6月30日	2005年12月31日
信用贷款	578,987	475,764
保证贷款	723,502	684,824
抵押、质押贷款	<u>1,103,047</u>	<u>1,074,458</u>
合计	<u>2,405,536</u>	<u>2,235,046</u>

(2) 贷款行业分布

	2006年6月30日	2005年12月31日
企事业贷款		
制造业	591,908	531,191
商业、服务业	323,348	301,863
房地产	201,585	190,297
能源、采矿及农业	252,416	230,854
运输业	200,503	193,428
公共事业	104,827	91,924
金融业	112,153	96,245
建筑业	38,304	36,050
其他	<u>39,037</u>	<u>40,191</u>
小计	<u>1,864,081</u>	<u>1,712,043</u>
消费信贷		
住房贷款	428,119	413,007
汽车贷款	24,391	28,005
信用卡贷款及其他	<u>88,945</u>	<u>81,991</u>
小计	<u>541,455</u>	<u>523,003</u>
合计	<u>2,405,536</u>	<u>2,235,046</u>

中国银行股份有限公司

简要会计报表注释

2006年1月1日至6月30日止期间

(除特别注明外，金额单位为人民币百万元)

三 合并会计报表主要项目注释 (续)

6 贷款 (续)

(3) 应计和非应计贷款

	2006年6月30日	2005年12月31日
应计贷款	2,322,496	2,158,232
非应计贷款	<u>83,040</u>	<u>76,814</u>
合计	<u><u>2,405,536</u></u>	<u><u>2,235,046</u></u>

(4) 截至 2006 年 6 月 30 日止，贷款余额中包括在卖出回购合约下抵押给第三方的票据 55.69 亿元(2005 年：119.68 亿元)，见注释九、2。

7 股权投资

	2006年6月30日	2005年12月31日
投资联营企业 (1)	5,673	5,100
其他股权投资 (2)	<u>6,675</u>	<u>7,043</u>
账面原值	12,348	12,143
i 减：股权投资减值准备	<u>(1,138)</u>	<u>(1,243)</u>
账面净值	11,210	10,900
交易性股权投资(以公允价值计量) (3)	<u>3,565</u>	<u>4,493</u>
合计	<u><u>14,775</u></u>	<u><u>15,393</u></u>

中国银行股份有限公司

简要会计报表注释

2006年1月1日至6月30日止期间

(除特别注明外，金额单位为人民币百万元)

三 合并会计报表主要项目注释 (续)

7 股权投资 (续)

(1) 截至 2006 年 6 月 30 日止，本集团的主要联营企业列示如下：

公司名称	注册/成立地点	出资/控股比例(%)	实收资本	主要业务
华能国际电力开发公司	中国	20	美元 450 百万	建设并经营电厂及有关工程
中银国际证券有限责任公司	中国	49	人民币 1,500 百万	证券买卖及承销、证券投资咨询及受托投资管理业务
中华保险顾问有限公司	中国香港	33	港币 6 百万	保险经纪
银联通宝有限公司	中国香港	19.96	港币 10 百万	自动柜员机服务及银行私人讯息转换网络
东风标致雪铁龙汽车金融有限公司	中国	50	人民币 500 百万	向车辆经销商和客户提供融资、贷款等服务

(2) 其他股权投资

其他股权投资主要指本行在香港的子公司为投资目的持有的股权项目。2005 年 12 月，本行与中国东方资产管理公司签署协议，完成了向其划转历史形成的待清理股权投资项目。

(3) 交易性股权投资主要是指本行在香港的子公司所持有的上市公司股票投资。

中国银行股份有限公司

简要会计报表注释

2006年1月1日至6月30日止期间

(除特别注明外，金额单位为人民币百万元)

三 合并会计报表主要项目注释 (续)

8	对中央银行负债	2006年6月30日	2005年12月31日
	国家外汇存款	30,080	28,873
	借入中央银行款项	33	520
	对中央银行其他负债	382	662
	合计	<u>30,495</u>	<u>30,055</u>
9	衍生金融产品及公允价值变动计入损益的负债	2006年6月30日	2005年12月31日
	衍生金融产品负债(注释三、3)	18,761	15,752
	公允价值变动计入损益的负债		
	结构性存款	75,092	70,069
	外币债券卖空	4,057	3,740
	外汇基金票据卖空	3,262	1,613
	小计	<u>82,411</u>	<u>75,422</u>
	合计	<u>101,172</u>	<u>91,174</u>

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三 合并会计报表主要项目注释 (续)

10 客户存款

	2006年6月30日	2005年12月31日
短期对公存款		
活期对公存款	940,638	836,763
一年期及以下定期对公存款	527,225	486,681
小计	<u>1,467,863</u>	<u>1,323,444</u>
短期储蓄存款		
活期储蓄存款	734,894	667,957
一年期及以下定期储蓄存款	1,309,567	1,243,964
小计	<u>2,044,461</u>	<u>1,911,921</u>
长期对公存款	32,157	26,317
长期储蓄存款	339,763	313,703
存入保证金	<u>168,780</u>	<u>128,392</u>
合计	<u><u>4,053,024</u></u>	<u><u>3,703,777</u></u>

其中，存入保证金具体列示如下：

承兑汇票保证金	92,106	63,556
开出信用证及保函保证金	29,206	26,785
外汇买卖交易保证金	10,524	8,638
其他	36,944	29,413
合计	<u><u>168,780</u></u>	<u><u>128,392</u></u>

11 借入专项资金

	2006年6月30日	2005年12月31日
借入买方信贷	15,826	17,147
借入外国政府贷款	18,076	18,414
借入混合贷款及其他	15,720	16,603
合计	<u><u>49,622</u></u>	<u><u>52,164</u></u>

借入专项资金是指本行以买方信贷、外国政府贷款、混合贷款等方式，向国外同业或外国政府借入的长期款项。借入专项资金通常有特定商业用途，对国外同业或外国政府的借款偿付责任由本行承担。

截至 2006 年 6 月 30 日止，借入专项资金的剩余期限区间为 1 个月以内到 37 年，浮动利率及固定利率的范围为 0.2%至 9.2%，与从该类机构获取相似开发贷款的利率一致。

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三 合并会计报表主要项目注释 (续)

12 发行债券

	发行日	到期日	利率	2006年6月30日	2005年12月31日
<u>发行债券 (1)</u>					
1994年中国银行美元债券	1994年3月10日	2014年3月15日	8.25%	177	179
<u>发行次级债券 (2)</u>					
2004年中国银行人民币债券					
第一期	2004年7月7日	2014年7月20日	4.87%	14,070	14,070
第二期	2004年10月22日	2014年11月16日	4.94%	12,000	12,000
2005年中国银行人民币债券					
第一期	2005年2月18日	2015年3月4日	4.83%	15,930	15,930
第二期固定利率部分	2005年2月18日	2020年3月4日	5.18%	9,000	9,000
第二期浮动利率部分	2005年2月18日	2015年3月4日	浮动利率	<u>9,000</u>	<u>9,000</u>
小计				<u>60,000</u>	<u>60,000</u>
合计				<u>60,177</u>	<u>60,179</u>

(1) 本行和债券持有者均不可以在债券到期日以前要求赎回或偿付该等债券。

(2) 该等人民币次级债券的索偿权排在本行的其他负债之后，先于本行的股权资本。在计算资本充足率时，该等次级债券可计入附属资本。

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三 合并会计报表主要项目注释 (续)

13 递延税项

本集团对递延税项采用债务法核算，对各项时间性差异的税务影响按本集团各经营机构所在地税率计算。递延所得税的变动情况如下：

	2006年1-6月	2005年
期/年初余额		
	17,377	18,647
计入当期/年利润表的递延所得税 (注释三、28)	(226)	(1,252)
外币折算差额	5	(18)
	<u>17,156</u>	<u>17,377</u>
期/年末余额		

当本集团依法有权抵销所得税资产和负债，且相应所得税的征管属同一税务管辖区时，递延税款借项和贷项以抵销后净额在资产负债表列示。本集团经过互抵后的递延税款借项和递延税款贷项列示如下：

	2006年6月30日	2005年12月31日
递延税款借项	17,410	17,561
递延税款贷项	(254)	(184)
	<u>17,156</u>	<u>17,377</u>

递延税款借项和递延税款贷项的组成项目列示如下：

	2006年6月30日	2005年12月31日
递延税款借项		
资产减值准备	18,012	17,744
交易性及公允价值变动计入损益类债券 和衍生金融产品的估值亏损	3,902	3,046
其他时间性差异	602	696
	<u>22,516</u>	<u>21,486</u>
小计		
递延税款贷项		
交易性及公允价值变动计入损益类债券 和衍生金融产品的估值收益	(4,319)	(3,643)
固定资产折旧	(445)	(424)
其他时间性差异 (1)	(596)	(42)
	<u>(5,360)</u>	<u>(4,109)</u>
小计		
净额	<u>17,156</u>	<u>17,377</u>

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三 合并会计报表主要项目注释 (续)

13 递延税项 (续)

- (1) 主要包括中国银行对应享有的部分境外子公司2006年上半年的所得, 在境内补缴所得税时确认的递延税款贷项5.45亿元。

计入当期/年利润表的递延所得税由以下时间性差异组成:

	2006年6月30日	2005年12月31日
资产减值准备	265	1,467
交易性及公允价值变动计入损益类 债券和衍生金融产品的估值	190	(2,338)
其他时间性差异	(681)	(381)
合计 (注释三、28)	(226)	(1,252)

14 其他负债

本集团子公司开展保险业务。包含在其他负债中的与保险合同相关的债务余额列示如下:

	2006年6月30日	2005年12月31日
长期保险合同	11,093	8,383
一般保险合同	2,111	2,079
保险总负债, 净值	13,204	10,462

15 股票增值权计划及认股权计划

(1) 股票增值权计划

为了激励和奖励本行管理层及其他关键员工, 本行设立了一项股票增值权计划, 并于2005年11月22日获得本行董事会及股东批准。

本行股票增值权计划的合格参与者包括董事、监事、管理层和其他董事会指定的员工。合格参与者将会获得股票增值权, 于授出之日第三周年起每年最多可行使其中的25%。股票增值权将于授出之日起七年内有效。合格参与者将有机会获得本行H股于授出之日前十天的平均收市价和于行使日期前十二个月的平均收市价(将根据本行权益变动作适当调整)的差额(如有)。该计划以股份为基础, 仅提供现金结算, 因此, 本行不会根据股票增值权计划发行任何股份。

截至2006年6月30日和2005年12月31日止, 本行没有根据股票增值权计划发行任何股票增值权。

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三 合并会计报表主要项目注释 (续)

15 股票增值权计划及认股权计划(续)

(2) 认股权计划和股份储蓄计划

2002年7月10日, 本集团子公司中银香港(控股)有限公司的股东批准并采纳了认股权计划及股份储蓄计划。

截至2006年6月30日及2005年12月31日止, 中银香港(控股)有限公司没有根据上述认股权计划及股份储蓄计划授予任何认股权。

(3) 上市前认股权计划

根据上市前认股权计划, 中银香港(控股)有限公司的直接控股股东中银香港(BVI)有限公司于2002年7月5日向本集团若干董事、高级管理人员和员工授予认股权。被授予者可据此向中银香港(BVI)有限公司购入共计31,132,600股中银香港(控股)有限公司发行在外的股份, 行使价为每股港币8.50元。上述认股权有效行使期为10年, 在自2002年7月25日起的4年内按比例授予。此外中银香港(BVI)有限公司不再根据上市前认股权计划授予任何认股权。本集团没有以现金回购或结算上述认股权的法定义务或推定义务。

尚未行使的股票期权计划变动列示如下:

认股权数	董事及			认股权数总计
	高级管理人员	其他员工	其他 *	
2006年1月1日	6,142,500	10,619,250	1,446,000	18,207,750
分类变动	239,000	(239,000)	-	-
减: 当期行使的认股权	-	(1,994,050)	-	(1,994,050)
2006年6月30日	<u>6,381,500</u>	<u>8,386,200</u>	<u>1,446,000</u>	<u>16,213,700</u>
2005年1月1日	6,142,500	12,849,300	1,446,000	20,437,800
减: 当年行使的认股权	-	(2,121,550)	-	(2,121,550)
减: 当年作废的认股权	-	(108,500)	-	(108,500)
2005年12月31日	<u>6,142,500</u>	<u>10,619,250</u>	<u>1,446,000</u>	<u>18,207,750</u>

* 代表本集团前董事持有的认股权。

对于截至2006年6月30日和2005年12月31日止行使的认股权, 中银香港(控股)有限公司的股份加权平均价格为港币15.88元(折合人民币16.42元)和港币15.01元(折合人民币15.61元)。

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三 合并会计报表主要项目注释 (续)

16 少数股东权益

	2006年1-6月	2005年
期初余额	28,778	27,387
少数股东应享本期利润	2,627	5,105
少数股东增持子公司股权	(52)	17
向少数股东支付股利	(1,891)	(2,954)
可供出售债券公允价值变动	(342)	(110)
外币折算差额	(308)	(667)
	<u>28,812</u>	<u>28,778</u>

17 股本

股本金额

	2006年1-6月	2005年
期初余额	209,427	186,390
发行普通股 (1)	44,412	23,037
	<u>253,839</u>	<u>209,427</u>

股份数目

	2006年1-6月	2005年
期初余额	209,427,362,357	186,390,352,497
发行普通股 (1)	44,411,799,652	23,037,009,860
	<u>253,839,162,009</u>	<u>209,427,362,357</u>

其中：

	2006年6月30日	
境内上市流通股(A股) (2)	177,818,910,740	
境外上市流通股(H股) (2)	76,020,251,269	
	<u>253,839,162,009</u>	

合计

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三 合并会计报表主要项目注释 (续)

17 股本(续)

- (1) 根据《中国银行业监督管理委员会关于中国银行股份有限公司吸收全国社会保障基金理事会投资入股的批复》(银监复[2006]49号)，本行于2006年3月13日向全国社会保障基金理事会定向溢价发行8,514,415,652股面值为每股人民币1元的普通股。全国社会保障基金理事会以人民币现金出资100亿元，投入资本包括股本溢价人民币14.81亿元。全国社会保障基金理事会向本行投入资本的实收情况，已由普华永道中天会计师事务所有限公司验证，并于2006年3月13日出具《中国银行股份有限公司投入资本验资报告》(普华永道中天验字[2006]第14号)。

根据《中国银行业监督管理委员会关于中国银行股份有限公司变更为境外募集股份有限公司并境外上市的批复》(银监复[2006]53号)和《关于同意中国银行股份有限公司发行境外上市外资股的批复》(证监国合字[2006]8号)，本行于2006年6月1日和2006年6月9日向境外投资者溢价发行29,403,878,000股面值为每股人民币1元的境外上市外资股(H股)，并于香港联合交易所上市，每股发行价格为港币2.95元。境外投资者向本行投入资本的实收情况，已由普华永道中天会计师事务所有限公司验证，并于2006年6月29日出具《中国银行股份有限公司首次发行境外上市外资股(H股)验资报告》(普华永道中天验字[2006]第82号)。

根据《中国银行业监督管理委员会关于中国银行股份有限公司境内发行股份并上市有关事宜的批复》(银监复[2006]135号)和《关于核准中国银行股份有限公司首次公开发行股票的通知》(证监发行字[2006]20号)，本行于2006年6月29日向境内投资者溢价发行6,493,506,000股面值为每股人民币1元的普通股(A股)，并于上海证券交易所上市，每股发行价格为人民币3.08元。境内投资者向本行投入资本的实收情况，已由普华永道中天会计师事务所有限公司验证，并于2006年6月29日出具《中国银行股份有限公司首次发行人民币普通股(A股)验资报告》(普华永道中天验字[2006]第83号)。

- (2) 所有A股及H股在重大方面均享有同等地位，附带相同权利及利益。

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三 合并会计报表主要项目注释 (续)

18 资本公积

	2006年1-6月	
	中国银行集团	中国银行
期初余额	3,978	3,978
发行普通股溢价 (1)	72,567	72,219
其他 (2)	-	(309)
期末余额	<u>76,545</u>	<u>75,888</u>

(1) 如注释三、17 (1)所述, 本行溢价发行普通股。因溢价发行普通股增加的资本公积列示如下:

	2006年1-6月				中国银行
	中国银行集团				
	向全国社会 保障基金理 事会发行普 通股	发行 H 股	发行 A 股	合计	
发行普通股募集资金总额	10,000	89,967	20,000	119,967	119,967
减: 普通股面值总额	<u>(8,514)</u>	<u>(29,404)</u>	<u>(6,494)</u>	<u>(44,412)</u>	<u>(44,412)</u>
扣除发行成本前溢价	1,486	60,563	13,506	75,555	75,555
减: 发行成本 (i)	<u>(5)</u>	<u>(2,435)</u>	<u>(548)</u>	<u>(2,988)</u>	<u>(3,336)</u>
净股本溢价	<u>1,481</u>	<u>58,128</u>	<u>12,958</u>	<u>72,567</u>	<u>72,219</u>
					中国银行集团 及中国银行 2005年
发行普通股募集资金总额					27,057
减: 普通股面值总额					<u>(23,037)</u>
扣除发行成本前溢价					4,020
减: 发行成本					<u>(56)</u>
净股本溢价					<u>3,964</u>

(i) 发行成本主要包括承销费及专业机构服务费。本行子公司中银国际亚洲有限公司承销了部分本行发行的 H 股并向本行按照独立第三方收费水平收取承销费用。该等承销费用在集团合并时予以抵销。

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三 合并会计报表主要项目注释(续)

18 资本公积(续)

- (2) 本行子公司中银香港(控股)有限公司(本行持有 65.87%股权)向本行直接控股子公司中银集团保险有限公司(本行持有 100%股权)购买其持有的中银集团人寿保险有限公司 51%的股权，购买价格为 9 亿港元，并以现金支付。中银香港(控股)有限公司对该等交易溢价采纳权益并购法在其集团合并会计报表中计入资本公积借项，本集团在合并时予以抵销。

19 盈余公积、一般准备及法定储备金、未分配利润以及可供出售债券公允价值变动储备

(1) 盈余公积

根据中国政府的相关法律规定，本行须按中国会计准则下的净利润提取10%作为法定盈余公积。当本行法定盈余公积累计额为本行股本的50%以上时，可以不再提取法定盈余公积。经股东大会批准，本行提取的法定盈余公积可用于弥补本行的亏损或者转增本行股本。运用法定盈余公积转增股本后，所留存的法定盈余公积不得少于股本的25%。

此外，部分境外机构根据当地银行监管的要求从税后利润中提取法定盈余公积。

根据2006年8月29日董事会决议，本行按照2006年上半年净利润的10%提取法定盈余公积，计19.64亿元。

(2) 一般准备及法定储备金

本行根据财政部2005年5月17日颁布的《金融企业呆账准备提取管理办法》(财金[2005]49号)，在提取资产减值准备的基础上，设立一般准备用以弥补银行尚未识别的与风险资产相关的可能性损失。该一般准备作为利润分配处理，是所有者权益的组成部分，原则上应不低于风险资产期末余额的1%。本行采取一般准备逐步到位的方案，计划在未来三年内提足该办法要求的一般准备。

法定储备金主要是指本行子公司中国银行(香港)有限公司提取的用作防范银行一般风险的准备(包括未来损失或其它不可预期风险)。

根据2006年8月29日董事会决议，本行提取一般准备金42.91亿元。截至2006年6月30日，一般准备金约占风险资产期末余额的0.25%。

(3) 未分配利润

根据 2006 年 4 月 30 日召开的 2006 年度股东大会续会后会议审议批准的 2005 年度剩余利润分配方案，本行派发现金股利 13.75 亿元。

本行对截至2006年6月30日止半年度的利润不派发股利。

中国银行股份有限公司

简要会计报表注释

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(除特别注明外，金额单位为人民币百万元)

三 合并会计报表主要项目注释 (续)

19 盈余公积、一般准备及法定储备金、未分配利润以及可供出售债券公允价值变动储备(续)

(4) 可供出售债券公允价值变动储备

根据财政部《关于债券资产会计处理问题的批复》(财会函[2004]61号)，本集团对可供出售债券在资产负债日按照公允价值计量。因公允价值变动而产生的估值收益或估值亏损在该债券被转让或被认定为减值之前，先在股东权益中确认，待实际转让或被认定为减值时，再将以前在股东权益中确认的累积估值收益或估值亏损计入利润表。

截至2006年6月30日止期间，由于人民币和美元利率持续上升，本集团可供出售债券组合形成未实现估值亏损。本集团对该等估值亏损进行了审阅，相信该等估值亏损是因为基础利率变动所致，不存在因债券发行人信用等级改变等造成债券资产减值情况。

中国银行股份有限公司

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(除特别注明外，金额单位为人民币百万元)

三 合并会计报表主要项目注释 (续)

20	净利息收入	2006年1-6月	2005年1-6月
	利息收入		
	贷款利息收入	60,360	51,971
	债券投资利息收入	30,652	19,908
	存放及拆放同业利息收入	6,315	3,518
	存放中央银行利息收入	2,450	2,069
	小计	99,777	77,466
	利息支出		
	客户存款利息支出	(38,887)	(23,815)
	同业存入及拆入和对中央银行负债利息支出	(4,122)	(2,827)
	借入专项资金和发行债券利息支出	(2,292)	(2,166)
	小计	(45,301)	(28,808)
	净利息收入	54,476	48,658
21	手续费及佣金收支净额	2006年1-6月	2005年1-6月
	结算与清算业务收入	1,794	1,287
	代理业务收入	2,201	1,235
	信用承诺手续费及佣金收入	1,438	1,308
	银行卡业务收入	1,365	1,049
	受托业务收入	248	235
	其他	1,120	801
	手续费及佣金收入	8,166	5,915
	手续费及佣金支出	(1,325)	(1,397)
	手续费及佣金收支净额	6,841	4,518

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(除特别注明外，金额单位为人民币百万元)

三 合并会计报表主要项目注释 (续)

22 净交易(损失)/收入

	2006年1-6月	2005年1-6月
汇兑及汇率产品净收益 (1)	1,302	3,322
利率产品净损失 (2)	<u>(1,495)</u>	<u>(329)</u>
合计	<u>(193)</u>	<u>2,993</u>

(1) 见注释七、资产负债币种分析。

(2) 包括2006年上半年交易类债券未实现估值亏损17.55亿元。

23 投资收益

	2006年1-6月	2005年1-6月
股权投资收益		
投资联营企业净收益	339	48
其他股权投资净收益 (1)	<u>1,248</u>	<u>77</u>
小计	1,587	125
债券投资收益	<u>94</u>	<u>24</u>
合计	<u>1,681</u>	<u>149</u>

(1) 其他股权投资净收益主要包括本集团在香港的子公司于 2006 年上半年买卖部分交易性股权投资获得的净收益。

中国银行股份有限公司

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三 合并会计报表主要项目注释 (续)

24 其他业务收支净额

	2006年1-6月	2005年1-6月
其他业务收入		
保险业务收入	4,286	2,624
其他 (1)	1,080	143
小计	5,366	2,767
其他业务支出		
保险理赔费用	(3,423)	(2,168)
其他	(146)	(238)
小计	(3,569)	(2,406)
其他业务收支净额	1,797	361

- (1) 其他业务收入中包括本集团在香港的子公司于2006年3月向独立第三方处置部分贷款，获得净收益6.60亿元。

中国银行股份有限公司

简要会计报表注释

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三 合并会计报表主要项目注释 (续)

25 业务及管理费

	2006年1-6月	2005年1-6月
员工费用	13,278	11,654
业务费用	7,174	6,208
折旧	2,741	3,138
合计	<u>23,193</u>	<u>21,000</u>

员工费用具体列示如下：

	2006年1-6月	2005年1-6月
工资薪金及福利费	10,141	9,345
养老金设定提存计划	1,495	659
住房公积金	626	427
其他社会保险支出	415	362
养老金设定受益计划	139	238
其他	462	623
合计	<u>13,278</u>	<u>11,654</u>

2005年下半年，本集团设立中国银行企业年金计划。养老金设定提存计划费用中包括本行在2006年上半年向该年金计划支付4.78亿元。

在截至2006年6月30日止期间的养老金设定提存计划支出中已扣除因员工辞职等原因而没收的供款金额约为0.12亿元 (2005年1-6月：0.14亿元)。截至2006年6月30日和2005年6月30日止，可作进一步扣减日后应付供款的没收金额均不重大。

26 营业税金及附加

	2006年1-6月	2005年1-6月
营业税金	2,687	2,406
城市维护建设税	176	158
教育费附加	96	83
其他	28	23
合计	<u>2,987</u>	<u>2,670</u>

27 资产减值损失

	2006年1-6月	2005年1-6月
贷款减值损失	5,062	4,718
抵债资产减值(转回)/损失	(131)	96
其他应收款坏账(转回)/损失	(55)	206
固定资产及其他资产减值转回	-	(444)
合计	<u>4,876</u>	<u>4,576</u>

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三 合并会计报表主要项目注释 (续)

28 所得税

	2006年1-6月	2005年1-6月
当期所得税	12,136	10,998
递延所得税 (注释三、13)	226	(138)
合计	<u>12,362</u>	<u>10,860</u>

本集团实际所得税支出与按法定税率计算的所得税支出不同，主要调节事项如下：

	2006年1-6月	2005年1-6月
税前利润	<u>34,013</u>	<u>29,578</u>
按税前利润乘以 33% 计算之所得税	11,224	9,761
其他国家和地区采用不同税率所产生的影响	(1,927)	(1,479)
境外机构所得在境内补交所得税	1,688	865
调整以前年度所得税费用 (1)	(350)	(2)
免税收入	(1,223)	(614)
不可税前抵扣的费用 (2)	2,921	2,452
其他	29	(123)
合计	<u>12,362</u>	<u>10,860</u>

- (1) 主要包括2006年上半年本行获财政部和国家税务总局批准，针对以划转股权投资方式注入东方资产管理公司形成的尚未扣除的人民币8.60亿元投资划转损失，准予其在计算企业所得税前扣除，相关所得税影响为人民币 2.84亿元。
- (2) 不可税前抵扣的费用主要为超过税法抵扣范围的工资成本等。

本集团目前正在向国家税务总局申请境内员工费用可于税前抵扣的法定限额调整安排。国家税务总局以《关于中国银行股份有限公司计税工资税前扣除问题的复函》(国税函[2006] 484号)原则同意本行在境外上市后，计税工资按照“工效挂钩”办法税前扣除。本集团管理层将按照国家主管部门有关规定，积极跟进该项申请并落实具体实施方案。

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三 合并会计报表主要项目注释 (续)

29 每股基本净收益和稀释后每股净收益

每股基本净收益按归属于普通股股东的当期净利润除以当期发行在外普通股股数的加权平均数计算。

稀释后每股净收益是在假设对所有潜在稀释普通股进行转换并调整发行在外普通股的加权平均数的基础上进行计算的。本行没有任何潜在稀释普通股。

	2006年1-6月	2005年1-6月
归属于本行股东的当期净利润	19,024	16,434
当期发行在外的普通股股数的加权平均数(百万股)	218,002	186,390
每股基本净收益和稀释后每股净收益 (人民币元/股)	0.09	0.09

30 现金流量表注释

现金及现金等价物包括以下项目(原始到期日均在 3 个月以内):

	2006年6月30日	2005年6月30日
现金	29,811	29,486
存放中央银行	113,039	130,427
存放及拆放同业	215,713	230,894
短期票据	30,910	24,149
合计	<u>389,473</u>	<u>414,956</u>

(1) 将净利润调节为经营活动现金流量

	2006年1-6月	2005年1-6月
净利润	19,024	16,434
加/(减):		
少数股东应享本期利润	2,627	2,284
计提资产减值损失准备	4,876	4,576
固定资产折旧	2,741	3,138
无形资产及长期待摊费用摊销	341	222
处置固定资产和其他资产净收益	(168)	(671)
股权投资收益	(1,587)	(125)
发行债券利息支出	1,384	1,178
经营性应收项目的增加	(495,834)	(288,793)
经营性应付项目的增加	348,605	283,372
经营活动产生的现金流量净额	<u>(117,991)</u>	<u>21,615</u>

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四 母公司会计报表主要项目补充说明

1 债券投资

	2006年6月30日	2005年12月31日
可供出售债券(以公允价值列示)		
政府债券	296,280	219,566
公共实体及准政府债券	242,068	102,200
金融机构债券	193,816	146,373
公司债券	86,487	70,798
小计	818,651	538,937
持有至到期日债券(以摊余成本列示)		
政府债券	221,541	227,718
公共实体及准政府债券	91,308	103,074
金融机构债券	72,118	74,791
公司债券	8,101	9,560
小计	393,068	415,143
分类为贷款及应收款的债券(以摊余成本列示)		
中国东方资产管理公司债券	160,000	160,000
中国人民银行专项票据	91,612	91,530
财政部特种国债	42,500	42,500
短期票据		
— 公共实体及准政府债券	15,260	5,992
— 金融机构债券	37,070	32,156
— 公司债券	1,825	-
凭证式国债及其他	10,647	11,888
	358,914	344,066
分类为贷款及应收款的债券减值准备	(152)	(156)
小计	358,762	343,910
合计	1,570,481	1,297,990

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四 母公司会计报表主要项目补充说明(续)

2 贷款

	2006年6月30日	2005年12月31日
信用贷款	511,086	401,756
保证贷款	647,205	617,332
抵押、质押贷款	883,910	849,017
合计	<u>2,042,201</u>	<u>1,868,105</u>

3 股权投资

	2006年6月30日	2005年12月31日
投资子公司	68,732	66,294
投资联营企业	33	63
其他股权投资	847	796
账面原值	69,612	67,153
减：股权投资减值准备	<u>(173)</u>	<u>(202)</u>
账面净值	<u>69,439</u>	<u>66,951</u>

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四 母公司会计报表主要项目补充说明(续)

4 客户存款

	2006年6月30日	2005年12月31日
短期对公存款		
活期对公存款	848,940	747,059
一年期及以下定期对公存款	429,253	380,105
	<hr/>	<hr/>
小计	1,278,193	1,127,164
短期储蓄存款		
活期储蓄存款	539,321	492,876
一年期及以下定期储蓄存款	1,013,449	937,430
	<hr/>	<hr/>
小计	1,552,770	1,430,306
长期对公存款	31,095	24,395
长期储蓄存款	332,287	305,239
存入保证金	162,628	122,083
	<hr/>	<hr/>
合计	3,356,973	3,009,187
	<hr/>	<hr/>
其中，存入保证金具体列示如下：		
承兑汇票保证金	92,068	63,522
开出信用证及保函保证金	28,988	26,469
外汇买卖交易保证金	5,767	3,718
其他	35,805	28,374
	<hr/>	<hr/>
合计	162,628	122,083
	<hr/>	<hr/>

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简要会计报表注释

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(除特别注明外，金额单位为人民币百万元)

四 母公司会计报表主要项目补充说明(续)

5 净利息收入

	2006年1-6月	2005年1-6月
利息收入		
贷款利息收入	50,141	45,875
债券投资利息收入	23,738	15,804
存放及拆放同业利息收入	3,457	2,327
存放中央银行利息收入	2,189	2,032
小计	79,525	66,038
利息支出		
客户存款利息支出	(26,815)	(19,427)
同业存入及拆入和对中央银行负债利息支出	(4,090)	(2,811)
借入专项资金和发行债券利息支出	(2,292)	(2,163)
小计	(33,197)	(24,401)
净利息收入	46,328	41,637

6 手续费及佣金收支净额

	2006年1-6月	2005年1-6月
结算与清算业务收入	1,374	964
代理业务收入	877	385
信用承诺手续费及佣金收入	1,148	996
银行卡业务收入	962	636
受托业务收入	113	110
其他	748	611
手续费及佣金收入	5,222	3,702
手续费及佣金支出	(460)	(673)
手续费及佣金收支净额	4,762	3,029

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四 母公司会计报表主要项目补充说明(续)

7 净交易(损失)/收入

	2006年1-6月	2005年1-6月
汇兑及汇率产品净收益	343	2,655
利率产品净损失	(625)	(405)
合计	(282)	2,250

8 投资收益

	2006年1-6月	2005年1-6月
股权投资收益		
投资子公司净收益	7,521	4,747
投资联营企业净收益	5	3
其他股权投资净收益	21	85
小计	7,547	4,835
债券投资收益	105	5
合计	7,652	4,840

9 业务及管理费

	2006年1-6月	2005年1-6月
员工费用	11,087	9,602
业务费用	6,308	5,394
折旧	2,320	2,748
合计	19,715	17,744

员工费用具体列示如下：

	2006年1-6月	2005年1-6月
工资薪金及福利费	8,159	7,546
养老金设定提存计划	1,334	638
住房公积金	611	427
其他社会保险支出	411	339
养老金设定受益计划	139	238
其他	433	414
合计	11,087	9,602

中国银行股份有限公司

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(除特别注明外, 金额单位为人民币百万元)

四 母公司会计报表主要项目补充说明(续)

10 资产减值损失

	2006年1-6月	2005年1-6月
贷款减值损失	5,849	6,092
抵债资产减值(转回)/损失	(129)	96
其他应收款坏账(转回)/损失	(32)	211
固定资产及其他资产减值转回	(8)	(283)
合计	<u>5,680</u>	<u>6,116</u>

11 现金流量表注释

现金及现金等价物包括以下项目(原始到期日均在 3 个月以内):

	2006年6月30日	2005年6月30日
现金	26,684	26,242
存放中央银行	89,018	103,122
存放及拆放同业	160,662	150,374
短期票据	27,686	21,492
合计	<u>304,050</u>	<u>301,230</u>

(1) 将净利润调节为经营活动现金流量

	2006年1-6月	2005年1-6月
净利润	19,643	16,434
加/(减):		
计提资产减值损失准备	5,680	6,116
固定资产折旧	2,320	2,748
无形资产及长期待摊费用摊销	340	221
处置固定资产和其他资产净收益	115	(146)
股权投资收益	(7,547)	(4,835)
发行债券利息支出	1,384	1,178
经营性应收项目的增加	(433,206)	(277,343)
经营性应付项目的增加	324,064	250,067
经营活动产生的现金流量净额	<u>(87,207)</u>	<u>(5,560)</u>

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五 关联交易

如果一方有能力直接或间接控制、共同控制另一方或对另一方的财务和经营决策产生重大影响；或本集团与另一方或多方同受一方控制，均被视为存在关联关系。中国政府通过中央汇金投资有限责任公司持有本行股权并对本集团实行控制。

1 与中央汇金投资有限责任公司之间的交易

(1) 外币期权合同

本行于 2005 年 1 月 5 日和中央汇金投资有限责任公司签署了一份外币期权合同。该外币期权合同规定，自 2007 年 1 月 1 日起至 12 月 31 日止，本行有权于每月初以 8.2769 的价格向中央汇金投资有限责任公司出售美元，每次交易不超过 15 亿美元，共计 180 亿美元。本行须向中央汇金投资有限责任公司支付相关期权费用人民币 44.69 亿元，此期权费于 2007 年 1 月 1 日起至 12 月 31 日止分 12 个月于每月初平均支付。

(2) 存款

	2006 年 1-6 月	2005 年
期/年初余额	38,869	-
当期/年吸收的存款	156,679	42,972
当期/年归还的存款及其他变动	<u>(173,709)</u>	<u>(4,103)</u>
期/年末余额	<u>21,839</u>	<u>38,869</u>

吸收中央汇金投资有限责任公司存款按照正常的商业条款和市场价格进行。

2 与中央汇金投资有限责任公司下属公司之间的交易

中央汇金投资有限责任公司同时拥有其他金融机构的股份控制权。本集团与这些金融机构在正常经营业务范围内按商业条款和市场价格进行金融业务交易。该等交易包括债券资产和货币市场交易等。截至 2006 年 6 月 30 日止，本集团与该等金融机构无重大交易余额。

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(除特别注明外，金额单位为人民币百万元)

五 关联交易(续)

3 与持有本行 5%以上（含 5%）股份股东之间的交易

除中央汇金投资有限责任公司外，于 2006 年 6 月 30 日持有本行 5%以上(含 5%)股份的股东为 RBS China Investments S.à.r.l.。本行与该股东之间在 2006 年 1 月 1 日至 6 月 30 日止期间无重大交易，截至 2006 年 6 月 30 日止无重大余额。

4 与联营企业之间的交易

本集团在正常的经营活动中与联营企业(注释三、7)发生了包括存、贷款及购买发行债券在内的正常银行业务往来。该等交易按照正常的商业条款和市场价格进行。关联交易的金额和期末余额列示如下，相关的利息收入及支出并不重大。

(1) 贷款

	2006年1-6月	2005年
期/年初余额	7,240	1,246
当期/年发放的贷款	18	8,128
当期/年归还的贷款	(6,095)	(989)
当期/年核销的贷款及其他变动		(1,145)
	<hr/>	<hr/>
期/年末余额	1,163	7,240
	<hr/>	<hr/>
贷款减值准备	(190)	(119)
	<hr/>	<hr/>

(2) 存款

	2006年1-6月	2005年
期/年初余额	856	1,227
当期/年吸收的存款	3,250	3,879
当期/年支取的存款及其他变动	(1,959)	(4,250)
	<hr/>	<hr/>
期/年末余额	2,147	856
	<hr/>	<hr/>

(3) 债券资产

	2006年1-6月	2005年
期/年初余额	188	-
当期/年购入	-	1,307
当期/年处置	(188)	(1,123)
当期/年公允价值变动及其他	-	4
	<hr/>	<hr/>
期/年末余额	-	188
	<hr/>	<hr/>

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(除特别注明外，金额单位为人民币百万元)

六 分部报告

本集团主要在三大地区开展业务活动：中国内地、港澳地区以及其他境外地区(主要包括纽约、伦敦、新加坡和东京)。

本集团按区域分部对收入、经营成果、资产、负债及资本性支出进行分析，分部信息分析反映了目前本集团的经营管理模式。按照本集团组织结构和内部财务报告流程，本集团决定区域分部为主要分部报告信息列示。

本集团按分行和子公司所在国家或地区列示利润表项目、资产和负债项目、资本性支出、折旧和摊销及信用承诺。

中国银行股份有限公司

简要会计报表注释

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六 分部报告(续)

2006年1月1日至6月30日止期间

	港澳地区				其他境外地区	抵销额	集团
	中国内地	中银香港集团	其他	合计			
利息收入	76,446	19,997	2,276	22,273	3,426	(2,368)	99,777
利息支出	(31,368)	(12,235)	(1,489)	(13,724)	(2,581)	2,372	(45,301)
净利息收入	45,078	7,762	787	8,549	845	4	54,476
手续费及佣金收支净额	4,225	1,724	989	2,713	388	(485)	6,841
净交易(损失)/收入	(107)	677	(536)	141	(227)	-	(193)
投资(损失)/收益	124	7	1,634	1,641	(6)	(78)	1,681
其他业务收支净额	129	423	1,271	1,694	(3)	(23)	1,797
	49,449	10,593	4,145	14,738	997	(582)	64,602
业务及管理费	(18,920)	(2,973)	(645)	(3,618)	(687)	32	(23,193)
营业税金及附加	(2,945)	(19)	(10)	(29)	(13)	-	(2,987)
营业利润	27,584	7,601	3,490	11,091	297	(550)	38,422
营业外收支净额	172	201	57	258	37	-	467
扣除资产减值损失前利润总额	27,756	7,802	3,547	11,349	334	(550)	38,889
资产减值(损失)/回拨	(5,932)	717	218	935	121	-	(4,876)
利润总额	21,824	8,519	3,765	12,284	455	(550)	34,013
所得税	(10,751)	(1,430)	(242)	(1,672)	(142)	203	(12,362)
税后利润	11,073	7,089	3,523	10,612	313	(347)	21,651
少数股东应享本期利润	(4)	(2,519)	(104)	(2,623)	-	-	(2,627)
净利润	11,069	4,570	3,419	7,989	313	(347)	19,024

中国银行股份有限公司

简要会计报表注释

2006年1月1日至6月30日止期间

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六 分部报告(续)

2006年6月30日	中国内地	港澳地区		合计	其他境外地区	抵销额	集团
		中银香港集团	其他				
分部资产	4,268,205	875,352	118,363	993,715 (897,042)	199,169	(234,156)	5,226,933
分部负债	(3,917,105)	(797,504)	(99,538))	(191,882)	165,549	(4,840,480)
信用承诺	827,712	173,457	18,334	191,791	57,397	(52,704)	1,024,196
截至 2006 年 6 月 30 日止期间							
其他分部信息							
资本性支出	1,800	296	15	311	79	-	2,190
折旧和摊销	2,618	317	92	409	55	-	3,082

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六 分部报告(续)

2005年1月1日至6月30日止期间

	中国内地	港澳地区			其他境外地区	抵销额	集团
		中银香港集团	其他	合计			
利息收入	63,883	10,976	1,431	12,407	2,429	(1,253)	77,466
利息支出	(23,449)	(4,477)	(550)	(5,027)	(1,585)	1,253	(28,808)
净利息收入	40,434	6,499	881	7,380	844	-	48,658
手续费及佣金收支净额	2,529	1,497	99	1,596	393	-	4,518
净交易收入/(损失)	2,241	520	247	767	(15)	-	2,993
投资收益	20	33	27	60	69	-	149
其他业务收支净额	70	-	289	289	2	-	361
	45,294	8,549	1,543	10,092	1,293	-	56,679
业务及管理费	(17,046)	(2,778)	(580)	(3,358)	(596)	-	(21,000)
营业税金及附加	(2,636)	(15)	(9)	(24)	(10)	-	(2,670)
营业利润	25,612	5,756	954	6,710	687	-	33,009
营业外收支净额	723	251	116	367	55	-	1,145
扣除资产减值损失前利润总额	26,335	6,007	1,070	7,077	742	-	34,154
资产减值(损失)/回拨	(6,591)	1,383	422	1,805	210	-	(4,576)
利润总额	19,744	7,390	1,492	8,882	952	-	29,578
所得税	(9,472)	(1,223)	(5)	(1,228)	(160)	-	(10,860)
税后利润	10,272	6,167	1,487	7,654	792	-	18,718
少数股东应享本期利润	9	(2,174)	(119)	(2,293)	-	-	(2,284)
净利润	10,281	3,993	1,368	5,361	792	-	16,434

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六 分部报告(续)

2005年12月31日	中国内地	港澳地区		合计	其他境外地区	抵销额	集团
		中银香港集团	其他				
分部资产	3,803,989	845,959	120,266	966,225	186,982	(214,390)	4,742,806
分部负债	(3,584,086)	(768,215)	(102,831)	(871,046)	(178,853)	153,799	(4,480,186)
信用承诺	699,066	168,203	14,131	182,334	52,434	(38,072)	895,762
截至 2005 年 6 月 30 日止期间							
其他分部信息							
资本性支出	1,485	176	34	210	71	-	1,766
折旧和摊销	2,947	305	53	358	55	-	3,360

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六 分部报告(续)

本集团以业务板块为第二分部信息。本集团主要通过以下业务板块提供金融服务，即公司银行业务、个人银行业务、资金业务、投资银行、保险及其他业务。本集团将收入、经营成果、资产、负债及资本性支出直接归属于各业务分部或者通过合理的基础分配至各业务分部列示。

公司银行业务 - 为公司客户提供的银行服务包括活期账户、存款、透支、贷款、与贸易相关的产品及其他信贷服务、外币业务及衍生产品等。

个人银行业务 - 为个人客户提供的银行服务包括活期账户、储蓄、存款、投资性储蓄产品、托管、信用卡及借记卡、消费信贷和抵押贷款等。

资金业务 - 包括外汇交易、根据客户要求从事利率及外汇衍生工具交易、货币市场交易、自营性交易以及资产负债管理。该业务分部的经营成果包括分部间由于生息资产和负债增长的变化而引起的资金盈余或短缺的损益影响及外币折算损失。

投资银行 - 提供债务和权益承销、资产管理服务、经纪服务和银团贷款安排。

保险业务 - 提供财产险、人寿险及保险代理服务。

其他业务 - 本集团的其他业务包括集团投资和其他等自身不形成可单独报告的分部。

中国银行股份有限公司

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六 分部报告(续)

截至 2006 年 6 月 30 日止期间

	公司业务	个人业务	资金业务	投资银行	保险业务	其他	抵销	总计
利息收入	45,329	42,491	38,551	289	269	191	(27,343)	99,777
利息支出	(18,727)	(25,610)	(27,175)	(270)	(19)	(847)	27,347	(45,301)
净利息收入	26,602	16,881	11,376	19	250	(656)	4	54,476
手续费及佣金收支净额	3,141	3,165	357	938	(277)	9	(492)	6,841
净交易收入/(损失)	1,814	977	(1,910)	(640)	(428)	(7)	1	(193)
投资收益/(损失)	-	-	85	1,026	217	431	(78)	1,681
其他业务收支净额	74	5	(3)	-	686	1,103	(68)	1,797
	31,631	21,028	9,905	1,343	448	880	(633)	64,602
业务及管理费	(8,588)	(11,677)	(2,876)	(224)	(103)	(406)	681	(23,193)
营业税金及附加	(1,478)	(459)	(1,023)	(2)	(3)	(22)	-	(2,987)
营业利润	21,565	8,892	6,006	1,117	342	452	48	38,422
营业外收支净额	56	127	45	(2)	40	799	(598)	467
扣除资产减值损失前利润总额	21,621	9,019	6,051	1,115	382	1,251	(550)	38,889
资产减值(损失)/回拨	(4,202)	(720)	1	(5)	6	44	-	(4,876)
利润总额	17,419	8,299	6,052	1,110	388	1,295	(550)	34,013
所得税								(12,362)
税后利润								21,651
少数股东应享本期利润								(2,627)
净利润								19,024
分部资产	1,813,042	637,280	2,692,140	18,079	17,153	84,279	(35,040)	5,226,933
资本性支出	416	782	31	6	2	953	-	2,190

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(除特别注明外，金额单位为人民币百万元)

六 分部报告(续)

截至 2005 年 6 月 30 日止期间及 2005 年 12 月 31 日

	公司业务	个人业务	资金业务	投资银行	保险业务	其他	抵销	总计
利息收入	39,592	31,510	24,679	243	183	128	(18,869)	77,466
利息支出	(13,848)	(15,489)	(17,623)	(180)	-	(537)	18,869	(28,808)
净利息收入	25,744	16,021	7,056	63	183	(409)	-	48,658
手续费及佣金收支净额	2,522	1,802	215	171	(254)	62	-	4,518
净交易收入/(损失)	1,584	755	507	203	(48)	(8)	-	2,993
投资收益/(损失)	-	1	24	(39)	17	146	-	149
其他业务收支净额	29	-	-	-	331	43	(42)	361
	29,879	18,579	7,802	398	229	(166)	(42)	56,679
业务及管理费	(7,876)	(10,148)	(2,680)	(195)	(88)	(301)	288	(21,000)
营业税金及附加	(1,455)	(436)	(760)	(2)	(1)	(16)	-	(2,670)
营业利润	20,548	7,995	4,362	201	140	(483)	246	33,009
营业外收支净额	107	215	71	1	(4)	1,001	(246)	1,145
扣除资产减值损失前利润总额	20,655	8,210	4,433	202	136	518	-	34,154
资产减值(损失)/回拨	(5,471)	819	19	1	(2)	58	-	(4,576)
利润总额	15,184	9,029	4,452	203	134	576	-	29,578
所得税								(10,860)
税后利润								18,718
少数股东应享本期利润								(2,284)
净利润								16,434
分部资产	1,658,718	603,891	2,399,377	15,159	12,398	77,644	(24,381)	4,742,806
资本性支出	342	665	32	4	25	698	-	1,766

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六 分部报告(续)

自 2006 年 1 月 1 日起，本集团对内部转移定价政策进行了修订。新的内部转移定价机制以市场存款和贷款利率为基准，参照不同产品及其期限调整其预定利润率。在 2006 年 1 月 1 日前，本集团采用资金的平均成本和生息资产的平均利率作为内部转移定价的基础，并未考虑不同产品和各自到期日。该方法变化的主要原因是为了更好的反映各业务分部的经营业绩，加强本行对资产和负债的管理能力。

新的分部间转移定价对 2005 年 6 月 30 日报表项目的分部信息影响列示如下。

截至 2005 年 6 月 30 日止期间

	公司业务	个人业务	资金业务	投资银行	保险业务	其他	抵销	总计
原报告净利息收入	25,253	17,818	5,750	63	183	(409)	-	48,658
变动额	491	(1,797)	1,306	-	-	-	-	-
重述后净利息收入	25,744	16,021	7,056	63	183	(409)	-	48,658
原报告营业利润	20,057	9,792	3,056	201	140	(483)	246	33,009
变动额	491	(1,797)	1,306	-	-	-	-	-
重述后营业利润	20,548	7,995	4,362	201	140	(483)	246	33,009
原报告扣除资产减值损失前利润总额	20,164	10,007	3,127	202	136	518	-	34,154
变动额	491	(1,797)	1,306	-	-	-	-	-
重述后扣除资产减值损失前利润总额	20,655	8,210	4,433	202	136	518	-	34,154
原报告利润总额	14,693	10,826	3,146	203	134	576	-	29,578
变动额	491	(1,797)	1,306	-	-	-	-	-
重述后利润总额	15,184	9,029	4,452	203	134	576	-	29,578

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七 资产负债币种分析

于 2006 年 6 月 30 日和 2005 年 12 月 31 日，本集团的外汇净头寸列示如下：

	外汇头寸			
	2006年6月30日		2005年12月31日	
	等值人民币 十亿元	等值美元 十亿元	等值人民币 十亿元	等值美元 十亿元
本集团资产负债表内外汇头寸净额	601	75	485	60
减：本集团资产负债表外外汇头寸净额	(232)	(29)	(171)	(21)
本集团外汇头寸净额合计	369	46	314	39
减：境外外币投资的外汇头寸净额*	(103)	(13)	(105)	(13)
外汇净头寸	<u>266</u>	<u>33</u>	<u>209</u>	<u>26</u>

* 境外外币投资的外汇头寸净额代表本行海外子公司、分行及其联营公司所持有的外币净资产。境外机构以外币为记账本位币，为财务报告目的，该等境外机构的经营成果和财务状况折算为人民币所产生的差异在权益项下的“外币报表折算差额”科目内确认。该折算差异对本集团的合并利润表没有影响。

本集团通过合理安排外币资金的来源和使用尽量减少潜在的货币错配。然而，本集团对外币头寸可实施的控制措施有限，因为人民币为非自由兑换货币。按照中国政府现行的外汇管理政策，外汇兑换需要中国政府有关部门的批准。本集团持有重大的外汇头寸，其主要来源于股东投入的外币资本金，本行经营外汇业务的外汇头寸盈余以及相关盈利。

本行于 2005 年与中央汇金投资有限责任公司签署了一份外币期权合同，名义本金为 180 亿美元，对部分资产负债表的外汇头寸净额进行了经济套期保值。

截至 2006 年 6 月 30 日止期间，本行通过叙做外汇交易，降低外汇头寸净额 33 亿美元。

截止 2006 年 8 月，本行通过叙做外汇交易，进一步降低外汇头寸净额 142 亿美元。

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七 资产负债币种分析(续)

当外币对人民币汇率变动 1%时，上述本集团外汇净头寸因汇率波动产生的外汇折算损益对利润表的潜在影响分析如下：

	2006年6月30日	2005年12月31日
	收益 / (损失)	收益 / (损失)
	人民币百万元	人民币百万元
外币对人民币汇率上涨/下降 1%	+/- 2,660	+/- 2,090

以上针对潜在汇率波动所做的敏感性分析反映不同时点汇率波动对本集团外汇净头寸产生的外汇折算损益影响的简单情形，仅用于说明目的，并未考虑各货币间的汇率变动关系。该分析亦未考虑管理层资产负债表日后在获得中国政府批准后可能或已经采取的降低汇率变动风险的措施及外汇头寸的后续变动。

本集团的资产、负债及表外项目的货币风险集中度具体列示如下。短期金融资产包括现金、贵金属、存放中央银行和存出发钞基金；债券资产包括交易性及其他公允价值变动计入损益的债券和债券投资；其他资产包括应收利息、固定资产和递延税款借项等；短期金融负债包括对中央银行负债和发行货币债务；其他负债包括应付利息等。在资产负债表外头寸净额中，期权产品按名义本金披露，其中包括本行与中央汇金投资有限责任公司签订的金额为180亿美元的外币期权合同。该交易的目的是提供有效的经济套期保值，以对冲中央汇金投资有限责任公司注资带来的美元头寸汇率风险。

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七 资产负债币种分析(续)

2006年6月30日	人民币	美元 折合人民币	港元 折合人民币	欧元 折合人民币	日元 折合人民币	英镑 折合人民币	其他币种 折合人民币	合计
资产								
短期金融资产	315,390	17,258	43,422	1,943	25,201	445	43,546	447,205
衍生金融产品资产	-	14,656	5,632	443	318	233	258	21,540
存放及拆放同业	102,399	76,394	75,885	15,983	3,291	5,310	20,852	300,114
债券资产	914,491	767,457	177,587	51,526	20,552	6,649	50,009	1,988,271
贷款	1,643,896	362,362	315,887	38,557	25,062	4,419	15,353	2,405,536
减：贷款损失准备	(72,036)	(11,457)	(3,456)	(531)	(367)	(40)	(241)	(88,128)
其他资产	89,134	20,056	33,558	1,377	1,829	722	5,719	152,395
资产总计	2,993,274	1,246,726	648,515	109,298	75,886	17,738	135,496	5,226,933
负债								
短期金融负债	7	25,367	39,182	-	-	-	2,090	66,646
衍生金融产品及公允价值变动计入损益的负债	-	77,290	22,176	1,031	143	263	269	101,172
同业存入及拆入	177,634	120,657	8,354	5,346	9,708	546	36,104	358,349
客户存款	2,876,575	444,430	529,336	41,220	40,386	25,453	95,624	4,053,024
借入专项资金及发行债券	60,000	26,378	-	16,045	4,440	940	1,996	109,799
其他负债	93,410	21,889	31,429	1,462	1,082	729	1,489	151,490
负债总计	3,207,626	716,011	630,477	65,104	55,759	27,931	137,572	4,840,480
资产负债表内头寸净额	(214,352)	530,715	18,038	44,194	20,127	(10,193)	(2,076)	386,453
资产负债表外头寸净额	235,530	(264,170)	80,413	(49,256)	(31,475)	17,014	15,520	3,576
信用承诺	478,011	325,303	141,771	46,965	19,286	4,101	8,759	1,024,196

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七 资产负债币种分析(续)

2005年12月31日	人民币	美元 折合人民币	港元 折合人民币	欧元 折合人民币	日元 折合人民币	英镑 折合人民币	其他币种 折合人民币	合计
资产								
短期金融资产	290,571	17,463	50,536	2,244	17,105	421	33,145	411,485
衍生金融产品资产	-	11,493	4,552	149	548	57	9	16,808
存放及拆放同业	72,731	133,179	96,420	13,322	616	5,691	22,578	344,537
债券资产	834,407	562,128	147,966	50,044	23,072	7,048	44,926	1,669,591
贷款	1,477,859	358,289	319,212	34,942	25,418	4,228	15,098	2,235,046
减：贷款损失准备	(66,477)	(11,779)	(3,485)	(510)	(552)	(36)	(314)	(83,153)
其他资产	90,733	15,988	34,632	1,172	1,755	727	3,485	148,492
资产总计	2,699,824	1,086,761	649,833	101,363	67,962	18,136	118,927	4,742,806
负债								
短期金融负债	1,084	24,162	38,595	29	-	32	1,884	65,786
衍生金融产品及公允价值变动计入损益的负债	-	70,625	19,551	418	384	117	79	91,174
同业存入及拆入	209,624	76,205	13,707	4,400	11,538	514	29,245	345,233
客户存款	2,531,878	440,252	529,827	46,854	37,565	26,634	90,767	3,703,777
借入专项资金及发行债券	60,000	28,549	-	16,251	4,665	1,092	1,786	112,343
其他负债	119,401	17,220	20,679	1,525	1,138	527	1,383	161,873
负债总计	2,921,987	657,013	622,359	69,477	55,290	28,916	125,144	4,480,186
资产负债表内头寸净额	(222,163)	429,748	27,474	31,886	12,672	(10,780)	(6,217)	262,620
资产负债表外头寸净额	173,666	(229,776)	73,943	(29,586)	(16,344)	15,331	15,197	2,431
信用承诺	394,938	295,280	137,425	30,874	21,185	2,049	14,011	895,762

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八 资产负债到期日分析

本集团资产负债到期日结构分析列示如下。短期金融资产包括现金、贵金属、存放中央银行和存出发钞基金；债券资产包括交易性及其他公允价值变动计入损益的债券和债券投资；其他资产包括应收利息、固定资产和递延税款借项等；短期金融负债包括对中央银行负债和发行货币债务；其他负债包括应付利息等。

2006年6月30日	已逾期	即期偿还	1个月以内	1个月至3个月	3个月至12个月	1年至5年	5年以上	合计
资产								
短期金融资产	-	219,593	226,583	1,029	-	-	-	447,205
衍生金融产品资产	-	5,635	1,761	736	3,420	5,830	4,158	21,540
存放及拆放同业	-	7,014	201,710	65,568	25,668	154	-	300,114
债券资产	-	-	60,840	172,718	364,243	826,955	563,515	1,988,271
贷款	82,183	31,539	126,619	275,430	836,140	557,221	496,404	2,405,536
减：贷款损失准备	(42,189)	(143)	(3,565)	(5,508)	(15,214)	(13,191)	(8,318)	(88,128)
其他资产	306	8,485	12,282	5,635	16,665	25,223	83,799	152,395
资产总计	40,300	272,123	626,230	515,608	1,230,922	1,402,192	1,139,558	5,226,933
负债								
短期金融负债	-	44,056	6	5,036	17,548	-	-	66,646
衍生金融产品及公允价值变动								
计入损益的负债	-	2,015	11,363	11,439	38,180	25,798	12,377	101,172
同业存入及拆入	-	172,365	97,796	36,213	32,679	19,296	-	358,349
客户存款	-	1,722,814	595,693	396,276	1,020,310	316,578	1,353	4,053,024
借入专项资金及发行债券	-	-	874	736	5,368	20,088	82,733	109,799
其他负债	438	52,312	27,872	4,254	51,209	13,740	1,665	151,490
负债总计	438	1,993,562	733,604	453,954	1,165,294	395,500	98,128	4,840,480
流动性净额	39,862	(1,721,439)	(107,374)	61,654	65,628	1,006,692	1,041,430	386,453

