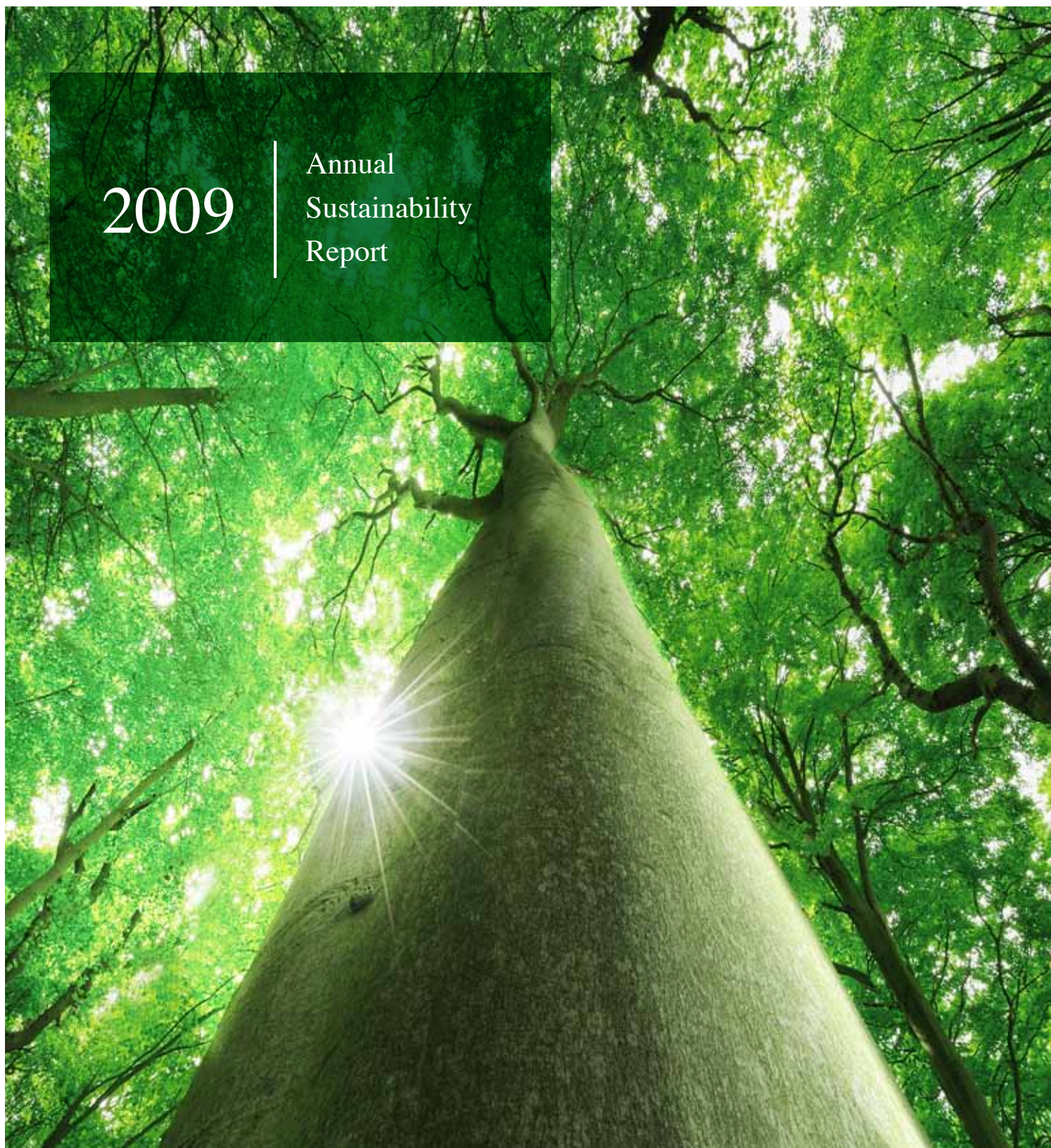


2009

Annual
Sustainability
Report



兴业银行股份有限公司
INDUSTRIAL BANK CO.,LTD.

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About this Report

■ Assurance notice

The Board of Directors and all directors of the Company hereby warrant that the information contained in this report is free from any false representation, misleading statement or material omission, and assume joint and several liability for the truthfulness, accuracy and completeness of the contents herein.

■ Title of report

"Sustainability Report" is the title of the Annual Corporate Social Responsibility Report of Industrial Bank. Adopting this title is a manifestation of the integration of the corporate governance concept on sustainable development and corporate social responsibility by Industrial Bank.

■ Time covered by this report

The Reporting Period is from January 1, 2009 to December 31, 2009. Some contents are beyond this time frame.

■ Interval

The Sustainability Report of Industrial Bank is published annually.

■ Coverage

The entire Company.

■ References used in this report

In this report, otherwise described in the content, references to "Industrial Bank", "the Company", "We", "our" and "the Bank" shall mean Industrial Bank Co., Ltd.

■ Basis of preparation

This report is prepared in accordance with the requirements under "The Suggestions on Strengthening the Social Responsibility of Banking

Financial Institutions" promulgated by China Banking Regulatory Commission, the "Guidelines for Corporate Social Responsibility of China's Banking Financial Institutions" promulgated by the China Banking Association and the "Guidelines for Environmental Information Disclosure of Listed Companies" promulgated by the Shanghai Stock Exchange.

■ Release of previous reports

The last two reports named "Social Responsibility Report (1988-2008)" and "2008 Annual Social Responsibility Report" were issued by the Company in April 2009.

■ Note on the data used

Financial data used in this report was extracted from the 2009 Annual Report and certain data from the previous year was also used. Unless otherwise stated, the monetary amounts stated in this report were denominated in RMB.

■ Availability of this report

This report is released in printed and electronic forms. The Electronic version is available at the Company's website (www.cib.com.cn) for inspection.

■ Priority

This report is prepared in both Chinese and English. In case of discrepancy, the Chinese version shall prevail.

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ABOUT INDUSTRIAL BANK

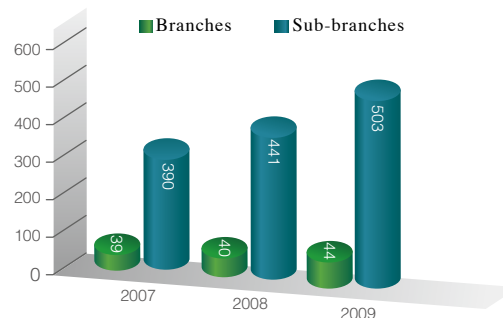
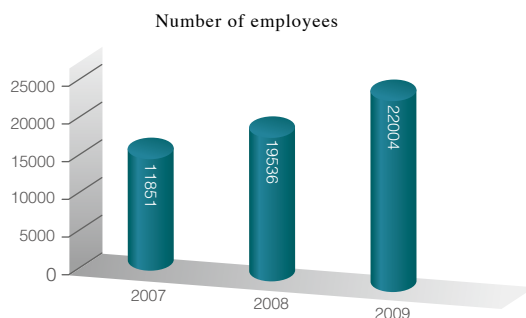
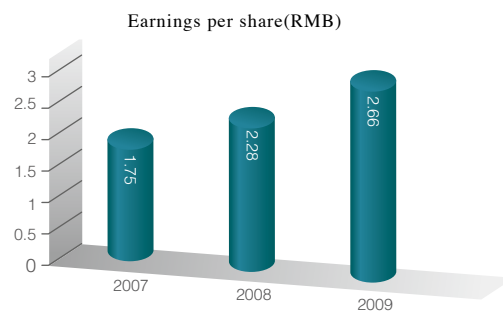
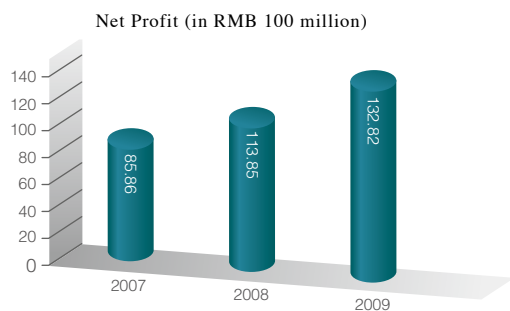
Founded in August 1988 and headquartered in Fuzhou, Fujian Province, Industrial Bank is one of the first batches of joint-stock commercial banks approved by the State Council and the People's Bank of China. By the end of 2009, it has a total of 44 branches and 503 sub-branches across the country, and set up relationship with more than 1000 corresponding banks worldwide. On February 5, 2007, Industrial Bank was listed on the Shanghai Stock Exchange (Stock Code: 601166) with total registered capital amounting to RMB 5 billion.

For 21 years, the Bank has endeavored to offer all-round, top-quality, and high-efficient financial services for clients based on the managerial concept that stresses "Developing Together, Growing Together" and "Service Starts with Sincerity". Up to December 31, 2009, the Bank's total assets reached RMB 1,332.162 billion, shareholders' equity amounted to RMB 59.597 billion and NPL ratio was 0.54%, and recorded after-tax profit of RMB 13.282 billion. According to the "Top 1000 World Banks" released by The Banker, a famous British magazine, as at July 2009, the Bank ranked 108th in terms of total assets and 117th in terms of tier 1 capital. According to the

2009 Forbes Global 2000, the Bank ranked 389th in terms of comprehensive ranking, boasting a 62nd position in the list of 307 global banks.

In recent years, the Bank has adopted the Scientific Outlook on Development and stressed on the organic integration of corporate economic responsibility and social responsibility, and incorporated social responsibility and the concept of sustainable development into its development strategy and corporate governance. This concept is applied in all aspects of its operation and management in order to induce the change in thinking in relation to the pattern of development, the innovation of business models, the efficient allocation of resources, the improvement of incentive and restraint mechanism as well as the enhancement of service efficiency. Meanwhile, it has gradually developed a sustainable development pattern with the Bank's own characteristics through performing the Bank's social responsibility in the provision of services and expansion of its business, thus enhancing its own value and strengthening its core competitiveness.

Major Financial Indicators



Contribution of Social and Economic Values

By the end of 2009, the Company's tax payments including corporate income tax and business tax totaled RMB 6,738 million, up 37.54% as compared with 2008; retained earnings and dividends totaled RMB 13.282 billion, up 31.22% as compared with

2008, thus providing a strong support for China's economic construction and fulfilling its commitment to offer good returns to its shareholders and employees.

Contribution of social and economic values

(in RMB10 thousand)

Item	Amount	Annual growth (%)
Corporate income tax	396,100	55.70
Business tax and surcharges	217,900	21.06
Retained earnings and dividends	1,328,194.27	31.22

Major Awards

1. "Emerging Markets Sustainable Bank of the Year (Asia)" jointly awarded by the Financial Times (UK) and IFC

2. "The Sixth China Baosteel Environment Outstanding Award" jointly awarded by the Ministry of Environmental Protection (MEP) together with other 12 ministries and organizations including Environmental Protection and Resources Conservation of the National People's Congress

3. "Merit Conservation Supporter" awarded by World Wide Fund for Nature (WWF)

4. "2008 Best Green Bank" presented by nine non-government organizations in China

5. "2009 Appraisal of Corporate Governance of Top 100 PRC Listed Companies(Third Place)" organized by Chinese Academy of Social Science

6. "2009 Outstanding Board of Directors Nomination Award" awarded by Shanghai Stock Exchange

7. The Prize of "Chairman with Strongest Sense of

Social Responsibility" in the Golden Round Table in the Fifth Session of PRC Listed Companies' Board's Directors

8. "Listed Companies of Most Sustainable Investment Value (First Place)" in the Fourth Competition of Chinese Securities Award

9. "No.1 Listed Banking Company with Highest Investment Value" awarded by China Times and CCTV Financial and Economic Channel

10. "China's Best Corporate Citizen Award" for three consecutive years granted by the 21st Century Business Herald

11. "2009 Ten Best Commercial Banks to Support the Development of Small & Medium-size Enterprises (SMEs)" awarded by the Association of Small and Medium Enterprises in China and China SMEs Annual Conference

12. "Best Bank for Inter-bank Cooperation in Asia" for three consecutive years awarded by 21st Century Business Herald



OVERVIEW



- ◎ **Message from the Chairman**

- ◎ **Message from the President**

- ◎ **The Corporate Governance Concept on Sustainable Development**



Chairman: Gao Jianping

Message from the Chairman

2009 was the toughest year for China's economic development since the turn of the new century. In keeping with the Scientific Outlook on Development, implementing the national macroeconomic adjustment policies and complying with the financial regulatory requirements, we have been continuing to adjust and optimize our business policies, business development focus and structure, expediting our strategic transformation and developing all our businesses in a well-coordinated and sustainable manner.

As a joint-stock banking corporation emerged during the economic reform era, we have spared no effort in perfecting our corporate governance, diligently fulfilled our social responsibility and constantly explored and innovated the financial service model to support a sustainable development. In 2006, we became the first bank in China to launch energy efficiency financing, which was designed to provide loans for enterprises to improve their energy efficiency and develop clean and reusable energies. On October 31, 2008, we announced to adopt the Equator Principles and became the first Equator Principles Financial Institution (EPFI) in China. In 2009, we completed the first project loan applicable to the Equator Principles in the PRC banking sector. This sustainable journey shows that with the launch of energy efficiency financing products as a starting point and the adoption of the Equator Principles as an opportunity, we have experienced four fruitful years in which we were dedicated to business exploration and innovation, business model transformation and harmonious development.

During the past four years, we have been committed to the incorporation of social responsibility into our strategic development plan and the improvement of our corporate culture by adhering to the Scientific Outlook on Development of "Growth, Innovation and People-oriented". As such, we have been taking initiatives aggressively while taking the whole picture into consideration, focused on mainstream businesses while stressing on operation efficiency, diversified banking services while emphasizing quality improvement and followed the Scientific Outlook on Development, in management while ensuring sustainable growth. To implement and develop the concept of corporate social

responsibility, we persistently adopted the scientific development approach, deepened our understanding of the relationship between the Company's social responsibility and its own sustainable development, explored various ways to encourage ourselves to perform our social responsibilities, and fostered an environment of harmonious coexistence among human, nature, environment and society.

During the past four years, the Board of Directors was highly concerned about the improvement in our ability to keep abreast of the market situation and adapt to market changes. Through fine tuning our decision-making mechanism, we can adjust the Bank's strategy for competition, improve our sustainable corporate governance concept, which will be utilized to direct and regulate our operation and management in order to create higher commercial value with more social responsibilities delivered, thereby heading closer towards our development vision of "First Class Bank, Everlasting Bank".

As an old saying goes, "soil can be piled up into a wall, and virtue can be accumulated into high morality", we are widely recognized both in domestic and abroad for our practice in our development goal of "Being a Sustainable Bank" and our remarkable accomplishments in this respect. We were presented a number of awards by various domestic and overseas authoritative organizations, including "Emerging Markets Sustainable Bank of the Year (Asia)", "Best Green Bank", "Merit Conservation Supporter", "China's Best Corporate Citizen Award" and "China's Baosteel Outstanding Environmental Award".

The new century will soon enter into its second decade. We will adhere to our belief of harmonious mutual development, carry on our corporate spirit of "Practical, Dedication, Innovative and Teamwork" and embark on a new journey of growth. I am fully confident that, with our concerted effort, we will deliver even greater performance in the next decade to reward our shareholders, customers, employees and society.

Chairman





Director and President: Li Renjie

Message from the President

In 2009, we adhered to the guiding principles of the Scientific Outlook on Development, consistently complied with the national macroeconomic adjustment policies and financial regulatory requirements, persistently adopted the sustainable development strategy, stringently followed the core concept and values of "Social Responsibility and Sustainable Finance" and proactively promoted every aspect of our operation and management to be conducted in a rapid and healthy manner.

Firstly, we fully adopted and implemented the "Equator Principles", restructured our operational and administrative framework in accordance with the advanced international standards, enhanced our internal operation capability, and gradually established a scientific and systematic environmental and social risk management system in combination with our overall compliance management. With our green credit policy supported by financial innovation, we are the first bank in China to adopt the Equator Principles in conducting project financing business. We extended loans for energy conservation and emission reduction projects to include the carbon finance sector, thereby realizing the transfer from the exploratory trial of operation and management to consensus in corporate governance, from passively being bound by regulatory measures to proactively seeking for opportunities, and from developing and marketing a single financial product to the overall revamping our business model and operation process.

Secondly, we rendered strong supports to our national and regional economic development and took vigorous measures to cope with the international financial crisis. We granted a large amount of loans to support our national economic construction while maintaining a balance in loan extension in terms of the timing and amount of loans. We accelerated the extension of our banking network in the western region of China to help infrastructural construction and the development of industries with competitive edge in that region. We initiated innovative loan facilities for small enterprises to further solve their financing difficulty. We increased our efforts in exploring the rural financial market and supported the development of villages, agriculture and farms, and we provided financial services for demolition and resettlement so as to support the nation's urbanization

and development.

Thirdly, we continued to promote the construction of a harmonious society. We were committed to the transformation of our operation model and profit growth model to improve our overall profitability, thereby rewarding our shareholders with admirable operating results. We continued to diversify our financial products and improve our ability in the provision of professional services and upgrade our service quality, so as to establish a comprehensive service platform for customers. We upheld the people-oriented approach, and steadily pushed forward the reform on our internal remuneration packages, insurance system and staff development mechanism so as to allow our employees to realize their own value while serving the development of the Bank. We continued to adhere to the guidelines of "Complementing Mutual Strengths, Achieving Mutual Benefits", and introduced comprehensive financial service solutions such as the "bank-to-bank platform" and teamed up with our counterparts for mutual benefits. We also participated in various community activities such as the activity of "Bring Modern Finance into Communities" and social welfare activities to make return to the society.

In addition, we continued our efforts in promoting sustainable financial development within and beyond China. We proactively conducted multi-level communications with governmental departments and participated in the implementation and promotion of the sustainable finance concept. We kept making dialogue with non-governmental organizations, took various means to share our experience in sustainable finance with our counterparts in China and abroad, and promoted sustainable finance development in countries of emerging markets with our own practice and experience.

Looking forward, we will adhere to the concept of sustainable development in corporate governance, perfect our "Sustainable Bank" brand in all aspects, and strive to foster an environment of harmonious coexistence among human, nature, environment and society.

President



The Corporate Governance Concept on Sustainable Development

The Bank's concept of sustainable development in corporate governance:

We consistently follow the Scientific Outlook on Development to deepen our understanding of the linkages between corporate social responsibility (CSR) and our own sustainable development, proactively explore multiple approaches to fulfill our social responsibility, and cultivate harmonious relationships among the human, nature, environment and society.

———— Gao Jianping, Chairman of Industrial Bank

We realized that the essence of corporate social responsibility is indivisible with the principles of sustainable development. They both extend the scope of traditional commercial ethics and enrich the content of corporate governance. As an enterprise, the duties of a commercial bank operator are no longer limited to profit maximization, but also need coordinating the interests of various shareholders in the course of operation. Commercial banks, as special public enterprises, are heavily reliant on capital injection from shareholders on the one hand, and also benefit from the support provided by their customers, employees and other stakeholders on the other hand. In this sense, commercial banks are required by their industrial nature to voluntarily include the pursuit for harmony among economy, society and environment into their own development goal, and honestly promote the mutual sustainable development of various stakeholders.

Therefore, as a commercial bank, we are not only required to provide financial instruments and services to the society and the public, and increase value for customers and communities, but also expected to become the core participant of modern economy by leveraging our unique roles in the allocation and control of resources. To this end, we have changed our corporate governance goal from "maximizing profits for shareholders" to "taking into consideration the interests of stakeholders". The introduction of the new guidance being improved from "being a good corporate

citizen" to "fostering an environment of harmonious coexistence among human, nature, environment and society" indicates that we have gradually established the concept of sustainable development in corporate governance by regulating our operation model in a scientific manner.

