

China Development Bank **Annual Report 2004** 国家开发银行二〇〇四年年度报告

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财 务 概 要

FINANCIAL HIGHLIGHTS

单位：10亿元人民币

	2004	2003	2002	2001
总资产	1,574.5	1,279.2	1,040.1	889.9
贷款余额	1,409.5	1,139.9	896.2	757.6
不良资产比率	1.31%	1.88%	2.54%	4.25%
呆帐准备比率	1.68%	1.87%	2.42%	3.64%
呆帐准备 / 不良贷款比率	142.23%	140.42%	136.46%	91.97%
总负债	1,467.0	1,189.7	964.7	828.0
债券余额	1,274.8	1,064.4	869.0	748.5
所有者权益	107.5	89.4	75.4	61.9
资本充足率	10.50%	10.26%	11.58%	8.33%
净利润	17.4	13.2	11.9	11.1
净利息收入	31.0	24.4	19.5	15.4
平均资产收益率	1.22%	1.14%	1.23%	1.32%
平均所有者权益收益率	17.68%	16.03%	17.36%	19.32%

In RMB Billions

	2004	2003	2002	2001
Total assets	1,574.5	1,279.2	1,040.1	889.9
Loans outstanding	1,409.5	1,139.9	896.2	757.6
Non-performing asset ratio	1.31%	1.88%	2.54%	4.25%
Reserve for credit losses to loans outstanding	1.68%	1.87%	2.42%	3.64%
Reserve for credit losses to non-performing loans	142.23%	140.42%	136.46%	91.97%
Total liabilities	1,467.0	1,189.7	964.7	828.0
Bonds outstanding	1,274.8	1,064.4	869.0	748.5
Total owner's equity	107.5	89.4	75.4	61.9
Capital adequacy ratio	10.50%	10.26%	11.58%	8.33%
Net profit	17.4	13.2	11.9	11.1
Net interest income	31.0	24.4	19.5	15.4
Return on average assets	1.22%	1.14%	1.23%	1.32%
Return on average owner's equity	17.68%	16.03%	17.36%	19.32%



2004年是开发银行成立十周年。回顾过去，我们可以自豪地说，开发银行为中国经济社会的发展做出了重大贡献。展望未来，在飞速变化的市场环境中我们仍面临着严峻的挑战。前十年，开发银行的业务主要是缓解基础设施、基础产业和支柱产业（“两基一支”）领域的瓶颈制约，今天我们已成为中国基础设施等长期融资领域的主力银行。更重要的是，我们严格遵循“在市场环境下、银行框架内办银行”的原则，不仅提高了自身的资产质量，而且也通过向借款人传播遵守金融规则的理念，推动了信用环境的改善、现代金融市场发展及制度建设。

2004年，开发银行坚决贯彻国家宏观调控政策，认真落实科学发展观，努力发挥开发性金融的作用，支持经济发展和防范风险的各项业务都取得了新进展。继续保持和发展先进的市场业绩，支持经济社会发展的能力进一步增强，经受住了宏观调控的考验和市场的检验。按照区别对待、有保有压的宏观调控原则，紧紧围绕经济结构调整，加大对煤电油运和社会瓶颈领域的支持力度，确保关系发展大局的重点建设项目资金链不断。表内外资产协同增长，本息回收继续保持高位，负债业务稳健运行，主要经营指标连续三年

稳定在国际先进水平，资产质量进入稳定期，实现利润再创新高。在取得良好市场业绩的同时，我们也始终铭记自己的根本使命，即通过为国家重点项目提供融资支持实现政府经济社会发展目标，建设和谐社会，提高人民的生活水平。我们在产品开发、流程优化、内部管理和向国际惯例靠拢等方面加倍努力，更有效地管理日趋复杂的风险，控制和防范中长期风险，内部管理又上新台阶，以确保在竞争更加激烈的金融市场中保持比较优势地位，这是我们可持续发展的基础。通过开展间接银团贷款，不仅使中小银行有机会参与高端信贷业务，也使我行的贷款业务多元化，腾出更多资本对更多项目提供融资支持，使我们能够更有效地利用现有资本。可以自豪地说，我们所取得的社会效益甚至超过了经济效益，实现了从自身机构发展进入到主动为国家整体发展目标和发展战略发挥重要作用的新阶段。

优良的财务指标

2004年，我行的财务指标得到进一步提升，继续保持国际先进水平。净利润为174亿元，比上年增长31.8%，创历史新高。在保持10.50%的资本充足率的情况下，所有者权益率达到17.7%。贷款余额比上年增长23.6%，达到14,095亿元。

我行根据国际财务报告准则(IFRS)编写了财务报表（见审计后的IFRS财务报表（67页至153页））。除个别另有说明外，所有财务数据都是根据国际财务报告准则编写的。

尽管我们不以盈利为目的，但我们相信，优良的财务状况、保持比巴塞尔新资本协议对商业银行最低资本限额要求更高的资本充足率，是对我行优良业绩的最佳诠释，也是实现可持续发展、在中国未来经济社会发展中发挥重要作用的基础。此外，国际先进水平的财务状况和准主权级信用评级，使我们在筹资成本和筹资渠道等方面具有明显的市场优势，在国内外资本市场上都能高效地获得低成本资金，这对我行至关重要。

塑造中国的金融服务市场

作为具有国家信用的法定的政府开发性金融机构，我们有特殊的使命，当然也有许多优势和机会。我们过去的成功主要源于传统的贷款业务，而未来的成功将有赖于在以市场、客户为中心的产品、内部业务流程与风险管理方面的创新能力。随着中国经济社会的发展，我们目前所拥有的一些优势会发生变化，但支持政府实现经济社会发展目标的使命却不会改变。从长远看，我们要在市场化环境中履行使命，就必须充分发挥优势，通过加强与商业银行合作，使商业银行能够高效和安全地用好所吸收的充裕资金。

我们成功组织了间接银团贷款和联合贷款，与商业银行合作开展了全方位的管理资产业务。截至2004年底，开行作为这个领域的开拓者，管理资产从去年的138亿元增加到了778亿元。今后，我们将继续扩大这项业务的规模和范围。

管理资产规模的增大为我们提供了开展资产证券化交易的基础。证券化不仅使中小商业银行能够参与高端融资，而且为借款人提供了更多的融资机会。同时，它可以使非银行投资人投资于证券，获得更高的收益。2004年，我们完成了与中国资产抵押证券（ABS）市场发展有关方面的研究，被政府确定为少数几家试点

机构之一，一旦政府监管部门认为市场条件具备，即可开展业务。我们对监管部门将在 2005 年批准开展证券化业务很乐观，并已为完成国内首笔此类交易做好了充分准备。

中小企业 (SME) 贷款是另一个重要领域。由于其有较高的风险，过去大家都不愿意进入，融资“瓶颈”阻碍了中小企业发展。我们相信，中国中小企业的发展不仅能创造更多的就业机会，而且只要合理控制风险，中小企业贷款在商业上是可行的，可极大地缓解政府压力。去年，我们创建了中小企业贷款平台，通过该平台与地方商业银行合作，由这些银行根据我行的标准，在我行指导下发放和管理中小企业贷款。通过合作，使以还贷记录为基础的有效的信用风险管理理念传播到基层。我们相信，我行所开发的业务程序和风险管理平台将能够有效地管理中小企业贷款业务。截至 2004 年底，我行的中小企业贷款余额已达到 45 亿元人民币，相信通过我行中小企业贷款的催化剂作用，能有效推动大型商业银行增加对中小企业的贷款。

我行还是国内债券市场最大的参与者之一，不仅是仅次于财政部的第二大债券发行体，而且还是一个重要的债券承销商。截至 2004 年 12 月，累计发行金融债突破 2 万亿元人民币；2004 年，我行在纽约成功发行 10 亿美元等值全球债券，还在国内成功发行 5 亿美元境内外币债券。通过债券承销业务，我们使客户能够进入国内资本市场，使它们以合理的价格直接融资。在该领域的领先地位，使我们能够探索更多的直接融资方式，促进中国金融市场的发展。

风险管理

随着资产的增长和新业务的增加，有效的风险管理对于长期发展日益重要。目前我们所面临的风险绝大部分还是信用风险，我们将继续加强信用风险管理，并开发更多与贷款和信用管理有关的工具和方法，在贷款回收方面也将继续加大力度。2004 年我行不良贷款率继续降低，降至 1.21%，预计这一数字在明年还将继续小幅降低。

从国际经验和开行自身的实际情况看，开行资产质量已进入稳定期。1998 年到 2002 年，开行不良贷款率和不良贷款额连续“双降”，2002 年开始，开行不良贷款率逐步进入稳定期，处于 2% 以下的低位运行状态，与美洲、花旗、汇丰、摩根等国际一流银行不良贷款率在 3%~0.5% 区域内小幅度波动的特征相一致，实现了国际接轨。2004 年，我行又在这个基础上，不良资产率和不良贷款率实现了“双降”。

由于利率还没有市场化，我们目前所面临的市场风险较小。但随着利率管制的放松，我们将采用相应措施控制相关风险。

2004 年，我们通过改进信息系统、预算程序和内部审计，加强了对操作风险的管理。我们计划下大力气建设一套符合国际标准的先进信息系统。作为政府的开发性金融机构，我们遵循严格的预算管理规定，并按季向财政部呈报财务报表。稽核评价局负责审查内控是否有效，对所有主要贷款项目、职能部门、分行等操作风险管理的关键点，都要做后评价与审计。

建设最佳的人力资源与企业文化

人力资源对于任何机构都是最宝贵的财富。我行一直致力于对员工的职业培训，不仅培养职业技能，而且还激励他们与银行一起走向发展和成功之路。

向电力和石油行业等关键行业贷款需要具备深厚的行业知识,我行拥有中国银行业最庞大的技术专家队伍,这不仅使我们能够管理与具体贷款有关的风险,而且还能向客户提供相关的金融咨询。我们相信,这种咨询不仅使客户成为更精明的借款人,而且还为在中国建设有效的信用文化打下基础。

能否在未来保持竞争优势将取决于我们对人力资源的管理水平。我们继续推行3P计划(岗位、业绩和薪酬),把员工的岗位价值和业绩直接与薪酬联系在一起。管理层作出这种改变的目的是要表明我们注重业绩,而且鼓励员工通过3P计划来实现目标。我们希望这一努力能对每一位员工都透明和公平。

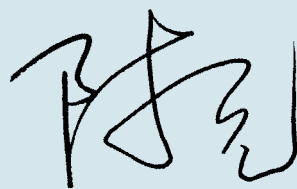
好的企业文化应是一种能使我们对自己的业务目标形成共识的文化。管理层把全行的业务目标和经营战略与各层次员工进行了沟通,并把这种战略融入员工的职业发展计划。我相信,只有通过全行员工的共同努力,开行才能在中国日新月异的经济社会发展中立于不败之地,并实现成为国际一流市场业绩的开发性金融机构的目标。

为最大限度地促进员工的职业发展,我们努力创造良好的学习环境,加大培训和轮岗力度,提供了行内外的许多培训课程。2004年,我们在这些培训项目上投入了大量的资金,包括派团出访,向国外同行学习。此外,我们还把自学课程放到了办公网上,让员工能够更加方便地学习。

对未来充满信心

展望2005年,国家开发银行各项业务将继续保持稳健发展,努力实现长期目标。我相信,全行员工能够齐心协力,勇敢地迎接挑战,是他们铸就了我们今天的成功,对于他们辛勤的工作和奉献我深表感谢。

在新的一年里,我们将以科学发展观统领开发性金融的实践与发展,主动适应宏观调控的要求,把国家信用和市场业绩相结合,推进市场建设,加强风险管理控制,保持先进的市场业绩,减少发展中的不确定性,缓解经济社会发展的瓶颈,维护国家经济金融安全。我们将积极应对形势、市场和内部管理的挑战,全面实现以管理资产为中心的战略性转变,重点支持“两基一支”能运材、农林水传统物质瓶颈和“三农”、中小企业、就业、教育、科技、卫生等社会发展新瓶颈的建设,加大对“走出去”重要能源和战略资源支持力度,打通制度和市场建设的瓶颈制约,发挥市场配置资源的基础作用。同时进一步加强内部管理,继续推进管理资产业务和信息平台建设,强化与地方政府、商业银行等的合作,提升信息管理系统,全面向先进的国际标准靠拢,为支持中国经济社会全面、协调、可持续发展,构建社会主义和谐社会,促进中国金融市场的发展作出新的贡献。



国家开发银行 行长

During 2004 we commemorated the 10th anniversary of the founding of China Development Bank (the "Bank", or "CDB"). This important milestone served as an opportunity for reflection and an assessment of our accomplishments, as well as the challenges that we will encounter in maintaining our relevance in a rapidly changing economy. The facts with respect to the former are encouraging and undisputable. We are proud to say that CDB has contributed enormously to the growth and development of the Chinese economy. A decade ago, our activities were largely limited to relieving bottlenecks related to PRC government-directed funding of infrastructure projects through policy lending. Over the past ten years, we have become the most significant source of debt financing for infrastructure projects in China. More significantly, we have introduced market-based principles into our underwriting and credit administration processes. This has not only enhanced the quality of our loan portfolio, but it has also had the effect of instilling our borrowers with financial discipline, improving our lending practices, and acting as a catalyst in the development of modern financial markets in China.

CDB had a successful year in 2004 and we achieved our targets in a number of key areas. During the year, we continued our policies promoting economic development, designed to support the PRC government's social policies. Among other things, these policies direct funding to targeted industries, such as coal mining, electric power and petroleum. Similarly, we continued to target areas of social importance that have suffered from funding bottlenecks, including China's western region and municipalities. The sustained growth in our business was most clearly evidenced in the disciplined increase of both on-balance sheet and managed assets. This growth enabled CDB to continue to achieve record levels of profits. Asset quality improved slightly in 2004, highlighting our commitment to disciplined growth. Our key financial indicators remained at the levels consistent with those of leading global banks for the third consecutive year. We also continued to improve the efficiency of our funding activities. The level of our bond issuances remained robust and our introduction of innovative fixed income products were well-received by investors in search of higher yields and diversification.

In terms of product innovation, risk management and business process improvement, I am happy to report that we have re-doubled our efforts. During 2004, we introduced a number of new products, enhanced the effectiveness of our risk management structure and improved the efficiency of our business processes. Our goal is to achieve parity with international best practices in all key areas and maintain our viability in financial markets that are becoming less regulated and more competitive, while effectively managing increasingly complex risks. Through loan syndications and sales during 2004, for example, we provided smaller banks with access to high-quality credit assets that they would not otherwise have had. At the same time, this initiative allowed us to diversify our own credit exposure and effectively create more capital with which to support higher levels of economic development in China.

In the midst of this commercial success, though, we have never forgotten our most fundamental objective – supporting the PRC government’s social development initiatives through the financing of infrastructure and other socially relevant projects, which will improve the living standards of all Chinese people. I am proud to say, in this regard, that our social success exceeds our commercial accomplishments. Through efforts made over the past decade, our focus has evolved from self-development to that of a catalyst for national economic growth.

Our strong financial results

Again, in 2004, we continued our record of strong financial results, which continue to be consistent with those of leading global banks in key areas. Our net profit of RMB17.4 billion during 2004, another historical high, increased 31.8% from 2003. While maintaining our capital adequacy ratio at 10.50%, we also enjoyed a return on equity of 17.7%. Our total loan portfolio increased by 23.6% from a year ago to RMB 1,409.5 billion at year-end. We prepare our financial statements, included in pages 67 to 153 of this annual report, in accordance with International Financial Reporting Standards (“IFRS”). Unless otherwise noted, all financial figures referred to in this annual report were prepared in accordance with IFRS.

Although we are not an organization that is motivated principally by profit, we believe that strong financial results and the maintenance of capital in excess of limits recommended under the terms of the New Basle Accord provide the strongest evidence of commercial viability, and is the foundation that will sustain our continued growth and allow us to play a meaningful role in the future economic development of China. In addition, world-class financial performance combined with our quasi-sovereign credit rating, give us a market advantage in terms funding cost and access. Efficient access to low-cost funds, both internationally and domestically, is an imperative to our sustaining the CDB franchise.

Shaping the financial services market in China

Our special status as a PRC government-owned development bank conveys to us many privileges and opportunities, as well as special responsibilities. Our past success has largely resulted from traditional lending activities, but our future success will depend on our ability to innovative in the market - customer-focused products - and internally - business processes and risk management. As the Chinese economy evolves, some of the advantages that we currently enjoy will be diluted, but our responsibility to support the PRC government’s social and economic objectives will never diminish. In order to fulfill our responsibilities over the long-term in a more market-oriented economy, we must increasingly collaborate with domestic commercial banks; leveraging our privileges and opportunities. This will also enable these commercial banks to efficiently and safely deploy their significant levels of liquidity that accumulated through historically high savings rates in the Chinese economy.

In 2004, largely through our successful loan participation and co-financing activities, we developed a full-service commercial loan asset management business. Managed assets increased from last year's RMB 13.8 billion to RMB 77.8 billion at the end of 2004. CDB, in our role as a market innovator, introduced loan syndication and participation activities to China several years ago and we maintain an intense focus on expanding both the volume and scope of this business.

The growth in our portfolio of managed assets provided us with the critical mass required to source assets for securitization transactions. Like our syndication and participation activities, securitizations enable smaller commercial banks to recognize high-quality credit assets and increase the funding opportunities available to borrowers. Securitizations, though, also enable non-bank investors to invest in securities that provide yields that are higher than other alternatives. In 2004, we completed several studies related to the development of an Asset-Backed Securities ("ABS") market in China. In this regard, we have been selected by the PRC Government as one of the few pioneer banks to conduct such activities as soon as certain market conditions established by our regulators are met. We are optimistic that the approval for the Bank to commence securitization activities will come in 2005, and we are fully prepared to execute the first transaction of this kind in China.

Lending to small- and medium-sized enterprises ("SMEs") is another sector that, in the past, we had avoided due to its inherently high risks. However, we believe that a thriving SME sector in China is not only an important source of employment opportunities, it is commercially sensible to lend to enterprises in this sector provided the related risks are properly managed. Helping to stimulate growth in this sector of the Chinese economy will also relieve a number of social pressures currently facing the PRC government. In the past year, we created a platform for SME lending that relies, to a large extent, on alliances with local commercial banks to process the underwriting and administration of SME credits, subject to CDB's standards and oversight. Through these alliances, we are driving the fundamentals of effective credit risk management, based principally on repayment history, to lower levels in the economy. In the past, funding bottlenecks precluded viable SMEs from access to funds for their growth. We believe that the business process and risk management platform that we have developed will enable us to properly control our SME lending activities. At the end of 2004, our total SME portfolio reached RMB 4.5 billion, and we hope that our presence in this sector will become a catalyst for larger commercial banks to increase their lending to this sector.

We are one of the leaders in the domestic debt market, not only through our role as the second largest issuer of debt after the Ministry of Finance ("MoF"), but also as a bond underwriter. At the end of 2004, our cumulative debt issuance in domestic currency surpassed RMB 2.0 trillion. We also issued US\$1.0 billion global bonds, which were registered for sale in the United States of America ("US") with the US Securities

and Exchange Commission and also offered globally. In addition, we issued US\$500.0 million in the domestic debt market. Through our bond underwriting activities, we make the domestic capital market accessible to our clients, allowing them to raise funds directly at a reasonable cost. Our leadership in this area enables us to explore additional opportunities for dis-intermediation to foster the broader development of China's financial markets.

Risk management

As our asset portfolio grows and we expand into new businesses, effective risk management is becoming increasingly important in order for us to maintain our long-term viability. Since the majority of the risks to which we are exposed relate to our credit portfolio, we continue to strengthen our credit processes. We have developed a number of tools and methodologies related to underwriting and credit administration. Of course, we have also maintained an intense focus on our rigorous collection efforts. Our NPL ratio continued to drop in 2004, to 1.21%, and we are expecting this figure to further decrease by a small margin next year.

Consistent with leading global banks, our NPL ratio has reached a stable level and we manage to strict targets each year. From 1998 to 2002, we had significant decreases in both the absolute and relative amounts of our non-performing loans. Since 2002, the ratio of our non-performing loans to total loans has remained below 2%. This level of non-performing loans is comparable to those of leading global banks, including Bank of America, CitiBank, HSBC, and JP Morgan Chase.

Our current exposure to market risk is mitigated by the regulation of interest rates by the PRC government. Of course, as this regulation is relaxed, we intend to develop appropriate processes to manage the related risk.

During 2004, we improved our management of operational risk through advances to our IT system, budgeting process and internal audit function. Although we have been making improvements every year, we plan to invest significantly to build a state-of-art IT system which meets international standards. As a government organization, we follow a rigid budgetary system and report to our parent, the MoF, on a quarterly basis. The Internal Audit Department is responsible for the effectiveness of our internal controls. The routine post-origination evaluation and audit performed by the internal audit staff on all major loan underwriting, all functional areas and branches serve as powerful tools in our operational risk management.

Developing the best human resources and a common vision

Human capital is the most valuable resource to any organization. Given the significance of our challenges and responsibilities, they are even more so for CDB. In this regard, we have made a commitment to the

professional growth of our people that is intended to both build their skillsets and motivate them to follow us down the path of successful development.

We have the largest team of industry experts in the Chinese banking industry. Lending to key industries, such as power generation and petroleum production, require a depth of industry knowledge to not only enable us to manage the risks related to this specialized lending but also to provide relevant financial advice to our clients. We believe that this advice not only makes our clients more intelligent borrowers, it promotes the basics of an effective credit culture throughout the Chinese economy.

The extent to which we maintain our competitive advantage over the next decade will depend to a large extent on how well we manage our human capital. We continued to facilitate our 3-P Program (position, performance and pay), which links the position and performance of employees directly with the financial rewards of their remuneration. Our management was determined to make this change to demonstrate that our Bank values merit and we will motivate our people to achieve our objectives through the 3-P Program. We made special efforts in making this process as transparent and fair as possible to every employee of the Bank.

We believe that developing a collaborative corporate culture is what will enable us to develop a common vision around which we can focus our energy. Our management communicated the goals and strategy of our Bank to employees at every level, and integrated objectives in support of this strategy into our employees' career development plans. We believe that it is only through the collaborative efforts of our employees that we can compete in the fast changing economic environment in China and reach our goals of becoming a leading global financial institution.

In order to maximize the professional development of our people, we have focused significant effort in creating a learning environment, that is focused on intense training and secondments. We offer numerous training programs both in-house and outside of the Bank. We made a large investment in these educational programs during 2004. This investment includes sending study groups overseas to learn from our counterparts in other countries. In addition, we made learning accessible by putting self-study courses on our office network. Learning has never been as easy as today.

Confidence in the future

As I look towards 2005, I am committed to promoting the Bank's robust and disciplined growth, so that we can achieve both our commercial and social objectives over the long-term. In this regard, I am confident that our people - who are the ones responsible for our tremendous success - will rise to the challenges that we face together. I am grateful for their hard work and contributions.

We will focus on areas, such as asset management, which allow us to increase our collaborative efforts with China's commercial banks. We will also continue to make enhancements to our information technology platform that will enable us to support continued product innovation, as well as to properly monitor and control our growth. As I have said in the past, it is one of my priorities to introduce leading international practices to all areas of our operations. We will maintain the relevance of our Bank by continuing to explore new opportunities to expand our businesses and to influence the development of the financial services market in China.



CHEN YUAN

GOVERNOR

CHINA DEVELOPMENT BANK



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 刘克崧
Vice Governor Liu Kegou



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

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》派出，对国务院负责，依据《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，专职监事二名，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、会计师事务所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 draft regulation on "Governance by Supervisory Board at Key State-owned Financial Institutions". The Board is responsible for supervising and monitoring the management, operations and financial performance of the Bank. The Board consists of a chairman, two full-time supervisors and several 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

国家开发银行国际顾问委员会第六次会议于2004年7月12日在法国巴黎召开。14位成员和嘉宾出席了此次会议。会议分为两个议题：中国当前的宏观经济形势及其与世界的关系；国家开发银行在中国经济发展中的作用及开发性金融的理论与实践。

The sixth annual meeting of our International Advisory Council (the "Council") was held in Paris on 12 July 2004. Fourteen distinguished members and guests attended the meeting. The discussion was focused on the role that CDB should play in a changing environment. Two spirited sessions were held, which provided us with invaluable insights into our future development.

