

SUSTAINABILITY REPORT 2017

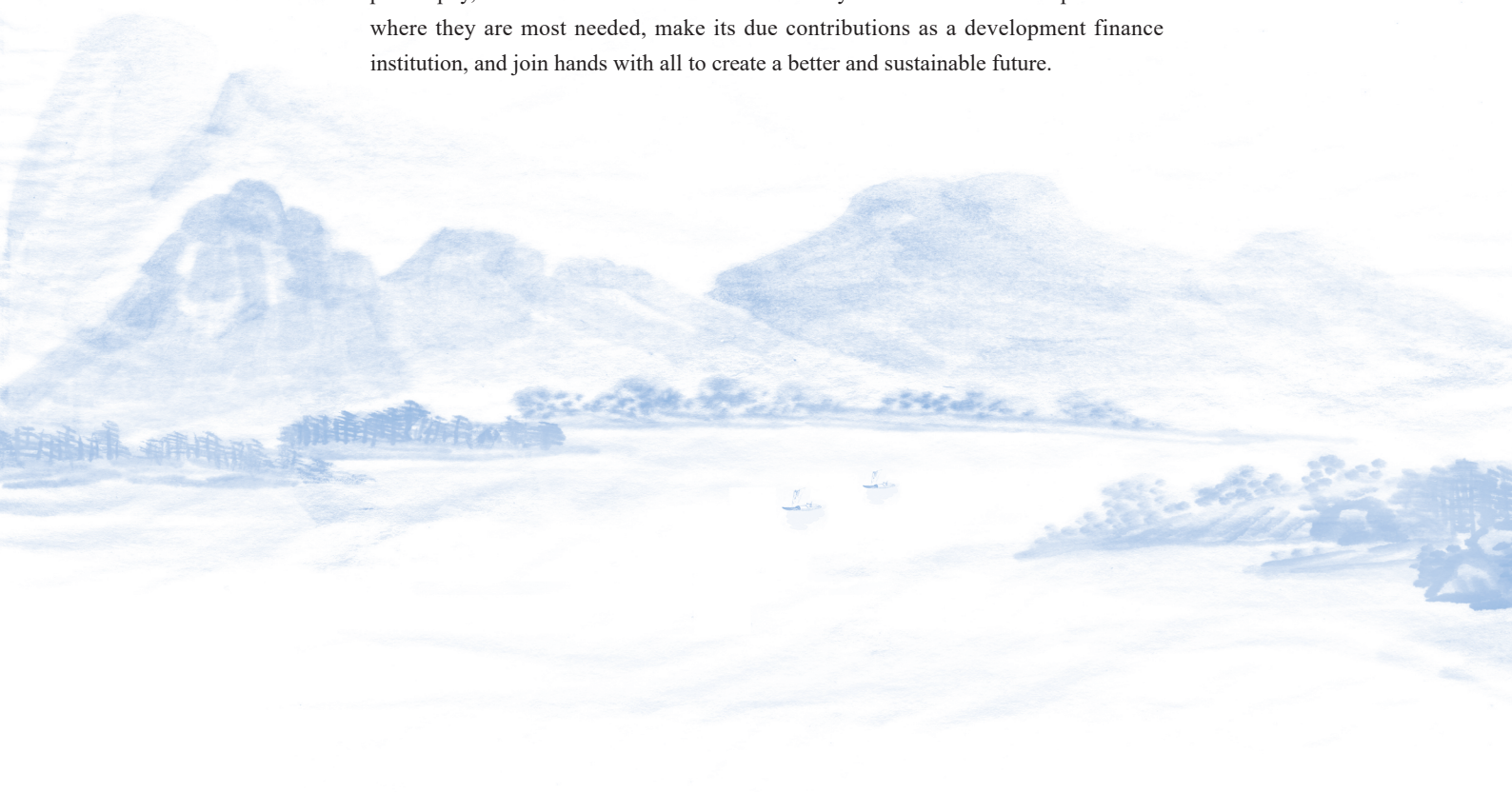


Preface

Finance is the lifeline of the real economy. Serving the real economy is the natural responsibility of the financial sector and a fundamental way to prevent and defuse financial risks. President Xi Jinping stressed that the financial sector must, as part of its mission, support socio-economic development and the real economy with improved efficiency and services, and channel more financial resources to priority and underdeveloped sectors, so as to meet the diverse financial needs of people and the real economy.

In 2017, CDB made new efforts to support sustainable development as part of its mandate as a development finance institution. Internationally, CDB acted as a champion of development finance, and drew on its strength in medium- and long-term investment and finance to advance the 2030 Agenda for Sustainable Development. In China, CDB made it a priority to help address unbalanced and inadequate development and meet people's growing need for a better life, and delivered its unique value as a development finance institution in supporting economic, social and environmental sustainability.

In 2018, CDB will stay focused on its mission to implement the new development philosophy, channel more financial resources to key areas and underdeveloped sectors where they are most needed, make its due contributions as a development finance institution, and join hands with all to create a better and sustainable future.



Bank Profile

The China Development Bank (CDB or the Bank), established in 1994, is a state-funded and state-owned development finance institution (DFI) operating as an independent legal entity under the direct leadership of the State Council. The Bank is dedicated to supporting China's economic development in key industries and underdeveloped sectors.

Committed to strengthening national competitiveness and improving people's livelihood, the Bank aligns its business focus with China's major medium- and long-term economic development strategies by leveraging its unrivalled position as a leading bank for medium- and long-term financing and comprehensive financial services, so as to raise and channel economic resources in support of the following areas:

- Economic and social development, including infrastructure, basic industries, pillar industries, public services and management;
- New urbanization, urban-rural integration, and balanced regional development;
- Programs vital for national competitiveness, including energy conservation, environmental protection, high-end manufacturing, and the transformation and upgrading of traditional industries;

- Public welfare, including affordable housing, poverty alleviation, student loans, and inclusive finance;
- National strategies including those in science and technology, culture, and people-to-people exchange;
- International cooperation, including the Belt and Road Initiative (BRI), industrial capacity and equipment manufacturing projects, infrastructure connectivity, energy and resources, and Chinese enterprises "Going Global";
- Initiatives that support China's development needs and economic and financial reforms;
- Other areas as mandated by and aligned with national development strategies and policies.

CDB strives to become a world-class DFI and provide sustained support for China's economic and social development. To this end, it pursues reform and innovation and taps into its strengths as a DFI that supports national strategies, operates on market principles with the backing of sovereign credit, and ensures principal safety and modest profitability. CDB never ceases to enhance its own competitiveness, relevance and presence, as well as risk resilience.

Contents

02	Sustainable Development Strategy
03	Sustainable Corporate Governance
06	Sustainable Development Activities.....
58	Looking Forward
59	Appendices



06 Contributing to Economic Growth

- 08 Improving Infrastructure as a Major Underlying Driver
- 10 [Special Column] Ten years of strong support to help China's high-speed railways to get to the top of the world
- 15 Industrial Upgrade to Improve Quality and Efficiency
- 16 Regional Coordination to Promote Balanced Development



20 Sustaining and Improving People's Livelihood

- 22 Dreams of Better Housing Come True
- 24 [Special Column] Bring the three-year plan to a successful completion as a major funding source for urban renewal
- 26 Eliminate Poverty and Deliver Development Benefits to All



32 Building a Beautiful China

- 34 Green Financing Strengthens Green Industries
- 37 Green Investment Lead by Green Bonds



38 Building a Community with Shared Future

- 40 Significant Achievements in Bilateral and Multilateral Cooperations
- 41 Promote the Construction of the BRI
- 44 [Special Column] Devoted ten years in Africa, enhanced development with responsibility investment



46 Building Partnerships

- 48 Enhance Influence via Communications with Stakeholders
- 49 Client Services Leading to Win-win Cooperation
- 50 Work Together to Build a Beautiful Environment
- 54 Public Welfare and Charities Promote Harmony in Community

Sustainable Development Strategy

> Our Vision

For the purpose of helping drive the sustainable economic, social and environmental development in China and around the world, CDB, as China's leading DFI, is committed to strengthening national competitiveness and improving people's livelihood, dedicated to the core values of responsibility, innovation, green growth, prudence and win-win development, and engaged in sustainable development activities adapted to the Chinese environment, in line with international standards, and effectively reflecting the feature of medium- and long-term investments and financing, as we undertake to deliver the greatest value from development finance in key industries, underdeveloped sectors and critical periods, and focus on the six priority areas set for the Bank, namely, enhancement of responsible corporate governance, contributing to economic growth, sustaining and improving people's livelihood, building a beautiful China, a community with a shared future and building partnerships.

CDB's concept of sustainable development



> Our Goals

Our goals are to be able to provide strong financial support to China's continued and robust economic development by adapting to the sustainable development goals announced in *Transforming Our World: The 2030 Agenda for Sustainable Development*, closely aligning its operations with supporting China's major medium- and long-term economic development strategies, establishing market-driven operations and practices and effective checks and balances, and maintain adequate capital, sound governance, effective internal controls, safe operations, top quality services, and high performing assets as a DFI.



The UN Sustainable Development Goals

> Our Methods

In order to promote the continued and robust development of the Chinese economy and society, we are dedicated to leveraging the strength of development finance which is geared to supporting China's strategies, centering on credit support, market-driven, and ensuring principal safety and modest profitability; bringing the capabilities of medium- and long-term investments and financing on maintaining stable growth and streamlining structural adjustments; contributing to the achievement of the government's development goals, improving the efficiency in allocating social resources, and easing of fluctuations associated with economic cycles; and increasing support to key industries and underdeveloped sectors.

Sustainable Corporate Governance

> Enhancement of Corporate Governance

In accordance with the Bank's Articles of Association approved by the State Council, the Board consists of 13 members, comprising 3 executive directors (including the Chairman), 4 government agency directors, appointed by the National Development and Reform Commission (NDRC), Ministry of Finance, Ministry of Commerce and People's Bank of China, and 6 equity directors. The Bank's Board of Supervisors are appointed in accordance with the State Council's *Provisional Regulations on the Board of Supervisors of Key State-owned Financial Institutions* and other relevant laws and regulations, and report to the State Council.

In 2017, the Bank diligently implemented the CDB Reform Plan and its Articles of Association as part of its ongoing efforts to enhance corporate governance structure built on "the Party Committee as the core leadership, the Board of Directors for strategic decision-making,

the Board of Supervisors for compliance oversight, and the Executive Management for authorized bank management and operations", and endeavored to draw on modern governance mechanisms, through sound decision-making, strong execution and effective oversight, to drive the Bank's reform and development.

On 6 November 2017, the Bank held the inauguration and first meeting of the new Board, and with the deliberation and adoption of 14 proposals including the rules of procedures for the Board, rules of procedures for the special committees of the Board, and rules of work of the President. This day marked the beginning of operation of the new Board, as the Bank continued to improve its governance framework and enhance its governance capability to better support national strategies.

> Strengthening Risk Management and Control

In line with the state's demand to "elevate the priority of financial risk prevention and control", the Bank actively implemented *the Regulation on China Development Bank*, to build a risk governance structure to cover all types of risk exposures, a risk early warning system based on big data technologies, and emergency response mechanisms for major risk events, and create a strong safety network to safeguard the Bank against all risks. In 2017, the Bank took active measures to adapt to changes in environments and policies at home and abroad, further strengthen risk management and control in key industries, optimize management of group clients, increase efforts in risk mitigation, and improve overall risk management quality and effectiveness. At the end of 2017, the Bank's NPL ratio was 0.70%, under 1% for 51 consecutive quarters.

Firming up the foundation of rules and procedures for risk management. The Bank conducted a comprehensive review of its enterprise wide risk management rules and procedures, and formulated 27 major risk management policies and rules, including *the Measures for Enterprise-wide Risk Management of China Development Bank* and *the Measures for Market Risk Management of China Development Bank*. With the issuance of *the Guidelines for Further Strengthening Risk Management and Control*, the Bank called its people for action and made systematic arrangements for financial risk prevention and control. With the issuance of *the Guidelines for Strengthening Anti-Money Laundering Internal Audit*, the Bank embedded anti-money laundering internal audit in its daily oversight programs, as it continued to drive its anti-money laundering management and system improvement.

Strengthening risk management and control in key industries. The Bank increased risk analyses and assessments of key clients and projects, hot issues, and key industries, implemented a proactive

approach in risk screening in key areas so as to heighten the Bank's foresight and the capability for credit risk management. From different dimensions, including rules and procedures, processes and systems, the Bank made comprehensive improvements to the group client management practices, driving business management to transform from "project-centered" to a "client-centered" model. The Bank also issued the rules and procedures for quick responses to major risk events, intensifying risk early warnings in key industries.

Improving internal control and compliance. The Bank further enhanced its internal control mechanisms and rules and procedures as part of its efforts to comprehensively strengthen its internal control management. Focusing on internal control inspections and follow-up remediation, the Bank conducted special inspections of key industries. In alignment with its commitments to support the national strategies and preserving state-owned assets, the Bank carried out various audits, investigations and assessments to follow up on key initiatives, including urban renewal and poverty alleviation, to cover various areas, including loans in Renminbi and foreign currencies, interbank operations, IT, and risk management, and to drive remediation of identified issues, and also formulated and revised its rules and procedures, as well as optimized its processes and mechanisms, to help heighten its internal control and risk prevention and control across the Bank.

Building risk culture. The Bank issued *the Risk Culture Handbook of China Development Bank* to capture and highlight its risk management concepts and practices, cultivate a risk culture centering on the core values of devotions to the motherland and accountability, and help make risk awareness and accountability as an integral part of the staff's innate pursuit and everyday activities.

> Promoting Anti-Corruption Efforts

In 2017, the Bank adopted clearer and stricter rules and further strengthened its oversight, discipline and accountability. We made continued efforts to promote ethics and increased monitoring of corruption risk of key roles to effectively fight against business bribery and corruption. We further improved the regime to fight corruption and provide incentives for ethical conducts, and increased the education, management and oversight of our staff to encourage them to do their job in an ethical and transparent manner. We also enhanced our anti-money laundering internal control rules and systems, and conducted special risk screening exercises in a timely manner.

Strengthening oversight, discipline and accountability. We intensified our efforts to promote comprehensive compliance, established the rules of no exception, full coverage and zero tolerance, and continued to remind our people to aim for higher standards. We seriously investigated and dealt with the problem of violation of discipline. In our unrelenting drive to promote ethical conducts, we made serious efforts to identify major issues in relation to “the four decadent work styles”, namely formalism, bureaucracy, hedonism and extravagance. We further stepped up our internal inspections, including their breadth and depth, and doubled our efforts in monitoring and revisiting the remediation of issues identified during the inspections. Through audits of economic responsibilities in a manner as strict and concrete as practicable, we strengthened our check and oversight on the leaders and managers in their exercise of power. Improvement in whistleblowing and oversight mechanisms enabled us to address public whistleblowing in a more effective and transparent manner.

Enhancing the anti-corruption regime. We further enhanced the authority and the execution of our anti-corruption rules through a combination of initiatives, including issuing *the Anti-corruption Handbooks of China Development Bank* and *the Anti-corruption Rules Collection*, formulating confirmation guidelines for discipline and inspection functions among other rules and procedures, and enhancing relevant work procedures. Increased efforts in anti-corruption education and training, “A Theme Every Quarter” and other anti-corruption education programs and consistent advocacy for ethical conducts, enabled us to cultivate an ethical culture.

Augmenting daily oversight and management. We dedicated strong efforts to build and enhance long-term mechanisms for oversight of our cadres, including interviews and dialogues, case investigations and reviews, and personal considerations, among other measures, and establish a distinctly CDB-style oversight system that is embedded in every functional line, provides full coverage, and is effective from the beginning to the end of every process. By focusing on top priorities such as urban renewal and targeted poverty alleviation, the Bank engaged in joint oversight inspections with various stakeholders. In addition, incorporated staff behaviour review is undertaken as a regular component of the banking operations to prevent small problems from becoming major issues.

> Promoting Engagement of the Stakeholders

We respect the wishes and expectations of the stakeholders, and it is an essential part of our social responsibilities to address the needs of our stakeholders. In 2017, we further enhanced our practices for engaging the stakeholders, strengthened communications, and promoted the synergic growth of the Bank and the stakeholders. CDB has been recognized by China Banking Association with Most Socially Responsible Financial Institution, Best Social Responsibility Owner, Best Institution for Special Contribution to Social Responsibility. Also, CDB has won the prize of Leading Enterprise in Achieving Sustainable Development Goals by UNGC Network China.

Stepping up information disclosure on social responsibilities. Through various channels and in different forms, the information disclosure of our social responsibilities, including publishing sustainability report annually, plays a major role in enhancing communications and mutual understanding between the Bank and the stakeholders. We have created a special niche for social responsibilities

on our official website (www.cdb.com.cn), where relevant information is regularly released and updated. Other trendy media, including our official Wechat and Weibo, are also used to provide easy and greater access to our social responsibility activities.








Promoting social responsibility. We maintained close ties with the UNGC, the UNEP – Finance Initiative (UNEP FI), and GRI and China Banking Association, and participated in UNGC 2017 China Business Summit On Achieving the SDGs, a roundtable of UN in China on the Roles and Contributions of Businesses on Achieving the SDGs, the GRI Global Conference 2017, as well as conferences and workshops on green bonds and investor responsibilities and obligations to share CDB’s experience and practices and heighten the impact of CDB’s social responsibility efforts.

