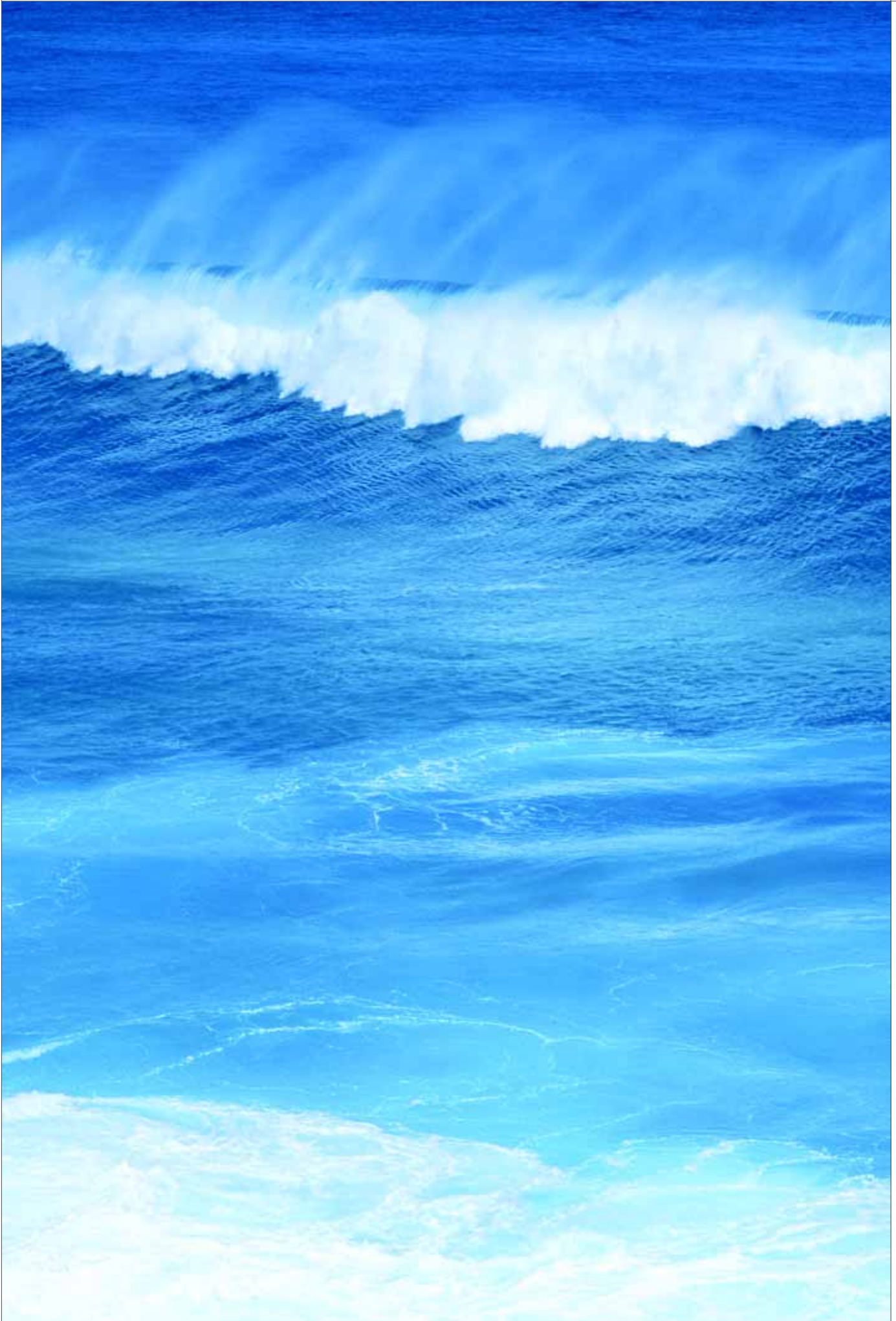


国家开发银行
China Development Bank

CHINA
DEVELOPMENT
BANK Annual Report 2006

国家开发银行
二〇〇六年年度报告

国家开发银行二〇〇六年年度报告
China Development Bank Annual Report 2006



国家开发银行的使命 MISSION OF THE BANK

国家开发银行成立于1994年，直属国务院领导，以“增强国力，改善民生”为使命。

国家开发银行贯彻国家宏观经济政策，筹集和引导社会资金，缓解经济社会发展的瓶颈制约，致力于以融资推动市场建设和规划先行，支持国家基础设施、基础产业、支柱产业和高新技术等领域的发展和国家重点项目建设；向城镇化、中小企业、“三农”、教育、医疗卫生和环境保护等社会发展瓶颈领域提供资金支持，促进科学发展和和谐社会的建设；配合国家“走出去”战略，积极拓展国际合作业务。

国家开发银行坚持以市场化方式实现国家的发展战略和政策，努力保持和发展国际先进的市场业绩，提升核心竞争力，实现“增强国力，改善民生”的使命。

China Development Bank (the “Bank” or “CDB”) was established in 1994 under the direct leadership of the State Council. It is dedicated to the mission of strengthening the competitiveness of our country and improving the living standards of our people.

CDB has always been a strong supporter of the State’s macroeconomic policies and has assumed an active role in raising and channelling funds to alleviate the bottleneck restraints to the development of the economy and society. The Bank is dedicated to promoting the development of the market through well-planned and balanced financing efforts that support development of the State’s key projects and construction in the infrastructure sector, basic industries, pillar industries and high-technology industry. In support of the State’s policies to implement disciplined development and build a harmonious society, the Bank’s funding efforts also go to constrained sectors, including urbanization, SMEs, agriculture, rural communities and farmers, education, medical and health care and environmental protection. In answer to the call of the State to encourage domestic enterprises to “Go Global”, the Bank engages in a wide range of international cooperative activities.

In support of the State’s development strategies and policies, the Bank has endeavoured to adhere to a commercially viable approach, a strategy validated by the Bank’s maintaining and continuously improving its outstanding internationally-benchmarked market performance and core competitiveness indicators.

目录

财务概要	06
业务数据	08
行长致辞	10
高级管理人员	18
监事会	20
国际顾问委员会	20
战略发展重点	22
业务发展	45
风险管理	49
其他业务支持	56
财务分析	58
独立审计师报告	68
会计报表	69
组织结构	150

TABLE OF CONTENTS

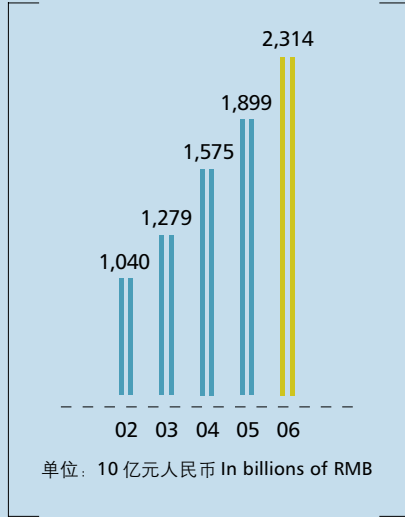
FINANCIAL HIGHLIGHTS	06
OPERATIONAL HIGHLIGHTS	08
GOVERNOR'S MESSAGE	10
SENIOR EXECUTIVES	18
BOARD OF SUPERVISORS	20
INTERNATIONAL ADVISORY COUNCIL	20
STRATEGIC FOCUS	22
REPORT ON OPERATIONS	45
RISK MANAGEMENT	49
OTHER SUPPORT OPERATIONS	56
FINANCIAL REVIEW	58
INDEPENDENT AUDITOR'S REPORT	68
FINANCIAL STATEMENTS	69
ORGANIZATION STRUCTURE	150

财务概要 FINANCIAL HIGHLIGHTS

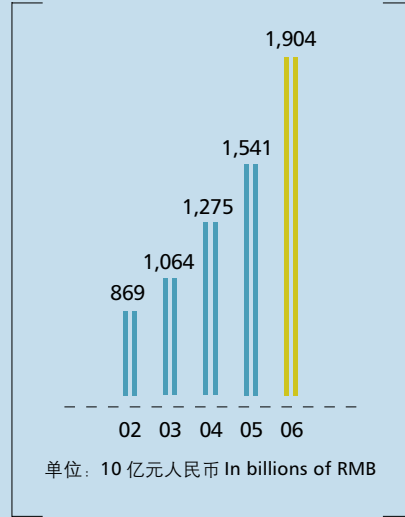
	单位：10 亿元人民币或百分比				
	2006	2005	2004	2003	2002
总资产	2,314	1,899	1,575	1,279	1,040
贷款余额	2,018	1,732	1,410	1,140	896
不良资产比率	0.75%	0.96%	1.31%	1.88%	2.54%
贷款减值准备比率	1.36%	1.41%	1.68%	1.87%	2.42%
贷款减值准备 / 不良贷款比率	190.6%	177.1%	142.2%	140.3%	136.5%
总负债	2,156	1,768	1,468	1,190	965
发行债券余额	1,904	1,541	1,275	1,064	869
所有者权益	158	131	107	89	75
资本充足率	8.05%	9.15%	10.50%	10.26%	11.58%
净利润	28	23	17	13	12
净利息收入	53	40	31	24	20
平均资产收益率	1.3%	1.3%	1.2%	1.1%	1.2%
平均所有者权益收益率	19.2%	19.2%	17.7%	16.0%	17.4%

	In billions of RMB or percentage				
	2006	2005	2004	2003	2002
Total assets	2,314	1,899	1,575	1,279	1,040
Loans outstanding	2,018	1,732	1,410	1,140	896
Non-performing assets ratio	0.75%	0.96%	1.31%	1.88%	2.54%
Reserve for credit losses ratio	1.36%	1.41%	1.68%	1.87%	2.42%
Reserve for credit losses to non-performing loans	190.6%	177.1%	142.2%	140.3%	136.5%
Total liabilities	2,156	1,768	1,468	1,190	965
Bonds outstanding	1,904	1,541	1,275	1,064	869
Total owner's equity	158	131	107	89	75
Capital adequacy ratio	8.05%	9.15%	10.50%	10.26%	11.58%
Net profit	28	23	17	13	12
Net interest income	53	40	31	24	20
Return on average assets	1.3%	1.3%	1.2%	1.1%	1.2%
Return on average owner's equity	19.2%	19.2%	17.7%	16.0%	17.4%

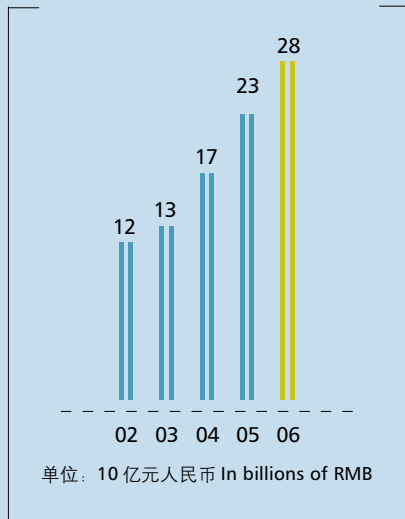
总资产
TOTAL ASSETS



发行债券余额
BONDS OUTSTANDING



净利润
NET PROFIT



不良资产比率
NON-PERFORMING ASSETS RATIO



业务数据 OPERATIONAL HIGHLIGHTS

	单位：10 亿元人民币				
	2006	2005	2004	2003	2002
贷款发放总额	576	547	440	380	236
当年发行债券金额	630	365	360	420	250
- 短期（一年期以内，不含 1 年）	160	45	40	90	50
- 中长期（一年期至五年期，含 5 年）	205	110	205	120	35
- 长期（五年期至十年期，含 10 年）	161	95	90	200	145
- 超长期（十年以上）	104	115	25	10	20

	In billions of RMB				
	2006	2005	2004	2003	2002
Loan disbursements	576	547	440	380	236
Amount of bonds issued	630	365	360	420	250
- Short-term bonds (less than 1 year)	160	45	40	90	50
- Mid to long-term bonds (1 to 5 years, inclusive)	205	110	205	120	35
- Long-term bonds (5 to 10 years, inclusive)	161	95	90	200	145
- Super long-term bonds (over 10 years)	104	115	25	10	20

各行业贷款发放	单位：10 亿元人民币或百分比					
	2006		2005		2004	
	金额	百分比	金额	百分比	金额	百分比
电力	98.3	17.08%	105.9	19.37%	74.2	16.88%
公路	107.5	18.68%	106.6	19.50%	101.5	23.10%
铁路	15.5	2.69%	7.1	1.29%	5.4	1.22%
石油石化	9.5	1.65%	12.6	2.30%	8.5	1.93%
煤炭	7.0	1.22%	6.5	1.19%	5.8	1.31%
邮电通讯	18.9	3.28%	14.5	2.65%	18.2	4.15%
农林水利	11.7	2.03%	11.6	2.13%	9.5	2.15%
公共基础设施	200.8	34.89%	188.4	34.47%	165.2	37.58%
其他	106.4	18.48%	93.5	17.10%	51.4	11.68%
合计	575.6	100.00%	546.7	100.00%	439.7	100.00%

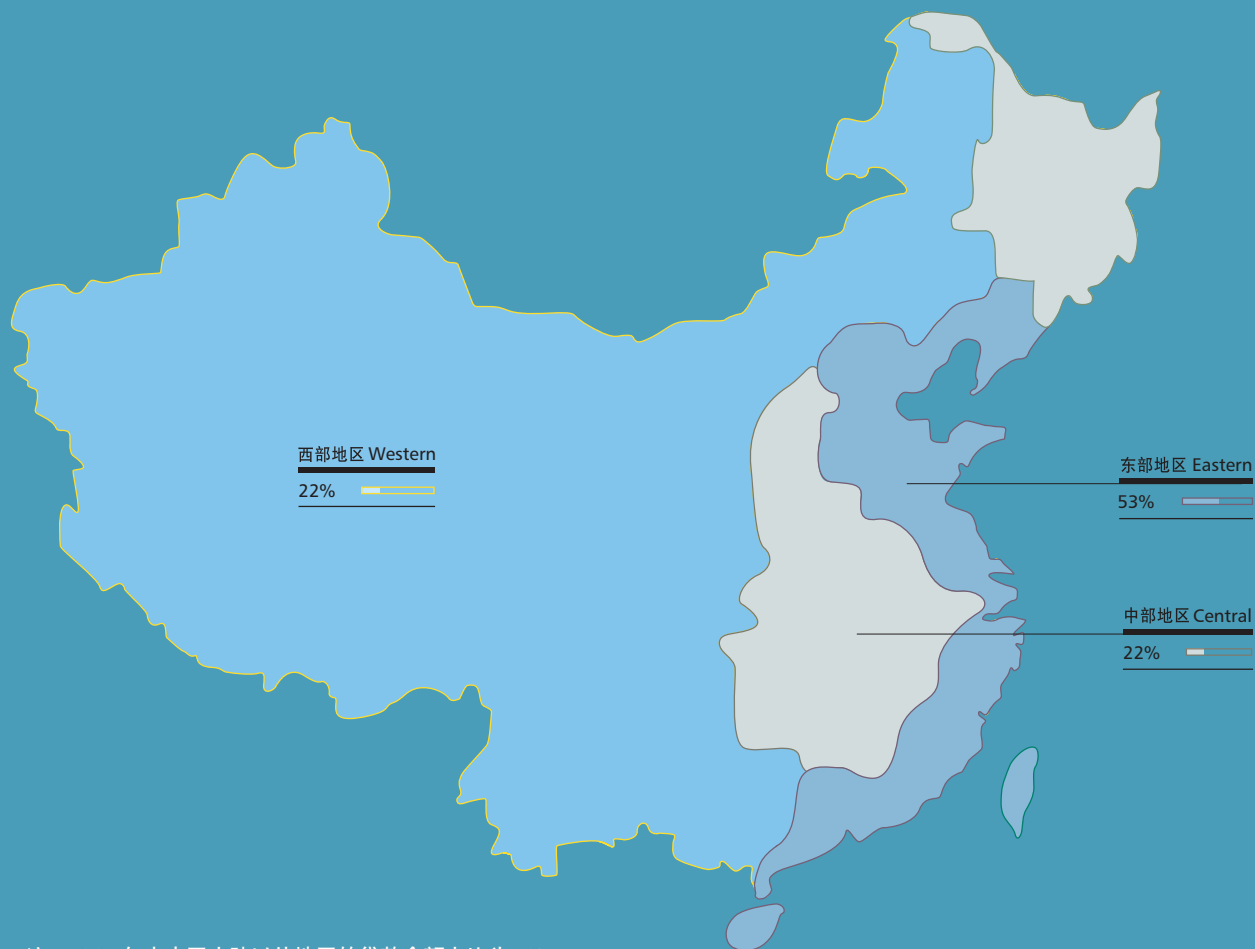
TOTAL LOAN DISBURSEMENTS BY SECTOR

In billions of RMB or percentage

	2006		2005		2004	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Power	98.3	17.08%	105.9	19.37%	74.2	16.88%
Road construction	107.5	18.68%	106.6	19.50%	101.5	23.10%
Railway	15.5	2.69%	7.1	1.29%	5.4	1.22%
Petro-chemical	9.5	1.65%	12.6	2.30%	8.5	1.93%
Coal mining	7.0	1.22%	6.5	1.19%	5.8	1.31%
Telecommunications	18.9	3.28%	14.5	2.65%	18.2	4.15%
Agricultural & related industry	11.7	2.03%	11.6	2.13%	9.5	2.15%
Public facilities	200.8	34.89%	188.4	34.47%	165.2	37.58%
Others	106.4	18.48%	93.5	17.10%	51.4	11.68%
Total	575.6	100.00%	546.7	100.00%	439.7	100.00%

贷款余额地区结构分布图

DISTRIBUTION OF OUTSTANDING LOANS BY GEOGRAPHICAL REGIONS



注：2006年末中国大陆以外地区的贷款余额占比为3%。

Note: At the end of 2006, loans outside mainland China accounted for 3% of the total portfolio.



2006年，是我国实现“十一五”时期良好开局的一年。

2006年12月完成入世过渡期并开始全面对外开放的中国金融业，步入了一个重要的转折期和发展期。刚刚闭幕的全国金融工作会议为中国新时期金融改革发展规划了新的蓝图，其中一个重要议题就是推进政策性银行改革。国家开发银行将作为政策性银行改革的先行者，按照建立现代金融企业制度的要求，全面推行商业化运作，并将继续主要从事中长期业务。

改革是开行发展面临的重大机遇，新的机遇也意味着新的挑战。我们将坚持用开发性金融的方法、原理和核心竞争力，来建设有中国特色的、符合现代金融企业制度要求的、具有国际一流市场业绩的金融机构，更好地以市场化方式和商业化运作支持国家经济社会发展。

开行成立以来，认真贯彻国家宏观经济政策，积极支持国家重点建设，缓解经济社会发展的瓶颈制约，积累了中长期业务开发评审、风险管理的能力和优势，实现了优良的经营业绩。截至2006年底，资产总额达到23,143亿元人民币；不良贷款率0.72%，连续18个季度稳定在2%以内。这些年的成功实践和对商业规则的遵循，一方面有力地支持了经济社会发展，另一方面也为开行新时期的改革发展奠定了基础。

2006年，开行在以下方面取得重大进展：

重点支持瓶颈领域和薄弱环节的发展

继续对国家和地方重大项目建设提供支持，全年共向煤电油运以及农林水、通讯、公共基础设施等领域发放表内贷款5,534亿元，占全部贷款的78.6%；支持西部大开发和中部崛起，促进区域经济协调发展，向西部和东北地区发放表内贷款2,125亿元，占全部贷款发放的30.2%；加大对社会发展瓶颈领域的融资支持，例如向中小企业、微型企业和个体工商户提供支持，为受困学生继续学业提供助学贷款，积极推动低收入住房建设，支持农民工培训基地建设等。

我们这样做，一方面确保我行批准的对国家和地方重点项目的贷款能够根据我行的经营规则获得持续的资金，从而支持经济平稳发展，这也是我们基本的经验和做法；另一方面积极调整经营战略，面向国家最亟需发展的领域开展工作，促进科学发展、持续发展。

扎实推进社会主义新农村建设

我们主动弥补市场空白和缺损，迈向商业银行改制退出的基层领域，使金融重新回到这些领域，着力推进县域经济的机制机构覆盖，服务新农村建设，通过市场建设提高风险防范能力。我们以支持县域经济发展为切入点，加大对农村基础设施、农业资源开发、农村社会事业及县域产业的融资支持力度，对县域的辐射能力和影响作用明显增强，全年发放新农村建设及县域贷款640亿元。总分行共派出448人深入各县，推动县域融资平台的建设，培育信用市场，通过增加可供利用资金的方式在促进地方经济发展的同时降低了信用风险。

过去几年，我们筹集和引导社会资金，支持了城市基础设施建设，推动了经济社会的发展。中国的城市化进程很快，每年都有大量人口由农村进入城市，我们在城市基础设施建设中的成功实践和模式，为融资支持城市化进程提供了一个模板。未来一到两年，我们有能力把这种方法向“三农”、中小企业、教育、医疗等社会发展瓶颈领域延伸，使金融机构的发展与社会发展及农村融资需求更加合拍。这将是未来业务发展的“蓝海”。

积极开展国际合作业务

我们有责任为实现“地球村”的美好愿景而努力。在合作中，开行充分尊重合作方的政治、经济、社会与文化，以长期互利互惠原则为基础，从商业的角度出发，与非洲、亚洲和南美洲一些国家建立了合作关系。开行支持国内企业实施“走出去”的战略，为多个国际大型项目提供有力支持，其中包括中化集团并购俄罗斯乌德穆尔特石油（UDM）项目、哈萨克斯坦电网项目等。我们鼓励这些企业重视环境保护和遵守当地社会与商业市场规则。虽然开行国际合作业务尚处于起步阶段，但我们向世界传递了正确的信息。

截至2006年底，全行外汇贷款余额达286.85亿美元，同比增长77.23%，外汇不良资产率连续18个季度保持为零。

努力推动产业发展和科技自主创新

促进产业发展和自主创新是提升国家竞争力的根本途径。纵观世界经济发展历程，从18世纪英国工业革命创造的巨大生产力，到20世纪美国信息技术和生物技术发展带动的社会进步，每个大国的兴衰都与产业发展和技术创新息息相关。支持我国产业发展和科技自主创新是开行的重要职责。2006年，我们初步完成了开行“十一五”业务发展战略研究及区域、产业、社会、市场发展的规划编制，引导和激励更多的社会资源，加大对产业发展的投入，促进产业关键技术创新。

加强金融合作和金融创新

开行与国内多家金融机构签署了全面合作协议，合作领域包括资产管理、资金结算、银联卡等，以期充分发挥合作各方优势，实现共赢；积极促进中小金融机构重组，提高其经营效率和稳定性；通过银团贷款、资本市场、产品创新等措施拓宽融资渠道，缓解融资压力，引导资金投向，并取得了一定成绩。

2006年4月，开行成功发行了资产支持证券，推进了国内金融市场的发展；成功完成了我国首笔银行间人民币利率掉期交易，成为银行间市场上活跃的做市商，是国内唯一能为外汇互换和远期交易提供10年双边报价的金融机构；在回购市场，开行制定的1天和7天回购定盘利率已成为国内金融市场的基准利率。

强化全面风险管理

我们积极推动信用标准化和社会信用体系的建设，强化了市场风险和操作风险管理，推进新巴塞尔资本协议的实施，建立了经济资本考核体系。我们完善了贷款回收工作的动态监控机制，强化稽核检查，引进了社会监督机制，建立了审计举报制度。

多年来，我们优秀的员工队伍克服了一个又一个困难，在推动国家经济社会发展方面做出了卓越贡献。在此，我由衷地感谢各位员工的努力和奉献。


在新的一年里，国内银行机构将面临着新的挑战。随着经济全球化的深入以及中国金融市场的开放，国内银行将同进入中国市场的外资银行展开全面竞争。这种竞争将直接体现在吸引高端优质客户、争夺人才和提供高附加价值的产品等方面。

开行将运用市场化和商业化方式，在国家宏观经济政策框架内应对发展中的挑战，努力提升经营管理、风险防范和市场创新能力，继续支持基础设施、基础产业、支柱产业领域的重点项目建设，推动县域经济发展，促进产业结构调整，拓展国际合作业务，加强金融合作，服务于经济社会的科学发展。同时，我们将继续强化产品创新、市场开发、内部管理，有效调配人力资源以符合业务发展需要，以国际一流业绩为目标不断提升自身竞争力。

我们将继续推动金融社会化和社会金融化的良性互动，整合社会各方力量用于金融发展，促进建设人人享有平等融资权的融资体系；同时使金融的发展更多地回馈社会，实现社会公平，促进和谐发展。

作为联合国“全球契约”成员，开行将积极支持联合国所倡导的“全球契约”，全方位履行社会责任，致力于通过负责的、富有创造性的企业表率，在可持续发展和社会责任方面作出应有的贡献。2006年，开行荣获人民网评选的“人民社会责任奖”，是获此奖项的唯一金融机构。

展望未来，我们充满信心。开行人将铭记“增强国力、改善民生”的使命，凭借集体的智慧、热情和执著的奋斗精神，加快推进改革，促进业务发展，为中国经济社会发展作出新的更大的贡献。



国家开发银行 行长

2006 witnessed a good beginning of the implementation of our nation's Eleventh Five-year Plan.

China completed its World Trade Organization transition period in December 2006 and has begun an era of opening its financial markets to foreign competition. In the recently concluded National Finance Conference, on the further development and reform of the financial sector, one of the key agenda items was the reform of policy banks. Our Bank will be a pacesetter in the reform and will continue to operate in accordance with modern commercial disciplines while maintaining our roots in medium and long-term development-focused objectives.

Reform will bring significant opportunities to China Development Bank, and with them new challenges. We will continue to focus on new product development and on our core competencies to assure the development of our Bank into an international first-class financial institution. We will operate in line with modern financial market disciplines, so that our Bank can better support our country's economic and social development in a commercial manner.

Since our Bank's inception, we have been committed to implementing the State's macroeconomic policies, supporting key development projects and providing financial relief to social challenges. We have acquired strengths in the development and appraisal of medium and long-term lending. We also enhanced our risk management process and achieved excellent operational results. At the end of 2006, our total assets have grown to RMB 2,314.3 billion. Our non-performing loan ratio stood at 0.72%, having been held below 2% for the past 18 consecutive quarters. These years of successful operation, along with disciplined development, have supported the country's social and economic development and have provided a solid foundation to support further reform and development in the coming years.

In 2006, we have made significant progress in the following areas:

Focusing on providing stronger support to infrastructure and social development bottlenecks

We have continued our support of key infrastructure projects at the country and county level. In 2006, we granted RMB 553.4 billion to key infrastructure sectors such as coal, power, oil, transport, agriculture, forestry, water, telecommunication and public facilities, which accounted for 78.6% of the total lending. We have supported development in the central, north-east and western regions to assist in the balancing of economic development across the country. Our loans to these regions amounted to RMB 212.5 billion, representing 30.2% of the total loans for the year. In addition, we have provided stronger financial support to address social development bottlenecks in sectors such as small and medium enterprises, micro enterprises, entrepreneurs, student loans, low-income housing development and training institutions for farmers and workers.

As part of our operational discipline we have ensured that approved key projects receive uninterrupted funding in accordance with our lending practices to avoid major disturbance to the economy. Also, we proactively adjusted our management strategy to ensure sustainable funding for sectors in pressing need of development.

Solidly contributing to the implementation of sustainable rural development

In fulfilling its market development strategy, the Bank is quick to identify market gaps and fill the void. Where commercial banks have withdrawn their presence following restructuring, the Bank has stepped in with carefully

structured funding support. By adhering to market principles and ensuring that risks are properly mitigated, the Bank has made intensive efforts to help rural communities establish an adequate structural basis for future development. This has directly contributed to the State's initiative for building sustainable rural development. To realize this grand vision, the Bank will enhance its focus on helping development at the county level through rural infrastructure construction, rural resources development and social and industrial development in rural regions. In the past year, RMB 64 billion of loans were made to support rural revitalization and county-level projects. The Bank has delegated 448 representatives to provide onsite support to targeted counties to help them build county-level financing platforms and foster credit markets. This should lead to a reduction in credit risks while at the same time promoting local economic development through an increase in available funding.

In the past a few years, the Bank has channeled funds from the marketplace to support infrastructure construction in urban areas and stimulate economic and social development. The process of urbanization across China accelerates every year, as increasing numbers of migrants move from rural areas into cities. In view of this trend, the Bank's successful funding structures for urban infrastructure construction have served as a good template to support this growth. In the next one to two years, we will apply this solution to a wider range of areas experiencing funding constraints, including agriculture, rural communities, farmers, SMEs, education and the medical sector. We believe that these tools will aid in the development of financial institutions that are better aligned with the requirements for appropriate social development and rural funding needs. We feel our greatest opportunities lie in these areas with these substantial needs.

Actively promoting international cooperation

To realize the vision of a Global Village, the Bank has its own role to play. When engaging in international cooperation, the Bank has established close ties with African, Asian and South American countries. This requires us to give full consideration and respect to the political, economical, social and cultural attributes of our international counterparts. This has been achieved by following the principle of mutual benefit and commercial viability. Domestically, the Bank lends a strong helping hand to domestic enterprises to enable them to expand globally. Significant loans have been made to support large international projects, including Sinochem's acquisition of Udmurtneft in Russia and the Kazakhstan Power Grid project. We encourage these domestic enterprises to fulfill their corporate obligations for environmental protection and conform to local social and commercial rules. The Bank has made its first few important steps in its international cooperation, and we have been vigorous in ensuring that the right strategies and message have been communicated.

By the end of 2006, the balance of foreign currency loans amounted to USD 28.685 billion, up by 77.23% from the previous year. The quality of these foreign currency assets has remained excellent for 18 consecutive quarters.

Striving for industrial development and technological innovation

Continued advancement and self-initiated innovation are the very steps through which a country can enhance its competitiveness. A review of historical economic development across the world shows us that changes arising from the British Industrial Revolution in the 18th century that created such tremendous productivity to the development of IT and biological technology in the US in the 20th century have triggered unprecedented social progress.

The rise and fall of every major nation has been closely connected with industrial development and technological innovation. Supporting China's industrial development and scientific and technological innovation are imperatives for CDB. In 2006, we completed the initial business development strategy of the Bank for the Eleventh Five-year period and tailored our plans for regional, industrial, social and market developments. Our goal remains the same, which is to channel and mobilize more resources to increase support for industrial development and the promotion of innovation of critical technologies.

Strengthening cooperative ties with other financial institutions and enhancing their product innovation

The Bank has entered into comprehensive cooperation agreements with a number of domestic financial institutions to deepen cooperation in a wide range of areas, including asset management, settlement and the UnionPay business. This cooperation aims to leverage the unique advantages of each of these financial institutions to achieve synergistic benefits. The Bank also works closely with small and medium-sized financial institutions to help them carry out their restructuring efforts so as to improve their operating efficiency and stability. The Bank has been pleased to see the fruition of its efforts in expanding funding channels. The corresponding easing of funding constraints and channeling of available capital investment have led to a growth in lending, capital market initiatives and product innovation.

Continually improving bank-wide risk management

To improve risk management, the Bank has enhanced its market risk and operational risk management, advanced the implementation of the New Basel Capital Accord and put in place an economic capital assessment system. Internally, it has pursued a drive for credit process standardization while externally it has assisted in the building of a credit culture and associated processes. The Bank has further refined its dynamic monitoring of loan collection with intensified audit examinations. It has also introduced an element of social oversight over its lending by establishing a hotline to receive reports on irregularities and misconduct.

Over the years, our strong team of excellent employees have conquered one challenge after another and made their mark in helping the Bank and the State to grow. I sincerely thank every one of you for your diligence and dedication.

In the new year, many new challenges loom for Chinese banks. Chinese banks shall wrestle with foreign banks for domestic market share as economic globalization continues following the opening-up of financial markets in China. The competition shall predominantly manifest itself in the fight for high-end quality clients, talented resources and the provision of high-value-added products.

By following market and commercial disciplines in our operation, the Bank shall strive to ensure its operations comply with market and commercial principles, and address the country's development challenges on a commercially viable basis within the State's macro economic policy framework. We will continue to improve our business management, risk mitigation and market innovation while increasing our international cooperation and financial cooperation so that the Bank can fulfill its duties to support the State's key construction projects. These projects will continue to be focused on the infrastructure sector, basic industries and pillar industries, the promotion of

county-level economic development, to facilitate industrial restructuring and ultimately serve the purpose of a balanced and efficient development of the economy and society. The Bank shall never compromise its pursuit of its goal to attain international first-class performance, with a focus on product innovation, market expansion, internal management and adequate allocation of human resources to meet its business development needs.

We also shall further our robust interaction between participation in development-oriented financial markets and the popularization of finance across all strata of the society. We will call on all sectors of society to support the advancement of the development of the financial system so that everyone can enjoy the same rights and expectations in meeting their funding needs. Meanwhile, we shall ensure that the development of the financial sector can make a better contribution to building a fair and harmonious society.

As a member of the UN's Global Compact initiative, CDB acts in earnest support of the Global Compact championed by the United Nations. By striving to live up to its social responsibilities, the Bank is committed to becoming a responsible and innovative champion of the cause and making its due contributions to the sustainable development of the society. In 2006, CDB, as the only financial institution, has been awarded "the best institution for social responsibility".

Going forward, we have full confidence in ourselves, knowing what we have achieved and what can be achieved. By imprinting our mission to strengthen the competitiveness of our country and improve the living standard of our people in the mind of each of our team members, we at CDB shall, by our collective wisdom, by our passion and by the unwavering perseverance, help accelerate the country's reform, promote business development at the Bank and prove once again our value in furthering China's economic and social development.



CHEN YUAN
GOVERNOR
CHINA DEVELOPMENT BANK

高级管理人员 SENIOR EXECUTIVES



行长 陈元
GOVERNOR CHEN YUAN



副行长 姚中民
VICE GOVERNOR
YAO ZHONGMIN



副行长 王益
VICE GOVERNOR
WANG YI



副行长 刘克焘
VICE GOVERNOR
LIU KEGU



副行长 高坚
VICE GOVERNOR
GAO JIAN



纪委书记 李昌富
CHIEF COMPLIANCE OFFICER
LI CHANGFU



行长助理 赵建平
ASSISTANT GOVERNOR
ZHAO JIANPING



行长助理 徐宜仁
ASSISTANT GOVERNOR
XU YIREN

监事会 BOARD OF SUPERVISORS



监事会主席 朱元樑
CHAIRMAN OF BOARD OF
SUPERVISORS
ZHU YUANLIANG

国家开发银行监事会由国务院根据《国有重点金融机构监事会暂行条例》委任派出，对国务院负责，并依据该《条例》对国家开发银行的财务状况和经营管理情况实施监督。监事会设主席一名，专职监事和工作人员若干名，同时聘请财政部、中国银行业监督管理委员会、国家开发银行和一家指定会计师事务所的各一名代表担任兼职监事。

Representing the interests of the PRC government, the Board of Supervisors (the "Board") of CDB is appointed by the State Council in accordance with the "Provisional Regulation on Governance by Supervisory Board at Key State-owned Financial Institutions". The Board is responsible to the State Council for supervising and monitoring the management, operations and financial performance of the Bank. The Board consists of a chairman, several full-time supervisors and staff members. It also includes one representative each from the Ministry of Finance, China Banking Regulatory Commission (the "CBRC"), China Development Bank and a designated public accounting firm, all of whom serve on a part-time basis.

国际顾问委员会 INTERNATIONAL ADVISORY COUNCIL

为拓宽国际视野，加快向国际一流银行迈进，我行于1999年成立了国际顾问委员会。我行的国际顾问委员会由来自国际政界、商界和学术界的知名人士组成，每年秋季召开一次会议，主要是对我行的业绩表现进行评估，为我行的发展战略及经营管理提供指导。

2006年9月5日至7日，在北京举行了我行国际顾问委员会第八次会议，重点探讨以下议题：

- 国际经济形势
- 中国经济形势
- 开发性金融与国际合作

国际顾问委员会委员以及嘉宾们的真知灼见得到我行管理层的高度赞赏与认同。国际顾问委员会提供的指导已成为我行治理机制的重要组成部分。

In order to broaden its international vision and quicken its progress toward becoming a bank universally recognised as operating at first-class levels according to internationally accepted performance criteria, CDB set up its International Advisory Council in 1999. Our International Advisory Council (the "Council") consists of distinguished members from political, financial and academic circles around the world. The Council meets

in the fall of each year to review CDB's performance and provide strategic guidance to bank management.

The Council met for the eighth time in Beijing between 5th and 7th of September 2006. The Council members and invited guests focused their discussion of the following three topics:

- International economic landscape;
- The economic landscape in China; and
- Development-oriented finance and international cooperation

The invaluable insights and recommendations provided by the council members and guests have been well received by our management. To the Bank, the guidance from the Council has become an inseparable part of our corporate governance.

国家开发银行国际顾问委员会第八次会议

The Eighth International Advisory Council Meeting of China Development Bank

2006年9月5日-7日, 北京
Sep.5-Sep.7,2006 Beijing



第一排由左至右 Front row from left

千野忠男 Tadao Chino

亚洲开发银行前行长、日本大藏省前次官、野村研究所高级顾问
Former Governor of Asian Development Bank, Former Vice-Minister for International Affairs of the Ministry of Finance, Japan, and Senior Advisor of Nomura Research Institute

周小川 Zhou Xiaochuan

中国人民银行行长 Governor of the People's Bank of China

保罗·基廷 Paul Keating

澳大利亚前总理 Former Prime Minister, Australia

曾培炎 Zeng Peiyan

国务院副总理 Vice Premier of the People's Republic of China

陈元 Chen Yuan

国家开发银行行长 Governor of China Development Bank

雅克·德拉罗西埃 Jacques de Larosière

国际货币基金组织前总裁、欧洲复兴开发银行前行长、法国中央银行前行长、法国巴黎银行高级顾问
Former Managing Director of the International Monetary Fund, Former Chairman of European Bank for Reconstruction and Development, Former Governor of Bank of France and Senior Adviser of BNP Paribas

蔡鄂生 Cai Esheng

中国银行业监督管理委员会副主席 Vice Chairman of the China Banking Regulatory Commission

埃德华·乔治 Sir Edward George

英格兰银行前行长 Former Governor of Bank of England

第二排由左至右 Second row from left

赵建平 Zhao Jianping

国家开发银行行长助理 Assistant Governor of China Development Bank

黄记祖 Ng Kee Choe

新加坡电力公司主席、原星展银行高级顾问
Chairman of Singapore Power Ltd. and Former Senior Advisor of Development Bank of Singapore

雅格·弗兰克尔 Jacob A. Frenkel

美国AIG集团副董事长 Vice Chairman, American International Group

汉斯·瑞奇 Hans W. Reich

德国复兴开发银行董事长
Chairman of the Board of Managing Directors, KfW, Germany

莫里斯·格林伯格 Maurice R Greenberg

斯塔尔基金会主席兼首席执行官
Chairman of the Starr Foundation and CEO

安德德 Andrew Crockett

JP摩根国际总裁 President of JP Morgan International

高垣佑 Tasuku Takagaki

日本东京三菱银行高级顾问
Senior Advisor of the Bank of Tokyo-Mitsubishi, Japan

刘遵义 Lawrence J. Lau

香港中文大学校长 President of the Chinese University of Hong Kong

韩永文 Han Yongwen

国家发展和改革委员会秘书长
Secretary General of the National Development and Reform Commission

战略发展重点 STRATEGIC FOCUS

2006年，我行全面落实科学发展观，认真贯彻国家宏观调控政策，积极调整战略发展重点，致力于促进经济社会又好又快发展，各项工作取得显著成绩。

In 2006, by adopting the concepts of disciplined development in our operations and prioritizing our strategic development, the Bank was able to make effective contributions to the implementation of the State's macroeconomic policies and the economic and social development of the State. Achievements include:

- 支持国家基础设施、基础产业和支柱产业建设
Supporting the development of infrastructure, basic industries and pillar industries
- 促进区域协调发展和产业结构调整
Promoting coordination in regional development and industry restructuring
- 加快推进国际合作业务，交流发展经验
Increased efforts in promoting international cooperation and sharing development experiences
- 以支持县域经济发展为切入点，推动社会主义新农村建设
Driving the development of New Rural Communities by supporting economic development at county level
- 加强对中小企业及教育、医疗等社会瓶颈领域的支持，承担社会责任
Enhanced support to bottlenecked sectors, including SMEs, housing and medical programs
- 加强与各类金融机构合作，促进中小金融机构的改革与发展
Increased strategic cooperation with various financial institutions and direct assistance and facilitating the reform and development of small and medium-sized financial institutions

支持国家基础设施、基础产业和支柱产业建设 SUPPORTING THE DEVELOPMENT OF INFRASTRUCTURE, BASIC INDUSTRIES AND PILLAR INDUSTRIES

国家开发银行的主要任务是为国家基础设施、基础产业和支柱产业（“两基一支”）提供长期资金支持，引导社会资金投向，缓解经济发展瓶颈制约。电力、公路、铁路、石油石化、煤炭、邮电通讯、农林水利、公共基础设施等始终是我行的主要业务领域和贷款支持重点。

成立以来，我行积极发挥政府和市场之间的桥梁纽带作用，引导社会资金投向，支持了长江三峡、国家石油储备基地、西电东送、南水北调、西气东输、京九铁路、北京奥运、秦山核电站等一大批国家重点工程，累计向“两基一支”领域发放贷款33,704亿元。2006年，在巩固电力、煤炭、公共基础设施等领域优势地位的同时，我行在农村公路、铁路等领域也取得突破性进展，共向“两基一支”领域发放贷款6,962亿元，占全部贷款的98.8%。

One of the main objectives for the establishment of China Development Bank was to provide long-term funding support to the development of the State's infrastructure, basic industries, pillar industries and top-priority State projects, and also the channeling of social funds to alleviate bottlenecks that impose restraints on economic development. Thus the Bank's main business and loan targets have been and will be concentrated in the sectors of electric power, highway, railway, petrochemical, coal, post and communications, agriculture, forestry and water conservation and other public infrastructure.

