

Statement of the People's Bank of China

The joint actions taken by the People's Bank of China and the Office of the Comptroller of the Currency (OCC) against Bank of China and its New York branch for misconduct by the prior management reflect the close cooperation of the host and home regulators and the seriousness of banking supervision. Such supervisory actions will also send a precautionary signal to other financial institutions and will be conducive to more effective banking supervision and healthier development of the banking industry.

It is encouraging to note the effective remedial measures taken by the Bank of China, including the removal of officers suspected of misconduct and implementation of a number of policies and procedures to strengthen its internal controls. We believe that the reorganization will enable the U.S. branches of Bank of China to operate safely and soundly in accordance with the federal law of the United States.

At present, the Chinese financial system is developing on a sound track with robust macroeconomic performance. China's WTO membership will result in the deepening of reform and greater openness of the banking sector. The People's Bank of China remains committed to further strengthening of supervision so as to facilitate the healthy development of the Chinese banking industry.