>> Expectations from stakeholders and our responses

Stakeholders

Expectations and Needs

Our Responses

Stakeholders	Expectations and Needs	Our Responses
 Governments	<p>Remain firmly committed to serving the major medium- and long-term development strategies of the national economy; more effectively and broadly deliver the functions and values of development finance in key industries, underdeveloped sectors and critical periods; and help promote the continued and robust development of the national economy</p>	<p>By focusing on supporting the supply-side structural reform and leveraging our strength in medium- and long-term investments and financing as well as our ability to deliver comprehensive financial services, we raised and channeled private funds to support infrastructures, basic industries, pillar industries, public facilities and administration, among other economic and social development sectors; new urbanization, urban and rural integration, and regional balanced development; transformation, upgrade and structural adjustments of traditional industries; energy saving, high-end equipment manufacturing, and other areas that would elevate China's overall competitiveness; affordable housing, poverty alleviation, education loans, inclusive finance and areas that will help our people to improve their welfare and quality of life; the BRI, Go Global efforts of Chinese enterprises, and other international cooperation areas; and relevant areas in support of the state's development and the economic and financial reforms.</p>
 Regulators	<p>Maintain prudent and robust operations, comply with relevant laws and regulations, and effectively manage its risks</p>	<p>The Bank ensured compliance in its operations by adhering to the laws and regulations, applying higher standards where appropriate, establishing enterprise-wide risk management system, strengthening internal controls, and increasing the oversight by internal audit.</p>
 Shareholders	<p>Continuously enhance its corporate governance and safeguard and increase the value of state-owned assets</p>	<p>We strived to safeguard and increase the value of state-owned assets by continuously elevating our governance capability, enhancing corporate governance practices, and delivering first-class operating results against international criteria.</p>
 Investors	<p>Deliver reasonable and stable investment returns, make timely and accurately information disclosure, and provide good services</p>	<p>The Bank continued to strengthen investor relationship, improve its information disclosure, and heighten its business management capabilities in order to achieve steady and sustainable development.</p>
 Clients	<p>Continue to improve its service quality and provide innovative services and products</p>	<p>The Bank continued to enhance its service system, and adopted various means and methods to heighten its comprehensive financial service capabilities, including innovative investment and financing solutions, public-private partnership (PPP), and government procurement of services, in order to deliver professional and diversified financial services to its clients.</p>
 Environment	<p>Promote green finance, maintain green operations, and protect the eco-environment</p>	<p>The Bank continued to enhance its green lending rules and practices, made strong investments in promoting green finance, and actively pursued green causes in all of its operations.</p>
 Employees	<p>Safeguard their lawful rights and interests, provide good development opportunities, and help promote their individual career development</p>	<p>The Bank adopted open and competitive recruitment practices, continued to streamline the paths for its people's education and growth, organized diversified training programs, continued to strengthen the workforce and cultivation of talents, put in place mechanisms to aid people in need, and strived to enhance employee engagement and satisfaction.</p>
 Partners	<p>Build and maintain good partnerships and achieve mutually beneficial results</p>	<p>The Bank actively engaged in cooperation with its suppliers, academic institutions, and government agencies, and strived to grow together with its partners and deliver mutually beneficial values.</p>
 Public and Communities	<p>Provide quality financial services, organize outreach and volunteer service activities, and help promote the development of the communities</p>	<p>As part of CDB's commitment to helping build harmonious communities, the Bank organized various programs in response to the needs and concerns of the public and communities, including financial knowledge sharing, and undertook all types of welfare cooperation project in China and abroad.</p>



Contributing to Economic Growth



Needs For A Better Life



We will pursue supply-side structural reform as our main task, raise total factor productivity and accelerate the building of an industrial system that promotes coordinated development of the real economy with technological innovation, modern finance, and a talent pool. We will continue to explore new mechanisms and pathways for achieving coordinated development among regions, promote coordinated development of the Beijing-Tianjin-Hebei region, Yangtze Economic Belt, Xiongan New Area, and Guangdong-Hong Kong-Macao Greater Bay Area, build world-class city clusters and foster new source of growth.



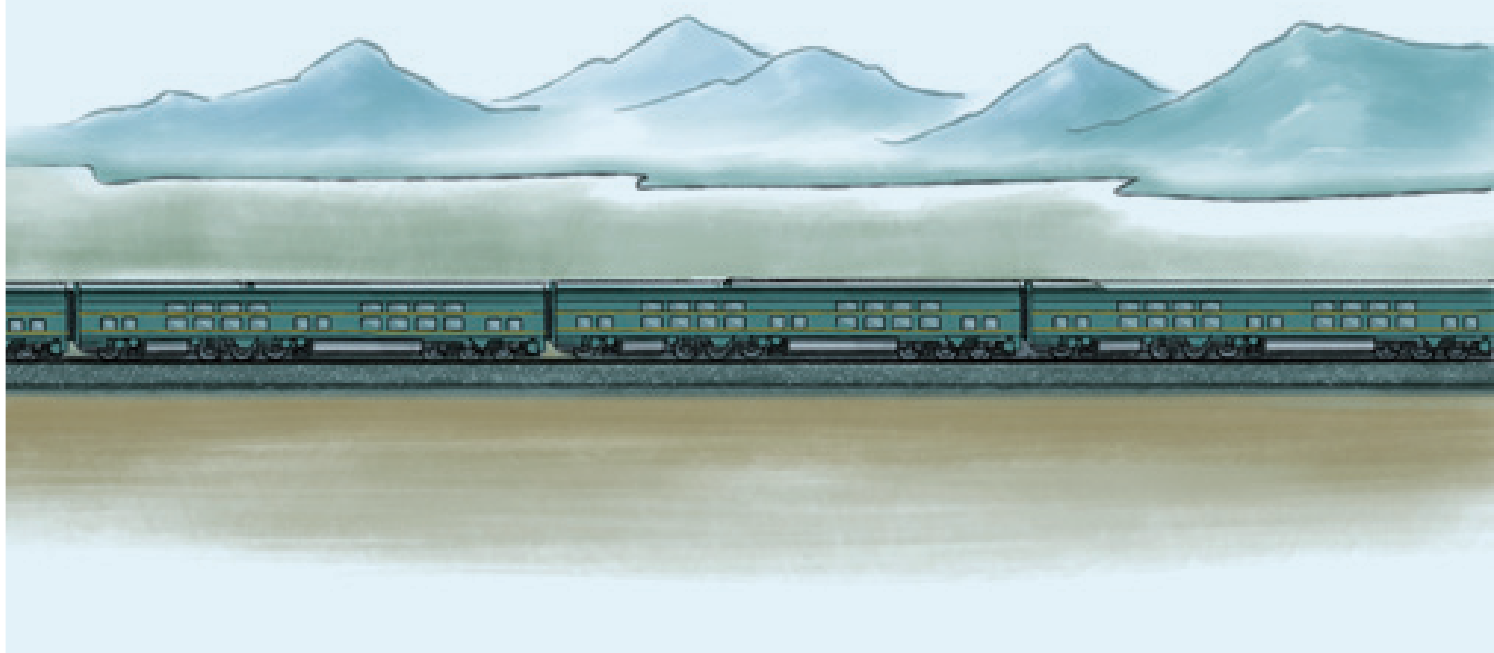
—*Seize the opportunities of world economic transformation and seek greater development in Asia Pacific*,
President Xi Jinping's speech at APEC in 2017



China remains committed to the underlying principle of making progress while keeping performance stable. Gain a strong understanding of and put into practice the new development philosophy. Adapt to, approach in the right way, and steer the new normal in economic development. Expand aggregate demand as appropriate. Do better in guiding expectations, strengthen the role of innovation in driving development. Maintain stable and sound economic development as well as social harmony and stability.



—*2017 Report on the Work of the Government*





CDB Actions



CDB must, in fast adherence to the overall approach to pursue progress through solid growth, increase its efforts in supporting the real economy and solidifying the foundation of our modernized economic system, increase its efforts in supporting the innovation-driven development strategy and strengthening the modern economic system, increase its efforts in promoting coordinated urban and rural development and optimizing the spatial and geographical distribution of the modern economic system, continue to deepen reform, ensure effective risk prevention and management, and make contributions to the great cause of building China's modern economic system as a DFI.



—China Development Bank

- Drive major construction programs in infrastructure, basic and pillar industries, including railways, highways, urban rail transit and water resources.
- Implement the innovation-driven development strategy, promote industrial transformation and upgrade, and support technological innovations and strategic emerging industries.
- Promote balanced regional development, facilitate the quality improvement and upgrade of new urbanization initiatives, and boost the coordinated development of Beijing-Tianjin-Hebei region, the Xiongan New Area, the Yangtze Economic Belt, and the Guangdong-Hong Kong-Macao Greater Bay Area.



> Improving Infrastructure as a Major Underlying Driver

>> Building a modernized transportation system

Transportation is a basic, pacesetter and strategic industry in the national economy, and also a major long-term funding target of CDB. In 2017, CDB channeled enormous resources in support of high-speed railways, expressways, urban rail transit, and civil airports, among other sectors, as part of its ongoing undertaking to build a modernized comprehensive transportation system, to help make it an enjoyable experience for travellers and a highly efficient process for logistics industry, and enable the transportation industry to better underpin the economic and social development of China.

Support Transportation Infrastructure Development

Railways

- ▶ Issued RMB14.72 billion loans in 2017, with a cumulative total above RMB **1.5** trillion.
- ▶ By the end of 2017, the mileage of CDB funded railways increased to approximately **60** thousand kilometers, accounting for more than half of operational mileage nationwide.

Highways

- ▶ Issued RMB298.5 billion loans in 2017, with a cumulative total above RMB **2.9** trillion.
- ▶ By the end of 2017, the operational mileage of CDB funded expressways increased to **75** thousand kilometers, accounting for approximately 58% of the total expressway mileage nationwide.

Urban rail transit

- ▶ Issued RMB **103.1** billion loans in 2017 and supported 49 urban rail transit development projects in 23 cities.



Boosting the integrated development of the Changsha-Zhuzhou-Xiangtan city cluster

The Changsha-Zhuzhou-Xiangtan Intercity Railway is at the core of Hunan's 3+5 intercity railway network. As a strong financial and intellectual supporter, CDB Hunan Branch organized a syndication loan of RMB5.275 billion to this project. On 26 December 2017, the railway became fully operational to bring the three cities closer with commuting time down to half an hour, effectively boosting the integrated development of the Changsha-Zhuzhou-Xiangtan city cluster.



The Changsha-Zhuzhou-Xiangtan Intercity Railway



A steel dragon to revive the Northeast

The Beijing-Shenyang High-Speed Railway is a major component in the Beijing-Harbin High-Speed Railway, one of the backbones in the four-by-four network as defined in *the China's Medium- and Long-term Railway Network Master Plan*, and also a critical artery that connects the Beijing-Tianjin-Hebei region and the Northeast. For this project, CDB Liaoning Branch provided funding support of RMB2.56 billion. After the completion of the project, the travel time will be shortened from the current 5 hours to about 2.5 hours, and provide a huge boost to the economic and social development in northeastern China.

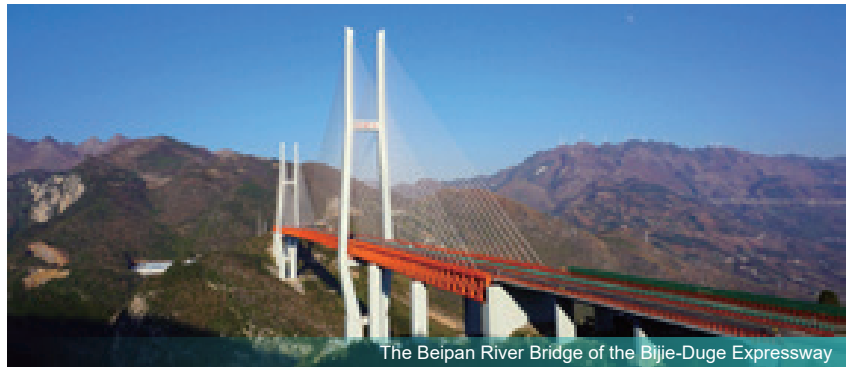


The New Beijing-Shenyang Passenger Line (Liaoning Section)



Removing road bottlenecks to speed up poverty alleviation

The Bijie-Duge (Guizhou-Yunnan border) Expressway Project is designed to serve as a major thoroughfare to connect the northwestern region in Guizhou to the regions in Eastern and Southern China. For this project, CDB Guizhou Branch provided funding support of RMB9.18 billion. After its completion, it will significantly upgrade the national and provincial road networks in the region, and play a major role in poverty alleviation.

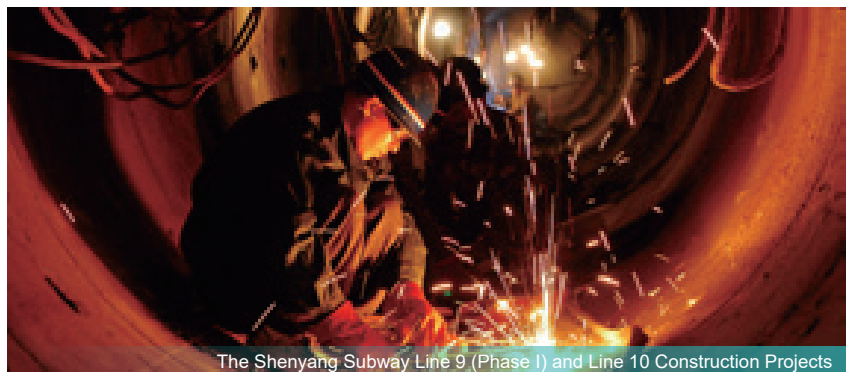


The Beipan River Bridge of the Bijie-Duge Expressway



Accelerating subway construction to improve public transportation

The Shenyang Subway Line 9 (Phase I) construction and Line 10 construction projects are major components of infrastructure construction in Shenyang, and will make significant contributions to elevating Shenyang's comprehensive transportation system and easing the commuting pressures for local residents. For this projects, CDB Liaoning Branch provided funding support of RMB4.07 billion.



The Shenyang Subway Line 9 (Phase I) and Line 10 Construction Projects



Ten years of strong support to help China's high-speed railways to get to the top of the world

From 2007 when the intercity high-speed railway between Beijing and Tianjin became fully operational, marking the beginning of a new age of high-speed railway construction in China, to 2017 when the total mileage of operational high-speed railways in China exceeded 25,000 kilometers at the year end to form the largest and fastest high-speed railway network in the world built with fully proprietary know-hows, the Chinese high-speed railways have made unbelievable achievements in the ten years, and have become a proud symbol of China's modernized infrastructure and equipment manufacturing capabilities.



CDB, as always, aligning business focus with national development strategies, places top priority in supporting the railway industry and delivering its development finance advantages, remains ever the strong contributor to China's railway construction and development.



—Yu Bangli, Chief Accountant, China Railway

25,000 kilometers The world's **2/3**
The total mileage of operational high-speed railways across China

2,626 pairs **5** million passengers
Trains run in China every day Transportation capacity

1.2 billion passengers **60** %
China's high-speed railways carry every year Representing of the world's passenger transport by high-speed railways

350 kmph **3.8** kWh
The Fuxing trains, designed with Chinese proprietary technologies energy consumption per person per hundred kilometers

Four by Four

A high-speed railway network spanning China with four major lines running east-west and four major lines running north-south to connect the Eastern, Central, Western and Northeastern regions

Beijing-Shanghai High-Speed Railway

1,318 kilometers in length, with a dense population along the line that accounts for 29% of the country.

For this project, CDB provided funding support of RMB **15** billion.

Beijing-Guangzhou High-Speed Railway

Connects Beijing and Guangzhou over 2,298 kilometers in only 8 hours.

For three sectional projects, namely Beijing-Shijiazhuang Passenger Line, Shijiazhuang-Wuhan Passenger Line and Wuhan-Guangzhou Passenger Line, CDB provided funding support of RMB **10** billion.

Harbin-Dalian High-Speed Railway

Is able to run safely in a -40°C low-temperature environment.

CDB provided funding support of RMB **38** billion.

Key projects



Over the past ten years, CDB has always placed a top priority in supporting railway constructions, diligently implemented the state's medium- and long-term railway network plans, and let railway construction investments play a key role in stabilizing growth, streamlining structures, and improving people's livelihood. In promoting railway constructions, CDB has worked closely with the state's railway construction and transportation authorities, employed a diverse combination of financial services and methods, including investments, loans, bonds, leases and securities, to deliver solid support to China's high-speed railway construction, and made consistent and concrete contributions to China's railway development.

China Railway

CDB and China Railway have entered into multiple development finance cooperation agreements to deepen cooperation in various areas, including railway construction and rolling stock procurement, which safeguard the funding needs of railway construction projects in central and western regions and poverty alleviation target regions, and provide the support needed to deliver the state's medium- and long-term railway construction objectives.

Deepened strategic cooperation



Ministry of Transport

CDB and the Ministry of Transport entered into a 13th Five-Year Period development finance cooperation agreement to provide no less than RMB2 trillion financial support to the state's comprehensive transport system constructions, and CDB will play an important role as the funding coordinator to prioritize funding to infrastructure constructions of the transport network, green transport and other weak areas.



Comprehensive financial services

provided annual funding of more than RMB **100** billion

As a lead funding provider to railway constructions

CDB has provided annual funding of more than RMB100 billion for 7 consecutive years to enable 90 high-speed railway projects across China to commence construction or become operational.

RMB **950** billion

As a major force in channeling public funds to support railway constructions

CDB has participated in underwriting more than RMB950 billions of various bonds, including railway bonds and SCPs, and issued more than RMB50 billion of railway ABS products.

RMB **100** billion

Through deepened cooperation in rolling stock procurement

CDB has entered into 9 rolling stock procurement loan contracts for a total of RMB100 billion.

RMB **20** billion

Introduced a new type of loans designed for large-scale railway equipment rehabilitation projects

Through effective product innovation review and approval, and so far issued RMB 20 billion of such loans.

loans + investments

By adopting the innovative "loans + investments" cooperation approach

CDB has increased its capital contribution to the National Railway Development Fund, to help further lower the funding costs for railway constructions.

Go Global

As a solid supporter of the Go Global efforts of China's high-speed railway industry

CDB has funded the construction of the Jakarta-Bandung high-speed railway in Indonesia, and is making earnest efforts to promote funding cooperation for the Moscow-Kazan high-speed railway in Russia and China-Kyrgyzstan-Uzbekistan high-speed railway, among other projects.

>> Boosting new urbanization

In 2017, focusing on balanced urban-rural development and rural revival strategies, CDB increased its funding support to utility tunnel, sponge city, distinct and unique towns, and new cities and new districts, adopted innovative models and methods to promote rural revival and new urbanization programs, and further boosted the knock-on effects and the underpinning role of urbanization.

Supporting new urbanization

Utility tunnels

- ▶ In 2017, CDB provided RMB **58.1** billion in loans.
- ▶ CDB delivered the task of building 2,000 kilometers of utility tunnels set out in the *2017 Report on the Work of the Government*, including funding support to utility tunnel constructions in Guangzhou, Inner Mongolia and Henan.

Sponge cities

- ▶ In 2017, CDB provided RMB **33.6** billion in loans.
- ▶ By combining sponge city constructions with water environment improvement in key river regions and urban ecosystem restoration in an organic manner, CDB made strong progress in sponge city construction in pilot cities, including Wuhan, Dalian, Sanya and Pingxiang.

Distinct and unique towns

- ▶ In 2017, CDB provided RMB **114.5** billion in loans.
- ▶ CDB supported the development of a number of distinct and unique towns across China, including the fishery town of Zhoushan and the robot town of Yuyao.
- ▶ CDB participated in efforts to set up prefecture-level urban development funds, including the urban development equity investment fund of Liaocheng City.

New cities and new districts

- ▶ CDB supported the construction of 6 new cities and new districts, including the sub-center for Beijing.
- ▶ In addition to promoting the balanced development of the Beijing-Tianjin-Hebei region, CDB has committed RMB **14** billion in loans in support of a host of projects for the construction of Beijing's sub-center, and studied and developed solutions to ensure the implementation of and funding readiness for delivering the plan for the Xiongan New Area.



A new look for a century-old coal mining city

Pingxiang, a city with a coal mining history of more than a hundred years, is one of the pilot cities in China selected for sponge city construction. From 2015 to 2017, CDB Jiangxi Branch made diligent efforts to help embed sponge city concepts and technological criteria in the city's construction, and provided funding support of RMB937 million to sponge city construction projects, including rainwater collection systems and drainage control and regulation pipelines, making significant contributions to improving the city's ecosystem and overall environment for the residents.



The Yuhu Lake comprehensive remediation project in Pingxiang City



Funding support for the underground "life lines" of cities

The utility tunnel construction project in the center of Chifeng City, Inner Mongolia, is a key component in the city's efforts to upgrade its infrastructure. CDB Inner Mongolia Branch is actively involved in the city's infrastructure upgrade, and committed to help the city shore up its infrastructure weaknesses, improve city functions, and enhance the quality of public services. At the end of 2017, the balance of the loans was RMB600 million.