Session I – The Chinese Macro-Economy Today and its Relationship to the World Economy

Session II - CDB's Role in China's Economic Development: The Theory and Practice of Targeted Development Financing



前排 Front Row

- 前瑞士驻华大使 乌利·希格 (左一)
Former Ambassador of Switzerland to China, Switzerland Mr. Uli Sigg (first from left)
- 汇丰共和银行和普华永道公司顾问 彼特·库克 (左二)
Advisor of HSBC Republic Bank and PwC, U. K. Mr. Peter Cooke (second from left)
- 美国联邦储备委员会前主席 保罗·沃尔克 (左三)
Former Chairman of Board of Governors of Federal Reserve System, USA Mr. Paul Volcker (third from left)
- 国家开发银行行长 陈元 (左四)
Governor of China Development Bank Mr. Chen Yuan (fourth from left)
- 法国巴黎银行副董事长 密切尔·弗兰克斯-彭斯特 (左五)
Deputy Chairman of BNP Paribas, France Mr. Michel Francois-Poncet (fifth from left)
- 德国复兴信贷银行董事长 汉斯·瑞奇 (左六)
Chairman of Board of Managing Directors, KfW, Germany Mr. Hans W. Reich (sixth from left)
- 日本东京三菱银行高级顾问, 前董事长 高垣佑 (左七)
Senior Advisor of the Bank of Tokyo-Mitsubishi, Japan Mr. Tasuku Takagaki (seventh from left)

后排 Back Row

- 国家开发银行行长助理 赵建平 (左一)
Assistant Governor of China Development Bank Mr. Zhao Jianping (first from left)
- 香港中文大学校长 刘遵义 (左二)
Vice-Chancellor, the Chinese University of Hong Kong Mr. Lawrence J. Lau (second from left)
- 新加坡发展银行高级顾问 黄记祖 (左三)
Senior Advisor of Development Bank of Singapore Mr. Ng Kee Choe (third from left)
- 中国宏观经济学会副秘书长 曹玉书 (左四)
Deputy Secretary-General, China Macroeconomic Society Mr. Cao Yushu (fourth from left)
- 美国 EMP 财务顾问公司首席执行官, 世界银行前副行长 塞义德·贾维德·伯克伊 (左五)
Former Vice President of World Bank, CEO of EMP USA Mr. Shahid Javed Burki (fifth from left)
- 香港证监会主席 沈联涛 (左六)
Chairman of the Hong Kong Securities and Futures Commission Mr. Andrew L. T. Sheng (sixth from left)
- 摩根大通国际主席 安浩德 (左七)
President, JP Morgan Chase International, USA Mr. Andrew Crockett (seventh from left)
- 法国前经济部长 施特劳斯·卡恩 (左八)
Former Minister of Economy, Finance and Industry of France Mr. D. Strauss-Kahn (eighth from left)

总 述

Overview

开发银行的主要收入来源是净利息收入。净利息收入主要是贷款利息收入和债务利息支出的差额。由于贷款利率变动受央行的管理，而我们努力保持贷款和债务利率的匹配，因此我们认为开发银行承受的国内利率风险不大。为监控外币利率变动的风险，开发银行与其他金融机构开展利率调期和利率上下限业务，为利率风险提供有效的套期保值。

开发银行其他重要的收入来源包括股利收入、投资收益和手续费收入。股利收入和投资收益主要来源于我们债转股投资。债转股投资是前几年开发银行在政府的指导下开展的。在政府的允许下，我们正在主动对之进行处理。另一方面，作为对资本更为有效的运用，我们正通过大力发展管理资产业务，积极寻求手续费收入继续增长的机会。

Our primary source of revenue is net interest income, which is essentially the difference between interest income earned on loans and interest expense owed on our debt. As interest rates are regulated by the PBOC and we endeavor to match the repricings of our loans and debt, we do not believe that the Bank has significant exposure to changes in domestic interest rates. To manage the risk of foreign currency interest rate changes, among other things, we have entered into interest rate swaps and collars with other financial institutions to hedge the risk to interest rate changes economically.

Other sources of revenue include dividend income, gains on investments, and commissions and fees. Dividend income and gains on investments are principally related to equity investment holdings that were acquired through debt-to-equity swaps with borrowers. The debt-to-equity swaps were conducted at the direction of PRC Government in past years. We are actively engaged in the resolution and disposition of these equity investments, which in some cases, require approval from the PRC Government. As part of our continuing efforts to more efficiently deploy our capital, we are committed to seeking opportunities to increase commission and fee income, through such initiatives as the expansion of our asset management services.

财务收支

人民币百万元	2004	2003	变动	变动比率%
利息收入	71,994	59,167	12,827	21.7%
利息支出	(40,953)	(34,747)	(6,206)	17.9%
利息收入净额	31,041	24,420	6,621	27.1%
手续费收入净额	290	116	174	150.0%
股利收入	833	1,644	(811)	(49.3%)
投资收益（损失）	2,103	(821)	2,924	(356.2%)
信贷资产准备	(3,688)	(2,829)	(859)	30.4%
营业支出	(5,078)	(4,266)	(812)	19.0%
其他（支出）收入	(204)	203	(407)	(200.5%)
税前利润	25,297	18,467	6,830	37.0%
所得税	(7,888)	(5,255)	(2,633)	50.1%
净利润	17,409	13,212	4,197	31.8%

2004年度，开发银行实现税前利润人民币253亿元，较2003年增长人民币68亿元，增幅达37.0%。税前利润的增长，主要得益于贷款规模的增长（由2003年底的人民币11,399亿元增长至2004年底的人民币14,095亿元）以及股权投资处置取得的收益。股权投资的处置导致了股利收入的降低。另外，值得注意的是，在贷款规模增长的同时，资产仍然保持了较高质量。

Earnings

RMB in million	2004	2003	change	change%
Interest income	71,994	59,167	12,827	21.7%
Interest expense	(40,953)	(34,747)	(6,206)	17.9%
Net interest income	31,041	24,420	6,621	27.1%
Net fee and commission income	290	116	174	150.0%
Dividend income	833	1,644	(811)	(49.3%)
Gains (Losses) on investment				
securities, net	2,103	(821)	2,924	(356.2%)
Provision for credit losses	(3,688)	(2,829)	(859)	30.4%
Operating expenses	(5,078)	(4,266)	(812)	19.0%
Other income (expenses), net	(204)	203	(407)	(200.5%)
Profit before tax	25,297	18,467	6,830	37.0%
Income tax expense	(7,888)	(5,255)	(2,633)	50.1%
Net profit	17,409	13,212	4,197	31.8%

In 2004, the Bank's pre-tax earnings were a record high RMB 25.3 billion, up by RMB 6.8 billion, or 37.0% from 2003. The increase was principally due to the growth of our loan portfolio from RMB 1,139.9 billion at the end of 2003 to RMB 1,409.5 billion in 2004, and gains on disposal of equity investments. The disposal of equity investments also led to a decrease in dividend income. It is important to note that the growth in our loan portfolio was achieved without any deterioration in asset quality.

利息收入净额

人民币百万元	2004	2003	变动	变动比率 %
利息收入				
贷款	68,780	56,565	12,215	21.6%
信达债券	2,250	2,250	-	-
存放央行款项	291	202	89	44.1%
证券投资	622	76	546	718.4%
其他	51	74	(23)	(31.1%)
	<u>71,994</u>	<u>59,167</u>	<u>12,827</u>	<u>21.7%</u>
利息支出				
发行债券及次级债券	36,600	31,438	5,162	16.4%
向其他银行和政府借款	3,739	2,918	821	28.1%
客户及同业存放款项	613	387	226	58.4%
其他	1	4	(3)	(75.0%)
	<u>40,953</u>	<u>34,747</u>	<u>6,206</u>	<u>17.9%</u>
利息收入净额	<u>31,041</u>	<u>24,420</u>	<u>6,621</u>	<u>27.1%</u>

2004年度贷款利息收入增长了21.6%，这主要是由于贷款平均余额增长25.4%造成的。由于市场竞争，导致贷款的平均利率比2003年有所下降。2004年10月29日人民银行基准利率调升了27 bp，但该调整尚未对当年的贷款利息收入产生重大影响。

与2003年相比，利息支出总额上涨了17.9%，这与发行债券规模增大以满足贷款融资需求是一致的。

Net interest income

RMB in million	2004	2003	change	change%
Interest income				
Loans	68,780	56,565	12,215	21.6%
Cinda bonds	2,250	2,250	-	-
Balance with the PBOC	291	202	89	44.1%
Investment securities	622	76	546	718.4%
Other	51	74	(23)	(31.1%)
	<u>71,994</u>	<u>59,167</u>	<u>12,827</u>	<u>21.7%</u>
Interest expense				
Debt securities in issue and subordinated debts	36,600	31,438	5,162	16.4%
Borrowings from other banks and governments	3,739	2,918	821	28.1%
Due to customers and banks	613	387	226	58.4%
Other	1	4	(3)	(75.0%)
	<u>40,953</u>	<u>34,747</u>	<u>6,206</u>	<u>17.9%</u>
Net interest income	<u><u>31,041</u></u>	<u><u>24,420</u></u>	<u><u>6,621</u></u>	<u><u>27.1%</u></u>

Interest income on loans increased by 21.6% in 2004, due principally to a 25.4% growth in our average loan balance during the year. The average interest rate for loans decreased slightly in comparison with that of 2003 as a result of increasing competition. The PBOC raised its benchmark interest rate by 27 basis points on 29 October, 2004, but this did not have a significant impact on our interest income.

Compared with 2003, total interest expense increased by 17.9%, which was consistent with level of bond issuance throughout the year required to fund our loan growth.

手续费收入净额

手续费收入净额比上年增长人民币 1.74 亿元，增幅达 150.0%。主要原因是我行从 2004 年开始调整了发展战略，大力发展管理资产业务，包括各种间接银团贷款、联合贷款和受托管理其他金融机构的信贷资产。

Net fee and commission income

Net fee and commission income increased by RMB 174 million, or 150.0% from the prior year. This increase was the result of the Bank's strategy of promoting our asset management business. Our growth in this business resulted, to a large extent, from increased loan participations and the management of loans for other financial institutions.

股利收入

股利收入主要为我行持有的债转股投资而获得的股利分配。开发银行以往年度在政府指导下进行了债转股，取得股权投资。取得这些资产后，我们不断进行处置和不良资产化解。取得的股利收入与持有的股权投资余额、被投资公司的经营状况和股利分配政策密切相关。2004 年股利收入下降了 49.3%，主要是由于 2004 年开发银行从多家公司中退出股权，持有股权投资从 2003 年的人民币 208 亿元下降至 2004 年的人民币 81 亿元。

Dividend income

Dividend income represents dividend distributions in connection with our equity investments. These equity investments are principally related to debt-to-equity swaps, which occurred in past years at the direction of the PRC Government. Since we acquired these investments, we have been active in their disposal and resolution. Dividend income every year is affected by the financial performance and dividend distribution policies of the underlying companies, as well as the levels of our holdings. The decrease of 49.3% in 2004 was mainly due to the reduction in our holdings of equity investments from RMB 20.8 billion at the end of 2003 to RMB 8.1 billion at the end of 2004.

投资收益（损失）

2004年，我们确认了人民币21亿元投资收益，2003年相应的投资损失为人民币8亿元。这些收益主要来源于本行在有利的市场环境下处置了成本为人民币139亿元的权益投资。

Gains (Losses) on investment securities

During 2004, we realised gains of RMB 2.1 billion on sales of investment securities, as compared to a loss of RMB 0.8 billion in 2003. These gains related largely to disposals of equity investments with a carrying value of RMB 13.9 billion in a favourable market.

其他（支出）收入

人民币百万元	2004	2003	变动	变动比率 %
衍生金融工具未实现及				
已实现收益	274	193	81	42.0%
汇兑损益及其他	(478)	10	(488)	(4880.0%)
	<u>(204)</u>	<u>203</u>	<u>(407)</u>	<u>(200.5%)</u>

其他收入主要为开发银行所持有衍生金融工具及交易证券公允价值变动所形成的收入及汇兑损益。作为一项策略，我们进行的衍生金融工具交易，主要限于对货币风险和利息风险进行套期保值。与以往年度一样，2004年这些交易并不重大。

Other income (expenses)

RMB in million	2004	2003	change	change%
Realised and unrealised gains on derivatives	274	193	81	42.0%
Foreign exchange (losses) gains and other	(478)	10	(488)	(4880.0%)
	<u>(204)</u>	<u>203</u>	<u>(407)</u>	<u>(200.5%)</u>

Other income is comprised largely of net changes in the fair value of derivative financial instruments and trading securities held by the Bank, as well as net exchange gains or losses. As a matter of policy, our derivatives activities are limited principally to hedging foreign exchange and interest rate exposure. As in prior years, these activities were not significant in 2004.

营业支出

人民币百万元	2004	2003	变动	变动比率%
人工费用	538	398	140	35.2%
房屋租赁费	90	88	2	2.3%
折旧和摊销费用	157	157	-	-
营业税金及附加	3,528	2,938	590	20.1%
行政管理费用	279	237	42	17.7%
其他	<u>486</u>	<u>448</u>	<u>38</u>	<u>8.48%</u>
	<u>5,078</u>	<u>4,266</u>	<u>812</u>	<u>19.0%</u>

2004年开发银行营业支出比2003年增长了19.0%，达到人民币50.78亿元。其增长主要体现了营业税金与员工工资费用增加的影响。这些增长与开发银行营业收入和人工费用的增加直接相关。而人工费用增加主要是由银行业务的扩大导致对人员需求的增加引起的。

Operating expenses

<u>RMB in million</u>	2004	2003	change	change%
Staff costs	538	398	140	35.2%
Occupancy	90	88	2	2.3%
Depreciation and amortisation	157	157	-	-
Business tax and surcharges	3,528	2,938	590	20.1%
Administration expenses	279	237	42	17.7%
Other	486	448	38	8.48%
	<u>5,078</u>	<u>4,266</u>	<u>812</u>	<u>19.0%</u>

Operating expenses were up by 19.0% from 2003 to RMB 5.1 billion. This increase was consisted principally of increases in business tax and surcharges. These increases were related directly to increases on our revenue and staff costs. The growth in staff costs reflects the growth in our workforce.

财务状况

人民币百万元	2004	2003	变动	变动比率%
资产合计	1,574,482	1,279,167	295,315	23.1%
贷款余额	1,409,479	1,139,938	269,541	23.6%
- 贷款	1,408,154	1,138,099	270,055	23.7%
- 拆放同业	1,325	1,839	(514)	(27.9%)
信达债券, 净额	103,154	103,016	138	0.1%
投资	44,071	29,890	14,181	47.4%
负债合计	1,467,009	1,189,738	277,271	23.3%
向其他银行和政府借款	83,612	51,046	32,566	63.8%
发行债券	1,254,825	1,064,406	190,419	17.9%
- 国内市场发行债券	1,236,795	1,055,084	181,711	17.2%
- 国际市场发行债券	18,030	9,322	8,708	93.4%
次级债券	20,006	-	20,006	-
所有者权益合计	107,473	89,429	18,044	20.2%
实收资本	50,000	50,000	-	-

Financial Positions

RMB in million	2004	2003	change	change%
Total assets	1,574,482	1,279,167	295,315	23.1%
Loan balance	1,409,479	1,139,938	269,541	23.6%
-Loans to customers	1,408,154	1,138,099	270,055	23.7%
-Loans to banks	1,325	1,839	(514)	(27.9%)
Cinda bonds, net	103,154	103,016	138	0.1%
Investment securities	44,071	29,890	14,181	47.4%
Total liabilities	1,467,009	1,189,738	277,271	23.3%
Borrowings from other banks and governments	83,612	51,046	32,566	63.8%
Debt securities in issue	1,254,825	1,064,406	190,419	17.9%
-Bonds issued in the domestic market	1,236,795	1,055,084	181,711	17.2%
- Bonds issued in overseas markets	18,030	9,322	8,708	93.4%
Subordinated debts	20,006	-	20,006	-
Total owner's equity	107,473	89,429	18,044	20.2%
Paid-in capital	50,000	50,000	-	-

资产结构

人民币百万元	2004	占比(%)	2003	占比(%)
现金及存放央行款项	28,576	1.8%	16,143	1.3%
贷款，净额	1,389,186	88.2%	1,120,885	87.6%
信达债券，净额	103,154	6.6%	103,016	8.1%
投资	44,071	2.8%	29,890	2.3%
其他	9,495	0.6%	9,233	0.7%
	<u>1,574,482</u>	<u>100%</u>	<u>1,279,167</u>	<u>100%</u>

截止 2004 年底，开发银行的资产总额为人民币 15,744.8 亿元，较 2003 年增长了 23.1%。增长的主要原因是占资产余额比重较大的贷款余额较 2003 年增长了 23.6%。

贷款业务是开发银行最核心的资产业务，也是我们履行社会经济责任的主要方式。在政府的信贷方针政策的指导下，我们在继续促进贷款规模增长的同时，对贷款进行总量控制和行业结构调整。

为保持较好的流动性，2004 年开发银行增加了短期投资，特别是对中央银行票据的投资。

Asset structure

RMB in million	2004 Composition(%)		2003 Composition(%)	
Cash and balance with				
the PBOC	28,576	1.8%	16,143	1.3%
Loans, net	1,389,186	88.2%	1,120,885	87.6%
Cinda bonds, net	103,154	6.6%	103,016	8.1%
Investment securities	44,071	2.8%	29,890	2.3%
Other	9,495	0.6%	9,233	0.7%
	1,574,482	100%	1,279,167	100%

At the end of 2004, total assets of the Bank amounted to RMB 1,574.5 billion, up by 23.1% from 2003. Our outstanding balance of loans, the majority of our assets, increased significantly by 23.6% during the year.

The Bank's lending operations, the principal means through which we fulfill our commercial and social responsibilities, are the core of our activities. It is our intention to promote the continued growth of our loan portfolio within the guidelines established by the PRC Government. In response to directives by the PRC Government, we tightened credit and intensified our focus on lending to targeted industries in 2004.

In order to maintain a proper level of liquidity, the Bank increased short-term investments in 2004, especially investments in PBOC treasury bills.

负债结构

人民币百万元	2004	占比(%)	2003	占比(%)
发行债券	1,254,825	85.5%	1,064,406	89.5%
次级债券	20,006	1.4%	-	-
向其他银行和政府借款	83,612	5.7%	51,046	4.3%
客户存款	95,935	6.5%	65,743	5.5%
其他负债	12,631	0.9%	8,543	0.7%
	<u>1,467,009</u>	<u>100%</u>	<u>1,189,738</u>	<u>100%</u>

2004年，负债总额为人民币14,670.1亿元，较上年增长了人民币2,772.7亿元，增幅为23.3%。开发银行的主要资金来源为在国内和海外市场发行债券。向中央银行和其他金融机构借款是资金来源的补充，也是与这些金融机构保持往来合作关系的体现。

Liability structure

RMB in million	2004	Composition(%)	2003	Composition(%)
Debt securities in issue	1,254,825	85.5%	1,064,406	89.5%
Subordinated debts	20,006	1.4%	-	-
Borrowings from other banks and governments	83,612	5.7%	51,046	4.3%
Customer deposits	95,935	6.5%	65,743	5.5%
Other	12,631	0.9%	8,543	0.7%
	<u>1,467,009</u>	<u>100%</u>	<u>1,189,738</u>	<u>100%</u>

Total liabilities at the end of 2004 amounted to RMB 1,467 billion, up by RMB 277.3 billion or 23.3% from the prior year. While our principal source of funding is the issuance of bonds in domestic and overseas capital markets, borrowing from the PBOC and other financial institutions is a supplemental source of funds and is also integral to our relationships with these institutions.

发行债券

人民币百万元	2004	2003	变动	变动比率 %
发行债券	1,254,825	1,064,406	190,419	17.9%
- 国内市场发行债券	1,236,795	1,055,084	181,711	17.2%
- 国际市场发行债券	18,030	9,322	8,708	93.4%
次级债券	20,006	-	20,006	-
	<u>1,274,831</u>	<u>1,064,406</u>	<u>210,425</u>	<u>19.8%</u>

债券余额从2003年末的人民币10,644.1亿元增长至2004年末的人民币12,748.3亿元,增幅为19.8%,该增长体现了信贷业务对融资需求的增加。

Bond issuance

RMB in million	2004	2003	Change	Change(%)
Debt securities in issue	1,254,825	1,064,406	190,419	17.9%
-Bonds issued in the domestic market	1,236,795	1,055,084	181,711	17.2%
-Bonds issued in overseas markets	18,030	9,322	8,708	93.4%
Subordinated debts	20,006	-	20,006	-
	<u>1,274,831</u>	<u>1,064,406</u>	<u>210,425</u>	<u>19.8%</u>

Total bonds in issuance during 2004 increased to RMB 1,274.8 billion, or 19.8%, from RMB 1,064.4 billion in 2003. This increase reflected the growth in our loan funding needs.

资本充足率

开发银行的目标之一是保持充足的资本以应付不可预见的损失和债务。为此,我们遵守新巴塞尔协议对资本充足率不低于8%的最低要求。2004年开发银行发行了人民币200亿元的次级债,作为附属资本。2004年末,根据央行最新的计算基准,开发银行的资本充足率为10.50%。

Capital Adequacy Ratio

It is the Bank's objective to maintain sufficient capital to absorb unexpected losses and meet its obligations. In this regard, we are committed, at a minimum, to maintaining a capital adequacy ratio in excess of the 8% recommended under the New Basle Accord. In 2004, we issued subordinated debt of RMB 20 billion, which qualified as supplementary capital. At the end of 2004, our capital adequacy ratio stood at 10.50%, calculated based on the current guidelines established by the PBOC.

概述

Overview

经过十年的探索，国家开发银行创造了其自身的经营哲学 — 将贯彻政府政策的职责与进行市场运作结合起来。因此，我们密切跟踪中央政府宏观经济政策的变化，同时紧密关注市场的发展与趋势，从而相应地调整我们的经营策略。

2004年是中国经济强劲增长的又一年，主要行业和地区的基础设施投资持续增长。虽然增长对经济产生了积极的作用，但是原材料价格上升却显示通货膨胀压力增大。为了在未来几年内取得持续发展，我国政府制定了一系列宏观调控政策力图使经济实现软着陆，有选择地向某些行业提供资金。为了响应政府的号召，国家开发银行把贷款更多地集中于煤矿开采、电力、石油和运输等行业。

此外，国家开发银行始终铭记自己的使命，即帮助国家取得均衡的经济发展和为人民创造更多的就业机会。2004年，国家开发银行的中小型企业贷款计划延伸至全国各地的客户，从大城市到小乡镇，甚至到中国的农村地区。虽然截至2004年底这部分贷款余额相对较少，但是增幅巨大，达到700.7%。国家开发银行也向国务院西部开发办公室提供技援贷款，支持其2004年在西部13个省和3个自治区开展规划工作。

管理资产业务是2004年国家开发银行业务发展的一大亮点。因为我们具有市场认可的项目融资管理能力，商业银行对高质量贷款需求不断增加，对参与我行开发的贷款项目都很有兴趣。2004年，国家开发银行已经和5家金融机构签署了间接银团贷款和资产管理服务合同。作为政府批准的资产证券化的试点机构之一，我们已完成了对“中国市场资产证券化和住房抵押贷款证券化”的深入研究工作，并有望在2005年开展首次交易。

为了降低通胀率，中国人民银行通过在本年度第四季度减少同业拆借市场的可提供贷款，提高存款的准备金水平以及提高利率等方式有效地控制了国内货币市场的流动性。这些政策在融资和控制贷款成本方面给国家开发银行带来了更多的挑战。此外，由于本年度商业银行发行了为数众多的次级债券和新投放了大量的货币市场基金产品，国家开发银行面临着商业银行越来越多的竞争。尽管市场条件不利，我行仍在今年成功地完成了债券发行计划，并将成本控制在最低水平。

During the past decade of innovation and evolution, we have developed a simple business philosophy that includes two fundamental elements - (i) rigorous dedication to supporting the PRC government's infrastructure development and social objectives and (ii) the pursuit of commercial viability to maximize our funding capacity, act as a catalyst in the development of modern financial markets in China and sustain our franchise in the long-term. In this regard, we closely monitor changes in the PRC government's macro-economic policies and the evolution of market trends.

Economic growth in China continued unabated in 2004 and was accompanied by sustained increases in infrastructure investments in key industries and regions. While this growth generally had a positive effect on the PRC economy, there were indicators of inflationary pressures, such as broad increases in raw material prices. In order to provide for sustainable growth in future years, the PRC government issued a number of policies intended to temper economic growth and create a “soft-landing”. In terms of the availability of credit, these policies promoted targeted lending to select industries. Our response to these policies included a more intense focus on lending to the coal mining, electric power, petroleum and transportation industries.

In addition, we remained vigilant in discharging our responsibility to help the PRC achieve balanced economic development and to create more employment opportunities for the Chinese people. In 2004, our SME program was expanded to borrowers across the country, from big cities to small towns and rural areas. Although the outstanding loan balance in this sector at the end of 2004 was relatively small, it grew by an impressive 700.7% in 2004. The Bank also extended financing support to the Western Development Office (“WDO”) of the State Council to fund planning activities for each of the 13 provinces and 3 autonomous regions in China’s western region during 2004.

The robust development of our asset management business was one of the most significant developments at the Bank in 2004. Because of our demonstrated competence in managing project finance credits and the increasing demand for high-quality lending opportunities among Chinese commercial banks, the ability to participate in our lending projects generated a significant level of interest. During 2004, we entered into contracts with five financial institutions for loan participation and credit asset management services. Further, as one of the pioneer banks approved by the PRC government to explore both Asset-Backed Securities (“ABS”) and Mortgage-Backed Securities (“MBS”) opportunities domestically, we have completed extensive studies in both areas. We are optimistic that we will execute the first such transaction ever in China during the coming year.

In order to reduce the rate of inflation, the PBOC implemented a number of policies to effectively control increasing liquidity in the domestic money market by reducing the levels of available funding in the inter-bank market, increasing the required reserves on customer deposits, and raising the interest rate in the fourth quarter of the year. These policies created challenges for us in terms of both the availability and cost of our funding. In addition, CDB faced growing competition from commercial banks related to their significant subordinated debt offerings during the year and the introduction of new money market fund products. In spite of these adverse conditions, the Bank successfully completed its planned debt offerings during the year and was able to minimize the related cost.