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八 资产负债到期日分析(续)

2005年12月31日	已逾期	即期偿还	1个月以内	1个月至3个月	3个月至12个月	1年至5年	5年以上	合计
资产								
短期金融资产	-	208,416	202,030	1,018	21	-	-	411,485
衍生金融产品资产	-	3,890	2,042	754	1,583	5,347	3,192	16,808
存放及拆放同业	-	12,438	220,629	92,649	18,707	114	-	344,537
债券资产	-	-	69,577	107,968	315,812	813,060	363,174	1,669,591
贷款	77,846	28,662	109,430	224,756	814,571	518,316	461,465	2,235,046
减：贷款损失准备	(37,696)	(299)	(1,881)	(4,326)	(19,121)	(12,058)	(7,772)	(83,153)
其他资产	303	4,622	12,727	6,936	10,367	27,240	86,297	148,492
资产总计	40,453	257,729	614,554	429,755	1,141,940	1,352,019	906,356	4,742,806
负债								
短期金融负债	-	65,237	529	20	-	-	-	65,786
衍生金融产品及公允价值变动								
计入损益的负债	-	1,805	9,124	9,300	22,995	38,091	9,859	91,174
同业存入及拆入	-	137,560	79,351	47,365	48,126	32,831	-	345,233
客户存款	-	1,615,637	521,517	441,467	843,029	279,819	2,308	3,703,777
借入专项资金及发行债券	-	-	1,046	816	5,361	20,840	84,280	112,343
其他负债	-	74,437	14,974	5,610	51,950	12,849	2,053	161,873
负债总计	-	1,894,676	626,541	504,578	971,461	384,430	98,500	4,480,186
流动性净额	40,453	(1,636,947)	(11,987)	(74,823)	170,479	967,589	807,856	262,620

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九 或有事项、承诺及主要表外项目

1 法律诉讼

截至 2006 年 6 月 30 日止, 本集团存在正常业务中发生的若干法律诉讼事项。经与专业法律机构咨询, 本集团管理层认为该等法律诉讼事项不会对本集团的财务状况产生重大影响。

2 质押资产

本集团部分资产被用作同业间回购、卖空业务及贵金属互换协议的质押物。截至2006年6月30日止, 本集团该等回购、卖空业务及贵金属互换协议的合同金额为785.97亿元(2005年: 621.08亿元)。所有该等协议均在协议生效起12个月内到期。

	2006年6月30日	2005年12月31日
贵金属	52	2,617
票据(注释三、6)	5,569	11,968
债券投资(注释三、5)	76,822	49,658
合计	<u>82,443</u>	<u>64,243</u>

3 资本性承诺

本集团的资本承诺金额列示如下:

	2006年6月30日	2005年12月31日
已批准及签订合同	2,152	1,893
已批准但未签订合同	2,257	2,687
合计	<u>4,409</u>	<u>4,580</u>

本集团以上承诺皆为购买办公物业和设备承担的资本性承诺。本集团管理层确信本集团的未来净收入及其他筹资来源将足够支付该等资本性承诺, 然而本集团对已批准但未签订合同的金额不承担必须发生支出的义务。

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九 或有事项、承诺及主要表外项目(续)

4 经营租赁

根据已签订的不可撤销的经营性租赁合同，本集团未来最低应支付的租金总额列示如下：

	2006年6月30日	2005年12月31日
一年以内	1,401	1,371
一年至二年	1,159	1,085
二年至三年	851	807
三年以上	2,566	2,546
合计	<u>5,977</u>	<u>5,809</u>

5 凭证式国债兑付承诺

本行受财政部委托作为其代理人发行凭证式国债。凭证式国债持有人可以要求提前兑付持有的凭证式国债，而本行亦有义务履行兑付责任，兑付金额为凭证式国债本金及至兑付日的应付利息。截至 2006 年 6 月 30 日止，本行具有提前兑付义务的凭证式国债的本金余额为 840.56 亿元(2005 年：809.65 亿元)，原始期限为一至五年。鉴于目前由中国人民银行设定的存款基础利率低于凭证式国债的收益率，本行管理层认为在该等凭证式国债到期日前，本行所需兑付的凭证式国债金额并不重大。

6 主要表外风险

	2006年6月30日	2005年12月31日
银行承兑	230,434	195,234
开出保函	255,779	212,987
开出信用证	115,686	101,195
不可撤销的信用承诺及其他	422,297	386,346
合计	<u>1,024,196</u>	<u>895,762</u>

中国银行股份有限公司

简要会计报表注释

2006年1月1日至6月30日止期间报告

(除特别注明外，金额单位为人民币百万元)

十 资产负债表日后事项

在资产负债表日后，截至2006年8月，本行通过叙做外汇交易，降低外汇头寸净额142亿美元（注释二、29(1)）。

中国银行股份有限公司

附件一

扣除非经常性损益的净利润

2006年1月1日至6月30日止期间

(除特别注明外，金额单位为人民币百万元)

本集团根据《公开发行证券公司信息披露规范问答第01号-非经常性损益》的规定编制下列非经常性损益明细表。在计算“扣除非经常性损益的净利润”时，已扣除非经常性损益的所得税影响。

	2006年1-6月 未经审计
净利润	19,024
加/(减)：非经常性损益	
-处置长期股权投资净收益	(141)
-营业外收入(1)	(1,111)
-营业外支出(2)	644
-以前年度已经计提各项减值准备的转回(3)	(451)
相应税项调整	349
扣除非经常性损益的净利润	<u>18,314</u>

- (1) 营业外收入是指发生的与经营业务活动无直接关系的各项收入，包括处置固定资产净收益、固定资产盘盈、罚款收入、长期不动户清理收入等。
- (2) 营业外支出是指发生的与经营业务活动无直接关系的各项支出，包括处置固定资产净损失、罚款支出、捐赠支出、非常损失等。
- (3) 以前年度已经计提的各项资产减值准备的转回主要为其他应收暂付款减值准备转回。

中国银行股份有限公司

附件二

中国会计准则与国际财务报告准则会计报表差异说明

2006年1月1日至6月30日止期间

(除特别注明外，金额单位为人民币百万元)

本集团按照国际财务报告准则编制的合并利润表和合并资产负债表及其与中国会计准则会计报表差异说明列示如下：

1 合并利润表

	2006年1-6月 未经审计	2005年1-6月 未经审计
利息收入	100,124	77,616
利息支出	(45,301)	(28,808)
净利息收入	54,823	48,808
手续费及佣金收入	8,166	5,915
手续费及佣金支出	(1,325)	(1,397)
手续费及佣金收支净额	6,841	4,518
净交易收入	557	2,795
证券投资净收益	64	20
其他营业收入	7,218	5,229
贷款减值损失	(5,479)	(4,966)
其他营业费用	(29,686)	(27,721)
营业利润	34,338	28,683
联营企业投资净收益	371	48
税前利润	34,709	28,731
所得税	(12,458)	(10,957)
税后利润	22,251	17,774
可供分配：		
本行股东	19,477	15,181
少数股东	2,774	2,593
	22,251	17,774
可供分配给本行股东的每股净收益(以元/股表示)		
-每股基本净收益和摊薄后每股净收益	0.09	0.08

中国银行股份有限公司

附件二

中国会计准则与国际财务报告准则会计报表差异说明

2006年1月1日至6月30日止期间

(除特别注明外，金额单位为人民币百万元)

2 合并资产负债表

	2006年6月30日 未经审计	2005年12月31日 经审计
资产		
现金及存放同业	36,785	41,082
存放中央银行	340,651	316,941
拆放同业	293,140	332,099
存出发钞基金	36,094	35,586
贵金属	39,259	26,974
交易性及其他公允价值变动 计入损益的金融资产	114,167	111,782
衍生金融产品资产	21,540	16,808
客户贷款和垫款净额	2,317,625	2,152,112
证券投资		
—可供出售证券	929,894	602,221
—持有至到期日债券	569,126	607,459
—贷款及应收款	389,368	361,851
联营企业投资	5,675	5,061
固定资产	62,238	62,417
投资物业	8,612	8,511
递延所得税资产	23,431	20,504
其他资产	44,030	38,640
资产总计	5,231,635	4,740,048

中国银行股份有限公司

附件二

中国会计准则与国际财务报告准则会计报表差异说明

2006年1月1日至6月30日止期间

(除特别注明外，金额单位为人民币百万元)

2 合并资产负债表(续)

	2006年6月30日 未经审计	2005年12月31日 经审计
负债		
同业存入	171,422	134,217
对中央银行负债	30,495	30,055
发行货币债务	36,151	35,731
发行存款证及同业拆入	190,880	212,626
衍生金融产品及公允价值变动计入损益的负债	101,172	91,174
客户存款	4,048,438	3,699,464
发行债券	60,177	60,179
借入专项资金	49,622	52,164
应付税款	20,637	23,459
退休福利负债	6,933	7,052
递延所得税负债	2,053	2,136
其他负债	128,573	136,272
负债合计	4,846,553	4,484,529
所有者权益		
本行股东应享权益		
股本	253,839	209,427
资本公积	66,613	(5,954)
盈余公积	8,095	5,987
一般准备及法定准备金	9,398	5,109
未分配利润	21,893	10,188
可供出售证券公允价值变动储备	(3,603)	1,899
外币折算差额	(488)	(237)
	355,747	226,419
少数股东权益	29,335	29,100
所有者权益合计	385,082	255,519
负债及所有者权益总计	5,231,635	4,740,048

中国银行股份有限公司

附件二

中国会计准则与国际财务报告准则会计报表差异说明

2006年1月1日至6月30日止期间

(除特别注明外，金额单位为人民币百万元)

3 中国会计准则与国际财务报告准则会计报表差异调节

	净资产		净利润	
	2006年 6月30日	2005年 12月31日	2006年1-6月	2005年1-6月
按中国会计准则呈报	357,641	233,842	19,024	16,434
会计准则差异调整：				
—冲回资产评估增值及其相关的 折旧费用(1)	(7,794)	(7,999)	205	133
—投资物业以公允价值计量(2)	3,199	2,816	438	1,059
—权益性投资分类为可供出售证 券并以公允价值计量(3)	3,566	1,775	-	-
—计提内退员工内退期间的工资 及福利义务(4)	(4,911)	(5,097)	186	(1,749)
—对非交易性贵金属按成本法计 量(5)	(757)	(637)	(120)	(83)
—递延所得税影响(6)	4,222	992	(97)	(97)
—以上事项对少数股东权益的影 响及其他	581	727	(159)	(516)
小计	(1,894)	(7,423)	453	(1,253)
按国际财务报告准则呈报	355,747	226,419	19,477	15,181

中国银行股份有限公司

附件二

中国会计准则与国际财务报告准则会计报表差异说明

2006年1月1日至6月30日止期间

(除特别注明外，金额单位为人民币百万元)

4 中国会计准则与国际财务报告准则差异调节说明

(1) 冲回资产评估增值及其相关的折旧费用

在中国会计准则下，本集团将股份公司设立过程中的资产评估增值**104.32**亿元作为资本公积计入**2003年12月31日**的会计报表，增值的资产主要为固定资产。重估的固定资产成本在预计使用年限内摊销。根据《国际会计准则第**16**号——不动产、厂场和设备》的规定，一旦会计主体选用了成本法核算固定资产即不得再对固定资产按评估价值计量。因此，在中国会计准则下确认的资产评估增值及其相关的折旧费用应在国际财务报告准则会计报表予以冲回。

(2) 投资物业以公允价值计量

在中国会计准则下，投资物业作为固定资产按成本扣减累计折旧和减值准备后的金额列报。根据《国际会计准则第**40**号——投资性房产》的规定，本集团对投资物业在资产负债表日按照公允价值计量。

(3) 权益性投资分类为可供出售证券并以公允价值计量

在中国会计准则下，不存在控制、共同控制、重大影响的长期股权投资按成本扣减减值准备后的余额列报。根据《国际会计准则第**39**号——金融工具：确认和计量》的规定，这些股权投资被分类到可供出售证券；分类为可供出售证券的股权投资在资产负债表日按公允价值计量。可供出售股权投资因公允价值变动而产生的未实现估值收益或亏损，作为重估增值储备直接记入所有者权益。

(4) 内退员工内退期间的工资及福利义务

根据财政部要求，本集团对早于法定退休年龄退休的员工(“内退员工”)在其内退期间的福利支出(即在内退日开始到其达到法定退休年龄间的福利支出)在中国会计准则下按照收付实现制进行核算。根据《国际会计准则第**19**号——雇员福利》的相关要求，本集团对内退员工的福利支出于资产负债表日根据未来支付义务的现值并调整精算利得或损失及过去服务成本后列示。

(5) 贵金属以成本法计量

根据中国银行业会计实务，本行在中国会计准则会计报表中对所有的贵金属在初始确认时按照成本入账，并于资产负债表日按市场价格计量。根据《国际会计准则第**2**号——存货》的规定，对于本集团非交易性贵金属以成本法计量。

(6) 递延所得税影响

本集团在国际财务报告准则下对合并会计报表中的资产和负债的计税价值和账面价值之间的暂时性差异采用负债法计提递延税项。在中国会计准则下对所得税费用的会计处理采用纳税影响会计法。递延税项按照债务法根据时间性差异计算。**2006**年的主要差异是国际财务报告准则下贷记或借记入权益的可供出售证券公允价值估值变动所带来的借记或贷记入权益的递延所得税影响。

中国银行股份有限公司

附件二

中国会计准则与国际财务报告准则会计报表差异说明

2006年1月1日至6月30日止期间

(除特别注明外，金额单位为人民币百万元)



Bank of China Limited

Stock Code of A Shares: 601988

2006 INTERIM REPORT

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Important Notes

The Board of Directors of Bank of China Limited (the “Bank”) and its directors, the Board of Supervisors and its supervisors, the senior management of the bank warrant that there are no fraudulent disclosures, misleading statements or material omissions in this report, and that they will be individually and jointly responsible for the truthfulness, accuracy and completeness of the report.

The Board meeting held on 29 August 2006 reviewed and adopted the text and summary of the 2006 Interim Report. 16 directors were required to attend the meeting, with 16 present at the meeting. 16 directors exercised the right of voting, and 5 supervisors of the Bank participated in the meeting without voting right.

The 2006 interim financial statements under PRC Accounting Standards and International Financial Reporting Standards have been reviewed by PricewaterhouseCoopers Zhong Tian Certified Public Accountants Limited Company (“PWC”) and PricewaterhouseCoopers according to the Chinese and international review standards respectively.

Board of Directors of Bank of China Limited

Chairman Xiao Gang, President Li Lihui, Vice President in charge of Accounting Function Zhou Zaiqun and General Manager in charge of the Accounting Department Liu Yanfen undertake that the financial statements in the interim report are true and complete.

Financial Highlights (The report is prepared in accordance with the PRC Accounting Standards for Enterprises and the Accounting Systems for Financial Institutions.)

	At 30 June 2006	At 31 December 2005	At 31 December 2004	Increase/decrease from 1 January 2006 to 30 June 2006
Total assets	5,226,933	4,742,806	4,270,443	10.21%
Incl.: loans, net	2,317,408	2,151,893	2,071,693	7.69%
Total liabilities	4,840,480	4,480,186	4,037,705	8.04%
Incl.: Customer deposits	4,053,024	3,703,777	3,342,477	9.43%
Total equity attributable to shareholders of the Bank	357,641	233,842	205,351	52.94%
Net assets per share (RMB)	1.41	1.12	1.10	25.89%
Adjusted net assets per share (RMB) ¹	1.40	1.11	1.09	26.13%
	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	38,422	33,009	64,744	16.40%
Gross profit	34,013	29,578	55,140	14.99%
Net profit	19,024	16,434	27,492	15.76%
Net profit after deducting Non-recurring gains/losses	18,314	NA	26,174	NA
Earnings per share (EPS) ² (fully diluted, RMB)	0.07	0.09	0.13	(22.22%)
EPS ^{2,3} (weighted average, RMB)	0.09	0.09	0.15	0.00%
Net cash flow from operating activities	(117,991)	21,615	13,883	(645.88%)

¹ The data are computed according to the *Standards Concerning the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public (No.3) --- Contents and Formats of Interim Report (Revision 2003)* (ZJGSZ [2003] No.25) promulgated by China Securities Regulatory Commission (CSRC).

² EPS is calculated according to the *Compiling Rules on Information Disclosure by Companies Offering Securities to the Public (No.9) --- Computation and Disclosure of Return on Net Assets and EPS* promulgated by CSRC.

³ Weighted average share capital and net asset are calculated with the number of days as the weight.

	At 30 June 2006	At 31 December 2005	At 31 December 2004	Increase/Decrease from 1 January 2006 to 30 June 2006 (%)
Return on total assets (annualized)	0.87%	0.72%	0.61%	0.15
Return on share capital ¹ (annualized, excluding minority interests)	12.87%	12.52%	10.23%	0.35
Return on share capital (annualized, including minority interests)	13.34%	13.16%	10.92%	0.18
Return on net assets ² (annualized, fully diluted)	10.64%	11.76%	10.19%	(1.12)
Return on net assets ² (annualized, weighted average)	14.99%	12.62%	10.04%	2.37
Credit cost (annualized)	0.44%	0.50%	1.06%	(0.06)
Non-performing loan (NPL) ratio	4.19%	4.62%	5.12%	(0.43)
Capital adequacy ratio	12.40%	10.42%	10.04%	1.98
Provision coverage ratio	87.44%	80.55%	68.02%	6.89
	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 (%)
Cost to income ratio	35.90%	37.05%	39.30%	(1.15)
Proportion of non-interest income	15.67%	14.15%	13.46%	1.52
Net interest margin	2.26%	2.31%	2.32%	(0.05)

¹ The data are calculated according to the *Guidelines on the Corporate Governance and Supervision of State-owned Commercial Banks* (YJF [2006] No.22).

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 RMB38,422 million and net profit of RMB19,024 million, representing a year on year increase of 16.40% and 15.76% respectively. Our ROAA was 0.87% and ROAE was 12.87%, an increase of 0.15% and 0.35% 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 flow, 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.

Xiao Gang (Signature)

Chairman

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 confidence 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, Management diligently implemented the Bank's strategy, made good progress in diverse areas and achieved strong financial results. As at the end of June 2006, the Group's total asset stood at RMB5,226.933 billion, total liabilities was RMB4,840.48 billion, and owners' equity was RMB357.641 billion, representing an increase of 10.21%, 8.04% and 52.94% respectively from the end of last year. Profit before tax and net profit were RMB34.013 billion and RMB19.024 billion respectively, 14.99% and 15.76% 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 19.1% and net interest income grew by 12.0%.

The profit before tax of domestic operations climbed 10.5%, accounting for 63.1% of the Group's total profit before tax compared with 59.4% as at the end of 2005. Investment banking and insurance business reported a 145.7% surge in profit before tax and accounted for 6.6% of the Group's total profit against 3.2% in last year. Commercial banking, our core business, boasted a 10.8% growth in profit before tax.

Non-interest income registered a 26.2% growth compared with the same period last year, with its contribution to the Group's operating profit rising from 14.2% to 15.7%. 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 4.9% at the end of last year to 4.4%. Coverage ratio increased from 80.6% to 87.4%.

The Group's operating profit grew faster than operating expenses. Our cost-to-income ratio was successfully lowered from 37.05% to 35.9%; effective tax rate also decreased from 36.7% to 36.3%.

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 enhance 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.

Li Lihui (Signature)

President

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 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 to 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 RMB5,226.933 billion, an increase of RMB484.127 billion or 10.21% over 31 December 2005. Total liabilities stood at RMB4,840.48 billion, an increase of RMB360.294 billion or 8.04% over 31 December 2005. Owners' equity (excluding minority interests) totaled RMB357.641 billion, an increase of RMB123.799 billion or 52.94% over 31 December 2005.

The Group achieved a net profit of RMB19.024 billion in the first half of 2006, a year-on-year increase of RMB2.59 billion or 15.76%. The Group is in a good financial position.

Income Statement Analysis

Unit: RMB million

Items	Half year ended 30 June 2006	Half year ended 30 June 2005	Year ended 31 December 2005
Net interest income	54,476	48,658	100,405
Non-interest income	10,126	8,021	15,623
Operating and administrative expenses	(23,193)	(21,000)	(45,604)
Business tax and surcharges	(2,987)	(2,670)	(5,680)
Operating profit	38,422	33,009	64,744
Non-operating income, net	467	1,145	1,381
Net profit before impairment losses	38,889	34,154	66,125
Less: impairment losses	(4,876)	(4,576)	(10,985)
Profit before tax	34,013	29,578	55,140
Less: income tax expense	(12,362)	(10,860)	(22,543)
Less: minority interests	(2,627)	(2,284)	(5,105)
Net profit	19,024	16,434	27,492

Return on Net Assets and EPS Calculated in accordance with the *Compiling Rules on Information Disclosure by Companies Offering Securities to the Public (No.9)* Promulgated by CSRC

Unit: RMB million

Items	Profit in the report period	Return on net assets (%)		EPS (RMB)	
		Fully diluted	Weighted average	Fully diluted	Weighted average
Profit from main business	38,422	21.49%	30.27%	0.15	0.18
Operating profit	38,422	21.49%	30.27%	0.15	0.18
Net profit	19,024	10.64%	14.99%	0.07	0.09
Net profit after deducting non-recurring items	18,314	10.24%	14.43%	0.07	0.08

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 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 at fair value	3,566	1,775	-	-
--Early retirement benefit obligation	(4,911)	(5,097)	186	(1,749)
--Cost method applied on 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	(1,894)	(7,423)	453	(1,253)
IRFS figures	355,747	226,419	19,477	15,181

Please refer to Appendix II iv (Reconciliation between RPRC GAAP and IFRS financial information) for details.

Non-recurring Items

Unit: RMB million

Items	Balance
Net gains on disposal of long-term equity investments	141
Non-operating income	1,111
Non-operating expense	(644)
Write-back of the impairments recognized in previous years	451
Income tax impact of Non-recurring items	(349)
Total	710

Operation of Major Subsidiary

	Half year ended 30 June 2006	Half year ended 30 June 2005
Name	BOC Hong Kong (Holdings) Limited	
Listing place and code	Hong Kong · HK2388	
Scope of business	BOC Hong Kong (Holdings) Limited is a holding company; its subsidiary Bank of China (Hong Kong) Limited (BOC Hong Kong) provides banking and relevant financial services in Hong Kong.	
Net profit (RMB 100million)	45.70	39.93
Proportion of net profit of share participating company in current period in the net profits of the listed company (%)	24.02	24.30

Net Interest Income

In the first half of 2006, the Group achieved a net interest income of RMB54.476 billion, a year-on-year increase of RMB5.818 billion or 11.96%. The average balance¹ and average interest rate² of the Group's interest-earning assets and interest-bearing liabilities are shown in the table below:

¹ Average balances of interest-earning assets and interest-bearing liabilities are daily average balances derived from the Group's management accounts.

² 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.

Items	Half year ended 30 June 2006				Half year ended 30 June 2005				Year ended 31 December 2005			
	Average balance		Interest income and expense	Average interest rate	Average balance		Interest income and expense	Average interest rate	Average balance		Interest income and expense	Average interest rate
	Amount	Percentage			Amount	Percentage			Amount	Percentage		
Interest-earning assets												
Loans	2,291,998	48%	60,360	5.27%	2,196,061	52%	51,971	4.73%	2,192,058	51%	109,711	5.00%
Debt securities ¹	1,837,222	38%	30,652	3.34%	1,383,481	33%	19,908	2.88%	1,475,673	34%	44,938	3.05%
Due from and placements with banks and other financial institutions, and due from central banks	694,824	14%	8,765	2.52%	639,077	15%	5,587	1.75%	655,359	15%	12,696	1.94%
Sub-total	4,824,044	100%	99,777	4.14%	4,218,619	100%	77,466	3.67%	4,323,090	100%	167,345	3.87%
Interest-bearing liabilities												
Deposits from 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 and placements from banks and other financial institutions, and due to central banks	371,143	8%	4,122	2.22%	336,394	9%	2,827	1.68%	355,856	9%	6,512	1.83%
Special purpose borrowings and bonds issued	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			54,476				48,658				100,405	
Net interest spread ² (%)				2.12%				2.20%				2.21%
Net interest margin ³ (%)				2.26%				2.31%				2.32%

* 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 factors⁴. Variances caused by changes in both volume and rate are attributed to interest rate factor.

¹ Includes trading and other debt securities at fair value through profit or loss and debt securities investment.

² Net interest spread=Average yield of interest-earning assets - Average cost of interest-bearing liabilities

³ Net interest margin=Net interest income / Average balance of interest-earning assets

⁴ 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.

Half year ended 30 June 2006 VS Half year ended 30 June 2005

Unit: RMB million

	Volume	Interest rate	Total
Interest income			
Loans	2,269	6,120	8,389
Debt securities	6,534	4,210	10,744
Due from and placements with banks and other financial institutions, and due from central banks	488	2,690	3,178
Sub-total	9,291	13,020	22,311
Interest expense			
Deposits from customers	(3,628)	(11,444)	(15,072)
Due to and placements from banks and other financial institutions, and due to central banks	(292)	(1,003)	(1,295)
Special purpose borrowings and bonds issued	30	(156)	(126)
Sub-total	(3,890)	(12,603)	(16,493)
Net interest income	5,401	417	5,818

Interest income

The Group's interest income was RMB99.777 billion in the first half of 2006, a year-on-year increase of RMB22.311 billion or 28.80%. The growth is attributed to the size expansion as well as the increase of average interest rate of interest-earning assets. The average balance of interest-earning assets increased by 14.35% from RMB4,218.619 billion as at 30 June 2005 to RMB4,824.044 billion as at 30 June 2006. The average interest rate of interest-earning assets climbed by 47 basis points from 3.67% in the first half of 2005 to 4.14% in the first half of 2006.

Loans

The Group achieved a loan interest income of RMB60.36 billion in the first half of 2006, a year-on-year increase of RMB8.389 billion or 16.14%. The growth is mainly due to a 54 basis points increase in the average yield of loans from 4.73% in the first half of 2005 to 5.27% in the first half of 2006, and a 4.37% increase in the average balance of loans from RMB2,196.061 billion in the first half of 2005 to RMB2,291.998 billion in the first half of 2006. The Group strictly controlled the loan quality, and achieved a steady growth of loans to customers. The growth of the average yield of loans is mainly due to the following factors: (1) continuous pickup of foreign currency interest rates; (2) upward adjustment of the benchmark interest rate of RMB loans by People's Bank of China; and (3) continuous improvement in the Bank's loan quality. Influenced by the low interest rate in RMB money market, the discount yield was under pressure, thus partly offset the rapid growth of interest income.

Debt Securities

In the first half of 2006, the Group achieved an interest income of RMB30.652 billion from debt securities, a year-on-year increase of RMB10.744 billion or 53.97%. The main reason is that the average balance of debt securities soared by 32.80% from RMB1,383.481 billion in the first half of 2005 to RMB1,837.222 billion in the first half of 2006, and the average yield of securities increased by 46 basis points from 2.88% in the first half of 2005 to 3.34% 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 and placements with banks and other financial institutions and due from central banks; and (2) the Group continued to optimize the asset portfolio by reducing the proportion of relatively lower yield due from and placements with banks and other financial institutions in the portfolio. Increase in average yield was attributable to the increased yield of foreign currency securities, which offset the impacts of lower interest rate in the domestic RMB money market.

Due from and Placements with Banks and other Financial Institutions and Due from Central Banks

The Group achieved an interest income of RMB8.765 billion from due from and placements with banks and other financial institutions and due from central banks in the first half of 2006, 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 low yield due from and placements with banks and other financial institutions.

Interest Expense

In the first half of 2006, the Group's interest expense was 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.

Deposits from Customers

In the first half of 2006, the 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 an 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 ; and (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 rapid development of the Chinese economy, which offset the decline of domestic foreign currency deposits caused by the expectation of RMB appreciation.

Due to and Placements from Banks and other Financial Institutions and Due to Central Banks

In the first half of 2006, the Group's interest expense for due to and placements from banks and other financial institutions and due to central banks was RMB4.122 billion, a year-on-year increase of RMB1.295 billion or 45.81%. The growth is primarily attributable to a rise in the cost of foreign currency funds with a 54 basis points increase in the interest rate 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 RMB336.394 billion in the first half of 2005 to RMB371.143 billion in the same period of 2006, the proportion of due to and placements from banks and other financial institutions in the interest-bearing liabilities declined from 9% in the first half of 2005 to 8% in the same period of 2006.

Special Purpose Borrowings and Bonds Issued

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 increase 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 3 basis points; and net interest margin decreased by 5 basis points to 2.26%. The decrease in interest margin is mainly attributable to: (1) the proportion of debt securities to 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 increase in interest-earning assets and the Bank's prudence in balancing risk and return, the proportion of loans in the interest-earning assets 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. The net interest income increased by 11.96% from RMB48.658 billion in the first half of 2005 to RMB54.476 billion in the same period of 2006.

Non-interest Income

In the first half of 2006, the Group achieved a net non-interest income of RMB10.126 billion, a year-on-year increase of RMB2.105 billion or 26.24%.

Unit: RMB million

	Half year ended 30 June 2006	Half year ended 30 June 2005	Year ended 31 December 2005
Net fee and commission income	6,841	4,518	9,247
Net trading income	(193)	2,993	4,482
Investment gains/losses	1681	149	(248)
Other operating income, net	1,797	361	2,142
Total	10,126	8,021	15,623

Net Fee and Commission Income

Unit: RMB million

	Half year ended 30 June 2006	Half year ended 30 June 2005	Year ended 31 December 2005
Settlement and clearing fees	1,794	1,287	2,941
Agency commissions	2,201	1,235	2,735
Credit commitment fees and commissions	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

In the first half of 2006, the Group achieved a net fee and commission income of RMB6.841 billion, 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 of the Group 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 of the Group stood at RMB1.794 billion, 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 and L/C settlement and personal electronic remittance.

Bank card fees of the Group reached RMB1.365 billion, 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.

Net Trading Income

Unit: RMB million

	Half year ended 30 June 2006	Half year ended 30 June 2005	Year ended 31 December 2005
Net gains from foreign exchange and foreign exchange products	1,302	3,322	2,518
Net gains from interest rate products	(1,495)	(329)	1,964
Total	(193)	2,993	4,482

The Group suffered a net trading loss of RMB193 million in the first half of 2006, a year-on-year decline of RMB3.186 billion or 106.45%.

In the first half of 2006, the domestic operations' spread income from foreign exchange dealings 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 RMB1.495 billion, a year-on-year decrease of RMB1.166 billion or 354.41%.

Starting from 21 July 2005, the People's Bank of China (the central bank) 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 between the Group and Central SAFE Investments Limited gave rise to an evaluation gain of RMB300 million. Should the above factors be excluded, the Bank's net trading income has increased by RMB14 million year-on-year.

Investment Income

Unit: RMB million

	Half year ended 30 June 2006	Half year ended 30 June 2005	Year ended 31 December 2005
Gains from equity investment	1,587	125	678
Incl.: Net gains from investment in associates	339	48	166
Net gains from other equity investments	1,248	77	512
(Losses)/gains from debt investment	94	24	(926)
Total	1,681	149	(248)

In the first half of 2006, the Group's investment income rocketed by RMB1.532 billion or 1028.19% to RMB1.681 billion. The increase is mainly attributable to: (1) the Group acquired an additional 5% stake in September 2005 in Huaneng International Power Development Corporation and thus held 20% stake in total, investment income from which was accounted for based on equity method and recognized in net gains from investment in associates; (2) the Group sold shares of BOC Group Life Assurance Limited to BOC Hong Kong (Holdings) Limited; and (3) the investment income of BOC International increased.

Other Operating Income, Net

Unit: RMB million

	Half year ended 30 June 2006	Half year ended 30 June 2005	Year ended 31 December 2005
Other operating revenues	5,366	2,767	6,617
Insurance premium	4,286	2,624	5,237
Others	1,080	143	1,380
Other operating expense	(3,569)	(2,406)	(4,475)
Insurance claims expense	(3,423)	(2,168)	(3,861)
Others	(146)	(238)	(614)
Total	1,797	361	2,142

In the first half of 2006, the Group's net income from other operations grew by RMB1.436 billion or 397.78% to RMB1.797 billion, which was largely due to the continuous increase in the income from the Group's insurance business and subsidiaries' other operating activities.

Operating and Administrative Expense

Unit: RMB million

	Half year ended 30 June 2006	Half year ended 30 June 2005	Year ended 31 December 2005
Staff cost	13,278	11,654	23,979
General operating and administrative expense	7,174	6,208	15,742
Depreciation	2,741	3,138	5,883
Total	23,193	21,000	45,604

In the first half of 2006, the Group's operating and administrative expenses totaled RMB23.193 billion, a year-on-year increase of RMB2.193 billion or 10.44%. The increase is mainly attributable to the following factors: (1) the Group continued the staff compensation reform to enhance its competitiveness; (2) the Group implemented the Annuity Plan; (3) expenses for supporting the Group's business growth increased with the expansion of business and increasingly fierce market competition; and (4) depreciation expense continued to decline as a result of factors such as the sale and disposal of fixed assets in previous years.

Impairment Losses

Unit: RMB million

	Half year ended 30 June 2006	Half year ended 30 June 2005	Year ended 31 December 2005
Provision for loan losses	5,062	4,718	10,888
(Write-back of)/Provision for impairment of foreclosed assets	(131)	96	133
(Write-back of)/Provision for impairment of other receivables	(55)	206	498
Write-back of impairment of fixed assets and others	-	(444)	(534)
Total	4,876	4,576	10,985

In the first half of 2006, the Group's asset impairment losses increased by RMB300 million or 6.56%.

Provision for Interest Receivable and Other Bad Debt Receivables

As provided in the *Accounting System for Financial Institutions* issued by the Ministry of Finance, financial institutions should analyze the recoverability of receivables (including fund placement and premium receivable, but not including interest receivable),

forecast bad debt losses, and make provision for bad debt losses that are estimated to occur. When loan interest receivable or corresponding loan principal is overdue for more than 90 days, the interest receivable should be transferred off balance sheet, and the interest income and interest receivable that have been recognized should be reversed. The age of interest receivable is within 90 days.

In the report period, the Group's bad debt provision was detailed as follows:

Unit: RMB million

	At 30 June 2006	At 31 December 2005	Increase
Other receivables	17,538	14,275	3,263
Balance of bad debt provision	3,874	3,878	(4)

Income Tax Analysis

In the first half of 2006, the Group's income tax expense was RMB12.362 billion, a year-on-year increase of RMB1.502 billion or 13.83%. The Group's effective tax rate was 36.34%, a year-on-year decrease of 0.38 percentage points.

Balance Sheet Analysis

Unit: RMB million

	At 30 June 2006	At 31 December 2005	At 31 December 2004
Debt securities ¹	1,988,271	1,669,591	1,309,479
Due from banks, placements with banks and other financial institutions, and due from central banks	640,765	661,478	631,727
Net loans	2,317,408	2,151,893	2,071,693
Fixed assets and construction in progress	75,148	76,320	79,302
Total assets	5,226,933	4,742,806	4,270,443
Due to banks, placements from banks and other financial institutions, and due to central banks	388,844	375,288	318,443
Deposits from customers	4,053,024	3,703,777	3,342,477
Special purpose borrowings and bonds issued	109,799	112,343	95,802
Total liabilities	4,840,480	4,480,186	4,037,705
Minority interests	28,812	28,778	27,387
Total equity	357,641	233,842	205,351
Total equity and liabilities	5,226,933	4,742,806	4,270,443

¹ Including securities available-for-sale, securities held-to-maturity, loans and receivables, trading and other debt securities at fair value through profit or loss.

Debt Securities

Unit: RMB million

	At 30 June 2006	At 31 December 2005	At 31 December 2004
Trading and other bonds at fair value through profit or loss	110,602	107,271	91,012
Debt securities available-for-sale	919,175	593,010	346,532
Debt securities held-to-maturity, net	569,126	607,459	457,994
Debt securities classified as loans and receivables, net	389,368	361,851	413,941
Total	1,988,271	1,669,591	1,309,479

As of 30 June 2006, security assets of the Group reached RMB1,988.271 billion, an increase of RMB318.68 billion or 19.09% over 31 December 2005. The increase was mainly attributed to the growth of RMB3,26.165 billion in debt securities available-for-sale.

Loans

As of 30 June 2006, the Group had a total loan portfolio of RMB2,405.536 billion, an increase of RMB170.49 billion or 7.6% over the previous year-end. Loans by domestic operations were RMB1,972.631 billion, an increase of RMB172.708 billion or 9.6% over the previous year-end. Loans by domestic operations of Eastern Region grew at the highest rate, with an RMB93.81 billion or 13.1% increase over the previous year-end.

Loan Portfolio Concentrations by Geographic Region

Loan Portfolio Concentrations of the Group by Region

Unit: RMB million

	At 30 June 2006		At 31 December 2005		At 31 December 2004	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
Domestic operations	1,972,631	82.00%	1,799,923	80.53%	1,734,302	80.80%
Overseas operations	432,905	18.00%	435,123	19.47%	412,160	19.20%
Total	2,405,536	100.00%	2,235,046	100.00%	2,146,462	100.00%

Domestic Loans 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%	313,843	18.10%
Northeastern Region	135,087	6.85%	131,430	7.30%	128,374	7.40%
Eastern Region	813,572	41.24%	719,759	39.99%	679,773	39.20%
Central & Southern Region	470,372	23.85%	444,869	24.72%	433,860	25.02%
Western Region	200,123	10.14%	181,414	10.08%	178,452	10.28%
Total	1,972,631	100.00%	1,799,923	100.00%	1,734,302	100.00%

Note: Northern Region includes Beijing Municipality, Tianjin Municipality, Hebei Province, Shanxi Province, Inner Mongolia Autonomous Region, and the Head Office of BOC;

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

As of 30 June 2006, the outstanding balance of the Group's corporate loans was RMB1,864.081 billion, an increase of RMB 152.038 billion or 8.9% from the beginning of the year. These loans were mainly concentrated in the sectors of manufacturing, commerce and services, accounting for 31.75% and 17.35% of total corporate loans respectively. Industry concentration of corporate loans by domestic operations was consistent with the overall characteristics of the Group.

Industry Concentration of Corporate Loans 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	591,909	31.75%	531,191	31.03%	523,506	31.70%
Commerce and services	323,348	17.35%	301,863	17.63%	348,432	21.10%
Real estate	201,585	10.82%	190,297	11.11%	187,110	11.40%
Energy, mining and agriculture	252,415	13.54%	230,854	13.48%	203,544	12.30%
Transportation	200,503	10.76%	193,428	11.30%	184,449	11.10%
Public utilities	104,827	5.62%	91,924	5.37%	87,731	5.30%
Construction	38,304	2.05%	36,050	2.11%	36,059	2.20%
Financial services	112,153	6.02%	96,245	5.62%	46,518	2.80%
Others	39,037	2.09%	40,191	2.35%	35,072	2.10%
Total	1,864,081	100.00%	1,712,043	100.00%	1,652,421	100.00%

Industry Concentration of Corporate Loans 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	543,831	34.68%	490,898	34.57%	497,317	36.10%
Commerce and services	276,491	17.64%	255,460	17.99%	284,772	20.60%
Real estate	104,121	6.64%	96,390	6.79%	100,932	7.30%
Energy, mining and agriculture	233,357	14.88%	210,281	14.81%	186,942	13.50%
Transportation	173,417	11.06%	165,396	11.65%	157,762	11.40%
Public utilities	104,827	6.69%	91,924	6.47%	87,731	6.30%
Construction	32,940	2.10%	30,089	2.12%	27,938	2.00%
Financial services	96,440	6.15%	77,237	5.44%	32,079	2.30%
Others	2,512	0.16%	2,290	0.16%	7,484	0.50%
Total	1,567,936	100.00%	1,419,965	100.00%	1,382,957	100.00%

Loans of the Group by Customers

As of 30 June 2006, the outstanding balance of the Group's corporate loans was RMB1,864.081 billion, an increase of RMB152.038 billion or 8.9% from the prior year-end, accounting for 77.5% of the total. The outstanding balance of personal loans was RMB541,455 million, an increase of RMB18.452 billion or 3.5% from the prior year-end, accounting for 22.5% of the total. The balance of domestic corporation loans increased by RMB147.971 billion or 10.4% compared with the previous year-end, and the balance of personal loans increased by 6.5% or RMB 24.737 billion.

Loans of the Group by Customers

Unit: RMB million

	At 30 June 2006		At 31 December 2005		At 31 December 2004	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
Corporate loans	1,864,081	77.49%	1,712,043	76.60%	1,652,421	76.98%
Trade bills	269,713	11.21%	225,026	10.07%	177,738	8.28%
Personal loans	541,455	22.51%	523,003	23.40%	494,041	23.02%
Total	2,405,536	100.00%	2,235,046	100.00%	2,146,462	100.00%

Loans of Domestic Operations by Customers

Unit: RMB million

	At 30 June 2006		At 31 December 2005		At 31 December 2004	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
Corporate loans	1,567,936	79.48%	1,419,965	78.89%	1,382,957	79.74%
Trade bills	240,826	12.21%	195,311	10.85%	148,832	8.58%
Personal loans	404,695	20.52%	379,958	21.11%	351,345	20.26%
Total	1,972,631	100.00%	1,799,923	100.0%	1,734,302	100.00%

Personal Loans of Domestic Operations by Products

	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%

Notes: Others mainly include auto loans, personal investment loans and personal education loans.

Loans of the Group by Currencies

As of 30 June 2006, the outstanding balance of the Group's loans in RMB was RMB1,643.896 billion, an increase of RMB166.037 billion or 11.2% from the beginning of the year. It accounted for 68.3% of the total.

Loans of the Group by Currencies

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	68.34%	1,477,859	66.12%	1,378,760	64.23%
Foreign currencies	761,640	31.66%	757,187	33.88%	767,702	35.77%
Total	2,405,536	100.00%	2,235,046	100.00%	2,146,462	100.00%

Loans of Domestic Operations by Currencies

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	83.21%	1,475,821	82.00%	1,378,343	79.50%
Foreign currencies	331,149	16.79%	324,102	18.00%	355,959	20.50%
Total	1,972,631	100.00%	1,799,923	100.00%	1,734,302	100.00%

Loans of the Group by Types of Security

As of 30 June 2006, a large proportion of the Group's loans were secured, accounting for 45.85% of the total. Unsecured loans accounted for 24.1%.

Loans 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	578,987	24.08%	475,764	21.29%	447,800	20.86%
Guaranteed	723,502	30.07%	684,824	30.64%	650,905	30.32%
Collateralized and other secured	1,103,047	45.85%	1,074,458	48.07%	1,047,757	48.82%
Total	2,405,536	100.00%	2,235,046	100.00%	2,146,462	100.00%

Quality of the Group's Loans

As of 30 June 2006, the Group's total impaired loans were RMB105.944 billion, a decrease of RMB3.367 billion over the previous year-end; and the impaired loan ratio was 4.4%, a decrease of 0.49 percentage points. The impaired loans of domestic operations were RMB99.543 billion, a decrease of RMB2.579 billion over the previous year-end; and the impaired loan ratio was 5.05%, a decrease of 0.62 percentage points. The impaired loans 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 points.

Impaired Loan Portfolio Concentrations 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%	102,140	93.44%	5.67%	104,327	88.3%	6.02%
Overseas operations	6,401	6.04%	1.48%	7,171	6.56%	1.65%	13,830	11.7%	3.36%
Total	105,944	100.00%	4.40%	109,311	100.00%	4.89%	118,157	100.0%	5.50%

Notes:

1. 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 impairment loans with the balance of total loans.

Impaired Loan Portfolio Concentrations of Domestic Operations by Region

Unit: RMB million

Domestic	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	17.30%	5.50%	22,600	21.70%	7.20%
Northeastern Region	11,968	12.03%	8.84%	12,363	12.10%	9.40%	13,170	12.60%	10.26%
Eastern Region	25,962	26.08%	3.19%	27,811	27.20%	3.90%	28,595	27.40%	4.21%
Central & Southern Region	30,071	30.21%	6.39%	30,611	30.00%	6.90%	26,611	25.50%	6.13%
Western Region	13,085	13.14%	6.54%	13,656	13.40%	7.50%	13,351	12.80%	7.48%
Total	99,543	100.00%	5.05%	102,140	100.00%	5.70%	104,327	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%	32,969	35.58%	6.76%	32,218	33.37%	6.48%
Commerce and services	23,162	25.83%	8.38%	25,443	27.46%	9.96%	26,344	27.29%	9.25%
Real estate	11,596	12.93%	11.14%	12,763	13.77%	13.24%	13,453	13.93%	13.33%

Energy, mining and agriculture	6,624	7.39%	2.84%	6,665	7.19%	3.17%	6,588	6.82%	3.52%
Transportation	7,176	8.00%	4.14%	7,759	8.37%	4.69%	9,729	10.08%	6.17%
Public utilities	4,312	4.81%	4.11%	4,627	4.99%	5.03%	5,564	5.76%	6.34%
Construction	1,717	1.91%	5.21%	2,226	2.40%	7.40%	2,569	2.66%	9.20%
Financial services	235	0.26%	0.24%	215	0.24%	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%	92,667	100.00%	6.54%	96,543	100.00%	6.98%

Impaired Loans of the Group by Customers

Unit: RMB million

	At 30 June 2006			At 31 December 2005			At 31 December 2004		
	Balance	Proportion (%)	Impaired loan ratio	Balance	Balance	Proportion (%)	Impaired loan ratio	Balance	Balance
Corporate loans	95,120	89.78%	5.10%	98,669	90.26%	5.76%	108,005	91.41%	6.54%
Personal loans	10,824	10.22%	2.00%	10,642	9.74%	2.03%	10,152	8.59%	2.05%
Total	105,944	100.00%	4.40%	109,311	100.00%	4.89%	118,157	100.00%	5.50%

Impaired Loans of Domestic Operations by Customers

	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	89,684	90.10%	5.72%	92,667	90.73%	6.53%	96,543	92.55%	6.99%
Personal loans	9,859	9.90%	2.44%	9,473	9.27%	2.49%	7,784	7.45%	2.22%
Total	99,543	100.00%	5.05%	102,140	100.00%	5.67%	104,327	100.00%	6.02%

Impaired Personal Loans of Domestic Operations by Products

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%

5-category Classification of Loans

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; with NPL ratio at 4.19%, a decrease of 0.43 percentage points. NPLs of domestic operations were RMB96.519 billion, a decrease of RMB1.69 billion over the previous year-end, with NPL ratio at 4.89%, a decrease of 0.57 percentage points. Loans 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, 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	2,042,960	84.93%	1,847,772	82.67%	1,611,936	75.10%
Special mention	261,788	10.88%	284,048	12.71%	424,606	19.78%
Substandard	42,082	1.75%	45,573	2.04%	61,289	2.86%
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	2,405,536	100.00%	2,235,046	100.00%	2,146,462	100.00%
Total NPLs	100,788	4.19%	103,226	4.62%	109,920	5.12%

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	1,625,776	82.42%	1,430,210	79.46%	1,227,414	70.77%
Special mention	250,336	12.69%	271,504	15.08%	408,571	23.56%
Substandard	40,917	2.07%	44,056	2.45%	57,656	3.32%
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	1,972,631	100.00%	1,799,923	100.00%	1,734,302	100.00%
Total NPLs	96,519	4.89%	98,209	5.46%	98,317	5.67%

Deposits from Customers

Unit: RMB million

	At 30 June 2006	At 31 December 2005	At 31 December 2004
Short-term ¹ corporate deposits	1,467,863	1,323,444	1,150,115
Short-term saving deposits	2,044,461	1,911,921	1,756,312
long-term ² corporate deposits	32,157	26,317	32,743
long-term saving deposits	339,763	313,703	296,246
Securities and margin deposits	168,780	128,392	107,061
Total	4,053,024	3,703,777	3,342,477

As of 30 June 2006, the corporate deposits of the Group reached RMB4,053.024 billion, an increase of RMB349.247 billion or 9.43% over the previous year-end. Of them, the corporate and personal deposits increased by RM150.259 billion and 158.6 billion respectively.

¹ Include demand deposits and time deposits less than (including) one year.

² Refer to long-term deposits beyond a year.

Deposits from Customers by Currencies

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% of total deposits.

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	70.97%	2,531,878	68.36%	2,093,272	62.63%
Foreign currencies	1,176,449	29.03%	1,171,899	31.64%	1,249,205	37.37%
Total	4,053,024	100.00%	3,703,777	100.00%	3,342,477	100.00%

Equity

Unit: RMB million

	At 30 June 2006	At 31 December 2005	At 31 December 2004
Minority interests	28,812	28,778	27,387
Equity	357,641	233,842	205,351
Total equity	386,453	262,620	232,738

In the first half of 2006, the Bank issued, at a premium, ordinary shares to the National Council for Social Security Fund, and then issued, at a premium, overseas listed shares (H Shares) to overseas investors and ordinary shares (A Shares) to domestic investors. For details, please refer to Appendix: Note III, 17(1) of the Accountants' Report.

Changes in Shareholder's Equity within the Report Period

Unit: RMB million

	Share capital	Capital reserve	Statutory reserve	General and regulatory reserves	Undistributed profit	Reserve for fair value changes of available-for-sale securities	Currency translation differences	Total
Balance at 1 January 2006	209,427	3,978	5,987	5,109	12,585	(1,380)	(1,864)	233,842
Net profit for the period	-	-	-	-	19,024	-	-	19,024
Issue of ordinary shares	44,412	72,567	-	-	-	-	-	116,979
Appropriation to statutory reserves	-	-	2,108	-	(2,108)	-	-	-
Appropriation to general and regulatory reserves	-	-	-	4,291	(4,291)	-	-	-
Net change in fair value of available-for-sale securities	-	-	-	-	-	(10,574)	-	(10,574)
Dividends	-	-	-	-	(1,375)	-	-	(1,375)
Currency translation differences	-	-	-	-	-	-	(255)	(255)
Others	-	-	-	(2)	2	-	-	-
Balance at 30 June 2006	253,839	76,545	8,095	9,398	23,837	(11,954)	(2,119)	357,641

Balance of Major Off-balance Sheet Items

The balance of major off-balance sheet items of the Group at the end of the reporting period is as follow.

Unit: RMB million

	At 30 June 2006	At 31 December 2005
Acceptance	230,434	195,234
Letter of guarantee issued	255,779	212,987
Letter of credit issued	115,686	101,195
Irrevocable credit commitment and others	422,297	386,346
Total	1,024,196	895,762

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	35.3
	Foreign currencies	≥ 25	45.8	87.4	78.6
Loan-deposit ratio (%)	RMB	≤ 75	57.2	51.7	59.6
	Foreign currencies	≤ 85	64.7	70.4	67.9
NPL ratio (%)		-	4.2	4.6	5.1
Provision coverage (%)		≥ 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 the financial figures are based on the *Accounting Standards for Business Enterprises* and the *Accounting Systems for Financial Enterprises*. 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 the China Banking Regulatory Commission (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%, while core capital adequacy ratio declined 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. 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 assets of the Group were RMB38.549 billion, translating into risk assets of RMB481.868 billion.

Unit: RMB million/%

Items	At 30 June 2006	At 31 December 2005	Increase/Decrease
Net core capital (a)	387,698	252,970	134,728
Net capital (b)	450,027	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%

Reporting by Region

At 30 June 2006

Unit: RMB million

	Mainland	Hong Kong & Macau	Other overseas regions	Eliminations	Group
Net interest income	45,078	8,549	845	4	54,476
Non-interest income	4,371	6,189	152	(586)	10,126
Operating and administrative expenses	(18,920)	(3,618)	(687)	32	(23,193)
Operating profit	27,584	11,091	297	(550)	38,422
(Charge)/write-back for impairment losses	(5,932)	935	121	-	(4,876)
Gross profit	21,824	12,284	455	(550)	34,013
Income tax	(10,751)	(1,672)	(142)	203	(12,362)
Profit attributable to the minority	(4)	(2,623)	-	-	(2,627)
Net profit	11,069	7,989	313	(347)	19,024
Segment assets	4,268,205	993,715	199,169	(234,156)	5,226,933
Segment liabilities	(3,917,105)	(897,042)	(191,882)	165,549	(4,840,480)

At 30 June 2005

Unit: RMB million

	Mainland	Hong Kong & Macau	Other overseas regions	Eliminations	Group
Net interest income	40,434	7,380	844	-	48,658
Non-interest income	4,860	2,712	449	-	8,021
Operating and administrative expenses	(17,046)	(3,358)	(596)	-	(21,000)
Operating profit	25,612	6,710	687	-	33,009
(Charge)/write-back for impairment losses	(6,591)	1,805	210	-	(4,576)
Gross profit	19,744	8,882	952	-	29,578
Income tax	(9,472)	(1,228)	(160)	-	(10,860)
Profit attributable to the minority	9	(2,293)	-	-	(2,284)
Net profit	10,281	5,361	792	-	16,434
Segment assets	3,803,989	966,225	186,982	(214,390)	4,742,806
Segment liabilities	(3,584,086)	(871,046)	(178,853)	153,799	(4,480,186)

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 net profit as well, accounting for 78% of total assets and 57% of total profit of the Group. Hong Kong and Macau were also key business regions of the Group, accounting for 18% of total assets and 41% of total profit of the Group.

Reporting by Business Line

At 30 June 2006

Unit: RMB million

	Corporate banking	Personal banking	Treasury services	Investment banking	Insurance business	Others	Eliminations	Total
Net interest income	26,602	16,881	11,376	19	250	(656)	4	54,476
Non-interest income	5,029	4,147	(1,471)	1,324	198	1,536	(637)	10,126
Operating and administrative expenses	(8,588)	(11,677)	(2,876)	(224)	(103)	(406)	681	(23,193)
Operating profit	21,565	8,892	6,006	1,117	342	452	48	38,422
(Charge)/write-back for impairment losses	(4,202)	(720)	1	(5)	6	44	-	(4,876)
Gross profit	17,419	8,299	6,052	1,110	388	1,295	(550)	34,013
Segment assets	1,813,042	637,280	2,692,140	18,079	17,153	84,279	(35,040)	5,226,933
Capital expenditure	416	782	31	6	2	953	-	2,190

At 30 June 2005

Unit: RMB million

	Corporate banking	Personal banking	Treasury services	Investment banking	Insurance business	Others	Eliminations	Total
Net interest income	25,744	16,021	7,056	63	183	(409)	-	48,658
Non-interest income	4,135	2,558	746	335	46	243	(42)	8,021
Operating and administrative expenses	(7,876)	(10,148)	(2,680)	(195)	(88)	(301)	288	(21,000)
Operating profit	20,548	7,995	4,362	201	140	(483)	246	33,009
(Charge)/ write-back for impairment losses	(5,471)	819	19	1	(2)	58	-	(4,576)
Gross profit	15,184	9,029	4,452	203	134	576	-	29,578
Segment assets	1,658,718	603,891	2,399,377	15,159	12,398	77,644	(24,381)	4,742,806
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 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. Above segment information at 30 June 2006 is based on the new transfer pricing.

Commercial Banking Business

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 RMB 1,142.1 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 institutions¹. 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 RMB 1,236.7 billion, an increase of RMB 140.9 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 at the end of June 2006, the balance of domestic foreign currency corporate deposits was USD 17.67 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 growth in foreign currency corporate deposits. By the end of the report period, the outstanding balance of domestic foreign currency corporate loans was USD41.44 billion, an increase of USD1.28 billion, and the market share among all financial institutions was 33.5%. The balance of foreign currency corporate deposits of overseas operations was USD27 billion, and outstanding balance of foreign currency corporate loans was USD 37.04 billion.

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

	30 June 2006	31 December 2005
RMB corporate deposits	1,143.1	995.9
Foreign currency corporate deposits	356.9	353.9
Total corporate deposits	1,500	1,349.8

In the first half of 2006, the Bank devoted great efforts to expand its high-quality customers segment, and forged ahead with

¹ 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.

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, expanded quality asset business, and enhanced cooperation between product departments to expand cross selling. It also reinforced collaboration between domestic operations and BOC Hong Kong, BOC International, BOC Investment, BOC 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.

Corporate Loans of the Group by Currencies (Unit: RMB billion)

	30 June 2006	31 December 2005
RMB corporate loans	1,239.2	1,097.9
Foreign currency corporate loans	624.9	614.1
Total corporate loans	1,864.1	1,712

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 distribution operations improved generally. Facing an active stock market, investors have quickened the pace of investment and more innovations have been introduced. 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.

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 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 the Group's 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%. Thanks 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 RMB37.3 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 in last year; and the volume of domestic factoring transactions was RMB12.76 billion, reflecting a year-on-year increase of 192.3%.

International Settlement Volume of the Group (Unit: USD billion)

Year	30 June 2006	30 June 2005
Business volume	420.49	373.39

The Bank strengthened innovation and improved portfolioed application 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 its products and services of international settlement and trade finance, and have helped to consolidate its leadership in this arena.

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 RMB 1,573.8 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%. Savings deposits at overseas operations amounted to USD69.68 billion (including RMB8.97 billion of savings deposits), an increase of USD1.91 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’ desire to hold such deposits.

Group Savings Deposits of the Group by Currencies (Unit: RMB billion)

	At 30 June 2006	At 31 December 2005
RMB savings deposits	1,582.7	1,425.4
Foreign currency savings deposits	801.5	800.2
Total savings deposits	2,384.2	2,225.6

Personal Loans At the end of June 2006, the outstanding balance of domestic personal loans was RMB 404.7 billion, an increase of RMB 24.7 billion from the prior year-end. Of the total personal loans, the balance of residential mortgage loans was RMB 308.4 billion, an increase of RMB 21.6 billion. The balance of overseas personal loans was USD 17.1 billion, a decrease of USD620 million from the prior year-end.