The utility tunnel construction project in the center of Chifeng City



Reviving the millenium-old cultural town

Zhuge Town, a historic landmark named after Zhuge Liang and located in Hanzhong, Shaanxi, offers a memorial temple to pay tribute to this historical figure, and a place to relive the legendary period of three warring kingdoms. To promote this town as a tourism attraction and an example for tourism development in the Qinling-Daba mountain regions, CDB Shaanxi Branch provided RMB70 million to this project. After the revival, the ancient town will serve not only as a choice venue to showcase the traditional culture, but also an enterprise to create employment opportunities and generate big revenues from tourism.



The Zhuge Ancient Town Tourism Project in Hanzhong



>> Water resources constructions to improve people's livelihood

As proven over thousands of years, with water resources harnesses, the world will be peaceful, and with ample food stores, businesses will be prosperous. In 2017, we channeled enormous resources in support of water resources projects designed to improve people's livelihood, including major water resources constructions and safe drinking water in rural areas, repair and fortification of ill-maintained reservoirs, and improvement and remediation of medium and small rivers.

In 2017, CDB provided

● RMB **96.7** billion
water resources loans.



The golden waterway of Xi River

Xi River, the second largest commercial waterway in China, is not only a major waterway transport artery spanning Guangdong and Guangxi, but also a key route to the sea, a critical component in building the Pan-Pearl River Delta economic system and the China-ASEAN free trade zone. For the Yongning Water Resources Hub project in Nanning, Guangxi, a comprehensive water resources enterprise designed to improve the city's environment, waterscape and waterway transport and produce hydropower, among other functionalities, CDB Guangxi Branch provided RMB2.72 billion in loans to support the upgrade of the golden waterway and upgrade of the city's ecological environment.



Yongning Water Resources Hub Project at Nanning, Guangxi



Clean water for people in Ningxia after forty years' waiting

It must have given Du Fu, the great poet of Tang Dynasty, many sighs as he described the woes of water scarcity in Ningxia in one of his poems that runs: Jing (River) and Wei (River) are beyond us even if the Qinling Mountain suddenly tumbles down. Today, water from Jing River is nourishing the dream of local people to pursue a moderately well-off life. CDB Ningxia Branch channeled RMB20 million in loans for the project to provide safe drinking water to people in cities as well as rural areas in central and southern Ningxia, an undertaking that answered, once and for all, the forty-year longing for safe drinking water of 1.14 million local people by diverting the water of Jing River to reservoirs and then channeling it to Guyuan City.



The urban and rural safe drinking water project in central and south Ningxia

> Industrial Upgrade to Improve Quality and Efficiency

In 2017, we diligently implemented the innovation-driven development strategy, and actively aligned our work with top priorities of the state's technological innovation plans for the 13th Five-Year Period, as we continued our strong efforts to promote industrial transformation and upgrade and structural optimization, foster the strategic emerging industries, drive innovations in investment and financing solutions, including the combination of investments and loans in support of technological start-up enterprises, and improve the quality and efficiency of China's economic growth.

Combining a host of measures to help China become an innovation-driven country

Master Planning

- ▶ CDB completed the Major Action Plans for the Strategic Emerging Industries in association with the Chinese Academy of Engineering.
- ▶ CDB cooperated with the Ministry of Industry and Information Technology (MIIT) to complete the research on "new materials, 13th five year and investment and financing strategy".
- ▶ CDB participated in the researches and development major industrial policies.

Policy Connectivity

- ▶ CDB and the NDRC entered into *the Agreement for Strategic Cooperation in Support of Strategic Emerging Industries*.
- ▶ CDB and the Ministry of Science and Technology jointly issued *the Circular Regarding Promoting the Role of Development Finance in Supporting Major Scientific and Technological Innovation Projects* to support major scientific and technological projects.
- ▶ CDB and the MIIT jointly issued documents including *the Circular Regarding the Proposal of 2017 Key Funding Projects for Industrial Energy-Saving and Green Development Initiatives*.

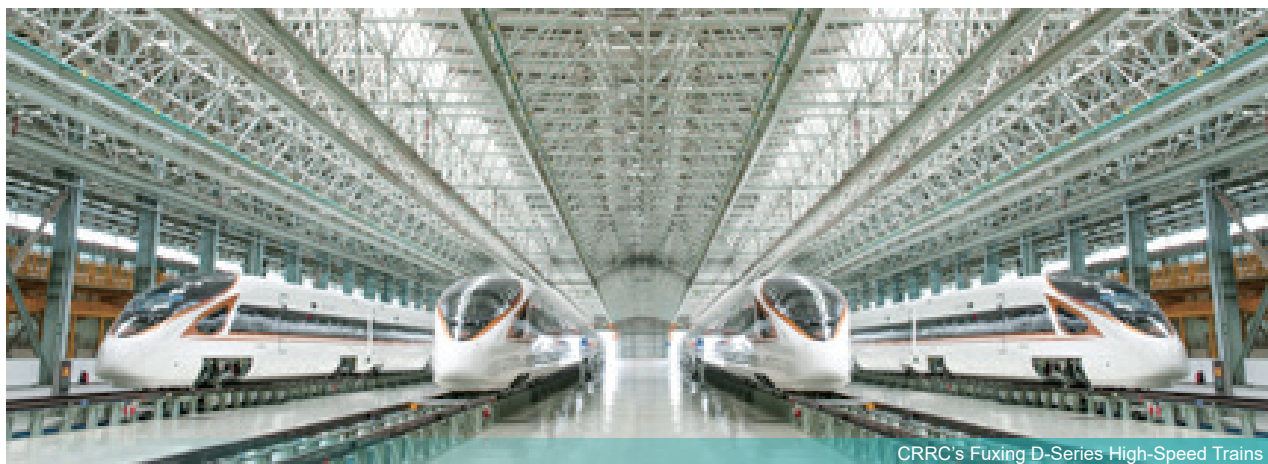
Financing Support

- ▶ In 2017, CDB provided RMB **338.1** billion in loans to the manufacturing industry.
- ▶ In 2017, CDB provided RMB **344.3** billion in loans to the strategic emerging industries, provided RMB **44.9** billion in high-tech loans.
- ▶ In 2017, CDB provided RMB **107.7** billion in loans to the integrated circuit sector and the relevant supporting industries, and partnered with the National Integrated Circuit Industry Investment Fund to raise RMB **49.7** billion.



CDB behind the runaway success of Fuxing, China-designed D-series high-speed trains

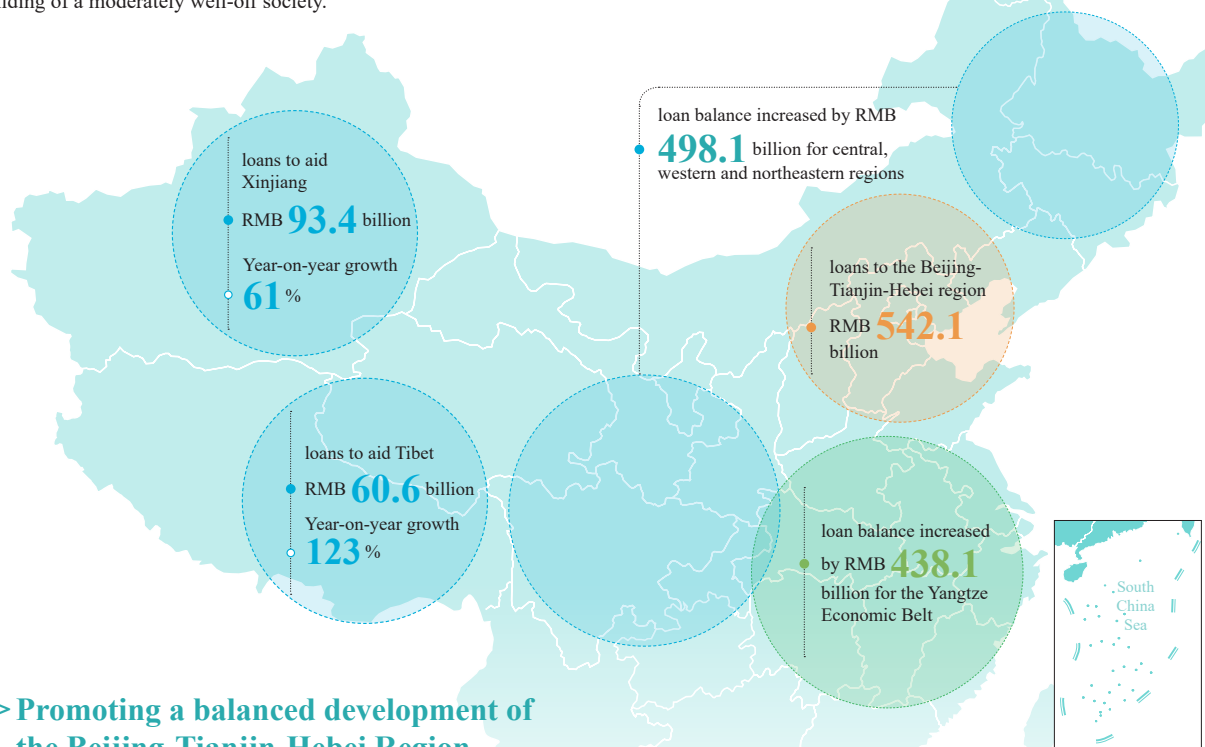
On 21 September 2017, a Fuxing train clocked 350 kmph for the first time on the Beijing-Shanghai High-Speed Railway, making China the fastest country in the world in achieving commercial operation of high-speed trains. In 2017, CRRC, the producer of these high-speed trains, raised RMB1.5 billion investment from CDB Capital, a subsidiary of CDB, a strong supporter for CRRC in its R&D, capacity expansion, upstream and downstream M&As along the industry chain, as well as overseas operations.



CRRC's Fuxing D-Series High-Speed Trains

> Regional Coordination to Promote Balanced Development

We are deeply involved in implementing the “Four Regions” strategy, and as part of our commitment to deliver CDB who “plans ahead to ensure efficient transfer and sharing of knowledge and expertise, helps establish proper rules and policies through reforms and innovations”, and provides funding based on market principles, we have made centralized efforts to facilitate the balanced development of the Beijing-Tianjin-Hebei region, the construction of Xiongan New Area, and the development of the Yangtze Economic Belt and the Guangdong-Hong Kong-Macao Greater Bay Area, and deepened comprehensive financial cooperation with Xinjiang and Tibet, to strengthen the balance in regional development and contribute to the building of a moderately well-off society.



>> Promoting a balanced development of the Beijing-Tianjin-Hebei Region

In accordance with *the Outlines of the Balance Development Plan for the Beijing-Tianjin-Hebei Region*, CDB continues to explore new options to promote the balanced development of the Beijing-Tianjin-Hebei region, and by focusing on integrated transport system, ecological and environmental protection, and industrial transformation and diversification, support defibering non-capital functions and provide solid funding support to the balanced development of this region.

High-level support to the construction of the Xiongan New Area

Organization and leadership

- ▶ The Xiongan New Area Planning and Construction Leadership Group has been set up at the Head Office to conduct special studies on and make arrangements for major issues.
- ▶ Financial services office of Xiongan New Area have been set up at CDB Hebei branch to strengthen alignment with Hebei and the Xiongan New Area.

Planning and cooperation

- ▶ CDB participated in the master planning for the Xiongan New Area, the detailed regulatory planning for the commencement area, the detailed regulatory planning for the take-off area, and the ecological and environmental remediation and protection planning for Baiyangdian.
- ▶ CDB prepared the overall approach for investment and funding planning for the Xiongan New Area.
- ▶ CDB conducted special studies on the planning and construction for the new district, and reported its findings and insights to the Hebei provincial government.

Financing services

- ▶ CDB gave full play to the advantages of comprehensive financial services, studied innovative financing mode, and provided financing services for land acquisition, demolition and resettlement.
- ▶ CDB guided social capital, provided financing services for different stages of new district planning and construction.

>> Propelling the development of the yangtze rconomic belt

In line with the strategic guiding principle to “promote the development of the Yangtze Economic Belt by jointly promoting the greater good of environmental protection and not succumbing to irrational development”, we implemented *the Outlines of Development Plans for the Yangtze Economic Belt*, and by prioritizing our efforts to support ecological remediation and environmental protection in the Yangtze Economic Belt, we worked closely with relevant government agencies and provincial and municipal stakeholders along the Yangtze River to collectively promote ecological protection and green development in the economic zone.

Supporting the development of the Yangtze Economic Belt

Planning ahead

- ▶ CDB partnered with the NDRC to deliver *the Preliminary Research on the Outlines of Development Planning for the Yangtze Economic Belt*, and also independently prepared more than 10 financing plans in relation to the Yangtze Economic Belt.
- ▶ CDB prepared *the Financing Plan for Ecological Protection and Green Development in the Yangtze Economic Belt in Hubei*, and proposed its comprehensive financial service plans.

Regimes and mechanisms

- ▶ CDB proposed regimes and mechanism to government agencies of provinces and municipalities along the Yangtze River, including the interprovincial coordination mechanisms for major remediation projects in the Yangtze River regions and setting up provincial-level ecological protection investment and financing vehicles, and the proposals have been adopted.

Funding support

- ▶ River governance: CDB supported Yangtze-Huai Water Diversion Project.
- ▶ Ecological remediation: CDB supported pan Chao Lake ecological protection and remediation project in Anhui, ecological remediation in Jingmen section in Hubei, as part of the South-to-North Water Diversion, among other projects.
- ▶ Industrial transformation: CDB supported projects in strategic emerging industries, including BOE in Anhui and the assembly lines to produce 12-inch advanced semiconductor memories in Wuhan.
- ▶ Infrastructure: CDB supported the infrastructure construction and upgrade of central cities along the Yangtze River, including Chongqing.
- ▶ Product innovation: CDB issued RMB5 billion green financial bonds over CDB counters, the first of the kind in China specifically designed for water resources protection in the Yangtze Economic Belt.



The dazzling transformation of the Han River Bay area of Wuhan

The water of the Yangtze River connects the upper reaches and lower reaches, left bank and right bank, and its numerous branches into an enormous economic and social system where water ecology is of overarching importance as everyone and everything depend on water in one way or another. The Han River Bay comprehensive water ecology remediation is the linchpin projection in the infrastructure upgrade of the Qiaokou District, Wuhan, and for this major undertaking, CDB Hubei Branch provided funding support of RMB660 million to help foster a eco-friendly and green Han River Bay business community and contribute to the collective efforts to preserve the Yangtze River.



The comprehensive ecological remediation of Han River Bay, Wuhan





A grand river-spanning bridge to propel the development of the Yangtze Delta

The Shanghai-Nantong Yangtze River Bridge will serve as an additional major cross-river thoroughfare at the lower stream of the Yangtze River to ease the traffic burdens across the river and facilitate the economic and social development in the Yangtze Delta regions. For this project, CDB Jiangsu Branch provided funding support of RMB3.445 billion.



The Shanghai-Nantong Yangtze River Bridge

>> Supporting the development of the central and western and the northeastern regions

We have been actively involved in promoting the emergence of the central region and the great development of the western region, supporting the revival of the old industrial bases in the northeastern region, and aiding the people in Xinjiang, Tibet, and the Tibetan autonomous regions in Sichuan to comprehensively build the moderately well-off society.

Supporting the development of the central and western and the northeastern regions

Revival of the old industrial basis in the northeastern region

- ▶ CDB has partnered with the NDRC to complete a number of major studies, including *the Planning for the Revival of the Northeast China in the 13th Five-Year Period* and *the Preliminary Study of the Policies and Comprehensive Planning for the Relocation and Renewal of Coal Mining Subsidence Regions in China*, and actively explored new options for development finance to support the balanced economic, social and ecological development in the northeastern region.
- ▶ CDB and the NDRC entered into *the Strategic Cooperation Agreement for Joint Efforts in Promoting the Revival of Old Industrial Bases in Northeast China*, and sponsored the Northeast China Revival Financial Cooperation Mechanism in association with more than 40 financial institutions, including State Development and Investment Corporation.
- ▶ CDB has been deeply involved in supporting the improvement and upgrade efforts in key industries and underdeveloped sectors, including infrastructure, industrial upgrade and rural renewal.

Supporting the balanced development in the central and western regions

- ▶ By promoting alignment of policies, CDB entered into a series of cooperation agreements with local governments, including *the Strategic Cooperation Agreement to Deepen Bank-Government Cooperation* with Guangxi municipal government, *the Cooperation Memorandum for Development Finance to Support Poverty Alleviation of Shiyan City in the 13th Five-Year Period* with the local government of Shiyan, Hubei, and cooperation agreements for building national reserve forest bases in Guangxi, Henan and Hubei.
- ▶ CDB remained a leading backer of infrastructure constructions, as it continued to support transportation network constructions, including the Hefei-Fuzhou High-Speed Railway and the dual-use high-grade highway in Hami, and deepen financing cooperation in support of the airport construction of Gansu Civil Aviation Airport Group.
- ▶ CDB stepped up its efforts in accelerating industrial upgrade, and supported the first industrial upgrade demonstration districts in Tongling in Anhui, Huangshi in Hubei, and Zigong in Sichuan.



Green lungs for the new district

Beihu Wetland Park and its auxiliary projects are a major component in the Changchun New District, a national-level new district, and once completed, it will play a huge role in enhancing the overall environment of the Changchun New District, improving the city functionalities and utilities, and promoting the comprehensive balanced development of the new district. For this project, CDB Jilin Branch provided funding support of RMB150 million.



Beihu Wetland Park and auxiliary projects



Contributing to Xinjiang's poverty alleviation and social stability

Poverty is a critical issue that must be effectively addressed to ensure the stability and development of Xinjiang, and education is the fundamental solution for securing the lasting success of poverty alleviation. As part of its unfaltering efforts to promote poverty alleviation through education, CDB Xinjiang Branch provided full support to build bilingual kindergartens in villages across Xinjiang, raised a cumulative RMB3.97 billion to have built 1,642 new kindergartens, aiming to ensure poverty-stricken children of all minorities receive fair and quality education.



A bilingual village kindergarten in Kashgar, Xinjiang

Sustaining and Improving People's Livelihood



Needs For A Better Life



We are mindful that despite the unprecedented economic growth that has lifted millions of people out of poverty, poverty continues to be a reality for millions of others in our region. We call for more intensive efforts for its reduction and eradication. We also acknowledge that inequality acts as a brake on economic growth and that reducing it is essential to spurring development and prosperity in the Asia-Pacific.



—23rd APEC Economic Leaders' Meeting Declaration (2015)



At the present, many Chinese cities face such problems as water-logging, traffic congestion and unsafe “old, broken and small” building complex. Housing needs of the low-income urban and rural people are not fully met. The housing guarantee system needs further improvement. Poverty remains a weak link hindering Chinese economic and social development, economic downward pressure and unbalanced development among different regions pose new challenges to further narrowing of the gap between the impoverished areas and other parts of the country.



—China's Progress Report on Implementation of the 2030 Agenda for Sustainable Development (2017)





CDB Actions



CDB will continue devoting efforts in poverty alleviation and urban renewal, guided by a greater blueprint of poverty alleviation, the solution that combines building sound rules and systems, funding and knowledge transfer and technical assistance and the approach to finance relocations on a provincial basis, infrastructure development on a county basis, and industrial development on a village/household basis, and education on an individual basis, support welfare housing development and reforms, in order to increase the sense of fulfillment, happiness and security of the general public.