Seeking for Green Corporate Governance

Recently, environmental problems have become increasingly prominent, especially at a time when we are fighting with global climate change. After a deep thinking of the relationship between Stakeholders and our own sustainable development, we have developed the new corporate governance concept of "proactively exploring multiple approaches to fulfill our social responsibility, and cultivate harmonious relationships among the human, nature, environment and society", thereby laying a solid foundation for our sustainable development. Under the leadership of and promoted by the Board of Directors, the concept of sustainable development in corporate governance has been integrated into our operation management concept, and has been put into practice in our management system, business flow, financial instruments, product innovation and reporting system. Guided by the "green" corporate governance, the Board of Directors has included the social responsibility and the sustainable development into our development strategy, and has vigorously conducted innovation in sustainable finance.

In June 2007, the Financial Times(UK) and International Finance Corporation (IFC) jointly held the selection activity of "FT Sustainable Banking Award 2007" in London, on that occasion we were nominated for two awards, namely the "Emerging Markets Sustainable Bank of the Year" and the "Sustainable Deal of the Year", for our unprecedented effort in energy conservation and emission reduction, and were honourably ranked runner-up in the Sustainable Deal of the Year category.



In June 2007, the Office of the Board of Directors visited the headquarter of the Hong Kong and Shanghai Banking Corporation Limited (HSBC) in London, and made a thorough exchange of views in respect of the critical issues such as the concept, scope and adoption of the Equator Principles.

On November 27, 2007, our President, Mr. Li Renjie, met with Ms. Rachel Kyte, the then director of the IFC Environment and Social Development Department, and Mr. Richard Ranken, the director of the East Asia Pacific Department, in Beijing, and discussed with them about the exploration of sustainable finance and the adoption of the Equator Principles.

In February 2008, our President, Mr. Li Renjie, declared at a bank-wide organizational work meeting held in Chongqing city that we would undertake to adopt the Equator Principles at appropriate time in 2008.

On December 14, 2007, our Chairman, Mr. Gao Jianping, met with Mr. Robert B. Zoellick, the President of the World Bank Group, in Guangzhou, and held high-level talks on the significance of adopting the Equator Principles and its feasibility .



In March 2008, we clearly defined our social responsibility strategy and policies and the duties of the executive committee of the Board of Directors in supervision, inspection and assessment of the performance of social responsibility at the 7th meeting of the sixth Board of Directors in Fuzhou, and included the same into the "Work Rules for Executive Committee of the Board of Directors," confirming that we would take the corporate social responsibility and sustainable finance as our core concept and value orientation and use them to guide our operation and management activities.

In April 2008, our Chairman, Mr. Gao Jianping, proposed in Fuzhou a concept of sustainable development in corporate governance to be followed by our group. The concept in simple words is "to consistently follow the Scientific Outlook on Development to deepen our understanding of the linkages between CSR and our own sustainable development, proactively explore multiple approaches to fulfill our social responsibility, and cultivate harmonious relationships among the human, nature, environment and society."

On June 28, 2008, the Board of Directors unanimously approved the "Proposal on Application for Adopting the Equator Principles" at the 5th meeting of the sixth Board of Directors in Taiyuan.

On October 31, 2008, our President, Mr. Li Renjie, formally declared in Beijing that the Bank adopted the Equator Principles, thus becoming the first Equator Principles Financial Institution (EPFI) in China.



On December 22, 2009, we held the "Ceremony and Press Conference on the First Equator Principles Project of China Banking Sector" in Yong'an, Fujian province, and formally announced the implementation of the first project applicable to the Equator Principles.

**Steps for Executing our
Core Concept and Value
Orientation of "Social
Responsibility and
Sustainable Finance"**



Step 1: *improving our understanding of the social responsibility and the sustainable finance at a strategic level.* Currently, we have taken the social responsibility and the sustainable finance as our core concept and value orientation, fully taken into consideration the interests of various stakeholders, clarified our long-term goal of "Developing into a First Class Bank and Becoming an Everlasting Bank", and strived to develop ourselves into a comprehensive bank that specializes "Stable Operation, Regulated Management, Rapid Growth, Superior Services, Distinctive Features and Best Return".

Step 2: *implementing the sustainable development strategy when optimizing organizational structure and internal control.* An efficiently streamlined organization with well defined duties is not only the inner requirement for us to improve our management level, but also the premise for performing social responsibility. We have established the Social Responsibility Leading Team headed by our Chairman, Mr. Gao Jianping, which is responsible for directing our work on social responsibility, clarifying the duties of our various departments in the performance of social responsibility, establishing the interactive mechanism of our head office and branches, so as to provide an organizational guarantee for us to perform social responsibility.

Step 3: *disseminating social responsibility concept through corporate culture cultivation.* On the one hand, we included the sustainable development into our development goal and corporate culture, and adopted the environmental and social risk management approach in our business flow and operation, so as to evaluate and manage the risk and opportunity of sustainable development in a systematic and comprehensive manner. On the other hand, we raised the standard for our moral education, established the lofty value concept within the bank, and formed the ethic standard to regulate our employees' behaviour, so as to establish a good banking image and enhance our "soft competitive edge".

Step 4: *reflecting the sustainable development concept in our business expansion.* When making significant business decisions, we took into consideration the environmental and social risks, with an aim to further improve the quality of our banking asset portfolio. At the same time, we explored the opportunities for financial innovation and developed the environmental-friendly financial products and services that could promote social advancement, which included those relating to energy finance, environmental finance and carbon finance, namely, new energies and renewable energies, CDM (clean development mechanism), SO₂ emission reduction, sewage treatment, watershed treatment and solid waste treatment. In addition, we also launched the "Gold Sesames – SME Financial Services Solution" product, popularized the integrated financial service solution of "bank-to-bank platform", so as to form the mechanism of complementing advantages and sharing resources each other.

Step 5: *implementing the sustainable finance through innovation in community activities.* "Innovation in community activities" refers to the bank through establishment of a partnership with customers and social communities in conducting community activities and public welfare activities with our financial products, technology, education and training, which takes various forms from publicizing welfare causes, marketing with public welfare activities, social marketing, charity activities, volunteer community activities to do businesses in a responsible way. As such, we can obtain more commercial opportunities while expanding communication channels to provide the society with our support and value contribution. We fully capitalized on the advantage as a financial institution to publicize the financial knowledge through various community activities such as the "Bringing modern finance to communities" activity, supported the education cause through setting up the practice base for university students, establishing the charitable education fund and granting tuition loans, upheld the public welfare cause through various love outreaches such as poverty relief, money donation, blood donation, funding artistic shows and forums, and provided intelligent, material and financial supports to the public services in medical, educational and cultural fields.

Step 6: *adopting and promoting the sustainable development concept gradually according to local conditions.* We performed our social responsibility by adhering to the three principles of "Moderation", "Development" and "Profit Enhancement". The "Moderation" refers to our best performance of social responsibility according to our actual operation conditions and capability. Based on our business development plan and its progress, we innovated products and services in the fields of energy efficiency finance, carbon finance, SME loans and bank-to-bank cooperation, focused on our "substantial strategic businesses", and continued to enhance our market advantage. The "Development" refers to the dynamic adjustment of our social responsibility implementation under different social environment and our different development stages. With the Equator Principles as an entry point, we introduced a systematic environmental and social risk management, further enriched and extended our sustainable finance and social responsibility. The "Profit Enhancement" refers to combining the performance of social responsibility with the development of our banking businesses as well as the improvement in our service quality, maintaining certain profits in the performance of social responsibility in environment protection and emission reduction, so as to ensure the inner motivation and endurance for the performance of social responsibility. In promoting the loans for energy conservation and emission reduction and adopting the Equator Principles, we jointly created the energy efficiency finance model under the loss sharing mechanism with IFC according to our national situation and our own capability, and started with the project financing business to complete relevant projects on a pilot basis in accordance with the requirements of the Equator Principles, and then we explored and promoted the sustainable finance model in each of our business lines gradually.

Our Social Responsibilities in Six Aspects

Responsibility to shareholder — "Providing Stable Returns with Increased Value": providing shareholders with stable returns, diligently managing their investments and meeting their basic interests with increased value.

Responsibility to clients — "Superior Services, Value Creation and Mutual growth": providing clients with superior services, having correct understanding of customer needs and its change, and sparing no efforts to help our customers to realize value growth and prosperity.

Responsibility to employees — "Creating a Career Development Platform and Cultivating Lifetime Occupational Skills for Our Employees": helping our employees in their career development, respecting our employees and their value contributions, and enhancing their sense of achievement and actualizing their career development.

Responsibility to our partners — "Complementing Mutual Strengths, Achieving Mutual Benefits": creating a platform of win-win cooperation.

Responsibility to environment and resources — "Fostering an Environment of Harmonious Coexistence among human, Nature, Environment and Society": leveraging the role and influence of financial institutions in the allocation of social resources to support resource conservation and environmental protection.

Responsibility to society — "Repaying Society and Serving the Nation": undertaking social responsibilities, complying with laws and rules, observing business ethics and promoting social harmony.

The Organization Structure for the Performance of Social Responsibility

In order to further enhance the organization and guidance for the performance of social responsibility, to establish and improve the social responsibility performance mechanism and systematically promote the performance of our social responsibility, we established a social responsibility leading team headed by our Chairman, Mr. Gao Jianping, which took charge of organizing and leading the performance of social responsibility. The social responsibility office was established under the social responsibility leading team, which was responsible for organizing and promoting various works on social responsibility, setting the goal for the fulfilment of social responsibility, popularizing our social responsibility concept, preparing our social responsibility report, and keeping contact with relevant regulatory authorities in respect of the performance of social responsibility. Various branches and departments at our head office organized and formulated relevant measures to promote our social responsibility works and effectively performed their relevant duties under the guidance of the leading team in accordance with the principles of "Perform Respective Roles under Unified Guidance".

In concluding our exploration and practice experience in corporate governance and sustainable finance in recent years, our Chairman, Mr. Gao Jianping, expressed that the essence of corporate governance of commercial banks was to balance and establish a

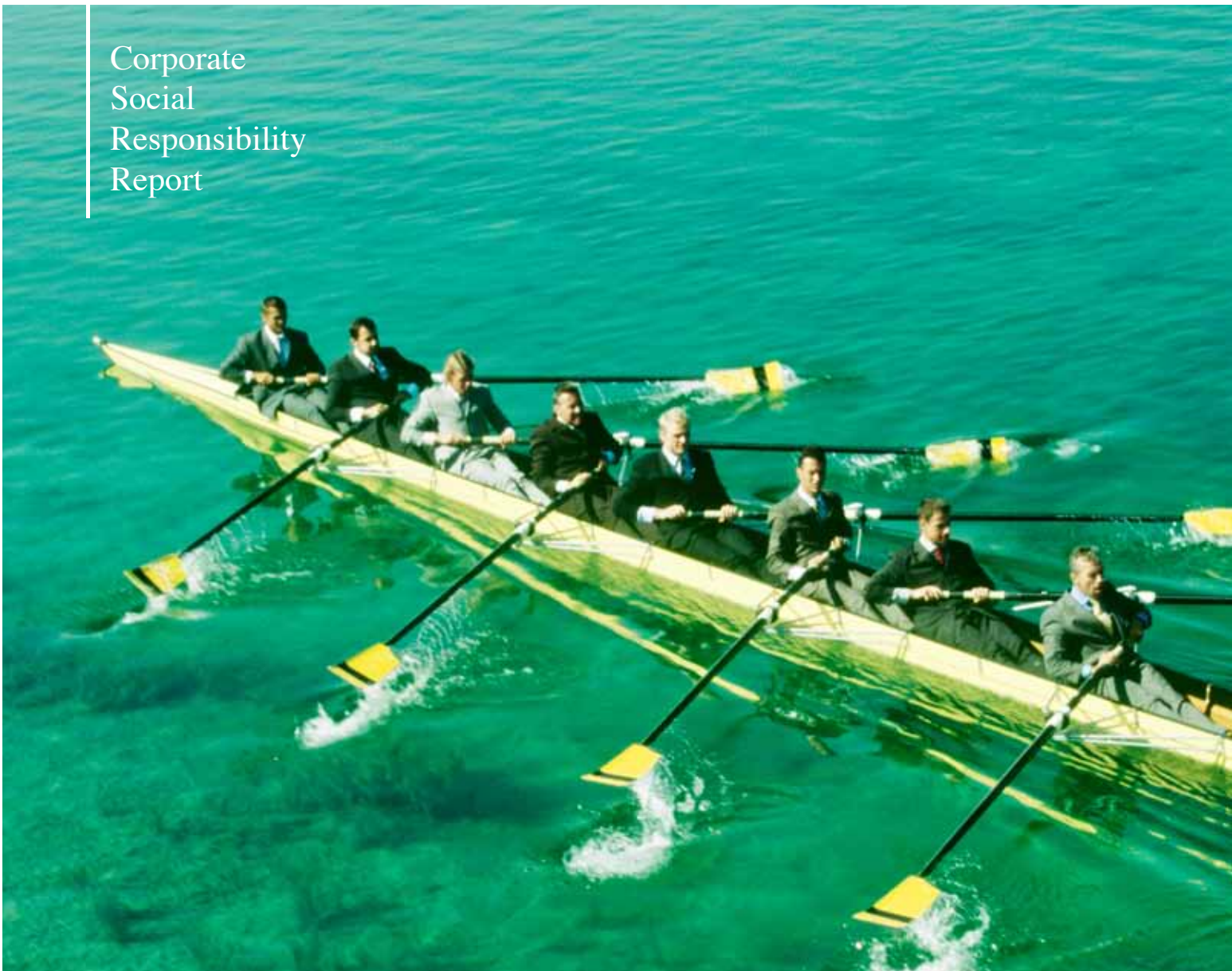
harmonious relationship among Stakeholders which, in other words, was to pay more attention to our public mission and social responsibility while seeking interests for shareholders.

- Firstly, at the decision-making level, the strategic and decision-making capability of the Board of Directors are the most fundamental elements to determine whether commercial banks can observe the situation, adapt to market change, amend their competitive strategies and create new commercial value. As such, the core of sustainable finance development strategy is the improvement in the competency of the Board of Directors;
- Secondly, at the implementation level, as the commercial operation model and the risk management model are both limited to the corporate governance structure and the relevant concept, commercial banks might have to establish the corporate governance structure and value orientation adapting to the sustainable finance strategy under the leadership of the Board of Directors, and then realize the effective transformation of the operation model and the risk management model. Only by this way, commercial banks can grasp the essence of the sustainable finance and achieve the dual goals of the pursuit for commercial interests and the performance of social responsibility.



In 2009, the Bank and "Directors & Boards" magazine jointly published a special issue in the theme of "Green Declaration by Banks". Through publishing a series of articles such as "Equator Principles: Green Declaration by Banks", "Green Finance in China" and "Green Transformation of Operation Model", and taking our own scenarios as the background, we introduced the sustainable concepts such as low-carbon economy, green credit, energy efficiency finance and the Equator Principles with news reports in a comprehensive, truthful and systematic manner, as well as our experience in exploration and practice in this field.

Corporate
Social
Responsibility
Report



MANAGEMENT



- ◎ **A Solid Foundation for Internal Control and Compliance Management**
- ◎ **Comprehensive Risk Management System**
- ◎ **Leading Environmental and Social Risk Management Practices**
- ◎ **Rapid Response Mechanism for Emergency Management**

A Solid Foundation for Internal Control and Compliance Management

The Bank adheres to recognize compliance as its basis and precondition for its social responsibility and achieving sustainable development. In recent years, by taking system management as a starting point, the Bank has continued to promote the construction of a comprehensive compliance management system and the continuous improvement of compliance management levels by providing legal advice and compliance consulting on all major business decisions and operational activities using a variety of channels.

Internal Control First for Business Development

As an important internal control mechanism, the Bank actively promotes the handling of daily compliance management and the compliance management system within the whole Bank to lay a solid foundation for the implementation of effective internal controls and the fulfillment of its social responsibilities.

■ The Bank combined compliance management with internal control and took into account the compliance risks and their relevance with other risk management, to ensure the consistency of all its risk management policies and procedures. As a result, the building of this comprehensive compliance management system enhanced risk awareness and internal control culture within the Bank, achieved the systemized control of the internal management system and improved the efficiency and enforcement of the entire internal control management.

■ Starting from the five-element-framework of internal control, the Bank streamlined and recorded all processes, identified and assessed risks by using tools such as flow charts, flow analysis tables and risk identification and assessment forms, and extensively applied the compliance management system into its three defense lines: operations, management and monitoring and evaluation. This provided a good basis and foundation for the self-assessment and internal control evaluation carried out by the internal audit departments.

■ The Bank reviewed and revised a series of regulatory documents (including its basic principles, administrative rules and operating procedures), covering all aspects such as credit business, fund management, deposit and counter operations, intermediate business, financial management, accounting management and computer information systems.

■ Stressing the philosophy of "Internal Control First for business Development", the Bank continued its system clean-up to strengthen the coordination and systemization of all internal regulations.

■ The Bank continuously strengthened the supervision, inspection and correction mechanisms for its internal controls, with emphasis on fundamentals such as process management, position control, supervision and inspection and comprehensively advanced internal control supervision and inspection, actively conducted case risk investigation to proactively remove potential risks and also promoted to bring the Bank's particular cases management work into normalization path.

■ The Bank actively promoted the project of building an internal control assessment system, and recorded and evaluated the requirements for this process, the risks and controls from the results of building the compliance management system, and effectively rectified all identified defects in order to establish a series of Sustainable, economic and efficient implementation, monitoring, evaluation and corrective mechanisms for internal control that comply with "Basic Standards for Corporate Internal Control" as well as obtaining overall effective amendments to the internal controls.

Reinforce the Foundation for Compliance Management to Build a Comprehensive Compliance Management System

Since 2007, the Bank has vigorously promoted this project for the building of a comprehensive compliance management system. By taking systems enhancements as a starting point, the Bank overhauled the processes of its main business and management activities, initially built up a set of compliance management processes that contained operational procedures and risk control requirements and then laid a good foundation for further improvement of its internal control environment to support healthy business development.



- To promote the building of the comprehensive compliance management system, by the end of 2009, the Bank completed the project building of the comprehensive compliance management system, initially built a framework of the compliance risk management system, and further reinforced the foundation of the comprehensive compliance management system.
 - To actively run the compliance monitoring pilot, in 2009, the Bank explored and established a normal compliance risk monitoring mechanism to help enhance its effectiveness of compliance risk management.
 - To build the compliance management information platform, the Bank included legal affairs management, internal control management, environmental and social risk management into its phase two compliance management IT system and made improvements and enhancements to its original functions in order to provide guarantees for better identification and prevention of compliance risks.
 - To enhance the promotion of and training on compliance management and to improve its effectiveness, the Bank has always adhered to the compliance management philosophy of "Everyone Comply, Compliance Starts from the Top Level and Compliance Creates Value", in publicizing and instilling its compliance culture.
- By taking the opportunity of promoting this compliance management system at branch levels, the Bank comprehensively introduced its compliance philosophy and the system, and conducted compliance training and education through case studies and system demos. More than 120 sessions were organized and nearly ten thousand employees were trained. Thus, the awareness of compliance management of all staff was greatly enhanced.
 - The Bank has paid continuous attention to the promulgation and implementation of new rules and regulations and provided compliance consulting services throughout the Bank and issued compliance risk warnings from time to time.
 - The Bank has added qualification examinations for legal and compliance staff positions and completed creations of qualification textbooks for those positions.

Firmly Resist Corruptions

The Bank conscientiously implemented the important instructions from CPC Central Committee and Discipline Inspection Commission at high levels and the decisions of working groups within the Bank to continuously promote anti-corruption by focusing on harmonious development and to provide protection for stable and healthy development of the Bank's business.