In funding the State's top-priority projects, the Bank,



岭澳核电站二期工程
Ling'ao Nuclear Power Plant Phase II

as the principal financing bank, helps to channel funds through creation of markets and functions as the bridge between governments and the markets. By doing so, the Bank has provided strong support to a long list of key projects, including the Three Gorges Project, the State Oil Reserve Base, West-to-East Power Transmissions, South-to-North Water Diversion, West-to-East Natural Gas Transmission, Beijing-Kowloon Railway, 2008 Beijing Olympics and Qinshan Nuclear Power Plant. In the twelve years since its establishment, the Bank has made, on an cumulative basis, loans of RMB 3,370.4 billion across these sectors. During 2006, the Bank further developed and consolidated its position in electric power, coal and highway sectors. It also made breakthrough funding for the rural highway and railways sectors. During the year, loans to infrastructure construction, basic industries and pillar industries amounted to RMB 696.2 billion, representing 98.8% of total loans of the Bank.

电力及电网建设 ELECTRIC POWER AND POWER GRID CONSTRUCTION

电力是关系国计民生的基础产业之一。2000年来，我行对发电及电力输配项目的贷款始终保持在国家电力行业总投资的20%左右，为我国发电能力从2000年的31,900万千瓦提升到2006年末的62,200万千瓦作出积极贡献。

我国建设的多个世界级大型发电及电力输配项目都得到我行强有力的融资支持，如三峡电站、金沙江溪洛渡和向家坝水电站、岭澳核电站和西电东送等。2006年，发电及电力输配贷款占我行贷款发放总额的14%。“十一五”期间，我国电力行业的预计投资将达人民币2.6万亿元，我行将进一步密切与大型电力企业和行业龙头企业的合作，全力支持其在“十一五”及未来的发展。

The electric power industry is one of the basic industries that are vital to the economy of the State and livelihood of its people. Since 2000, the Bank's support to power generation and power transmission/distribution projects has remained at 20% of the total investment in China's electric power industry. Financing from the Bank has made strong contributions to raise the country's power generation capacity from 319,000,000 kilowatts (319GW) in 2000 to 622,000,000 kilowatts (622GW) in 2006. World-class power projects in China completed with the vital financing of the Bank include the Three Gorges Power Plant System, Xiluodu and Xiangjiaba Hydroelectric Power Plants on the Jinshajiang River, Ling'ao Nuclear Power Plant and the West-to-East Power Transmission project. The Bank's loans to these projects in 2006 represented 14% of total loans made in the whole year. During the Eleventh Five-year period, the total investment in China's electric power industry is expected to reach RMB 2,600 billion, and the Bank shall further



西电东送：陕西神木电厂——锦界煤矿煤电一体化项目
West-to-East Power Transmission: Shaanxi Shenmu Power Plant — Jinjie Coal and Coal-fired Power Generation Integration Project

extend its support to this sector throughout the Eleventh Five-year period and beyond.

岭澳核电站二期工程 Ling'ao Nuclear Power Plant Phase II

该工程是我国“十五”期间唯一开工建设的核电项目，也是我国企业第一次自主设计、自主制造、自主建设、自主运营的百万千瓦级压水堆核电站。项目建设规模为两台百万千瓦级核电机组，总投资32.31亿美元，我行提供人民币贷款110亿元，外汇贷款2亿美元。

Ling'ao Nuclear Power Plant Phase II, the only nuclear power project under construction during the Tenth Five-year period, is the first gigawatt nuclear power plant designed, manufactured, constructed and operated by a Chinese enterprise. Total investment for the plant, which is comprised of two 1GW nuclear turbine-generator units (1,000,000 kilowatts each), amounted to USD 3,231 million, of which the Bank has funded components of RMB 11.0 billion and USD 200 million respectively.

西电东送：陕西神木电厂——锦界煤矿煤电一体化项目 West-to-East Power Transmission: Shaanxi Shenmu Power Plant — Jinjie Coal and Coal-fired Power Generation Integration Project

该项目包括容量4×60万千瓦发电机组建设及年产1,000万吨原煤配套煤矿建设，是陕西省首个“西电东送”北通道的电源点启动项目，也是国内具有典型意义的“煤电一体化”建设项目，不仅开辟了“西电东送”新通道，也是现阶段煤炭和电力两行业整合的一种探索。我行为其提供总额人民币27.76亿元的贷款支持，目前第一台机组已开始试运行。

The project, designed to have a power generating capacity of 4 × 600,000 kilowatt and an annual output

of 10 million tons of raw coal, is not only Shaanxi's first West-to-East Power Transmission through the northern route, but also serves as a show-case project in promoting the integration of coal production and coal-fired power generation. It not only opens up a new route for West-to-East Power Transmission, but also represents the outcome of efforts to integrate the coal and power production industry. The Bank had provided RMB 2,776 million in support of the construction; the first power generation unit has begun trial operation.

公路 ROAD BUILDING

公路是我行重点支持的基础设施行业，累计贷款发放在我行贷款总额中居第二位。2000年来，我行对公路建设的资金支持达到全国公路建设总投资的18.9%。2006年末，我行对公路建设的贷款余额达人民币4,253亿元，约占全行贷款总额的五分之一。国家许多重点公路建设项目都得到我行融资支持，如“五纵七横”国道主干线、西部八条重点公路及国家高速公路网中的部分项目等。“十一五”期间，我行将继续发挥主力银行作用，加大对我国公路建设的支持。

2006年初，中央1号文件将建设农村公路确定为新农村建设的重要内容。我行通过深入调研，提出多种切实可行的贷款运作模式。截至2006年末，已完成18个省份农村公路贷款项目的评审工作，累计承诺贷款人民币614亿元，全年新发放贷款人民币111亿元，支持农村公路建设里程达98,288公里，为建设新农村作出积极努力。

Road building is another key infrastructure industry which is fully supported by the Bank. The Bank's highway financing loans since 2000 amounted to 18.9% of

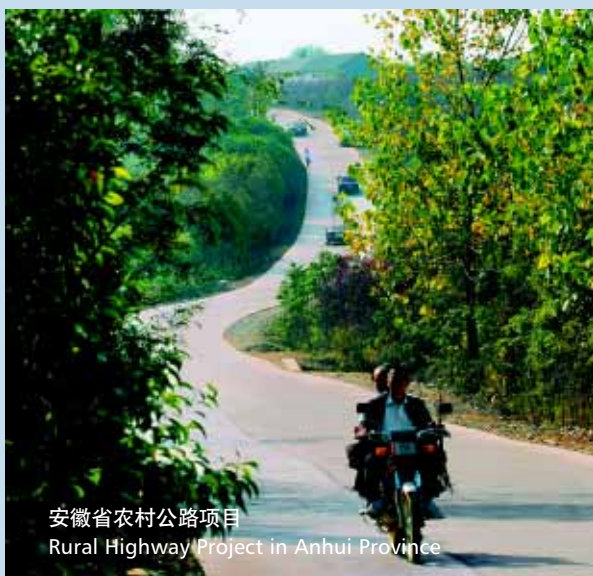
China's total investment in this sector. As of the end of 2006, the Bank's outstanding loans to this sector were RMB 425.3 billion, accounting for one fifth of the lending portfolio of the Bank. The Bank has provided loan financing to many of the State's key road building projects, including the backbone State highway network, the eight main highways in Western China, and several of the national freeway network projects. During the State's Eleventh Five-year Plan period, as the leading bank in this sector, CDB will continue to provide strong support.

Rural highway construction appeared as a top priority of the State's initiative to build New Rural Communities in the Number One document of the Party Central Committee. On the strength of extensive research and studies, the Bank designed a number of feasible lending structures. By the end of 2006, the Bank had completed loan reviews for rural highway construction projects in 18 provinces. Total loan commitments at year end had accumulated to RMB 61.4 billion, and loans made during the year amounted to RMB 11.1 billion. Rural roads and highways constructed with the funding of CDB now amount to 98,288 kilometers, reflecting the Bank's dedication in its support for the building of New Rural Communities.

安徽省农村公路项目

Rural Highway Project in Anhui Province

安徽省农村公路是全国农村公路建设项目的银行大额融资



安徽省农村公路项目
Rural Highway Project in Anhui Province

“第一单”。在支持安徽省通乡公路8,000公里及通村公路6.2万公里的农村公路建设工程中,我行作为唯一贷款行提供总额人民币40亿元的贷款。预计“十一五”末,安徽省将基本实现全省建制村通水泥路或沥青路的目标。

The rural highway project in Anhui Province is the first such project across the State to be funded with large scale loans by a bank. CDB provided loans of RMB 4.0 billion in support of the construction of 8,000 kilometers of road to connect townships and 62,000 kilometers of road to connect villages. It is expected that by the end of the Eleventh Five-year Plan period, cement roads or asphalt roads will provide modern vehicular access to every village in the province.

铁路 RAILWAY

铁路是国家重要的基础设施、国民经济大动脉和大众化交通工具,在我国经济社会发展中具有不可替代的重要作用。2006年,我行与铁道部确立了战略合作伙伴关系,将在“十一五”期间向铁道部提供总额人民币2,500亿元贷款,用于满足中长期铁路网建设的融资需要。截至2006年末,我行对铁路建设的贷款余额达人民币725亿元。

China's rail system is one of the vital infrastructures of the State, a lifeline of the national economy and a major mean of mass transportation. It plays an irreplaceable role in China's economic and social development. In 2006, the Bank and the Ministry of Railways entered into a strategic partnership. During the Eleventh Five-year Plan period, the Bank will provide policy loans in the amount of RMB 250.0 billion to the Ministry of Railways. As of the end of 2006, the Bank's outstanding loans to railway construction were RMB 72.5 billion.

郑州至西安铁路客运专线 Railway Line for Passenger Trains between Zhengzhou and Xi'an

郑西铁路客运专线全长458公里,设计客车运行速度每小时200公里以上,是我国铁路网中长期发展规划“四纵四横”快速客运系统徐州至兰州客运专线重要组成部分。项目的建设对促进沿线经济发展,减少环境污染,推动我国铁路技术装备水平的进步具有重大意义。我行对其承诺贷款人民币138亿元以上。

The Zhengzhou-Xi'an passenger train railway line, which runs 458 kilometers with a designed speed of



2006年投入使用的镇海石油储备基地
The State Oil Reserve Base Launched in 2006, Zhenhai

over 200 kilometers per hour, is a critical component of the Xuzhou-Lanzhou railway network for passenger transport. It is part of the State's mid- and long-term plan for the country's high-speed passenger transport system. This system is represented by a network of four north-south lines and four east-west lines running across a vast area. The construction of the project will drive economic development along the rail lines, reduce environmental pollution and promote the technological improvement of the domestic rail system. For this project, the Bank has committed loans of over RMB 13.8 billion.

石油石化 PETROCHEMICAL

我行一贯支持石油石化业发展，不断扩大与中石油、中石

化、中海油等大型国有企业的战略合作，为石油天然气勘探开发项目、重点管线项目、大型石油炼化项目和沿海液化天然气（LNG）项目等提供融资支持。2006年我行对该行业共发放中长期贷款人民币93.77亿元，发放外汇贷款折合人民币688.56亿元。

The Bank continues to support the development of the petroleum and petrochemical industry and expand its strategic cooperation with large State-owned enterprises, including China National Petroleum Corporation (CNPC), China Petroleum & Chemical Corporation (Sinopec) and China National Offshore Oil Corporation (CNOOC). The Bank's funding support has extended to oil and natural gas exploration and development projects, key pipeline projects, large oil refinery projects and coastal LNG projects. During 2006, the Bank made medium and long-term RMB loans of 9,377 million and foreign currency loans valued at RMB 68,856 million to this industry.



郑州至西安铁路客运专线 Railway Line for Passenger Trains between Zhengzhou and Xi'an

广东液化天然气（LNG）运输项目 Guangdong Liquefied Natural Gas (LNG) Transportation Project

广东LNG运输项目是我国第一个LNG运输项目，主要是建造和运营三艘14.5万立方米的隔膜式LNG运输船，项目总投资62,380万美元，其中银行贷款46,785万美元，由我行独家承贷。该项目对保障国家能源供应安全、提高我国海运实力具有深远意义。

The LNG transportation project in Guangdong is the first such project in China. The key objective of the project is to build and operate three 145,000 cubic meters membrane system LNG carriers. Total investment will amount to USD 623.80 million, 75% of which (USD 467.85 million), shall come from bank loans to be funded by CDB. This project has profound significance in ensuring the security of the State's energy supply and improving the marine transportation capability of China.



煤炭 COAL MINING

煤炭是我国的主体能源,煤炭行业是关系国民经济命脉和能源安全的重要基础产业。十年来,我行共向煤炭项目提供贷款人民币 1,075 亿元,约占同期煤炭行业总投资的 30%,为我国煤炭行业的持续健康发展发挥了重要作用。2003 年以来,我行根据煤炭工业发展形势和国家产业政策导向,积极支持了国家大型煤炭基地煤电项目、煤矿安全改造及煤层气开发利用项目、煤炭资源整合和新型煤化工产业示范项目建设等,累计承诺贷款约人民币 1,560 亿元。“十一五”期间,国家大型煤炭基地建设预计投资约人民币 4,000 亿元,我行将继续发挥主力银行作用,大力推动煤炭行业健康发展。

Coal is the primary energy source in China and the coal industry is vital to the State's economy and energy security. During the past ten years, the Bank has contributed greatly to development of China's coal industry, making total loans of RMB 107.5 billion to coal projects. This figure represents 30% of the total investments in the nation's coal industry for that same period. Since 2003, in light of development trends and State policies on the coal industry, the Bank has even

more vigorously supported the coal industry growth and modernisation, with cumulative loan commitments of RMB 156.0 billion. The Bank has focused on large enterprises, large production bases and large projects. These include the State's coal-fired power generation projects, coal mine safety improvement, coal-bed methane development and utilization projects, and demonstration projects for coal resources integration and the new coal chemical industry. During the Eleventh Five-year period, total investment for the construction of the State's large coal production bases is expected to reach RMB 400 billion. CDB, as the leading bank in this sector, will continue to contribute to the development of the industry.

神华宁煤集团煤、电、化项目 Shenhua Ningmei Group Coal, Electricity and Chemical Project

神华宁煤集团是国家 13 个大型煤炭基地中宁东基地的骨干建设企业。2006 年我行向其煤基烯烃示范项目承诺贷款人民币 95 亿元,累计向该企业承诺贷款达人民币 381 亿元,极大推进了宁夏“一号工程”——宁东能源化工基地的发展建设和宁煤集团煤、电、现代煤化工产业的快速发展。

Shenhua Ningmei Group is a backbone enterprise of the East Ningxia Base, one of the 13 large coal bases of the nation. In 2006, the Bank made loan commitments of RMB 9.5 billion to the Group in support of its coal-based olefin chemical project; total loan commitments to the enterprise amount to RMB 38.1 billion. This has given a tremendous boost to the “Number One Project” of Ningxia – the development and construction of East Ningxia Energy and Heavy Chemical Base, and promoted the accelerated development of the Ningmei Group in coal mining, power generation and modern coal chemical industry.

山西晋城煤业集团煤、电、化及煤层气抽采利用项目 Comprehensive Development of Shanxi Jincheng Anthracite Mining Group

晋城矿区是国家规划的 13 个大型煤炭基地中晋东煤炭基地的重要组成部分,是我国重要的优质无烟煤生产基地。山西晋城煤业集团位列煤炭工业 100 强第 7 位,2006 年,我行为其累计承诺贷款人民币 145 亿元,大力支持其优化产业结构,实现煤、气、电、化综合发展,构建矿区循环经济体系。

The Jincheng mining area is a key component of the Eastern Shanxi Coal Base, another of China's 13 large coal bases and a primary source of anthracite coal production. Shanxi Jincheng Anthracite Mining Group ranks 7th in the top 100 mining enterprises in China. In 2006, the Bank made loan commitments of RMB 14.5 billion to the Group on an cumulative basis to enable it to achieve comprehensive development across coal mining, natural gas production, power generation and coal chemical production and to build a system in the mining area to sustain a recycling economy.

邮电通讯 POST AND TELECOMMUNICATIONS

邮电通讯业是带动国民经济增长、推动产业结构升级的支柱产业和增强综合国力的战略性产业。我行重点支持了以华为、中兴通讯、大唐电信等为代表的通讯设备制造企业，帮助其增强自主研发能力，开发自主知识产权产品，提高技术装备水平，开拓国际市场。同时，我行积极促进中国电信基础网络的建设和完善。2006年，我行对网通、铁通、卫通等电信运营商的通信网络建设项目共发放中长期贷款人民币146亿元，为提升邮电通讯业的生产力和服务水平，推动实施国家信息化发展战略起到积极作用。

The post and telecommunications industry is one of China's pillar industries. It drives growth in the national economy, improves asset quality and enhances the strength of the country. The Bank focuses on supporting leading telecommunications device manufacturers, including Huawei Technologies, ZTE Corporation and Datang Telecom Technology, to enhance their R&D capabilities, develop their proprietary products, upgrade their technologies and equipment and explore international markets. At the same time, the Bank makes strong contributions to the construction and improvement of telecommunications infrastructure and networks across China. In 2006, the Bank made RMB 14.6 billion of medium and long-term loans to major telecom operators in China, including China Netcom, China Tietong and China Satcom, to support their telecommunications network construction projects. These loans are major catalysts in improving

the competitiveness of the telecom operators and promoting their business innovation and the quality of their services.

铁通通信网络建设与改造项目 CTT Telecommunications Network Construction and Restructure Project

我行以独到的眼光支持我国新兴电信运营商——中国铁通的发展。铁通成立六年来，我行累计承诺资金支持人民币440亿元，使其从成立之初专门服务于铁路运输的专业通信公司，成长为服务铁路和公众两个市场的电信运营商，经营收入年均增长保持30%以上，成为我国第三大固定通信运营商。截至2006年末，我行对其资金支持余额合计约人民币245亿元。

In the domestic telecommunications industry, the Bank selected China Tietong (CTT) as a funding target. CTT is a new and strong presence in the telecom landscape, having transformed itself from a communications company focused only on services to the railway transportation industry into a telecom operator covering both the railway and public sectors, thanks to committed financial support from CDB in the amount of RMB 44.0 billion on an cumulative basis in the six years since CTT's establishment. With an average annual growth of over 30% in its operating income, CTT has become the third largest fixed-line operator in the Chinese telecommunications industry. At the end of 2006, the outstanding balance of the Bank's funding to the Group amounted to about RMB 24.5 billion.



铁通通信网络建设与改造项目 CTT Telecommunications Network Construction and Restructure Project



天津城市轨道交通
Urban Railway System in Tianjin

公共基础设施 PUBLIC FACILITIES

近年来，城市地铁、轻轨线路是公共基础设施中发展最快的领域，也是我行大力扶持的领域。截至2006年末，我行对地铁及轻轨线路建设已承诺贷款人民币1,047亿元。

In recent years, within the public facilities sector, urban subway and light rail projects have developed rapidly. As of the end of 2006, the Bank had made total loan commitments of RMB 104.7 billion to subway and light rail construction projects.

天津城市轨道交通 Urban Railway System in Tianjin

天津市区至滨海新区快速轨道交通工程是天津滨海新区“T”型空间布局中东西向交通枢纽的重要组成部分。随着滨海新区开发开放进程的加快，该项目对连接天津市区和滨海新区的作用日益增强，满足了与日俱增的物流和人流的交通需求，为滨海新区的发展提供了基础设施平台。该项目总投资人民币66.26亿元，我行贷款人民币30亿元，目前已进入正常运营阶段。

The high-speed railway system connecting Tianjin Municipality and its New Coastal District (NCD) is a key com-

ponent of the latitudinal transportation hub in the T-shaped scheme of the NCD. Along with the rapid development of the NCD, the railway system plays an increasingly important role as the logistic artery between urban Tianjin and the coastal area, in order to meet the ever-growing flow of goods and people. This railway system also provides solid infrastructure for the development of the NCD. Total investment for the construction amounted to RMB 6,626 million, including RMB 3.0 billion of loans from the Bank. This railway system construction project is now into regular operation.



日新月异的江北水城—聊城 A New Look Everyday-Liaocheng, the Oriental Venice in Shandong



辽宁“五点一线”项目
The 5+1 Program of Liaoning Province

促进区域协调发展和产业结构调整 PROMOTING COORDINATION IN REGIONAL DEVELOPMENT AND INDUSTRY RESTRUCTURING

坚持科学发展规划先行,促进区域协调发展 PROMOTING THE COORDINATION IN REGIONAL DEVELOPMENT USING DISCIPLINED DEVELOPMENT PRINCIPLES

为实现经济社会全面协调可持续发展,我国政府积极推进西部大开发、东北地区等老工业基地振兴、促进中部地区崛起以及鼓励东部地区率先发展的区域发展总体战略,健全区域协调互动机制,形成合理的区域发展格局。

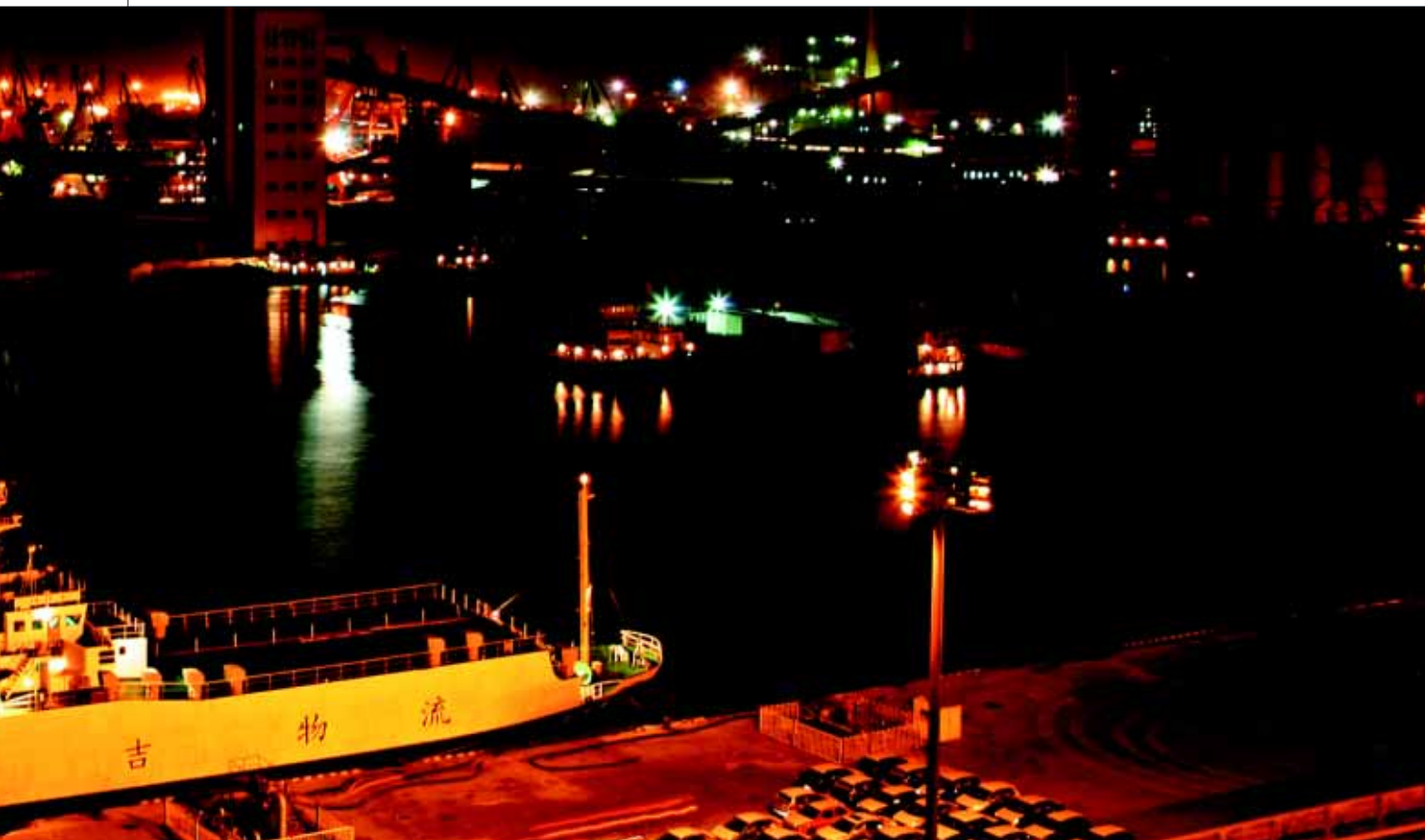
我行积极响应国家号召,以科学发展观为指导,坚持规划先行,配合国家有关部门的调研及发展规划的制定,强调西部开发在符合国家战略规划的同时还要开展自然资源保护与移民。截至2006年末,我行对西部地区的贷款余额达人民币4,476亿元,并保持了较高的资产质量。

我们已证明,科学的发展规划与高效的开发性金融相结合完全可以为贷款支持地区的民生和金融机构创造良好的效益,而作为项目牵头行,我行也能同时取得国际一流的业绩。

我对东北地区振兴倾注大量精力,协助制定东北地区发展规划,率先提出将辽宁省环渤海经济带纳入东北整体发展规划的建议,通过提供技术援助、加大支持基础设施建设力度、促进产业重组等方面的深入工作,帮助东北老工业基地重现光彩。截至2006年末,我行对东北地区专项资金支持余额达人民币1,887亿元,其中辽宁省817亿元,吉林省612亿元,黑龙江省458亿元。



齐齐哈尔第一机床厂
The Qiqihar First Machine Tool Plant



In order to achieve sustainable economic development, the government has adopted a strategy to drive the development of Western China, revitalize the old industry bases of Northeast China, promote the rise of central regions and encourage the eastern regions to take the lead in development. The ultimate aim is to ensure healthy and coordinated development for all regions.

In responding to the call of the State using the principles of disciplined development and adhering to the practice of planning ahead of action, the Bank actively supports the development plans drafted by the relevant authorities. The plans emphasize that development in western regions should not only comply with the State's strategic plans but also facilitate the preservation of natural resources and migration arrangements. By the end of 2006, the Bank's loans balances to the western regions amounted to RMB 447.6 billion. It is pleasing to note that these loans continue to enjoy both good quality and good repayment records.

Globally, development banking and State planning are often associated with high-risk schemes that produce few tangible benefits. This is not true in China, where we have demonstrated that good State planning and good development banking can be synergized to pro-

duce healthier economic outcome for the people and institutions of the target areas, together with world-class financial performance for the Bank as the leading lender for such projects.

The Bank has contributed significant resources to help revitalize the northeastern regions. It helps with the designing of development plans, as well as being the first to propose the integration of Bohai Rim Economic Zone of Liaoning Province into the development plan of the Northeast China. To help revitalize the old industrial bases in Northeast China as quickly as possible, the Bank has given technical assistance, increased funding support for infrastructure construction and helped in promoting industrial restructuring. By the end of 2006, the Bank had disbursed special-purpose funding to the northeastern regions amounting to RMB 188.7 billion (including RMB 81.7 billion to Liaoning Province, RMB 61.2 billion to Jilin Province and RMB 45.8 billion to Heilongjiang Province).

辽宁“五点一线”项目

The 5+1 Program of Liaoning Province

2006年,辽宁省作出重大战略决策,重点发展大连长兴岛、营口沿海产业基地、辽西锦州湾、丹东产业园区、大连庄

河花园口工业园区五个区域，即“五点一线”工程。项目规划建设面积375平方公里，总投资人民币454.43亿元，我行承诺贷款人民币300亿元，建成后将成为东北地区走向世界的重要出海口岸、交通枢纽和现代物流中心。

In 2006, Liaoning Province made a major strategic decision to implement the 5+1 Program, i.e. to focus on the development of five key regions, namely Chang Xing Island of Dalian City, Yingkou's Coastal Industrial Base, Jinzhou Gulf of West Liaoning, Dandong Industrial Park and Dalian's Huayuankou Industrial Park, plus one coastal zone from Dalian to Huludao Island. The 5+1 Program covers an area of 375 square kilometers, with total investment of RMB 45,443 million, of which CDB has committed RMB 30 billion in loans. Upon completion of this program, the five regions plus one zone, with its sea ports, transportation and logistic centers, will become Northeast China's gateway to the world.

推进产业结构调整，增强自主创新能力 PROPER PLANNING AND PROMOTION OF INDUSTRIAL RESTRUCTURING, ENHANCE INNOVATION ABILITY

促进产业发展和自主创新是保障国家产业安全、维护国家战略利益的根本途径。作为国家产业发展政策积极执行者之一，我行调动行内外专家，进行产业规划研究，推动产业整合及自主创新，支持了联想、大唐电信、奇瑞汽车等一批自主创新型企业快速发展。2006年，我行制定了27个行业发展规划，积极推动国内装备制造、电子信息与半导体、有色金属加工等行业的整合工作。引导和激励社会资源，加大对产业发展的投入，支持设立苏州创投引导基金、武汉光谷创投基金等，以融资推动形成产学研合力，促进产业关键技术创新。

The fundamental solution to ensure the industrial security and strategic interests of the State is to promote industrial development and innovation. As one of the main facilitators of the State's industrial development policies, the Bank has engaged both internal and external specialists to conduct studies on industrial planning, industrial integration and innovation. The Bank also supported the rapid development of a number of innovative enterprises, including Lenovo, Datang Telecom Technology and Chery Automobile. In 2006, the Bank formulated 27 industry development plans, and promoted integration of various industries, including domestic equipment manufacturing, electronic, semi-conductors and nonferrous metal processing. By leveraging resources from the marketplace, the Bank was able to channel more resources into industrial development and help to establish venture capital funds for Suzhou and the Wuhan East Lake High-tech Development Zone. With this funding, the industry was able to drive synergies between R&D and production and promote innovation of key industrial technologies.

奇瑞汽车有限公司 Chery Automobile Co., Ltd.

2004年，在我国汽车业不景气的关键时期，我行对奇瑞汽车高科技研发项目承诺贷款24亿元，为奇瑞创立民族自主品牌提供全方位金融支持，既满足了奇瑞加快发展对资金的迫切需求，也增强了政府、奇瑞和国内金融业共同推动民族自主品牌发展的信心。至2006年末，我行累计发放贷款人民币12亿元。“十一五”期间，我行将向奇瑞提供贷款人民币58亿元，支持其自主研发、扩大产能和“走出去”项目建设。

2004 was "crunch time" for the automobile industry in China as demand plateaued and automobile



奇瑞汽车有限公司
Chery Automobile Co., Ltd.

manufacturers encountered bottlenecks in their development. The Bank committed a loan of RMB 2.4 billion to Chery for its high-tech R&D project. The funding support from the Bank to help Chery build a national automobile brand not only satisfied Chery's need for funds for its rapid development, but boosted confidence of the government, Chery and other domestic financial institutions in promoting key Chinese brands.

By the end of 2006, the Bank had disbursed RMB 1.2 billion of loans to Chery on a cumulative basis. In December 2006, the Bank and Chery concluded an agreement which guarantees Chery an additional funding of RMB 5.8 billion during the Eleventh Five-year Plan period to improve its R&D capabilities, increase new product development and production capacity, and enable it to implement its "Going Global" strategy.



中信集团收购加拿大内森斯能源有限公司哈萨克斯坦油气资产项目
Lending Support to CITIC Group to Acquire the Kazakhstan Oil Assets of Canada's Nations Energy Co., Ltd.

加快推进国际合作业务，交流发展经验 INCREASED EFFORTS IN PROMOTING INTERNATIONAL COOPERATION AND SHARING DEVELOPMENT EXPERIENCES

作为世界上最大的发展中国家，中国肩负着向世界其他亟待发展的国家分享我们成功经验的责任。同时，大型企业拓展海外市场也是中国对外开放和经济全球化向纵深发展的必然要求。

我行主要在中国的周边国家、非洲和拉丁美洲积极拓展国际合作业务。2006年，利用上海合作组织上海峰会、东盟博览会、中非论坛北京峰会及行领导出访契机，开展与发展中国家的政府部门、金融机构和项目企业多层次的沟通交流，签订一系列框架合作协议。作为上合组织银行联合体主席行，我行积极搭建银行联合体制度框架和合作平台，推动成员行签署《上海合作组织银行联合体成员行关于支持区域经济合作的行动纲要》，得到成员国领导人的高度评价。我行还组织了面向发展中国家的开发性金融原

理与实践的培训，交流我行的发展经验，有效推动发展中国家开发性金融机构的发展及与我行的合作。

我行与亚太开发性金融机构协会（ADFIAP）、欧盟委员会于2006年12月5日至6日在北京联合举办了“中国金融机构环境治理标准研讨会”。本次研讨会为欧亚生态促进计划下的一个赠款项目，旨在向有关金融机构介绍并推广与项目融资、中小企业贷款相关的环境管理系统及环保评级标准方面的内容，讨论如何为这些机构开发环保治理工具。

目前我行国际合作业务的工作重心在于基础设施建设领域和能源开发领域，完成了中石油、中石化、中化、中信海外重大并购项目，及中哈石油管道、五矿智利铜、中信集团收购加拿大内森斯能源有限公司哈萨克斯坦油气资产、中

国化工集团公司收购法国安迪苏公司等重大项目。为保证风险可控，参照国际评级机构做法，我行对借款人所在国及项目借款人分别进行了信用评级并设定风险限额。截至2006年末，我行共支持“走出去”项目105个，贷款余额187.60亿美元。外汇不良资产率连续18个季度保持为零。

As the largest developing country in the world, China has the responsibility to share the story of its success with other developing countries. At the same time, the venturing of large State-owned enterprises into overseas markets is the inevitable outcome of opening up China's economy and the globalization of the world's economy.

In expanding international cooperation, the Bank focuses on neighboring countries, African and Latin American countries. In 2006, through the Shanghai Cooperation Organization (SCO) Summit, China ASEAN Expo, Beijing Summit of the Forum on China-Africa Cooperation and overseas visits of the Bank's leaders, the Bank had communicated with various levels of governmental agencies, financial institutions and enterprises of these developing countries, and entered into a series of framework cooperation agreements with them. As the chairman of the SCO Banks Consortium, the Bank played a crucial role in building the banks consortium framework for cooperation. It led other member banks to sign the "Outline for Actions of SCO Banks Consortium Members in Support of Regional Economic Cooperation", winning praise from the leaders of the SCO member countries. In addition, the Bank organized training on financial theories and their practical application to developing countries. By sharing its experience in the past 12 years, the Bank has been able to help in the development of financial institutions in these countries and enhance their cooperation with the Bank.

On 5th and 6th of December 2006, the Bank hosted the Seminar-Workshop on Environmental Governance Standards (EGS) for Financial Institutions in China in joint sponsorship with Association of Development Financing Institution in Asia and Pacific (ADFIAP) and European Commission. As the next grant project under the EU-Asia Pro Eco Programme, EGS aimed to introduce to financial institutions environmental management systems and environmental protection rating standards in connection with project financing and loans to SMEs

and also discussed the development of environmental protection governance tools for financial institutions.

At present, the focus of the Bank's international cooperation is in the area of infrastructure construction and energy exploration. The Bank has been involved in a number of heavyweight projects, including: overseas merger/acquisition projects by CNPC, Sinopec, ChemChina and CITIC; the China-Kazakhstan Oil Pipeline; the copper mining project of China Minmetals; CITIC's acquisition of the Kazakhstan oil assets of Canada's Nations Energy Company and the acquisition of Adisseo by China National Chemical Group (ChemChina). To control the risk of such projects, the Bank referred to the practice of international rating agencies, and applied credit ratings to the borrowers as well as the borrowers' host countries before setting risk limits. By the end of 2006, international projects supported by the Bank numbered 105 with total a loan balance of USD 18,760 million. The quality of foreign currency assets has remained excellent for 18 consecutive quarters.

中信集团收购加拿大内森斯能源有限公司哈萨克斯坦油气资产项目 Lending Support to CITIC Group to Acquire the Kazakhstan Oil Assets of Canada's Nations Energy Co., Ltd.

中信集团收购加拿大内森斯能源公司哈萨克斯坦石油项目是落实国家“走出去”战略的重大举措。我行为其承诺贷款18-25.7亿美元，并已于2006年12月发放贷款17.1亿美元，为收购成功提供有力的资金支持。该项目的成功，能够扩大中哈石油合作的规模，有利于形成我国企业与哈萨克斯坦能源合作的多元化格局，也有利于加强中哈两国的经济合作关系。

CITIC's acquisition of the Kazakhstan oil assets of Canada's Nations Energy Company Limited is a major project that implements the State's "Going Global" strategy. The Bank committed USD 1.8 to 2.57 billion to CITIC, and disbursed USD 1.71 billion in December 2006. CDB's loans were an important factor contributing to the success of the acquisition, a success that can increase the scale of cooperation between China and Kazakhstan, facilitate diversified energy cooperation between Chinese and Kazakhstan enterprises, and contribute to stronger economic ties between the two countries.

五矿智利铜项目

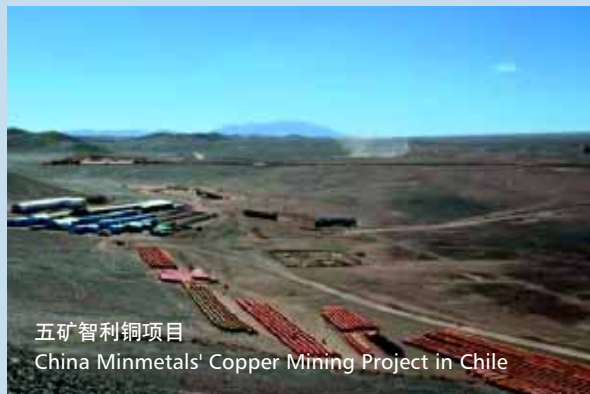
China Minmetals' Copper Mining Project in Chile

我行支持中国五矿集团和智利国家铜业公司合作开发智利铜资源，使五矿获得未来15年内83.625万吨金属铜的供应，实现中智两国在铜资源合作方面的历史性突破，总投资规模最终将达20亿美元。我行作为该项目的融资安排行、贷款行、代理行和担保代理行，为该项目进行了融资结构设计，并提供金额为3.3亿美元的贷款。

China Minmetals and Nacional del Cobre de Chile (Codelco) signed a cooperation agreement to mine copper resources in Chile. The project, with a total investment of USD 2 billion, represents a historical breakthrough in copper resource development cooperation between China and Chile. It will enable China Minmetals to receive a supply of 836,250 tons of copper metal over the next 15 years. CDB, as financing advisor, lender, corresponding bank and guarantor all rolled into one, helped structure the financing of the project and provided USD 330 million in loans to the project.