—China Development Bank

- In 2017, CDB continued to serve as the backbone in funding urban renewal and provided solid funding assurance to help deliver the state's 2015-2017 Three-Year Urban Renewal Plan.
- Adhering to the basic strategy of targeted poverty reduction and alleviation, CDB is committed to delivering poverty alleviation strategies and solutions.



> Dreams of Better Housing Come True

As a major development project to improve people's livelihood, urban renewal brings hope to tens of millions residents living in underdeveloped housing condition. CDB prioritized urban renewal and continued to serve as the financial backbone, closely cooperated with government agencies and local authorities, established and improved operational rules and procedures in urban renewal, proactively innovate comprehensive financial services and products, and devote all efforts in supporting urban renewal and auxiliary infrastructure development.

By the end of 2017, CDB has provided a cumulative total of RMB3,407.5 billion urban renewal loans, helping over 20 million households to move out of shanties and realize dreams of better housing.



Support urban renewal project in Zhuzhou

Highly dense shanty towns in urban and mining industrial districts is a unique memorial to Zhuzhou local residents. CDB Hunan Branch provided diversified financial services for local urban renewal projects by innovating in financing solutions and providing a cumulative total of RMB7.76 billion urban renewal loans, which helped improve housing condition of 14.2 thousand residents.



Urban Renewal Project in ZhuZhou City



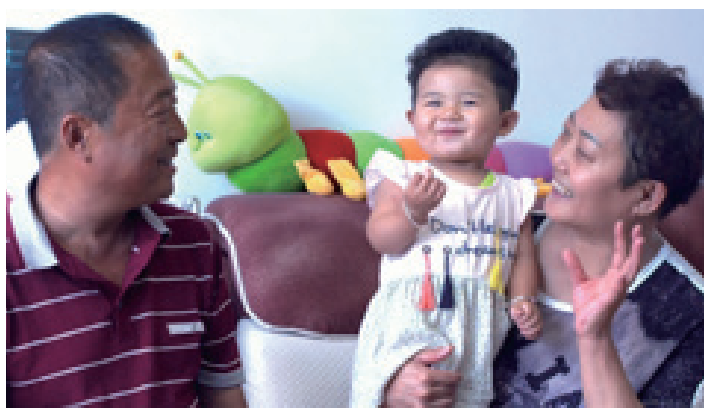
Comments from residents benefited from urban renewal projects



We used to live in Beiliang, where housing condition was unsatisfactory, streets were dirty and shabby, and medical facilities were not accessible. Now moving to this new community, infrastructure, environment and many other facilities are clean and nice.



—Kang Jinping, a resident at Beiliang New District Nansan Community in Baotou, Inner Mongolia





Help improving housing condition for Zhaoqing Residents

The Urban Renewal Project (Phase I) in Dinghu District, Zhaoqing City plays a key role in the development of infrastructure in the region. CDB Guangdong Branch issued RMB500 million to substantially support the project, greatly improving local livelihood and urban appearance.



Urban Renewal Project (Phase I) in Dinghu District, Zhaoqing City



Supporting urban renewal in Baoshan City

By issuing a loan of RMB4.419 billion, CDB Yunnan Branch proactively supported Qinghua Lake Honghua Phase I and Phase II urban renewal projects in Baoshan City, benefited 2,649 households from the shanty towns, and greatly improved housing condition for local residents.



Qinghua Lake Honghua Phase I and Phase II Urban Renewal Projects in Baoshan City



Bring the three-year plan to a successful completion as a major funding source for urban renewal

In June 2015, the State Council released *the Guideline Concerning Further Efforts to Renovate Shantytowns and Dilapidated Houses* ([2015] No. 37), putting forward a three-year plan of urban renewal and auxiliary infrastructure plan and making a decision of rebuilding 18 million units in shantytowns and rural homes, effectively improving housing conditions for those suffering from poor shelters. The Guideline emphasized “leverage the support of development finance” in particular, indicating that CDB and other financial institutions shall increase financing support.



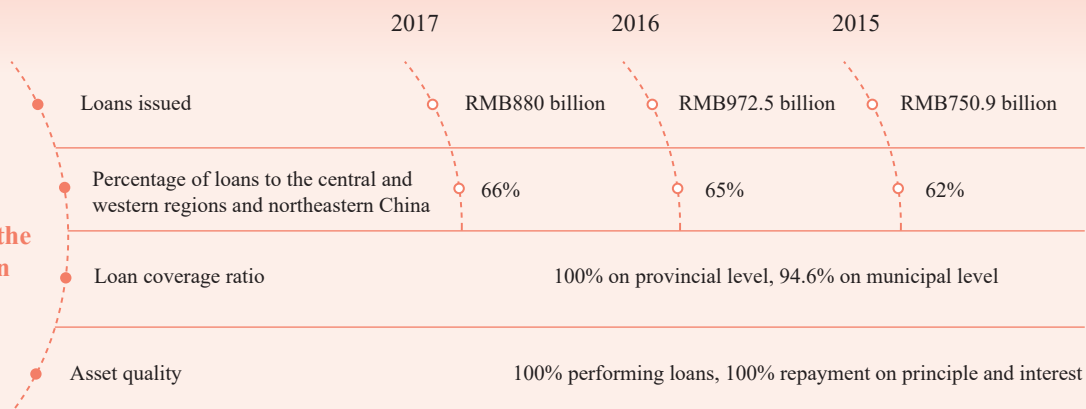
Living up to its role and potentials as a DFI, CDB will further increase support in urban renewal financing, operation and funding, reduce processing time of credit reviews and payments, providing constructive services for the Three-Year Plan.



—CDB Decisions on Further Participation and Support of Development Financing in Urban Renewal



Execution and Achievements in the Three-Year Plan



Supportive actions as a DFI

Full-range support to the Three-Year Plan

Established collaboration with Ministry of Housing and Urban-Rural Construction on public policy research and prediction, and cooperation

- Regularly high-level meetings, implementation of national strategies and urban renewal financing policy.
- Co-hosted 3 national urban renewal meetings and 8 urban renewal business development conference, advertising urban renewal policies and collaborate with other participants in projects and loan issuance.
- Co-released order documents, instructing branches and local agencies on resettlement, purchasing shed service by government and funding management.

Enhanced communication and collaboration with local government and agencies, making efforts in implementing policies, objectives and projects in urban renewals

- Co-initiated provincial and local urban renewal financing plan, offering practical and case-based systematic financial advice and comprehensive financing solutions.
- Collaborated with local authorities in charge of housing and urban-rural construction, understood work progress and funding needs in time and provided project-based financial services and supports.
- Organized affordable housing policy training session for local authorities in charge of housing and urban-rural construction, helping more than 8,400 attendees to understand policies and loan application rules and procedures.

Fully guarantee the demand for funds

With a cumulative total of RMB2,603.4 billion loans issued from 2015 to 2017, CDB played a key role in funding the national Three-Year Plan

- Carried out innovations in financing solutions and government procurement of services and public-private partnership (PPP) models.
- Enhanced project development and operation process, optimized credit and finance resources management and payment procedures, provided a secure source of funding.
- Diligently implement fee reduction policy, and charged no intermediary service fee to urban renewal projects, reducing financing cost to a large extent.

Proactively attract and direct private funds to build a diversified and sustainable investing and financing system.

- In 2015, issued 2 urban renewal ABS products of RMB10 billion, and leveraged and attracted RMB254.9 billion private fund of various sources in the means of debt-loan combination and syndicated loans.
- In 2016, strengthened interactions with commercial banks at the head office level, lead and participated in 106 syndication loan groups, and raised RMB45.1 billion from other financial institutions and issued urban renewal targeted ABS products of a total of RMB11.8 billion.
- In 2017, helped initiated and participated in 129 syndication loan groups, and raised RMB83 billion from other financial institutions.

> Eliminate Poverty and Deliver Development Benefits to All

Committed to delivering poverty alleviation solutions that combine building sound rules and systems, funding and knowledge transfer and technical assistance, and following the approach to finance relocations on a provincial basis, infrastructure development on a county basis, and industrial development on a village/household basis, and education on an individual basis, we aligned rural revival strategies with poverty alleviation, intensified our efforts to play the leading role in the Three Campaigns, namely poverty elimination in extremely poverty-stricken areas, coordinated poverty alleviation in Eastern and Western China and targeted poverty alleviation. By the end of 2017, CDB has provided a cumulative total of RMB1.36 trillion poverty alleviation loans, covering 987 nationally- and provincially-registered underprivileged counties, helped improving social economic development and lives of the residents in these areas, as well as overall poverty alleviation results.

In 2017, CDB issued poverty alleviation loans

RMB **444.5** billion

The Three Campaigns in Poverty Alleviation

poverty elimination in extremely poverty-stricken areas

- ▶ Issued *the Action Plan for Development Financing to Support Extremely Poverty Stricken Areas*, and proposed “The Five Best Guideline” to support poverty alleviation in the extremely poverty-stricken areas.
- ▶ Issued RMB54.1 loans to “The Three Regions and Three Prefectures” to support poverty alleviation in extremely poverty stricken areas.

The Five Best Guideline



Coordinated poverty alleviation in Eastern and Western China

- ▶ Established collaboration arrangements for coordinated poverty alleviation between 14 branches in eastern China and 16 branches in Western China.
- ▶ Build development finance cooperation office with local governments to enhance information exchange and resource sharing mechanism.
- ▶ Developed 22 coordinated poverty alleviation business projects and issued RMB5.6 billion loans to 6 projects.

Targeted poverty alleviation

- ▶ Established communication and arrangements with dispatched leaders in 135 registered underprivileged counties partnered with central governments and agencies.
- ▶ Issued RMB7.7 billion loans and donated RMB10.4 million to 4 counties in partnership and 1 targeted county for poverty alleviation.

>> Increase in financing support to poverty alleviation

We further enhanced funding support capability to poverty alleviation, overcome the plateau and proactively serviced cross-regional resettlement, infrastructure, featured industry, education, medical and health care.

Four Basis Approach and Achievements

relocations on a provincial basis

- ▶ Set up fund allocation and transfer system to securely fulfill funding needs in poverty alleviation relocations.
- ▶ Issued RMB **56** billion relocation poverty alleviation loans in 2017.

infrastructure development on a county basis

- ▶ In 2017, issued loans of RMB **175.2** billion to support upgrade of villages.
- ▶ Supported 310 thousand kilometers of village road construction, 4,762 projects for improving safety of school buildings, drinking water safety solutions for **23.16** million people, and environmental remediation projects for 24 thousand registered underprivileged villages.

industrial development on a village/household basis

- ▶ Facilitated and leveraged three major business strategies, namely leading local enterprises facilitation, the Four Platforms + Agencies model and poverty alleviation on lending.
- ▶ Collaborated with NDRC and hosted 2 home-returning entrepreneurship training sessions, which supported 20 pilot programs.
- ▶ RMB **65.2** billion loans were made in 2017 to aid poverty alleviation through promoting featured industry development in 145 underprivileged counties, bringing changes to 260 thousand registered underprivileged people.

education on an individual basis

- ▶ Continued to expand the coverage of its student loans, and make student loans available to higher education institutions, research institutions, administrative academies and accounting colleges, and available to full-time undergraduates, graduates and pre-undergraduate students.
- ▶ Simplified and streamlined the process for loan application, established 448 application offices in high schools and prefectures, which effectively made it convenient to apply locally.
- ▶ RMB25.2 billion student loans, with a cumulative total of RMB136 billion, were made to financially support **22.2** million students of underprivileged households.



Infrastructure Development and Improvement of Living Condition

CDB Inner Mongolia Branch carried out innovation in financial services, and supported road construction, hygiene water supply, environment restoration and school building reinforcement for the registered underprivileged villages, improving infrastructure quality and living condition for the residents. CDB committed and issued loans of RMB14.76 billion and RMB9.3 billion, respectively, to 24 nationally registered underprivileged counties, covering 1,517 registered underprivileged villages and 250 thousand individuals.



Infrastructure Development in Underprivileged Counties in Inner Mongolia Autonomous Region





President Zheng Zhijie surveyed in Liucha Village, Laojunpo Town, Huining County, Baiyin City, Gansu



Relocation for poverty alleviation, moving for a better living

Gulin County in Sichuan is in partnership with CDB for poverty alleviation. During the 13th Five-Year Plan Period, Gulin relocated and resettled 38 thousand residents. CDB Sichuan Branch issued RMB255 million loans to support the development of Gulin's new settlement, as well as auxiliary infrastructure of roads, water supply, electricity, cable and radio, sewage, waste treatment, which greatly improved condition of living for the residents.



These brand new furniture came with the moving and resettlement. We now adapted to electricity for cooking, and no more burned kitchen or stove from firewood.



—Jiang Yunjie, a resident resettled in Maliutan Village, Gulin County



Relocation for Poverty Alleviation in Gulin County, Sichuan

>> Optimization of rules and procedures in poverty alleviation

We promoted diversification and sustainability in the process of alleviating poverty, and by the end of 2017, built 154 development finance cooperation offices in 14 provinces including Inner Mongolia, Heilongjiang, and Anhui, and signed 25 cooperative poverty alleviation agreements with governments and authorities at various levels.

Establishment of Sound Rules and Systems

NDRC

- ▶ Co-issued *the Opinion of Development Finance Supporting Small Town Construction to Promote Poverty Alleviation*, exploring ways and means to promote poverty alleviation.
- ▶ Co-issued *the Notice on Carrying Out Development Finance to Support Entrepreneurship in Returning Home and Promoting Poverty Alleviation*, supported and stimulated the motivation of poverty relief.

MIIT

- ▶ Co-issued *the Notice on Development Finance Support to the Pilot Feature Industry Development Projects for Targeted Poverty Alleviation and The Development of Demonstrative Base Of Functional Mineral Materials Industry*.

Local governments

- ▶ Promote development finance cooperation offices at provincial, municipal and county levels, carrying out innovations in poverty alleviation collaboration.



Grow sweet grapes, rewarded with a better life

Xin Zhuang is one of the most remote villages in Zhijiang Dong Autonomous County in Hunan. There are 52 registered underprivileged households and 174 underprivileged residents, with less than RMB3,000 annual income. CDB Hunan Branch dispatched a First Party Secretary, together with a resident poverty alleviation team, to initiate a three-year industry development program. The team adapted strategies tailored to local conditions and specific needs, and selected highland Chinese bramble grape cultivation industry and helped teaching the techniques and skills needed to the locals. In 2017, the village's 1,200 mu of grape yield 4 million kilograms, greatly increasing the income for the residents. Xin Zhuang has, ahead of the plan, officially unregistered its underprivileged status in 2017, aiming for more ambitious development in the future.



The Highland Chinese Bramble Grape Farming in Xin Zhuang



One kindergarden per village, unrestrained hope for the children

CDB Sichuan Branch carried out innovations in financing solution, by combining business development, credit review and financing the development of kindergardens and preschool colleges. With a cumulative total of RMB2.35 billion loans, CDB supported building 450 new kindergardens and preschool colleges, provided a solution for more than 90 thousand children at preschool age in terms of teachers and facilities. This project greatly developed educational infrastructure and trained more teaching talents to improve quality of education in Liangshan.

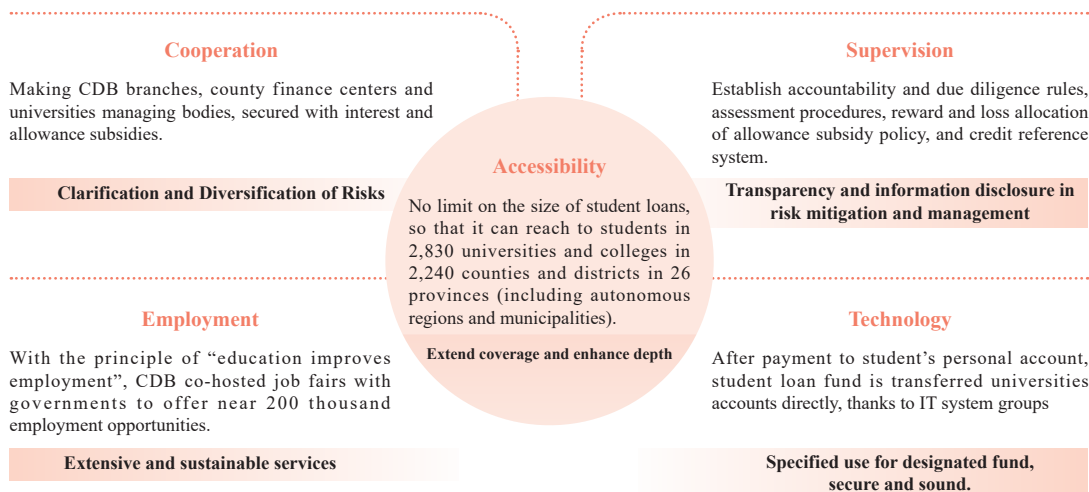


Educational Infrastructure Development for Poverty Alleviation in Liangshan, Sichuan



Understand CDB Student Loan in One Chart

Building a great power in education proves to be a fundamental project in the process of the great rejuvenation of the Chinese nation. Since 2004, in the spirit of responsibility and obligation, CDB has supported education to alleviate poverty, discovered a student loan strategy of “governments lead, educational institutions execute and development finance supports”, and become a nation-wide leader of education financing, which helped many underprivileged students access high quality education and eliminated the risk of passing poverty onto next generation.



Education loans illuminate the path of life for underprivileged students

To fight poverty is to start from education. Yi minority student Mupashibu from Tuanjie Village, Ganluo County in Liangshan Prefecture, Sichuan worked his way diligently to strive for universities admission, only to be declined due financial incapability to pay tuition. Fortunately, he received CDB student loans, and as a result, he completed university degree and now works in civil services in Liangshan Prefecture, Sichuan.



When I received student loans, I truly experienced care and support from my country and society. Now I would like to pass those on, by contributing and repaying to the public.



—Mupashibu, Student benefited from CDB student loans

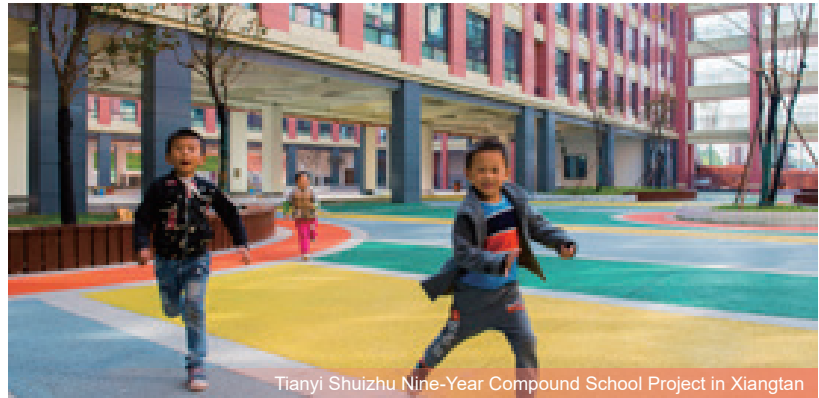


CDB Secondary vocational education student loan grant pilot ceremony in Aba Prefecture, Sichuan



Help build better dreams for students in Shuizhu

Tianyi Shuizhu School, financed by RMB111 million loan from CDB Hunan Branch, is the biggest nine-year compound primary school in Xiangtan County. Teaching buildings, dormitories, dining halls, auxiliary kindergarten and green campus increased school capacity and enables a great number of admissions.