贷款业务 Our Lending Business

贷款

截至2004年末，国家开发银行的贷款余额达到14,095亿元人民币，与去年同期相比增长23.6%。其中，外币贷款折合人民币为801亿元，占年终余额的5.7%。2004年发放了总额为4,532亿元人民币的新贷款。

外币贷款主要用于为重点项目引进外国技术、原材料、设备和咨询服务。这些贷款通常根据具体的中长期融资需求而设计。

到2004年底，国家开发银行对基础设施、基础产业和支柱产业的贷款总余额为13,973亿元，占贷款总额的99.1%以上。

我们贷款支持的项目分布在中国各个省份和地区，涉及几乎每一个中国公民的生活。国家开发银行向中国东部和沿海地区所提供的资金比中部和西部地区略多，主要因为东部和沿海地区商业活动活跃。目前我们正在努力通过帮助地方政府把握潜在机遇来向西部省份推广我们的贷款业务，西部地区的贷款得到稳步增长。

Lending Results

By the end of 2004, our outstanding loan balance reached RMB 1,409.5 billion, a 23.6% increase over the previous year-end. Of the total balance, RMB 80.1 billion was denominated in foreign currencies, which accounted for 5.7% of the year-end balance. New loan originations, totalling RMB 453.2 billion, were made during 2004.

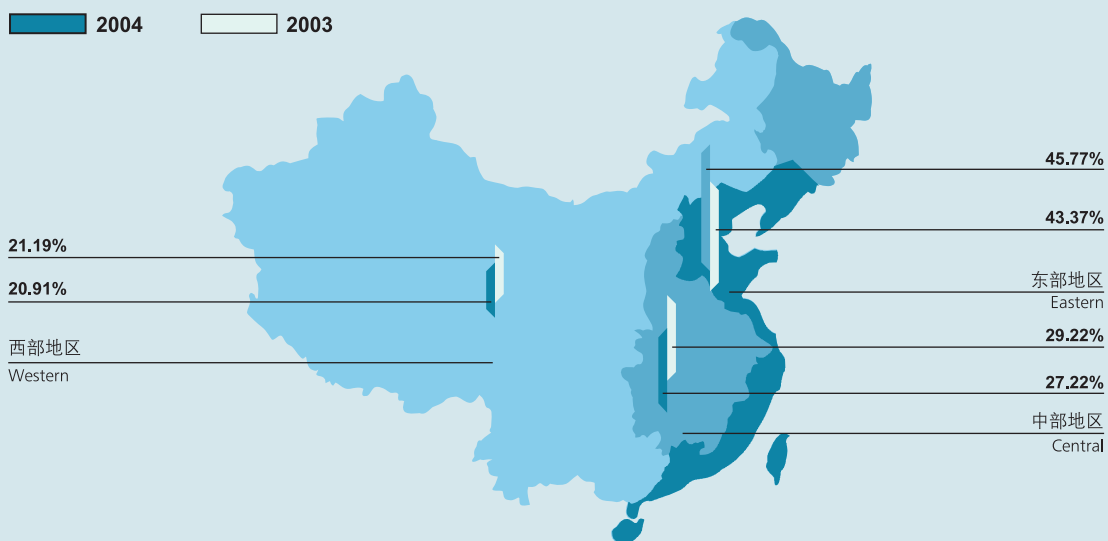
Foreign currency loans are generally provided for the acquisition, introduction and implementation of foreign technology, materials, equipment, and advisory services related to key projects. These loans are normally designed to meet specific medium- and long-term capital financing requirements.

At the end of 2004, RMB 1,397.3 billion, representing 99.1% of our total outstanding loan balances, were related to infrastructure projects, targeted basic industries and other key industries.

The projects supported by our loans affect every province and region across China, and touch the lives of almost every Chinese person. Our funding to the eastern and coastal areas was higher than that for the central and western regions, reflecting the more active business environment in these areas. We also made substantial efforts to expand our lending business in the western provinces by helping local governments to identify potential opportunities. Loans to the western region, though, have been steadily growing.

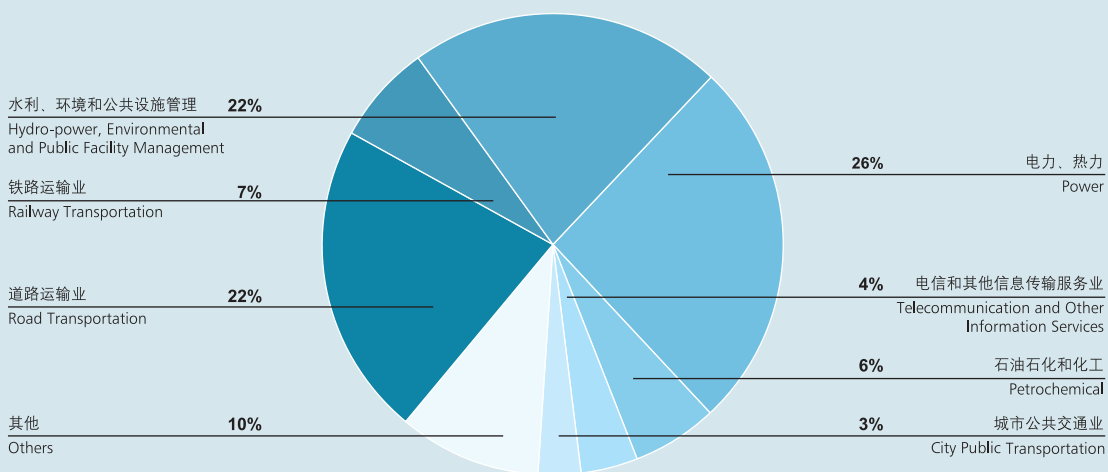
贷款地区结构图（按项目建设所在地）

BREAKDOWN OF OUTSTANDING LOANS BY GEOGRAPHICAL DISTRIBUTION (BASED ON PROJECT LOCATION)



注：2004年不分地区的贷款余额占比为6.1%，2003年为6.22%
 Note: For 2004, 6.1% are multi-regional, while this number for 2003 is 6.22%

行业结构 Breakdown of Outstanding Loans by Industry



管理资产

为了实现国家开发银行有关拓展管理资产业务的战略目标，间接银团贷款和联合贷款业务在2004年获得了迅速发展。同时，在政府对贷款规模总量限制的情况下，我们也及时引导其他商业银行为我们的客户提供搭桥贷款，以提高客户满意率和我行的社会贡献度。在这些交易中，我们保留对信贷资产的管理权利。截至2004年年末，管理资产总额（表外部分）达到778亿元人民币，比去年增长了463.6%。2004年，国家开发银行实现了总额为2.3亿元人民币的资产管理服务收入。

Managed Assets

In support of our strategic objective of expanding our credit asset management business, transactions in loan participations and co-financing grew tremendously in 2004. We also arranged, in a number of cases, for other commercial banks to provide bridge loans to our clients in order to satisfy their requirements and raise our social contribution in cases where we were temporarily constrained by PRC government imposed lending limits. In all such cases, we maintained the management rights to the lending relationships. At the end of 2004, our total managed assets, which are recorded off-balance sheet, reached RMB 77.8 billion, representing a 463.6% increase from the previous year. We also recognized fee income of RMB 230 million on the services provided with respect to these assets during the year.

投资银行业务

Our Investment Banking

财务顾问

财务顾问业务是我行开展中间业务的一个组成部分，对长远发展具有重要意义，使我行能够更好地理解客户的需求。作为国家开发银行改善客户关系战略的一部分，2004年我们通过建立财务顾问工作新机制及健全规章制度等措施，加大财务顾问服务力度，为客户提供多样化金融服务。通过财务顾问服务，密切国家开发银行与客户的信用关系，直接带来新贷款项目；另一方面帮助客户完善其公司治理结构，加强融资能力，以此提高开发银行信贷资产的质量，化解不良资产。

此外，2004年国家开发银行发挥总分行联动优势，规划了“十大城市、十大客户、十大项目”财务顾问项目，当年完成了其中14个项目咨询工作，取得了较好的效果。各分行开展财务顾问项目为68个，涉及贷款总额达2,481亿元人民币。

Financial Advisory Service

Financial advisory activities have always been a key component of our intermediary services and they have a profound impact on the long-term development of our Bank, by enabling us to better understand the needs of our clients. As part of our evolving strategy to improve the quality of our customer service, we focused on restructuring the financial advisory service function in response to the changing needs of our clients. During 2004, we established several new business processes and redesigned a number of policies in this area. These

changes allowed us to develop closer relationships with our customers, which directly resulted in more opportunities for new loan originations. Our financial advisory services are typically targeted at assisting our clients to improve their corporate governance, as a basis for effectively supporting their increased financing needs. In a meaningful way, our financial advisory services contributed directly to both the improvement of our asset quality from the “bottom up” and the resolution of non-performing loans.

In addition, to improve the collaboration between the head office and branches, we focused our resources and efforts on the top-ten targets in three areas - top ten cities, top ten clients and top ten projects. We completed 14 target projects during the year. During 2004, our branches conducted 68 advisory projects, in support of lending agreements totalling RMB 248.1 billion.

债转股

国家开发银行在股权投资领域主要是做不良股权处置。我们处置或部分处置了8个股权项目，总金额为161亿元人民币，收回原始投资的97.6%。2004年，我行所投资的中石化股权被其股东购回，实现了15亿元人民币的帐面收益。截至年底，国家开发银行还持有12个项目的股权投资，留待未来处置，合计金额84.3亿元人民币。

Debt-to-equity Swaps

The focus on our equity investments over the past year was predominantly on resolution and disposition. We disposed eight equity investments, with total value of RMB 16.1 billion, recovering 97.6 % of the original investment amount. During 2004, our equity investment in Sinochem Corporation was repurchased by its shareholders, with a realized gain of RMB 1.5 billion. At the end of the year, we held investments in 12 entities, with total value of RMB 8.43 billion, and our intent is to dispose of these investments.

债券承销

在企业债券市场，国家开发银行仍然在国内债券承销商中位居前列。2004年，国家开发银行参与了六支企业债券的承销，总金额为17亿元人民币。在这些债券中，其中一支为主承销商，两支为联合主承销商。全年实现承销服务收入达1,713万元人民币。

Bond Underwriting

We continue to be one of the largest debt underwriters in the domestic bond market. In 2004, we completed six successful offerings with total amount of RMB 1.7 billion. We were the lead underwriter on one offering and co-lead underwriter on the other two. We recognized RMB 17.1 million fee income for our underwriting services for the year.

基金管理

继成功发起设立中瑞合作基金（SSPF）之后，国家开发银行作为发起人之一，代表中国政府又参与发起成立了中国－东盟中小企业投资基金，中国－比利时直接股权投资基金。东盟基金是为了促进东盟 10 国及中国区域内经济和贸易合作而成立的，由新加坡大华创业投资管理公司管理；中比基金主要是中国政府 and 比利时政府为促进中小企业发展而设立的基金，由海富产业投资基金管理有限公司管理。

中瑞创业投资基金管理公司目前重点在加强对中瑞合作基金（SSPF）已经投资的项目的管理，同时在积极开发新的项目。

Fund Management

Following the success of the Sino-Swiss Partnership Fund (“SSPF”), ASEAN China Investment Fund L.P. (ACIF) and China-Belgium Direct Equity Investment Fund(CBF) were established with CDB participating as a sponsor on behalf of the PRC government.

The ACIF was formed for the purpose of promoting economic and trade cooperation among the 10 ASEAN countries and China. It is managed by the UOB Venture Management Co. The CBF was established principally for the development of the SME sector in China, and is actively managed by Haitong-Fortis Private Equity Fund Management Co., Ltd..

The Sino-Swiss Venture Capital Fund Management Company (“SSVC”) has been focusing its efforts in managing the projects funded by SSPF and is searching for new investment opportunities.

专栏一：中小企业贷款

Box 1: Lending to Small and Medium Sized Enterprises

在很长一段时间里，我们一直在探索如何满足中小企业的贷款需求。由于征信系统不够健全，许多商业银行在这方面的努力效果不佳，不良贷款率较高，因此这是一项极为困难的工作。然而许多发达国家的经验告诉我们，中小企业创造了主要的就业机会，同时也有助于中国农村城市化和国有中小企业改革中相关问题的解决。

作为政府开发性金融机构，我们有义务促进这一关键经济领域的发展，承担起其它银行不愿承担的风险。我们知道我们必须制定能够适度评估和管理风险的政策和流程，以实现社会和商业目标适度平衡的目标。如果缺乏对借款人的了解，开发和管理中小企业贷款的能力不足，涉足中小企业贷款从根本来说是有问题的。我们认识到，在此领域获得成功的惟一方式是将融资支持与建立一种信用文化和有效贷款模式的努力相结合。

国家开发银行的专业人员有着无穷的创造力。我们设计了一个向中小企业提供贷款的平台和一个为贷款提

供担保的平台。贷款平台和担保平台在很大程度上依赖于地方政府的支持，同时通过群众组织将中小企业组织起来，以一个地方中小企业的整体（而非个体）信用背景为基础。在群众组织中，每位中小企业成员都保证偿还贷款，并向其它成员公开自己的还款状况。此外，每位成员还要交纳其贷款额一定比例的资金，以形成风险互保金，作为成员借款的担保。通过这种安排，国家开发银行有效地将借款人的道德风险与其因欠款受到组织内部的压力而无法继续留在组织中的风险结合了起来。

截至 2004 年底，我们对中小企业的贷款余额达到 45 亿元人民币。

For some time, we have been exploring ways to meet the funding needs of the small- and medium-sized enterprises (“SMEs”). This has been difficult since many commercial banks have experienced high levels of non-performing loans in this particular sector, largely a result of the lack of a well-established credit information system in China. However, the experience of many developed countries has indicated to us that SMEs are a significant source of jobs in a growing economy. We have little doubt that they will be the part of the solution to a number of social challenges related to the urbanization of rural China and the privatization of small- to medium- sized state-owned enterprises.

As a PRC government development bank, we believe that we have a special social obligation to promote the growth of this critical economic sector and we recognize that this will involve taking on risks that other banks are unwilling to take at this time. We understand that we will have to develop policies and processes that will enable us to properly assess and manage the risks related to SME lendings in order to properly balance our social and commercial objectives. Unlike many commercial banks, we do not have a large branch network. Any foray into SME lending would be fundamentally flawed without the ability to manage the origination and administration of SME loans close to the borrowers. The only way to achieve success in this sector is to combine our capacity to fund a substantial SME funding initiative with the development of a network and credit culture to support proper credit risk management. This is quite challenge.

The creativity of our professionals is unlimited, however. Our loan officers and credit administration professionals have designed a platform through which lending to SMEs can be affectively and profitably managed. This platform relies heavily on the support of local governments, through loan guarantees, and on the credit history of distinct local groups of SMEs, rather than a single borrower. These SME groups, with the assistance of local governments and commercial banks, form associations. Each participant makes a commitment to repaying its loans and allowing their repayment status to be transparent to other members. In addition, each participant contributes a certain percentage of its loans to a reserve fund that serves as collateral to the borrowings of all members within the association. Through this arrangement, SME borrowers face social pressure to remain current on their obligations.

At the end of 2004, our lending to SME’s totalled RMB 4.5 billion.

专栏二：“走出去”战略
Box 2: "Go Globalization"

经过近 30 年的经济改革与发展，中国以惊人的速度取得了巨大变化。资本投资的涌入使中国成为世界第一制造业大国，培养了大批具有专业技能的合格劳动力。为了与其它国家分享我们的成功经验并进一步促进我国经济的发展，中国一些大型企业开始向国外拓展业务，实施“走出去”战略。

许多大型中国企业在海外开拓市场，寻找商机。这些项目的高风险性和大额融资需求使商业银行不愿积极介入。事实上，这些项目正是开发性金融发挥支持作用的领域。国家开发银行具有强大的融资能力以及管理信用风险的技术能力，从而成为这一领域的最佳金融机构。

政府政策和市场需求是国家开发银行业务的主要驱动力。国家开发银行管理层做出了战略性决策，为一部分企业的海外发展提供支持。这些企业包括：中石油、中石化、中国五矿、中信集团、中冶集团、中国建筑集团等。2004 年，我们承诺了 7.8 亿美元贷款，以支持其海外业务发展。国家开发银行强大的融资能力和支持企业“走出去”的愿望，极大增强了企业海外发展的信心和能力。

In nearly 30 years of economic reform and development, China has been through tremendous changes faster than anyone has expected. The flood of inbound capital investment has made China the number one manufacturer in the world. This has enabled China to develop a high-quality workforce of individuals with a broad range of expertise and skills. In recognition of the benefits of globalisation and to promote the continued growth of our economy, a number of large Chinese enterprises have reached the point of expanding their business overseas. This outward expansion is also consistent with our government's strategic policies.

A number of Chinese enterprises have been exploring opportunities overseas and some of the potential projects are relatively large. The high risk inherent to such projects and their relatively large borrowing requirements have made many commercial banks uncomfortable about participating in their funding. Many of the enterprises in search of financing for outbond investment have turned to us for support. In reality, these projects are typical of the development financing that we typically undertake and we are well-positioned to be of service. We are known to have both the adequate resources to fund these projects and a demonstrated track record of achievement in effectively managing the credit risk.

Government policy and market needs dictate the focus of our financing activities in this area. Our management made a strategic decision to support a certain number of organizations in their overseas expansion. These organizations include: Petro China, Sino-Chem, China Minmetals Corporation, CITIC Group, MCC Group, and China Construction Group. In 2004, we made lending commitments in the amount of USD 780.0 million to these organizations to support the overseas expansion of their businesses. With our strong funding capabilities and firm commitments, these organizations were even more confident in their ability to succeed in their overseas development.

2008年北京奥运会建设项目

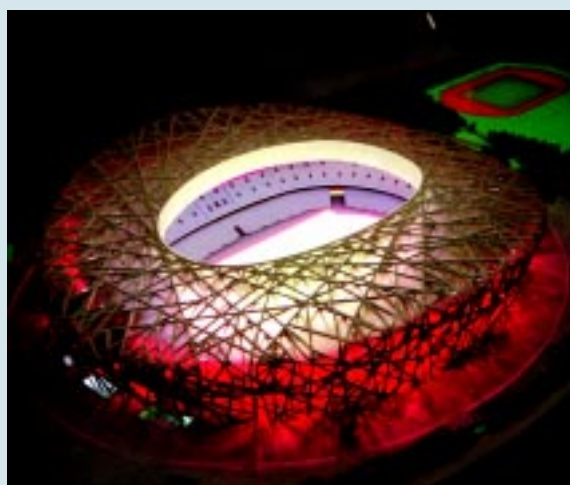
2008年北京奥运会工程建设是北京市未来几年的首要任务，也是我行始终关注和重点支持的重点。作为奥运项目的财务顾问和贷款主力银行，我行在开发性金融理论的指导下，发挥融资优势，为支持奥运项目建设提供全方位的服务。

目前，我行贷款的奥运会建设项目共27个，总投资额1,073亿元，我行承诺贷款（含意向承诺）共计434亿元，截止2004年末已签订借款合同335亿元，累计发放贷款243亿元。主要支持了奥林匹克公园（B）区国家体育场、国家体育馆及奥运村、奥运森林公园、北京五棵松文化体育中心等奥运场馆项目；以及首都国际机场扩建工程、北京市高速公路建设和城市道路改造等奥运配套项目。

Construction Projects for 2008 Beijing Olympics

Construction for the 2008 Beijing Olympics is one of the primary tasks for the Beijing municipal government in the coming years, and is also a focus of our Bank. As the key financial advisor and funding source for the Olympic construction projects, the Bank has fully leveraged our resources to provide broad support to Olympic construction projects.

The Banking Department at the Head Office is now working with a total of 27 Olympic construction projects. The total funding needs for these projects amounts to RMB 107.3 billion, of which the Bank has made commitments to provide RMB 43.4 billion. By the end of 2004, the Bank had signed loan contracts for RMB 33.5 billion and funded a total of RMB 24.3 billion. Of these projects, there are six Olympic stadium and gymnasium construction projects, including the National Stadium located in Area B of the Olympic Green, National Gymnasium and Olympic Village, Olympic Green, and Beijing Wukesong Culture and Sports Center. The other projects relate to auxiliary urban infrastructure and facilities projects for the Olympic Games, such as the expansion of Beijing Capital International Airport, the construction of Beijing expressways, and the rebuilding of the city roads.



内蒙古草原兴发股份有限公司

内蒙古草原兴发股份有限公司是以肉鸡、肉羊为主导产业的国家农业产业化重点龙头企业，是上市公司，也是全国最大的草原肉食品生产企业。其品牌已经成为驰名商标。

多年以来，我行对草原兴发的发展给予了大力支持。先后向草原兴发“一千万只肉鸡生产体系配套工程项目”、“内蒙古东部草原建设与肉羊产业化项目”、“内蒙古肉羊产业化及生态建设项目”投放贷款3.1亿元，为草原兴发扩大生产规模、加速产业结构调整提供了有力的资金支持。



Inner Mongolia Prairie Xingfa Co., Ltd

Inner Mongolia Prairie Xingfa Co., Ltd (“Prairie Xingfa”) was established as part of PRC government’s agricultural industrialization strategy and has become a leader in the agricultural industry. The company’s primary product lines include staples such as broiler chickens and mutton. Its brand has become a household name to many ordinary Chinese families and it recently completed a domestic initial public offering.

For the past decade, CDB has provided strong support to Prairie Xingfa, including loans to finance a number



of significant initiatives like the Ten-Million Broiler Production System Auxiliary Construction Project, the Inner Mongolia East Prairie Construction and Mutton Sheep Industrialization Project and the Inner Mongolia Mutton Sheep Industrialization and Ecosystem Construction Project. These projects have enabled Prairie Xingfa to expand its production scale and streamline its operations to fulfill the rapidly increasing demand for its products. In aggregate, the funded loans to these projects total RMB 310.0 million.

江苏田湾核电站项目

江苏田湾核电站位于江苏连云港市，东临黄海。厂址规划容量为4台100万千瓦级核电机组，并可再布置4台百万千瓦级机组。一期工程建设项目总投资265亿元。1999年10月20日，该项目正式开工建设，预计于2005年底正式投入商业运行。该项目是中俄两国战略伙伴关系的重要部分，是我国“九五”计划内大型能源合作项目。项目的建设将有利于进一步调整江苏省和华东地区的能源结构，促进经济和社会的发展，同时推动中俄两国在和平利用原子能领域的广泛合作。

我行承诺向该项目建设提供51亿元贷款。截至2004年底，该项目贷款余额为42亿元。

Jiangsu Tianwan Nuclear Power Plant

Jiangsu Tianwan Nuclear Power Plant is located in Lianyungang, Jiangsu Province, on the Yellow Sea. The rated capacity of this state-of-the-art nuclear plant is 4,000,000 kilowatts, with the potential to increase its capacity by an additional 4,000,000 kilowatts, through the construction of additional generators. The first phase of



construction represents a total investment of RMB 26.5 billion. Construction on the project commenced in October 1999 and the plant is expected to start full commercial operations at the end of 2005. This project is a key element of the Sino-Russian strategic partnership, and is also a major energy cooperation project in the Ninth Five-Year Plan period. This project will help streamline the energy infrastructure in Jiangsu province and the East China region. It will also support the economic and social development, and promote broader cooperation between China and Russia in the peaceful use of atomic energy.

Our Bank has made a commitment of RMB 5.1 billion for the plant's construction. By the end of 2004, the balance of the outstanding loan had reached RMB 4.2 billion.



中国—东盟博览会基础设施项目

根据温家宝总理在第七次中国与东盟十国领导人（10 + 1）会议上提议，国务院正式对外宣布从2004年起，每年11月在广西南宁市举办中国 - 东盟博览会（简称“南博会”）。从经济角度讲，南博会是搭建我国与东盟之间以及面向全球的货物交易平台；扩大区域内双向投资，联手吸纳国际资本；全面展示我国和东盟各国的发展与合作成果，推进自由贸易区的建立。

2004年我行应南宁市政府的要求，同意向广西南宁中国—东盟博览会基础设施项目提供贷款62亿元。

广西南宁中国—东盟博览会基础设施项目，包括机场扩建、会展设施及周边整治、城市道路桥梁、环境保护、旅游、水利基础设施、东盟国际园区基础设施、通讯保障及综合信息服务系统等。该项目总投资98亿元，截至2004年底，我行已为该项目发放贷款33亿元，确保了2004年首届“南博会”的成功举办。



Infrastructure Construction Project for the China-Asean Expo

In response to the proposal of Premier Wen Jiabao at the 7th China-ASEAN Leaders Meeting (10+1), the State Council announced that the China-ASEAN Expo (the "CAEXPO") will be held every November in Nanning, Guangxi province, starting in 2004. From an economic perspective, CAEXPO will serve as a merchandise exchange platform for China and ASEAN countries, as well as countries in other parts of the world. The principal objectives of CAEXPO are to expand investment within the region, attract global capital and encourage



domestic enterprises to expand operations overseas. It will also provide a stage to showcase the achievements of cooperation between China and other ASEAN countries. In addition, there will be discussions around the creation of an ASEAN free trade zone.

The Bank, at the request of Nanning municipal government, agreed to provide RMB 6.2 billion in loans to finance the CAEXPO infrastructure construction project in 2004.

The CAEXPO infrastructure project is comprised a broad range of municipal construction projects including airport expansion, exhibition facilities, peripheral renovation, urban roads and bridges, environmental protection, tourism facilities, water conservancy infrastructure, the ASEAN International Park infrastructure, communication assurance and comprehensive information service systems. The total investment in these projects is expected to be RMB 9.8 billion. By the end of 2004, our loans to the projects reached RMB 3.3 billion, which will ensure the success of the first CAEXPO.

