

2010 CSR Report of Bank of China

The Board of Directors and all the directors of the Company hereby guarantee that the report does not contain any false presentation, misleading statement or material omissions and shall assume individual and joint liability for the authenticity, truthfulness and completeness of the contents hereof.

About the report

(1) Coverage

Organization: focusing on Bank of China Limited, the report covers domestic tier-one branches and directly-controlled branches, as well as overseas branches and subsidiaries.

Time: from January 1 to December 31, 2010.

Reporting cycle: annual report.

(2) Preparation basis

This report is prepared in accordance with the Sustainability Reporting Guidelines (Version 2006) of Global Reporting Initiative (GRI), Financial Service Sector Supplement and AA1000 Standard as well as the Opinions of China Banking Regulatory Commission on Strengthening the Corporate Social Responsibility of Banking Institutions, the Guidelines of China Banking Association on the Corporate Social Responsibility of Banking Institutions of China and the Guidelines of Shanghai Stock Exchange on Environmental Information Disclosure of Listed Companies.

(3) Data basis

The financial data contained in the report is prepared in accordance with the China Accounting Standards (2006), based on the financial reports of 2010 audited by PricewaterhouseCoopers Zhong Tian CPAs Limited Company; other data is based on the reports of 2010 and the reports of previous years as well. The monetary amount mentioned herein is denominated in Renminbi unless otherwise specified.

(4) Guarantee

For the purpose of guaranteeing the truthfulness and reliability of the report, PricewaterhouseCoopers Zhong Tian CPAs Limited Company has been commissioned to carry out an assurance engagement on the report within the working scope of its assurance report in accordance with the International Standard on Assurance Engagements (ISAE) 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information and AA1000 Assurance Standard (2008).

(5) Format

The report will be issued in printed and electronic formats. The electronic version is available at the website of BOC (website: <http://www.boc.cn>).

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Message from the Chairman

2010 was an extraordinary year. During the year, the Chinese people made concerted efforts to overcome difficulties and accomplished the major objectives and tasks set out in China's Eleventh Five-Year Plan. Following the scientific outlook on development, we earnestly implemented the macroeconomic policies and carried out our development strategy in an all-round way. Through promotion of restructuring, expansion of scale, prevention of risks and improvement of services, we achieved outstanding operating results and made positive contributions to the harmonious development of economy and society.

Over the past year, we adhered to the centurial tradition of "Pursuing excellence", and kept progressing through innovation. We made great efforts to transform development mode, and further optimized the structures of assets and liabilities, business and income. We stepped up efforts in pushing forward business, product and service innovation, improving customer-centered marketing service system, enhancing service ability and broadening customer base. We strived to boost the integrated development of domestic and overseas operations, and continued to lead the market in terms of helping Chinese enterprises and individuals to "Go Global" as well as the overseas RMB business and cross-border financial services, etc. We intensified the comprehensive risk management to enhance the comprehensiveness, intensiveness, pertinence and effectiveness of risk management, and continuously improve asset quality. We strived to step up the construction of service channels, development of information technology and training of talents, and further gain the momentum of continuous growth.

Over the past year, we earnestly performed the social responsibility as a state-owned commercial bank. We stepped up financial support for significant infrastructure construction, strategic emerging industries, agro-related industries, SMEs, individual consumption and low carbon economy, and actively promoted the economic restructuring. We endeavored to create a favorable environment for our employees and promote employee involvement in social undertakings that contributed to the harmonious development of enterprise, employees and society.

2011 is the first year for China to implement its Twelfth Five-Year Plan. In the year, we will continuously create value for our shareholders, customers and society through scientific development and accelerated transformation of development mode. We will broaden development channels for our employees, and facilitate their career development with the Bank's growth. We will undertake social responsibility on our own initiative, actively participate in public benefit and environmental protection undertakings, and join hands with each party to promote the harmonious development of economy and society.

Message from the President

The year 2010 witnessed the great efforts made by BOC to tackle the complicated situations and continuously improve its value. At the end of the year, the Group's total assets exceeded RMB10 trillion and reached RMB10.46 trillion, an increase of 19.51% over the beginning of the year; owners' equity (including minority interests) stood at RMB676,150 million, an increase of 23.97%. After-tax tax increased by 28.52% to RMB109,691 million, and return on equity rose by 2.39 percentage points to 18.87%. Taxes paid reached RMB42,648 million, and 13,400 new jobs were created by the Bank.

In 2010, we earnestly adopted the scientific outlook on development, steadily promoted business transformation, accelerated the development of a resource-saving development mode and achieved better, faster and sustained development. Total deposits continued to increase, and fund cost further declined. Loans achieved a balanced and moderate growth, and were mainly granted for the key industries and projects supported by the state and the major construction and areas vital to the people's livelihood. Fee-based business maintained a sound momentum of growth. BOC's settlement volume of international trade continued to rank first among the global peers, its superior business fields such as precious metal, exchange settlement and sales, and cross-border trade settlement in RMB continued to lead the market, and its share in the emerging markets such as bank card and wealth management increased rapidly. We adhered to the integrated development of domestic and overseas operations. Domestic operations maintained sustained and rapid growth, while the advantages in internationalized and diversified business continued to strengthen.

In 2010, BOC continued to perform its social responsibility to serve the general public. We promoted the national student loan business and provided help for more than 1.28 million students. We went all out to support the fight against natural disasters such as earthquake and mud-rock flow in Yushu and Zhouqu, and actively provided superior financial services for post-disaster construction. We provided excellent financial services for the Shanghai Expo and the Guangzhou Asian Games. We continued to push forward the construction of "Green Bank", and further improve the long-acting mechanism of "Green Credit". The balance of green credits reached RMB192,112 million as at the end of 2010, an increase of 27.8% over the beginning of the year.

The year 2011 is still a crucial strategic period for the Bank's development. We will continue to adopt the scientific outlook on development, implement the development strategy, seize opportunities, and break through bottleneck. We will step up efforts to push forward innovation, transformation and cross-border development, and build the Bank into a world-class large banking group.

Key performance indicators

Economic indicator¹ (RMB million or %)	2010	2009	2008
Total assets	10,459,865	8,751,943	6,955,694
Operating income	276,817	232,198	228,288
Non-performing loan ratio	1.10%	1.52%	2.65%
Capital adequacy ratio	12.58%	11.14%	13.43%
Net profit	109,691	85,349	65,073
Income tax expenses	32,454	25,748	21,178
Equity attributable to equity holders of the Bank	644,165	514,992	468,272
SME loan balance (including discount)	1,052,577	911,456	572,079
Balance of national student loans ²	8,633	8,887	8,372
Social indicator	2010	2009	2008
Total number of employees (person)	279,301	262,566	249,278
Proportion of female employees (%)	55.46%	54.72%	53.90%
Employee satisfaction ratio ³ (%)	63.96%	56.67%	44.29%
Customer satisfaction ratio (%)	96%	96%	91%
Donation ⁴ (RMB million)	82	58	139

¹ Total assets, operating income, non-performing loan ratio, capital adequacy ratio, net profit, income tax expenses and equity attributable to equity holders of the Bank were defined and prepared in accordance with the China Accounting Standards (2006).

² Loans granted to students suffering from economic difficulties in 129 universities directly under the central ministries and 247 local universities to pay tuition and basic living expenses.

³ The Bank has conducted the employee satisfaction survey at the Head Office and the branches since 2003. The Bank independently designed and developed an employee satisfaction model and has carried out surveys on a sample basis at the Head Office and tier-one branches since 2006.

⁴ Donations made by the Head Office and the branches and subsidiaries of the Bank through non-profit public welfare institutions or governmental organizations to the public welfare undertakings including education, health care and civil administration or disaster- or poverty-stricken areas.

Social indicator	2010	2009	2008
Social contribution value per share	1.18	1.07	1.03
Environmental-protection indicator	2010	2009	2008
Balance of green credits ⁵ (RMB million)	192,112	150,322	102,022

The social contribution value per share⁶ of BOC was RMB1.18 in 2010.

⁵ Credit support to eight industries of hydropower, wind power, nuclear power, photovoltaics, environmental protection, energy saving, new energy equipment and new energy vehicles.

⁶ Social contribution value per share = (Contribution value of economic performance + Contribution value of social performance – Social cost resulted from environmental pollution by the Company)/Total share capital, where, Contribution value of economic performance = Annual net profit + Annual total tax payment + Total deposit interest paid to customers + Total remuneration of employees; Contribution value of social performance = Annual employee welfare and gross social security expenditure + Annual total employee training cost + Annual total donations. In 2010, the social cost resulted from environmental pollution by BOC was calculated as the sum of the effluent fees and the total fines for violating the regulations concerning environmental protection.

Sustainable development performance

Commitment	Sustainable development objective for 2010	Fulfillment in 2010
Commitment to the country	Earnestly implement the macroeconomic policies and actively support the economic restructuring and transformation of development mode	•
Commitment to shareholders	Realize healthy and rapid development, provide investment returns for the shareholders, and enhance risk management and internal control for the purpose of improving comprehensiveness, intensiveness, pertinence and effectiveness	•
Commitment to customers	Strengthen and improve customer relation management, expedite the transformation of service mode and enhance customer service capability	•
Commitment to employees	Uphold the concept of human orientation and provide more opportunities to facilitate the employees' career development	•
Commitment to the society	Step up the support for social undertakings and perform its social responsibility as a corporate citizen	•
Commitment to the environment	Actively push forward "Green Credit" and promote the development of low carbon economy	•

Note:

•: Annual objectives have been attained, and the implementation is being promoted in a continuous manner.

About BOC

One-hundred-year history

The Bank was formally established on February 5, 1912 with the approval of Dr. Sun Yat-sen. From 1912 to 1949, the Bank functioned as the central bank, international settlement bank and international trade bank and achieved sound development in all business segments. It has always deemed it its duty to serve the general public and revitalize the national financial industry. After the founding of the PRC, the Bank, as a state-owned specialized bank engaged in foreign exchange, became a key window of the reform and opening-up of the state and important channel for overseas financing. In 1994, the Bank was restructured into a wholly state-owned commercial bank. In 2003, it initiated joint-stock restructuring. In August 2004, it was incorporated into Bank of China limited (BOC). BOC successfully went public on Hong Kong Stock Exchange and Shanghai Stock Exchange in June and July 2006 as the first domestic commercial bank listed in the domestic and overseas capital markets. In 2008, BOC became the sole official banking partner of the 2008 Beijing Olympics and the Paralympics and reported no errors or customer complaints, which was applauded by both Chinese and foreign customers and communities.

In 2010, BOC ranked 14th among the world's top 1,000 banks by core capital in the selection of *The Banker* Magazine. Among the "Top 100 Most Valuable Global Brands" selected by the Financial Times of the UK, BOC ranked fourth with a brand value of USD21.96 billion. BOC has been the sole Chinese enterprise to be listed in the "Fortune 500" of the Fortune magazine for 22 consecutive years. In 2010, BOC recorded a total capitalization of USD139.81 billion, ranking sixth among all listed banks in the world.

BOC has established an excellent brand image and won the applause of both the banking sector and customers in its development history of nearly one century for its pursuit of excellence, prudent operation, customer-centered service, creditworthiness and exactness.

Unique advantages

BOC is one of the largest commercial banks in China, with strong service capability in the domestic market and sustained and rapid growth in domestic businesses. As at the end of 2010, the Bank had a total of 10,074 institutions in the Chinese Mainland, including 37 tier-one branches and directly-controlled branches, 288 tier-two branches and 9,745 outlets. In 2010, the net profit of the domestic institutions was RMB85,820 million, increasing by 33.30% compared to the previous year.

BOC is the most globalised bank in China. As at the end of 2010, there were 984 institutions in Hong Kong, Macau, Taiwan and other countries and regions, including 711 operating institutions (inclusive of 172 operating institutions in Chinese Mainland) and 273 non-operating institutions. In 2010, the net profit of the institutions in Hong Kong, Macau, Taiwan and other countries and regions was RMB23,871 million, and the total assets as at the end of the year reached RMB2.33 trillion, accounting for 21.76% and 21.46% of the Group's total respectively, and significantly higher than those of the domestic peers.

As the most diversified bank in China, BOC is mainly engaged in commercial banking, including corporate banking, personal banking and financial markets services. BOC International Holdings Limited ("BOCI"), one of its wholly-owned subsidiaries, is the Bank's investment banking arm. Bank of China Group Insurance Company Limited and Bank of China Insurance Company Limited ("BOC Insurance") run the Bank's insurance business. Bank of China Group Investment Limited ("BOCG Investment"), a wholly-owned subsidiary, undertakes the Bank's direct investment and investment management business. Bank of China Investment Management Co., Ltd., its controlling subsidiary, operates the Bank's fund management business. BOC Aviation Private Limited is in charge of the Bank's aircraft leasing business.

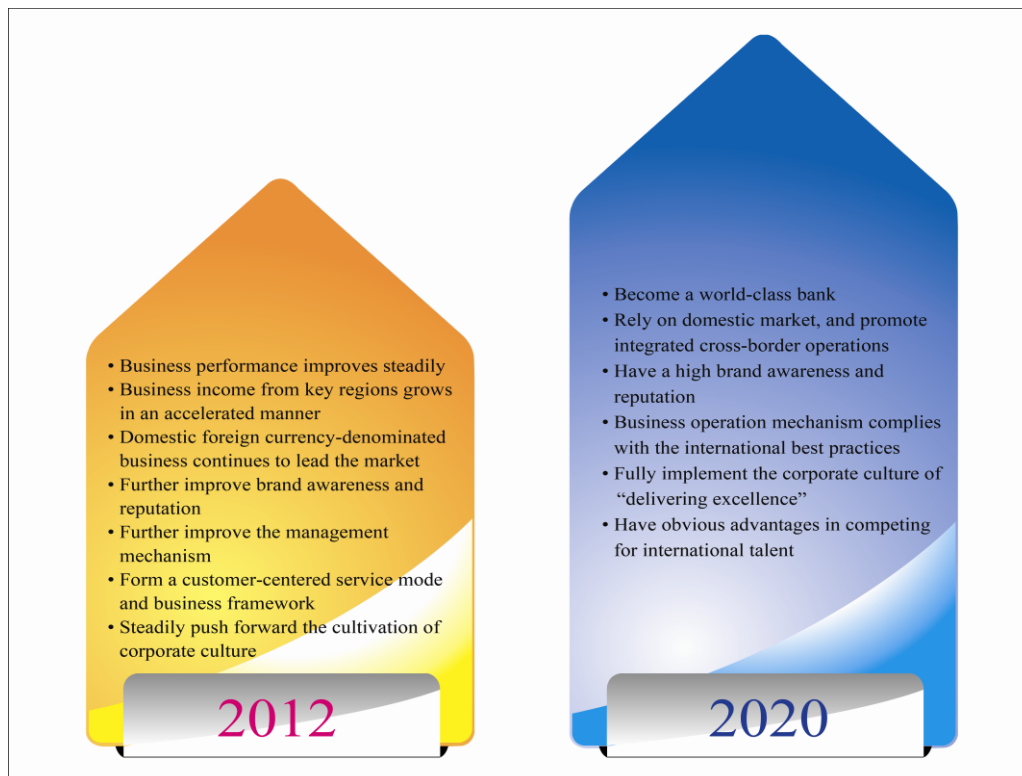
Development strategy

Strategic positioning:

To be a large multinational banking group with a diversified and integrated cross-border business platform, based on a core business of commercial banking

Strategic goal:

To be a leading international bank, delivering growth and excellence



Social responsibility management

1. Concept of social responsibility

The Bank has given due regard to corporate social responsibility as an important strategy and commitment to society and will resolutely implement the policies of the state, service the customers, strengthen corporate governance, carry forward excellent culture and support social undertakings to push forward the harmonious development of economy and society and make concerted efforts with the stakeholders to create a harmonious society and become a world-class provider of sustainable financial services.