Tianyi Shuizhu Nine-Year Compound School Project in Xiangtan

>> Enhancement of knowledge and technology support

Specialized and professional talents are intellectual support in poverty alleviation. CDB devoted more efforts in talent planning, training and assisting, aiming to help underprivileged regions and population to retain the capability for sustainable development. In this way can we promote a scientific outlook on development by transforming externally-sustained development to internally-sustained.



Knowledge Transfer and Technical Assistance for Poverty Alleviation

Planning and advising

- ▶ Drafted and delivered 34 planning and advising reports.
- ▶ Promoted 22 branches to initiate advisory and planning services for underprivileged counties in poverty alleviation.

Training sessions for local officials in underprivileged regions

- ▶ Organized 12 poverty alleviation training sessions for 1,281 local officials attendees in 14 highly poverty-stricken regions.

Talent support in underprivileged regions

- ▶ Established Poverty Relief Program Finance and designate resident financial experts to lead local poverty alleviation activities.
- ▶ Dispatched 217 cadres and experts, and 15 First Party Secretaries and 35 resident officers to 21 underprivileged villages, 8 officers on secondment to 8 underprivileged counties.

Comments from local officials



After the training session, I am more determined and confident to cooperate with CDB, and will timely communicate with provincial branch to take back more support and assistance for our city in terms of poverty alleviation by featured industry development, relocation, tourism and infrastructure development.



—Songping, an attendee to training sessions for local officials in underprivileged regions, Vice Mayor of Shangri-La City, Diqing Tibetan Autonomous Prefecture, Yunnan



Local officials and cadres are leading power in poverty alleviation. By attracting and uniting residents, transforming people's thoughts and mentality, helping them to increase income and develop industries, these officials play central roles and take on major responsibilities.



—Liu Zhenxi, CDB financial expert dispatched in Baicheng City, Jilin

Building a Beautiful China



Needs For A Better Life



The green financial system is beneficial not only for the transition to a green economy and the development of an ecological civilization, but also for technological progress in environmental protection, new energy sources, energy savings and other fields. It will also help accelerate the development of new growth drivers and enhance the potential for economic growth.



—*Guidelines For Establishing The Green Financials System* by 7 Government Agencies including the People's Bank of China



We will establish a green finance system, develop green credit and bonds, and launch green development funds.



—*The 13th Five-Year Plan For Economic And Social Development Of The People's Republic Of China*



To achieve the peaking of carbon dioxide emissions around 2030 and making best efforts to peak early; to lower carbon dioxide emissions per unit of GDP by 60% to 65% from the 2005 level; to increase the share of non-fossil fuels in primary energy consumption to around 20%; and to increase the forest stock volume by around 4.5 billion cubic meters on the 2005 level.



—*Enhanced Actions On Climate Change: China's Intended Nationally Determined Contributions*





CDB Actions



Guided by the principle of Beautiful China, CDB aligns the development of an ecological civilization, the environmental-friendly development of industries and the sustainable development of CDB together, and spares no efforts to implement the strategy of building a green financial system and increase green financing supply. In international green financial cooperation, CDB increase the extent of green practices, and supported the sustainable economic, social and environmental development worldwide.



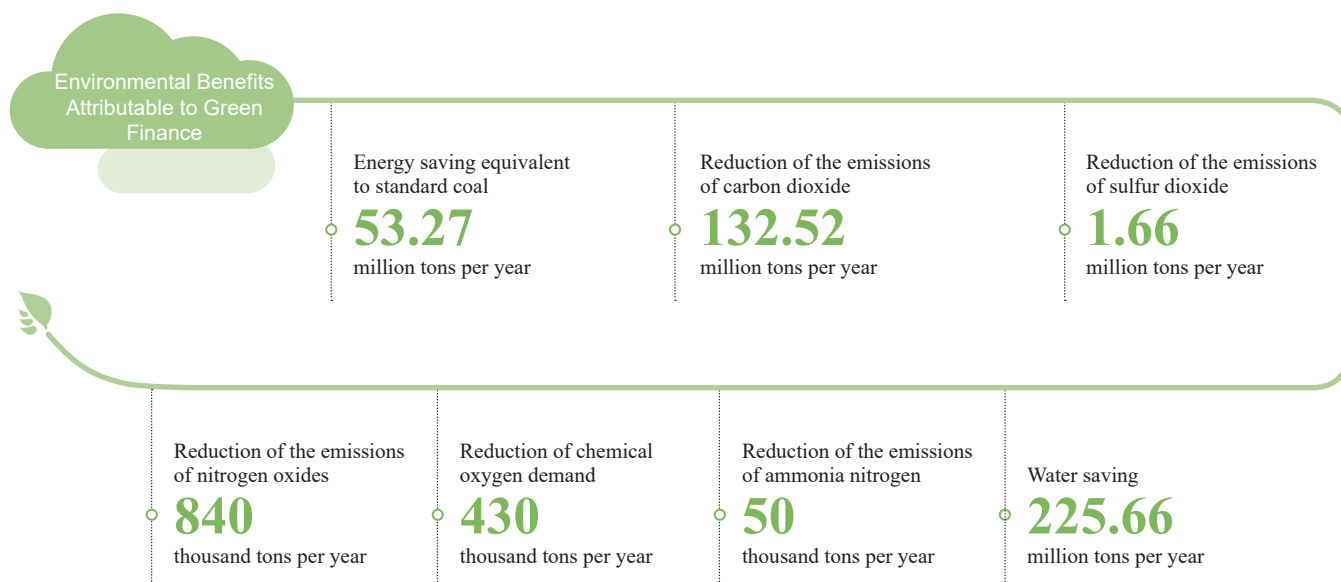
—CDB Guidelines on Developing Green Finance

- ◎ Set three major drivers in supporting green finance, namely ecological and environmental protection, green urban and rural construction, and green industrial transformation.
- ◎ Diversify funding sources for green projects, issue green financial bonds in domestic and international markets and attract private capital to participate in green investment.



> Green Financing Strengthens Green Industries

CDB further increases support to key sectors, such as the development of green industry network, low-carbon emission cities, smart cities and environmental and ecological system restoration, as well as key industries, such as clean and renewable energies, renewable economies and energy saving and environmentally friendly industries. With more emphasis on environmental benefits attributable to loans, CDB aims to support economic, social and environmental sustainable development with its financing resources. CDB remains the largest lender in banking industries to green development with a loan balance of RMB1,642.3 billion by the end of 2017.



Green Financing Execution

Rule and Policy Development

- ▶ Specified and clarified green finance requirements in the procedures of project development, due diligence, credit review, post-lending management, assuring sufficient coverage green factors in green finance.

Procedure Development

- ▶ Deepened cooperation between CDB and local governments, including close ties with Ministry of Ecology and Environment, MIIT and local governments. Co-selected 154 industrial energy-saving reserve projects with MIIT. Proactively participated in green policy formulation and ecological and environmental restoration financing planning.
- ▶ Nurtured participants in market and resolved difficulties in green financing projects by innovative methods of franchising, PPP and energy performance contracting.

System Development

- ▶ Further optimized the measurement system of energy-saving and environmental benefits in financing projects, quantified environmental and social benefits attributable to loans.

Product Development

- ▶ Provided full-range financial services to green enterprises, in the guidance of a long-term financing centered, investment, bond, leasing, securities supported comprehensive service strategy.



Green Protection of the Yangtze River

The development strategy of the Yangtze Economic Belt is a major decision in promoting green and sustainable development in China. “Priority on Ecology, Development in Green” is the core principle in the development of the Yangtze Economic Belt. In 2017, CDB issued *the Financing Plan for Ecological Protection and Green Development of the Economic Belt of Yangtze River in Hubei* and selected first 34 pilot projects to comprehensively cover the environmental aspects of Hubei, including water environment restoration, sewage treatment facility development and ecological forestry development. By leveraging PPP and making a loan commitment of RMB136 billion, CDB makes substantial financing support to ecological, economic and social benefits.



Fanwan Lake National Wetland Park Restoration Project in Hubei



Ecology Restoration for a Better City

From 2013, CDB Hubei Branch has consistently supported Yiai Lake ecological restoration project (phase III) in Huanggang City and issued a cumulative total of RMB550 million loans. Thanks to the efforts, Yiai Lake has contributed greatly to Huanggang, as well as quality of water body and livelihood of the residents.



Yiai Lake Ecological Restoration Project in Huanggang City





Develop electric vehicles and promote green transportation

CDB Shanghai Branch supported EVCARD Electric Vehicle Purchase and Auxiliary Project (Phase II), including timeshare electric car rental, charging pile and other facilities. This helps meeting short- and medium-range travel needs, where public transportation is absent, and a representative practice of green transportation. By the end of 2017, CDB loan balance amounted to RMB400 million.



EVCARD Electric Vehicle Purchase and Auxiliary Project (Phase II)



New energy comes with the "Wind"

Baiyan Mountain is located in Tangxi in Yinzhou, Ningbo, and rich in wind energy due to its typical low-height hills geographic characteristics. Baiyan Mountain Wind Power Plan Project, financed by CDB Ningbo Branch, is a significant component in developing new energy network in Ningbo. The project constructs a generator set that contains 20 turbines each with unit capacity of 2MW~2.5MW, and an on-grid capacity of 100 million kwh.



Baiyan Mountain Wind Power Plan Project

> Green Investment Lead by Green Bonds

In 2017, Chinese green bond market has grown substantially to be the second largest in the world, where interbank bond market is the main distribution channel. CDB has continued to leverage its advantages in debt issuance, diversified its green bonds products and expand funding sources for green development, by issuing RMB25 billions of RMB green bond, as well as the first USD500 million and EUR1 billion Chinese quasi-sovereign rating international green bonds during the year. Also, CDB became the first to offer bonds to retail customers through the counters of commercial banks, as part of its efforts to involve the public in green investments and to discover new fund source for green development.

Innovations in Green Bond

Focus on Hot Issues in Environment protection

- ▶ Issued special bonds for “Air Pollution Prevention And Remediation”, “Coordinated Development Of The Beijing-Tianjin-Hebei Region”, “Renewable Development”, “Water Resources Protection In The Yangtze Economic Belt”, and “Clean Transportations In The Guangdong-Hong Kong-Macao Greater Bay Area”.

Attract private capital to participate in green investments

- ▶ Adopted innovative mechanisms, including when-issued trading and combination of bonds, loans and development funds, to promote the issuance of green bonds.
- ▶ Became the first to offer bonds to retail customers through the counters of commercial banks, domestic investors can purchase at retail locations or by online banking from Industrial and Commercial Bank of China and Agricultural Bank of China.
- ▶ The Bond Connect mechanism is made available to international investors to participate in Chinese bond market from Hong Kong.

Promote international standards and practices in domestic green bond markets

- ▶ Issued first China quasi-sovereign international green bond, which advocates green development principles of China and supports the green sustainable development of the BRI.
- ▶ The bond complied with Green Bond Principles (GBP), received certification from Climate Bonds Initiative (CBI) and is listed on Hong Kong Exchange and China Europe International Exchange.



Unprecedented Example in International Green Bond Market

In 2017, CDB successfully issued the first China quasi-sovereign international green bonds denominated in US dollars (USD500 million) and Euros (EUR 1 billion) to raise funds for green industrial projects in the BRI, including clean transportation, renewable energies and water resources protection. The bond was priced with negative premium, setting a new benchmark for domestic institutions issuing green bonds abroad in the future. The bond has been independently assured by Ernst and Young for its green qualification, and obtained the Climate Bonds Initiative Certification by the independent Climate Bonds Initiative. With 70% purchase from outside Asia, the bond attracted a number of internationally renowned sovereign investment fund and central banks of the participating countries of the BRI, setting an unprecedented example in the development of international green bond market.



CDB's green bond is a milestone product and reflects how it actively supports the green and sustainable development in China, as well as dedication to bridge the Chinese-European capital markets by providing investors with a diversified investment product portfolio from securities and bonds to derivatives.



—China Europe International Exchange



“Breaking: 2017 Green Bond Record! \$100bn in global issuance reached with China Development Bank Certified Bond.”



—Climate Bond Initiatives

Building a Community with Shared Future

Needs For A Better Life



We should pursue a well-coordinated and inter-connected approach to develop a model of open and win-win cooperation. Today, mankind has become a close-knit community of shared future. Countries have extensive converging interests and are mutually dependent. We should commit ourselves to growing an open global economy to share opportunities and interests through opening-up and achieve win-win outcomes.



—President Xi Jinping's Keynotes Speech "Jointly Shoulder Responsibility of Our Times, Promote Global Growth." at the opening session of the World Economic Forum Annual Meeting 2017



Call on the international community to enhance the support for Africa's development "in the spirit of win-win cooperation and to create a shared future, based upon our common destiny."



—United Nations Report: Social Dimensions of the New Partnership for Africa's Development. (2017)





CDB Actions



With emphasis on the BRI, we promote international cooperation, deepen cooperation and connectivity, leverage our advantages in planning, and apply our attention to regions, countries, projects to provide long-term, stable, sustainable and controllable financial support for the construction of the BRI.



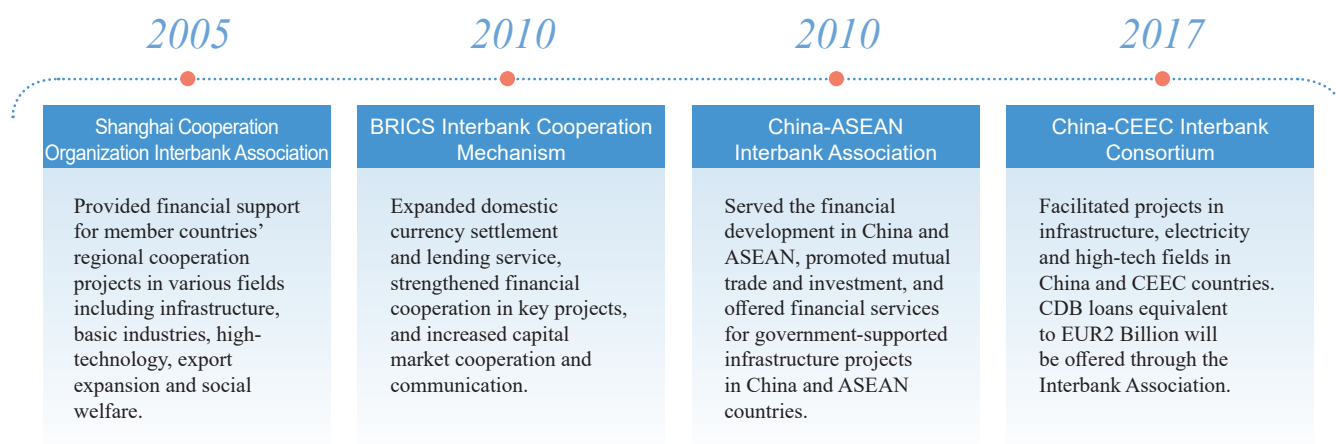
—China Development Bank

- As part of its ongoing efforts to expand the base of friends in financial cooperation, CDB sponsored the establishment of the China-CEEC Interbank Consortium, and continued to deepen and expand multilateral financial cooperation with member banks of Shanghai Cooperation Organization Interbank Association, China-ASEAN Interbank Association, and BRICS Interbank Cooperation Mechanism.
- Deliver a major driving force by combining funding, planning and its role as a think tank, and actively contribute wisdom to the BRI.



> Significant Achievements in Bilateral and Multilateral Cooperations

We insisted on win-win principle, deepened the bilateral and multilateral financial cooperations, initiated establishment of the China-CEEC Interbank Consortium, and built partnerships with financial institutions in 98 countries, regions and sub-regions. We promoted our credit cooperations, especially the cross-border Renminbi credit cooperations, with VTB Bank of Russia, the Central Bank of Egypt and other foreign financial institutions, facilitating the internationalization of Renminbi.



Establish the China-CEEC Interbank Consortium, and open the new chapter of development finance as facilitator of '16+1 Cooperation'

On November 27, 2017, with the purpose of facilitating further development of financial cooperation under the China-CEEC '16+1' framework, the China-CEEC Interbank Association was initiated by CDB and 13 member banks in CEEC countries together. Through the establishment of multilateral financial cooperation mechanism under '16+1' framework, all members cooperate in providing long-term and effective financial support for key projects and making contribution to the sustainable economic and social development of China and CEEC countries. CDB pledged to offer loans for development finance cooperation equivalent to EUR2 billion with the help of the financial cooperation within the China-CEEC Interbank Association, to be concreted within 5 years. Looking ahead, the Interbank Association will focus on the joint construction of the BRI and will, following the goal of pursuing larger, wider and deeper '16+1 cooperation', and make continuous efforts to promote the robust development of cooperation between China and CEEC.



Deepen the financial connection role of the China-ASEAN Interbank Association

In November 2017, the 7th Executive Board Meeting of China-ASEAN Inter-Bank Consortium was co-hosted by CDB and BDO Unibank of the Philippines. The special loan equivalent to RMB10 Billion was officially launched by CDB aimed to support projects in the cooperation framework and greatly promote the influence of the Consortium.



The 7th BRICS Financial Forum held successfully

Since the foundation of the Mechanism over ten years ago, BRICS Cooperation Mechanism has greatly facilitated the economic growth and trade cooperation among BRICS countries. The CDB-sponsored 2017 Annual Meeting of BRICS Interbank Cooperation Mechanism and the 7th BRICS Financial Forum was held in September, 2017. During the annual meeting, CDB and other member banks from the BRICS Interbank Cooperation Mechanism signed two multilateral cooperation documents, namely *Interbank Local Currency Credit Line Agreement and Cooperation Memorandum for Credit Ratings Sharing*. For the next step, all parties should focus on their development needs and improving their financial services as well as bringing about greater cooperation among governments, banks and enterprises, and facilitating the exchange of think tanks. All parties will also try to deepen the cooperation in financial and monetary aspects so that a new "Golden Decade" will be opened up for BRICS cooperation.



CDB has held a seminar on financial cooperation, the government of Czech, Hungary, Poland, Slovakia and financial institutions. This seminar is the first time CDB held to promote “16+1” framework, promoting construction of China-CEEC Interbank Consortium, deepen the understanding of the BRI construction and CDB’s business model and promoted the understanding and mutual trust between CDB and the major cooperative financial institutions in the relevant countries.



> Promote the Construction of the BRI

Following the principle of joint discussion, common development and shared interests, we connect the construction of the BRI and development needs of all countries, and cooperate with countries along the BRI in various fields including infrastructure connectivity, production capacity and equipment manufacturing cooperation, financial cooperation and overseas industrial parks. These actions greatly improve the local economic and social development, while serving as the new engine for regional and global economic growth. In 2017, as part of its efforts to support the first Belt and Road Forum for International Cooperation (BRF), CDB facilitated the inclusion of 25 projects in five sub-categories in the BRF’s list of achievements.

Contribute to the BRI by combining funding, planning and the think tank role

Funding

- ▶ Actively pushed forward the issuance of the BRI construction special loans equivalent to RMB250 billion, with a cumulative loan commitment equivalent to RMB99.1 billion made so far, which effectively facilitated the implementation of major projects in infrastructure connectivity and international capacity cooperation.
- ▶ Strengthened financing support on priority regions, priority countries and priority projects in the BRI, and granted USD17.6 billion loans in regions along the Initiative.
- ▶ Expanded the funding resources of the BRI, and issued USD350 million Belt and Road bond.
- ▶ Adopted innovative financial products and services, and fulfilled the role of specialized subsidiary, CDB Capital, CDB Securities and CDB Leasing, and China-Africa, Sino-French and China-UAE Joint Investment Cooperation fund as comprehensive financial service provider.

