



**Guo Shuqing**  
*Chairman*

**The Bank's strategic vision is  
to become a**

**world class  
commercial bank**

**with the best services  
to our customers, the most  
value to our shareholders  
and the best career  
development opportunities  
to our employees.**

2006 marked a historic milestone in the Bank's development towards a modern commercial bank, with all the growth strategies set by our directors implemented properly.

We endorsed our customer-focused corporate culture by improving business processes, introducing branch transformation and strengthening product innovation, and achieved enhanced service quality. The adjustment of our business structure was accelerated through the restructuring of wholesale business; continued development of our retail business, fee-based services, and overseas operations. We actively explored investment banking and asset management

businesses, and acquired Bank of America (Asia) Limited, gaining a platform for expanding into overseas markets. We fully established the vertical risk management structure, and assigned risk managers and business managers to work together under a parallel operation structure. In addition, assessment standards and procedures for internal control systems were set up so that we could improve these systems through continued assessment. Moreover, we have collaborated extensively with strategic investors in many areas such as corporate governance, risk management, wholesale banking, retail banking, treasury operations, human resources management, and development of information technology

systems, and significant progress has been achieved.

As a result of its strong ability to implement the strategies, the Bank posted strong overall growth. In 2006, the Bank became the largest provider of personal loans as well as residential mortgage loans in the PRC. Credit card issued during the year topped the big four PRC banks with the spending amount rising by over 100% over 2005. Our established business of infrastructure loans grew by 29.16%, and the loans to small-sized enterprises grew by 26.43% over the year. The net fee and commission income rose by 60.51% compared with the previous year.

The strong business growth led to a significant rise in its profitability. Its asset quality improved steadily, with both the non-performing loan balance and ratio falling. A net profit of RMB46,319 million was recorded, with an 18.02% increase over the previous year after excluding the impact of the income tax exemption obtained as part of its restructuring. Earnings per share were RMB0.21, while return on average assets and return on average equity were 0.92% and 15.00% respectively. Our board of directors (the "Board") has recommended a cash dividend of RMB0.092 per share.

We were recognised in areas ranging from corporate governance, customer service, management, profitability, to the quality of our financial products. Ranked as the Best Managed Company and Best Corporate Governance Company in the polls by *FinanceAsia*, the Bank topped the list of Top 300 Asian Banks for 2006 by *Asiaweek* with the highest net interest income and highest net profit, and was hailed as the "most profitable bank in Asia".

Whilst achieving strong operating results, we are also committed to corporate social responsibility, and continued to contribute through numerous meaningful ventures and donations, including supporting the redevelopment of disaster-stricken areas, sponsoring the 2007 Special Olympics World Summer Games, and building CCB Hope Primary Schools via the CCB Caring Foundation which was established through employee donations. In 2006 we were presented with the Annual Contribution Award for the Walk for Poverty Alleviation in China for 2006 and the Special Contribution to Poverty Alleviation Award in China by the China Foundation for Poverty Alleviation. We were also recognised as the Most Responsible Corporate Citizen in China by the Red Cross Society of China.

In the year ahead, China's financial sector will become fully accessible to outside competitors. Furthermore, China's economy will continue to grow rapidly. It is anticipated that the domestic capital market will experience rapid growth, and competition will intensify among domestic and overseas market players. Therefore, we will be faced with more demanding requirements and greater challenges. Nevertheless, we are well positioned to take full advantage of the enormous development opportunities amid these challenges. We will continue to enhance our service quality, promote business transformation, accelerate financial innovation, and strive to achieve a steady

development with balanced risk and reward. Going forward, we firmly believe that, with the concerted efforts of the Board, the management, the board of supervisors, and all our staff, as well as the support of our customers, shareholders and the community, we will continue to welcome further success in the coming year!



*Chairman*

13 April 2007