2. Core issues in 2010

The Bank's core corporate social responsibility priorities include:

- Disseminate, popularize and incorporate social responsibility concept into daily operation and management as an important part of development strategy;
- Implement national macroeconomic policies, support the economic restructuring and transformation of development mode, and promote the sustainable development of the economy and society;
- Uphold a prudent risk appetite, strengthen the comprehensive risk management and attach importance to the assessment and control of the systematic risk, regional risk and risks in key areas;
- Provide a favorable working environment for employees, facilitate their career development with the Bank's growth;
- Promote environmental protection, support energy saving and emission reduction, and push forward green operation and green economy;
- Strengthen the communication with domestic and overseas stakeholders and promote social responsibility practices across the world to become a good corporate citizen.

3. Stakeholders

List of stakeholders

Stakeholder	Stakeholders' Expectations	BOC's Response
Country	Ensure preservation and appreciation of state assets, and serve national economic development	Maintain prudent operation and sustainable growth, implement the macroeconomic policies, and step up effective credit extension to support the development of real economy and further the transformation of economic development mode; promote service innovation, and finance the "Going Global" effort of domestic enterprises, SME development and the economic and social development in the western region of China
Shareholders	Provide satisfactory returns on investment, and guarantee sound operation and governance	Enhance business performance, create value for shareholders, strengthen corporate governance, protect the rights and interests of shareholders, carry out operations in compliance with the laws and exercise effective risk control
Customers	Provide international and diversified financial services, and improve service quality	Launch innovative products, step up the transformation of service mode, strengthen customer relationship management, IT system and channel development to provide comprehensive and superior financial services and create value for customers
Staff	Reasonable remuneration and welfare, satisfactory working environment, and good career development	Formulate fair and just human resources policies, an integrated human resources management system and effective incentive and restraint mechanism in domestic and overseas institutions, enhance the working environment and care for the health of employees and provide a diversified career development platform

Stakeholder	Stakeholders' Expectations	BOC's Response
Society	Repay the society	Implement social responsibility management, strengthen the cooperation with partners, promote social charities, perform the responsibility as a global citizen and support the development of education, culture, arts, science and technology and sports
Environment	Support the development of low carbon economy, protect the environment and promote sustainable development	Support energy saving and emission reduction, strengthen a "Green Credit", innovate in green credit products, build a "Green Bank", create a resource-efficient and environment-friendly society and promote harmonious development of economy, society and environment

4. Awards

International Awards	
Organization conferring the award	Award received by BOC
Stanford University USD and IDG Group	Global Competitiveness Brand "China Top 10"
WPP Group	Ranked No. 3 in The BrandZ Top 50 Most Valuable Chinese Brands
Financial Times	Ranked No. 4 in the World's Most Valuable Financial Brands
Trade Finance	Best Trade Bank in China
The Asset	Best Trade Finance Bank (China)
The Asset	Best Syndicated Loan of 2010
FinanceAsia	Best Trade Finance Bank (China) Best Private Banking (China)
Financial Times	Best Private Bank

International Awards	
Organization conferring the award	Award received by BOC
The Banker (Asian)	Best Wealth Management Award
Global Finance	Best Corporate Lending Bank (China) 2010 Best Foreign Exchange Bank (China) 2010
Euromoney	Real Estate Poll 2010 Best Commercial Bank in China
Directors & Boards	Outstanding Board of Directors award
IR magazine	Best Annual Report (Mainland China)
League of American Communications Professionals	Annual Report – Platinum Award Best Financial Report Financials – Gold award

Domestic Awards	
Institution conferring the award	Award received by BOC
Ministry of Education	Advanced Enterprise in Subsidizing Students in National Institutions of Higher Education
China Business News	Bank of the Year 2010
People's Daily Online	The People's Social Responsibility Award
China WTO Tribune sponsored by the Ministry of Commerce	Leading Enterprise Award for corporate social responsibility
Sohu	Best Corporate Social Responsibility Award
China Business	Financial Social Responsibility Award

Domestic Awards	
Institution conferring the award	Award received by BOC
The selection of “Chinese Herald” jointly sponsored by the International Pioneer Post and the Reference News	2010 Social Responsibility Enterprise Award
21 st Century Business Herald	Best Corporate Citizen Best Globalization Bank in Asia Chinese-funded Excellent Private Banking Brand of the Year
ChinaHr.com	Best Employers in Financial Sector TOP 10
Economic Observer	Best E-Bank in China
Chinese Electronic Commerce Association	Best Online Bank
NetEase	Best Mobile Banking Brand Promotion Award
Global Compact Network China	UN Global Compact Notable COP
The Community Chest of Hong Kong	Annual Award of “Top Fund-raising Corporations”

I. Commitment to the country

In 2010, the Bank continued to uphold the scientific outlook on development and earnestly implemented national macroeconomic policies in terms of promotion of restructuring, expansion of scale, prevention of risks and improvement of services, in response to the complicated economic and financial situations in the world. The Bank gave full play to its important role as a large commercial bank in the promotion of economic and social development, and made great contribution in expediting the transformation of economic development mode and promoting steady and rapid economic development.

(I) Preservation and appreciation of state-owned assets

In 2010, the Bank maintained sound operation and achieved good operating results. As at the end of 2010, the Bank had total assets of RMB10,459,865 million, a year-on-year increase of 19.51%, and paid taxes of RMB42,648 million, achieving preservation and appreciation of state-owned assets.

(II) Implementation of macroeconomic regulatory policy

1. Reasonably controlling credit extension and promoting industrial restructuring

In 2010, the Bank stepped up credit management and made reasonable arrangements for the scale, progress and rhythm of credit extension in light of national macroeconomic policies, with a view to supporting the sustainable and healthy development of real economy. As at the end of 2010, the balance of RMB-denominated corporate loans extended by domestic branches was RMB2,910,239 million, an increase of 14.98% over the end of the previous year; the market share of the foreign currency-denominated corporate loans maintained the leading position.

Pursuant to the national industrial policy, the Bank closely linked the optimization of credit structure to the industrial restructuring on its own initiative, strictly practiced the principle of “guaranteeing some loans while reducing others and giving differentiated treatment to customers”, and reasonably controlled credit orientation. The Bank stepped up credit support for the key areas of the state, enhanced the control of the credits to high energy-consuming, highly polluting and resource-intensive industries, and gave full play to the role of bank credit in industrial restructuring. In 2010, the Bank made efforts to support the development of key basic industries such as energy, transportation and major infrastructure projects and strategic emerging industries such as energy saving and environmental protection, new energy and new materials, and promote the development of the protection of the people's livelihood, expansion of domestic demand, ocean economy, culture industry, carbon finance, and other relevant industries. The Bank continued to strictly implement the access standards for the industries with overcapacities, adopt more rigorous new loan conditions and reduce the loans extended to the projects with obsolete capacities. The percentage of the balance of loans extended to the industries with overcapacities as at the end of the year decreased 0.28 percentage point over the beginning of the year, of which the non-performing ratio was lower than the average level of the Bank.

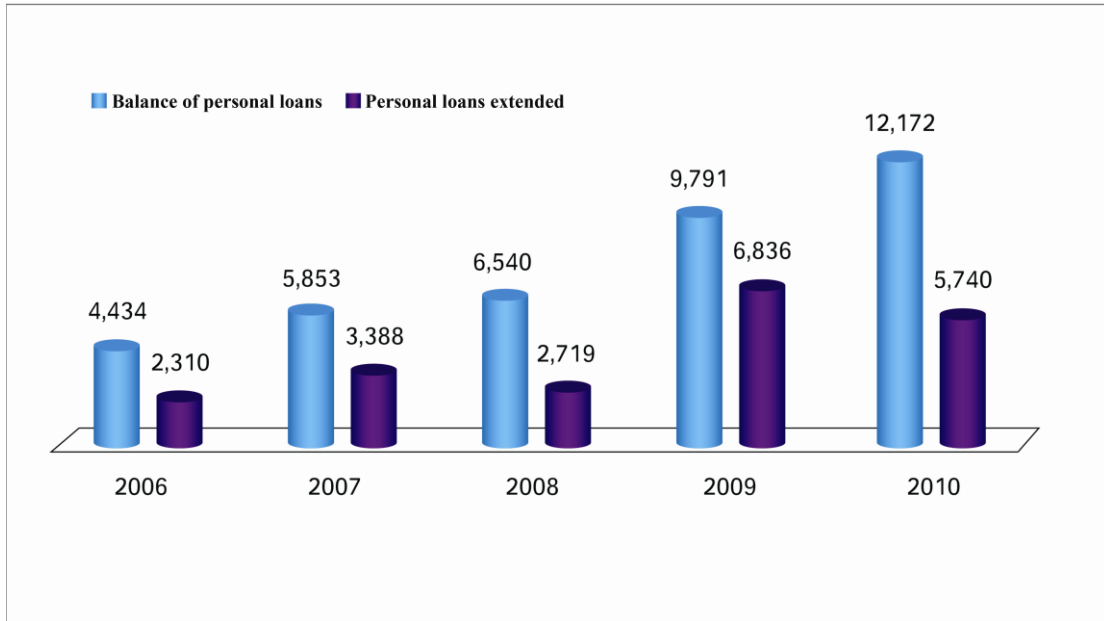
The Bank earnestly implemented the state policies and measures on the real estate market, strictly controlled the orientation of real estate loans, stepped up credit support for the construction of government-subsidized housing and affordable housing, carried forward differentiated personal housing credit policies, and promoted the healthy development of the real estate market. The floor area of government-subsidized housing supported by the Bank was 24.72 million square meters; the balance of loans extended by domestic branches to real estate companies as at the end of the year reached RMB296.7 billion, with a NPL ratio of 1.01%, down 0.48 percentage point from the beginning of the year.

Major measures adopted by BOC to step up management of real estate credits

- Give priority to the real estate enterprises with promising market prospect and good economic benefits and in compliance with the related national policies ;
- Actively support the construction of medium and small ordinary commodity houses and government-subsidized housing;
- Strengthen the full-process management of real estate development loans;
- Prevent credit funds from illegally flowing into the real estate market;
- Strictly implement a differentiated personal housing loan policy and prohibit personal consumer loans from being used in house purchase.

2. Promoting the development of consumer credit and boosting the expansion of domestic demand and the improvement of people's livelihood

The Bank actively implemented the state policy of expanding domestic demand and improving people's livelihood, and stepped up consumer credit extension to provide customers with all-around services on consumption demands such as purchase of housing and automobile, education, travelling and entrepreneurship and finally enhance the contribution of consumption to economic growth. In 2010, the personal loans extended by the domestic institutions reached RMB238,099 million, up 24.32%. As at the end of 2010, the balance of RMB personal loans of the domestic institutions was RMB1,217,171 million, increased by 24.32% compared to the beginning of the year. Among which, the balance of personal housing loans was RMB971,216 million, an increase of 20.72%, and that of personal automobile loans was RMB59,374 million, up 11.44%.



Balance of personal loans and personal loans extended during 2006-2010

Case: Remuneration-based loan fuels personal consumption

Remuneration-based loan is a tailored service program designed by the Bank for the financial demand of wage-earning class and other particular customer groups based on personal credit. By the modes of active credit extension and repayment account management, the program associates the loan account with the remuneration account, not only meeting the ordinary consumption demands of customers but also providing financial support to meet customers' consumption demands, such as education, training and medical treatment guarantee.

“The satisfaction investigation report on personal customers of BOC shows that personal loan customers gave a high satisfaction, of which the satisfaction of customers for personal customer loans, typically remuneration-based loans, was higher.”

- Ipsos Market Consulting Company

3. Strengthening agro-related financial services and supporting the development of agriculture, rural areas and farmers

The Bank earnestly implemented the state policy on development of agriculture, rural areas and farmers, continued to step up agro-related loan extension, and launched the “Bank of China Yi Nong Dai” financial product to agro-related customers to benefit farmers by financial means. As at the end of 2010, the Bank extended 5,194 agro-related loans of RMB3,278 million, providing effective financial support for the development of agriculture, construction of rural areas and prosperity of farmers.

(III) Serving the “Going Global” strategy of China

The Bank actively responded to and supported the implementation of China’s “Going Global” strategy, further improved global service network and business platform, and stepped up global financial service capability to satisfy the demands of cross-border financial services.

1. Enhancing global service capability

As the most globalised commercial bank in China, the Bank continuously promoted the construction of a global financial service network. The Bank set up Taipei Representative Office in September 2010, becoming the first mainland bank to establish banking institutions in Taiwan. The Bank also established 12 new institutions in the other countries and regions. With the presence of the Bank’s institutions in Hong Kong, Macau, Taiwan and 31 countries and regions at present, the global network distribution has been further improved. In 2010, the Bank continued to give full play to coordination role of the three syndicated loan centers and information centers in America, Europe and Asia-Pacific regions to optimize regional customer structure and asset structure and increase the overseas business volume and earnings.

Case: Establishment of Brussels Branch

BOC Brussels Branch formally went into operation in Brussels, the capital of Belgium, in December 2010, making BOC the first Chinese bank with a branch in Belgium. The branch provides a full range of financial services for the companies engaged in bilateral economic and trade activities, Chinese institutions, overseas Chinese and Chinese students studying abroad.

The Bank has been devoted to improving the integrated cross-border financial services through active innovation in overseas business mode. The Bank comprehensively boosted the modes of “global customer manager system” and the “global uniform credit”, improved the management system, working modes and assessment mechanisms and established the offer authorization mechanism for global customer manager to provide more efficient and convenient services. By the end of 2010, the Bank had provided global customer manager services for 53 enterprises, and granted contracted financing amount of USD17.68 billion via global uniform credit products, with outstanding loans of USD8,540 million. The Bank launched an innovative “Chinese business counter” mode to expand businesses scope depending on correspondent banks. By the end of 2010, the Bank had signed cooperative agreements with the commercial banks of three countries, namely Oman, Peru and Ghana.

Case: Establishment of first “Chinese Business Counter”

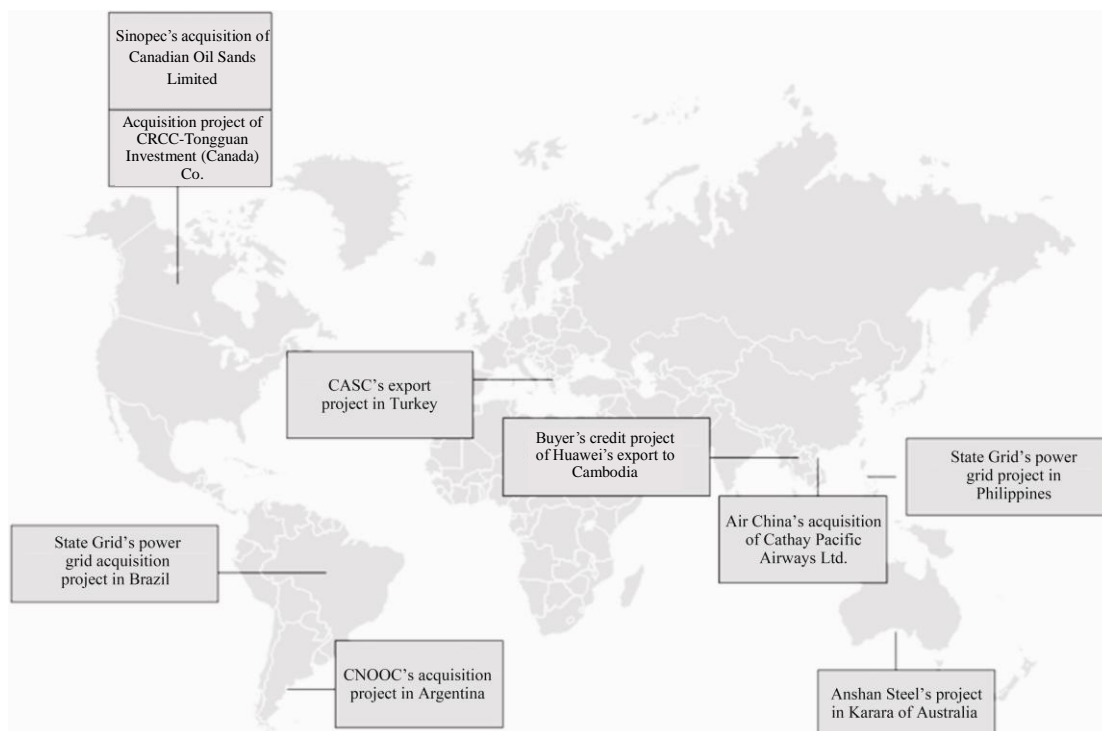
In March 2010, BOC formally opened its first Chinese business counter abroad in Muscat, the capital of Oman. “Chinese Business Counter” provides Chinese enterprises engaged in investment and trade in Oman with convenient and economical services, including local industrial and legal advisory, account services, property management, loans and other kinds of financing, trade settlement, fund transfer and management.