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.

Personal Loans of the Group by Categories as of June 2006

	Residential mortgage loans	Auto loans	Credit cards and others
30 June 2006	79.07%	4.50%	16.43%
31 December 2005	78.97%	5.35%	15.68%

Note: (1) Others include personal investment and operation loan and personal loans to finance education.

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 service standard to the Bank’s VIP customers. During the period, 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. An 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 Planner.

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 agency transaction 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. 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 domestic operations of BOC issued a total of 94,633,800 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 RMB 10,482 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.

Goods and Services Purchased with Great Wall RMB Cards of Domestic Operation (Unit: RMB billion)

	30 June 2006	30 June 2005
Goods and services purchased with the cards	65.09	44.08

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 bond and precious metal. 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 central bank has launched a number of new initiatives, including the 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 Bank of China became one of the first banks approved to engage in overseas financial 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 realized net profit of RMB4.57 billion equivalent (excluding minority interests), a year-on-year increase of 14.5%.

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 income-cost 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 HKD 650,994 million, 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. The Bank 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 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 has total 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, 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 RMB 1.11 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. In terms of 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.

BOCI (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, Ltd (“BOCG Insurance”) and BOC Group Life Assurance Company, Ltd. (“BOCG Life”) are responsible for specific 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 RMB388 million in total profit, increased by 189% year on year. Main resources of insurance businesses include agency banking business and broker business.

Sources of Gross Premium Income Unit: HKD million

	At 30 June 2006	At 31 December 2005	At 30 June 2005
Gross premium income by banking agency service	293	514	283
Gross premium income by broker agency service	355	752	402
Total	648	1,266	685

In 2006, BOCG Insurance penetrated into more specialized liability insurance market, including director 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 life insurance market of Macau and further consolidate the interaction of commercial banking, investment banking and insurance business, BOCG Insurance transferred a 51% stake in BOCG Life to BOC Hong Kong, which 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. 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.

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, improved credit asset 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 Boards 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 and authorization 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 authorization management, customer entry and exit management, credit approval, credit pricing, and classification of credit asset risks. 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. The 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 business. 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, 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 (exclusive of comparative 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			
	<u>At the period-end</u>	<u>Average</u>	<u>High</u>	<u>Low</u>	<u>Period-end</u>	<u>Average</u>	<u>High</u>	<u>Low</u>
Interest rate risk	<u>4.88</u>	<u>8.10</u>	<u>16.25</u>	<u>0.82</u>	<u>4.77</u>	<u>3.27</u>	<u>11.94</u>	<u>0.20</u>
Exchange rate risk	<u>2.64</u>	<u>3.67</u>	<u>14.12</u>	<u>0.78</u>	<u>0.39</u>	<u>2.7</u>	<u>18.69</u>	<u>0.34</u>
Fluctuation risk	<u>0.19</u>	<u>0.68</u>	<u>4.63</u>	<u>0.16</u>	<u>0.36</u>	<u>0.8</u>	<u>2.54</u>	<u>0.04</u>
Total market risk	<u>5.84</u>	<u>8.10</u>	<u>19.15</u>	<u>1.84</u>	<u>15.6</u>	<u>5.1</u>	<u>18.86</u>	<u>0.69</u>

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-priced period structure of our 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 avoid 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 has also set up a 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 sources and use of our 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, quota 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 management policies and guidelines, liquidity indicator management, liquidity gap management, position management, management of fund flow between the Head Office and Branches, management of liquidity portfolios 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:

30 June 2006	Local Currency	Foreign Currencies
Liquidity ratio	32.03%	45.88%
Loan-deposit ratio of domestic	56.47%	71.95%

operations		
Excess reserve ratio [★]	2.58%	17.07%

★ Deposit reserve refers to the deposits with the central bank for the purpose of guaranteeing the withdrawal of deposits and fund clearing of 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 Financial Enterprise Accounting System.

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 allocation 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 environment, 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 financial business, e-banking, bank card, and human resources. Meanwhile, it also established key indicator monitoring system for internal control, to conduct key monitoring and periodic reporting of key internal control indicators, including rotation, function in an acting capacity, and business errors.

Operational Risk Operational risk means the risk of losses caused by substandard or problematic internal procedures, personnel or system or by 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 in line with 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.

Internal Audit

In order to fully realize 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 its 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, control the speed 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 functional 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 efforts will be devoted to improving management capability and staff quality.

Corporate Information

Registered Name in Chinese: 中国银行股份有限公司 (“中国银行”)

Registered Name in English: Bank of China Limited (“Bank of China”, hereafter “the Bank”)

Legal Representative: XIAO Gang

Secretary to the Board: YEUNG Jason Chi Wai

Certified 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, PRC China

Telephone: 010-66596688

Fax: 010-66016871

E-mail: bocir@bank-of-china.com

Registered Office: No.1 Fuxingmen Nei Da Jie, Beijing, PRC China

Office Address: No.1 Fuxingmen Nei Da Jie, Beijing, PRC 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+ Rating and Investment Information, Inc.: A-

Moody's Investor Service : A2 Dagong Global Credit Rating Co., Ltd.: AAA

Fitch Ratings: A-

Website: <http://www.boc.cn>

Selected newspapers for disclosure: *China Securities, Shanghai Securities, Securities Times, China Daily*

Hong Kong Newspaper: *South China Morning Post and Hong Kong Economic Journal*

Website designated by CSRC 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>

Places where the Interim Report can be obtained: major business locations

Index Constituent

The Bank is a constituent of the following indices:

MSCI China Index

Shanghai Stock Exchange Index Series

FTSE/Xinhua China 25 Index

FTSE/Xinhua Hong Kong Index

Hang Seng China Enterprise Index (Effective from 11 September 2006)

Stock Codes

H shares:

The Stock Exchange of Hong Kong Limited	3988
Reuters	3988.HK
Bloomberg	3988 HK
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

F/36, China Insurance Building, 166 Lujiazui East R.d., 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: Floor 11, PWC Center, No.202 Hubin Road, Shanghai

Post Code: 200021

Appointed international auditor: PricewaterhouseCoopers Hong Kong

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 credit card services and guarantee; 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.

This Report is prepared in both Chinese and English. Should there be any inconsistency between the Chinese and English versions, the Chinese version shall prevail.

Directors, Supervisors, Senior Management and Staff

Director, 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 William	Independent Non-Executive Director
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.

Board of Supervisors

Name	Position
LIU Ziqiang	Chairman of Board of Supervisors
WANG Xueqiang	Supervisor
LIU Wangming	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
(*tendered his resignation in April 2006, effective in September 2006.)	
YEUNG Jason Chi Wai	Secretary to the Board of Directors

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 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 the 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 organized 2,441 off-work 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, 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 directional guidance, incentives and behavioural constraints accompanying the building of the corporate culture, we aim to align the strategic development goal of the Bank with the career aspirations of our employees.

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. We continued to improve the organizational framework and management processes relevant to good corporate governance and optimized the functions and responsibilities among the Board of Directors, Board of Supervisors and Senior Management, all in accordance with the rules and regulations enacted by the regulatory authorities but taking into account our current conditions. All organizations relevant to our corporate governance 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 June 30, 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 issuance plan, the alteration of articles of association and other proposals. All directors diligently performed their responsibilities, guaranteed the practicability of the Board's decisions, and maintained 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 management key risk indicators, and progress on the establishment of market risk management.
Personnel and Remuneration Committee	The committee held two meetings and mainly reviewed proposals such as the evaluation guide 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, and plan on division of responsibilities for connected transaction control, and the rules of procedures of the Connected Transaction Control Committee of the Board of Directors of BOC.

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 staff 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 is composed of 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 of the Bank. In order to incentivize and motivate the Senior Management, the Bank set up scientific assessment and evaluation standards; established the assessment mechanism in which the compensation of senior management personnel is linked to his performance, responsibilities and risks while adhering to the principle of balancing incentives and constraints.

Investor Relations and Information Disclosure

The Bank strictly complies with relevant requirements strictly, 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 market, 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.

Significant Events

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 of 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. 25,568,590,000 H-Shares were issued on the initial public offering. Following the exercise of the over-allotment option on 9 June, a further 3,835,288,000 H-Shares were issued. The issuance of H-Share 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 IPO 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. These shares were issued at an issue price of RMB 3.08 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-Share were offered, representing 2.56% of the fully diluted share capital. A total of RMB 19,999,998,480 was raised, and our IPO is 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 RMB 253,839,162,009 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

iii Changes in Share Capital and Shareholdings of Major 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

1. The number of shares in the column of “Preferred Shares or Other Shares” is the amount of the A Share 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.

2. 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 BOC’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, sponsor of BOC, to SSF, as required by the State, were converted to H Shares, and listed at 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 BOC and 171,325,404,740 ordinary shares held by Central SAFE Investments Limited, sponsor 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. (The Number of shares held by H share shareholders are those recorded in the Register of Members as kept by the H Share Register of the Bank)

Top Ten Shareholders

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 Shares
					(%)	
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	Asia 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 relationships among the above shareholders.

Top Ten Shareholders Whose shares 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 Divident-005L-FH002 SH	29, 076, 000	A Share
7	China Life Insurance Company Limited- Dividend-Group Divident-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	% of total issued A shares	% of total issued H shares	% 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 (please refer to Article 5 of the Condensed Consolidated Financial Statement under Related Party Transaction)

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

Followed 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 which the Bank holds a stake of 65.87%, at the purchase price of HKD 900 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 minorities of BOC Hong Kong, and achieved a gain of RMB 138 million.

Bank of China Group Investment Limited, a Hong Kong subsidiary of the Group, sold loans at a book value of RMB 63 million to an independent third party in May 2006, giving rise to an income of RMB 723 million, with net income at RMB 660 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, or entrust other companies to custody, contract or lease the Bank's assets.

The guarantee business is one of our off-balance items in the ordinary course of our business. We carry out 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, no 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%) 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.

As of 30 June 2006, The Bank has involved in certain litigation and arbitration cases in regular businesses. 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 CSRC, 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

The Bank does not believe that the net accumulative 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 RMB 1 for each share at a premium. SSF contributed RMB 10 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 of RMB 1 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 of RMB 1 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.

The Committee assisted the Board of Directors in supervising the Group's oversight of 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 review of the interim financial statements in accordance with the Independent Auditing Practice Pronouncement No.10 – Engagements to Review Financial Statement but not audited in accordance with Chinese Independent Auditing 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\$)	Exercise Exercisable Period	Number of share options					
				Granted on 5 July, 2002	Balances as at 1 January, 2006	as 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.

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

Save as disclosed 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.

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

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

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 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.

xvii 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.

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

xix Compliance with PRC Accounting Standards for Business Enterprises and Accounting Principles for Financial Institutions

The Interim report as at the end of the first half of 2006 is in compliance with the requirements of Interim Report, PRC Accounting Standards for Business Enterprises and Accounting Principles for Financial Enterprise.

xx Interim Report

This Interim Report is available in both English and Chinese. The Chinese and English versions of this Interim Report 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 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, and 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.

BANK OF CHINA LIMITED

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006

[English Translation For Reference Only]

BANK OF CHINA LIMITED

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2006

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REVIEW REPORT

PwC ZT SZ (2006) No. 302

TO THE SHAREHOLDERS OF BANK OF CHINA LIMITED:

We have reviewed the accompanying balance sheet of Bank of China Limited (the "Bank") as of 30 June, 2006, and its profit and loss account and cash flow statement for the period then ended, and the consolidated balance sheet of Bank of China Group (the "Group" comprising the Bank and its subsidiaries) as at 30 June 2006 and its consolidated profit and loss account and cash flow statement for the period then ended. The Bank's management is responsible for preparing these condensed financial statements. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Independent Auditing Practice Pronouncement No.10 - Engagements to Review Financial Statements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements are not prepared, in all material respects in accordance with the Accounting Standards for Business Enterprises, the Accounting System for Financial Institutions and other relevant accounting regulations.

PricewaterhouseCoopers Zhong Tian

Certified Public Accountants Limited Company

Shanghai, China
29 August 2006

BANK OF CHINA LIMITED

BALANCE SHEETS AS AT 30 JUNE 2006

(Amount in millions of Renminbi, unless otherwise stated)

Assets	Note	Bank of China Group		Bank of China Limited	
		30 June 2006	31 December 2005	30 June 2006	31 December 2005
		Unaudited	Audited	Unaudited	Audited
Cash		29,811	28,644	26,684	25,144
Precious metals		40,649	30,314	39,003	28,577
Due from central banks	III.1	340,651	316,941	314,986	284,373
Government certificates of indebtedness for bank		36,094	35,586	1,650	1,641
Trading and other debt securities at fair value through profit or loss	III.2	110,602	107,271	81,224	82,082
Derivative financial instruments	III.3	21,540	16,808	15,136	11,329
Due from and placements with banks and other	III.4	300,114	344,537	223,651	256,786
Debt securities	III.5; IV.1	1,877,669	1,562,320	1,570,481	1,297,990
Loans and advances to customers	III.6; IV.2	2,405,536	2,235,046	2,042,201	1,868,105
Less: Provision for loan losses		(88,128)	(83,153)	(84,753)	(79,581)
Interest receivable		23,187	20,408	18,726	16,107
Equity investments	III.7; IV.3	14,775	15,393	69,439	66,951
Fixed assets		71,208	72,978	52,169	53,392
Construction in progress		3,940	3,342	3,933	3,331
Deferred tax assets	III.13	17,410	17,561	17,298	17,428
Other assets		21,875	18,810	11,076	10,384
Total assets		5,226,933	4,742,806	4,402,904	3,944,039

BANK OF CHINA LIMITED

BALANCE SHEETS AS AT 30 JUNE 2006

(Amount in millions of Renminbi, unless otherwise stated)

Liabilities	Note	Bank of China Group		Bank of China Limited	
		30 June 2006	31 December 2005	30 June 2006	31 December 2005
		Unaudited	Audited	Unaudited	Audited
Due to central banks	III.8	30,495	30,055	30,470	30,030
Bank notes in circulation		36,151	35,731	1,708	1,786
Derivative financial instruments and liabilities at fair value through profit or loss	III.9	101,172	91,174	80,777	76,323
Due to and placements from banks and other financial		358,349	345,233	350,337	343,574
Deposits from customers	III.10; IV.4	4,053,024	3,703,777	3,356,973	3,009,187
Interest payable		31,485	27,024	29,559	25,291
Special purpose borrowings	III.11	49,622	52,164	49,622	52,164
Bonds issued	III.12	60,177	60,179	60,177	60,179
Deferred tax liabilities	III.13	254	184	22	22
Other liabilities	III.14	119,751	134,665	85,618	111,641
Total liabilities		4,840,480	4,480,186	4,045,263	3,710,197
Minority interests	III.16	28,812	28,778	-	-
Shareholder's equity					
Share capital	III.17	253,839	209,427	253,839	209,427
Capital reserve	III.18	76,545	3,978	75,888	3,978
Surplus reserve	III.19	8,095	5,987	8,095	5,987
General reserve and statutory reserve of subsidiary	III.19	9,398	5,109	9,398	5,109
Undistributed profits	III.19	23,837	12,585	24,494	12,585
Reserve for fair value changes of available-for-sale securities	III.19	(11,954)	(1,380)	(11,954)	(1,380)
Currency translation differences		(2,119)	(1,864)	(2,119)	(1,864)
Total shareholder's equity		357,641	233,842	357,641	233,842
Total liabilities and shareholder's equity		5,226,933	4,742,806	4,402,904	3,944,039

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

Legal Representative and Chairman:
Xiao Gang

Vice President in charge of accounting function:
Zhou Zaiqun

Deputy Chairman and President:
Li Lihui

General Manager in charge of the Accounting
Liu Yanfen

BANK OF CHINA LIMITED

INCOME STATEMENT

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006

(Amount in millions of Renminbi, unless otherwise stated)

	Note	For the six month period ended 30 June			
		Bank of China Group		Bank of China Limited	
		2006	2005	2006	2005
		Unaudited	Unaudited	Unaudited	Unaudited
Interest income	III.20; IV.5	99,777	77,466	79,525	66,038
Interest expense	III.20; IV.5	(45,301)	(28,808)	(33,197)	(24,401)
Net interest income		54,476	48,658	46,328	41,637
Net fee and commission income	III.21; IV.6	6,841	4,518	4,762	3,029
Net trading (expense)/income	III.22; IV.7	(193)	2,993	(282)	2,250
Investment income	III.23; IV.8	1,681	149	7,652	4,840
Other operating income, net	III.24	1,797	361	245	12
		64,602	56,679	58,705	51,768
Operating and administrative expenses	III.25; IV.9	(23,193)	(21,000)	(19,715)	(17,744)
Business tax and surcharges	III.26	(2,987)	(2,670)	(2,952)	(2,650)
Operating profit		38,422	33,009	36,038	31,374
Non-operating income, net		467	1,145	222	777
Profit before impairment losses		38,889	34,154	36,260	32,151
Impairment losses	III.27; IV.10	(4,876)	(4,576)	(5,680)	(6,116)
Profit before tax		34,013	29,578	30,580	26,035
Income tax	III.28	(12,362)	(10,860)	(10,937)	(9,601)
Profit after tax		21,651	18,718	19,643	16,434
Minority interests		(2,627)	(2,284)	-	-
Net profit		19,024	16,434	19,643	16,434
Earnings per share for profit attributable to the shareholders of the Bank during the period(expressed in Renminbi per ordinary share)	III.29				
- Basic		0.09	0.09		
- Diluted		0.09	0.09		

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

Legal Representative and Chairman:
Xiao Gang

Deputy Chairman and President:
Li Lihui

Vice President in charge of accounting function:
Zhou Zaiqun

General Manager in charge of the Accounting
Liu Yanfen

BANK OF CHINA LIMITED

STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006

(Amount in millions of Renminbi, unless otherwise stated)

		Unaudited							
		Bank of China Group							
	Note	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	Total
At 1 January 2006		209,427	3,978	5,987	5,109	12,585	(1,380)	(1,864)	233,842
Net profit for the period		-	-	-	-	19,024	-	-	19,024
Issue of ordinary shares	III.17;III.18	44,412	72,567	-	-	-	-	-	116,979
Appropriation to statutory reserve	III.19	-	-	2,108	-	(2,108)	-	-	-
Appropriation to general and regulatory reserves	III.19	-	-	-	4,291	(4,291)	-	-	-
Net fair value changes of available-for-sale securities	III.19	-	-	-	-	-	(10,574)	-	(10,574)
Dividend	III.19	-	-	-	-	(1,375)	-	-	(1,375)
Currency translation differences		-	-	-	-	-	-	(255)	(255)
Others		-	-	-	(2)	2	-	-	-
At 30 June 2006		253,839	76,545	8,095	9,398	23,837	(11,954)	(2,119)	357,641

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

Legal Representative and Chairman:
Xiao Gang

Deputy Chairman and President:
Li Lihui

Vice President in charge of accounting function:
Zhou Zaiqun

General Manager in charge of the Accounting
Liu Yanfen

BANK OF CHINA LIMITED

STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006

(Amount in millions of Renminbi, unless otherwise stated)

		Unaudited							
		Bank of China Limited							
	Note	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	Total
At 1 January 2006		209,427	3,978	5,987	5,109	12,585	(1,380)	(1,864)	233,842
Net profit for the period		-	-	-	-	19,643	-	-	19,643
Issue of ordinary shares	III.17;III.18	44,412	72,219	-	-	-	-	-	116,631
Appropriation to statutory reserve	III.19	-	-	2,108	-	(2,108)	-	-	-
Appropriation to general and regulatory reserves	III.19	-	-	-	4,291	(4,291)	-	-	-
Net fair value changes of available-for-sale securities	III.19	-	-	-	-	-	(10,574)	-	(10,574)
Dividend	III.19	-	-	-	-	(1,375)	-	-	(1,375)
Currency translation differences		-	-	-	-	-	-	(255)	(255)
Others	III.18	-	(309)	-	(2)	40	-	-	(271)
At 30 June 2006		253,839	75,888	8,095	9,398	24,494	(11,954)	(2,119)	357,641

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

Legal Representative and Chairman:
Xiao Gang

Deputy Chairman and President:
Li Lihui

Vice President in charge of accounting function:
Zhou Zaiqun

General Manager in charge of the Accounting
Liu Yanfen

BANK OF CHINA LIMITED

STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2005

(Amount in millions of Renminbi, unless otherwise stated)

Note	Unaudited							Total
	Bank of China Group and Bank of China Limited							
	Share capital	Statutory reserves	General reserve and statutory reserve of subsidiary	Undistributed profits	Reserve for fair value changes of available-for-sale securities	Currency translation differences		
At 1 January 2005	186,390	3,140	419	17,373	(2,315)	344	205,351	
Net profit for the year	-	-	-	16,434	-	-	16,434	
Additions	-	75	2,480	(2,555)	-	-	-	
Net changes in fair value of available-for-sale securities reserve	-	-	-	-	3,349	-	3,349	
Currency translation differences	-	-	-	-	-	(354)	(354)	
At 30 June 2005	186,390	3,215	2,899	31,252	1,034	(10)	224,780	

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

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BANK OF CHINA LIMITED

STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE YEAR ENDED 31 DECEMBER 2005

(Amount in millions of Renminbi, unless otherwise stated)

		Unaudited							
		Bank of China Group and Bank of China Limited							
Note	Share capital	Capital reserve	statutory reserves	General reserve and statutory reserve of subsidiary	Undistributed profits	Reserve for fair value changes of available-for-sale securities	Currency translation differences	Total	
At 30 June 2005	186,390	-	3,215	2,899	31,252	1,034	(10)	224,780	
Net profit for the year	-	-	-	-	11,058	-	-	11,058	
Issue of ordinary shares	III.17	23,037	3,964	-	-	-	-	27,001	
Appropriation	III.19	-	-	2,772	2,210	(4,982)	-	-	
Net fair value changes of available-for-sale securities	III.19	-	-	-	-	(2,414)	-	(2,414)	
Dividend	III.19	-	-	-	-	(26,937)	-	(26,937)	
Adoption of equity accounting for investment in an associate		-	-	-	-	2,194	-	2,194	
Currency translation differences		-	-	-	-	-	(1,854)	(1,854)	
Others		-	14	-	-	-	-	14	
At 31 December 2005	<u>209,427</u>	<u>3,978</u>	<u>5,987</u>	<u>5,109</u>	<u>12,585</u>	<u>(1,380)</u>	<u>(1,864)</u>	<u>233,842</u>	

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

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Liu Yanfen

BANK OF CHINA LIMITED

CASH FLOW STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006 (Amount in millions of Renminbi, unless otherwise stated)

	Note	For the six month period ended 30 June			
		Bank of China Group		Bank of China Limited	
		2006	2005	2006	2005
		Unaudited	Unaudited	Unaudited	Unaudited
Cash flows from operating activities					
Interest received		96,998	75,995	76,906	64,952
Commission received		7,505	5,919	5,218	3,701
Cash received from bad debts written-off previously		986	1,823	250	607
Net increase in customer deposits (including structured deposits)		349,247	246,881	347,786	248,163
Net decrease/(increase) in due from and placements with banks and other financial institutions		15,392	58,072	39,448	17,039
Net increase in due to and placements from banks and other financial institutions		13,116	45,141	6,763	20,378
Net change in other operating items		(2,811)	392	(18,114)	(10,686)
Cash inflows from operating activities		480,433	434,223	458,257	344,154
Cash paid for interest on customer deposits and inter-bank balances		(39,461)	(24,782)	(27,550)	(20,572)
Commission paid		(1,325)	(1,397)	(460)	(673)
Cash paid to and on behalf of the employees		(13,670)	(11,289)	(11,139)	(9,290)
Cash paid for operating expenses and others		(7,322)	(6,450)	(6,399)	(5,397)
Income tax paid		(15,279)	(13,331)	(14,681)	(12,859)
Business and other taxes paid		(3,421)	(2,763)	(3,387)	(2,738)
Net increase in loans		(171,476)	(140,154)	(175,023)	(111,643)
Net increase in debt securities		(315,213)	(174,485)	(269,766)	(148,567)
Net increase in statutory deposit reserve with central banks		(18,820)	(24,116)	(24,531)	(24,119)
Net increase in precious metals		(10,335)	4,832	(10,426)	4,816
Net decrease in due to central banks		440	(9,777)	440	(9,776)
Net decrease in special purpose borrowings		(2,542)	(8,896)	(2,542)	(8,896)
Cash outflows from operating activities		(598,424)	(412,608)	(545,464)	(349,714)
Net cash inflows/(outflows) from operating activities	III.30; IV.11	(117,991)	21,615	(87,207)	(5,560)

BANK OF CHINA LIMITED

CASH FLOW STATEMENTS (CONTINUED) FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006 (Amount in millions of Renminbi, unless otherwise stated)

	For the six month period ended 30 June				
	Note	Bank of China Group		Bank of China Limited	
		2006 Unaudited	2005 Unaudited	2006 Unaudited	2005 Unaudited
Cash flows from investing activities					
Cash received from disposal of fixed assets and other assets		625	1,651	73	690
Cash received from disposal of equity investments		609	660	69	267
Dividends received		20	36	3,894	3,340
Cash inflows from investing activities		<u>1,254</u>	<u>2,347</u>	<u>4,036</u>	<u>4,297</u>
Cash paid for purchase of fixed assets and other assets		(2,190)	(1,766)	(1,730)	(1,556)
Cash paid for increase of equity investments		(270)	(1,506)	(447)	(49)
Cash outflows from investing activities		<u>(2,460)</u>	<u>(3,272)</u>	<u>(2,177)</u>	<u>(1,605)</u>
Net cash (outflows)/inflows from investing activities		<u>(1,206)</u>	<u>(925)</u>	<u>1,859</u>	<u>2,692</u>
Cash flows from financing activities					
Cash received from issuance of ordinary shares		117,423	-	116,766	-
Cash received from issuance of subordinated bonds		-	33,930	-	33,930
Cash received from minority shareholders as additional capital injection to subsidiaries		86	5	-	-
Cash inflows from financing activities		<u>117,509</u>	<u>33,935</u>	<u>116,766</u>	<u>33,930</u>
Cash payments for interest on bonds issued		(1,379)	(15)	(1,379)	(15)
Dividend payments		(3,266)	(1,637)	(1,375)	-
Others		(238)	-	(238)	-
Cash outflows from financing activities		<u>(4,883)</u>	<u>(1,652)</u>	<u>(2,992)</u>	<u>(15)</u>
Net cash inflows from financing activities		<u>112,626</u>	<u>32,283</u>	<u>113,774</u>	<u>33,915</u>
Effect of foreign exchange rate changes		<u>(1,068)</u>	<u>(4,159)</u>	<u>1</u>	<u>(4,032)</u>
Increase in cash and cash equivalents		<u>(7,639)</u>	<u>48,814</u>	<u>28,427</u>	<u>27,015</u>
Cash and cash equivalents at 1 January		<u>397,112</u>	<u>366,142</u>	<u>275,623</u>	<u>274,215</u>
Cash and cash equivalents at 30 June	III.30; VI.11;	<u>389,473</u>	<u>414,956</u>	<u>304,050</u>	<u>301,230</u>

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

Legal Representative and Chairman:

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Vice President in charge of Accounting Function:

Zhou Zaiqun

General Manager in charge of the Accounting

Department:

Liu Yanfen

BANK OF CHINA LIMITED

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 PREPARATION AND CONSOLIDATION

1 Basis of preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises, the Accounting System for Financial Institutions and other relevant accounting regulations applicable to the Group. The interim financial statements, and should be read in conjunction with the 2005 annual financial statements.

The unaudited condensed consolidated financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises — Interim Reporting issued by MOF and in accordance with Disclosure — No.3 contents and reporting formats for listed companies (2003 revised) issued by China Securities Regulatory Commission.

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

In February 2006, the MOF issued 39 new and revised Accounting Standards for Enterprises as part of the PRC government's initiative to converge the PRC GAAP with International Financial Reporting Standards. These new standards, which are mandatory for all listed companies and optional for others, are effective for accounting periods commencing on or after 1 January 2007. The Group plans to implement these standards, effective 1 January 2007 and has commenced an assessment of their effect on the Group's existing accounting policies. While management's assessment of the new standards is not yet completed, principal differences with the Group's existing accounting policies include the following:

- (1) Except for the equity investments held for trading in overseas operations, the Group currently accounts for equity investments at cost less impairment. Under the new Standards, equity investments other than investments in subsidiaries, associates and investments held for trading will be classified as available-for-sale securities. Management plans to classify and account for other equity investments as available-for-sale according to the new Standards and those investments with active market quotation will be recorded at fair value with gains or losses reported in shareholders' equity.
- (2) The Group currently accounts for investment properties at cost less impairment. Under the new Standards, these assets can either be measured at fair value or at amortised cost less impairment. The method can not be changed once it is selected by management. Management plans to account for investment properties using fair value.
- (3) The Group currently accounts for the early retirement benefits on a cash basis when paid. Under the new Standards, a liability is required to be recorded at actuarially determined value of future early retirement benefits payable to employees who have commenced early retirement, with changes in the value of this liability reported in the income statement.
- (4) The Bank currently accounts for its investment in subsidiaries using equity accounting method in the Bank's financial statements. Under the new Standards, these investments are stated at cost in the Bank's financial statements.

BANK OF CHINA LIMITED

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 PREPARATION AND CONSOLIDATION (Continued)

2 Basis of consolidation

The consolidated financial statements include the accounts of the Bank and its subsidiaries. The significant subsidiaries of the Bank are presented in Section II, "Subsidiaries".

The Bank fully consolidates its subsidiaries from the date on which the Bank obtains actual control of the subsidiaries and the Bank de-consolidates them from the date that control ceases to exist. All significant intercompany balances, intercompany transactions and intercompany unrealised profits or losses are eliminated on consolidation. Minority interests represent the interests of minority shareholders in the operating results and net assets of the Bank's subsidiaries.

Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

3 Segment Reporting

A business segment is a group of assets and operations engaged in providing products and services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products and services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

BANK OF CHINA LIMITED

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 SUBSIDIARIES

As at 30 June 2006, the principal subsidiaries set out below are consolidated. All holdings are in the ordinary share capital of the undertaking concerned.

Name	Place of incorporation / establishment	Equity held (%)	Registered capital/ Paid-in capital (in millions)	Principal business
<u>Directly controlled</u>				
BOC Hong Kong (Group) Limited	Hong Kong	100.00	HKD34,806	Holding company
BOC International Holdings Limited	Hong Kong	100.00	HKD3,539	Investment banking
Bank of China Group Insurance Company Limited	Hong Kong	100.00	HKD1,269	Insurance services
Bank of China Group Investment Limited	Hong Kong	100.00	HKD200	Holding of industrial and other investments
Tai Fung Bank Limited	Macau	50.31	MOP1,000	Commercial banking
<u>Indirectly controlled</u>				
BOC Hong Kong (Holdings) Limited(1)	Hong Kong	65.87	HKD52,864	Holding company
Bank of China (Hong Kong) Limited	Hong Kong	65.87	HKD43,043	Commercial banking
Nanyang Commercial Bank Limited	Hong Kong	65.87	HKD600	Commercial banking
Chiyu Banking Corporation Limited(2)	Hong Kong	46.43	HKD300	Commercial banking
BOC Credit Card (International) Limited	Hong Kong	65.87	HKD480	Credit card services
BOC Group Trustee Company Limited (3)	Hong Kong	76.31	HKD200	Provision of trustee services

(1) Listed on the Stock Exchange of Hong Kong.

(2) Bank of China (Hong Kong) Limited holds 70.49% share of this company.

(3) Bank of China (Hong Kong) Limited, Nanyang Commercial Bank Limited, Chiyu Banking Corporation Limited and BOC International Holdings Limited hold 54%, 6%, 6% and 34% shares of this company respectively.

BANK OF CHINA LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**1 Due from central banks**

	30 June 2006	31 December 2005
Settlement account balances with the PBOC	88,305	89,124
Due from overseas central banks	<u>25,763</u>	<u>25,787</u>
Subtotal	<u>114,068</u>	<u>114,911</u>
RMB statutory deposit reserve with the PBOC	203,119	182,825
Foreign currency statutory deposit reserve with the PBOC	13,549	13,595
Fiscal deposits with the PBOC	7,876	3,355
Statutory deposit reserve with overseas central banks	<u>2,039</u>	<u>2,255</u>
Subtotal	<u>226,583</u>	<u>202,030</u>
Total	<u><u>340,651</u></u>	<u><u>316,941</u></u>

Domestic Operations are required to place an RMB statutory deposit reserve, a foreign currency statutory deposit reserve and a fiscal deposit with the PBOC. At 30 June 2006, the required reserve ratio for customer deposits denominated in RMB was 7.5% (2005: 7.5%); the required reserve ratio for customer deposits denominated in foreign currencies is 3% (2005: 3%). The fiscal deposit of Domestic Operations is comprised of funds from government agencies, and proceeds of bonds issued on behalf of the MOF. The foreign currency deposit reserve and fiscal deposits placed with the PBOC are non-interest bearing.

BANK OF CHINA LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006

(Amount in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2 Trading and other debt securities at fair value through profit or loss

	30 June 2006	31 December 2005
Trading		
Government bonds	27,761	19,116
Public sector and quasi government bonds	3,088	2,095
Financial institution bonds	23,600	30,599
Corporate bonds	3,794	4,179
	<hr/>	<hr/>
Sub-total	58,243	55,989
	<hr/>	<hr/>
Other debt securities at fair value through profit or loss (designated at initial recognition)		
Government bonds	9,267	10,704
Public sector and quasi government bonds	11,218	12,974
Financial institution bonds	26,667	19,979
Corporate bonds	5,207	7,625
	<hr/>	<hr/>
Sub-total	52,359	51,282
	<hr/>	<hr/>
Total	110,602	107,271
	<hr/>	<hr/>

Included in other debt securities at fair value through profit or loss are debt securities with respect to which the Group has established economic hedges using derivative instruments. Gains and losses arising on the derivatives are intended to substantially offset the gains and losses arising on these securities, which might have otherwise been classified as "available-for-sale" or "held-to-maturity" securities.

3 Derivative financial instruments

The Group enters into the following foreign exchange rate or interest rate related derivative financial instruments for trading and risk management purposes:

The contractual/notional amount and fair values of derivative instruments held by the Group are set out in the following table. The contractual/notional amounts of certain types of financial instruments provide a basis for comparison with fair value instruments recognised on the balance sheet 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 favourable assets or unfavourable (liabilities) as a result of fluctuations in market exchange rate, interest 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.

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 value of financial instruments.

BANK OF CHINA LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**3 Derivative financial instruments (Continued)**

At 30 June 2006	Contractual / notional amount	Fair values	
		Assets	Liabilities
Foreign exchange derivatives			
Currency forwards (1)	800,207	8,412	(5,040)
OTC currency options (2)	268,738	4,348	(708)
Sub-total		12,760	(5,748)
Interest rate derivatives			
Interest rate swaps	402,830	6,194	(7,333)
Cross-currency interest rate swaps	38,209	1,943	(3,980)
OTC interest rate options	149,528	146	(1,058)
Interest rate futures	17,552	21	(3)
Sub-total		8,304	(12,374)
Equity derivatives	11,223	166	(227)
Precious metals derivatives	10,686	310	(412)
Total derivative financial instruments assets/(liabilities) (Note III.9)		21,540	(18,761)

BANK OF CHINA LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3 Derivative financial instruments (Continued)

At 31 December 2005	Contractual / notional amount	Fair values	
		Assets	Liabilities
Foreign exchange derivatives			
Currency forwards (1)	563,397	6,991	(4,813)
OTC currency options (2)	196,012	3,781	(374)
Sub-total		10,772	(5,187)
Interest rate derivatives			
Interest rate swaps	361,332	3,132	(5,246)
Cross-currency interest rate swaps	39,427	1,735	(4,131)
OTC interest rate options	110,578	148	(215)
Interest rate futures	14,939	28	(34)
Sub-total		5,043	(9,626)
Equity derivatives	15,442	14	(7)
Precious metals derivatives	21,008	979	(932)
Total derivative financial instruments assets/(liabilities) (Note III.9)		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 Huijin USD, totaling USD 18 billion, of no more than USD 1,500 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 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.

BANK OF CHINA LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**4 Due from and placements with banks and other financial institutions**

	30 June 2006	31 December 2005
Due from banks		
Due from domestic banks	2,860	4,305
Due from overseas banks	4,114	8,133
	<hr/>	<hr/>
Sub-total	6,974	12,438
	<hr/>	<hr/>
Placements with banks and other financial institutions		
Placements with domestic banks	53,862	52,439
Placements with other domestic financial institutions	50,605	26,302
Placements with overseas banks	189,217	253,904
	<hr/>	<hr/>
Sub-total	293,684	332,645
	<hr/>	<hr/>
Provision for impairment	(544)	(546)
	<hr/>	<hr/>
Sub-total	293,140	332,099
	<hr/>	<hr/>
Total	300,114	344,537
	<hr/>	<hr/>

As at 30 June 2006, placements with banks and other financial institutions reported on non-accrual basis were RMB 544 million (2005: RMB 546 million).

Placements with banks and other financial institutions include balances arising from reverse repo agreements as follows:

	30 June 2006	31 December 2005
Bills discounted under reverse repos	14,007	7,592
Bonds under reverse repos		
Government bonds	47,109	41,857
Financial institution bonds	26,476	20,191
	<hr/>	<hr/>
Total	87,592	69,640
	<hr/>	<hr/>

BANK OF CHINA LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5 Debt securities

	30 June 2006	31 December 2005
Debt securities available-for-sale (at fair value):		
Government bonds	309,350	229,064
Public sector and quasi government bonds	247,158	106,840
Financial institution bonds	228,024	170,038
Corporate bonds	134,643	87,068
	<hr/>	<hr/>
Sub-total	919,175	593,010
Debt securities held-to-maturity (at amortised cost):		
Government bonds	224,065	231,156
Public sector and quasi government bonds	119,604	135,002
Financial institution bonds	192,294	203,724
Corporate bonds	33,163	37,577
	<hr/>	<hr/>
Sub-total	569,126	607,459
Debt securities classified as loans and receivables (at amortised cost):		
China Orient Bond	160,000	160,000
PBOC Special Bills (1)	91,612	91,530
Special Purpose Treasury Bond	42,500	42,500
Short term bills and notes		
- Public sector and quasi government bonds	15,260	6,096
- Financial institution bonds	67,676	49,993
- Corporate bonds	1,825	-
Certificate Treasury Bonds and others	10,647	11,888
	<hr/>	<hr/>
	389,520	362,007
Provision for impairment	(152)	(156)
	<hr/>	<hr/>
Sub-total	389,368	361,851
Total (2)	<hr/> <u>1,877,669</u>	<hr/> <u>1,562,320</u>

(1) On 22 June 2006, the PBOC issued special PBOC Bills amounting to RMB 82 million in exchange for certain debt for equity swap loans, as previously approved by the State Council. The tenor of the bill is 5 years, with an interest rate of 1.89% per annum. The bills cannot be circulated, transferred or pledged as collateral, unless otherwise approved by PBOC.

(2) As at 30 June 2006, debt securities of RMB 76,822 million (2005: RMB 49,658 million) were pledged as collateral to third parties under agreement to repurchase. Refer to Note IX.2.

BANK OF CHINA LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**6 Loans and advances to customers****(1) Analysed by security type**

Loans and advances to customers are analysed by the form of security as follows:

	30 June 2006	31 December 2005
Unsecured loans	578,987	475,764
Guaranteed loans	723,502	684,824
Collateralised and other secured loans	<u>1,103,047</u>	<u>1,074,458</u>
Total	<u><u>2,405,536</u></u>	<u><u>2,235,046</u></u>

(2) Analysed by industry sector

	30 June 2006	31 December 2005
Corporate Loans		
Manufacturing	591,908	531,191
Commercial and servicing	323,348	301,863
Real estate	201,585	190,297
Energy, mining and agriculture	252,416	230,854
Transportation and logistics	200,503	193,428
Public services	104,827	91,924
Financial services	112,153	96,245
Construction	38,304	36,050
Others	<u>39,037</u>	<u>40,191</u>
Sub-total	<u>1,864,081</u>	<u>1,712,043</u>
Consumer loans		
Residential mortgages	428,119	413,007
Vehicle loans	24,391	28,005
Credit card and others	<u>88,945</u>	<u>81,991</u>
Sub-total	<u>541,455</u>	<u>523,003</u>
Total	<u><u>2,405,536</u></u>	<u><u>2,235,046</u></u>

BANK OF CHINA LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(Amount in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**6 Loans and advances to customers (Continued)****(3) Accrual and non-accrual loans**

	30 June 2006	31 December 2005
Accrual loans	2,322,496	2,158,232
Non-accrual loans	83,040	76,814
Total	<u>2,405,536</u>	<u>2,235,046</u>

- (4) As at 30 June 2006, loans and advances to customers include bills pledged as collateral under reverse repurchase agreements amounting to RMB 5,569 million (2005: RMB 11,968 million). Refer to Note IX.2.

7 Equity investments

	30 June 2006	31 December 2005
Investment in associates (1)	5,673	5,100
Other equity investments (2)	6,675	7,043
	12,348	12,143
Less: Impairment provision	<u>(1,138)</u>	<u>(1,243)</u>
	11,210	10,900
Equity investments held for trading (at fair value) (3)	<u>3,565</u>	<u>4,493</u>
Total	<u>14,775</u>	<u>15,393</u>

BANK OF CHINA LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

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III NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7 Equity investments(Continued)

(1) As at 30 June 2006, the principal associates of the Group are as follows:

	Place of incorporation/ establishment	Equity held (%)	Paid-in capital (in millions)	Principal business
Huaneng International Power Development Corporation	PRC	20	USD450	Construct and operate electricity factory and related projects
BOC International (China) Limited	PRC	49	RMB1,500	Securities underwriting, Investment advisory, and brokerage services
CJM Insurance Brokers Limited	Hong Kong	33	HKD6	Insurance broker
Joint Electronic Teller Services Limited	Hong Kong	19.96	HKD10	Private inter-bank message switching network and ATM services
Dongfeng Peugeot Citroen Auto Finance Company Ltd	PRC	50	RMB500	Car loan and financing services

(2) Other equity investments mainly include: (i) Equity investments held for investment purpose by the Bank's subsidiaries in Hong Kong; and (ii) Certain historical non-banking equity investments held by domestic operations. In December 2005, the Bank entered into a contract with China Orient and transferred out most of its historical non-banking equity investments.

(3) Equity investments held for trading principally comprise listed shares held by the Bank's subsidiaries in Hong Kong.

8 Due to central banks

	30 June 2006	31 December 2005
Special foreign exchange deposits of government agencies	30,080	28,873
Borrowings from central banks	33	520
Others	382	662
Total	<u>30,495</u>	<u>30,055</u>

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

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

BANK OF CHINA LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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III NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**10 Deposits from customers**

	30 June 2006	31 December 2005
Short-term corporate deposits		
Corporate demand deposits	940,638	836,763
Corporate time deposits less than one year	527,225	486,681
Sub-total	<u>1,467,863</u>	<u>1,323,444</u>
Short-term saving deposits		
Demand deposits	734,894	667,957
Time deposits less than one year	1,309,567	1,243,964
Sub-total	<u>2,044,461</u>	<u>1,911,921</u>
Long-term corporate deposits	32,157	26,317
Long-term saving deposits	339,763	313,703
Securities and margin deposits	<u>168,780</u>	<u>128,392</u>
Total	<u><u>4,053,024</u></u>	<u><u>3,703,777</u></u>

The securities and margin deposits are analysed as follows:

Security deposits for bank acceptance	92,106	63,556
Security deposits for letters of credit and letters of guarantee issued	29,206	26,785
Margin deposits for foreign exchange transactions	10,524	8,638
Others	<u>36,944</u>	<u>29,413</u>
Total	<u><u>168,780</u></u>	<u><u>128,392</u></u>

11 Special purpose borrowings

	30 June 2006	31 December 2005
Export credit loans	15,826	17,147
Foreign government loans	18,076	18,414
Other subsidised loans	<u>15,720</u>	<u>16,603</u>
Total	<u><u>49,622</u></u>	<u><u>52,164</u></u>

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

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

BANK OF CHINA LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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III NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**12 Bonds issued**

	Issue date	Maturity date	Interest rate	30 June 2006	31 December 2005
Bonds issued (1)					
1994 BOC US Dollar Debt Securities	10 March 1994	15 March 2014	8.25%	177	179
Subordinated bonds issued (2)					
2004 BOC 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 BOC RMB Debt Securities					
- First Tranche	18 February 2005	4 March 2015	4.83%	15,930	15,930
- Second Tranche (fixed rate)	18 February 2005	4 March 2020	5.18%	9,000	9,000
- Second Tranche (floating rate)	18 February 2005	4 March 2015	floating rate	<u>9,000</u>	<u>9,000</u>
Sub-total				<u>60,000</u>	<u>60,000</u>
Total				<u>60,177</u>	<u>60,179</u>

- (1) The Bank and the bond holders are prohibited from redeeming or requesting an early redemption of these bonds before the maturity dates.
- (2) These RMB subordinated bonds are subordinated to all other claims on the assets of the Bank, except for those of the shareholders. In the calculation of the Group's capital adequacy ratio, these bonds qualify for inclusion as supplementary capital.

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III NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**13 Deferred income taxes assets/liabilities**

Deferred income taxes are calculated on the timing differences under the liability method using the relevant local tax rates applicable to the Group's operation. The movement on the deferred income tax account is as follows:

	2006	2005
At 1 January	17,377	18,647
Charge in the income statement (Note III.28)	(226)	(1,252)
Exchange differences	5	(18)
	<u>17,156</u>	<u>17,377</u>
At 30 June /31December	<u>17,156</u>	<u>17,377</u>

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 relate to the same fiscal authority. The table below includes the Group's deferred income tax assets and liabilities after offsetting qualifying amounts:

	30 June 2006	31 December 2005
Deferred income tax assets	17,410	17,561
Deferred income tax liabilities	(254)	(184)
Total	<u>17,156</u>	<u>17,377</u>

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

	30 June 2006	31 December 2005
Deferred income tax assets		
Asset impairment provision	18,012	17,744
Fair value changes of trading and other fair value through profit or loss securities and derivative financial instruments	3,902	3,046
Other timing differences	602	696
Sub-total	<u>22,516</u>	<u>21,486</u>
Deferred income tax liabilities		
Fair value changes of trading and other fair value through profit or loss securities and derivative financial instruments	(4,319)	(3,643)
Depreciation of fixed assets	(445)	(424)
Other timing differences(1)	(596)	(42)
Sub-total	<u>(5,360)</u>	<u>(4,109)</u>
Total	<u>17,156</u>	<u>17,377</u>

- (1) Mainly includes the deferred tax liabilities of RMB 545 million in relation to the supplementary tax on overseas income generated from the profit of certain overseas subsidiaries owned by the Group for the six month period ended 30 June 2006.

BANK OF CHINA LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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III NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13 Deferred income taxes assets/liabilities (Continued)

The deferred tax charge in the profit and loss account comprises the following timing differences:

	30 June 2006	31 December 2005
Asset impairment provision	265	1,467
Fair value change of debt securities and derivative financial instruments	190	(2,338)
Other timing differences	(681)	(381)
	<hr/>	<hr/>
Total (Note III.28)	<u>(226)</u>	<u>(1,252)</u>

14 Other liabilities

Subsidiaries of the Bank undertake insurance business. Included in other liabilities are insurance liabilities as of 30 June 2006 and 31 December 2005 arising from insurance contracts analysed as follows:

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

BANK OF CHINA LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006

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III NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15 Share appreciation rights plan and share option schemes

(1) Share Appreciation Rights Plan

On 22 November 2005, the Bank's Board of Directors and shareholders 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 shareholders 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 offers to grant any options under the Pre-listing Share Option Scheme will be made. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

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III NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15 Share appreciation rights plan and share option schemes (continued)

(3) BOCHK Holdings Pre-listing Share Option Scheme (continued)

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

Shares	Directors and key management	Other employees	Others (1)	Total number of shares
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	<u>6,381,500</u>	<u>8,386,200</u>	<u>1,446,000</u>	<u>16,213,700</u>
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	<u>6,142,500</u>	<u>10,619,250</u>	<u>1,446,000</u>	<u>18,207,750</u>

(1) 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 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).

16 Minority interests

	2006	2005
At 1 January	28,778	27,387
Share of current period/year profit	2,627	5,105
Increase of shares in a subsidiary	(52)	17
Dividends paid to minority shareholders	(1,891)	(2,954)
Net change in fair value of available-for- sales investments	(342)	(110)
Currency translation difference	(308)	(667)
At 30 June / 31 December	<u>28,812</u>	<u>28,778</u>

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III NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**17 Share capital**

Ordinary shares	2006	2005
As at 1 January	209,427	186,390
Issue of ordinary shares(1)	<u>44,412</u>	<u>23,037</u>
As at 30 June /31 December	<u><u>253,839</u></u>	<u><u>209,427</u></u>
Number of Shares	2006	2005
As at 1 January	209,427,362,357	186,390,352,497
Issue of ordinary shares(1)	<u>44,411,799,652</u>	<u>23,037,009,860</u>
As at 30 June/31 December	<u><u>253,839,162,009</u></u>	<u><u>209,427,362,357</u></u>

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

	30 June 2006
Domestic listed A shares(2)	177,818,910,740
Overseas listed H shares(2)	<u>76,020,251,269</u>
Total	<u><u>253,839,162,009</u></u>

BANK OF CHINA LIMITED

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III NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17 Share capital (Continued)

- (1) In accordance with to Yinjianhui[2006] No.49 "Approval on the Introduction of Strategic Investor – National Council for Social Security Fund ("SSF") into Bank of China Limited ", on 13 March 2006, the Bank issued 8,514,415,652 domestic state-owned shares of a par value of Rmb1.00 each to SSF at a premium. SSF paid Rmb10 billion in cash including share premium of Rmb1.481 billion for 8,514,415,652 domestic state-owned shares issued by the Bank. The payment from SSF was verified by PricewaterhouseCoopers Zhong Tian CPAs Limited Company in its "Verification Report on the Capital Contributions to Bank of China Limited" (PwC ZT YZ [2006] No. 14) issued on 13 March 2006.

In accordance with to Yinjianhui[2006] No.53 "Approval on the Bank of China Limited converted into a limited company to issue shares and listed overseas", and to Zhengjianhui[2006] No.8 "Approval on the Bank of China Limited to issue Overseas Listed Foreign Shares", on 1 June 2006 and 9 June 2006, the Bank issued 29,403,878,000 H shares at a price of HK\$2.95 per share through a global offering to Hong Kong and overseas investors ("Global Offering"). The payment from foreign investors was verified by PricewaterhouseCoopers Zhong Tian CPAs Limited Company in its "Verification Report on Initial Public Offering of Overseas Listed Foreign Shares(H share) to Bank of China Limited" (PwC ZT YZ [2006] No. 82) issued on 29 June 2006.

In accordance with to Yinjianhui[2006] No.135 "Approval on the Bank of China Limited to issue shares and be listed domestically", and to Zhengjianhui[2006] No.20 "Approval on the IPO of Bank of China Limited", 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. The payment from domestic investors was verified by PricewaterhouseCoopers Zhong Tian CPAs Limited Company in its "Verification Report on Initial Public Offering of A Share to Bank of China Limited" (PwC ZT YZ [2006] No. 83) issued on 29 June 2006.

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

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III NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18 Capital reserve

During the six month period ended 30 June 2006, the Bank issued ordinary shares at share premiums (refer to Note III 17(1)) as follows:

	As at 30 June 2006	
	Group	Bank
As at 1 January 2006	3,978	3,978
Premium (1)	72,567	72,219
Others (2)	-	(309)
	<u>76,545</u>	<u>75,888</u>

(1)

	As at 30 June 2006				Bank
	Issued share with NSSF	Group Issued H share	Issue d A share	Total	
Total amount of issue ordinary shares	10,000	89,967	20,000	119,967	119,967
Less: issue of ordinary shares	<u>(8,514)</u>	<u>(29,404)</u>	<u>(6,494)</u>	<u>(44,412)</u>	<u>(44,412)</u>
Share premium before issuance costs	1,486	60,563	13,506	75,555	75,555
Less: issuance costs (i)	<u>(5)</u>	<u>(2,435)</u>	<u>(548)</u>	<u>(2,988)</u>	<u>(3,336)</u>
Net share premium	<u>1,481</u>	<u>58,128</u>	<u>12,958</u>	<u>72,567</u>	<u>72,219</u>

	2005 Group & Bank
Total amount of issue ordinary shares	27,057
Less: issue of ordinary shares	<u>(23,037)</u>
Share premium before issuance costs	4,020
Less: issuance costs	<u>(56)</u>
Net share premium	<u>3,964</u>

(i) The issuance costs mainly include underwriting fees and services fees paid to professional advisors and financial institutions. BOCI Asia Limited, the subsidiary of the Group was appointed as one of the underwriters in the Bank's global offerings and was paid underwriting commission at a rate which was consistent with that of third parties. This underwriting commission was eliminated on consolidation.

BANK OF CHINA LIMITED

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III NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18 Capital reserve (continued)

- (2) 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 BOCHK (Holding) Limited, a 65.87% owned listed subsidiary of the Group for a consideration of HK\$900 million in cash. BOC HK (Holding) Limited had adopted merger accounting for this acquisition in its consolidated financial statements and had therefore accounted for the amount paid in excess over the carrying amount of the net assets acquired in the capital reserve. Such premium was eliminated on consolidation.

BANK OF CHINA LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006

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III NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19 Surplus reserves, General reserve and regulatory reserve, Undistributed profits and Reserve for fair value changes of available-for-sale securities

(1) Surplus 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 be ceased when the balance of such reserves has reached 50% of the share capital. Subject to the approval of the shareholders, Statutory surplus reserve can be used for replenishing the accumulated loss 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 capitalisation is not less than 25% of the share capital.

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

The Board of Director on 29 August 2006 approved the Bank to appropriate RMB 1,964 million, or 10% of its net profit of the six month period ended 30 June 2006.

(2) General reserve and regulatory reserve

Pursuant to Cai Jin [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, including the Bank, are required to maintain an adequate allowance for impairment losses against their risk assets as defined. In addition to the specific allowance for impairment losses, financial institutions are required to establish and maintain a general reserve within Shareholders' equity, through the appropriation of income to address unidentified potential impairment losses. According to Cai Jin [2005] No.49, the general reserve should not be less than 1% of the aggregate amount of risk assets as defined by this policy. The Bank intends to achieve the required reserve level within 3 years.

The Regulatory reserve mainly refers to the reserve amount set aside by Bank of China (Hong Kong) Limited, subsidiary of the Group, for general banking risks, including future losses or other unforeseeable risks.

The Board of Director on 29 August 2006 approved the Bank to appropriate RMB 4,291 million to the general reserve. As at 30 June 2006, the amount set aside in the general reserve accounted for 0.25 % of the Bank's risk assets.

(3) Undistributed profits

Pursuant to the 2005 profit distribution plan approved by the shareholder at a post-adjourment session of the Annual General Meeting of the Year 2006, the Bank distributed a cash dividend of RMB1,375 million to its shareholders.

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

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III NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19 Surplus reserves, General reserve and regulatory reserve, Undistributed profits and Reserve for fair value changes of available-for-sale securities (continued)

(4) Reserve for fair value changes of available-for-sale securities

Pursuant to Caikuaihan [2004] No. 61 "Response to Issues Concerning Accounting Treatment of Debt Securities" issued by the MOF, available-for-sale securities are re-measured at fair value at the balance sheet date. Unrealised gains and losses arising from changes in the fair value of available-for-sale securities are recognised in equity. When available-for-sale securities are disposed of or impaired, the related accumulated fair value adjustments are transferred to the income statement.

As at 30 June 2006, the unrealised losses on available-for-sale securities fair value changes are arising from the increase in interest rates of RMB and USD. Management has assessed the unrealized losses position of these securities and is of the view that the unrealised losses were caused by the increase in interest rates and were not due to deteriorations of credit rating of the issuers.

BANK OF CHINA LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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III NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**20 Net interest income**

	For the six month period ended	
	30 June 2006	30 June 2005
Interest income		
Loans and advances to customers	60,360	51,971
Debt securities	30,652	19,908
Due from and placements with banks and other financial institutions	6,315	3,518
Due from central banks	2,450	2,069
Sub-total	<u>99,777</u>	<u>77,466</u>
Interest expense		
Deposits from customers	(38,887)	(23,815)
Due to and placements from banks and other financial institutions, and due to central banks	(4,122)	(2,827)
Special purpose borrowings and bonds issued	(2,292)	(2,166)
Sub-total	<u>(45,301)</u>	<u>(28,808)</u>
Net interest income	<u>54,476</u>	<u>48,658</u>

21 Net fee and commission income

	For the six month period ended	
	30 June 2006	30 June 2005
Settlement and clearing fees	1,794	1,287
Agency commissions	2,201	1,235
Credit commitment fees and commissions	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	<u>8,166</u>	<u>5,915</u>
Fee and commission expense	<u>(1,325)</u>	<u>(1,397)</u>
Net fee and commission income	<u>6,841</u>	<u>4,518</u>

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III NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**22 Net trading (expense)/income**

	For the six month period ended	
	30 June 2006	30 June 2005
Net gains from foreign exchange and foreign exchange products (1)	1,302	3,322
Net losses from interest rate instruments(2)	<u>(1,495)</u>	<u>(329)</u>
Total	<u>(193)</u>	<u>2,993</u>

(1) Refer to Note VII Assets and Liabilities by currency.

(2) This included unrealised losses relating to the Group's trading debt securities of RMB 1.755 billion.