- To strongly implement "Certain Provisions for Clean Engagement of Leaders of State-owned Enterprises" (hereinafter referred to as "Provisions"). To enhance the clean engagement awareness of cadres at all levels and create an atmosphere of clean engagement through effective promotion and education; to overhaul and revise the Bank's original system through reference to the spirit of the "Provisions" and establish a corresponding monitoring system and thereby promote the systematization of clean engagement and thus nip corruption in the bud.
- To constantly improve the institutional mechanisms for further corruption prevention work. The Bank established a network for its discipline inspection and supervision and developed the "Certain Provisions for Self-discipline of Leading Cadres", the "Implementation Opinions for the Outline of Establishing and Improving a Sound System for Punishing and Preventing Corruption with Equal Emphasis on Education, System and Supervision" and also medium and long-term objectives, to incorporate anti-corruption as part of the corporate culture.
- The Bank released the "Undertakings of Engagement Objectives for Branch Discipline Secretaries" and implemented an objective management system for branch discipline secretaries, to ensure clean governance accountability and fulfillment of all quantitative evaluation and accountability mechanisms.
- To increase efforts for petition works and case investigations, the Bank introduced the "Administrative Measures for Letter Petition and Offence Reporting". In addition to the daily petition work and the smoothing petition channels, those institutions that frequently violate regulations will be severely and strictly dealt with at all levels, even the leaders, thereby to purging all such activities within the Bank.
- The Bank made efforts to prevent cases of rule and discipline violation, to examine problems associated with structure, mechanisms and systems, to uncover deep-seated reasons for corruption, and targeted the effectiveness of internal control and to deter cases at the source.
- The Bank has actively promoted the building of an internal accountability system, proceeded to conduct reasonable punishment for dereliction of duties, and gradually built the management accountability system based on good corporate governance and implemented at all levels. This comprehensive accountability system covers the layers of decision-making, implementation, managers of all grades and supervision and inspection personnel and serves to promote institutionalization, standardization and normalization of the system.

Conscientiously Fulfill the Obligations under Anti-money Laundering

The Bank believes that anti-money laundering obligations should be fulfilled to meet not only external regulatory requirements but also the social responsibility and sustainable development needs of the Bank itself. Meanwhile, as a banking institution, it is its obligation to assist governments, international organizations and other financial service institutions in preventing money laundering and terrorist organizations from using financial channels for their illegal transactions.

- The Bank further improved the organizational structure of anti-money laundering and developed comprehensive management policies for anti-money laundering and anti-terrorist financing.
- The Bank carried out regular checks on anti-money laundering work throughout the Bank, released money-laundering risk tips, and organized special trainings to continuously improve its anti-money laundering performance.
- The Bank has strictly implemented the "Know Your Customer" policy, conducted customer due diligence, and carried out classification management on clients' money-laundering risk.
- The Bank has constantly improved its information systems and reported large-value and suspicious transaction data to the People's Bank of China and the Anti-Money Laundering Monitoring Center according to the relevant regulations.

The Bank's anti-money laundering work has been recognized by the relevant regulatory authorities. In addition to others, the Fuzhou Branch, Quanzhou Branch, Zhangzhou Branch and Sanming Branch all obtained the qualification for exemption from anti-money laundering inspection in 2009.

Comprehensive Risk Management System

The Bank has been focusing on building a comprehensive risk management system. This has committed and clear responsibilities among the Board of Directors, senior management, business departments, risk management departments, internal audit departments in the Bank's risk management, to improve the three-defense-line system for risk management, to create a risk management structure with clear responsibilities, effective balances and coordinated operation so as to fully enhance the Bank's risk management capabilities.

Risk Management Policies

In 2009, the Bank issued its risk management strategy, in which the Bank clarified its risk management prospects, its preferences, stage goals and implementation methods, as well as the risk management system requirements for other major areas such as credit, market and operations. Meanwhile, the Bank developed its project plan for implementing this strategy and promoting effective risk management.

Organizational Structure for Risk Management

Under the principles of new Basel Agreement, the Bank established and improved a comprehensive organizational structure for risk management which consists of the Board of Directors, senior management, business departments, risk management departments and internal audit departments.

- The Board of Directors is the Bank's highest risk management decision-making body. It has the ultimate responsibility of supervising the Bank's risk management processes. The senior management is responsible for implementing the risk management strategies, policies and systems which have been approved by the board of directors.
- The business sections and operating departments form the first defense line for management of specific credit risks, market risks and operational risks and assume direct responsibility for all other risk management. They act as proactive risk prevention controllers to achieve a balance between business operation and internal control management using internal control management processes combined with risk self-assessment, self-examination, self-monitoring, self-rectification and self-training.
- The risk management departments form the second defense line They plan the internal risk control and inspection of the Bank, carry out the supervision, inspection and evaluation functions for the first defense line, and guide all units and operating departments to actively strengthen risk prevention.

- The internal audit departments form the third defense line. They provide independent and objective monitoring, evaluation and consulting services for the Bank's overall risk management.
- These three defense lines carry out their duties concurrently, communicate effectively and work together to achieve the Bank's risk management objectives.

Credit Risk Management

Currently, the Bank's main methods for credit risk management are as follows:

- To strengthen credit orientation management and guide the branches to adjust the credit structures and improve the quality of credit assets.
- To strictly control the access standards, to monitor clients' with the rapid credit growth and to strengthen the audit of borrowers and diligently assess their credit.
- To strengthen industry quota management and set corresponding limits to high-risk industries based on the Bank's priorities, monitor the industry indicators on a monthly basis and control the risk of loan concentrations.
- To carry out credit risk investigation and research to understand potential risks, to strengthen risk monitoring and pre-warning and proactively issue risk prompts to help prevent and control credit risk.
- To strengthen the overall process management of the credit business as well as the risk management and control of credit review processes, to implement professional due diligence and the review and approval system, and to enhance the double-line post-disbursement inspection.
- To continuously implement the credit approval system, and appoint credit approval officers at the head office level, to build teams of qualified approval officers and improve the professional level of credit approval staff.
- To strengthen the risk classifications, strictly implement the nine-grade classification standards and engage in careful risk classification review, to accurately reflect the status of the credit asset quality and to make reasonable provisions.

Market Risk Management


Currently, the Bank's main methods of market risk management are as follows:

- To strengthen asset-liability management, closely monitor the term structure and matching conditions of assets and liabilities, to set up the vigilance and tolerance values for monitoring indicators of liquidity risk, to strengthen the management of daily positions, improve the financial information system's construction and improve the accuracy of cash flow management.
- To improve the identification, measurement, monitoring and control of market risk, improve the tolerance indication system for market risk and strengthen the relevant monitoring process by turning from simple ratio monitoring to the trend and change monitoring, especially focusing on trend analysis and study of changes in balance, to strengthen the use of analysis results, to create policies and regulatory requirements for pricing and valuation management and to strengthen the investment decisions and index management for transaction related business.
- To strengthen interest rate risk management, improve the market-oriented pricing mechanism of product interest rates, timely release information pertaining to the real interest rate levels of the Bank's absorption of amounts due from banks and other financial institutions including large foreign exchange deposits, enhance the service guidelines for market-based interest rate pricing, simplify the pricing mechanisms and processes external to the Bank and enhance fund cost management.

Operational Risk Management

Currently, the Bank's main forms of operational risk management are as follows:

- To enhance the handling of operational risk governance and to clarify the functions and building mechanisms of operational risk management among the Board of Directors, senior management and various functional departments.
- To establish an operational risk management model consistent with the relevant risk attributes, both centralized and decentralized, and to further strengthen the operational risk functions and composition of the organizational structure.

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- To further enhance the operational risk management system, the Bank formulated the "Policy for Operational Risk Management" and gradually improved the relevant procedures for management of major operational risk events.
 - To actively explore the practical applications of the methodologies and tools for operational risk management, organize statistics and analysis on major operational risk events and the related loss of data, to build the Bank's operational risk event database, to optimize the risk control measures in a timely manner, to gradually set up the key indicators of operational risk at the enterprise level, and to improve the pre-warning monitoring mechanism.
 - To increase the accountability and performance evaluation efforts of operational risk, to strengthen post supervision and punishment by using internal audits and accountability measures, and assign the responsibilities to specific individuals.
 - To protect all operations and businesses from potential operational risks and improve risk awareness, pay greater attention to identification, assessment, monitoring and control of potential risks in key areas and key segments of the business such as accounting, billing, electronic banking and credit cards, in order to further promote the regulated operations and compliance management of all business units.
 - To improve the centralized management of operational risk, to promote specialization and centralization of operations, and to gradually form specialized processing centers such as the lending center, the payment and settlement center.
 - To cultivate an operational risk management culture, and to continually improve operational risk awareness and the technical level of all staff by combining the key points that could lead to process risk and taking risk warnings with typical case studies, training, risk windows and various other means.

Leading Environmental and Social Risk Management Practices

As one of China's earliest commercial banks to be concerned about energy conservation and emission reduction and advocating green credit, the Bank, by adhering to the Scientific Outlook on Development and making social responsibility and sustainable finance its core philosophies and values, has become committed to the adoption of the Equator Principles, introduced energy efficiency financing, and actively developed the carbon finance business and sustainable financial products at multiple levels. The Bank also determined to make its "Green Bank" brand bigger and stronger and to enhance its core competitiveness for long-term sustainable development by providing excellent financial products and services and to exert its influence in support of social, economic and environmental sustainable development.



On June 4, 2009, the Bank was nominated as "Sustainable Bank of the Year" and "Emerging Markets Sustainable Bank of the Year", and won the "Emerging Markets Sustainable Bank of the Year (Asia)" in the selection of "FT Sustainable Banking Award 2009" jointly created by the Financial Times (UK) and the International Finance Corporation (IFC), becoming the first Chinese bank who was nominated in this competition for three consecutive years and awarded twice. In this picture, our Vice President, Mr. Kang Yukun, on behalf of the Bank, received the award from Mr. Lars Thunell, the EVP & CEO of IFC.

Environmental and Social Risk Management System

Environmental and Social Risk Management Policy

The environmental and social risk management statement of the Bank: The Bank will continue to focus on environmental and social issues in the credit business, to develop its finance business by an approach "beneficial" to both the environment and the society, to guide its business development according to the concept of sustainable development, and to persist in its pursuit of the balance of economic benefits and corporate social responsibility.

The Bank undertook to fulfill the following environmental and social responsibilities:

- To strictly abide by the relevant laws and regulations in China pertaining to the environment and the society and to carry out its business legally.
- To loan in those sustainable projects identified as beneficial to solving economic, environmental and social risks, to advocate actively for ecological protection, ecological construction and green industry finance, and to continuously improve its financial instruments.
- To actively help those business partners that hold the same view on sustainable development while undertaking to solve their environmental and social related issues, and to provide related financial products and services, including assisting its customers to improve their environmental and social management systems and to provide retail customers with environment-friendly finance and investment products.
- To strive to build a conservation-oriented bank, to promote energy conservation and emission reduction in internal management, and to promote awareness of environmental and social risks within the corporate culture.
- To closely follow and continuously improve all environmental and social risk management measures, and conduct regular reviews and

revisions based on the changing external conditions and information, and to ensure the full applicability of the Bank's environmental and social management system.

Standards Applicable to Environmental and Social Risk Management

The standards applicable to the Bank's environmental and social risk management include the following aspects:

- External standards: the laws and regulations on environment, health, safety and other bank credit standards in the PRC, including related laws, regulations, rules and other regulatory documents.
- Internal standards: the internal credit guidelines, risk management system, operational procedures and internal management standards of the Bank on the environment, health and safety issues.
- Special standards: the "Equator Principles" and its "Performance Standards" and "Environment, Health and Safety Guidelines".

Environmental and Social Risk Management Process

Environmental and social risk management process of the Bank's credit business

Management phase	Management process
Pre-disbursement investigation	<ul style="list-style-type: none"> To require a full investigation and comprehensive evaluation on the environmental and social performance of clients and their projects.
Access threshold for credit business	<ul style="list-style-type: none"> To develop credit business access criteria for major industries and to enhance industry classification management. To adopt "Environment-One-Vote Veto" system, to carry out full assessment on environmental issues, and firmly refuse to grant credit to environmental non-compliance projects. To no longer provide any credit support to projects that have failed to pass the EIA approval or inspection and acceptance of environmental protection facilities.
Loan disbursement review	<ul style="list-style-type: none"> To carry out loan project reviews to ensure that projects meet required lending criteria in areas such as environmental standards and assessment reports.
Post-disbursement management	<ul style="list-style-type: none"> To manage customers and projects by applying the "name list system management mode" and to require input and management of environmental and social information identifiers. To strengthen post-disbursement environmental and social risk monitoring, dynamic tracking, feedback and analysis, and to promptly detect and deal with any risk pre-warning signals. To prepare to gradually press for recovery of all loans on those existing projects found to have environmental non-compliance or pollutant discharged exceeding stipulated levels upon the post-disbursement inspection.

For those project financings applicable to the Equator Principles, in addition to strict compliance with the aforesaid environmental and social risk management processes, other procedures such as categorization, due diligence on environmental and social risks, compliance undertakings for environmental and social risks, preparation of action plans and other processes will also be required to be added under these principles, the particulars are detailed in the section on "Practice" in this report.

Organizational Structure for Environmental and Social Risk Management

Administrative bodies	Environmental and social management responsibilities
Board of Directors	To decide overall strategy and the basic system.
Senior management	To formulate the environmental policies and operational guidelines.
Environment officials	To coordinate all environmental and social risk management-related works.
Credit business-related departments in Head Office and branches	To perform environmental and social risk management work according to the prescribed standards.
Sustainable Finance Division in Head Office	To take the lead in management of environmental and social risks and to promote the construction of sustainable finance.

Operations of environmental and social risk management

Operation mode	Specific measures
<p>Strengthening the full-range monitoring on credit flow</p>	<ul style="list-style-type: none"> ● To adopt "Environment-One-Vote Veto" system as the access threshold for credit business for projects that failed to meet environment requirements. ● To require projects comply with the national "Energy Conservation and Emission Reduction" requirements, and to add other specific assessments and demonstration requirements such as project market prospects, economic benefits, energy conservation and environmental protection. ● To strictly regulate the industry access standards and to classify the credit business industry selection as follows: <ul style="list-style-type: none"> ★ For new projects, taking the state's industrial policies as a yard stick, to no longer provide any credit support to those classified under the restriction and elimination categories within the state's industrial policies. ★ For project financing, deny credit to those with no approval from the environmental authorities. ★ For projects completed and in normal operation but classified under the elimination category, prohibit all forms of additional credit; for projects already granted credit, to take measures to gradually recover that credit; for existing production capacity classified within restriction category and belonging to a state-authorized enterprises which take measures to upgrade within a given period, to cautiously support these projects with close monitoring on their industrial upgrading conditions. ● To require credit review functions to pay close attention to the following social issues: <ul style="list-style-type: none"> ★ For projects requiring financing that are involved in demolition and resettlement issues, to generally reject credit applications where demolition and resettlement process disputes have occurred. ★ Pay particular attention to labor problems within enterprises and deny credit support to the applicants involved in such disputes. ● To strengthen post-loan monitoring on environmental and social risks, the specific measures include: <ul style="list-style-type: none"> ★ Pay attention to potential risks in "Two Highs" industries (high energy consumption and high pollution emissions), to issue risk tips, and to take proactive and targeted measures to control total invested credit. ★ To establish a risk warning mechanism, to strengthen post-loan management and double-line post-loan checks, and to establish a regional risk pre-warning mechanism. ★ To conduct routine monitoring and risk investigation on "Two Highs and One Resource" (high energy consumption, high pollution and resource-oriented enterprises) loans on a regular basis, and to take measures, such as lower risk classification ratings, providing sufficient loan reserves, prompt and proactive withdrawal from projects according to their project's risk profiles.
<p>Concerning about information collection and management</p>	<ul style="list-style-type: none"> ● To make full use of the "Information Disclosure System" of the China Banking Regulatory Commission and the environmental information issued by national ministries as the decision-making reference for credit review and approval. ● To regularly update the information on the environmental black list, to set up different business handling permissions within the credit management system, to restrict credit support to companies on the black list; to conduct special post-loan inspections to blacklisted enterprises, and urge enterprises to rectify and comply, and to decisively withdraw from projects that fail to meet rectification conditions.

Operation mode	Specific measures
Strengthening internal capacity building	<ul style="list-style-type: none"> ● To enhance training related to sustainable finance, to enhance the employees' environmental and social risk management capabilities and upgrade our risk management levels
Paying attention to the building of the public exchange mechanism	<ul style="list-style-type: none"> ● To help clients enhance their environmental and social risk awareness, and to provide them with solutions for all their environmental and social issues. ● To establish an information disclosure and customer complaints mechanism, to enhance public communications through publicity and training, public service activities, etc., and to increase the public awareness and acceptance of environmental and social risk management.
Establishing the information disclosure system	<ul style="list-style-type: none"> ● To constantly improve the information disclosure system, and effectively improve the quality of that information. ★ To disclose to investors all major operational and management information (including environmental and social risk management) through periodic reports (such as annual reports, interim reports and quarterly reports) and reports on major issues in accordance with the laws and regulations. ★ Corporate Social Responsibility Reports: To disclose on an annual basis the processes, systems, practices and outcomes of the Bank's fulfillment of its social responsibilities, and to propagate the Bank's philosophy of social responsibility and sustainable financial innovation practices. ★ The annual reports of the Equator Principles: To disclose the Bank's implementation of the Equator Principles during the year in accordance with the requirements of the Equator Principles. ★ Environmental and Social Performance Reports: To regularly disclose the management measures and business results of the environmental and social risk management within the Bank.
Strengthening the internal environmental management	<ul style="list-style-type: none"> ● To encourage employees to establish a scientific awareness of energy conservation, to promote the use of energy conservation products, propagate the concepts of energy conservation and environmental protection, and to strengthen environmental management. The specific measures include: <ul style="list-style-type: none"> ★ To formulate "Administrative Measures on Office Energy Conservation" in order to encourage employees to establish scientific views towards energy conservation. ★ To improve working efficiency in various ways, such as office automation systems, video conferencing, remote training and mobile office systems, etc. ★ To strengthen the supervision and encouragement of energy conservation activities.

Rapid Response Mechanism for Emergency Management

The Bank developed contingency plans for emergency management according to the "Emergency Response Law of the PRC" and integrated this emergency management in its operation and management. It formed an organized, fast and effective emergency management mechanism.

- The Bank developed contingency plans for emergency management according to various different types of emergency, integrated emergency management within the organization, and clarified the emergency management requirements, and responsibilities of the various departments, divisions and sections.
- The Bank imposed targeted emergency management based on differing business segments and administration functions. For example, bank-wide, it developed the "Handling Approaches for Significant Emergencies", the "Response Plans by the Head Office for Leak Emergencies"; in the risk management sector, it formulated the "Emergency Response Plans for Significant Sudden Credit, Market and Operational Risk Events"; in the payment and settlement segment it formulated the "Response Plans for Major Accounting Emergencies"; in the information technology sector it formulated the "Response Plans of the Head Office for Major Information Technology Emergencies"; in the e-banking section it formulated the "Response and Continuity Plan for Internet Banking Emergencies"; in the retail business segment it formulated the "Response and Operational Procedures for Emergencies in Online Citizenship Verification Information Systems" and the "Response Plans for Emergencies in Online Documentary Collection Business from ATM Cash Withdrawal by Overseas Credit Cards"; in the security sector it formulated the "Security Working Plans for Handling Major Emergencies". Additionally and specifically for fund business segment, the Bank also developed the "Handling Approaches of Fund Operation Centers for Major Emergencies".
- To develop special emergency plans for specific events and specific periods. For example, the Bank developed contingency plans for the Olympic Games to strengthen its risk management during the Games and to improve its capability of rapid response and resolution of unexpected events during that period. All these were designed to guarantee provision of safe and effective financial

services during the period. The Bank particularly required its branches in the major cities, such as cities with stadiums for the Olympics Games, to carry out strict precautions and rapid response to banking risks during the period.

- To strengthen the risk check and emergency response drills and diligently check potential risks and also implement strict accountability mechanisms as well as constantly test and improve emergency response mechanisms. For example, the Bank issued an emergency plan targeted towards the global financial crisis, to properly handle customer complaints and ensure no incidents that could affect social stability would occur. The Bank conducted an "Olympic Special Emergency Drills for Key Information Systems" in connection with this significant event, in which the Bank detailed its business continuity plan, and effectively improved the level of emergency management and timely handling of unexpected incidents, to ensure that the information systems can be promptly switched and recovered in unexpected situations. In 2009, the Bank organized 15 disaster recovery emergency drills aimed at the core system, the production and office firewall switch, the network switch, the office and production power supplies, the host and standby facilities of related systems, and also carried out several disaster recovery emergency drills on the core system, the treasury information processing system, the modern payment systems, domestic and foreign currency payment systems, SWIFT and various other systems.