“It is an innovative business development mode for BOC to set up Chinese Business Counter abroad, which provides new channels for the banking sector serving enterprises’ “Going Global”. The move won the applause of the embassy, as it created a new platform for the economic and trade tie between China and Oman, energetically promoted the “Going Global” effort of Chinese enterprises and opened a new chapter in the financial cooperation between the two countries.”

– **Pan Weifang, Chinese Ambassador to
Oman**

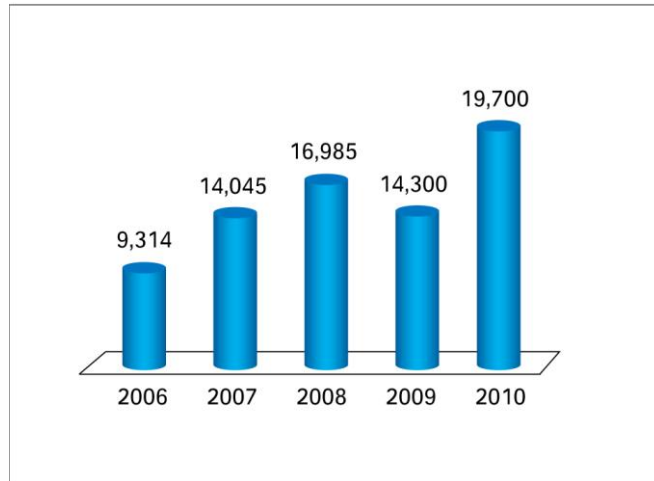
2. Supporting the “Going Global” effort of Chinese enterprises

The Bank provides a full range of financial services, including fund support, financing arrangement and transfer, for “Going Global” of numerous domestic enterprises, especially those of such resources and energy industries as mine, petroleum, petrochemicals and electronic power. As at the end of 2010, the balance of corporate loans extended by the overseas institutions of BOC was equivalent to RMB703,698 million, of which RMB453,917 million was extended to the operations in Hong Kong, Macau and Taiwan and RMB249,781 million for other countries and regions. In 2010, the Bank supported many domestic enterprises including Sinopec, State Grid and CNOOC to complete 25 overseas acquisition loan projects.

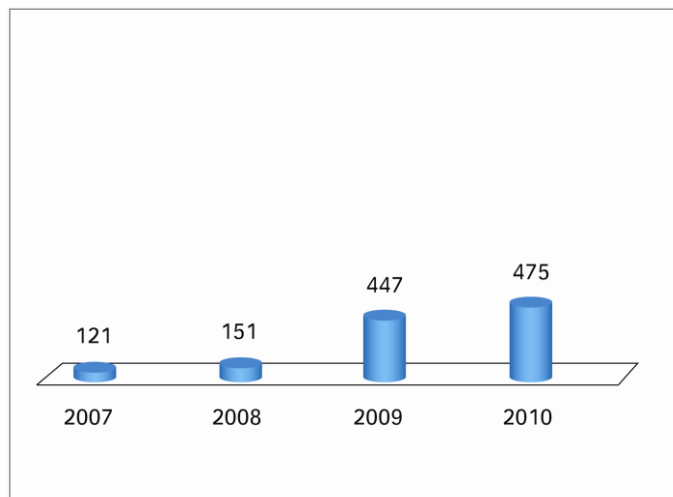


Major “Going Global” projects financed by BOC

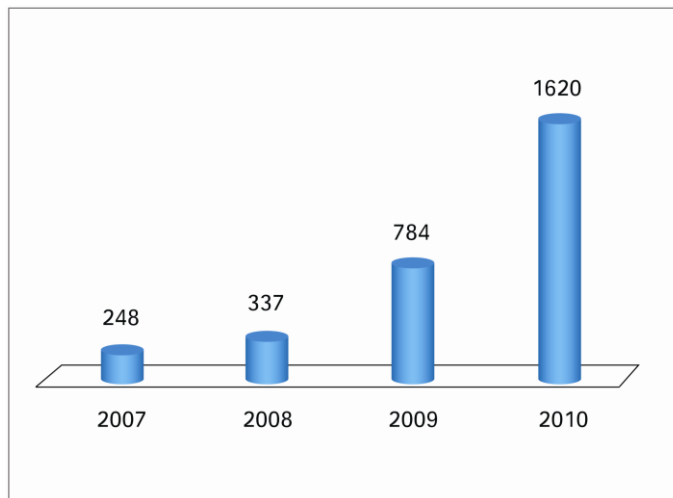
The Bank actively enhanced product innovation and continuously maintained a leading position in the world in terms of trade finance. In 2010, the Bank’s international settlement volume witnessed a year-on-year increase of 37.84% to exceed USD1.97 trillion, ranking first in the global banking sector. Among the international settlement volume, domestic institutions recorded international settlement volume of USD1.08 trillion, ranking first in the market. The balance of foreign currency trade finance of domestic institutions as at the end of the year was USD47,502 million, with the market share reaching 39.29%; the balance of RMB trade finance increased by 101.79% to RMB162,040 million; the business volume of international factoring increased by 23.28% to RMB12,651 million. The Bank also cooperated with international policy banks to finance export businesses to undeveloped areas of Chinese enterprises. In 2010, BOC won the award of the “Best Trade Bank in China” conferred by the Trade Finance of Hong Kong for the fourth consecutive year and became the first Chinese bank to win the award of “2010 Best Confirming Bank in the Emerging Market Countries” by the International Finance Corporation.



**International settlement volume of BOC during 2006-2010
(RMB100 million)**



**Balance of foreign currency trade finance of domestic institutions of
BOC during 2007-2010 (USD100 million)**



**Balance of RMB trade finance of domestic institutions of BOC during
2007-2010 (RMB100 million)**

3. Vigorously developing the cross-border RMB business

In June 2010, with the expansion of pilots of cross-border trade settlement in RMB, the Bank fully leveraged its business leading advantages and the cross-region interaction of domestic and overseas operations, and took the lead in launching the business to customers in regions including Beijing, Tianjin, Zhejiang, Jiangsu, Shandong, Fujian, Guangxi, Yunnan, Inner Mongolia and Xinjiang. By the end of 2010, domestic branches of BOC had handled 12,096 cross-border RMB settlements for 3,249 customers, with a total amount of RMB167.2 billion and a market share of 28.82%, ranking first in the banking industry. Bank of China (Hong Kong) Limited (BOCHK) opened 75,825 personal RMB accounts for local enterprises, handled more than 20,640 participating bank and clearing bank operations, involving a total amount of RMB351,098 million. Besides, the Bank also successfully handled cross-border trade settlement in RMB and RMB-denominated guarantee business for customers in the countries and regions including Hong Kong, Macau, ASEAN, Japan, South Korea, Australia, South Africa, Brazil, Russia, Italy, Norway, the US and the UK.

Case: Cooperation on cross-border trade settlement in RMB

At the 2010 annual meeting of SIBOS (SWIFT International Banker's Operation Seminar), BOC and Wells Fargo Bank signed a memorandum of understanding in Amsterdam of the Netherlands concerning the cooperation on cross-border trade settlement in RMB, indicating that the two banks have formally initiated cooperation in this field.

The Bank stepped up the promotion of cross-border trade RMB clearing channel worldwide, opening 352 RMB agency clearing accounts for overseas participating banks. The Bank preliminarily established a global RMB clearing network and handled various cross-border RMB settlement operations for customers in more than 30 countries and regions in Asian, Africa, Europe, America and Oceania and held nearly one third of the market share, maintaining an absolutely leading position in the sector.

In 2010, the Bank became the first domestic large commercial bank quoting the exchange of RMB against Ruble and one of the market makers first allowed to engage RMB and Ruble exchange business in the inter-bank market, providing timely fund settlement services for transactions. The Bank launched pilot quotation of such minor currencies as KRW, MYR, IDR, THB and BRL and engaged in agency FX trade business; the Bank launched BOCHK RMB Offshore Bond Index, the first RMB offshore bond index in Hong Kong.

(IV) Supporting SME development

The Bank always treats SME development as the focus of its work. It has taken various measures, including improvement of management system, innovation of service mode, development of featured products and increase of credits, to support the sustained and healthy development of SMEs, and play an active role in the promotion of economic prosperity and employment.

1. Improving management system

The Bank made persistent efforts to strengthen the organizational and system building for SME financial services. In 2008, it set up a separate SME business department in the Head Office. By the end of 2010, the Bank had established independent SME business departments in its 27 tier-one branches, and formulated many business management rules, including the Guidelines of Bank of China Limited on SME Business, the Measures for Evaluation of the Business Development Capacity of Tier-one Branches of Bank of China Limited and the Measures of Bank of China Limited for the Management of Batch Marketing of SME Customers, to improve operational guidance and incentive and restraint mechanism, laying a solid institutional foundation for the development of SME financial services.

2. Innovating service mode

The Bank strives to promote the SME financial services through innovation, and actively push forward “BOC credit factory” service mode, improve service efficiency and tackle the financial difficulties of SMEs. By the end of 2010, 27 tier-one branches of BOC had duplicated the new mode, 19 branches had set up SME business departments, and eight branches had established independent SME business centers; the number of SME customers under the new mode reached 15,511, an increase of 9,370 or 152.58% over the beginning of the year; the balance of loans increased by RMB60,761 million or 149.83% to RMB101,313 million. At the SME international excellent service providers meeting held in 2010, BOC and “BOC Credit Factory” won the titles of “Excellent Banking Service Institution” and the “Excellent Banking Service Product”, respectively. The SME business departments of branches received a total of 45 awards conferred by local governments and regulatory authorities.

In consideration of the “more technology and less assets” mode adopted by small and medium technological enterprises, BOC designated Zhongguancun small and medium technological enterprise financial service mode (“Zhongguancun Mode”) exclusively for Zhongguancun National Innovation Demonstration Zone based on the new SME credit service mode. This mode fully took into account the development law and characteristics of small and medium technology-intensive enterprises, introduced the technological expert and advisory review system, and by admitting core technology and patent right of the enterprises as collaterals, solved the problem under the traditional mode where it was impossible for SMEs to raise fund due to lack of collaterals.

Case: Support the development of small technological enterprises by Zhongguancun Mode

By practicing the Zhongguancun Mode, BOC Beijing Branch authorized a working capital loan limit of RMB2.36 million for Beijing University Pioneering Technology Co., Ltd., a small technical enterprise in Zhongguancun. In 2010, the company's sales scale escalated and sales income increased by 40% over the previous year.

"It is known that small enterprises, especially small technological enterprises, find it is difficult to obtain loans. To my surprise, I did not expect things went so smoothly when we dealt with BOC for the first time."

--Tao Wei, General Manager of Beijing University Pioneering Technology Co., Ltd.

3. Developing featured products

The Bank continued to step up research and development of financial products, improved product innovation mechanism, launched innovative guarantee modes, and quickened the pace of innovating in and promoting new financial products. The Bank had cleared up more than 200 credit products suited to SMEs, designed the menu products applicable to different growth stages of enterprises, launched innovative guarantee in line with conditions and developed featured products for different industries. In 2010, the Bank launched 18 SME exclusive products, including "Yinshang Tongbao" and "Shanghu Tongbao", for supply chain, growth and technological SMEs. The Bank also launched such investment banking products as "Si Mu Tong", "Shang Shi Tong" and "Zu Lin Tong" and tackled the difficulties of technological incubation enterprises in capital raising through innovative "BOC financing advisory services", and achieved good operational and social benefits.

Case: Supporting SME development by diversified services

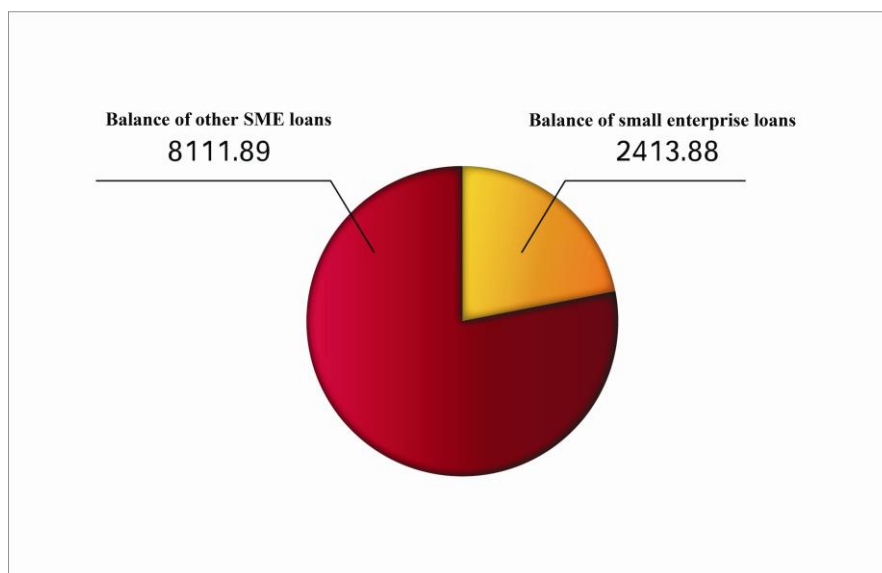
Shenzhen O-Film Tech. Co., Ltd. ("O-Film") is a Chinese manufacturer of precise optoelectronic film. Through effective interaction between investment banking and commercial banking, the Bank prepared an omni-directional financial service program, including credit business and investment banking, for the enterprise.

On August 3, 2010, O-Film successfully went public in SME plate of Shenzhen Stock Exchange, for which BOC International (China) Limited acted as the promoter and lead underwriter.

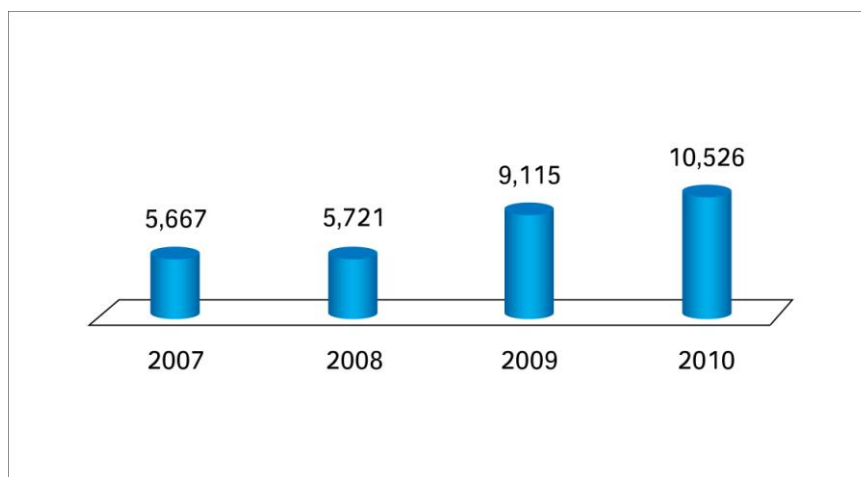
4. Increasing credit extension

The Bank further enhanced credit support for SMEs in 2010. While the growth in loans was slower than that of the previous year, SME loans still maintained strong growth. As at the end of 2010, the balance of SME loans extended by BOC was RMB1,052,577 million, an increase of RMB141,121 million over the beginning of the year; the number of SME customers reached 37,972, an increase of 5,332; the balance of NPLs reached RMB22,818 million, a

decrease of RMB10,161 million, with a decline of 1.45 percentage points in NPL ratio to 2.17%. Among the loans, small enterprise customers numbered 20,794, an increase of 4,110 or 24.63% over the beginning of the year; small enterprise loans were RMB241,388 million, an increase of RMB64.23 billion or 36.26%. The growth is remarkably higher than the Bank's average growth of corporate loans.