23 Investment income

	For the six month period ended	
	30 June 2006	30 June 2005
Equity investment		
Net gains from investment in associates	339	48
Others (1)	<u>1,248</u>	<u>77</u>
Sub-total	1,587	125
Debt investment	<u>94</u>	<u>24</u>
Total	<u>1,681</u>	<u>149</u>

(1) Other equity investment income included gains on disposal of trading portfolio equity investments held by subsidiaries of the Group in Hong Kong.

BANK OF CHINA LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(Amount in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**24 Other operating income, net**

	For the six month period ended	
	30 June 2006	30 June 2005
Other operating income		
Insurance premium	4,286	2,624
Others(1)	1,080	143
Sub-total	<u>5,366</u>	<u>2,767</u>
Other operating expense		
Insurance claim expense	(3,423)	(2,168)
Others	(146)	(238)
Sub-total	<u>(3,569)</u>	<u>(2,406)</u>
Other operating income, net	<u><u>1,797</u></u>	<u><u>361</u></u>

- (1) Other operating income included gains on disposal of loans to third party held by subsidiaries of the Group in Hong Kong amounting to RMB 660 million in March 2006.

25 Operating and administrative expenses

	For the six month period ended	
	30 June 2006	30 June 2005
Staff costs	13,278	11,654
General operating and administrative expenses	7,174	6,208
Depreciation	2,741	3,138
Total	<u><u>23,193</u></u>	<u><u>21,000</u></u>

Staff costs are analysed as follows:

	For the six month period ended	
	30 June 2006	30 June 2005
Salaries and welfare expenses	10,141	9,345
Defined contribution plans	1,495	659
Housing fund contributions	626	427
Other social insurance costs	415	362
Defined benefit plans	139	238
Others	462	623
Total	<u><u>13,278</u></u>	<u><u>11,654</u></u>

In the second half of 2005, the Group set up a defined contribution plan ("Annuity Plan"). Included in the defined contribution plans is RMB 478 million contributed by the Bank to the Annuity Plan during the six month period ended 30 June 2006.

Contributions to defined contribution plans for the period ended 30 June 2006 include the effect of deductions of forfeited contributions of approximately RMB 12 million (2005: RMB 14 million). The amounts of unutilized forfeited contributions available for further deduction are not material as at 30 June 2006 and 30 June 2005 respectively.

BANK OF CHINA LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(Amount in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**26 Business tax and surcharges**

	For the six month period ended	
	30 June 2006	30 June 2005
Business tax	2,687	2,406
City maintenance and construction tax	176	158
Education surcharges	96	83
Others	28	23
Total	<u>2,987</u>	<u>2,670</u>

27 Impairment losses

	For the six month period ended	
	30 June 2006	30 June 2005
Provision for loan losses	5,062	4,718
(Write-back of)/Provision for impairment of foreclosed assets	(131)	96
(Write-back of)/Provision for impairment of other receivables	(55)	206
Write-back of impairment of fixed assets and others	-	(444)
Total	<u>4,876</u>	<u>4,576</u>

BANK OF CHINA LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(Amount in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**28 Income tax**

	For the six month period ended	
	30 June 2006	30 June 2005
Current tax	12,136	10,998
Deferred tax (Note III.13)	226	(138)
Total	12,362	10,860

The income tax expense on the Group's profit before tax differs from the amount that would arise using the basic tax rate of the Group, detailed as follows:

	For the six month period ended	
	30 June 2006	30 June 2005
Profit before tax	34,013	29,578
Tax calculated at a tax rate of 33%	11,224	9,761
Effect of different tax rates in overseas operations	(1,927)	(1,479)
Supplementary tax on overseas income paid in the PRC	1,688	865
Prior years tax expenses adjustment (1)	(350)	(2)
Income not subject to tax	(1,223)	(614)
Expenses not deductible for tax purposes (2)	2,921	2,452
Others	29	(123)
Total	12,362	10,860

- (1) Prior years tax expenses adjustment included the related tax impact of RMB 284 million in relation to the deductible transfer loss of BOC with the amount of RMB 860 million approved by MOF and SAT in the first half of 2006. The loss arose from the disposal of certain equity investments in prior years.
- (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.

BANK OF CHINA LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(Amount in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

29 Earnings per share (Basic & Diluted)

Basic and diluted earnings per share have been computed by dividing the profit for the period by the weighted average number of ordinary shares issued.

The Bank has no dilutive potential ordinary shares.

	For the six month period ended	
	30 June 2006	30 June 2005
Profit attributable to shareholders of the Bank	19,024	16,434
Weighted average number of ordinary shares in issue (millions)	218,002	186,390
Basic and diluted earnings per share (Renminbi per share)	0.09	0.09

BANK OF CHINA LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

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III NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**30 Notes to the cash flow statement**

Cash and cash equivalents comprise the following balances, the original maturities of which are less than three months:

	As at 30 June 2006	As at 30 June 2005
Cash	29,811	29,486
Balances with central banks	113,039	130,427
Due from and placement with banks and other financial institutions	215,713	230,894
Short term bills and notes	30,910	24,149
Total	<u>389,473</u>	<u>414,956</u>

(1) Reconciliation of net profit to cash flows from operating activities

	For the six month period ended	
	30 June 2006	30 June 2005
Net profit	19,024	16,434
Plus/(minus):		
Minority interest	2,627	2,284
Asset impairment losses	4,876	4,576
Depreciation of fixed assets	2,741	3,138
Amortisation of intangible assets and long-term deferred expenses	341	222
Net gain on disposal of fixed assets and other assets	(168)	(671)
Equity investments income	(1,587)	(125)
Interest expenses arising from bonds issued	1,384	1,178
Increase in operating receivables	(495,834)	(288,793)
Increase in operating payables	348,605	283,372
Net cash inflows from operating activities	<u>(117,991)</u>	<u>21,615</u>

BANK OF CHINA LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE BANK'S FINANCIAL STATEMENTS**1 Debt securities**

	As at 30 June 2006	As at 31 December 2005
Debt Securities available-for-sale (at fair value)		
Government bonds	296,280	219,566
Public sector and quasi government bonds	242,068	102,200
Financial institution bonds	193,816	146,373
Corporate bonds	86,487	70,798
	<hr/>	<hr/>
Sub-total	818,651	538,937
	<hr/>	<hr/>
Debt Securities available-for-sale (at fair value)		
Government bonds	221,541	227,718
Public sector and quasi government bonds	91,308	103,074
Financial institution bonds	72,118	74,791
Corporate bonds	8,101	9,560
	<hr/>	<hr/>
Sub-total	393,068	415,143
	<hr/>	<hr/>
Debt securities classified as loans and receivables (at amortised 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	5,992
- Financial institution	37,070	32,156
- Corporate	1,825	-
Certificate Treasury Bonds and others	10,647	11,888
	<hr/>	<hr/>
	358,914	344,066
	<hr/>	<hr/>
Provision for impairment	(152)	(156)
	<hr/>	<hr/>
Sub-total	358,762	343,910
	<hr/>	<hr/>
Total	1,570,481	1,297,990
	<hr/>	<hr/>

BANK OF CHINA LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE BANK'S FINANCIAL STATEMENTS (Continued)**2 Loans and advances to customers**

	As at 30 June 2006	As at 31 December 2005
Unsecured loans	511,086	401,756
Guaranteed loans	647,205	617,332
Collateralised and other secured loans	883,910	849,017
	<hr/>	<hr/>
Total	<u>2,042,201</u>	<u>1,868,105</u>

3 Equity investments

	As at 30 June 2006	As at 31 December 2005
Investment in subsidiaries	68,732	66,294
Investment in associates	33	63
Others	847	796
	<hr/>	<hr/>
	69,612	67,153
Less: Impairment provision	<u>(173)</u>	<u>(202)</u>
	<hr/>	<hr/>
	<u>69,439</u>	<u>66,951</u>

BANK OF CHINA LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE BANK'S FINANCIAL STATEMENTS (Continued)**4 Deposits from customers**

	As at 30 June 2006	As at 31 December 2005
Short-term corporate deposits		
Corporate demand deposits	848,940	747,059
Corporate time deposits less than one year	<u>429,253</u>	<u>380,105</u>
Sub-total	1,278,193	1,127,164
Short-term saving deposits		
Demand deposits	539,321	492,876
Time deposits less than one year	<u>1,013,449</u>	<u>937,430</u>
Sub-total	1,552,770	1,430,306
Long-term corporate deposits	31,095	24,395
Long-term saving deposits	332,287	305,239
Securities and margin deposits	<u>162,628</u>	<u>122,083</u>
Total	<u><u>3,356,973</u></u>	<u><u>3,009,187</u></u>

The securities and margin deposits are analysed as follows:

Security deposits for bank acceptance	92,068	63,522
Security deposits for letters of credit and letters of guarantee issued	28,988	26,469
Margin deposits for foreign exchange transactions	5,767	3,718
Others	<u>35,805</u>	<u>28,374</u>
Total	<u><u>162,628</u></u>	<u><u>122,083</u></u>

BANK OF CHINA LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(Amount in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE BANK'S FINANCIAL STATEMENTS (Continued)**5 Net interest income**

	For the six month period ended	
	30 June 2006	30 June 2005
Interest income		
Loans and advances to customers	50,141	45,875
Debt securities	23,738	15,804
Due from and placements with banks and other financial institutions	3,457	2,327
Due from central banks	2,189	2,032
	<hr/>	<hr/>
Sub-total	79,525	66,038
	<hr/>	<hr/>
Interest expense		
Deposits from customers	(26,815)	(19,427)
Due to and placements from banks and other financial institutions, due to central banks	(4,090)	(2,811)
Special purpose borrowings and bonds issued	(2,292)	(2,163)
	<hr/>	<hr/>
Sub-total	(33,197)	(24,401)
	<hr/>	<hr/>
Net interest income	46,328	41,637
	<hr/>	<hr/>

6 Net fee and commission income

	For the six month period ended	
	30 June 2006	30 June 2005
Settlement and clearing fees	1,374	964
Agency commissions	877	385
Credit commitment fees and commissions	1,148	996
Bank card fees	962	636
Custodian and other fiduciary service fees	113	110
Others	748	611
	<hr/>	<hr/>
Fee and commission income	5,222	3,702
	<hr/>	<hr/>
Fee and commission expenses	(460)	(673)
	<hr/>	<hr/>
Net fee and commission income	4,762	3,029
	<hr/>	<hr/>

BANK OF CHINA LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE BANK'S FINANCIAL STATEMENTS (Continued)**7 Net trading (expense)/income**

	For the six month period ended	
	30 June 2006	30 June 2005
Net gains from foreign exchange and foreign exchange products	343	2,655
Net losses from interest rate instruments	(625)	(405)
Total	<u>(282)</u>	<u>2,250</u>

8 Investment income

	For the six month period ended	
	30 June 2006	30 June 2005
Equity investment		
Share of result of subsidiaries	7,521	4,747
Net gains from investments in associates	5	3
Others	21	85
Sub-total	<u>7,547</u>	<u>4,835</u>
Debt investment	<u>105</u>	<u>5</u>
Total	<u><u>7,652</u></u>	<u><u>4,840</u></u>

9 Operating and administrative expenses

	For the six month period ended	
	30 June 2006	30 June 2005
Staff costs	11,087	9,602
General operating and administrative expenses	6,308	5,394
Depreciation	<u>2,320</u>	<u>2,748</u>
Total	<u><u>19,715</u></u>	<u><u>17,744</u></u>

Staff costs are analysed as follows:

	For the six month period ended	
	30 June 2006	30 June 2005
Salaries and welfare expenses	8,159	7,546
Defined contribution plans	1,334	638
Housing fund contributions	611	427
Other Social insurance costs	411	339
Defined benefit plans	139	238
Others	<u>433</u>	<u>414</u>
Total	<u><u>11,087</u></u>	<u><u>9,602</u></u>

BANK OF CHINA LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE BANK'S FINANCIAL STATEMENTS (Continued)

10 Impairment losses

	For the six month period ended	
	30 June 2006	30 June 2005
Provision for loan losses	5,849	6,092
(Write-back of)/Provision for impairment of foreclosed assets	(129)	96
(Write-back of)/Provision for impairment of other receivables	(32)	211
Write-back of impairment of fixed assets and others	(8)	(283)
Total	<u>5,680</u>	<u>6,116</u>

BANK OF CHINA LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE BANK'S FINANCIAL STATEMENTS (Continued)**11 Notes to the cash flow statement**

Cash and cash equivalents comprises the following balances, the original maturities of which are less than three months:

	As at 30 June 2006	As at 30 June 2005
Cash	26,684	26,242
Balances with central banks	89,018	103,122
Due from and placement with banks and other financial institutions	160,662	150,374
Short term bills and notes	27,686	21,492
	<hr/>	<hr/>
Total	<u>304,050</u>	<u>301,230</u>

(1) Reconciliation of net profit to cash flows from operating activities

	For the six month period ended	
	30 June 2006	30 June 2005
Net profit	19,643	16,434
Plus/(minus):		
Asset impairment losses	5,680	6,116
Depreciation of fixed assets	2,320	2,748
Amortisation of intangible assets and long term deferred expenses	340	221
Net gain on disposal of fixed assets and other assets	115	(146)
Equity investments income	(7,547)	(4,835)
Interest expenses arising from bonds issued	1,384	1,178
Increase in operating receivables	(433,206)	(277,343)
Increase in operating payables	324,064	250,067
	<hr/>	<hr/>
Net cash outflows from operating activities	<u>(87,207)</u>	<u>(5,560)</u>

BANK OF CHINA LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006

(Amount in millions of Renminbi, unless otherwise stated)

V RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. The Group is controlled by the State Council of the People's Republic of China ("PRC") through Huijin.

(1) Transactions with Huijin

(i) Foreign Currency Option Agreement

On 5 January 2005, the Bank entered into a Foreign Currency Option Agreement with Huijin whereby the Bank has acquired the option to sell to Huijin 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 the exchange rate of USD1 to RMB 8.2769. The related option premium amounted to RMB 4,469 million, which is payable by the Bank to Huijin in 12 equal monthly instalments at the beginning of each calendar month during the year ending 31 December 2007.

(ii) Deposit

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

The Deposits from Huijin are under commercial terms and at market rates.

(2) Transactions with other companies controlled by Huijin

Huijin also has controlling equity interests in certain other financial institutions in the PRC. The Group enters into banking transactions with these entities in the normal course of its business under commercial terms and at market rates. These include trading assets, investment securities and money market transactions. The Group has no material balance with these entities as of 30 June, 2006.

BANK OF CHINA LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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V RELATED PARTY TRANSACTIONS (Continued)

(3) Transactions with shareholders holding 5% or more ordinary shares

As at 30 June 2006, in addition to Huijin, the shareholder holding 5% or more ordinary shares of the Bank is RBS China Investments S.à.r.l. The Bank had no significant transactions with this shareholder between 1 January 2006 and 30 June 2006 and had no material balances with this shareholder as of 30 June 2006.

(4) Transactions with associates

In the ordinary course of business, the Group enters into business transactions with its associates(Note III.7), including lending, deposit taking, debt securities purchasing and other normal banking businesses. The transactions with these associates are conducted on the same pricing principles as for the transactions with any independent third party. The loans and deposits balances with associates and outstanding debt securities issued by associates at the period end are stated below. The related interest income and expense are not considered significant.

(i)	Loans	2006	2005
	At 1 January	7,240	1,246
	Loans granted during the period/year	18	8,128
	Loan repayments during the period/year	(6,095)	(989)
	Loans written off and other changes during the period/year	-	(1,145)
	At 30 June/31 December	<u>1,163</u>	<u>7,240</u>
	Provisions for loan losses	<u>(190)</u>	<u>(119)</u>
(ii)	Deposits	2006	2005
	At 1 January	856	1,227
	Deposits received during the period/year	3,250	3,879
	Deposits repaid and other changes during the period/year	(1,959)	(4,250)
	At 30 June/31 December	<u>2,147</u>	<u>856</u>
(iii)	Debt securities issued by associates	2006	2005
	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
	At 30 June/31 December	<u>-</u>	<u>188</u>

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(Amount in millions of Renminbi, unless otherwise stated)

VI SEGMENT REPORTING

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.

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 organisational structure and its internal financial reporting process, the Group has determined that geographical segments should be presented as its primary segment.

Profit and loss accounts, assets and liabilities, capital expenditure, depreciation and amortization and credit commitments have generally been based on the country in which the branch or subsidiary is located.

BANK OF CHINA LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

VI SEGMENT REPORTING (Continued)

For the six month period ended 30 June 2006

	Hong Kong & Macau				Other overseas operations	Elimination	Total
	Chinese Mainland	BOC Hong Kong Group	Others	Sub-total			
Interest income	76,446	19,997	2,276	22,273	3,426	(2,368)	99,777
Interest expense	(31,368)	(12,235)	(1,489)	(13,724)	(2,581)	2,372	(45,301)
Net interest income	45,078	7,762	787	8,549	845	4	54,476
Net fee and commission income	4,225	1,724	989	2,713	388	(485)	6,841
Net trading (expense)/income	(107)	677	(536)	141	(227)	-	(193)
Investment (losses)/ gains	124	7	1,634	1,641	(6)	(78)	1,681
Other operating income, net	129	423	1,271	1,694	(3)	(23)	1,797
	49,449	10,593	4,145	14,738	997	(582)	64,602
Operating and administrative expenses	(18,920)	(2,973)	(645)	(3,618)	(687)	32	(23,193)
Business tax and surcharges	(2,945)	(19)	(10)	(29)	(13)	-	(2,987)
Operating profit	27,584	7,601	3,490	11,091	297	(550)	38,422
Non-operating income, net	172	201	57	258	37	-	467
Profit before impairment losses	27,756	7,802	3,547	11,349	334	(550)	38,889
Impairment (losses)/ write-back	(5,932)	717	218	935	121	-	(4,876)
Profit before tax	21,824	8,519	3,765	12,284	455	(550)	34,013
Income tax	(10,751)	(1,430)	(242)	(1,672)	(142)	203	(12,362)
Profit after tax	11,073	7,089	3,523	10,612	313	(347)	21,651
Minority interest	(4)	(2,519)	(104)	(2,623)	-	-	(2,627)
Net profit	11,069	4,570	3,419	7,989	313	(347)	19,024

BANK OF CHINA LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

VI SEGMENT REPORTING (Continued)

As at 30 June 2006	Chinese Mainland	Hong Kong & Macau			Other overseas operations	Elimination	Total
		BOC Hong Kong Group	Others	Sub-total			
Segment assets	4,268,205	875,352	118,363	993,715	199,169	(234,156)	5,226,933
Segment liabilities	(3,917,105)	(797,504)	(99,538)	(897,042)	(191,882)	165,549	(4,840,480)
Credit commitments	827,712	173,457	18,334	191,791	57,397	(52,704)	1,024,196
For the six month period ended 30 June 2006							
Other segment items:							
Capital expenditure	1,800	296	15	311	79	-	2,190
Depreciation and amortisation	2,618	317	92	409	55	-	3,082

BANK OF CHINA LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

VI SEGMENT REPORTING (Continued)

For the six month period ended 30 June 2005

	Chinese Mainland	Hong Kong & Macau			Other overseas operations	Elimination	Total
		BOC Hong Kong Group	Others	Sub-total			
Interest income	63,883	10,976	1,431	12,407	2,429	(1,253)	77,466
Interest expense	(23,449)	(4,477)	(550)	(5,027)	(1,585)	1,253	(28,808)
Net interest income	40,434	6,499	881	7,380	844	-	48,658
Net fee and commission income	2,529	1,497	99	1,596	393	-	4,518
Net trading income/(expense)	2,241	520	247	767	(15)	-	2,993
Investment (losses)/ gains	20	33	27	60	69	-	149
Other operating income, net	70	-	289	289	2	-	361
	45,294	8,549	1,543	10,092	1,293	-	56,679
Operating and administrative expenses	(17,046)	(2,778)	(580)	(3,358)	(596)	-	(21,000)
Business tax and surcharges	(2,636)	(15)	(9)	(24)	(10)	-	(2,670)
Operating profit	25,612	5,756	954	6,710	687	-	33,009
Non-operating income, net	723	251	116	367	55	-	1,145
Profit before impairment losses	26,335	6,007	1,070	7,077	742	-	34,154
Impairment (losses)/ write-back	(6,591)	1,383	422	1,805	210	-	(4,576)
Profit before tax	19,744	7,390	1,492	8,882	952	-	29,578
Income tax	(9,472)	(1,223)	(5)	(1,228)	(160)	-	(10,860)
Profit after tax	10,272	6,167	1,487	7,654	792	-	18,718
Minority interest	9	(2,174)	(119)	(2,293)	-	-	(2,284)
Net profit	10,281	3,993	1,368	5,361	792	-	16,434

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VI SEGMENT REPORTING (Continued)

As at 31 December 2005	Chinese Mainland	Hong Kong & Macau			Other overseas operations	Elimination	Total
		BOC Hong Kong Group	Others	Sub-total			
Segment assets	3,803,989	845,959	120,266	966,225	186,982	(214,390)	4,742,806
Segment liabilities	(3,584,086)	(768,215)	(102,831)	(871,046)	(178,853)	153,799	(4,480,186)
Credit commitments	699,066	168,203	14,131	182,334	52,434	(38,072)	895,762
For the six month period ended 30 June 2005							
Other segment items:							
Capital expenditure	1,485	176	34	210	71	-	1,766
Depreciation and amortisation	2,947	305	53	358	55	-	3,360

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VI SEGMENT REPORTING (Continued)

Business segments are presented as the Group's secondary segment. The Group provides services through four main business segments: commercial banking, investment banking, insurance and other operations. Segment revenue, results, assets, liabilities 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.

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.

Personal banking - providing services to retail customers including current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages.

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. The results of this segment include the inter-segment funding income and expenses and foreign currency translation gains and losses 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, asset management services, brokerage services and loan syndications.

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 constitutes a separately reportable segment or can be allocated on a reasonable basis.

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VI SEGMENT REPORTING (Continued)

For the six month period ended 30 June 2006 and as at 30 June 2006

	Corporate banking	Personal banking	Treasury operations	Investment banking	Insurance	Others	Elimination	Total
Interest income	45,329	42,491	38,551	289	269	191	(27,343)	99,777
Interest expense	(18,727)	(25,610)	(27,175)	(270)	(19)	(847)	27,347	(45,301)
Net interest income	26,602	16,881	11,376	19	250	(656)	4	54,476
Net fee and commission income	3,141	3,165	357	938	(277)	9	(492)	6,841
Net trading income/(expense)	1,814	977	(1,910)	(640)	(428)	(7)	1	(193)
Investment (losses)/income	-	-	85	1,026	217	431	(78)	1,681
Other operating income, net	74	5	(3)	-	686	1,103	(68)	1,797
	31,631	21,028	9,905	1,343	448	880	(633)	64,602
Operating and administrative expenses	(8,588)	(11,677)	(2,876)	(224)	(103)	(406)	681	(23,193)
Business tax and surcharges	(1,478)	(459)	(1,023)	(2)	(3)	(22)	-	(2,987)
Operating profit	21,565	8,892	6,006	1,117	342	452	48	38,422
Non-operating income, net	56	127	45	(2)	40	799	(598)	467
Profit before impairment losses	21,621	9,019	6,051	1,115	382	1,251	(550)	38,889
Impairment (losses)/ write-back	(4,202)	(720)	1	(5)	6	44	-	(4,876)
Profit before tax	17,419	8,299	6,052	1,110	388	1,295	(550)	34,013
Income tax								(12,362)
Profit after tax								21,651
Minority interests								(2,627)
Net profit								19,024
Segment assets	1,813,042	637,280	2,692,140	18,079	17,153	84,279	(35,040)	5,226,933
Capital expenditure	416	782	31	6	2	953	-	2,190

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VI SEGMENT REPORTING (Continued)

1 Segment information (continued)

For the six month period ended 30 June 2005 and as at 31 December 2005

	Corporate banking	Personal banking	Treasury Operations	Investment banking	Insurance	Others	Elimination	Total
Interest income	39,592	31,510	24,679	243	183	128	(18,869)	77,466
Interest expense	(13,848)	(15,489)	(17,623)	(180)	-	(537)	18,869	(28,808)
Net interest income	25,744	16,021	7,056	63	183	(409)	-	48,658
Net fee and commission income	2,522	1,802	215	171	(254)	62	-	4,518
Net trading income/(expense)	1,584	755	507	203	(48)	(8)	-	2,993
Investment (losses)/income	-	1	24	(39)	17	146	-	149
Other operating income, net	29	-	-	-	331	43	(42)	361
Operating and administrative expenses	29,879	18,579	7,802	398	229	(166)	(42)	56,679
Business tax and surcharges	(7,876)	(10,148)	(2,680)	(195)	(88)	(301)	288	(21,000)
Operating profit	(1,455)	(436)	(760)	(2)	(1)	(16)	-	(2,670)
Non-operating income, net	20,548	7,995	4,362	201	140	(483)	246	33,009
Profit before impairment losses	107	215	71	1	(4)	1,001	(246)	1,145
Impairment (losses)/ write-back	20,655	8,210	4,433	202	136	518	-	34,154
Profit before tax	(5,471)	819	19	1	(2)	58	-	(4,576)
Income tax	15,184	9,029	4,452	203	134	576	-	29,578
Profit after tax								(10,860)
Minority interests								18,718
Net profit								(2,284)
Segment assets								16,434
Capital expenditure	1,658,718	603,891	2,399,377	15,159	12,398	77,644	(24,381)	4,742,806
	342	665	32	4	25	698	-	1,766

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VI SEGMENT REPORTING (Continued)

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 external 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:

For the six month period ended 30 June 2005

	Corporate banking	Personal banking	Treasury Operations	Investment banking	Insurance	Others	Elimination	Total
Net Interest expense as reported previously	25,253	17,818	5,750	63	183	(409)	-	48,658
Effect of change-increase/(decrease)	491	(1,797)	1,306	-	-	-	-	-
Net Interest expense as revised	25,744	16,021	7,056	63	183	(409)	-	48,658
Operating profits as reported previously	20,057	9,792	3,056	201	140	(483)	246	33,009
Effect of change-increase/(decrease)	491	(1,797)	1,306	-	-	-	-	-
Operating profits as revised	20,548	7,995	4,362	201	140	(483)	246	33,009
Profit before impairment losses as reported previously	20,164	10,007	3,127	202	136	518	-	34,154
Effect of change-increase/(decrease)	491	(1,797)	1,306	-	-	-	-	-
Profit before impairment losses as revised	20,655	8,210	4,433	202	136	518	-	34,154
Profit before income tax as reported previously	14,693	10,826	3,146	203	134	576	-	29,578
Effect of change-increase/(decrease)	491	(1,797)	1,306	-	-	-	-	-
Profit before income tax as revised	15,184	9,029	4,452	203	134	576	-	29,578

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VII ASSETS AND LIABILITIES BY CURRENCY

The Group's net foreign currency positions as at 30 June 2006 and 31 December 2005 are analysed 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	601	75	485	60
Less:				
net off-balance sheet foreign currency position of the Group	(232)	(29)	(171)	(21)
net foreign currency position of the Group	369	46	314	39
Less:				
foreign currency denominated net investments in foreign operations*	(103)	(13)	(105)	(13)
Net position	266	33	209	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 recognised under the "Currency Translation Difference" 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 currency mismatches. However, the Group's ability to manage its foreign currency position 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 shareholders, 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.

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.

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VII ASSETS AND LIABILITIES BY CURRENCY (CONTINUED)

The following table illustrates the potential impact to the income statement for a 1 per cent fluctuation in the foreign currency exchange rate 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)
	Rmb million	Rmb million
1% appreciation/depreciation in foreign currency exchange rates against RMB	+/- 2,660	+/- 2,090

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 taken into account 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.

Set forth below are assets, liabilities and off-balance sheet items by currency. Short-term financial assets include cash, precious metals, due from central banks and government certificates of indebtedness for bank notes issued. Debt securities also include trading and other debt securities at fair value through profit or loss. Other assets primarily include interest receivable, fixed assets and deferred tax assets. Short-term financial liabilities include due to central banks and bank notes in circulation. Other liabilities primarily include interest payable. Option products are included in net off-balance sheet position using notional amounts, including the Foreign Currency Option Agreement with Huijin whereby the Bank has acquired the option to sell to Huijin USD 18 billion. The intent of the transaction was to create an effective economic hedge against a portion of the USD position arising from the USD capital contribution made by Huijin.

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VII ASSETS AND LIABILITIES BY CURRENCY (Continued)

As at 30 June 2006	RMB	USD	HKD	EURO	JPY	GBP	Other	Total
Assets								
Short-term financial assets	315,390	17,258	43,422	1,943	25,201	445	43,546	447,205
Derivative financial instruments assets	-	14,656	5,632	443	318	233	258	21,540
Due from and placements with banks and other financial institutions	102,399	76,394	75,885	15,983	3,291	5,310	20,852	300,114
Debt securities	914,491	767,457	177,587	51,526	20,552	6,649	50,009	1,988,271
Loans and advances to customers	1,643,896	362,362	315,887	38,557	25,062	4,419	15,353	2,405,536
Less: Provision for loan losses	(72,036)	(11,457)	(3,456)	(531)	(367)	(40)	(241)	(88,128)
Other assets	89,134	20,056	33,558	1,377	1,829	722	5,719	152,395
Total assets	2,993,274	1,246,726	648,515	109,298	75,886	17,738	135,496	5,226,933
Liabilities								
Short-term financial liabilities	7	25,367	39,182	-	-	-	2,090	66,646
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 and placements from banks and other financial institutions	177,634	120,657	8,354	5,346	9,708	546	36,104	358,349
Deposits from customers	2,876,575	444,430	529,336	41,220	40,386	25,453	95,624	4,053,024
Special purpose borrowings and bonds issued	60,000	26,378	-	16,045	4,440	940	1,996	109,799
Other liabilities	93,410	21,889	31,429	1,462	1,082	729	1,489	151,490
Total liabilities	3,207,626	716,011	630,477	65,104	55,759	27,931	137,572	4,840,480
Net on-balance sheet position	(214,352)	530,715	18,038	44,194	20,127	(10,193)	(2,076)	386,453
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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VII ASSETS AND LIABILITIES BY CURRENCY (Continued)

As at 31 December 2005	RMB	USD	HKD	EURO	JPY	GBP	Other	Total
Assets								
Short-term financial assets	290,571	17,463	50,536	2,244	17,105	421	33,145	411,485
Derivative financial instruments assets	-	11,493	4,552	149	548	57	9	16,808
Due from and placements with banks and other financial institutions	72,731	133,179	96,420	13,322	616	5,691	22,578	344,537
Debt securities	834,407	562,128	147,966	50,044	23,072	7,048	44,926	1,669,591
Loans and advances to customers	1,477,859	358,289	319,212	34,942	25,418	4,228	15,098	2,235,046
Less: Provision for loan losses	(66,477)	(11,779)	(3,485)	(510)	(552)	(36)	(314)	(83,153)
Other assets	90,733	15,988	34,632	1,172	1,755	727	3,485	148,492
Total assets	2,699,824	1,086,761	649,833	101,363	67,962	18,136	118,927	4,742,806
Liabilities								
Short-term financial liabilities	1,084	24,162	38,595	29	-	32	1,884	65,786
Derivative financial instruments and liabilities at fair value through profit or loss	-	70,625	19,551	418	384	117	79	91,174
Due to and placements from banks and other financial institutions	209,624	76,205	13,707	4,400	11,538	514	29,245	345,233
Deposits from customers	2,531,878	440,252	529,827	46,854	37,565	26,634	90,767	3,703,777
Special purpose borrowings and bonds issued	60,000	28,549	-	16,251	4,665	1,092	1,786	112,343
Other liabilities	119,401	17,220	20,679	1,525	1,138	527	1,383	161,873
Total liabilities	2,921,987	657,013	622,359	69,477	55,290	28,916	125,144	4,480,186
Net on-balance sheet position	(222,163)	429,748	27,474	31,886	12,672	(10,780)	(6,217)	262,620
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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VIII ASSETS AND LIABILITIES BY MATURITY

Maturity grouping analysis of assets and liabilities items is as follows. Short-term financial assets include cash, precious metals, due from central banks and government certificates of indebtedness for bank notes issued. Debt securities also include trading and other debt securities at fair value through profit or loss. Other assets primarily include interest receivable, fixed assets and deferred tax assets. Short-term financial liabilities include due to central banks and bank notes in circulation. Other liabilities primarily include interest payable.

As at 30 June 2006	Overdue	On demand	Up to 1 month	1-3 months	3-12 months	1- 5years	Over 5 years	Total
Assets								
Short-term financial assets	-	219,593	226,583	1,029	-	-	-	447,205
Derivative financial instruments assets	-	5,635	1,761	736	3,420	5,830	4,158	21,540
Due from and placements with banks and other financial institutions	-	7,014	201,710	65,568	25,668	154	-	300,114
Debt securities	-	-	60,840	172,718	364,243	826,955	563,515	1,988,271
Loans and advances to customers	82,183	31,539	126,619	275,430	836,140	557,221	496,404	2,405,536
Less: Provision for loan losses	(42,189)	(143)	(3,565)	(5,508)	(15,214)	(13,191)	(8,318)	(88,128)
Other assets	306	8,485	12,282	5,635	16,665	25,223	83,799	152,395
Total assets	40,300	272,123	626,230	515,608	1,230,922	1,402,192	1,139,558	5,226,933
Liabilities								
Short-term financial liabilities	-	44,056	6	5,036	17,548	-	-	66,646
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 and placements from banks and other financial institutions	-	172,365	97,796	36,213	32,679	19,296	-	358,349
Deposits from customers	-	1,722,814	595,693	396,276	1,020,310	316,578	1,353	4,053,024
Special purpose borrowings and bonds issued	-	-	874	736	5,368	20,088	82,733	109,799
Other liabilities	438	52,312	27,872	4,254	51,209	13,740	1,665	151,490
Total liabilities	438	1,993,562	733,604	453,954	1,165,294	395,500	98,128	4,840,480
Net liquidity gap	39,862	(1,721,439)	(107,374)	61,654	65,628	1,006,692	1,041,430	386,453

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VIII ASSETS AND LIABILITIES BY MATURITY (Continued)

As at 31 December 2005	Overdue	On demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Assets								
Short-term financial assets	-	208,416	202,030	1,018	21	-	-	411,485
Derivative financial instruments assets	-	3,890	2,042	754	1,583	5,347	3,192	16,808
Due from and placements with banks and other financial institutions	-	12,438	220,629	92,649	18,707	114	-	344,537
Debt securities	-	-	69,577	107,968	315,812	813,060	363,174	1,669,591
Loans and advances to customers	77,846	28,662	109,430	224,756	814,571	518,316	461,465	2,235,046
Less: Provision for loan losses	(37,696)	(299)	(1,881)	(4,326)	(19,121)	(12,058)	(7,772)	(83,153)
Other assets	303	4,622	12,727	6,936	10,367	27,240	86,297	148,492
Total assets	40,453	257,729	614,554	429,755	1,141,940	1,352,019	906,356	4,742,806
Liabilities								
Short-term financial liabilities	-	65,237	529	20	-	-	-	65,786
Derivative financial instruments and liabilities at fair value through profit or loss	-	1,805	9,124	9,300	22,995	38,091	9,859	91,174
Due to and placements from banks and other financial institutions	-	137,560	79,351	47,365	48,126	32,831	-	345,233
Deposits from customers	-	1,615,637	521,517	441,467	843,029	279,819	2,308	3,703,777
Special purpose borrowings and bonds issued	-	-	1,046	816	5,361	20,840	84,280	112,343
Other liabilities	-	74,437	14,974	5,610	51,950	12,849	2,053	161,873
Total liabilities	-	1,894,676	626,541	504,578	971,461	384,430	98,500	4,480,186
Net liquidity gap	40,453	(1,636,947)	(11,987)	(74,823)	170,479	967,589	807,856	262,620

BANK OF CHINA LIMITED

APPENDIX I: NET PROFIT AFTER DEDUCTING NON-ROUTINE ITEMS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006

(Amount in millions of Renminbi, unless otherwise stated)

IX CONTINGENT LIABILITIES, COMMITMENTS AND OTHER OFF-BALANCE SHEET ITEMS

1 Legal proceedings

As at 30 June 2006, the Group was the defendant in certain lawsuits arising from its normal business operations. Management of the Group believes that the outcome of these lawsuits will not have a material impact on the financial position of the Group after consulting legal counsel.

2 Assets pledged

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

	30 June 2006	31 December 2005
Precious metals	52	2,617
Bills (Note III. 6)	5,569	11,968
Debt securities (Note III. 5)	76,822	49,658
Total	<u>82,443</u>	<u>64,243</u>

3 Capital commitments

The Group has the following outstanding capital commitments not provided for in the accounts:

	30 June 2006	31 December 2005
Authorised and contracted for but not recorded	2,152	1,893
Authorised but not contracted for	2,257	2,687
Total	<u>4,409</u>	<u>4,580</u>

The above capital commitments are related to commitments to purchase building and equipment. The Group's management is confident that future revenues and funding available will be sufficient to meet these capital commitments. However the Group's management have no obligation to incur the costs in respect of the balance of the authorised but not contracted for amounts.

BANK OF CHINA LIMITED**APPENDIX I: NET PROFIT AFTER DEDUCTING NON-ROUTINE ITEMS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

**IX CONTINGENT LIABILITIES, COMMITMENTS AND OTHER OFF-BALANCE SHEET ITEMS
(Continued)****4 Operating leases**

Under the Group's irrevocable operating lease contracts, the minimum rental payments that should be paid in the future are summarised as:

	30 June 2006	31 December 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	<u>2,566</u>	<u>2,546</u>
Total	<u>5,977</u>	<u>5,809</u>

5 Certificate Treasury bond redemption commitments

The Bank is entrusted by the MOF to issue 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. As at 30 June 2006, the Bank's redemption commitments, representing the principal value of the bonds underwritten and sold by the Bank, amounted to RMB 84,056 million (2005: RMB 80,965 million). 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.

6 Major off-balance sheet exposures

	30 June 2006	31 December 2005
Acceptances	230,434	195,234
Letters of guarantee issued	255,779	212,987
Letters of credit issued	115,686	101,195
Irrevocable credit commitments and others	<u>422,297</u>	<u>386,346</u>
Total	<u>1,024,196</u>	<u>895,762</u>

BANK OF CHINA LIMITED

**APPENDIX I: NET PROFIT AFTER DEDUCTING NON-ROUTINE ITEMS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

X 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 USD14.2 billion (Note VII).

BANK OF CHINA LIMITED

APPENDIX I: NET PROFIT AFTER DEDUCTING NON-ROUTINE ITEMS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006

(Amount in millions of Renminbi, unless otherwise stated)

In accordance with the requirements "Question & Answer No.1 Concerning disclosure convention for companies offering shares to the public—Non-routine profit/loss(revised 2004)", the Group's net profit before and after deducting non-routine items is as follows:

	For the six month period ended 30 June 2006 unaudited
Net profit	19,024
Add / (Less): non-routine items	
– Net Gain on disposal of long-term equity investments	(141)
– Non-operating income (1)	(1,111)
– Non-operating expense (2)	644
– Write-back of the impairments recognised in previous years (3)	(451)
Income tax impact of non-routine items	<u>349</u>
Net profit after deducting the non-routine items	<u>18,314</u>

- (1) Non-operating income refer to income which are not directly attributable to business operating activities, including net gains from disposal of fixed assets, gains from fixed assets stocktake, penalty charge income, gains from closing of dormant accounts and etc.
- (2) Non-operating expense refers to expenses which are not directly attributable to business operating activities, including net losses on disposal of fixed assets, penalty charge expenses, donation, non-routine losses and etc.
- (3) Write-back of prior year provision for asset impairment mainly consists of write-back of provision for other receivables and advances.

BANK OF CHINA LIMITED**APPENDIX II: RECONCILIATION BETWEEN PRC GAAP AND IFRS FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

The Group's Consolidated Balance Sheet, Consolidated Income Statement prepared under the International Financial Reporting Standards("IFRS") and the reconciliation between PRC GAAP and IFRS financial information are set out below:

1 CONSOLIDATED INCOME STATEMENTS

	For the six month period ended 30 June	
	2006 unaudited	2005 unaudited
Interest income	100,124	77,616
Interest expense	(45,301)	(28,808)
Net interest income	54,823	48,808
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
Net trading income	557	2,795
Net (losses)/gains on investment securities	64	20
Other operating income	7,218	5,229
Impairment losses on loans and advances	(5,479)	(4,966)
Other operating expenses	(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	(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	0.09	0.08

BANK OF CHINA LIMITED**APPENDIX II: RECONCILIATION BETWEEN PRC GAAP AND IFRS FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

2 CONSOLIDATED BALANCE SHEET

	30 June 2006 unaudited	31 December 2005 audited
ASSETS		
Cash and due from banks	36,785	41,082
Balances with central banks	340,651	316,941
Placements with banks and other financial institutions	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	114,167	111,782
Derivative financial instruments	21,540	16,808
Loans and advances to customers, net	2,317,625	2,152,112
Investment securities		
- 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	23,431	20,504
Other assets	44,030	38,640
Total assets	5,231,635	4,740,048

BANK OF CHINA LIMITED

**APPENDIX II: RECONCILIATION BETWEEN PRC GAAP AND IFRS FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

2 CONSOLIDATED BALANCE SHEET (continued)

	30 June 2006 unaudited	31 December 2005 audited
LIABILITIES		
Due to banks	171,422	134,217
Due to central banks	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	101,172	91,174
Due to customers	4,048,438	3,699,464
Bonds issued	60,177	60,179
Special purpose borrowings	49,622	52,164
Current tax liabilities	20,637	23,459
Retirement benefit obligations	6,933	7,052
Deferred income tax liabilities	2,053	2,136
Other liabilities	128,573	136,272
	<hr/>	<hr/>
Total liabilities	4,846,553	4,484,529
EQUITY		
Capital and reserves attributable to equity holders of the Bank		
Share capital	253,839	209,427
Capital reserve	66,613	(5,954)
Statutory reserves	8,095	5,987
General and regulatory reserves	9,398	5,109
Undistributed profits	21,893	10,188
Reserve for fair value changes of available-for-sale securities	(3,603)	1,899
Currency translation differences	(488)	(237)
	<hr/>	<hr/>
	355,747	226,419
Minority interest	<hr/>	<hr/>
	29,335	29,100
Total equity	<hr/>	<hr/>
	385,082	255,519
Total equity and liabilities	<hr/> <hr/>	<hr/> <hr/>
	5,231,635	4,740,048

BANK OF CHINA LIMITED

APPENDIX II: RECONCILIATION BETWEEN PRC GAAP AND IFRS FINANCIAL INFORMATION FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006

(Amount in millions of Renminbi, unless otherwise stated)

3 Reconciliation between PRC GAAP and IFRS financial information

	Net assets		Net profit	
	as at		for the six month	
	30	31	2006	2005
	June	December	2006	2005
	2006	2005	2006	2005
PRC GAAP figures	357,641	233,842	19,024	16,434
Adjustments for accounting standard differences:				
-Reversal of 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 stated 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.

**APPENDIX II: RECONCILIATION BETWEEN PRC GAAP AND IFRS FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

3 Reconciliation between PRC GAAP and IFRS (Continued)

(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 stated 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.

中国银行股份有限公司

2006年1月1日至6月30日止期间
简要会计报表及审阅报告(未经审计)

中国银行股份有限公司

2006年1月1日至6月30日止期间简要会计报表及审阅报告

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审阅报告

普华永道中天特审字(2006)第 302 号

中国银行股份有限公司全体股东：

我们审阅了后附的中国银行股份有限公司(以下简称“贵行”)及其子公司(以下简称“贵集团”)2006年6月30日的资产负债表和合并资产负债表、2006年1月1日至2006年6月30日止期间的利润表和合并利润表及现金流量表和合并现金流量表及其注释(“简要会计报表”)。这些简要会计报表的编制是贵行管理当局的责任，我们的责任是在实施审阅工作的基础上出具审阅报告。

我们按照《独立审计实务公告第 10 号—会计报表审阅》计划和实施审阅工作。我们对上述简要会计报表的审阅主要运用查询和分析性程序,因而所提供之保证程度低于审计。由于我们并没有实施审计工作,因此不对上述简要会计报表发表审计意见。

根据我们的审阅,我们未发现上述简要会计报表在所有重大方面存在违反国家颁布的企业会计准则和《金融企业会计制度》及其他相关规定的情况。

普华永道中天
会计师事务所有限公司

注册会计师

中国·上海市
2006年8月29日

注册会计师

中国银行股份有限公司

2006年6月30日资产负债表 (除特别注明外，金额单位为人民币百万元)

资产	注释	中国银行集团		中国银行	
		2006年 6月30日 未经审计	2005年 12月31日 经审计	2006年 6月30日 未经审计	2005年 12月31日 经审计
现金		29,811	28,644	26,684	25,144
贵金属		40,649	30,314	39,003	28,577
存放中央银行	三、1	340,651	316,941	314,986	284,373
存出发钞基金		36,094	35,586	1,650	1,641
交易性及其他公允价值变动 计入损益的债券	三、2	110,602	107,271	81,224	82,082
衍生金融产品资产	三、3	21,540	16,808	15,136	11,329
存放及拆放同业	三、4	300,114	344,537	223,651	256,786
债券投资	三、5; 四、1	1,877,669	1,562,320	1,570,481	1,297,990
贷款	三、6; 四、2	2,405,536	2,235,046	2,042,201	1,868,105
减：贷款损失准备		(88,128)	(83,153)	(84,753)	(79,581)
应收利息		23,187	20,408	18,726	16,107
股权投资	三、7; 四、3	14,775	15,393	69,439	66,951
固定资产		71,208	72,978	52,169	53,392
在建工程		3,940	3,342	3,933	3,331
递延税款借项	三、13	17,410	17,561	17,298	17,428
其他资产		21,875	18,810	11,076	10,384
资产总计		<u>5,226,933</u>	<u>4,742,806</u>	<u>4,402,904</u>	<u>3,944,039</u>

中国银行股份有限公司

2006年6月30日资产负债表(续) (除特别注明外, 金额单位为人民币百万元)

负债	注释	中国银行集团		中国银行	
		2006年 6月30日 未经审计	2005年 12月31日 经审计	2006年 6月30日 未经审计	2005年 12月31日 经审计
对中央银行负债	三、8	30,495	30,055	30,470	30,030
发行货币债务		36,151	35,731	1,708	1,786
衍生金融产品及公允价值变 动计入损益的负债	三、9	101,172	91,174	80,777	76,323
同业存入及拆入		358,349	345,233	350,337	343,574
客户存款	三、10; 四、4	4,053,024	3,703,777	3,356,973	3,009,187
应付利息		31,485	27,024	29,559	25,291
借入专项资金	三、11	49,622	52,164	49,622	52,164
发行债券	三、12	60,177	60,179	60,177	60,179
递延税款贷项	三、13	254	184	22	22
其他负债	三、14	119,751	134,665	85,618	111,641
负债合计		<u>4,840,480</u>	<u>4,480,186</u>	<u>4,045,263</u>	<u>3,710,197</u>
少数股东权益	三、16	<u>28,812</u>	<u>28,778</u>	-	-
股东权益					
股本	三、17	253,839	209,427	253,839	209,427
资本公积	三、18	76,545	3,978	75,888	3,978
盈余公积	三、19	8,095	5,987	8,095	5,987
一般准备及法定储备金	三、19	9,398	5,109	9,398	5,109
未分配利润	三、19	23,837	12,585	24,494	12,585
可供出售债券公允价值变动 储备	三、19	(11,954)	(1,380)	(11,954)	(1,380)
外币报表折算差额		<u>(2,119)</u>	<u>(1,864)</u>	<u>(2,119)</u>	<u>(1,864)</u>
股东权益合计		<u>357,641</u>	<u>233,842</u>	<u>357,641</u>	<u>233,842</u>
负债和股东权益总计		<u>5,226,933</u>	<u>4,742,806</u>	<u>4,402,904</u>	<u>3,944,039</u>

后附会计报表注释为本会计报表的组成部分。

法定代表人、董事长:

主管财会工作副行长:

副董事长、行长:

财会部总经理:

中国银行股份有限公司

2006年1月1日至6月30日止期间利润表
(除特别注明外，金额单位为人民币百万元)

	注释	中国银行集团		中国银行	
		2006年	2005年	2006年	2005年
		1-6月	1-6月	1-6月	1-6月
		未经审计	未经审计	未经审计	未经审计
利息收入	三、20；四、5	99,777	77,466	79,525	66,038
利息支出	三、20；四、5	(45,301)	(28,808)	(33,197)	(24,401)
净利息收入		54,476	48,658	46,328	41,637
手续费及佣金收支净额	三、21；四、6	6,841	4,518	4,762	3,029
净交易(损失)/收入	三、22；四、7	(193)	2,993	(282)	2,250
投资收益	三、23；四、8	1,681	149	7,652	4,840
其他业务收支净额	三、24	1,797	361	245	12
		64,602	56,679	58,705	51,768
业务及管理费	三、25；四、9	(23,193)	(21,000)	(19,715)	(17,744)
营业税金及附加	三、26	(2,987)	(2,670)	(2,952)	(2,650)
营业利润		38,422	33,009	36,038	31,374
营业外收支净额		467	1,145	222	777
扣除资产减值损失前利润总额		38,889	34,154	36,260	32,151
资产减值损失	三、27；四、10	(4,876)	(4,576)	(5,680)	(6,116)
利润总额		34,013	29,578	30,580	26,035
所得税	三、28	(12,362)	(10,860)	(10,937)	(9,601)
税后利润		21,651	18,718	19,643	16,434
少数股东应享本期利润		(2,627)	(2,284)	-	-
净利润		19,024	16,434	19,643	16,434
可供分配给本行股东的每股净收益 (以元/股表示)	三、29				
— 每股基本净收益		0.09	0.09		
— 稀释后每股净收益		0.09	0.09		

后附会计报表注释为本会计报表的组成部分。

法定代表人、董事长：

主管财会工作副行长：

副董事长、行长：

财会部总经理：

中国银行股份有限公司

2006年1月1日至6月30日止期间股东权益变动表
(除特别注明外，金额单位为人民币百万元)

		未经审计							
		中国银行集团							
注释	股本	资本公积	盈余公积	一般准备及 法定储备金	未分配利润	可供出售债券公 允价值变动储备	外币报表 折算差额	合计	
2006年1月1日余额	209,427	3,978	5,987	5,109	12,585	(1,380)	(1,864)	233,842	
本期净利润	-	-	-	-	19,024	-	-	19,024	
发行普通股	三、17; 三、18	44,412	72,567	-	-	-	-	116,979	
提取盈余公积	三、19	-	-	2,108	(2,108)	-	-	-	
提取一般准备及法定储备金	三、19	-	-	4,291	(4,291)	-	-	-	
可供出售债券储备净变动	三、19	-	-	-	-	(10,574)	-	(10,574)	
分配股利	三、19	-	-	-	(1,375)	-	-	(1,375)	
外币报表折算差额	-	-	-	-	-	-	(255)	(255)	
其他	-	-	-	(2)	2	-	-	-	
2006年6月30日余额	253,839	76,545	8,095	9,398	23,837	(11,954)	(2,119)	357,641	

后附会计报表注释为本会计报表的组成部分。

法定代表人、董事长：

主管财会工作副行长：

副董事长、行长：

财会部总经理：

中国银行股份有限公司

2006年1月1日至6月30日止期间股东权益变动表
(除特别注明外，金额单位为人民币百万元)

		未经审计							
		中国银行							
注释	股本	资本公积	盈余公积	一般准备及 法定储备金	未分配利润	可供出售债券公 允价值变动储备	外币报表 折算差额	合计	
2006年1月1日余额	209,427	3,978	5,987	5,109	12,585	(1,380)	(1,864)	233,842	
本期净利润	-	-	-	-	19,643	-	-	19,643	
发行普通股	三、17; 三、18	44,412	72,219	-	-	-	-	116,631	
提取盈余公积	三、19	-	-	2,108	(2,108)	-	-	-	
提取一般准备及法定储备金	三、19	-	-	4,291	(4,291)	-	-	-	
可供出售债券储备净变动	三、19	-	-	-	-	(10,574)	-	(10,574)	
分配股利	三、19	-	-	-	(1,375)	-	-	(1,375)	
外币报表折算差额		-	-	-	-	-	(255)	(255)	
其他	三、18	-	(309)	-	(2)	40	-	(271)	
2006年6月30日余额	253,839	75,888	8,095	9,398	24,494	(11,954)	(2,119)	357,641	

后附会计报表注释为本会计报表的组成部分。

法定代表人、董事长：

主管财会工作副行长：

副董事长、行长：

财会部总经理：

中国银行股份有限公司

2005年1月1日至12月31日止期间股东权益变动表
(除特别注明外，金额单位为人民币百万元)

		未经审计							
		中国银行集团及中国银行							
注释	股本	资本公积	盈余公积	一般准备及子公司法定储备金	未分配利润	可供出售债券公允价值变动储备	外币折算差额	合计	
2005年1月1日余额	186,390	-	3,140	419	17,373	(2,315)	344	205,351	
本期净利润	-	-	-	-	16,434	-	-	16,434	
本期提取	-	-	75	2,480	(2,555)	-	-	-	
可供出售债券储备净变动	-	-	-	-	-	3,349	-	3,349	
外币报表折算差额	-	-	-	-	-	-	(354)	(354)	
2005年6月30日余额	186,390	-	3,215	2,899	31,252	1,034	(10)	224,780	
本期净利润	-	-	-	-	11,058	-	-	11,058	
发行普通股	23,037	3,964	-	-	-	-	-	27,001	
本期提取	-	-	2,772	2,210	(4,982)	-	-	-	
可供出售债券储备净变动	-	-	-	-	-	(2,414)	-	(2,414)	
分配股利	-	-	-	-	(26,937)	-	-	(26,937)	
联营企业权益法核算累积影响	-	-	-	-	2,194	-	-	2,194	
外币报表折算差额	-	-	-	-	-	-	(1,854)	(1,854)	
其他	-	14	-	-	-	-	-	14	
2005年12月31日余额	209,427	3,978	5,987	5,109	12,585	(1,380)	(1,864)	233,842	

后附会计报表注释为本会计报表的组成部分。

法定代表人、董事长：

主管财会工作副行长：

副董事长、行长：

财会部总经理：

中国银行股份有限公司

2006年1月1日至6月30日止期间现金流量表
(除特别注明外, 金额单位为人民币百万元)

	注释	中国银行集团		中国银行	
		2006年 1-6月 未经审计	2005年 1-6月 未经审计	2006年 1-6月 未经审计	2005年 1-6月 未经审计
经营活动产生的现金流量					
收取的利息		96,998	75,995	76,906	64,952
收取的手续费		7,505	5,919	5,218	3,701
收回已核销贷款		986	1,823	250	607
客户存款净增加额		349,247	246,881	347,786	248,163
存放及拆放同业净减少额		15,392	58,072	39,448	17,039
同业存入及拆入净增加额		13,116	45,141	6,763	20,378
其他与经营活动有关的项目变动净额		(2,811)	392	(18,114)	(10,686)
现金流入小计		480,433	434,223	458,257	344,154
支付的存款及同业往来利息		(39,461)	(24,782)	(27,550)	(20,572)
支付的手续费		(1,325)	(1,397)	(460)	(673)
支付给员工及为员工支付的现金		(13,670)	(11,289)	(11,139)	(9,290)
支付的业务管理费及其他		(7,322)	(6,450)	(6,399)	(5,397)
支付的所得税款		(15,279)	(13,331)	(14,681)	(12,859)
支付的营业税及其他税款		(3,421)	(2,763)	(3,387)	(2,738)
贷款净增加额		(171,476)	(140,154)	(175,023)	(111,643)
债券投资净增加额		(315,213)	(174,485)	(269,766)	(148,567)
存放中央银行净增加额		(18,820)	(24,116)	(24,531)	(24,119)
贵金属净(增加)/减少额		(10,335)	4,832	(10,426)	4,816
对中央银行负债净增加/(减少)额		440	(9,777)	440	(9,776)
借入专项资金净减少额		(2,542)	(8,896)	(2,542)	(8,896)
现金流出小计		(598,424)	(412,608)	(545,464)	(349,714)
经营活动产生的现金流量净额	三、30; 四、11	(117,991)	21,615	(87,207)	(5,560)

中国银行股份有限公司

2006年1月1日至6月30日止期间现金流量表(续)

(除特别注明外，金额单位为人民币百万元)

	注释	中国银行集团		中国银行	
		2006年 1-6月 未经审计	2005年 1-6月 未经审计	2006年 1-6月 未经审计	2005年 1-6月 未经审计
投资活动产生的现金流量					
处置固定资产和其他资产所收到的现金		625	1,651	73	690
处置股权投资所收到的现金		609	660	69	267
分得股利或利润所收到的现金		20	36	3,894	3,340
现金流入小计		<u>1,254</u>	<u>2,347</u>	<u>4,036</u>	<u>4,297</u>
购建固定资产和其他资产所支付的现金		(2,190)	(1,766)	(1,730)	(1,556)
增加股权投资所支付的现金		(270)	(1,506)	(447)	(49)
现金流出小计		<u>(2,460)</u>	<u>(3,272)</u>	<u>(2,177)</u>	<u>(1,605)</u>
投资活动产生的现金流量净额		<u>(1,206)</u>	<u>(925)</u>	<u>1,859</u>	<u>2,692</u>
筹资活动产生的现金流量					
吸收权益性投资所收到的现金		117,423	-	116,766	-
发行次级债券所收到的现金		-	33,930	-	33,930
吸收少数股东权益性投资所收到的现金		86	5	-	-
现金流入小计		<u>117,509</u>	<u>33,935</u>	<u>116,766</u>	<u>33,930</u>
偿还发行债券利息所支付的现金		(1,379)	(15)	(1,379)	(15)
分配股利所支付的现金		(3,266)	(1,637)	(1,375)	-
支付其他与筹资活动有关的现金		(238)	-	(238)	-
现金流出小计		<u>(4,883)</u>	<u>(1,652)</u>	<u>(2,992)</u>	<u>(15)</u>
筹资活动产生的现金流量净额		<u>112,626</u>	<u>32,283</u>	<u>113,774</u>	<u>33,915</u>
汇率变动对现金流量的影响额		<u>(1,068)</u>	<u>(4,159)</u>	<u>1</u>	<u>(4,032)</u>
现金及现金等价物净(减少)/增加额		<u>(7,639)</u>	<u>48,814</u>	<u>28,427</u>	<u>27,015</u>
现金及现金等价物一期初余额		<u>397,112</u>	<u>366,142</u>	<u>275,623</u>	<u>274,215</u>
现金及现金等价物一期末余额	三、30; 四、11	<u>389,473</u>	<u>414,956</u>	<u>304,050</u>	<u>301,230</u>