The background of the cover is a close-up photograph of vibrant green bamboo leaves. The leaves are covered in small, glistening water droplets, suggesting a fresh, natural environment. The lighting is soft, highlighting the texture and veins of the leaves. The overall color palette is various shades of green, from deep forest green to bright, sunlit green.

Corporate
Social
Responsibility
Report

DEVELOPMENT



- ◎ **Active Participation in China's Economic Construction & Promotion of the Sustainable Growth of National and Local Economies**

- ◎ **Commitment to Livelihood Finance and Building of a Harmonious Society**

- ◎ **Development and growth jointly with stakeholders**

Active Participation in China's Economic Construction & Promotion of the Sustainable Growth of National and Local Economies

2009 was a critical year for China to tackle the economic crisis, reverse the economic down turn and "maintain growth, stimulate domestic demand, and adjust the structure". During the year, commercial banks earnestly fulfilled their social responsibilities and proactively contributed to the building of the PRC economy. The Bank was committed to exploring ways for implementing sustainable finances, and proactive tackling of the financial crisis. Meanwhile, it was also aggressively involved in the country's economic re-building by supporting large-scale infrastructure construction, developments in western China, the construction of the economic zone on the western side of the Taiwan Straits, the supporting of agriculture, rural areas and farmers, and the growth of SME, thereby promoting the sustainable growth of both the national and local economies. By the end of 2009, the Bank had a total loan balance of RMB701,597 million, representing a 40.49% growth over the previous year.

Supporting Large-scale Government Construction Projects

The Bank strengthened its cooperation with the government and central enterprises by supporting large-scale government construction projects. In 2009, the Bank's total credit facilities to these large-scale government and central enterprises projects has increased by RMB87.5 billion as compared with the end of 2008, while loans granted under the credit facilities grew by approximately 50% as compared for the same period.

Supporting the Western Development

In order to implement the Several Opinions of the State Council on Further Pushing Western Development, the Bank has aggressively and

gradually broadened fund sources urgently required by western development from such priority respects as the branch set up and industrial credit support, so as to promote sustainable, rapid, balanced and healthy economic growth in the western regions according to its capabilities.

Accelerating Network Coverage in the Western Regions

In June 2001, the Bank set up a branch in Chong Qing, which was also its first branch in the western region. Currently, the Bank has established six branches, namely Chongqing Branch, Chengdu Branch, Xi'an Branch, Kunming Branch, Urumqi Branch and Nanning Branch. In addition, it has also expanded the number of its sub-branches in the western regions from 3 to 49 in only nine years, and provided powerful financial services to local governments, enterprises and the citizens.

Distribution of Industrial Bank branches in the western regions

Year	Number of branches	Number of sub-branches
2001	1	3
2002	1	5
2003	2	7
2004	3	11
2005	3	14
2006	5	18
2007	6	27
2008	6	39
2009	6	49

(Note: number of sub-branches excludes number of banking departments of branches)

Supporting the Western Development with Financing Services

The Bank accelerated its financial support to the western development. From 2001, the Bank sped up granting of credit facilities, thereby greatly supporting infrastructure projects and the development of competitive industries and further propelling the economic development in the western regions.

Over the past three years, the Bank's loans to the western regions (which mainly include 12 provinces, autonomous regions and municipalities directly controlled by the central government, namely Chongqing, Sichuan, Guizhou, Yunnan, Tibet Autonomous Region, Shaanxi, Gansu, Qinghai, Ningxia Hui Autonomous Region, Xinjiang Uygur Autonomous Region, Inner Mongolia Autonomous Region and Guangxi Zhuang Autonomous Region)

have been as follows:

(Unit RMB thousand)

Item \ Year	2007	2008	2009
Loan balance	38,779,655.1	58,357,718.8	90,431,612.9

Construction projects in the western regions with the Industrial Bank's priority support in 2009

No.	Name of branch	Some priority support projects
1	Chongqing Branch	the modification of Changjiang Road, the construction of Wugui Road , Haier Industrial Park and line II of the Chengdu-Xiangfan railway , modification of road intersections in the downtown area, and construction of the central container terminal and other major infrastructure projects in Chongqing .
2	Urumqi Branch	the comprehensive treatment of three large rivers, namely the Yili River, Tarim River and the Ergis river in Xinjiang region, the construction of relevant transportation facilities, urban infrastructures and infrastructures within the development zones, as well as the urban renovation of Changji.
3	Kunming Branch	the construction of roads and railways, and urban infrastructure, the renovation of urban villages in Yunnan Province.
4	Nanning Branch	the municipal engineering construction along the extension section of Wuxiang Road in Nanning, the construction of Xi'e Road in Liuzhou, the construction of infrastructure facilities near the Liuzhou Sanatorium and Li Ning Stadium and the construction of the Nanning-Guangzhou railway.
5	Xi'an Branch	construction of highways, railways and airports in Shaanxi province.
6	Chengdu Branch	reconstruction of pillar industry-related projects in the wake of the disastrous earthquake, including the construction of permanent affordable housing projects in Dujiangyan and infrastructure facilities in five estate areas around Chengdu.



In October 2009, the Bank shone at the Western Expo as "Green Credits, Equator Principles Financial Institution". At the Expo, the Bank met guests from over 50 enterprises who approached it for sightseeing or for advice, and promoted its concepts and practices concerning sustainable development.

Supporting the Construction of the Economic Zone on the Western Side of the Straits

As a commercial bank based on the western side of the straits, the Bank was committed to supporting construction of the economic zone on the western side of the Taiwan Straits and hence promoting cross-straits financial cooperation by fully leveraging its advantage.



- The Bank forged strategic partnerships with provincial state-run enterprises and conglomerates in Fujian Province, and produced competitive financial products through technological innovation, in order to provide customers with unique and professional services.

In 2009, the Bank primarily supported construction projects like the provincial highways, urban and rural roads, railways, bridges, ports, power grids, energy and municipal engineering projects, as well as such key provincial and municipal projects and pillar industries like textile, metallurgy, electronics and informatics in Fujian Province. Among our nine branches in Fujian Province, Fuzhou Branch alone granted credit facilities totaling RMB24.91 billion and covering 53 key projects in 2009, of which, RMB 7.15 billion was effected.

- The Bank participated in discussions and plans for the western side of the Taiwan Straits to build cross-straits regional financial service centers, and proposed suggestions on establishing a cross-straits currency settlement system, building the offshore financial market with Taiwan, the integration of the financial sector in the Economic Zone on the Western side of the Taiwan Straits and many other matters with the Fujian Provincial Government and financial regulatory authorities.
- The Bank held exchange events with financial institutions in Taiwan, and established liaison relations with them.
- The Bank assisted in the holding of the Strait Forum—Summit Seminar on Strait Economic Zone and Summit Seminar on Cross-Straits Financial Sector, in a bid to propel cross-straits financial cooperation.

Commitment to Livelihood Finance and Building of a Harmonious Society

Supporting for Development of Agriculture, Rural Areas and Farmers



Supported Reform of the Rural Financial System

The Bank strengthened development of rural financial markets and forged diversified cooperation with rural financial institutions by actively responding to the central government's call for accelerated financial reform and innovation, and stimulation of rural financial market.

- The Bank diversified the scope of cooperation with rural financial institutions, leading to modernized management of rural cooperative financial institutions. Meanwhile, the Bank boosted the presence of its "inter-bank platform" in the broad rural financial market, in order to realize the mutual growth of the Bank and the rural financial institutions.
- By the end of 2009, the Bank had cooperated with dozens of rural financial institutions, including Credit Unions in Guangdong Province, Jiangsu Province and Zhejiang Province, as well as the Zhongshan Xiaolan Township Bank, the Zhejiang

Changxing Township Bank on technology export, third-party depository, distribution of wealth management products and proxy access, payment and settlement.

Using Credit to Support Rural Development

The Bank pooled a large quantity of credit resources in agricultural production, and thus effectively supported agricultural development in several rural areas.

Case 1: In 2009, the Bank's Wuhan Branch granted over RMB1.1 billion to agricultural production enterprises. The agricultural enterprises that received this financial support included:

- Hubei Yihua Group Limited Liability Company — one of the largest fertilizer producers in China
- Hubei Sanonda international Co., Ltd. — a pesticide producer in Hubei Province
- Hubei Province Huangmailing Phosphorus Chemical Industry Co., Ltd. — a key phosphate fertilizer producer in Hubei Province
- Hubei Qianjiang Jinhuarun Fertilizer Co., Ltd. — a private fertilizer producer
- Hubei Provincial Agricultural Production Means Co., Ltd. — an enterprises engaged in agricultural resource allocation
- Qianjiang Laker Seafood Co.,Ltd. — a leading lobster exporter from Qianjiang
- Wuhan Bee Agricultural Investment Company Limited — a leading honey exporter in Hubei Province

Case 2: In 2009, credits granted by the Bank's Zhangzhou Branch to agricultural by-products and seafood (including the processing industry) alone totaled RMB880 million, representing a net increase of RMB420 million compared with the beginning of 2009.

Promoting Coordinated Development in Both Urban and Rural Areas

The Bank considered that overall arrangement for urban and rural areas is the only solution to issues regarding agriculture, rural areas and farmers, breaking the system barriers between the urban and rural areas, propelling urban-rural integration and

realizing a harmonious development of the society. In particular, rural finance is most crucial. In this regard, the Bank strived to support the strategy of "coordinated arrangement for urban and rural areas" by utilizing its financial strengths and resources.

Case 3: the Bank's Chengdu Branch signed a bank-government cooperation agreement with the Chengdu Municipal Government, undertaking to offer a comprehensive credit facility of RMB20 billion in aggregate for the urban infrastructure construction, key project construction, energy efficiency projects, essential pillar industry projects and SME of Chengdu during a period 2008 to 2013, thereby providing an all-round financial supports to advancing the overall arrangement of the urban and rural areas. Meanwhile, the Bank proactively negotiated with Chengdu Municipal Government for appointment of its Chengdu Branch as the cooperative bank for the "Integrated Treatment Projects for All Rural Land", and thus contributed to promoting the "Integrated Treatment for Rural Land". In this regard, the Bank specially incorporated the "Integrated Treatment Projects for Coordination of Urban and Rural Land in Chengdu Municipal City" into the "Green Channel", so as to ensure a speedy approval.

By the end of 2009, Chengdu Branch had established partnerships with Jintang County Land Reserve Center, Jintang County Land Auction Center and Jintang County Land Development & Treatment Service Center for "Integrated Treatment projects for Rural Land", by granting a credit facility totaling RMB350 million.

Supporting SME

The Bank is of the view that, in order to maintain a sustainable development, commercial banks must set their target markets and target clientele reflecting strategic priorities with reference to both their long-term and short-term profitability. Despite the relatively high risks and cost of SME loans in the short run, incubating SME customers and providing fund support to them can not only solve their funding difficulties for production, purchasing and sales, and thus promote their long term sustainable growth, but it is also an inevitable choice for commercial banks to maintain long term competitiveness and achieve their own sustainable growth. This is in line with the social development requirements of promoting a harmonious society and full employment.

The Bank has actively responded to the Government's call by earnestly supporting the development

of SMEs, implemented the policy of the "Six Mechanisms" on establishing financial services for small enterprises issued by the CSRC, attached importance to innovation of mechanisms and systems by conducting pilot financial services for SME, and made innovations for establishing those mechanisms and systems, streamlining the credit workflow, resource allocation and incentive policies, and training. In 2009, the Bank set up a small enterprise department and established operational systems for small enterprises based on the "credit workshop" processing mode and also launched "Golden Sesame — SME Financial Service Solution". In 2006 and 2009, the Bank was awarded the "Best SME Finance Solution" at the China SME Financing Forum held by the China Association of Small and Medium Enterprises and the China Association of Banks.



Supporting Poverty Relief and Removal and Renovation

Poverty Relief Loans

To help individuals to start up their own businesses, address the cashflow difficulties of those laid-off workers that were seeking employment and help poor students to complete their studies, the Bank launched various innovative poverty relief loans by building on its own strengths and catering to the specific characteristics of these disadvantaged groups. This has achieved favorable social and economic benefits.

Case 4: The Chengdu Branch of the Bank signed an "Agreement of Counterpart Support to Heping Village, Jinxing Township of Dayi County" with the government of Jinxing Township of Dayi County, a poverty-stricken area in Chengdu, helping the poorest farmers in the village with development of modern ecological agriculture techniques according to local conditions and in a targeted manner. It was the first national commercial bank to initiate this mode of poverty relief through micro loans and to take initial steps to enter Chengdu's rural market as a joint-stock bank.

Case 5: To address the cash difficulties of the job-seeking laid-off workers in and setting up their own independent businesses and to help poor students complete their studies, the Sanming Branch of the Bank responded well to the government's policy of establishing and improving "entrepreneurship training + credit communities + secured micro loans", strengthened bank-government co-operation, and introduced student loans and secured micro loans for workers laid-off since 2006. As of the end of 2009, the Sanming Branch had issued 537 student loans with a total value of RMB2.3258 million and 602 secured micro loans to laid-off workers totaling RMB23.23 million.

Case 6: The Beijing Branch of the Bank proactively developed the individual operation and start-up loan business, focusing on supporting liquidity turnover, purchase (installation or repair) of small mechanical equipment, franchised chain operations and other production and operation activities of borrowers. Any individual industrial and commercial households, partners of partnership businesses and owners of individually-owned businesses with non-legal-person business licenses issued by the industrial and commercial administrative authorities are ideal targets for the individual operation and start-up loans.

Removal and Renovation Loans

The Bank developed innovative removal and renovation loans for settlement of financial issues during the removal process to greatly boost local construction.

Case 7: In 2009, a series of removal and renovation projects within villages around Kunming were launched. To provide solid and sound financial services during this process, the Kunming Branch of the Bank set up a special financial services working group and created a detailed removal services plan – "the program of financial services of prospering home and starting career", with a clear division of labor and improved processes. While carrying out the program and in order to greatly simplify compensation payment, the Kunming Branch staff even walked into villages and lanes and went directly to residents homes to make compensation payments arising from the removal, confirm all removal-related matters and then called or visited customers on a regular basis. As of the end of 2009, the Kunming Branch had paid compensation to more than 2,000 households and issued more than RMB 1.4 billion of removal-related payments.

Case 8: During construction stage of the shanty town renovation projects in Harbin into "good houses", the Harbin Branch of the Bank signed a "Framework Agreement on Financing Renovation of Shantytowns" with Harbin Financial Bureau, Harbin Shantytowns Renovation Work Leading Group Office and Harbin Investment Group Livelihood Co., Ltd. to provide RMB 990 million in loans to the project, becoming the first cooperative bank for shanty town-renovation bridging loans in Harbin. Harbin Shantytowns Renovation Work Leading Group Office, Harbin Financial Bureau and Harbin Investment Group Livelihood Co., Ltd. complimented the Bank for "doing the fact with high efficiency, delicate steps and sound services".

Development and Growth Jointly with Stakeholders

The Bank believes the reason for the existence of an enterprise as an economic entity is that it is able to contribute to its stakeholders to a given extent and an enterprise must properly manage its relationship with its stakeholders to achieve sustainable development. Therefore, the Bank attaches great importance to the vital interests of stakeholders and proactively sets up mutually-supportive, mutually-beneficial and win-win partnerships with stakeholders, understanding the expectations of all parties through a variety of channels and providing positive feedback.

Truth Return to Shareholders

The Bank adopts "stable returns with increased value" as its principle responsibility towards shareholders, thereby providing shareholders with stable returns, and operating shareholders' investments with regard to their basic interests with increased value. In this regard, the Bank strictly performed its duty of information disclosure to strengthen system construction and improve operating mechanisms; continued to carry out annual audits in accordance with international and domestic accounting standards and endeavored to disclose information according to international standards and norms so as to improve corporate transparency and earnestly safeguard the interests of its investors. It proactively broadened the channels of for investors interaction, frank communication and increased understanding, strived to enhance its image as a public company and fostered harmonious investor relations.

Results of Operations

As of December 31, 2009, the Bank's total assets totaled RMB1,332.162 billion, and its full-year accumulated profit after tax was RMB13.282 billion, representing a year-on-year growth of RMB1.897 billion or 16.66%. Earnings per share reached RMB2.66, representing a year-on-year growth of RMB0.38. At the same time, the Bank's corporate income tax and business tax totaled RMB6,738 million, up 37.54% over the previous year.

Establishment of a Bridge of Communication by Information Disclosure



In light of the attitude of being responsible to the market and to investors, the Bank always adheres to the principle of disclosure in accordance with laws, constantly disclosing information and continuously improving the quality of the information disclosed.

- According to the regulations of the CSRC and the Stock Exchange, the Bank has formulated the "Administrative Measures on Information Disclosure", the "Administrative Measures on Information Disclosure Affairs" and the "Internal Reporting System of Information Disclosure", regulating processes and monitoring reports of information in delicate and improved manner so that the Board of Directors of the Bank can catch the significant information and make sufficient disclosure to investors.
- A special information disclosure body has been set up. The body is responsible for monitoring and collecting significant internal information and business developments within the Bank,

coordinating the Bank's work on information disclosure and proactively disclosing the information and providing investors with accurate information and content and that is easily understood and read.

- Internal training for information disclosure has been strengthened and a bank-wide training program has been formulated. The "Special Report on the Affairs of Information Disclosure" has been prepared on a regular basis to inform the Bank about the dynamics of information disclosure, analyze the important systems and operational processes, strengthen the sense of responsibility and guide the information disclosure processes of institutions at all levels.

Establishment of Harmonious Investor Relations



Facing the complicated and changing domestic and international economic situation in 2009, the Bank adopted a management strategy for investor relations with guaranteed daily communication with targeted activities, delivering the investment value of the Bank in an objective manner and fully encompassing the views and suggestions of the Bank's investors to effectively safeguard its transparent and responsible image in the capital markets.

- The Bank held three regular results announcement meetings and an online road show promotion conference, and added remote telephone access and internet file-sharing to increase investor participation; it visited 38 institutional investors, participated in some 30 strategy and investment promotion meetings held by both domestic and foreign investment banks, took over 50 people on on-site visits, received over 600 telephone calls from investors, replied to more than 200 emails and sent more than 60 pieces of printed information; the Bank also met the information demands of investors and answered queries through the Chinese and English investor relations pages on its website.
- The Bank followed its shareholder structure and shareholding changes closely, analyzed existing investor structures and potential investor groups, examined regulatory policies and industry developments as well as assessing the effects of the capital market on the Bank; it prepared the "Investor Relations Weekly" on a regular basis to provide timely feedback to management on issues concerned with increasing the efficiencies of managing investor relations; in regard to changes among market participants, it constantly updated its databases of domestic and overseas institutional investors and analysts, tracked and downloaded important analysis reports and updated "Investor Questions and Answers" quickly, to help support the effective implementation of investor relations activities.
- The Bank specified the workflow and division of responsibilities during emergencies and enhanced the monitoring of public opinion and created plans to improve its response to investor relations crises.

Improvement of Capital Management to Guarantee Investor Interests

Since its initial public offering and listing in 2007, the Bank has been primarily relying on its own profit accumulation and diversified capital replenishment channels to achieve significant capital growth. In addition to the capital of RMB15.7 billion raised from the offering, the Bank supplemented this capital with RMB18.619 billion from internal capital accumulation between 2006 and 2008, which was more than the amount of raised through the offering. The Bank also used various external channels for capital replenishment and increased its supplementary capital through issuance of subordinated bonds and hybrid capital bonds, which made the Bank the first domestic joint-stock commercial bank to replenish supplementary capital through issuance of hybrid capital bonds. The Bank's Board of Directors had also developed special long-term capital management plans to help guide the Bank to further strengthen its capital replenishment and capital management, improve capital utilization and support its long-term business development requirements.