Think Tank

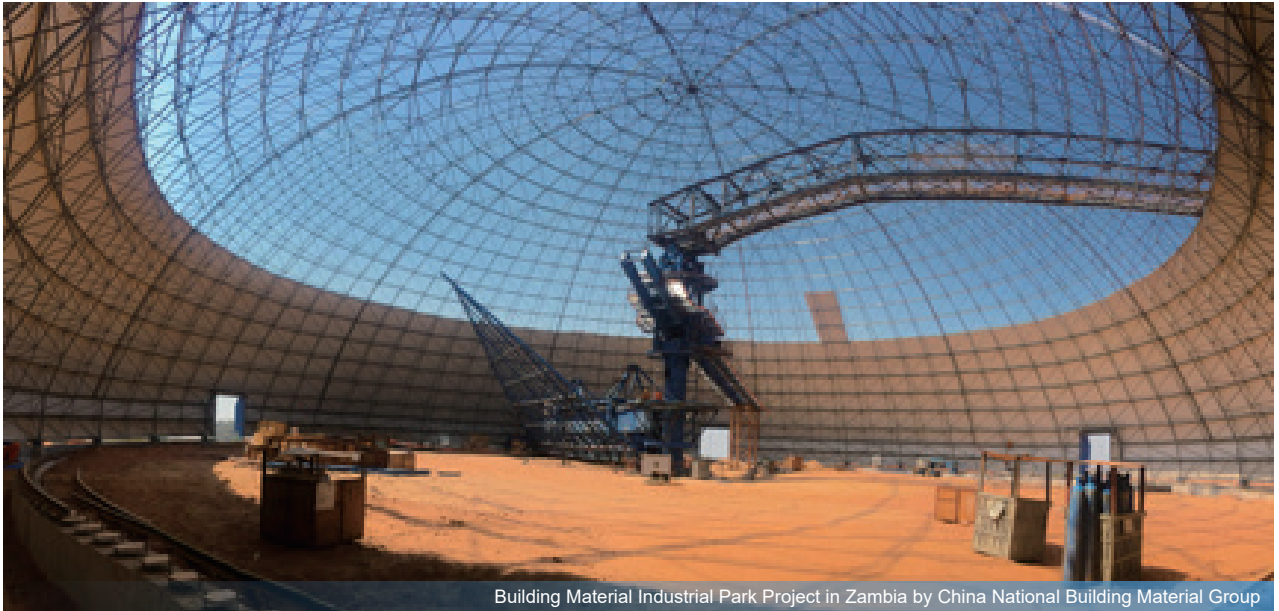
- ▶ Increased efforts in planning and cooperation, delivered 9 bilateral development cooperation plans, including those involving Kazakhstan, Laos and Cambodia, 3 multilateral development cooperation plans, including *the China-Mongolia-Russia Economic Corridors*, and various special plans, including *China-Vietnam Onshore Infrastructure Cooperation Plan*.
- ▶ Contributed Chinese experiences, as CDB was selected as one of the state’s top think tank institutions, and jointly released *the Report on the Economic Development along the Belt and Road Initiative* with the UN Development Program and Peking University.
- ▶ On the theme of energy resources, infrastructure, capacity cooperation and financial cooperation, CDB held 26 seminars with people from Central and Eastern Europe, Shanghai Cooperation Organization Interbank Association and ASEAN. 651 participants from 51 countries attended the seminars. The Belt and Road special scholarship granted 52 foreign students from relevant countries to study in China, and awarded 44 outstanding students in China.





International capacity cooperation contributes to sustainable development in Zambia

CDB Jiangxi branch granted USD160 million funding in support of the building material industrial park construction in Zambia. The establishment of the industrial park is expected to create over 3,000 jobs to locals, and effectively drive the development of local non-metallic mining and logistic industries, providing long-term and stable support for social economic growth in Zambia.



Building Material Industrial Park Project in Zambia by China National Building Material Group



Deepen capacity cooperation, and contribute to economy growth

CDB actively pushed forward the capacity cooperation between China and Kazakhstan and set up USD15 billion capacity cooperation special loan. By the end of 2017, loan agreement of USD4.2 billion has been signed for Astana Light Rail, United Chemical Company polypropylene and Chimkent refinery projects under the China-Kazakhstan capacity cooperation mechanism, with loan balance reaching USD867 million.



Astana Light Rail Project Construction Site under China-Kazakhstan Capacity Cooperation Mechanism



Support the “going global” strategy of Chinese machinery enterprises

Xuzhou Construction Machinery Group Brazil machinery manufacturing base is the largest manufacturing base construction project invested by Chinese machinery enterprises in Brazil, a major milestone for “going global” strategy. CDB Jiangsu branch issued USD133 million project loan, with a loan balance of USD90 million as of the end of 2017.



XCMG Brazil Machinery Production Base



Help providing in safe drinking water in Sri Lanka

This project is a key infrastructure project that helps provide the drinking water in Sri Lanka, as well as the largest domestic water supply project. The construction began in February 2017. Upon completion, it will serve a range of 397 square kilometers in Sri Lanka and fulfill domestic water demand for 600 thousand people, resulting in significant improvement in water quality and living standard of local people.



Attanagalla Water Work Project in Sri Lanka



Devoted ten years in Africa, Enhanced development with responsibility investment

China-Africa Development Fund (CAD Fund) was initiated by CDB on June, 2007, and is the first Africa-focused equity investment fund launched by the Chinese government. It supports Chinese enterprises in their investment in Africa, and deepen the cooperation between China and Africa, with a total fund capital of USD10 billion. In the past ten years, CAD Fund operated under the government-guided, company-centered, market-oriented and win-win cooperation principles, fulfilled its role as a bridge between Chinese enterprises and African projects, boosted the China-Africa cooperation in fields including trade, capacity and infrastructure, and facilitated the linkage between Chinese dream and African dream.



Actively explore the linkages between China's BRI and Africa's economic integration and sustainable development agenda, and seek more opportunities to promote common development and realize our common dreams.



—Declaration of the Johannesburg Summit of the Forum on China-Africa Cooperation (2015)

Under the mutual-beneficial and win-win principle

Employ market-oriented means to serve China-Africa cooperation

CAD Fund innovates with development finance concept, employs market-oriented means to facilitate Chinese enterprises for their investment in Africa. Based on the principle of China-Africa cooperation is strategically required, projects are financially balanced, and institutions are sustained, CAD Fund selects investment projects that fit local development needs and that are commercially sustainable. Without adding debt burden of host countries, CAD Fund leverages more social capital and strengthens self-development ability of Africa economy.



Cooperate in capacity between China and Africa, and support the industrialization process in Africa

- Strengthen industry connectivity and capacity cooperation, and facilitate advantageous industries to invest in Africa, including automobile, electric appliance, machinery, cement and glass.
- Promoted the localization of manufacturing

Support poverty alleviation and people's livelihood enhancement, and improve development ability

- Based on fields of food, public health, employment and poverty alleviation, invested in agriculture, medicine and culture projects.
- Focused on the localized training of skilled workers for invested projects, and created local job opportunities.
- Provided auxiliary infrastructure for community, such as road, hospital and school.

Focus on key issues

Improve Africa's sustainability

Focusing on the development needs and expectations of African countries, CAD Fund priorities investments in such areas as Three Networks and Industrialization, industrial connection, Chinese enterprises "going global" in capacity cooperation and equipment manufacturing, agriculture, livelihood-related fields, industrial park, etc.. It cooperates with CDB to provide financial and consulting services for China-Africa cooperation, breaks the growth bottlenecks that Africa countries face on capital, technology, management and talents, and strengthens self-development ability of host countries.

Break growth bottlenecks, and promote equipment connectivity

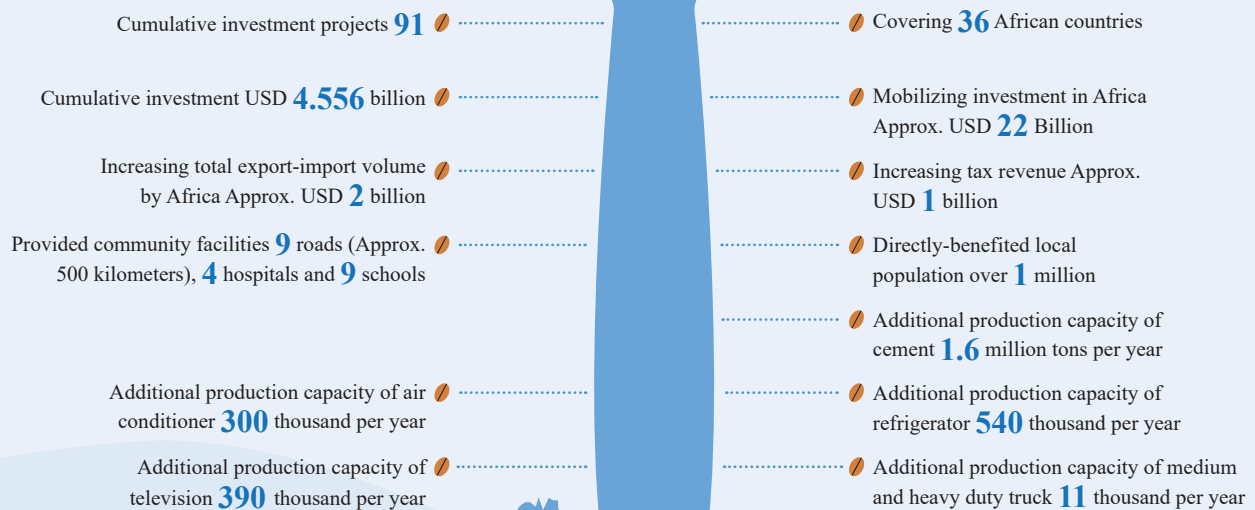
- Prioritized infrastructure investment in harbor, aviation and electricity, optimize investment environment.
- Established the China Overseas Infrastructure Development and Investment Corporation Limited (COIDIC) in cooperation with a number of Chinese engineering corporations, focusing on early-stage development of infrastructure.

Fulfill its role as platform, and promote exchange and connectivity among the people

- Built and greatly developed partnership with third-party institutions, including Department for International Development of UK, United Nation International Trade Center, Bill and Melinda Gates Foundation, and Africa50 Fund under African Development Bank.
- Established platform for exchange between China and Africa, and set up 9 domestic and foreign youth exchange centers.
- Donated to countries with serious Ebola outbreaks, and promptly assist in an emergency in Africa.

Ten years of donation

Leads to fruitful outcomes of China-Africa cooperation



Building Partnerships



Needs For A Better Life



Banking financial institutions should firmly establish the concept of customer-centered and strive to improve the quality and level of financial services.



—*Guidance of China Banking Regulatory Commission on Improving the Quality and Efficiency of Banking Services*



The organization provides decent working conditions, and be able to coordinate the relationship between work and family responsibilities.



—*ISO26000: Guidance on Social Responsibility 2010*





CDB Actions



We are adhering to the principle of ‘Operate as One CDB, Deliver Customer Experience as One CDB and Deliver Services as One CDB’, further stimulating the potential of integrated service, innovating leading financial products, proving financing services efficiently.

We continuously devote efforts in building a bank with expertise, making sure the general quality of our cadres is suitable to the needs of reforms and development. We continuously streamline procedures and refining the criteria for selecting and promote managerial talents, reserve younger generation officials, enhance the career development paths for our staff.



—China Development Bank

- Enhance communication, relationship with relevant parties, and continuously promote the influence of responsible bank.
- Customer centered, strengthened client services leading to win-win cooperation.
- Protect our employees’ rights and interests, build a green bank, as well as a beautiful working environment.
- Enthusiastic in promoting public welfare undertakings, advocating financial knowledge, and engaging activities to make a harmonious community.



> Enhance Influence via Communications with Stakeholders

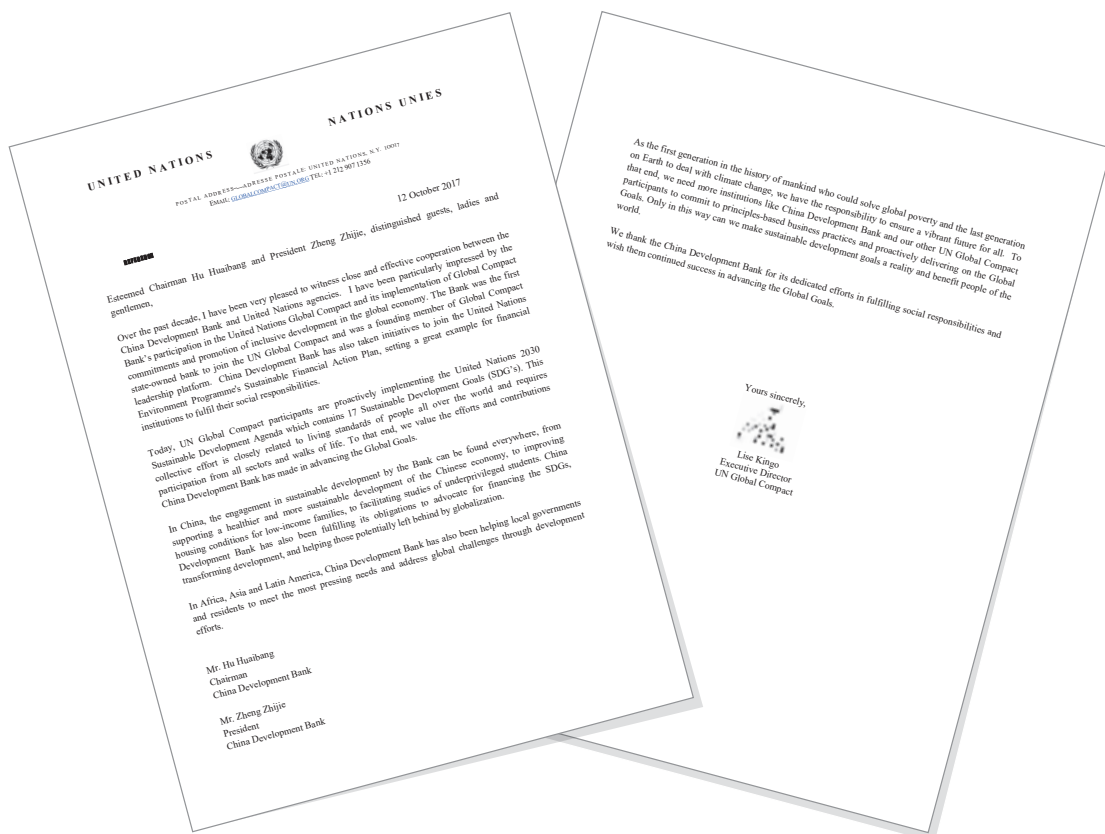
We value dialogues and communication with the stakeholders very much and actively promote CDB experience in social responsibility, economic, social, and environmental sustainable development and sustainable development of CDB itself. In 2017, we held the 10-year anniversary commemorative event for publishing sustainability report and published our 2016 report. More than 120 representatives attended the event, and we received a letter of congratulation from Ms. Lise Kingo, the CEO and Executive Director of UNGC. The representative of the UNGC Asian and Oceania, the chief accountant of China Railway, the officials of Jixi municipal government in Heilongjiang, and the CDB-scholarship-winning students shared their understanding and feelings about CDB's role in social responsibility. This conference comprehensively reviews the course and fruitful achievements of CDB serving national strategies and fulfilling social responsibility in the past ten years, advocates a brand and reputation of a green and sustainable development, which also positively helps CDB to further enhance cooperation with related parties and promote sustainable development.



In China, the engagement in sustainable development by CDB can be found everywhere, from supporting a healthier and more sustainable development of the Chinese economy, to improving housing conditions for low-income families, to facilitating studies of underprivileged students. China Development Bank has also been fulfilling its obligations to advocate for financing the SDGs, transforming development, and helping those potentially left behind by globalization.



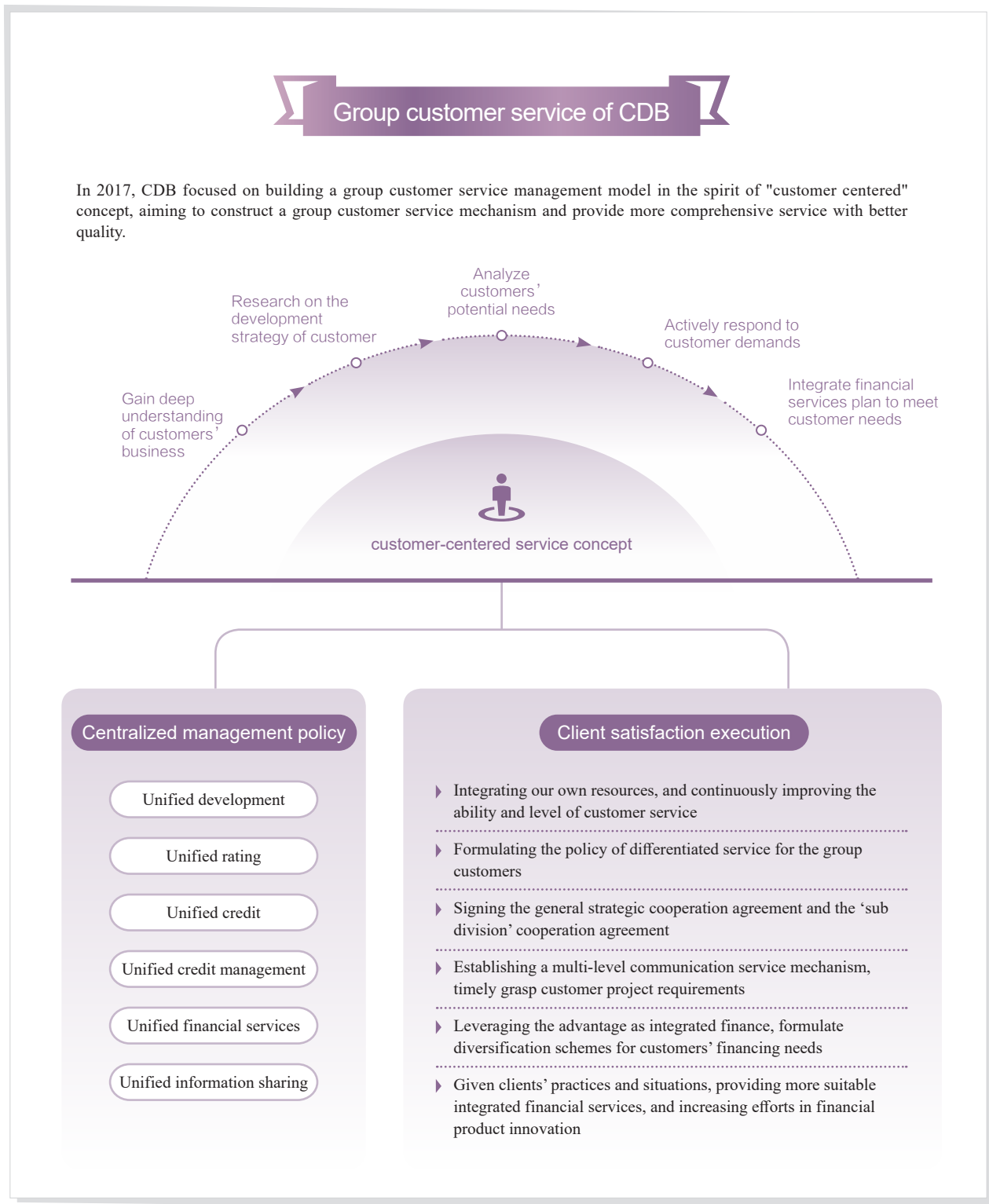
—Lise Kingo, CEO and Executive Director of UNGC



The letter of congratulation from Lise Kingo

> Client Services Leading to Win-win Cooperation

We insist the principle of ‘Operate as One CDB, Deliver Customer Experience as One CDB and Deliver Services as One CDB’, consistently enhancing customer service quality through all the process of loan activity, across all branches and subsidiaries. We construct ‘1+10’ system of group customer management to further improve group customer service system. In 2017, we continued making progress in improving service for large group clients. By the end of 2017, we have built business relationship with 116 large group clients, with an accumulative loan balance of RMB653.5 billion, which proves to be a strong support for their development. The client satisfaction rate reaches 96.4% in 2017.