后附会计报表注释为本会计报表的组成部分。

法定代表人、董事长：

主管财会工作副行长：

副董事长、行长：

财会部总经理：

中国银行股份有限公司

简要会计报表注释

2006年1月1日至6月30日止期间

(除特别注明外，金额单位为人民币百万元)

一 会计报表编制及合并基础

1 会计报表编制基础

本会计报表按照中华人民共和国财政部（以下简称“财政部”）颁布的企业会计准则、《金融企业会计制度》及其相关规定编制，本中期报告应与本集团 2005 年度会计报表一并阅读。

本中期会计报表根据财政部颁布的《企业会计准则-中期财务报告》和证监会颁布的《公开发行证券的公司信息披露内容与格式准则第 3 号-半年度报告的内容与格式》（2003 年修订）编制。

本中期报告所采用的会计政策与编制 2005 年度报告所采用的会计政策相一致。

2006 年 2 月，财政部发布了 39 项与国际财务报告准则趋同的企业会计准则，并要求自 2007 年 1 月 1 日起首先在上市公司施行。本集团正在研究和详细评估该等准则体系对本集团现行会计政策的具体影响，并计划自 2007 年 1 月 1 日起在本集团施行该等会计准则。本集团管理层预期实施新发布的企业会计准则，将在以下主要方面对本集团未来年度的财务状况和经营成果产生影响：

- (1) 在现行中国会计准则下，股权投资按照其购买成本确认，并计提减值准备。根据新颁布的企业会计准则，除对子公司、联营企业及交易性股权投资以外的其他股权投资将被分类至可供出售证券。本集团管理层计划按新颁布的企业会计准则要求，将上述其他股权投资分类为可供出售证券。其中，对存在活跃市场报价的股权投资按公允价值计量，其公允价值变动确认在权益表中。
- (2) 在现行中国会计准则下，投资物业按历史成本扣除累计折旧及减值准备计量。根据新颁布的中国会计准则，投资物业可根据管理层的决定采用公允价值或历史成本扣除累计折旧及减值准备的方法计量，此方法一经选定不可随意更改。本集团管理层计划采用公允价值方法对投资物业进行计量。
- (3) 在现行会计法规下，为内退离职员工支付的在内退期间的退休福利采用现金收付制核算。根据新颁布的企业会计准则，当银行对内退离职人员存在未来支付福利的安排时，银行应在其内退时确认相应负债。该负债在资产负债表日反映银行未来支付福利的精算现值，且其变动在利润表中确认。
- (4) 在现行中国会计准则下，在母公司的会计报表中，对子公司的股权投资采用权益法进行核算。根据新颁布的企业会计准则，该等股权投资在母公司的会计报表中将采用成本法进行核算。

中国银行股份有限公司

简要会计报表注释

2006年1月1日至6月30日止期间

(除特别注明外，金额单位为人民币百万元)

一 会计报表编制及合并基础(续)

2 会计报表合并基础

合并会计报表的范围包括本行及纳入合并范围的子公司。本行重大控股子公司名单，见注释二、控股子公司。

本行从取得子公司的实际控制权之日起开始将其予以合并；从丧失实际控制权之日起停止合并。本集团内部所有重大往来余额、交易及未实现损益已在合并会计报表编制时予以抵销。合并子公司的其他投资者对子公司净资产享有的权益，作为少数股东权益在合并会计报表中单独列示。

如有需要，在编制合并会计报表时，本行对子公司的会计政策进行调整以确保其与本行所采用的会计政策相一致。

3 分部报告

业务分部是指由一组资产和经营活动组成的与其他业务分部中的资产和经营活动面临不同的风险及收益的特定组成部分。地区分部是指本集团在特定的区域经济环境下提供产品或服务，并且承担着不同于在其他区域经济环境下经营的风险和报酬的特定组合。

中国银行股份有限公司

简要会计报表注释

2006年1月1日至6月30日止期间

(除特别注明外，金额单位为人民币百万元)

二 控股子公司

本行主要控股子公司于 2006 年 6 月 30 日的基本情况如下。下列主要子公司均已纳入合并范围。所有的投资皆为本行持有的普通股。

公司名称	注册/成立地点	出资/控股比例 (%)	注册资本/实收资本	主要业务
<u>直接控股</u>				
中银香港(集团)有限公司	中国香港	100.00	港币 34,806 百万	控股公司业务
中银国际控股有限公司	中国香港	100.00	港币 3,539 百万	投资银行业务
中银集团保险有限公司	中国香港	100.00	港币 1,269 百万	保险业务
中银集团投资有限公司	中国香港	100.00	港币 200 百万	实业投资及其他
澳门大丰银行有限公司	中国澳门	50.31	澳门元 1,000 百万	全面银行业务
<u>间接控股</u>				
中银香港(控股)有限公司 (1)	中国香港	65.87	港币 52,864 百万	控股公司业务
中国银行(香港)有限公司	中国香港	65.87	港币 43,043 百万	全面银行业务
南洋商业银行有限公司	中国香港	65.87	港币 600 百万	全面银行业务
集友银行有限公司 (2)	中国香港	46.43	港币 300 百万	全面银行业务
中银信用卡(国际)有限公司	中国香港	65.87	港币 480 百万	信用卡业务
中银集团信托人有限公司 (3)	中国香港	76.31	港币 200 百万	信托业务

(1) 在香港联合交易所上市。

(2) 由中国银行(香港)有限公司持有 70.49% 股权。

(3) 分别由中国银行(香港)有限公司持有 54%，南洋商业银行有限公司持有 6%，集友银行有限公司持有 6% 和中银国际控股有限公司持有 34% 股权。

中国银行股份有限公司

简要会计报表注释

2006年1月1日至6月30日止期间

(除特别注明外，金额单位为人民币百万元)

三 合并会计报表主要项目注释

1 存放中央银行

	2006年6月30日	2005年12月31日
存放中国人民银行备付金	88,305	89,124
存放其他中央银行	<u>25,763</u>	<u>25,787</u>
小计	<u>114,068</u>	<u>114,911</u>
缴存中国人民银行人民币存款准备金	203,119	182,825
缴存中国人民银行外币存款准备金	13,549	13,595
缴存中国人民银行财政性存款	7,876	3,355
缴存其他中央银行存款准备金	<u>2,039</u>	<u>2,255</u>
小计	<u>226,583</u>	<u>202,030</u>
合计	<u>340,651</u>	<u>316,941</u>

境内机构按规定向中国人民银行缴存人民币存款准备金、外币存款准备金和财政性存款。于2006年6月30日，境内机构人民币存款准备金缴存比率为7.5% (2005年：7.5%)，境内机构外币存款准备金缴存比率为3% (2005年：3%)。本行对代理国库存款和代理发行国债款项等财政性存款全额缴存中国人民银行。中国人民银行对境内机构缴存的外币存款准备金和财政性存款不计付利息。

中国银行股份有限公司

简要会计报表注释

2006年1月1日至6月30日止期间

(除特别注明外，金额单位为人民币百万元)

三 合并会计报表主要项目注释 (续)

2 交易性及其他公允价值变动计入损益的债券

	2006年6月30日	2005年12月31日
交易性债券		
政府债券	27,761	19,116
公共实体及准政府债券	3,088	2,095
金融机构债券	23,600	30,599
公司债券	3,794	4,179
小计	<u>58,243</u>	<u>55,989</u>
其他公允价值变动计入损益的债券(在初始确认时指定)		
政府债券	9,267	10,704
公共实体及准政府债券	11,218	12,974
金融机构债券	26,667	19,979
公司债券	5,207	7,625
小计	<u>52,359</u>	<u>51,282</u>
合计	<u><u>110,602</u></u>	<u><u>107,271</u></u>

其他公允价值变动计入损益的债券主要包括本集团通过衍生金融产品设定经济套期保值机制的债券投资。该等债券投资本应在债券投资中的“可供出售债券”或“持有至到期日债券”项目中列示，但由于本集团衍生金融产品公允价值的变动计入利润表，为了使设定经济套期保值债券投资的公允价值变动与相应的衍生金融产品公允价值的变动可以在利润表中相互抵销，因此本集团将该类债券投资在初始确认时即指定其公允价值变动计入利润表。

3 衍生金融产品

本集团主要以交易及套期保值为目的叙做下列与汇率和利率相关的衍生金融产品。

本集团持有的衍生金融产品的合同/名义金额及其公允价值列示如下。资产负债表日各种衍生金融工具的合同/名义金额仅提供了一个与表内所确认的公允价值资产或负债的对比基础，并不代表所涉及的未来现金流量或当前公允价值，因而也不能反映本集团所面临的信用风险或市场风险。随着与衍生金融产品合约条款相关的外汇汇率、市场利率及股票或期货价格的波动，衍生金融产品的估值可能产生对银行有利(资产)或不利(负债)的影响，这些影响可能在不同期间有较大的波动。对没有活跃交易市场的金融工具，本集团通过各种估值方法确定其公允价值。使用的估值方法包括贴现现金流模型分析等。在实际操作允许的限度内，各种估值模型仅使用可观察到的数据，如利率和汇率。但管理层需对其他参数，诸如自身和交易对手的信用风险、市场波动率和相关性等方面进行估计。这些可观察到的数据以及相关假设的变化均会对金融工具的公允价值产生影响。

中国银行股份有限公司

简要会计报表注释

2006年1月1日至6月30日止期间

(除特别注明外，金额单位为人民币百万元)

三 合并会计报表主要项目注释 (续)

3 衍生金融产品 (续)

2006年6月30日	合同/名义金额	公允价值	
		资产	负债
外汇衍生金融产品			
远期外汇合同 (1)	800,207	8,412	(5,040)
场外期权 (2)	268,738	4,348	(708)
小计		12,760	(5,748)
利率衍生金融产品			
利率互换合同	402,830	6,194	(7,333)
交叉货币利率互换合同	38,209	1,943	(3,980)
场外期权	149,528	146	(1,058)
利率期货	17,552	21	(3)
小计		8,304	(12,374)
权益衍生金融产品	11,223	166	(227)
贵金属衍生金融产品	10,686	310	(412)
衍生金融产品资产/(负债)合计 (注释三、9)		21,540	(18,761)

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三 合并会计报表主要项目注释 (续)

3 衍生金融产品 (续)

2005年12月31日	合同/名义金额	公允价值	
		资产	负债
外汇衍生金融产品			
远期外汇合同 (1)	563,397	6,991	(4,813)
场外期权 (2)	196,012	3,781	(374)
小计		10,772	(5,187)
利率衍生金融产品			
利率互换合同	361,332	3,132	(5,246)
交叉货币利率互换合同	39,427	1,735	(4,131)
场外期权	110,578	148	(215)
利率期货	14,939	28	(34)
小计		5,043	(9,626)
权益衍生金融产品	15,442	14	(7)
贵金属衍生金融产品	21,008	979	(932)
衍生金融产品资产/(负债)合计 (注释三、9)		16,808	(15,752)

- (1) 自 2005 年起，中国人民银行选择部分国内大型商业银行(包括本行)进行外汇掉期交易。在这些交易中，中国人民银行即期卖出美元买入人民币，并在一年后按约定的汇率买入美元卖出人民币，该约定汇率反映了各笔交易初始日美元和人民币利率的差异。
- (2) 包括与中央汇金投资有限责任公司签署的合同金额为 180.00 亿美元的外币期权合同，见注释五、1(1)。该交易的目的是为中央汇金投资有限责任公司注资形成的美元汇率风险头寸提供有效的经济套期保值。

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三 合并会计报表主要项目注释 (续)

4 存放及拆放同业

	2006年6月30日	2005年12月31日
存放同业		
存放境内同业	2,860	4,305
存放境外同业	4,114	8,133
小计	6,974	12,438
拆放同业		
拆放境内银行	53,862	52,439
拆放境内非银行金融机构	50,605	26,302
拆放境外同业	189,217	253,904
拆放同业原值	293,684	332,645
拆放同业减值准备	(544)	(546)
小计	293,140	332,099
合计	300,114	344,537

截至2006年6月30日止，拆放同业余额中非应计拆放同业为5.44亿元 (2005年：5.46亿元)。

拆放同业中所含的买入返售款项分类列示如下：

	2006年6月30日	2005年12月31日
买入返售贴现票据	14,007	7,592
买入返售债券		
政府债券	47,109	41,857
金融机构债券	26,476	20,191
合计	87,592	69,640

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三 合并会计报表主要项目注释 (续)

5 债券投资

	2006年6月30日	2005年12月31日
可供出售债券(以公允价值列示)		
政府债券	309,350	229,064
公共实体及准政府债券	247,158	106,840
金融机构债券	228,024	170,038
公司债券	134,643	87,068
	<hr/>	<hr/>
小计	919,175	593,010
	<hr/>	<hr/>
持有至到期日债券(以摊余成本列示)		
政府债券	224,065	231,156
公共实体及准政府债券	119,604	135,002
金融机构债券	192,294	203,724
公司债券	33,163	37,577
	<hr/>	<hr/>
小计	569,126	607,459
	<hr/>	<hr/>
分类为贷款及应收款的债券(以摊余成本列示)		
中国东方资产管理公司债券	160,000	160,000
中国人民银行专项票据 (1)	91,612	91,530
财政部特种国债	42,500	42,500
短期票据		
—公共实体及准政府债券	15,260	6,096
—金融机构债券	67,676	49,993
—公司债券	1,825	-
凭证式国债及其他	10,647	11,888
	<hr/>	<hr/>
	389,520	362,007
	<hr/>	<hr/>
分类为贷款及应收款的债券减值准备	(152)	(156)
	<hr/>	<hr/>
小计	389,368	361,851
	<hr/>	<hr/>
合计 (2)	<u>1,877,669</u>	<u>1,562,320</u>

中国银行股份有限公司

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三 合并会计报表主要项目注释 (续)

5 债券投资 (续)

- (1) 2006年6月22日，中国人民银行向本行定向发行专项中央银行票据0.82亿元，用于置换部分国务院特批债转股企业贷款。该票据期限5年，年利率1.89%，未经中国人民银行批准，不能流通、转让、质押和过户，不能用作债务的抵偿物。
- (2) 截至2006年6月30日止，债券投资中包括在卖出回购合约下质押给第三方的债券768.22亿元(2005年：496.58亿元)，见注释九、2。

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三 合并会计报表主要项目注释 (续)

6 贷款

(1) 贷款性质分类

本集团依据贷款的主要担保方式进行分类的贷款结构列示如下：

	2006年6月30日	2005年12月31日
信用贷款	578,987	475,764
保证贷款	723,502	684,824
抵押、质押贷款	<u>1,103,047</u>	<u>1,074,458</u>
合计	<u>2,405,536</u>	<u>2,235,046</u>

(2) 贷款行业分布

	2006年6月30日	2005年12月31日
企事业贷款		
制造业	591,908	531,191
商业、服务业	323,348	301,863
房地产	201,585	190,297
能源、采矿及农业	252,416	230,854
运输业	200,503	193,428
公共事业	104,827	91,924
金融业	112,153	96,245
建筑业	38,304	36,050
其他	<u>39,037</u>	<u>40,191</u>
小计	<u>1,864,081</u>	<u>1,712,043</u>
消费信贷		
住房贷款	428,119	413,007
汽车贷款	24,391	28,005
信用卡贷款及其他	<u>88,945</u>	<u>81,991</u>
小计	<u>541,455</u>	<u>523,003</u>
合计	<u>2,405,536</u>	<u>2,235,046</u>

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三 合并会计报表主要项目注释 (续)

6 贷款 (续)

(3) 应计和非应计贷款

	2006年6月30日	2005年12月31日
应计贷款	2,322,496	2,158,232
非应计贷款	<u>83,040</u>	<u>76,814</u>
合计	<u><u>2,405,536</u></u>	<u><u>2,235,046</u></u>

(4) 截至2006年6月30日止，贷款余额中包括在卖出回购合约下抵押给第三方的票据55.69亿元(2005年：119.68亿元)，见注释九、2。

7 股权投资

	2006年6月30日	2005年12月31日
投资联营企业 (1)	5,673	5,100
其他股权投资 (2)	<u>6,675</u>	<u>7,043</u>
账面原值	12,348	12,143
i 减：股权投资减值准备	<u>(1,138)</u>	<u>(1,243)</u>
账面净值	11,210	10,900
交易性股权投资(以公允价值计量) (3)	<u>3,565</u>	<u>4,493</u>
合计	<u><u>14,775</u></u>	<u><u>15,393</u></u>

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三 合并会计报表主要项目注释 (续)

7 股权投资 (续)

(1) 截至 2006 年 6 月 30 日止，本集团的主要联营企业列示如下：

公司名称	注册/成立地点	出资/控股比例(%)	实收资本	主要业务
华能国际电力开发公司	中国	20	美元 450 百万	建设并经营电厂及有关工程
中银国际证券有限责任公司	中国	49	人民币 1,500 百万	证券买卖及承销、证券投资咨询及受托投资管理业务
中华保险顾问有限公司	中国香港	33	港币 6 百万	保险经纪
银联通宝有限公司	中国香港	19.96	港币 10 百万	自动柜员机服务及银行私人讯息转换网络
东风标致雪铁龙汽车金融有限公司	中国	50	人民币 500 百万	向车辆经销商和客户提供融资、贷款等服务

(2) 其他股权投资

其他股权投资主要指本行在香港的子公司为投资目的持有的股权项目。2005 年 12 月，本行与中国东方资产管理公司签署协议，完成了向其划转历史形成的待清理股权投资项目。

(3) 交易性股权投资主要是指本行在香港的子公司所持有的上市公司股票投资。

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三 合并会计报表主要项目注释 (续)

8 对中央银行负债

	2006年6月30日	2005年12月31日
国家外汇存款	30,080	28,873
借入中央银行款项	33	520
对中央银行其他负债	382	662
	<hr/>	<hr/>
合计	30,495	30,055
	<hr/>	<hr/>

9 衍生金融产品及公允价值变动计入损益的负债

	2006年6月30日	2005年12月31日
衍生金融产品负债(注释三、3)	18,761	15,752
公允价值变动计入损益的负债		
结构性存款	75,092	70,069
外币债券卖空	4,057	3,740
外汇基金票据卖空	3,262	1,613
	<hr/>	<hr/>
小计	82,411	75,422
	<hr/>	<hr/>
合计	101,172	91,174
	<hr/>	<hr/>

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三 合并会计报表主要项目注释 (续)

10 客户存款

	2006年6月30日	2005年12月31日
短期对公存款		
活期对公存款	940,638	836,763
一年期及以下定期对公存款	527,225	486,681
小计	<u>1,467,863</u>	<u>1,323,444</u>
短期储蓄存款		
活期储蓄存款	734,894	667,957
一年期及以下定期储蓄存款	1,309,567	1,243,964
小计	<u>2,044,461</u>	<u>1,911,921</u>
长期对公存款	32,157	26,317
长期储蓄存款	339,763	313,703
存入保证金	<u>168,780</u>	<u>128,392</u>
合计	<u><u>4,053,024</u></u>	<u><u>3,703,777</u></u>

其中，存入保证金具体列示如下：

承兑汇票保证金	92,106	63,556
开出信用证及保函保证金	29,206	26,785
外汇买卖交易保证金	10,524	8,638
其他	36,944	29,413
合计	<u><u>168,780</u></u>	<u><u>128,392</u></u>

11 借入专项资金

	2006年6月30日	2005年12月31日
借入买方信贷	15,826	17,147
借入外国政府贷款	18,076	18,414
借入混合贷款及其他	15,720	16,603
合计	<u><u>49,622</u></u>	<u><u>52,164</u></u>

借入专项资金是指本行以买方信贷、外国政府贷款、混合贷款等方式，向国外同业或外国政府借入的长期款项。借入专项资金通常有特定商业用途，对国外同业或外国政府的借款偿付责任由本行承担。

截至 2006 年 6 月 30 日止，借入专项资金的剩余期限区间为 1 个月以内到 37 年，浮动利率及固定利率的范围为 0.2%至 9.2%，与从该类机构获取相似开发贷款的利率一致。

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三 合并会计报表主要项目注释 (续)

12 发行债券

	发行日	到期日	利率	2006年6月30日	2005年12月31日
<u>发行债券 (1)</u>					
1994年中国银行美元债券	1994年3月10日	2014年3月15日	8.25%	177	179
<u>发行次级债券 (2)</u>					
2004年中国银行人民币债券					
第一期	2004年7月7日	2014年7月20日	4.87%	14,070	14,070
第二期	2004年10月22日	2014年11月16日	4.94%	12,000	12,000
2005年中国银行人民币债券					
第一期	2005年2月18日	2015年3月4日	4.83%	15,930	15,930
第二期固定利率部分	2005年2月18日	2020年3月4日	5.18%	9,000	9,000
第二期浮动利率部分	2005年2月18日	2015年3月4日	浮动利率	<u>9,000</u>	<u>9,000</u>
小计				<u>60,000</u>	<u>60,000</u>
合计				<u>60,177</u>	<u>60,179</u>

(1) 本行和债券持有者均不可以在债券到期日以前要求赎回或偿付该等债券。

(2) 该等人民币次级债券的索偿权排在本行的其他负债之后，先于本行的股权资本。在计算资本充足率时，该等次级债券可计入附属资本。

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三 合并会计报表主要项目注释 (续)

13 递延税项

本集团对递延税项采用债务法核算，对各项时间性差异的税务影响按本集团各经营机构所在地税率计算。递延所得税的变动情况如下：

	2006年1-6月	2005年
期/年初余额		
	17,377	18,647
计入当期/年利润表的递延所得税 (注释三、28)	(226)	(1,252)
外币折算差额	5	(18)
	<u>17,156</u>	<u>17,377</u>
期/年末余额		

当本集团依法有权抵销所得税资产和负债，且相应所得税的征管属同一税务管辖区时，递延税款借项和贷项以抵销后净额在资产负债表列示。本集团经过互抵后的递延税款借项和递延税款贷项列示如下：

	2006年6月30日	2005年12月31日
递延税款借项	17,410	17,561
递延税款贷项	(254)	(184)
	<u>17,156</u>	<u>17,377</u>

递延税款借项和递延税款贷项的组成项目列示如下：

	2006年6月30日	2005年12月31日
递延税款借项		
资产减值准备	18,012	17,744
交易性及公允价值变动计入损益类债券 和衍生金融产品的估值亏损	3,902	3,046
其他时间性差异	602	696
	<u>22,516</u>	<u>21,486</u>
小计		
递延税款贷项		
交易性及公允价值变动计入损益类债券 和衍生金融产品的估值收益	(4,319)	(3,643)
固定资产折旧	(445)	(424)
其他时间性差异 (1)	(596)	(42)
	<u>(5,360)</u>	<u>(4,109)</u>
小计		
净额	<u>17,156</u>	<u>17,377</u>

中国银行股份有限公司

简要会计报表注释

2006年1月1日至6月30日止期间

(除特别注明外, 金额单位为人民币百万元)

三 合并会计报表主要项目注释 (续)

13 递延税项 (续)

- (1) 主要包括中国银行对应享有的部分境外子公司2006年上半年的所得, 在境内补缴所得税时确认的递延税款贷项5.45亿元。

计入当期/年利润表的递延所得税由以下时间性差异组成:

	2006年6月30日	2005年12月31日
资产减值准备	265	1,467
交易性及公允价值变动计入损益类 债券和衍生金融产品的估值	190	(2,338)
其他时间性差异	(681)	(381)
合计 (注释三、28)	(226)	(1,252)

14 其他负债

本集团子公司开展保险业务。包含在其他负债中的与保险合同相关的债务余额列示如下:

	2006年6月30日	2005年12月31日
长期保险合同	11,093	8,383
一般保险合同	2,111	2,079
保险总负债, 净值	13,204	10,462

15 股票增值权计划及认股权计划

(1) 股票增值权计划

为了激励和奖励本行管理层及其他关键员工, 本行设立了一项股票增值权计划, 并于2005年11月22日获得本行董事会及股东批准。

本行股票增值权计划的合格参与者包括董事、监事、管理层和其他董事会指定的员工。合格参与者将会获得股票增值权, 于授出之日第三周年起每年最多可行使其中的25%。股票增值权将于授出之日起七年内有效。合格参与者将有机会获得本行H股于授出之日前十天的平均收市价和于行使日期前十二个月的平均收市价(将根据本行权益变动作适当调整)的差额(如有)。该计划以股份为基础, 仅提供现金结算, 因此, 本行不会根据股票增值权计划发行任何股份。

截至2006年6月30日和2005年12月31日止, 本行没有根据股票增值权计划发行任何股票增值权。

中国银行股份有限公司

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(除特别注明外, 金额单位为人民币百万元)

三 合并会计报表主要项目注释 (续)

15 股票增值权计划及认股权计划(续)

(2) 认股权计划和股份储蓄计划

2002年7月10日, 本集团子公司中银香港(控股)有限公司的股东批准并采纳了认股权计划及股份储蓄计划。

截至2006年6月30日及2005年12月31日止, 中银香港(控股)有限公司没有根据上述认股权计划及股份储蓄计划授予任何认股权。

(3) 上市前认股权计划

根据上市前认股权计划, 中银香港(控股)有限公司的直接控股股东中银香港(BVI)有限公司于2002年7月5日向本集团若干董事、高级管理人员和员工授予认股权。被授予者可据此向中银香港(BVI)有限公司购入共计31,132,600股中银香港(控股)有限公司发行在外的股份, 行使价为每股港币8.50元。上述认股权有效行使期为10年, 在自2002年7月25日起的4年内按比例授予。此外中银香港(BVI)有限公司不再根据上市前认股权计划授予任何认股权。本集团没有以现金回购或结算上述认股权的法定义务或推定义务。

尚未行使的股票期权计划变动列示如下:

认股权数	董事及			认股权数总计
	高级管理人员	其他员工	其他 *	
2006年1月1日	6,142,500	10,619,250	1,446,000	18,207,750
分类变动	239,000	(239,000)	-	-
减: 当期行使的认股权	-	(1,994,050)	-	(1,994,050)
2006年6月30日	<u>6,381,500</u>	<u>8,386,200</u>	<u>1,446,000</u>	<u>16,213,700</u>
2005年1月1日	6,142,500	12,849,300	1,446,000	20,437,800
减: 当年行使的认股权	-	(2,121,550)	-	(2,121,550)
减: 当年作废的认股权	-	(108,500)	-	(108,500)
2005年12月31日	<u>6,142,500</u>	<u>10,619,250</u>	<u>1,446,000</u>	<u>18,207,750</u>

* 代表本集团前董事持有的认股权。

对于截至2006年6月30日和2005年12月31日止行使的认股权, 中银香港(控股)有限公司的股份加权平均价格为港币15.88元(折合人民币16.42元)和港币15.01元(折合人民币15.61元)。

中国银行股份有限公司

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三 合并会计报表主要项目注释 (续)

16 少数股东权益

	2006年1-6月	2005年
期初余额	28,778	27,387
少数股东应享本期利润	2,627	5,105
少数股东增持子公司股权	(52)	17
向少数股东支付股利	(1,891)	(2,954)
可供出售债券公允价值变动	(342)	(110)
外币折算差额	(308)	(667)
	<u>28,812</u>	<u>28,778</u>

17 股本

股本金额

	2006年1-6月	2005年
期初余额	209,427	186,390
发行普通股 (1)	44,412	23,037
	<u>253,839</u>	<u>209,427</u>

股份数目

	2006年1-6月	2005年
期初余额	209,427,362,357	186,390,352,497
发行普通股 (1)	44,411,799,652	23,037,009,860
	<u>253,839,162,009</u>	<u>209,427,362,357</u>

其中：

	2006年6月30日	
境内上市流通股(A股) (2)	177,818,910,740	
境外上市流通股(H股) (2)	76,020,251,269	
	<u>253,839,162,009</u>	

合计

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三 合并会计报表主要项目注释 (续)

17 股本(续)

- (1) 根据《中国银行业监督管理委员会关于中国银行股份有限公司吸收全国社会保障基金理事会投资入股的批复》(银监复[2006]49号)，本行于2006年3月13日向全国社会保障基金理事会定向溢价发行8,514,415,652股面值为每股人民币1元的普通股。全国社会保障基金理事会以人民币现金出资100亿元，投入资本包括股本溢价人民币14.81亿元。全国社会保障基金理事会向本行投入资本的实收情况，已由普华永道中天会计师事务所有限公司验证，并于2006年3月13日出具《中国银行股份有限公司投入资本验资报告》(普华永道中天验字[2006]第14号)。

根据《中国银行业监督管理委员会关于中国银行股份有限公司变更为境外募集股份有限公司并境外上市的批复》(银监复[2006]53号)和《关于同意中国银行股份有限公司发行境外上市外资股的批复》(证监国合字[2006]8号)，本行于2006年6月1日和2006年6月9日向境外投资者溢价发行29,403,878,000股面值为每股人民币1元的境外上市外资股(H股)，并于香港联合交易所上市，每股发行价格为港币2.95元。境外投资者向本行投入资本的实收情况，已由普华永道中天会计师事务所有限公司验证，并于2006年6月29日出具《中国银行股份有限公司首次发行境外上市外资股(H股)验资报告》(普华永道中天验字[2006]第82号)。

根据《中国银行业监督管理委员会关于中国银行股份有限公司境内发行股份并上市有关事宜的批复》(银监复[2006]135号)和《关于核准中国银行股份有限公司首次公开发行股票的通知》(证监发行字[2006]20号)，本行于2006年6月29日向境内投资者溢价发行6,493,506,000股面值为每股人民币1元的普通股(A股)，并于上海证券交易所上市，每股发行价格为人民币3.08元。境内投资者向本行投入资本的实收情况，已由普华永道中天会计师事务所有限公司验证，并于2006年6月29日出具《中国银行股份有限公司首次发行人民币普通股(A股)验资报告》(普华永道中天验字[2006]第83号)。

- (2) 所有A股及H股在重大方面均享有同等地位，附带相同权利及利益。

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三 合并会计报表主要项目注释 (续)

18 资本公积

	2006年1-6月	
	中国银行集团	中国银行
期初余额	3,978	3,978
发行普通股溢价 (1)	72,567	72,219
其他 (2)	-	(309)
期末余额	<u>76,545</u>	<u>75,888</u>

(1) 如注释三、17 (1)所述, 本行溢价发行普通股。因溢价发行普通股增加的资本公积列示如下:

	2006年1-6月				中国银行
	中国银行集团				
	向全国社会 保障基金理 事会发行普 通股	发行 H 股	发行 A 股	合计	
发行普通股募集资金总额	10,000	89,967	20,000	119,967	119,967
减: 普通股面值总额	<u>(8,514)</u>	<u>(29,404)</u>	<u>(6,494)</u>	<u>(44,412)</u>	<u>(44,412)</u>
扣除发行成本前溢价	1,486	60,563	13,506	75,555	75,555
减: 发行成本 (i)	<u>(5)</u>	<u>(2,435)</u>	<u>(548)</u>	<u>(2,988)</u>	<u>(3,336)</u>
净股本溢价	<u>1,481</u>	<u>58,128</u>	<u>12,958</u>	<u>72,567</u>	<u>72,219</u>
					中国银行集团 及中国银行 2005年
发行普通股募集资金总额					27,057
减: 普通股面值总额					<u>(23,037)</u>
扣除发行成本前溢价					4,020
减: 发行成本					<u>(56)</u>
净股本溢价					<u>3,964</u>

(i) 发行成本主要包括承销费及专业机构服务费。本行子公司中银国际亚洲有限公司承销了部分本行发行的 H 股并向本行按照独立第三方收费水平收取承销费用。该等承销费用在集团合并时予以抵销。

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三 合并会计报表主要项目注释(续)

18 资本公积(续)

- (2) 本行子公司中银香港(控股)有限公司(本行持有 65.87%股权)向本行直接控股子公司中银集团保险有限公司(本行持有 100%股权)购买其持有的中银集团人寿保险有限公司 51%的股权，购买价格为 9 亿港元，并以现金支付。中银香港(控股)有限公司对该等交易溢价采纳权益并购法在其集团合并会计报表中计入资本公积借项，本集团在合并时予以抵销。

19 盈余公积、一般准备及法定储备金、未分配利润以及可供出售债券公允价值变动储备

(1) 盈余公积

根据中国政府的相关法律规定，本行须按中国会计准则下的净利润提取10%作为法定盈余公积。当本行法定盈余公积累计额为本行股本的50%以上时，可以不再提取法定盈余公积。经股东大会批准，本行提取的法定盈余公积可用于弥补本行的亏损或者转增本行股本。运用法定盈余公积转增股本后，所留存的法定盈余公积不得少于股本的25%。

此外，部分境外机构根据当地银行监管的要求从税后利润中提取法定盈余公积。

根据2006年8月29日董事会决议，本行按照2006年上半年净利润的10%提取法定盈余公积，计19.64亿元。

(2) 一般准备及法定储备金

本行根据财政部2005年5月17日颁布的《金融企业呆账准备提取管理办法》(财金[2005]49号)，在提取资产减值准备的基础上，设立一般准备用以弥补银行尚未识别的与风险资产相关的可能性损失。该一般准备作为利润分配处理，是所有者权益的组成部分，原则上应不低于风险资产期末余额的1%。本行采取一般准备逐步到位的方案，计划在未来三年内提足该办法要求的一般准备。

法定储备金主要是指本行子公司中国银行(香港)有限公司提取的用作防范银行一般风险的准备(包括未来损失或其它不可预期风险)。

根据2006年8月29日董事会决议，本行提取一般准备金42.91亿元。截至2006年6月30日，一般准备金约占风险资产期末余额的0.25%。

(3) 未分配利润

根据 2006 年 4 月 30 日召开的 2006 年度股东大会续会后会议审议批准的 2005 年度剩余利润分配方案，本行派发现金股利 13.75 亿元。

本行对截至2006年6月30日止半年度的利润不派发股利。

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三 合并会计报表主要项目注释 (续)

19 盈余公积、一般准备及法定储备金、未分配利润以及可供出售债券公允价值变动储备(续)

(4) 可供出售债券公允价值变动储备

根据财政部《关于债券资产会计处理问题的批复》(财会函[2004]61号)，本集团对可供出售债券在资产负债日按照公允价值计量。因公允价值变动而产生的估值收益或估值亏损在该债券被转让或被认定为减值之前，先在股东权益中确认，待实际转让或被认定为减值时，再将以前在股东权益中确认的累积估值收益或估值亏损计入利润表。

截至2006年6月30日止期间，由于人民币和美元利率持续上升，本集团可供出售债券组合形成未实现估值亏损。本集团对该等估值亏损进行了审阅，相信该等估值亏损是因为基础利率变动所致，不存在因债券发行人信用等级改变等造成债券资产减值情况。

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三 合并会计报表主要项目注释 (续)

20	净利息收入	2006年1-6月	2005年1-6月
	利息收入		
	贷款利息收入	60,360	51,971
	债券投资利息收入	30,652	19,908
	存放及拆放同业利息收入	6,315	3,518
	存放中央银行利息收入	2,450	2,069
	小计	99,777	77,466
	利息支出		
	客户存款利息支出	(38,887)	(23,815)
	同业存入及拆入和对中央银行负债利息支出	(4,122)	(2,827)
	借入专项资金和发行债券利息支出	(2,292)	(2,166)
	小计	(45,301)	(28,808)
	净利息收入	54,476	48,658
21	手续费及佣金收支净额	2006年1-6月	2005年1-6月
	结算与清算业务收入	1,794	1,287
	代理业务收入	2,201	1,235
	信用承诺手续费及佣金收入	1,438	1,308
	银行卡业务收入	1,365	1,049
	受托业务收入	248	235
	其他	1,120	801
	手续费及佣金收入	8,166	5,915
	手续费及佣金支出	(1,325)	(1,397)
	手续费及佣金收支净额	6,841	4,518

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三 合并会计报表主要项目注释 (续)

22 净交易(损失)/收入

	2006年1-6月	2005年1-6月
汇兑及汇率产品净收益 (1)	1,302	3,322
利率产品净损失 (2)	<u>(1,495)</u>	<u>(329)</u>
合计	<u>(193)</u>	<u>2,993</u>

(1) 见注释七、资产负债币种分析。

(2) 包括2006年上半年交易类债券未实现估值亏损17.55亿元。

23 投资收益

	2006年1-6月	2005年1-6月
股权投资收益		
投资联营企业净收益	339	48
其他股权投资净收益 (1)	<u>1,248</u>	<u>77</u>
小计	1,587	125
债券投资收益	<u>94</u>	<u>24</u>
合计	<u>1,681</u>	<u>149</u>

(1) 其他股权投资净收益主要包括本集团在香港的子公司于 2006 年上半年买卖部分交易性股权投资获得的净收益。

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三 合并会计报表主要项目注释 (续)

24 其他业务收支净额

	2006年1-6月	2005年1-6月
其他业务收入		
保险业务收入	4,286	2,624
其他 (1)	1,080	143
小计	<u>5,366</u>	<u>2,767</u>
其他业务支出		
保险理赔费用	(3,423)	(2,168)
其他	(146)	(238)
小计	<u>(3,569)</u>	<u>(2,406)</u>
其他业务收支净额	<u>1,797</u>	<u>361</u>

- (1) 其他业务收入中包括本集团在香港的子公司于2006年3月向独立第三方处置部分贷款，获得净收益6.60亿元。

中国银行股份有限公司

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三 合并会计报表主要项目注释 (续)

25 业务及管理费

	2006年1-6月	2005年1-6月
员工费用	13,278	11,654
业务费用	7,174	6,208
折旧	2,741	3,138
合计	<u>23,193</u>	<u>21,000</u>

员工费用具体列示如下：

	2006年1-6月	2005年1-6月
工资薪金及福利费	10,141	9,345
养老金设定提存计划	1,495	659
住房公积金	626	427
其他社会保险支出	415	362
养老金设定受益计划	139	238
其他	462	623
合计	<u>13,278</u>	<u>11,654</u>

2005年下半年，本集团设立中国银行企业年金计划。养老金设定提存计划费用中包括本行在2006年上半年向该年金计划支付4.78亿元。

在截至2006年6月30日止期间的养老金设定提存计划支出中已扣除因员工辞职等原因而没收的供款金额约为0.12亿元 (2005年1-6月：0.14亿元)。截至2006年6月30日和2005年6月30日止，可作进一步扣减日后应付供款的没收金额均不重大。

26 营业税金及附加

	2006年1-6月	2005年1-6月
营业税金	2,687	2,406
城市维护建设税	176	158
教育费附加	96	83
其他	28	23
合计	<u>2,987</u>	<u>2,670</u>

27 资产减值损失

	2006年1-6月	2005年1-6月
贷款减值损失	5,062	4,718
抵债资产减值(转回)/损失	(131)	96
其他应收款坏账(转回)/损失	(55)	206
固定资产及其他资产减值转回	-	(444)
合计	<u>4,876</u>	<u>4,576</u>

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三 合并会计报表主要项目注释 (续)

28 所得税

	2006年1-6月	2005年1-6月
当期所得税	12,136	10,998
递延所得税 (注释三、13)	226	(138)
合计	<u>12,362</u>	<u>10,860</u>

本集团实际所得税支出与按法定税率计算的所得税支出不同，主要调节事项如下：

	2006年1-6月	2005年1-6月
税前利润	<u>34,013</u>	<u>29,578</u>
按税前利润乘以 33% 计算之所得税	11,224	9,761
其他国家和地区采用不同税率所产生的影响	(1,927)	(1,479)
境外机构所得在境内补交所得税	1,688	865
调整以前年度所得税费用 (1)	(350)	(2)
免税收入	(1,223)	(614)
不可税前抵扣的费用 (2)	2,921	2,452
其他	29	(123)
合计	<u>12,362</u>	<u>10,860</u>

- (1) 主要包括2006年上半年本行获财政部和国家税务总局批准，针对以划转股权投资方式注入东方资产管理公司形成的尚未扣除的人民币8.60亿元投资划转损失，准予其在计算企业所得税前扣除，相关所得税影响为人民币 2.84亿元。
- (2) 不可税前抵扣的费用主要为超过税法抵扣范围的工资成本等。

本集团目前正在向国家税务总局申请境内员工费用可于税前抵扣的法定限额调整安排。国家税务总局以《关于中国银行股份有限公司计税工资税前扣除问题的复函》(国税函[2006] 484号)原则同意本行在境外上市后，计税工资按照“工效挂钩”办法税前扣除。本集团管理层将按照国家主管部门有关规定，积极跟进该项申请并落实具体实施方案。

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三 合并会计报表主要项目注释 (续)

29 每股基本净收益和稀释后每股净收益

每股基本净收益按归属于普通股股东的当期净利润除以当期发行在外普通股股数的加权平均数计算。

稀释后每股净收益是在假设对所有潜在稀释普通股进行转换并调整发行在外普通股的加权平均数的基础上进行计算的。本行没有任何潜在稀释普通股。

	2006年1-6月	2005年1-6月
归属于本行股东的当期净利润	19,024	16,434
当期发行在外的普通股股数的加权平均数(百万股)	218,002	186,390
每股基本净收益和稀释后每股净收益 (人民币元/股)	0.09	0.09

30 现金流量表注释

现金及现金等价物包括以下项目(原始到期日均在 3 个月以内):

	2006年6月30日	2005年6月30日
现金	29,811	29,486
存放中央银行	113,039	130,427
存放及拆放同业	215,713	230,894
短期票据	30,910	24,149
合计	<u>389,473</u>	<u>414,956</u>

(1) 将净利润调节为经营活动现金流量

	2006年1-6月	2005年1-6月
净利润	19,024	16,434
加/(减):		
少数股东应享本期利润	2,627	2,284
计提资产减值损失准备	4,876	4,576
固定资产折旧	2,741	3,138
无形资产及长期待摊费用摊销	341	222
处置固定资产和其他资产净收益	(168)	(671)
股权投资收益	(1,587)	(125)
发行债券利息支出	1,384	1,178
经营性应收项目的增加	(495,834)	(288,793)
经营性应付项目的增加	348,605	283,372
经营活动产生的现金流量净额	<u>(117,991)</u>	<u>21,615</u>

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四 母公司会计报表主要项目补充说明

1 债券投资

	2006年6月30日	2005年12月31日
可供出售债券(以公允价值列示)		
政府债券	296,280	219,566
公共实体及准政府债券	242,068	102,200
金融机构债券	193,816	146,373
公司债券	86,487	70,798
小计	818,651	538,937
持有至到期日债券(以摊余成本列示)		
政府债券	221,541	227,718
公共实体及准政府债券	91,308	103,074
金融机构债券	72,118	74,791
公司债券	8,101	9,560
小计	393,068	415,143
分类为贷款及应收款的债券(以摊余成本列示)		
中国东方资产管理公司债券	160,000	160,000
中国人民银行专项票据	91,612	91,530
财政部特种国债	42,500	42,500
短期票据		
—公共实体及准政府债券	15,260	5,992
—金融机构债券	37,070	32,156
—公司债券	1,825	-
凭证式国债及其他	10,647	11,888
	358,914	344,066
分类为贷款及应收款的债券减值准备	(152)	(156)
小计	358,762	343,910
合计	1,570,481	1,297,990

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四 母公司会计报表主要项目补充说明(续)

2 贷款

	2006年6月30日	2005年12月31日
信用贷款	511,086	401,756
保证贷款	647,205	617,332
抵押、质押贷款	883,910	849,017
合计	<u>2,042,201</u>	<u>1,868,105</u>

3 股权投资

	2006年6月30日	2005年12月31日
投资子公司	68,732	66,294
投资联营企业	33	63
其他股权投资	847	796
账面原值	69,612	67,153
减：股权投资减值准备	<u>(173)</u>	<u>(202)</u>
账面净值	<u>69,439</u>	<u>66,951</u>

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四 母公司会计报表主要项目补充说明(续)

4 客户存款

	2006年6月30日	2005年12月31日
短期对公存款		
活期对公存款	848,940	747,059
一年期及以下定期对公存款	429,253	380,105
小计	1,278,193	1,127,164
短期储蓄存款		
活期储蓄存款	539,321	492,876
一年期及以下定期储蓄存款	1,013,449	937,430
小计	1,552,770	1,430,306
长期对公存款	31,095	24,395
长期储蓄存款	332,287	305,239
存入保证金	162,628	122,083
合计	3,356,973	3,009,187
其中，存入保证金具体列示如下：		
承兑汇票保证金	92,068	63,522
开出信用证及保函保证金	28,988	26,469
外汇买卖交易保证金	5,767	3,718
其他	35,805	28,374
合计	162,628	122,083

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四 母公司会计报表主要项目补充说明(续)

5 净利息收入

	2006年1-6月	2005年1-6月
利息收入		
贷款利息收入	50,141	45,875
债券投资利息收入	23,738	15,804
存放及拆放同业利息收入	3,457	2,327
存放中央银行利息收入	2,189	2,032
小计	79,525	66,038
利息支出		
客户存款利息支出	(26,815)	(19,427)
同业存入及拆入和对中央银行负债利息支出	(4,090)	(2,811)
借入专项资金和发行债券利息支出	(2,292)	(2,163)
小计	(33,197)	(24,401)
净利息收入	46,328	41,637

6 手续费及佣金收支净额

	2006年1-6月	2005年1-6月
结算与清算业务收入	1,374	964
代理业务收入	877	385
信用承诺手续费及佣金收入	1,148	996
银行卡业务收入	962	636
受托业务收入	113	110
其他	748	611
手续费及佣金收入	5,222	3,702
手续费及佣金支出	(460)	(673)
手续费及佣金收支净额	4,762	3,029

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四 母公司会计报表主要项目补充说明(续)

7 净交易(损失)/收入

	2006年1-6月	2005年1-6月
汇兑及汇率产品净收益	343	2,655
利率产品净损失	(625)	(405)
合计	(282)	2,250

8 投资收益

	2006年1-6月	2005年1-6月
股权投资收益		
投资子公司净收益	7,521	4,747
投资联营企业净收益	5	3
其他股权投资净收益	21	85
小计	7,547	4,835
债券投资收益	105	5
合计	7,652	4,840

9 业务及管理费

	2006年1-6月	2005年1-6月
员工费用	11,087	9,602
业务费用	6,308	5,394
折旧	2,320	2,748
合计	19,715	17,744

员工费用具体列示如下：

	2006年1-6月	2005年1-6月
工资薪金及福利费	8,159	7,546
养老金设定提存计划	1,334	638
住房公积金	611	427
其他社会保险支出	411	339
养老金设定受益计划	139	238
其他	433	414
合计	11,087	9,602

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四 母公司会计报表主要项目补充说明(续)

10 资产减值损失

	2006年1-6月	2005年1-6月
贷款减值损失	5,849	6,092
抵债资产减值(转回)/损失	(129)	96
其他应收款坏账(转回)/损失	(32)	211
固定资产及其他资产减值转回	(8)	(283)
合计	<u>5,680</u>	<u>6,116</u>

11 现金流量表注释

现金及现金等价物包括以下项目(原始到期日均在 3 个月以内):

	2006年6月30日	2005年6月30日
现金	26,684	26,242
存放中央银行	89,018	103,122
存放及拆放同业	160,662	150,374
短期票据	27,686	21,492
合计	<u>304,050</u>	<u>301,230</u>

(1) 将净利润调节为经营活动现金流量

	2006年1-6月	2005年1-6月
净利润	19,643	16,434
加/(减):		
计提资产减值损失准备	5,680	6,116
固定资产折旧	2,320	2,748
无形资产及长期待摊费用摊销	340	221
处置固定资产和其他资产净收益	115	(146)
股权投资收益	(7,547)	(4,835)
发行债券利息支出	1,384	1,178
经营性应收项目的增加	(433,206)	(277,343)
经营性应付项目的增加	324,064	250,067
经营活动产生的现金流量净额	<u>(87,207)</u>	<u>(5,560)</u>

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五 关联交易

如果一方有能力直接或间接控制、共同控制另一方或对另一方的财务和经营决策产生重大影响；或本集团与另一方或多方同受一方控制，均被视为存在关联关系。中国政府通过中央汇金投资有限责任公司持有本行股权并对本集团实行控制。

1 与中央汇金投资有限责任公司之间的交易

(1) 外币期权合同

本行于 2005 年 1 月 5 日和中央汇金投资有限责任公司签署了一份外币期权合同。该外币期权合同规定，自 2007 年 1 月 1 日起至 12 月 31 日止，本行有权于每月初以 8.2769 的价格向中央汇金投资有限责任公司出售美元，每次交易不超过 15 亿美元，共计 180 亿美元。本行须向中央汇金投资有限责任公司支付相关期权费用人民币 44.69 亿元，此期权费于 2007 年 1 月 1 日起至 12 月 31 日止分 12 个月于每月初平均支付。

(2) 存款

	2006 年 1-6 月	2005 年
期/年初余额	38,869	-
当期/年吸收的存款	156,679	42,972
当期/年归还的存款及其他变动	<u>(173,709)</u>	<u>(4,103)</u>
期/年末余额	<u>21,839</u>	<u>38,869</u>

吸收中央汇金投资有限责任公司存款按照正常的商业条款和市场价格进行。

2 与中央汇金投资有限责任公司下属公司之间的交易

中央汇金投资有限责任公司同时拥有其他金融机构的股份控制权。本集团与这些金融机构在正常经营业务范围内按商业条款和市场价格进行金融业务交易。该等交易包括债券资产和货币市场交易等。截至 2006 年 6 月 30 日止，本集团与该等金融机构无重大交易余额。

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五 关联交易(续)

3 与持有本行 5%以上（含 5%）股份股东之间的交易

除中央汇金投资有限责任公司外，于 2006 年 6 月 30 日持有本行 5%以上(含 5%)股份的股东为 RBS China Investments S.à.r.l.。本行与该股东之间在 2006 年 1 月 1 日至 6 月 30 日止期间无重大交易，截至 2006 年 6 月 30 日止无重大余额。

4 与联营企业之间的交易

本集团在正常的经营活动中与联营企业(注释三、7)发生了包括存、贷款及购买发行债券在内的正常银行业务往来。该等交易按照正常的商业条款和市场价格进行。关联交易的金额和期末余额列示如下，相关的利息收入及支出并不重大。

(1) 贷款

	2006年1-6月	2005年
期/年初余额	7,240	1,246
当期/年发放的贷款	18	8,128
当期/年归还的贷款	(6,095)	(989)
当期/年核销的贷款及其他变动		(1,145)
	<u>1,163</u>	<u>7,240</u>
期/年末余额	1,163	7,240
贷款减值准备	<u>(190)</u>	<u>(119)</u>

(2) 存款

	2006年1-6月	2005年
期/年初余额	856	1,227
当期/年吸收的存款	3,250	3,879
当期/年支取的存款及其他变动	(1,959)	(4,250)
	<u>2,147</u>	<u>856</u>
期/年末余额	2,147	856

(3) 债券资产

	2006年1-6月	2005年
期/年初余额	188	-
当期/年购入	-	1,307
当期/年处置	(188)	(1,123)
当期/年公允价值变动及其他	-	4
	<u>-</u>	<u>188</u>
期/年末余额	-	188

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(除特别注明外，金额单位为人民币百万元)

六 分部报告

本集团主要在三大地区开展业务活动：中国内地、港澳地区以及其他境外地区(主要包括纽约、伦敦、新加坡和东京)。

本集团按区域分部对收入、经营成果、资产、负债及资本性支出进行分析，分部信息分析反映了目前本集团的经营管理模式。按照本集团组织结构和内部财务报告流程，本集团决定区域分部为主要分部报告信息列示。

本集团按分行和子公司所在国家或地区列示利润表项目、资产和负债项目、资本性支出、折旧和摊销及信用承诺。

中国银行股份有限公司

简要会计报表注释

2006年1月1日至6月30日止期间

(除特别注明外，金额单位为人民币百万元)

六 分部报告(续)

2006年1月1日至6月30日止期间

	港澳地区				其他境外地区	抵销额	集团
	中国内地	中银香港集团	其他	合计			
利息收入	76,446	19,997	2,276	22,273	3,426	(2,368)	99,777
利息支出	(31,368)	(12,235)	(1,489)	(13,724)	(2,581)	2,372	(45,301)
净利息收入	45,078	7,762	787	8,549	845	4	54,476
手续费及佣金收支净额	4,225	1,724	989	2,713	388	(485)	6,841
净交易(损失)/收入	(107)	677	(536)	141	(227)	-	(193)
投资(损失)/收益	124	7	1,634	1,641	(6)	(78)	1,681
其他业务收支净额	129	423	1,271	1,694	(3)	(23)	1,797
	49,449	10,593	4,145	14,738	997	(582)	64,602
业务及管理费	(18,920)	(2,973)	(645)	(3,618)	(687)	32	(23,193)
营业税金及附加	(2,945)	(19)	(10)	(29)	(13)	-	(2,987)
营业利润	27,584	7,601	3,490	11,091	297	(550)	38,422
营业外收支净额	172	201	57	258	37	-	467
扣除资产减值损失前利润总额	27,756	7,802	3,547	11,349	334	(550)	38,889
资产减值(损失)/回拨	(5,932)	717	218	935	121	-	(4,876)
利润总额	21,824	8,519	3,765	12,284	455	(550)	34,013
所得税	(10,751)	(1,430)	(242)	(1,672)	(142)	203	(12,362)
税后利润	11,073	7,089	3,523	10,612	313	(347)	21,651
少数股东应享本期利润	(4)	(2,519)	(104)	(2,623)	-	-	(2,627)
净利润	11,069	4,570	3,419	7,989	313	(347)	19,024

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六 分部报告(续)

2006年6月30日	中国内地	港澳地区		合计	其他境外地区	抵销额	集团
		中银香港集团	其他				
分部资产	4,268,205	875,352	118,363	993,715 (897,042)	199,169	(234,156)	5,226,933
分部负债	(3,917,105)	(797,504)	(99,538))	(191,882)	165,549	(4,840,480)
信用承诺	827,712	173,457	18,334	191,791	57,397	(52,704)	1,024,196
截至 2006 年 6 月 30 日止期间							
其他分部信息							
资本性支出	1,800	296	15	311	79	-	2,190
折旧和摊销	2,618	317	92	409	55	-	3,082

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(除特别注明外，金额单位为人民币百万元)

六 分部报告(续)

2005年1月1日至6月30日止期间

	中国内地	港澳地区			其他境外地区	抵销额	集团
		中银香港集团	其他	合计			
利息收入	63,883	10,976	1,431	12,407	2,429	(1,253)	77,466
利息支出	(23,449)	(4,477)	(550)	(5,027)	(1,585)	1,253	(28,808)
净利息收入	40,434	6,499	881	7,380	844	-	48,658
手续费及佣金收支净额	2,529	1,497	99	1,596	393	-	4,518
净交易收入/(损失)	2,241	520	247	767	(15)	-	2,993
投资收益	20	33	27	60	69	-	149
其他业务收支净额	70	-	289	289	2	-	361
	45,294	8,549	1,543	10,092	1,293	-	56,679
业务及管理费	(17,046)	(2,778)	(580)	(3,358)	(596)	-	(21,000)
营业税金及附加	(2,636)	(15)	(9)	(24)	(10)	-	(2,670)
营业利润	25,612	5,756	954	6,710	687	-	33,009
营业外收支净额	723	251	116	367	55	-	1,145
扣除资产减值损失前利润总额	26,335	6,007	1,070	7,077	742	-	34,154
资产减值(损失)/回拨	(6,591)	1,383	422	1,805	210	-	(4,576)
利润总额	19,744	7,390	1,492	8,882	952	-	29,578
所得税	(9,472)	(1,223)	(5)	(1,228)	(160)	-	(10,860)
税后利润	10,272	6,167	1,487	7,654	792	-	18,718
少数股东应享本期利润	9	(2,174)	(119)	(2,293)	-	-	(2,284)
净利润	10,281	3,993	1,368	5,361	792	-	16,434

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六 分部报告(续)

2005年12月31日	中国内地	港澳地区		合计	其他境外地区	抵销额	集团
		中银香港集团	其他				
分部资产	3,803,989	845,959	120,266	966,225	186,982	(214,390)	4,742,806
分部负债	(3,584,086)	(768,215)	(102,831)	(871,046)	(178,853)	153,799	(4,480,186)
信用承诺	699,066	168,203	14,131	182,334	52,434	(38,072)	895,762
截至 2005 年 6 月 30 日止期间							
其他分部信息							
资本性支出	1,485	176	34	210	71	-	1,766
折旧和摊销	2,947	305	53	358	55	-	3,360

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六 分部报告(续)

本集团以业务板块为第二分部信息。本集团主要通过以下业务板块提供金融服务，即公司银行业务、个人银行业务、资金业务、投资银行、保险及其他业务。本集团将收入、经营成果、资产、负债及资本性支出直接归属于各业务分部或者通过合理的基础分配至各业务分部列示。

公司银行业务 - 为公司客户提供的银行服务包括活期账户、存款、透支、贷款、与贸易相关的产品及其他信贷服务、外币业务及衍生产品等。

个人银行业务 - 为个人客户提供的银行服务包括活期账户、储蓄、存款、投资性储蓄产品、托管、信用卡及借记卡、消费信贷和抵押贷款等。

资金业务 - 包括外汇交易、根据客户要求从事利率及外汇衍生工具交易、货币市场交易、自营性交易以及资产负债管理。该业务分部的经营成果包括分部间由于生息资产和负债增长的变化而引起的资金盈余或短缺的损益影响及外币折算损失。