中国网通

中国网络通信集团公司（简称中国网通）是按照国家有关电信行业体制改革的要求，于2002年5月在中国电信分拆后成立的特大型国有企业。目前，中国网通已是国内四大电信运营商之一。

中国网通与我行建立了长期合作的伙伴关系。2003年以来，我行重点支持中国网通进行内部重组整合和改革上市。2004年11月中国网通完成IPO（首次公开发行）工作，并顺利在香港和纽约两地上市。2004年底，中国网通在我行的贷款余额为120亿元。

为支持中国网通扩展业务，我行还贷款支持“中国高速互联网络示范工程—中国网通公用互联网（CNCNET）”项目。该网络是新一代开发的IP Over DWDM全光纤电信网络，提供世界范围内的高速接入Internet骨干网的服务，利用光纤网传输高质量的声音、多媒体、商业视频和批量数据传输。目前，该项目如期建成开通，对实现我国信息化战略，促进经济发展和社会进步具有重要意义。

China Network Communications Group Corporation

China Network Communications Group Corporation (CNC) is a large state-owned enterprise established in May 2002, through a spin-off from China Netcom, as part of the PRC government's reform of the telecommunications sector. CNC is one of the four largest telecom operators in China.

CNC has a well-established partnership with the Bank. The total outstanding loan balance for the consolidated CNC group was RMB 12.0 billion at the end of 2004. The loans were underwritten principally to support CNC's internal restructuring and integration initiatives in 2003, which enabled CNC to successfully sell equity shares through an initial public offering in both Hong Kong and the US in November 2004.

The Bank provided significant support to CNC to help it expand its telecom network. One of the projects that CDB supported was the high-speed internetworking construction project ("CNCNET") in China. The CNCNET is a new generation IP Over DWDM full fibre network, serving as a foundation for providing world-wide high-speed internet access. CNCNET provides for the transmission of high-quality audio, multimedia and commercial video data and batch data transmission. The network has commenced operations as planned, and has proven to be a successful step towards improving information flow in a rapidly changing environment, which is critical to the continued economic development and social progress in China.



多样化的资金来源

OUR DIVERSIFIED FUNDING

发行债券是国家开发银行最主要的资金来源。2004年，我们可以骄傲地宣布，累计发行人民币金融债券突破了2万亿元。这在国家开发银行和整个中国债券市场发展史上都是卓越的、具有里程碑意义的成就。开发银行金融债券在中国债券市场树立了很高的信誉，受到不同类型投资人的广泛欢迎，不仅因为开发银行拥有准主权信用评级，还因为它具有很强的创新能力，能够为市场提供各种期限结构和品种多样的债券产品。多年来，国家开发银行在推动中国债券市场的发展中起到了重要作用，进一步推动了债券发行业务的市场化进程。

债券发行量取决于贷款发放的资金要求。2004年，国家开发银行发行了总量为3,600亿元人民币的债券。由于拥有良好的信用评级和出色的财务表现，国家开发银行始终能将资金成本维持在较低水平。

Debt issuance is the primary source of funding at CDB. In 2004, our cumulative debt issuance since our inception passed the RMB 2.0 trillion mark, a milestone with profound significance in the history of our bank as well as China's debt market. Over the years, CDB has established credibility in the domestic debt market, and our bonds are sought by a wide range of investors, not only because of our quasi-sovereign credit rating, but also because of our demonstrated record of innovation. Our bonds are structured with features and maturities that appeal to broad range of investors with increasingly complex needs. Over the years, we have played a significant role in the development of China's debt market, especially in our continued effort to promote more market-oriented mechanisms.

The amount of debt issued by us is largely dependent on the funding requirements of our loan origination activities. During 2004, CDB issued debt securities totalling RMB 360.0 billion. Supported by our strong credit rating and sound financial position, we were able to maintain funding cost at a relatively low level.

次级债券

Subordinated Debt Issuance

2004年12月24日，经中国银监会和中国人民银行批准，国家开发银行成功发行了200亿元人民币次级债券。这是国内政策性银行首次通过发行次级债增加附属资本，有效地提高了资本充足率水平。开发银行次级债采用了数量招标的发行方式，成功地吸引了包括保险公司、邮政储蓄、商业银行和证券公司在内的重要投资者。

With approval from the CBRC and the PBOC, we issued RMB 20.0 billion in subordinated debt securities on 24 December 2004. This was the first time that a policy bank was able to raise its secondary capital, and thus improve its capital adequacy, through the issuance of subordinated debt in China. Through an open bidding process, we attracted key investors, such as China Life Insurance, National Post Savings, commercial banks and securities companies.

外币融资

Foreign Currency Funding

2004年9月28日，我们成功地在纽约发行了价值6亿美元的十年期美元债券和价值3.25亿欧元的5.5年期欧元债券。这标志着国家开发银行自1999年后再次重返国际资本市场。除此之外，这也是国家开发银行首次发行欧元债券，成为继财政部之后国内第二家发行欧元债券的实体。

上述债券发行在国际投资商中广受欢迎，美元债券和欧元债券分别实现2.5倍和1.75倍的超额认购。国家开发银行成功地吸引了国际机构认购了近50%的债券。同时也吸引了众多的投资群体，包括知名银行、资产管理公司和保险公司等。无可否认，债券的成功发行业表明了国际市场对国家开发银行良好的财务业绩和地位的认可。

2004年12月28日，我行在国内银行间市场成功发行了总额5亿美元的境内美元债券。其中，5年期浮动利率债券4亿美元；3年期固定利率债券1亿美元。这是我行自2003年首发第一笔境内美元债券之后的第二次发行，获得包括国有银行、股份制银行、城市商业银行、保险公司、证券公司和外资银行在华分行等国内机构投资者的积极响应。4亿美元浮动利率债券超额认购1.5倍；1亿美元固定利率债券超额认购1.3倍。

On 28 September 2004, we successfully issued US\$ 600.0 million in 10-year bonds in the US and offered Euro 325.0 million in 5.5-year bonds outside of the US. This global offering marked our re-entry into the global capital markets. Our last such offering occurred in 1999. In addition, this was the first time that CDB issued Euro denominated debt and we are only second entity in China, after the MoF, that has ever issued such debt.

Both issuances were well received by international investors. The USD bond and the Euro bond offerings were oversubscribed by 2.5 times and 1.75 times, respectively. We succeeded in attracting close to 50% of the total subscriptions from large international institutions. We also managed to attract a diversified pool of investors including leading global banks, asset management firms and insurance companies. The success of our debt issuance overseas demonstrates the level of confidence that investors have in our track record of performance and our financial position.

On 28 December 2004, we successfully issued USD 500.0 million of debt in the domestic inter-bank market. Of this amount, USD 400.0 million and USD 100.0 million were in the form of 5-year floating rate bonds and 3-year fixed rate bonds, respectively. This represented the second time that we issued foreign currency debt in the domestic market since 2003. Like our international offering, our domestic offering attracted a range of investors including state-owned banks, joint stock banks, city commercial banks, insurance companies, securities firms and foreign bank branches in China. Both the 5-year floating rate bond and the 3-year fixed rate bond were oversubscribed by 1.5 times and 1.3 times, respectively.

创新融资产品 Innovative Funding Products

国家开发银行一直被认为是中国债券市场金融创新“先行者”。2004年开发银行在债券发行中继续进行品种创新，推出了以银行间市场7天回购利率为基准的新型浮动利率债券，该品种以其灵敏反映市场利率的变化而受到包括一些大型的国内货币市场基金在内的短期投资人的欢迎。还推出了通过两次招标确定利率和滚动发行的远期利率债券。这些产品的共同特征是在市场利率变化不定的环境下，具有规避利率风险的功能，因而这些产品受到了投资人的广泛欢迎。

We have long been recognized as the “pioneer” in the domestic debt market. In 2004, we continued to explore opportunities to introduce new products to the market. During the year, we launched a new floating rate bond in which the interest rate was tied to the 7-day repurchase rate on the inter-bank market. This interest rate arrangement is very sensitive to market fluctuations, and is welcomed by short-term investors, including some of large domestic money market funds. In addition, we issued two bonds with interest rates determined through on a bidding process during the year, as well as a rolling bond with forward delivery option. These innovative products, which are also extremely sensitive to fluctuations in market interest rates, were very attractive to a growing number of investors with complex investment needs and objectives.

我们主要面临着三大风险：

- 信用风险
- 市场风险
- 操作风险

我们相信可以根据以下原则管理风险：

- 适当的风险管理
- 对风险和额度的持续评估
- 符合实际的风险评估和衡量方式

多年来，我们一直根据以上原则建设风险管理架构。2004年，我们继续对风险管理结构进行改进，成立了风险管理委员会，负责制定全行的风险管理政策。在该机构领导下共有三个委员会。它们是：信用风险管理委员会，负责管理信用风险；资产负债管理委员会，负责管理市场风险和操作风险；以及贷款委员会，负责贷款的最终审批。

2004年，我们在探讨风险管理的工具和方法论方面也取得了进步。举例来说，我们全面开展了内部评级体系的建设；开始分析与研究我行对风险资本的应用；在国外咨询公司的帮助下，我们设计了一个包括信用、市场和操作风险在内的经济资本衡量基本框架，并完成了对RAROC体系的初步计算。

We are exposed to three major business risks:

- credit risk
- market risk
- operational risk

We believe risks are most effectively managed through the following principles:

- proper risk governance
- continuous evaluation of risk appetite and risk limits
- practical approaches of risk assessment and measurement

For a number of years, we have been following the above principles to develop and refine our risk management function. In 2004, we continued in these endeavors. Notably, we created the Risk Management Committee ("RMC") to establish risk management policy for the Bank. There are three sub-committees reporting to the RMC. These include the Credit Risk Management Committee ("CRMC"), responsible for the management of credit risk; the Asset Liability Management Committee ("ALMC"), responsible for market risk and operational

risk management; and the Loan Approval Committee, responsible for the final approval of loans.

In 2004, we also made further progress in the development of risk measurement tools and methodologies. For example, we started the development of an internal risk rating system, which included research on and analysis of the application of economic risk capital principles at our Bank. With the help of international consultants, we designed a basic framework for the measurement of economic capital that addressed the effect credit, market and operational risks. We also completed a preliminary calculation of risk adjusted return on capital ("RAROC").

信用风险 Credit risk

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。国家开发银行在发放贷款和资本市场业务方面都面临着信用风险，因而它是最主要的风险。我们的信用管理方法主要包括以下要素：

- 二元评审体系
- 先进的贷款评级技术与方法
- 信用风险限额管理
- 资产组合管理
- 早期预警系统
- 强大的贷款回收力度

Credit risk is the risk of loss that a borrower or a counterparty may not meet its obligation according to the original contractual terms of its facility with CDB. The Bank is exposed to credit risk through its lending, trading and capital markets activities, and it is the most significant risk faced by the Bank. Our credit risk management has the following unique attributes:

- Dual approval system
- Advanced loan rating techniques and methodologies
- Credit limit management
- Portfolio management
- Early warning system
- Robust collection efforts

二元评审体系

每项贷款的信用风险由两套评级系统进行管理——借款人评级和债项评级。信用风险管理委员会为每个独立的借款人设定信用评级和风险限额。在受理每项贷款申请之前，借款人的信用评级必须达到要求，同时不得超出其风险限额。贷款委员会拥有对贷款项目的最终审批权。信用风险管理委员会对借款人的业务发展持续监控，每季度对借款人的评级进行复核，每年对借款人进行复评，重新审定信用等级和风险限额。

Dual Approval System

The credit risk of each individual loan is managed by a dual rating system - the borrower's rating and the facility rating. The Credit Risk Management Committee ("CMRC") assigns the credit rating and lending limits at the individual borrower level. Each loan application must meet both the credit rating requirements placed on the borrower and fall within the lending limit in order to be processed. The final approval authority for individual loans rests with the Loan Approval Committee. The CRMC continues to monitor the business development of borrowers, reviews the borrowers' ratings and lending limits on a quarterly basis, approves the overall borrowers' analysis, and adjusts the credit rating and limit annually, if necessary.

先进的贷款评级技术与方法

事实证明，国家开发银行的内部评级体系取得了很大的成效。2004年，我们按照《巴塞尔新资本协议》的要求，在内部评级的制度、方法和标准上都有了很大的提高，并对更多的涉及贷款的信用数据进行了收集和整理，进一步改进了对违约概率和预期损失率的计算。并且已设立一项政策，规定每项新贷款的预期损失率不得超过1%。

Advanced Loan Rating Techniques and Methodologies

Our internal risk rating system, designed in 2003, was proven to be effective in practice this year. In 2004, we enhanced our internal risk rating processes, methodologies and calculation standards in accordance with the New Basle Accord. We also collected and processed additional data related to the performance of our loans, as well as refined our calculation of Probability of Default (PD) and Loss Given Default (LGD). We established a policy to limit LGD to 1% for every new origination.

信用风险限额管理

我们对行业、地区和客户都在信用评级的基础上设定了风险限额，并实施了严格的风险限额管理，通过有效的风险限额管理将信用风险控制在国家开发银行的可承受范围之内。在地区和行业方面，我们设定了风险限额和集中度控制目标，这些目标及相关政策程序在信贷审批中得到了严格的执行。

Limit Management

In addition to using credit ratings to manage credit risk, we established various limits by industry, geography and customer. Through strict adherence to limit management policies and procedures, we were able

to maintain our credit risk within acceptable tolerances. At the portfolio level, we also set risk limits and concentration targets for each industry and geography. These concentration limits were strictly adhered to on a bank-wide basis during our underwriting process.

资产组合管理

我们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。2004年，我们每个季度都对全行的信用风险组合进行分析，同时对行业风险关联进行了深入的分析，旨在将行业风险尽可能地减至最小。我们微调了行业结构，以期取得更好的风险回报，加强了关联客户和集团客户的风险管理。

Portfolio Management

Our portfolio management is built on adherence to exposure and concentration limits. During 2004, we performed quarterly analyses on the entire credit portfolio. In addition, we undertook a thorough analysis of industry risk correlations, intended to reduce industry risk to the lowest level possible. As a result of our study, we adjusted our industry structure slightly in order to achieve a better risk-based return, and strengthened the risk management on related parties and group customers.

早期预警系统

我们将早期预警系统看作是良好的信用风险管理最重要的方面之一。我们的早期预警系统是建立在不同部门以及总行与分行之间共同合作的基础之上。我们的行业、地区与借款人分析连同对抵押品的持续监控，以及重大事项报告制度共同组成了有效的早期预警系统，从而使资产质量在过去几年内不断提高。

2004年，我们开始了在全行范围内对资产质量进行三年连续预测的工作。此工作能确定由于宏观经济、政府政策的变化以及项目建设延误等原因可能给资产质量所带来的负面影响。从分行开始对有关信息进行收集和编制，然后由总行进行概括和修改。整个分析使国家开发银行看到未来可能发展的趋势，并使高层管理人员能尽早采取行动以避免实际损失。

Early Warning System

We view our early warning system as one of the most important aspects of good credit risk management. Our early warning system is built on effective communication among various business and risk management departments, as well as between the head office and our branches. Our analysis by industry, geography and borrowers combined with a continuous monitoring of collateral, as well as the quick reporting system for major borrower events, form an effective early warning system.

In 2004, we began a bank-wide exercise of preparing a three-year rolling forecast on asset quality. This exercise identified the possible adverse impacts on asset quality due to changes in the macro-economy, shifts on government policy, and delays of project constructions. The compilation of information started at the branch level and was summarized and verified at the head office. The overall analysis gave the Bank a clear view on relevant trends and allowed our senior management to take early actions to prevent potential losses.

强大的贷款回收力度

在过去几年以及2004年内，我们一直对不良贷款进行强大的回收工作。这一工作使我们在很大程度上减少了早些年不良贷款比重，但需要继续加强此项重点工作，以期在未来保持我们的良好记录。

Robust collection efforts

Our collection efforts on non-performing loans has been rigorous throughout the past years and continued to be so in 2004. These efforts contributed significantly to the reduction of our non-performing loan ratio in earlier years and we recognize the need to continue our intense focus in this area in order to maintain our low level of NPLs.

资产质量

Asset Quality

2004年国家开发银行资产质量继续得到提高。1998年到2002年，开行不良贷款额、不良贷款率连年“双降”，从2002年开始，在2%~1%的范围内小幅波动，逐步进入稳定期。与国际一流银行不良贷款率在3%~0.5%的区域内处于总体稳定小幅波动状态的特征一致。2004年底，不良贷款额降至166.1亿元人民币，占贷款总额的1.21%，同比下降了0.13个百分点。

Our asset quality continued to improve in 2004. After five years of decline in both absolute and relative levels of NPLs from 1998 to 2002, our NPL ratio has gradually stabilized into a range of between 1% and 2%, which is consistent with the performance of leading global banks, where NPL ratios are generally within a range of 0.5% to 3.0%. At the end of the year, non-performing loans stood at RMB 16.6 billion, or 1.2 % of the total loan portfolio, down by 0.1 percentage points from a year ago.

不良贷款余额

单位：十亿元

	2004	2003	2002	2001	2000
余额	16.6	15.2	15.9	29.5	58.2
比重	1.21%	1.34%	1.78%	3.96%	8.78%

截至12月31日

按行业统计的不良贷款状况

单位：百万

	交通	制造	电力	农、林、牧、渔	其他	总计
余额	7,376.5	3,541.6	2,699.4	1,176.8	1,817.4	16,611.7
比重	44.4%	21.3%	16.3%	7.1%	10.9%	100%

截至2004年12月31日

单位：百万

	交通	制造	电力	农、林、牧、渔	其他	总计
余额	3,913.8	3,204.3	998.6	1,842.5	5,256.4	15,215.6
比重	25.7%	21.1%	6.6%	12.1%	34.5%	100%

截至2003年12月31日

Non-performing Loan
(Balances are in billions of RMB)

	2004	2003	2002	2001	2000
Balance	16.6	15.2	15.9	29.5	58.2
Ratio	1.21%	1.34%	1.78%	3.96%	8.78%

As at 31 December

Non-performing Loans by Industry
(Balances are in millions of RMB)

	Transportation	Manufacturing	Electric Power	Agricultural	Other	Total
Balance	7,376.5	3,541.6	2,699.4	1,176.8	1,817.4	16,611.7
Percentage	44.4%	21.3%	16.3%	7.1%	10.9%	100%

As at 31 December 2004

(Balances are in millions of RMB)

	Transportation	Manufacturing	Electric Power	Agricultural	Other	Total
Balance	3,913.8	3,204.3	998.6	1,842.5	5,256.4	15,215.6
Percentage	25.7%	21.1%	6.6%	12.1%	34.5%	100%

As at 31 December 2003

市场风险

Market risk

市场风险是指利率、汇率或商品价格变动造成损失的风险。国家开发银行主要面临着以下几种风险：

- 利率风险
- 汇率风险
- 流动性风险

Market risk is the risk of loss caused by changes in prices, principally influenced by interest and foreign exchange rates of financial instruments.

At CDB, we are exposed to the following types of market risk:

- interest rate risk
- currency risk
- liquidity risk

利率风险

利率风险指因利率变化对银行资产负债率结构不匹配的影响而导致的当前和未来收入的损失。这种风险不仅影响国家开发银行的净利息收入，也影响资产负债的经济价值。包括重新定价（或期限错配）风险、收益率曲线风险、利率基准风险和期权风险。

我们主要依据利率敏感性缺口、盈利敏感性比率、持续期缺口、市值敏感性比率四个指标对利率风险进行监控和管理。我们也使用利率掉期和利率上下限等利率衍生产品对冲了一些长期固定利率债券的利率风险。2004年，我们进一步加强国家开发银行的能力，使其符合巴塞尔新资本协议所建议的框架，同时，通过为银行量身定制的有效基准系统，更好地对利率风险进行识别、计量和监控。

Interest Rate Risk

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 our financial instruments or future earnings of CDB. There are four types of interest rate risk faced by the Bank: (i) replacement (or duration mismatching) risk, (ii) yield curve risk, (iii) basis point risk, and (iv) option risk.

Our management of interest rate risk is primarily achieved through gap analysis performed on sensitivity, duration and fair value. We also hedge some of our interest rate risk on long-term fixed rate debts denominated in foreign currencies with interest rate derivatives such as interest rate swaps and collars. In 2004, we further strengthened our bank's capabilities on the identification, measurement and monitoring of interest rate risks through a formalized bench-marking system that was customized to the unique operations of CDB, while in alignment with the framework recommended by the New Basle Accord.

汇率风险

汇率风险是指因汇率变动而可能造成损失的风险。国家开发银行通过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

Currency risk is the risk of loss arising from the fluctuation of exchange rates. We utilize appropriate derivative instruments, such as forwards, swaps and other financial products to effectively hedge and manage currency risks.

流动性风险

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。国家开发银行资产负债委员会定期召开会议，对全行资产负债期限结构等相关问题进行分析，动态监控指导。我们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利率升值的预期都是影响我们主要资金来源的重要因素。我们也建立了资金需求预测机制，通过对一周至三个月不同期限资金流量的预测，提前调整资金的状态，有效地管理银行流动性。短期资金市场的操作，例如同业资金拆借、票据买卖等，也是我们管理现金头寸，提高资金使用效率的有效方法。此外，央行承诺在必要的情况下，将给予再贷款支持，确保流动性安全。

我们的到期日分析工作是进行全行流动性风险管理的基础。同时，我们采用贷款债券平均剩余期限缺口指标监控总体流动性风险。2004年，由于激烈的竞争，我们在管理剩余期限缺口方面将随着银行在国内市场所发行债券的剩余期限日益缩短而面临越来越大的挑战。银行管理层通过采取有效行动调整贷款结构和尽可能发行期限长的债券来控制不断扩大的剩余期限缺口。通过这些努力，国家开发银行贷款债券平均剩余期限缺口在2004年底保持在+0.23年的水平。

Liquidity Risk

Liquidity risk is the risk that the Bank is unable to fund its current obligations and operations in the most cost efficient manner. ALMC monitors liquidity risk through periodical meetings and reviews of the asset/liability structure. Our primary funding source is the domestic bond market. Changes in the PRC government's monetary policies and market expectation of interest rate are all important factors that could adversely affect our key funding source. We have also established a forecasting system related to our funding needs that provides information to management on future cash flows of one week to three months. This system allows us to make perform efficient liquidity planning. We generally manage short-term liquidity in the domestic short-term inter-bank markets, through such instruments as inter-bank lending and discounted bills. In addition, the PBOC has made a commitment of helping us to meet any short-term funding needs that may arise.

Our maturity analysis serves as the basis of our bank-wide management of liquidity risk. At the same time, we calculate the maturity gap on the average years outstanding for loans and bonds issued. In 2004, we faced more challenges in managing the maturity gap as the terms of our bonds issued in the domestic market had to shorten as a result of the competition. Our management took effective action to control the widening gap of maturity by adjusting our loan structure and issuing bonds with longer term. Through such efforts, our Bank's average maturity gap was maintained at +0.23 years at the end of 2004.

操作风险 Operational risk

操作风险指由不适当或失败的内部程序、人员及系统或外部事件所造成损失的风险。我们已经建立了一套完善的内部控制体系，旨在及时和不间断地识别计量、监督和管理所有重大的操作风险。2004年，我们在更好地控制银行操作风险方面取得了长足的进步。在本年度，我们修改了银行的核心会计制度和财务制度，以规范新业务会计核算，加强信息集中管理，强化财务资源预算控制。我们也与国外咨询公司合作，设计出适合我行业务性质和经营的管理会计结构。我们期待在2005年完成信息技术实施。

我们要求所有的部门在其职责范围内制定和落实全面的政策和程序，并运用定期评估内部控制结构的有效性等手段和方法来实现管理目标，同时稽核局负责对总行和分行的所有部门是否遵守现有政策和程序进行定期检查。

Operational risk is the risk of loss arising from failed internal control process and/or systems, human factors, and/or external events. Our bank has established a complete internal control system to effectively identify, measure, monitor and manage operational risks on a timely or continual basis. In 2004, we made continued progress in achieving a better control of our financial and operational risks. During the year, we improved our core accounting system and financial system in order to standardize the accounting to new business, strengthen a more centralized control over information and budget of financial resources. We are also working with international consultants on the design of a management accounting structure that matches the business nature and operations of our bank. We hope to complete the IT implementation in 2005.

All of our departments are required to establish and implement comprehensive sets of policies and procedures within their operational areas, and evaluate the effectiveness of their internal controls on a periodic basis. Our Internal Audit Department performs regular examinations on compliance with the Bank's established policies and procedures in all departments at the head office and all branches of the Bank.

2004年，我行的管理层一直致力于建立一支中国最好的专业人才队伍。因此，人力资源管理、员工的教育与培训始终是我行的重中之重。围绕国家开发银行建设开发性金融的战略目标，适应变化，应对挑战，稳步推进和规范岗位、绩效和薪酬管理，逐步建立以岗位价值和业绩贡献为主的激励约束机制，努力建设一支适合开发性金融需要的高素质员工队伍。

As always, our management places a special emphasis on building the best professional team in China. In this regard, CDB's human resource function and our staff training programs receive the attention of CDB's top management, as we view the development of our people as an extension of our special social responsibility. We have dedicated our efforts in this area to creating training programs that will promote the professional development of our people and be responsive to changes in our markets. We have also designed a performance and compensation management program to both establish a link between performance and pay and to improve accountability throughout the Bank. In this regard, we want to recognize the value of individual performance.