中国化工集团公司引进技术项目 Support ChemChina to Acquire Advanced Technologies

中国化工集团公司是我国化工行业的骨干企业。公司完成的全球饲料添加剂领域著名生产商——法国安迪苏公司100%股权收购，是我国化工行业第一个成功的国际并购项目。我行充分发挥自身优势，在全部4亿欧元收购资金中，向中化提供3.4亿欧元贷款，保证了项目在2006年1月17日顺利交割，帮助中化实现了引进先进生产技术、



五矿智利铜项目
China Minmetals' Copper Mining Project in Chile

优化产业结构和扩大国际市场份额的目标。该项目的成功为快速发展我国的蛋氨酸工业，最终为解决“三农”问题做出积极贡献。

ChemChina is a major enterprise in the chemical industry in China. Its acquisition of 100% of Adisseo, a France-based top animal nutrition supplement producer, marked the first successful international acquisition by the Chinese chemical industry. By drawing on its own resources, the Bank provided to ChemChina Euro 340 million of the Euro 400 million required for the acquisition. The support from the Bank ensured the successful completion of the deal on 17 January 2006 and enabled the Group to acquire new production technologies, streamline its industrial structure and expand its market share. The acquisition is a critical step forward in accelerating development of China's methionine industry and to address the rural development challenge in China.



中国化工集团公司引进技术项目
Support ChemChina to Acquire Advanced Technologies



杨凌农业高新技术产业示范区
Yangling Agricultural High-tech Industries Demonstration Zone

以支持县域经济发展为切入点, 推动社会主义新农村建设 DRIVING THE DEVELOPMENT OF NEW RURAL COMMUNITIES BY SUPPORTING ECONOMIC DEVELOPMENT AT COUNTY LEVEL

建设社会主义新农村是我国现代化进程中的重大历史任务。我行充分认识到对新农村建设的支持决非扶贫, 必须因地制宜地帮助农民找到“造血”机制, 推动农业和农村的良性发展, 从根本上改善中国农民生活。凭借我行在城市基础设施领域的成功经验, 自2005年, 我行在城镇化试点地区投入资金, 支持农村基础设施和公共设施建设, 2006年累计发放新农村建设贷款人民币322亿元, 贷款余额人民币772亿元。2007年我行将启动对全国新农村建设范围内2000多个县域的覆盖, 按照开发性金融原理和方法, 协助确定县域经济发展规划, 与地方政府及地方金融机构密切合作, 合理控制风险, 推进县域经济建设。

The development of New Rural Communities is a task of historical significance in China's modernization process. The Bank is well aware that its support to this program is far more than mere poverty alleviation, it is a mission to help farmers to be self-sufficient through the development of agriculture and rural areas, thus

fundamentally improving the life of the farmers. Since 2005, by drawing on its experience in rural infrastructure construction and application of its development-oriented financial theories, the Bank started to inject funds into pilot urbanization regions to support the construction of rural infrastructure and public facilities. In 2006, loans to support the development of New Rural Communities amounted to RMB 32.2 billion, and the outstanding balance as at year end was RMB 77.2 billion.

In accordance with the Bank's plan, funding support in 2007 shall cover more than 2,000 counties under the umbrella of the New Rural Communities initiative. The Bank, working closely with local governments and financial institutions and implementing proper risk management, shall assist in the planning and driving of county-level economic development.



江西省乐平市大棚蔬菜农业产业化 Corporatization of Vegetable Farming in Leping, Jiangxi

我行针对蔬菜生产与流通项目特点，采取“政府加公司加农户”模式，成功将资金引向基层农户。首批发放的300万元贷款用于支持乐平市蔬菜公司的反季节、无公害、名特优蔬菜的生产流通，使该市蔬菜品种超过150个，200户农民进入当地新型农业生产经营合作链中，当年户均增收人民币2.5万元，取得良好经济社会效益。换言之，300万元的贷款，经过精心规划、巧妙调配以及坚决执行，可以取得每年为这200家农户增收500万元的惊人成绩。

The Bank has worked together with local government and local enterprises to channel funds to farmers to help in their production. The first batch of RMB 3 million of loans was used to support the production and distribution of year-round, pollution-free, high quality vegetable products. Through this project, Leping is now able to produce more than 150 types of vegetable. This project also reaps satisfactory social and economic benefits by inducing 200 farming families to become part of the new agricultural production cooperative chain, leading to an increase in income of RMB 25,000 for each of these



江西省乐平市大棚蔬菜农业产业化 Corporatization of Vegetable Farming in Leping, Jiangxi





江西省乐平市新农村建设
A New Countryside in Leping, Jiangxi

families. In other words, RMB 3 million in loans from the Bank, through well-planned, well-designed and well-executed rural development, will generate RMB 5 million annually in increased incomes to 200 farming families.

河北千喜鹤肉类产业有限公司

Qianxihe Food Group Limited, Hebei

河北农业产业化龙头企业千喜鹤肉类产业有限公司是现代化生猪屠宰企业，为2008年北京奥运会猪肉食品供应商，年屠宰生猪200万头。2006年投产后，我行即向其提供了人民币2,500万元营运资金贷款。我行对该公司的支持将拉动南宮市及周边地区种植、饲料加工、兽医兽药、物流配送、商业连锁等关联产业约10万人就业。通过该项目，我行再次向世界证明，面对农村地区的开发性贷款在推动地区经济发展的同时，同样可以是成功的商业化运作。

Hebei Qianxihe Food Group Limited is the leading modern pig slaughtering enterprise in Hebei with an annual capacity of two million carcasses. It will be the supplier of fresh pork and processed products for the 2008 Beijing Olympic Games. In 2006 when it became operational, the Bank made a working capital loan of RMB 25 million to the company. The Bank's support of Qianxihe has also driven the development of various affiliated sectors in Nangong and the surrounding regions, including plantation, livestock fodder processing, veterinary hospitals & medicine, logistics & distribution and chain stores, creating more than 100,000 jobs in the process. Once again, the Bank has demonstrated to the world that rural development loans can facilitate regional economic development well producing good commercial returns.



河北千喜鹤肉类产业有限公司
Qianxihe Food Group Limited, Hebei

加强对中小企业及教育、医疗等社会瓶颈领域的支持, 承担社会责任 ENHANCED SUPPORT TO BOTTLENECKED SECTORS, INCLUDING SMES, HOUSING AND MEDICAL PROGRAMS

坚持贷款审批高标准、保持贷款质量优良的原则，我行努力探索有效途径，支持中小企业、教育、医疗等社会瓶颈领域发展。

While resolutely maintaining high standards in loan reviews and strictly adhering to the sound principles to ensure loan quality, the Bank has strived to explore effective conduits to support development in sectors facing development bottlenecks.

拓展对中小企业和微小企业的支持 EXPANDED SUPPORT TO SMES AND MICRO-ENTERPRISES

在国内信用体系尚未有效建立的环境下，中小企业贷款一直是困扰各家银行的难题，也造成了中小企业融资难。我行知难而上，借助外力，在分支机构有限、管理半径短的条件下，探索出一个能有效控制中小企业项目风险的贷款发放、管理及回收模式。至2006年末，我行为累计6.8万多个中小型企业、个体工商户及农户提供了支持，贷款余额达人民币232亿元，累计创造了59万个就业机会，本息回收率连续13个季度保持100%。

除对中小企业直接提供信贷支持外,我行还支持各类各级担保公司的发展,增强担保公司为中小企业向商业银行贷款提供担保的能力,间接引导商业金融增加对中小企业的融资。截至2006年末,我行累计发放支持担保公司的软贷款人民币93亿元,支持了154家担保机构。此外,我行还为1,000多家中小企业贷款提供再担保17.2亿元。

In the current domestic market environment, where credit systems are still in their infancy, loans to SMEs have historically been a challenge to banks. This in turn has made it hard for SMEs to approach banks for loans. Despite the difficulties the Bank faced, considering the limited reach of its branch network, it succeeded in creating a suitable credit management model to control credit risk for loans extended to SMEs, with the help of "external forces". By the end of 2006, the Bank had provided support to more than 68,000 SMEs, individual businesses and farmers, with outstanding loans of RMB 23.2 billion. These loans have created 590,000 job opportunities, and for 13 consecutive quarters, the collection of principal and interest has been maintained at 100%.

In addition to direct lending to SMEs, the Bank also provided support for the development of various guarantee companies, enhancing their ability to provide guarantee services for SMEs, indirectly leading commercial financial institutions to increase funding to SMEs. In 2006, the Bank disbursed a cumulative total of RMB 9.3 billion of soft loans to support 154 guaranty companies. CDB has also provided loans of RMB 1.72 billion for re-guarantee to more than 1,000 SMEs.

江西省工业园区中小企业融资服务体系 Financing Service Framework for Small and Medium-sized Industrial Park Enterprises of Jiangxi Province

我行在江西省政府的支持下,构建了江西省工业园区中小企业融资服务体系,搭建了以中小企业、园区政府、担保机构和我行为共建主体的风险控制和分担机制,降低了中小企业的融资门槛,带动了商业银行资金的跟进。目前,我行已通过该体系向6家工业园区的74家中小企业发放了贷款人民币1.4亿元,解决农村就业人口1.7万余人。

With the support of the Jiangxi provincial government, the Bank has implemented a financing service framework for small and medium-sized enterprises in industrial parks across the province. This is intended to en-



江西省工业园区中小企业
Small and Medium-sized Industrial Park Enterprises of
Jiangxi Province

able small and medium-sized enterprises, industrial park governing bodies, guarantors and the Bank to form a risk management and sharing system. This led to a lower financing threshold for small and medium-sized enterprises, and spurred commercial banks to follow suit. Through this framework, the Bank has, so far, extended loans amounting to RMB 140 million to 74 small and medium-sized enterprises in six industrial parks, creating more than 17,000 job opportunities for the rural population.

重庆市恒河果业有限公司

Chongqing Ganges Fruit Co., Ltd.

我行向恒河果业有限公司农业产业化项目提供贷款人民币 2,800 万元，帮助其创建了农户土地折价入股成立农户公司加专业化公司的“江津模式”，基本实现了当地农业产业化从低级（农户加公司）向高级（农户公司加专业化公司）的升级。已建成 4.6 万亩生产示范园，带动 4.6 万农民进入农户公司，当年出口鲜果 3,000 吨，创汇 180 万美元。

In supporting and assisting the rural population to convert their rural land into shares of a rural cooperative and professionally-managed corporation known as the “Jiangjin Model”, the Bank extended loans of RMB 28 million to Chongqing Ganges Fruit Co., Ltd.. This project basically fulfilled the needs of farmers to upgrade from a “low level” (farmers and companies) to a “high level” (rural cooperative and professionally-run companies). Currently, the company has constructed model production fields which span 46,000mu, with some 46,000 farmers joining the rural cooperative. 3,000 tons of fresh fruits were exported in 2006, generating USD 1.8 million of income.



重庆市恒河果业有限公司
Chongqing Ganges Fruit Co., Ltd.

伊佳民族服饰有限公司

Yijia Minority Clothing Co., Ltd.

青海伊佳民族服饰有限责任公司主营业务为设计、生产、销售穆斯林民族服饰、民族生活及民族宗教用品，具有“小产品、大市场、高就业”的特点，我行对其贷款余额共计人民币 4,200 万元，既支持了民族特色经济产业发展，又打开了国外穆斯林市场，直接增加就业岗位 3,000 个，经济社会效益显著。

Qinghai Yijia Minority Clothing Co., Ltd. is engaged in the design, manufacture and distribution of clothing, basic necessities and religious articles for the Muslim community. Its business is characterized by “Small product, Large market demand, Huge employment opportunities”. The balance of loans by the Bank to Yijia amounts to RMB 42 million, which, besides supporting the economic development of an ethnic group, has also helped capture overseas Muslim markets, and directly increased employment opportunities by 3,000, delivering significant economic and social benefits.

2006 年，我行微小贷款实践取得阶段性成果。通过引进世界银行及德国复兴信贷银行的微小贷款管理经验，以转贷款的形式，通过浙江台州、内蒙古包头和江西九江三座城市商业银行发放了微小贷款。截至 2006 年末，累计发放微小贷款人民币 2.23 亿元，使 4 千余户微小企业和个体经营者受益，微小贷款不良率仅为 0.1%。

In 2006, the Bank achieved encouraging results in its lending to micro-enterprises. By drawing on the experience of World Bank and KfW in managing loans to micro-enterprises, the Bank made loans to these small



伊佳民族服饰有限责任公司
Yijia Minority Clothing Co., Ltd.



重庆市长寿区经济适用房
Low-income Housing Project in Changshou District, Chongqing

businesses in the form of on-lending through three city commercial banks in Taizhou of Zhejiang Province, Baotou of Inner Mongolia and Jiujiang of Jiangxi Province. By the end of 2006, loans to micro-enterprises amounted to RMB 223 million on a cumulative basis, which have benefited more than 4,000 micro-enterprises and individual businesses and achieved a non-performing loan ratio of a mere 0.1%.

浙江台州木料加工个体工商户获微贷支持 Micro-Loan Support to an Individual Wood Materials Business in Taizhou, Zhejiang

我行为支持微型企业和个体工商户的发展发放了数以千计笔微贷，在社会上产生了良好的效应，通过李荣华这个个体商户的例子就可见一斑。李荣华是四川人，2006年4月获木料加工个体工商户营业执照，开始在浙江台州创业。起初他多采用向朋友借款来弥补经营资金不足，但随着经营规模扩大，资金出现缺口，生意受到影响。2006年5月，他得知我行与台州市商业银行合作开展微小企业贷款，试探性地向台州市商业银行提出5万元贷款申请，期限一年，用于购买木料。第二天，银行的信贷人员就到其木料加工厂，实地了解经营情况。第五天，李荣华就接到银行通知，办理了贷款手续。一个月后，其生意有了明显起色。

A good example of thousands of successful micro-loans financed through the Bank is the story of Li Ronghua, from Sichuan Province, who has embarked on an arduous path of entrepreneurship in Taizhou, Zhejiang. After getting a business license to start up his wood processing business in April 2006, he soon found himself borrowing from friends to fund his operations when cashflow was low. However, as the business promptly

grew, he found the shortage of funds exceeded the capacity of his family and friend network and his business was almost brought to a standstill soon after it started. In May 2006, he heard about the micro and small enterprises loan initiative, in which CDB was working with Taizhou City Commercial Bank. He then made a tentative application to Taizhou City Commercial Bank for a one-year loan of RMB 50,000 to purchase lumber. On the second day, a credit officer from Taizhou City Commercial Bank visited Li's wood processing plant to understand his operations. On the fifth day after the application, Li received notification from the bank and proceeded with the completion of loan disbursement. With the loan funding, Mr. Li's business improved remarkably within a month.

我行的使命是“增强国力，改善民生”。在实现使命的过程中，既有帮助一个个小家庭走上致富道路的细心呵护，又有大力推动功在当代、利在千秋的为亿万人造福的宏伟工程建设的雄浑壮阔。只要国家和人民有需要，我行将事无巨细、责无旁贷。正因为如此，我行正在快速成长为世界上最大和最成功的开发银行之一。

CDB's mission is to strengthen the competitiveness of our country and improve the living standards of our people. This can take the form of good banking to one family at a time or it can produce benefits to ten of millions of people through a world-class project. Either way, the Bank is there to support our people. This has enabled the Bank to be one of the largest and most successful development banks in the world.

加大对教育、住房、医疗卫生和环境保护等事业的贷款支持 INCREASED LENDING SUPPORT TO EDUCATION, HOUSING, MEDICAL CARE AND ENVIRONMENTAL PROTECTION CAUSES

加快教育、住房、医疗卫生及环境保护事业的发展及妥善解决突发事件应急等问题是构建社会主义和谐社会的重要内容。我行一直坚持急人民之所急、为政府分忧，促进社会的和谐发展。

为推进实施国家科教兴国战略，我行不断加大对教育的支持力度。通过与政府和教育部门合作，积极推进高等教育和省市中小学基础设施建设，先后完成了一批重点高校和重点中小学建设项目贷款评审，2006年累计承诺贷款约210亿元，有效支持了教育事业的健康发展。

Advancement in the areas of education, housing, medical, emergency services and environmental protection is critical to the creation and maintenance of a harmonious society. As a government-sponsored financial institution, CDB has always been at the forefront to respond to the needs of the people and share the worries of the government.

In order to fulfil the State's strategy for China to develop its skills in science and education, CDB continues to increase support to education causes every year. Through co-operation with governmental departments and the Department of Education, CDB actively promotes the construction of infrastructure for high school education, as well as provincial middle and primary schools. CDB has completed loan evaluations for infrastructure projects for a group of key high middle and



primary schools, resulting in accumulated lending of around RMB 21.0 billion committed in 2006.

江西省重点中学基础设施建设项目 Infrastructure Construction Projects for Key Middle Schools in Jiangxi Province

我行同江西省教育厅合作为该省11个地级市、40个县55所学校的基础设施建设提供近人民币10亿元资金支持，极大增加地方教育资源，有效提高了地方办学质量，学校在校人数也有明显提升。

Through co-operation with the Department of Education of Jiangxi Province, CDB provided funding support of nearly RMB 1.0 billion for the construction of infrastructure at 55 schools in 40 counties of 11 prefecture-level cities of Jiangxi Province. This initiative proved highly successful in enhancing the quality of local schools and the provision of education, augmenting the resources available to these local education institutions. Thanks to these loans from CDB, the number of students at school has also increased significantly.

与此同时，在商业银行退出的河南、山西、青海、内蒙古、广东、河北、吉林等七省区，我行以创新的模式成功开展国家助学贷款业务，累计发放贷款人民币14亿元，覆盖131所高校，受益贫困大学生超过30万人次，本息回收率保持100%，取得非常好的社会效益，得到国务院的肯定和社会的积极反响。

为支持农民工培训，我行与劳动和社会保障部合作，系统支持农民工培训基地建设，2006年共发放贷款人民币7.8亿元，可增加技校培训能力约10万人。

为进一步推进低收入住房和廉租房建设，2006年，我行与建设部签署《支持住房保障体系建设开发性金融合作协议》，累计发放贷款114亿元，可解决205万低收入人群的住房难题。

我行充分认识到，支持公共卫生、农村医疗和城市社区医疗建设是解决人民群众“看病难看病贵”、实现人人享有基本卫生保健的重大举措，目前在医疗卫生领域累计发放贷款约人民币51亿元，支持了卫生事业的健康发展。

In Henan, Shanxi, Qinghai, Inner Mongolia, Guangdong, Hebei and Jilin provinces, where commercial banks have withdrawn their presence in education lending, CDB



高邮市人民医院
The People's Hospital of Gaoyou

designed an innovative model to successfully engage in government-sponsored education loans. Through this model program, the Bank has made RMB 1.4 billion of loans to 131 colleges and universities, benefiting over 300,000 poverty-stricken university students, while the collection of principal and interest on these loans has remained at 100%. These loans have created remarkable social benefits such that the program and its achievements have received special affirmation from the State Council, together with the strong support of the citizens and students of the affected provinces.

In order to raise funding to train migrant rural workers, CDB worked with the Ministry of Labour and Social Security to systematically support the construction of training centers. With RMB 780 million of loans made during the year, the training centers were enlarged, up to a capacity that will enable some 100,000 additional migrant rural workers to acquire various skills through vocational training.

In 2006, the Bank and the Ministry of Construction entered into the Development-oriented Financing Cooperation Agreement to Support the Building of the Housing Security System to promote the construction of houses for low-income earners and low-rent houses. The RMB 11.4 billion of loans from CDB shall solve the housing difficulties of 2.05 million low-income earners.

CDB is fully aware of the importance of its support in the provision of infrastructure for public, rural and urban sanitation. This has enabled the provision of lower cost medical care and treatment. It also helps to achieve

the important goal of allowing every citizen to enjoy basic hygiene needs and health care. So far, the Bank has made loans amounting to RMB 5.1 billion in support of the medical and health care sector.

高邮市人民医院 The People's Hospital of Gaoyou

始建于上世纪30年代的高邮市人民医院的医疗条件和病床数量已难以应对对本县以及临县居民就医问题。为此，我行为其提供贷款人民币3,000万元用于建设现代化的病房大楼。目前工程主体已封顶，建成后，多项现代化设施及更多的病床将投入临床使用，将对缓解群众看病难问题及保障人民健康发挥重要作用。

The People's Hospital of Gaoyou, built in the 30s of the last century, has long been strained in meeting the medical needs of Gaoyou and nearby cities with its under-equipped and under-staffed conditions. In 2005 with the RMB 30 million in loans from CDB, the hospital began to construct a modern inpatient building. The building construction has topped-out and completion is expected in 2007. At that time, a series of modern facilities and more wards will be available to serve patients. The project shall play a crucial role in meeting the medical and health care needs of the citizens.

为协助政府应对和处置各类突发事件，我行积极开展应急贷款业务，为受灾地区提供融资支持，成为与政府应急体系相配合的联动机制，真正起到资金到位及时、方便使用、急政府和人民所急的功效。2006年，我行为应对禽流感、九江地震、大平矿难以及“碧丽斯”台风、重庆大旱等灾难事件，发放应急贷款近人民币13亿元，为抗灾救灾和百姓重建家园提供有效支持。

2006年，我行针对台资企业融资难的问题，配合国家对台资企业的政策，累计发放台资企业贷款人民币65.5亿元，促进了两岸经贸交流发展。

CDB, following the line of thinking to plan and prepare ahead, had drawn up in advance an "emergency readiness" plan to provide emergency lending to stricken areas in support of the government's emergency response system. The plan not only ensures adequate controls over the loan approval process but also improves the efficiency in approving emergency loans. In 2006, CDB made about RMB 1.3 billion of emergency loans to help the government and enterprises to allevi-

ate the impacts of disasters, including the avian flu, Jiujiang earthquake, Daping mine disaster, typhoon Bilis and the drought in Chongqing. These loans proved highly valuable to people in need as they fought to overcome the plight brought on by these disasters, allowing them to rebuild their homes.

In response to the difficulties faced by Taiwanese enterprises in seeking funding in the Mainland, CDB actively followed the State's policies with regard to Taiwanese enterprises and extended loans amounting RMB 6.55 billion to these enterprises in 2006, promoting the development of economic and trade exchanges across the strait.

加强与各类金融机构合作，促进中小金融机构改革与发展 INCREASED STRATEGIC COOPERATION WITH VARIOUS FINANCIAL INSTITUTIONS AND DIRECT ASSISTANCE AND FACILITATING THE REFORM AND DEVELOPMENT OF SMALL AND MEDIUM-SIZED FINANCIAL INSTITUTIONS

金融合作是我行近年来重大业务领域之一。在中国人民银行、中国银行业监督管理委员会、地方政府的指导和支持下，我行逐步加大了与各类金融机构的合作力度。截至2006年末，我行与中国建设银行、中国农业银行、中国交通银行、中国招商银行、邮政储蓄、中国再保险公司等十几家金融机构签署了全面合作协议；同时发挥引导功能，参与了二十余家城商行、城信社、农信社等中小金融机构的重组工作，发放重组贷款总额达人民币110亿元，为提高中小金融机构综合竞争力，化解地方金融风险作出了积极努力，形成了参与地方中小金融机构重组改革的新模式，拓宽了政府化解金融风险的有效途径，得到监管部门和社会各界好评。

Cooperation with financial institutions has been a key area of business focus for CDB in recent years. Under the guidance and support of the People's Bank of China, China Banking Regulatory Commission and local governments, CDB gradually increased its cooperation with all types of financial institutions. By the end of 2006, the Bank had entered into comprehensive cooperation agreements with more than a dozen financial institutions, including China Construction Bank, Agricultural Bank of China, Bank of Communications, China Merchants Bank, China Post and China Reinsurance

(Group) Company. At the same time, in measuring up to its role as a development-oriented bank, CDB was closely involved in the restructuring of more than twenty small and medium-sized financial institutions, including city commercial banks, urban credit cooperatives and rural credit cooperatives. The Bank has made RMB 11.0 billion of loans to support their restructuring. CDB has put in tremendous effort to improve financial institutions' collective competitiveness and assist in the mitigation of the financial risks faced locally, through forming a new model to participate in the reform and restructuring of local small and medium-sized financial institutions. These efforts resulted in a win-win situation for all parties involved and were highly praised by supervisory and administrative authorities and various sectors of the society.

信贷业务 LENDING OPERATIONS

信贷业务是我行资金运用的重中之重。在信贷业务拓展中，我行继续遵循以下三个基本原则：

- 全力支持中国政府的基础设施建设以及构建和谐社会的目标
- 充当中国现代金融市场发展的催化剂
- 不断增强我行的市场生存能力，提高融资能力，促进长期稳定发展

2006年，我行积极贯彻落实国家宏观调控政策，信贷业务呈现新特点：

- 继续加大对国家和地方重点项目的支持，确保资金链不断，避免经济出现大起大落。
- 积极调整我行的经营战略和方向，面向国家最亟需发展的领域开展工作，加大对县域经济及新农村建设、国际合作、产业整合与技术创新等领域的投入，促进经济社会又好又快发展。
- 通过银团贷款、间接银团贷款、联合贷款及信托等方式，引导社会资金投向，确保了国家重大项目与社会发展瓶颈领域的用款需求。

截至2006年末，我行的客户贷款余额达人民币20,144亿元；较去年同期增长18.2%。其中外币贷款折合人民币2,239.96亿元，占年终余额的11%。

In the use of our capital, lending is at the center of our priorities. Our lending operation continues to follow three fundamental principles:

- Rigorous commitment to supporting the government's infrastructure development and objective of building a harmonious society.
- Acting as a catalyst in the development of modern financial markets in China.
- Pursuit of commercial viability to maximize our funding capacity while sustaining our franchise for the long-term.

In 2006, the lending activities of the Bank took on new features as a result of the Bank's rigorous implementa-

tion of the State's macro-regulation policies:

- It continued to increase support to national and local key projects and ensure an uninterrupted flow of funds so as to prevent drastic fluctuations in the economy.
- It made timely adjustments to the operating strategies and vision of the Bank to target its resources at the areas most in need of development in the context of the whole country, and increase input in county-level economies and top priorities, including the building of New Rural Communities, international cooperation, industrial integration and technological innovation.
- It channeled the investment of public funds through syndicated loans, indirect syndicated loans, joint loans and trusts to leverage available lending capital so as to ensure the funding needs of the State's key projects and bottlenecked sectors development.

By the end of 2006, the loan balance to customers of CDB amounted to RMB 2,014.4 billion, up by 18.2% from the previous year. Foreign currency loans amounted to RMB 223,996 million, representing 11% of the year-end balance.

资金筹集 FUNDING

2006年穆迪、标准普尔和惠誉公司三家国际评级公司继续给予我行主权级信用评级，这对于我行降低融资成本、拓宽融资渠道具有积极意义。

我行主要通过发行本外币债券进行资金筹集。在人民币债券发行业务方面，我行多年来在中国债券市场一直保持第三大发行体的地位，目前我行债券存量占银行间债券市场债券存量的20%，进一步推动了中国债券市场的发展。2006年，我行根据市场状况和资金需求，全年共计发行人民币金融债券6,300亿元，发行量创历史新高，是去年的1.73倍；期限覆盖从3个月到30年期，使负债与资产结构更好地匹配；发行以7天回购定盘利率为基准的创新浮动利率债券，品种更为齐全；筹资成本控制在较低水平，有力支持了各项业务的发展。

在外币债券发行和筹集外币资金方面，2006年我行在境内发行3期美元债券，筹资16亿美元。目前累计在境内发行37.3亿美元债券，是境内外币债券最大的发行体，有力地推动了境内外币债券市场的发展。2006年5月，我行在境内成功组织了7亿美元银团贷款，共有21家银行参与，其中19家为外资银行。这样的银团贷款并不仅仅是一种新的有效融资渠道，国外投资银行争相参加我行组织的境内美元银团贷款的事实更胜过千言万语，反映了中国经济的良好态势以及我行在国际上享有的地位。

我行还积极推动资产证券化业务的发展。2006年4月，我行作为发起人推出了本年度唯一一支由银行发起的资产支持证券，即2006年开元一期（总第二期）信贷资产支持证券，总发行量为人民币57.3亿元，不仅改善了自身流动性，还为市场与客户提供更多的金融产品。截至2006年末，两期开元信贷资产支持证券执行情况良好，均未出现违约或损失情况。

In 2006, Moody, Standard & Poors and Fitch continued to rate CDB consistent with China's sovereign rating. The recognition from these international rating agencies enabled the Bank to be comfortably positioned to reduce its funding costs and expand funding sources.

The Bank raises most of its funds through issuance of debt securities in both Renminbi and foreign currencies. With regard to Renminbi-denominated securities, the Bank has maintained its position as the third largest issuer in China's securities markets. Currently, outstanding debt securities of the Bank represent 20% of the total outstanding debt securities in the Chinese inter-bank securities market, making the Bank a major contributor to its development. In 2006, in light of the annual funding needs, the Bank issued RMB 630.0 billion of Renminbi debt securities, 1.73 times the volume of the previous year and a new record high. The maturities of these debt securities ranged from 3 months to 30 years, enabling the Bank to better match its assets and liabilities. The issuance of innovative floating rate bonds linked to the 7 days fixed repo rate further enriched the diversity of the Bank's investment products. Throughout the year, the Bank controlled its funding costs at a low level, providing a solid base for development of all its business lines.

With respect to issuing foreign currency debt securities and raising foreign currency funds, the Bank issued three US dollar bond programs in China in 2006 for a total of USD 1.6 billion. The Bank has issued an cumulative total of USD 3.73 billion of bonds in China, and is the nation's largest issuer of foreign currency bonds. In May 2006, the Bank successfully organized a USD 700 million syndicated loan, participated in by 21 banks, including 19 foreign banks. This was the Bank's first syndicated loan with predominately foreign banks. This type of syndicated financing not only provides an effective funding option, it also demonstrates the eagerness of foreign banks to take part in our domestic US dollar syndication market. It also reinforces the strong economic outlook of our country.

Active efforts were also made to promote the development of asset-backed securities (ABS) in China. In April, 2006, the Bank completed the first issue of Kaiyuan ABS, which was the second in total, in the amount of RMB 5.73 billion, the only ABS product initiated by any Chinese bank in calendar year 2006. This engagement in asset securitization not only helps the Bank improve its own liquidity, but offers the market and investors more financial product choices. As of the end of December 2006, the two issuances of Kaiyuan securities backed by the Bank's credit assets were performing well and experienced no defaults or losses.

资金交易 TREASURY

我行资金交易业务所遵循的原则包括：

- 在保证信贷业务资金供应、确保资金安全的前提下，通过货币市场操作，有效调节头寸，提高资金使用效率。
- 积极参与市场创新，推动人民币衍生产品市场发展。

2006年2月，我行与光大银行完成我国历史上第一笔银行间人民币利率掉期交易，标志着我国人民币利率互换市场正式创立；2006年4月，我行成为国内首批提供人民币利率互换交易的18家备案机构之一；2006年12月，我

行成为国内银行间外汇市场做市商，是国内唯一提供10年双边报价的金融机构。我行成为人民币衍生产品市场的开拓者、建设者和领先者。

The Bank follows the following principles in conducting its treasury operations:

- The supply of committed funds to the credit business is guaranteed and safeguarded, the Bank should make timely and accurate adjustments to positions and improve the efficiency of fund use through money market operations.
- The Bank should actively involve itself in market innovations to promote the development of the Renminbi derivatives market.

In February 2006, CDB and China Everbright Bank completed the first interbank Renminbi interest rate swap in the history of China, and this transaction marked the formal establishment of China's Renminbi interest rate swap market. In April 2006, CDB became one of the first 18 registered institutions authorized to engage in Renminbi interest rate swaps. In December 2006, the Bank became the market maker for the domestic Renminbi interest rate swap market and began to quote 10-year buy and sell prices on Reuters and Bloomberg to global traders for Renminbi interest rate swaps, establishing the Bank as a trail blazer and champion of the Renminbi derivatives market.

投资银行业务 INVESTMENT BANKING OPERATIONS

为客户提供多样化的融资服务，我行积极创新，不断拓展投资银行业务。

In order to provide our customers with diversified funding services, CDB is determined to grow its investment banking business with innovation and diligence.

财务顾问服务 INVESTMENT ADVISORY SERVICE

财务顾问服务是我业务的重要组成部分，为我行储备了

项目、为未来业务拓展了空间。2006年，我行进一步改进相关政策和程序，提高服务质量，共开展了239个顾问项目，比2005年增长31%。

Financial advisory services have always been a major component in the investment banking operation of CDB. The Bank leverages financial advisory services to identify opportunities and build its project reserves and expand the potential for its future business development. In 2006, the Bank made further amendments to its policies, aiming to further enhance its financial advisory services. During the year, the Bank completed 239 advisory projects, up by 31% from the previous year.

债券承销 BOND UNDERWRITING

我行是国内唯一一家同时具有承销企业债券和短期债券资格的承销商。2006年，我行成功完成41支企业债券与短期债券的主承销和副承销工作，承销总额达人民币116.9亿元，比去年增加210%，继续保持市场领先地位。

我行主承销的“06鲁能债”首次采用交易所网上发行的方式，开创了国内企业债券在交易所公开发行的先河，从发行完毕到挂牌上市仅5个工作日，实现了企业债券发行上市一体化的创新目标。

China Development Bank is the first underwriter to have qualifications to underwrite both corporate bonds and short-term bonds. In 2006, the Bank acted as lead underwriter or co-underwriter and successfully completed the underwriting of 41 corporate and short-term bonds for RMB 11.69 billion, an annual volume that represents an increase of 210% over the previous year. CDB has and continues to be the Chinese market leader in corporate and short-term bond underwriting.

Luneng Bond '06, which the Bank underwrote as the lead underwriter, was issued online through the exchange's website, the first instance a domestic corporate bond was offered through the exchange. From offering to listing, it took only 5 working days to complete the process online, representing a new achievement in the integrated offering and listing of corporate bonds.

股权投资 EQUITY INVESTMENT

为响应国家债转股战略，从1999年起，我行开展债转股及股权投资业务。2006年，我行继续推进不良股权化解及股权处置，处置了所持的中石化等股权，实现收益人民币5.53亿元；此外，本年度累计收回股权投资分红人民币3.95亿元，投资收益率6.4%。目前我行尚持有11个股权投资项目。

In response to the State's debt-to-equity-swap strategy, the Bank began to engage in debt-to-equity and equity investment operations in 1999. In 2006, the Bank continued to focus on the resolution and disposal of non-performing equity investments. The disposal of the Bank's equity holdings in China Petroleum & Chemical Corporation returned RMB 553 million to the Bank. The Bank received a total of RMB 395 million in dividends from its equity investments, representing a return on investment of 6.4%. Currently, the Bank has equity investments in 11 projects.

基金投资 INVESTMENT FUNDS

自1998年以来，我行创立和投资了四支产业投资基金，包括：

- 中瑞合作基金（“SSPF”）
- 中国 - 东盟中小企业投资基金（“ACIF”）
- 中国比利时直接股权投资基金（“CBF”）
- 渤海产业投资基金

目前，中瑞基金、东盟基金及中比基金均运行良好。渤海产业投资基金为2006年新设立产业基金，该基金旨在支持环渤海地区经济发展，基金总规模为人民币200亿元，一期规模60.8亿元，我行承诺出资人民币10亿元，已出资人民币1亿元。此外，2006年，我行还分六次向东盟基金累计出资219万美元（已累计向东盟基金出资867万美元）。

另外，我行还投资控股了中瑞创业投资基金管理有限公司并投资参股了渤海产业投资基金管理有限公司。

Since 1998, the Bank has established four investment funds:

- Sino-Swiss Partnership Fund (SSPF)
- ASEAN China Investment Fund L.P. (ACIF)
- China-Belgium Direct Equity Investment Fund (CBF)
- Bohai Industrial Development Fund

Currently, SSPF, ACIF and CBF are delivering good results. Bohai Industrial Development Fund was established in 2006 to support the economic development of the Bohai Rim region. The fund aims to raise RMB 20 billion, and in the first phase where RMB 6.08 billion was raised, CDB committed to invest RMB 1.0 billion and had contributed RMB 100 million already. In addition, the Bank made 6 disbursements totaling USD 2.19 million to the ACIF in 2006 (accumulated contributions to ACIF amounted to USD 8.67 million).

In addition, the Bank is the controlling shareholder of Sino-Swiss Venture Capital Fund Management Co., Ltd. (SSVC) and has acquired shares in Bohai Industry Investment Fund Management Co., Ltd.

我行实行以信用建设为中心、全面覆盖资产负债各项业务、内部管理和外部监督相结合的风险管理机制。通过搭建全面风险管理体系、梳理业务流程、创新和改进管理工具和方法等措施，我行进一步加强了对信用风险、市场风险、操作风险的管理，以满足各项业务需要。

We adopt a risk control approach that centres on credit, covers every corner of asset and liability management activities and combines internal management and external oversight. By taking a series of measures, including building bank-wide risk management systems, streamlining business processes, innovation and improving management tools and methods, the Bank has further solidified its management of credit, market, and operational risks to support the needs of its various business lines.

风险管理特征

KEY ATTRIBUTES OF RISK MANAGEMENT

(1) 清晰的风险战略和稳健的风险偏好：不以短期利润为目标，追求长期的风险收益均衡和为社会创造价值；在完善风险识别、计量、监测和控制能力的基础上主动管理风险，将业务发展过程中承担的风险控制在可以承受的范围之内。

(2) 以委员会决策为特征的风险治理架构：风险管理行长办公会及其领导下的信用风险管理委员会、贷款委员会、资产负债委员会是风险治理架构的决策层；风险管理职能部门是风险治理架构的执行层；各分行及其业务部门是风险治理架构的操作层。

(3) 快速反应的风险控制机制：通过研究宏观经济形势与实施主动风险管理，我行前瞻性地调整了国家重点控制投资领域中的业务，在过去六年没有进行受限领域的新项目贷款。

(4) 改进的风险管理制度和流程：风险管理制度和流程贯穿各项业务发展全过程，特别重视对新产品、新业务、新客户的风险管理。完善了独立委员路演制度，将原来的信用独立委员和贷款独立委员统一整合为评审独立委员。简化了对新客户的信用评审流程，增加了分行的审

批权限。定期更新风险管理制度。

(5) 先进的管理技术和方法：我行试用内部评级法、风险计量统计模型及标准法对信用风险、市场风险及操作风险进行识别、计量并计提资本。我行按季度分析、评估三大风险状况。

(6) 动态的风险报告和畅通的沟通渠道：我行对风险状况和监控指标体系的变动情况进行动态持续监督和报告。风险管理委员会定期审阅《开发银行全面风险评估与分析报告》。在信息化建设方面的重大进展为优化风险记录和披露提供了帮助。

(7) 以风险为导向的独立稽核：独立于业务部门的稽核评价局定期评价全行风险管理的有效性，及时将评价结果反馈到相关部门或管理层，并对内部控制过程中各主要风险点进行识别，对发现的问题进行系统性风险揭示并提出整改建议，强化了内部控制。我行逐步实现了从财务逐笔稽核向信贷业务的逐笔稽核的转变，建立了以风险为导向的独立稽核制度，将稽核资源有效分配到风险较大的信贷业务中。

(I) Clear risk management strategy and prudent risk appetite - Risk management is designed and conducted in alignment with the Bank's vision, which is not pursuing short-term profits at the expense of long term growth while balancing longer-term risk and reward decisions to create value for the Bank and society. By adopting a proactive approach to risk management on the strength of enhanced risk identification, measurement, monitoring and control abilities, the Bank controls the risks taken during its business development to an acceptable level.

(II) A risk governance framework characterized by decision-making by committees - The Governor's Council on Risk Management heads the framework and oversees the Credit Risk Management Committee, Lending Committee and Asset and Liability Management Committee. These risk management functional departments are the execution bodies within the risk governance framework while the branches and business departments are operational bodies.

(III) Risk management measures and mechanisms that enable the Bank to respond quickly to situations and operational climate changes - By broad and close study of studying macro economic trends and taking initiatives in risk management, the Bank has been able to make forward-looking decisions in adjusting its focus with regard to investment areas under the heavy oversight control of the State, and has not made any new loans to restricted areas for the past six years.