Regarding the operating rules and industry characteristics for commercial banks, the Bank began to strengthen its capital planning, implemented a diversified capital replenishment mechanism and improved the management of its capital adequacy ratio. Concurrently, it also continued to optimize the asset and liabilities structure and to improve its economic capital management system so as to increase resources allocation effectiveness. In 2004,

the Bank introduced an incentive and restraint mechanism with the economic capital and economic value added as its core, and initially realized the risk compensation mechanism offsetting non-expected losses with the economic capital, and the incentive and restraint system based on capital replenishment, which was a major step towards the refined capital management.

On November 23, 2009, the Bank made an announcement following a Board of Directors' resolution concerning the raising of core capital through a placement of shares. The initial placement proposal was: to offer shares to all shareholders at the proportion of no more than 2.5 shares for every 10 shares held with the resultant funds not exceeding RMB18 billion. During the discussions on the scale and mode of the refinancing, the Bank adhered strictly to the interests of its shareholders and the stability of the capital market. Compared with the general industrial and other commercial enterprises, bank financings are usually larger and public offering of additional shares may have a greater impact. Differing in part from its domestic peers in adopting financing modes such as private placements and H shares issuance, the Bank finally decided to offer the shares to all of its existing shareholders to help raise funds. This will reduce the impact on the market, and has also retained the earnings from the Bank's fast growth for all investors and let the old shareholders assume the obligations of continued financing.



In 2009, the Bank was widely recognized by the market and investors with such honors as the "Golden Ox Award of Top 100 Listed Companies in China 2008", the "100 Most Valuable Listed Companies in China 2008", the "First Listed Company with the Most Sustained Investment Value of the Fourth Chinese Securities Cup", the "Best Wealth IR Award in the Chinese Capital Market 2009", the "Top 100 Listed Companies with the Best Market Value Management in China 2009", the "Gold Board Secretary of the Best Investor Relations" and the "Golden Cicada Award of the Listed Bank with the Most Investment Value in 2009".

Sincere Customer Services

The Bank adheres to the service philosophies of "Services with Sincerity" and "Focusing on Details with Empathy" and pursues the service objectives of "superior services, value creation and mutual growth: providing clients with superior services by knowing what clients need and sparing no efforts to help clients gain valued growth and accomplish prosperity".

Expansion of Service Networks

According to the national regional economic development status, the Bank boosts institution building in a steady, orderly manner through careful planning to enhance its financial service capabilities and benefit its institutional outlets and effectively meet its business development and customer services requirements. By the end of 2009, the Bank had set up 44 branches, 503 outlets and 743 self-service banking facilities all over the country. The Bank operated 3,519 self-service machines and there were 16 branches with more than 100 self-service machines. The trade through self-service machines accounted for approximately 30% of the bank's total trade.

Improvement of Customer Service Systems

- The Bank has set up a "leading team of promotion of services" to organize and lead the promotion of the bank's services, and has prepared a stream of management standards for service quality, service standards, the service environment, business operations, service supervision and inspection, and star service awards, to improve customer service quality.

Case 9: The Bank's Nanping Branch created a variety of service methods to help remain close to customers and maintain convenient service: "Three – Voice Services" – welcome, answer and sign off with pleasant voices; "Four – A Services" — a smiling face for welcoming and bidding farewell to customers, a chair for customers to sit down, a warm greeting and cordial hospitality; "Ten – Step services" – as long customers appear within the ten paces, managers must step forward to greet them and handle enquiries.

- The Bank strengthened its "Hotline Industrial" telephone banking system and established the six-sigma telephone banking quality management system to improve its customer service processes.

Improvement of Service Quality

The Bank always sticks to the "Customer Focus" business philosophy and strategic development idea of "Services Build the Bank", and constantly works to improve service systems and mechanisms, and carries out training regarding service consciousness and service skills so as to enhance its customer service capabilities.



We held the 2009 service competition with the theme of "Accompanied by sincere service grew" to celebrate the 60th anniversary of the establishment of the great country.

○ Through standards and counter business skills contests, the Bank has continued to improve its service quality. In 2009, the number of customer complaints received by the Bank dropped 50% compared with 2008, and the complaint handling satisfaction rate was nearly 90%.



Our Nanning Branch held the counter-service competition to celebrate the 2nd anniversary of its establishment.

○ In 2009, the Bank collaborated with the China Financial Certification Authority (CFCA) to be the first to launch third-party prefabricated web shield certificates in mainland China, based on the mobile digital certificate brand "Web Shield", to provide a safer environment for online banking transactions.

Promotion of Sustainable Products

- "Industrial Gold Cube" Cash Management Services



● The Bank realized that in the midst of the financial crisis, the unhealthy cash flow operations and long-term "cash chain strain" that had been masked by rapid growth previously had suddenly been exposed and corporations felt that strengthening cash management is essential. The Bank believes cash management is an integrated financial service for sustainable development and represents the future direction of financial service by banks. By applying advanced networks and clearing and risk control methodologies banks can guide their customers to gradually save resources and manage themselves in a more environmentally friendly and greener way.

● The Bank then launched "Industrial Golden Cube" cash management services and provided convenient, diversified, systematic and customer-tailored service programs using its network technology capability to help customers access sustainable development at lower costs, with high capital benefits, controlled capital risks and improved financial outcomes.

○ Issuance of Credit Card with the Special Themes of Love and Environmental Protection



Case 10: The Bank presented the Chinese Heart Credit Card, the initial credit card highlighting the theme of patriotism across the nation, and the Chinese Heart Welfare Plan together with the card. On January 14, 2009, the Bank donated RMB 186,083.94 to the China Foundation for Poverty Alleviation based on the number of Chinese Heart credit cards in issue and the transactions settled by those cards, pursuant to the commitment made by the Bank when issuing the cards.



Case 11: Relying on the China Beijing Environment Exchange, an authorized institution for environment equity transaction, the Bank released China's first Low-carbon Theme Credit Card, a pioneer in China as a credit-card-based individual purchase platform for dealing with carbon emission reduction. These cards were produced using new degradable materials and electronic bills were adopted to save paper. Also, general information relating to low-carbon emissions was gradually introduced to help promote the idea of becoming green.

Advance of Customers' Awareness of Sustainable Growth

- The Bank advocated customers' application for electronic bills and recommended online checking of bills. By the end of 2009, 397,000 paper bills had been saved by the Bank complying with customers' wishes.
- The Bank invited principal customer representatives to participate in a special topic seminar relating to the Equator Principles, thereby enabling customers to get a deeper understanding

of green finance and the Equator Principles.

- The Bank advanced customers' awareness of sustainable growth through environmental and social risk management for detailed project financing and helped establish a customer-centric environment and social risk management system and thereby provided them with solutions to their environmental and social problems.

Improvement of Employees' Value

By observing the idea of being "People-oriented" by which employees are viewed as the greatest assets, the Bank tried its best to offer a good working environment for its employees, thereby promoting co-development between the employees and the Bank. Through reforms to the welfare and insurance systems, the Bank enhanced its mechanism for personnel selection and utilization of long-term incentives. It also gradually perfected a scientific system for evaluation and selection of personnel. Level-based and targeted trainings were arranged for employees through various different means.

Maintained Employees' Interests

The Bank strictly observed the relevant national laws, rules in recruitment, engagement, contract management and remuneration. It has been adhering to the following ideas for personnel selection to ensure interests of its employees "requirements both in morals and talents, emphasis on actual performance, matching of personnel and positions and full utilization of one's advantage"

- The following rates became 100%: rate of signing contracts with employees, the rate of employees' social security coverage, the rate of public reserve coverage and the rate of provision of job overtime subsidies.
- Taking full consideration of the practical interests of employees and the demand for introducing new talent, the Bank created a set of remuneration and welfare processes to help stave off external competition while complying to the standards for financial enterprises, and help to promote individual targets of the employees as well as the long-term growth target of the Bank.
- Comprehensive welfare security for employees

were improved, including implementation of corporate annuity, supplementary medical insurance and periodical health checks organized for employees.

- Scientific life style was encouraged. The Bank organized diversified sports activities for employees and held various health forums and psychological counseling for pressure and emotion management.

Created Career Opportunity

Since its establishment, the Bank has filled 22,004 posts, which has greatly supported social employment and economic development.



The Bank considers the establishment and improvement of training system on "Sustainable Finance" as one of its purposes for training, conducts sessions of training on the Equator Principles as a good opportunity to arise the employees' conscious on sustainability and social responsibility.

Boosted the Ability of Employees and Constructed a Study-centric Team

Pursuant to fostering the idea that "equip employees with ability for a life-time occupation", the Bank timely prepared a training strategy of "fostering internal ability with hard efforts", and conducted level-specified, diversified and well-targeted trainings according to the varied requirements of senior and middle management staff, the marketing team, the special technical talents team and the skillful operation team, based on their seeking for individuality and diversification at work and career development, thus to establish a study-emphasized team.

- In 2009, just within the Group, almost 130 trainings were organized with nearly 9,000 people participating.
- Intensified special trainings for "sustainable finance" to enhance employees' consciousness about social responsibility and sustainable finance were run.
- Convened a special topic seminar related to the Equator Principles to help promote these ideas to the senior and middle management within the Bank.
- Invited external experts from the International Finance Corporation (IFC) and World Wild Fund for Nature (WWF) several times to join in subject trainings in respect of the Equator Principles.
- Conducted training classes regarding "System and Procedure of the Equator Principles" to enable its employees to become familiar with the relevant systems and operational procedures, and to lay a good foundation for adaption of the Equator Principles in business.
- Held training classes about "Cases Analysis on the Equator Principles", to advance employees' abilities through analyzing specific cases.
- Carried out well-targeted special trainings on the Equator Principles in branches located in Xi'an, Taiyuan, Ji'nan, Qingdao, Nanchang, and Wuhan

to get them prepared prior to implementation of the Equator Principles.

- Communicated and discussed with the front-line sales people and the solutions to problems arising from practice of the Equator Principles, on the basis of the spot investigation and research.



Prepared "Interpretations to the Equator Principles" and information on financing cases pertaining to the Equator Principles, as the materials for promoting and studying of the ideas of the Equator Principles and sustainable growth.

Promoted Construction of Corporate and Spiritual Culture and Enhance the Moral Quality of its Employees



- By taking advantage of "Brief News", "Weekly News", "People in CIB" and its supplement "Operation and Management Reference" as publicity platforms and information windows, the Bank boosted internal cultural exchange and information sharing, and advocated the ideals of social responsibility and sustainable growth.
- Organized a series of activities to celebrate the 60th anniversary of the establishment of the great country, including: to sing out loudly with one hundred patriotic songs; reading and essay competitions with the theme of "Appreciation for 60 Years Since the Foundation of PRC"; network knowledge contests regarding to "60 Years Since the Foundation of PRC" and seven other activities, to inspire patriotism amongst its vast staff.
- Participated in the activity of "Building Civilized Industries and Constructing Harmonious Society at the West Side of the Taiwan Straits" organized by Fujian Province. Additionally, the Bank performed diligently in democratic appraisal, to further promote spiritual cultivation.
 - Our head office was awarded the honor of "National Advanced Unit in Constructing Spiritual Civilization" (being the 4th session of this activity) granted by Civilization Office of the Central Communist Party Committee in January 2009;
 - Our Shenyang Branch was cited as "Advanced Unit alike Lei Feng" and "Civilized Unit of Liaoning Province for 2008-2009", authorized by Liaoning Provincial Party Committee;
- Our Xiamen Branch was cited as "Outstanding Enterprise in Ideological and Political Works for 2007-2008" and "Advanced Industry in Civilized Industry Construction Organized by Fujian Province";
- Our high-tech sub-branch of the Chongqing Branch was honored as "Civilization Demonstration Unit" granted by the China Banking Association;
- Our Fuzhou Branch was cited as "Advanced Industry in Civilized Industry Construction Organized by Fuzhou City" (being the 5th session of this activity for 2006-2008) granted by the Fujian Provincial Party Committee and the Provincial Government, and Changle sub-branch under the governance of the Fuzhou Branch was cited as Civilized Unit of Fujian Province (being the 10th session of this activity for 2006-2008)
- Li Weimin, the Secretary of Party Committee and President of our Fuzhou Branch, was honored as "the 2007-2008 Outstanding Worker in Corporate Ideological and Political Works"
- Our Tianjin Branch received the honor of "Civilized Unit of Tianjin" for three consecutive years;
- Our Ji'nan Branch was awarded "Contribution Prize for Supporting Ji'nan Contest District of the 11th National Games of China" granted by the Organization Committee of these Games and, additionally, three employees were honored as "Excellent Volunteer of Ji'nan Contest District of the National Games of China".

Build Win-Win Cooperation

Service Brand of Inter-bank Cooperation Business— "bank-to-bank platform"



The Bank was granted an invention patent certificate for its creation of "data processing methods and systems for realizing the uninterrupted service", thus becoming the first domestic commercial bank to win a Chinese national investment patent on business systems and methods.

○ Connotation of "bank-to-bank platform"

- The Bank was of the view that cooperation with mid-range and small banks was actually a process of rebuilding a value chain within the bank industry. The Bank shared responsibilities with upstream and downstream enterprises within this value chain, to establish a win-win cooperation mechanism and joint undertaking of social responsibilities. Through consistent strategy and integration standards, all participants of the chain were committed to construct this value chain, under which social responsibilities were shared.
- The Bank presented the brand of inter-bank cooperation business - "bank-to-bank platform", promising to become a professional supplier of banking services for medium and small financial institutions. Viewing "resources sharing and innovative services" as the basics, the Bank realized complementing each other's advantages and growth by transmitting core products, services and technology to medium and small financial institutions were essential.

○ "Inter-bank Cooperation" Business System

- Inter-bank counter service business: made resources open to network counters through a combined network system, with which, customers of banks connected by this network encountered no problems saving or withdrawing in regions different from those of the issuing banks. This way the network Bank has been very effectively extended. A win-win cooperation was thus realized;
- Sales business of finance products agency enabled the cooperative banks to enrich products line and retain high-level customers;
- Through scientific and technological transmission services, the Bank committed itself to improving the IT technology of the cooperative banks. Besides the above output of scientific management services, payment and settlement, and fortune management business, this business system consisted of five other segments: capital application, foreign exchange agency, financing service, optimization of capital and assets

liabilities structure, and integrated trainings. At the end of 2009, there had been 211 customers signing contracts through "Inter-bank Platform", and 151 customers had successfully transacted on line. Over 10,000 networks had been already accessed on the combined network system for inter-bank counter service business which has already been extended to most minor cities in China.

○ "Inter-bank Cooperation" Became the well fulfillment for Sustainable Finance

"Inter-bank Platform" represented a breakthrough as an implementation method for social responsibilities, another example of the Bank's commitment to its social responsibilities over recent years and also the detailed innovation of the Bank's ideas on sustainable finance. This kind of business broadened cooperation among domestic financial institutions recognized as a pioneer in business arena of domestic commercial banks. Meanwhile, through competitive measures emphasizing differentiation, the bottleneck arising from homogeneity of financial products has been overcome:

- The Bank shared profit through output of management and technology and designing products that met customers' requirements;
- Medium and small banks retained customers and improved their competitiveness since they improved their ability to serve customers;
- Under this business criterion, the characteristics and advantages of all the partners were consolidated. Through additional value service, operational results of the cooperative institutions were shared according to their respective ratios. Upon saving upfront expense and employee cost occurred during self-owned development business, came the double effect which meant that income ascended while expenditure declined. Meanwhile, repeated construction along with homogeneity development was avoided, which conformed to the time trend-constructing a harmonious finance and build a saving-oriented society.

Extension of Inter-bank Cooperation Business

Pursuant to the idea of "broad field and specialization", the Bank unceasingly extended inter-bank cooperation between banks and securities firms, trusts, finance organizations, fund houses, insurance companies and the post, on the through the "Inter-bank Platform".



In September 2009, we invited financial companies to the forum in Qinghai with the theme of "Business Innovation, Value Increase" for cooperation and exchange.



In November 2009, we invited the securities firms to the forum with the theme of "Growing Jointly, Achieving the Win-win Situation".

For example, in the cooperation between banks and security firms, the Bank strengthened accuracy and professional services for China Securities Depository and Clearing Company Limited, aiming at advancing capital settlement efficiency, perfecting functions for third party deposits and management and standardization of the business. In 2009, the Bank completed 88 third party deposits and management connections via the network; in the cooperation between banks and trust houses, the admission mechanism for cooperation with trust companies was established and improved. Since then 41 trust

companies have been admitted to the cooperation. The trust finance business of the Bank aggregated some RMB 129 billion in 2009, a rise of 104.37% compared with the previous year; and in cooperation between bank and finance companies, the existing "combined network between bank and finance" business was integrated, and the service brand "cash management" for finance companies and their service planning were established. Product lines were deeply enriched and individual service schemes devised for specified requirements were devised to realize customers' demands for higher efficiency.

Corporate
Social
Responsibility
Report



ENVIRONMENTALLY FRIEND



LY EFFORTS

- ◎ Implementation of Environmental & Social Risk Management Policy
- ◎ Innovation and Promotion of Green Financial Products
- ◎ Continuous Exploration on Green Operation
- ◎ Active Participation & Exploration on the Sustainable Development of China's Banking Industry

Implementation of Environmental & Social Risk Management Policy

In response to the government's appeal to develop a "Green Credit" policy, we are committed to establishing a green financial service system and driving China's sustainable economic development by turning the policy requirements concerning environmental and social risk management into internal regulatory norms.

- We included environmental and social risk management as part of the requirements of our credit business management, and introduced the "Administrative Rules for Due Diligence prior to Credit Granting" and the "Implementation Rules for Fixed Asset Loan Management", pursuant to which strict reviews will be performed on loan projects to ensure they are in compliance with the government's standards for admittance into the industry and the relevant environmental protection, land acquisition and use, safety, energy consumption, and other requirements as a barrier to prevent the taking of excessive environmental and social risks.
- We applied environmental and social risk management requirements in pre-loan investigation, loan review and post-loan examination, and formulated the "Rules on Admittance of Credit Business for the Year" to clarify the industry orientation guidelines and to specify which enterprises and projects should be given priority supports and which should be rejected.
- We made full use of CBRC's "Information Disclosure System" and the environmental information released by the ministries and departments of the PRC government, which served as an important reference when carrying out pre-loan investigation, loan review and post-loan examination.
- We promoted project financing and energy conservation and emission reduction products applicable to the Equator Principles and provided financing support to projects intended to increase energy utilization efficiency, facilitate the development and application of new and renewable energy, promote the application of energy efficiency facilities, reduce emissions of major pollutants, and to pay close attention to and proactively solve environmental and social problems.



On June 18 2009, at the 13rd meeting of the Fourth Board of Supervisors in Nanchang, Ms. Bi Zhonghua, Chairwoman of the Board of Supervisors, reviewed the report concerning the implementation of our environmental and social risk management policy.

Innovation and Promotion of Green Financial Products

Energy Conservation and Emission Reduction Loans

In 2006, we launched a new energy conservation and emission reduction project financing service. We extend these denominated loans to borrowers for the purpose of increasing energy utilization efficiency, facilitating the development and utilization of new and renewable energies, promoting the application of energy conservation facilities, reducing emissions of major pollutants (including greenhouse gases, sulfur dioxide, industrial and domestic sewage as well as solid waste). Unlike ordinary project loans, energy conservation and emission reduction project loans attached equal importance to financial efficiency and environmental protection. We effectively promoted the positive development of the natural and social environment through financial leverage, and while attaching importance to financial efficiency, we also paid attention to the energy conservation and emission reduction effectiveness following implementation of such projects.



Regulations and Management Model

We have continuously promoted energy conservation and emissions reduction project loans by taking various initiatives including the foundation of organizations, formulation of regulations, and the publicity and launch of training programs.