推进机构岗位国际达标

Enhancement of accountability and international benchmarking

2004年，通过建立编委会制度，规范调整机构设置和职能配置，理顺业务流程。首次实行部分业务外包。引入国际人力资源管理的先进理念和方法，实施岗位分析，将全行战略目标转变成每个员工清晰的日常工作目标，为提高全行战略执行力和应对挑战能力、提升业绩、推动发展和国际达标打下坚实基础。

In 2004, through the establishment of a review and approval committee, we made further refinements to our organizational structure and personnel deployment. In addition, we redefined and streamlined our business processes. For the first time, certain functions were outsourced. International best practices and methodologies in human resources management were introduced to the Bank. These include a comprehensive evaluation of employee positions and individual accountability throughout the Bank to enable us to better transform bank-wide strategic visions into clearly defined performance targets for every individual. All of our efforts were aimed at improving the Bank's strategic execution and responsiveness to challenges, enhancing performance, and achieving international benchmarking targets.

强化高素质人才开发机制

Development of top quality talent

建立人才库，鼓励优秀专业人才脱颖而出，吸引各类高素质人才，改善人员结构；完善全行人力资源统筹调配机制，加大干部交流和在岗培训力度，优化人力资源配置，推动核心业务开展；推进专业职务制度，为专业人员提供职业生涯的新通道。

We developed a skillset database to encourage professional development and to monitor the development milestones achieved by our dedicated professionals. This database will also enable us to better match employees to open positions. Centralized deployment of bank-wide human resources was strengthened and streamlined to facilitate the development of our core banking businesses. Exchange programs with other governmental organizations and customers were deepened, which created more opportunities for our staff during the year. In addition, we made significant efforts in changing the traditional governmental style of promotion system, and created new career paths for technical professionals.

人力资源管理制度创新——岗位、绩效和薪酬

Innovation on management of human resources-Position, Performance and Pay

完善考核机制，形成适应全口径管理资产综合管理体制的考核体系。创建绩效评议会制度，提升内部管理水平。2003年，通过与国际管理咨询顾问公司的紧密合作，我们开始探讨建立一个先进的人力资源系统，使员工的薪酬标准与岗位和业绩相结合。2004年，我们在这一领域取得了显著进步。我们确定了每个岗位的工作职责，制定了绩效评估指标，修改了薪酬制度。我们也制定了过渡计划，以期逐步实施。推进薪酬制度创新，稳定提高薪酬水平。为员工建立各种保险，使员工享有充分保障，保持我行在人才市场上的较强竞争力。

Our performance measurement process was further refined to more precisely assess individual competencies. Better understanding the capabilities of our employees is essential in an increasingly complex environment in which we are developing new products and services, such as the asset management business. The Performance Appraisal Meeting approach was set up to upgrade the internal management of performance assessment. Our employee benefits were also improved to ensure that we remain competitive in the human resources market.

In 2003, working closely with international consultants, we started a program to establish an enhanced performance measurement and compensation system that linked each of our employees' compensation to their responsibility and performance. In 2004, we made considerable progress in the implementation of the newly designed 3P system. We redefined job responsibilities at the individual position level, formulated

performance evaluation indicators and established compensation links. During the year, we also developed transition plans towards the full implementation of the 3P program, which will occur through a series of manageable steps to minimize any potential unintended effects. The compensation system innovation was carried forward and the level was steadily raised.

成立深圳培训基地

Establishment of training centre in Shenzhen

2004年下半年，国家开发银行在深圳的培训基地开始启用。这是国家开发银行历史上第一个业务培训基地，它为全行员工设计和提供各种高质量、系统性的培训，并为充分利用国内外专家提供了良好的基础。自从启用以来，我们已经为行内的一线员工提供了许多银行业务培训课程。

In the second half of 2004, our training centre based in Shenzhen commenced operations. This is the first off-site training centre ever established by CDB. It offers a wide range of high quality training courses to our employees, and provides opportunities for our staff to exchange ideas with experts from both throughout China and around the world. Since its opening, we have conducted a number of courses on banking practices for our front-line staff at the Shenzhen training centre.

高端人才的海外培训

Overseas training for senior professionals

为了进一步提高国家开发银行中、高层管理人员的专业知识和英语能力，我们在2004年与伊利诺斯大学合作，在美国开设了境外高端专业培训课程。课程内容涵盖国家开发银行的主要业务和产品，也对当前全球金融市场的发展状况与产品进行了介绍。这再一次证明了我们对于高质量培训的重视，以及致力于为员工提供一流培训的决心。

To further enhance the professional knowledge and English proficiency of our senior and middle management, we collaborated with the University of Illinois in organizing training courses for our senior professionals in the United States in 2004. The content of these training courses was comprehensive and covered key banking processes and products relevant to CDB, as well as current trends and new developments in the global financial services market. Initiatives like this, which require the attention of senior management and substantial resources, emphasize our dedication to offering truly world-class training to our employees.

与国内研究机构和大学开展合作

Cooperation with domestic research institutions and universities

依托国家级科研机构和院校的教学和研究力量，我们开设了工商管理研修班以及“领导者管理能力”专题培训，使我行一大批中高级管理者受益匪浅。

To leverage their academic and research capabilities, we formed partnerships with some of China's premier national research institutions and universities in the design and delivery of certain business administration and leadership enhancement courses. A significant number of our senior and middle level management personnel benefited through their attendance in these partnership programs.

启动建立外语人才库

Building a language talent pool

为配合“走出去”战略，同时加强与国际金融界的联系，我们开始着手选拔具有较高英语水平的员工，已组织了全行性英语网络考试，为建立英语人才库奠定了基础。通过对全行员工整体英语水平的了解，我们将在今后为不同的员工量身定制不同的培训计划。

In line with our objective of supporting Chinese companies “going abroad” and to facilitate communication with members of the international financial services community, we have identified a pool of employees with sound English language capability through formalized examinations across the Bank. The examinations also helped us to develop a better understanding of the level of proficiency in English among our staff. The professionals identified as having the requisite level of English proficiency will be taking on more responsibilities in areas that require English language skills. They will also assist our training department in the development of tailored English training programs for the rest of our employees.

审计报告

致国家开发银行管理层：

我们审计了国家开发银行(以下简称“贵行”)2004年12月31日的资产负债表和2004年度的利润表和现金流量表。这些会计报表的编制由贵行管理层负责。我们的责任是根据我们的审计结果对这些会计报表发表意见。

我们对这些会计报表的审计是按照《国际审计准则》进行的。该准则要求我们通过计划并实施必要审计程序,以合理地确认这些会计报表是否存在重大的错误列报。审计工作包括以抽查方式进行的对涉及会计报表所列金额和披露事项相关的凭证的检查。审计工作还包括对管理层所采用的会计政策和所做的重要估计的评价,以及对会计报表所反映的整体内容的评价。我们确信我们的审计为我们的审计意见提供了合理的依据。

我们认为,前述按照《国际财务报告准则》编制的会计报表,在所有重大方面公允地反映了贵行2004年12月31日的财务状况和贵行2004年度的经营成果和现金流量情况。



普华永道
中国北京

2005年2月18日

国家开发银行
2004年度利润表

(除特别注明外，金额单位为人民币百万元)

	附注	2004	2003
利息收入	4	71,994	59,167
利息支出	4	(40,953)	(34,747)
利息收入净额	4	31,041	24,420
手续费收入		305	123
手续费支出		(15)	(7)
手续费收入净额		290	116
股利收入	5	833	1,644
投资收益(损失)	15	2,103	(821)
营业支出	7	(5,078)	(4,266)
信贷资产准备	13,14	(3,688)	(2,829)
其他(支出)收入	6	(204)	203
税前利润		25,297	18,467
所得税	8	(7,888)	(5,255)
净利润		<u>17,409</u>	<u>13,212</u>

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
2004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	2004	2003
资产			
现金及存放央行款项	9	28,576	16,143
存放同业款项	10	1,450	2,085
交易性资产	12	2,159	821
贷款，净额	13	1,389,186	1,120,885
信达债券，净额	14	103,154	103,016
投资			
- 待出售投资	15	42,305	28,152
- 持有到期投资	15	1,766	1,738
固定资产，净额	16	2,696	2,412
递延税资产	17	1,489	3,608
其他资产	18	1,701	307
资产合计		<u>1,574,482</u>	<u>1,279,167</u>

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
2004年12月31日资产负债表(续)

(除特别注明外, 金额单位为人民币百万元)

	附注	2004	2003
负债及所有者权益			
负债			
同业存放款项		744	1,344
客户存款	19	95,935	65,743
卖出回购证券		3,006	-
向其他银行和政府借款	20	83,612	51,046
交易性负债	12	338	448
发行债券	21	1,254,825	1,064,406
次级债券	22	20,006	-
其他负债	23	8,543	6,751
负债合计		<u>1,467,009</u>	<u>1,189,738</u>
所有者权益			
实收资本	24	50,000	50,000
储备	25	6,336	5,161
留存收益		51,137	34,268
所有者权益合计		<u>107,473</u>	<u>89,429</u>
负债及所有者权益合计		<u>1,574,482</u>	<u>1,279,167</u>

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2005年2月18日批准。

行长: 陈元

财务负责人: 舒家伟

国家开发银行
2004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	待出售投资 重估储备	储备	留存收益	合计
2003年1月1日余额	49,050	134	946	703	-	-	1,649	24,568	75,401
本年发生额	-	-	-	-	-	-	-	-	-
净利润	-	-	-	-	-	-	-	13,212	13,212
资本投入	752	-	-	-	-	-	-	-	752
资本公积及相关递延税项转入	198	(134)	-	-	-	-	-	-	64
提取法定盈余公积金	-	-	1,756	-	-	-	1,756	(1,756)	-
提取法定公益金	-	-	-	1,756	-	-	1,756	(1,756)	-
法定公益金转入任意盈余公积金	-	-	-	(653)	653	-	-	-	-
2003年12月31日 /2004年1月1日余额	50,000	-	2,702	1,806	653	-	5,161	34,268	89,429
本年发生额	-	-	-	-	-	-	-	-	-
净利润	-	-	-	-	-	-	-	17,409	17,409
提取法定盈余公积金	-	-	270	-	-	-	270	(270)	-
提取法定公益金	-	-	-	270	-	-	270	(270)	-
待出售投资未实现收益, 除税后	-	-	-	-	-	635	635	-	635
2004年12月31日余额	50,000	-	2,972	2,076	653	635	6,336	51,137	107,473

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
2004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	2004	2003
经营活动产生(付出)的现金流量			
税前利润		25,297	18,467
调整项目：			
信贷资产准备	13,14	3,688	2,829
坏账准备转回		-	(17)
投资减值(转回)准备		(333)	1,242
证券投资处置收益	15	(1,770)	(421)
折旧和摊销		157	157
发行债券折溢价摊销		1,925	1,620
现金股利	5	(833)	(1,644)
下述账目变化净额：			
限制性存放同业款项余额		(3)	(12)
交易性资产		(1,338)	(141)
买入返售证券		-	9,228
拆放同业		1,000	1,000
贷款		(263,084)	(235,253)
信达债券		-	(635)
其他资产		(223)	1,151
交易性负债		(110)	(224)
卖出回购证券		3,006	-
存放同业款项		(600)	(530)
客户存款		30,192	25,725
其他负债		3,787	1,696
支付的所得税款		(4,575)	(5,664)
经营活动付出的现金流量净额		(203,817)	(181,426)
投资活动产生(付出)的现金流量			
购入证券投资支付的现金		(71,804)	(35,959)
处置投资收到的现金		49,969	28,584
收到的现金股利		833	1,644
购置固定资产及其他资产支付的现金		(467)	(508)
处置固定资产及其他资产收到的现金		7	74
投资活动付出的现金流量净额		(21,462)	(6,165)
筹资活动产生(付出)的现金流量			
发行债券及借款收到的现金		457,965	561,131
偿还债券及借款支付的现金		(220,405)	(363,547)
资本投入		-	645
筹资活动产生的现金流量净额		237,560	198,229

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
2004年度现金流量表(续)

(除特别注明外，金额单位为人民币百万元)

	附注	2004	2003
现金及现金等价物净增加额		12,281	10,638
年初现金及现金等价物余额		<u>18,874</u>	<u>8,236</u>
年末现金及现金等价物余额	11	<u><u>31,155</u></u>	<u><u>18,874</u></u>
现金流量表补充资料			
收到的利息		70,715	57,757
支付的利息		<u>(37,352)</u>	<u>(30,756)</u>
不涉及现金收支的投资和筹资活动：			
债权转股权增加权益性投资		-	1,924
股权转债权减少权益性投资		(9,557)	(13,901)
利息转本金增加的长期借款		(311)	(648)
以非现金形式取得的资本投入		-	(107)
不涉及现金收支的投资和筹资活动净额		<u><u>(9,868)</u></u>	<u><u>(12,732)</u></u>

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 2004年度会计报表附注

(除特别注明外，金额单位为人民币百万元)

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。

本行的主要职能是通过向政府经济发展计划和产业政策支持的重点项目提供长期融资，以支持和促进经济发展。本行当前的主要业务为通过筹集资金，向国家基础设施、基础产业和支柱产业建设等项目发放本外币贷款；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、国际金融机构和国外商业银行借款。目前，本行主要在中国境内经营。

截止2004年12月31日，本行共有4,678名员工(2003年：4,224名)。

2 主要会计原则

在编制本会计报表时，主要采纳了以下会计原则：

A 编制基础

本会计报表按照《国际财务报告准则》编制。除对待出售投资、交易性资产及交易性负债和衍生金融工具按公允价值计量外，其他项目均按历史成本为基础计量。

编制符合公认会计原则的会计报表，要求对财务报告日影响会计报表各项资产和负债的报告金额、或有资产和或有负债的披露以及相应报告期间收入和成本的报告金额的事项作出估计和推测。重大会计估计，包括(1)贷款减值和(2)待出售投资和衍生金融工具公允价值估计的判断，易受短期内重大变化的影响。尽管管理层的估计是基于历史经验和其他因素，包括管理层对当前情况及预期的未来情况的最佳认识做出的，但是实际结果最终可能与估计存在差异。

国际会计准则委员会公布了一系列新颁布的和修订的国际会计准则，并将于2005年1月1日正式生效。本行在截止2004年12月31日止的会计年度报告中未提前采用这些新颁布的或修订的国际会计准则。本行已经开始评估这些新颁布的或修订的准则的影响，但尚没有对这些准则是否对经营成果或财务状况形成重大影响作出说明。

国家开发银行 2004年度会计报表附注

(除特别注明外, 金额单位为人民币百万元)

2 主要会计原则 (续)

B 外币折算

本行以中国的法定货币人民币为记账本位币。

外币交易以交易当日的汇率记账, 因外币业务而产生的汇兑收益和损失及因以外币为单位的货币性资产与负债折算成记账本位币而产生的汇兑收益和损失分别按照交易当日或资产负债表日的汇率计算, 计入利润表。

按公允价值计量的债权性证券和其他货币性金融资产的折算差额计入汇兑收益和损失。

C 衍生金融工具

衍生金融工具, 包括外汇远期合同、货币和利率互换合同, 初始时以成本入账(包括交易费用), 并在随后的资产负债表日以公允价值重新计量。公允价值可以根据市场报价或现金流量贴现模型计算得出。若衍生金融工具的公允价值为正, 则确认为金融资产; 若其公允价值为负, 则确认为金融负债。

某些衍生金融工具嵌入在其他金融产品中, 如允许债券发行者将债券的潜在信用风险转移至另一方的信用违约金融工具。这些嵌入式衍生金融工具, 当其风险和特征与主合约无紧密联系时, 将被单独计量。

衍生金融工具公允价值的变动计入其他收入。

虽然某些衍生金融工具交易用于在本行风险管理中提供有效的套期保值, 但由于其不满足《国际会计准则》第39号套期会计的特殊规定, 因此, 将其作为为交易而持有的衍生金融工具处理。其公允价值的变动计入其他收入。本行无任何衍生金融工具按套期会计进行核算。

衍生金融工具的公允价值在附注26披露。

D 以净额列示的金融工具

当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确认为资产和负债时, 金融资产和负债以抵销后的净额列示于资产负债表上。

国家开发银行 2004年度会计报表附注

(除特别注明外，金额单位为人民币百万元)

2 主要会计原则 (续)

E 利息收入和支出

对计息的金融工具，按照以实际购买价格为基础的实际利率法和权责发生制原则将利息收入和支出确认于利润表中。

若金融资产或资产组合发生减值，相关的利息收入按照计量减值损失的未来现金流贴现利率确认。

F 手续费收入

手续费收入在服务提供时按权责发生制确认。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。开立保函和信用证取得的收入在保函和信用证期限内按直线法确认。

G 返售和回购协议

在证券回购业务中，本行卖出的证券仍作为本行的证券投资，列示于会计报表中，相关负债在会计报表中列示为卖出回购证券。证券逆回购业务中形成的资产，记录于资产负债表中的买入返售证券项目下。证券回购、逆回购的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。

H 交易性资产

交易性资产是指以获取买卖差价为目的或其交易方式呈现明显的以获取短期收益为目的的衍生金融工具和证券。交易性证券最初按成本价值计量，随后以市场报价为基础重新计量，所有已实现和未实现损益记录于其他收入。因持有交易性资产而取得的利息计入利息收入，宣布分配的股利计入股利收入。

所有根据规定或市场惯例在一定时间交付的交易性证券的购买和出售("常规"的购买和出售)在本行承诺购买或出售的交易日进行确认，或者在结算日之前按照衍生金融工具处理，交易成本在发生时确认为其他费用。

国家开发银行 2004年度会计报表附注

(除特别注明外，金额单位为人民币百万元)

2 主要会计原则 (续)

1 贷款及贷款呆账准备

本行直接向借款人和同业提供资金的贷款和应收利息以摊余成本减去相应的呆账准备以净额列示。贷款在款项发放给借款人时确认。贷款初始费用收益和相关成本金额并不重大。

在资产负债表日，本行会根据客观的证据对贷款是否减值进行评估。上述客观证据包括借款人的重大财务困难，合同的违反，如拖欠或失约，以及给予借款人一定的偿债让步。对此，当贷款本金或利息逾期超过90天后，贷款被认为发生了减值。然而，如果有客观证据表明逾期90天内的贷款发生了减值，则判断该贷款存在减值。如果存在客观证据证明以摊余成本计量的贷款发生了减值，则对每笔减值贷款计提贷款呆账准备。该准备的金额为贷款的账面价值与可收回金额的差额。可收回金额是指对预期现金流量，包括可能从担保人和抵押物处收回的金额，按照减值贷款最初的实际利率贴现的现值。

发生减值时，不再按照原贷款条款计提利息收入，而对贷款的可收回金额按照将未来现金流贴现来测算可收回金额时所使用的利率计提利息收入。

经过财政部批准后，被确认无法收回的贷款从贷款呆账准备中予以核销。

如果对贷款提取减值准备后又出现导致减值金额减少的情况，则贷记利润表中的贷款呆账准备。

贷款呆账准备包括已经确认发生减值的单笔贷款，同时还包括用以覆盖于资产负债表日基于历史损失和资产质量变化分析的尚未识别但有证据表明信贷组合中存在的可能损失的准备。

国家开发银行 2004年度会计报表附注

(除特别注明外，金额单位为人民币百万元)

2 主要会计原则 (续)

J 投资

本行将证券投资分为两类：持有到期和待出售。持有到期证券是指具有固定到期日，管理层有意愿且有能力持有至到期日的证券；待出售证券是指没有确定的持有期限，管理层可能会根据流动性需要或因利率、汇率及价格的变化而出售的证券。管理层在购入证券投资时即确定其分类。

证券投资按成本及取得投资直接相关的交易成本进行初始计量。待出售证券随后根据市场报价或现金流量模型计算金额进行计量。包括债转股交易取得的投资在内，非上市的权益性证券的公允价值根据现金流量模型计算得出，并且在适用的情况下，依据最近的交易价格、对投资的评估或反映发行者实际情况的市盈率或现金流量价格比来估计。现金流量模型运用中的假设包括对经营性现金流量和担保品价值的估计。待出售证券因公允价值变动而产生的收益及损失在发生时扣除所得税影响后的余额，作为待出售证券未实现损益记入所有者权益。对于无法合理确定公允价值的权益性投资，按照取得成本扣除减值准备后的净额列示。当待出售证券被处置或发生减值时，其公允价值的累积影响作为证券投资的损益计入当期利润表。

持有到期证券按实际利率法以包括应收利息金额的摊余成本扣除计提的减值准备后的净额列示。

一项证券投资如果帐面价值高于预计可回收的金额则发生了减值。在资产负债表日，本行会根据客观的证据对证券投资是否减值进行评估。上述客观证据包括发行者的重大财务困难，合同的违反，如拖欠或失约，由于财务困难而导致活跃市场的消失以及对于权益性证券其公允价值明显地或是持续地下跌，直至低于其成本。如果存在客观的证据证明以摊余成本计量的持有到期投资发生了减值，则损失的金额按照资产的帐面值和以金融资产最初的实际利率测算的未来现金流贴现现值间的差额计算。如果存在客观证据证明待出售证券发生减值，已确认的直接计入所有者权益的累计损失应该从权益中转出并计入利润表。

持有证券投资时所取得的利息计入利息收入，股利于宣告时计入股利收入。

以常规方式购买或出售的证券投资在交易日予以确认。交易日是指本行承诺购买或出售资产的日期。其他的投资证券的购买和出售在结算日前确认为衍生金融工具中的远期交易。

国家开发银行 2004年度会计报表附注

(除特别注明外，金额单位为人民币百万元)

2 主要会计原则 (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。

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
运输设备	6 年

对在建工程不计提折旧。

本行定期检查固定资产是否已发生减值。当固定资产的账面价值超过估计的可回收金额时，将账面价值调整至可回收金额。处置固定资产所产生的收益或损失计入当期利润表。对固定资产进行定期维护及修理所发生的支出于发生时计入当期利润表。

L 经营性租赁

本行经营性租赁包括总行和分行租入的经营场所和设备，所支付的款项在租赁期限内以直线法分摊计入营业费用。

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均为经营租赁。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、存放中央银行款项及存放同业款项。

国家开发银行 2004年度会计报表附注

(除特别注明外，金额单位为人民币百万元)

2 主要会计原则 (续)

N 准备金

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，将在利润表中计提准备金。

O 养老保险计划

本行参加多项由各地区地方政府制定和管理的养老保险计划。本行除为养老保险计划支付相应费用外，不对退休员工承担其他义务。保险金一般由员工与本行共同承担。

本行所承担保险金费用计入当期利润表。

P 递延所得税

递延所得税是以纳税基础计算的资产及负债与其账面价值之间的时间性差异依当前法定税率33%以债务法计算得出的。

时间性差异主要由于贷款呆账、投资减值、不良应收款准备及待出售投资和衍生金融工具的价值重估而产生的。当可以表明在未来有足够应纳税所得以抵销上述时间性差异时，递延税资产方予确认。待出售投资价值重估而引起的递延税项直接借记或贷记股东权益项目，待相关投资售出时，连同相应递延收益或损失计入当期利润表。

依据当地适用税法计算的应纳税额，于利润实现的当期记入所得税费用。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。

Q 借入资金

借入资金按其初始成本，即以实际收到的款项(收到对价的公允价值)减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净额和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，摊销金额计入当期利润表。

国家开发银行 2004年度会计报表附注

(除特别注明外，金额单位为人民币百万元)

2 主要会计原则 (续)

R 实收资本

财政部已全额注入本行必要的资本金。

S 托管业务

本会计报表不包含本行作为受托人、托管人、代理人等仅承担受托保管的义务而承诺要归还客户的托管资产及其产生的收入。

T 或有负债及或有事项

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的加以计量时，该义务不被确认为负债。

或有负债仅在会计报表附注中加以披露，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对该事项计提准备。

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

本行由于经营活动的需要大量运用了金融工具。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高于平均水平的利差。由于本行主要在中国人民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。

国家开发银行 2004年度会计报表附注

(除特别注明外，金额单位为人民币百万元)

3 金融风险管理 (续)

A 使用金融工具的策略 (续)

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。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。

为了向本行的外币及利率敞口提供套期保值，本行还购买货币及利率的互换合同，以对本行可能面临的风险敞口进行有效的控制。

本行不进行自营衍生金融工具交易。有关本行衍生金融工具的风险管理策略请参见附注 2C。

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。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。本行的信贷业务集中于中国境内，主要客户集中在七个行业。但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。

本行已建立相关机制，制定以单个借款人、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为确保客户能够获得所需的资金。开出保函及信用证作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其支付，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。

国家开发银行
2004年度会计报表附注

(除特别注明外，金额单位为人民币百万元)

3 金融风险管理 (续)

B 信用风险 (续)

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。本行存在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条款进行监控。

贷款按客户所在地区分类列示如下：

	2004		2003	
	余额	%	余额	%
贷款				
中国东部地区 *	753,150	53	607,669	53
中国中部地区 **	332,043	24	284,295	25
中国西部地区 ***	322,961	23	246,135	22
拆放同业	1,325	-	1,839	-
应收利息	3,335	-	2,313	-
	<u>1,412,814</u>	<u>100</u>	<u>1,142,251</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。

国家开发银行
2004年度会计报表附注

(除特别注明外，金额单位为人民币百万元)

