

BANK OF CHINA
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Statement of
Liu Mingkang
Chairman and President
of the
Bank of China

The recent investigation launched by the Office of the Comptroller of the Currency (OCC) and the People's Bank of China (PBOC) and the penalties levied by these regulators are measures taken against the misconduct from 1991 to 1999 by the prior management of the Bank of China's New York Branch (the Branch). The Bank of China's Head Office believes that the actions by the OCC and the PBOC will be conducive to the healthy development of the Branch.

The new management of the Bank of China has taken active measures to seriously remedy the past imprudent and unsafe management and has made periodic achievements, including penalties against responsible persons.

Since March 2000, under the leadership of new management, the Bank of China embarked on the development and implementation of processes to ensure good corporate governance, enhanced information disclosure and the identification of deficiencies in our management and operations, including the recognition of the misconduct of the prior management of the New York Branch over the past decade. Through the changes implemented by new management, the Bank of China is ruling out managerial deficiencies that might cause similar problems.