- We set up the Sustainable Finance Center which is responsible for development and marketing of products related to energy efficiency, environmental and low-carbon finance.
- We introduced the "Administrative Rules for Energy Conservation and Emission Reduction Financing", the "Rules on Approving Energy Conservation And Emissions Reduction Project Financing", the "Environmental Standards for Determination of Qualifying Energy Conservation and Emissions Reduction Projects in Environmental Finance" and other related guidelines, as part of an overall plan for energy conservation and emissions reduction financing.
- We launched training programs concerning various energy conservation and emissions reduction to improve employees' business competence in these areas.



On January 22 2007, we held the press conference of new financial product on energy efficiency jointly with IFC and Fujian Economic Committee. At this conference, Mr. Chen Dekang, Vice President of the Bank, announced the launchment of a new energy conservation and emission reduction project financing service which was the first of its kind in China's banking industry, with the aim of taking advatage of our financial function, supporting the clients' activitie son energy efficiency and circular economy, and promoting the development of the sectors related to energy conservationand environmental protection in China.

Achievements

By the end of 2009, we had granted 223 loans for energy conservation and emission reduction, with a total amount of 16.583 billion Yuan. All of these loans are currently in good quality and have never been in any bad debt or defaulted on interest. We have fulfilled our commitment to "granting RMB10 billion of loans within three years (2008 to 2010)" ahead of schedule. Projects funded by these loans are expected to reduce coal consumption by 10.3974 million tonnes, carbon dioxide emission by 31.7804 million tonnes and chemical oxygen demand (COD) emissions by 439,100 tonnes and achieve a comprehensive utilization of solid waste of 472,500 tonnes per annum in China.

Case 12: Energy Conservation and Technical Re-engineering Project at Shandong Haihua Company Limited

Brief Introduction of the Project

Shandong Haihua Company Limited is one of China's leading soda ash suppliers with soda ash as its primary product and its product line consisting of bromine, melamine and other products. The funds from above energy conservation technical re-engineering loan were used to develop an in-house ammonia-soda process for producing soda ash using calcium carbide sludge as raw material. This process allowed efficient use of resources, eliminated pollution arising from the dumping of calcium carbide sludge, avoided production and emission of a great deal of carbon dioxide as a byproduct of the traditional process, and achieved both the reduction of gas emissions and the environmentally friendly disposal of solid wastes. Furthermore, the Bank could strengthen energy conservation and environmental protection in the sector as a whole through financing such projects of the leading company in this sector.

■ Environmental improvement assessment:

Comprehensive use of calcium carbide sludge (a waste discharged by the PVC resin facilities of chlor-alkali manufacturers) as a raw material for soda ash production in this project has not only reduced consumption of coke and limestone, but also solved the environmental problems arising from disposal of calcium carbide sludge in the chlor-alkali industry.

- Coke consumption in manufacturing soda ash will decrease from the current level of 93.1kg/t to 60kg/t following the re-engineering.
- A conservation of 33,100 tonnes of coke (or 26,900 tonnes of standard coal) and 43,700 tonnes of limestone (calculated at the decomposition ratio of 87%) per annum will be achieved as compared with other soda ash plants of the same scale.
- Carbon dioxide emission into the environment will be cut by 88 million Nm³ per annum.
- The project will conserve approximately 2.4 million m³ of water used to dissolve ash and 48 m³/h (or approximately 1.19 m³ per tonne soda ash) of fresh water per annum.
- Waste water discharged from this project can be substantially recycled.

■ Positive implications:

- Satisfactory results were achieved in terms of both social and environmental benefits and economic benefits. This project not only solved the environmental problems arising from the discharge of calcium carbide sludge by PVC manufacturers using the calcium carbide acetylene method, providing an effective way for comprehensive utilization of calcium carbide sludge, but also became an important raw material source for lime-consuming industries.
- Providing the borrower with project financing allowed it to improve its conservation of energy and reduce emissions, which in turn can create a spill-over effect of energy conservation and emission reduction throughout the industry.

Project Financing Applicable to the Equator Principles

On October 31, 2008, Industrial Bank made a public commitment to the adoption of the Equator Principles and became China's first EPFI. Since adoption of the Equator Principles, we have employed international concepts and practices in fulfilling our social responsibilities as a financial institution and to the environment and conservation of natural resources in a more appropriate manner.

Equator Principles apply to all new project financings globally with total project capital costs of US\$10 million or more, and across all industry sectors. In addition, the Principles will apply to all project financings covering expansion or upgrade of an existing facility where changes in scale or scope may create significant environmental and/or social impacts, or significantly change the nature or degree of an existing impact. All such loans are made in accordance to provisions under the Equator Principles. As compared with ordinary project loans, these financings stress the management of environmental and social problems, thus helping borrowers to detect and identify risks. By leveraging our expertise, we provide borrowers with comprehensive solutions that allows them to reduce or mitigate environmental and social risks, thereby creating an all-win situation for enterprises, projects, communities and the financial institutions.



On December 22, 2009, we held the "Ceremony and Press Conference on the First Equator Principles Project of China Banking Sector" in Yong'an, Fujian province, and formally announced the completion of the first project applicable to the Equator Principles.

Regulations and Management Model

We have continuously promoted project financing applicable to the Equator Principles by taking various initiatives including the foundation of organizations, formulation of regulations, and the publicity and launch of training programs.

- We set up the Sustainable Finance Division which is responsible for developing policies governing environmental and social risk management, updating business processes and guiding our operating arms in the area of sustainable development.
- We initially formulated a series of sound Equator Principles regulation system.
- We developed an environmental and social risk management system module to realize IT-oriented workflows and incorporate the provisions under the Equator Principles into a comprehensive compliance management system as a part of the fundamental requirements in the normal compliance process for each operating unit and employee. With this change we aim to enhance the cooperation between financial institutions and their customers in sustainable finance and promote business transformation for financial institutions and their customers.
- We collected information on internal and external environmental and social risk experts to gradually build a database of experts, so as to strengthen our professional management and management of qualifications and further consolidate the foundation for implementing the Equator Principles.

Aggressively Exploring the Carbon Financing Business

In addition to directly providing credit support to low-carbon economic development, the Bank is also committed to supporting the construction of a "resource conserving and environmentally friendly" society using diversified financial tools, promotion of a cyclic economy, energy conservation and emission reduction, environmental protection and a low-carbon economy .

In July 2009, we issued the first Letter of Guarantee regarding Certification Emission Reduction (CER) delivering in China. In August 2009, we served as an account manager to provide services of transaction settlement and fund management for the first voluntary carbon emission reduction transaction in China. In November 2009, we procured the finalization of two Emission Reduction Purchase Agreements (ERPA).

Supporting the Treatment of Major Waters

Our credit support also focused on the state's and regional efforts in the treatment of major waters in 2009. Examples are as follows:

No.	Treatment of major waters at national level	Loans issued (RMB billion)
1	Taihu Lake Basin	2.16
2	Chaohu Lake Basin	1.6
3	Pearl River Basin	0.625
4	The lower-middle reaches of the Yangtze River	0.38
Treatment of major waters in regional areas		Loans issued (RMB billion)
5	Xiaoqing River in Shandong	1
6	Shandong Peninsula basin	0.2

Our green financial service has now been extended to three major sectors: energy efficiency financing, environmental financing and carbon financing covering the following six fields: energy conservation, alternative energy and renewable energy, CDM, reduced emissions of SO₂ (sulfur dioxide), sewage and water treatment and disposal of solid waste. We also have designed eight financing modes customized to different groups of customers and different types of projects.

Continuous Exploration on Green Operation

We are committed to a reduction in energy and resource consumption during business operation and cutting operating costs. We have taken practical actions to protect the ecological environment and reduce emissions of greenhouse gases to alleviate the negative impact of climate change.

Building a Conservation-oriented Bank by Reducing Office Energy Consumption

- We promulgated the "Administrative Rules for Energy Conservation in Offices", requiring energy conservation during the daily operation.
- We usher in the use of energy-efficient lighting, encouraged turning off lights when leaving, proposed an indoor air temperature no lower than 26 °C in summer, and shut off all electrical power during non-work hours.
- We overhaul all of our water facilities on a regular basis in order to prevent water leakage of any kind, and place water-conservation signs near the public water dispensers to remind our staff to conserve water resources.
- We appoint agents with environmental qualifications to recycle our retired equipments, make efforts to source energy-conserving office supplies and print business cards with recycled paper, increase our use of e-office and web office capabilities to reduce paper usage, and encourage re-use of double-sided paper and copier paper.
- We expressly require energy conservation management of office appliances, supplies, vehicles and facilities, include consumption of electricity, water, paper, fuel in the scope of routine monitoring and statistics, and regard environmental protection and energy conservation as an important criteria when renovating office facilities, sourcing office supplies and selecting outsourcing property service providers.

Achieving Significant Results on Energy Conservation and Consumption Reduction by Strengthening Energy Conservation Re-engineering

- We apply advanced energy conservation technologies and optimized our workflow to phase out heavy energy consumption and inefficient facilities and equipments.
- We usher in the use of energy conservation lighting and turn on every other light when lighting is needed. After re-engineering, the electricity consumed by our office building fell by 130,000 KWH and the electricity bill was reduced by 36%.
- We improved our core business systems, employed new technologies to avoid transaction list printing.

By making this change, the Bank as a whole can save about 12,000 pieces of paper and a great deal of printing supplies while relieving every ordinary bank teller of binding documents for nearly four hours each day.

- Guided by the "Green Data Center " concept , we applied energy conservation and environmental protection technologies and materials in full scale in the data center, re-engineered the cooling system of the data center and improved the system reliability to effectively reduce energy consumption during the cooling process.

Keeping Closely Abreast of Trends in Energy Conservation to Enhance our Green Operation Capabilities

We have been conducting researches on the "carbon footprint", "carbon neutrality" and other carbon emissions management approaches and plans to apply carbon footprint management.

- We continuously examine experiences in successful carbon footprint management from outstanding domestic and international enterprises, and study the dominant approaches, calculation methods and reporting systems regarding carbon footprint management.
- We have established a positive communication mechanism with MEP, the International Finance Corporation (IFC), the World Wide Fund for Nature (WWF), SynTao and other government departments and agencies to explore feasible carbon footprint management approaches and strive to improve our green and sustainable operations capability.

Active Participation & Exploration on the Sustainable Development of China's Banking Industry

The "Opinions on Implementing Environmental Protection Policies and Rules and Preventing Credit Risks", jointly promulgated by MEP, the People's Bank of China and China Banking Regulatory Commission on July 12, 2007, emphasizes close coordination of environmental management and credit management and has unveiled the prelude to "Green Credit Policy".

The Chinese Government's proposal that the carbon emission per unit GDP be reduced by 40% to 45% between 2005 and the end of 2020 promises huge potential for the development of sustainable finance in China.

We are proactively implementing the nation's green credit policy and publicizing and applying sustainable financing in several ways:

- In June 2008, we were invited to multi-level and multi-perspective summits as a member of "China's Green Credit Policy Visiting Delegation to the U.S.", which included MEP, the People's Bank of China(PBC), the China Banking Regulatory Commission(CBRC), China Development Bank(CDB) and Industrial and Commercial Bank of China(ICBC), to hold discussions with international organizations, international financial institutions and the U.S. government on the exploration of methods, theoretical concepts and practical experiences in the promotion of the green credit policy in China.
- In September 2008, we assisted the CBRC in organizing the "Energy Conservation and Emission Reduction Credit Business Training Program". At this training program, the domestic and international environmental and social risk management experts gave lectures to more than 300 high-level representatives from local CBRC offices and domestic banks and advised financial institutions on the establishment of environmental and social risk management systems, with aiming to enhancing the trainees' understanding of the risks associated with energy conservation and emission reduction credit business.
- In March 2009, Mr. Hua Bing, General Manager of our Legal and Compliance Department was invited to attend the "Environmental and Social Risk Management" training course organized by the CBRC and the International Finance Corporation (IFC) in Beijing, where Mr. Hua shared with other financial institutions our experiences in adoption of the Equator Principles and promotion of sustainable development.
- In May 2009, at the invitation of the International Finance Corporation (IFC), we attended the "China's Green Credit Policy Seminar" held in Washington as a member of the Chinese visiting delegation to the U.S., which included the CBRC, the MEP, and the Export-Import Bank of China(China Eximbank).

Sharing Sustainable Financing Experiences with Domestic Peers

In order to facilitate the development of domestic financial institutions' sustainable financing business, we have been earnestly studying the good practices used by other financial institutions in the promotion of green credit policies and sustainable financing while sharing our own experience and insights obtained in our practice, thereby making a joint contribution to the gradual application of international standards in China and the formulation of a benchmark for sustainable financing in line with the actual conditions of China's banking industry.

Since July 2008, we have been carrying out exchanges with a group of large- and medium-sized domestic financial institutions such as ICBC, China Construction Bank (CCB), CDB and Shanghai Pudong Development Bank (SPD Bank) on various topics including adoption of the Equator Principles and implementation of green credit policies and sustainable financing.

- In July 2008, we conducted exchanges with ICBC's "Green Credit Delegation" on the promotion of sustainable financing practices and processes in the domestic banking industry and both banks' experiences in the implementation of green credit policies.
- In September 2008, Mr. Hua Bing, General Manager of our Legal and Compliance Department was invited to attend the "Energy Conservation and Emission Reduction Credit" training course organized by the CBRC to give a presentation about our practices and experience in extending energy conservation and emissions reduction credit and promoting the development of sustainable financing services.
- In May 2009, Mr. Tang Bin, our Board Secretary, was invited to the corporate social responsibility seminar for listed companies organized by the Shanghai Stock Exchange, where he explained our innovative business model designed to fulfil our social responsibilities in a presentation called "Fulfilling Obligations When Making Profits: Industrial Bank's Understanding of and Commitment to Social Responsibility".
- In October 2009, a delegation with members from the public relations office, the strategic development department, the general risk management department, and the corporate and investment banking departments of SPD Bank visited us and consulted with us about the adoption of the Equator Principles and our experience in doing so.
- On October 19, 2009, Mr. Hua Bing, General Manager of our Legal and Compliance Department, was invited to deliver a speech on our experience in adoption of the Equator Principle at the "Special Training Program on Social Responsibility" organized by the CDB.
- In November 2009, Mr. Tang Bin, our Secretary to the Board of Directors, was invited to attend the "Low-carbon Economy and Financial Innovation Forum" sponsored by the Chinese Academy of Social Sciences. Mr. Tang disseminated our knowledge and shared our practices in supporting the low-carbon economy through financial innovation in a presentation titled: "Golden Opportunities from Green Finance: Financial Innovation Drives the Low-carbon Economy".
- In December 2009, at the invitation of the China Network Center of the UN Global Compact, Mr. Hua Bing, General Manager of our Legal and Compliance Department, shared our sustainable development concepts and practices with major domestic financial institutions by making a presentation at the "Social Responsibility Report and Seminar on the Sustainable Development of China's Banking Industry".



REWARD TO THE SOCIETY



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Committed to the Public Welfare and Concerned
for the Underprivileged

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Bring Modern Finance Knowledge into Community

The Bank popularized and promoted financial knowledge through organizing various activities under the "Bring Modern Finance Knowledge into Community" campaign, such as "Anti-Counterfeit Currency Campaign", "Popularization of Anti-money Laundering Knowledge" and "Popularization of Bank Card Safety Knowledge", with a view to promote the general public's better understanding of finance, to arouse the need for better personal wealth management and protection of their own legal rights and interests.



We brought the financial knowledge to the countryside.



We held the public interest activity named "3·5 Providing Services for Learning from Lei Feng".

Case 13: In 2009, our Kunming Branch instructed all sub-branches to organize various kinds of finance-related activities in communities on a weekly basis and regularly held wealth management seminars in the form of "Wealth Forum", aiming to promote and deliver financial knowledge of wealth management products, personal physical gold trading, funds, personal residential loans and credit cards to every household in the communities.

Case 14: In August 2009, our Ningbo Branch organized junior wealth management talks for children of Mingdong community during the summer holidays. Such talks were intended to help children understand the importance of money and the difficulty in earning money, to teach them how to manage and invest their pocket money and lucky money, and to help them understand the types of our wealth management products and knowledge about wealth management. Meanwhile, such talks also helped parents recognize the importance of teaching wealth management knowledge to children from an early age, which in turn might help children create a brighter future by developing their sound judgment and decision-making capability.



Supporting the Cause of Education

The Bank took initiatives to establish vocational training for university students, providing them with intern opportunities to enhance their work competence.

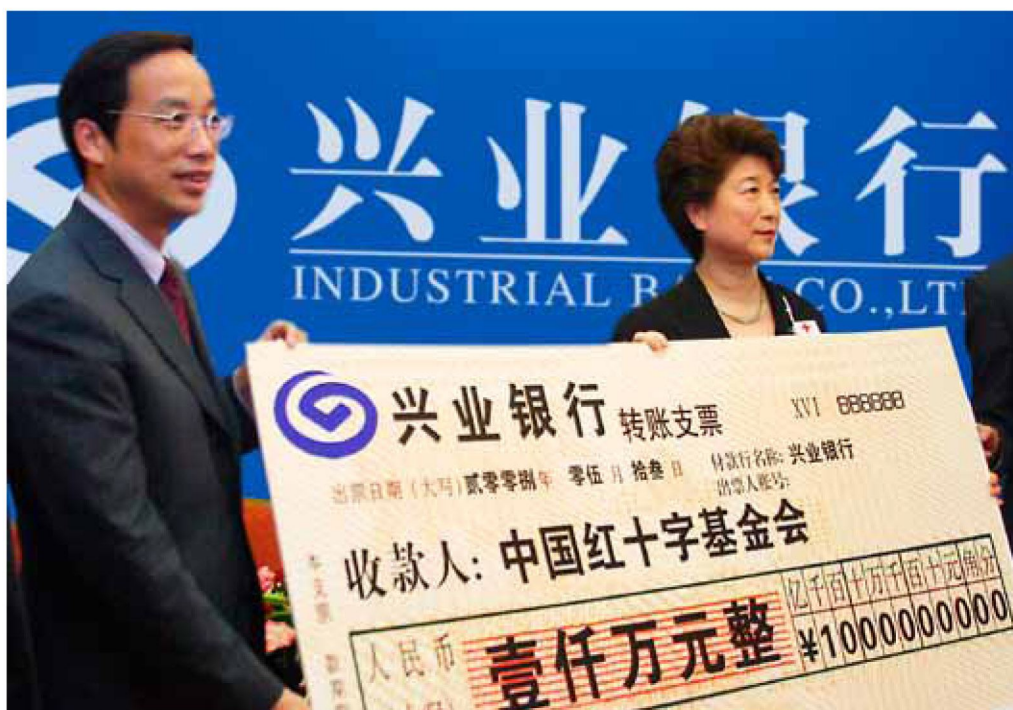


Case 15: In 2009, our Wuhan Branch entered into a long-term cooperation agreement with Hubei University of Economics, pursuant to which we not only provided a vocational training base for students studying in the University, but also designated some of our business experts to give lectures on banking business as part-time lecturers in the financial faculty of the university and carried out research projects together with the university.

Case 16: By proactively participating in the campaign "Vocational Training Base For University Students in Hubei" initiated by Chutian Metropolis Daily, our Wuhan Branch organized specialized training courses for over 200 intern students, and was honored as the "Model Vocational Training Base For University Students in Hubei" jointly by the Department of Human Resources and Social Security of Hubei Province, the Provincial League Committee and Chutian Metropolis Daily.

Being Committed to Charity and Public Welfare

The Bank have continuously provided intelligent, material and financial supports to the medical care, educational, cultural and other public service sectors. We sincerely rewarded the community by way of poverty relief, money donations, blood donations, charitable scholarships and sponsorship etc. In 2009, the Bank donated a total of more than RMB6 million to the community.



Case 17: In August 2009, Typhoon Morakot, which magnitude had not been seen for the past 50 years in the region, wrecked the central and southern regions of Taiwan, resulting in heavy losses and casualties to the people in Taiwan. The Bank donated RMB 2 million to the disastrous areas in Taiwan through the Red Cross of Fujian Province.

Case 18: In 2009, we organized our employees to make a donation of over RMB 380,000 to the Special Olympics which is scheduled to be held in Fujian Province in 2010.