投资银行 - 提供债务和权益承销、资产管理服务、经纪服务和银团贷款安排。

保险业务 - 提供财产险、人寿险及保险代理服务。

其他业务 - 本集团的其他业务包括集团投资和其他等自身不形成可单独报告的分部。

中国银行股份有限公司

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六 分部报告(续)

截至 2006 年 6 月 30 日止期间

	公司业务	个人业务	资金业务	投资银行	保险业务	其他	抵销	总计
利息收入	45,329	42,491	38,551	289	269	191	(27,343)	99,777
利息支出	(18,727)	(25,610)	(27,175)	(270)	(19)	(847)	27,347	(45,301)
净利息收入	26,602	16,881	11,376	19	250	(656)	4	54,476
手续费及佣金收支净额	3,141	3,165	357	938	(277)	9	(492)	6,841
净交易收入/(损失)	1,814	977	(1,910)	(640)	(428)	(7)	1	(193)
投资收益/(损失)	-	-	85	1,026	217	431	(78)	1,681
其他业务收支净额	74	5	(3)	-	686	1,103	(68)	1,797
	31,631	21,028	9,905	1,343	448	880	(633)	64,602
业务及管理费	(8,588)	(11,677)	(2,876)	(224)	(103)	(406)	681	(23,193)
营业税金及附加	(1,478)	(459)	(1,023)	(2)	(3)	(22)	-	(2,987)
营业利润	21,565	8,892	6,006	1,117	342	452	48	38,422
营业外收支净额	56	127	45	(2)	40	799	(598)	467
扣除资产减值损失前利润总额	21,621	9,019	6,051	1,115	382	1,251	(550)	38,889
资产减值(损失)/回拨	(4,202)	(720)	1	(5)	6	44	-	(4,876)
利润总额	17,419	8,299	6,052	1,110	388	1,295	(550)	34,013
所得税								(12,362)
税后利润								21,651
少数股东应享本期利润								(2,627)
净利润								19,024
分部资产	1,813,042	637,280	2,692,140	18,079	17,153	84,279	(35,040)	5,226,933
资本性支出	416	782	31	6	2	953	-	2,190

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六 分部报告(续)

截至 2005 年 6 月 30 日止期间及 2005 年 12 月 31 日

	公司业务	个人业务	资金业务	投资银行	保险业务	其他	抵销	总计
利息收入	39,592	31,510	24,679	243	183	128	(18,869)	77,466
利息支出	(13,848)	(15,489)	(17,623)	(180)	-	(537)	18,869	(28,808)
净利息收入	25,744	16,021	7,056	63	183	(409)	-	48,658
手续费及佣金收支净额	2,522	1,802	215	171	(254)	62	-	4,518
净交易收入/(损失)	1,584	755	507	203	(48)	(8)	-	2,993
投资收益/(损失)	-	1	24	(39)	17	146	-	149
其他业务收支净额	29	-	-	-	331	43	(42)	361
	29,879	18,579	7,802	398	229	(166)	(42)	56,679
业务及管理费	(7,876)	(10,148)	(2,680)	(195)	(88)	(301)	288	(21,000)
营业税金及附加	(1,455)	(436)	(760)	(2)	(1)	(16)	-	(2,670)
营业利润	20,548	7,995	4,362	201	140	(483)	246	33,009
营业外收支净额	107	215	71	1	(4)	1,001	(246)	1,145
扣除资产减值损失前利润总额	20,655	8,210	4,433	202	136	518	-	34,154
资产减值(损失)/回拨	(5,471)	819	19	1	(2)	58	-	(4,576)
利润总额	15,184	9,029	4,452	203	134	576	-	29,578
所得税								(10,860)
税后利润								18,718
少数股东应享本期利润								(2,284)
净利润								16,434
分部资产	1,658,718	603,891	2,399,377	15,159	12,398	77,644	(24,381)	4,742,806
资本性支出	342	665	32	4	25	698	-	1,766

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六 分部报告(续)

自 2006 年 1 月 1 日起，本集团对内部转移定价政策进行了修订。新的内部转移定价机制以市场存款和贷款利率为基准，参照不同产品及其期限调整其预定利润率。在 2006 年 1 月 1 日前，本集团采用资金的平均成本和生息资产的平均利率作为内部转移定价的基础，并未考虑不同产品和各自到期日。该方法变化的主要原因是为了更好的反映各业务分部的经营业绩，加强本行对资产和负债的管理能力。

新的分部间转移定价对 2005 年 6 月 30 日报表项目的分部信息影响列示如下。

截至 2005 年 6 月 30 日止期间

	公司业务	个人业务	资金业务	投资银行	保险业务	其他	抵销	总计
原报告净利息收入	25,253	17,818	5,750	63	183	(409)	-	48,658
变动额	491	(1,797)	1,306	-	-	-	-	-
重述后净利息收入	25,744	16,021	7,056	63	183	(409)	-	48,658
原报告营业利润	20,057	9,792	3,056	201	140	(483)	246	33,009
变动额	491	(1,797)	1,306	-	-	-	-	-
重述后营业利润	20,548	7,995	4,362	201	140	(483)	246	33,009
原报告扣除资产减值损失前利润总额	20,164	10,007	3,127	202	136	518	-	34,154
变动额	491	(1,797)	1,306	-	-	-	-	-
重述后扣除资产减值损失前利润总额	20,655	8,210	4,433	202	136	518	-	34,154
原报告利润总额	14,693	10,826	3,146	203	134	576	-	29,578
变动额	491	(1,797)	1,306	-	-	-	-	-
重述后利润总额	15,184	9,029	4,452	203	134	576	-	29,578

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七 资产负债币种分析

于 2006 年 6 月 30 日和 2005 年 12 月 31 日，本集团的外汇净头寸列示如下：

	外汇头寸			
	2006年6月30日		2005年12月31日	
	等值人民币 十亿元	等值美元 十亿元	等值人民币 十亿元	等值美元 十亿元
本集团资产负债表内外汇头寸净额	601	75	485	60
减：本集团资产负债表外外汇头寸净额	(232)	(29)	(171)	(21)
本集团外汇头寸净额合计	369	46	314	39
减：境外外币投资的外汇头寸净额*	(103)	(13)	(105)	(13)
外汇净头寸	<u>266</u>	<u>33</u>	<u>209</u>	<u>26</u>

* 境外外币投资的外汇头寸净额代表本行海外子公司、分行及其联营公司所持有的外币净资产。境外机构以外币为记账本位币，为财务报告目的，该等境外机构的经营成果和财务状况折算为人民币所产生的差异在权益项下的“外币报表折算差额”科目内确认。该折算差异对本集团的合并利润表没有影响。

本集团通过合理安排外币资金的来源和使用尽量减少潜在的货币错配。然而，本集团对外币头寸可实施的控制措施有限，因为人民币为非自由兑换货币。按照中国政府现行的外汇管理政策，外汇兑换需要中国政府有关部门的批准。本集团持有重大的外汇头寸，其主要来源于股东投入的外币资本金，本行经营外汇业务的外汇头寸盈余以及相关盈利。

本行于 2005 年与中央汇金投资有限责任公司签署了一份外币期权合同，名义本金为 180 亿美元，对部分资产负债表的外汇头寸净额进行了经济套期保值。

截至 2006 年 6 月 30 日止期间，本行通过叙做外汇交易，降低外汇头寸净额 33 亿美元。

截止 2006 年 8 月，本行通过叙做外汇交易，进一步降低外汇头寸净额 142 亿美元。

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七 资产负债币种分析(续)

当外币对人民币汇率变动 1%时，上述本集团外汇净头寸因汇率波动产生的外汇折算损益对利润表的潜在影响分析如下：

	2006年6月30日	2005年12月31日
	收益 / (损失)	收益 / (损失)
	人民币百万元	人民币百万元
外币对人民币汇率上涨/下降 1%	+/- 2,660	+/- 2,090

以上针对潜在汇率波动所做的敏感性分析反映不同时点汇率波动对本集团外汇净头寸产生的外汇折算损益影响的简单情形，仅用于说明目的，并未考虑各货币间的汇率变动关系。该分析亦未考虑管理层资产负债表日后在获得中国政府批准后可能或已经采取的降低汇率变动风险的措施及外汇头寸的后续变动。

本集团的资产、负债及表外项目的货币风险集中度具体列示如下。短期金融资产包括现金、贵金属、存放中央银行和存出发钞基金；债券资产包括交易性及其他公允价值变动计入损益的债券和债券投资；其他资产包括应收利息、固定资产和递延税款借项等；短期金融负债包括对中央银行负债和发行货币债务；其他负债包括应付利息等。在资产负债表外头寸净额中，期权产品按名义本金披露，其中包括本行与中央汇金投资有限责任公司签订的金额为180亿美元的外币期权合同。该交易的目的是提供有效的经济套期保值，以对冲中央汇金投资有限责任公司注资带来的美元头寸汇率风险。

中国银行股份有限公司

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(除特别注明外，金额单位为人民币百万元)

七 资产负债币种分析(续)

	人民币	美元 折合人民币	港元 折合人民币	欧元 折合人民币	日元 折合人民币	英镑 折合人民币	其他币种 折合人民币	合计
2006年6月30日								
资产								
短期金融资产	315,390	17,258	43,422	1,943	25,201	445	43,546	447,205
衍生金融产品资产	-	14,656	5,632	443	318	233	258	21,540
存放及拆放同业	102,399	76,394	75,885	15,983	3,291	5,310	20,852	300,114
债券资产	914,491	767,457	177,587	51,526	20,552	6,649	50,009	1,988,271
贷款	1,643,896	362,362	315,887	38,557	25,062	4,419	15,353	2,405,536
减：贷款损失准备	(72,036)	(11,457)	(3,456)	(531)	(367)	(40)	(241)	(88,128)
其他资产	89,134	20,056	33,558	1,377	1,829	722	5,719	152,395
资产总计	2,993,274	1,246,726	648,515	109,298	75,886	17,738	135,496	5,226,933
负债								
短期金融负债	7	25,367	39,182	-	-	-	2,090	66,646
衍生金融产品及公允价值变动计入损益的负债	-	77,290	22,176	1,031	143	263	269	101,172
同业存入及拆入	177,634	120,657	8,354	5,346	9,708	546	36,104	358,349
客户存款	2,876,575	444,430	529,336	41,220	40,386	25,453	95,624	4,053,024
借入专项资金及发行债券	60,000	26,378	-	16,045	4,440	940	1,996	109,799
其他负债	93,410	21,889	31,429	1,462	1,082	729	1,489	151,490
负债总计	3,207,626	716,011	630,477	65,104	55,759	27,931	137,572	4,840,480
资产负债表内头寸净额	(214,352)	530,715	18,038	44,194	20,127	(10,193)	(2,076)	386,453
资产负债表外头寸净额	235,530	(264,170)	80,413	(49,256)	(31,475)	17,014	15,520	3,576
信用承诺	478,011	325,303	141,771	46,965	19,286	4,101	8,759	1,024,196

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七 资产负债币种分析(续)

2005年12月31日	人民币	美元 折合人民币	港元 折合人民币	欧元 折合人民币	日元 折合人民币	英镑 折合人民币	其他币种 折合人民币	合计
资产								
短期金融资产	290,571	17,463	50,536	2,244	17,105	421	33,145	411,485
衍生金融产品资产	-	11,493	4,552	149	548	57	9	16,808
存放及拆放同业	72,731	133,179	96,420	13,322	616	5,691	22,578	344,537
债券资产	834,407	562,128	147,966	50,044	23,072	7,048	44,926	1,669,591
贷款	1,477,859	358,289	319,212	34,942	25,418	4,228	15,098	2,235,046
减：贷款损失准备	(66,477)	(11,779)	(3,485)	(510)	(552)	(36)	(314)	(83,153)
其他资产	90,733	15,988	34,632	1,172	1,755	727	3,485	148,492
资产总计	2,699,824	1,086,761	649,833	101,363	67,962	18,136	118,927	4,742,806
负债								
短期金融负债	1,084	24,162	38,595	29	-	32	1,884	65,786
衍生金融产品及公允价值变动计入损益的负债	-	70,625	19,551	418	384	117	79	91,174
同业存入及拆入	209,624	76,205	13,707	4,400	11,538	514	29,245	345,233
客户存款	2,531,878	440,252	529,827	46,854	37,565	26,634	90,767	3,703,777
借入专项资金及发行债券	60,000	28,549	-	16,251	4,665	1,092	1,786	112,343
其他负债	119,401	17,220	20,679	1,525	1,138	527	1,383	161,873
负债总计	2,921,987	657,013	622,359	69,477	55,290	28,916	125,144	4,480,186
资产负债表内头寸净额	(222,163)	429,748	27,474	31,886	12,672	(10,780)	(6,217)	262,620
资产负债表外头寸净额	173,666	(229,776)	73,943	(29,586)	(16,344)	15,331	15,197	2,431
信用承诺	394,938	295,280	137,425	30,874	21,185	2,049	14,011	895,762

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(除特别注明外，金额单位为人民币百万元)

八 资产负债到期日分析

本集团资产负债到期日结构分析列示如下。短期金融资产包括现金、贵金属、存放中央银行和存出发钞基金；债券资产包括交易性及其他公允价值变动计入损益的债券和债券投资；其他资产包括应收利息、固定资产和递延税款借项等；短期金融负债包括对中央银行负债和发行货币债务；其他负债包括应付利息等。

2006年6月30日	已逾期	即期偿还	1个月以内	1个月至3个月	3个月至12个月	1年至5年	5年以上	合计
资产								
短期金融资产	-	219,593	226,583	1,029	-	-	-	447,205
衍生金融产品资产	-	5,635	1,761	736	3,420	5,830	4,158	21,540
存放及拆放同业	-	7,014	201,710	65,568	25,668	154	-	300,114
债券资产	-	-	60,840	172,718	364,243	826,955	563,515	1,988,271
贷款	82,183	31,539	126,619	275,430	836,140	557,221	496,404	2,405,536
减：贷款损失准备	(42,189)	(143)	(3,565)	(5,508)	(15,214)	(13,191)	(8,318)	(88,128)
其他资产	306	8,485	12,282	5,635	16,665	25,223	83,799	152,395
资产总计	40,300	272,123	626,230	515,608	1,230,922	1,402,192	1,139,558	5,226,933
负债								
短期金融负债	-	44,056	6	5,036	17,548	-	-	66,646
衍生金融产品及公允价值变动								
计入损益的负债	-	2,015	11,363	11,439	38,180	25,798	12,377	101,172
同业存入及拆入	-	172,365	97,796	36,213	32,679	19,296	-	358,349
客户存款	-	1,722,814	595,693	396,276	1,020,310	316,578	1,353	4,053,024
借入专项资金及发行债券	-	-	874	736	5,368	20,088	82,733	109,799
其他负债	438	52,312	27,872	4,254	51,209	13,740	1,665	151,490
负债总计	438	1,993,562	733,604	453,954	1,165,294	395,500	98,128	4,840,480
流动性净额	39,862	(1,721,439)	(107,374)	61,654	65,628	1,006,692	1,041,430	386,453

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(除特别注明外，金额单位为人民币百万元)

八 资产负债到期日分析(续)

2005年12月31日	已逾期	即期偿还	1个月以内	1个月至3个月	3个月至12个月	1年至5年	5年以上	合计
资产								
短期金融资产	-	208,416	202,030	1,018	21	-	-	411,485
衍生金融产品资产	-	3,890	2,042	754	1,583	5,347	3,192	16,808
存放及拆放同业	-	12,438	220,629	92,649	18,707	114	-	344,537
债券资产	-	-	69,577	107,968	315,812	813,060	363,174	1,669,591
贷款	77,846	28,662	109,430	224,756	814,571	518,316	461,465	2,235,046
减：贷款损失准备	(37,696)	(299)	(1,881)	(4,326)	(19,121)	(12,058)	(7,772)	(83,153)
其他资产	303	4,622	12,727	6,936	10,367	27,240	86,297	148,492
资产总计	40,453	257,729	614,554	429,755	1,141,940	1,352,019	906,356	4,742,806
负债								
短期金融负债	-	65,237	529	20	-	-	-	65,786
衍生金融产品及公允价值变动								
计入损益的负债	-	1,805	9,124	9,300	22,995	38,091	9,859	91,174
同业存入及拆入	-	137,560	79,351	47,365	48,126	32,831	-	345,233
客户存款	-	1,615,637	521,517	441,467	843,029	279,819	2,308	3,703,777
借入专项资金及发行债券	-	-	1,046	816	5,361	20,840	84,280	112,343
其他负债	-	74,437	14,974	5,610	51,950	12,849	2,053	161,873
负债总计	-	1,894,676	626,541	504,578	971,461	384,430	98,500	4,480,186
流动性净额	40,453	(1,636,947)	(11,987)	(74,823)	170,479	967,589	807,856	262,620

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(除特别注明外, 金额单位为人民币百万元)

九 或有事项、承诺及主要表外项目

1 法律诉讼

截至 2006 年 6 月 30 日止, 本集团存在正常业务中发生的若干法律诉讼事项。经与专业法律机构咨询, 本集团管理层认为该等法律诉讼事项不会对本集团的财务状况产生重大影响。

2 质押资产

本集团部分资产被用作同业间回购、卖空业务及贵金属互换协议的质押物。截至2006年6月30日止, 本集团该等回购、卖空业务及贵金属互换协议的合同金额为785.97亿元(2005年: 621.08亿元)。所有该等协议均在协议生效起12个月内到期。

	2006年6月30日	2005年12月31日
贵金属	52	2,617
票据(注释三、6)	5,569	11,968
债券投资(注释三、5)	76,822	49,658
合计	<u>82,443</u>	<u>64,243</u>

3 资本性承诺

本集团的资本承诺金额列示如下:

	2006年6月30日	2005年12月31日
已批准及签订合同	2,152	1,893
已批准但未签订合同	2,257	2,687
合计	<u>4,409</u>	<u>4,580</u>

本集团以上承诺皆为购买办公物业和设备承担的资本性承诺。本集团管理层确信本集团的未来净收入及其他筹资来源将足够支付该等资本性承诺, 然而本集团对已批准但未签订合同的金额不承担必须发生支出的义务。

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(除特别注明外，金额单位为人民币百万元)

九 或有事项、承诺及主要表外项目(续)

4 经营租赁

根据已签订的不可撤销的经营性租赁合同，本集团未来最低应支付的租金总额列示如下：

	2006年6月30日	2005年12月31日
一年以内	1,401	1,371
一年至二年	1,159	1,085
二年至三年	851	807
三年以上	2,566	2,546
合计	<u>5,977</u>	<u>5,809</u>

5 凭证式国债兑付承诺

本行受财政部委托作为其代理人发行凭证式国债。凭证式国债持有人可以要求提前兑付持有的凭证式国债，而本行亦有义务履行兑付责任，兑付金额为凭证式国债本金及至兑付日的应付利息。截至 2006 年 6 月 30 日止，本行具有提前兑付义务的凭证式国债的本金余额为 840.56 亿元(2005 年：809.65 亿元)，原始期限为一至五年。鉴于目前由中国人民银行设定的存款基础利率低于凭证式国债的收益率，本行管理层认为在该等凭证式国债到期日前，本行所需兑付的凭证式国债金额并不重大。

6 主要表外风险

	2006年6月30日	2005年12月31日
银行承兑	230,434	195,234
开出保函	255,779	212,987
开出信用证	115,686	101,195
不可撤销的信用承诺及其他	422,297	386,346
合计	<u>1,024,196</u>	<u>895,762</u>

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十 资产负债表日后事项

在资产负债表日后，截至2006年8月，本行通过叙做外汇交易，降低外汇头寸净额142亿美元（注释二、29(1)）。

中国银行股份有限公司

附件一

扣除非经常性损益的净利润

2006年1月1日至6月30日止期间

(除特别注明外，金额单位为人民币百万元)

本集团根据《公开发行证券公司信息披露规范问答第01号-非经常性损益》的规定编制下列非经常性损益明细表。在计算“扣除非经常性损益的净利润”时，已扣除非经常性损益的所得税影响。

	2006年1-6月 未经审计
净利润	19,024
加/(减)：非经常性损益	
-处置长期股权投资净收益	(141)
-营业外收入(1)	(1,111)
-营业外支出(2)	644
-以前年度已经计提各项减值准备的转回(3)	(451)
相应税项调整	349
扣除非经常性损益的净利润	<u>18,314</u>

- (1) 营业外收入是指发生的与经营业务活动无直接关系的各项收入，包括处置固定资产净收益、固定资产盘盈、罚款收入、长期不动户清理收入等。
- (2) 营业外支出是指发生的与经营业务活动无直接关系的各项支出，包括处置固定资产净损失、罚款支出、捐赠支出、非常损失等。
- (3) 以前年度已经计提的各项资产减值准备的转回主要为其他应收暂付款减值准备转回。

中国银行股份有限公司

附件二

中国会计准则与国际财务报告准则会计报表差异说明

2006年1月1日至6月30日止期间

(除特别注明外，金额单位为人民币百万元)

本集团按照国际财务报告准则编制的合并利润表和合并资产负债表及其与中国会计准则会计报表差异说明列示如下：

1 合并利润表

	2006年1-6月 未经审计	2005年1-6月 未经审计
利息收入	100,124	77,616
利息支出	(45,301)	(28,808)
净利息收入	54,823	48,808
手续费及佣金收入	8,166	5,915
手续费及佣金支出	(1,325)	(1,397)
手续费及佣金收支净额	6,841	4,518
净交易收入	557	2,795
证券投资净收益	64	20
其他营业收入	7,218	5,229
贷款减值损失	(5,479)	(4,966)
其他营业费用	(29,686)	(27,721)
营业利润	34,338	28,683
联营企业投资净收益	371	48
税前利润	34,709	28,731
所得税	(12,458)	(10,957)
税后利润	22,251	17,774
可供分配：		
本行股东	19,477	15,181
少数股东	2,774	2,593
	22,251	17,774
可供分配给本行股东的每股净收益(以元/股表示)		
-每股基本净收益和摊薄后每股净收益	0.09	0.08

中国银行股份有限公司

附件二

中国会计准则与国际财务报告准则会计报表差异说明

2006年1月1日至6月30日止期间

(除特别注明外，金额单位为人民币百万元)

2 合并资产负债表

	2006年6月30日 未经审计	2005年12月31日 经审计
资产		
现金及存放同业	36,785	41,082
存放中央银行	340,651	316,941
拆放同业	293,140	332,099
存出发钞基金	36,094	35,586
贵金属	39,259	26,974
交易性及其他公允价值变动 计入损益的金融资产	114,167	111,782
衍生金融产品资产	21,540	16,808
客户贷款和垫款净额	2,317,625	2,152,112
证券投资		
—可供出售证券	929,894	602,221
—持有至到期日债券	569,126	607,459
—贷款及应收款	389,368	361,851
联营企业投资	5,675	5,061
固定资产	62,238	62,417
投资物业	8,612	8,511
递延所得税资产	23,431	20,504
其他资产	44,030	38,640
资产总计	5,231,635	4,740,048

中国银行股份有限公司

附件二

中国会计准则与国际财务报告准则会计报表差异说明

2006年1月1日至6月30日止期间

(除特别注明外，金额单位为人民币百万元)

2 合并资产负债表(续)

	2006年6月30日 未经审计	2005年12月31日 经审计
负债		
同业存入	171,422	134,217
对中央银行负债	30,495	30,055
发行货币债务	36,151	35,731
发行存款证及同业拆入	190,880	212,626
衍生金融产品及公允价值变动计入损益 的负债	101,172	91,174
客户存款	4,048,438	3,699,464
发行债券	60,177	60,179
借入专项资金	49,622	52,164
应付税款	20,637	23,459
退休福利负债	6,933	7,052
递延所得税负债	2,053	2,136
其他负债	128,573	136,272
负债合计	<u>4,846,553</u>	<u>4,484,529</u>
所有者权益		
本行股东应享权益		
股本	253,839	209,427
资本公积	66,613	(5,954)
盈余公积	8,095	5,987
一般准备及法定准备金	9,398	5,109
未分配利润	21,893	10,188
可供出售证券公允价值变动储备	(3,603)	1,899
外币折算差额	(488)	(237)
	<u>355,747</u>	<u>226,419</u>
少数股东权益	<u>29,335</u>	<u>29,100</u>
所有者权益合计	<u>385,082</u>	<u>255,519</u>
负债及所有者权益总计	<u><u>5,231,635</u></u>	<u><u>4,740,048</u></u>

中国银行股份有限公司

附件二

中国会计准则与国际财务报告准则会计报表差异说明

2006年1月1日至6月30日止期间

(除特别注明外，金额单位为人民币百万元)

3 中国会计准则与国际财务报告准则会计报表差异调节

	净资产		净利润	
	2006年 6月30日	2005年 12月31日	2006年1-6月	2005年1-6月
按中国会计准则呈报	357,641	233,842	19,024	16,434
会计准则差异调整：				
—冲回资产评估增值及其相关的 折旧费用(1)	(7,794)	(7,999)	205	133
—投资物业以公允价值计量(2)	3,199	2,816	438	1,059
—权益性投资分类为可供出售证 券并以公允价值计量(3)	3,566	1,775	-	-
—计提内退员工内退期间的工资 及福利义务(4)	(4,911)	(5,097)	186	(1,749)
—对非交易性贵金属按成本法计 量(5)	(757)	(637)	(120)	(83)
—递延所得税影响(6)	4,222	992	(97)	(97)
—以上事项对少数股东权益的影 响及其他	581	727	(159)	(516)
小计	(1,894)	(7,423)	453	(1,253)
按国际财务报告准则呈报	355,747	226,419	19,477	15,181

中国银行股份有限公司

附件二

中国会计准则与国际财务报告准则会计报表差异说明

2006年1月1日至6月30日止期间

(除特别注明外，金额单位为人民币百万元)

4 中国会计准则与国际财务报告准则差异调节说明

(1) 冲回资产评估增值及其相关的折旧费用

在中国会计准则下，本集团将股份公司设立过程中的资产评估增值**104.32**亿元作为资本公积计入**2003年12月31日**的会计报表，增值的资产主要为固定资产。重估的固定资产成本在预计使用年限内摊销。根据《国际会计准则第**16**号——不动产、厂场和设备》的规定，一旦会计主体选用了成本法核算固定资产即不得再对固定资产按评估价值计量。因此，在中国会计准则下确认的资产评估增值及其相关的折旧费用应在国际财务报告准则会计报表予以冲回。

(2) 投资物业以公允价值计量

在中国会计准则下，投资物业作为固定资产按成本扣减累计折旧和减值准备后的金额列报。根据《国际会计准则第**40**号——投资性房产》的规定，本集团对投资物业在资产负债表日按照公允价值计量。

(3) 权益性投资分类为可供出售证券并以公允价值计量

在中国会计准则下，不存在控制、共同控制、重大影响的长期股权投资按成本扣减减值准备后的余额列报。根据《国际会计准则第**39**号——金融工具：确认和计量》的规定，这些股权投资被分类到可供出售证券；分类为可供出售证券的股权投资在资产负债表日按公允价值计量。可供出售股权投资因公允价值变动而产生的未实现估值收益或亏损，作为重估增值储备直接记入所有者权益。

(4) 内退员工内退期间的工资及福利义务

根据财政部要求，本集团对早于法定退休年龄退休的员工(“内退员工”)在其内退期间的福利支出(即在内退日开始到其达到法定退休年龄间的福利支出)在中国会计准则下按照收付实现制进行核算。根据《国际会计准则第**19**号——雇员福利》的相关要求，本集团对内退员工的福利支出于资产负债表日根据未来支付义务的现值并调整精算利得或损失及过去服务成本后列示。

(5) 贵金属以成本法计量

根据中国银行业会计实务，本行在中国会计准则会计报表中对所有的贵金属在初始确认时按照成本入账，并于资产负债表日按市场价格计量。根据《国际会计准则第**2**号——存货》的规定，对于本集团非交易性贵金属以成本法计量。

(6) 递延所得税影响

本集团在国际财务报告准则下对合并会计报表中的资产和负债的计税价值和账面价值之间的暂时性差异采用负债法计提递延税项。在中国会计准则下对所得税费用的会计处理采用纳税影响会计法。递延税项按照债务法根据时间性差异计算。**2006**年的主要差异是国际财务报告准则下贷记或借记入权益的可供出售证券公允价值估值变动所带来的借记或贷记入权益的递延所得税影响。

中国银行股份有限公司

附件二

中国会计准则与国际财务报告准则会计报表差异说明

2006年1月1日至6月30日止期间

(除特别注明外，金额单位为人民币百万元)



Bank of China Limited

Stock Code of A Shares: 601988

2006 INTERIM REPORT

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Important Notes

The Board of Directors of Bank of China Limited (the “Bank”) and its directors, the Board of Supervisors and its supervisors, the senior management of the bank warrant that there are no fraudulent disclosures, misleading statements or material omissions in this report, and that they will be individually and jointly responsible for the truthfulness, accuracy and completeness of the report.

The Board meeting held on 29 August 2006 reviewed and adopted the text and summary of the 2006 Interim Report. 16 directors were required to attend the meeting, with 16 present at the meeting. 16 directors exercised the right of voting, and 5 supervisors of the Bank participated in the meeting without voting right.

The 2006 interim financial statements under PRC Accounting Standards and International Financial Reporting Standards have been reviewed by PricewaterhouseCoopers Zhong Tian Certified Public Accountants Limited Company (“PWC”) and PricewaterhouseCoopers according to the Chinese and international review standards respectively.

Board of Directors of Bank of China Limited

Chairman Xiao Gang, President Li Lihui, Vice President in charge of Accounting Function Zhou Zaiqun and General Manager in charge of the Accounting Department Liu Yanfen undertake that the financial statements in the interim report are true and complete.

Financial Highlights (The report is prepared in accordance with the PRC Accounting Standards for Enterprises and the Accounting Systems for Financial Institutions.)

	At 30 June 2006	At 31 December 2005	At 31 December 2004	Increase/decrease from 1 January 2006 to 30 June 2006
Total assets	5,226,933	4,742,806	4,270,443	10.21%
Incl.: loans, net	2,317,408	2,151,893	2,071,693	7.69%
Total liabilities	4,840,480	4,480,186	4,037,705	8.04%
Incl.: Customer deposits	4,053,024	3,703,777	3,342,477	9.43%
Total equity attributable to shareholders of the Bank	357,641	233,842	205,351	52.94%
Net assets per share (RMB)	1.41	1.12	1.10	25.89%
Adjusted net assets per share (RMB) ¹	1.40	1.11	1.09	26.13%
	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	38,422	33,009	64,744	16.40%
Gross profit	34,013	29,578	55,140	14.99%
Net profit	19,024	16,434	27,492	15.76%
Net profit after deducting Non-recurring gains/losses	18,314	NA	26,174	NA
Earnings per share (EPS) ² (fully diluted, RMB)	0.07	0.09	0.13	(22.22%)
EPS ^{2,3} (weighted average, RMB)	0.09	0.09	0.15	0.00%
Net cash flow from operating activities	(117,991)	21,615	13,883	(645.88%)

¹ The data are computed according to the *Standards Concerning the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public (No.3) --- Contents and Formats of Interim Report (Revision 2003)* (ZJGSZ [2003] No.25) promulgated by China Securities Regulatory Commission (CSRC).

² EPS is calculated according to the *Compiling Rules on Information Disclosure by Companies Offering Securities to the Public (No.9) --- Computation and Disclosure of Return on Net Assets and EPS* promulgated by CSRC.

³ Weighted average share capital and net asset are calculated with the number of days as the weight.

	At 30 June 2006	At 31 December 2005	At 31 December 2004	Increase/Decrease from 1 January 2006 to 30 June 2006 (%)
Return on total assets (annualized)	0.87%	0.72%	0.61%	0.15
Return on share capital ¹ (annualized, excluding minority interests)	12.87%	12.52%	10.23%	0.35
Return on share capital (annualized, including minority interests)	13.34%	13.16%	10.92%	0.18
Return on net assets ² (annualized, fully diluted)	10.64%	11.76%	10.19%	(1.12)
Return on net assets ² (annualized, weighted average)	14.99%	12.62%	10.04%	2.37
Credit cost (annualized)	0.44%	0.50%	1.06%	(0.06)
Non-performing loan (NPL) ratio	4.19%	4.62%	5.12%	(0.43)
Capital adequacy ratio	12.40%	10.42%	10.04%	1.98
Provision coverage ratio	87.44%	80.55%	68.02%	6.89
	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 (%)
Cost to income ratio	35.90%	37.05%	39.30%	(1.15)
Proportion of non-interest income	15.67%	14.15%	13.46%	1.52
Net interest margin	2.26%	2.31%	2.32%	(0.05)

¹ The data are calculated according to the *Guidelines on the Corporate Governance and Supervision of State-owned Commercial Banks* (YJF [2006] No.22).

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 RMB38,422 million and net profit of RMB19,024 million, representing a year on year increase of 16.40% and 15.76% respectively. Our ROAA was 0.87% and ROAE was 12.87%, an increase of 0.15% and 0.35% 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 flow, 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.

Xiao Gang (Signature)

Chairman

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 confidence 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, Management diligently implemented the Bank's strategy, made good progress in diverse areas and achieved strong financial results. As at the end of June 2006, the Group's total asset stood at RMB5,226.933 billion, total liabilities was RMB4,840.48 billion, and owners' equity was RMB357.641 billion, representing an increase of 10.21%, 8.04% and 52.94% respectively from the end of last year. Profit before tax and net profit were RMB34.013 billion and RMB19.024 billion respectively, 14.99% and 15.76% 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 19.1% and net interest income grew by 12.0%.

The profit before tax of domestic operations climbed 10.5%, accounting for 63.1% of the Group's total profit before tax compared with 59.4% as at the end of 2005. Investment banking and insurance business reported a 145.7% surge in profit before tax and accounted for 6.6% of the Group's total profit against 3.2% in last year. Commercial banking, our core business, boasted a 10.8% growth in profit before tax.

Non-interest income registered a 26.2% growth compared with the same period last year, with its contribution to the Group's operating profit rising from 14.2% to 15.7%. 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 4.9% at the end of last year to 4.4%. Coverage ratio increased from 80.6% to 87.4%.

The Group's operating profit grew faster than operating expenses. Our cost-to-income ratio was successfully lowered from 37.05% to 35.9%; effective tax rate also decreased from 36.7% to 36.3%.

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 enhance 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.

Li Lihui (Signature)

President

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 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 to 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 RMB5,226.933 billion, an increase of RMB484.127 billion or 10.21% over 31 December 2005. Total liabilities stood at RMB4,840.48 billion, an increase of RMB360.294 billion or 8.04% over 31 December 2005. Owners' equity (excluding minority interests) totaled RMB357.641 billion, an increase of RMB123.799 billion or 52.94% over 31 December 2005.

The Group achieved a net profit of RMB19.024 billion in the first half of 2006, a year-on-year increase of RMB2.59 billion or 15.76%. The Group is in a good financial position.

Income Statement Analysis

Unit: RMB million

Items	Half year ended 30 June 2006	Half year ended 30 June 2005	Year ended 31 December 2005
Net interest income	54,476	48,658	100,405
Non-interest income	10,126	8,021	15,623
Operating and administrative expenses	(23,193)	(21,000)	(45,604)
Business tax and surcharges	(2,987)	(2,670)	(5,680)
Operating profit	38,422	33,009	64,744
Non-operating income, net	467	1,145	1,381
Net profit before impairment losses	38,889	34,154	66,125
Less: impairment losses	(4,876)	(4,576)	(10,985)
Profit before tax	34,013	29,578	55,140
Less: income tax expense	(12,362)	(10,860)	(22,543)
Less: minority interests	(2,627)	(2,284)	(5,105)
Net profit	19,024	16,434	27,492

Return on Net Assets and EPS Calculated in accordance with the *Compiling Rules on Information Disclosure by Companies Offering Securities to the Public (No.9)* Promulgated by CSRC

Unit: RMB million

Items	Profit in the report period	Return on net assets (%)		EPS (RMB)	
		Fully diluted	Weighted average	Fully diluted	Weighted average
Profit from main business	38,422	21.49%	30.27%	0.15	0.18
Operating profit	38,422	21.49%	30.27%	0.15	0.18
Net profit	19,024	10.64%	14.99%	0.07	0.09
Net profit after deducting non-recurring items	18,314	10.24%	14.43%	0.07	0.08

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 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 at fair value	3,566	1,775	-	-
--Early retirement benefit obligation	(4,911)	(5,097)	186	(1,749)
--Cost method applied on 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	(1,894)	(7,423)	453	(1,253)
IRFS figures	355,747	226,419	19,477	15,181

Please refer to Appendix II iv (Reconciliation between RPRC GAAP and IFRS financial information) for details.

Non-recurring Items

Unit: RMB million

Items	Balance
Net gains on disposal of long-term equity investments	141
Non-operating income	1,111
Non-operating expense	(644)
Write-back of the impairments recognized in previous years	451
Income tax impact of Non-recurring items	(349)
Total	710

Operation of Major Subsidiary

	Half year ended 30 June 2006	Half year ended 30 June 2005
Name	BOC Hong Kong (Holdings) Limited	
Listing place and code	Hong Kong · HK2388	
Scope of business	BOC Hong Kong (Holdings) Limited is a holding company; its subsidiary Bank of China (Hong Kong) Limited (BOC Hong Kong) provides banking and relevant financial services in Hong Kong.	
Net profit (RMB 100million)	45.70	39.93
Proportion of net profit of share participating company in current period in the net profits of the listed company (%)	24.02	24.30

Net Interest Income

In the first half of 2006, the Group achieved a net interest income of RMB54.476 billion, a year-on-year increase of RMB5.818 billion or 11.96%. The average balance¹ and average interest rate² of the Group's interest-earning assets and interest-bearing liabilities are shown in the table below:

¹ Average balances of interest-earning assets and interest-bearing liabilities are daily average balances derived from the Group's management accounts.

² 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.

Items	Half year ended 30 June 2006				Half year ended 30 June 2005				Year ended 31 December 2005			
	Average balance		Interest income and expense	Average interest rate	Average balance		Interest income and expense	Average interest rate	Average balance		Interest income and expense	Average interest rate
	Amount	Percentage			Amount	Percentage			Amount	Percentage		
Interest-earning assets												
Loans	2,291,998	48%	60,360	5.27%	2,196,061	52%	51,971	4.73%	2,192,058	51%	109,711	5.00%
Debt securities ¹	1,837,222	38%	30,652	3.34%	1,383,481	33%	19,908	2.88%	1,475,673	34%	44,938	3.05%
Due from and placements with banks and other financial institutions, and due from central banks	694,824	14%	8,765	2.52%	639,077	15%	5,587	1.75%	655,359	15%	12,696	1.94%
Sub-total	4,824,044	100%	99,777	4.14%	4,218,619	100%	77,466	3.67%	4,323,090	100%	167,345	3.87%
Interest-bearing liabilities												
Deposits from 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 and placements from banks and other financial institutions, and due to central banks	371,143	8%	4,122	2.22%	336,394	9%	2,827	1.68%	355,856	9%	6,512	1.83%
Special purpose borrowings and bonds issued	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			54,476				48,658				100,405	
Net interest spread ² (%)				2.12%				2.20%				2.21%
Net interest margin ³ (%)				2.26%				2.31%				2.32%

* 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 factors⁴. Variances caused by changes in both volume and rate are attributed to interest rate factor.

¹ Includes trading and other debt securities at fair value through profit or loss and debt securities investment.

² Net interest spread=Average yield of interest-earning assets - Average cost of interest-bearing liabilities

³ Net interest margin=Net interest income / Average balance of interest-earning assets

⁴ 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.

Half year ended 30 June 2006 VS Half year ended 30 June 2005

Unit: RMB million

	Volume	Interest rate	Total
Interest income			
Loans	2,269	6,120	8,389
Debt securities	6,534	4,210	10,744
Due from and placements with banks and other financial institutions, and due from central banks	488	2,690	3,178
Sub-total	9,291	13,020	22,311
Interest expense			
Deposits from customers	(3,628)	(11,444)	(15,072)
Due to and placements from banks and other financial institutions, and due to central banks	(292)	(1,003)	(1,295)
Special purpose borrowings and bonds issued	30	(156)	(126)
Sub-total	(3,890)	(12,603)	(16,493)
Net interest income	5,401	417	5,818

Interest income

The Group's interest income was RMB99.777 billion in the first half of 2006, a year-on-year increase of RMB22.311 billion or 28.80%. The growth is attributed to the size expansion as well as the increase of average interest rate of interest-earning assets. The average balance of interest-earning assets increased by 14.35% from RMB4,218.619 billion as at 30 June 2005 to RMB4,824.044 billion as at 30 June 2006. The average interest rate of interest-earning assets climbed by 47 basis points from 3.67% in the first half of 2005 to 4.14% in the first half of 2006.

Loans

The Group achieved a loan interest income of RMB60.36 billion in the first half of 2006, a year-on-year increase of RMB8.389 billion or 16.14%. The growth is mainly due to a 54 basis points increase in the average yield of loans from 4.73% in the first half of 2005 to 5.27% in the first half of 2006, and a 4.37% increase in the average balance of loans from RMB2,196.061 billion in the first half of 2005 to RMB2,291.998 billion in the first half of 2006. The Group strictly controlled the loan quality, and achieved a steady growth of loans to customers. The growth of the average yield of loans is mainly due to the following factors: (1) continuous pickup of foreign currency interest rates; (2) upward adjustment of the benchmark interest rate of RMB loans by People's Bank of China; and (3) continuous improvement in the Bank's loan quality. Influenced by the low interest rate in RMB money market, the discount yield was under pressure, thus partly offset the rapid growth of interest income.

Debt Securities

In the first half of 2006, the Group achieved an interest income of RMB30.652 billion from debt securities, a year-on-year increase of RMB10.744 billion or 53.97%. The main reason is that the average balance of debt securities soared by 32.80% from RMB1,383.481 billion in the first half of 2005 to RMB1,837.222 billion in the first half of 2006, and the average yield of securities increased by 46 basis points from 2.88% in the first half of 2005 to 3.34% 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 and placements with banks and other financial institutions and due from central banks; and (2) the Group continued to optimize the asset portfolio by reducing the proportion of relatively lower yield due from and placements with banks and other financial institutions in the portfolio. Increase in average yield was attributable to the increased yield of foreign currency securities, which offset the impacts of lower interest rate in the domestic RMB money market.

Due from and Placements with Banks and other Financial Institutions and Due from Central Banks

The Group achieved an interest income of RMB8.765 billion from due from and placements with banks and other financial institutions and due from central banks in the first half of 2006, 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 low yield due from and placements with banks and other financial institutions.

Interest Expense

In the first half of 2006, the Group's interest expense was 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.

Deposits from Customers

In the first half of 2006, the 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 an 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 ; and (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 rapid development of the Chinese economy, which offset the decline of domestic foreign currency deposits caused by the expectation of RMB appreciation.

Due to and Placements from Banks and other Financial Institutions and Due to Central Banks

In the first half of 2006, the Group's interest expense for due to and placements from banks and other financial institutions and due to central banks was RMB4.122 billion, a year-on-year increase of RMB1.295 billion or 45.81%. The growth is primarily attributable to a rise in the cost of foreign currency funds with a 54 basis points increase in the interest rate 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 RMB336.394 billion in the first half of 2005 to RMB371.143 billion in the same period of 2006, the proportion of due to and placements from banks and other financial institutions in the interest-bearing liabilities declined from 9% in the first half of 2005 to 8% in the same period of 2006.

Special Purpose Borrowings and Bonds Issued

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 increase 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 3 basis points; and net interest margin decreased by 5 basis points to 2.26%. The decrease in interest margin is mainly attributable to: (1) the proportion of debt securities to 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 increase in interest-earning assets and the Bank's prudence in balancing risk and return, the proportion of loans in the interest-earning assets 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. The net interest income increased by 11.96% from RMB48.658 billion in the first half of 2005 to RMB54.476 billion in the same period of 2006.

Non-interest Income

In the first half of 2006, the Group achieved a net non-interest income of RMB10.126 billion, a year-on-year increase of RMB2.105 billion or 26.24%.

Unit: RMB million

	Half year ended 30 June 2006	Half year ended 30 June 2005	Year ended 31 December 2005
Net fee and commission income	6,841	4,518	9,247
Net trading income	(193)	2,993	4,482
Investment gains/losses	1681	149	(248)
Other operating income, net	1,797	361	2,142
Total	10,126	8,021	15,623

Net Fee and Commission Income

Unit: RMB million

	Half year ended 30 June 2006	Half year ended 30 June 2005	Year ended 31 December 2005
Settlement and clearing fees	1,794	1,287	2,941
Agency commissions	2,201	1,235	2,735
Credit commitment fees and commissions	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

In the first half of 2006, the Group achieved a net fee and commission income of RMB6.841 billion, 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 of the Group 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 of the Group stood at RMB1.794 billion, 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 and L/C settlement and personal electronic remittance.

Bank card fees of the Group reached RMB1.365 billion, 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.

Net Trading Income

Unit: RMB million

	Half year ended 30 June 2006	Half year ended 30 June 2005	Year ended 31 December 2005
Net gains from foreign exchange and foreign exchange products	1,302	3,322	2,518
Net gains from interest rate products	(1,495)	(329)	1,964
Total	(193)	2,993	4,482

The Group suffered a net trading loss of RMB193 million in the first half of 2006, a year-on-year decline of RMB3.186 billion or 106.45%.

In the first half of 2006, the domestic operations' spread income from foreign exchange dealings 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 RMB1.495 billion, a year-on-year decrease of RMB1.166 billion or 354.41%.

Starting from 21 July 2005, the People's Bank of China (the central bank) 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 between the Group and Central SAFE Investments Limited gave rise to an evaluation gain of RMB300 million. Should the above factors be excluded, the Bank's net trading income has increased by RMB14 million year-on-year.

Investment Income

Unit: RMB million

	Half year ended 30 June 2006	Half year ended 30 June 2005	Year ended 31 December 2005
Gains from equity investment	1,587	125	678
Incl.: Net gains from investment in associates	339	48	166
Net gains from other equity investments	1,248	77	512
(Losses)/gains from debt investment	94	24	(926)
Total	1,681	149	(248)

In the first half of 2006, the Group's investment income rocketed by RMB1.532 billion or 1028.19% to RMB1.681 billion. The increase is mainly attributable to: (1) the Group acquired an additional 5% stake in September 2005 in Huaneng International Power Development Corporation and thus held 20% stake in total, investment income from which was accounted for based on equity method and recognized in net gains from investment in associates; (2) the Group sold shares of BOC Group Life Assurance Limited to BOC Hong Kong (Holdings) Limited; and (3) the investment income of BOC International increased.

Other Operating Income, Net

Unit: RMB million

	Half year ended 30 June 2006	Half year ended 30 June 2005	Year ended 31 December 2005
Other operating revenues	5,366	2,767	6,617
Insurance premium	4,286	2,624	5,237
Others	1,080	143	1,380
Other operating expense	(3,569)	(2,406)	(4,475)
Insurance claims expense	(3,423)	(2,168)	(3,861)
Others	(146)	(238)	(614)
Total	1,797	361	2,142

In the first half of 2006, the Group's net income from other operations grew by RMB1.436 billion or 397.78% to RMB1.797 billion, which was largely due to the continuous increase in the income from the Group's insurance business and subsidiaries' other operating activities.

Operating and Administrative Expense

Unit: RMB million

	Half year ended 30 June 2006	Half year ended 30 June 2005	Year ended 31 December 2005
Staff cost	13,278	11,654	23,979
General operating and administrative expense	7,174	6,208	15,742
Depreciation	2,741	3,138	5,883
Total	23,193	21,000	45,604

In the first half of 2006, the Group's operating and administrative expenses totaled RMB23.193 billion, a year-on-year increase of RMB2.193 billion or 10.44%. The increase is mainly attributable to the following factors: (1) the Group continued the staff compensation reform to enhance its competitiveness; (2) the Group implemented the Annuity Plan; (3) expenses for supporting the Group's business growth increased with the expansion of business and increasingly fierce market competition; and (4) depreciation expense continued to decline as a result of factors such as the sale and disposal of fixed assets in previous years.

Impairment Losses

Unit: RMB million

	Half year ended 30 June 2006	Half year ended 30 June 2005	Year ended 31 December 2005
Provision for loan losses	5,062	4,718	10,888
(Write-back of)/Provision for impairment of foreclosed assets	(131)	96	133
(Write-back of)/Provision for impairment of other receivables	(55)	206	498
Write-back of impairment of fixed assets and others	-	(444)	(534)
Total	4,876	4,576	10,985

In the first half of 2006, the Group's asset impairment losses increased by RMB300 million or 6.56%.

Provision for Interest Receivable and Other Bad Debt Receivables

As provided in the *Accounting System for Financial Institutions* issued by the Ministry of Finance, financial institutions should analyze the recoverability of receivables (including fund placement and premium receivable, but not including interest receivable),

forecast bad debt losses, and make provision for bad debt losses that are estimated to occur. When loan interest receivable or corresponding loan principal is overdue for more than 90 days, the interest receivable should be transferred off balance sheet, and the interest income and interest receivable that have been recognized should be reversed. The age of interest receivable is within 90 days.

In the report period, the Group's bad debt provision was detailed as follows:

Unit: RMB million

	At 30 June 2006	At 31 December 2005	Increase
Other receivables	17,538	14,275	3,263
Balance of bad debt provision	3,874	3,878	(4)

Income Tax Analysis

In the first half of 2006, the Group's income tax expense was RMB12.362 billion, a year-on-year increase of RMB1.502 billion or 13.83%. The Group's effective tax rate was 36.34%, a year-on-year decrease of 0.38 percentage points.

Balance Sheet Analysis

Unit: RMB million

	At 30 June 2006	At 31 December 2005	At 31 December 2004
Debt securities ¹	1,988,271	1,669,591	1,309,479
Due from banks, placements with banks and other financial institutions, and due from central banks	640,765	661,478	631,727
Net loans	2,317,408	2,151,893	2,071,693
Fixed assets and construction in progress	75,148	76,320	79,302
Total assets	5,226,933	4,742,806	4,270,443
Due to banks, placements from banks and other financial institutions, and due to central banks	388,844	375,288	318,443
Deposits from customers	4,053,024	3,703,777	3,342,477
Special purpose borrowings and bonds issued	109,799	112,343	95,802
Total liabilities	4,840,480	4,480,186	4,037,705
Minority interests	28,812	28,778	27,387
Total equity	357,641	233,842	205,351
Total equity and liabilities	5,226,933	4,742,806	4,270,443

¹ Including securities available-for-sale, securities held-to-maturity, loans and receivables, trading and other debt securities at fair value through profit or loss.

Debt Securities

Unit: RMB million

	At 30 June 2006	At 31 December 2005	At 31 December 2004
Trading and other bonds at fair value through profit or loss	110,602	107,271	91,012
Debt securities available-for-sale	919,175	593,010	346,532
Debt securities held-to-maturity, net	569,126	607,459	457,994
Debt securities classified as loans and receivables, net	389,368	361,851	413,941
Total	1,988,271	1,669,591	1,309,479

As of 30 June 2006, security assets of the Group reached RMB1,988.271 billion, an increase of RMB318.68 billion or 19.09% over 31 December 2005. The increase was mainly attributed to the growth of RMB3,26.165 billion in debt securities available-for-sale.

Loans

As of 30 June 2006, the Group had a total loan portfolio of RMB2,405.536 billion, an increase of RMB170.49 billion or 7.6% over the previous year-end. Loans by domestic operations were RMB1,972.631 billion, an increase of RMB172.708 billion or 9.6% over the previous year-end. Loans by domestic operations of Eastern Region grew at the highest rate, with an RMB93.81 billion or 13.1% increase over the previous year-end.

Loan Portfolio Concentrations by Geographic Region

Loan Portfolio Concentrations of the Group by Region

Unit: RMB million

	At 30 June 2006		At 31 December 2005		At 31 December 2004	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
Domestic operations	1,972,631	82.00%	1,799,923	80.53%	1,734,302	80.80%
Overseas operations	432,905	18.00%	435,123	19.47%	412,160	19.20%
Total	2,405,536	100.00%	2,235,046	100.00%	2,146,462	100.00%

Domestic Loans 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%	313,843	18.10%
Northeastern Region	135,087	6.85%	131,430	7.30%	128,374	7.40%
Eastern Region	813,572	41.24%	719,759	39.99%	679,773	39.20%
Central & Southern Region	470,372	23.85%	444,869	24.72%	433,860	25.02%
Western Region	200,123	10.14%	181,414	10.08%	178,452	10.28%
Total	1,972,631	100.00%	1,799,923	100.00%	1,734,302	100.00%

Note: Northern Region includes Beijing Municipality, Tianjin Municipality, Hebei Province, Shanxi Province, Inner Mongolia Autonomous Region, and the Head Office of BOC;

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

As of 30 June 2006, the outstanding balance of the Group's corporate loans was RMB1,864.081 billion, an increase of RMB 152.038 billion or 8.9% from the beginning of the year. These loans were mainly concentrated in the sectors of manufacturing, commerce and services, accounting for 31.75% and 17.35% of total corporate loans respectively. Industry concentration of corporate loans by domestic operations was consistent with the overall characteristics of the Group.

Industry Concentration of Corporate Loans 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	591,909	31.75%	531,191	31.03%	523,506	31.70%
Commerce and services	323,348	17.35%	301,863	17.63%	348,432	21.10%
Real estate	201,585	10.82%	190,297	11.11%	187,110	11.40%
Energy, mining and agriculture	252,415	13.54%	230,854	13.48%	203,544	12.30%
Transportation	200,503	10.76%	193,428	11.30%	184,449	11.10%
Public utilities	104,827	5.62%	91,924	5.37%	87,731	5.30%
Construction	38,304	2.05%	36,050	2.11%	36,059	2.20%
Financial services	112,153	6.02%	96,245	5.62%	46,518	2.80%
Others	39,037	2.09%	40,191	2.35%	35,072	2.10%
Total	1,864,081	100.00%	1,712,043	100.00%	1,652,421	100.00%

Industry Concentration of Corporate Loans 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	543,831	34.68%	490,898	34.57%	497,317	36.10%
Commerce and services	276,491	17.64%	255,460	17.99%	284,772	20.60%
Real estate	104,121	6.64%	96,390	6.79%	100,932	7.30%
Energy, mining and agriculture	233,357	14.88%	210,281	14.81%	186,942	13.50%
Transportation	173,417	11.06%	165,396	11.65%	157,762	11.40%
Public utilities	104,827	6.69%	91,924	6.47%	87,731	6.30%
Construction	32,940	2.10%	30,089	2.12%	27,938	2.00%
Financial services	96,440	6.15%	77,237	5.44%	32,079	2.30%
Others	2,512	0.16%	2,290	0.16%	7,484	0.50%
Total	1,567,936	100.00%	1,419,965	100.00%	1,382,957	100.00%

Loans of the Group by Customers

As of 30 June 2006, the outstanding balance of the Group's corporate loans was RMB1,864.081 billion, an increase of RMB152.038 billion or 8.9% from the prior year-end, accounting for 77.5% of the total. The outstanding balance of personal loans was RMB541,455 million, an increase of RMB18.452 billion or 3.5% from the prior year-end, accounting for 22.5% of the total. The balance of domestic corporation loans increased by RMB147.971 billion or 10.4% compared with the previous year-end, and the balance of personal loans increased by 6.5% or RMB 24.737 billion.

Loans of the Group by Customers

Unit: RMB million

	At 30 June 2006		At 31 December 2005		At 31 December 2004	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
Corporate loans	1,864,081	77.49%	1,712,043	76.60%	1,652,421	76.98%
Trade bills	269,713	11.21%	225,026	10.07%	177,738	8.28%
Personal loans	541,455	22.51%	523,003	23.40%	494,041	23.02%
Total	2,405,536	100.00%	2,235,046	100.00%	2,146,462	100.00%

Loans of Domestic Operations by Customers

Unit: RMB million

	At 30 June 2006		At 31 December 2005		At 31 December 2004	
	Balance	Proportion (%)	Balance	Proportion (%)	Balance	Proportion (%)
Corporate loans	1,567,936	79.48%	1,419,965	78.89%	1,382,957	79.74%
Trade bills	240,826	12.21%	195,311	10.85%	148,832	8.58%
Personal loans	404,695	20.52%	379,958	21.11%	351,345	20.26%
Total	1,972,631	100.00%	1,799,923	100.0%	1,734,302	100.00%

Personal Loans of Domestic Operations by Products

	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%

Notes: Others mainly include auto loans, personal investment loans and personal education loans.

Loans of the Group by Currencies

As of 30 June 2006, the outstanding balance of the Group's loans in RMB was RMB1,643.896 billion, an increase of RMB166.037 billion or 11.2% from the beginning of the year. It accounted for 68.3% of the total.

Loans of the Group by Currencies

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	68.34%	1,477,859	66.12%	1,378,760	64.23%
Foreign currencies	761,640	31.66%	757,187	33.88%	767,702	35.77%
Total	2,405,536	100.00%	2,235,046	100.00%	2,146,462	100.00%

Loans of Domestic Operations by Currencies

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	83.21%	1,475,821	82.00%	1,378,343	79.50%
Foreign currencies	331,149	16.79%	324,102	18.00%	355,959	20.50%
Total	1,972,631	100.00%	1,799,923	100.00%	1,734,302	100.00%

Loans of the Group by Types of Security

As of 30 June 2006, a large proportion of the Group's loans were secured, accounting for 45.85% of the total. Unsecured loans accounted for 24.1%.

Loans 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	578,987	24.08%	475,764	21.29%	447,800	20.86%
Guaranteed	723,502	30.07%	684,824	30.64%	650,905	30.32%
Collateralized and other secured	1,103,047	45.85%	1,074,458	48.07%	1,047,757	48.82%
Total	2,405,536	100.00%	2,235,046	100.00%	2,146,462	100.00%

Quality of the Group's Loans

As of 30 June 2006, the Group's total impaired loans were RMB105.944 billion, a decrease of RMB3.367 billion over the previous year-end; and the impaired loan ratio was 4.4%, a decrease of 0.49 percentage points. The impaired loans of domestic operations were RMB99.543 billion, a decrease of RMB2.579 billion over the previous year-end; and the impaired loan ratio was 5.05%, a decrease of 0.62 percentage points. The impaired loans 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 points.