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：

	2004		2003	
	余额	%	余额	%
贷款				
电力、热力	371,962	26	340,745	30
道路运输业	313,824	22	235,192	21
水利、环境和公共设施管理业	312,552	22	182,506	16
铁路运输业	91,907	7	118,302	10
石油、石化和化工	80,616	6	40,019	4
电信和其他信息传输服务业	50,944	4	42,724	4
城市公共交通业	49,339	3	68,892	6
其他	137,010	10	109,719	9
拆放同业	1,325	-	1,839	-
应收利息	3,335	-	2,313	-
	<u>1,412,814</u>	<u>100</u>	<u>1,142,251</u>	<u>100</u>

国家开发银行 2004年度会计报表附注

(除特别注明外，金额单位为人民币百万元)

3 金融风险管理 (续)

B 信用风险 (续)

贷款按用途分类列示如下：

	2004		2003	
	余额	%	余额	%
贷款				
基本建设贷款	1,338,841	95	1,089,153	95
流动资金贷款	51,721	4	31,360	3
技术改造贷款	17,592	1	17,586	2
拆放同业	1,325	-	1,839	-
应收利息	3,335	-	2,313	-
	<u>1,412,814</u>	<u>100</u>	<u>1,142,251</u>	<u>100</u>

C 市场风险

本行面临市场风险。市场风险是由于市场的一般或特定变化对利率、货币和衍生金融工具交易敞口头寸造成影响而产生。本行没有大量参与衍生金融工具交易，由此产生的市场风险并不重大。本行认为在中国的利率制度环境以及当前中国政府保持人民币与美元汇率相对稳定的政策指导下，本行面临的市场风险较小。对这种政策环境，并无在未来继续保持的保证。如果该环境发生变化，本行面临的市场风险将增加。

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、港币和其他小额外币业务。通过购买外币互换合同，本行将货币风险主要集中在美元。本行使用的人民币与美元之间的汇率由中国人民银行规定，在近年仅有极小的波动（2003年至2004年的变动范围为美元1：人民币8.2765到美元1：人民币8.2776）。此种情况能否继续延持并无保证。如果这种情况不再继续，本行面临的货币风险将会加大。汇率的变动，主要使本行的财务状况和现金流量受到影响。管理层对货币敞口设定限额并进行日常监控。

国家开发银行
2004年度会计报表附注

(除特别注明外，金额单位为人民币百万元)

3 金融风险管理 (续)

D 货币风险 (续)

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

	人民币	美元	其他币种	合计
截止 2004 年 12 月 31 日				
资产：				
现金及存放同业款项	29,638	173	215	30,026
贷款，净额	1,308,501	60,769	19,916	1,389,186
信达债券，净额	103,154	-	-	103,154
投资	38,861	5,210	-	44,071
其他资产	7,431	171	443	8,045
资产合计	1,487,585	66,323	20,574	1,574,482
负债：				
客户及同业存放款项	95,915	741	23	96,679
卖出回购证券	3,006	-	-	3,006
向其他银行和政府借款	32,170	31,670	19,772	83,612
发行债券及次级债券	1,252,625	16,076	6,130	1,274,831
其他负债	8,469	412	-	8,881
负债合计	1,392,185	48,899	25,925	1,467,009
表内项目头寸净额	95,400	17,424	(5,351)	107,473
货币远期及互换	-	(5,846)	6,250	404

国家开发银行
2004年度会计报表附注

(除特别注明外，金额单位为人民币百万元)

3 金融风险管理 (续)

D 货币风险 (续)

	人民币	美元	其他币种	合计
截止 2003 年 12 月 31 日				
资产：				
现金及存放同业款项	18,204	5	19	18,228
贷款，净值	1,051,480	51,522	17,883	1,120,885
信达债券，净值	103,016	-	-	103,016
投资	27,531	2,359	-	29,890
其他资产	6,533	108	507	7,148
资产合计	1,206,764	53,994	18,409	1,279,167
负债：				
客户及同业存放款项	65,822	1,248	17	67,087
向其他银行和政府借款	1,019	32,256	17,771	51,046
发行债券及次级债券	1,050,905	11,167	2,334	1,064,406
其他负债	6,704	5	490	7,199
负债合计	1,124,450	44,676	20,612	1,189,738
表内项目头寸净额	82,314	9,318	(2,203)	89,429
货币远期及互换	-	(2,414)	2,342	(72)

国家开发银行 2004年度会计报表附注

(除特别注明外，金额单位为人民币百万元)

3 金融风险管理 (续)

E 利率风险

本行的利率风险主要为其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，甚至可能因无法预计的变动而产生亏损。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有限。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規定，贷款利率最低可以按基准利率下调 10%。

F 流动性风险

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。根据历史经验，相当一部分到期的存款并不会在到期日提走，而是续留本行，但同时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。

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。

国家开发银行
2004 年度会计报表附注

(除特别注明外, 金额单位为人民币百万元)

3 金融风险(续)

F 流动性风险(续)

	1-3 个月	3-12 个月	1-5 年	5-10 年	10-15 年	15 年以上	合计
截止 2004 年 12 月 31 日							
资产:							
现金及存放同业款项	30,026	-	-	-	-	-	30,026
贷款, 净值	18,201	117,639	449,824	431,615	289,628	82,279	1,389,186
信达债券, 净值	3,154	-	100,000	-	-	-	103,154
投资	27,201	8,118	2,869	3,396	2,487	-	44,071
其他资产	215	579	3,947	676	162	2,466	8,045
资产合计	78,797	126,336	556,640	435,687	292,277	84,745	1,574,482
负债:							
客户及同业存放款项	91,871	782	4,026	-	-	-	96,679
卖出回购证券	3,006	-	-	-	-	-	3,006
向其他银行和政府借款	6,636	2,118	53,071	14,839	6,281	667	83,612
发行债券及次级债券	9,903	121,980	512,654	554,601	19,965	55,728	1,274,831
其他负债	7,800	10	780	190	10	1	8,881
负债合计	119,216	124,980	570,531	569,630	26,256	56,396	1,467,009
流动性净头寸	(40,419)	1,356	(13,891)	(133,943)	266,021	28,349	107,473

国家开发银行
2004 年度会计报表附注

(除特别注明外, 金额单位为人民币百万元)

3 金融风险(续)

F 流动性风险(续)

	1-3 个月	3-12 个月	1-5 年	5-10 年	10-15 年	15 年以上	合计
截止 2003 年 12 月 31 日							
资产:							
现金及存放同业款项	18,228	-	-	-	-	-	18,228
贷款, 净值	14,581	80,543	420,854	337,377	202,477	65,053	1,120,885
信达债券, 净值	3,016	-	-	100,000	-	-	103,016
投资	26,761	212	1,149	1,768	-	-	29,890
其他资产	356	383	4,028	254	7	2,120	7,148
资产合计	62,942	81,138	426,031	439,399	202,484	67,173	1,279,167
负债:							
客户及同业存放款项	63,879	1,208	2,000	-	-	-	67,087
向其他银行和政府借款	3,423	2,299	21,231	15,139	8,315	639	51,046
发行债券及次级债券	37,124	95,162	345,889	530,473	-	55,758	1,064,406
其他负债	6,212	181	758	34	13	1	7,199
负债合计	110,638	98,850	369,878	545,646	8,328	56,398	1,189,738
流动性净头寸	(47,696)	(17,712)	56,153	(106,247)	194,156	10,775	89,429

国家开发银行 2004年度会计报表附注

(除特别注明外，金额单位为人民币百万元)

3 金融风险管理 (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，银行很少能保持资产和负债项目的完全匹配。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。

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，许多信贷承诺可能因过期或中止而无需实际履行，因此信贷承诺的合同金额并不代表未来所必需的资金需求。

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作出的。各类金融工具的公允价值估计基于下列可行的方法和假设：

(1) 现金及存放央行款项、存放同业款项、同业存放款项、客户活期存款、卖出回购证券、应收利息、应付利息、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。

(2) 投资

证券投资的公允价值以市场报价为基础。如果无法获得相关的市场信息，则使用现金流量模型，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。

(3) 客户贷款

由于可变利率客户贷款的利率随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，贴现率为与该贷款的剩余期限近似的现行贷款利率。

国家开发银行
2004年度会计报表附注

(除特别注明外，金额单位为人民币百万元)

3 金融风险管理 (续)

G 金融资产和金融负债的公允价值 (续)

(4) 客户存款

有固定期限的定期存款的公允价值以现金流量贴现法确定，贴现率为与该定期存款的剩余期限近似的现行定期存款利率。

(5) 向其他机构借款、发行债券、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，贴现率为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。

于2004年及2003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	
	2004	2003	2004	2003
金融性资产				
持有到期投资	1,766	1,738	1,778	1,739
贷款，净额	1,389,186	1,120,885	1,398,081	1,129,928
金融性负债				
客户存款	95,935	65,743	95,908	66,558
向其他银行和政府借款	83,612	51,046	88,747	56,713
发行债券及次级债券	1,274,831	1,064,406	1,276,734	1,069,394

国家开发银行
2004年度会计报表附注

(除特别注明外，金额单位为人民币百万元)

4 利息收入净额

	2004	2003
利息收入		
存放央行款项	291	202
贷款	68,780	56,565
信达债券	2,250	2,250
证券投资	622	76
其他	51	74
	<u>71,994</u>	<u>59,167</u>
利息支出		
客户及同业存放款项	613	387
向其他银行和政府借款	3,739	2,918
发行债券及次级债券	36,600	31,438
其他	1	4
	<u>40,953</u>	<u>34,747</u>
利息收入净额	<u>31,041</u>	<u>24,420</u>

5 股利收入

	2004	2003
待出售证券投资	<u>833</u>	<u>1,644</u>

国家开发银行
2004年度会计报表附注

(除特别注明外，金额单位为人民币百万元)

6 其它(支出)收入

	2004	2003
衍生金融工具交易：		
- 未实现收益	475	507
- 未实现损失	(338)	(448)
	<u>137</u>	<u>59</u>
- 已实现收益	151	167
- 已实现损失	(14)	(33)
	<u>137</u>	<u>134</u>
汇兑损益及其他	(478)	10
	<u>(204)</u>	<u>203</u>

7 营业支出

	2004	2003
人工费用	538	398
行政管理费	279	237
房屋租赁费	90	88
折旧和摊销费用	157	157
差旅费	73	58
营业税金及附加	3,528	2,938
其他	413	390
	<u>5,078</u>	<u>4,266</u>

国家开发银行
2004年度会计报表附注

(除特别注明外，金额单位为人民币百万元)

8 所得税

	2004	2003
当年所得税	6,082	4,233
递延所得税 (附注 17)	1,806	1,022
	<u>7,888</u>	<u>5,255</u>

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：

	2004	2003
税前利润	25,297	18,467
按照 33% 的法定税率计算所得税	8,348	6,094
免税收入		
- 投资收益	(283)	(201)
- 信达债券利息收入	(743)	(743)
不可抵扣的房改损失	413	-
不可抵扣的工资及其他费用	141	105
其他	12	-
	<u>7,888</u>	<u>5,255</u>

9 现金及存放央行款项

	2004	2003
现金及存放央行款项，包括于现金及 现金等价物中 (附注 11)	<u>28,576</u>	<u>16,143</u>

所有存放央行款项为备付金，可用于本行日常经营。

国家开发银行
2004年度会计报表附注

(除特别注明外，金额单位为人民币百万元)

10 存放同业款项

	2004	2003
存放同业款项，包括于现金及 现金等价物中(附注 11)	1,254	1,892
限定用途存款	196	193
	<u>1,450</u>	<u>2,085</u>

11 现金及现金等价物

现金流量表中现金及现金等价物包括：

	2004	2003
现金及存放央行款项	28,576	16,143
存放同业款项	1,254	1,892
拆放同业	1,325	839
	<u>31,155</u>	<u>18,874</u>

12 交易性资产及交易性负债

	2004	2003
交易性资产：		
国债—非上市，公允价值	1,684	314
衍生金融工具，公允价值		
— 货币远期	100	379
— 利率互换	32	-
— 货币互换	343	128
	<u>2,159</u>	<u>821</u>

国家开发银行
2004年度会计报表附注

(除特别注明外，金额单位为人民币百万元)

12 交易性资产及交易性负债 (续)

	2004	2003
交易性负债：		
衍生金融工具，公允价值		
－ 货币远期	100	379
－ 利率互换	238	69
	<u>338</u>	<u>448</u>

13 贷款和贷款呆账准备

贷款构成列示如下：

	2004	2003
贷款	1,408,154	1,138,099
拆放同业（附注 11）	1,325	1,839
应收利息	3,335	2,313
	1,412,814	1,142,251
减：贷款呆账准备	(23,628)	(21,366)
	<u>1,389,186</u>	<u>1,120,885</u>

国家开发银行
2004年度会计报表附注

(除特别注明外，金额单位为人民币百万元)

13 贷款和贷款呆账准备(续)

贷款呆帐准备包括以下两个组成部分：

	2004	2003
未识别损失准备	16,531	13,833
专项准备	7,097	7,533
	<u>23,628</u>	<u>21,366</u>

贷款呆账准备变动情况

	2004	2003
年初余额	21,366	21,726
本年提取	3,826	2,164
本年核销	(1,832)	(2,583)
本年收回	268	59
年末余额	<u>23,628</u>	<u>21,366</u>

14 信达债券，净额

	2004	2003
本金	100,000	100,000
应收利息，扣除人民币 527 百万元		
(2003：人民币 665 百万元)准备后净额	<u>3,154</u>	<u>3,016</u>
	<u>103,154</u>	<u>103,016</u>

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。

国家开发银行 2004年度会计报表附注

(除特别注明外，金额单位为人民币百万元)

14 信达债券，净额 (续)

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。

信达债券应收利息中逾期的应收利息为人民币3,118百万元(2003年：人民币3,118百万元)，扣减按照信达债券初始实际收益率对未来预计应收利息现金流量进行折现而产生的公允价值变动人民币527百万元(2003：人民币665百万元)后为人民币2,591百万元(2003年：人民币2,453百万元)。未逾期的应收利息为人民币563百万元(2003年：人民币563百万元)。

15 投资

	2004	2003
待出售投资：		
债券投资** - 非上市，公允价值	34,180	7,395
权益性投资* - 非上市，公允价值	8,125	20,757
	<u>42,305</u>	<u>28,152</u>
持有到期投资：		
债券投资** - 非上市，摊余成本	1,766	1,738
	<u>44,071</u>	<u>29,890</u>

* 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，没有任何的收益或损失。

国家开发银行 2004年度会计报表附注

(除特别注明外，金额单位为人民币百万元)

15 投资(续)

本年未发生贷款转为股权投资(2003年：人民币1,924百万元)。

2004年出售权益投资取得的收入为人民币15,672百万元(2003年：人民币716百万元)，产生收益人民币1,759百万元(2003年：人民币380百万元)。

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，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。

**债券投资中包括结构性债券人民币1,531百万元(2003年：人民币1,175百万元)。该结构性债券为其他金融机构发行的嵌入了衍生金融工具的债权工具。这些嵌入式衍生金融工具主要包括信用违约、提前兑付和利率期权等，这些嵌入式衍生工具的会计处理见附注26。

国家开发银行 2004年度会计报表附注

(除特别注明外，金额单位为人民币百万元)

15 投资 (续)

投资变动如下所示：

	待出售投资	持有到期投资	合计
2003年1月1日余额	34,452	497	34,949
本年增加	36,613	1,241	37,854
本年处置(卖出、赎回及到期)	(42,092)	-	(42,092)
出售收益	421	-	421
投资减值	(1,242)	-	(1,242)
2003年12月31日余额	<u>28,152</u>	<u>1,738</u>	<u>29,890</u>
2004年1月1日余额	28,152	1,738	29,890
本年增加	71,350	416	71,766
本年处置(卖出、赎回及到期)	(60,248)	(388)	(60,636)
出售收益	1,770	-	1,770
投资减值转回	333	-	333
未实现收益	948	-	948
2004年12月31日余额	<u>42,305</u>	<u>1,766</u>	<u>44,071</u>

本年除赎回或到期外，本行未处置任何持有到期投资。

国家开发银行
2004年度会计报表附注

(除特别注明外，金额单位为人民币百万元)

16 固定资产，净额

	2004	2003
固定资产，原值	3,144	2,623
累计折旧	<u>(528)</u>	<u>(386)</u>
净值	2,616	2,237
在建工程	<u>80</u>	<u>175</u>
	<u>2,696</u>	<u>2,412</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
成本					
2004年1月1日余额	2,074	303	21	225	2,623
加：本年增加	453	46	1	36	536
减：本年处置	<u>(5)</u>	<u>(2)</u>	<u>-</u>	<u>(8)</u>	<u>(15)</u>
2004年12月31日余额	<u>2,522</u>	<u>347</u>	<u>22</u>	<u>253</u>	<u>3,144</u>
累计折旧					
2004年1月1日余额	129	160	10	87	386
加：本年计提	74	46	3	27	150
减：本年处置	<u>(1)</u>	<u>(2)</u>	<u>-</u>	<u>(5)</u>	<u>(8)</u>
2004年12月31日余额	<u>202</u>	<u>204</u>	<u>13</u>	<u>109</u>	<u>528</u>
净值					
2004年12月31日余额	<u>2,320</u>	<u>143</u>	<u>9</u>	<u>144</u>	<u>2,616</u>
2003年12月31日余额	<u>1,945</u>	<u>143</u>	<u>11</u>	<u>138</u>	<u>2,237</u>

国家开发银行
2004年度会计报表附注

(除特别注明外，金额单位为人民币百万元)

17 递延税资产

递延税项变动情况如下：

	2004	2003
年初余额	3,608	4,566
计入本年损益 (附注 8)	(1,806)	(1,022)
待出售投资未实现收益	(313)	-
其他 (附注 24)	-	64
年末余额	1,489	3,608

递延税资产(负债)由以下项目构成：

	2004	2003
贷款呆账准备	2,749	2,840
股权投资减值	419	1,236
信达债券应收利息准备	174	220
出售职工住房损失	-	413
其他坏账准备	42	54
衍生金融工具未实现收益	(45)	(19)
发行债券手续费资本化时间性差异	(666)	(603)
利息收支的时间性差异	(931)	(553)
待出售投资未实现收益	(313)	-
其他	60	20
	1,489	3,608

国家开发银行
2004年度会计报表附注

(除特别注明外，金额单位为人民币百万元)

17 递延税资产 (续)

计入利润表及权益项目的递延税资产由以下时间性差异形成：

	2004	2003
贷款呆账准备	91	903
股权投资减值	817	94
信达债券应收利息准备	46	(220)
出售职工住房损失	413	2
其他坏账准备	12	2
衍生金融工具未实现收益	26	17
发行债券手续费资本化时间性差异	63	81
利息收支的时间性差异	378	62
待出售投资未实现收益	313	-
其他	(40)	81
	<u>2,119</u>	<u>1,022</u>

18 其他资产

	2004	2003
应收债转股处置款项	1,150	-
其他	551	307
	<u>1,701</u>	<u>307</u>

19 客户存款

	2004	2003
活期存款	90,798	62,205
定期存款	4,993	2,796
保证金存款	144	742
	<u>95,935</u>	<u>65,743</u>

国家开发银行
2004年度会计报表附注

(除特别注明外，金额单位为人民币百万元)

20 向其他银行和政府借款

	2004	2003
境外银行借款 - 买方信贷	39,539	40,442
境内银行借款	36,776	5,304
其他境外商业银行借款	5,115	3,512
外国政府借款	2,182	1,788
	<u>83,612</u>	<u>51,046</u>

21 发行债券

	平均年利率 (%)	2004	2003
国内市场发行人民币金融债券	3.24(2003: 3.31)	1,232,619	1,050,905
国内市场发行外币金融债券	3.65(2003: 3.65)	4,176	4,179
国际市场发行外币金融债券	5.40(2003: 6.92)	18,030	9,322
		<u>1,254,825</u>	<u>1,064,406</u>

部分金融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。所有外币债券均不附有提前赎回条款。

部分金融债券附有持有人在特定日期可选择将债券转换成约定的本行发行的其他债券的条款。

一支金融债券附有持有人延期兑付选择权。

国家开发银行
2004年度会计报表附注

(除特别注明外，金额单位为人民币百万元)

22 次级债券

	平均年利率 (%)	2004	2003
境内发行人民币债券	5.42 (2003: 无)	20,006	-

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。

23 其他负债

	2004	2003
应交所得税	5,651	4,143
其他应付款	1,183	1,075
其他	1,709	1,533
	<u>8,543</u>	<u>6,751</u>

24 实收资本

	2004	2003
年初余额	50,000	49,050
资本投入 *	-	752
资本公积及相关递延税项转增资本 **	-	198
年末余额	<u>50,000</u>	<u>50,000</u>

* 本行的注册资本为人民币 500 亿元，全部由财政部核拨。截止 2003 年 12 月 31 日，本行的实收资本已达到注册资本。

** 根据财政部的批复，本行于 2003 年将人民币 134 百万元的资本公积及人民币 64 百万元的相应递延税项(附注 17)共计人民币 198 百万元转增资本。

国家开发银行 2004年度会计报表附注

(除特别注明外，金额单位为人民币百万元)

25 盈余公积金和公益金

在所有者权益里，本行提取了任意盈余公积金、法定盈余公积金及法定公益金。提取这些盈余公积金是为了隔离和限制可供分配的留存收益的使用。从留存收益转入盈余公积金及各项公积金和公益金之间的转移须经过财政部的批准。

根据财政部于2004年度作出的批示，本行按照人民币540百万(2003年：3,512百万)，即2003年度法定会计报表中的税后利润10%(2003年：25%)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，而法定公益金反映的是未来可用于职工集体福利的资本性支出的金额。

经财政部批准，本行于2003年将653百万的法定公益金转入任意盈余公积金。该转换仅是所有者权益项目的重新分割，不影响损益。

由于2004年度的利润分配计划尚待财政部批准，因此本行尚未提取2004年度盈余公积金和公益金。

26 衍生金融工具

本行运用下述衍生金融工具：

货币远期交易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。

货币及利率互换是将一组现金流交换为另一组现金流的承诺。互换的结果导致货币或利率的实际交换(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。

截止2004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、利率互换合同共计为49笔。这些合同将在2018年11月以前的不同日期到期。

国家开发银行
2004年度会计报表附注

(除特别注明外，金额单位为人民币百万元)

26 衍生金融工具 (续)

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有的公允价值，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。在手持一定名义金额的衍生金融工具下，衍生金融工具金融资产与金融负债的总额随时会有大幅波动。本行持有的衍生工具的公允价值列示如下：

	合同 / 名义 金额	资产	公允价值 负债
2004年12月31日			
货币远期	1,766	100	100
货币互换	5,846	343	-
利率互换	19,025	32	238
延期选择期权	20,000	-	-
信用违约期权	538	-	-
衍生金融工具资产 / 负债合计		<u>475</u>	<u>338</u>
2003年12月31日			
货币远期	4,281	379	379
货币互换	2,594	128	-
利率互换	7,396	-	69
信用违约期权	621	-	-
衍生金融工具资产 / 负债合计		<u>507</u>	<u>448</u>

国家开发银行 2004年度会计报表附注

(除特别注明外，金额单位为人民币百万元)

26 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。这些工具包括外汇交易和利率的衍生金融工具。它们能使本行和客户转移、调整或降低外汇交易风险和利率风险。

在持有到期证券中包括人民币993百万元(2003年：人民币554百万元)的含有提前兑付期权和利率期权的嵌入式衍生金融工具的结构性债券(附注15)。这些嵌入式衍生金融工具与主合同在经济特征上有密切联系，因此在会计处理中未将其从主合同中分离出来。

在待出售证券中包括人民币538百万元(2003年：人民币621百万元)的含有信用违约期权的嵌入式衍生金融工具的结构性债券(附注15)。这些嵌入式衍生金融工具与主合同在经济特征上没有密切联系，因此在会计处理中将其从主合同中分离出来，在交易性资产、负债中核算其公允价值。

在发行债券及次级债券中包括人民币250,000百万元(2003年：人民币180,000百万元)的含有提前赎回权和可调换权的嵌入式衍生金融工具的债券(附注21和22)。这些嵌入式衍生金融工具与主合同在经济特征上有密切联系，因此在会计处理中未将其从主合同中分离出来。在发行债券中还包括人民币20,000百万元(2003年：无)(附注21)的含有延期选择权的嵌入式衍生金融工具的结构性债券，这一嵌入式衍生工具与主合同在经济特征上没有密切联系，因此在会计处理中将其从主合同中分离出来，在交易性资产、负债中核算其公允价值。

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方、行业及国家的分类，限制了不同类别合同的名义金额，并时常监控由这些合同产生的实际信用风险及信贷限额。

27 退休保障义务

本行参加由各地区地方政府设立的确定的缴费退休福利计划。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所适用计提标准的19%到29%按月交纳养老金。除按上述计划规定需按月支付的养老金外，本行目前没有其他重大的退休与养老福利成本。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2004年为人民币40百万元(2003：人民币31百万元)。

国家开发银行
2004年度会计报表附注

(除特别注明外，金额单位为人民币百万元)

28 或有事项及承诺

	2004	2003
信用承诺包括：		
企业债券担保	14,500	10,500
担保	35,826	993
开出信用证	2,041	6,369
贷款承诺	<u>766,094</u>	<u>758,219</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	54	
一年至五年到期	<u>56</u>	
	<u>110</u>	

Report of the Independent Accountants

To the Management of China Development Bank

We have audited the accompanying balance sheet of China Development Bank (the "Bank") as of 31 December 2004 and the related statements of income, cash flows and changes in owner's equity for the year then ended. These financial statements are the responsibility of the Bank's management. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of 31 December 2004 and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers
Beijing, People's Republic of China

18 February 2005

CHINA DEVELOPMENT BANK
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2004

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

	Notes	2004	2003
Interest income	4	71,994	59,167
Interest expense	4	<u>(40,953)</u>	<u>(34,747)</u>
Net interest income	4	31,041	24,420
Fee and commission income		305	123
Fee and commission expense		<u>(15)</u>	<u>(7)</u>
Net fee and commission income		290	116
Dividend income	5	833	1,644
Gains (Losses) on investment securities, net	15	2,103	(821)
Operating expenses	7	(5,078)	(4,266)
Provision for credit losses	13,14	(3,688)	(2,829)
Other (expenses) income, net	6	<u>(204)</u>	<u>203</u>
Profit before tax		25,297	18,467
Income tax expense	8	<u>(7,888)</u>	<u>(5,255)</u>
Net profit		<u>17,409</u>	<u>13,212</u>

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 2004

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

	Note	2004	2003
ASSETS			
Cash and balance with the PBOC	9	28,576	16,143
Due from other banks	10	1,450	2,085
Trading assets	12	2,159	821
Loans, net	13	1,389,186	1,120,885
Cinda bonds, net	14	103,154	103,016
Investment securities			
- Available-for-sale	15	42,305	28,152
- Held-to-maturity	15	1,766	1,738
Fixed assets, net	16	2,696	2,412
Deferred tax assets	17	1,489	3,608
Other assets	18	1,701	307
TOTAL ASSETS		<u>1,574,482</u>	<u>1,279,167</u>

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

Governor: Chen Yuan

Head of Finance: Shu Jiawei

CHINA DEVELOPMENT BANK
BALANCE SHEET (CONT'D)
AS OF 31 DECEMBER 2004

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

	Note	2004	2003
LIABILITIES AND OWNER'S EQUITY			
Liabilities			
Deposits from other banks		744	1,344
Due to customers	19	95,935	65,743
Securities sold under repurchase agreements		3,006	-
Borrowings from other banks and governments	20	83,612	51,046
Trading liabilities	12	338	448
Debt securities in issue	21	1,254,825	1,064,406
Subordinated debts	22	20,006	-
Other liabilities	23	8,543	6,751
Total liabilities		<u>1,467,009</u>	<u>1,189,738</u>
Owner's equity			
Paid-in capital	24	50,000	50,000
Reserves	25	6,336	5,161
Retained earnings		51,137	34,268
Total owner's equity		<u>107,473</u>	<u>89,429</u>
TOTAL LIABILITIES AND OWNER'S EQUITY			
EQUITY		<u>1,574,482</u>	<u>1,279,167</u>

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 18 February 2005.