(IV) Enhanced risk management policies and processes - Risk management policies and processes are embedded in all lines of business, particularly managing risks associated with new products, new businesses and new customers. The Bank has enhanced its loan appraisal system in which independent industry specialists, formally called independent credit specialists or independent facility specialists, assess the risks, by combining both the credit committee and facility ratings committee into a credit assessment committee. This restructuring has streamlined credit appraisal of new customers as well as enhanced branches' authority limits. These credit policies are subject to regular scrutiny, review and update.

(V) Advanced risk management techniques and methods - The Bank utilizes an Internal Rating-Based Approach (IRB), Risk Statistic Model, and Standardized Approach, to respectively identify, measure, and manage credit risk, market risk, and operational risk. The Bank accordingly measures capital requirements. Quarterly analyses are conducted to assess these three risks.

(VI) Dynamic risk reporting and streamlined communication channels - The Bank monitors and reports on its risk positions and its key risk monitoring indicators on a continuous basis and in a dynamic manner. The Risk Management Committee reviews the bank-wide Risk Assessment and Analysis Report on a regular basis. The major progress in IT system improvement has made considerable contributions to the enhancement of risk documentation and disclosure at the Bank.

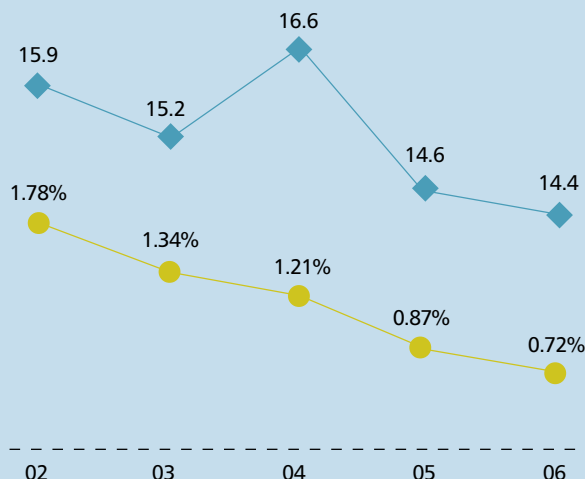
(VII) Risk-based audit approach - The Auditing Department, independent of any other functions, institutes periodic reviews on the effectiveness of risk

management across the bank and timely escalates dissemination of its audit findings to relevant departments or management. The Audit Department has helped to strengthen the Bank's internal controls by identifying key risk points in the overall internal control framework, by systematically disclosing the issues which deserve management's attention and making recommendations for improvement. The audit has shifted its focus from financial to credit activities and has established risk-based review so that audit resources can be allocated more effectively to focus on higher risk credit activities.

风险管理业绩 RISK MANAGEMENT PERFORMANCE

我行在2006年主要经营业务指标达到同业领先水平的同时,不良贷款比率仍保持国内同行业的最低水平,表内不良贷款率连续18个季度保持在2%以内,其中连续7个季度保持在1%以内,与国际一流银行不良贷款率在0.5%-3%的区域内处于总体稳定小幅波动状态的特征相一致。2006年底,不良贷款额降至144.3亿元人民币,占贷款总额的0.72%,同比下降了0.15个百分点。

Our Bank has maintained key operating indicators in line with an advanced peer group. The non-performing loan ratio has remained at the lowest level relative to our domestic competitors during 2006. The non-performing loan ratio has been maintained at below 2% for 18 consecutive quarters. During these 18 quarters, the non-performing ratio has been maintained at below 1% for 7 consecutive quarters, an achievement in line with international leading banks which have characteristically reported non-performing loan ratios between 0.5% and 3%. At the end of 2006, total non-performing loans were reduced to RMB 14.43 billion, representing 0.72% of the total loan portfolio, down by 0.15% from the previous year.



◆ 不良贷款余额 NPL BALANCES
单位: 10 亿元人民币 In billions of RMB

● 不良贷款比率 NPL RATES

信用风险管理 CREDIT RISK MANAGEMENT

信用风险指借款人或交易对手可能无法履行责任而使银行遭受损失的风险。在信用体系建设等创新领域, 我行的做法具有前瞻性和社会效益:

- 积极推动信用体系的建设, 从源头降低信用风险
- 完善二元评审体系
- 深化资产组合管理
- 加强并运用信用衍生产品进行风险管理
- 努力推进新资本协议内部评级法的实施
- 强化早期预警, 进一步加强贷后管理工作
- 强化分支机构的风险管理职能

Credit risk is the risk of loss that a borrower or a counterpart may not meet its obligation in accordance with the original contractual terms of its facility. In the development of our credit system, we have been forward-looking and socially-beneficient, so the Bank has:

- Developed a credit system that reduces credit risks from the inception of a transaction
- Enhanced the double-approval system for borrower and facility ratings
- Enhanced asset portfolio management

- Applied credit derivative concepts in risk management
- Increased efforts in implementing the Internal Rating-Based approach under the New Basel Capital Accord
- Strengthened our early warning system and further intensified our post-lending management processes
- Strengthened risk management over subsidiaries

积极推动信用体系的建设, 从源头降低信用风险 DEVELOPED A CREDIT SYSTEM THAT REDUCES CREDIT RISKS FROM THE INCEPTION OF A TRANSACTION

我行整合政府、市场、金融和企业等要素资源, 形成系统合力, 建设市场和信用; 主动推进信用体系建设, 对特定中长期信贷客户进行信用质量管理; 以客户信用建设质量分类和动态管理为手段, 对企业信用实行了标志性事件目标管理, 辅导企业提升自身的信用。邀请外部专业研究机构联合对国内地级以上的 291 个城市进行了年度信贷风险指数的跟踪研究, 努力将信贷限额与信贷风险进行动态匹配, 从源头上控制风险。

The Bank establishes its market strategy and enhances its credit process, by taking advantage of the synergy arising from integration of key resources, including the government, market, financing and enterprises. The Bank has taken initiatives in building its credit system by classifying medium and long term borrowers according to credit quality. Through classifying borrowers according to their creditworthiness and applying dynamic management, the Bank has managed the creditworthiness of these borrowers according to key performance indicators so as to assist these borrowers in elevating their own creditworthiness. The Bank has invited external professional research institutions to work with the Bank to conduct studies on the credit risk indices in 291 cities, aiming to match credit limits dynamically to the credit risks so as to control risks from inception.

完善二元评审体系 ENHANCED THE DOUBLE-APPROVAL SYSTEM FOR BORROWER AND FACILITY RATINGS

由借款人评级和债项评级组成的二元评审体系更加成熟。对违约损失率更加准确的匡算进一步完善了原有的借款人评级。债项评级体系涵盖了更加广泛的开行的信贷资产。

2006年，我行通过强化专家参与评审，充分发挥专家和行业专业评审人员的优势，提高市场反应速度，加强风险管理。国内外银行界及社会上广泛认可和推崇的贷款路演审议制度获得进一步优化。

信用风险管理委员会对借款人的评级进行季度复核，对其信用等级和风险限额进行年度复评和重新审定。

The double-approval system, consisting of the borrower's rating and the facility rating, is continuously enhanced. Higher precision in the calculation of default probability helps increase the accuracy of borrower rating results, while facility ratings cover a much wider scope of credit assets of the Bank.

In 2006, we have leveraged the expertise of industry specialists to enhance our market responsiveness and stronger risk management. The widely recognized and commended practices adopted by the Bank in the review and evaluation of potential loans by industry specialists have been further refined.

The Credit Risk Management Committee conducts quarterly reviews of borrower ratings and re-evaluates and re-defines borrower credit ratings and risk limits on an annual basis.

深化资产组合管理 ENHANCED ASSET PORTFOLIO MANAGEMENT

我行的组合管理建立在风险敞口额度管理和集中度目标的管理基础之上，每个季度都对全行的信用风险组合进行监测、分析和报告。2006年，在原有行业和地区的风险限额框架基础上，我行充分考虑客户的偿债能力和银行的风险承受能力，强化预警功能，认真研究以经济资本配置为导向的风险限额设定方法和标准。

Asset portfolio management at the Bank has been built on the management of risk exposure limits and concentration risk objectives. The Bank monitors, analyses and reports on the portfolio's credit risk positions on a quarterly basis. Utilizing the strength of the existing risk limit framework applicable to industries and regions and by giving full consideration to the servicing capacity of borrowers and the Bank's risk tolerance levels, the Bank has strengthened its early warning system and further studied the methods and standards for risk limit setting based on economic capital allocation.

运用信用衍生产品理念增加风险管理手段 APPLIED CREDIT DERIVATIVE CONCEPTS IN RISK MANAGEMENT

我行运用信用衍生工具缓释风险的原理，将其结合在信用担保和信用增级中，从而降低资本需求。

By applying the concept of credit derivatives in credit guarantees and credit ratings enhancement to mitigate credit risks, the Bank has successfully reduced its demand for capital.

努力推进新资本协议内部评级法的实施 INCREASED EFFORTS IN IMPLEMENTING THE INTERNAL RATING-BASED APPROACH UNDER THE NEW BASEL CAPITAL ACCORD

我行以提高自身风险管理水平为目标，以新巴塞尔协议的要求为准绳，完成了内部评级法实施规划。同时，为最终实施高级评级法，我行在2005年进行的数据清理、补录的基础上，积累了更多的内部数据并提高了数据质量。我行多次聘请国际著名咨询机构对先进的风险管理理念、方法和工具进行咨询和探讨，取得显著成果。

2005年，我行在客户评级模型方面取得了新进展，提升了风险评级精确度。2006年，我行进一步尝试将该模型与原有的以专家判断为基础的信用评分模板并行使用，相互校验，相互完善。我行制定并执行了国家和境外客户信用评级标准和方法，制定了社会瓶颈领域和中小企业信用管理标准，完成了某些行业的相关性分析以及行业与国民经济相关性的分析。

With the aim of improving risk management at the Bank, the planning for the implementation of the Internal Rating-Based (IRB) approach was completed during the year in accordance with the requirements of the Basel II Accord. For the ultimate goal of implementing the advanced IRB approach, the Bank captured and accumulated further internal data and enhanced the quality of its data during 2006 through dedicated data cleansing and catch-up work performed in 2005. In addition, the Bank invited international advisory agencies to provide advice on advanced risk management concepts and practices and their associated methods and tools. The Bank has been pleased with the progress that has been achieved.

Progress made in 2005 on borrower rating models enhanced the precision of risk rating at the Bank. In 2006, the Bank enhanced the models by comparing the existing models with judgment-based credit grading templates to counter-check the results and achieve improvements in both models. During the year, the Bank also designed and implemented the credit rating criteria and methods for sovereign and overseas borrowers, developed the credit management criteria applicable to bottleneck sectors and SMEs, and completed the correlation analysis of certain industries and an analysis of the correlation between industries and national economy.

强化早期预警，进一步加强贷后管理工作 STRENGTHENED OUR EARLY WARNING SYSTEM AND FURTHER INTENSIFIED OUR POST-LENDING MANAGEMENT PROCESSES

一直以来，我行将早期预警系统视为良好的信用风险管理最重要的手段之一。建立和完善了“按季预测、按月调度、按周监控、按日落实”的贷款回收工作制度，加强资产质量动态预测和风险监控，以确定宏观经济、政府政策的变化以及现金流变化等原因可能给资产质量带来的影响，及早制定预案。特别加强了对外部已有风险提示的企业的监控。

Historically, the Bank's early warning system has always been regarded as one of the most important tools in good credit risk management. The Bank has established and refined its loan collection practices to include quarterly forecasting, monthly reconciliation and planning, weekly monitoring and daily implementation and follow-up. For the purpose of developing early response action, we have also intensified our dynamic forecasting and risk control of asset quality to determine the impact of various factors on asset quality, including changes in the macro economy, government policies as well as cash flows. Special attention has been paid to intensify monitoring of enterprises for which there are external indicators of risks.

强化分支机构的风险管理职能 STRENGTHENED RISK MANAGEMENT OVER BRANCHES

为适应业务多元化和县域经济发展的需求，我行通过适度授权、逐步将授权范围内风险管理职能由总行前移至分

行，使分行由操作执行部门向管理部门转变。同时，我行充分发挥政府合作、企业合作以及金融合作相结合的风险管理优势，将风险管理由大中城市延伸至全国各县，由国内延伸到任何我行在其领域开展业务的国家或地区。

In responding to the diversification of our business activities and the need for county-level economic development, by proper delegation of authority, the Bank has progressively shifted the risk management function forward to our branches to help transform the branches from operational bodies into management roles. At the same time, by drawing on our strength in risk management practices that incorporate cooperation with governments, enterprises and financial institutions, the Bank has extended its risk management from large and medium-sized cities to counties across the country and to all countries and regions where the Bank operates.

市场风险管理 MARKET RISK MANAGEMENT

市场风险是指利率、汇率或商品价格变动造成损失的风险。我行面临的市场风险主要是利率风险、汇率风险和流动性风险。从2005年4月正式运行的以全行市场风险管理为核心的风险管理中台经历了从无到有，从初步框架到逐步深化，实现了从强调风险计量到更加注重风险与会计核算及资本管理关系的转变，市场风险管理和授权授信管理水平取得较大提升。

Market risk is the risk of loss caused by changes in prices of financial instruments, principally influenced by interest and foreign exchange rates or a change in available liquidity. Market risks faced by the Bank mainly include interest rate risks, currency risks and liquidity risks. From April 2005, the risk management middle office, with bank-wide market risk management as its pivotal focus, has grown from nothing to a major presence, from a crude framework to a sophisticated system, and has completed its transformation from a simple function focusing on risk measurement to a key component that probes into the inner relationship between risks, accounting and capital management. The

Bank's market risk management practices, authority delegations and credit limit management have achieved significant progress during the year.

利率风险 INTEREST RATE RISK

利率风险指因利率变化或收益率曲线变化对我行金融工具或未来收益造成负面影响从而可能带来损失的风险。我行银行账户的利率风险主要通过重定价缺口分析、净利息收入敏感性分析、持续期缺口分析和市值敏感性分析等方法，分别从利息和市值的角度进行评估。交易账户的利率风险管理方法主要是盯市、风险敞口分析和盈亏分析。我行通过定期编制中台风险监控报告，及时准确向管理层传达风险信息。我行通过调整发债期限结构来配合资产期限，降低资产负债的错配，同时尽可能将贷款和发债利率保持同向同幅度变化，同时根据风险敞口水平，进行相应的掉期交易，实现净利差在合理水平基础上的最大化。

2006年，我行试用了自主开发的贷款定价模型自动生成的结果来确定贷款利率，并不断完善此模型。此外，我行将深入研究对净利息收入和股东权益经济价值的模拟、银行账户资产组合的风险值等国际先进的利率风险模型，并提高逐步利用利率杠杆调节资金供求和风险收益的能力。

Interest rate risk is the risk of loss arising from changes in the level of interest rates or changes in the shape of yield curves that could adversely affect the market value of financial instruments or future earnings of CDB. The interest rate risks the Bank is exposed to are assessed from the interest and the market value perspectives using a number of methods, including re-pricing gap analysis, net interest income sensitivity analysis, duration gap analysis and market value sensitivity analysis. The management of interest rate risk of the trading book is achieved through mark-to-markets, exposure analysis and cost benefit analysis. On a periodic basis, we prepare risk monitoring reports for our management to gain an accurate understanding of our risk position. The Bank adjusts its debt maturity structure to align it with its asset maturity in order to reduce mismatching between assets and liabilities and maintain a consistent movement between lending and borrowing interest rates. At the same time, the Bank engages in swap transactions to achieve maximization of net interest spread where appropriate.

In 2006, our Bank has pilot run our proprietary loan pricing model to determine interest rates for lending, and continued to work on and refine this model. In addition, the Bank has and continues to study various internationally advanced models on interest rate risk management, including models for simulating net interest income, economic value, and value at risk. At the same time, our Bank has made efforts to improve its ability to use interest rates as to adjust the demand and supply of funds and risk-based returns.

汇率风险 CURRENCY RISK

汇率风险是指因汇率变动和国际间利率波动不同步而可能造成损失的风险。我行首先通过实施匹配融资政策来控制汇率风险。对不匹配的风险敞口或不完全套期的敞口，我行主动利用适当的市场工具，如远期交易、掉期交易及其它金融产品，有效地对冲和控制由于市场汇率波动所带来的汇率风险。

Currency risk is the risk of loss arising from the fluctuation of exchange rates. The Bank controls its currency risk by primarily adopting a matched financing policy. For mismatched risk exposures and exposures not fully hedged, the Bank takes the initiative to use adequate market instruments, including forwards, swaps and other financial products, to effectively hedge and control our open positions against currency risks arising from fluctuation of foreign exchange rates in the market.

流动性风险 LIQUIDITY RISK

流动性风险是指银行无法以最低的成本和最有效的方式为其当前应履行的业务和要进行的业务活动提供资金的风险。我行的主要资金来源于国内债券市场，央行宏观货币政策的变化及市场对利率升值的预期都是可能对我行主要资金来源产生负面影响的重要因素。高效和准确的资金计划对我行的流动性管理至关重要。我行建立了以最大累计流出金额（MCO）为核心的流动性风险管理指标体系，实现资产与负债的匹配，提高资金使用效率。

Liquidity risk is the risk that the Bank is unable to fund its current obligations and operations in the most cost efficient manner. Our primary funding source is the domestic bond market. Changes in the government's

monetary policies and market expectations of interest rates are all important factors that could adversely affect our key funding source. Efficient and accurate planning plays a critical role in our liquidity management. The Bank has set up a liquidity risk management indicator system centered on maximum cumulative outflow (MCO) to achieve matching of assets and liabilities and improve the efficient use of funds.

操作风险管理 OPERATIONAL RISK MANAGEMENT

操作风险指由于内部程序、人员及系统的不完善或失误或外部事件所造成直接或间接损失的风险。近年来，我行操作风险的管理主要侧重于以下七大要素：

- 内部政策风险
- 监管风险
- 法律风险
- 结算风险
- 信息系统风险
- 员工风险
- 外部风险

我行通过加强内部控制、聘用合格人才、重视合规经营以及定期评价制度和流程等手段，强化操作风险管理。2006年，我行完善了全行网络系统，提升了系统的安全性和有效性，引入了PIO管理机制，加强对外包商的管理和监督。

我行设立了“审计举报办公室”，通过媒体公告，接受社会各界对贷款发放和使用情况的监督和举报，防范和制止各环节的违规和不法行为。与地方纪检监察、审计等部门建立联合监督机制，共同对贷款项目开展监督检查，充分借助社会力量增强管理风险能力。

Operational risk is the risk of loss arising from failed internal control process on systems, human factors, and/or external events. In recent years, the Bank has focused its efforts in operational risk management on the following seven elements:

- Internal policy risk
- Regulatory risk
- Legal risk
- Settlement risk
- IT system risk
- Employee risk
- Reputation and other external risks

Operational risk management has continuously strengthened at the Bank through various means and

methods, including strengthening internal controls, recruitment of qualified and competent human resources, focusing on operational compliant and regular assessment. In 2006, the Bank refined its bank-wide network system, upgraded the system's security and efficiency, and introduced the PIO management tool to increase management and oversight of outsourcing suppliers.

We have also set up the Public Oversight Office. For the purpose of preventing and reducing irregularities and illegal activities that may potentially occur during different phases of the loan process, the Bank has made it known to the market through public media that the origination and use of its loans are subject to the public oversight and a hotline has been set up to receive misconduct reporting. The Bank also leverages social forces to strengthen its ability to manage and control risks by working closely with local discipline inspection supervision joined and audit authorities. It has set up joint oversight processes and joining with them to conduct inspection and supervision on lending projects.

信息化建设 IT DEVELOPMENT

2006年，我行明确提出信息化目标：实现信息技术对资金、信贷、风险管理、内部运营、人力资源和金融合作的全面支撑。

- 应用系统覆盖面进一步扩大，整体集成性进一步增强。启动全行应用集成平台项目；推进管理会计系统实施；加强信贷业务系统整合；完善核心业务系统功能。
- 基础设施建设取得阶段性成果，全行数据中心初现雏形；同步启动深圳和北京两地灾备中心建设；处理能力和安全性得到显著提升。
- 继续探索和深化外包改革，扩大服务范围，提升服务质量。

In 2006, the Bank articulated its IT development objectives in clear terms, i.e. to develop its information technology so as to enable full support of the Bank's operations in treasury, credit, asset management, bank-wide risk management, internal operations, human resources and financial cooperation. The Bank has:

- Further expanded the coverage of the application systems and further enhanced the overall integration of the IT system. Major efforts in this area include: advancing the implementation of the management accounting system, enhancing integration of the credit business system, and refinement of the functionality of core banking system.
- Achieved milestones in its infrastructure construction, while the bank-wide data centers project took shape. The construction of the two disaster recovery centers in Shenzhen and Beijing were launched simultaneously. The processing capacity and security of the IT system have been significantly improved.
- The Bank continued its efforts to explore and advance its outsourcing reform. It continued to expand the scope of outsourcing and achieved pleasing improvement in the quality of outsourced services.

组织机构和员工队伍 ORGANIZATION AND EMPLOYEES

2006年，我行进一步完善组织机构体系。我行青岛代表处升格为青岛市分行，宁波代表处升格分行也获得监管部门批准，这使我行能够更好地支持当地经济社会发展。根据业务发展需要，我行还设立了研发中心等新机构。

2006年，我行进一步推动县域经济、国际合作业务职能部门建设。设立从事管理县域经济工作的专门部门，并在全行抽调400余人与团中央的青年志愿者一起深入县乡，与县一级政府合作扶持县域经济发展；在总分行设立从事国际合作业务的专门部门，设立国际合作专员序列，并在全行抽调100余人，分若干工作组到海外开展国际合作业务。

我行继续支持拓宽员工职业发展通道，保持与政府部门、企事业单位和国内外科研院所之间的双向交流机制，开拓员工视野，增加工作经验。进一步推进人力资源管理制度改革，建立创新驱动的激励机制，有效调动员工积极性。

In 2006, the Bank continued to seek improvements in its organizational structure. The Qingdao Representative Office was upgraded and re-badged as the Qingdao Branch, and the establishment of the Ningbo Representative Office received approval from regulatory authorities. The upgrade of branches will enable the Bank to better support local economies and their social development. In light of its business development needs, the Bank also set up new branches and R&D centers.

Efforts were made to accelerate the setup of functional departments in 2006, including those designed to drive county-level economic development and international cooperation. Dedicated teams were set up to focus on work relating to county-level economic development, and more than 400 people were selected to join force with youth volunteers from the Communist Youth League Committee to go to counties and villages and work with county governments to help the economic development at the county level. Dedicated task forces were set up at the Head Office and branches to focus

on international cooperation, and more than 100 people have been selected to go abroad to facilitate those efforts.

The Bank continued to explore ways for broadening the career path of its people. The Bank also maintained the practice of secondment between the Bank and government agencies, business enterprises and public institutions and research institutes at home and abroad to broaden the vision and increase the experience of its people. Human resource management reform was further deepened with a focus on innovation-driven performance assessment to provide incentives to tap the innovative potential of all our staff.

培训与交流 TRAINING AND EXCHANGES

2006年，我行继续创新培训方式，引进国际先进理念，提高培训的系统性专业化水平，与加拿大、英国、德国、瑞士等国家的10家著名院校建立起培训合作关系，加入世界银行GDLN全球培训网络。2006年共组织境内外集中培训372项，参训10,986人次，人均15.72天。另外，通过网络培训平台实现网络培训4,000人天，有效改善员工知识结构，补充技能缺损，培养并储备了复合型高端人才，推动了业务创新与发展。

我行通过举办研讨会、座谈会和集中培训等方式，对各级地方政府领导干部和客户、开发性金融志愿者等宣传推广开发性金融理念，提升开发性金融市场参与者的金融参与能力，积极促进金融社会化、社会金融化。2006年，我行开发性金融宣介培训已覆盖全部1,964个县一级地方政府类客户，有效地推动了业务发展。

国际合作方面，2006年，我行为31个国家的120人次政府官员、金融机构高管及业务骨干举办了各类高级政策研讨和业务培训活动，推广开发性金融理念，增进沟通，为我行国际合作业务奠定基础。

In 2006, the Bank continued to introduce innovations and advanced international practices to improve its training. The Bank established cooperation ties with 10 institutes in Canada, UK, Germany and Switzerland,

and joined the World Bank's GDLN global training network. During the year, 372 off-job training sessions at home and abroad were organized for 10,986 participants; on average, every CDB staff member received 15.72 days of training. In addition, online training added 4,000 mandays of training through the online training platform of the Bank. These efforts enabled the Bank to successfully improve its people's knowledge, enhance their technical skills and build a stronger reserve of skilled interdisciplinary talent, which in turn helped drive business innovation and development of the Bank.

In order to promote the concepts of development-oriented financing, the Bank made strong efforts to enhance participation in the development-oriented financial market and promote the popularity of finance across all strata of the society, including workshops and symposiums for local government leaders, off-job training conducted by branches to county-level leaders and clients and training to staff members and volunteer participants. In 2006, the Bank's promotion of and training on development-oriented financing covered the local government clients of all 1,964 of the nation's counties, which proved significantly beneficial to the Bank's business development.

With regard to international cooperation, the Bank held high-level policy workshops and business training sessions for 120 participants from 31 countries by government officials, senior executives of financial institutions and key business managers and operators in 2006. Through these exchanges, the Bank shared insights and improved mutual understanding, which paved a solid ground for the Bank to engage in international cooperation.

综述 OVERVIEW

2006年，我行继续保持了资产快速增长趋势，净利润增长21.4%。这充分反映了我行在严格控制成本的基础上，资产质量稳中有升，盈利能力继续提高。主要财务指标均呈现良好发展态势。

我行的主要收入来源是净利息收入。净利息收入是贷款利息收入和债券利息支出的差额。由于我行严格遵守央行规定的利率制度，因此人民币的利率风险敞口较小。为有效管理外币利率风险，我行与其它金融机构进行外币利率互换业务，以对外币利率风险进行经济套期。

我行其他重要的收入来源包括手续费及佣金收入、交易净收入、股利收入和投资收益。2006年我行通过加大拓展管理资产业务，以推动中间业务收入增长。我们相信，我行管理资产业务将继续稳步发展并逐步成为重要的收入来源之一。交易净收入主要包括衍生产品交易的净收入，目的主要是规避市场风险。股利收入和投资收益主要来源于前几年我行依据政府要求开展的债转股业务而持有的股权投资。近几年，我行逐步出售此类股权投资以减少对债转股的持有量。

The Bank maintained good asset growth momentum during 2006. The 21.4% increase in net profit is a solid proof of our strong assets quality and healthy spread combined with our tight cost control. This is also reflected in the encouraging results of our key financial ratios.

Our primary source of revenue is net interest income, which is essentially the difference between interest income earned on loans and interest expense incurred on our debt. As the interest rate framework established by the PBOC is strictly followed, the Bank has limited risk exposures to sudden changes in domestic interest rates. To effectively manage our foreign currency interest rate risk, we have entered into interest rate swap contracts with other financial institutions to provide economic hedge for the risks we are currently exposed to.

Other sources of revenue mainly include fee and commission income, net trading income, dividend income and gains on investments. During 2006, we had significant growth in fee and commission income as a result of our continued success with our asset management services. We believe our asset management business will continue to thrive and become a major source of income in the future. The net trading income consists mainly of net gains from derivative transactions, whose purpose is to hedge our market risks. Dividend income and gains on investments are principally related to equity investment holdings that were acquired through debt-to-equity swaps at the direction of the PRC government a few years ago. In recent years, the Bank had sold some equity investments in order to reduce the holdings.

财务收支

	人民币百万元			
	2006	2005	变动	变动比率(%)
利息收入	116,113	92,765	23,348	25.2%
利息支出	(63,143)	(52,606)	(10,537)	20.0%
利息收入净额	52,970	40,159	12,811	31.9%
手续费及佣金收入净额	1,861	887	974	109.8%
交易收入, 净额	2,154	(1,329)	3,483	(262.1%)
股利收入	395	522	(127)	(24.3%)
投资收益, 净额	400	529	(129)	(24.4%)
营业支出	(8,343)	(6,737)	(1,606)	23.8%
贷款和应收款项减值损失	(3,929)	(1,334)	(2,595)	194.5%
其他支出, 净额	(5,266)	197	(5,463)	(2,773.1%)
税前利润	40,242	32,894	7,348	22.3%
所得税	(12,590)	(10,111)	(2,479)	24.5%
净利润	27,652	22,783	4,869	21.4%

2006年度, 我行实现税前利润人民币402亿元, 较2005年增长人民币73亿元, 增幅达22.3%。税前利润的增长主要源于贷款规模的增长, 由2005年底的17,318亿元增长至2006年底的20,176亿元。我行资产在2006年度仍然保持较高质量, 这有力地保障了我行净利息收入的大幅增长, 同比增长128亿元, 增幅达31.9%。管理资产业务带来的手续费及佣金收入净额以及衍生产品交易带来的交易收入净额的大幅增长也对税前利润产生积极的影响。

我行逐步退出债转股业务, 2006年的股利收入及股权处置收入亦相应减少。此外, 债转股项目中尚待处置的不良股权投资资产质量的变化导致了相应减值准备的增加。

2006年其他支出有了显著增长, 主要原因是计人民币37亿元的汇兑损失。2005年7月21日, 中国人民银行引入有管理的浮动汇率制度, 允许人民币汇率根据市场供求并参考一篮子货币, 在有管理的幅度内浮动。我行的外币头寸以美元为主, 在央行的新货币政策下我行形成汇兑损失。

EARNINGS

	RMB in million			
	2006	2005	Change	Change (%)
Interest income	116,113	92,765	23,348	25.2%
Interest expense	(63,143)	(52,606)	(10,537)	20.0%
Net interest income	52,970	40,159	12,811	31.9%
Net fee and commission income	1,861	887	974	109.8%
Net trading income	2,154	(1,329)	3,483	(262.1%)
Dividend income	395	522	(127)	(24.3%)
Gains on investment securities, net	400	529	(129)	(24.4%)
Operating expenses	(8,343)	(6,737)	(1,606)	23.8%
Impairment losses on loans and receivables	(3,929)	(1,334)	(2,595)	194.5%
Other expenses, net	(5,266)	197	(5,463)	(2,773.1%)
Profit before tax	40,242	32,894	7,348	22.3%
Income tax expense	(12,590)	(10,111)	(2,479)	24.5%
Net profit	27,652	22,783	4,869	21.4%

In 2006, the Bank's pre-tax earnings reached a record of RMB 40.2 billion, up by RMB 7.3 billion, or 22.3% from 2005. The increase in pre-tax earnings was principally due to the growth in our loan book from RMB 1,731.8 billion in 2005 to RMB 2,017.6 billion in 2006 and our continued asset quality strength, which directly leads to the increase in net interest income by RMB 12.8 billion, or 31.9% from 2005. The net fee and commission income principally arising from asset management services and net trading income arising from derivative transactions have also contributed positively to the pre-tax earnings.

In 2006, the Bank's net income from dividends and gains on investment securities decreased as the Bank continued to dispose certain debt-to-equity swaps. There were also higher impairment provisions on certain equity investments.

Other expenses have significantly increased in 2006, which is caused by the exchange loss of RMB 3.7 billion. From 21 July 2005, the PBOC introduced a managed floating exchange rate system to allow the value of the RMB to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. The Bank's foreign currency positions are mainly denominated in USD, and the new PBOC currency policy has contributed to the Bank's exchange loss.

利息收入净额

	人民币百万元			
	2006	2005	变动	变动比率(%)
利息收入				
贷款	110,644	89,256	21,388	24.0%
拆放同业	196	87	109	125.3%
信达债券	2,250	2,250	-	-
存放中央银行和存放同业款项	264	220	44	20.0%
投资证券	2,550	948	1,602	169.0%
其他	209	4	205	5,125.0%
合计	116,113	92,765	23,348	25.2%
利息支出				
发行债券及次级债券	56,544	46,317	10,227	22.1%
向其他银行和政府借款	3,908	4,215	(307)	(7.3%)
客户存放款项	2,453	2,054	399	19.4%
同业存放款项	166	9	157	1,744.4%
其他	72	11	61	554.5%
合计	63,143	52,606	10,537	20.0%
利息收入净额	52,970	40,159	12,811	31.9%

2006年度贷款利息收入较去年增长214亿元，增幅达24%，与本年贷款规模的增长保持一致。根据政府宏观经济调控政策，中国人民银行在2006年两次提高了基准利率（分别在4月28日和8月19日），对我行利息收入增长产生积极影响。美元市场利率上升也使外汇贷款收益率提高。此外，投资总额从2005年的509亿元迅速增至2006年的1,454亿元，也有助于利息收入的提高。

与2005年相比，利息支出总额上涨了20%，主要原因是本行为满足贷款融资需求而将发债规模从15,415亿元增加至19,040亿元。

NET INTEREST INCOME

	RMB in million			
	2006	2005	Change	Change (%)
Interest income				
Loans to customers	110,644	89,256	21,388	24.0%
Loans to banks	196	87	109	125.3%
Cinda bonds	2,250	2,250	-	-
Balances with the PBOC and other banks	264	220	44	20.0%
Investment securities	2,550	948	1,602	169.0%
Others	209	4	205	5,125.0%
Subtotal	116,113	92,765	23,348	25.2%
Interest expense				
Debt securities in issue and subordinated debts	56,544	46,317	10,227	22.1%
Borrowings from other banks and governments	3,908	4,215	(307)	(7.3%)
Due to customers	2,453	2,054	399	19.4%
Deposits from other banks	166	9	157	1,744.4%
Others	72	11	61	554.5%
Subtotal	63,143	52,606	10,537	20.0%
Net interest income	52,970	40,159	12,811	31.9%

Interest income on loans to customers increased by RMB 21.4 billion, or 24% in 2006, which is in line with the increasing loan portfolio during the year. Under the central government's macro-economic policy, the PBOC raised the bench-mark interest rates twice during year 2006 (on April 28 and August 19 respectively), which also contributed to the increase in interest income. In addition, the overall rise in USD interest rates in the international market also enhanced the returns on foreign currency loans. Besides, the investment portfolio sharply increased from RMB 50.9 billion in 2005 to RMB 145.4 billion in 2006, which also contributed to the interest income increase.

Compared with 2005, total interest expense increased by 20%, which was mainly due to the increase in volume of our bonds in issue from RMB 1,541.5 billion to RMB 1,904.0 billion during the year to fund our loan portfolio's increase.

手续费及佣金收入净额 NET FEE AND COMMISSION INCOME

手续费及佣金收入净额比上年增长9.74亿元，超过上年该项收入的两倍。这一增长是由2006年本行的间接银团贷款、受托管理其他商业银行的信贷资产等管理资产业务大规模增长带动的，信贷相关的手续费及佣金收入净额从6.83亿元增长到17.28亿元。

Net fee and commission income increased by RMB 974 million, which more than doubled the figure of prior year. Along with the Bank's expansion strategy in asset management services through loan syndication and participation, credit related net fee and commission income increased from RMB 683 million to RMB 1,728 million.

交易收入，净额 NET TRADING INCOME

交易收入净额主要来自衍生品交易。为了对我行面临的市场风险提供经济套期，我行与其他金融机构进行货币互换、货币远期、利率互换等衍生产品交易。受到今年市场利率变化及人民币升值的影响，我行在2006年交易收入净额达22亿元，一举扭转了2005年交易净损失达13亿元的不利局面。

Net trading income is mainly generated from derivative transactions. To provide economic hedge for our market risks, the Bank entered into various derivative contracts like currency swap, currency forward, interest rate swap and others. Along with the market interest rate change, and RMB appreciation during the year, the Bank has recorded net trading income of RMB 2.2 billion in 2006 compared to net trading loss of 1.3 billion in 2005.

营业支出

	人民币百万元			
	2006	2005	变动	变动比率(%)
营业支出				
人工费用	768	616	152	24.7%
行政管理费	457	343	114	33.2%
折旧和摊销费用	183	178	5	2.8%
差旅费	179	84	95	113.1%
租赁费	174	114	60	52.6%
营业税金及附加	5,819	4,840	979	20.2%
其他	763	562	201	35.8%
合计	8,343	6,737	1,606	23.8%

2006年我行营业支出比2005年增长了23.8%，达到人民币83亿元。其增长主要是由与营业收入密切相关的营业税金及附加的增长所致。差旅费和租赁费的增长是由于我行今年大力发展县域经济，并推行“以租代购”。各项营业支出均得到有效控制并均在审批的预算之内。

OPERATING EXPENSES

	RMB in million			
	2006	2005	Change	Change (%)
Operating expenses				
Staff costs	768	616	152	24.7%
Administration expenses	457	343	114	33.2%
Depreciation and amortisation	183	178	5	2.8%
Travel expenses	179	84	95	113.1%
Occupancy	174	114	60	52.6%
Business tax and surcharges	5,819	4,840	979	20.2%
Others	763	562	201	35.8%
Total	8,343	6,737	1,606	23.8%

Operating expenses were up by 23.8% to RMB 8.3 billion in 2006. This increase was largely driven by increases in business tax and surcharges, which were directly related to increases in our revenue. The increase of travel expenses and occupancy expense are in line with our business expansion in rural areas, and our preference to lease rather than own our operating assets. Operating expenses were well controlled by our management and properly contained within the approved budget.

其他支出，净额 OTHER EXPENSES, NET

其他支出主要包括汇兑损失。受人民币对美元汇率升值的影响，我行今年汇兑损失为37亿元人民币。这些外币业务汇兑损失中的一部分会被外汇衍生金融工具收益（包含在交易收入净额中）所抵销。

Other expenses principally comprise the exchange loss. Due to the appreciation of RMB against USD, the Bank recorded an exchange loss of RMB 3.7 billion this year. This foreign currency translation loss was partially offset by the gain on the foreign currency derivative financial instruments included under net trading income.

财务状况

	人民币百万元			
	2006	2005	变动	变动比率(%)
资产合计	2,314,267	1,898,699	415,568	21.9%
贷款余额	2,022,630	1,735,791	286,839	16.5%
- 贷款	2,014,441	1,704,427	310,014	18.2%
- 拆放同业	3,123	27,399	(24,276)	(88.6%)
- 应收利息	5,066	3,965	1,101	27.8%
信达债券, 净额	100,060	100,610	(550)	(0.5%)
投资证券	145,357	50,882	94,475	185.7%
负债合计	2,156,088	1,768,189	387,899	21.9%
向其他银行和政府借款	60,966	66,196	(5,230)	(7.9%)
发行债券	1,863,739	1,501,195	362,544	24.2%
- 境内发行债券	1,841,240	1,476,268	364,972	24.7%
- 境外发行债券	22,499	24,927	(2,428)	(9.7%)
次级债券	40,308	40,301	7	0.0%
所有者权益合计	158,179	130,510	27,669	21.2%
实收资本	50,000	50,000	-	-

FINANCIAL POSITIONS

	RMB in million			
	2006	2005	Change	Change (%)
Total assets	2,314,267	1,898,699	415,568	21.9%
Loans	2,022,630	1,735,791	286,839	16.5%
- loan to customers	2,014,441	1,704,427	310,014	18.2%
- loan to banks	3,123	27,399	(24,276)	(88.6%)
- interest receivable	5,066	3,965	1,101	27.8%
Cinda bonds, net	100,060	100,610	(550)	(0.5%)
Investment securities	145,357	50,882	94,475	185.7%
Total liabilities	2,156,088	1,768,189	387,899	21.9%
Borrowings from other banks and governments	60,966	66,196	(5,230)	(7.9%)
Debt securities in issue	1,863,739	1,501,195	362,544	24.2%
- bonds issued in domestic market	1,841,240	1,476,268	364,972	24.7%
- bonds issued in overseas market	22,499	24,927	(2,428)	(9.7%)
Subordinated debts	40,308	40,301	7	0.0%
Total owner's equity	158,179	130,510	27,669	21.2%
Paid-in capital	50,000	50,000	-	-

资产结构

	人民币百万元			
	2006	占比(%)	2005	占比(%)
现金及存放同业款项	49,950	2.2%	28,246	1.5%
贷款，净额	1,995,127	86.2%	1,711,997	90.1%
信达债券，净额	100,060	4.3%	100,610	5.3%
投资证券	145,357	6.3%	50,882	2.7%
其他	23,773	1.0%	6,964	0.4%
合计	2,314,267	100%	1,898,699	100%

截止 2006 年底，我行的资产总额为人民币 23,143 亿元，较 2005 年增长了 21.9%。其中占比最大的贷款余额较 2005 年增长了 16.5%。贷款业务是我行最核心的资产业务，贷款规模的增长也是我行经营策略的体现。2006 年，在政府的信贷政策指导下，我行在促进贷款规模增长的同时，进一步对贷款进行总量控制和行业结构调整，使得贷款业务保持健康发展态势。

除了贷款总额增长之外，投资证券也从 509 亿元迅速增长至 1,454 亿元。截至 2006 年底，投资证券占总资产 6.3%，成为我行的第二大类资产。这些投资半数为“可供出售”类资产，这类投资的主要目的在于帮助我行调整资金头寸。

ASSET STRUCTURE

	RMB in million			
	2006	Composition (%)	2005	Composition (%)
Cash and balances with banks	49,950	2.2%	28,246	1.5%
Loans, net	1,995,127	86.2%	1,711,997	90.1%
Cinda bonds, net	100,060	4.3%	100,610	5.3%
Investment securities	145,357	6.3%	50,882	2.7%
Other	23,773	1.0%	6,964	0.4%
Total	2,314,267	100%	1,898,699	100%

At the end of 2006, total assets of the Bank amounted to RMB 2,314.3 billion, up by 21.9% from 2005. Our outstanding loan balance, which comprises the majority of our assets, has maintained a steady increase of 16.5% compared to 2005. Lending operation is the core of our business activities. It is our strategy to grow the loan portfolio within the guidelines of the PRC government. In 2006, we made further rationalization to our industry allocation within our loan portfolio and maintained healthy growth in our lending operation.