Balance of SME loans as at the end of 2010 (RMB100 million)



Balance of SME loans (including discount) (RMB100 million)

(V) Supporting development of the western region

BOC earnestly implemented the Western Development strategy of the state, and stepped up financial support for the western region to promote the better and faster development of economy and society in the region, achieving remarkable results.

1. Actively extending credits

Over the past 10 years since China implemented the Western Development strategy, BOC continuously stepped up credit support for the western region.

By the end of 2010, the balance of corporate loans (including trade finance) extended by BOC to the western region reached RMB503,476 million, and the balance of foreign exchange loans stood at USD5,358 million. Most of these loans were used to support a large number of infrastructure construction and energy and mine base construction projects in the western region, such as Qinghai-Tibet Railway, New Baotou-Shenmu Railway, Huaneng Lancang River Hydropower and Ertan Hydropower.

The Bank continuously enhanced credit support for SMEs in the western region to help them develop and expand business. As at the end of 2010, the balance of loans extended by BOC to SMEs in the western region was RMB152,491 million, of which, balance of loans to small enterprises increased by RMB11,228 million or 49.91% over the year beginning to RMB33,726 million, 31.61 percentage points higher than the average growth of the corporate loans of the Bank in the same period.

2. Actively providing diversified services

Apart from commercial banking, BOC also provides diversified financial services in the western region through its subsidiaries: BOCI, BOC Insurance and BOCG Investment, in order to promote the economic and social development in the region. Since 2005, BOCI has assisted many companies in the region in going public in the capital market of Hong Kong as the global coordinator, book runner, sponsor and manager, and helped some local companies to complete equity financing or debt financing as a lead underwriter or co-lead underwriter. BOC Insurance has provided property insurance, engineering insurance and liability insurance services for many large infrastructure and key construction projects, including No.1 subway in Kunming of Yunnan, interception of pollution sources around the Dianchi Lake in Kunming, and Dadu River Pubugou Hydropower Station Dam Project, since it entered into the western region.

3. Promoting the “Going Global” effort of enterprises in the western region

In 2010, the business volume of international settlement of BOC’s branches in the western region reached USD45,355 million, with a market share of 42.04%, and the amount of foreign currency guarantee provided by these branches to the “Going Global” enterprises in the region reached USD1,655 million. The business volume of cross-border trade settlement in RMB stood at RMB10,879 million in the western region. In view of the fact that most of the “Going Global” enterprises in the western region are engaged in the contracting, energy and resources related business, the Bank actively developed characteristic trade finance products such as special-purpose fund guarantee and export Rong Xin Da.

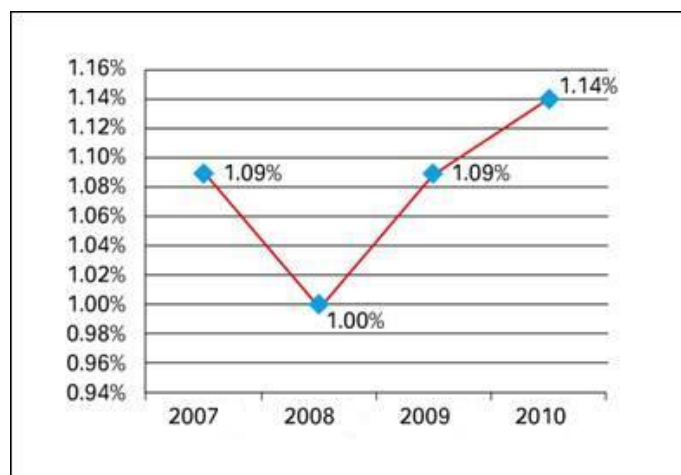
Case: The Bank supported the successful acquisition of Todd & Duncan under Dawson International Trading Limited

BOC Ningxia Branch, together with BOCI and BOC London Branch, jointly helped Ningxia Zhongyin Cashmere Co., Ltd. to successfully acquire the business and assets of Todd & Duncan under Dawson International Trading Limited of the UK, making it the first “Going Global” enterprise in Ningxia.

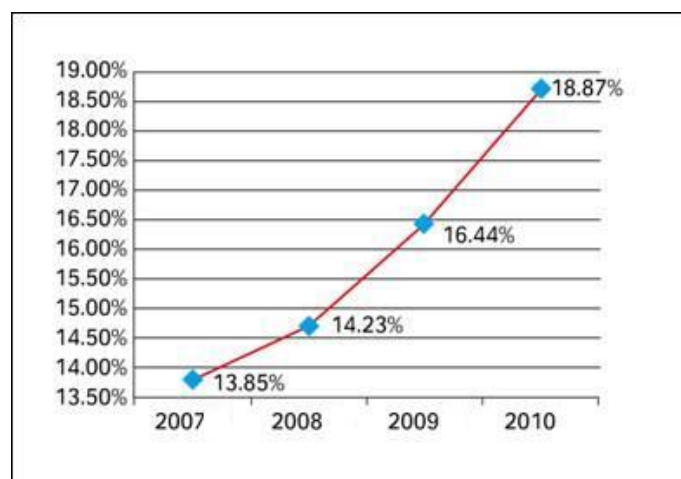
II. Commitment to shareholders

(I) Shareholder value

In 2010, the Bank actively responded to the complicated economic and financial environment and achieved sound operating results by promotion of restructuring, expansion of scale, prevention of risks and improvement of services. In the year, the Bank generated operating income of RMB276,817 million, a year-on-year increase of 19.22%; net profit increased by 28.52% to RMB109,691 million; equity attributable to equity holders of the parent company reached RMB644,165 million, an increase of 25.08%; earnings per share reached RMB0.39, up RMB0.08; return on assets (ROA) and return on equity (ROE) stood at 1.14% and 18.87%, an increase of 0.05 and 2.39 percentage points, respectively; due to the fee income from such businesses as settlement and clearing, credit commitment and bank card, non-interest income reached RMB82,855 million, an increase of 13.01%, accounting for 29.93% of total operating income and maintaining the leading position among the peers. The Bank successfully completed the capital replenishment plan, enabling the capital adequacy ratio of the Group reach 12.58% and the core capital adequacy ratio stand at 10.09% as at the end of the year, up by 1.44 and 1.02 percentage points compared to the end of the previous year.



2007-2010 Return on assets (ROA)

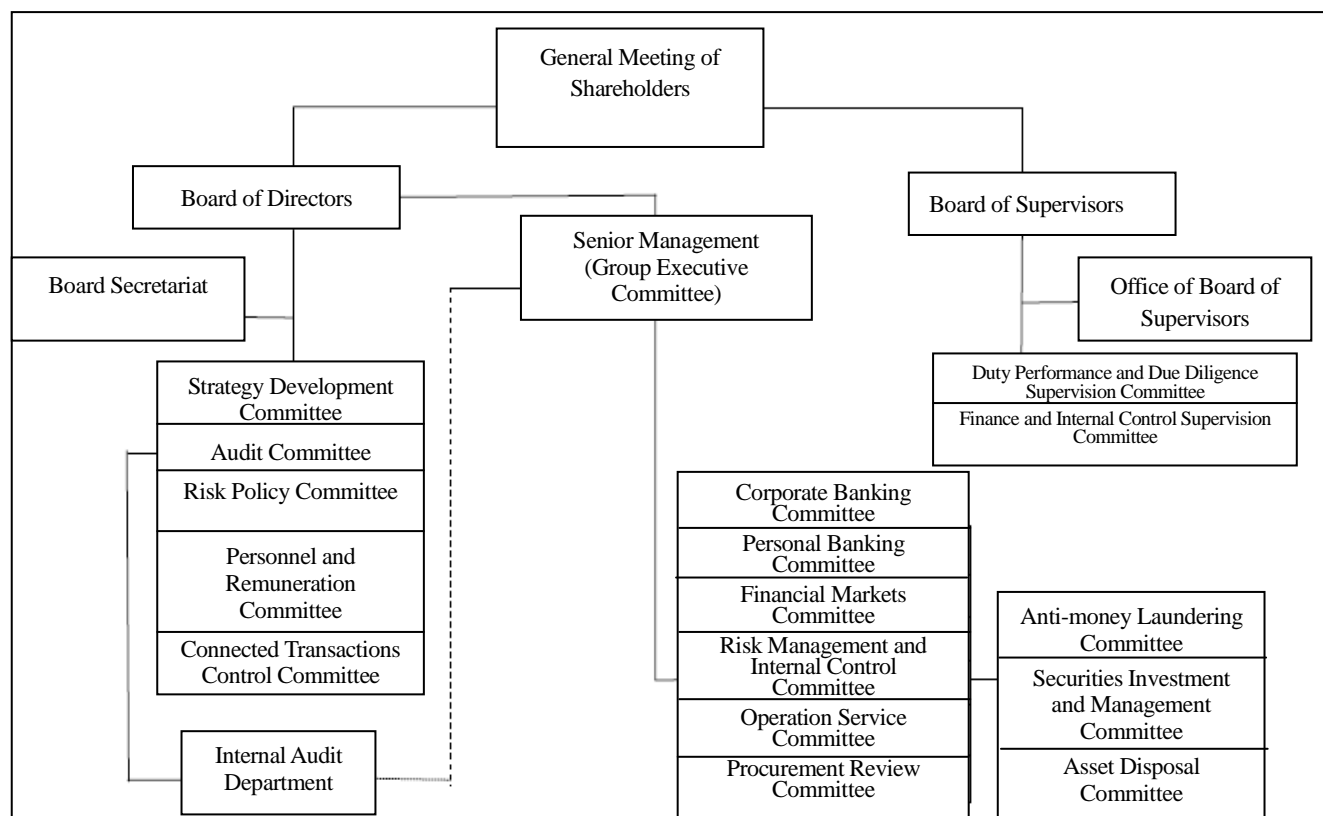


2007-2010 Return on equity (ROE) (Excluding minority interests)

(II) Corporate governance

1. Sound governance framework

The Bank has always paid regard to the improvement of corporate governance as an important means to step up shareholder value and investor confidence, and has established relatively complete corporate governance rules and regulations, including the Articles of Association, the procedural rules of the General Meeting of Shareholders, the Board of Directors and the Board of Supervisors, and information disclosure management measures, to guarantee their effective balance and coordinated operation.



Corporate Governance Framework

The Board of Directors, which is responsible to the General Meeting of Shareholders, is the Bank's decision-making body. The Board of Directors has set up the Strategic Development Committee, Audit Committee, Risk Policy Committee, Personnel and Remuneration Committee, and Connected Transactions Control Committee, which assist the Board in performing its functions. Currently, the Board of Directors consists of 16 members, including the Chairman, three Executive Directors, six Non-Executive Directors and six Independent Non-Executive Directors.

As the supervisory body of BOC, the Board of Supervisors is responsible to the General Meeting of Shareholders. According to the Company Law and the Articles of Association of BOC, the Board of Supervisors is responsible for overseeing the Bank's financial affairs and the legal compliance of the Board of Directors and the Senior Management in their performance. The Board of Supervisors of the Bank consists of eight supervisors, including three shareholder

supervisors, three employee supervisors and two external supervisors.

As the executive body of BOC, the Senior Management is responsible to the Board of Directors. The Senior Management is headed by the President, and Vice President and other Senior Management members assist the President in performing his responsibilities. Under the Senior Management, there are nine committees, namely the Corporate Banking Committee, the Personal Banking Committee, the Financial Markets Committee, the Operation Service Committee, the Risk Management and Internal Control Committee (which is in charge of the Anti-money Laundering Committee, the Securities Investment and Management Committee and the Asset Disposal Committee) and the Procurement Review Committee in accordance with the Articles of Association, which play a role in the key areas of the operational management of the Bank.

In 2010, the Bank further amended the Articles of Association, and revised the authorization granted by the General Meeting of Shareholders to the Board of Directors for some issues; the Board of Directors completed re-election and increased two independent directors, thus further improving the strength of the Board; the Board of Supervisors employed two external supervisors and set up the Duty Performance and Due Diligence Supervision Commission and the Finance and Internal Control Supervision Committee to further perfect supervision mechanism.

2. Investor relationship management

The Bank always gave due regard to investor relationship management, strengthened communication with investors via various methods and disclosed information in a timely, accurate and complete manner to safeguard the legitimate rights and interests of investors. In 2010, the Bank held nine meetings of the Board of Directors in total, reviewed 67 proposals and made 48 resolutions; besides, 17 proposals were reviewed by circulation of written proposals. In the process of rights issue in the year, the Bank communicated with shareholders by various channels and ensured prior announcement and subsequent reminding, and won the applause of shareholders.

The Bank duly performed its information disclosure obligations to make sure timely, fair, accurate, true and complete information disclosure. In 2010, the Bank amended the Information Disclosure Management Measures and formulated the Administrative Measures of Bank of China Limited for Insider Information and Insiders and the Contingency Manual for Significant Unexpected Information Disclosure Events, to standardize the response process for major information disclosure emergencies and further improve its information disclosure policy and system. The Bank promoted the responsibility mechanism for persons in charge and information clerk system, reinforced the self-assessment, monitoring and performance appraisal on the information disclosure internal control, actively organized regular trainings on information disclosure and carried out investigations on information disclosure of major subsidiaries. Therefore, the management capacity of the Group concerning information discourse was furthered improved.

(III) Risk management

The Bank continued to enhance the building of a comprehensive risk

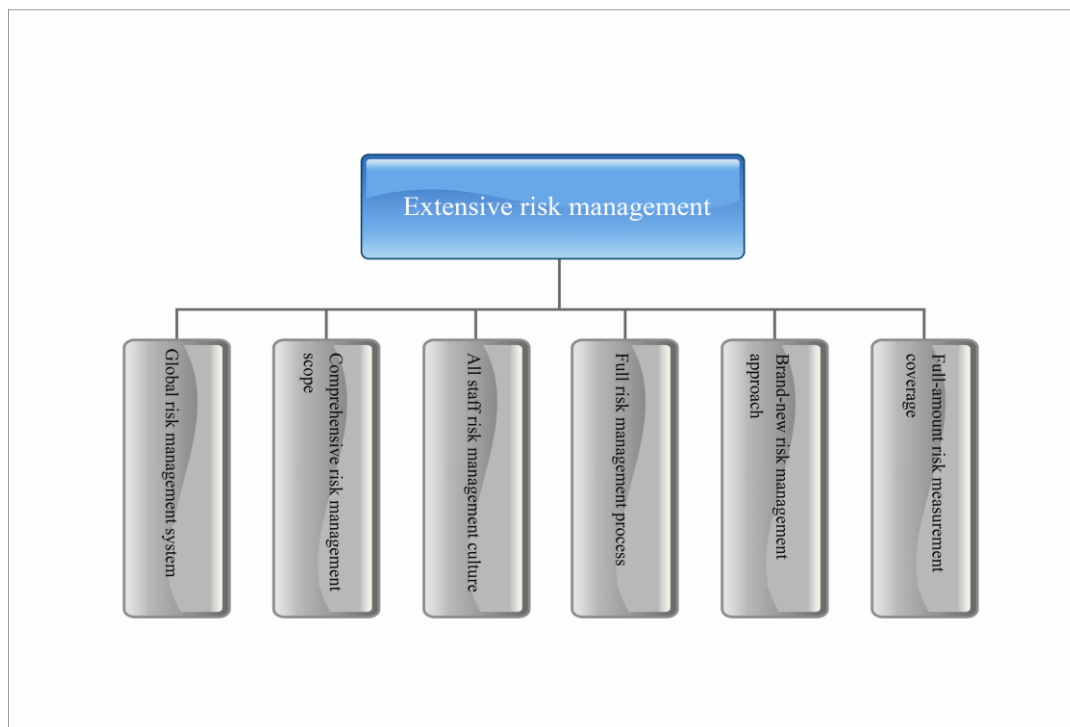
management system, made unified efforts to promote the implementation of the New Basel Capital Accord, strengthened credit control in key areas and improved market risk management, internal control efficiency and the integrity, intensiveness, pertinence and effectiveness of risk management and internal control to prevent and mitigate various risks.