Impaired Loan Portfolio Concentrations 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%	102,140	93.44%	5.67%	104,327	88.3%	6.02%
Overseas operations	6,401	6.04%	1.48%	7,171	6.56%	1.65%	13,830	11.7%	3.36%
Total	105,944	100.00%	4.40%	109,311	100.00%	4.89%	118,157	100.0%	5.50%

Notes:

1. 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 impairment loans with the balance of total loans.

Impaired Loan Portfolio Concentrations of Domestic Operations by Region

Unit: RMB million

Domestic	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	17.30%	5.50%	22,600	21.70%	7.20%
Northeastern Region	11,968	12.03%	8.84%	12,363	12.10%	9.40%	13,170	12.60%	10.26%
Eastern Region	25,962	26.08%	3.19%	27,811	27.20%	3.90%	28,595	27.40%	4.21%
Central & Southern Region	30,071	30.21%	6.39%	30,611	30.00%	6.90%	26,611	25.50%	6.13%
Western Region	13,085	13.14%	6.54%	13,656	13.40%	7.50%	13,351	12.80%	7.48%
Total	99,543	100.00%	5.05%	102,140	100.00%	5.70%	104,327	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%	32,969	35.58%	6.76%	32,218	33.37%	6.48%
Commerce and services	23,162	25.83%	8.38%	25,443	27.46%	9.96%	26,344	27.29%	9.25%
Real estate	11,596	12.93%	11.14%	12,763	13.77%	13.24%	13,453	13.93%	13.33%

Energy, mining and agriculture	6,624	7.39%	2.84%	6,665	7.19%	3.17%	6,588	6.82%	3.52%
Transportation	7,176	8.00%	4.14%	7,759	8.37%	4.69%	9,729	10.08%	6.17%
Public utilities	4,312	4.81%	4.11%	4,627	4.99%	5.03%	5,564	5.76%	6.34%
Construction	1,717	1.91%	5.21%	2,226	2.40%	7.40%	2,569	2.66%	9.20%
Financial services	235	0.26%	0.24%	215	0.24%	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%	92,667	100.00%	6.54%	96,543	100.00%	6.98%

Impaired Loans of the Group by Customers

Unit: RMB million

	At 30 June 2006			At 31 December 2005			At 31 December 2004		
	Balance	Proportion (%)	Impaired loan ratio	Balance	Balance	Proportion (%)	Impaired loan ratio	Balance	Balance
Corporate loans	95,120	89.78%	5.10%	98,669	90.26%	5.76%	108,005	91.41%	6.54%
Personal loans	10,824	10.22%	2.00%	10,642	9.74%	2.03%	10,152	8.59%	2.05%
Total	105,944	100.00%	4.40%	109,311	100.00%	4.89%	118,157	100.00%	5.50%

Impaired Loans of Domestic Operations by Customers

	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	89,684	90.10%	5.72%	92,667	90.73%	6.53%	96,543	92.55%	6.99%
Personal loans	9,859	9.90%	2.44%	9,473	9.27%	2.49%	7,784	7.45%	2.22%
Total	99,543	100.00%	5.05%	102,140	100.00%	5.67%	104,327	100.00%	6.02%

Impaired Personal Loans of Domestic Operations by Products

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%

5-category Classification of Loans

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; with NPL ratio at 4.19%, a decrease of 0.43 percentage points. NPLs of domestic operations were RMB96.519 billion, a decrease of RMB1.69 billion over the previous year-end, with NPL ratio at 4.89%, a decrease of 0.57 percentage points. Loans 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, 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	2,042,960	84.93%	1,847,772	82.67%	1,611,936	75.10%
Special mention	261,788	10.88%	284,048	12.71%	424,606	19.78%
Substandard	42,082	1.75%	45,573	2.04%	61,289	2.86%
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	2,405,536	100.00%	2,235,046	100.00%	2,146,462	100.00%
Total NPLs	100,788	4.19%	103,226	4.62%	109,920	5.12%

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	1,625,776	82.42%	1,430,210	79.46%	1,227,414	70.77%
Special mention	250,336	12.69%	271,504	15.08%	408,571	23.56%
Substandard	40,917	2.07%	44,056	2.45%	57,656	3.32%
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	1,972,631	100.00%	1,799,923	100.00%	1,734,302	100.00%
Total NPLs	96,519	4.89%	98,209	5.46%	98,317	5.67%

Deposits from Customers

Unit: RMB million

	At 30 June 2006	At 31 December 2005	At 31 December 2004
Short-term ¹ corporate deposits	1,467,863	1,323,444	1,150,115
Short-term saving deposits	2,044,461	1,911,921	1,756,312
long-term ² corporate deposits	32,157	26,317	32,743
long-term saving deposits	339,763	313,703	296,246
Securities and margin deposits	168,780	128,392	107,061
Total	4,053,024	3,703,777	3,342,477

As of 30 June 2006, the corporate deposits of the Group reached RMB4,053.024 billion, an increase of RMB349.247 billion or 9.43% over the previous year-end. Of them, the corporate and personal deposits increased by RM150.259 billion and 158.6 billion respectively.

¹ Include demand deposits and time deposits less than (including) one year.

² Refer to long-term deposits beyond a year.

Deposits from Customers by Currencies

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% of total deposits.

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	70.97%	2,531,878	68.36%	2,093,272	62.63%
Foreign currencies	1,176,449	29.03%	1,171,899	31.64%	1,249,205	37.37%
Total	4,053,024	100.00%	3,703,777	100.00%	3,342,477	100.00%

Equity

Unit: RMB million

	At 30 June 2006	At 31 December 2005	At 31 December 2004
Minority interests	28,812	28,778	27,387
Equity	357,641	233,842	205,351
Total equity	386,453	262,620	232,738

In the first half of 2006, the Bank issued, at a premium, ordinary shares to the National Council for Social Security Fund, and then issued, at a premium, overseas listed shares (H Shares) to overseas investors and ordinary shares (A Shares) to domestic investors. For details, please refer to Appendix: Note III, 17(1) of the Accountants' Report.

Changes in Shareholder's Equity within the Report Period

Unit: RMB million

	Share capital	Capital reserve	Statutory reserve	General and regulatory reserves	Undistributed profit	Reserve for fair value changes of available-for-sale securities	Currency translation differences	Total
Balance at 1 January 2006	209,427	3,978	5,987	5,109	12,585	(1,380)	(1,864)	233,842
Net profit for the period	-	-	-	-	19,024	-	-	19,024
Issue of ordinary shares	44,412	72,567	-	-	-	-	-	116,979
Appropriation to statutory reserves	-	-	2,108	-	(2,108)	-	-	-
Appropriation to general and regulatory reserves	-	-	-	4,291	(4,291)	-	-	-
Net change in fair value of available-for-sale securities	-	-	-	-	-	(10,574)	-	(10,574)
Dividends	-	-	-	-	(1,375)	-	-	(1,375)
Currency translation differences	-	-	-	-	-	-	(255)	(255)
Others	-	-	-	(2)	2	-	-	-
Balance at 30 June 2006	253,839	76,545	8,095	9,398	23,837	(11,954)	(2,119)	357,641

Balance of Major Off-balance Sheet Items

The balance of major off-balance sheet items of the Group at the end of the reporting period is as follow.

Unit: RMB million

	At 30 June 2006	At 31 December 2005
Acceptance	230,434	195,234
Letter of guarantee issued	255,779	212,987
Letter of credit issued	115,686	101,195
Irrevocable credit commitment and others	422,297	386,346
Total	1,024,196	895,762

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	35.3
	Foreign currencies	≥ 25	45.8	87.4	78.6
Loan-deposit ratio (%)	RMB	≤ 75	57.2	51.7	59.6
	Foreign currencies	≤ 85	64.7	70.4	67.9
NPL ratio (%)		-	4.2	4.6	5.1
Provision coverage (%)		≥ 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 the financial figures are based on the *Accounting Standards for Business Enterprises* and the *Accounting Systems for Financial Enterprises*. 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 the China Banking Regulatory Commission (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%, while core capital adequacy ratio declined 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. 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 assets of the Group were RMB38.549 billion, translating into risk assets of RMB481.868 billion.

Unit: RMB million/%

Items	At 30 June 2006	At 31 December 2005	Increase/Decrease
Net core capital (a)	387,698	252,970	134,728
Net capital (b)	450,027	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%

Reporting by Region

At 30 June 2006

Unit: RMB million

	Mainland	Hong Kong & Macau	Other overseas regions	Eliminations	Group
Net interest income	45,078	8,549	845	4	54,476
Non-interest income	4,371	6,189	152	(586)	10,126
Operating and administrative expenses	(18,920)	(3,618)	(687)	32	(23,193)
Operating profit	27,584	11,091	297	(550)	38,422
(Charge)/write-back for impairment losses	(5,932)	935	121	-	(4,876)
Gross profit	21,824	12,284	455	(550)	34,013
Income tax	(10,751)	(1,672)	(142)	203	(12,362)
Profit attributable to the minority	(4)	(2,623)	-	-	(2,627)
Net profit	11,069	7,989	313	(347)	19,024
Segment assets	4,268,205	993,715	199,169	(234,156)	5,226,933
Segment liabilities	(3,917,105)	(897,042)	(191,882)	165,549	(4,840,480)

At 30 June 2005

Unit: RMB million

	Mainland	Hong Kong & Macau	Other overseas regions	Eliminations	Group
Net interest income	40,434	7,380	844	-	48,658
Non-interest income	4,860	2,712	449	-	8,021
Operating and administrative expenses	(17,046)	(3,358)	(596)	-	(21,000)
Operating profit	25,612	6,710	687	-	33,009
(Charge)/write-back for impairment losses	(6,591)	1,805	210	-	(4,576)
Gross profit	19,744	8,882	952	-	29,578
Income tax	(9,472)	(1,228)	(160)	-	(10,860)
Profit attributable to the minority	9	(2,293)	-	-	(2,284)
Net profit	10,281	5,361	792	-	16,434
Segment assets	3,803,989	966,225	186,982	(214,390)	4,742,806
Segment liabilities	(3,584,086)	(871,046)	(178,853)	153,799	(4,480,186)

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 net profit as well, accounting for 78% of total assets and 57% of total profit of the Group. Hong Kong and Macau were also key business regions of the Group, accounting for 18% of total assets and 41% of total profit of the Group.

Reporting by Business Line

At 30 June 2006

Unit: RMB million

	Corporate banking	Personal banking	Treasury services	Investment banking	Insurance business	Others	Eliminations	Total
Net interest income	26,602	16,881	11,376	19	250	(656)	4	54,476
Non-interest income	5,029	4,147	(1,471)	1,324	198	1,536	(637)	10,126
Operating and administrative expenses	(8,588)	(11,677)	(2,876)	(224)	(103)	(406)	681	(23,193)
Operating profit	21,565	8,892	6,006	1,117	342	452	48	38,422
(Charge)/write-back for impairment losses	(4,202)	(720)	1	(5)	6	44	-	(4,876)
Gross profit	17,419	8,299	6,052	1,110	388	1,295	(550)	34,013
Segment assets	1,813,042	637,280	2,692,140	18,079	17,153	84,279	(35,040)	5,226,933
Capital expenditure	416	782	31	6	2	953	-	2,190

At 30 June 2005

Unit: RMB million

	Corporate banking	Personal banking	Treasury services	Investment banking	Insurance business	Others	Eliminations	Total
Net interest income	25,744	16,021	7,056	63	183	(409)	-	48,658
Non-interest income	4,135	2,558	746	335	46	243	(42)	8,021
Operating and administrative expenses	(7,876)	(10,148)	(2,680)	(195)	(88)	(301)	288	(21,000)
Operating profit	20,548	7,995	4,362	201	140	(483)	246	33,009
(Charge)/ write-back for impairment losses	(5,471)	819	19	1	(2)	58	-	(4,576)
Gross profit	15,184	9,029	4,452	203	134	576	-	29,578
Segment assets	1,658,718	603,891	2,399,377	15,159	12,398	77,644	(24,381)	4,742,806
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 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. Above segment information at 30 June 2006 is based on the new transfer pricing.

Commercial Banking Business

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 RMB 1,142.1 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 institutions¹. 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 RMB 1,236.7 billion, an increase of RMB 140.9 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 at the end of June 2006, the balance of domestic foreign currency corporate deposits was USD 17.67 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 growth in foreign currency corporate deposits. By the end of the report period, the outstanding balance of domestic foreign currency corporate loans was USD41.44 billion, an increase of USD1.28 billion, and the market share among all financial institutions was 33.5%. The balance of foreign currency corporate deposits of overseas operations was USD27 billion, and outstanding balance of foreign currency corporate loans was USD 37.04 billion.

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

	30 June 2006	31 December 2005
RMB corporate deposits	1,143.1	995.9
Foreign currency corporate deposits	356.9	353.9
Total corporate deposits	1,500	1,349.8

In the first half of 2006, the Bank devoted great efforts to expand its high-quality customers segment, and forged ahead with

¹ 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.

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, expanded quality asset business, and enhanced cooperation between product departments to expand cross selling. It also reinforced collaboration between domestic operations and BOC Hong Kong, BOC International, BOC Investment, BOC 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.

Corporate Loans of the Group by Currencies (Unit: RMB billion)

	30 June 2006	31 December 2005
RMB corporate loans	1,239.2	1,097.9
Foreign currency corporate loans	624.9	614.1
Total corporate loans	1,864.1	1,712

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 distribution operations improved generally. Facing an active stock market, investors have quickened the pace of investment and more innovations have been introduced. 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.

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 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 the Group's 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%. Thanks 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 RMB37.3 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 in last year; and the volume of domestic factoring transactions was RMB12.76 billion, reflecting a year-on-year increase of 192.3%.

International Settlement Volume of the Group (Unit: USD billion)

Year	30 June 2006	30 June 2005
Business volume	420.49	373.39

The Bank strengthened innovation and improved portfolioed application 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 its products and services of international settlement and trade finance, and have helped to consolidate its leadership in this arena.

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 RMB 1,573.8 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%. Savings deposits at overseas operations amounted to USD69.68 billion (including RMB8.97 billion of savings deposits), an increase of USD1.91 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’ desire to hold such deposits.

Group Savings Deposits of the Group by Currencies (Unit: RMB billion)

	At 30 June 2006	At 31 December 2005
RMB savings deposits	1,582.7	1,425.4
Foreign currency savings deposits	801.5	800.2
Total savings deposits	2,384.2	2,225.6

Personal Loans At the end of June 2006, the outstanding balance of domestic personal loans was RMB 404.7 billion, an increase of RMB 24.7 billion from the prior year-end. Of the total personal loans, the balance of residential mortgage loans was RMB 308.4 billion, an increase of RMB 21.6 billion. The balance of overseas personal loans was USD 17.1 billion, a decrease of USD620 million from the prior year-end.

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.

Personal Loans of the Group by Categories as of June 2006

	Residential mortgage loans	Auto loans	Credit cards and others
30 June 2006	79.07%	4.50%	16.43%
31 December 2005	78.97%	5.35%	15.68%

Note: (1) Others include personal investment and operation loan and personal loans to finance education.

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 service standard to the Bank’s VIP customers. During the period, 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. An 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 Planner.

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 agency transaction 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. 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 domestic operations of BOC issued a total of 94,633,800 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 RMB 10,482 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.

Goods and Services Purchased with Great Wall RMB Cards of Domestic Operation (Unit: RMB billion)

	30 June 2006	30 June 2005
Goods and services purchased with the cards	65.09	44.08

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 bond and precious metal. 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 central bank has launched a number of new initiatives, including the 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 Bank of China became one of the first banks approved to engage in overseas financial 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 realized net profit of RMB4.57 billion equivalent (excluding minority interests), a year-on-year increase of 14.5%.

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 income-cost 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 HKD 650,994 million, 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. The Bank 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 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 has total 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, 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 RMB 1.11 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. In terms of 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.

BOCI (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, Ltd (“BOCG Insurance”) and BOC Group Life Assurance Company, Ltd. (“BOCG Life”) are responsible for specific 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 RMB388 million in total profit, increased by 189% year on year. Main resources of insurance businesses include agency banking business and broker business.

Sources of Gross Premium Income Unit: HKD million

	At 30 June 2006	At 31 December 2005	At 30 June 2005
Gross premium income by banking agency service	293	514	283
Gross premium income by broker agency service	355	752	402
Total	648	1,266	685

In 2006, BOCG Insurance penetrated into more specialized liability insurance market, including director 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 life insurance market of Macau and further consolidate the interaction of commercial banking, investment banking and insurance business, BOCG Insurance transferred a 51% stake in BOCG Life to BOC Hong Kong, which 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. 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.

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, improved credit asset 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 Boards 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 and authorization 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 authorization management, customer entry and exit management, credit approval, credit pricing, and classification of credit asset risks. 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. The 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 business. 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, 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 (exclusive of comparative 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			
	<u>At the period-end</u>	<u>Average</u>	<u>High</u>	<u>Low</u>	<u>Period-end</u>	<u>Average</u>	<u>High</u>	<u>Low</u>
Interest rate risk	<u>4.88</u>	<u>8.10</u>	<u>16.25</u>	<u>0.82</u>	<u>4.77</u>	<u>3.27</u>	<u>11.94</u>	<u>0.20</u>
Exchange rate risk	<u>2.64</u>	<u>3.67</u>	<u>14.12</u>	<u>0.78</u>	<u>0.39</u>	<u>2.7</u>	<u>18.69</u>	<u>0.34</u>
Fluctuation risk	<u>0.19</u>	<u>0.68</u>	<u>4.63</u>	<u>0.16</u>	<u>0.36</u>	<u>0.8</u>	<u>2.54</u>	<u>0.04</u>
Total market risk	<u>5.84</u>	<u>8.10</u>	<u>19.15</u>	<u>1.84</u>	<u>15.6</u>	<u>5.1</u>	<u>18.86</u>	<u>0.69</u>

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-priced period structure of our 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 avoid 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 has also set up a 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 sources and use of our 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, quota 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 management policies and guidelines, liquidity indicator management, liquidity gap management, position management, management of fund flow between the Head Office and Branches, management of liquidity portfolios 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:

30 June 2006	Local Currency	Foreign Currencies
Liquidity ratio	32.03%	45.88%
Loan-deposit ratio of domestic	56.47%	71.95%

operations		
Excess reserve ratio [★]	2.58%	17.07%

★ Deposit reserve refers to the deposits with the central bank for the purpose of guaranteeing the withdrawal of deposits and fund clearing of 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 Financial Enterprise Accounting System.

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 allocation 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 environment, 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 financial business, e-banking, bank card, and human resources. Meanwhile, it also established key indicator monitoring system for internal control, to conduct key monitoring and periodic reporting of key internal control indicators, including rotation, function in an acting capacity, and business errors.

Operational Risk Operational risk means the risk of losses caused by substandard or problematic internal procedures, personnel or system or by 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 in line with 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.

Internal Audit

In order to fully realize 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 its 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, control the speed 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 functional 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 efforts will be devoted to improving management capability and staff quality.

Corporate Information

Registered Name in Chinese: 中国银行股份有限公司 (“中国银行”)

Registered Name in English: Bank of China Limited (“Bank of China”, hereafter “the Bank”)

Legal Representative: XIAO Gang

Secretary to the Board: YEUNG Jason Chi Wai

Certified 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, PRC China

Telephone: 010-66596688

Fax: 010-66016871

E-mail: bocir@bank-of-china.com

Registered Office: No.1 Fuxingmen Nei Da Jie, Beijing, PRC China

Office Address: No.1 Fuxingmen Nei Da Jie, Beijing, PRC 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+ Rating and Investment Information, Inc.: A-

Moody's Investor Service : A2 Dagong Global Credit Rating Co., Ltd.: AAA

Fitch Ratings: A-

Website: <http://www.boc.cn>

Selected newspapers for disclosure: *China Securities*, *Shanghai Securities*, *Securities Times*, *China Daily*

Hong Kong Newspaper: *South China Morning Post* and *Hong Kong Economic Journal*

Website designated by CSRC 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>

Places where the Interim Report can be obtained: major business locations

Index Constituent

The Bank is a constituent of the following indices:

MSCI China Index

Shanghai Stock Exchange Index Series

FTSE/Xinhua China 25 Index

FTSE/Xinhua Hong Kong Index

Hang Seng China Enterprise Index (Effective from 11 September 2006)

Stock Codes

H shares:

The Stock Exchange of Hong Kong Limited	3988
Reuters	3988.HK
Bloomberg	3988 HK
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

F/36, China Insurance Building, 166 Lujiazui East R.d., 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: Floor 11, PWC Center, No.202 Hubin Road, Shanghai

Post Code: 200021

Appointed international auditor: PricewaterhouseCoopers Hong Kong

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 credit card services and guarantee; 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.

This Report is prepared in both Chinese and English. Should there be any inconsistency between the Chinese and English versions, the Chinese version shall prevail.

Directors, Supervisors, Senior Management and Staff

Director, 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 William	Independent Non-Executive Director
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.

Board of Supervisors

Name	Position
LIU Ziqiang	Chairman of Board of Supervisors
WANG Xueqiang	Supervisor
LIU Wangming	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
(*tendered his resignation in April 2006, effective in September 2006.)	
YEUNG Jason Chi Wai	Secretary to the Board of Directors

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 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 the 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 organized 2,441 off-work 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, 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 directional guidance, incentives and behavioural constraints accompanying the building of the corporate culture, we aim to align the strategic development goal of the Bank with the career aspirations of our employees.

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. We continued to improve the organizational framework and management processes relevant to good corporate governance and optimized the functions and responsibilities among the Board of Directors, Board of Supervisors and Senior Management, all in accordance with the rules and regulations enacted by the regulatory authorities but taking into account our current conditions. All organizations relevant to our corporate governance 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 June 30, 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 issuance plan, the alteration of articles of association and other proposals. All directors diligently performed their responsibilities, guaranteed the practicability of the Board's decisions, and maintained 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 management key risk indicators, and progress on the establishment of market risk management.
Personnel and Remuneration Committee	The committee held two meetings and mainly reviewed proposals such as the evaluation guide 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, and plan on division of responsibilities for connected transaction control, and the rules of procedures of the Connected Transaction Control Committee of the Board of Directors of BOC.

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 staff 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 is composed of 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 of the Bank. In order to incentivize and motivate the Senior Management, the Bank set up scientific assessment and evaluation standards; established the assessment mechanism in which the compensation of senior management personnel is linked to his performance, responsibilities and risks while adhering to the principle of balancing incentives and constraints.

Investor Relations and Information Disclosure

The Bank strictly complies with relevant requirements strictly, 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 market, 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.

Significant Events

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 of 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. 25,568,590,000 H-Shares were issued on the initial public offering. Following the exercise of the over-allotment option on 9 June, a further 3,835,288,000 H-Shares were issued. The issuance of H-Share 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 IPO 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. These shares were issued at an issue price of RMB 3.08 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-Share were offered, representing 2.56% of the fully diluted share capital. A total of RMB 19,999,998,480 was raised, and our IPO is 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 RMB 253,839,162,009 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

iii Changes in Share Capital and Shareholdings of Major 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

1. The number of shares in the column of “Preferred Shares or Other Shares” is the amount of the A Share 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.

2. 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 BOC’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, sponsor of BOC, to SSF, as required by the State, were converted to H Shares, and listed at 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 BOC and 171,325,404,740 ordinary shares held by Central SAFE Investments Limited, sponsor 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. (The Number of shares held by H share shareholders are those recorded in the Register of Members as kept by the H Share Register of the Bank)

Top Ten Shareholders

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 Shares
					(%)	
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	Asia 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 relationships among the above shareholders.

Top Ten Shareholders Whose shares 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 Divident-005L-FH002 SH	29, 076, 000	A Share
7	China Life Insurance Company Limited- Dividend-Group Divident-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	% of total issued A shares	% of total issued H shares	% 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 (please refer to Article 5 of the Condensed Consolidated Financial Statement under Related Party Transaction)

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

Followed 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 which the Bank holds a stake of 65.87%, at the purchase price of HKD 900 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 minorities of BOC Hong Kong, and achieved a gain of RMB 138 million.

Bank of China Group Investment Limited, a Hong Kong subsidiary of the Group, sold loans at a book value of RMB 63 million to an independent third party in May 2006, giving rise to an income of RMB 723 million, with net income at RMB 660 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, or entrust other companies to custody, contract or lease the Bank's assets.

The guarantee business is one of our off-balance items in the ordinary course of our business. We carry out 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, no 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%) 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.

As of 30 June 2006, The Bank has involved in certain litigation and arbitration cases in regular businesses. 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 CSRC, 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

The Bank does not believe that the net accumulative 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 RMB 1 for each share at a premium. SSF contributed RMB 10 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 of RMB 1 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 of RMB 1 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.

The Committee assisted the Board of Directors in supervising the Group's oversight of 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 review of the interim financial statements in accordance with the Independent Auditing Practice Pronouncement No.10 – Engagements to Review Financial Statement but not audited in accordance with Chinese Independent Auditing 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\$)	Exercise Period	Number of share options					
				Granted on 5 July, 2002	Balances as at 1 January, 2006	as 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.

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

Save as disclosed 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.

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

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

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 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.

xvii 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.

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

xix Compliance with PRC Accounting Standards for Business Enterprises and Accounting Principles for Financial Institutions

The Interim report as at the end of the first half of 2006 is in compliance with the requirements of Interim Report, PRC Accounting Standards for Business Enterprises and Accounting Principles for Financial Enterprise.

xx Interim Report

This Interim Report is available in both English and Chinese. The Chinese and English versions of this Interim Report 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 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, and 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.

BANK OF CHINA LIMITED

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006

[English Translation For Reference Only]

BANK OF CHINA LIMITED

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2006

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REVIEW REPORT

PwC ZT SZ (2006) No. 302

TO THE SHAREHOLDERS OF BANK OF CHINA LIMITED:

We have reviewed the accompanying balance sheet of Bank of China Limited (the "Bank") as of 30 June, 2006, and its profit and loss account and cash flow statement for the period then ended, and the consolidated balance sheet of Bank of China Group (the "Group" comprising the Bank and its subsidiaries) as at 30 June 2006 and its consolidated profit and loss account and cash flow statement for the period then ended. The Bank's management is responsible for preparing these condensed financial statements. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Independent Auditing Practice Pronouncement No.10 - Engagements to Review Financial Statements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements are not prepared, in all material respects in accordance with the Accounting Standards for Business Enterprises, the Accounting System for Financial Institutions and other relevant accounting regulations.

PricewaterhouseCoopers Zhong Tian

Certified Public Accountants Limited Company

Shanghai, China
29 August 2006

BANK OF CHINA LIMITED

BALANCE SHEETS AS AT 30 JUNE 2006

(Amount in millions of Renminbi, unless otherwise stated)

Assets	Note	Bank of China Group		Bank of China Limited	
		30 June 2006	31 December 2005	30 June 2006	31 December 2005
		Unaudited	Audited	Unaudited	Audited
Cash		29,811	28,644	26,684	25,144
Precious metals		40,649	30,314	39,003	28,577
Due from central banks	III.1	340,651	316,941	314,986	284,373
Government certificates of indebtedness for bank		36,094	35,586	1,650	1,641
Trading and other debt securities at fair value through profit or loss	III.2	110,602	107,271	81,224	82,082
Derivative financial instruments	III.3	21,540	16,808	15,136	11,329
Due from and placements with banks and other	III.4	300,114	344,537	223,651	256,786
Debt securities	III.5; IV.1	1,877,669	1,562,320	1,570,481	1,297,990
Loans and advances to customers	III.6; IV.2	2,405,536	2,235,046	2,042,201	1,868,105
Less: Provision for loan losses		(88,128)	(83,153)	(84,753)	(79,581)
Interest receivable		23,187	20,408	18,726	16,107
Equity investments	III.7; IV.3	14,775	15,393	69,439	66,951
Fixed assets		71,208	72,978	52,169	53,392
Construction in progress		3,940	3,342	3,933	3,331
Deferred tax assets	III.13	17,410	17,561	17,298	17,428
Other assets		21,875	18,810	11,076	10,384
Total assets		5,226,933	4,742,806	4,402,904	3,944,039

BANK OF CHINA LIMITED

BALANCE SHEETS AS AT 30 JUNE 2006

(Amount in millions of Renminbi, unless otherwise stated)

Liabilities	Note	Bank of China Group		Bank of China Limited	
		30 June 2006	31 December 2005	30 June 2006	31 December 2005
		Unaudited	Audited	Unaudited	Audited
Due to central banks	III.8	30,495	30,055	30,470	30,030
Bank notes in circulation		36,151	35,731	1,708	1,786
Derivative financial instruments and liabilities at fair value through profit or loss	III.9	101,172	91,174	80,777	76,323
Due to and placements from banks and other financial		358,349	345,233	350,337	343,574
Deposits from customers	III.10; IV.4	4,053,024	3,703,777	3,356,973	3,009,187
Interest payable		31,485	27,024	29,559	25,291
Special purpose borrowings	III.11	49,622	52,164	49,622	52,164
Bonds issued	III.12	60,177	60,179	60,177	60,179
Deferred tax liabilities	III.13	254	184	22	22
Other liabilities	III.14	119,751	134,665	85,618	111,641
Total liabilities		4,840,480	4,480,186	4,045,263	3,710,197
Minority interests	III.16	28,812	28,778	-	-
Shareholder's equity					
Share capital	III.17	253,839	209,427	253,839	209,427
Capital reserve	III.18	76,545	3,978	75,888	3,978
Surplus reserve	III.19	8,095	5,987	8,095	5,987
General reserve and statutory reserve of subsidiary	III.19	9,398	5,109	9,398	5,109
Undistributed profits	III.19	23,837	12,585	24,494	12,585
Reserve for fair value changes of available-for-sale securities	III.19	(11,954)	(1,380)	(11,954)	(1,380)
Currency translation differences		(2,119)	(1,864)	(2,119)	(1,864)
Total shareholder's equity		357,641	233,842	357,641	233,842
Total liabilities and shareholder's equity		5,226,933	4,742,806	4,402,904	3,944,039

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

Legal Representative and Chairman:
Xiao Gang

Vice President in charge of accounting function:
Zhou Zaiqun

Deputy Chairman and President:
Li Lihui

General Manager in charge of the Accounting
Liu Yanfen

BANK OF CHINA LIMITED

INCOME STATEMENT

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006

(Amount in millions of Renminbi, unless otherwise stated)

	Note	For the six month period ended 30 June			
		Bank of China Group		Bank of China Limited	
		2006	2005	2006	2005
		Unaudited	Unaudited	Unaudited	Unaudited
Interest income	III.20; IV.5	99,777	77,466	79,525	66,038
Interest expense	III.20; IV.5	(45,301)	(28,808)	(33,197)	(24,401)
Net interest income		54,476	48,658	46,328	41,637
Net fee and commission income	III.21; IV.6	6,841	4,518	4,762	3,029
Net trading (expense)/income	III.22; IV.7	(193)	2,993	(282)	2,250
Investment income	III.23; IV.8	1,681	149	7,652	4,840
Other operating income, net	III.24	1,797	361	245	12
		64,602	56,679	58,705	51,768
Operating and administrative expenses	III.25; IV.9	(23,193)	(21,000)	(19,715)	(17,744)
Business tax and surcharges	III.26	(2,987)	(2,670)	(2,952)	(2,650)
Operating profit		38,422	33,009	36,038	31,374
Non-operating income, net		467	1,145	222	777
Profit before impairment losses		38,889	34,154	36,260	32,151
Impairment losses	III.27; IV.10	(4,876)	(4,576)	(5,680)	(6,116)
Profit before tax		34,013	29,578	30,580	26,035
Income tax	III.28	(12,362)	(10,860)	(10,937)	(9,601)
Profit after tax		21,651	18,718	19,643	16,434
Minority interests		(2,627)	(2,284)	-	-
Net profit		19,024	16,434	19,643	16,434
Earnings per share for profit attributable to the shareholders of the Bank during the period(expressed in Renminbi per ordinary share)	III.29				
- Basic		0.09	0.09		
- Diluted		0.09	0.09		

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

Legal Representative and Chairman:
Xiao Gang

Deputy Chairman and President:
Li Lihui

Vice President in charge of accounting function:
Zhou Zaiqun

General Manager in charge of the Accounting
Liu Yanfen

BANK OF CHINA LIMITED

STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006

(Amount in millions of Renminbi, unless otherwise stated)

		Unaudited							
		Bank of China Group							
	Note	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	Total
At 1 January 2006		209,427	3,978	5,987	5,109	12,585	(1,380)	(1,864)	233,842
Net profit for the period		-	-	-	-	19,024	-	-	19,024
Issue of ordinary shares	III.17;III.18	44,412	72,567	-	-	-	-	-	116,979
Appropriation to statutory reserve	III.19	-	-	2,108	-	(2,108)	-	-	-
Appropriation to general and regulatory reserves	III.19	-	-	-	4,291	(4,291)	-	-	-
Net fair value changes of available-for-sale securities	III.19	-	-	-	-	-	(10,574)	-	(10,574)
Dividend	III.19	-	-	-	-	(1,375)	-	-	(1,375)
Currency translation differences		-	-	-	-	-	-	(255)	(255)
Others		-	-	-	(2)	2	-	-	-
At 30 June 2006		253,839	76,545	8,095	9,398	23,837	(11,954)	(2,119)	357,641

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

Legal Representative and Chairman:
Xiao Gang

Deputy Chairman and President:
Li Lihui

Vice President in charge of accounting function:
Zhou Zaiqun

General Manager in charge of the Accounting
Liu Yanfen

BANK OF CHINA LIMITED

STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006

(Amount in millions of Renminbi, unless otherwise stated)

		Unaudited							
		Bank of China Limited							
	Note	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	Total
At 1 January 2006		209,427	3,978	5,987	5,109	12,585	(1,380)	(1,864)	233,842
Net profit for the period		-	-	-	-	19,643	-	-	19,643
Issue of ordinary shares	III.17;III.18	44,412	72,219	-	-	-	-	-	116,631
Appropriation to statutory reserve	III.19	-	-	2,108	-	(2,108)	-	-	-
Appropriation to general and regulatory reserves	III.19	-	-	-	4,291	(4,291)	-	-	-
Net fair value changes of available-for-sale securities	III.19	-	-	-	-	-	(10,574)	-	(10,574)
Dividend	III.19	-	-	-	-	(1,375)	-	-	(1,375)
Currency translation differences		-	-	-	-	-	-	(255)	(255)
Others	III.18	-	(309)	-	(2)	40	-	-	(271)
At 30 June 2006		253,839	75,888	8,095	9,398	24,494	(11,954)	(2,119)	357,641

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

Legal Representative and Chairman:
Xiao Gang

Deputy Chairman and President:
Li Lihui

Vice President in charge of accounting function:
Zhou Zaiqun

General Manager in charge of the Accounting
Liu Yanfen

BANK OF CHINA LIMITED

STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2005

(Amount in millions of Renminbi, unless otherwise stated)

Note	Unaudited							Total
	Bank of China Group and Bank of China Limited							
	Share capital	Statutory reserves	General reserve and statutory reserve of subsidiary	Undistributed profits	Reserve for fair value changes of available-for-sale securities	Currency translation differences		
At 1 January 2005	186,390	3,140	419	17,373	(2,315)	344	205,351	
Net profit for the year	-	-	-	16,434	-	-	16,434	
Additions	-	75	2,480	(2,555)	-	-	-	
Net changes in fair value of available-for-sale securities reserve	-	-	-	-	3,349	-	3,349	
Currency translation differences	-	-	-	-	-	(354)	(354)	
At 30 June 2005	186,390	3,215	2,899	31,252	1,034	(10)	224,780	

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

Legal Representative and Chairman:
Xiao Gang

Deputy Chairman and President:
Li Lihui

Vice President in charge of accounting function:
Zhou Zaiqun

General Manager in charge of the Accounting
Liu Yanfen

BANK OF CHINA LIMITED

STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE YEAR ENDED 31 DECEMBER 2005

(Amount in millions of Renminbi, unless otherwise stated)

		Unaudited							
		Bank of China Group and Bank of China Limited							
Note	Share capital	Capital reserve	statutory reserves	General reserve and statutory reserve of subsidiary	Undistributed profits	Reserve for fair value changes of available-for-sale securities	Currency translation differences	Total	
At 30 June 2005	186,390	-	3,215	2,899	31,252	1,034	(10)	224,780	
Net profit for the year	-	-	-	-	11,058	-	-	11,058	
Issue of ordinary shares	III.17	23,037	3,964	-	-	-	-	27,001	
Appropriation	III.19	-	-	2,772	2,210	(4,982)	-	-	
Net fair value changes of available-for-sale securities	III.19	-	-	-	-	(2,414)	-	(2,414)	
Dividend	III.19	-	-	-	-	(26,937)	-	(26,937)	
Adoption of equity accounting for investment in an associate		-	-	-	-	2,194	-	2,194	
Currency translation differences		-	-	-	-	-	(1,854)	(1,854)	
Others		-	14	-	-	-	-	14	
At 31 December 2005	<u>209,427</u>	<u>3,978</u>	<u>5,987</u>	<u>5,109</u>	<u>12,585</u>	<u>(1,380)</u>	<u>(1,864)</u>	<u>233,842</u>	

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

Legal Representative and Chairman:
Xiao Gang

Vice President in charge of accounting function:
Zhou Zaiqun

Deputy Chairman and President:
Li Lihui

General Manager in charge of the Accounting
Liu Yanfen

BANK OF CHINA LIMITED

CASH FLOW STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006 (Amount in millions of Renminbi, unless otherwise stated)

	Note	For the six month period ended 30 June			
		Bank of China Group		Bank of China Limited	
		2006	2005	2006	2005
		Unaudited	Unaudited	Unaudited	Unaudited
Cash flows from operating activities					
Interest received		96,998	75,995	76,906	64,952
Commission received		7,505	5,919	5,218	3,701
Cash received from bad debts written-off previously		986	1,823	250	607
Net increase in customer deposits (including structured deposits)		349,247	246,881	347,786	248,163
Net decrease/(increase) in due from and placements with banks and other financial institutions		15,392	58,072	39,448	17,039
Net increase in due to and placements from banks and other financial institutions		13,116	45,141	6,763	20,378
Net change in other operating items		(2,811)	392	(18,114)	(10,686)
Cash inflows from operating activities		480,433	434,223	458,257	344,154
Cash paid for interest on customer deposits and inter-bank balances		(39,461)	(24,782)	(27,550)	(20,572)
Commission paid		(1,325)	(1,397)	(460)	(673)
Cash paid to and on behalf of the employees		(13,670)	(11,289)	(11,139)	(9,290)
Cash paid for operating expenses and others		(7,322)	(6,450)	(6,399)	(5,397)
Income tax paid		(15,279)	(13,331)	(14,681)	(12,859)
Business and other taxes paid		(3,421)	(2,763)	(3,387)	(2,738)
Net increase in loans		(171,476)	(140,154)	(175,023)	(111,643)
Net increase in debt securities		(315,213)	(174,485)	(269,766)	(148,567)
Net increase in statutory deposit reserve with central banks		(18,820)	(24,116)	(24,531)	(24,119)
Net increase in precious metals		(10,335)	4,832	(10,426)	4,816
Net decrease in due to central banks		440	(9,777)	440	(9,776)
Net decrease in special purpose borrowings		(2,542)	(8,896)	(2,542)	(8,896)
Cash outflows from operating activities		(598,424)	(412,608)	(545,464)	(349,714)
Net cash inflows/(outflows) from operating activities					
	III.30; IV.11	(117,991)	21,615	(87,207)	(5,560)

BANK OF CHINA LIMITED

CASH FLOW STATEMENTS (CONTINUED) FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006 (Amount in millions of Renminbi, unless otherwise stated)

	For the six month period ended 30 June				
	Note	Bank of China Group		Bank of China Limited	
		2006 Unaudited	2005 Unaudited	2006 Unaudited	2005 Unaudited
Cash flows from investing activities					
Cash received from disposal of fixed assets and other assets		625	1,651	73	690
Cash received from disposal of equity investments		609	660	69	267
Dividends received		20	36	3,894	3,340
Cash inflows from investing activities		<u>1,254</u>	<u>2,347</u>	<u>4,036</u>	<u>4,297</u>
Cash paid for purchase of fixed assets and other assets		(2,190)	(1,766)	(1,730)	(1,556)
Cash paid for increase of equity investments		(270)	(1,506)	(447)	(49)
Cash outflows from investing activities		<u>(2,460)</u>	<u>(3,272)</u>	<u>(2,177)</u>	<u>(1,605)</u>
Net cash (outflows)/inflows from investing activities		<u>(1,206)</u>	<u>(925)</u>	<u>1,859</u>	<u>2,692</u>
Cash flows from financing activities					
Cash received from issuance of ordinary shares		117,423	-	116,766	-
Cash received from issuance of subordinated bonds		-	33,930	-	33,930
Cash received from minority shareholders as additional capital injection to subsidiaries		86	5	-	-
Cash inflows from financing activities		<u>117,509</u>	<u>33,935</u>	<u>116,766</u>	<u>33,930</u>
Cash payments for interest on bonds issued		(1,379)	(15)	(1,379)	(15)
Dividend payments		(3,266)	(1,637)	(1,375)	-
Others		(238)	-	(238)	-
Cash outflows from financing activities		<u>(4,883)</u>	<u>(1,652)</u>	<u>(2,992)</u>	<u>(15)</u>
Net cash inflows from financing activities		<u>112,626</u>	<u>32,283</u>	<u>113,774</u>	<u>33,915</u>
Effect of foreign exchange rate changes		<u>(1,068)</u>	<u>(4,159)</u>	<u>1</u>	<u>(4,032)</u>
Increase in cash and cash equivalents		<u>(7,639)</u>	<u>48,814</u>	<u>28,427</u>	<u>27,015</u>
Cash and cash equivalents at 1 January		<u>397,112</u>	<u>366,142</u>	<u>275,623</u>	<u>274,215</u>
Cash and cash equivalents at 30 June	III.30; VI.11;	<u>389,473</u>	<u>414,956</u>	<u>304,050</u>	<u>301,230</u>

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

Legal Representative and Chairman:

Xiao Gang

Deputy Chairman and President:

Li Lihui

Vice President in charge of Accounting Function:

Zhou Zaiqun

General Manager in charge of the Accounting

Department:

Liu Yanfen

BANK OF CHINA LIMITED

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 PREPARATION AND CONSOLIDATION

1 Basis of preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises, the Accounting System for Financial Institutions and other relevant accounting regulations applicable to the Group. The interim financial statements, and should be read in conjunction with the 2005 annual financial statements.

The unaudited condensed consolidated financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises — Interim Reporting issued by MOF and in accordance with Disclosure — No.3 contents and reporting formats for listed companies (2003 revised) issued by China Securities Regulatory Commission.

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

In February 2006, the MOF issued 39 new and revised Accounting Standards for Enterprises as part of the PRC government's initiative to converge the PRC GAAP with International Financial Reporting Standards. These new standards, which are mandatory for all listed companies and optional for others, are effective for accounting periods commencing on or after 1 January 2007. The Group plans to implement these standards, effective 1 January 2007 and has commenced an assessment of their effect on the Group's existing accounting policies. While management's assessment of the new standards is not yet completed, principal differences with the Group's existing accounting policies include the following:

- (1) Except for the equity investments held for trading in overseas operations, the Group currently accounts for equity investments at cost less impairment. Under the new Standards, equity investments other than investments in subsidiaries, associates and investments held for trading will be classified as available-for-sale securities. Management plans to classify and account for other equity investments as available-for-sale according to the new Standards and those investments with active market quotation will be recorded at fair value with gains or losses reported in shareholders' equity.
- (2) The Group currently accounts for investment properties at cost less impairment. Under the new Standards, these assets can either be measured at fair value or at amortised cost less impairment. The method can not be changed once it is selected by management. Management plans to account for investment properties using fair value.
- (3) The Group currently accounts for the early retirement benefits on a cash basis when paid. Under the new Standards, a liability is required to be recorded at actuarially determined value of future early retirement benefits payable to employees who have commenced early retirement, with changes in the value of this liability reported in the income statement.
- (4) The Bank currently accounts for its investment in subsidiaries using equity accounting method in the Bank's financial statements. Under the new Standards, these investments are stated at cost in the Bank's financial statements.

BANK OF CHINA LIMITED

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 PREPARATION AND CONSOLIDATION (Continued)

2 Basis of consolidation

The consolidated financial statements include the accounts of the Bank and its subsidiaries. The significant subsidiaries of the Bank are presented in Section II, "Subsidiaries".

The Bank fully consolidates its subsidiaries from the date on which the Bank obtains actual control of the subsidiaries and the Bank de-consolidates them from the date that control ceases to exist. All significant intercompany balances, intercompany transactions and intercompany unrealised profits or losses are eliminated on consolidation. Minority interests represent the interests of minority shareholders in the operating results and net assets of the Bank's subsidiaries.

Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

3 Segment Reporting

A business segment is a group of assets and operations engaged in providing products and services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products and services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

BANK OF CHINA LIMITED

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 SUBSIDIARIES

As at 30 June 2006, the principal subsidiaries set out below are consolidated. All holdings are in the ordinary share capital of the undertaking concerned.

Name	Place of incorporation / establishment	Equity held (%)	Registered capital/ Paid-in capital (in millions)	Principal business
<u>Directly controlled</u>				
BOC Hong Kong (Group) Limited	Hong Kong	100.00	HKD34,806	Holding company
BOC International Holdings Limited	Hong Kong	100.00	HKD3,539	Investment banking
Bank of China Group Insurance Company Limited	Hong Kong	100.00	HKD1,269	Insurance services
Bank of China Group Investment Limited	Hong Kong	100.00	HKD200	Holding of industrial and other investments
Tai Fung Bank Limited	Macau	50.31	MOP1,000	Commercial banking
<u>Indirectly controlled</u>				
BOC Hong Kong (Holdings) Limited(1)	Hong Kong	65.87	HKD52,864	Holding company
Bank of China (Hong Kong) Limited	Hong Kong	65.87	HKD43,043	Commercial banking
Nanyang Commercial Bank Limited	Hong Kong	65.87	HKD600	Commercial banking
Chiyu Banking Corporation Limited(2)	Hong Kong	46.43	HKD300	Commercial banking
BOC Credit Card (International) Limited	Hong Kong	65.87	HKD480	Credit card services
BOC Group Trustee Company Limited (3)	Hong Kong	76.31	HKD200	Provision of trustee services

(1) Listed on the Stock Exchange of Hong Kong.

(2) Bank of China (Hong Kong) Limited holds 70.49% share of this company.

(3) Bank of China (Hong Kong) Limited, Nanyang Commercial Bank Limited, Chiyu Banking Corporation Limited and BOC International Holdings Limited hold 54%, 6%, 6% and 34% shares of this company respectively.

BANK OF CHINA LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**1 Due from central banks**

	30 June 2006	31 December 2005
Settlement account balances with the PBOC	88,305	89,124
Due from overseas central banks	25,763	25,787
Subtotal	<u>114,068</u>	<u>114,911</u>
RMB statutory deposit reserve with the PBOC	203,119	182,825
Foreign currency statutory deposit reserve with the PBOC	13,549	13,595
Fiscal deposits with the PBOC	7,876	3,355
Statutory deposit reserve with overseas central banks	2,039	2,255
Subtotal	<u>226,583</u>	<u>202,030</u>
Total	<u><u>340,651</u></u>	<u><u>316,941</u></u>

Domestic Operations are required to place an RMB statutory deposit reserve, a foreign currency statutory deposit reserve and a fiscal deposit with the PBOC. At 30 June 2006, the required reserve ratio for customer deposits denominated in RMB was 7.5% (2005: 7.5%); the required reserve ratio for customer deposits denominated in foreign currencies is 3% (2005: 3%). The fiscal deposit of Domestic Operations is comprised of funds from government agencies, and proceeds of bonds issued on behalf of the MOF. The foreign currency deposit reserve and fiscal deposits placed with the PBOC are non-interest bearing.

BANK OF CHINA LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006

(Amount in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2 Trading and other debt securities at fair value through profit or loss

	30 June 2006	31 December 2005
Trading		
Government bonds	27,761	19,116
Public sector and quasi government bonds	3,088	2,095
Financial institution bonds	23,600	30,599
Corporate bonds	3,794	4,179
	<hr/>	<hr/>
Sub-total	58,243	55,989
Other debt securities at fair value through profit or loss (designated at initial recognition)		
Government bonds	9,267	10,704
Public sector and quasi government bonds	11,218	12,974
Financial institution bonds	26,667	19,979
Corporate bonds	5,207	7,625
	<hr/>	<hr/>
Sub-total	52,359	51,282
Total	<hr/>	<hr/>
	110,602	107,271

Included in other debt securities at fair value through profit or loss are debt securities with respect to which the Group has established economic hedges using derivative instruments. Gains and losses arising on the derivatives are intended to substantially offset the gains and losses arising on these securities, which might have otherwise been classified as "available-for-sale" or "held-to-maturity" securities.

3 Derivative financial instruments

The Group enters into the following foreign exchange rate or interest rate related derivative financial instruments for trading and risk management purposes:

The contractual/notional amount and fair values of derivative instruments held by the Group are set out in the following table. The contractual/notional amounts of certain types of financial instruments provide a basis for comparison with fair value instruments recognised on the balance sheet 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 favourable assets or unfavourable (liabilities) as a result of fluctuations in market exchange rate, interest 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.

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 value of financial instruments.

BANK OF CHINA LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**3 Derivative financial instruments (Continued)**

At 30 June 2006	Contractual / notional amount	Fair values	
		Assets	Liabilities
Foreign exchange derivatives			
Currency forwards (1)	800,207	8,412	(5,040)
OTC currency options (2)	268,738	4,348	(708)
Sub-total		12,760	(5,748)
Interest rate derivatives			
Interest rate swaps	402,830	6,194	(7,333)
Cross-currency interest rate swaps	38,209	1,943	(3,980)
OTC interest rate options	149,528	146	(1,058)
Interest rate futures	17,552	21	(3)
Sub-total		8,304	(12,374)
Equity derivatives	11,223	166	(227)
Precious metals derivatives	10,686	310	(412)
Total derivative financial instruments assets/(liabilities) (Note III.9)		21,540	(18,761)

BANK OF CHINA LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3 Derivative financial instruments (Continued)

At 31 December 2005	Contractual / notional amount	Fair values	
		Assets	Liabilities
Foreign exchange derivatives			
Currency forwards (1)	563,397	6,991	(4,813)
OTC currency options (2)	196,012	3,781	(374)
Sub-total		10,772	(5,187)
Interest rate derivatives			
Interest rate swaps	361,332	3,132	(5,246)
Cross-currency interest rate swaps	39,427	1,735	(4,131)
OTC interest rate options	110,578	148	(215)
Interest rate futures	14,939	28	(34)
Sub-total		5,043	(9,626)
Equity derivatives	15,442	14	(7)
Precious metals derivatives	21,008	979	(932)
Total derivative financial instruments assets/(liabilities) (Note III.9)		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 Huijin USD, totaling USD 18 billion, of no more than USD 1,500 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 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.

BANK OF CHINA LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**4 Due from and placements with banks and other financial institutions**

	30 June 2006	31 December 2005
Due from banks		
Due from domestic banks	2,860	4,305
Due from overseas banks	4,114	8,133
	<hr/>	<hr/>
Sub-total	6,974	12,438
	<hr/>	<hr/>
Placements with banks and other financial institutions		
Placements with domestic banks	53,862	52,439
Placements with other domestic financial institutions	50,605	26,302
Placements with overseas banks	189,217	253,904
	<hr/>	<hr/>
Sub-total	293,684	332,645
	<hr/>	<hr/>
Provision for impairment	(544)	(546)
	<hr/>	<hr/>
Sub-total	293,140	332,099
	<hr/>	<hr/>
Total	300,114	344,537
	<hr/>	<hr/>

As at 30 June 2006, placements with banks and other financial institutions reported on non-accrual basis were RMB 544 million (2005: RMB 546 million).

Placements with banks and other financial institutions include balances arising from reverse repo agreements as follows:

	30 June 2006	31 December 2005
Bills discounted under reverse repos	14,007	7,592
Bonds under reverse repos		
Government bonds	47,109	41,857
Financial institution bonds	26,476	20,191
	<hr/>	<hr/>
Total	87,592	69,640
	<hr/>	<hr/>

BANK OF CHINA LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5 Debt securities

	30 June 2006	31 December 2005
Debt securities available-for-sale (at fair value):		
Government bonds	309,350	229,064
Public sector and quasi government bonds	247,158	106,840
Financial institution bonds	228,024	170,038
Corporate bonds	134,643	87,068
	<hr/>	<hr/>
Sub-total	919,175	593,010
Debt securities held-to-maturity (at amortised cost):		
Government bonds	224,065	231,156
Public sector and quasi government bonds	119,604	135,002
Financial institution bonds	192,294	203,724
Corporate bonds	33,163	37,577
	<hr/>	<hr/>
Sub-total	569,126	607,459
Debt securities classified as loans and receivables (at amortised cost):		
China Orient Bond	160,000	160,000
PBOC Special Bills (1)	91,612	91,530
Special Purpose Treasury Bond	42,500	42,500
Short term bills and notes		
- Public sector and quasi government bonds	15,260	6,096
- Financial institution bonds	67,676	49,993
- Corporate bonds	1,825	-
Certificate Treasury Bonds and others	10,647	11,888
	<hr/>	<hr/>
	389,520	362,007
Provision for impairment	(152)	(156)
	<hr/>	<hr/>
Sub-total	389,368	361,851
Total (2)	<hr/> <u>1,877,669</u>	<hr/> <u>1,562,320</u>

(1) On 22 June 2006, the PBOC issued special PBOC Bills amounting to RMB 82 million in exchange for certain debt for equity swap loans, as previously approved by the State Council. The tenor of the bill is 5 years, with an interest rate of 1.89% per annum. The bills cannot be circulated, transferred or pledged as collateral, unless otherwise approved by PBOC.

(2) As at 30 June 2006, debt securities of RMB 76,822 million (2005: RMB 49,658 million) were pledged as collateral to third parties under agreement to repurchase. Refer to Note IX.2.

BANK OF CHINA LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**6 Loans and advances to customers****(1) Analysed by security type**

Loans and advances to customers are analysed by the form of security as follows:

	30 June 2006	31 December 2005
Unsecured loans	578,987	475,764
Guaranteed loans	723,502	684,824
Collateralised and other secured loans	1,103,047	1,074,458
Total	<u>2,405,536</u>	<u>2,235,046</u>

(2) Analysed by industry sector

	30 June 2006	31 December 2005
Corporate Loans		
Manufacturing	591,908	531,191
Commercial and servicing	323,348	301,863
Real estate	201,585	190,297
Energy, mining and agriculture	252,416	230,854
Transportation and logistics	200,503	193,428
Public services	104,827	91,924
Financial services	112,153	96,245
Construction	38,304	36,050
Others	39,037	40,191
Sub-total	<u>1,864,081</u>	<u>1,712,043</u>
Consumer loans		
Residential mortgages	428,119	413,007
Vehicle loans	24,391	28,005
Credit card and others	88,945	81,991
Sub-total	<u>541,455</u>	<u>523,003</u>
Total	<u>2,405,536</u>	<u>2,235,046</u>

BANK OF CHINA LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**6 Loans and advances to customers (Continued)****(3) Accrual and non-accrual loans**

	30 June 2006	31 December 2005
Accrual loans	2,322,496	2,158,232
Non-accrual loans	83,040	76,814
Total	<u>2,405,536</u>	<u>2,235,046</u>

- (4) As at 30 June 2006, loans and advances to customers include bills pledged as collateral under reverse repurchase agreements amounting to RMB 5,569 million (2005: RMB 11,968 million). Refer to Note IX.2.

7 Equity investments

	30 June 2006	31 December 2005
Investment in associates (1)	5,673	5,100
Other equity investments (2)	6,675	7,043
	12,348	12,143
Less: Impairment provision	<u>(1,138)</u>	<u>(1,243)</u>
	11,210	10,900
Equity investments held for trading (at fair value) (3)	<u>3,565</u>	<u>4,493</u>
Total	<u>14,775</u>	<u>15,393</u>

BANK OF CHINA LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7 Equity investments(Continued)

(1) As at 30 June 2006, the principal associates of the Group are as follows:

	Place of incorporation/ establishment	Equity held (%)	Paid-in capital (in millions)	Principal business
Huaneng International Power Development Corporation	PRC	20	USD450	Construct and operate electricity factory and related projects
BOC International (China) Limited	PRC	49	RMB1,500	Securities underwriting, Investment advisory, and brokerage services
CJM Insurance Brokers Limited	Hong Kong	33	HKD6	Insurance broker
Joint Electronic Teller Services Limited	Hong Kong	19.96	HKD10	Private inter-bank message switching network and ATM services
Dongfeng Peugeot Citroen Auto Finance Company Ltd	PRC	50	RMB500	Car loan and financing services

(2) Other equity investments mainly include: (i) Equity investments held for investment purpose by the Bank's subsidiaries in Hong Kong; and (ii) Certain historical non-banking equity investments held by domestic operations. In December 2005, the Bank entered into a contract with China Orient and transferred out most of its historical non-banking equity investments.

(3) Equity investments held for trading principally comprise listed shares held by the Bank's subsidiaries in Hong Kong.