In addition to the increase of loan portfolio, investment securities increased sharply from RMB 50.9 billion to RMB 145.4 billion. At the end of year 2006, the investment securities accounted for 6.3% of total assets, constituting the second largest category in our asset portfolio. Half of these investments are classified as “available for sale”. These investments were being used to adjust our treasury position.

负债结构

	人民币百万元			
	2006	占比(%)	2005	占比(%)
发行债券	1,863,739	86.5%	1,501,195	84.9%
次级债券	40,308	1.9%	40,301	2.3%
向其他银行和政府借款	60,966	2.8%	66,196	3.7%
同业存放及客户存款	164,810	7.6%	144,718	8.2%
其他负债	26,265	1.2%	15,779	0.9%
合计	2,156,088	100%	1,768,189	100%

2006年，负债总额为人民币21,561亿元，较上年增长了人民币3,879亿元，涨幅为21.9%。我行主要通过在国内和海外市场发行债券的方式进行融资，以向其他机构借款作为补充。截止2006年底，债券余额增长至人民币19,040亿元，比2005年增长23.5%。发债规模的增长主要是为了配合贷款增长的资金需求。

LIABILITY STRUCTURE

	RMB in million			
	2006	Composition (%)	2005	Composition (%)
Debt securities in issue	1,863,739	86.5%	1,501,195	84.9%
Subordinated debts	40,308	1.9%	40,301	2.3%
Borrowings from other banks and governments	60,966	2.8%	66,196	3.7%
Due to other banks and customers	164,810	7.6%	144,718	8.2%
Other liabilities	26,265	1.2%	15,779	0.9%
Total	2,156,088	100%	1,768,189	100%

Total liabilities at the end of 2006 amounted to RMB 2,156.1 billion, up by RMB 387.9 billion or 21.9% from the prior year. While our principal source of funding is the issuance of bonds in domestic and overseas capital markets, borrowings from other banks and governments serve as supplemental sources of funding. Total bonds outstanding increased to RMB 1,904.0 billion at the end of 2006, or 23.5% from 2005. This increase was mainly driven by our loan growth during the year.

资本充足率 CAPITAL ADEQUACY RATIO

我行的目标之一是保持充足的资本以应对不可预见的损失和清偿债务。巴塞尔新资本协议要求资本充足率不低于8%。2006年，根据央行目前的计算基准，我行资本充足率降至8.05%（2005：9.15%）。资本充足率的下降主要是由于贷款余额的迅速增长，而所有者权益除了利润积累和分配外没有重大变化。我行已经在未来业务发展规划中对资本需求问题给予了充分考虑。

It is the Bank's objective to maintain sufficient capital to absorb unexpected losses and meet its obligations. The minimum capital adequacy ratio of 8% is recommended under the BASEL II Accord. At the end of 2006, our capital adequacy ratio decreased to 8.05% (2005: 9.15%), computed based on the current guidelines established by the PBOC. The decrease of capital adequacy ratio was attributable mainly to the significant increase of outstanding loans while the owner's equity has not significantly changed except for profit accumulation and appropriation. The Bank has already considered its capital needs in conjunction with its future plan.

盈利能力

	2006	2005
平均资产收益率(ROA)	1.31%	1.31%
平均所有者权益收益率(ROE)	19.16%	19.15%

尽管由于信贷业务增加，当年计提的减值准备从13亿元增长至39亿元，我行的收益并未受到负面影响。这反映了我行在业务规模持续增长的过程中，有效地保证了资产质量和盈利能力。

EARNING CAPABILITY

	2006	2005
Return on average Assets (ROA)	1.31%	1.31%
Return on average Equity (ROE)	19.16%	19.15%

Despite the increase in impairment provision recognised in the income statement from RMB 1.3 billion to RMB 3.9 billion due to lending business expansion, the Bank's earnings were not negatively affected, which reflects the underlying strong asset quality and healthy spread on interest income during the continued expansion of our business.

独立审计师报告

致国家开发银行管理层：

我们审计了后附的国家开发银行（“贵行”）的会计报表，包括 2006 年 12 月 31 日资产负债表，2006 年度的利润表、所有者权益变动表和现金流量表，以及重要会计政策和附注。

管理层对会计报表的责任

按照国际财务报告准则编制且公允列报这些会计报表是贵行管理层的责任。这种责任包括：设计、实施和维护与会计报表编制及会计报表公允列报相关的内部控制，以使会计报表不存在由于舞弊或错误而导致的重大错报；选择和运用恰当的会计政策；以及做出合理的会计估计。

审计师的责任

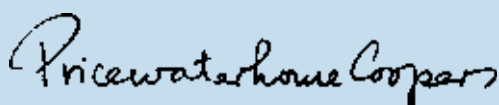
我们的责任是在实施审计工作的基础上对这些会计报表发表审计意见。我们按照国际审计准则的规定执行了审计工作。国际审计准则要求我们遵守职业道德规范，计划和实施审计工作以对会计报表是否不存在重大错报获取合理的保证。

审计工作涉及实施审计程序，以获取有关会计报表金额和披露的审计证据。审计程序的选择取决于审计师的判断，包括对由于舞弊或错误而导致的会计报表重大错报风险的评估。在进行该项风险评估时，我们考虑与会计报表编制及公允列报相关的内部控制，以设计恰当的审计程序，但目的并非针对贵行内部控制的有效性发表意见。审计工作还包括评价管理层选用会计政策的恰当性和做出会计估计的合理性，以及评价会计报表的总体列报。

我们相信，我们获取的审计证据是充分、适当的，并为发表审计意见提供了基础。

审计意见

我们认为，后附的会计报表已经按照国际财务报告准则的规定编制，在所有重大方面公允反映了贵行 2006 年 12 月 31 日的财务状况以及 2006 年度的经营成果和现金流量。



普华永道

2007 年 2 月 25 日

国家开发银行

2006 年度利润表

(除特别注明外，金额单位为人民币百万元)

	附注	2006	2005
利息收入	5	116,113	92,765
利息支出	5	(63,143)	(52,606)
利息收入净额	5	52,970	40,159
手续费及佣金收入	6	2,074	938
手续费及佣金支出	6	(213)	(51)
手续费及佣金收入净额	6	1,861	887
股利收入	7	395	522
交易收入，净额	8	2,154	(1,329)
投资收益，净额	18	400	529
营业支出	9	(8,343)	(6,737)
贷款和应收款项减值损失	16,17	(3,929)	(1,334)
其他支出，净额	10	(5,266)	197
税前利润		40,242	32,894
所得税	11	(12,590)	(10,111)
净利润		27,652	22,783

后附会计报表附注为本会计报表的组成部分。

行长：陈元

财务负责人：舒家伟

国家开发银行

2006年12月31日资产负债表

(除特别注明外, 金额单位为人民币百万元)

	附注	2006	2005
资产			
现金及存放中央银行款项	12	46,221	25,542
存放同业款项	13	3,729	2,704
买入返售证券		385	500
以公允价值计量且其公允价值变动计入			
当期损益的金融资产	15	18,124	855
贷款, 净额	16	1,995,127	1,711,997
信达债券, 净额	17	100,060	100,610
投资证券			
- 可供出售投资	18	85,241	49,977
- 持有至到期投资	18	26,278	905
- 贷款及应收款项类投资	18	33,838	-
固定资产, 净额	19	2,672	2,672
递延所得税资产	20	2,004	1,937
其他资产		588	1,000
资产合计		2,314,267	1,898,699
负债及所有者权益			
负债			
同业存放款项		9,500	7,865
客户存款	21	155,310	136,853
卖出回购证券款		7,201	-
向其他银行和政府借款	22	60,966	66,196
以公允价值计量且其公允价值变动计入			
当期损益的金融负债	15	1,560	1,458
发行债券	23	1,863,739	1,501,195
次级债券	24	40,308	40,301
其他负债	25	17,504	14,321
负债合计		2,156,088	1,768,189
所有者权益			
实收资本	26	50,000	50,000
资本公积	26	135	-
储备	27	34,989	7,266
留存收益		73,055	73,244
所有者权益合计		158,179	130,510
负债及所有者权益合计		2,314,267	1,898,699

后附会计报表附注为本会计报表的组成部分。

本会计报表经管理层于2007年2月25日批准。

行长: 陈元

财务负责人: 舒家伟

国家开发银行

2006 年度所有者权益变动表

(除特别注明外, 金额单位为人民币百万元)

	附注	实收 资本	资本 公积	法定盈余 公积金	法定 公益金	任意盈余 公积金	一般风险 准备	可供出售投 资重估储备	储备	留存 收益	合计
2005 年 1 月 1 日余额		50,000	-	2,972	2,076	653	-	635	6,336	51,137	107,473
可供出售投资未实现收益净变动 (扣除 递延所得税影响人民币 125 百万元)		-	-	-	-	-	-	254	254	-	254
直接计入所有者权益的净收入		-	-	-	-	-	-	254	254	-	254
净利润		-	-	-	-	-	-	-	-	22,783	22,783
2005 年度确认的总收入		-	-	-	-	-	-	254	254	22,783	23,037
提取法定盈余公积金	27	-	-	338	-	-	-	-	338	(338)	-
提取法定公益金	27	-	-	-	338	-	-	-	338	(338)	-
2006 年 1 月 1 日余额		50,000	-	3,310	2,414	653	-	889	7,266	73,244	130,510
可供出售投资未实现收益净变动 (扣除 递延所得税影响人民币 58 百万元)		-	-	-	-	-	-	(118)	(118)	-	(118)
直接计入所有者权益的净收入		-	-	-	-	-	-	(118)	(118)	-	(118)
净利润		-	-	-	-	-	-	-	-	27,652	27,652
2006 年度确认的总收入		-	-	-	-	-	-	(118)	(118)	27,652	27,534
资本公积	26	-	135	-	-	-	-	-	-	-	135
提取法定盈余公积金	27	-	-	678	-	-	-	-	678	(678)	-
提取法定公益金	27	-	-	-	678	-	-	-	678	(678)	-
转入法定盈余公积金	27	-	-	3,092	(3,092)	-	-	-	-	-	-
提取一般风险准备	27	-	-	-	-	-	26,485	-	26,485	(26,485)	-
2006 年 12 月 31 日余额		50,000	135	7,080	-	653	26,485	771	34,989	73,055	158,179

后附会计报表附注为本会计报表的组成部分。

行长: 陈元

财务负责人: 舒家伟

国家开发银行

2006年度现金流量表

(除特别注明外, 金额单位为人民币百万元)

	附注	2006	2005
经营活动产生(流出)的现金流量			
税前利润		40,242	32,894
调整项目:			
贷款和应收款项减值损失	16,17	3,929	1,334
财务担保合同公允价值变动损失	10	1,269	222
投资证券减值损失	18	108	573
投资证券处置收益	18	(508)	(1,102)
折旧和摊销	9	183	178
发行债券折溢价摊销		896	563
发行债券费用摊销		590	531
股利收入	7	(395)	(522)
下述账目变化净额:			
限制性存放同业款项		(2)	-
买入返售证券		115	(500)
以公允价值计量且其公允价值变动 计入当期损益的金融资产		(17,199)	1,304
拆放同业		24,276	(26,075)
贷款		(311,544)	(297,854)
信达债券		759	2,862
其他资产		(157)	697
同业存放款项		1,635	7,121
客户存款		18,457	40,918
卖出回购证券款		7,201	(3,006)
以公允价值计量且其公允价值变动 计入当期损益的金融负债		102	1,120
其他负债		449	3,643
支付的所得税款		(10,998)	(6,235)
经营活动流出的现金流量净额		(240,592)	(241,334)
投资活动产生(流出)的现金流量			
购入投资证券支付的现金		(246,553)	(78,098)
处置投资证券收到的现金		149,009	74,489
收到的现金股利		395	522
购置固定资产及其他资产支付的现金		(207)	(194)
处置固定资产及其他资产收到的现金		9	43
投资活动流出的现金流量净额		(97,347)	(3,238)
筹资活动产生(流出)的现金流量			
发行债券及借款收到的现金		702,953	392,648
偿还债券及借款支付的现金		(347,118)	(147,563)
筹资活动产生的现金流量净额		355,835	245,085
现金及现金等价物净增加额		17,896	513
年初现金及现金等价物余额		31,926	31,413
年末现金及现金等价物余额	14	49,822	31,926
现金流量表补充资料			
收到的利息		115,166	94,457
支付的利息		(59,821)	(48,240)
不涉及现金收支的投资和筹资活动:			
债转股增加权益性投资	18	-	795

后附会计报表附注为本会计报表的组成部分。

行长: 陈元

财务负责人: 舒家伟

1 主要情况及主要业务

国家开发银行（以下简称“本行”）是在中华人民共和国（以下简称“中国”）设立的国有政策性金融机构，成立于 1994 年 7 月 1 日。本行注册地址为：中国北京市西城区阜成门外大街 29 号。

本行以贷款的方式向国家“两基一支”（基础设施、基础产业和支柱产业）、高新技术产业及中央政府审批的重点项目提供融资支持，本行还向政府急需解决的社会瓶颈项目，包括涉及城镇化、中小企业发展、农业、教育、医疗和环保等项目提供资金支持。本行筹集资金的方式包括在国内外资本市场上发行本外币债券，向外国政府、国际金融机构和商业银行借款。目前，本行主要在中国境内经营。

截止 2006 年 12 月 31 日，本行共有 4,759 名员工（2005 年：4,708 名）。

2 主要会计政策

在编制本会计报表时，本行主要采用了以下会计政策。除特别说明外，这些会计政策在各报告年度内均被一贯遵循。

A 编制基础

本会计报表按照《国际财务报告准则》编制。除对可供出售金融资产以及以公允价值计量且其公允价值变动计入当期损益的金融资产和金融负债（包括衍生金融工具）按公允价值计量外，其他项目均以历史成本为基础计量。

编制符合《国际财务报告准则》的会计报表需要使用若干重要的会计估计，同时也需要管理层在运用本行的会计政策过程中做出判断。对那些对管理层判断依赖程度较高、交易复杂的事项及对本会计报表影响重大的假设及估计，在本会计报表附注 4 进行了披露。

本行并未提前实施下列已颁布但于 2006 年 1 月 1 日尚未生效的准则：

国际会计准则第 1 号（修订）	财务报表的列报：资本披露（自 2007 年 1 月 1 日生效）
国际财务报告准则第 7 号	金融工具：披露（自 2007 年 1 月 1 日生效）
国际财务报告准则第 8 号	业务分部（自 2009 年 1 月 1 日生效）

由于上述准则于 2006 年 12 月 31 日尚未生效，本行没有在 2006 年度采用上述《国际会计准则》的修订或新的《国际财务报告准则》。本行已经开始对采用这些准则所产生的影响进行评估。基于目前的评估，本行并不认为这些准则将对本行的经营成果和财务状况有重大影响。

B 外币折算

(a) 功能货币和列报货币

本会计报表中的项目以本行经营所处的主要经济环境所使用的货币（“功能货币”）表示。

本会计报表以中国的法定货币人民币列报，人民币是本行的功能货币和列报货币。

(b) 交易与余额

外币交易以交易当日的汇率折算。因交割和结算外币交易及以外币为单位的货币性资产与负债按照资产负债表日的汇率进行功能货币折算而产生的汇兑收益或损失，计入当期损益。

2 主要会计政策 (续)

B 外币折算 (续)

(b) 交易与余额 (续)

以外币为单位的、且分类为可供出售投资的货币性证券的公允价值的变化可分解为: 证券摊余成本变化形成的折算差额和其他因账面余额变化形成的折算差额; 前者直接计入当期损益, 后者在所有者权益中确认。

非货币性项目如可供出售的股权投资, 其折算差额计入所有者权益中的公允价值重估储备。其他非货币性项目的折算差额作为公允价值变动损益计入当期损益。

C 金融资产

本行将金融资产分为四类: 以公允价值计量且其公允价值变动计入当期损益的金融资产、贷款和应收款项、持有至到期投资和可供出售金融资产。管理层在金融资产初始确认时即对资产进行分类。

(a) 以公允价值计量且其公允价值变动计入当期损益的金融资产

这类金融资产包括: 以交易为目的持有的金融资产; 以及购入时即指定为以公允价值计量且其公允价值变动计入当期损益的金融资产。如果金融资产在取得时主要是为了在短期内出售或者管理层已经指定其分类, 这些金融资产则归为本类别。衍生金融工具也被分类为以交易为目的持有的金融资产。

(b) 贷款和应收款项

贷款和应收款项是指具有固定或可确定支付金额且不存在活跃市场交易的非衍生金融资产, 包括存放中央银行款项、存放同业款项、部分投资证券、信达债券、拆放同业款项和贷款。本行直接向债务人提供资金或服务而没有出售应收款项意图的, 本行将其确认为贷款和应收款项。

(c) 持有至到期投资

持有至到期投资是指具有固定或可确定支付金额和固定到期日、在活跃市场交易且本行具备将其持有至到期的明确意图和能力的非衍生金融资产。如果本行出售的持有至到期投资金额超过可忽略金额, 则本类全部资产分类受到影响, 需要重分类至可供出售金融资产。

(d) 可供出售金融资产

可供出售金融资产包括被指定为本类的以及不属于以上任何分类的非衍生金融资产。该类资产的持有期限不确定, 有可能依据本行流动性需要或因利率、汇率及权益证券价格的变动而被出售。

以常规方式购买和出售以公允价值计量且其公允价值变动计入当期损益的金融资产、可供出售金融资产和持有至到期投资在交易日确认, 即在本行承诺购买或出售资产的当日确认。贷款在支付现金给借款人时确认。

除以公允价值计量且其公允价值变动计入当期损益的金融资产外, 所有其他类别的金融资产均按公允价值加上交易成本进行初始确认。以公允价值计量且其公允价值变动计入当期损益的金融资产按公允价值进行初始确认, 其交易成本计入当期损益。

当从金融资产收取现金流的权利到期或已经将金融资产相关的几乎所有风险和报酬转让时, 本行终止确认该金融资产。

2 主要会计政策 (续)

C 金融资产 (续)

(d) 可供出售金融资产 (续)

可供出售金融资产及以公允价值计量且其公允价值变动计入当期损益的金融资产在购买后按公允价值进行后续计量。贷款和应收款项及持有至到期投资按照实际利率法以摊余成本进行后续计量。以公允价值计量且其公允价值变动计入当期损益的金融资产, 其由于公允价值变动而形成的利得或损失, 在发生变动的当期计入损益。可供出售金融资产的公允价值发生变动的利得或损失确认在所有者权益中; 当该类金融资产被终止确认或发生减值时, 之前确认在所有者权益中的累计公允价值变动利得或损失应转入当期损益。可供出售金融资产按照实际利率法计算的利息收入以及货币性可供出售金融资产的汇兑损益计入当期损益。与可供出售权益类工具相关的股利, 在本行取得收款权利时确认, 并计入当期损益。

对存在活跃市场交易的资产, 其公允价值以当前买价为基础确定。如果一项金融资产不存在活跃市场, 本行则使用估值方法以确定其公允价值。这些估值方法包括使用最近的公平交易、现金流量贴现、期权定价模型及其他市场参与者通常采用的估值方法。

D 以净额列示的金融工具

当本行依法有权抵销某项金额确定且准备按净额进行结算或同时结算的资产和负债时, 金融资产和负债以抵销后的净额列示于资产负债表上。

E 衍生金融工具

衍生金融工具在交易日以公允价值入账并随后以公允价值重新计量。根据不同市场条件, 公允价值通过市场报价和估值模型取得。其中市场报价包括交易对手的报价和近期市场交易价格, 估值模型包括现金流量贴现模型和期权定价模型等。若衍生金融工具的公允价值为正, 则确认为资产; 若其公允价值为负, 则确认为负债。衍生金融工具的公允价值变动直接计入利润表交易净收入。

某些衍生金融工具嵌入在其他金融产品中, 如信用违约金融工具, 即允许债券发行人将债券的潜在信用风险转移至另一方。当这些嵌入式衍生金融工具的经济特征和风险与其主合同的经济特征和风险并不紧密相关, 且该主合同并非是以公允价值计量且其公允价值变动计入当期损益的金融工具时, 该嵌入式衍生金融工具以公允价值单独计量, 其公允价值变动计入利润表。

某些衍生金融工具交易虽然用于本行风险管理, 并提供了有效的套期保值, 但由于其不满足修订后的《国际会计准则第 39 号》对适用套期会计处理的规则, 因此, 本行将这些衍生金融工具按照为交易目的而持有的衍生金融工具处理, 其公允价值的变动计入利润表。本行无任何衍生金融工具按套期会计进行核算。

F 利息收入和支出

除交易性金融资产和负债以及指定为以公允价值计量且其公允价值变动计入当期损益的金融资产和负债外, 其他生息资产和负债按照实际利率法确认相应利息收入或支出。

2 主要会计政策 (续)

F 利息收入和支出 (续)

实际利率法是计算金融资产或金融负债的摊余成本以及在相关期间分配利息收入或利息支出的方法。实际利率是指金融工具在预计存续期或在某一恰当较短期间内, 将其估计未来现金付款额或收款额恰好折现为账面净额时所使用的利率。本行在估计未来现金流时, 会考虑金融工具的所有合同条款, 但不会考虑未来的信用损失。这一计算包括合同各方之间收付的属于实际利率组成部分的所有费用和贴息、交易成本以及其他所有溢价或折价。

一旦一项金融资产或一组类似金融资产由于发生减值损失而被减记, 此后确认利息收入时, 使用计量减值损失时折现未来现金流量的利率。

G 手续费及佣金收入

手续费及佣金收入按权责发生制原则在提供相关服务时确认。本行独立或参与为第三方提供企业兼并及转让服务、证券发行业务所发生的手续费收入, 在交易完成时确认。资产管理及其他管理咨询和服务费基于服务合同约定, 通常分期按比例确认。

H 股利收入

本行在取得收款权利时, 确认股利收入, 并计入当期损益。

I 回购和返售协议

卖出回购是指本行根据回购协议将证券出售给交易对手并在未来某一指定日期以约定的价格回购的合同 (“证券回购”)。买入返售是指本行根据返售协议向交易对手购入证券并在未来某一指定日期以约定的价格返售的合同 (“证券逆回购”)。

卖出回购按从交易对手实际收到的金额计量, 在卖出回购证券款中反映。回购合同下用于质押的金融资产仍在交易性证券和投资证券中反映。买入返售作为向交易对手的融资按向交易对手实际支付的金额计量。买入返售合同下收到的质押物不计入本行资产负债表。交易价差作为利息收入或支出, 在交易期限内按实际利率法计算确认。

J 金融资产的减值

(a) 以摊余成本计量的资产

本行在每个资产负债表日对一项或一组金融资产是否存在减值的客观证据进行评估。当且仅当存在客观证据表明金融资产在其初始确认后发生了一项或多项损失事件导致了资产减值, 并且该损失事件影响了该项或该组金融资产的可以可靠估计的预计未来现金流时, 本行认定该项或该组金融资产已发生减值, 并产生了减值损失。

本行用于确认是否存在减值的客观依据的标准包括:

- 利息或本金发生违约或逾期;
- 借款人发生财务困难 (例如权益比率、净利润占收入比等指标的恶化);
- 债务人违反了合同条款;
- 可能导致债务人倒闭的事件的发生;
- 借款人的市场竞争地位恶化;
- 担保物的价值明显恶化; 及
- 评级降至投资级别之下。

2 主要会计政策 (续)

J 金融资产的减值 (续)

(a) 以摊余成本计量的资产 (续)

本行首先对单项金额重要的金融资产是否存在减值的客观证据进行单独评估, 其后对单项金额不重要的金融资产是否发生减值进行单项或整体评估。如果没有客观证据表明进行单独评估的金融资产存在减值的情况, 无论该金融资产金额是否重要, 本行将其包括在具有类似信用风险特征的一组金融资产中, 进行整体减值评估。单独评估减值并且已确认或继续确认减值损失的资产, 不再纳入整体减值评估的范围。

其减值损失的金额按照该资产的账面金额与以其按初始实际利率贴现的预计未来现金流 (不包括尚未发生的未来信用损失) 的现值之间的差额进行计量。发生的减值损失通过使用备抵账户减少该资产的账面金额, 减值损失的金额计入当期损益。如果贷款或持有至到期投资的合同利率为浮动利率, 用于确定减值损失的贴现率为按合同确定的当前实际利率。在实际操作中本行也会以金融资产的公允价值为基础, 即使用可观察到的市场价格确定该项资产的减值。

计算设有抵押物的金融资产预计未来现金流的现值, 包括对执行抵押物价值并扣减抵押物获取和出售费用的现金流的估算。

为了对金融资产的减值进行集中评估, 本行在相似信用风险特征 (这些特征能表明债务人按合同条款偿还到期金额的能力) 的基础上对金融资产进行分组 (比如, 以考虑了资产类型、行业、地理位置、抵押品类型、逾期状况和其他相关因素的信用风险评估或分级程序为基础进行分组)。选出的这些信用风险特征, 由于表明了债务人按被评估资产的合同条款偿付所有到期金额的能力, 因此与这些资产组合的估计未来现金流量相关。

被集体评估减值的金融资产组合的未来现金流量, 是基于与该组资产信用风险特征相似的其他资产的历史损失数据来进行评估。本行以当前可观察到的数据为基础调整历史损失经验, 以反映不影响取得历史损失经验期间的现行条件的影响, 并剔除现已不存在的历史期间条件的影响。

未来现金流量变动的估计反映了各期可观察到的相关数据的变动并与其方向一致 (比如, 失业率、不动产价格、商品价格、偿债状况或其他因素的变动, 这些变动表明了金融资产组发生了损失以及损失的规模)。本行定期审核估计未来现金流量所使用的方法和假设, 以减少损失估计数与实际损失数之间的差异。

当贷款无法收回时, 在完成所有必要程序及确定损失金额后, 本行对该等贷款进行核销, 冲减相应的贷款减值损失准备。核销后又收回的贷款金额冲减在利润表中列支的贷款减值损失。

如果在后续期间内, 减值损失的金额减少且此减少与确认减值后发生的事件有客观关联 (例如, 债务人的信用评级提高), 本行通过调减减值损失准备金额将以前确认的减值损失金额予以转回, 转回的金额计入当期损益。

(b) 可供出售的金融资产

本行在每个资产负债表日对一项或一组金融资产是否存在减值的客观证据进行评估。在评估分类为可供出售的股权投资是否发生减值时, 本行考虑该等投资的公允价值是否明显或持续地低于其成本。如果存在客观证据表明分类为可供出售金融资产发生减值时, 该资产的累计损失中已直接计入所有者权益的部分, 即购买成本和当前公允价值的差额并扣减以前计入损益的该金融资产的所有减值损失, 应从所有者权益转出, 并计入损益。权益工具发生的已经计入损益的减值损失不通过损益转回。如果在后续期间内, 归类为可供出售投资的债务工具的公允价值增加, 并且该增加客观上与减值损失计入损益后发生的某事件有关, 则应转回减值损失, 转回的金额计入当期损益。

2 主要会计政策 (续)

K 固定资产

固定资产以历史成本计价, 并按原值扣减累计折旧及减值准备后的净值列示。历史成本包括与被购置项目直接相关的支出。

与固定资产有关的后续支出, 只有当其产生的未来经济利益很可能流入本行并且该支出可以可靠地计量时, 才能将其计入固定资产的账面价值或作为单独的一项资产进行反映。所有其他修理维护费用均在发生时直接计入当期损益。

固定资产折旧根据固定资产原值减去预计的残值后按其估计可使用年限以直线法计提。有关固定资产的估计可使用年限列示如下:

房屋和建筑物	30 - 35 年
办公设备	5 - 11 年
资产改良支出	5 年, 或不足 5 年的租赁期
运输设备	6 年

对在建工程不计提折旧。

本行在每个资产负债表日均对固定资产的预计净残值和预计使用年限进行检查, 并根据实际情况作出调整。本行定期对需要摊销的资产进行检查, 确认是否存在客观事件或变化表明其账面金额可能无法收回。当有迹象表明固定资产的可收回金额低于账面价值, 本行将账面价值调减至可收回金额。固定资产的可收回金额是指固定资产的销售净价与预期从该固定资产的持续使用 and 使用寿命结束时的处置中形成的现金流量现值两者之间的较高者。

处置固定资产取得收入和其账面金额的差额作为处置固定资产收益或损失计入当期损益。

L 经营性租赁

出租人仍保留了对租出资产的主要风险和报酬的租赁分类为经营性租赁。本行经营性租赁包括总行和分行作为承租人租入的经营场所和设备。经营性租赁所有相关支付款项, 包括在租赁期开始时可单独识别的对土地使用权的付款, 在租赁期间内以直线法分摊计入损益。

提前终止租赁协议, 向出租人支付的所有惩罚性支出全部计入当期损益。

本行所有的租赁活动仅为经营性租赁。本行未作为出租方从事任何经营性租赁活动。

M 现金及现金等价物

现金流量表中的现金及现金等价物是指自取得之日起 3 个月内到期的货币资产, 包括现金、存放中央银行款项、存放同业款项及所持有的政府债券。

N 预计负债

当本行因过去事项而承担了法定或推定义务, 且履行该义务很可能导致经济利益流出本行, 同时流出的金额可以被可靠地估计时, 确认为预计负债并计入损益。

2 主要会计政策 (续)

O 财务担保合同

本行提供信用证和保函等财务担保合同。这些合同为合同持有人提供偿还保障, 即在被担保人到期不能按照债务合同中的条款履行支付义务时, 本行代为偿付。这些财务担保是本行代表客户为银行、金融机构或其他实体提供的贷款和其他融资的保证。

本行对财务担保合同按公允价值进行初始确认, 该公允价值在担保期间按比例以直线法摊销, 随后按照摊余成本(初始确认金额扣除以直线法在合同期间内摊销计入手续费收入的部分)与对履行担保责任的准备金的最佳估计孰高者列示。对准备金的估计根据类似交易和历史损失的经验以及管理层的判断做出。

确认的与担保合同相关的负债的增加计入利润表的“其他支出”中。

P 员工福利

本行在职员工, 依据国家和地方政府有关政策, 参加由各地劳动和社会保障部门组织实施的社会基本养老保险。本行以各地规定的社会基本养老保险缴纳基数和比例, 按月向当地社会基本养老保险经办机构缴纳养老保险费。员工退休后, 各地社会基本养老保险经办机构有责任向已退休员工支付社会基本养老金。

本行依据上述养老保险计划规定缴纳的养老金于发生时计入利润表。如本行参加的养老保险金计划/基金不具有足够的资金来支付与当期或以前期间员工服务相关的所有员工养老金时, 本行不负有进一步支付养老金的法定义务。

根据相关政策规定, 所有国内员工均参加由地方政府组织实施的各种住房公积金计划。本行每月按照员工工资总额的一定比例缴纳住房公积金。支付的款项在发生时计入当期损益。

Q 递延所得税

递延所得税根据按纳税基础计算的资产及负债与其在会计报表上的账面价值之间的暂时性差异以债务法计算得出。递延所得税依据资产负债表日现行法定实际税率确定。该税率预计适用于转回递延所得税资产和负债的期间。

暂时性差异主要是由于贷款减值损失准备、投资减值损失准备、不良应收款坏账准备、财务担保合同公允价值变动损失及可供出售投资和衍生金融工具的公允价值重估而产生。当期用于确认递延所得税的资产负债表日法定实际税率为33%。但是, 对于并不涉及业务合并的资产或负债的初始确认, 由于此类交易不影响会计利润及应纳税所得额, 并不相应确认递延所得税。

当表明在未来有足够应纳税所得以抵销上述暂时性差异时, 递延税资产方予以确认。

可供出售投资公允价值重估变动直接计入所有者权益, 由此产生的递延税项调整所有者权益, 以后随着相关递延收益或损失一同确认在利润表中。

依据当地适用税法计算的应纳税所得额, 于利润实现的当期计入所得税费用。对可在以后年度弥补的所得税亏损, 当在未来有足够的应纳税所得予以弥补时, 递延税资产得以确认。

R 借入资金

借入资金按其公允价值减发生的交易费用的差额入账, 随后按摊余成本列示。对实际收到的借入资金对价减交易费用的净额与到期应偿还金额之间的差额采用实际利率法在借款期间内摊销, 摊销金额计入当期损益。

2 主要会计政策 (续)

S 托管业务

本行在受托管理或其他托管业务中, 持有和管理其他机构的资产。这些托管资产并不属于本行, 因而这些资产及其产生的收益或损失不包括在本会计报表中。

本行同时为第三方资金提供者即委托人管理委托贷款。在此业务中, 本行作为代理人按委托人的指示向借款人发放贷款。双方签订的合同明确了本行代委托人管理和回收贷款的职责。委托人决定委托贷款的发放条件和全部条款, 包括贷款用途、金额、利率和还款计划。本行仅收取委托贷款手续费, 贷款损失由委托人承担。委托贷款不包括在本会计报表中。

T 或有负债以及或有事项

或有负债是指由过去的交易或事项引起的可能履行的现时义务, 其存在将由某些本行所不能完全控制的未来事项是否发生来确定。当现时义务不会引起经济利益的流出或该流出不能可靠地加以计量时, 该义务不被确认为负债。

或有负债仅在附注中加以披露, 只有在该事项很可能导致经济利益的流出, 且该金额能够可靠计量时才将其作为预计负债予以确认。

U 比较数字

以前年度的部分科目已按本年度会计报表的披露方式进行了重分类。

3 金融风险管理

A 使用金融工具的策略

本行的经营活动面临各种金融风险, 这些活动包括分析、评估、接受和管理不同程度的风险以及风险组合。承受风险是金融业务的核心特征, 开展业务将不可避免地面临操作风险。因此本行的目标是力求保持风险和回报的平衡, 并尽可能减少对财务状况的潜在不利影响。

本行主要以发行不同期限的固定利率和浮动利率债券筹集资金, 并将这些资金运用于长期的基础设施项目贷款以获得利差。由于本行主要在中国人民银行(“中央银行”)制定的利率体系下在中国开展业务, 本行力求通过发行不同期限的长期债券, 尽量降低资金成本以增加利差。

本行主要与贷款客户进行衍生金融工具交易, 包括货币远期、货币和利率互换、利率互换期权。为了抵销为客户提供的衍生金融工具的潜在风险, 本行一般同时向其他金融机构购买类似的衍生金融工具。

为了对本行的外币及利率敞口进行套期, 本行还购买货币和利率的互换合约及利率互换期权, 以对本行可能面临的风险敞口进行有效的控制。有关本行衍生金融工具的风险管理策略请参见附注 3C。

B 信用风险

本行所面临的信用风险是指交易对方无法在到期日全额偿还本行借贷资金的风险。信用风险是本行业务面临的最重要风险, 因此管理层对信用风险暴露谨慎管理。当交易对方集中于某些相同行业或地理区域时, 信用风险随之上升。本行主要在中国境内开展信贷业务, 主要客户集中在若干主要行业。中国的不同地区和不同行业在经济发展中有着各自不同的特点。所以, 本行在中国不同地区和不同行业的业务会表现出不同的信用风险。

3 金融风险管理 (续)

B 信用风险 (续)

本行已建立相关机制，制定以个别借款人、个别行业和各个省份为单位的可接受信用风险水平。本行定期监控上述风险状况，并每年进行一次审核。

本行主要通过制定和执行严格的贷款发放程序、定期分析现有和潜在客户偿还利息和本金的能力、适当地调整信贷额度来控制信用风险。同时，获取抵押物以及取得担保亦是本行控制信用风险的方式。

信用承诺

信用承诺的主要目的是确保客户能够获得所需的资金。开出保函及信用证做出了不可撤销的保证，即本行将在客户无法履行其对第三方的付款义务时代为支付，本行承担与贷款相同的信用风险。在某些情况下，本行将收取保证金以减少提供该项服务所承担的信用风险。保证金金额依据客户的信用能力按承诺金额的一定百分比收取。

信用承诺为已向客户承诺贷款、开立保函或信用证未履行部分。本行面临总金额为全部未履行的信用承诺总和的潜在信用风险。然而，由于绝大多数信用承诺的履行取决于客户是否保持特定的信用等级，本行实际承受的该潜在信用风险金额要低于全部未履行的信用承诺总金额。由于长期信用承诺的信贷风险通常高于短期信用承诺，本行对信用承诺到期状况进行监控。

贷款按地区分类列示如下：

	2006		2005	
	余额	%	余额	%
贷款 *				
中国东部地区	1,067,284	53	849,861	49
中国中部地区	452,883	22	411,590	24
中国西部地区	447,584	22	410,856	24
中国大陆以外的其他地区	46,690	3	32,120	2
拆放同业	3,123	-	27,399	1
应收利息	5,066	-	3,965	-
	<u>2,022,630</u>	<u>100</u>	<u>1,735,791</u>	<u>100</u>

* 中国东部地区包括：北京、辽宁、河北、天津、山东、上海、江苏、浙江、福建、广东和海南。

中国中部地区包括：吉林、黑龙江、山西、河南、湖北、安徽、湖南和江西。

中国西部地区包括：新疆、西藏、甘肃、青海、宁夏、内蒙古、陕西、四川、重庆、贵州、云南和广西。

中国大陆以外的其他地区包括中国香港及其他地区。

3 金融风险管理 (续)

B 信用风险 (续)

贷款按客户的行业分布列示如下:

	2006		2005	
	余额	%	余额	%
贷款				
水利、环境保护和公共设施管理业	490,983	24	418,234	24
道路运输业	425,261	21	365,904	21
电力、热力	394,606	20	385,724	22
石油、石化和化工	193,494	9	136,474	8
制造业	95,659	5	66,388	4
铁路运输业	72,464	4	82,996	5
电信和其他信息传输服务业	58,870	3	48,750	3
城市公共交通	52,971	3	50,976	3
其他运输业	42,775	2	40,588	2
其他	187,358	9	108,393	6
拆放同业	3,123	-	27,399	2
应收利息	5,066	-	3,965	-
	<u>2,022,630</u>	<u>100</u>	<u>1,735,791</u>	<u>100</u>

C 市场风险

本行所面临的市场风险是指金融工具的公允价值或未来现金流量受市场价格变动影响而波动的风险。市场风险是由于市场的一般或特定变化以及市场比率或价格, 例如利率、信用利差、汇率等变动的程度对利率产品、货币产品和衍生金融工具交易敞口造成影响而产生。

