



Financial Highlights

 *Delivering Growth
and Excellence*

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Note: This report is prepared in accordance with International Financial Reporting Standards

Unit: RMB million

Note	2006	2005	2004	2003
				(note 1)
Results of operations				
Net interest income	121,371	101,008	88,435	76,597
Non-interest income	27,007	24,098	27,378	17,599
Operating income	148,378	125,106	115,813	94,196
Loan impairment losses	(12,342)	(11,486)	(23,812)	(18,100)
Operating expenses	(68,731)	(59,984)	(54,879)	(46,080)
Operating profit	67,305	53,636	37,122	30,016
Profit before income tax	67,937	53,811	37,263	29,947
Profit after tax	48,264	31,558	27,065	26,785
Profit attributable to the equity holders of the Bank	42,830	25,921	22,301	23,615
Total dividend	10,154	14,112	14,200	N/A
Balance sheet items				
Total assets	5,327,653	4,740,048	4,265,221	3,973,280
Loans and advances to customers, net	2,337,726	2,152,112	2,072,919	1,921,861
Investment securities	1,892,482	1,683,313	1,321,646	1,104,105
Total liabilities	4,914,697	4,484,529	4,037,314	3,751,434
Due to customers	4,091,118	3,699,464	3,338,448	3,033,364
Capital and reserves attributable to the equity holders of the Bank	382,917	226,419	200,755	196,820
Number of ordinary shares in issue				
Average (shares, million)	236,055	186,425	186,390	186,390
Year-end (shares, million)	253,839	209,427	186,390	186,390
Per share				
Earnings per share for profit attributable to the equity holders of the Bank (basic and diluted)	0.18	0.14	0.12	0.13
Dividend per share (before tax, RMB)	0.04	0.07	0.08	N/A
Net assets per share (RMB)	1.51	1.08	1.08	1.06
Key financial ratios				
Return on average total assets (%)	0.96	0.70	0.66	0.74
Return on average equity (%)	14.06	12.14	11.22	12.00
Net interest spread (%)	2.28	2.21	2.14	2.08
Net interest margin (%)	2.45	2.33	2.24	2.16
Loan to deposit ratio (%)	59.45	60.42	64.33	71.24
Non-interest income to operating income (%)	18.20	19.26	23.64	18.68
Cost to income (%)	46.32	47.95	47.39	48.92
Cost to income (excluding business and other taxes, %)	41.97	43.41	43.08	44.70
Capital adequacy ratios				
Core capital adequacy ratio (%)	11.44	8.08	8.48	N/A
Capital adequacy ratio (%)	13.59	10.42	10.04	N/A
Asset quality				
Identified impaired loans	103,232	109,530	118,383	358,218
Identified impaired loans to gross loans (%)	4.24	4.90	5.51	16.58
Allowance for loan impairment losses	94,293	83,153	74,769	239,039
Allowance for loan impairment losses to identified impaired loans (%)	91.34	75.92	63.16	66.73
Allowance for loan impairment losses to gross loans (%)	3.88	3.72	3.48	11.06
Credit cost (%)	0.53	0.52	1.11	N/A
Human resources				
Number of employees of the Group (person)	232,632	229,742	238,672	241,401
Credit ratings				
Moody's	A2	A2	A2	A2
Standard & Poor's	BBB+	BBB+	BBB-	BB+
Fitch Ratings	A-	A-	BBB+	BBB+
Exchange rate				
USD/RMB year-end middle rate	7.8087	8.0702	8.2765	8.2767
EUR/RMB year-end middle rate	10.2665	9.5797	11.2627	10.3383
HKD/RMB year-end middle rate	1.0047	1.0403	1.0637	1.0657
Share price (year-end closing price)				
Bank of China (601988, RMB per ordinary share)	5.43	N/A	N/A	N/A
Bank of China (3988, HKD per ordinary share)	4.27	N/A	N/A	N/A
BOC Hong Kong (Holdings) Limited (2388, HKD per ordinary share)	21.15	14.95	14.85	14.60

On 26 August 2004, the Bank converted its form of ownership into a state-controlled joint stock commercial bank and Bank of China Limited was formed and registered in Beijing. On 1 June 2006 and 5 July 2006, the Bank's shares were successfully listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively, being the first bank in China dual-listed in the international and domestic capital markets.

Note 1. The results of operations and related financial ratios for the year 2003 were adjusted to exclude the net gain on the disposal of BOCHK Holdings' shares of RMB7.4 billion.

Note 2. Operating income comprises net interest income and non-interest income. Non-interest income includes net fee and commission income, net trading (losses)/gains, net (losses)/gains on investment securities and other operating income.

Note 3. Investment securities include available-for-sale securities, held-to-maturity securities, loans and receivables and trading assets and other financial instruments at fair value through profit or loss.

Note 4. Average number of ordinary shares in issue represents the weighted average number of ordinary shares in issue during the period.

Note 5. Dividend per share = total dividend ÷ number of ordinary shares in issue at the year-end

Note 6. Net assets per share = capital and reserves attributable to the equity holders of the Bank at the year-end ÷ number of ordinary shares in issue at the year-end

Note 7. Return on average total assets = profit after tax ÷ average total assets. Average total assets = (total assets at the beginning of the year + total assets at the year-end) ÷ 2

Note 8. Return on average equity = profit attributable to the equity holders of the Bank ÷ average owner's equity (excluding minority interest). Average owner's equity (excluding minority interest) = (owner's equity, excluding minority interest, at the beginning of the year + owner's equity, excluding minority interest, at the year-end) ÷ 2. As the total owner's equity (excluding minority interest) was less than zero at January 1, 2003, the ratio for the year 2003 is computed using total equity (excluding minority interest) as at 31 December 2003.

Note 9. Net interest spread = average yield of interest-earning assets - average cost of interest-bearing liabilities. Average yield of interest-earning assets = interest income ÷ average balance of interest-earning assets. Average cost of interest-bearing liabilities = interest expense ÷ average balance of interest-bearing liabilities. Average balances are daily average balances derived from the Bank's management accounts (unaudited).

Note 10. Net interest margin = net interest income ÷ average balance of interest-earning assets. Average balance is daily average balance derived from the Bank's management accounts (unaudited).

Note 11. Loan to deposit ratio = balance of loans and advances to customers at year-end ÷ balance of due to customers at year-end

Note 12. Non-interest income to operating income = non-interest income ÷ operating income. In 2006, excluding the losses from revaluation of foreign currency positions of RMB9.82 billion (2005: RMB4.746 billion), the non-interest income accounted for 23.28% (2005: 22.21%) of the total operating income.

Note 13. Credit cost = impairment losses on loans and advances ÷ average balance of loans and advances to customers. Average balance of loans and advances to customers = (balance of loans and advances to customers at the beginning of the year + balance of loans and advances to customers at the end of the year) ÷ 2

Note 14. Number of employees of the Group includes temporary and contract staff.