1. Risk management objective

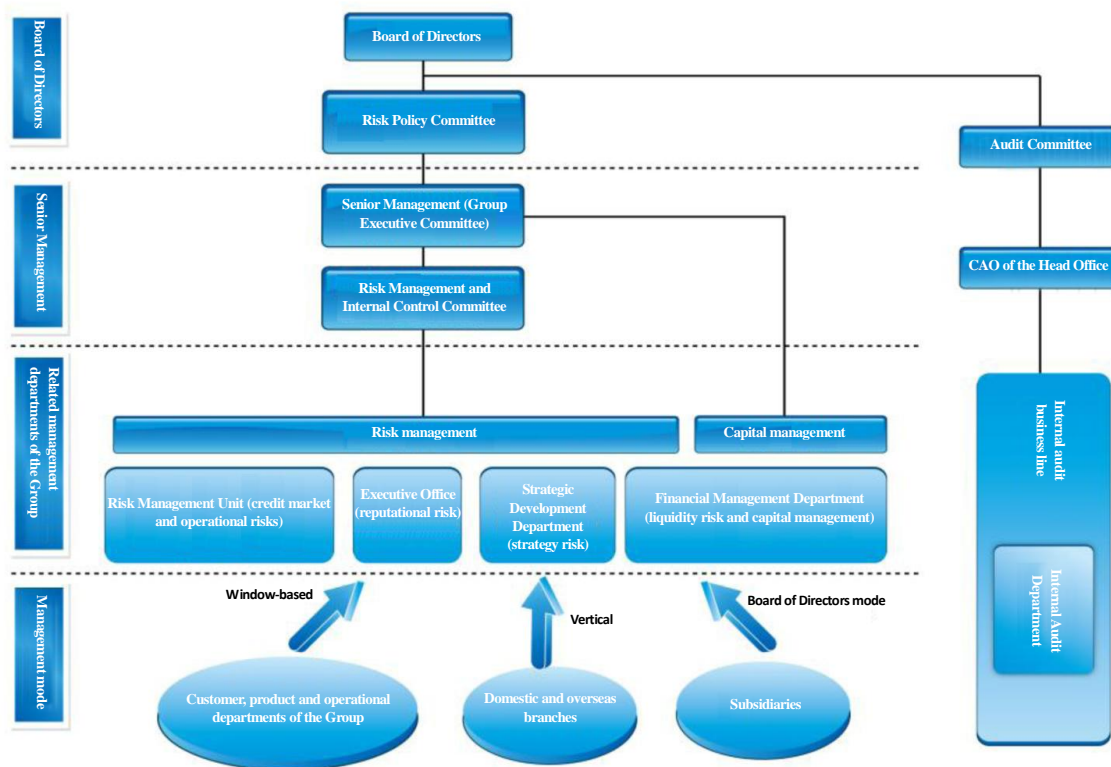
The Bank follows a moderate risk appetite and handled the relationship between risk and return in a rational, prudent and careful manner. The Bank aims at maximizing the interests of shareholders within a tolerable risk scope while meeting the requirements of banking regulators, depositors and other stakeholders for prudent operation.

2. Risk management framework

Based on long-term exploration and earnest summarization, the Bank came up with an initiative extensive risk management mode and established a complete risk management framework in line with the development law and trend of risk management of financial institutions.



The Bank's risk management framework is mainly composed of the Board of Directors and the Risk Policy Committee under the Board, and the Risk Management and Internal Control Committee (also in charge of the Anti-Money Laundering Committee, the Securities Investment and Management Committee and the Assets Disposal Committee) under the Senior Management, as well as other related departments, including the Risk Management Unit and the Financial Management Department. The Head Office manages the risks in branches through the vertical management model, the risks in business departments through window risk management model, and distributes the requirements on risk management of the Bank and manages the risks in subsidiaries via the Boards of Directors and their risk management committees of the subsidiaries.



Risk management organization framework

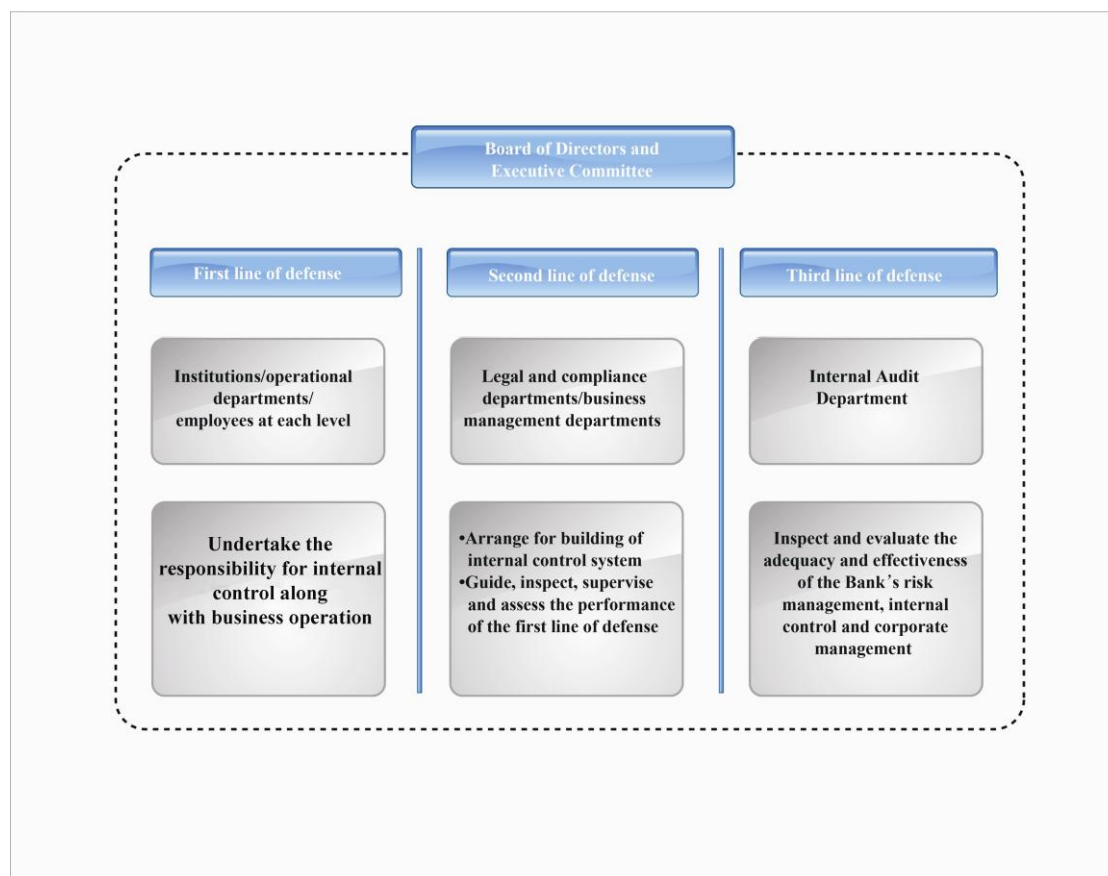
3. Strengthening comprehensive risk management

Earnestly implementing the macroeconomic policies and the regulatory requirements of the state, the Bank strengthened the credit risk control for key areas including local government financing platform loans, real estate loans and the loans to the industries with overcapacities. The Bank implemented the “Three Measures and One Guideline” and enhanced the full-process monitoring of the credit capital and the professional post-lending management to establish an integrated post-lending management framework of “strategy-implementation-decision-making-supervision”. The Bank improved monitoring and early warning mechanism and reinforced post-lending management to ensure the stability of asset quality. The Bank intensified the monitoring and prevention of market risk, improved the market risk limit management system for banking book and increased economic value fluctuation monitoring indicators. It incorporated 14 overseas institutions into the Group’s market risk measurement and limit monitoring, and actively pushed forward the consolidated risk management of the Group to enhance the risk monitoring of the subsidiaries. Besides, it accelerated the promotion of the New Basel Capital Accord implementation and finished the assessment and onsite inspection by the regulator.

4. Enhancement of internal control

Based on the New Basel Capital Accord and COSO internal control framework, the Bank has set up a corporate governance organization framework composed of the General Meeting of Shareholders, the Board of Directors, the Board of

Supervisors and the Senior Management, and strived to create the three lines of defense for internal control, as required by China Securities Regulatory Commission, China Banking Regulatory Commission and the stock exchanges of Hong Kong and Shanghai, in strict compliance with the Guidelines for Internal Control of Commercial Banks and the Basic Standard for Enterprise Internal Control.



Three lines of defense

In accordance with the requirements of “standardization of whole process”, the Bank ensured the compliance of operation, and strengthened the control of all risk areas, especially important risk areas, in order to prevent material risks. In 2010, the Bank strengthened the management of agreement texts; it improved internal control system, incorporated the 35 overseas institutions subject to consolidated management into the unified management framework of the Bank, and shifted the focus of attention from domestic operations to the integrated management of domestic and overseas institutions; the Bank also established a joint meeting system for the three lines of defense, strengthened communication, and made concerted efforts to carry forward the key work of internal control.

The Bank further enhanced the management of legal and compliance risks, built a compliance risk assessment mechanism for the Group, and pushed forward authorization management to cover all positions of the Head Office. In 2010, the anti-money laundering emergency system had been rolled out in 23 branches; the Bank continuously carried out anti-money laundering inspection and audit, and conducted onsite inspections on 11 domestic and overseas institutions; the

Bank organized approximately 2,000 anti-money laundering trainings for 150,000 employees at all tiers, and launched over 700 promotion activities, with over 170,000 employees involved and over 1.15 million material distributed.

The Bank improved rules and regulations continuously and pushed forward combat against corruption. In 2010, the Bank formulated the inspection provisions such as the Post Responsibility of Inspection Team and the Inspection Personnel Management Measures; it also formulated the Incentive Measures of Bank of China for Employees to Report Violations of Laws, Regulations and Disciplines and Prevent Cases (2010 Version), and amended the Ten Prohibitions for Persons in Charge of Grassroots Institutions of Bank of China and the Ten Prohibitions for Operating Tellers of Bank of China.

The Bank is formulating the Business Continuity Management Measures as a plan to guide its response to emergencies. Besides, it continues to improve disaster backup information platform and further enhance the ability of its information system in resisting unexpected risks.

III. Commitment to customers

Based on the operating philosophy of centering on customers, BOC strengthened the product innovation, updated services, promoted the infrastructure construction, and enhanced customer relationship management to provide a full range of quality financial services to customers.

(I) Enhancing product and service innovation

The Bank paid regard to the improvement of product and service innovation mechanism, and the enhancement of innovation efficiency and quality. In 2010, the Bank launched 586 new products involving many business segments, such as corporate banking, personal banking and financial markets services.

1. Corporate banking services

The Bank innovated the “Zhong Yin Fu” series products, successfully completed the first standardized transaction in domestic secondary syndicated loan market, and adopted the standard text as specified by China Banking Association, playing an exemplary role in domestic syndicated loan transfer market. The Bank launched new international settlement products such as negotiated financing and agency payment with usance letter of credit payable at sight, and developed 11 domestic settlement products, including electronic commercial draft, Wei Fu Tong and Yin Jian Tong, further enriching the types of basic settlement products. Meanwhile, remarkable progress was also made in the central fiscal agency business and the pilot plan on group customer service.

Case: Pilot plan on group customer service

BOC's service plan designed specially for group customers was implemented in Watsons on a trial basis in 2010. The number of accounts of Watsons increased from 115 of the previous year to 225, and the proportion of accounts of BOC increased from 25% to 42%, achieving a remarkable progress in cooperation.

2. Personal banking services

The Bank intensified the R&D of personal banking products. In 2010, the Bank developed and launched 313 wealth management products, including TOT and Chuang Fu, and was the first one among domestic banks to realize foreign exchange purchase and sales at its online banking and self-service terminals.

Case: MoneyGram personal international remittance

MoneyGram personal international remittance product adopts the universal operational mode of leading remittance companies in the world, and can complete the global remittance between individuals within about 10 minutes. The product has been first launched in all the outlets of Beijing, Guangdong and Jiangsu branches and will be gradually promoted in outlets in other provinces and cities.

In 2010, the Bank made a significant breakthrough in bank card product innovation, and launched Great Wall Huan Qiu Tong Credit Card, Zhong Yin Tong Prepaid Card, Internet MOTO payment product, and further satisfied customer demand.

Case: BOC joins force with sina.com to promote the first housing co-branded debit card in China

In 2010, BOC joined force with sina.com in promoting the “Great Wall Housing” co-branded debit card, the first housing co-branded debit card in China, in 15 domestic cities to extend one-stop housing financial services to customers.

Moreover, the Bank stepped up the innovation of customer extension service mode and the integration of product resources, and provided one-stop services to personal customers. In 2010, the Bank launched the “Ideal Home A+B” full-process financial service mode and the “remuneration management plan”, a packet of payroll agency services, rendering standardized and differentiated financial services for customers with different needs.

3. Financial markets services

The Bank raised its competitiveness in financial markets by intensifying product innovation. In 2010, the Bank promoted Ruble spot foreign exchange purchase and sales business throughout all branches and outlets, launched the “Lucky Gold”, physical gold transactions of its own brand, and successfully transacted gold futures in Shanghai Futures Exchange for the first time. The Bank stepped up efforts to promote the key products such as “Daily Accumulation”, launched the products such as the Australian dollar automatic rollover wealth management and Huijubao. The Bank successively underwrote RMB-denominated bonds for the Bank of Tokyo-Mitsubishi UFJ (China) Ltd. and GMAC Financial Services, becoming the first among domestic banks to issue RMB-denominated bonds for a foreign bank and an automobile leasing company in the inter-bank market.

Case: BOC monetary wealth management plan-Daily Accumulation

BOC monetary wealth management plan-Daily Accumulation is a cash management series product under “BOC Wealth Management Plan”. The product, designed for the money market, aims to provide investors with liquidity similar to demand deposits and achieve a sound profitability.

4. Diversified operations

The Bank fully leveraged the advantages of its diversified business platform to provide a full range of financial services to customers. BOCI successfully completed the A share IPO for China First Heavy Industry and refinancing for BOC, Industrial and Commercial Bank of China and China Construction Bank. BOCI also developed qualified foreign institutional investor (QFII) business in conjunction with BOCHK, and promoted the “Cai Fu Tong” business. Bank of China Investment Management Co., Ltd. successfully issued three fund products in 2010, raising more than RMB15.8 billion. BOC Insurance actively promoted its innovative products such as Zhong Guo Tong, Zhou Quan Jia Ju

Tong and Global Travel.