本行对各项特定市场风险的管理概述请参见附注 3D、3E 和 3F。

D 货币风险

本行的大部分业务是人民币业务, 此外有美元、欧元、日元和其他小额外币业务。通过购买货币互换合约, 本行将货币风险主要集中在美元。人民币与美元之间的汇率由中国人民银行规定, 在 2005 年 7 月份之前仅有不超过 1% 的小幅波动。2005 年 7 月 21 日, 中国人民银行引入有管理的浮动汇率机制, 允许人民币汇率根据市场供求以及参考一篮子货币在有管理的幅度内浮动。如果中国人民银行进一步改变与汇率机制有关的政策, 本行面临的货币风险将增大。

汇率的变动, 主要使本行的财务状况和现金流量受到影响。本行控制货币风险的主要原则是尽可能地做到资产负债在各货币上的匹配, 并把货币风险控制在本行设定的限额之内。管理层对货币敞口设定限额并进行日常监控。

本行与中国人民银行及其他银行进行货币互换和货币远期交易, 以对本行的外汇风险敞口提供有效的经济套期。部分外币业务汇兑损失会被货币衍生金融工具收益抵销。

3 金融风险管理 (续)

D 货币风险 (续)

下表汇总了本行年末各币别汇率风险敞口分布，各原币资产和负债的账面价值已折合为人民币金额。

2006 年 12 月 31 日	人民币	美元	其他币种	合计
资产：				
现金及存放款项	47,374	2,239	337	49,950
买入返售证券	385	-	-	385
贷款，净额	1,768,353	196,814	29,960	1,995,127
信达债券，净额	100,060	-	-	100,060
投资证券	46,493	98,864	-	145,357
其他	18,568	4,511	309	23,388
资产合计	1,981,233	302,428	30,606	2,314,267
负债：				
客户及同业存放款项	140,127	24,670	13	164,810
卖出回购证券款	7,201	-	-	7,201
向其他银行和政府借款	14,451	31,561	14,954	60,966
发行债券及次级债券	1,852,182	48,434	3,431	1,904,047
其他	17,640	1,334	90	19,064
负债合计	2,031,601	105,999	18,488	2,156,088
表内项目头寸净额	(50,368)	196,429	12,118	158,179
货币远期及互换	193,116	(180,502)	(12,000)	614
信用承诺	1,574,309	37,999	27,207	1,639,515

3 金融风险管理 (续)

D 货币风险 (续)

2005 年 12 月 31 日	人民币	美元	其他币种	合计
资产:				
现金及存放款项	27,703	496	47	28,246
买入返售证券	500	-	-	500
贷款, 净额	1,575,656	119,049	17,292	1,711,997
信达债券, 净额	100,610	-	-	100,610
投资证券	30,045	20,837	-	50,882
其他	6,240	224	-	6,464
资产合计	1,740,754	140,606	17,339	1,898,699
负债:				
客户及同业存放款项	117,424	27,073	221	144,718
向其他银行和政府借款	19,108	31,203	15,885	66,196
发行债券及次级债券	1,499,206	37,006	5,284	1,541,496
其他	14,947	832	-	15,779
负债合计	1,650,685	96,114	21,390	1,768,189
表内项目头寸净额	90,069	44,492	(4,051)	130,510
货币远期及互换	19,983	(24,701)	3,830	(888)
信用承诺	1,204,688	11,572	7,182	1,223,442

E 利率风险

现金流量利率风险是指金融工具的未来现金流量可能随市场利率变动而波动的风险。公允价值利率风险是指金融工具的公允价值可能随市场利率变动而波动的风险。本行的利率风险主要为财务状况和现金流量受市场利率波动的影响。由于市场利率的波动, 本行的利差可能增加, 也可能减少。目前中国大陆地区的存贷款基准利率由中国人民银行规定。本行主要在中国大陆地区遵照中国人民银行规定的利率制度经营业务。一般而言, 生息资产和付息负债的利率同向变动。因此, 除外币债券投资和发行的外币债券之外, 本行面临的利率风险并不重大。但是, 中国人民银行没有承诺在未来仍维持目前的利率体系。如果中国人民银行利率政策发生变化, 本行面临的利率风险将增大。

根据中国人民银行的规定, 人民币贷款利率最低可以按基准利率下调 10%, 人民币存款利率不得高于基准利率。

本行积极管理利率风险, 紧密监控其变化情况。为了控制利率风险, 本行在必要时会调整外币贷款和筹资业务的利率水平。同时利用金融工具对该风险进行对冲。

3 金融风险管理 (续)

F 流动性风险

流动性风险是指本行在负债到期时没有足够资金支付或者无法从市场上借入资金的风险。其后果可能造成无法承担偿还债权人、存款人的义务以及无法按照承诺提供贷款资金。

本行面临各类日常现金提款的要求，其中包括活期存款、到期的定期存款、应付债券及次级债券、客户贷款提款、担保及其他现金结算的衍生金融工具的付款要求。本行无需持有满足所有付款要求的流动性，本行能够通过发行新债进行再融资补充流动性。而且，根据历史经验，相当一部分到期的负债并不会在到期日提走，而是续留本行。但为确保应对不可预料的资金需求，本行规定了最低的资金存量标准和最低需保持的同业拆入和其他借入资金的额度以满足各类提款要求。

3 金融风险管理 (续)

F 流动性风险 (续)

下表列示了本行资产和负债的到期日结构分布, 到期日是指自资产负债表日起至合同规定的到期日。

	3 个月以内	3-12 个月	1-5 年	5-10 年	10-15 年	15 年以上	合计
2006 年 12 月 31 日							
资产:							
现金及存放款项	49,950	-	-	-	-	-	49,950
买入返售证券	385	-	-	-	-	-	385
贷款, 净额	29,780	149,327	543,186	538,454	554,181	180,199	1,995,127
信达债券, 净额	60	-	100,000	-	-	-	100,060
投资证券	37,880	38,962	49,597	16,401	2,361	156	145,357
其他	1,405	7,844	5,178	6,091	334	2,536	23,388
资产合计	119,460	196,133	697,961	560,946	556,876	182,891	2,314,267
负债:							
客户及同业存放款项	140,665	8,205	15,940	-	-	-	164,810
卖出回购证券款	7,201	-	-	-	-	-	7,201
向其他银行和政府借款	4,142	5,815	31,530	14,925	3,725	829	60,966
发行债券及次级债券	70,948	173,097	779,973	579,967	145,257	154,805	1,904,047
其他	17,210	394	353	536	517	54	19,064
负债合计	240,166	187,511	827,796	595,428	149,499	155,688	2,156,088
流动性净头寸	(120,706)	8,622	(129,835)	(34,482)	407,377	27,203	158,179
信用承诺	234,565	617,581	754,788	23,077	9,504	-	1,639,515

3 金融风险管理 (续)

F 流动性风险 (续)

	2005 年 12 月 31 日						
	3 个月以内	3-12 个月	1-5 年	5-10 年	10-15 年	15 年以上	合计
资产:							
现金及存放款项	28,246	-	-	-	-	-	28,246
买入返售证券	500	-	-	-	-	-	500
贷款, 净额	50,306	140,827	539,341	445,434	409,774	126,315	1,711,997
信达债券, 净额	610	-	100,000	-	-	-	100,610
投资证券	21,390	23,640	2,613	818	2,421	-	50,882
其他	113	747	2,707	234	162	2,501	6,464
资产合计	101,165	165,214	644,661	446,486	412,357	128,816	1,898,699
负债:							
客户及同业存放款项	123,429	6,928	14,361	-	-	-	144,718
向其他银行和政府借款	6,370	1,880	36,865	14,526	5,833	722	66,196
发行债券及次级债券	9,086	226,192	578,356	531,882	100,338	95,642	1,541,496
其他	13,893	34	1,509	343	-	-	15,779
负债合计	152,778	235,034	631,091	546,751	106,171	96,364	1,768,189
流动性净头寸	(51,613)	(69,820)	13,570	(100,265)	306,186	32,452	130,510
信用承诺	119,433	424,952	623,722	47,735	7,600	-	1,223,442

3 金融风险(续)

F 流动性风险(续)

保持资产和负债到期日结构的匹配以及有效控制匹配差异对本行的管理极为重要。由于业务具有不确定的期限和不同的类别, 银行保持资产和负债项目的完全匹配是不现实的。未匹配的头寸可能会提高收益, 但同时也增大了损失的风险。本行力争将未匹配的资产负债控制在合理范围之内。

通常情况下, 本行并不认为第三方会按担保或开具的信用证所承诺的金额全额提取资金, 因此提供担保和开具信用证所需的资金一般会低于银行承诺的金额。同时, 部分信用承诺可能因过期、中止或达不到约定的放款条件而无需实际履行, 因此信用承诺的合同金额并不必然代表未来所需的全部资金需求。

G 金融资产和金融负债的公允价值

公允价值估计是在某一特定时点根据相关市场信息和与各种金融工具有关的信息而做出的。对于不以公允价值计量的每类资产和负债, 其公允价值估计基于下列可行的方法和假设:

(a) 现金及存放中央银行款项、存放同业款项、买入返售证券、同业存放款项、客户活期存款、卖出回购证券款、其他资产、其他负债

由于以上金融资产及金融负债的到期日均在一年以内, 其账面价值接近其公允价值。

(b) 持有至到期证券投资以及贷款及应收款项类证券投资

持有至到期证券投资以及贷款及应收款项类证券投资的公允价值以可获得的市场报价为基础。如果无法获得相关的市价信息, 则使用现金流量贴现模型, 并且在适用的情况下, 采用最近的交易价格、对投资的评估和能反映证券发行人特定情况的适当的相关市盈率或现金流量价格比进行估价。某些情况下, 由于无法获取信息以合理估计其公允价值, 则以投资的成本作为参考。

(c) 客户贷款

由于浮动利率贷款的利率根据中国人民银行基准利率制定并随之调整而改变, 其账面价值是其公允价值的合理体现。固定利率贷款的公允价值以现金流量贴现法确定, 贴现率选用与该贷款的剩余期限近似的现行贷款利率。

(d) 固定利率存款

固定利率存款的公允价值以现金流量贴现法确定, 贴现率选用与该存款的剩余期限近似的现行存款利率。

(e) 向其他机构借款、发行债券及次级债券

无法获得市场报价的借款的公允价值以现金流量贴现法确定, 贴现率选用与该借款的剩余期限近似的现行借款利率。

债券的公允价值以市场报价为基础。对于无法获得市场报价的债券, 其公允价值以与该债券的剩余期限匹配的实际收益率为基础的现金流量贴现法确定。

3 金融风险管理 (续)

G 金融资产和金融负债的公允价值 (续)

截至 2006 年 12 月 31 日及 2005 年 12 月 31 日，金融工具公允价值与其账面价值存在差异的项目列示如下：

	账面价值		公允价值	
	2006	2005	2006	2005
金融资产				
投资证券				
— 持有至到期类	26,278	905	26,043	890
— 贷款及应收款项类	33,838	-	33,868	-
贷款及应收款项净额 (包括信达债券)	<u>2,095,187</u>	<u>1,812,607</u>	<u>2,098,760</u>	<u>1,817,252</u>
金融负债				
客户存款	155,310	136,853	155,307	136,880
向其他银行和政府借款	60,966	66,196	63,501	69,596
发行债券及次级债券	<u>1,904,047</u>	<u>1,541,496</u>	<u>1,914,888</u>	<u>1,558,158</u>

H 托管业务

本行向第三方提供资产管理和委托贷款服务。本行执行这些托管业务而持有的资产并未包括在本行的会计报表中，损失风险也由委托人承担。在资产负债表日，本行受托管理的资产余额为人民币 767,663 百万元 (2005 年：人民币 438,214 百万元)，委托贷款余额为人民币 5,082 百万元 (2005 年：人民币 5,585 百万元)。

4 在实施会计政策中所做出的重要会计估计及判断

本行做出的会计估计和假设会影响下一会计年度的资产和负债的账面价值。本行根据历史经验以及对未来事件的合理预期等因素做出会计估计和判断，并且会持续地对其进行后续评估。资产和负债的账面价值受会计估计和假设影响的主要领域列示如下。要确定下列重要假设或者其他估计的变更所带来的影响是不可行的，本行未来有可能根据实际情况的变化对这些会计估计做出重大调整。

A 贷款减值损失

除非有迹象显示可能发生了减值并已在中期相应进行减值评估外，本行按年对贷款组合进行减值评估。对于某一贷款组合，在发现其中单笔贷款的现金流发生减少之前，本行对该组合是否存在预计现金流减少的迹象进行判断以确定是否需要计提贷款减值准备并计入损益中。上述迹象包括该贷款组合中借款人的还款能力发生恶化，或国家及地区经济环境的变动导致该贷款组合的借款人出现违约。管理层是根据具有相似信贷风险特征的资产发生损失时的历史经验对贷款组合做出减值估计。对未来预计现金流发生时间与金额进行估计所使用的方法与假设，本行会定期评估以降低实际损失与估计损失之间的差异。

4 在实施会计政策中所做出的重要会计估计及判断 (续)

B 金融工具公允价值

对于没有活跃市场报价的金融工具, 本行使用了估值模型计算其公允价值。估值模型包括现金流量贴现模型等。在实际操作中, 现金流量贴现模型尽可能地只使用可观测数据, 但是管理层仍需要对如交易双方信用风险、市场利率波动性及相关性等因素进行估计。若上述因素的假设发生变化, 金融工具公允价值的评估将受到影响。对于在中国政府相关政策指导下进行的大型融资交易 (如附注 17 中所述), 公允价值的估值采用相关金融工具的规定利率。这是由于不存在类似规模的公平交易的市场价格或收益率可作为参考。

C 可供出售权益投资减值损失

当可供出售权益投资的公允价值显著或长期地低于其成本时, 本行确认该项权益投资发生减值损失。这种减值是否显著或呈连续状态, 需要管理层做出判断。在做出此判断时, 本行需对包括股价正常波动等各项因素进行评估。此外, 如有证据表明被投资方财务状况、行业和业绩、技术改进、经营性和融资性现金流量出现恶化, 则资产减值可能存在。

D 持有至到期投资

根据《国际会计准则第 39 号》的要求, 本行将具有固定或可确定支付金额并且到期日固定的非衍生金融资产划分为持有至到期投资。这一分类涉及重大判断。在做出相关判断时, 本行会对其持有该类债券至到期日的意愿和能力进行评估。除特定情况外 (如在接近到期日时出售金额不重大的证券), 如果本行未能将这些债券持有至到期, 则需将全部该类债券重分类至可供出售, 由按摊余成本计量改为按公允价值计量。

5 利息收入净额

	2006	2005
利息收入		
存放中央银行和存放同业款项	264	220
贷款	110,644	89,256
拆放同业	196	87
信达债券	2,250	2,250
投资证券	2,550	948
其他	209	4
	116,113	92,765
利息支出		
同业存放款项	166	9
客户存放款项	2,453	2,054
向其他银行和政府借款	3,908	4,215
发行债券及次级债券	56,544	46,317
其他	72	11
	63,143	52,606
利息收入净额	52,970	40,159

2006 年度的利息收入中包括为已发生减值损失的贷款计提的利息收入计人民币 116 百万元 (2005 年: 人民币 180 百万元)。

6 手续费及佣金收入净额

	2006	2005
手续费及佣金收入		
信贷业务相关的手续费及佣金收入	1,891	718
其他手续费及佣金收入	183	220
	<u>2,074</u>	<u>938</u>
手续费及佣金支出		
信贷业务相关的手续费及佣金支出	163	35
其他手续费及佣金支出	50	16
	<u>213</u>	<u>51</u>
手续费及佣金收入净额	<u>1,861</u>	<u>887</u>

7 股利收入

	2006	2005
可供出售投资证券	<u>395</u>	<u>522</u>

8 交易收入，净额

	2006	2005
交易性证券净损失	(6)	-
指定为以公允价值计量且其公允价值变动 计入当期损益的证券净收益	675	-
衍生金融工具交易：		
- 未实现收益	3,059	185
- 未实现损失	(1,122)	(1,582)
	<u>1,937</u>	<u>(1,397)</u>
- 已实现收益	412	175
- 已实现损失	(864)	(107)
	<u>(452)</u>	<u>68</u>
	<u>2,154</u>	<u>(1,329)</u>

9 营业支出

	2006	2005
人工费用	768	616
行政管理费	457	343
折旧和摊销费用	183	178
差旅费	179	84
租赁费	174	114
营业税金及附加	5,819	4,840
其他	763	562
	<u>8,343</u>	<u>6,737</u>

10 其他支出, 净额

	2006	2005
汇兑损失 (收益)	3,676	(412)
财务担保合同公允价值变动损失	1,269	222
抵债资产处置损失	301	-
其他	20	(7)
	<u>5,266</u>	<u>(197)</u>

11 所得税

	2006	2005
当年所得税	12,599	10,684
递延所得税 (附注 20)	(9)	(573)
	<u>12,590</u>	<u>10,111</u>

11 所得税 (续)

实际所得税支出不同于按照法定税率计算的税款，由以下原因形成：

	2006	2005
税前利润	40,242	32,894
按照 33% 的法定税率计算所得税 (2005 年: 33%)	13,280	10,855
非应税收入		
- 国债利息收入	(51)	(8)
- 信达债券利息收入	(743)	(743)
- 可供出售投资证券股利收入	(130)	(172)
不可抵扣的工资及其他支出	200	162
其他	34	17
	<u>12,590</u>	<u>10,111</u>

12 现金及存放中央银行款项

	2006	2005
现金及存放中央银行款项，包括在现金及现金等价物中 (附注 14)	<u>46,221</u>	<u>25,542</u>

所有存放中央银行款项均为备付金，可用于本行日常经营。

13 存放同业款项

	2006	2005
存放同业款项，包括在现金等价物中 (附注 14)	3,531	2,508
限定用途存款	198	196
	<u>3,729</u>	<u>2,704</u>

14 现金及现金等价物

现金流量表中现金及现金等价物包括:

	2006	2005
现金及存放中央银行款项	46,221	25,542
存放同业款项	3,531	2,508
政府债券	70	3,876
	49,822	31,926

15 以公允价值计量且其公允价值变动计入当期损益的金融工具

以公允价值计量且其公允价值变动计入当期损益的金融资产

	2006	2005
交易性证券, 公允价值		
- 政府债券, 上市 *	12,505	683
指定为以公允价值计量且其公允价值变动 计入当期损益的金融资产, 公允价值		
- 结构化可变赎回金额票据, 非上市	3,408	-
衍生金融工具, 公允价值		
- 货币远期	42	43
- 货币互换	1,120	60
- 利率互换	1,049	69
	2,211	172
	18,124	855

以公允价值计量且其公允价值变动计入当期损益的金融负债

	2006	2005
衍生金融工具, 公允价值		
- 货币远期	1	37
- 货币互换	814	338
- 利率互换	598	457
- 延期选择权	147	626
	1,560	1,458

* 截至 2006 年 12 月 31 日, 金额为人民币 845 百万元 (2005 年: 无) 的交易性证券被用作卖出回购协议项下的质押物。

16 贷款和贷款减值准备

贷款构成列示如下：

	2006	2005
贷款	2,014,441	1,704,427
拆放同业	3,123	27,399
应收利息	5,066	3,965
	<u>2,022,630</u>	<u>1,735,791</u>
减：贷款减值准备	(27,503)	(23,794)
	<u>1,995,127</u>	<u>1,711,997</u>

本行的贷款减值准备包括以下两个部分：

	2006	2005
整体评估的减值准备	22,015	17,644
单项评估的减值准备	5,488	6,150
	<u>27,503</u>	<u>23,794</u>

贷款减值准备变动情况：

	2006	2005
年初余额	23,794	23,093
本年提取	4,138	1,652
本年核销	(290)	(759)
收回原核销贷款	-	8
贷款因折现价值上升导致的转回	(116)	(180)
汇兑差异	(23)	(20)
年末余额	<u>27,503</u>	<u>23,794</u>

17 信达债券, 净额

	2006	2005
本金	100,000	100,000
应收利息 *	60	610
	<u>100,060</u>	<u>100,610</u>

* 截至 2006 年 12 月 31 日应收利息未扣减任何减值准备 (2005 年: 人民币 209 百万元)。

信达债券为中国信达资产管理公司 (以下简称“信达公司”) 向本行定向发行的面额为人民币 1,000 亿元的金融债券, 用以置换本行的不良贷款。根据本行与信达公司签订的协议, 本行于 1999 年 12 月向信达公司以账面余额剥离转让不良资产人民币 1,000 亿元。对转让给信达公司的贷款, 本行不保留任何控制权, 也无权享受该贷款的任何未来收益。信达公司向本行发行面额为人民币 1,000 亿元的债券作为接收本行不良资产的代价。该债券期限为十年, 年利率为 2.25%。根据本行与信达公司的协议, 信达公司可以在债券到期前赎回该债券。

1999 年 11 月 20 日, 经国务院研究确认“信达资产管理公司收购开发银行人民币 1,000 亿元不良资产所发债券, 由中央财政担保”。

2000 年 7 月 15 日, 经国务院研究确认, 信达债券利息收入“不参与税后利润分配”。

根据财政部和国家税务总局于 2001 年 10 月 8 日发布的《关于国有独资商业银行、国家开发银行承购金融资产管理公司发行的专项债券利息收入免征税收问题的通知》(财税〔2001〕152 号), 信达债券利息收入免征营业税及所得税。

于 2006 年 12 月 31 日, 无逾期的信达债券应收利息 (2005 年: 人民币 256 百万元)。

18 投资证券

	2006	2005
可供出售投资, 公允价值		
债券投资 * - 上市	40,470	22,931
债券投资 - 非上市	40,269	21,430
权益性投资 ** - 非上市	4,502	5,616
	<u>85,241</u>	<u>49,977</u>
持有至到期投资, 摊余成本		
债券投资 - 非上市	26,278	905
贷款及应收款项类投资, 摊余成本		
债券投资 - 非上市	33,838	-
	<u>145,357</u>	<u>50,882</u>

* 金额为人民币 6,353 百万元 (2005 年: 无) 的可供出售投资证券被用作卖出回购协议项下的质押物。

18 投资证券 (续)

** 经相关部门批准, 本行与部分借款人签订债转股协议。根据相关协议规定, 本行将对借款人全部或部分贷款本金和应收利息转换为对其股权投资。债转股每笔交易的交易结构都使得取得的权益投资的金额等于相关贷款的账面价值, 不产生任何收益或损失。

2006 年度无贷款和应收款项转为股权投资 (2005 年: 人民币 795 百万元)。

2006 年度出售权益投资取得的收入为人民币 1,647 百万元 (2005 年: 人民币 4,200 百万元), 产生收益人民币 553 百万元 (2005 年: 人民币 1,089 百万元)。

此类债转股交易作为债务重组的方式在中国政府的指导下进行, 其目的是协助借款人能够进行重组并改善其财务状况。部分债转股协议明确了借款人在一定期限内, 在经政府批准后可将本行所持股权予以回购的意图。但是这些回购条款并不具有法律上的强制性约束力。

对于债转股投资, 本行定期与借款人讨论对权益性投资进行回购的可能的时间和条件。由于对权益投资的回购需要在政府的指导下进行并经过政府的批准, 本行难以对可能的回购时间进行估计。回购的价格是以其公允价值为基础, 由本行、中国政府和借款人协商决定。

非上市交易的权益性投资按照公允价值列示。由于这些权益性投资是在政府的指导下进行的, 该等投资的公允价值的确定存在一定的风险及不确定性。政府对本行的投资处置有重大影响, 这会影响到本行对该投资公允价值的估计。再者, 由于中国的经济正处于发展阶段, 相关的市场信息将有可能有较大的变动。

投资证券变动如下所示:

	可供出售投资	持有至到期投资	贷款及应收款项类投资	合计
2005 年 1 月 1 日余额	42,305	1,766	-	44,071
本年增加	78,098	-	-	78,098
本年处置收回现金 (卖出、赎回及到期)	(71,334)	(861)	-	(72,195)
出售收益	1,102	-	-	1,102
减值损失	(573)	-	-	(573)
公允价值变动未实现收益	379	-	-	379
2005 年 12 月 31 日余额	49,977	905	-	50,882
2006 年 1 月 1 日余额	49,977	905	-	50,882
本年增加	132,764	25,373	84,540	242,677
本年处置收回现金 (卖出、赎回及到期)	(97,755)	-	(50,671)	(148,426)
出售收益	539	-	(31)	508
减值损失	(108)	-	-	(108)
公允价值变动未实现损失	(176)	-	-	(176)
2006 年 12 月 31 日余额	85,241	26,278	33,838	145,357

19 固定资产, 净额

	2006	2005
固定资产, 原值	3,285	3,248
累计折旧	(753)	(643)
净值	2,532	2,605
在建工程	140	67
	<u>2,672</u>	<u>2,672</u>

固定资产净值包括:

	房屋和建筑物	办公设备	资产改良支出	运输设备	合计
原值					
2006 年 1 月 1 日余额	2,650	336	19	243	3,248
加: 本年增加	66	32	8	2	108
减: 本年处置	(8)	(44)	-	(19)	(71)
2006 年 12 月 31 日余额	<u>2,708</u>	<u>324</u>	<u>27</u>	<u>226</u>	<u>3,285</u>
累计折旧					
2006 年 1 月 1 日余额	283	222	7	131	643
加: 本年计提	96	41	2	33	172
减: 本年处置	-	(43)	-	(19)	(62)
2006 年 12 月 31 日余额	<u>379</u>	<u>220</u>	<u>9</u>	<u>145</u>	<u>753</u>
净值					
2006 年 12 月 31 日余额	<u>2,329</u>	<u>104</u>	<u>18</u>	<u>81</u>	<u>2,532</u>
2005 年 12 月 31 日余额	<u>2,367</u>	<u>114</u>	<u>12</u>	<u>112</u>	<u>2,605</u>

20 递延所得税

递延所得税根据所有暂时性差异以债务法按照法定税率 33% (2005 年: 33%) 计算得出。

递延所得税变动情况如下:

	2006	2005
年初余额	1,937	1,489
计入本年损益 (附注 11)	9	573
可供出售投资未实现收益	58	(125)
年末余额	<u>2,004</u>	<u>1,937</u>

20 递延所得税 (续)

递延所得税资产 (负债) 由以下项目构成:

	2006	2005
贷款减值准备	1,557	1,633
其他金融资产减值准备	452	650
以公允价值计量且其公允价值变动计入当期 损益的金融工具未实现损失 (收益)	(438)	424
可供出售投资公允价值变动未实现收益	(380)	(438)
发行债券手续费资本化的暂时性差异	(462)	(596)
汇兑损失的暂时性差异	517	-
财务担保合同公允价值变动损失	669	250
利息净收入的暂时性差异及其他	89	14
	<u>2,004</u>	<u>1,937</u>

计入当期损益的递延所得税由以下暂时性差异形成:

	2006	2005
贷款减值准备	76	939
其他金融资产减值准备	198	(189)
以公允价值计量且其公允价值变动计入当期 损益的金融工具未实现收益 (损失)	862	(469)
发行债券手续费资本化的暂时性差异	(134)	(70)
汇兑损失的暂时性差异	(517)	-
财务担保合同公允价值变动损失	(419)	(73)
利息净收入的暂时性差异及其他	(75)	(711)
	<u>(9)</u>	<u>(573)</u>

当拥有抵销当期所得税资产和当期所得税负债的法定行使权，且递延所得税资产和递延所得税负债由同一税务部门征收时，递延所得税资产和递延所得税负债可抵销列示。

21 客户存款

	2006	2005
活期存款	125,508	106,311
定期存款	29,335	30,516
保证金存款	467	26
	<u>155,310</u>	<u>136,853</u>

22 向其他银行和政府借款

	2006	2005
境外银行借款 - 买方信贷	30,112	32,892
境内银行借款	23,960	25,898
外国政府借款	3,512	3,349
其他境外商业银行借款	3,382	4,057
	<u>60,966</u>	<u>66,196</u>

23 发行债券

	加权平均年利率(%)	2006	2005
国内市场发行人民币金融债券 *	3.27 (2005: 3.18)	1,811,875	1,458,905
国内市场发行外币金融债券	5.41 (2005: 4.28)	29,365	17,363
国际市场发行外币金融债券	5.62 (2005: 5.51)	22,499	24,927
		<u>1,863,739</u>	<u>1,501,195</u>

* 发行的人民币金融债券中包括金额合计为人民币 200,000 百万元 (2005 年: 人民币 220,000 百万元) 的金融债券, 该等债券附有允许本行或债券持有人在债券到期日前赎回该债券的条款。如果本行在规定赎回日选择不行使赎回条款, 则需为相应债券支付较高利率的利息。所有外币债券均无提前赎回条款。

金额为人民币 80 百万元的一笔金融债券附有持有人在特定日期可选择将该债券转换为约定的本行发行的其他债券的条款 (2005 年: 人民币 80 百万元)。

金额合计为人民币 40,000 百万元的两笔金融债券附有持有人延期选择期权 (2005 年: 人民币 20,000 百万元)。

24 次级债券

	加权平均年利率(%)	2006	2005
国内市场发行人民币债券	4.62 (2005: 4.62)	40,308	40,301

次级债券附有允许本行在债券到期日前赎回该债券的条款。如果本行在规定赎回日选择不行使赎回条款, 则需为相应债券支付较高利率的利息。

25 其他负债

	2006	2005
应交所得税	11,701	10,100
财务担保合同公允价值变动损失	2,026	757
应交营业税及附加	1,613	1,545
其他应付款	1,329	1,192
其他	835	727
	17,504	14,321

26 实收资本和资本公积

本行的注册资本为人民币 500 亿元，已全部由财政部核拨到位。

根据财政部于 2006 年度作出的批示，本行将被豁免支付的债务计人民币 135 百万元计入资本公积。这些债务是于 1998 年本行在中国政府指导下合并原六大国有投资公司账务时形成的。

27 储备

A 盈余公积金和公益金

在所有者权益中，本行提取了法定盈余公积金、法定公益金及任意盈余公积金。提取这些盈余公积金是为了区分和限制可供分配的留存收益的使用。从留存收益提取各项储备及各项储备之间的划转须经财政部批准。

根据财政部于 2006 年度作出的批示，本行按照人民币 1,356 百万元（2005 年：人民币 676 百万元），即 2005 年度法定会计报表中的税后利润 10%（2005 年：10%）的比例，分别提取了法定盈余公积金和法定公益金。经财政部批准，法定盈余公积金可用于弥补以前年度亏损或转增资本。

根据财政部 2006 年 3 月 15 日发布的《关于〈公司法〉施行后有关企业财务处理问题的通知》（财企[2006] 67 号），本行从 2006 年 1 月 1 日起不再计提法定公益金。根据财政部于 2006 年度作出的批示，本行将法定公益金的累计余额计人民币 3,092 百万元转入法定盈余公积金。

B 一般风险准备

根据财政部于 2005 年度颁布的通知，银行应当对不可预见的风险和未来损失计提足额的准备。因此，银行应从未分配利润中提取一般风险准备。根据指导原则，该一般风险准备余额应当不低于风险资产期末余额的 1%。

根据财政部于 2006 年作出的批示，本行从未分配利润中提取了一般风险准备计人民币 26,485 百万元。由于 2006 年度的利润分配计划尚待财政部批准，因此本行尚未提取 2006 年度一般风险准备。

28 衍生金融工具

本行运用下述衍生金融工具:

货币远期交易, 是指本行已承诺在未来某一时点买卖外汇的交易, 包括未交割的即期交易。

利率及货币互换, 是将一组现金流交换为另一组现金流的承诺。互换的结果导致利率或货币的实际交换(例如固定利率换为浮动利率)或二者的同时交换(例如交叉货币利率互换)。除货币互换之外, 没有本金的交换。本行面临的违约风险是指在交易对手无法履行其义务的情况下, 本行为重置原互换合约需承担的潜在成本。本行通过随时监控合约目前的公允价值、名义价值及市场变现能力控制信用风险。本行采用与信贷业务相同的方法来防范交易对手违约风险。

利率互换期权, 是指期权的卖方(发行方)为买方(持有方)提供在未来某一特定日期或未来一定时期内按照约定的价格买进或卖出一定数量的某种金融资产的权利(而非义务)的一种合约。考虑到利率风险, 期权的卖方从买方收取一定的期权费。本行的期权合约通常是与对手在场外协商达成协议的。

信用违约互换是一种双边合约, 在合约规定的期限内交易对手定期向本行支付固定的金额。在合约期限内, 如果没有发生规定的信用违约事件, 则本行无需支付任何金额。信用违约互换涉及的违约事件通常包括重大债务违约、破产或合约项下资产(通常为债券或贷款)的债务重组。如果规定的违约事件发生, 本行将向交易对方做出支付, 该笔互换合约随即终止。该支付金额通常为事先约定金额或以违约事件发生时形成债务的货币计量等值金额。因此, 本行对合约项下的资产承担信用风险。本行根据合约项下资产的性质运用与贷款和投资业务相同的风险管理技巧对该互换业务的信用风险进行控制。

于 2006 年 12 月 31 日, 本行持有的未交割货币远期合同、货币互换合同、利率互换合同、信用违约互换合同以及延期选择期权合同共计为 300 笔。这些合同将在 2030 年 9 月以前分别到期。

某些金融工具的名义金额可以为一些确认在资产负债表中的金融工具提供比较基础, 但其并不一定表示该工具的未来现金流量和现时的公允价值, 也不一定能反映本行面临的信用风险或价格风险。衍生金融工具的价值会随市场利率和外汇汇率的波动而变化, 从而形成有利的资产或不利的负债。本行持有的一定名义金额的衍生金融工具, 由于其公允价值波动, 按其公允价值计量形成相应金融资产与金融负债的总额随时会有大幅波动。本行持有的衍生金融工具的公允价值列示如下:

	合同/名义金额	公允价值	
		资产	负债
2006 年 12 月 31 日			
货币远期	7,022	42	1
货币互换	215,903	1,120	814
利率互换	103,928	1,049	598
延期选择期权	40,000	-	147
信用违约互换	1,601	-	-
衍生金融工具资产/负债合计(附注 15)		2,211	1,560
2005 年 12 月 31 日			
货币远期	3,324	43	37
货币互换	26,272	60	338
利率互换	39,322	69	457
利率互换期权	1,211	-	-
延期选择期权	20,000	-	626
信用违约互换	847	-	-
衍生金融工具资产/负债合计(附注 15)		172	1,458

28 衍生金融工具 (续)

上表提供了年末本行持有的衍生金融工具的合同或名义金额以及公允价值。这些衍生金融工具使得本行和本行的客户能够转移、调整或降低汇率风险和利率风险。

本行几乎所有的外汇交易和利率交易都是与其他金融机构进行的。本行管理层按交易对手、行业及国家的分类，制定了不同类别合同的名义金额交易限额，并定期监控由这些合同产生的实际信用风险及交易限额。

29 退休保障义务

本行参加由各地方政府设立的缴费的退休福利计划。根据相关计划规定，本行按员工基本工资或各地区所辖范围内规定标准按月交纳养老金。本行支付的与退休福利计划相关的费用直接计入当年利润表。该项与退休福利计划相关的费用在 2006 年度为人民币 63 百万元 (2005 年：人民币 51 百万元)。

30 或有负债及承诺事项

	2006	2005
资本承诺：		
股权投资资本承诺	1,018	126
信用承诺：		
财务担保	309,423	151,460
开出信用证	2,049	558
贷款承诺	1,328,043	1,071,424
	<u>1,639,515</u>	<u>1,223,442</u>
经营租赁承诺：		
未来最低经营租赁支出金额列示如下：		
一年内到期	159	87
一年至五年到期	283	71
五年以上到期	119	-
	<u>561</u>	<u>158</u>

31 关联方及关联方交易

关联方是指一方有能力控制另一方或者对另一方的财务及经营决策产生重大影响。共同受到同一方控制或重大影响的各方之间也被认为是关联方。本行是直属中国国务院领导的政策性金融机构。

A 与财政部及中央银行的交易

如会计报表附注 26 及 27 所述, 本行的注册资本全部由财政部核拨, 利润分配方案也由财政部审批。

如会计报表附注 17 所述, 经国务院研究确认“信达资产管理公司收购开发银行人民币 1,000 亿元不良资产所发债券, 由中央财政担保”。

本行与财政部和中国人民银行之间进行的常规业务列示如下:

(a) 国债和中央银行票据的购买与兑付

本行购买财政部和中央银行发行的票券并在到期兑付或提前出售。相应年度此类交易的数量及相关利率范围以及各年末的余额列示如下:

	2006	2005
本年购买	148,600	59,003
本年到期兑付或出售	(119,129)	(65,159)
利率范围(%)	1.07-3.10	1.01-4.11
年末余额	53,116	23,645

(b) 存放中央银行款项

本行在中央银行存放款项。存放中央银行款项的具体情况在附注 12 中列示。存放中央银行款项的利率范围为 0.99% 至 1.38% (2005 年: 0.75% 至 1.62%)。

(c) 与中央银行的衍生交易

	2006		2005	
	合同 / 名义金额	公允价值 资产 / (负债)	合同 / 名义金额	公允价值 资产 / (负债)
货币互换	178,237	434	19,083	275

31 关联方及关联方交易 (续)

B 与其他国有机构的交易

本行直接受中国政府控制, 中国政府通过政府部门、国有资产委托管理机构和附属机构直接或间接地控制大量企业。应当注意的是, 本行几乎所有的业务都是与其他国有机构进行的, 与这些机构的交易一般均在正常的商业条款和市场利率下进行。这些交易包括贷款、存款、债券投资、货币市场业务以及表外交易。

(a) 客户贷款及客户存款

本行的贷款几乎均向国有机构发放, 本行通过向其重点项目提供长期融资, 以支持政府的国民经济发展计划和产业政策。截至 2006 年 12 月 31 日和 2005 年 12 月 31 日, 对国有机构的贷款分别占客户贷款总额的 94% 和 95%。

2006 年人民币和外币贷款利率范围通常分别为:

	2006	2005
人民币贷款利率范围(%)	4.68-7.87	4.54-6.99
外币贷款利率范围(%)	1.14-8.80	1.27-8.80

所有存款都是单位存款, 几乎全部来自国有机构。

2006 年人民币和外币存款利率范围分别为:

	2006	2005
人民币存款利率范围(%)	0.72-4.14	0.72-4.13
外币存款利率范围(%)	0.10-6.02	0.08-5.45

(b) 信达债券

在中国政府的指导下, 本行于 1999 年将账面金额为人民币 1,000 亿元的不良资产转让给信达公司。同时, 信达公司向本行发行本金为人民币 1,000 亿元的 10 年期债券, 年利率 2.25%。具体条款列示于附注 17。

31 关联方及关联方交易 (续)

B 与其他国有机构的交易 (续)

(c) 投资证券

债券投资, 可供出售

	2006	2005
本年购入	502	1,137
本年到期兑付或出售	(467)	(2,289)
利率范围 (%)	2.98-4.21	2.92-4.95
年末余额	1,503	1,468

权益证券, 可供出售

在中国政府的指导下, 本行进行了债转股交易。作为免除债务的回报, 这些最终由中国政府拥有的借款人向本行发行权益证券。交易和年末余额的具体情况列示于附注 18。

(d) 向国有金融机构借款

	2006	2005
本年借入	52,196	92,290
本年归还	(60,087)	(103,471)
利率范围 (%)	0.07-6.71	0.05-6.07
年末余额	17,362	25,253

31 关联方及关联方交易 (续)

B 与其他国有机构的交易 (续)

(e) 表外业务

	2006	2005
财务担保	302,688	147,658
开出信用证	1,698	555
贷款承诺	1,283,615	1,040,638

(f) 其他表外交易

如附注 3H 所述，本行受托管理的资产和委托贷款几乎全部属于国有机构。

Independent auditor's report

To the Management of China Development Bank

We have audited the accompanying financial statements of China Development Bank (the "Bank") which comprise the balance sheet as of 31 December 2006 and the income statement, statement of changes in owner's equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

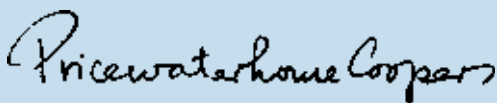
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of 31 December 2006, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



PricewaterhouseCoopers

25 February 2007

CHINA DEVELOPMENT BANK

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006

(All amounts expressed in millions of Rmb unless otherwise specified)

	Notes	2006	2005
Interest income	5	116,113	92,765
Interest expense	5	(63,143)	(52,606)
Net interest income	5	52,970	40,159
Fee and commission income	6	2,074	938
Fee and commission expense	6	(213)	(51)
Net fee and commission income	6	1,861	887
Dividend income	7	395	522
Net trading income	8	2,154	(1,329)
Net gains on investment securities	18	400	529
Operating expenses	9	(8,343)	(6,737)
Impairment losses on loans and receivables	16,17	(3,929)	(1,334)
Other expenses, net	10	(5,266)	197
Profit before tax		40,242	32,894
Income tax expense	11	(12,590)	(10,111)
Net profit		27,652	22,783

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

Governor: Chen Yuan

Head of Finance: Shu Jiawei

CHINA DEVELOPMENT BANK

BALANCE SHEET
AS OF 31 DECEMBER 2006

(All amounts expressed in millions of Rmb unless otherwise specified)

	Note	2006	2005
ASSETS			
Cash and balance with the PBOC	12	46,221	25,542
Due from other banks	13	3,729	2,704
Securities purchased under resale agreements		385	500
Financial assets at fair value through profit or loss	15	18,124	855
Loans, net	16	1,995,127	1,711,997
Cinda bonds, net	17	100,060	100,610
Investment securities			
-Available-for-sale	18	85,241	49,977
-Held-to-maturity	18	26,278	905
-Loans and receivables	18	33,838	-
Fixed assets, net	19	2,672	2,672
Deferred income tax assets	20	2,004	1,937
Other assets		588	1,000
TOTAL ASSETS		2,314,267	1,898,699
LIABILITIES AND OWNER'S EQUITY			
Liabilities			
Deposits from other banks		9,500	7,865
Due to customers	21	155,310	136,853
Securities sold under repurchase agreements		7,201	-
Borrowings from other banks and governments	22	60,966	66,196
Financial liabilities at fair value through profit or loss	15	1,560	1,458
Debt securities in issue	23	1,863,739	1,501,195
Subordinated debts	24	40,308	40,301
Other liabilities	25	17,504	14,321
Total liabilities		2,156,088	1,768,189
Owner's equity			
Paid-in capital	26	50,000	50,000
Capital surplus	26	135	-
Reserves	27	34,989	7,266
Retained earnings		73,055	73,244
Total owner's equity		158,179	130,510
TOTAL LIABILITIES AND OWNER'S EQUITY		2,314,267	1,898,699

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

The financial statements have been approved for issue by the Bank's management on 25 February 2007.