Governor: Chen Yuan

Head of Finance: Shu Jiawei

CHINA DEVELOPMENT BANK
STATEMENT OF CHANGES IN OWNER'S EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2004

(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	Revaluation reserve for available-for-sale investment securities	Reserves	Retained earnings	Total
Balance at 1 January 2003		49,050	134	946	703	-	-	1,649	24,568	75,401
Arising during the year										
Net profit		-	-	-	-	-	-	-	13,212	13,212
Capital contribution	24	752	-	-	-	-	-	-	752	752
Transfer of capital surplus and associated deferred tax to paid-in capital	24	198	(134)	-	-	-	-	-	64	64
Appropriation to statutory surplus reserve	25	-	-	1,756	-	-	-	1,756	(1,756)	-
Appropriation to statutory welfare reserve	25	-	-	-	1,756	-	-	1,756	(1,756)	-
Transfer of statutory welfare reserve to general surplus reserve	25	-	-	-	(653)	653	-	-	-	-
Balance at 31 December 2003/ 1 January 2004		50,000	-	2,702	1,806	653	-	5,161	34,268	89,429
Arising during the year										
Net profit		-	-	-	-	-	-	-	17,409	17,409
Appropriation to statutory surplus reserve	25	-	-	270	-	-	-	270	(270)	-
Appropriation to statutory welfare reserve	25	-	-	-	270	-	-	270	(270)	-
Net change in fair value of available-for-sale investment securities, net of tax		-	-	-	-	-	635	635	-	635
Balance at 31 December 2004		50,000	-	2,972	2,076	653	635	6,336	51,137	107,473

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 2004

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

	Notes	2004	2003
Cash flows from (used in) operating activities			
Profit before tax		25,297	18,467
Adjustments:			
Provision for credit losses	13,14	3,688	2,829
Write-back of provision for doubtful receivables		-	(17)
(Write-back of) Impairment provision for investments		(333)	1,242
Gain on disposal of investment securities	15	(1,770)	(421)
Depreciation and amortisation		157	157
Amortisation of premium/ discount of debt securities in issue		1,925	1,620
Cash dividends	5	(833)	(1,644)
Net changes in:			
Restricted balance with other banks		(3)	(12)
Trading assets		(1,338)	(141)
Securities purchased under resale agreements		-	9,228
Loans to banks		1,000	1,000
Loans to customers		(263,084)	(235,253)
Cinda bonds		-	(635)
Other assets		(223)	1,151
Trading liabilities		(110)	(224)
Securities sold under repurchase agreements		3,006	-
Deposits from other banks		(600)	(530)
Due to customers		30,192	25,725
Other liabilities		3,787	1,696
Income tax paid		(4,575)	(5,664)
Net cash used in operating activities		<u>(203,817)</u>	<u>(181,426)</u>
Cash flows from (used in) investing activities			
Purchases of investment securities		(71,804)	(35,959)
Proceeds from disposal of investment securities		49,969	28,584
Cash dividends received		833	1,644
Purchases of fixed assets and other assets		(467)	(508)
Disposal of fixed assets and other assets		7	74
Net cash used in investing activities		<u>(21,462)</u>	<u>(6,165)</u>
Cash flows from (used in) financing activities			
Proceeds from borrowed funds and debt securities		457,965	561,131
Repayments of borrowed funds and debt securities		(220,405)	(363,547)
Proceeds from capital contribution		-	645
Net cash from financing activities		<u>237,560</u>	<u>198,229</u>

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 (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2004

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

	Note	2004	2003
Net increase in cash and cash equivalents		12,281	10,638
Cash and cash equivalents, at beginning of year		<u>18,874</u>	<u>8,236</u>
Cash and cash equivalents, at end of year	11	<u><u>31,155</u></u>	<u><u>18,874</u></u>
Supplemental disclosures of cash flow information			
Interest received		70,715	57,757
Interest paid		<u>(37,352)</u>	<u>(30,756)</u>
Investing and financing activities that do not involve cash receipts and payments			
Increase in equity securities resulting from debt to equity swap		-	1,924
Decrease in equity securities resulting from converting equity to debt		(9,557)	(13,901)
Capitalisation of interest payable as borrowings		(311)	(648)
In-kind contributions recognised as capital		<u>-</u>	<u>(107)</u>
Net changes in investing and financing activities that do not involve cash receipts and payments		<u><u>(9,868)</u></u>	<u><u>(12,732)</u></u>

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 2004

(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's primary purpose is to foster the economic development in China through the provision of long-term financing of key projects and initiatives supporting the Government's national economic development plan and industry policies. The Bank's current principal activities include raising funds to support its lending activities and extending loans in both Renminbi ("Rmb") and foreign currencies to infrastructure, basic industry and pillar industry construction projects. 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 foreign commercial banks. At present, the Bank conducts its principal business activities exclusively in the PRC.

At 31 December 2004, the Bank had 4,678 employees (2003: 4,224).

2 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

A Basis of presentation

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements are prepared under the historical cost convention as modified by the revaluation of available-for-sale investment securities, financial assets and financial liabilities held for trading and all derivative contracts.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Material estimates that are susceptible to significant change in the near-term include the determination of (i) the impairment for loan losses and (ii) the fair value of available-for-sale equity investments and derivatives. Although these estimates are based on historical experience and other factors, including management's best knowledge of current events and expectation of future events, actual results ultimately may differ from those estimates.

The International Accounting Standard Board has issued a number of new IFRSs and revised International Accounting Standards ("IAS") which are effective for accounting periods beginning on or after 1 January 2005. The Bank has not early adopted these revised IASs or new IFRSs for the year ended 31 December 2004. The Bank has already commenced an assessment of the impact of these revised IASs and new IFRSs but is not yet in a position to state whether these standards would have a significant impact on its results of operations and financial position.

CHINA DEVELOPMENT BANK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

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

2 PRINCIPAL ACCOUNTING POLICIES (CONT'D)

B Foreign currency translation

The Bank's reporting currency is Renminbi ("Rmb"), the lawful currency of the PRC.

Foreign currency transactions are translated into Rmb at the exchange rates prevailing on the date of the transactions. Gains and losses resulting from settlements of such transactions and from the translations of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement at the exchange rates prevailing on settlement date and the balance sheet date, respectively.

Translation differences on debt securities and other monetary financial assets measured at fair value are included in foreign exchange gains and losses.

C Derivative financial instruments

Derivative financial instruments including currency forwards, currency and interest rate swaps are initially recognised in the balance sheet at cost (including transaction costs) and subsequently are re-measured at their fair values. Fair values are obtained from quoted market prices and discounted cash flow models as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

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 risks and characteristics are not closely related to those of the host contract.

Changes in the fair value of derivatives are included in other income.

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 reported as other income. The Bank has no derivative positions that are accounted for as hedges.

The fair values of derivative instruments are disclosed in Note 26.

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 set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

CHINA DEVELOPMENT BANK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

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

2 PRINCIPAL ACCOUNTING POLICIES (CONT'D)

E Interest income and expense

Interest income and expense are recognised in the income statement for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price.

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

F 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. Fees earned on guarantees and letters of credit are recognised on a straight-line basis over the period covered by the guarantees or letters of credit.

G Resale and repurchase agreements

Securities sold subject to linked repurchase agreements ("repos") are retained in the accounts as investment securities and the related liability is recorded as securities sold under repurchase agreements. Securities purchased under agreements to resell ("resales") are recognised in the balance sheet as an advance to the counterparty. The difference between sale (purchase) and repurchase (resale) price is treated as interest and accrued over the life of the agreement using the effective yield method.

H Trading assets

Trading assets include derivatives and trading securities which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit taking exists. Trading securities are initially recognised at cost and subsequently re-measured based on quoted bid prices. All related realised and unrealised gains or losses are included in other income. Interest earned whilst holding trading securities is reported as interest income. Dividends declared are included in dividend income.

All purchases and sales of trading securities that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recognised at trade date, which is the date that the Bank commits to purchase or sell the asset. Otherwise, such transactions are treated as derivatives until settlement occurs. Transaction costs are recognised as other expense when incurred.

CHINA DEVELOPMENT BANK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

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

2 PRINCIPAL ACCOUNTING POLICIES (CONT'D)

I Loans and provisions for impaired loans

Loans to customers and banks are reported on the balance sheet at amortised cost, which includes accrued interest receivable, net of provision for impairment. All loans and advances are recognised when cash is advanced to borrowers. The amounts of loan origination fees and the related costs are insignificant.

The Bank assesses at each balance sheet date whether there is any objective evidence that a loan is impaired. Objective evidence may include significant financial difficulty of the borrower, a breach of contract such as default or delinquency, and granting concessions to a borrower. Specifically, in this regard, once a loan becomes past due 90 days as to the payment of either principal or interest, it is considered impaired. If, however, objective evidence of impairment related to a specific loan is identified prior to a 90-day delinquency, that loan would be considered impaired. If there is objective evidence that the impairment loss on a loan carried at amortised cost has been incurred, a provision for loan impairment is established for each impaired loan. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rates of the impaired loans.

Upon impairment, the accrual of interest income based on the original terms of the loan is discontinued, and the accrual of interest on the recoverable amount of the loan is thereafter recognised based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount.

Upon approval from the Ministry of Finance ("MoF"), loans that have been deemed uncollectible by management are written off against the related provision for loan impairment.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to provision for loan losses.

The provision for loan impairment is measured and recognised for loans that have been individually identified as being impaired, and also covers unidentified losses which are inherent in the loan portfolio at the balance sheet date, based on an analysis of historical losses and changes in asset quality.

CHINA DEVELOPMENT BANK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

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

2 PRINCIPAL ACCOUNTING POLICIES (CONT'D)

J Investment securities

The Bank classifies its investment securities into the following two categories: held-to-maturity and available-for-sale. Investment securities with fixed maturity where management has both the intent and the ability to hold to maturity are classified as held-to-maturity. Investment securities 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 are classified as available-for-sale. Management determines the appropriate classification of its investments at the time of the purchase.

Investment securities are initially recorded at cost, plus the related transaction costs directly attributable to their acquisition. Available-for-sale investment securities are subsequently re-measured based on quoted bid prices or amounts derived from cash flow models. Fair values for unlisted equity securities, including those received in debt-to-equity swaps, are estimated using cash flow models 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. Significant assumptions used in cash flow models include estimates of operating cash flows and guarantor support. Unrealised gains and losses arising from changes in the fair value of investment securities classified as available-for-sale are recognised in equity net of income tax effect. Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment. When the securities are disposed of or impaired, the related accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

Held-to-maturity investment securities are carried at amortised cost using the effective yield method, including accrued interest receivable, less any provision for impairment.

An investment security is impaired if its carrying amount is greater than its estimated recoverable amount. The Bank assesses at each balance sheet date whether there is any objective evidence that an investment security is impaired. Objective evidence may include significant financial difficulty of the issuer, a breach of contract such as default or delinquency, disappearance of an active market because of financial difficulties and, in the case of equity securities, a significant or prolonged decline in the fair value below its cost. If there is objective evidence on impairment loss on held-to-maturity investment securities carried at amortised cost has been incurred, 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 discounted at the financial asset's original effective interest rate. If there is objective evidence that an available-for-sale investment security is impaired, the cumulative loss that has been recognised directly in equity shall be removed from equity and recognised in income statement.

Interest earned whilst holding investment securities is reported as interest income. Dividend receivables are included separately in dividend income when a dividend is declared.

All regular way purchases and sales of investment securities are recognised at trade date, which is the date that the Bank commits to purchase or sell the asset. All other purchases and sales of investment securities are recognised as derivative forward transactions until settlement.

CHINA DEVELOPMENT BANK
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2004

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

2 PRINCIPAL ACCOUNTING POLICIES (CONT'D)

K Fixed assets

All fixed assets are stated at historical cost less accumulated depreciation and impairment.

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
Motor vehicles	6 years

No depreciation is provided against construction in progress.

Fixed assets are periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of fixed assets are determined by reference to their carrying amount and are taken into account in determining operating profit. Repairs and renewals are charged to the income statement when the expenditure is incurred.

L Operating leases

The Bank entered into various operating lease agreements to rent its head office and branches' office and facilities. The total payments made under operating leases 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 the 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 ("PBOC"), and amounts due from other banks.

CHINA DEVELOPMENT BANK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

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

2 PRINCIPAL ACCOUNTING POLICIES (CONT'D)

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 Employee benefits

The Bank participates in a number of defined contribution plans administered and regulated by local governments throughout the country. Once the related contributions have been made, the Bank has no further obligations or liabilities to retired employees. These plans are generally funded by payments from employees and the Bank.

The Bank's contributions to these plans are charged to the income statement in the period to which they relate.

P Deferred income taxes

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 accounts. Currently enacted tax rate of 33% at balance sheet date is used in the determination of deferred income tax.

The principal temporary differences arise from provision for impaired loans, investment securities, doubtful receivables and revaluation of available-for-sale investment securities and financial derivatives. Deferred tax assets are recognised to the extent that 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 investment securities is charged or credited directly to equity, and is subsequently recognised in the income statement together with the deferred gain or loss when the related investments are sold.

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.

Q Borrowed funds

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

**CHINA DEVELOPMENT BANK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**

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

2 PRINCIPAL ACCOUNTING POLICIES (CONT'D)

R Paid-in capital

The MoF has fully funded the Bank's required paid-in capital.

S Fiduciary activities

Assets, and income arising thereon, together with related undertakings to return such assets to customers are excluded from these financial statements where the Bank acts in a fiduciary capacity such as nominee, trustee or agent.

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 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

By its nature the Bank is engaged in the extensive use of financial instruments. The Bank raises funds primarily by the issuance of debts at both fixed and floating rates and for various periods and seeks to earn above average 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.

CHINA DEVELOPMENT BANK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

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

3 FINANCIAL RISK MANAGEMENT (CONT'D)

A Strategy in using financial instruments (cont'd)

The Bank engages in derivative transactions, which include currency forwards, currency and interest rate swaps, 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 to provide effective controls on the Bank's potential risk exposures in the related areas.

The Bank does not conduct proprietary derivatives trading activities. Please refer to Note 2C 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 be unable to pay amounts in full when due. Credit risk is increased when counterparties are concentrated in the same industries or geographical regions. The Bank's lending activities are undertaken entirely within China and concentrated in seven 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 level. Such risks are monitored on a regular basis and subject to an annual review.

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 collateral 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 assurances 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.

CHINA DEVELOPMENT BANK
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2004

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

3 FINANCIAL RISK MANAGEMENT (CONT'D)

B Credit risk (cont'd)

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

	2004		2003	
	Amount	%	Amount	%
Loans to customers				
Eastern China *	753,150	53	607,669	53
Central China **	332,043	24	284,295	25
Western China ***	322,961	23	246,135	22
Loans to banks	1,325	-	1,839	-
Accrued interest receivable	3,335	-	2,313	-
	<u>1,412,814</u>	<u>100</u>	<u>1,142,251</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.

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3 FINANCIAL RISK MANAGEMENT (CONT'D)

B Credit risk (cont'd)

Loans and advances by industry

	2004		2003	
	Amount	%	Amount	%
Loans to customers				
Electric power and heating	371,962	26	340,745	30
Road transportation	313,824	22	235,192	21
Water conservancy, environment protection and public utilities management	312,552	22	182,506	16
Railway transportation	91,907	7	118,302	10
Petroleum, petrochemical and chemical industry	80,616	6	40,019	4
Telecommunication and other information transmission service	50,944	4	42,724	4
Urban public transportation	49,339	3	68,892	6
Other	137,010	10	109,719	9
Loans to banks	1,325	-	1,839	-
Accrued interest receivable	3,335	-	2,313	-
	<u>1,412,814</u>	<u>100</u>	<u>1,142,251</u>	<u>100</u>

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3 FINANCIAL RISK MANAGEMENT (CONT'D)

B Credit risk (cont'd)

Loans and advances by loan purpose

	2004		2003	
	Amount	%	Amount	%
Loans to customers				
Infrastructure loans	1,338,841	95	1,089,153	95
Working capital loans	51,721	4	31,360	3
Technological renovation loans	17,592	1	17,586	2
Loans to banks	1,325	-	1,839	-
Accrued interest receivable	3,335	-	2,313	-
	<u>1,412,814</u>	<u>100</u>	<u>1,142,251</u>	<u>100</u>

C Market risk

The Bank takes on exposure to market risk. Market risk arises from open positions in interest rate products, currency products and derivative financial instrument transactions, which are exposed to general and specific market movements. The Bank does not have significant involvement in derivative financial instrument transactions. The Bank believes that its exposure to market risk is not significant in light of the regulated interest rate environment in the PRC and the Government's current policy of maintaining a stable exchange rate between the Rmb and United State dollars ("USD"). There can be no assurance that these conditions will continue in the future. If these conditions change, the Bank's exposure to market risk would increase.

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 rate between Rmb to USD is set by the PBOC. In recent years, the PBOC has maintained the exchange rate with USD in a narrow band (from USD 1 : RMB 8.2765 to USD 1 : RMB 8.2776 from 2003 to 2004). There can be no assurance that this practice will continue in the future. If this practice does not continue, the Bank's exposure to currency risk would increase. The Bank is exposed to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The management sets limits on the level of exposure by currency, which are monitored regularly.

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3 FINANCIAL RISK MANAGEMENT (CONT'D)

D Currency risk (cont'd)

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.

	RMB	USD	Other currencies	Total
As of 31 December 2004				
Assets:				
Cash and balance with banks	29,638	173	215	30,026
Loans, net	1,308,501	60,769	19,916	1,389,186
Cinda bonds, net	103,154	-	-	103,154
Investment securities	38,861	5,210	-	44,071
Other	7,431	171	443	8,045
Total assets	1,487,585	66,323	20,574	1,574,482
Liabilities:				
Due to other banks and customers	95,915	741	23	96,679
Securities sold under repurchase agreements	3,006	-	-	3,006
Borrowings from other banks and governments	32,170	31,670	19,772	83,612
Debt securities in issue and subordinated debts	1,252,625	16,076	6,130	1,274,831
Other	8,469	412	-	8,881
Total liabilities	1,392,185	48,899	25,925	1,467,009
Net on balance sheet position	95,400	17,424	(5,351)	107,473
Currency forwards and swaps	-	(5,846)	6,250	404

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3 FINANCIAL RISK MANAGEMENT (CONT'D)

D Currency risk (cont'd)

	RMB	USD	Other currencies	Total
As of 31 December 2003				
Assets:				
Cash and balance with banks	18,204	5	19	18,228
Loans, net	1,051,480	51,522	17,883	1,120,885
Cinda bonds, net	103,016	-	-	103,016
Investment securities	27,531	2,359	-	29,890
Other	6,533	108	507	7,148
Total assets	1,206,764	53,994	18,409	1,279,167
Liabilities:				
Due to other banks and customers	65,822	1,248	17	67,087
Borrowings from other banks and governments	1,019	32,256	17,771	51,046
Debt securities in issue and subordinated debts	1,050,905	11,167	2,334	1,064,406
Other	6,704	5	490	7,199
Total liabilities	1,124,450	44,676	20,612	1,189,738
Net on balance sheet position	82,314	9,318	(2,203)	89,429
Currency forwards and swaps	-	(2,414)	2,342	(72)

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3 FINANCIAL RISK MANAGEMENT (CONT'D)

E Interest rate risk

The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. Currently, 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, loan interest rates can be set up to 10% below the PBOC benchmark interest rates.

F Liquidity risk

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 draw downs, guarantees and other calls on cash settled derivatives. The Bank does not maintain cash resources to meet all of these needs as 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.

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.

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3 FINANCIAL RISK MANAGEMENT (CONT'D)

F Liquidity risk (cont'd)

	1-3 months	3-12 months	1-5 years	5-10 years	10-15 years	Over 15 years	Total
As of 31 December 2004							
Assets:							
Cash and balance with banks	30,026	-	-	-	-	-	30,026
Loans, net	18,201	117,639	449,824	431,615	289,628	82,279	1,389,186
Cinda bonds, net	3,154	-	100,000	-	-	-	103,154
Investment securities	27,201	8,118	2,869	3,396	2,487	-	44,071
Other	215	579	3,947	676	162	2,466	8,045
Total assets	78,797	126,336	556,640	435,687	292,277	84,745	1,574,482
Liabilities:							
Due to other banks and customers	91,871	782	4,026	-	-	-	96,679
Securities sold under repurchase agreements	3,006	-	-	-	-	-	3,006
Borrowings from other banks and governments	6,636	2,118	53,071	14,839	6,281	667	83,612
Debt securities in issue and subordinated debts	9,903	121,980	512,654	554,601	19,965	55,728	1,274,831
Other	7,800	100	780	190	10	1	8,881
Total liabilities	119,216	124,980	570,531	569,630	26,256	56,396	1,467,009
Net liquidity gap	(40,419)	1,356	(13,891)	(133,943)	266,021	28,349	107,473

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3 FINANCIAL RISK MANAGEMENT (CONT'D)

F Liquidity risk (cont'd)

	1-3 months	3-12 months	1-5 years	5-10 years	10-15 years	Over 15 years	Total
As of 31 December 2003							
Assets:							
Cash and balance with banks	18,228	-	-	-	-	-	18,228
Loans, net	14,581	80,543	420,854	337,377	202,477	65,053	1,120,885
Cinda bonds, net	3,016	-	-	100,000	-	-	103,016
Investment securities	26,761	212	1,149	1,768	-	-	29,890
Other	356	383	4,028	254	7	2,120	7,148
Total assets	62,942	81,138	426,031	439,399	202,484	67,173	1,279,167
Liabilities:							
Due to other banks and customers	63,879	1,208	2,000	-	-	-	67,087
Borrowings from other banks and governments	3,423	2,299	21,231	15,139	8,315	639	51,046
Debt securities in issue and subordinated debts	37,124	95,162	345,889	530,473	-	55,758	1,064,406
Other	6,212	181	758	34	13	1	7,199
Total liabilities	110,638	98,850	369,878	545,646	8,328	56,398	1,189,738
Net liquidity gap	(47,696)	(17,712)	56,153	(106,247)	194,156	10,775	89,429

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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 unusual 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.

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 many of these commitments will expire or terminate without being funded.

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. 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.

(1) Cash and balance with the PBOC, Amounts due from other banks, Deposits from other banks, Current account balances of customers, Securities sold under repurchase agreements, Interest receivables and payables, 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.

(2) Investment securities

The fair value of investment securities is based on quoted market price, if available. If a quoted market price is not available, fair value is estimated using 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.

(3) 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.

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3 FINANCIAL RISK MANAGEMENT (CONT'D)

G Fair value of financial assets and liabilities (cont'd)

(4) Due to customers

The fair value of fixed deposit is estimated using a discounted cash flow analysis utilising the rates currently offered for deposits of similar remaining maturities.