Case 19: On 13 November 2009, a group of our young employees were designated to Shangqi Village Primary School, a poverty relief area located in Beiji Village, Xiapu County, Ningde City, Fujian Province to fulfill our relief commitments.

Case 20: On 21 November 2009, a gas explosion accident occurred in Xinxing Coal Mine of the Hegang branch of Heilongjiang Longmay Mining Holding Group Co., Ltd. At the critical moment of disaster relief, our Harbin branch donated RMB200,000 to Heilongjiang Longmay Mining Holding Group Co., Ltd. as an initiative to support the emergency relief, rehabilitation treatment and restoration of production.

Being Concerned about the Underprivileged

While focusing on our own sustainable development, we also spare no effort to support the underprivileged.



Our Nanping Branch helped the Gaozhou Village build the activity center for elderly people.

Case 21: To support the efforts in charity, public welfare and poverty relief in Sichuan Province, our Chengdu branch has donated a total of more than RMB1 million. On 7 May 2009, at the "Charity Banquet of a Brighter Future" held at the Jiaozi Convention Center of Chengdu New Convention and Exhibition Center, our Chengdu branch sponsored a student handicapped in the Sichuan Earthquake to cover all the living costs incurred in his high school and university education.

Case 22: Our Chengdu Branch initiated the "Six Ones" project among its Party members, senior staff and employees, that is, to build one Hope Primary School, one road, one modern agricultural base, one clinic, one nursing home for the aged and one modern library in the underprivileged rural areas.

- Donated more than RMB 300,00 for the establishment of an Industrial Bank's Primary School of Hope in Jinxing Village, Dayi County, which solved the problem of schooling for school-aged children residing in the vicinity of more than 10 kilometers.
- Assisted in the construction of a 10-kilometer-long concrete road in Jinxing Village, Dayi County, which provided great convenience to the local residents and improved conditions for the development of the local economy.
- Signed a designated support agreement with the Sichuan Province Charity Foundation, pursuant to which we donated more than RMB 300,000 in support of maintaining and rebuilding a middle school of hope in Langzhong City, Sichuan Province, which improved the safety conditions of education hardware in that area.

Case 23: Our staff in Nanping branch donated RMB10,840 to an 18-year-old leukemia patient, and also provided financial assistance to a young girl living in the rural area to cover all her tuitions and living expenditures in senior high school, which demonstrated our efforts in supporting the underprivileged. Since 2007, our Nanping branch designated one of its staff to Pingcheng Village, Pingnan County, Ningde as a party Secretary of the village with a view to provide guiding opinions on poverty relief and sustainable development for the local people.



Case 24: On the first anniversary of the "5.12 Sichuan Earthquake" in May 2009, the Bank organized its employee representatives (being the league members) to Fuzhou Sunshine International School to visit the Sichuan children resettling in Fuzhou and brought them with books donated by our employees, in response to the campaign of "Caring for the Growth of Children in the quake-shaken areas with a Donation of quality Books for Children" jointly proposed by the five governmental departments, namely, the Central Propaganda Department, the Central Culture Office, the Central Committee of the Communist Young League, the Ministry of Education and the General Administration of Press and Publication.

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GLOBALISATION



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- © Holding Dialogues with NGOs to Seek Extensive Co-operation

Actively Fostering Global Sustainable Finance and the Sustainable Development of the Banking Industry in Emerging Markets

Exploring Best Practices Together with International Peers

In order to promote cooperation under the backdrop of global sustainable development, and seize opportunities to develop internal management systems by sharing international best practices, particularly in the area of "green banking," the Bank is committed to more and more active, extensive and exhaustive external communication. The Bank conducted exchanges with famous Equator Principles Financial Institutions such as the International Finance Corporation (IFC), Mizuho Corporate Bank, Citibank, Barclays Bank, Itaú Unibanco Holding B.A., JP Morgan, Sumitomo Mitsui Banking Corporation, the Standard Bank Group and other international organizations including the United Nations Environment Programme in order to borrow sustainable management best practices from around the world.



■ In May 2009, Mr. Gao Jianping, Chairman of the Industrial Bank was invited to lead a delegation to Mizuho Corporate Bank in Japan to exchanges views with Mr. Yasuhiro Sato, President of Mizuho Corporate Bank on such topics as the corporate governance of modern banks, the strategic

transformation of business structures, sustainable finance, and the management of environmental and social risks, seeking to learn from the experience of international peers and further strengthen business co-operation between the Bank and foreign banks.

■ In March 2008, Mr. Hua Bing, General Manager of our Legal and Compliance Department, held discussions with Ms. Motoko Aizawa, the then Director of the Policy and Standards Division under the Environment and Social Development Board of International Finance Corporation (IFC), over how to apply for the Equator Principles programme. They also established a permanent learning and exchange mechanism for implementing the Equator Principles.

■ In April 2008, Mr. Hua Bing met with Mr. Roberto

Dumas Damas, the chief representative of the Banco Itaú BBA S.A. Shanghai Representative Office, for talks on how to promote the Equator Principles at commercial banks in emerging markets.

■ In April 2008, Mr. Hua Bing held a talk with Mr. Osamu Odawara, the Head of the Sustainable Development Department at Mizuho Corporate Bank regarding the Industrial Bank's adoption of the Equator Principles.



In May 2008, Mr. Kang Yukun, Vice President of the Industrial Bank was invited to lead a delegation to Banco Itaú BBA S.A. in Brazil to exchange views over the adoption and implementation of the Equator Principles and the management of environmental and social risks.



In June 2009, by invitation, the Bank took a five-week course on the Equator Principles at Mizuho Corporate Bank in Japan to learn best practices in adopting and implementing the Equator Principles as well as managing international project finance from leading EPFIs. The Bank's delegation also visited the headquarters of Sumitomo Mitsui Banking Corporation in Japan and exchanged views on the philosophy and practice of the Equator Principles.

- In August 2009, Mr. Tang Bin, Secretary to the Board of Directors, was invited by National Australia Bank (NAB) in Australia to deliver a presentation titled "Promoting Sustainable Development Through Financial Innovation" on our philosophy and practice concerning energy conservation and emission reduction, environmental finance and sustainable development of the banking industry.



In October 2009, Mr. Li Renjie, President of the Bank, attended the UNEP FI 2009 Global Roundtable, at which he delivered a keynote speech titled "From Experimentation to Organizational Transformation".

- In October 2009, Mr. Li Renjie, President of the Bank, held talks with Itaú Unibanco Holding S.A. (the largest bank in South America) and the Standard Bank Group (the largest bank in Africa) concerning the Equator Principles and sustainable finance.

Helping Emerging Markets to Develop Sustainable Finance

In recent years, experience and achievements that the Bank has gained in implementing the Equator Principles, energy conservation loans, emission reduction project loans and green loans attracted the great attention of the peers in emerging markets. In 2009, the Bank went abroad to start exchanges with other banks in emerging markets to share our achievements and practices concerning sustainable finance. These efforts were intended to foster sustainable development in emerging markets by leveraging the experiences of the Bank.

■ In March 2009, at the invitation of International Finance Corporation (IFC), Mr. Tang Bin, Secretary to the Board of Directors, attended the "International Symposium on Risks Management – Achieving Sustainable Development" held in Vietnam, at which he delivered a keynote speech and received a favorable response. After the meeting, he was invited to hold an exchange session on sustainability together with Sacombank and to present our experience and practice in this area.

■ In August 2009, the Vietnamese Green Credit Delegation, comprised of the State Bank of Vietnam, the Ministry of Natural Resources and Environment, the Ministry of Finance, the Ministry of Industry and Trade, the Ministry of Planning and Investment, the Economic Commission under the National People's Congress of Vietnam and major commercial banks, visited the Industrial Bank, for inspection and exchanges on the practice of green credit and the Equator Principles.



Holding Dialogues with NGOs to Seek Extensive Co-operation

The Bank has always attached great importance to co-operation and communication with non-governmental organizations (NGOs) at home and abroad, and has established good relationships with NGOs in order to explore coordinated efforts for sustainable development.

Currently, the Bank has exchanges with several institutions including the World Wide Fund for Nature (WWF), the BankTrack, the Green Watershed and other NGOs at home and abroad. We take all kinds of views and voices from NGOs seriously and work with NGOs with a view to raising the Chinese public's environmental awareness and fostering the sustainable development process through concerted efforts.

The Bank has built a strong communications channel with the WWF in exchange for expert, technical and platform support for our sustainable finance programmes.

■ The Bank invited WWF experts to offer training on the Equator Principles, advice on establishing the system and processes related to the Equator Principles, and on the implementation of the Equator Principles.

Environment and Development Forum", "Low Carbon Business Innovation Forum" and other activities organized by the WWF, to present our experience and achievements in developing sustainability and learn best practices for sustainable finance from around the world.

■ The Bank was invited to attend the "Finance,



■ In November 2009, the Bank sent personnel to receive a course on environmental and social risk management in developed countries in

Europe, which was initiated by China Eximbank and organized by the WWF, to broaden our understanding and management of environmental and social risks.



On 3 December 2009, Mr. Hua Bing, General Manager of our Legal and Compliance Department, representing the Bank, received the award of the "Merit Conservation Supporter" from Mr. Dermot O'Gorman, the Chief Representative of WWF (China).

In January 2008, the Bank became a signatory investor of CDP, the first one of its kind in China.

In October 2008, the Bank was honored by being asked to write a preface to the CDP 2008 China Report. The Bank has also made carbon disclosure by submitting the CDP questionnaire in 2009.

CARBON DISCLOSURE PROJECT (CDP) was established in 2000 as a Non-Profit Organization aimed at promoting dialogues between enterprises and investors based on high-quality information disclosure and urging enterprises to respond to climate changes in a rational manner.

In 2009, in its letters to more than 3,700 large-scale enterprises around the world, CDP requested carbon disclosures containing corporate greenhouse gas emission data and the management strategy to address the risks and opportunities associated with climate change. The research results will be published on the website of CDP, the largest database of corporate information on climate change in the world.

■ In July 2009, the Legal and Compliance Department and the Office of the Board of Directors of the Bank met with several NGOs in Japan including Friend of the Earth (Japan), the Rainforest Action Network and the Global Environmental Forum, to

discuss our environmental campaign goals, ways to launch such campaigns, campaign focus, and regional correlation and active level of the NGOs in Japan and other Asia countries.



In 2009, the Bank was chosen as the "2008 Best Green Bank in China" by nine NGOs in the 2008 China Best Bank Selection sponsored by the Economic Observer.

■ In November 2009, the Bank was invited to attend the "Corporate Social Responsibility Report Course" jointly sponsored by the Business Environment Council (BEC) and the China Environmental Awareness Program (CEAP), which enhanced our knowledge and understanding of the standards and methods for preparing social responsibility reports.

■ In December 2009, the Bank was invited to attend the "NGO's Participation in Advocacy of Green Credit Workshop" held by the Yunnan Participatory Watershed Management Research and Promotion Center (Green Watershed), and to exchange views with 29 domestic organizations including Greensos, Greenpeace and the Society of Entrepreneurs & Ecology (SEE), as well as five

foreign NGOs including BankTrack (Netherlands), Friends of the Earth US and the Bank Information Center (US).

■ In December 2009, Mr. Hua Bing, General Manager of our Legal and Compliance Department was invited to attend the "Symposium on Corporate Social Responsibility Reporting and Sustainable Development of Banking Industry in China" held by the Network China Center Office of the United Nations Global Compact and Global Reporting Initiative (GRI), exchange experiences with the banking community at home and abroad, concerning preparation and management of corporate social responsibility reports, and present our philosophy and practice of social responsibility.

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PRACTICE



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Industrial Bank's Adoption and Implementation of the Equator Principles

What are the Equator Principles?

The Equator Principles are a series of internationally advanced environmental and social risk management tools and also a financial industry benchmark for determining, assessing and managing social and environmental risks in project financing. Furthermore, the Equator Principles were formulated to advance the sustainable development of the financial industry, providing international financial institutions with a framework within which to fulfil their social responsibilities.

According to the Equator Principles, a financial institution shall categorize projects into Category A, Category B and Category C based on the magnitude of their respective potential environmental and social impacts. Environmental and social reviews of different levels are conducted on projects depending upon their respective risk levels, based on which EPFIs require the borrowers to prepare an "Action Plan" and to include the same in the relevant borrowing contracts. The Equator Principles also emphasize continuous monitoring of the construction and operation of relevant projects over the life of the loan, and require EPFIs to make disclosure of their implementation status of the Equator Principles.

Where are the "Equator Principles" from?

The "Equator Principles" were originally known as "Greenwich Principles". In order to establish a unified environmental and social risk management benchmark in the banking industry, a meeting, led by Citigroup and attended by nine then famous banks including ABN Amro Bank, Barclays and German Bank WestLB as well as IFC, was convened in

Greenwich, near of London, in February 2003. In view of the fact that the meeting was convened in Greenwich, which is crossed by the prime meridian, circled the globe the financial industry benchmarks were named the "Greenwich Principles" at the meeting.

When public comments were sought for the "Greenwich Principles" after the meeting, an NGO forwarded a proposal to change the name of the "Greenwich Principles" to the "Equator Principles". At the 3rd "Greenwich Principles" meeting held in Dusseldorf, Germany in May 2003, the attending bank representatives concurred unanimously that the financial industry benchmark should be a global initiative, not just a Northern Hemisphere one. As the equator seemed to represent that balance perfectly, the "Greenwich Principles" were renamed the "Equator Principles," which they are still called today.

On June 4, 2003, 10 leading banks from 7 countries, including ABN Amro Bank, Barclays and Citigroup, announced that they would adopt the Equator Principles.

In March 2006, IFC revised the scope of the Equator Principles, categorization of projects and disclosure of information, transforming the Equator Principles from an industry method to an industry benchmark.

In November 2005, the Nedbank Group of South Africa became the first EPFI in Africa. On October 31, 2008, Industrial Bank became the first EPFI in China. As of December 31, 2009, a total of 68 financial institutions globally have committed to the adoption of the Equator Principles.

What is the Scope of the Equator Principles?

- New project financings with total project capital cost of US\$10 million or more
- Project financings covering expansion and upgrade of an existing facility where changes in scale or scope may result in significant environmental and/or social impacts, or significantly change the nature or degree of an existing impact.
- Project finance advisory activities

How do the Equator Principles Affect Borrowers and the Community?

The Equator Principles provide systematic and scientific tools for EPFIs to carry out assessment, management and monitoring of environmental and social risks during the construction and operation of financing projects, and for lenders to help borrowers establish sound and effective internal environmental and social risk management systems to ensure that the relevant projects will not create irreversible negative impacts on labor safety, the environment, local communities, biodiversity or cultural heritage. Furthermore, EPFIs will not provide financing support to projects where the borrower will not or is unable to comply with EPFIs' respective social and environmental policies and procedures that implement the Equator Principles. Therefore, while striving to enhance their own risk prevention capability, EPFIs also help improve the environmental and social risk management of borrowers. The combined efforts of EPFIs and their borrowers will help to ensure that the environment and public interests are suitably protected and to promote the sustainable development both in local communities and across the country.

The Equator Principles' major effects on borrowers, projects, the community and financial institutions are as follows:

On borrowers	On projects	On the community	On financial institutions
Assist borrowers in establishing and improving internal environmental and social performance management systems.	Effectively identify and manage environmental and social risks of the projects to ensure the long-term stability of economic benefits.	Improve both ecological and cultural environment of the community.	Allocate financial resources in a more efficient manner.
Provide borrowers with easier access to the recognition of international financial institutions and a larger space for development.	Improve the technology by adopting best practices of international peers in the industry.	Improve labor conditions.	Enhance EPFIs' risk prevention capability, moving from "avoiding loss" to "creating value".
Require borrowers to comply with China's environmental policies and regulations to reduce policy risks.	Improve the comprehensive utilization rate of resources and reduce the environmental and social performance costs of projects.	Promote the economic development of the community.	Develop and innovate premium financial products and enhance brand value, thereby enhancing EPFIs' professional capacities to achieve long-term development.
Improve borrowers' comprehensive competitiveness and promote sustainable development.	Assist projects in fostering a good relationship with the communities where they are located, so as to enhance brand recognition and build "green" brands.	Bring on spill over effects to other business fields in the community.	Increase EPFIs' market share and expand into international financial markets.
			Clarify and adopt criteria to facilitate EPFIs' fulfilment of their social responsibility and to improve their social reputation.
			Complete EPFIs' business restructuring and transformation of their profitability mode.

Industrial Bank's Equator Principles Implementation System

Our Implementation Principles

Industrial Bank is applying the Equator principles to applicable project financings under the principles of law-compliant operation, risk under control, centralized management, segmented operation, standardized work process and promotion of sustainable development.

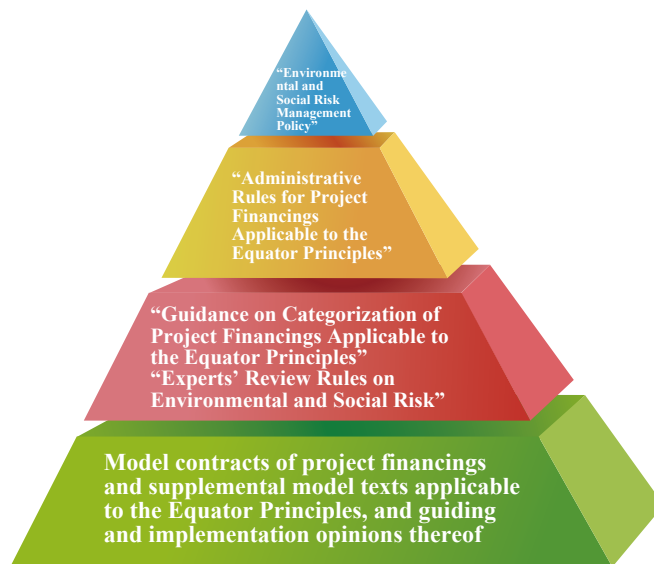
Our Organizational Framework

Industrial Bank has established the Equator Principles Working Group for the compliance with Equator Principles. The Working Group is headed by Gao Jianping (Chairman) and includes Li Renjie (President), Kang Yukun, Chen Dekang, Jiang Yunming, Lin Zhangyi (all being our Vice Presidents), Tang Bin (Secretary to the Board of Directors) as its team members. Furthermore, eight departments of the Bank have been involved in this Working Group, such as the Planning & Financial Department, Risk Management Department, Credit Control Department, Legal and Compliance Department, Corporate Finance Department, VIC Department and Office

of the Board of Directors. The Equator Principles Working Group Office is located at Sustainable Finance Division, Legal and Compliance Department. In addition, we designate the sustainable financing function responsible for their own environmental and social risk management in each our branches.

The headquarters' Sustainable Finance Division, in charge of the overall environmental and social risk management and made up of five members specialized in various fields including legal, financing, biotechnology, environmental engineering, was established to perform the duties of the Equator Principles Working Group office, formulate our environmental and social risk management policies and systems, prepare the implementation plan of the Equator Principles, and take charge of the promotion, communication and liaison work of our sustainable financing business, in order to provide guiding opinions to its operating arms with respect to the development of sustainable financing business.