Case: Nanyang Commercial Bank housing mortgage insurance

On March 29, 2010, BOC Insurance formally launched the “Nanyang Commercial Bank housing mortgage insurance”. It is a housing insurance product launched for the mortgage customers of Nanyang Commercial Bank. Based on the old housing comprehensive insurance provided to the mortgage customers free of charge in the first year, the product contains two more comprehensive plans available for selection. The customers may select either the basic plan where they are exempted from premium for the first year or the more comprehensive plan by paying the difference of the basic guarantee.

(II) Strengthening development of fundamentals

1. Outlet construction and channel update

The Bank continued to push forward outlet construction and channel update, promote the business process reengineering, and improve the comprehensive performance of outlets as well as the customer service efficiency and quality.

The Bank actively pushed forward outlet update. The Bank carried out dynamic grade management of outlets, and linked the position and remuneration grades of persons in charge of outlets as well as the input of related resources with the outlet grade. The Bank drew up the Plan on Construction of Large and Medium-sized Universal Outlets of Domestic Branches of Bank of China, to push forward the construction of large and medium-sized universal outlets. The Bank increased input into outlet facilities, further improved institution layout, stepped up the dissolution and merger of the institutions with low output and low efficiency, and enhanced effective resource allocation of institutions. In 2010, the Bank restructured 1,192 outlets, accounting for 119.2% of the year plan. As at the end of 2010, the Bank input a total of 24,000 ATM terminals and 14,000 self-service terminals, and set up over 7,600 self-service outlets in domestic institutions.

Case: Taking the opportunity of serving Asian Games to improve services

Taking the opportunity of serving the Guangzhou Asian Games, BOC Guangdong Branch updated its outlets, especially the 145 outlets involved in provision of financial services for the games, optimized business process and improved electronic service channels. During the Asian games, Guangdong Branch achieved the target of “no customer complaints, accidents or negative news”, and was applauded by Chinese and foreign customers and the people of all circles.

The Bank made great efforts to improve the online banking and continuously broaden the coverage of online banking services. The service functions of the online banking got further improved, with the customers and transaction

volume increased sharply. Overseas online banking building was expedited, and the cross-border corporate online banking group services have covered 27 countries and regions.

The Bank launched mobile banking and household banking, further improving the electronic service channel system.

Case: Household banking was successfully launched in Zhejiang

Household banking, as another convenient electronic banking service channel of BOC, was launched in Zhejiang Province on a trial basis and will be gradually promoted throughout the country. BOC's customers may conduct the operations such as account query, bill payment and other payment via TV at home. Residents in Hangzhou have been allowed to experience the functions of BOC household banking.

2. IT Blueprint implementation

Remarkable progress was achieved in IT blueprint implementation. The IT blueprint Version 3.0 was successfully launched in 23 branches, and will be applied in all domestic branches by the end of 2011.

3. Business process reengineering

Based on the IT blueprint implementation, the Bank steadily pushed forward process reengineering, strengthened uniform coordination and streamlined various business processes. Through business process reengineering, the Bank's business operation efficiency, outlet marketing capability and customer service have improved remarkably.

(III) Intensifying customer relationship management

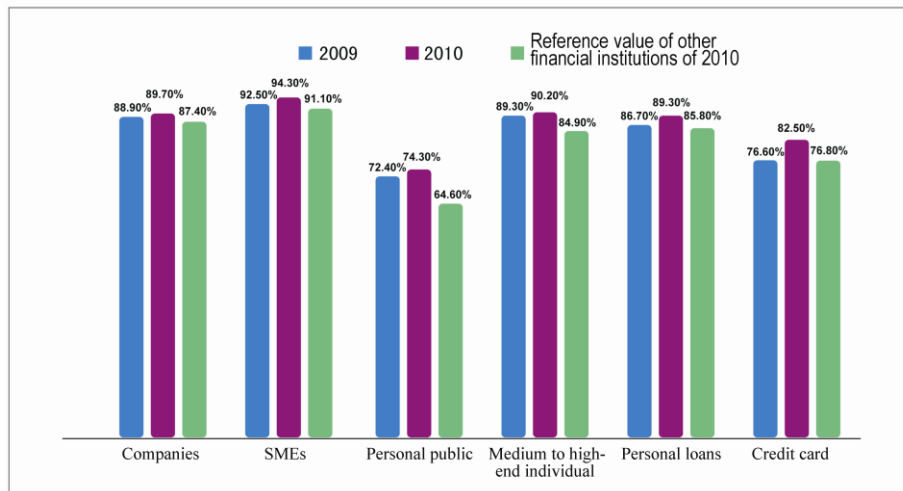
1. Strengthening customer relationship management capability

The Bank strived to design products, business process and organizational framework, and establish a comprehensive customer-oriented marketing service system based on the customer needs. The Bank intensified efforts to cultivate the teams of customer managers and product managers and strengthen their cooperation and support, to deliver quality services to customers. The Bank stepped up logical integration of business units, and improved the operating efficiency of business lines.

2. Conducting customer satisfaction survey

The Bank engaged an external consulting agency to constantly investigate into customer satisfaction. According to the investigation results, the comprehensive satisfaction degrees of the Bank's six categories of customers, namely, large companies, SMEs, personal public, medium to high-end individual, personal loan and credit card customers, were 89.7%, 94.3%, 74.3%, 90.2%, 89.3% and 82.5%, respectively, a year-on-year increase of 0.8, 0.8, 0.9, 0.9, 0.6 and 5.9 percentage points, and 2.5, 3.2, 9.7, 5.3, 2.5 and 5.7 percentage points higher than the reference values of other financial

institutions. The Bank's service quality received wide-scale recognition from the market.



Comparison of customer satisfaction

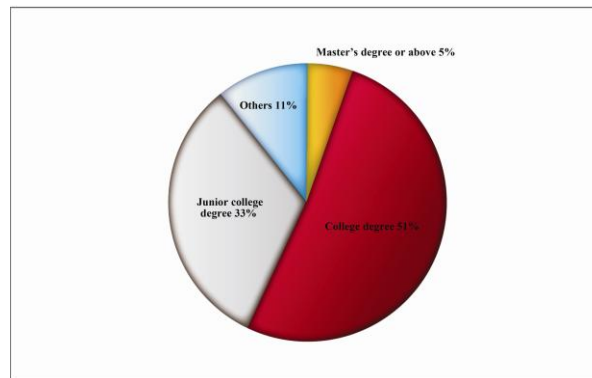
3. Strengthening management of customer complaints

The Bank attached great importance to customer complaint management, and properly handled customer complaints. The Bank continuously broadened and improved customer complaint channel, streamlined the process for complaint settlement and reduced the time frame for settlement of customer complaints. With these efforts, the customer complaint ratio kept decreasing, and the satisfaction towards complaint settlement increased steadily.

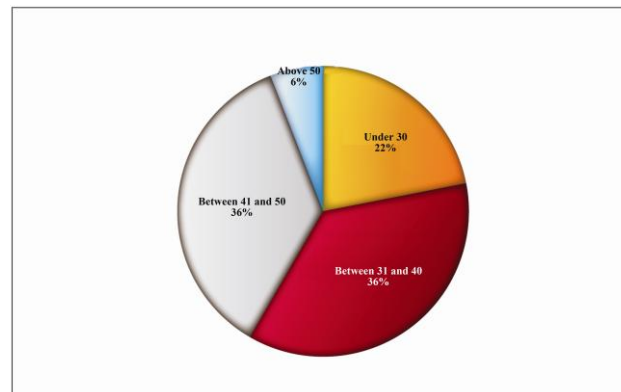
IV. Commitment to employees

The Bank believes that its important asset is its employees and considers that human resource is the first resource and that everyone is talented. It is dedicated to establishing a market-based, strategic and service-oriented HR management system in an effort to create a favorable environment to facilitate the development of employees. The Bank made persistent effort to provide a diversified career development platform to facilitate mutual development of employees with BOC.

BOC has a diversified and competent employee team. As at the end of 2010, the Bank had 279,301 employees.



Employee structure by academic degree

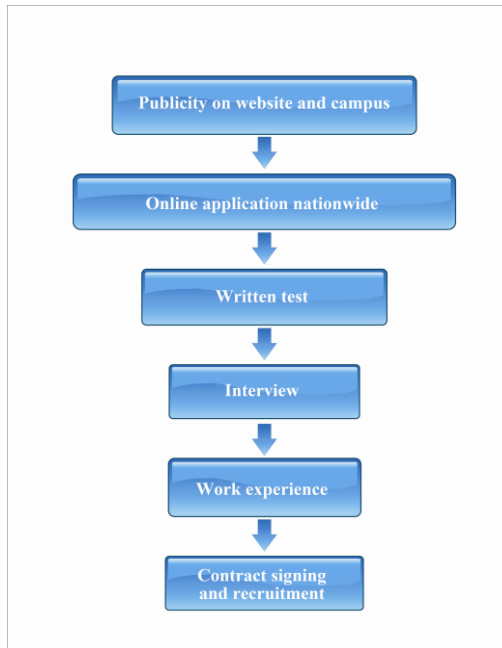


Employee structure by age

(I) Recruitment

The Bank attached great importance to campus recruitment, offering job opportunities to excellent college graduates. Nearly 13,400 new jobs were added in the year.

The Bank strictly adhered to standard recruitment procedures, prepared and implemented such regulations as the Process, Focus and Standard of Social Recruitment and Basic Qualifications of Social Recruitment, and followed the principles of fairness, impartiality and openness.



Campus Recruitment Procedures

The Bank ranked No. 1 of Top Ten Employers in the Financial Sector by the chinahr.com and also No. 1 of the Universum IDEAL Employer Rankings 2010 for business school students.

(II) Interests of employees

As part of its people-focused philosophy, the Bank makes great effort to protect the legitimate interests of its employees in terms of recruitment and democratic management. Following an equitable and just human resources policy that disallows discrimination in any form, forced labour and use of child labour, the Bank complied with the relevant state laws and regulations, strictly carried out the principle of equal pay for equal work and signed labour contracts with all its employees. BOC provided employees with benefits that consist of social security, a housing provident fund, statutory holidays, enterprise annuity, and supplementary medical insurance..

BOC unleashed the role of established trade union, employee representative meeting and increased transparency of bank operations to provide a channel for employees to express their appeals and ensured their right of information, participation and supervision. Each of the Bank's operations established trade union and held employee representative meeting. The Bank actively advanced the collective consultation process in an effort to build a sustainable mechanism of labor relations coordination. 61.76% of branches established the collective consultation process, which played a crucial role in creating sound, stable and new labor relations.

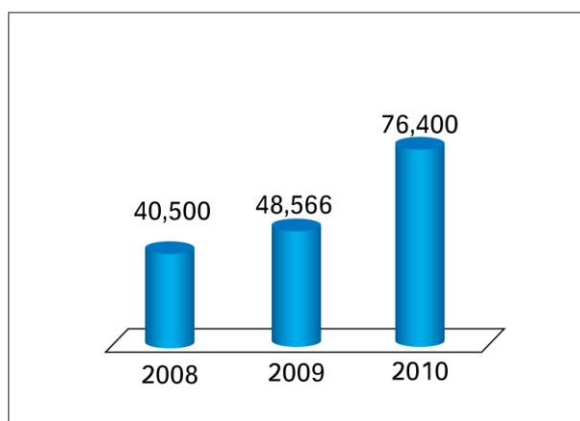
The Bank valued the internal communication mechanism. Communication between all levels of managers and employees was strengthened through the one-to-one contact points established at branches, the branch manager open day, employee representative talks and the youth forum.

(III) Employee development

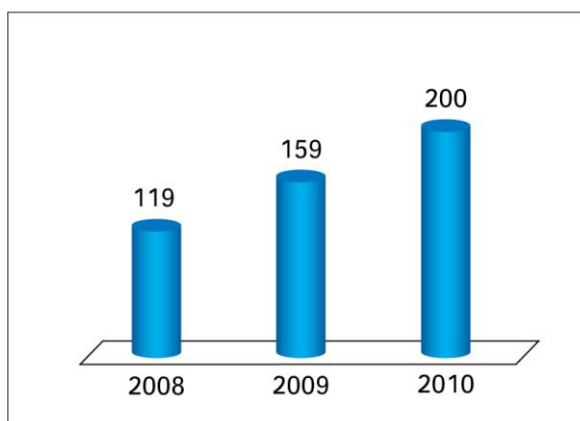
The Bank attached considerable importance to career development of employees. A future-oriented strategy of talent development was implemented. Continuous improvements were made in the training system. Internal professional sequences were advanced. Talent development was strengthened to foster international talents. Employees were offered a diverse development platform.

1. Employee training

In 2010, the Bank thoroughly implemented the Training and Development Plan for 2009-2012 to cater for strategy implementation, business development and talent growth under the guiding principles of “Strategic Orientation, Professional Service, Coordinated Advancement, Effectiveness and Efficiency”. The Bank further improved the tiered system of “Cascaded” management training courses. RMB764 million was invested in training in the year. 57,415 sessions of domestic trainings with 2,000,345 trainees were organized. Of them, there were 8,152 face-to-face training sessions that lasted for at least two days which trained 379,238 people in aggregate. Efforts were stepped up to build the system of electronic training courses. “Online Training” had covered institutions at all levels. 303 online courses were developed and 857,000 people were trained online in the year.



Training Costs Invested in 2008-2010 (RMB10,000)



Training Times in 2008-2010 (Unit: 10,000)

2. Career development

The Bank has established a diverse channel of career development and divided employees into three categories: operation managers, professionals and technical personnel. Employees were encouraged to choose their career path according to job requirements and personal characteristics. In 2010, the Bank accelerated the building of professional sequence, introduced the international settlement and syndicated loan sequences etc. on a pilot basis, and established the trader qualification and appointment system. Professional sequence qualification training, examination and certification systems were strengthened. The Guidelines on Job Qualification Training of Bank of China was issued. External certification training was leveraged to foster talents at the level of medium to senior professionals. International talents were fostered through sending local employees abroad and attracting overseas talents. A short-term overseas exchange and study platform was established to facilitate career development of employees.

3. Incentive and restraint mechanisms

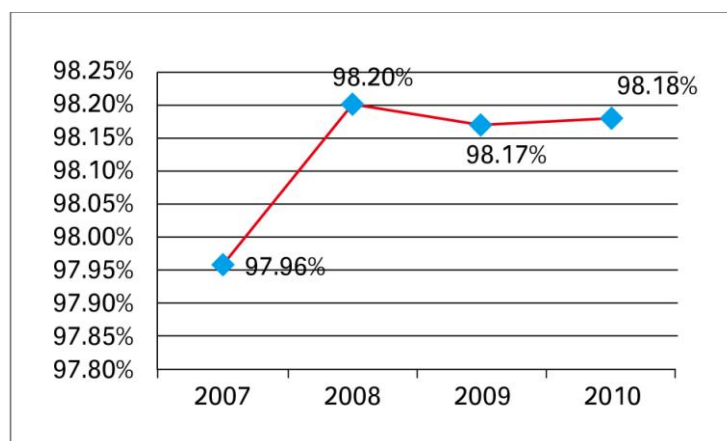
The Bank made continuous improvements in the incentive and restraint mechanisms. In 2010, centering on the strategic orientation of performance management, the Bank continued to optimize the institutional performance management system to strengthen the performance management of subsidiaries, and improved the tiered, classified system of employee performance management. The incentive and restraint role of performance assessment was enhanced to sharpen the Bank's competitive edge.

(IV) Localization of employees

The Bank attached considerable importance to the fostering and use of overseas employees. Efforts were stepped up to foster overseas employees, in particular locally hired people at overseas institutions. The Bank further integrated overseas and domestic systems of resource management and incentive and restraint, and supported the career development of employees locally hired by overseas institutions.