(5) 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 2004 and 2003 are summarised as follows:

	Carrying Value		Fair Value	
	2004	2003	2004	2003
Financial assets				
Held-to-maturity investment securities	1,766	1,738	1,778	1,739
Loans, net	1,389,186	1,120,885	1,398,081	1,129,928
Financial liabilities				
Due to customers	95,935	65,743	95,908	66,558
Borrowings from other banks and governments	83,612	51,046	88,747	56,713
Debt securities in issue and subordinated debts	<u>1,274,831</u>	<u>1,064,406</u>	<u>1,276,734</u>	<u>1,069,394</u>

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4 NET INTEREST INCOME

	2004	2003
Interest income		
Balance with the PBOC	291	202
Loans	68,780	56,565
Cinda bonds	2,250	2,250
Investment securities	622	76
Other	51	74
	<u>71,994</u>	<u>59,167</u>
Interest expense		
Due to customers and banks	613	387
Borrowings from other banks and governments	3,739	2,918
Debt securities in issue and subordinated debts	36,600	31,438
Other	1	4
	<u>40,953</u>	<u>34,747</u>
Net interest income	<u>31,041</u>	<u>24,420</u>

5 DIVIDEND INCOME

	2004	2003
Available-for-sale investment securities	833	1,644

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6 OTHER (EXPENSES) INCOME, NET

	2004	2003
Derivative transactions:		
- Unrealised gains	475	507
- Unrealised losses	(338)	(448)
	<u>137</u>	<u>59</u>
- Realised gains	151	167
- Realised losses	(14)	(33)
	<u>137</u>	<u>134</u>
Foreign exchange (losses) gains and other	(478)	10
	<u>(204)</u>	<u>203</u>

7 OPERATING EXPENSES

	2004	2003
Staff costs	538	398
Administration expenses	279	237
Occupancy	90	88
Depreciation and amortisation	157	157
Travel expenses	73	58
Business tax and surcharges	3,528	2,938
Other	413	390
	<u>5,078</u>	<u>4,266</u>

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8 INCOME TAX EXPENSE

	2004	2003
Current tax	6,082	4,233
Deferred tax (Note 17)	<u>1,806</u>	<u>1,022</u>
	<u><u>7,888</u></u>	<u><u>5,255</u></u>

The actual income tax expense differs from the statutory income tax for the following reasons:

	2004	2003
Profit before tax	<u>25,297</u>	<u>18,467</u>
Tax calculated at the statutory rate of 33% (2003: 33%)	8,348	6,094
Non-taxable income:		
- Investment income	(283)	(201)
- Interest income on Cinda bonds	(743)	(743)
Non-deductible loss on disposal of staff quarters	413	-
Non-deductible salary and other expenses	141	105
Other	<u>12</u>	<u>-</u>
	<u><u>7,888</u></u>	<u><u>5,255</u></u>

9 CASH AND BALANCE WITH THE PBOC

	2004	2003
Cash and balance with the PBOC, included in cash and cash equivalents (Note 11)	<u>28,576</u>	<u>16,143</u>

The entire balance with the PBOC is available for use in the Bank's day to day operations.

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10 DUE FROM OTHER BANKS

	2004	2003
Deposits with other banks, included in cash equivalents (Note 11)	1,254	1,892
Restricted balances with other banks	<u>196</u>	<u>193</u>
	<u>1,450</u>	<u>2,085</u>

11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the cash flow statement consisted of the following:

	2004	2003
Cash and balance with the PBOC	28,576	16,143
Due from other banks	1,254	1,892
Loans to banks	<u>1,325</u>	<u>839</u>
	<u>31,155</u>	<u>18,874</u>

12 TRADING ASSETS AND LIABILITIES

	2004	2003
Trading assets:		
Government bonds, unlisted at fair value	1,684	314
Derivatives, at fair value		
- Currency forwards	100	379
- Interest rate swaps	32	-
- Currency swaps	<u>343</u>	<u>128</u>
	<u>2,159</u>	<u>821</u>

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12 TRADING ASSETS AND LIABILITIES (CONT'D)

	2004	2003
Trading liabilities:		
Derivatives, at fair value		
- Currency forwards	100	379
- Interest rate swaps	<u>238</u>	<u>69</u>
	<u>338</u>	<u>448</u>

13 LOANS AND PROVISION FOR IMPAIRED LOANS

The composition of loans is as follows:

	2004	2003
Loans to customers	1,408,154	1,138,099
Loans to banks (Note 11)	1,325	1,839
Accrued interest receivable	<u>3,335</u>	<u>2,313</u>
	1,412,814	1,142,251
Less: Provision for impaired loans	<u>(23,628)</u>	<u>(21,366)</u>
	<u>1,389,186</u>	<u>1,120,885</u>

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13 LOANS AND PROVISION FOR IMPAIRED LOANS (CONT'D)

The components of the Bank's provision are summarised below:

	2004	2003
Unidentified impaired loans	16,531	13,833
Specifically identified impaired loans	<u>7,097</u>	<u>7,533</u>
	<u>23,628</u>	<u>21,366</u>

Movement of provision for impaired loans:

	2004	2003
At 1 January	21,366	21,726
Provision for the year	3,826	2,164
Write-off	(1,832)	(2,583)
Recoveries	<u>268</u>	<u>59</u>
At 31 December	<u>23,628</u>	<u>21,366</u>

14 CINDA BONDS, NET

	2004	2003
Principal	100,000	100,000
Accrued interest receivable, net of provision of Rmb 527 million (2003: Rmb 665 million)	<u>3,154</u>	<u>3,016</u>
	<u>103,154</u>	<u>103,016</u>

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 and an interest rate of 2.25% per annum. Among other things, Cinda can redeem the bonds prior to the stated maturity.

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14 CINDA BONDS, NET (CONT'D)

On 20 November 1999, the State Council mandated that the Cinda bonds are guaranteed as to the payment of principal by 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 shareholders.

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.

Included in the accrued interest receivable is overdue interest of Rmb 3,118 million (2003: Rmb 3,118 million). A provision of Rmb 527 million (2003: Rmb 665 million), computed based on the present value of expected cash flows from collection of interest discounted at the original effective rate of the Cinda bonds, was set aside resulting in a net carrying amount of Rmb 2,591 million (2003: Rmb 2,453 million). The remaining current portion of accrued interest amounted to Rmb 563 million (2003: Rmb 563 million).

15 INVESTMENT SECURITIES

	2004	2003
Available-for-sale		
Debt securities,** unlisted at fair value	34,180	7,395
Equity securities,* unlisted at fair value	8,125	20,757
	42,305	28,152
Held-to-maturity		
Debt securities,** unlisted at amortised cost	1,766	1,738
	44,071	29,890

* 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 equalled the carrying value of the related loan and no gain or loss was recorded.

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15 INVESTMENT SECURITIES (CONT'D)

No loans were converted to equity in 2004 (2003: Rmb 1,924 million).

The proceeds from the sale of equity securities were Rmb 15,672 million (2003: Rmb 716 million), with a related gain of Rmb 1,759 million (2003: Rmb 380 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.

** Included in debt securities are structured bonds of Rmb 1,531 million (2003: Rmb 1,175 million) issued by other financial institutions with embedded derivatives, comprising mainly credit default options, prepayment call options and interest rate options. The accounting treatment of these embedded derivatives is described in Note 26.

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15 INVESTMENT SECURITIES (CONT'D)

The movements in investment securities are summarised as follows:

	Available- for-sale	Held- to-maturity	Total
At 1 January 2003	34,452	497	34,949
Additions	36,613	1,241	37,854
Disposals (sales, redemptions and maturities)	(42,092)	-	(42,092)
Gain on disposal	421	-	421
Impairment provision	<u>(1,242)</u>	<u>-</u>	<u>(1,242)</u>
At 31 December 2003	<u>28,152</u>	<u>1,738</u>	<u>29,890</u>
At 1 January 2004	28,152	1,738	29,890
Additions	71,350	416	71,766
Disposals (sales, redemptions and maturities)	(60,248)	(388)	(60,636)
Gain on disposal	1,770	-	1,770
Write-back of impairment provision	333	-	333
Unrealised gain on changes in fair value	<u>948</u>	<u>-</u>	<u>948</u>
At 31 December 2004	<u>42,305</u>	<u>1,766</u>	<u>44,071</u>

Apart from redemptions and maturities, the Bank has not disposed of any held-to-maturity investment securities during the year.

CHINA DEVELOPMENT BANK
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2004

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

16 FIXED ASSETS, NET

	2004	2003
Cost	3,144	2,623
Accumulated depreciation	<u>(528)</u>	<u>(386)</u>
Net book value	2,616	2,237
Construction in progress	<u>80</u>	<u>175</u>
	<u>2,696</u>	<u>2,412</u>

The net book value of fixed assets consisted of the following:

	Buildings	Office equipment	Leasehold improvements	Motor vehicles	Total
Cost					
At 1 January 2004	2,074	303	21	225	2,623
Add: Additions	453	46	1	36	536
Less: Disposals	<u>(5)</u>	<u>(2)</u>	<u>-</u>	<u>(8)</u>	<u>(15)</u>
At 31 December 2004	<u>2,522</u>	<u>347</u>	<u>22</u>	<u>253</u>	<u>3,144</u>
Accumulated depreciation					
At 1 January 2004	129	160	10	87	386
Add: Additions	74	46	3	27	150
Less: Disposals	<u>(1)</u>	<u>(2)</u>	<u>-</u>	<u>(5)</u>	<u>(8)</u>
At 31 December 2004	<u>202</u>	<u>204</u>	<u>13</u>	<u>109</u>	<u>528</u>
Net book value					
At 31 December 2004	<u>2,320</u>	<u>143</u>	<u>9</u>	<u>144</u>	<u>2,616</u>
At 31 December 2003	<u>1,945</u>	<u>143</u>	<u>11</u>	<u>138</u>	<u>2,237</u>

CHINA DEVELOPMENT BANK
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2004

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

17 DEFERRED INCOME TAX

The movement of deferred income tax assets is as follows:

	2004	2003
At 1 January	3,608	4,566
Income statement charge (Note 8)	(1,806)	(1,022)
Unrealised gain on changes in fair value of available-for-sale investment securities	(313)	-
Other (Note 24)	-	64
At 31 December	<u>1,489</u>	<u>3,608</u>

Deferred income tax assets (liabilities) are attributable to the following items:

	2004	2003
Provision for impaired loans	2,749	2,840
Provision for impairment of equity securities	419	1,236
Provision for accrued interest on Cinda bonds	174	220
Loss on disposal of staff quarters	-	413
Provision for doubtful receivables	42	54
Unrealised gain on derivatives	(45)	(19)
Temporary difference in capitalisation of transaction cost on issuance of bonds	(666)	(603)
Temporary difference in net interest income	(931)	(553)
Unrealised gain on changes in fair value of available-for-sale investment securities	(313)	-
Other	60	20
	<u>1,489</u>	<u>3,608</u>

CHINA DEVELOPMENT BANK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

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

17 DEFERRED INCOME TAX (CONT'D)

The deferred tax charge in the income statement and owner's equity comprises the following temporary differences:

	2004	2003
Provision for impaired loans	91	903
Provision for equity securities impairment	817	94
Provision for accrued interest on Cinda bonds	46	(220)
Loss on disposal of staff quarters	413	2
Provision for doubtful receivables	12	2
Unrealised gain on derivatives	26	17
Temporary difference in capitalisation of transaction cost on issuance of bonds	63	81
Temporary difference in net interest income	378	62
Unrealised gain on changes in fair value of available-for-sale investment securities	313	-
Other	(40)	81
	<u>2,119</u>	<u>1,022</u>

18 OTHER ASSETS

	2004	2003
Receivable from disposal of equity securities	1,150	-
Other	551	307
	<u>1,701</u>	<u>307</u>

19 DUE TO CUSTOMERS

	2004	2003
Current accounts	90,798	62,205
Time deposits	4,993	2,796
Guarantee deposits	144	742
	<u>95,935</u>	<u>65,743</u>

CHINA DEVELOPMENT BANK
NOTES TO THE FINANCIAL STATEMENTS
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(All amounts expressed in millions of Rmb unless otherwise specified)

20 BORROWINGS FROM OTHER BANKS AND GOVERNMENTS

	2004	2003
Borrowings from foreign banks - import credit	39,539	40,442
Borrowings from domestic banks	36,776	5,304
Other borrowings from foreign commercial banks	5,115	3,512
Borrowings from foreign governments	2,182	1,788
	<u>83,612</u>	<u>51,046</u>

21 DEBT SECURITIES IN ISSUE

	Average interest rate per annum (%)	2004	2003
Rmb financial bonds issued in	3.24		
domestic market	(2003: 3.31)	1,232,619	1,050,905
Foreign currency bonds issued in	3.65		
domestic market	(2003: 3.65)	4,176	4,179
Foreign currency bonds issued in	5.40		
international market	(2003: 6.92)	18,030	9,322
		<u>1,254,825</u>	<u>1,064,406</u>

Certain financial bonds 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.

Certain financial bonds have provisions which allow the bond holders to convert their original bonds to the specified reference bonds issued by the Bank at pre-determined dates.

One of the financial bonds has provisions which allow the bond holders to extend the bond's maturity.

CHINA DEVELOPMENT BANK
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2004

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

22 SUBORDINATED DEBTS

	Average interest rate per annum (%)	2004	2003
Rmb debts issued in domestic market	5.42 (2003: Nil)	20,006	-

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.

23 OTHER LIABILITIES

	2004	2003
Income tax payable	5,651	4,143
Other payables	1,183	1,075
Other	1,709	1,533
	<u>8,543</u>	<u>6,751</u>

24 PAID-IN CAPITAL

	2004	2003
At 1 January	50,000	49,050
Capital contribution*	-	752
Transfer of capital surplus and associated deferred tax to paid-in capital**	-	198
At 31 December	<u>50,000</u>	<u>50,000</u>

* The registered capital of the Bank is Rmb 50 billion, all of which is required to be contributed by the MoF. As of 31 December 2003, the registered capital has been contributed by the MoF in full.

** Upon the approval by the MoF in 2003, the Bank transferred the capital surplus of Rmb 134 million and the associated deferred tax effect of Rmb 64 million (Note 17) totaling Rmb 198 million to paid-in capital.

CHINA DEVELOPMENT BANK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

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

25 SURPLUS AND WELFARE RESERVES

Within Owner's Equity, the Bank has established a general surplus reserve, a statutory surplus reserve and a statutory welfare 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 2004, the Bank allocated Rmb 540 million (2003: Rmb 3,512 million), representing 10% (2003: 25%) of its statutory profit after taxes for the year ended 31 December 2003, of its retained earnings to statutory surplus reserve and statutory welfare reserve, in each case, based on its statutory financial statements for the year ended 31 December 2003. Once approved by the MoF, the statutory surplus reserve can be used to fund operating losses or transferred to registered capital, whereas the statutory welfare reserve represents the amount of future capital expenditures which are designated for employee welfare purpose.

Upon the approval by the MoF, the Bank transferred from statutory welfare reserve to general surplus reserve in the amount of Rmb 653 million during 2003. Such transfer relates strictly to the segregation of amounts within Owner's Equity and does not affect income.

No profit appropriation to these reserves has been made with respect to net income for the year ended 31 December 2004 as the profit appropriation plan is pending approval by the MoF.

26 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.

At 31 December 2004, the Bank had a total of 49 foreign currency forward contracts, currency swap contracts and interest rate swap contracts outstanding. These contracts will become due at various dates through November 2018.

CHINA DEVELOPMENT BANK
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2004

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

26 DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

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.

	Contract/notional amount	Fair values Assets	Liabilities
As at 31 December 2004			
Currency forwards	1,766	100	100
Currency swaps	5,846	343	-
Interest rate swaps	19,025	32	238
Extension option	20,000	-	-
Credit default options	538	-	-
Total derivative assets/liabilities		<u>475</u>	<u>338</u>
As at 31 December 2003			
Currency forwards	4,281	379	379
Currency swaps	2,594	128	-
Interest rate swaps	7,396	-	69
Credit default option	621	-	-
Total derivative assets/liabilities		<u>507</u>	<u>448</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 instrument allow the Bank and its customers to transfer, modify or reduce their foreign exchange and interest rate risks.

CHINA DEVELOPMENT BANK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

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

26 DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

Included in held-to-maturity investment securities are structured bonds of Rmb 993 million (2003: Rmb 554 million), which are debt instruments with embedded prepayment call options and interest rate options (Note 15). The economic characteristics of these embedded derivatives are closely related to the host contracts' economic characteristics and are not separated from the host contracts for accounting purpose.

Included in available-for-sale securities are structured bonds of Rmb 538 million (2003: Rmb 621 million), which are debt instruments with embedded credit default options (Note 15). The economic characteristics of these embedded derivatives are not closely related to the host contracts' economic characteristics and are separated from the host contracts and accounted through trading assets and liabilities at fair value.

Included in debt securities in issue and subordinated debts are bonds with redemption options and conversion options. These bonds amounted to Rmb 250,000 million (2003: Rmb 180,000 million) (Notes 21 and 22). The economic characteristics of these embedded options are closely related to the host contracts' economic characteristics and are not separated from the host contracts for accounting purpose. Also included in debt securities in issue is a bond of Rmb 20,000 million (2003: Nil) (Note 21) with an extension option. The economic characteristics of this embedded derivative are not closely related to the host contracts' economic characteristics and are separated from the host contracts for accounting purpose through trading assets and liabilities at fair value.

The Bank mostly undertakes 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.

27 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 ranging from 19% to 29% of the employees' basic salary or other applicable calculating basis in each jurisdiction. The Bank currently has no additional significant cost for the payment of retirement and other post-retirement benefits of employees other than the monthly contributions described above. 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 amounted to Rmb 40 million for the year (2003: Rmb 31 million).

CHINA DEVELOPMENT BANK
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2004

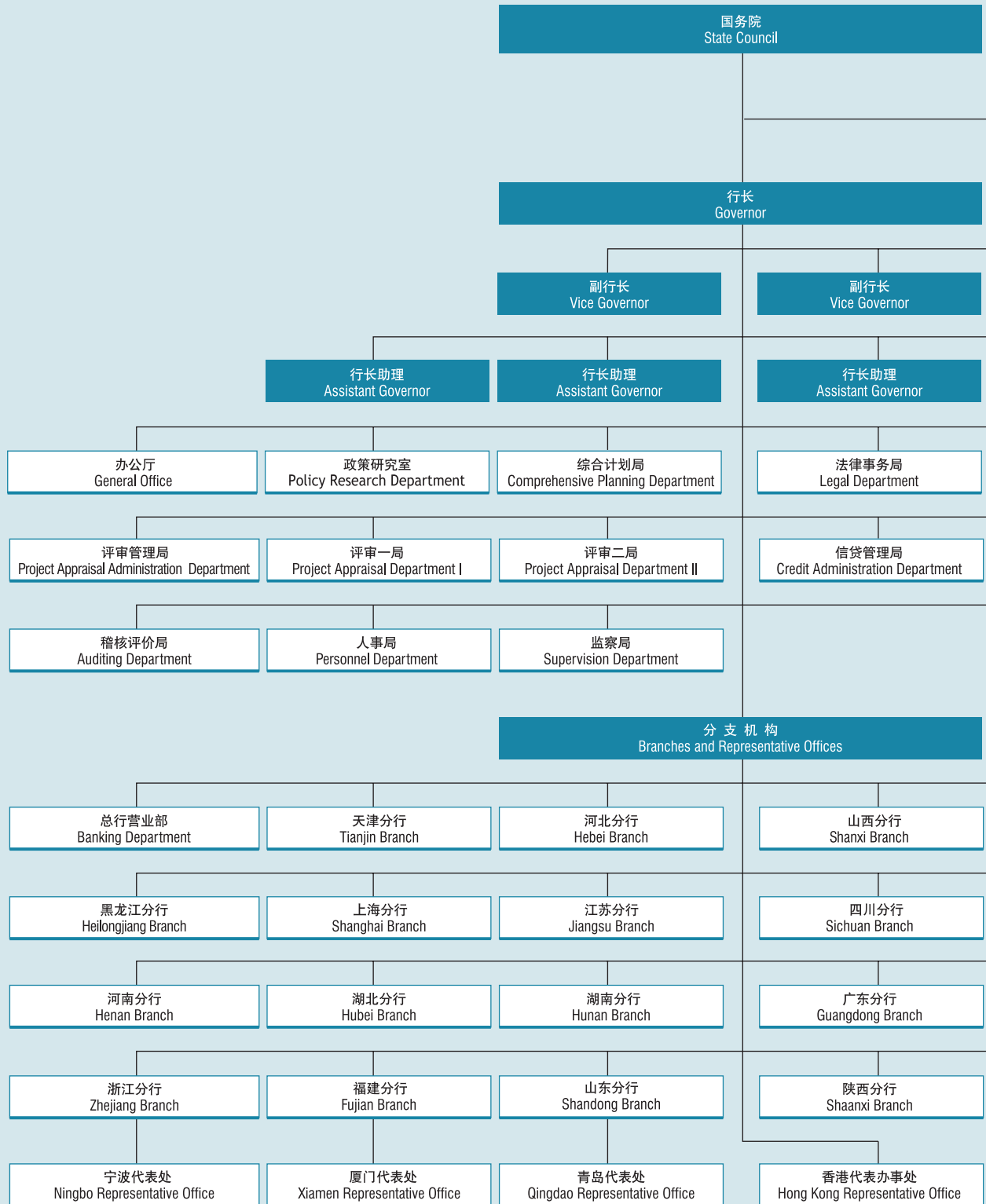
(All amounts expressed in millions of Rmb unless otherwise specified)

28 CONTINGENT LIABILITIES AND COMMITMENTS

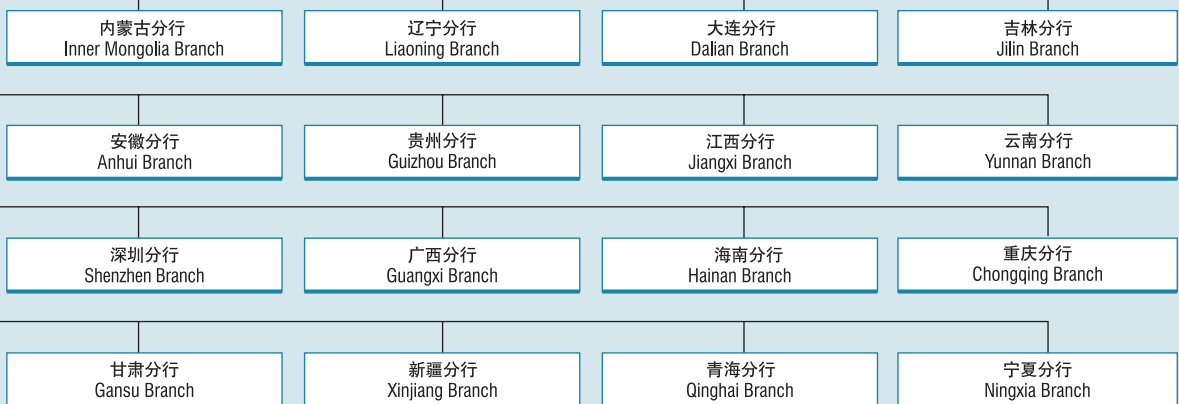
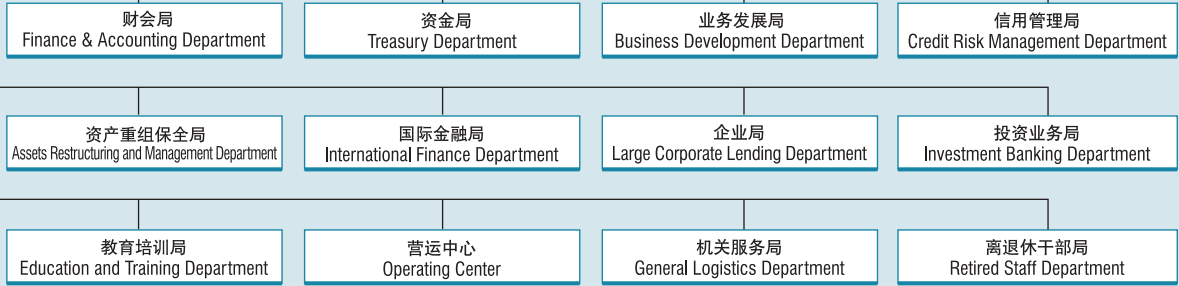
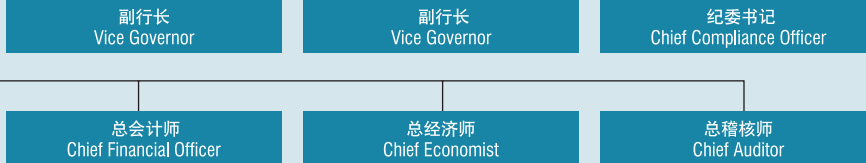
	2004	2003
Commitments to extend credit:		
Corporate bond guarantees	14,500	10,500
Letters of guarantee issued	35,826	993
Letters of credit issued	2,041	6,369
Undrawn credit commitments	<u>766,094</u>	<u>758,219</u>
Operating lease commitments at 31 December 2004:		
Future minimum lease payments on operating leases are summarised as follows:		
Within one year	54	
Between one and five years	<u>56</u>	
	<u>110</u>	

组 织 机 构

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监事会
Board of Supervisors



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