Governor: Chen Yuan

Head of Finance: Shu Jiawei

CHINA DEVELOPMENT BANK

STATEMENT OF CHANGES IN OWNER'S EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2006

(All amounts expressed in millions of Rmb unless otherwise specified)

	Note	Paid-in capital	Capital surplus	Statutory surplus reserve	Statutory welfare reserve	General surplus reserve	General banking reserve	Revaluation reserve for available-for-sale investment securities	Reserves	Retained earnings	Total
At 1 January 2005		50,000	-	2,972	2,076	653	-	635	6,336	51,137	107,473
Net change in available-for-sale investments, net of deferred tax of Rmb 125 million		-	-	-	-	-	-	254	254	-	254
Net income recognised directly in equity		-	-	-	-	-	-	254	254	-	254
Net profit		-	-	-	-	-	-	-	-	22,783	22,783
Total recognised income for 2005		-	-	-	-	-	-	254	254	22,783	23,037
Appropriation to statutory surplus reserve	27	-	-	338	-	-	-	-	338	(338)	-
Appropriation to statutory welfare reserve	27	-	-	-	338	-	-	-	338	(338)	-
At 1 January 2006		50,000	-	3,310	2,414	653	-	889	7,266	73,244	130,510
Net change in available-for-sale investments, net of deferred tax of Rmb 58 million		-	-	-	-	-	-	(118)	(118)	-	(118)
Net income recognised directly in equity		-	-	-	-	-	-	(118)	(118)	-	(118)
Net profit		-	-	-	-	-	-	-	-	27,652	27,652
Total recognised income for 2006		-	-	-	-	-	-	(118)	(118)	27,652	27,534
Capital surplus	26	-	135	-	-	-	-	-	-	-	135
Appropriation to statutory surplus reserve	27	-	-	678	-	-	-	-	678	(678)	-
Appropriation to statutory welfare reserve	27	-	-	-	678	-	-	-	678	(678)	-
Transfer to statutory surplus reserve	27	-	-	3,092	(3,092)	-	-	-	-	-	-
Appropriation to general banking reserve	27	-	-	-	-	-	26,485	-	26,485	(26,485)	-
At 31 December 2006		50,000	135	7,080	-	653	26,485	771	34,989	73,055	158,179

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

Governor: Chen Yuan

Head of Finance: Shu Jiawei

CHINA DEVELOPMENT BANK

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006

(All amounts expressed in millions of Rmb unless otherwise specified)

	Notes	2006	2005
Cash flows from (used in) operating activities			
Profit before tax		40,242	32,894
Adjustments:			
Impairment losses on loans and receivables	16,17	3,929	1,334
Provision for financial guarantees	10	1,269	222
Impairment losses on investment securities	18	108	573
Gain on disposal of investment securities	18	(508)	(1,102)
Depreciation and amortisation	9	183	178
Amortisation of premium/discount of debt securities in issue		896	563
Amortisation of issuance cost of debt securities in issue		590	531
Dividend income	7	(395)	(522)
Net changes in:			
Restricted balance with other banks		(2)	-
Securities purchased under resale agreements		115	(500)
Financial assets at fair value through profit or loss		(17,199)	1,304
Loans to banks		24,276	(26,075)
Loans to customers		(311,544)	(297,854)
Cinda bonds		759	2,862
Other assets		(157)	697
Deposits from other banks		1,635	7,121
Due to customers		18,457	40,918
Securities sold under repurchase agreements		7,201	(3,006)
Financial liabilities at fair value through profit or loss		102	1,120
Other liabilities		449	3,643
Income tax paid		(10,998)	(6,235)
Net cash used in operating activities		(240,592)	(241,334)
Cash flows from (used in) investing activities			
Purchases of investment securities		(246,553)	(78,098)
Proceeds from disposal of investment securities		149,009	74,489
Cash dividends received		395	522
Purchases of fixed assets and other assets		(207)	(194)
Disposal of fixed assets and other assets		9	43
Net cash used in investing activities		(97,347)	(3,238)
Cash flows from (used in) financing activities			
Proceeds from debt securities and borrowed funds		702,953	392,648
Repayments of debt securities and borrowed funds		(347,118)	(147,563)
Net cash from financing activities		355,835	245,085
Net increase in cash and cash equivalents		17,896	513
Cash and cash equivalents, at beginning of year		31,926	31,413
Cash and cash equivalents, at end of year	14	49,822	31,926
Supplemental disclosures of cash flow information			
Interest received		115,166	94,457
Interest paid		(59,821)	(48,240)
Investing and financing activities that do not involve cash receipts and payments			
Increase in equity securities resulting from debt-to-equity swap	18	-	795

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

Governor: Chen Yuan

Head of Finance: Shu Jiawei

CHINA DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

(All amounts expressed in millions of Rmb unless otherwise specified)

1 GENERAL INFORMATION AND PRINCIPAL ACTIVITIES

China Development Bank (the "Bank"), a wholly state-owned development financial institution, was established on 1 July 1994 in the People's Republic of China (the "PRC" or "China"). The address of its registered office is No.29, Fuchengmenwai Street, Xicheng District, Beijing, PRC.

The Bank provides funding through loans to projects that contribute directly to building national infrastructure, supporting the development of the basic industries and pillar industries, as well as fostering the growth of the hi-tech sector. The Bank also makes specific lending commitments on major projects approved by the central government. In addition, the Bank provides support to alleviate funding bottlenecks that arise as the government seeks to address certain social issues, such as urbanisation, development of small and medium enterprises, the agriculture sector, education, health care and environmental protection. This involves mobilising substantial financial resources, including the issuance of debentures denominated in Rmb and foreign currencies in the domestic and international capital markets; and borrowings from foreign governments, international financial institutions and commercial banks. At present, the Bank conducts its principal business activities predominantly in the PRC.

At 31 December 2006, the Bank had 4,759 employees (2005: 4,708).

2 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

A Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of these financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

The Bank has chosen not to early adopt the following standards that were issued but not yet effective for accounting periods beginning on 1 January 2006:

IAS 1 Amendment	Presentation of Financial Statements: Capital Disclosures (effective 1 January 2007)
IFRS 7	Financial Instruments: Disclosures (effective 1 January 2007)
IFRS 8	Operating Segments (effective 1 January 2009)

The Bank has not adopted these new amendment and standards for the year ended 31 December 2006, as they are effective after this date. The Bank has commenced an initial assessment of the potential impact of these amendment and standards and does not believe that these standards will have a significant impact on its results of operations or financial position.

B Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Bank are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The financial statements are presented in Renminbi ("Rmb"), the lawful currency of the PRC, which is the Bank's functional and presentation currency.

2 PRINCIPAL ACCOUNTING POLICIES (CONT'D)

B Foreign currency translation (Cont'd)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity. Translation differences on other non-monetary items are reported as part of the fair value gain or loss.

C Financial assets

The Bank classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

(a) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if it so designated by management. Derivatives are also categorised as held for trading.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, including Balance with the PBOC, Due from other banks, certain investment securities, Cinda bonds and Loans to banks and customers. They arise when the Bank provides money or services directly to a debtor with no intention of trading the receivable.

(c) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets traded in active markets, with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold to maturity. Were the Bank to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available for sale.

(d) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are either designated as such or are not classified in any of the other categories. They are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Regular-way purchases and sales of financial assets at fair value through profit or loss, held to maturity and available for sale are recognised on trade-date - the date on which the Bank commits to purchase or sell the assets. Loans and advances are recognised when cash is advanced to the borrowers.

2 PRINCIPAL ACCOUNTING POLICIES (CONT'D)

C Financial assets (Cont'd)

(d) Available-for-sale financial assets (cont'd)

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Bank has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are included in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity, until the financial assets are derecognised or impaired at which time the cumulative gain or loss previously recognised in equity should be recognised in profit or loss. However, interest calculated using the effective interest method and foreign currency gains and losses on monetary assets classified as available for sale are recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the Bank's right to receive payment is established.

The fair values of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, the Bank establishes fair value using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

D Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

E Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including counterparty quotes and recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of derivatives are recognised immediately in the income statement under net trading income.

Certain derivatives embedded in other financial instruments, such as credit default derivatives allowing a bond issuer to transfer the credit risk of the underlying bond, which it may not own, to another party, are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement.

While certain derivative transactions are intended to provide effective economic hedges under the Bank's risk management positions, they do not qualify for hedge accounting under the specific rules in the IAS 39 and are therefore treated as derivatives held for trading with changes in fair value recognised in the income statement. The Bank has no derivative positions that are accounted for as hedges.

2 PRINCIPAL ACCOUNTING POLICIES (CONT'D)

F Interest income and expense

Interest income and expense for all interest-bearing financial instruments, except for those classified as held for trading or designated at fair value through profit or loss, are recognised within "interest income" and "interest expense" in the income statement using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

G Fee and commission income

Fees and commissions are recognised on an accrual basis when the related service has been provided. Fees and commissions arising from negotiating, or participating in the negotiation of, a transaction for a third party, such as the purchase or sale of businesses, or issuance of securities, are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time-apportionate basis.

H Dividend income

Dividends are recognised in the income statement when the Bank's right to receive payment is established.

I Resale and repurchase agreements

Securities sold to a counterparty with an obligation to repurchase at a pre-determined price on a specified future date under a repurchase agreement are referred to as repos. Securities purchased from a counterparty with an obligation to re-sell to the counterparty at a pre-determined price on a specified future date under a resale agreement are referred to as reverse repos.

Repos are initially recorded as securities sold under repurchase agreements, at the actual amount of cash received from the counterparty. The financial assets used to collateralise repurchase agreements are recorded as trading securities or investment securities. Reverse repos are initially recorded as securities purchased under resale agreements, at the actual amount of cash paid to the counterparty. The financial assets received as collateral under reverse repo agreements are not recognised on the balance sheet. The difference between sale (purchase) and repurchase (resale) price is recognised as interest over the life of the agreements using the effective interest method.

J Impairment of financial assets

(a) Assets carried at amortised cost

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

2 PRINCIPAL ACCOUNTING POLICIES (CONT'D)

J Impairment of financial assets (Cont'd)

(a) Assets carried at amortised cost (cont'd)

The criteria that the Bank uses to determine that there is objective evidence of an impairment loss include:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower (for example, equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower's competitive position;
- Deterioration in the value of collateral; and
- Downgrading below investment grade level.

The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Bank may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the Bank's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Bank and historical loss experience for assets with credit risk characteristics similar to those in the Bank. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Bank to reduce any differences between loss estimates and actual loss experience.

2 PRINCIPAL ACCOUNTING POLICIES (CONT'D)

J Impairment of financial assets (Cont'd)

(a) Assets carried at amortised cost (cont'd)

When a loan is uncollectible, it is written off against the related allowance for impairment losses. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the allowance for impairment losses in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

(b) Assets classified as available for sale

The Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the income statement.

K Fixed assets

All fixed assets are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to write down the cost of such assets to their residual values over their estimated useful lives as follows:

Buildings	30 - 35 years
Office equipment	5 - 11 years
Leasehold improvements	5 years, or over the lease period if the lease is less than 5 years
Motor vehicles	6 years

No depreciation is provided against construction in progress.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposal of fixed assets are determined by comparing proceeds with carrying amount. These are included in the income statement.

2 PRINCIPAL ACCOUNTING POLICIES (CONT'D)

L Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. The Bank entered into various operating lease agreements, as lessee, to rent its head office and branches' offices and facilities. The total payments made under operating leases which include land use rights with payments that are separately identifiable at inception of the lease are charged to the income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

All leasing activities engaged by the Bank to date have involved solely operating leases. The Bank has not conducted any leasing activities as lessor.

M Cash and cash equivalents

For purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 3 months' maturity from the date of acquisition, including cash and balance with the People's Bank of China (the "PBOC" or the "Central Bank"), amounts due from banks and government bonds held.

N Provisions

Provisions are recognised in the income statement when (i) the Bank has a present legal or constructive obligation, as a result of past events, (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and (iii) a reliable estimate of the amount of the obligation can be made.

O Financial guarantee contracts

The Bank issues letters of credit and letters of guarantee. These financial guarantee contracts provide for specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans and other banking facilities.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. Subsequent to initial recognition, the Bank's liabilities under such guarantees are measured at the higher of initial measurement, less amortisation calculated to recognise in the income statement the fee income earned on a straight line basis over the life of the guarantee and the best estimate of the expenditure required to settle any financial obligation arising at the balance sheet date. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgment of management.

Any increase in the liability relating to guarantees is taken to the income statement as other expenses.

P Employee benefits

In accordance with the policies of relevant state and local governments, employees participate in various defined contribution retirement schemes managed by local Labour and Social Security Bureaus. The Bank contributes to pension and insurance schemes administered by local pension and insurance agencies using applicable contribution rates of the pension and insurance schemes stipulated in the relevant local regulations. Upon retirement of the employees, the local Labour and Social Security Bureaus are responsible for the payment of the basic retirement benefits to the retired employees.

Contributions made by the Bank to the above retirement schemes are expensed in the income statement as incurred. The Bank has no further legal obligation to pay additional pensions even if the pension schemes that the Bank has participated in are not sufficient to provide all benefits that the employees are entitled to for the services they have provided in the current period or previous periods.

2 PRINCIPAL ACCOUNTING POLICIES (CONT'D)

P Employee benefits (Cont'd)

Pursuant to local government regulations, all domestic employees participate in various local housing funds administered by local governments. The Bank contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees. These payments are expensed as incurred.

Q Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The principal temporary differences arise from allowance for impaired loans, investment securities, doubtful receivables, provision for possible losses on financial guarantees and revaluation of available-for-sale investment securities and derivative financial instruments. Currently enacted tax rate of 33% at balance sheet date is used in the determination of deferred income tax. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax related to fair value re-measurement of available-for-sale investments, which are charged or credited directly to equity, is also credited or charged directly to equity and subsequently recognised in the income statement together with the deferred gain or loss.

Income tax payable on profits, based on the applicable tax law in each jurisdiction, is recognised as an expense in the period in which profit arises. The tax effects of income tax losses available for carry-forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

R Borrowings

Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

S Fiduciary activities

The Bank acts as a trustee and in other fiduciary capacities that result in the holding or managing assets on behalf of other institutions. These assets and any income or losses arising thereon are excluded from these financial statements, as they are not assets of the Bank.

The Bank also administers entrusted loans on behalf of third-party lenders. In this regard, the Bank grants loans to borrowers, as agent, at the direction of third-party lenders, who fund these loans. The Bank has been contracted by these third-party lenders to manage the administration and collection of these loans on their behalf. The third-party lenders determine both the underwriting criteria for and all terms of the entrusted loans, including their purposes, amounts, interest rates, and repayment schedule. The Bank charges a commission related to its activities in connection with the entrusted loans, but the risk of loss is borne by the third-party lenders. Entrusted loans are not recognised in the financial statements of the Bank.

2 PRINCIPAL ACCOUNTING POLICIES (CONT'D)

T Contingent liabilities and contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised as a provision but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow becomes probable, it will then be recognised as a provision.

U Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3 FINANCIAL RISK MANAGEMENT

A Strategy in using financial instruments

The Bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Bank's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Bank's financial performance.

The Bank raises funds primarily by the issuance of debts at both fixed and floating rates and for various periods and seeks to earn interest margins by investing these funds in long-term infrastructure project lending. While operating in China under the interest rate scheme regulated by the PBOC, the Bank seeks to increase these margins by issuing long-term bonds with different maturities and reducing its cost of funds to the extent possible.

The Bank engages in derivative transactions, which include currency forwards, currency and interest rate swaps and interest rate swaptions, primarily with its borrowers. In order to offset the potential risks related to the derivative transactions entered into with its borrowers, the Bank often enters into similar or substantially similar contracts with other financial institutions.

In order to hedge its open positions in foreign currencies and interest rate, the Bank also enters into currency and interest rate swaps and interest rate swaptions to provide effective controls on the Bank's potential risk exposures in the related areas. Please refer to Note 3C for risk management strategies regarding derivative financial instruments.

B Credit risk

The Bank takes on exposure to credit risk which is the risk that a counterparty will cause a financial loss for the Bank by failing to discharge an obligation. Credit risk is the most important risk for the Bank's business; management therefore carefully manages its exposure to credit risk. Credit risk is increased when counterparties are concentrated in the same industries or geographical regions. The Bank's lending activities are undertaken substantially within China and concentrated in certain targeted industries. Different areas in China and different industries have their own unique characteristics in economic development and, therefore, could present different credit risks.

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to single borrower, industry and location at provincial/country level. Such risks are monitored on a regular basis and subject to an annual review.

3 FINANCIAL RISK MANAGEMENT (CONT'D)

B Credit risk (Cont'd)

To manage its credit risk, the Bank applies rigorous underwriting procedures to each loan application and has developed a disciplined credit risk management process. Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations. Exposure to credit risk is also managed in part by obtaining collaterals and guarantees.

Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and letters of credit, which represent irrevocable assurance that the Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. In some cases, guarantee deposits are received by the Bank to lessen the credit risks related to certain of these commitments provided by the Bank. The guarantee deposit which is at certain percentage of the notional amount of the guarantee and letters of credit and other credit related commitments is determined by the creditworthiness of the customer.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining their level of creditworthiness. The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

Loans and advances by geography

	2006		2005	
	Amount	%	Amount	%
Loans to customers*				
Eastern China	1,067,284	53	849,861	49
Central China	452,883	22	411,590	24
Western China	447,584	22	410,856	24
Outside mainland China	46,690	3	32,120	2
Loans to banks	3,123	-	27,399	1
Accrued interest receivable	5,066	-	3,965	-
	<u>2,022,630</u>	<u>100</u>	<u>1,735,791</u>	<u>100</u>

* Eastern China includes Beijing, Liaoning, Hebei, Tianjin, Shandong, Shanghai, Jiangsu, Zhejiang, Fujian, Guangdong and Hainan.

Central China includes Jilin, Heilongjiang, Shanxi, Henan, Hubei, Anhui, Hunan and Jiangxi.

Western China includes Xinjiang, Tibet, Gansu, Qinghai, Ningxia, Inner Mongolia, Shaanxi, Sichuan, Chongqing, Guizhou, Yunnan and Guangxi.

Outside mainland China includes Hong Kong and other areas.

CHINA DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

(All amounts expressed in millions of Rmb unless otherwise specified)

3 FINANCIAL RISK MANAGEMENT (CONT'D)

B Credit risk (Cont'd)

Loans and advances by industry

	2006		2005	
	Amount	%	Amount	%
Loans to customers				
Water conservancy, environment protection and public utilities	490,983	24	418,234	24
Road transportation	425,261	21	365,904	21
Electric power and heating	394,606	20	385,724	22
Petroleum, petrochemical and chemical industry	193,494	9	136,474	8
Manufacturing industry	95,659	5	66,388	4
Railway transportation	72,464	4	82,996	5
Telecommunication and other information transmission service	58,870	3	48,750	3
Urban public transportation	52,971	3	50,976	3
Other transportation	42,775	2	40,588	2
Others	187,358	9	108,393	6
Loans to banks	3,123	-	27,399	2
Accrued interest receivable	5,066	-	3,965	-
	<u>2,022,630</u>	<u>100</u>	<u>1,735,791</u>	<u>100</u>

C Market risk

The Bank takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk arises from open positions in interest rate products, currency products and derivative financial instrument transactions, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates.

The management of the specific market risks is summarised below in Note 3D, 3E and 3F.

D Currency risk

The Bank conducts the majority of its businesses in Rmb, with certain foreign currency transactions in USD, Euros ("EURO"), Japanese Yen ("JPY") and to a much lesser extent, other currencies. Through foreign currency swaps, the Bank maintains its foreign currency risk mainly in USD. The exchange rates between Rmb to USD are set by the PBOC and have historically fluctuated within a narrow band of less than 1% prior to July 2005. On 21 July 2005, the PBOC introduced a managed floating exchange rate system to allow the value of the Rmb to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. The Bank's exposure to currency risk could be increased if the PBOC further changes its policy related to the exchange rate system.

The Bank is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Bank's principle in controlling exchange rate risk is to attempt to match its assets and liabilities in each currency and to maintain exchange rate risk within established limits. The management sets limits on the level of exposure by currency, which is monitored regularly.

CHINA DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

(All amounts expressed in millions of Rmb unless otherwise specified)

3 FINANCIAL RISK MANAGEMENT (CONT'D)

D Currency risk (Cont'd)

In order to provide effective economic hedge against the foreign currency exposure, the Bank enters into foreign currency swap and forward contracts with the PBOC and other banks. This foreign currency translation loss was partially offset by a gain on the foreign currency derivative financial instruments.

The table below summarises the Bank's exposure to foreign currency exchange rate risk at the end of the year. Included in the table are the Bank's assets and liabilities at carrying amounts in Rmb, categorised by the original currency.

At 31 December 2006	RMB	USD	Other Currencies	Total
Assets:				
Cash and balances with bank	47,374	2,239	337	49,950
Securities purchased under resale agreements	385	-	-	385
Loans, net	1,768,353	196,814	29,960	1,995,127
Cinda bonds, net	100,060	-	-	100,060
Investment securities	46,493	98,864	-	145,357
Others	18,568	4,511	309	23,388
Total assets	<u>1,981,233</u>	<u>302,428</u>	<u>30,606</u>	<u>2,314,267</u>
Liabilities:				
Due to other banks and customers	140,127	24,670	13	164,810
Securities sold under repurchase agreements	7,201	-	-	7,201
Borrowings from other banks and governments	14,451	31,561	14,954	60,966
Debt securities in issue and subordinated debts	1,852,182	48,434	3,431	1,904,047
Others	17,640	1,334	90	19,064
Total liabilities	<u>2,031,601</u>	<u>105,999</u>	<u>18,488</u>	<u>2,156,088</u>
Net on balance sheet position	<u>(50,368)</u>	<u>196,429</u>	<u>12,118</u>	<u>158,179</u>
Currency forwards and swaps	<u>193,116</u>	<u>(180,502)</u>	<u>(12,000)</u>	<u>614</u>
Commitments to extend credit	<u>1,574,309</u>	<u>37,999</u>	<u>27,207</u>	<u>1,639,515</u>

CHINA DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

(All amounts expressed in millions of Rmb unless otherwise specified)

3 FINANCIAL RISK MANAGEMENT (CONT'D)

D Currency risk (Cont'd)

At 31 December 2005	RMB	USD	Other Currencies	Total
Assets:				
Cash and balances with bank	27,703	496	47	28,246
Securities purchased under resale agreements	500	-	-	500
Loans, net	1,575,656	119,049	17,292	1,711,997
Cinda bonds, net	100,610	-	-	100,610
Investment securities	30,045	20,837	-	50,882
Others	6,240	224	-	6,464
Total assets	<u>1,740,754</u>	<u>140,606</u>	<u>17,339</u>	<u>1,898,699</u>
Liabilities:				
Due to other banks and customers	117,424	27,073	221	144,718
Borrowings from other banks and governments	19,108	31,203	15,885	66,196
Debt securities in issue and subordinated debts	1,499,206	37,006	5,284	1,541,496
Others	14,947	832	-	15,779
Total liabilities	<u>1,650,685</u>	<u>96,114</u>	<u>21,390</u>	<u>1,768,189</u>
Net on balance sheet position	<u>90,069</u>	<u>44,492</u>	<u>(4,051)</u>	<u>130,510</u>
Currency forwards and swaps	<u>19,983</u>	<u>(24,701)</u>	<u>3,830</u>	<u>(888)</u>
Commitments to extend credit	<u>1,204,688</u>	<u>11,572</u>	<u>7,182</u>	<u>1,223,442</u>

3 FINANCIAL RISK MANAGEMENT (CONT'D)

E Interest rate risk

Cash flow interest rate risk is the risk that the future cash flow of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce in the event that unexpected movements arise. Currently, benchmark interest rates for loans and deposits within mainland China are set by the PBOC. The Bank operates its business predominantly in China under the interest rate scheme regulated by the PBOC. It is normal practice for the interest rates of both interest bearing assets and liabilities to move in the same directions. Consequently, the Bank's exposure to interest rate risk is not significant, except for the foreign currency denominated investment in bonds and debt securities in issue. However, there is no guarantee that the PBOC will continue this practice in future. The Bank's exposure to interest rate risk could be increased if the PBOC changes its regulation and practice related to the regulation of interest rates in China.

According to the PBOC regulations, interest rates on loans denominated in Rmb can be set up to 10% below the PBOC benchmark interest rates, and interest rates on deposits denominated in Rmb cannot be higher than the PBOC benchmark interest rates.

The Bank is proactive in managing its exposure to interest rates. It monitors changes in interest rates closely. In order to control its interest rate exposure, the Bank will adjust interest levels on loans denominated in foreign currencies and funding sources where necessary. It also uses financial instruments as economic hedges against this exposure.

F Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay debtors and depositors and fulfil commitments to lend.

The Bank is exposed to daily calls on its available cash resources from current accounts, maturing deposits, debt securities in issue and subordinated debts, loan drawdowns, guarantees and other calls on cash settled derivatives. The Bank does not maintain cash resources to meet all of these needs as the Bank has the ability to refinance by issuing new debts in the market, in addition, experience shows that a minimum level of re-investment of maturing funds can be predicted with a high level of certainty. Management sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of interbank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

3 FINANCIAL RISK MANAGEMENT (CONT'D)

F Liquidity risk (Cont'd)

The table below analyses the assets and liabilities of the Bank into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

At 31 December 2006	Within 3 months	3-12 months	1-5 years	5-10 years	10-15 year	Over 15 years	Total
Assets:							
Cash and balances with banks	49,950	-	-	-	-	-	49,950
Securities bought under resale agreements	385	-	-	-	-	-	385
Loans, net	29,780	149,327	543,186	538,454	554,181	180,199	1,995,127
Cinda bonds, net	60	-	100,000	-	-	-	100,060
Investment securities	37,880	38,962	49,597	16,401	2,361	156	145,357
Others	1,405	7,844	5,178	6,091	334	2,536	23,388
Total assets	119,460	196,133	697,961	560,946	556,876	182,891	2,314,267
Liabilities:							
Due to other banks and customers	140,665	8,205	15,940	-	-	-	164,810
Securities sold under repurchase agreements	7,201	-	-	-	-	-	7,201
Borrowings from other banks and governments	4,142	5,815	31,530	14,925	3,725	829	60,966
Debt securities in issue and subordinated debts	70,948	173,097	779,973	579,967	145,257	154,805	1,904,047
Others	17,210	394	353	536	517	54	19,064
Total liabilities	240,166	187,511	827,796	595,428	149,499	155,688	2,156,088
Net liquidity gap	(120,706)	8,622	(129,835)	(34,482)	407,377	27,203	158,179
Commitments to extend credit:	234,565	617,581	754,788	23,077	9,504	-	1,639,515

3 FINANCIAL RISK MANAGEMENT (CONT'D)

F Liquidity risk (Cont'd)

	At 31 December 2005						Total
	Within 3 months	3-12 months	1-5 years	5-10 years	10-15 year	Over 15 years	
Assets:							
Cash and balances with banks	28,246	-	-	-	-	-	28,246
Securities bought under resale agreements	500	-	-	-	-	-	500
Loans, net	50,306	140,827	539,341	445,434	409,774	126,315	1,711,997
Cinda bonds, net	610	-	100,000	-	-	-	100,610
Investment securities	21,390	23,640	2,613	818	2,421	-	50,882
Others	113	747	2,707	234	162	2,501	6,464
Total assets	101,165	165,214	644,661	446,486	412,357	128,816	1,898,699
Liabilities:							
Due to other banks and customers	123,429	6,928	14,361	-	-	-	144,718
Borrowings from other banks and governments	6,370	1,880	36,865	14,526	5,833	722	66,196
Debt securities in issue and subordinated debts	9,086	226,192	578,356	531,882	100,338	95,642	1,541,496
Others	13,893	34	1,509	343	-	-	15,779
Total liabilities	152,778	235,034	631,091	546,751	106,171	96,364	1,768,189
Net liquidity gap	(51,613)	(69,820)	13,570	(100,265)	306,186	32,452	130,510
Commitments to extend credit:	119,433	424,952	623,722	47,735	7,600	-	1,223,442

3 FINANCIAL RISK MANAGEMENT (CONT'D)

F Liquidity risk (Cont'd)

The matching and controlled mismatching of the maturities of assets and liabilities is fundamental to the management of the Bank. It is impracticable for banks ever to be completely matched since businesses transacted are often of uncertain terms and of different types. An unmatched position potentially enhances profitability, but also increases the risk of losses. The Bank strives to manage its mismatched positions within a reasonable range.

Liquidity requirements to support calls under guarantees and letters of credit are considerably less than the amounts under commitments because the Bank does not generally expect the third party to draw funds under those agreements. The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, since some of these commitments will either expire or terminate due to the customers' inability to fulfil the conditions of drawdown.

G Fair value of financial assets and liabilities

Fair value estimates are made at a specific point in time based on relevant market information and information about the various financial instruments. In respect of assets and liabilities carried at other than fair values, the following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

(a) Cash and balance with the PBOC, Amounts due from other banks, Securities purchased under resale agreements, Deposits from other banks, Current account balances of customers, Securities sold under repurchase agreements, Other assets and Other liabilities

Given that maturities of these financial assets and liabilities are within one year, the carrying amount approximates the fair value.

(b) Held-to-maturity investment securities and investment securities classified as loans and receivables

The fair value of held-to-maturity investment securities and investment securities classified as loans and receivables is based on quoted market price, if available. If a quoted market price is not available, fair value is estimated using a discounted cash flow model and, where appropriate, latest transaction price, valuation of investments, price/earnings or price/cash flow ratios refined to reflect the specific circumstances of the issuer. In some cases, where information is not available to reliably estimate fair value, reference is made to costs.

(c) Loans and advances to customers

The carrying amount of variable rate loans and advances to customers is a reasonable estimate of fair value because interest rates are tied to the PBOC rate and are adjusted when the PBOC announces interest rate changes. The fair value of fixed rate loans to customers is estimated using a discounted cash flow analysis utilising the rates currently offered for loans of similar remaining maturities.

(d) Fixed interest-bearing deposit

The fair value of fixed interest-bearing deposit is estimated using a discounted cash flow analysis utilising the rates currently offered for deposits of similar remaining maturities.

3 FINANCIAL RISK MANAGEMENT (CONT'D)**G Fair value of financial assets and liabilities (Cont'd)****(e) Borrowings from other institutions, Debt securities in issue, Subordinated debts**

The fair value of borrowings without quoted market price is calculated based on discounted cash flows using interest rates for new borrowings with similar remaining maturities.

The aggregate fair values of debt securities are calculated based on quoted market prices. For those securities where quoted market prices are not available, a discounted cash flow model is used based on a current yield curve appropriate for the remaining term to maturity.

The estimated fair values of the Bank's financial instruments, of which the respective carrying values are different, at 31 December 2006 and 2005 are summarised as follows:

	Carrying Value		Fair Value	
	2006	2005	2006	2005
Financial assets				
Investment securities				
-Held-to-maturity	26,278	905	26,043	890
-Loans and receivables	33,838	-	33,868	-
Loans and receivables (including Cinda bonds), net	<u>2,095,187</u>	<u>1,812,607</u>	<u>2,098,760</u>	<u>1,817,252</u>
Financial liabilities				
Due to customers	155,310	136,853	155,307	136,880
Borrowings from other banks and governments	60,966	66,196	63,501	69,596
Debt securities in issue and subordinated debts	<u>1,904,047</u>	<u>1,541,496</u>	<u>1,914,888</u>	<u>1,558,158</u>

H Fiduciary activities

The Bank provides asset management and entrusted loan administration services to third parties. Assets that are held in a fiduciary capacity are not included in these financial statements, and the risk of loss is borne by the third-party lenders. As at 31 December 2006 and 2005, the balances of managed loans amounted to approximately Rmb 767,663 million and Rmb 438,214 million, respectively, and entrusted loans amounted to approximately Rmb 5,082 million and Rmb 5,585 million, respectively.

4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Areas susceptible to changes in essential estimates and judgements, which affect the carrying value of assets and liabilities, are set out below. It is impracticable to determine the effect of changes to either the key assumptions discussed below or other estimation uncertainties. It is possible that actual results may require material adjustments to the estimates referred to below.

A Impairment losses on loans and advances

The Bank reviews its loan portfolios to assess impairment on an annual basis, unless circumstances indicate possible impairment at an interim date. In determining whether an impairment loss should be recorded in the income statement, the Bank makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

B Fair value of financial instruments

The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. Valuation techniques used include discounted cash flows analysis and models. To the extent practical, models use only observable data, however areas such as credit risk (both own and counterparty's), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments. With respect to the PRC Government obligations related to large-scale policy directed financing transactions, such as the one described in Note 17, fair value is determined using the stated interest rate of the related instrument. In this regard, there are no relevant market prices or yields reflecting arm's length transactions of a comparable size and tenor, available.

C Impairment of available-for-sale equity investments

The Bank determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Bank evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and performance, changes in technology, and operational and financing cash flows.

D Held-to-maturity investments

The Bank follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Bank evaluates its intention and ability to hold such investments to maturity. If the Bank fails to keep these investments to maturity other than, for the specific circumstances, for example, selling an insignificant amount close to maturity, it will be required to reclassify the entire class as available for sale.

5 NET INTEREST INCOME

	2006	2005
Interest income		
Balances with the PBOC and other banks	264	220
Loans to customers	110,644	89,256
Loans to banks	196	87
Cinda bonds	2,250	2,250
Investment securities	2,550	948
Others	209	4
	<u>116,113</u>	<u>92,765</u>
Interest expense		
Deposits from other banks	166	9
Due to customers	2,453	2,054
Borrowings from other banks and governments	3,908	4,215
Debt securities in issue and subordinated debts	56,544	46,317
Others	72	11
	<u>63,143</u>	<u>52,606</u>
Net interest income	<u>52,970</u>	<u>40,159</u>

Interest income accrued on identified impaired financial assets is Rmb 116 million (2005: Rmb 180 million).

6 NET FEE AND COMMISSION INCOME

	2006	2005
Fee and commission income		
Credit related fees and commissions	1,891	718
Other fees and commissions	183	220
	<u>2,074</u>	<u>938</u>
Fee and commission expense		
Credit related fees and commissions	163	35
Other fees and commissions	50	16
	<u>213</u>	<u>51</u>
Net fee and commission income	<u>1,861</u>	<u>887</u>

CHINA DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

(All amounts expressed in millions of Rmb unless otherwise specified)

7 DIVIDEND INCOME

	2006	2005
Available-for-sale investment securities	395	522

8 NET TRADING INCOME

	2006	2005
Net gains on trading securities	(6)	-
Net gains on securities designated as at fair value through profit or loss	675	-
Derivative transactions		
- Unrealised gains	3,059	185
- Unrealised losses	(1,122)	(1,582)
	1,937	(1,397)
- Realised gains	412	175
- Realised losses	(864)	(107)
	(452)	68
	2,154	(1,329)

9 OPERATING EXPENSES

	2006	2005
Staff costs	768	616
Administration expenses	457	343
Depreciation and amortisation	183	178
Travel expenses	179	84
Occupancy	174	114
Business tax and surcharges	5,819	4,840
Others	763	562
	8,343	6,737

CHINA DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

(All amounts expressed in millions of Rmb unless otherwise specified)

10 OTHER EXPENSES, NET

	2006	2005
Foreign exchange losses (gains)	3,676	(412)
Provision for possible losses on financial guarantees	1,269	222
Loss on disposal of foreclosed assets	301	-
Others	20	(7)
	<u>5,266</u>	<u>(197)</u>

11 INCOME TAX EXPENSE

	2006	2005
Current tax	12,599	10,684
Deferred tax (Note 20)	(9)	(573)
	<u>12,590</u>	<u>10,111</u>

The actual income tax expense differs from the statutory income tax for the following reasons:

	2006	2005
Profit before tax	40,242	32,894
Tax calculated at the statutory rate of 33% (2005: 33%)	13,280	10,855
Non-taxable income:		
- Interest income on government bonds	(51)	(8)
- Interest income on Cinda bonds	(743)	(743)
- Dividend income from available-for-sale investment securities	(130)	(172)
Non-deductible salary and other expenses	200	162
Others	34	17
	<u>12,590</u>	<u>10,111</u>

12 CASH AND BALANCE WITH THE PBOC

	2006	2005
Cash and balance with the PBOC, included in cash and cash equivalents (Note 14)	<u>46,221</u>	<u>25,542</u>

The entire balance with the PBOC is available for use in the Bank's day to day operations.

CHINA DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

(All amounts expressed in millions of Rmb unless otherwise specified)

13 DUE FROM OTHER BANKS

	2006	2005
Deposits with other banks, included in cash equivalents (Note 14)	3,531	2,508
Restricted balances with other banks	198	196
	<u>3,729</u>	<u>2,704</u>

14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the cash flow statement consisted of the following:

	2006	2005
Cash and balance with the PBOC	46,221	25,542
Due from other banks	3,531	2,508
Government bonds	70	3,876
	<u>49,822</u>	<u>31,926</u>

15 FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss

	2006	2005
Trading securities, at fair value		
- Government bonds, listed *	12,505	683
Financial assets designated as at fair value through profit or loss, at fair value		
- Structured variable redemption amount note, unlisted	3,408	-
Derivatives, at fair value		
- Currency forwards	42	43
- Currency swaps	1,120	60
- Interest rate swaps	1,049	69
	<u>2,211</u>	<u>172</u>
	<u>18,124</u>	<u>855</u>

15 FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

Financial liabilities at fair value through profit or loss

	2006	2005
Derivatives, at fair value		
- Currency forwards	1	37
- Currency swaps	814	338
- Interest rate swaps	598	457
- Extension options	147	626
	<u>1,560</u>	<u>1,458</u>

* As at 31 December 2006, the Bank's trading securities of Rmb 845 million (2005: nil) were pledged as collateral to third parties under agreements to repurchase.