> Work Together to Build a Beautiful Environment

We place our staff first, support their comprehensive development, and take concrete actions to protect our employees' lawful rights. The employee satisfaction rate was 98% in 2017. Meanwhile, we pay special attention to daily operation's impact on the environment, focus on energy saving and emission reduction, and make effort in creating greener future by encouraging green office.

>> Staff caring and career development

We protect our employees' rights and interests and improve the multi-channel system for employees' career development. We also carry out staff training with multi-form, multi-level and full coverage, improving staff's technical skills. We organize diverse sports activities, protect the special rights of female staff, and build staff psychological health service platform, creating a harmonious working environment for the employees. By the end of 2017, CDB had 9,147 employees, of whom 40.88% were female employees.

Protecting the rights of employees

Strengthening democratic management

- ▶ Held the third session of the Second Employee Representative Congress, and settled down 107 proposals.
- ▶ Organized staff representatives to deliberate on the systems including *the CDB risk management responsibility investigation regulation* to ensure employees' right to know, participate, express and supervise.
- ▶ Standardized the construction of Employee Representative Congress, motivating employee's enthusiasm, initiative and creativity.

Protection of rights and interests for employees

- ▶ Improved the level of salary and welfare, formulated the implementation plan of the salary of the professional system, and optimized the operation management system of annuity investment.
- ▶ Strengthened the management of performance assessment, established an open and transparent performance management mechanism, and promoted the incentive and restriction for employee.
- ▶ Provided more efficient and convenient health care services, the physical examination rates of active staff and retired employees reached 96% and 90% respectively.

Support in career development

Optimization of the cadre employees selection and training system.

- ▶ Established a multi-channel system for employees' career development and broadened their career development space.
- ▶ Encouraged employees to improve their professional skills in various ways, carry out business skills competition, and selected financial service pacesetter, post experts.
- ▶ Sent 158 headquarter employees to ministries and commissions, local governments and front area for poverty alleviation to improve their skills, boosted the mutual communication of cadre employees between branches and local governments, benefiting their comprehensive development.

Strengthened staff training

- ▶ Organized 83 staff training session for over 20 thousands employees, achieving full coverage of multiple business lines.
- ▶ Selected 47 staffs to Barclays Bank in UK, Singapore for communication and study, developing the international vision of employees.



Organized integrated training of financial services in the University of Manchester in U.K.



Series of special training of international business credit management



Training for the new employees



New employees visiting Beijing Huaifang Water Recycling Plant Project



CDB Culture in My Eyes speech competition of Qingdao Branch



Dragon Boat Festival activity by Shaanxi Branch





The second 'Department Cup' badminton competition



The Finals of The Golden Voice Chorus competition



Visit to The Central Archives



Youth oil painting salon by Shandong Branch



The field training activity of Hebei Branch



Family activity on the International Children's Day by Ningxia Branch



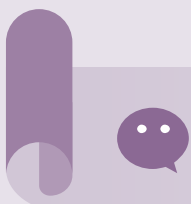
Walk in Autumn activity by Ningbo Branch



>> Green office practices

We adhere to the principle of 'green operation, hardworking and thrifty, support for development', advocate the environmental protection awareness of energy saving and emission reduction, and actively minimize our consumption of energies and negative impact on the environment in daily operations.

Green Office Practices



Improved staff's energy saving and environmental protection awareness through various means and methods, including WeChat, posters, desktop wallpaper, and proposals.

Held **1,020** video conferences and helped reduce **8,103** tons of carbon dioxide emission.



Achieved full usage of pad for all working conferences, reducing consumption of **4** million sheet of papers. Adapted contract of student loan in electronic forms and paperless process in 1,017 counties and districts, with an online banking transaction total of RMB **5,857.8** billion.

Compulsory sorting of domestic waste, and comprehensive control to purify the environment.



> Public Welfare and Charities Promote Harmony in Community

We are fully committed to the public welfare and charities, and walk into campus and community to introduce finance knowledge to the public, enthusiastic about voluntary services and create a bright future along with all parties. In 2017, we made a public donation of RMB46.076 million.

>> Grants and donations

We made solid efforts to help build a firm foundation for a harmonious society, including encouraging our people to participate in various public welfare activities and heightening their sense of responsibility with respect to the communities as well as the society.



Colorful Candle Project, adding fun to the life of stay-at-home children

CDB jointly established the Colorful Candle Project with Western China Human Resources Development Foundation, supporting 20 schools in Gulin County, Sichuan to organize the fourth session of caring stay-at-home children activities of Colorful Candle Project-Companion Plan during academic year 2016 to 2017. Through organizing mutual assistance activities, we built a positive and effective psychological support environment for the stay-at-home children in underprivileged regions, helping 20 thousand children in Gulin County receive care and grow with companion.



Caring stay-at-home children in the activity of *Colorful Candle Project-Companion Plan*



The Hope Project, helping underprivileged students enjoy the fun of music

To promote the development of music education in rural primary schools in remote and underprivileged regions, CDB and China Youth Development Foundation built CDB Hope project music classroom in 66 schools in remote, underprivileged, and minority regions of 13 provinces (city, autonomous regions), including Guizhou and Tibet. We also invited music teachers from 116 supported schools to accept professional training of chorus teaching and music in Beijing. We have donated RMB6 million by the end of 2017.



'Happy Music Classroom' - Chorus and music training of music teachers



President Zheng Zhijie at 'Dream library' donation themed activity



Ningbo Branch and Jilin Branch jointly organized a campaign helping children in Yanbian to get through the winter warmly.



Charity for The Day activity of Jiangxi branch



'Warm Action' donation by CDB Capital



Charity donation ceremony by CAD Fund

>> Sharing and transferring of financial knowledge

We actively organized a wide variety of activities, including Financial Knowledge at Your Home, Financial Knowledge at Your Campus, Financial Knowledge Popularization Month. During the advertising service month, we sent 3,000 advertising staff, disseminated 30,000 copies of advertising materials, and popularized financial service knowledge, effectively improving the financial knowledge and awareness of risk prevention and protecting finance safety for the public.



Volunteers from CDB headquarter at Credibility on Campus activity



Network security week activity of Qingdao Branch



Shaanxi Branch shared financial knowledge in Xi'an Jiaotong University

>> Committed to voluntary service

We organized diverse and fruitful voluntary activities and encouraged employees to actively participate in these activities. Through these activities, we contributed to harmonious social development.



Headquarter volunteers approached the children of migrant workers in Yuhua Primary School for the 'Youth Action' in Lei Feng month



Guizhou Branch arranged underprivileged Students of Yuexin Primary School in Qing Town to city experience activities



Volunteers of Hainan Branch teaching classes for students in Gengfeng Primary School



Following the model of Lei Feng -Youth voluntary service activity of Liaoning Branch



Happy Angels. Happy Growth youth voluntary service activity of Xinjiang Branch



'Youth Green Action, building beautiful countryland' voluntary activity of Fujian Branch



Looking Forward

We look forward to 2018, it is a year to begin our dedicated efforts in putting the vision and strategies of the 19th National Congress of the CPC into concrete actions, and the 40-year anniversary of China's reform and opening-up. 2018 is also a watershed in implementing the master plan for the 13th Five-Year Period, and a milestone in building the moderately prosperous society. In this year, CDB will diligently implement the national strategies, continue to follow the overall approach of "progress through stability", implement the new development concepts, focus on the supply-side structural reform, facilitate high-quality development, proactively deliver the role and support of development finance, and cooperate with all parties to make contribution to economic development, social progression and building a beautiful environment.

Looking forward, we will stay focused on serving the real economy as our fundamental mission, targeted at key aspects of high-quality economic development and invest resources to better contribute in the role of development finance. We will provide solid support to major projects and initiatives, help boost innovations in science and technology, as well as industrial upgrade and transformation, and make concrete efforts to deepen regional coordinated development and urban-rural balance in the pursuit of long-term and sustainable development. In supporting the BRI, we will deliver not only quality but also results in ensuring the availability of the RMB250 billion-equivalent special loans, and strive to achieve mutual success by proactively extend bilateral cooperation in finance, by working together and by providing solutions that maximize synergies.

Looking forward, we will continue to aim for sustaining and improving people's livelihood through development, including supporting affordable housing constructions and housing reforms, incorporating the new three-year urban renewal plan, and providing strong funding support to meet the funding needs of ongoing housing constructions as well as the new housing projects for 5.8 million units commenced in 2018, as part of the overall efforts to address the housing difficulties of the underprivileged people. By focusing on the larger picture and incorporating not only the trifecta of building sound rules and systems, funding support, and knowledge transfer and technical assistance, but

also the four financing targets of relocations on a provincial basis, infrastructure development on a county basis, industrial development on a village/household basis, and education on an individual basis, we will further deepen cooperation with government agencies and local governments to promote the Three Campaigns, namely poverty elimination in extremely poverty-stricken areas, coordinated poverty alleviation in Eastern and Western China and targeted poverty alleviation, and help build a firm foundation for delivering the goal of comprehensive poverty alleviation by 2020.

Looking forward, we are determined to further expand and improve our portfolio of green financial products, and continue to promote the green development via our services and products, including green loans, green bonds and green investments, to help prevent and remediate air, water and soil pollutions and protect the ecosystem, promote industries and areas including energy saving, clean energy, green manufacturing, recyclable economy, low-carbon-emission city, as well as the green transformation of traditional industries, in order to guard and preserve our waters and mountains, and create and maintain a healthy living environment for people.

Looking forward, we will continue to strengthen our operational management, innovate in business development, asset-liability and liquidity management, and extend comprehensive financial services. We will focus on raise and build risk awareness, risk management and control, and continue to improve our enterprise wide risk management system, adapt innovative risk management and control mechanisms, and heighten our risk prevention and mitigation in relation to group clients. We will improve our credit management performance and also readiness to anticipate and respond to potential risk exposures through preemptive studies and analyses, and strengthen our foundation for credit management. Given the assuring role of rules, procedures and culture, we will strictly implement protocols of accountability in risk management, drive risk culture building and aim to ensure the long-term sustainable development of CDB.



Appendices

> Key Data

Billion RMB, unless otherwise specified

Key performance indicators	2017	2016	2015
I. Economic indicators			
Total assets	15,959.3	14,340.5	12,619.7
Total loans	11,036.8	10,318.1	9,206.9
Non-performing loan ratio (%)	0.70	0.88	0.81
Allowance for loan losses to total loans	3.57	4.11	3.71
Debt securities issued	8,446.6	7,898.5	7,359.5
Capital adequacy ratio (%)	11.57	11.57	10.81
Net profit	113.6	109.7	102.8
Total shareholders' equity	1,240.5	1,162.7	1,070.3
ROA (%)	0.75	0.81	0.90
ROE (%)	9.45	9.82	11.74
II. Social indicators			
Balance with the railway industry	764.52	729.65	720.90
Balance with the power industry	857.37	821.66	783.12
Balance with the highway industry ¹	1,671.74	1,576.97	1,559.51
Total loans to the central and western regions ²	1,476.22	1,250.37	1,093.26
Total loans to the old industrial bases in Northeast China ³	183.77	178.21	203.28
Total urban renewal loans	879.99	972.51	750.89
Urban renewal loans to central/western and northeast regions as a percentage of total urban renewal loans ⁴	66.03	64.81	62.05
Total cross-regional relocation loans ⁵	56.05	31.06	-
Total rural infrastructure loans ⁶	175.21	64.30	-
Total poverty alleviation loans to local industries ⁷	65.22	27.67	-
Total education loans	25.2	22.9	18.7
Students benefiting from the education loans (in 10,000 students)	2,219.8	1,854.9	1,523.5
Total emergency loans ⁸	8.49	13.84	9.40
Total urban infrastructure loans ⁹	416.41	259.29	167.90
Total number of employees (persons) ¹⁰	9,147	8,939	8,838
Female employees as a percentage (%) ¹⁰	40.88	40.83	40.62
Public welfare donations (in RMB10,000) ¹¹	4,608	4,664	3,860
Employee satisfaction (%)	98	98	98

Key performance indicators	2017	2016	2015
III. Environmental indicators			
Percentage of projects subject to environmental impact assessment	100	100	100
Total loans to environmental protection, energy saving and emission reduction projects ¹²	318.64	239.14	191.8
Balance of green loans ¹³	1,642.34	1,571.60	1,574.23
Electricity consumption per person at the head office (kwh/person) ¹⁴	14,698	14,509	13,876
Paper consumption per person at the head office (kg/person) ¹⁴	18.40	18.16	18.49
Water consumption per person at the head office (m ³ /person) ¹⁴	45.04	39.39	45.67
Client satisfaction (%)	96	94	96
Video conferences held	1,020	-	-
Online Banking Transaction Amount ¹⁵	5,857.83	-	-

Notes 1. Excluding Loans in Foreign Currencies.

2. This refers to total loans in both RMB and foreign currencies made by branches in central and western regions. The central and western regions include Shanxi, Jilin, Heilongjiang, Anhui, Jiangxi, Henan, Hubei, Hunan, Inner Mongolia, Guangxi, Chongqing, Sichuan, Guizhou, Yunnan, Tibet, Shaanxi, Gansu, Qinghai, Ningxia, and Xinjiang.
3. This refers to total loans made to projects located in the three provinces in Northeast China, namely, Liaoning, Jilin and Heilongjiang.
4. This represents the urban renewal loans made to central, western and northeastern regions (including Shanxi, Inner Mongolia, Liaoning, Dalian, Jilin, Heilongjiang, Anhui, Jiangxi, Henan, Hubei, Hunan, Guangxi, Chongqing, Sichuan, Guizhou, Yunnan, Shaanxi, Gansu, Qinghai, Ningxia, Xinjiang and Tibet) as a percentage of urban renewal loans made to all regions in China.
5. This represents loans provided for cross-regional relocation of registered underprivileged people and the concurrent relocation of non-registered underprivileged population.
6. This represents the loans to rural infrastructure projects located in and designed to serve regions where the registered underprivileged population account for 10% or more of the total local population.
7. This represents loans provided for agricultural development to registered underprivileged population or to projects which can help the registered underprivileged population with the poverty alleviation efforts.
8. This represents loans made within one year (included) based on rapid response decision-making as part of the Bank's scope of business, and provided to local governments and critical enterprises and institutions to aid their efforts in managing emergencies before fiscal aid or relief becomes available or the afflicted enterprises or institutions can resume their normal productions and operations.
9. This represents the loans for projects classified as Urban and Municipal Infrastructure Construction under the heading of Urban Construction, including urban railways, urban utility tunnel, sponge city, unique towns, capacity expansion of development zones, urban infrastructure upgrade, among other municipal facility construction areas.
10. This does not include employees of rural and township banks as well as subsidiaries.
11. This represents the amount of actual cash donations to external causes made by the head office and the branches.
12. This represents the sum of three major types of loans, namely, those made for comprehensive remediation of river and urban environment, those made to promote industrial pollution remediation and comprehensive utilization of resources, and those made in support of clean energy efforts and the ten energy saving projects.
13. This represents the balance of loans to the 12 categories of projects as set out by China Banking Regulatory Commission (CSRC) in the Circular of CSRC General Office regarding the Reporting of Green Loan Statistics ([2013] No.185).
14. This represents the average consumption per person of electricity, paper and water by full-status employees of the head office, and, in particular, the consumption of paper refers to the total consumption in the head office building of the Bank.
15. The indicator refers to online banking transaction amounts.

> Honours and Awards

○ [People's Bank of China](#)

Award for Banking Technology Development

○ [China Banking Association](#)

Most Socially Responsible Financial Institution
 Best Social Responsibility Owner
 Best Institution for Special Contribution to Social Responsibility
 Best Performance in Syndication Loans
 Best Development in Syndication Loans
 Award for Contribution to Syndication Loans
 Best Bank for Product Innovation in Trade Finance
 Best News Work in the Chinese Banking Industry
 Leading Institution in Legal Risk Management

○ [United Nations Global Compact Network China](#)

Leading Enterprise in Achieving Sustainable Development Goals

○ [Chinese Institute of Social Science Review of the Chinese Academy of Social Sciences](#)

Chinese Core Think Tank of the Year

○ [China Government Securities Depository Trust and Clearing Co., Ltd.](#)

Excellent Policy Bond Issuer
 Excellent Proprietary Institution
 Award for Innovative Contribution to Counter Business
 Excellent Issuer of Constituent Bonds in the ChinaBond Green Bond Indices
 Excellent ABS Sponsor
 Outstanding Partner in Collateral Transactions

○ [China Foreign Exchange Trade System](#)

Core Dealer of the Renminbi Interbank Market
 Top-performing Dealer in the Interbank Monetary Market
 Best Technical Achievement in the Renminbi Interbank Market
 Top-performing Market Maker in the Interbank Forex Market
 Best Market Maker for Back-Office Support

○ [Shanghai Stock Exchange](#)

Top-performing Issuer of Policy Financial Bonds

○ [Shanghai Clearing House](#)

Excellent Clearing Member
 Award for Distinctive Performance in Proprietary Clearing for Interest Rate Swaps
 Award for Distinctive Performance in Proprietary Forex Clearing

○ [China Institute of Internal Audit](#)

China Internal Audit Team of the Year 2014 – 2016

○ [China Foundation for Poverty Alleviation](#)

Outstanding Contribution Award

○ [China Youth Development Foundation](#)

Best Partner for Project Hope

○ [people.cn](#)

People's Social Responsibility Award (12th consecutive year)

○ [People's Daily](#)

Recognized Chinese Brands, on 2017 China Brand Forum

○ [Global Finance](#)

World's 50 Safest Banks (7th consecutive year)

○ [xinhuanet.com](#)

Award for Social Responsibility for Poverty Alleviation in China

○ [Financial News and the Institute of Finance and Banking of Chinese Academy of Social Sciences](#)

Ten Years of Golden Dragon – Award for Exceptional Achievements
 Award for Extraordinary Financial Services for the Belt and Road Initiative
 Best Issuer of the Bond Market

○ [Asiamoney](#)

Best Green Policy Bank

○ [The Asset](#)

Best Financial Institution Bonds (CDB's first \$4 billion dual-currency overseas bond and the Maybank 2017 Renminbi bond (first issue))

○ [International Financing Review](#)

Best Renminbi Bond (Maybank 2017 Renminbi bond (first issue))

○ [China Comment](#)

Award for Extraordinary Financial Services for the Belt and Road Initiative

○ [Center for International Communication Studies in CIPG, China Report](#)

Best Overseas Corporate Image (ASEAN region in 2017)

○ [Asian Legal Business](#)

Banking and Financial Services In-House Team of the Year

○ [Financial Computerizing](#)

Award for Distinctive Innovations in FinTech and Financial Services

> Independent Practitioner’s Assurance Report

To the Board of Directors of China Development Bank

We have been engaged to perform a limited assurance engagement on the selected 2017 key data as defined below in the 2017 Sustainability Report (“the Sustainability Report”) of China Development Bank (the “Bank”).