8 Due to central banks

	30 June 2006	31 December 2005
Special foreign exchange deposits of government agencies	30,080	28,873
Borrowings from central banks	33	520
Others	382	662
Total	<u>30,495</u>	<u>30,055</u>

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

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

BANK OF CHINA LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**10 Deposits from customers**

	30 June 2006	31 December 2005
Short-term corporate deposits		
Corporate demand deposits	940,638	836,763
Corporate time deposits less than one year	527,225	486,681
Sub-total	<u>1,467,863</u>	<u>1,323,444</u>
Short-term saving deposits		
Demand deposits	734,894	667,957
Time deposits less than one year	1,309,567	1,243,964
Sub-total	<u>2,044,461</u>	<u>1,911,921</u>
Long-term corporate deposits	32,157	26,317
Long-term saving deposits	339,763	313,703
Securities and margin deposits	<u>168,780</u>	<u>128,392</u>
Total	<u><u>4,053,024</u></u>	<u><u>3,703,777</u></u>

The securities and margin deposits are analysed as follows:

Security deposits for bank acceptance	92,106	63,556
Security deposits for letters of credit and letters of guarantee issued	29,206	26,785
Margin deposits for foreign exchange transactions	10,524	8,638
Others	<u>36,944</u>	<u>29,413</u>
Total	<u><u>168,780</u></u>	<u><u>128,392</u></u>

11 Special purpose borrowings

	30 June 2006	31 December 2005
Export credit loans	15,826	17,147
Foreign government loans	18,076	18,414
Other subsidised loans	<u>15,720</u>	<u>16,603</u>
Total	<u><u>49,622</u></u>	<u><u>52,164</u></u>

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

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

BANK OF CHINA LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**12 Bonds issued**

	Issue date	Maturity date	Interest rate	30 June 2006	31 December 2005
Bonds issued (1)					
1994 BOC US Dollar Debt Securities	10 March 1994	15 March 2014	8.25%	177	179
Subordinated bonds issued (2)					
2004 BOC 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 BOC RMB Debt Securities					
- First Tranche	18 February 2005	4 March 2015	4.83%	15,930	15,930
- Second Tranche (fixed rate)	18 February 2005	4 March 2020	5.18%	9,000	9,000
- Second Tranche (floating rate)	18 February 2005	4 March 2015	floating rate	<u>9,000</u>	<u>9,000</u>
Sub-total				<u>60,000</u>	<u>60,000</u>
Total				<u>60,177</u>	<u>60,179</u>

- (1) The Bank and the bond holders are prohibited from redeeming or requesting an early redemption of these bonds before the maturity dates.
- (2) These RMB subordinated bonds are subordinated to all other claims on the assets of the Bank, except for those of the shareholders. In the calculation of the Group's capital adequacy ratio, these bonds qualify for inclusion as supplementary capital.

BANK OF CHINA LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13 Deferred income taxes assets/liabilities

Deferred income taxes are calculated on the timing differences under the liability method using the relevant local tax rates applicable to the Group's operation. The movement on the deferred income tax account is as follows:

	2006	2005
At 1 January	17,377	18,647
Charge in the income statement (Note III.28)	(226)	(1,252)
Exchange differences	5	(18)
	<u>17,156</u>	<u>17,377</u>
At 30 June /31December	<u>17,156</u>	<u>17,377</u>

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 relate to the same fiscal authority. The table below includes the Group's deferred income tax assets and liabilities after offsetting qualifying amounts:

	30 June 2006	31 December 2005
Deferred income tax assets	17,410	17,561
Deferred income tax liabilities	(254)	(184)
Total	<u>17,156</u>	<u>17,377</u>

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

	30 June 2006	31 December 2005
Deferred income tax assets		
Asset impairment provision	18,012	17,744
Fair value changes of trading and other fair value through profit or loss securities and derivative financial instruments	3,902	3,046
Other timing differences	602	696
Sub-total	<u>22,516</u>	<u>21,486</u>
Deferred income tax liabilities		
Fair value changes of trading and other fair value through profit or loss securities and derivative financial instruments	(4,319)	(3,643)
Depreciation of fixed assets	(445)	(424)
Other timing differences(1)	(596)	(42)
Sub-total	<u>(5,360)</u>	<u>(4,109)</u>
Total	<u>17,156</u>	<u>17,377</u>

- (1) Mainly includes the deferred tax liabilities of RMB 545 million in relation to the supplementary tax on overseas income generated from the profit of certain overseas subsidiaries owned by the Group for the six month period ended 30 June 2006.

BANK OF CHINA LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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III NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**13 Deferred income taxes assets/liabilities (Continued)**

The deferred tax charge in the profit and loss account comprises the following timing differences:

	30 June 2006	31 December 2005
Asset impairment provision	265	1,467
Fair value change of debt securities and derivative financial instruments	190	(2,338)
Other timing differences	(681)	(381)
	<hr/>	<hr/>
Total (Note III.28)	<u>(226)</u>	<u>(1,252)</u>

14 Other liabilities

Subsidiaries of the Bank undertake insurance business. Included in other liabilities are insurance liabilities as of 30 June 2006 and 31 December 2005 arising from insurance contracts analysed as follows:

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

BANK OF CHINA LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006

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III NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15 Share appreciation rights plan and share option schemes

(1) Share Appreciation Rights Plan

On 22 November 2005, the Bank's Board of Directors and shareholders 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 shareholders 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 offers to grant any options under the Pre-listing Share Option Scheme will be made. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

BANK OF CHINA LIMITED

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III NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15 Share appreciation rights plan and share option schemes (continued)

(3) BOCHK Holdings Pre-listing Share Option Scheme (continued)

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

Shares	Directors and key management	Other employees	Others (1)	Total number of shares
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	<u>6,381,500</u>	<u>8,386,200</u>	<u>1,446,000</u>	<u>16,213,700</u>
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	<u>6,142,500</u>	<u>10,619,250</u>	<u>1,446,000</u>	<u>18,207,750</u>

(1) 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 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).

16 Minority interests

	2006	2005
At 1 January	28,778	27,387
Share of current period/year profit	2,627	5,105
Increase of shares in a subsidiary	(52)	17
Dividends paid to minority shareholders	(1,891)	(2,954)
Net change in fair value of available-for- sales investments	(342)	(110)
Currency translation difference	<u>(308)</u>	<u>(667)</u>
At 30 June / 31 December	<u>28,812</u>	<u>28,778</u>

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III NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**17 Share capital**

Ordinary shares	2006	2005
As at 1 January	209,427	186,390
Issue of ordinary shares(1)	<u>44,412</u>	<u>23,037</u>
As at 30 June /31 December	<u><u>253,839</u></u>	<u><u>209,427</u></u>
Number of Shares	2006	2005
As at 1 January	209,427,362,357	186,390,352,497
Issue of ordinary shares(1)	<u>44,411,799,652</u>	<u>23,037,009,860</u>
As at 30 June/31 December	<u><u>253,839,162,009</u></u>	<u><u>209,427,362,357</u></u>

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

	30 June 2006
Domestic listed A shares(2)	177,818,910,740
Overseas listed H shares(2)	<u>76,020,251,269</u>
Total	<u><u>253,839,162,009</u></u>

BANK OF CHINA LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006

(Amount in millions of Renminbi, unless otherwise stated)

III NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17 Share capital (Continued)

- (1) In accordance with to Yinjianhui[2006] No.49 "Approval on the Introduction of Strategic Investor – National Council for Social Security Fund ("SSF") into Bank of China Limited ", on 13 March 2006, the Bank issued 8,514,415,652 domestic state-owned shares of a par value of Rmb1.00 each to SSF at a premium. SSF paid Rmb10 billion in cash including share premium of Rmb1.481 billion for 8,514,415,652 domestic state-owned shares issued by the Bank. The payment from SSF was verified by PricewaterhouseCoopers Zhong Tian CPAs Limited Company in its "Verification Report on the Capital Contributions to Bank of China Limited" (PwC ZT YZ [2006] No. 14) issued on 13 March 2006.

In accordance with to Yinjianhui[2006] No.53 "Approval on the Bank of China Limited converted into a limited company to issue shares and listed overseas", and to Zhengjianhui[2006] No.8 "Approval on the Bank of China Limited to issue Overseas Listed Foreign Shares", on 1 June 2006 and 9 June 2006, the Bank issued 29,403,878,000 H shares at a price of HK\$2.95 per share through a global offering to Hong Kong and overseas investors ("Global Offering"). The payment from foreign investors was verified by PricewaterhouseCoopers Zhong Tian CPAs Limited Company in its "Verification Report on Initial Public Offering of Overseas Listed Foreign Shares(H share) to Bank of China Limited" (PwC ZT YZ [2006] No. 82) issued on 29 June 2006.

In accordance with to Yinjianhui[2006] No.135 "Approval on the Bank of China Limited to issue shares and be listed domestically", and to Zhengjianhui[2006] No.20 "Approval on the IPO of Bank of China Limited", 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. The payment from domestic investors was verified by PricewaterhouseCoopers Zhong Tian CPAs Limited Company in its "Verification Report on Initial Public Offering of A Share to Bank of China Limited" (PwC ZT YZ [2006] No. 83) issued on 29 June 2006.

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

BANK OF CHINA LIMITED

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III NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18 Capital reserve

During the six month period ended 30 June 2006, the Bank issued ordinary shares at share premiums (refer to Note III 17(1)) as follows:

	As at 30 June 2006	
	Group	Bank
As at 1 January 2006	3,978	3,978
Premium (1)	72,567	72,219
Others (2)	-	(309)
	<u>76,545</u>	<u>75,888</u>

(1)

	As at 30 June 2006				Bank
	Group	Issued H share	Issue d A share	Total	
Total amount of issue ordinary shares	10,000	89,967	20,000	119,967	119,967
Less: issue of ordinary shares	<u>(8,514)</u>	<u>(29,404)</u>	<u>(6,494)</u>	<u>(44,412)</u>	<u>(44,412)</u>
Share premium before issuance costs	1,486	60,563	13,506	75,555	75,555
Less: issuance costs (i)	<u>(5)</u>	<u>(2,435)</u>	<u>(548)</u>	<u>(2,988)</u>	<u>(3,336)</u>
Net share premium	<u>1,481</u>	<u>58,128</u>	<u>12,958</u>	<u>72,567</u>	<u>72,219</u>

	2005 Group & Bank
Total amount of issue ordinary shares	27,057
Less: issue of ordinary shares	<u>(23,037)</u>
Share premium before issuance costs	4,020
Less: issuance costs	<u>(56)</u>
Net share premium	<u>3,964</u>

(i) The issuance costs mainly include underwriting fees and services fees paid to professional advisors and financial institutions. BOCI Asia Limited, the subsidiary of the Group was appointed as one of the underwriters in the Bank's global offerings and was paid underwriting commission at a rate which was consistent with that of third parties. This underwriting commission was eliminated on consolidation.

BANK OF CHINA LIMITED

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III NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18 Capital reserve (continued)

- (2) 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 BOCHK (Holding) Limited, a 65.87% owned listed subsidiary of the Group for a consideration of HK\$900 million in cash. BOC HK (Holding) Limited had adopted merger accounting for this acquisition in its consolidated financial statements and had therefore accounted for the amount paid in excess over the carrying amount of the net assets acquired in the capital reserve. Such premium was eliminated on consolidation.

BANK OF CHINA LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006

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III NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19 Surplus reserves, General reserve and regulatory reserve, Undistributed profits and Reserve for fair value changes of available-for-sale securities

(1) Surplus 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 be ceased when the balance of such reserves has reached 50% of the share capital. Subject to the approval of the shareholders, Statutory surplus reserve can be used for replenishing the accumulated loss 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 capitalisation is not less than 25% of the share capital.

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

The Board of Director on 29 August 2006 approved the Bank to appropriate RMB 1,964 million, or 10% of its net profit of the six month period ended 30 June 2006.

(2) General reserve and regulatory reserve

Pursuant to Cai Jin [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, including the Bank, are required to maintain an adequate allowance for impairment losses against their risk assets as defined. In addition to the specific allowance for impairment losses, financial institutions are required to establish and maintain a general reserve within Shareholders' equity, through the appropriation of income to address unidentified potential impairment losses. According to Cai Jin [2005] No.49, the general reserve should not be less than 1% of the aggregate amount of risk assets as defined by this policy. The Bank intends to achieve the required reserve level within 3 years.

The Regulatory reserve mainly refers to the reserve amount set aside by Bank of China (Hong Kong) Limited, subsidiary of the Group, for general banking risks, including future losses or other unforeseeable risks.

The Board of Director on 29 August 2006 approved the Bank to appropriate RMB 4,291 million to the general reserve. As at 30 June 2006, the amount set aside in the general reserve accounted for 0.25 % of the Bank's risk assets.

(3) Undistributed profits

Pursuant to the 2005 profit distribution plan approved by the shareholder at a post-adjourment session of the Annual General Meeting of the Year 2006, the Bank distributed a cash dividend of RMB1,375 million to its shareholders.

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

BANK OF CHINA LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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III NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19 Surplus reserves, General reserve and regulatory reserve, Undistributed profits and Reserve for fair value changes of available-for-sale securities (continued)

(4) Reserve for fair value changes of available-for-sale securities

Pursuant to Caikuaihan [2004] No. 61 "Response to Issues Concerning Accounting Treatment of Debt Securities" issued by the MOF, available-for-sale securities are re-measured at fair value at the balance sheet date. Unrealised gains and losses arising from changes in the fair value of available-for-sale securities are recognised in equity. When available-for-sale securities are disposed of or impaired, the related accumulated fair value adjustments are transferred to the income statement.

As at 30 June 2006, the unrealised losses on available-for-sale securities fair value changes are arising from the increase in interest rates of RMB and USD. Management has assessed the unrealized losses position of these securities and is of the view that the unrealised losses were caused by the increase in interest rates and were not due to deteriorations of credit rating of the issuers.

BANK OF CHINA LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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III NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**20 Net interest income**

	For the six month period ended	
	30 June 2006	30 June 2005
Interest income		
Loans and advances to customers	60,360	51,971
Debt securities	30,652	19,908
Due from and placements with banks and other financial institutions	6,315	3,518
Due from central banks	2,450	2,069
Sub-total	<u>99,777</u>	<u>77,466</u>
Interest expense		
Deposits from customers	(38,887)	(23,815)
Due to and placements from banks and other financial institutions, and due to central banks	(4,122)	(2,827)
Special purpose borrowings and bonds issued	(2,292)	(2,166)
Sub-total	<u>(45,301)</u>	<u>(28,808)</u>
Net interest income	<u>54,476</u>	<u>48,658</u>

21 Net fee and commission income

	For the six month period ended	
	30 June 2006	30 June 2005
Settlement and clearing fees	1,794	1,287
Agency commissions	2,201	1,235
Credit commitment fees and commissions	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	<u>8,166</u>	<u>5,915</u>
Fee and commission expense	<u>(1,325)</u>	<u>(1,397)</u>
Net fee and commission income	<u>6,841</u>	<u>4,518</u>

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III NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**22 Net trading (expense)/income**

	For the six month period ended	
	30 June 2006	30 June 2005
Net gains from foreign exchange and foreign exchange products (1)	1,302	3,322
Net losses from interest rate instruments(2)	<u>(1,495)</u>	<u>(329)</u>
Total	<u>(193)</u>	<u>2,993</u>

(1) Refer to Note VII Assets and Liabilities by currency.

(2) This included unrealised losses relating to the Group's trading debt securities of RMB 1.755 billion.

23 Investment income

	For the six month period ended	
	30 June 2006	30 June 2005
Equity investment		
Net gains from investment in associates	339	48
Others (1)	<u>1,248</u>	<u>77</u>
Sub-total	1,587	125
Debt investment	<u>94</u>	<u>24</u>
Total	<u>1,681</u>	<u>149</u>

(1) Other equity investment income included gains on disposal of trading portfolio equity investments held by subsidiaries of the Group in Hong Kong.

BANK OF CHINA LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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III NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**24 Other operating income, net**

	For the six month period ended	
	30 June 2006	30 June 2005
Other operating income		
Insurance premium	4,286	2,624
Others(1)	1,080	143
	<u>5,366</u>	<u>2,767</u>
Sub-total		
Other operating expense		
Insurance claim expense	(3,423)	(2,168)
Others	(146)	(238)
	<u>(3,569)</u>	<u>(2,406)</u>
Sub-total		
Other operating income, net	<u>1,797</u>	<u>361</u>

- (1) Other operating income included gains on disposal of loans to third party held by subsidiaries of the Group in Hong Kong amounting to RMB 660 million in March 2006.

25 Operating and administrative expenses

	For the six month period ended	
	30 June 2006	30 June 2005
Staff costs	13,278	11,654
General operating and administrative expenses	7,174	6,208
Depreciation	2,741	3,138
	<u>23,193</u>	<u>21,000</u>
Total		

Staff costs are analysed as follows:

	For the six month period ended	
	30 June 2006	30 June 2005
Salaries and welfare expenses	10,141	9,345
Defined contribution plans	1,495	659
Housing fund contributions	626	427
Other social insurance costs	415	362
Defined benefit plans	139	238
Others	462	623
	<u>13,278</u>	<u>11,654</u>
Total		

In the second half of 2005, the Group set up a defined contribution plan ("Annuity Plan"). Included in the defined contribution plans is RMB 478 million contributed by the Bank to the Annuity Plan during the six month period ended 30 June 2006.

Contributions to defined contribution plans for the period ended 30 June 2006 include the effect of deductions of forfeited contributions of approximately RMB 12 million (2005: RMB 14 million). The amounts of unutilized forfeited contributions available for further deduction are not material as at 30 June 2006 and 30 June 2005 respectively.

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III NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**26 Business tax and surcharges**

	For the six month period ended	
	30 June 2006	30 June 2005
Business tax	2,687	2,406
City maintenance and construction tax	176	158
Education surcharges	96	83
Others	28	23
Total	<u>2,987</u>	<u>2,670</u>

27 Impairment losses

	For the six month period ended	
	30 June 2006	30 June 2005
Provision for loan losses	5,062	4,718
(Write-back of)/Provision for impairment of foreclosed assets	(131)	96
(Write-back of)/Provision for impairment of other receivables	(55)	206
Write-back of impairment of fixed assets and others	-	(444)
Total	<u>4,876</u>	<u>4,576</u>

BANK OF CHINA LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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III NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**28 Income tax**

	For the six month period ended	
	30 June 2006	30 June 2005
Current tax	12,136	10,998
Deferred tax (Note III.13)	226	(138)
Total	12,362	10,860

The income tax expense on the Group's profit before tax differs from the amount that would arise using the basic tax rate of the Group, detailed as follows:

	For the six month period ended	
	30 June 2006	30 June 2005
Profit before tax	34,013	29,578
Tax calculated at a tax rate of 33%	11,224	9,761
Effect of different tax rates in overseas operations	(1,927)	(1,479)
Supplementary tax on overseas income paid in the PRC	1,688	865
Prior years tax expenses adjustment (1)	(350)	(2)
Income not subject to tax	(1,223)	(614)
Expenses not deductible for tax purposes (2)	2,921	2,452
Others	29	(123)
Total	12,362	10,860

- (1) Prior years tax expenses adjustment included the related tax impact of RMB 284 million in relation to the deductible transfer loss of BOC with the amount of RMB 860 million approved by MOF and SAT in the first half of 2006. The loss arose from the disposal of certain equity investments in prior years.
- (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.

BANK OF CHINA LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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III NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

29 Earnings per share (Basic & Diluted)

Basic and diluted earnings per share have been computed by dividing the profit for the period by the weighted average number of ordinary shares issued.

The Bank has no dilutive potential ordinary shares.

	For the six month period ended	
	30 June 2006	30 June 2005
Profit attributable to shareholders of the Bank	19,024	16,434
Weighted average number of ordinary shares in issue (millions)	218,002	186,390
Basic and diluted earnings per share (Renminbi per share)	0.09	0.09

BANK OF CHINA LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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III NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**30 Notes to the cash flow statement**

Cash and cash equivalents comprise the following balances, the original maturities of which are less than three months:

	As at 30 June 2006	As at 30 June 2005
Cash	29,811	29,486
Balances with central banks	113,039	130,427
Due from and placement with banks and other financial institutions	215,713	230,894
Short term bills and notes	30,910	24,149
Total	<u>389,473</u>	<u>414,956</u>

(1) Reconciliation of net profit to cash flows from operating activities

	For the six month period ended	
	30 June 2006	30 June 2005
Net profit	19,024	16,434
Plus/(minus):		
Minority interest	2,627	2,284
Asset impairment losses	4,876	4,576
Depreciation of fixed assets	2,741	3,138
Amortisation of intangible assets and long-term deferred expenses	341	222
Net gain on disposal of fixed assets and other assets	(168)	(671)
Equity investments income	(1,587)	(125)
Interest expenses arising from bonds issued	1,384	1,178
Increase in operating receivables	(495,834)	(288,793)
Increase in operating payables	348,605	283,372
Net cash inflows from operating activities	<u>(117,991)</u>	<u>21,615</u>

BANK OF CHINA LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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IV NOTES TO THE BANK'S FINANCIAL STATEMENTS**1 Debt securities**

	As at 30 June 2006	As at 31 December 2005
Debt Securities available-for-sale (at fair value)		
Government bonds	296,280	219,566
Public sector and quasi government bonds	242,068	102,200
Financial institution bonds	193,816	146,373
Corporate bonds	86,487	70,798
	<hr/>	<hr/>
Sub-total	818,651	538,937
	<hr/>	<hr/>
Debt Securities available-for-sale (at fair value)		
Government bonds	221,541	227,718
Public sector and quasi government bonds	91,308	103,074
Financial institution bonds	72,118	74,791
Corporate bonds	8,101	9,560
	<hr/>	<hr/>
Sub-total	393,068	415,143
	<hr/>	<hr/>
Debt securities classified as loans and receivables (at amortised 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	5,992
- Financial institution	37,070	32,156
- Corporate	1,825	-
Certificate Treasury Bonds and others	10,647	11,888
	<hr/>	<hr/>
	358,914	344,066
	<hr/>	<hr/>
Provision for impairment	(152)	(156)
	<hr/>	<hr/>
Sub-total	358,762	343,910
	<hr/>	<hr/>
Total	1,570,481	1,297,990
	<hr/>	<hr/>

BANK OF CHINA LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE BANK'S FINANCIAL STATEMENTS (Continued)**2 Loans and advances to customers**

	As at 30 June 2006	As at 31 December 2005
Unsecured loans	511,086	401,756
Guaranteed loans	647,205	617,332
Collateralised and other secured loans	<u>883,910</u>	<u>849,017</u>
Total	<u><u>2,042,201</u></u>	<u><u>1,868,105</u></u>

3 Equity investments

	As at 30 June 2006	As at 31 December 2005
Investment in subsidiaries	68,732	66,294
Investment in associates	33	63
Others	<u>847</u>	<u>796</u>
	69,612	67,153
Less: Impairment provision	<u>(173)</u>	<u>(202)</u>
	<u><u>69,439</u></u>	<u><u>66,951</u></u>

BANK OF CHINA LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(Amount in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE BANK'S FINANCIAL STATEMENTS (Continued)**4 Deposits from customers**

	As at 30 June 2006	As at 31 December 2005
Short-term corporate deposits		
Corporate demand deposits	848,940	747,059
Corporate time deposits less than one year	<u>429,253</u>	<u>380,105</u>
Sub-total	1,278,193	1,127,164
Short-term saving deposits		
Demand deposits	539,321	492,876
Time deposits less than one year	<u>1,013,449</u>	<u>937,430</u>
Sub-total	1,552,770	1,430,306
Long-term corporate deposits	31,095	24,395
Long-term saving deposits	332,287	305,239
Securities and margin deposits	<u>162,628</u>	<u>122,083</u>
Total	<u><u>3,356,973</u></u>	<u><u>3,009,187</u></u>

The securities and margin deposits are analysed as follows:

Security deposits for bank acceptance	92,068	63,522
Security deposits for letters of credit and letters of guarantee issued	28,988	26,469
Margin deposits for foreign exchange transactions	5,767	3,718
Others	<u>35,805</u>	<u>28,374</u>
Total	<u><u>162,628</u></u>	<u><u>122,083</u></u>

BANK OF CHINA LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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(Amount in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE BANK'S FINANCIAL STATEMENTS (Continued)**5 Net interest income**

	For the six month period ended	
	30 June 2006	30 June 2005
Interest income		
Loans and advances to customers	50,141	45,875
Debt securities	23,738	15,804
Due from and placements with banks and other financial institutions	3,457	2,327
Due from central banks	2,189	2,032
	<hr/>	<hr/>
Sub-total	79,525	66,038
	<hr/>	<hr/>
Interest expense		
Deposits from customers	(26,815)	(19,427)
Due to and placements from banks and other financial institutions, due to central banks	(4,090)	(2,811)
Special purpose borrowings and bonds issued	(2,292)	(2,163)
	<hr/>	<hr/>
Sub-total	(33,197)	(24,401)
	<hr/>	<hr/>
Net interest income	46,328	41,637
	<hr/>	<hr/>

6 Net fee and commission income

	For the six month period ended	
	30 June 2006	30 June 2005
Settlement and clearing fees	1,374	964
Agency commissions	877	385
Credit commitment fees and commissions	1,148	996
Bank card fees	962	636
Custodian and other fiduciary service fees	113	110
Others	748	611
	<hr/>	<hr/>
Fee and commission income	5,222	3,702
	<hr/>	<hr/>
Fee and commission expenses	(460)	(673)
	<hr/>	<hr/>
Net fee and commission income	4,762	3,029
	<hr/>	<hr/>

BANK OF CHINA LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE BANK'S FINANCIAL STATEMENTS (Continued)

7 Net trading (expense)/income

	For the six month period ended	
	30 June 2006	30 June 2005
Net gains from foreign exchange and foreign exchange products	343	2,655
Net losses from interest rate instruments	(625)	(405)
Total	<u>(282)</u>	<u>2,250</u>

8 Investment income

	For the six month period ended	
	30 June 2006	30 June 2005
Equity investment		
Share of result of subsidiaries	7,521	4,747
Net gains from investments in associates	5	3
Others	21	85
Sub-total	<u>7,547</u>	<u>4,835</u>
Debt investment	<u>105</u>	<u>5</u>
Total	<u><u>7,652</u></u>	<u><u>4,840</u></u>

9 Operating and administrative expenses

	For the six month period ended	
	30 June 2006	30 June 2005
Staff costs	11,087	9,602
General operating and administrative expenses	6,308	5,394
Depreciation	2,320	2,748
Total	<u>19,715</u>	<u>17,744</u>

Staff costs are analysed as follows:

	For the six month period ended	
	30 June 2006	30 June 2005
Salaries and welfare expenses	8,159	7,546
Defined contribution plans	1,334	638
Housing fund contributions	611	427
Other Social insurance costs	411	339
Defined benefit plans	139	238
Others	433	414
Total	<u>11,087</u>	<u>9,602</u>

BANK OF CHINA LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE BANK'S FINANCIAL STATEMENTS (Continued)

10 Impairment losses

	For the six month period ended	
	30 June 2006	30 June 2005
Provision for loan losses	5,849	6,092
(Write-back of)/Provision for impairment of foreclosed assets	(129)	96
(Write-back of)/Provision for impairment of other receivables	(32)	211
Write-back of impairment of fixed assets and others	(8)	(283)
Total	<u>5,680</u>	<u>6,116</u>

BANK OF CHINA LIMITED**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

IV NOTES TO THE BANK'S FINANCIAL STATEMENTS (Continued)**11 Notes to the cash flow statement**

Cash and cash equivalents comprises the following balances, the original maturities of which are less than three months:

	As at 30 June 2006	As at 30 June 2005
Cash	26,684	26,242
Balances with central banks	89,018	103,122
Due from and placement with banks and other financial institutions	160,662	150,374
Short term bills and notes	27,686	21,492
	<u>304,050</u>	<u>301,230</u>
Total	<u>304,050</u>	<u>301,230</u>

(1) Reconciliation of net profit to cash flows from operating activities

	For the six month period ended	
	30 June 2006	30 June 2005
Net profit	19,643	16,434
Plus/(minus):		
Asset impairment losses	5,680	6,116
Depreciation of fixed assets	2,320	2,748
Amortisation of intangible assets and long term deferred expenses	340	221
Net gain on disposal of fixed assets and other assets	115	(146)
Equity investments income	(7,547)	(4,835)
Interest expenses arising from bonds issued	1,384	1,178
Increase in operating receivables	(433,206)	(277,343)
Increase in operating payables	324,064	250,067
	<u>(87,207)</u>	<u>(5,560)</u>
Net cash outflows from operating activities	<u>(87,207)</u>	<u>(5,560)</u>

BANK OF CHINA LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006

(Amount in millions of Renminbi, unless otherwise stated)

V RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. The Group is controlled by the State Council of the People's Republic of China ("PRC") through Huijin.

(1) Transactions with Huijin

(i) Foreign Currency Option Agreement

On 5 January 2005, the Bank entered into a Foreign Currency Option Agreement with Huijin whereby the Bank has acquired the option to sell to Huijin 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 the exchange rate of USD1 to RMB 8.2769. The related option premium amounted to RMB 4,469 million, which is payable by the Bank to Huijin in 12 equal monthly instalments at the beginning of each calendar month during the year ending 31 December 2007.

(ii) Deposit

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

The Deposits from Huijin are under commercial terms and at market rates.

(2) Transactions with other companies controlled by Huijin

Huijin also has controlling equity interests in certain other financial institutions in the PRC. The Group enters into banking transactions with these entities in the normal course of its business under commercial terms and at market rates. These include trading assets, investment securities and money market transactions. The Group has no material balance with these entities as of 30 June, 2006.

BANK OF CHINA LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

V RELATED PARTY TRANSACTIONS (Continued)

(3) Transactions with shareholders holding 5% or more ordinary shares

As at 30 June 2006, in addition to Huijin, the shareholder holding 5% or more ordinary shares of the Bank is RBS China Investments S.à.r.l. The Bank had no significant transactions with this shareholder between 1 January 2006 and 30 June 2006 and had no material balances with this shareholder as of 30 June 2006.

(4) Transactions with associates

In the ordinary course of business, the Group enters into business transactions with its associates(Note III.7), including lending, deposit taking, debt securities purchasing and other normal banking businesses. The transactions with these associates are conducted on the same pricing principles as for the transactions with any independent third party. The loans and deposits balances with associates and outstanding debt securities issued by associates at the period end are stated below. The related interest income and expense are not considered significant.

(i)	Loans		
		2006	2005
	At 1 January	7,240	1,246
	Loans granted during the period/year	18	8,128
	Loan repayments during the period/year	(6,095)	(989)
	Loans written off and other changes during the period/year	-	(1,145)
	At 30 June/31 December	<u>1,163</u>	<u>7,240</u>
	Provisions for loan losses	<u>(190)</u>	<u>(119)</u>
(ii)	Deposits		
		2006	2005
	At 1 January	856	1,227
	Deposits received during the period/year	3,250	3,879
	Deposits repaid and other changes during the period/year	(1,959)	(4,250)
	At 30 June/31 December	<u>2,147</u>	<u>856</u>
(iii)	Debt securities issued by associates		
		2006	2005
	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
	At 30 June/31 December	<u>-</u>	<u>188</u>

BANK OF CHINA LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

VI SEGMENT REPORTING

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.

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 organisational structure and its internal financial reporting process, the Group has determined that geographical segments should be presented as its primary segment.

Profit and loss accounts, assets and liabilities, capital expenditure, depreciation and amortization and credit commitments have generally been based on the country in which the branch or subsidiary is located.

BANK OF CHINA LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

VI SEGMENT REPORTING (Continued)

For the six month period ended 30 June 2006

	Hong Kong & Macau				Other overseas operations	Elimination	Total
	Chinese Mainland	BOC Hong Kong Group	Others	Sub-total			
Interest income	76,446	19,997	2,276	22,273	3,426	(2,368)	99,777
Interest expense	(31,368)	(12,235)	(1,489)	(13,724)	(2,581)	2,372	(45,301)
Net interest income	45,078	7,762	787	8,549	845	4	54,476
Net fee and commission income	4,225	1,724	989	2,713	388	(485)	6,841
Net trading (expense)/income	(107)	677	(536)	141	(227)	-	(193)
Investment (losses)/ gains	124	7	1,634	1,641	(6)	(78)	1,681
Other operating income, net	129	423	1,271	1,694	(3)	(23)	1,797
	49,449	10,593	4,145	14,738	997	(582)	64,602
Operating and administrative expenses	(18,920)	(2,973)	(645)	(3,618)	(687)	32	(23,193)
Business tax and surcharges	(2,945)	(19)	(10)	(29)	(13)	-	(2,987)
Operating profit	27,584	7,601	3,490	11,091	297	(550)	38,422
Non-operating income, net	172	201	57	258	37	-	467
Profit before impairment losses	27,756	7,802	3,547	11,349	334	(550)	38,889
Impairment (losses)/ write-back	(5,932)	717	218	935	121	-	(4,876)
Profit before tax	21,824	8,519	3,765	12,284	455	(550)	34,013
Income tax	(10,751)	(1,430)	(242)	(1,672)	(142)	203	(12,362)
Profit after tax	11,073	7,089	3,523	10,612	313	(347)	21,651
Minority interest	(4)	(2,519)	(104)	(2,623)	-	-	(2,627)
Net profit	11,069	4,570	3,419	7,989	313	(347)	19,024

BANK OF CHINA LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

VI SEGMENT REPORTING (Continued)

As at 30 June 2006	Chinese Mainland	Hong Kong & Macau			Other overseas operations	Elimination	Total
		BOC Hong Kong Group	Others	Sub-total			
Segment assets	4,268,205	875,352	118,363	993,715	199,169	(234,156)	5,226,933
Segment liabilities	(3,917,105)	(797,504)	(99,538)	(897,042)	(191,882)	165,549	(4,840,480)
Credit commitments	827,712	173,457	18,334	191,791	57,397	(52,704)	1,024,196
For the six month period ended 30 June 2006							
Other segment items:							
Capital expenditure	1,800	296	15	311	79	-	2,190
Depreciation and amortisation	2,618	317	92	409	55	-	3,082

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

VI SEGMENT REPORTING (Continued)

For the six month period ended 30 June 2005

	Chinese Mainland	Hong Kong & Macau			Other overseas operations	Elimination	Total
		BOC Hong Kong Group	Others	Sub-total			
Interest income	63,883	10,976	1,431	12,407	2,429	(1,253)	77,466
Interest expense	(23,449)	(4,477)	(550)	(5,027)	(1,585)	1,253	(28,808)
Net interest income	40,434	6,499	881	7,380	844	-	48,658
Net fee and commission income	2,529	1,497	99	1,596	393	-	4,518
Net trading income/(expense)	2,241	520	247	767	(15)	-	2,993
Investment (losses)/ gains	20	33	27	60	69	-	149
Other operating income, net	70	-	289	289	2	-	361
	45,294	8,549	1,543	10,092	1,293	-	56,679
Operating and administrative expenses	(17,046)	(2,778)	(580)	(3,358)	(596)	-	(21,000)
Business tax and surcharges	(2,636)	(15)	(9)	(24)	(10)	-	(2,670)
Operating profit	25,612	5,756	954	6,710	687	-	33,009
Non-operating income, net	723	251	116	367	55	-	1,145
Profit before impairment losses	26,335	6,007	1,070	7,077	742	-	34,154
Impairment (losses)/ write-back	(6,591)	1,383	422	1,805	210	-	(4,576)
Profit before tax	19,744	7,390	1,492	8,882	952	-	29,578
Income tax	(9,472)	(1,223)	(5)	(1,228)	(160)	-	(10,860)
Profit after tax	10,272	6,167	1,487	7,654	792	-	18,718
Minority interest	9	(2,174)	(119)	(2,293)	-	-	(2,284)
Net profit	10,281	3,993	1,368	5,361	792	-	16,434

BANK OF CHINA LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

VI SEGMENT REPORTING (Continued)

As at 31 December 2005	Chinese Mainland	Hong Kong & Macau			Other overseas operations	Elimination	Total
		BOC Hong Kong Group	Others	Sub-total			
Segment assets	3,803,989	845,959	120,266	966,225	186,982	(214,390)	4,742,806
Segment liabilities	(3,584,086)	(768,215)	(102,831)	(871,046)	(178,853)	153,799	(4,480,186)
Credit commitments	699,066	168,203	14,131	182,334	52,434	(38,072)	895,762
For the six month period ended 30 June 2005							
Other segment items:							
Capital expenditure	1,485	176	34	210	71	-	1,766
Depreciation and amortisation	2,947	305	53	358	55	-	3,360

BANK OF CHINA LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006

(Amount in millions of Renminbi, unless otherwise stated)

VI SEGMENT REPORTING (Continued)

Business segments are presented as the Group's secondary segment. The Group provides services through four main business segments: commercial banking, investment banking, insurance and other operations. Segment revenue, results, assets, liabilities 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.

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.

Personal banking - providing services to retail customers including current accounts, savings, deposits, investment savings products, custody, credit and debit cards, consumer loans and mortgages.

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. The results of this segment include the inter-segment funding income and expenses and foreign currency translation gains and losses 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, asset management services, brokerage services and loan syndications.

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 constitutes a separately reportable segment or can be allocated on a reasonable basis.

BANK OF CHINA LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

VI SEGMENT REPORTING (Continued)

For the six month period ended 30 June 2006 and as at 30 June 2006

	Corporate banking	Personal banking	Treasury operations	Investment banking	Insurance	Others	Elimination	Total
Interest income	45,329	42,491	38,551	289	269	191	(27,343)	99,777
Interest expense	(18,727)	(25,610)	(27,175)	(270)	(19)	(847)	27,347	(45,301)
Net interest income	26,602	16,881	11,376	19	250	(656)	4	54,476
Net fee and commission income	3,141	3,165	357	938	(277)	9	(492)	6,841
Net trading income/(expense)	1,814	977	(1,910)	(640)	(428)	(7)	1	(193)
Investment (losses)/income	-	-	85	1,026	217	431	(78)	1,681
Other operating income, net	74	5	(3)	-	686	1,103	(68)	1,797
	31,631	21,028	9,905	1,343	448	880	(633)	64,602
Operating and administrative expenses	(8,588)	(11,677)	(2,876)	(224)	(103)	(406)	681	(23,193)
Business tax and surcharges	(1,478)	(459)	(1,023)	(2)	(3)	(22)	-	(2,987)
Operating profit	21,565	8,892	6,006	1,117	342	452	48	38,422
Non-operating income, net	56	127	45	(2)	40	799	(598)	467
Profit before impairment losses	21,621	9,019	6,051	1,115	382	1,251	(550)	38,889
Impairment (losses)/ write-back	(4,202)	(720)	1	(5)	6	44	-	(4,876)
Profit before tax	17,419	8,299	6,052	1,110	388	1,295	(550)	34,013
Income tax								(12,362)
Profit after tax								21,651
Minority interests								(2,627)
Net profit								19,024
Segment assets	1,813,042	637,280	2,692,140	18,079	17,153	84,279	(35,040)	5,226,933
Capital expenditure	416	782	31	6	2	953	-	2,190

BANK OF CHINA LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

VI SEGMENT REPORTING (Continued)

1 Segment information (continued)

For the six month period ended 30 June 2005 and as at 31 December 2005

	Corporate banking	Personal banking	Treasury Operations	Investment banking	Insurance	Others	Elimination	Total
Interest income	39,592	31,510	24,679	243	183	128	(18,869)	77,466
Interest expense	(13,848)	(15,489)	(17,623)	(180)	-	(537)	18,869	(28,808)
Net interest income	25,744	16,021	7,056	63	183	(409)	-	48,658
Net fee and commission income	2,522	1,802	215	171	(254)	62	-	4,518
Net trading income/(expense)	1,584	755	507	203	(48)	(8)	-	2,993
Investment (losses)/income	-	1	24	(39)	17	146	-	149
Other operating income, net	29	-	-	-	331	43	(42)	361
Operating and administrative expenses	29,879	18,579	7,802	398	229	(166)	(42)	56,679
Business tax and surcharges	(7,876)	(10,148)	(2,680)	(195)	(88)	(301)	288	(21,000)
Operating profit	(1,455)	(436)	(760)	(2)	(1)	(16)	-	(2,670)
Non-operating income, net	20,548	7,995	4,362	201	140	(483)	246	33,009
Profit before impairment losses	107	215	71	1	(4)	1,001	(246)	1,145
Impairment (losses)/ write-back	20,655	8,210	4,433	202	136	518	-	34,154
Profit before tax	(5,471)	819	19	1	(2)	58	-	(4,576)
Income tax	15,184	9,029	4,452	203	134	576	-	29,578
Profit after tax								(10,860)
Minority interests								18,718
Net profit								(2,284)
								16,434
Segment assets	1,658,718	603,891	2,399,377	15,159	12,398	77,644	(24,381)	4,742,806
Capital expenditure	342	665	32	4	25	698	-	1,766

BANK OF CHINA LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

VI SEGMENT REPORTING (Continued)

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 external 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:

For the six month period ended 30 June 2005

	Corporate banking	Personal banking	Treasury Operations	Investment banking	Insurance	Others	Elimination	Total
Net Interest expense as reported previously	25,253	17,818	5,750	63	183	(409)	-	48,658
Effect of change-increase/(decrease)	491	(1,797)	1,306	-	-	-	-	-
Net Interest expense as revised	25,744	16,021	7,056	63	183	(409)	-	48,658
Operating profits as reported previously	20,057	9,792	3,056	201	140	(483)	246	33,009
Effect of change-increase/(decrease)	491	(1,797)	1,306	-	-	-	-	-
Operating profits as revised	20,548	7,995	4,362	201	140	(483)	246	33,009
Profit before impairment losses as reported previously	20,164	10,007	3,127	202	136	518	-	34,154
Effect of change-increase/(decrease)	491	(1,797)	1,306	-	-	-	-	-
Profit before impairment losses as revised	20,655	8,210	4,433	202	136	518	-	34,154
Profit before income tax as reported previously	14,693	10,826	3,146	203	134	576	-	29,578
Effect of change-increase/(decrease)	491	(1,797)	1,306	-	-	-	-	-
Profit before income tax as revised	15,184	9,029	4,452	203	134	576	-	29,578

BANK OF CHINA LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

VII ASSETS AND LIABILITIES BY CURRENCY

The Group's net foreign currency positions as at 30 June 2006 and 31 December 2005 are analysed 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	601	75	485	60
Less:				
net off-balance sheet foreign currency position of the Group	(232)	(29)	(171)	(21)
net foreign currency position of the Group	369	46	314	39
Less:				
foreign currency denominated net investments in foreign operations*	(103)	(13)	(105)	(13)
Net position	266	33	209	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 recognised under the "Currency Translation Difference" 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 currency mismatches. However, the Group's ability to manage its foreign currency position 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 shareholders, 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.

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.

BANK OF CHINA LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006

(Amount in millions of Renminbi, unless otherwise stated)

VII ASSETS AND LIABILITIES BY CURRENCY (CONTINUED)

The following table illustrates the potential impact to the income statement for a 1 per cent fluctuation in the foreign currency exchange rate 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)
	Rmb million	Rmb million
1% appreciation/depreciation in foreign currency exchange rates against RMB	+/- 2,660	+/- 2,090

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 taken into account 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.

Set forth below are assets, liabilities and off-balance sheet items by currency. Short-term financial assets include cash, precious metals, due from central banks and government certificates of indebtedness for bank notes issued. Debt securities also include trading and other debt securities at fair value through profit or loss. Other assets primarily include interest receivable, fixed assets and deferred tax assets. Short-term financial liabilities include due to central banks and bank notes in circulation. Other liabilities primarily include interest payable. Option products are included in net off-balance sheet position using notional amounts, including the Foreign Currency Option Agreement with Huijin whereby the Bank has acquired the option to sell to Huijin USD 18 billion. The intent of the transaction was to create an effective economic hedge against a portion of the USD position arising from the USD capital contribution made by Huijin.

BANK OF CHINA LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

VII ASSETS AND LIABILITIES BY CURRENCY (Continued)

As at 30 June 2006	RMB	USD	HKD	EURO	JPY	GBP	Other	Total
Assets								
Short-term financial assets	315,390	17,258	43,422	1,943	25,201	445	43,546	447,205
Derivative financial instruments assets	-	14,656	5,632	443	318	233	258	21,540
Due from and placements with banks and other financial institutions	102,399	76,394	75,885	15,983	3,291	5,310	20,852	300,114
Debt securities	914,491	767,457	177,587	51,526	20,552	6,649	50,009	1,988,271
Loans and advances to customers	1,643,896	362,362	315,887	38,557	25,062	4,419	15,353	2,405,536
Less: Provision for loan losses	(72,036)	(11,457)	(3,456)	(531)	(367)	(40)	(241)	(88,128)
Other assets	89,134	20,056	33,558	1,377	1,829	722	5,719	152,395
Total assets	2,993,274	1,246,726	648,515	109,298	75,886	17,738	135,496	5,226,933
Liabilities								
Short-term financial liabilities	7	25,367	39,182	-	-	-	2,090	66,646
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 and placements from banks and other financial institutions	177,634	120,657	8,354	5,346	9,708	546	36,104	358,349
Deposits from customers	2,876,575	444,430	529,336	41,220	40,386	25,453	95,624	4,053,024
Special purpose borrowings and bonds issued	60,000	26,378	-	16,045	4,440	940	1,996	109,799
Other liabilities	93,410	21,889	31,429	1,462	1,082	729	1,489	151,490
Total liabilities	3,207,626	716,011	630,477	65,104	55,759	27,931	137,572	4,840,480
Net on-balance sheet position	(214,352)	530,715	18,038	44,194	20,127	(10,193)	(2,076)	386,453
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

BANK OF CHINA LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

VII ASSETS AND LIABILITIES BY CURRENCY (Continued)

As at 31 December 2005	RMB	USD	HKD	EURO	JPY	GBP	Other	Total
Assets								
Short-term financial assets	290,571	17,463	50,536	2,244	17,105	421	33,145	411,485
Derivative financial instruments assets	-	11,493	4,552	149	548	57	9	16,808
Due from and placements with banks and other financial institutions	72,731	133,179	96,420	13,322	616	5,691	22,578	344,537
Debt securities	834,407	562,128	147,966	50,044	23,072	7,048	44,926	1,669,591
Loans and advances to customers	1,477,859	358,289	319,212	34,942	25,418	4,228	15,098	2,235,046
Less: Provision for loan losses	(66,477)	(11,779)	(3,485)	(510)	(552)	(36)	(314)	(83,153)
Other assets	90,733	15,988	34,632	1,172	1,755	727	3,485	148,492
Total assets	2,699,824	1,086,761	649,833	101,363	67,962	18,136	118,927	4,742,806
Liabilities								
Short-term financial liabilities	1,084	24,162	38,595	29	-	32	1,884	65,786
Derivative financial instruments and liabilities at fair value through profit or loss	-	70,625	19,551	418	384	117	79	91,174
Due to and placements from banks and other financial institutions	209,624	76,205	13,707	4,400	11,538	514	29,245	345,233
Deposits from customers	2,531,878	440,252	529,827	46,854	37,565	26,634	90,767	3,703,777
Special purpose borrowings and bonds issued	60,000	28,549	-	16,251	4,665	1,092	1,786	112,343
Other liabilities	119,401	17,220	20,679	1,525	1,138	527	1,383	161,873
Total liabilities	2,921,987	657,013	622,359	69,477	55,290	28,916	125,144	4,480,186
Net on-balance sheet position	(222,163)	429,748	27,474	31,886	12,672	(10,780)	(6,217)	262,620
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

BANK OF CHINA LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

VIII ASSETS AND LIABILITIES BY MATURITY

Maturity grouping analysis of assets and liabilities items is as follows. Short-term financial assets include cash, precious metals, due from central banks and government certificates of indebtedness for bank notes issued. Debt securities also include trading and other debt securities at fair value through profit or loss. Other assets primarily include interest receivable, fixed assets and deferred tax assets. Short-term financial liabilities include due to central banks and bank notes in circulation. Other liabilities primarily include interest payable.

As at 30 June 2006	Overdue	On demand	Up to 1 month	1-3 months	3-12 months	1- 5years	Over 5 years	Total
Assets								
Short-term financial assets	-	219,593	226,583	1,029	-	-	-	447,205
Derivative financial instruments assets	-	5,635	1,761	736	3,420	5,830	4,158	21,540
Due from and placements with banks and other financial institutions	-	7,014	201,710	65,568	25,668	154	-	300,114
Debt securities	-	-	60,840	172,718	364,243	826,955	563,515	1,988,271
Loans and advances to customers	82,183	31,539	126,619	275,430	836,140	557,221	496,404	2,405,536
Less: Provision for loan losses	(42,189)	(143)	(3,565)	(5,508)	(15,214)	(13,191)	(8,318)	(88,128)
Other assets	306	8,485	12,282	5,635	16,665	25,223	83,799	152,395
Total assets	40,300	272,123	626,230	515,608	1,230,922	1,402,192	1,139,558	5,226,933
Liabilities								
Short-term financial liabilities	-	44,056	6	5,036	17,548	-	-	66,646
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 and placements from banks and other financial institutions	-	172,365	97,796	36,213	32,679	19,296	-	358,349
Deposits from customers	-	1,722,814	595,693	396,276	1,020,310	316,578	1,353	4,053,024
Special purpose borrowings and bonds issued	-	-	874	736	5,368	20,088	82,733	109,799
Other liabilities	438	52,312	27,872	4,254	51,209	13,740	1,665	151,490
Total liabilities	438	1,993,562	733,604	453,954	1,165,294	395,500	98,128	4,840,480
Net liquidity gap	39,862	(1,721,439)	(107,374)	61,654	65,628	1,006,692	1,041,430	386,453

BANK OF CHINA LIMITED

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

VIII ASSETS AND LIABILITIES BY MATURITY (Continued)

As at 31 December 2005	Overdue	On demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Assets								
Short-term financial assets	-	208,416	202,030	1,018	21	-	-	411,485
Derivative financial instruments assets	-	3,890	2,042	754	1,583	5,347	3,192	16,808
Due from and placements with banks and other financial institutions	-	12,438	220,629	92,649	18,707	114	-	344,537
Debt securities	-	-	69,577	107,968	315,812	813,060	363,174	1,669,591
Loans and advances to customers	77,846	28,662	109,430	224,756	814,571	518,316	461,465	2,235,046
Less: Provision for loan losses	(37,696)	(299)	(1,881)	(4,326)	(19,121)	(12,058)	(7,772)	(83,153)
Other assets	303	4,622	12,727	6,936	10,367	27,240	86,297	148,492
Total assets	40,453	257,729	614,554	429,755	1,141,940	1,352,019	906,356	4,742,806
Liabilities								
Short-term financial liabilities	-	65,237	529	20	-	-	-	65,786
Derivative financial instruments and liabilities at fair value through profit or loss	-	1,805	9,124	9,300	22,995	38,091	9,859	91,174
Due to and placements from banks and other financial institutions	-	137,560	79,351	47,365	48,126	32,831	-	345,233
Deposits from customers	-	1,615,637	521,517	441,467	843,029	279,819	2,308	3,703,777
Special purpose borrowings and bonds issued	-	-	1,046	816	5,361	20,840	84,280	112,343
Other liabilities	-	74,437	14,974	5,610	51,950	12,849	2,053	161,873
Total liabilities	-	1,894,676	626,541	504,578	971,461	384,430	98,500	4,480,186
Net liquidity gap	40,453	(1,636,947)	(11,987)	(74,823)	170,479	967,589	807,856	262,620

BANK OF CHINA LIMITED

APPENDIX I: NET PROFIT AFTER DEDUCTING NON-ROUTINE ITEMS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006

(Amount in millions of Renminbi, unless otherwise stated)

IX CONTINGENT LIABILITIES, COMMITMENTS AND OTHER OFF-BALANCE SHEET ITEMS

1 Legal proceedings

As at 30 June 2006, the Group was the defendant in certain lawsuits arising from its normal business operations. Management of the Group believes that the outcome of these lawsuits will not have a material impact on the financial position of the Group after consulting legal counsel.

2 Assets pledged

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

	30 June 2006	31 December 2005
Precious metals	52	2,617
Bills (Note III. 6)	5,569	11,968
Debt securities (Note III. 5)	76,822	49,658
Total	<u>82,443</u>	<u>64,243</u>

3 Capital commitments

The Group has the following outstanding capital commitments not provided for in the accounts:

	30 June 2006	31 December 2005
Authorised and contracted for but not recorded	2,152	1,893
Authorised but not contracted for	2,257	2,687
Total	<u>4,409</u>	<u>4,580</u>

The above capital commitments are related to commitments to purchase building and equipment. The Group's management is confident that future revenues and funding available will be sufficient to meet these capital commitments. However the Group's management have no obligation to incur the costs in respect of the balance of the authorised but not contracted for amounts.

BANK OF CHINA LIMITED**APPENDIX I: NET PROFIT AFTER DEDUCTING NON-ROUTINE ITEMS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

**IX CONTINGENT LIABILITIES, COMMITMENTS AND OTHER OFF-BALANCE SHEET ITEMS
(Continued)****4 Operating leases**

Under the Group's irrevocable operating lease contracts, the minimum rental payments that should be paid in the future are summarised as:

	30 June 2006	31 December 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	<u>2,566</u>	<u>2,546</u>
Total	<u>5,977</u>	<u>5,809</u>

5 Certificate Treasury bond redemption commitments

The Bank is entrusted by the MOF to issue 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. As at 30 June 2006, the Bank's redemption commitments, representing the principal value of the bonds underwritten and sold by the Bank, amounted to RMB 84,056 million (2005: RMB 80,965 million). 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.

6 Major off-balance sheet exposures

	30 June 2006	31 December 2005
Acceptances	230,434	195,234
Letters of guarantee issued	255,779	212,987
Letters of credit issued	115,686	101,195
Irrevocable credit commitments and others	<u>422,297</u>	<u>386,346</u>
Total	<u>1,024,196</u>	<u>895,762</u>

BANK OF CHINA LIMITED

**APPENDIX I: NET PROFIT AFTER DEDUCTING NON-ROUTINE ITEMS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

X 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 USD14.2 billion (Note VII).

BANK OF CHINA LIMITED

APPENDIX I: NET PROFIT AFTER DEDUCTING NON-ROUTINE ITEMS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006

(Amount in millions of Renminbi, unless otherwise stated)

In accordance with the requirements "Question & Answer No.1 Concerning disclosure convention for companies offering shares to the public—Non-routine profit/loss(revised 2004)", the Group's net profit before and after deducting non-routine items is as follows:

	For the six month period ended 30 June 2006 unaudited
Net profit	19,024
Add / (Less): non-routine items	
– Net Gain on disposal of long-term equity investments	(141)
– Non-operating income (1)	(1,111)
– Non-operating expense (2)	644
– Write-back of the impairments recognised in previous years (3)	(451)
Income tax impact of non-routine items	<u>349</u>
Net profit after deducting the non-routine items	<u>18,314</u>

- (1) Non-operating income refer to income which are not directly attributable to business operating activities, including net gains from disposal of fixed assets, gains from fixed assets stocktake, penalty charge income, gains from closing of dormant accounts and etc.
- (2) Non-operating expense refers to expenses which are not directly attributable to business operating activities, including net losses on disposal of fixed assets, penalty charge expenses, donation, non-routine losses and etc.
- (3) Write-back of prior year provision for asset impairment mainly consists of write-back of provision for other receivables and advances.

BANK OF CHINA LIMITED

**APPENDIX II: RECONCILIATION BETWEEN PRC GAAP AND IFRS FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

The Group's Consolidated Balance Sheet, Consolidated Income Statement prepared under the International Financial Reporting Standards("IFRS") and the reconciliation between PRC GAAP and IFRS financial information are set out below:

1 CONSOLIDATED INCOME STATEMENTS

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

BANK OF CHINA LIMITED**APPENDIX II: RECONCILIATION BETWEEN PRC GAAP AND IFRS FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

2 CONSOLIDATED BALANCE SHEET

	30 June 2006 unaudited	31 December 2005 audited
ASSETS		
Cash and due from banks	36,785	41,082
Balances with central banks	340,651	316,941
Placements with banks and other financial institutions	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	114,167	111,782
Derivative financial instruments	21,540	16,808
Loans and advances to customers, net	2,317,625	2,152,112
Investment securities		
- 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	23,431	20,504
Other assets	44,030	38,640
Total assets	5,231,635	4,740,048

BANK OF CHINA LIMITED

**APPENDIX II: RECONCILIATION BETWEEN PRC GAAP AND IFRS FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

2 CONSOLIDATED BALANCE SHEET (continued)

	30 June 2006 unaudited	31 December 2005 audited
LIABILITIES		
Due to banks	171,422	134,217
Due to central banks	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	101,172	91,174
Due to customers	4,048,438	3,699,464
Bonds issued	60,177	60,179
Special purpose borrowings	49,622	52,164
Current tax liabilities	20,637	23,459
Retirement benefit obligations	6,933	7,052
Deferred income tax liabilities	2,053	2,136
Other liabilities	128,573	136,272
	<hr/>	<hr/>
Total liabilities	4,846,553	4,484,529
EQUITY		
Capital and reserves attributable to equity holders of the Bank		
Share capital	253,839	209,427
Capital reserve	66,613	(5,954)
Statutory reserves	8,095	5,987
General and regulatory reserves	9,398	5,109
Undistributed profits	21,893	10,188
Reserve for fair value changes of available-for-sale securities	(3,603)	1,899
Currency translation differences	(488)	(237)
	<hr/>	<hr/>
	355,747	226,419
Minority interest	<hr/>	<hr/>
	29,335	29,100
Total equity	<hr/>	<hr/>
	385,082	255,519
Total equity and liabilities	<hr/> <hr/>	<hr/> <hr/>
	5,231,635	4,740,048

BANK OF CHINA LIMITED

APPENDIX II: RECONCILIATION BETWEEN PRC GAAP AND IFRS FINANCIAL INFORMATION FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006

(Amount in millions of Renminbi, unless otherwise stated)

3 Reconciliation between PRC GAAP and IFRS financial information

	Net assets		Net profit	
	as at		for the six month	
	30	31	2006	2005
	June	December	2006	2005
	2006	2005	2006	2005
PRC GAAP figures	357,641	233,842	19,024	16,434
Adjustments for accounting standard differences:				
-Reversal of 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 stated 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.

**APPENDIX II: RECONCILIATION BETWEEN PRC GAAP AND IFRS FINANCIAL INFORMATION
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2006**

(Amount in millions of Renminbi, unless otherwise stated)

3 Reconciliation between PRC GAAP and IFRS (Continued)

(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 stated 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.