16 LOANS AND RECEIVABLES AND ALLOWANCE FOR IMPAIRED LOANS

The composition of loans and receivables is as follows:

	2006	2005
Loans to customers	2,014,441	1,704,427
Loans to banks	3,123	27,399
Accrued interest receivable	5,066	3,965
	<u>2,022,630</u>	<u>1,735,791</u>
Less: Allowance for impaired loans	(27,503)	(23,794)
	<u>1,995,127</u>	<u>1,711,997</u>

The components of the Bank's allowance for impaired loans are summarised below:

	2006	2005
Impairment allowance collectively assessed	22,015	17,644
Impairment allowance individually assessed	5,488	6,150
	<u>27,503</u>	<u>23,794</u>

CHINA DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

(All amounts expressed in millions of Rmb unless otherwise specified)

16 LOANS AND RECEIVABLES AND ALLOWANCE FOR IMPAIRED LOANS (CONT'D)

Movement of allowance for impaired loans:

	2006	2005
At 1 January	23,794	23,093
Charge for the year	4,138	1,652
Write-off	(290)	(759)
Recoveries	-	8
Unwinding of discount on allowance	(116)	(180)
Exchange differences	(23)	(20)
At 31 December	27,503	23,794

17 CINDA BONDS, NET

	2006	2005
Principal	100,000	100,000
Accrued interest receivable *	60	610
	100,060	100,610

* Net of an impairment allowance of nil (2005: Rmb 209 million).

The Cinda bonds are general debt obligations issued by China Cinda Asset Management Company ("Cinda"), in exchange for certain non-performing loans transferred to Cinda by the Bank. In accordance with the related agreement defining the terms of this transaction between the Bank and Cinda, certain non-performing loans with an aggregate carrying value of Rmb 100 billion were transferred to Cinda in December 1999. The Bank did not retain any control over or any continuing interest in the loans transferred to Cinda. In exchange for the transfer of the non-performing loans, Cinda issued to the Bank 10-year bonds with principal amount of Rmb 100 billion bearing interest at 2.25% per annum. Among other things, Cinda can redeem the bonds prior to the stated maturity.

On 20 November 1999, the State Council mandated that the Cinda bonds are guaranteed as to the payment of principal by the Ministry of Finance (the "MOF").

On 15 July 2000, the State Council mandated that the interest income received by the Bank related to the Cinda bonds should not be distributed to the Bank's shareholder.

In accordance with the Notice on Tax Exemption (Caishui [2001] No.152) issued jointly by the MOF and the State Administration of Taxation on 8 October 2001, the related interest income from Cinda bonds is exempted from business tax and income tax.

As at 31 December 2006, there was no overdue interest for Cinda Bonds (2005: Rmb 256 million).

18 INVESTMENT SECURITIES

	2006	2005
Available-for-sale		
Debt securities, * listed at fair value	40,470	22,931
Debt securities, unlisted at fair value	40,269	21,430
Equity securities, ** unlisted at fair value	4,502	5,616
	85,241	49,977
Held-to-maturity		
Debt securities, unlisted at amortised cost	26,278	905
Loans and receivables		
Debt securities, unlisted at amortised cost	33,838	-
	145,357	50,882

* Available-for-sale debt securities at fair value of Rmb 6,353 million (2005: nil) were pledged as collateral to third parties under agreements to repurchase

** Upon the approval of relevant authorities, the Bank has entered into debt-to-equity swap ("DES") transactions with certain of its borrowers. In accordance with the related agreements, the Bank forgives all or part of the loan principal outstanding, together with interest receivable, in exchange for the borrower's equity securities. Each of the individual transactions was structured so that the fair value of the equity securities received equaled the carrying value of the related loan and no gain or loss was recorded.

In 2006, no loans and receivables were converted to equity (2005: Rmb 795 million).

The proceeds from the sale of equity securities were Rmb 1,647 million (2005: Rmb 4,200 million), with a related gain of Rmb 553 million (2005: Rmb 1,089 million).

These DES transactions were directed by the Chinese Government to assist borrowers in restructuring their financial positions. Certain of the agreements between the Bank and borrowers express the borrower's intention to repurchase, subject to Government approval, the related equity securities from the Bank within a specified period of time. This stated intention does not create any legally enforceable obligation on the borrower to repurchase its equity securities.

Consistent with the nature of these DES arrangements, the Bank periodically discusses with borrowers the potential terms and timing of repurchases of equity securities transferred to the Bank. As any repurchases of equity securities would be subject to Government direction and approval, it is not possible to predict with any certainty the timing of potential repurchases. The price at which such securities are repurchased is determined through negotiation among the Bank, the Chinese Government and the borrower, with reference to the fair value.

Unlisted equity securities are carried at fair value. These securities were received in connection with the above mentioned Government directed DES transactions and there are a number of risks and uncertainties inherent in the determination of fair value. The disposal of these securities is subject to significant influence of the Government, which affects the Bank's assessment of fair value of these securities. Further, as China is a developing economy, relevant market information is potentially susceptible to significant volatility.

CHINA DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

(All amounts expressed in millions of Rmb unless otherwise specified)

18 INVESTMENT SECURITIES (CONT'D)

The movements in investment securities are summarised as follows:

	Available- for-sale	Held-to- maturity	Loans and receivables	Total
At 1 January 2005	42,305	1,766	-	44,071
Additions	78,098	-	-	78,098
Proceeds from disposals (sales, redemptions and maturities)	(71,334)	(861)	-	(72,195)
Gain on disposal	1,102	-	-	1,102
Impairment provision	(573)	-	-	(573)
Unrealised gain on changes in fair value	379	-	-	379
At 31 December 2005	<u>49,977</u>	<u>905</u>	<u>-</u>	<u>50,882</u>
At 1 January 2006	49,977	905	-	50,882
Additions	132,764	25,373	84,540	242,677
Proceeds from disposals (sales, redemptions and maturities)	(97,755)	-	(50,671)	(148,426)
Gain on disposal	539	-	(31)	508
Impairment provision	(108)	-	-	(108)
Unrealised loss on changes in fair value	(176)	-	-	(176)
At 31 December 2006	<u>85,241</u>	<u>26,278</u>	<u>33,838</u>	<u>145,357</u>

19 FIXED ASSETS, NET

	2006	2005
Cost	3,285	3,248
Accumulated depreciation	(753)	(643)
Net book value	<u>2,532</u>	<u>2,605</u>
Construction in progress	140	67
	<u>2,672</u>	<u>2,672</u>

19 FIXED ASSETS, NET (CONT'D)

The net book value of fixed assets consisted of the following:

	Buildings	Office equipment	Leasehold improvements	Motor vehicles	Total
Cost					
At 1 January 2006	2,650	336	19	243	3,248
Add: Additions	66	32	8	2	108
Less: Disposals	(8)	(44)	-	(19)	(71)
At 31 December 2006	<u>2,708</u>	<u>324</u>	<u>27</u>	<u>226</u>	<u>3,285</u>
Accumulated depreciation					
At 1 January 2006	283	222	7	131	643
Add: Additions	96	41	2	33	172
Less: Disposals	-	(43)	-	(19)	(62)
At 31 December 2006	<u>379</u>	<u>220</u>	<u>9</u>	<u>145</u>	<u>753</u>
Net book value					
At 31 December 2006	<u>2,329</u>	<u>104</u>	<u>18</u>	<u>81</u>	<u>2,532</u>
At 31 December 2005	<u>2,367</u>	<u>114</u>	<u>12</u>	<u>112</u>	<u>2,605</u>

20 DEFERRED INCOME TAX

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 33% (2005: 33%).

The movement of deferred income tax is as follows:

	2006	2005
At 1 January	1,937	1,489
Income statement charge (Note 11)	9	573
Unrealised losses (gains) on changes in fair value of available-for-sale investment securities	58	(125)
At 31 December	<u>2,004</u>	<u>1,937</u>

20 DEFERRED INCOME TAX (CONT'D)

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

	2006	2005
Allowance for impaired loans	1,557	1,633
Allowance for other impaired financial assets	452	650
Unrealised losses (gains) on financial instruments at fair value through profit or loss	(438)	424
Unrealised gains on changes in fair value of available-for-sale investment securities	(380)	(438)
Temporary difference in capitalisation of transaction cost on issuance of bonds	(462)	(596)
Temporary difference in exchange losses	517	-
Provision for possible losses on financial guarantees	669	250
Temporary difference in net interest income and others	89	14
	<u>2,004</u>	<u>1,937</u>

The deferred tax charge in the income statement comprises the following temporary differences:

	2006	2005
Impairment losses for loans	76	939
Impairment losses for other financial assets	198	(189)
Unrealised gains (losses) on financial instruments at fair value through profit or loss	862	(469)
Temporary difference in capitalisation of transaction cost on issuance of bonds	(134)	(70)
Temporary difference in exchange losses	(517)	-
Provision for possible losses on financial guarantees	(419)	(73)
Temporary difference in net interest income and others	(75)	(711)
	<u>(9)</u>	<u>(573)</u>

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

21 DUE TO CUSTOMERS

	2006	2005
Current accounts	125,508	106,311
Term deposits	29,335	30,516
Guarantee deposits	467	26
	<u>155,310</u>	<u>136,853</u>

22 BORROWINGS FROM OTHER BANKS AND GOVERNMENTS

	2006	2005
Borrowings from foreign banks - import credit	30,112	32,892
Borrowings from domestic banks	23,960	25,898
Borrowings from foreign governments	3,512	3,349
Other borrowings from foreign commercial banks	3,382	4,057
	<u>60,966</u>	<u>66,196</u>

23 DEBT SECURITIES IN ISSUE

	Weighted average interest rate per annum (%)	2006	2005
Rmb financial bonds issued in domestic market *	3.27 (2005: 3.18)	1,811,875	1,458,905
Foreign currency bonds issued in domestic market	5.41 (2005: 4.28)	29,365	17,363
Foreign currency bonds issued in international market	5.62 (2005: 5.51)	22,499	24,927
		<u>1,863,739</u>	<u>1,501,195</u>

* Included in Rmb financial bonds issued are certain financial bonds amounting to Rmb 200,000 million (2005: Rmb 220,000 million) have provisions which allow the Bank or the bond holders to redeem them prior to the bonds' maturity. If the Bank chooses not to exercise its redemption option on a specified date, it is obligated to pay a higher interest rate on the bond. None of the foreign currency bonds are subject to redemption prior to their stated maturities.

One of the financial bonds amounting to Rmb 80 million has provisions which allow the bond holders to convert their original bond to the specified reference bond issued by the Bank at a pre-determined date (2005: Rmb 80 million).

Two of the financial bonds amounting to Rmb 40,000 million (2005: Rmb 20,000 million) contain provisions which allow the bond holders to extend the bonds' maturity.

CHINA DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

(All amounts expressed in millions of Rmb unless otherwise specified)

24 SUBORDINATED DEBTS

	Weighted average interest rate per annum (%)	2006	2005
Rmb debts issued in domestic market	4.62 (2005: 4.62)	40,308	40,301

The subordinated debts have provisions which allow the Bank to redeem them prior to maturity. If the Bank chooses not to exercise its redemption option on a specified date, it is obligated to pay a higher interest rate on the debt.

25 OTHER LIABILITIES

	2006	2005
Income tax payable	11,701	10,100
Provision for possible losses on financial guarantees	2,026	757
Business tax and surcharges payable	1,613	1,545
Other payables	1,329	1,192
Others	835	727
	17,504	14,321

26 PAID-IN CAPITAL AND CAPITAL SURPLUS

The registered capital of the Bank is Rmb 50 billion, all of which has been fully funded by the MOF.

Upon the approval by the MOF in 2006, the Bank recorded the exempted debts of Rmb 135 million into Capital Surplus. These debts were originated from the merger of six national investment companies into the Bank in 1998 under the direction of the Chinese Government.

27 RESERVES

A Statutory reserve

Within Owner's Equity, the Bank has established a statutory surplus reserve, a statutory welfare reserve and a general surplus reserve. The purpose of establishing these reserves is to segregate and restrict the use of retained earnings that would otherwise be available for distribution to the owner. All transfers from retained earnings to the reserves and transfers among the reserves must be approved by the MOF.

Upon the approval by the MOF in 2006, the Bank allocated Rmb 1,356 million (2005: Rmb 676 million), representing 10% (2005: 10%) of its statutory profit after taxes for the year ended 31 December 2005, of its retained earnings to the statutory surplus reserve and statutory welfare reserve, in each case, based on its statutory financial statements for the year ended 31 December 2005. Once approved by the MOF, the statutory surplus reserve can be used to fund operating losses or transferred to registered capital.

Effective from January 1, 2006, the Bank is no longer required to make further appropriation to statutory welfare reserve pursuant to the Notice on Accounting Treatment after Implementation of Company Law (Caiqi [2006] No. 67) issued by the MOF on 15 March, 2006. Upon the approval by the MOF, the Bank transferred its accumulated balance of statutory welfare reserve amounting Rmb 3,092 million to the statutory surplus reserve in 2006.

27 RESERVES (CONT'D)

B General banking reserve

Pursuant to circulars issued by the MOF in 2005, the Bank is required to maintain adequate reserve for unforeseeable risks and future losses. Therefore, a general banking reserve is established by the Bank through the appropriation of the retained earnings. As a guiding principle, the balance of general banking reserve should not be less than 1% of the aggregate amount of all risk assets.

Upon the approval by the MOF in 2006, the Bank allocated Rmb 26,485 million of its retained earnings to the general banking reserve. No profit appropriation to this reserve has been made with respect to net income for the year ended 31 December 2006 as the profit appropriation plan is pending approval by the MOF.

28 DERIVATIVE FINANCIAL INSTRUMENTS

The following derivative instruments are utilised by the Bank:

Currency forwards represent commitments to purchase/sell foreign exchanges including undelivered spot transactions.

Interest rate and currency swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies or interest rates (e.g. fixed rate for floating rate) or a combination of all these (i.e. cross-currency interest rate swaps). Except for certain currency swaps, no exchange of principal takes place. The Bank's credit risk represents the potential cost to replace the swap contracts if counterparties fail to perform their obligation. This risk is monitored on an ongoing basis with reference to the current fair value, the notional amount of the contracts and the liquidity of the market. To control the level of credit risk taken, the Bank assesses counterparties using the same techniques as for its lending activities.

Interest rate swaptions are contractual agreements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of a financial instrument at a pre-determined price. In consideration for the assumption of interest rate risk, the seller receives a premium from the purchaser. Options are negotiated over-the-counter ("OTC") between the Bank and its counterparty.

The credit default swaps are contractual agreements that the Bank entered into whereby the counterparty pays a fixed periodic payment for the specified life of the agreement. The Bank makes no payments unless a specified credit event occurs. Credit events were typically defined to include a material default, bankruptcy or debt restructuring for a specified reference asset, bonds or loans, usually. If such a credit event occurs, the Bank will make a payment to the counterparty, and the swap then terminates. The size of the payment of those credit default swaps is usually linked to a pre-determined amount or its equivalent in the relevant obligation currency as of the occurrence of the relevant credit event. Therefore, the Bank takes the exposure of the credit risk on the specified reference asset. The Bank controls the credit risk with the same techniques as for its lending or investing activities, according to the types of the underlyings.

At 31 December 2006, the Bank had a total of 300 foreign currency forward contracts, currency swap contracts, interest rate swap contracts, credit default swap contracts and extension option contracts outstanding. These contracts will become due at various dates through September 2030.

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time. The fair values of derivative instruments held are set out in the following table.

CHINA DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

(All amounts expressed in millions of Rmb unless otherwise specified)

28 DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

	Contract / notional amount	Fair values	
		Assets	Liabilities
At 31 December 2006			
Currency forwards	7,022	42	1
Currency swaps	215,903	1,120	814
Interest rate swaps	103,928	1,049	598
Extension options	40,000	-	147
Credit default swaps	1,601	-	-
Total derivative assets/liabilities (Note 15)		<u>2,211</u>	<u>1,560</u>
At 31 December 2005			
Currency forwards	3,324	43	37
Currency swaps	26,272	60	338
Interest rate swaps	39,322	69	457
Interest rate swaptions	1,211	-	-
Extension option	20,000	-	626
Credit default swaps	847	-	-
Total derivative assets/liabilities (Note 15)		<u>172</u>	<u>1,458</u>

The table above provides a detailed breakdown of the contractual or notional amounts and the fair values of the Bank's derivative financial instruments outstanding at year-end. These instruments allow the Bank and its customers to transfer, modify or reduce their foreign exchange and interest rate risks.

The Bank undertakes most of its transactions in foreign exchange and interest rate contracts with other financial institutions. Management has established notional limits of these contracts by counterparties, industry sectors and countries. Actual credit exposures and limits are regularly monitored and controlled by management.

29 RETIREMENT BENEFIT OBLIGATIONS

The Bank participates in various defined contribution retirement benefit plans organised by municipal and provincial governments under which it is required to make monthly contributions to these plans at rates stipulated by local governments of the employees' basic salary or other applicable calculating basis in each jurisdiction. The Bank's contributions to these pension plans are charged to the income statement in the year to which they relate. Expenses incurred by the Bank in connection with the retirement benefit plans amounting to Rmb 63 million for the year (2005: Rmb 51 million).

30 CONTINGENT LIABILITIES AND COMMITMENTS

	2006	2005
Capital commitment:		
Capital commitment in respect of equity investments	1,018	126
Commitments to extend credit:		
Financial guarantees	309,423	151,460
Letters of credit issued	2,049	558
Undrawn credit commitments	1,328,043	1,071,424
	<u>1,639,515</u>	<u>1,223,442</u>
Operating lease commitments:		
Future minimum lease payments on operating leases are summarised as follows:		
Within one year	159	87
Between one and five years	283	71
Above five years	119	-
	<u>561</u>	<u>158</u>

31 RELATED PARTY AND RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Parties are also considered to be related if they are subject to common control or common significant influence. The Bank, as a wholly state-owned policy bank, is subject to the supervision of the State Council of the PRC Government.

A Transactions with the MOF and the PBOC

As described in Notes 26 and 27, the registered capital has been fully contributed by the MOF and the profit appropriation is also subject to the approval of the MOF.

As described in Note 17, the principal repayment of the Cinda bonds is guaranteed by the MOF as mandated by the State Council.

The Bank entered into certain banking transactions with the MOF and the PBOC in the normal course of business as listed below:

(a) Purchase and redemption of treasury bonds

The Bank purchased and redeemed treasury bonds issued by the MOF and the PBOC. The volume of such transactions and related interest rate range for the relevant year and the outstanding balances as of the respective year end are set out below:

CHINA DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

(All amounts expressed in millions of Rmb unless otherwise specified)

31 RELATED PARTY AND RELATED PARTY TRANSACTIONS (CONT'D)

A Transactions with the MOF and the PBOC (Cont'd)

(a) Purchase and redemption of treasury bonds (cont'd)

	2006	2005
Purchases during the year	148,600	59,003
Redemption/sales during the year	(119,129)	(65,159)
Interest rate range	1.07-3.10%	1.01-4.11%
Outstanding balance at 31 December	53,116	23,645

(b) Deposits with the PBOC

The Bank places deposits with the PBOC and the details of balance due from the PBOC are set out in Note 12. Interest rate charged on the balance in the PBOC ranged from 0.99% to 1.38% (2005: 0.75% to 1.62%).

(c) Derivative transactions with the PBOC

	2006		2005	
	Contract/ Notional amount	Fair value Assets/ (Liabilities)	Contract/ Notional amount	Fair value Assets/ (Liabilities)
Currency swaps	178,237	434	19,083	275

B Transactions with other state-owned entities

The Bank is directly controlled by the PRC government, which also directly and indirectly controls or exerts significant influence on a significant number of entities through its government authorities, agencies and affiliates. It should be noted that substantially all of the Bank's business activities are conducted with the other state-owned entities and the transactions with these entities are generally carried out under normal commercial terms and at market rates. These activities include loans, deposits, investment securities, money market and off-balance sheet transactions.

(a) Loans and advances to customers and due to customers

The loans and advances of the Bank are substantially extended to state-owned entities in order to finance their key projects and initiatives supporting the Government's national economic development plan and industrial policies. As at 31 December 2006 and 2005, the loans to the state-owned entities accounted for 94% and 95%, respectively of the total loans and advances to customers.

31 RELATED PARTY AND RELATED PARTY TRANSACTIONS (CONT'D)

B Transactions with other state-owned entities (Cont'd)

(a) Loans and advances to customers and due to customers (cont'd)

Interest rate charged on the related party loans and advances:

	2006	2005
Rmb denominated loans	4.68-7.87%	4.54-6.99%
Foreign currency denominated loans	1.14-8.80%	1.27-8.80%

All deposits are placed by corporate customers which are substantially state-owned entities.

Interest rate charged on customer deposits:

	2006	2005
Rmb denominated deposits	0.72-4.14%	0.72-4.13%
Foreign currency denominated deposits	0.10-6.02%	0.08-5.45%

(b) Cinda bonds

Under the direction of the PRC Government, the Bank transferred the non-performing loans with an aggregated carrying value of Rmb 100 billion to Cinda in 1999. In exchange, Cinda issued to the Bank 10-year bonds with principal amount of Rmb 100 billion bearing interest at 2.25% per annum. Detailed terms are set out in Note 17.

(c) Investment securities

Debt securities, available-for-sale

	2006	2005
Purchases during the year	502	1,137
Redemption/sales during the year	(467)	(2,289)
Interest rate range	2.98-4.21%	2.92-4.95%
Outstanding balance at 31 December	1,503	1,468

Equity securities, available-for-sale

Under the direction of the PRC Government, the Bank has entered into debt-to-equity swap transactions. In exchange for the debt forgiven by the Bank, the borrower, who is ultimately owned by the PRC Government, issued equity securities to the Bank. Details of these transactions and the balances as at 31 December 2006 and 2005 are set out in Note 18.

CHINA DEVELOPMENT BANK

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

(All amounts expressed in millions of Rmb unless otherwise specified)

31 RELATED PARTY AND RELATED PARTY TRANSACTIONS (CONT'D)

B Transactions with other state-owned entities (Cont'd)

(d) Borrowings from state-owned financial institutions

	2006	2005
Drawdown during the year	52,196	92,290
Repayments during the year	(60,087)	(103,471)
Interest rate range	0.07-6.71%	0.05-6.07%
Outstanding balance at 31 December	17,362	25,253

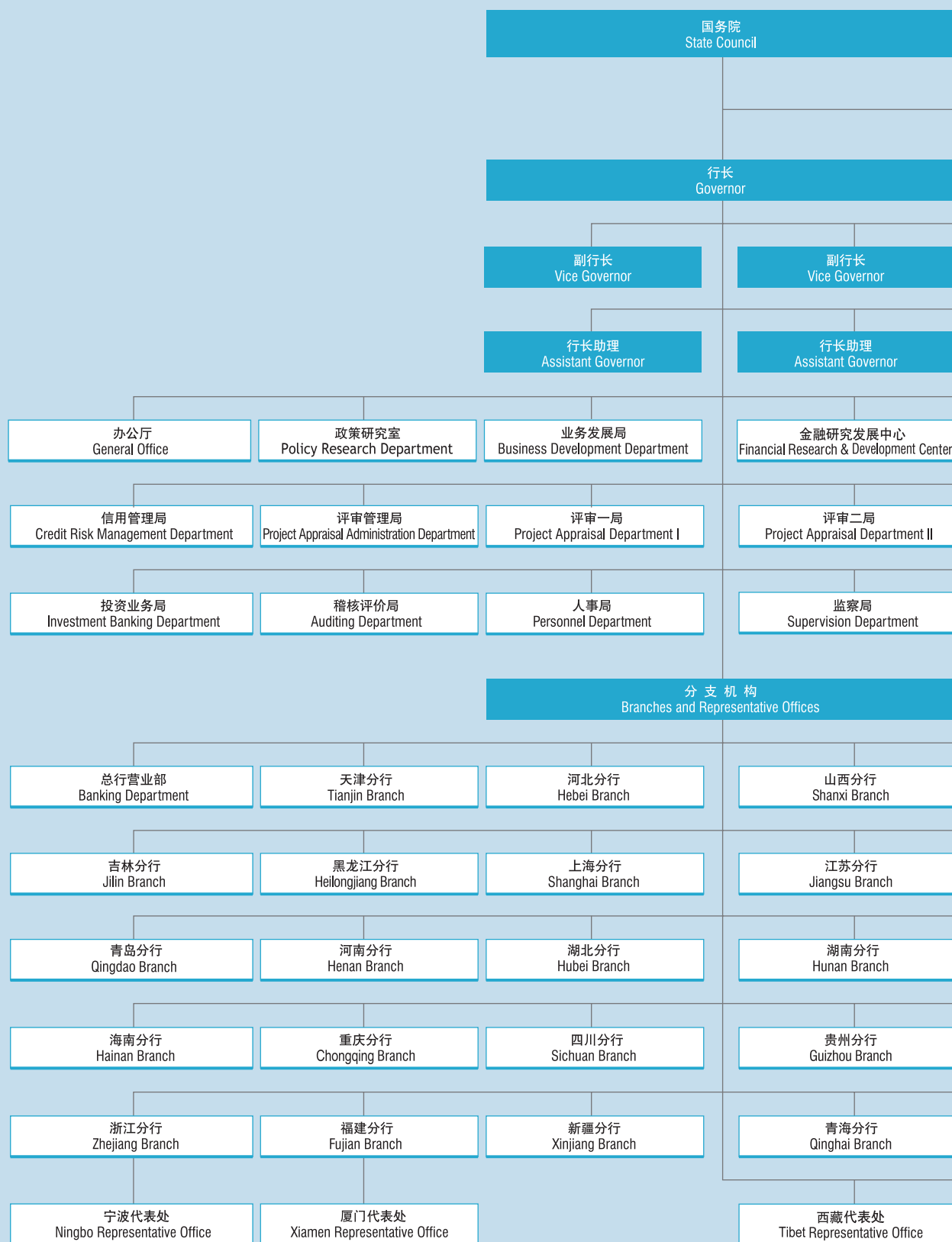
(e) Off-balance sheet exposure

	2006	2005
Financial guarantees	302,688	147,658
Letters of credit issued	1,698	555
Undrawn credit commitments	1,283,615	1,040,638

(f) Other off-balance sheet transactions

Substantially all of the Bank's managed assets and entrusted loan transactions described in Note 3H are undertaken with state-owned entities.

组织结构 ORGANIZATION STRUCTURE





总行营业部 BANKING DEPARTMENT

地址:北京市西城区复兴门内大街158号远洋大厦8层
Add: No.158 Fuxingmennei Street, Floor 8 COSCO
Mansion, Beijing
电话(Tel):(010) 66412212
传真(Fax):(010) 66412282
邮编(Zip):100031

天津分行 TIANJIN BRANCH

地址:天津市河西区宾水道增9号环渤海发展中心A座26层
Add: No. +9, Binshui Road, Hexi District, Floor 26 Building A Huanbohai Development Center, Tianjin
电话(Tel):(022) 85681106
传真(Fax):(022) 88355858
邮编(Zip):300061

河北分行 HEBEI BRANCH

地址:石家庄市裕华西路9号裕元广场B座
Add: No.9, Yuhuaxi Road, Building B Yuyuan Plaza, Shijiazhuang
电话(Tel):(0311) 85288100
传真(Fax):(0311) 85288112
邮编(Zip):050051

山西分行 SHANXI BRANCH

地址:太原市府西街108号
Add: No.108, Fuxi Street, Taiyuan
电话(Tel):(0351) 4937222
传真(Fax):(0351) 4937224
邮编(Zip):030002

内蒙古分行 INNER MONGOLIA BRANCH

地址:呼和浩特市新华东街55号
Add: No.55, Xinhua Dong Street, Huhhot
电话(Tel):(0471) 3310017
传真(Fax):(0471) 3310021
邮编(Zip):010010

辽宁分行 LIAONING BRANCH

地址:沈阳市沈河区青年大街109号
Add: No.109, Qingnian Street, Shenyang
电话(Tel):(024) 22953502
传真(Fax):(024) 22953371
邮编(Zip):110014

大连分行 DALIAN BRANCH

地址:大连市人民路15号中银大厦25-27层
Add: No.15, Renmin Road, Floor 25-27 ChinaBank Plaza, Dalian
电话(Tel):(0411) 82810147
传真(Fax):(0411) 82633839
邮编(Zip):116001

吉林分行 JILIN BRANCH

地址:长春市南湖大路399号
Add: No.399, Nanhu Road, Changchun
电话(Tel):(0431) 85279600
传真(Fax):(0431) 85279700
邮编(Zip):130022

黑龙江分行 HEILONGJIANG BRANCH

地址:哈尔滨市南岗区湘江路131号
Add: No.131, Xiangjiang Road, Nangang District, Harbin
电话(Tel):(0451) 53907800
传真(Fax):(0451) 53907808
邮编(Zip):150090

上海分行 SHANGHAI BRANCH

地址:上海市浦东南路500号国家开发银行大厦
Add: No.500, Pudongnan Road, CDB Plaza, Shanghai
电话(Tel):(021) 58883655
传真(Fax):(021) 58883659
邮编(Zip):200120

江苏分行 JIANGSU BRANCH

地址: 南京市广州路 188 号

Add: No.188, Guangzhou Road, Nanjing

电话(Tel):(025) 83276222

传真(Fax):(025) 83276204

邮编(Zip):210024

浙江分行 ZHEJIANG BRANCH

地址: 杭州市环城西路 108 号

Add: No.108, Huanchengxi Road, Hangzhou

电话(Tel):(0571) 85786088

传真(Fax):(0571) 85786094

邮编(Zip):310006

安徽分行 ANHUI BRANCH

地址: 合肥市芜湖路 246 号

Add: No.246, Wuhu Road, Hefei

电话(Tel):(0551) 2867889

传真(Fax):(0551) 2875868

邮编(Zip):230061

福建分行 FUJIAN BRANCH

地址: 福州市五四路 111 号宜发大厦 29-33 层

Add: No.111, Wusi Road, Floor 29-33 Yifa Mansion,
Fuzhou

电话(Tel):(0591) 87270739

传真(Fax):(0591) 87856408

邮编(Zip):350003

江西分行 JIANGXI BRANCH

地址: 南昌市中山西路 68 号

Add: No.68, Zhongshanxi Road, Nanchang

电话(Tel):(0791) 6592323

传真(Fax):(0791) 6592333

邮编(Zip):330009

山东分行 SHANDONG BRANCH

地址: 济南市马鞍山路 2-1 号山东大厦 9-11 层

Add: No.2-1, Maanshan Road, Floor 9-11 Shandong
Mansion, Jinan

电话(Tel):(0531) 85198100

传真(Fax):(0531) 85198282

邮编(Zip):250002

青岛分行 QINGDAO BRANCH

地址: 青岛市东海西路 15 号甲网通大厦十七层

Add: No.15, Donghaixi Road, Floor 17 CNC Plaza,
Qingdao

电话(Tel):(0532) 81978288

传真(Fax):(0532) 81978288

邮编(Zip):266071

河南分行 HENAN BRANCH

地址: 郑州市农业路 28 号

Add: No.28 Nongye Road, Zhengzhou

电话(Tel):(0371) 65795400

传真(Fax):(0371) 65795444

邮编(Zip):450008

湖北分行 HUBEI BRANCH

地址: 武汉市武昌区中北路 66 号津津花园 A 座 8-11 层

Add: No.66, Zhongbei Road, Floor 8-11 Jinjin Garden
A, Wuhan

电话(Tel):(027) 87326608

传真(Fax):(027) 87326563

邮编(Zip):430071

湖南分行 HUNAN BRANCH

地址: 长沙市芙蓉中路二段 279 号金源大酒店南楼 8 层

Add: No.279, Furongzhong Road, Floor 8 South
Building of Jinyuan Plaza, Changsha

电话(Tel):(0731) 5164307

传真(Fax):(0731) 5163160

邮编(Zip):410007

广东分行 GUANGDONG BRANCH

地址: 广州市天河区体育东路 116-118 号财富广场
20-23 层

Add: No.116-118, Tiyudong Road, Floor 20-23 Fortune
Square, Tianhe District, Guangzhou

电话(Tel):(020) 38932909

传真(Fax):(020) 38932800

邮编(Zip):510620

深圳分行 SHENZHEN BRANCH

地址: 深圳市深南中路 1093 号中信大厦 12-15 层

Add: No.1093, Shennanzhong Road, Floor 12-15 CITIC
Plaza, Shenzhen

电话(Tel):(0755) 25985666

传真(Fax):(0755) 25987800

邮编(Zip):518031

广西分行 GUANGXI BRANCH

地址: 南宁市民族大道 38-2 号泰安大厦 23 层

Add: No.38-2, Minzu Street, Floor 23 Taian Mansion,
Nanning

电话(Tel):(0771) 5879990

传真(Fax):(0771) 5878601

邮编(Zip):530022

海南分行 HAINAN BRANCH

地址: 海口市滨海大道 81 号南洋大厦

Add: No.81, Binhai Street, Nanyang Mansion, Haikou

电话(Tel):(0898) 68551906

传真(Fax):(0898) 68551933

邮编(Zip):570105

重庆分行 CHONGQING BRANCH

地址: 重庆市渝中区 68 号大都会商厦 33 层

Add: No.68, Floor 33 Daduhui Plaza, Yuzhong District
Chongqing

电话(Tel):(023) 63748110

传真(Fax):(023) 63748100

邮编(Zip):400010

四川分行 SICHUAN BRANCH

地址: 成都市人民南路四段 47 号

Add: No.47 of the 4th, Renminnan Road, Chengdu

电话(Tel):(028) 85240911

传真(Fax):(028) 85248383

邮编(Zip):610041

贵州分行 GUIZHOU BRANCH

地址: 贵阳市中山西路 18 号太平洋大厦 15 层

Add: No.18, Zhongshanxi Road, Floor 15 Pacific Plaza,
Guiyang

电话(Tel):(0851) 8651588

传真(Fax):(0851) 8651559

邮编(Zip):550001

云南分行 YUNNAN BRANCH

地址: 昆明市东风西路 158 号

Add: No.158, Dongfengxi Road, Kunming

电话(Tel):(0871) 3634094

传真(Fax):(0871) 3634001

邮编(Zip):650031

陕西分行 SHAANXI BRANCH

地址: 西安市高新一路 2 号国家开发银行大厦

Add: No.2 Gaoxinyi Road, CDB Plaza, Xi'an

电话(Tel):(029) 87660578

传真(Fax):(029) 87660581

邮编(Zip):710075

甘肃分行 GANSU BRANCH

地址: 兰州市南昌路 1716 号国家开发银行大厦 A 区

Add: No.1716, Nanchang Road, Section A of CDB Plaza,
Lanzhou

电话(Tel):(0931) 8866628

传真(Fax):(0931) 8866237

邮编(Zip):730030

新疆分行 XINJIANG BRANCH

地址: 乌鲁木齐市中山路 333 号国家开发银行大厦

Add: No.333, Zhongshan Road, CDB Plaze, Urumqi

电话(Tel):(0991) 2335001

传真(Fax):(0991) 2335002

邮编(Zip):830002

宁夏分行 NINGXIA BRANCH

地址: 银川市开发区新昌东路和信大厦 B 座

Add: Development Zone, Xinchangdong Road, Building B of Hexin Plaza, Yinchuan

电话(Tel):(0951) 5671806

传真(Fax):(0951) 5671806

邮编(Zip):750011

青海分行 QINGHAI BRANCH

地址: 西宁市昆仑路 2 号

Add: No.2, Kunlun Road, Xining

电话(Tel):(0971) 6161900

传真(Fax):(0971) 6161900

邮编(Zip):810001

西藏代表处 TIBET REPRESENTATIVE OFFICE

地址: 拉萨市林廓东路 6 号喜玛拉雅饭店五层

Add: No.6, Linkuodong Road, Floor 5, Himalaya Hotel, Lhasa

电话(Tel):(0891)6362068

传真(Fax):(0891)6362058

邮编(Zip):850000

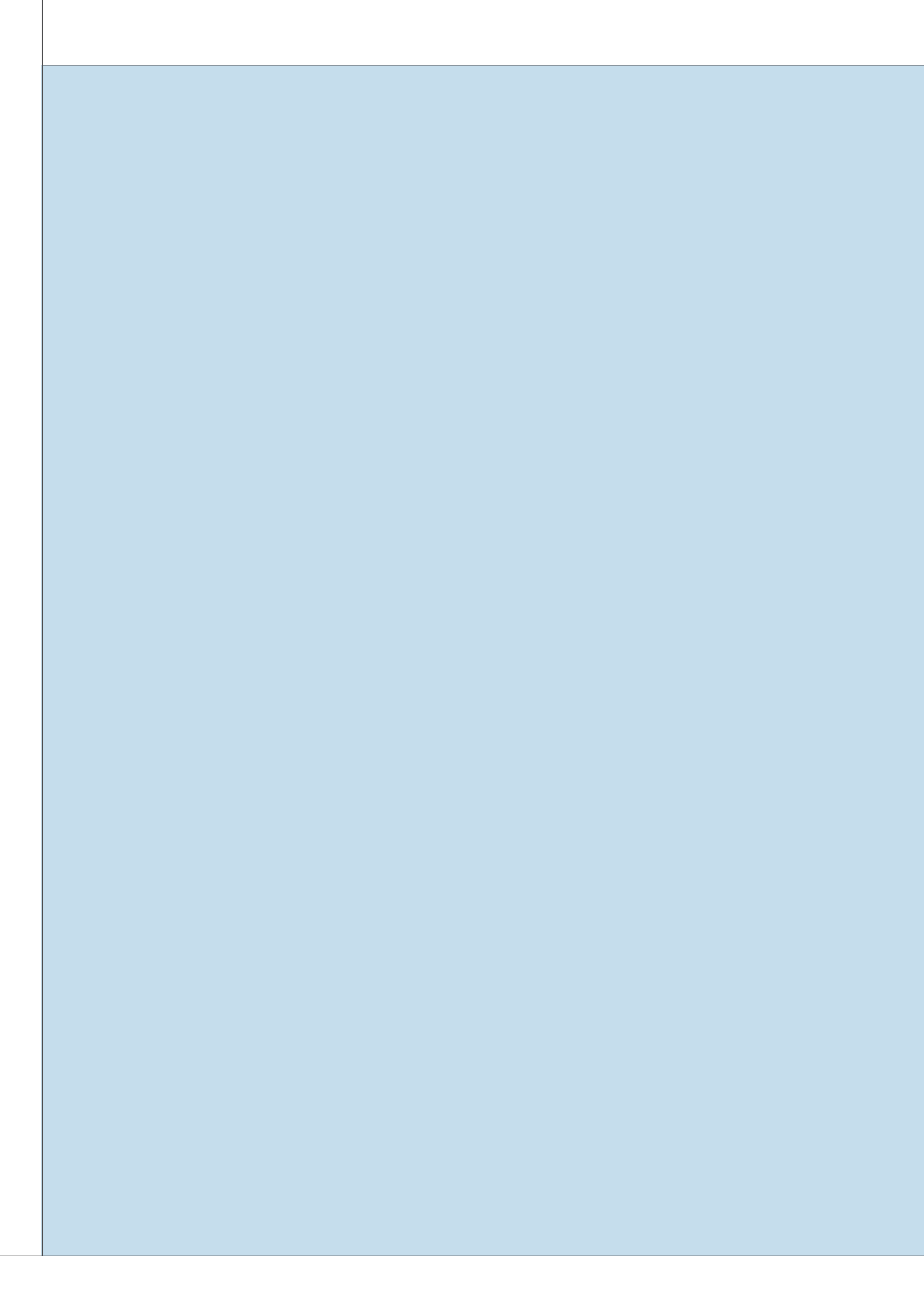
香港代表办事处 HONG KONG REPRESENTATIVE OFFICE

地址: 香港中环港景街 1 号国际金融中心一期 33 号楼 3307-3308 室

Add: Suite 3307-3308 33/F One International Finance Center, No.1 Harbor View Street, Central, Hong Kong

电话(Tel):(+852) 28016218

传真(Fax):(+852) 25304083



国家开发银行

China Development Bank

中国 北京市西城区阜成门外大街29号

29, FUCHENGMENWAI STREET, XICHENG DISTRICT, BEIJING, P.R.CHINA

邮政编码 POST CODE : 100037

电 话 TEL : 86-10-68306688

电 传 TELEX : 222802 SDBC CN

传 真 FAX : 86-10-68306699

网 址 HTTP : //WWW.CDB.COM.CN