Selected key data

We carried out limited assurance on the environmental indicators and social indicators in the table of key data in the Bank’s 2017 Sustainability Report.

Our assurance was with respect to the selected key data in the 2017 Sustainability Report only and we have not performed any procedures with respect to any other elements included in the 2017 Sustainability Report or information in 2016 and earlier periods.

Criteria

The criteria used by the Bank to prepare the selected key data in the 2017 Sustainability Report is set out in the footnotes to the table of key data (the “basis of reporting”).

The Board of Directors’ responsibilities

The Board of Directors is responsible for the preparation of the selected key data in the 2017 Sustainability Report in accordance with the basis of reporting. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the selected key data in the 2017 Sustainability Report that is free from material misstatement, whether due to fraud or error.

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner’s Responsibilities

It is our responsibility to express a conclusion on the selected key data in the 2017 Sustainability Report based on our work.

We conducted our work in accordance with the International Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information”. This standard requires that we plan and perform our work to form the conclusion.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion about whether the Bank’s 2017 selected key data in the 2017 Sustainability Report has been prepared, in all material respects, in accordance with the basis of reporting. Our work involves assessing the risks of material misstatement of the selected key data in the 2017 Sustainability Report whether due to fraud or error, and responding to the assessed risks. The extent of procedures selected depends on our judgment and assessment of the engagement risk.

Within the scope of our work, our work was performed at the Head Office and the following branches:

- Beijing Branch
- Liaoning Branch
- Hunan Branch

We performed the following procedures:

- 1) Interviews with relevant departments of the involved in providing information for the selected key data within the Sustainability Report;
- 2) Analytical procedure;
- 3) Examination, on a test basis, of documentary evidence relating to the selected key data on which we report;
- 4) Recalculation;
- 5) Other procedures deemed necessary.

Inherent Limitation

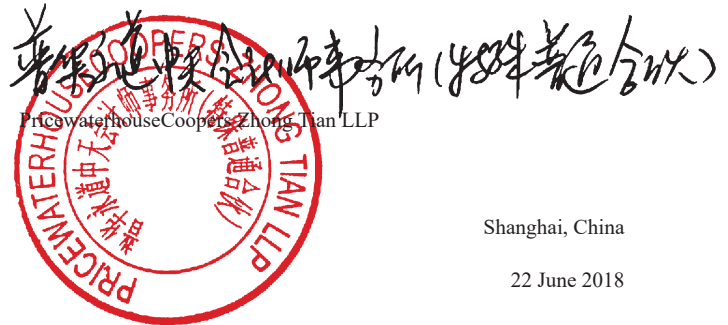
The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the 2017 selected key data in the 2017 Sustainability Report is not prepared, in all material respects, in accordance with the basis of reporting.

Restriction on Use

Our report has been prepared for and only for the board of directors of the Company and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.



PricewaterhouseCoopers Zhong Tian LLP

Shanghai, China

22 June 2018



> Table of Comparison: The Ten Principles of the UN Global Compact

The Ten Principles of the UN Global Compact	Actions and Achievements in 2017
Human Rights	
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;	We comply with all applicable human rights laws and regulations in China and in regions where we operate, and maintain a 100% record in signing labor contracts with our staff. We exercise democratic management and oversight, protect the lawful rights and interests of our staff, provide them with five insurance schemes, including endowment, medical, unemployment, work injury, and maternity, and offer minimum compensations higher than the mandatory minimum wage where we operate.
Principle 2: make sure that they are not complicit in human rights abuses	We comply with all international conventions entered into or recognized by the Chinese government, and we honor <i>the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights</i> , and other conventions and declarations.
Labour	
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	We have a well-established system for employee representation, and meet all requirements for establishing labor unions across the Bank.
Principle 4: the elimination of all forms of forced and compulsory labor;	We prohibit all forms of forced and compulsory labor.
Principle 5: the effective abolition of child labor	We prohibit all forms of child labor within the Bank and its supply chains.
Principle 6: the elimination of discrimination in respect of employment and occupation.	We select people on merit and in a fair, equal, and competitive way, and prohibit discrimination based on race, gender, nationality, age, disability, marital status, religion, culture, and language.
Environment	
Principle 7: Businesses should support a precautionary approach to environmental challenges;	We take initiatives to address climate challenges, including strong efforts to promote green credit, develop innovative green bonds and build a green finance system.
Principle 8: undertake initiatives to promote greater environmental responsibility;	We support environment-friendly industries, low-carbon and smart cities, and environment improvement projects. We also support clean and renewable energy, circular economy, energy conservation and environmental protection, as well as green office practices.
Principle 9: encourage the development and diffusion of environmentally friendly technologies.	We provide strong support to priority industries including clean and renewable energy, circular economy, and energy conservation and environmental protection.
Anti-Corruption	
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	We exercise supervision on a daily basis, improve the systems for preventing and punishing corruption, and strengthen accountability, so as to ensure corruption-free operations.

> GRI Content Index

Number of the Disclosure Standard and Heading	Disclosure Article	Standard Content	Where to find
GRI 102: General Disclosures			
Organizational profile	102-1	Name of the organization	Bank Profile
	102-2	Activities, brands, products, and services	Bank Profile
	102-3	Location of headquarters	Back Cover
	102-4	Location of operations	Back Cover
	102-5	Ownership and legal form	Bank Profile
	102-6	Markets served	Bank Profile
	102-7	Scale of the organization	Bank Profile
	102-8	Information on employees and other workers	Staff Caring and Career Development
	102-9	Supply chain	http://cg.cdb.com.cn/web/
	102-10	Significant changes to the organization and its supply chain	Sustainable Corporate Governance: Enhancement of Corporate Governance
	102-11	Precautionary Principle or approach	Sustainable Corporate Governance: Strengthening Risk Management and Control
	102-12	External initiatives	Appendix 6 Notes to the Report
	102-13	Membership of associations	Significant Achievements in Bilateral and Multilateral Cooperations
Strategy	102-14	Statement from senior decision-maker	Preface
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	Sustainable Development Strategy
Governance	102-18	Governance structure	Sustainable Corporate Governance: Enhancement of Corporate Governance
	102-40	List of stakeholder groups	Sustainable Corporate Governance: Promoting Engagement of the Stakeholders
Stakeholder engagement	102-41	Collective bargaining agreements	Staff Caring and Career Development
	102-42	Identifying and selecting stakeholders	Sustainable Corporate Governance: Promoting Engagement of the Stakeholders
	102-43	Approach to stakeholder engagement	Sustainable Corporate Governance: Promoting Engagement of the Stakeholders
	102-44	Key topics and concerns raised	Sustainable Corporate Governance: Promoting Engagement of the Stakeholders

Number of the Disclosure Standard and Heading	Disclosure Article	Standard Content	Where to find	
Reporting practice	102-45	Entities included in the consolidated financial statements	Appendix 1 Key Data	
	102-46	Defining report content and topic Boundaries	Appendix 6 Notes to the Report	
	102-47	List of material topics	Sustainable Development Strategy: Our Vision Sustainable Corporate Governance: Promoting Engagement of the Stakeholders	
	102-48	Restatements of information	Sustainable Development Strategy	
	102-49	Changes in reporting	Sustainable Development Strategy: Our Vision	
	102-50	Reporting period	Appendix 6 Notes to the Report	
	102-51	Date of most recent report	Appendix 6 Notes to the Report Enhance Influential Power via Communication with Relevant Parties	
	102-52	Reporting cycle	Appendix 6 Notes to the Report	
	102-53	Contact point for questions regarding the report	Appendix 6 Notes to the Report	
	102-54	Claims of reporting in accordance with the GRI Standards	Appendix 6 Notes to the Report	
	102-55	GRI content index	GRI Content Index	
	102-56	External assurance	Independent Practitioner's Assurance Report	
GRI 200 Economic				
GRI 201 Economic Performance	GRI 103 Management Approach	103-1	Explanation of the material topic and its Boundary	The need for a good life, CDB Actions
		103-2	The management approach and its components	The need for a good life, CDB Actions
		103-3	Evaluation of the management approach	Sustainable Corporate Governance: Enhancement of Corporate Governance
	201-1	Direct economic value generated and distributed	Appendix 1 Key Data	
	201-2	Financial implications and other risks and opportunities due to climate chan	Sustainable Corporate Governance: 2. Strengthening Risk Management and Control	
	201-3	Defined benefit plan obligations and other retirement plans	Staff Caring and Career Development	
GRI 203 Indirect Economic Impacts	GRI 103 Management Approach	103-1	Explanation of the material topic and its Boundary	The need for a good life, CDB Actions
		103-2	The management approach and its components	The need for a good life, CDB Actions
		103-3	Evaluation of the management approach	Appendix 2 Honours and Awards Column: Strong support to help China's high-speed railway to get to the top of the world in ten years
	203-1	Infrastructure investments and services supported	Improving Infrastructure as a Major Underlying Driver	
	203-2	Significant indirect economic impacts	Improving Infrastructure as a Major Underlying Driver	

Number of the Disclosure Standard and Heading	Disclosure Article	Standard Content	Where to find	
GRI 205 Anti-corruption	GRI 103 Management Approach	103-1	Explanation of the material topic and its Boundary	Sustainable Corporate Governance: Promoting Anti-Corruption Efforts
		103-2	The management approach and its components	Sustainable Corporate Governance: Promoting Anti-Corruption Efforts
		103-3	Evaluation of the management approach	Sustainable Corporate Governance: Promoting Anti-Corruption Efforts
		205-2	Communication and training about anti-corruption policies and procedures	Sustainable Corporate Governance: Promoting Anti-Corruption Efforts
GRI 300 Environmental				
GRI 302 Energy	GRI 103 Management Approach	103-1	Explanation of the material topic and its Boundary	The need for a good life, CDB Actions
		103-2	The management approach and its components	The need for a good life, CDB Actions
		103-3	Evaluation of the management approach	Green Office Practices
	302-1	Energy consumption within the organization	Green Office Practices	
	302-2	Energy consumption outside of the organization	Green Financing Strengthens Green Industries	
	302-3	Energy intensity	Green Office Practices	
	302-4	Reduction of energy consumption	Green Financing Strengthens Green Industries	
	302-5	Reduction in energy requirements of products and services	Green Office Practices	
GRI 303 Water	GRI 103 Management Approach	103-1	Explanation of the material topic and its Boundary	The need for a good life, CDB Actions
		103-2	The management approach and its components	The need for a good life, CDB Actions
		103-3	Evaluation of the management approach	Water resources constructions to improve people's livelihood
	303-2	Water sources significantly affected by withdrawal of water	Water resources constructions to improve people's livelihood	
GRI 304 Biodiversity	GRI 103 Management Approach	103-1	Explanation of the material topic and its Boundary	The need for a good life, CDB Actions
		103-2	The management approach and its components	The need for a good life, CDB Actions
		103-3	Evaluation of the management approach	Propelling the development of the Yangtze Economic Belt
	304-2	Significant impacts of activities, products, and services on biodiversity	Water resources constructions to improve people's livelihood Green Financing Strengthens Green Industries	
	304-3	Habitats protected or restored	Water resources constructions to improve people's livelihood Green Financing Strengthens Green Industries	
GRI 305 Emissions	GRI 103 Management Approach	103-1	Explanation of the material topic and its Boundary	The need for a good life, CDB Actions
		103-2	The management approach and its components	The need for a good life, CDB Actions
		103-3	Evaluation of the management approach	Green Financing Strengthens Green Industries Green Office Practices

Number of the Disclosure Standard and Heading	Disclosure Article	Standard Content	Where to find	
GRI 305 Emissions	305-4	GHG emissions intensity	Green Financing Strengthens Green Industries Green Office Practices	
	305-5	Reduction of GHG emissions	Green Financing Strengthens Green Industries Green Investment Lead by Green Bonds	
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Green Financing Strengthens Green Industries Green Investment Lead by Green Bonds	
GRI 306 Effluents and Waste	GRI 103 Management Approach	103-1	Explanation of the material topic and its Boundary	The need for a good life, CDB Actions
		103-2	The management approach and its components	The need for a good life, CDB Actions
		103-3	Evaluation of the management approach	Increase in Financing Support to Poverty Alleviation
	306-2	Waste by type and disposal method	Green Office Practices	
GRI 400 Social				
GRI 401 Employment	GRI 103 Management Approach	103-1	Explanation of the material topic and its Boundary	The need for a good life, CDB Actions
		103-2	The management approach and its components	The need for a good life, CDB Actions
		103-3	Evaluation of the management approach	Staff Caring and Career Development
		401-2	Benefits provided to full-time employee	Staff Caring and Career Development
GRI 403 Occupational Health and Safety	GRI 103 Management Approach	103-1	Explanation of the material topic and its Boundary	The need for a good life, CDB Actions
		103-2	The management approach and its components	The need for a good life, CDB Actions
		103-3	Evaluation of the management approach	Staff Caring and Career Development
	403-1	Workers representation in formal joint management–worker health and safety committees	Staff Caring and Career Development	
	403-4	Health and safety topics covered in formal agreements with trade unions	Staff Caring and Career Development	
GRI 404 Training and Education	GRI 103 Management Approach	103-1	Explanation of the material topic and its Boundary	The need for a good life, CDB Actions
		103-2	The management approach and its components	The need for a good life, CDB Actions
		103-3	Evaluation of the management approach	Eliminate poverty and deliver development benefits to all Staff Caring and Career Development
	404-1	Average hours of training per year per employee	Staff Caring and Career Development	
	404-2	Programs for upgrading employee skills and transition assistance programs	Staff Caring and Career Development	
GRI 405 Diversity and Equal Opportunity	GRI 103 Management Approach	103-1	Explanation of the material topic and its Boundary	The need for a good life, CDB Actions
		103-2	The management approach and its components	The need for a good life, CDB Actions
		103-3	Evaluation of the management approach	Staff Caring and Career Development
	405-1	Diversity of governance bodies and employees	Staff Caring and Career Development	

Number of the Disclosure Standard and Heading	Disclosure Article	Standard Content	Where to find	
GRI 413 Local Communities	GRI 103 Management Approach	103-1	Explanation of the material topic and its Boundary	The need for a good life, CDB Actions
		103-2	The management approach and its components	The need for a good life, CDB Actions
		103-3	Evaluation of the management approach	Appendix 2 Honours and Awards Column: Helped bring the urban renewal three-year plan to a successful completion as a major funding source for urban renewal Column: Devoted ten years in Africa, enhanced development with responsibility investment
		413-1	Operations with local community engagement, impact assessments, and development programs	Dreams of better housing come true Column: Devoted ten years in Africa, enhanced development with responsibility investment
GRI 417 Marketing and Labeling	GRI 103 Management Approach	103-1	Explanation of the material topic and its Boundary	The need for a good life, CDB Actions
		103-2	The management approach and its components	The need for a good life, CDB Actions
		103-3	Evaluation of the management approach	Client Services Leading to Win-Win Cooperation
		417-1	Requirements for product and service information and labeling	Client Services Leading to Win-Win Cooperation
G4 Financial Services Sector Supplement		FS1	Policies with specific environmental and social components applied to business lines	Appendix 6 Notes to the Report
		FS2	Procedures for assessing and screening environmental and social risks in business lines	Sustainable Corporate Governance: Strengthening Risk Management and Control
		FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	Client Services Leading to Win-Win Cooperation
		FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	Staff Caring and Career Development
		FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	Sustainable Corporate Governance: Promoting Engagement of the Stakeholders Enhance Influential Power via Communication with Relevant Parties
		FS6	Percentage of the portfolio for business lines by specific region, size and by sector	Not Applicable
		FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	Appendix 1 Key Data
		FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Appendix 1 Key Data
		FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	Not Applicable
		FS11	Percentage of assets subject to positive and negative environmental or social screening	Appendix 1 Key Data
		FS12	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting	Industrial Upgrade to Improve Quality and Efficiency Sustaining and improving the people's livelihood
		FS13	Access points in low-populated or economically disadvantaged areas by type	Eliminate poverty and deliver development benefits to all
		FS14	Initiatives to improve access to financial services for disadvantaged people	Sustaining and improving the people's livelihood
		FS15	Policies for the fair design and sale of financial products and services	Green Investment Lead by Green Bonds Client Services Leading to Win-Win Cooperation

> Notes to the Report

This Sustainability Report (the Report) presents the true state of affairs with respect to the sustainable development of China Development Bank.

Time Covered:

1 January 2017 to 31 December 2017, including certain information outside this timeframe.

Frequency of Publication:

The Sustainability Report of China Development Bank is an annual report.

Entities Covered:

The Report covers China Development Bank (as referred to as China Development Bank, CDB or we or us) and its subsidiaries.

References:

ISO 26000 Guidance on social responsibility (<http://www.iso.org>); G4 Sustainability Reporting Guidelines (G4 Guidelines) and Financial Services Sector Supplement (<http://www.globalreporting.org>); GB/T 36000 Guidance on social responsibility; United Nations, Transforming our World: The 2030 Agenda for Sustainable Development; and relevant decisions and guidelines of China Banking Regulatory Commission and China Banking Association.

Assurance:

In order to ensure its truthfulness and reliability, PricewaterhouseCoopers Zhong Tian LLP has been engaged to provide third-party assurance on the Report.

Access to the Report:

The electronic copy of the Report can be found at <http://www.cdb.com.cn>.

Contact:

Tian Qing

Tel: 86-10-88309375

Fax: 86-10-88309169

Email: csr@cdb.cn

Reader's Feedback

Dear reader,

Hello!

Thank you for reading this report. We sincerely look forward to your valuable comment and advice on this report, given which can we further improve ourselves, better fulfill social responsibility and achieve a high level of competency of sustainable development!

1. What is your role/relationship to CDB? (Please check '√' in the box, same below)

- Government Regulatory Authority Investor Employee Client Vendor Partner
 Other Banks Community and Public media NGO Other please specify _____

2. What do you think of CDB's performance in fulfilling social responsibility and promote sustainable development?

- Excellent Good Average Bad

3. What is your overall impression of this report?

- Excellent Good Average Bad

4. What do you think of the structure of and the quality of information disclosed in this report?

- Excellent Good Average Bad

5. What do you think of the Layout design and form of expression?

- Excellent Good Average Bad

6. What is your advice on CDB's fulfilling social responsibility and achieving sustainable development?

You can send your feedback to csr@cdb.cn. Your participation and support is greatly appreciated.



No.18 Fuxingmennei Street, Xicheng District, Beijing, P.R China
Post code: 100031
Website: www.cdb.com.cn