1. Overview of overseas employees

As at the end of 2010, the total number of employees in the overseas institutions and subsidiaries of BOC was 28,520 (including 10,200 employees working in branches in the Chinese Mainland), and 28,001 of them were locally hired, accounting for 98.18%.



Proportion of local employees in overseas branches in 2007-2010

2. Growth of overseas employees

In 2010, the Bank launched the “Talent Attraction” training program, developed guidelines on overseas staff training and stepped up the effort in overseas staff training. The Provisions for the Management of Short-term Employee Exchange between Domestic and Overseas Institutions was formulated. Selected overseas employees were assigned to the Head Office and domestic branches to enhance fostering and use of overseas employees locally hired.

The Bank has established a global system of employee ranking that offers equal opportunities to locally hired employees of overseas institutions. From 2007 to 2010, local employees accounted for an average ratio of 29.16% in the senior management personnel of overseas institutions. By the end of 2010, Chairmen or General Managers of two overseas branches and one overseas subsidiary company were foreigners, and over 50% of senior executives were held by foreigners or local residents in three overseas branches and one overseas subsidiary company.

3. Promoting exchange between Chinese and foreign employees

The Bank pays due respect to local cultures and urged overseas institutions to carry out all kinds of activities to promote cultural exchanges among Chinese and foreign employees, facilitate their mutual understanding and enhance the cohesion of the company.

Case: BOC London Branch provided Chinese language courses to foreign employees

In 2010, BOC London Branch introduced Chinese language courses to foreign employees to increase their language proficiency and deepen their exchanges with Chinese colleagues.

(V) Care for employees

The Bank made persistent efforts to provide a sound working environment for employees and showed concerns for the safety and health of employees, particularly female employees and the employees in need, to improve the satisfaction and loyalty of the employee team to BOC.

1. Care for female employees

In 2010, the Bank organized a variety of female employee care events to encourage growth, monitor health and improve work-life quality of female employees.

Case: Thematic talent show of female employees

BOC Guangdong Branch held the “Beauty at BOC: show our quality services” talent show of female employees

2. Care for young employees

The Bank attached considerable importance to the development and interests of young employees. Care and supports in various forms were devoted to the growth of young employees.

Case: BOC leaders talked online with young employees

On May 4, 2010 the Chinese Youth Day, the Bank organized online talks between bank leaders and young employees entitled “Draw the Blueprint with BOC”. Chairman Xiao Gang and President Li Lihui talked “face to face” online with young people of the Bank. The website hits reached 622,000 and employees raised over 1,200 questions.

Case: Draw the blueprint of love together

In June 2010, 50 young couples from the front line of the BOC “IT Blueprint” implementation joined the “Draw the Blueprint of Love Together” collective wedding ceremony. Chairman Xiao Gang, President Li Lihui and Chairman of the Board of Supervisors Li Jun were present at the ceremony and served as presider and witnesses, delivering best wishes to the newly weds .

3. Enriching off-time lives of employees

In 2010, the Bank organized a broad range of recreational events covering tennis, volleyball, table tennis and mountaineering to enrich the spare time of employees. The Bank called for a good balance between work and life.

Case:

BOC Zhejiang Branch organized the “Flight of Youth” show for IT blueprint switchover;

BOC Ningxia Branch hosted the “Outdo Myself: Draw the Blueprint with BOC” special training camp.

BOC Anhui Branch hosted the employee basketball game under the theme of “Year of Tiger · Great Business Development”.

4. Care for employees in need

In 2010, the Bank identified and put 3,963 needy employees on file. Aids were provided to 46,594 employees. A total of RMB23.844 million was donated to

needy employees through employee donations, trade union grants and other forms.

(VI) Excellent corporate culture

The Bank attached considerable importance to corporate culture development. Adhering to the core value of “Pursuing Excellence”, the Bank endeavored to translate the concepts of “integrity, performance, responsibility, creation and harmony” into the common values and code of conduct recognized by all employees and managers. In shaping the corporate culture, the Bank facilitated full involvement of employees, and stressed interaction between concepts and conducts. The core values were integrated into management processes, business procedures, organizational structure, IT blueprint implementation and other facets of work, which has effectively enhanced the cohesion and centripetal force within the organization.

Case: Brave man Jiang Junlin

On September 10, 2010, General Manager of BOC Hunan Branch Jiang Junlin saw a car falling into a roadside pond when driving to the 166th mile of the National Highway 322 in Qiyang County. He jumped into the pond and finally brought all the five trapped persons safe ashore. Then he left without giving his name.

“No matter what would be the result, I must feel regretted all the rest of my life if I do not stand out to do so when confronted with such an incident. We should bravely face life or death, and also bravely assume our social responsibility.”

——Jiang Junlin

V. Commitment to society

The Bank actively sought cooperation with the government, partners and other stakeholders, and provided public welfare services. The Bank performed its responsibility as a global corporate citizen and contributed to building a harmonious society whilst pursuing its sustainable development.

(I) Cooperation with partners

The Bank developed extensive cooperation with government agencies, other banks, enterprises, vendors and other stakeholders under the principle of seeking mutual benefit and shared success.

1. Cooperation with government

The Bank advanced cooperation with ministries and commissions and local governments in education, environmental protection, scientific and technological innovation and cultural undertakings. The Bank transformed its economic development mode through business survey, high-level talks and signing of memorandum on strategic cooperation etc.

Case: Introducing the “Pay after Service” health care mode in conjunction with the Ministry of Health

The Bank worked with the Ministry of Health to introduce the innovative “Pay after Service” health care mode that provides patients and hospitals with more convenience and security in using and managing funds. The program was highly recognized by the Ministry of Health and other participants.

Case: Signing the Strategic Cooperation Agreement on Supporting Cultural Sectors

BOC Zhejiang Branch signed the Strategic Cooperation Agreement on Supporting Cultural Sectors with the Department of Culture of Zhejiang Province, and provided quality financial services to cultural businesses in Zhejiang, which paired financial capital to cultural sectors and promoted the upgrading of Zhejiang's cultural sectors.

2. Cooperation with other banks

In 2010, the Bank actively pushed forward cooperation with other banks and promoted business development with financial institutions through innovation in products and cooperation modes.

3. Cooperation with enterprises

The Bank provided comprehensive credit facility and professional and efficient financial services for enterprises through bank-enterprise cooperation. In 2010, the Bank stepped up the cooperation with enterprises and entered into comprehensive strategic cooperation agreements with a number of enterprises to support key projects and facilitate better and faster growth of enterprises.

(II) Responsible purchasing policy

The Bank actively implemented the responsible purchasing policy. According to the principle of “uniform standards and classified management”, the Bank further standardized the management of purchasing policies, trading rules, purchasing modes and purchasing procedures. Qualification review was strengthened over suppliers in terms of environmental production and safety. In adherence to the principles of fairness, openness and impartiality, the Bank realized mutual benefit with suppliers.

Case: Supporting rapid development of GRG Banking

Since 2000, the Bank has threw strong support to the development of GRG Banking Equipment Co., Ltd. through cooperation, making GRG Banking rank first by sales in China’s ATM market for three consecutive years since 2008.

“GRG Banking cannot go without Bank of China in building a good corporate image across the industry and winning the leading position in the domestic market.”

—— **Letter of Gratitude from GRB Banking to BOC**
in December 2010

The Bank valued the management of procurement personnel, and formulated the Anti-Corruption Provisions for Procurement Personnel of Bank of China. To date, 14,315 employees of the Bank had signed the Letter of Commitment on Anti-Corruption in Procurement.

(III) Social undertakings

The Bank have made persistent efforts to serve, contribute to and repay society through actively participating in disaster relief, providing strong support for activities relating to charity, science, education, culture and health, disseminating arts, financial and cultural knowledge and sharing its achievements with the general public and the community. In 2010, the Bank’s external donations totaled RMB81,658,100.

1. Fighting against natural disasters

In early 2010 when the extraordinary drought hit the southwestern part of China, the Bank immediately donated over RMB6 million to affected areas in support of local efforts to fight the disaster. In April 2010, the Bank underwrote RMB1.5 billion “drought relief” financing bonds to meet the capital demand of Kunming Water Supply Group and supported it in upgrading water supply facilities, improving the water distribution system and prospecting water resources.

The 7.1 magnitude earthquake hit Yushu, Qinghai in April 2010, and the devastating landside happened in Zhouqu, Gansu Province in August, which resulted in heavy losses of life and property on affected areas. Immediately after the disasters occurred, the Bank opened the “Green Channel” donation service at domestic and overseas outlets. Remittance of donations to disaster-affected areas was given priority and free of charge. All institutions

and employees of the Bank, either domestic or overseas, contributed in various ways to rehabilitation and reconstruction in areas hit by the disasters. BOCHK and BOCHK Charitable Foundation each donated RMB1 million to the Red Cross Society of China. The Bank, including its employees and institutions at home and abroad, donated over RMB51.69 million to Yushu and Zhouqu in aggregate.

Case: Supporting post-quake rehabilitation and reconstruction in Sichuan

Since the Wenchuan earthquake that occurred on May 12, 2008 in Sichuan Province, the Bank had been dedicated to supporting post-quake rehabilitation and reconstruction efforts as well as social and economic development in Sichuan. As at the end of 2010, the Bank had extended RMB74.2 billion in loans to Sichuan for earthquake relief, rehabilitation and reconstruction projects, covering urban and rural housing, electricity, transportation, telecoms, water conservancy and other infrastructure, industrial rehabilitation, health care, agricultural production and other important areas of great significance to national interests and people's livelihood. The Bank delivered considerable contributions to post-quake reconstruction in Sichuan.

2. Providing poverty relief

The Bank has been long dedicated to poverty relief. The Bank helps to narrow the economic gap between eastern and western regions and contributes to the sustainable and harmonious development in both social and economic dimensions through continued support for less developed regions.

The Bank has been implementing the poverty alleviation program in four poverty-stricken counties, namely, Yongshou, Changwu, Xunyi and Chunhua in Xianyang City, Shaanxi Province. From 2002 to 2010, a total of RMB28,189,800 was donated to the establishment of 21 schools, construction of 19 human/animal water access projects and 39 resettlement projects. RMB4,713,000 of poverty alleviation funds were allocated in the year to 10 resettlement projects. 1,483 people left cave dwellings and moved into new houses. Their production and living conditions were thoroughly improved.

Case: Poverty alleviation efforts in Shaanxi

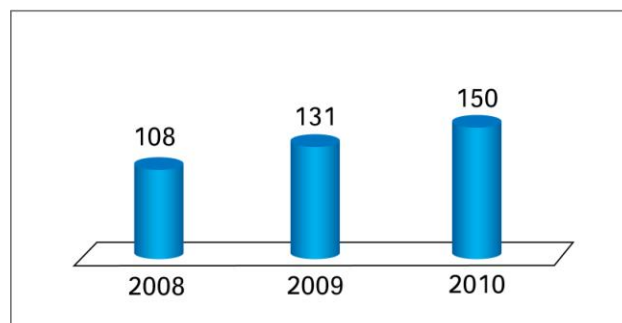
A local official in Shaanxi said, "BOC is alleviating real poverty and really alleviating property."

The Young Volunteers Association of the Bank is persistently devoted to assisting vulnerable populations under the philosophy of "serving the community starts from me". As at the end of 2010, the Bank had 9,193 young volunteers and organized volunteer events with 31,677 participants. The length of volunteer services totaled 101,645 hours.

3. Supporting education

The Bank has granted a total of RMB15 billion in student loans since

undertaking the national student loan program in 1999, helping 1.28 million financially needy students to continue their education in 476 colleges. As at the end of 2010, the balance of national student loans reached RMB8,633 million. In December 2010, the Bank was recognized by the Ministry of Education as one of the “National Outstanding Organizations in Student Assistance”, the sole commercial bank to receive such award.



National Student Loans Granted in 2008-2010 (RMB100 million)

Case: Renewing the national student loans program for colleges under ministries

In July 2010, the Bank entered into a cooperation agreement with the Ministry of Education regarding student loans to colleges under ministries and committed to continue to exclusively extend student loans to colleges under ministries for 2010-2014.

Case: Dalian Development Zone Branch extended student loans to needy students

Wang Xiuwei, a student at Dalian Nationalities University, came from Beichuan Qiang Nationality Autonomous County, Sichuan Province that was mostly affected in the Wenchuan Earthquake. Dalian Development Zone Branch designated a staff member to guide him to complete the student loan application form and the contract to ensure successful loan application.

I chose the civil engineering with a view to helping rebuild my hometown. In the four years ahead, I will study hard to complete college and meet my objective. Many thanks to Bank of China for helping me fulfill the objective.”

——Wang Xiuwei, student at Dalian Nationalities University

4. Supporting arts and cultural development

The Bank actively supported the dissemination of science, arts and culture, carried forward the Chinese culture and promoted the development of cultural sectors.

Case:

The Bank supported “Show the World: Goodwill Action for Cultural Protection and Development for Ethnic Group in China” launched by United Nations Development Programme (UNDP) and Ms Zhu Zheqin, a famous musician, to bring the cultures of Chinese ethnic groups to the rest of the world. In 2010, the Bank also supported the launch of the “Show the World” handicraft collection tour to promote handicraft preservation and development of China’s ethnic groups.

5. Enhancing financial literacy

The Bank laid stress on consumer education, enhancing financial literacy, and increased the risk prevention sense of the general public. In 2010, the Bank participated in the first “Banking Industry Public Education Service Day”. 116,583 employees from 10,030 outlets of 37 domestic tier-one branches and subordinated branches attended the event, and 2,110 publicity points were set up in public areas. The Bank also hosted multi-tiered public financial education events in various forms. Due to its excellent performance in the “Banking Industry Public Education Service Day”, the Bank was titled “Model Unit of 2010 Banking Industry Public Education Service Day”.

Case: First “Banking Industry Public Education Service Day” launched

In November 2010, launch ceremony was held for the “Banking Industry Public Education Service Day” of China in the Four Season Hall of BOC Tower. The event aims to disseminate banking knowledge to the general public nationwide in the form of various events to enhance public understanding of financial services and build a harmonious financial environment.

The Bank emphasized studies on major and hot issues in economic and financial areas and compiled and published the A New Round of Market-based Reform – Discussions on Major Areas of Financial Reform under Twelfth Five-Year Plan. Journals sponsored by the Bank including Studies of International Finance and International Finance have exerted an extensive influence in the financial study field.

(IV) Global citizenship

The Bank consistently performed its responsibility as a global citizen in its global operation and strengthened ties with local communities to realize shared development.

1. Supporting community development

The Bank showed full respect for political systems, religions and customs of host countries. Relations with local communities were continuously deepened. The Bank supported community development through hiring local people and participating in community investment to deliver marked contributions to local economic and social development.

Case: BOC Macau Branch volunteer team

The volunteer team at BOC Macau Branch participated in community services, including donations and care to the old, children and other community groups. They served the community with actions full of love and good faith.

Case: BOC New York Branch participated in the US National Safety Day event

BOC New York Branch was invited to participate in the 2010 US National Safety Day event, contributing to security and unity of the local community.

2. Promoting cultural exchanges

The Bank is dedicated to serving as a bridge between Chinese and foreign cultures, building a diverse culture exchange platform and promoting the development of different cultures.

Case: BOC joined the board of directors of Lincoln Center for the Performing Arts

In 2010, General Manager of BOC New York Branch was elected Director of the Board of Directors of Lincoln Center for the Performing Arts at its annual board meeting, becoming the first Chinese board member in the history of the center. It also marked the first presence of Chinese corporations on the board of arts institutions with an international influence.

VI. Commitment to the environment

Strengthening environmental protection and developing green economy are necessary for response to global climate change and sustainable development of the human society. The Bank called for green banking, promoted green credit, innovated green banking services and endeavored to mitigate environmental impact of operations and rendered comprehensive services to build a resource-efficient and environment-friendly society.

Case: Bank leader participated in the “Plant trees to build a green homeland” activity

On March 27, 2010, Chairman of the Board of Supervisors Li Jun attended the “Build a green homeland together – Tree-planting by Ministers of the PRC” activity hosted by All-China Afforestation Committee, Afforestation Commission of Agencies directly under the CPC Central Committee and Afforestation Commission of Agencies under the Central Government. 168 ministerial leaders from agencies directly under the CPC Central Committee and ministries, commissions and institutions under the central government attended the activity in Changyang Township, Fangshan District, Beijing.

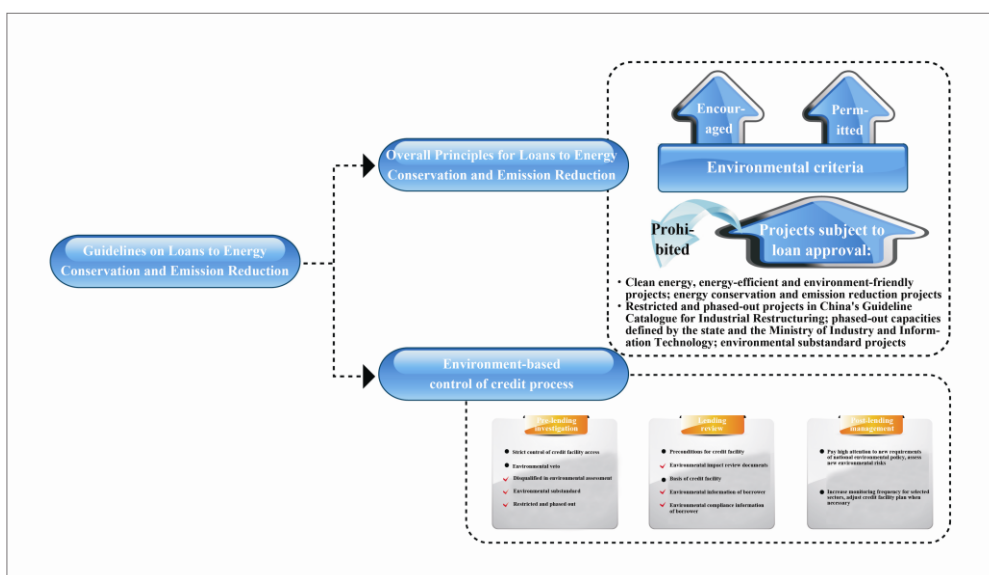
(I) Supporting green economy

The Bank gave full play to the financial industry’s role in boosting the adjustment of economic structure by supporting the development of clean energy and environment-friendly & energy-efficient sectors and facilitating the green economic development and industrial upgrading.

1. Improving the green credit policy

The Bank incorporated national policies and regulations on environmental protection and corporate environmental protection concepts into its credit policies, regulations and procedures. Requirements concerning environmental safety, energy conservation and environmental protection were introduced to lending orientation and operating steps. Stringent loan extension criteria were established to integrate green and low-carbon industry supports into pre-lending investigation, payment and post-lending management of loans. The “Environmental Veto System” was adopted. The Bank strictly controlled new credits to industries featuring high pollution and energy consumption yet low efficiency, and intensified exit of existing loans. The Bank increased credit input into green and low-carbon industries, gave credit support to well-industrialized ones, and gave priority to enterprises and projects that demonstrated strengths for steady growth and long-run core competencies. In May 2010, the Bank issued the Guidelines on Loans to Energy Conservation and Emission Reduction, the first among its peers to provide an assurance for promoting green credit.

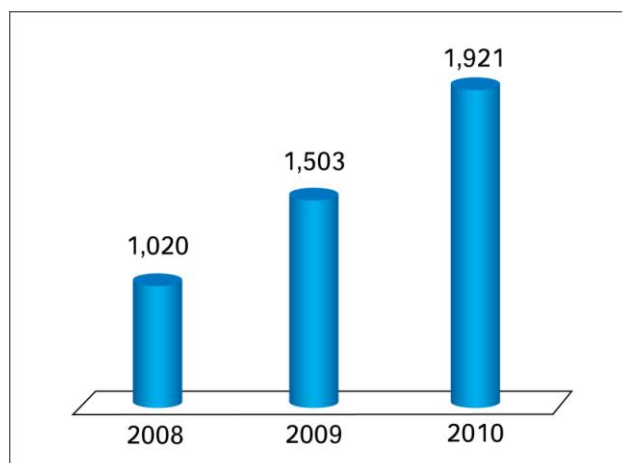
The Bank valued the research on macroeconomic and financial conditions and environment-related industry policies and timely developed the industrial development strategies and credit facility guidelines. Trainings were intensified to enhance the early warning and control of industrial environmental risks.



Framework of Green Credit Policy

2. Promoting green credit

The Bank actively promoted green credit and introduced differentiated credit policies to support the development of environment-friendly sectors. In 2010, the balance of the Bank’s green credits reached RMB192,112 million, and the new green credits stood at RMB41.79 billion, up 27.8%. The growth rate of credits to wind power, environmental protection, energy conservation, new energy vehicles and new energy equipment was 50%, 30%, 63%, 14% and 30%, respectively.



Balance of Green Credits Issued in 2008-2010 (RMB100 million)

The Bank followed earnestly the “selective” policy requirements, fully utilized the means of credit leverage and risk management etc., and communicated the concept of environmental protection to its partners and boosted the upgrade of industrial structure. The Bank stepped up support to environment-friendly and energy-efficient enterprises and projects, provided financing and services to green sectors and promoted sustainable economic development.

Key Green Credit Projects Supported by BOC

Industry	Typical project
Wind power	The balance of credits issued by Inner Mongolia Branch to the wind power industry surged from RMB195 million as at the end of 2007 to RMB1,873 million as at the end of May 2010, representing a growth of 8.6 times.
Photovoltaics	In the seven-year cooperation with Wuxi-based Suntech, the largest manufacturer of photovoltaic modules worldwide, the Bank granted a RMB10 billion global credit line to Suntech, and BOC Insurance covered its product quality liability.
New energy vehicles	The Bank entered into in-depth cooperation with BYD, which is dedicated to developing new energy vehicles, and extended its services along the whole industry chain including the mid-stream to upstream battery and motor manufacturers.
Clean coal technology	The Bank extended loans of RMB10 billion to the Chifeng-based KSKT project of Datang Energy Chemical Inc., the largest coal-to-natural gas project of China.
Biomass power	The Bank financed activities of Kaidi Electric Power that operated biomass power plants in 100 agriculture-dominant counties nationwide and formed a cyclic economy chain of biomass – electricity – heat – chemicals. BOC Insurance covered all its property risks and machinery breakdown.

3. Innovating green financial products

In recent years, the Bank intensified efforts in innovating green financial products, including a series of green credit products that focused support on clean energy, wastewater treatment, waste disposal, power plant desulfurization and watercourse rehabilitation projects. In addition, the Bank also innovatively introduced financing projects based on the clean development mechanism (CDM) and wealth management products based on carbon emission right, in an effort to promoting the development of carbon-related financial services in China.

Main Innovative Green Products of BOC

Year	Description
2007	Launched Hui Ju Bao 0708L and 0801L wealth management products linked to the futures price of CO ² emission limit

Year	Description
2009	Issued counter-guarantee for EPA emission security in an amount of USD5 million
2010	Issued an USD2.98 million CDM carbon trading loan, the first of its kind in China, and provided related swap services.
2010	BOC Perth Branch in Australia issued the environment guarantee to Mcc Australia Sanjin Mining and Minjar Gold.

(II) Building a green bank

1. Green office

The Bank called for green office concept and implemented a range of measures for energy conservation and emission reduction. The Bank improved the environment-friendly office management procedures, reduced use of water, electricity and paper, promoted video and telephone conferences, cut business trips and recycled office wastes. These moves mitigated the impact on environment and reduced the cost of operations. Furthermore, the environmental protection concept of “saving energy starts from me; everyone is responsible for green office” was embedded into corporate culture and employee education.

Per Capita Energy Consumption of the Head Office of BOC

	2007	2008	2009	2010
Power consumption per capita (kWh/year)	6,578	6,067	6,130	6,082
Water consumption per capita (ton/year)	40	39	39	36
Gas consumption per capita (m ³ /year)	46	49	43	46

2. Green Procurement

The Bank incorporated environmental protection concept in the procurement process. ISO14000 was put on the list of supplier qualifications for many procurement projects to guide more enterprises towards green development.

(III) Promoting environmental protection

The Bank encouraged and supported employees' involvement in green community events. Branches and subsidiaries of the Bank participated in a wide range of green community events.

Case: BOC Macau Branch launched the green and low carbon community campaign

In May 2010, BOC Macau Branch, the Official Provisional Municipal Council and the Environmental Protection Bureau of Macau organized the event titled “In Response to the International Year of Biodiversity 2010 – Build a Green and Low Carbon Community Together” in line with the Macau SAR government’s policy of “Build a Low Carbon Macau, Enjoy Green Living together”, thereby contributing to environmental protection in Macau.

Case: BOC Guangdong Branch contributed to low carbon Asian Games

BOC Guangdong Branch and the CYL Committee of Tianhe District jointly launched the tree planting campaign titled “Low Carbon Asian Games, Grow with Tianhe” in an effort to create a favorable atmosphere for the Guangzhou Asian Games.

Outlook

2011 is the opening year of China's Twelfth Five-Year Plan period. BOC will stick to the core values of "pursuing excellence", and incorporated the concept of social responsibility into its development strategy and operational management. By enhancing its sustainable development capability, the Bank will take the responsibilities for the country, shareholders, customers, employees, society and the environment, and make more contributions to the coordinated and sustainable development of enterprises and the economy, society and environment.

The Bank will earnestly implement the state's Twelfth Five-Year Plan and macroeconomic policies, and bring into full play its important role in boosting economic restructuring and the transformation of economic development mode as a large state-owned commercial bank, contributing to the sustainable and sound development of the national economy.

The Bank will give priority to business transformation, improve the management of assets and liabilities, comprehensive risks and human resources, intensify the establishment of service channels, IT and operating platforms, and accelerate the building of a resource-efficient development mode, so as to enhance the Bank's value and consistently repay shareholders.

Being customer-oriented, the Bank will optimize the service outlet and organizational framework, integrate business and management process, strengthen product and business innovation and improve service quality and efficiency, so as to create more value for customers.

The Bank will diversify the channel of employee growth and offer employees a broad range of development opportunities in adherence to the philosophy of "people-focused". The Bank will step up support to social welfare undertakings, promote educational, cultural and technological development and fulfill its corporate social responsibilities. The Bank will also actively develop green finance, and intensify support to energy efficiency, environmental protection, new energy and other strategic emerging industries, to underpin the development of green economy.

Customer feedback

We are very concerned about your opinions on this social responsibility report. Please give your comments on this report and feed back to us. After answering the following questions, please fax the form to 86-10-66014024 or send it to Executive Office, Bank of China, 1 Fuxingmennei Street, Xicheng District, Beijing by post.

1. Did you find what you need in this report? If not, please note down what you are looking for.

2. Which part of the report interests you the most?

Please provide your information if you like:

Name: _____ Position: _____

Employer: _____ Address _____

Postal Code: _____ Email: _____

Tel: _____ Fax: _____

Our contact information is as below:

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Independent Assurance Report

To the Directors of Bank of China Limited

We have been engaged by the Directors of Bank of China Limited (the “Bank”) to perform a limited assurance engagement on the selected performance information as at 31 December 2010 and for the year then ended as defined below in the 2010 Corporate Social Responsibility Report (the “CSR Report”).

We have also been engaged to gain an understanding of the Bank’s application of the AA1000 AccountAbility Principles Standard (AA1000APS(2008)) of inclusivity, materiality and responsiveness (“the AccountAbility Principles”) with respect to stakeholder dialogue.

Directors’ responsibilities

The Directors are responsible for the preparation and presentation of the selected performance information in accordance with the basis as set out in the CSR Report’s Preparation Basis and the notes to the table of key performance information on page 6 and 7 of the CSR Report (the “basis of reporting”). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the selected performance information; and making estimates that are reasonable in the circumstances. In addition, the Directors take responsibility for the Bank’s adherence to the AccountAbility Principles.

Practitioner’s responsibilities

Our responsibility is to express a conclusion on the selected performance information in the CSR Report based on our work performed. We report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our work on the selected performance information in accordance with the International Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information”. This Standard



requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance as to whether any matters have come to our attention that causes us to believe that the selected performance information as at 31 December 2010 and for the year then ended in the CSR Report is not prepared in all material respects with the basis of reporting.

The selected performance information of the Bank within the 2010 CSR Report that is covered by this report is as follows:

- Total assets
- Operating income
- Non-performing loan ratio
- Capital adequacy ratio
- Net profit
- Income tax expense
- Equity attributable to equity holders of the Bank
- Balance of national student loans
- Donations
- Balance of green credits

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. The procedures selected depend on the practitioner's judgment, including the assessment of the risks of material non-compliance of the selected performance information in accordance with the basis of reporting.

Approach, limitation and scope of work

Within the scope of our work we performed the following procedures at the Head Office of the Bank only and comprised:

- (i) Interviews with management and personnel in the Executive Office, the Company Secretarial Office, the Human Resource Department, the Corporate Banking Unit and the Retail Banking Unit involved in providing information for inclusion in the CSR Report in relation to the selected performance information; and
- (ii) Examination, on a test basis, of documentary evidence at the



Head Office relating to the performance information on which we report.

Our work is limited to the selected performance information as of 31 December 2010 and for the year then ended in the CSR Report. We have not performed any procedures over other data included in the CSR Report for 2010, nor have we performed any procedures on data of or prior to 2009. In addition, our work performed is not for the purpose of expressing an opinion on the effectiveness of the Bank's internal controls.

Conclusion

Based on the limited assurance work which we have performed, nothing has come to our attention that causes us to believe that the selected performance information as at 31 December 2010 and for the year the ended has not been prepared, in all material respects, in accordance with the basis of reporting.

Supplementary observations

We have also gained an understanding of the Bank's application of the AccountAbility Principles with respect to stakeholder dialogue by making inquiries and holding interviews with management representing the different functions in the Bank in respect of the Bank's application of the principles of inclusivity, materiality and responsiveness in the preparation of the CSR report. Our work was restricted to gaining an understanding of the Bank's application of the AccountAbility principles and hence we do not express any assurance opinion as to whether the Bank has adhered to the AccountAbility Principles. We have the following observations:

Inclusivity

The Bank has identified major stakeholders and has established various protocols through which the needs and concerns of these stakeholders have been communicated. Furthermore, the Bank has taken into consideration the stakeholders' expectations and the impact to stakeholders when developing corporate strategies, new products and business policies and procedures. We recommend that the Bank enhances its processes for stakeholder identification and engagement by widening its stakeholder communication base to achieve a more



comprehensive and balanced involvement by stakeholders in decisions that will further improve sustainability performance.

Materiality

The Bank has considered the materiality of relevant information in the CSR Report in respect of the magnitude of financial information, sector characteristics, and stakeholder expectations. The Bank may consider establishing further criteria, processes and procedures as a guide to management and staff when capturing, assessing and reporting material events for CSR purposes, to help facilitate the identification and prioritization of issues that are material to the Bank and its stakeholders.

Responsiveness

The Bank has responded to stakeholder expectations in a number of ways including enhanced corporate governance, improved risk management, product innovation, transformation of services and enhanced external collaboration.

PricewaterhouseCoopers Zhong Tian CPAs Limited Company
PricewaterhouseCoopers Zhong Tian CPAs Limited Company

Shanghai, China

24 March 2011