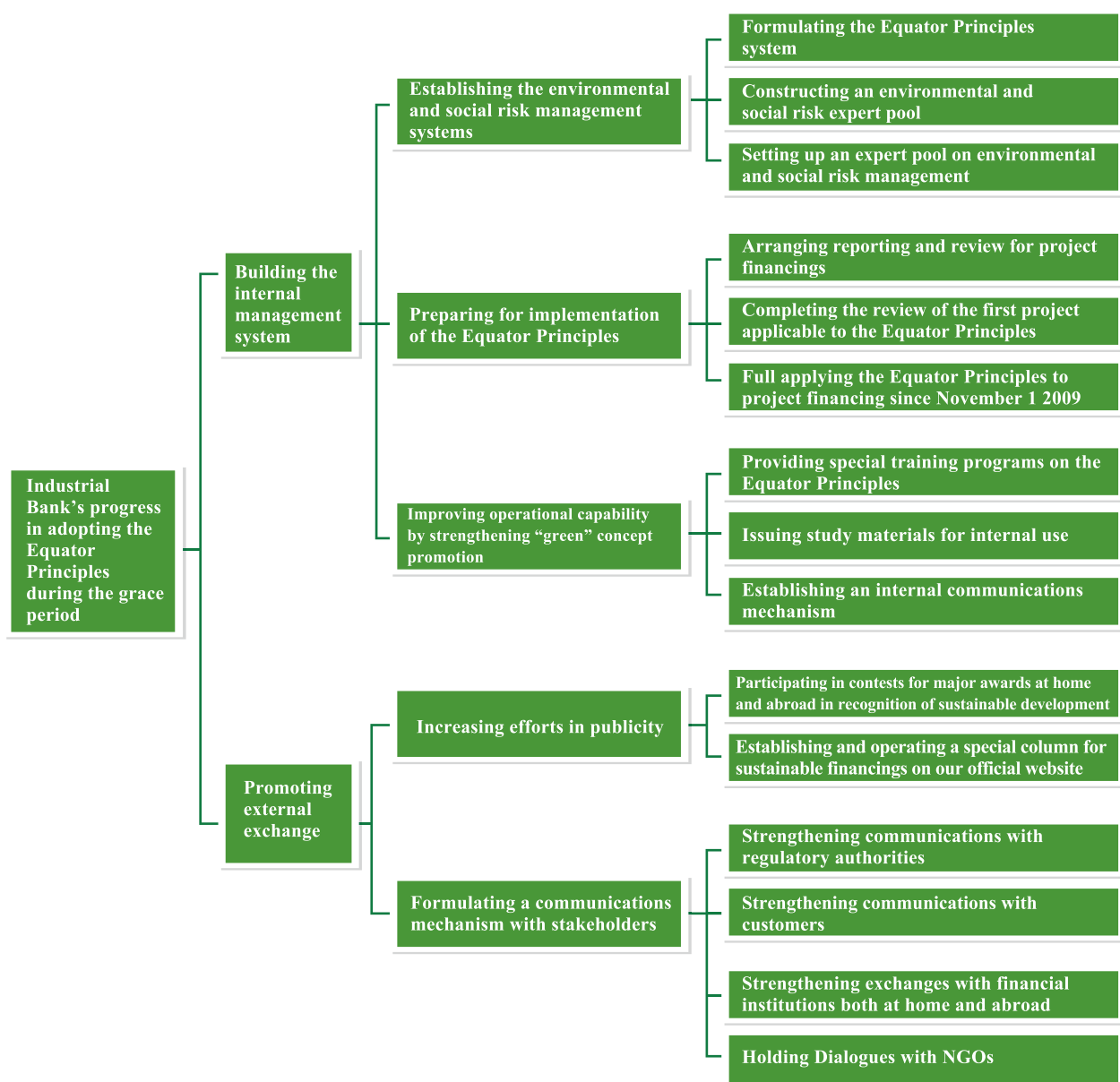
Our System Diagram



Environmental and Social Risk Management Flowchart for Project Applicable to Equator Principles



Industrial Bank's Work Progress during the Grace Period after Adopting Equator Principles



Commitment to our customers:

We cherish our relationships with our customers, as we acknowledge it is fundamental that banks and enterprises work towards win-win situations.

We are innovative and professional, as we are one of the first banks studying the Equator Principles and the first EPFI in China.

We are developing in a comprehensive manner, as we participate in the practical environmental and social performance management of projects and jointly assume risks with our customers.

Feedback from our customers:

We trust Industrial Bank as it practically fulfils social responsibility through business operations.

We recognize the need to implement the Equator Principles, as the concepts and approaches outlined in the Equator Principles are in line with our ultimate goal of sustainable development.

We take the initiative in response to the macro environment to continuously promote the common benefits and interests of enterprises, the environment and the community.

Industrial Bank's Implementation Status of Project Financings Applicable to the Equator Principles in 2009

According to the Equator Principles Secretariat, there is a one-year grace period after a financial institution agrees to adopt the Equator Principles, which is intended for the financial institution to build an internal system and to enhance its capabilities in accordance with the requirements of the Equator Principles. During the grace period, the financial institution is not required to conduct a review on projects under the Equator Principles. We, however, began to assume the environmental and social risk management work of some projects in accordance

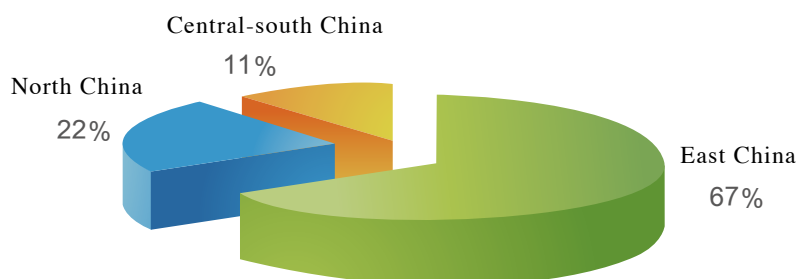
with the Equator Principles following the completion of our internal system building during the one-year grace period.

As of December 31, 2009, after due review and analysis, the Bank confirmed there were nine project financings applicable to the Equator Principles, of which one project financing had completed extension of the loan, with the project progress of the remaining set forth below:

Progress of Industrial Bank's Project financings applicable to the Equator Principles in 2009

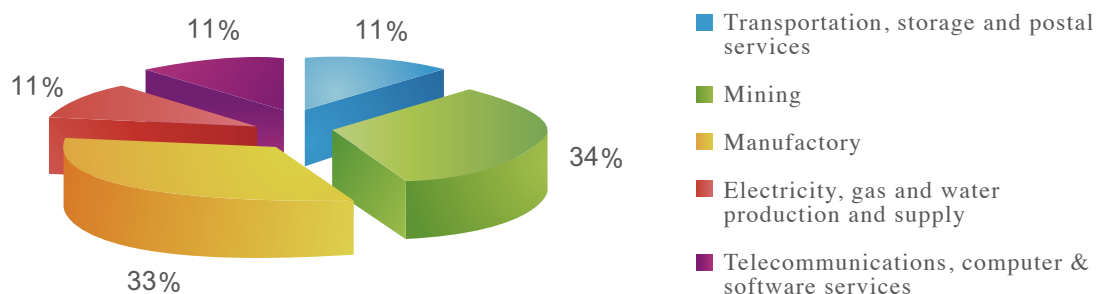
Category of project	No. of projects with applicability determination and categorization completed	No. of projects under due diligence	No. of projects with loan(s) granted	Total project capital cost (RMB billion)
A	1	1	0	2.404
B	5	1	1	3.898
C	0	0	0	0

Progress of Industrial Bank's Project Financings Applicable to the Equator Principles in 2009 (by geographical location)



(Note: North China includes Beijing, Tianjin, Shanxi, Hebei; East China includes Shanghai, Jiangsu, Zhejiang, Anhui, Fujian, Jiangxi, Shandong; and Central-south China includes Henan, Hubei, Hunan, Guangxi, Guangdong.)

Industrial Bank's Project Financings Applicable to the Equator Principles in 2009 (by industry)



Case 25: Fujian Huadian Yong'an Power Generation 2×300MW Expansion Project, the First Equator Principles project in China's banking industry

Brief Introduction of the Project

Located in Yong'an City, Fujian Province, Fujian Huadian Yong'an Power Generation Co. Ltd. (hereinafter referred to as "Yong'an Huadian") is a medium-sized power generation company in Fujian with an installed capacity of 350MW. As its power generating units were outdated and of low efficiency, Yong'an proposed a 2×300MW expansion project in 2009 in response to the State's industrial policy of "Developing generating units with large capacity and cutting generating units with small capacity", which is formulated to gradually re-engineer and phase out heavily polluting equipment with a low resource utilization rate. The project is among the prioritized power generation construction projects in Fujian Province, and is designed to reduce the emission of sulfur dioxide and nitrogen oxide by employing circulating fluidized bed boiler combustion technology for in-furnace desulfurization. After completion, the project is expected to reduce soot emissions by 1,530 tonnes and sulfur dioxide emissions by 12,245 tonnes per annum respectively, which is of great significance to the improvement of local air quality, mitigation of acid rain, and enhancement of the quality of forest products.

■ Factors we considered

- To observe the Equator Principles by carrying out environmental and social risk assessments, reviews and monitoring.
- To communicate with customers in a comprehensive and multi-level manner to interpret the Equator Principles and bring about a consensus.

■ Actions we took

- Categorized the project to Category B based on the magnitude of its potential environmental and social impacts, by reference to the industry to which the project belongs and the environmental and social sensitivity in the project-affected community.
- Appointed a third party to perform due diligence on environmental and social risks prior to the grant of credit.
- Assisted the borrower in preparation of an "Action Plan" of strong feasibility and easy monitoring, which contained 17 action initiatives including

establishment of a social and environmental management system, preparation of employees' occupational safety and operating manuals, more stringent control over production dusts (such as coal dust, dirt dust and limestone dust produced from the desulfurization system), assessment of livelihood impacts on farmers whose lands were to be taken over for use in the project, and assessment of current conditions of the relocated enterprises and their employees in the project-affected area.

- Conducted an environmental and social risk review based on the due diligence.
- Entered into the contract in compliance with the "Action Plan" and the related environmental and social risk management requirements, to be observed and fulfilled by the borrower within the agreed timeframe.
- Monitored environmental and social risks subsequent to extension of loans by conducting inspections on a quarterly basis.

■ Benefits to the environment and the society

Being one of the prioritized power generation construction projects in Fujian Province, the project is designed to reduce the emissions of sulfur dioxide and nitrogen oxide by employing circulating fluidized bed boiler combustion technology for in-furnace desulfurization, which is of great significance to the improvement of local air quality and mitigation of acid rain.

Improvement in environment:

- The project is anticipated to reduce soot emissions by 1,530 tonnes after re-engineering per annum.
- The project is expected to reduce sulfur dioxide emissions by 12,245 tonnes after re-engineering per annum.
- With the plant drainage system designed and constructed under the principle of "Water-sewage separation and rainwater-sewage separation" in position, all industrial wastewater and domestic sewage will be recycled rather than be discharged.

Benefits to the borrower's management:

- Established environmental and social assessment and management systems.
- Improved occupational safety mechanisms and pollution prevention and abatement mechanisms.
- Facilitated sound communications mechanism with the community by balancing the interests between the community and the project.

Benefits to the society:

- The new plant location will be one kilometre away from the nearest community after inauguration of the expanded project. The borrower's daily operations will not result in a significant impact on the neighbouring communities as the new project is to take better safety and protection initiatives.
- Issues regarding relocation compensation have been properly resolved and no dispute or litigation has been involved.
- Employment for local residents was created by the borrower's project

■ Positive significance

- The borrower's awareness of and sensitivity to risk identification and risk elimination have been enhanced.
- The borrower's environmental and social risk management has been strengthened.
- Triple benefits - environmental, social and economic - have been achieved.

■ Feedback from the borrower

"With the characteristics of the core and hub of modern economy, Commercial banks are required to assume greater environmental and social responsibility. After our research and investigation, we recognized that the most responsible banks are those which have adopted the Equator Principles and incorporated environmental and social risk management as an integral part of risk management into their own daily operation and business management. Therefore, Yong'an Huadian is very much in line with Industrial Bank with respect to fulfilment of social responsibility."

—— Mr. Huang Biaobin, General Manager of Fujian Huadian Yong'an Power Generation Co. Ltd.

■ Project experience

- The Bank attached great importance to positive communications and interactions with our customers.
- The Bank stressed the provision of training and guidance programs to our branch staff, and endeavoured to fully capitalize on our value-added environmental and social risk management tools.
- The Bank introduced external experts on a timely basis depending on the complexity of the project and the phase of internal capacity building.
- The Bank endeavored to combine our concept of sustainable development with the environment and social risk management of the project, in an effort to create a win-win sustainable business model.

Case 26: the Dock Project of Quanzhou Shipyard Co., Ltd.

Brief Introduction of the Project

Quanzhou Shipyard Co., Ltd. intended to build a 300,000-tonne repair and maintenance dock on the mountain bedrock. This project involved a requisition of land and the relocation of 375 families residing therein. There is approximately 300-400 meters in straight-line distance between the proposed dock and the nearest community, which is one of the newly established settlement areas for the relocated residents after the commencement of construction of the project. This project is well regulated in terms of environmental, social and security management, and a series of standardized documents covering safety management, human resource, environmental monitoring, training and emergency pre-proposal have been formulated.

■ Actions we took

- Categorized the project to Category B based on the magnitude of its potential environmental and social impacts, by reference to the industry to which the project belongs and the environmental and social sensitivity in the project-affected community as well as the environmental and social issues arising from the construction of the project, including labor and working condition, pollution prevention and abatement, household resettlement, and biodiversity conservation.
- Appointed a third party evaluation firm to perform on-site due diligence on environmental and social risks prior to the grant of credit.
- Assisted the borrower in preparation of a feasible "Action Plan" containing 20 action initiatives including improvement of the social and environmental management systems, strengthened training and supervision of waste separation and hazardous waste management, monitoring of contractors' emergency drills carried out on a regular basis, periodic visits to the project-affected communities and with relocated persons, and implementation of the relevant compensation and

resettlement initiatives for affected fishermen.

- Conducted an environmental and social risk review based on the on-site investigation and due diligence.

■ Feedback from the borrower

Inspired by the environmental and social risk management concepts under the Equator Principles, the project owner commissioned an external auditing firm to help formulate the corporate internal environmental and social auditing systems in order to manage environmental and social performance (for instance, attaching great importance to the selection of suppliers), and manage corporate environmental and social risks by preparing an Action Plan.

■ Project experience

The Bank's positive communications and scientific operation was invited and led to a thorough understanding of the Equator Principles on the part of the borrowers, based on which the borrower has committed to the improvement of its environmental and social risk management.

External Comments

- *"Industrial Bank is the first bank in China to announce the adoption of the Equator Principles, a critical move to demonstrate China's domestic banks' image of "sustainable bank" in the international arena."*
—— Quoted from the article "Equator Principles: A Benchmark of Project Financing for Commercial Banks —— Inspiration from the Termination of the Project SakhalinII" jointly contributed by Chen Sheng from the Policy and Regulation Department of the China Banking Regulatory Commission and Feng Shouzun from the Planning & Development Department of China CITIC Bank, www.xinhuanet.com, June 1, 2009
- *"This is an important step represented by a non-governmental force's participation in the promotion of the concept of "green" banks. It is a huge honor and responsibility to the award winner. The judging panel expects China Industrial Bank can continue its innovation and build up a model green bank in China."*
—— Yu Xiaogang, Director of "Green Watershed", a non-governmental organization.
- *"Industrial Bank's adoption of the Equator Principles is an important move with symbolic significance. It conveys a positive signal to China's whole banking industry that commercial banks, which carry a significant weight in the financial industry, have gradually realized that more social responsibility should be assumed and there is a feasible way to fulfill it: to adopt advanced financial technologies to control high energy consumption and high pollution and ultimately to achieve sustainable development of the society. Thus, with its success on developing the first financial product on energy conservation and emission reduction in China's banking industry, Industrial Bank has become the pioneer and promoter of "Green Credit", and has been continuously exploring green finance business in depth ever since."*
—— Quoted from China Business News, August 13, 2008
- *"Among the banks engaged in the implementation of the Green Credit Policy, the experience of Industrial Bank is unique. We see more and more financial institutions in China showing their interest in following Industrial Bank to adopt higher environmental and social standards."*
—— Commentated by Michael Ipson, IFC country manager of China and Mongolia, quoted from Directors & Boards, August 21, 2009
- *"Today, Industrial Bank made a public commitment to the adoption of the Equator Principles, which have been formulated to ensure environmentally friendly projects with appreciation potential but also with difficulty in provision of sufficient pledges are granted loans by offering a standardized risk monitoring system to banks around the globe."*
—— Quoted from "Industrial Bank to Adopt Equator Principles", XINWEN LIANBO, CCTV, October 31, 2008
- *"Industrial Bank's decision to adopt the Equator Principles illustrates how Chinese companies can increasingly take on a leadership role in the global economy. It is also a good example of how cooperation between the World Bank Group and China can yield benefits for people inside China and beyond."*
—— Commentated by Robert B. Zoellick, World Bank Group President, quoted from Securities Daily, November 3, 2008
- *"Financial institutions like HSBC and the Industrial Bank of China have signed up to the Equator Principles on project finance, because they know investments that harm the environment or vulnerable groups also reduce investor and customer confidence."*
—— Quoted from "Obama's China Moment" by Joshua Wickerham, China representative of Accountability, an international, non-profit research organisation., quoted from China Dialogue, November 16, 2009



APPENDIX

- © Major Events in Sustainable Development of Industrial Bank (2008-2009)
- © Industrial Bank in the Eyes of the Public (2009)

Major Events in Sustainable Development of Industrial Bank (2008-2009)

Corporate Governance

- On March 18, 2008, at the 7th meeting of the Sixth Board of Directors, the "Outline of the Comprehensive Businesses Plan of the Industrial Bank" was approved, which further defined the overall objective, basic principles and major measures for comprehensive operation, reflecting the Bank's intention to standardize and push forward the comprehensive operation gradually.
- On June 28, 2008, at the 5th meeting of the Sixth Board of Directors, the Proposal for Adopting the Equator Principles was unanimously approved.
- On July 17, 2008, the Bank established the Equator Principles Working Group for the compliance with Equator Principles. The Working Group is headed by Gao Jianping (Chairman) and includes Li Renjie (President), Kang Yukun, Chen Dekang, Jiang Yunming, Lin Zhangyi (all being our Vice Presidents), Tang Bin (Secretary to the Board of Directors) as its team members. Furthermore, eight departments of the Bank have been involved in this Working Group, such as the Planning & Financial Department, Risk Management Department, Credit Control Department, Legal and Compliance Department, Corporate Finance Department, VIC Department and Office of the Board of Directors. The Equator Principles Working Group Office is located at Sustainable Finance Division, Legal and Compliance Department.
- On July 30, 2008, the Bank formulated the overall plan for the Bank's operation after adoption of the Equator Principles, focusing on the current targets and based on the division of labor and cooperation between various departments.
- On August 1, 2008, the Bank submitted the proposal for adopting the Equator Principles to the CBRC.
- On October 31, 2008, the Bank held a press conference in Beijing, announcing adoption of the Equator Principles, and thus becoming the first EPFI in China. This signaled that the Bank is a pioneer among the domestic commercial banks in terms of introducing internationally advanced mode, strengthening the environmental and social risk management and promoting the scientific and sustainable development.

Buildup of Internal Capability

- On May 30, 2008, at the invitation of the Bank a session of training on the fundamentals of the Equator Principles was given by international finance experts from the World Wide Fund for Nature (WWF) to our employees in Beijing.
- On September 17-19, 2008, the Bank assisted the CBRC in organizing the "Training Workshop on Credit Business on Energy Conservation and Emission Reduction". During the course, representatives from EPFIs including the IFC, the Barclays Bank, the Citibank and Banco Itaú BBA S.A. presented their experiences in practicing the Equator Principles at length.
- On September 23-24, 2008, Mr. Mark Eckstein (President of the International Financial Markets of the WWF U.S.), offered a session of training on the Equator Principles in Fuzhou, Fujian province for the second time at the invitation of the Bank.
- On December 14, 2008, the Bank released its "Certain Implementation Opinions regarding the Adoption of the Equator Principles", which provided the branches of the Bank the guidelines to implement the Equator Principles.
- On December 18-19, 2008, the Bank held the first bank-wide "Symposium on the Equator Principles", to discuss the Equator Principles and the adoption arrangements.
- On January 7, 2009, the Sustainable Finance Center under the Corporate Finance Department of the Bank was formed, which is responsible for the development of sustainable finance businesses including carbon finance, energy conservation finance and environmental finance.
- On February 12, 2009, the Bank issued the "Environmental and Social Risk Management Policy", which sets out the guideline, statement and commitment of the Bank concerning the environmental and social risk management for the first time.
- On February 25-26, 2009, the Bank held the "Symposium on the Equator Principles" and invited Mr. Mark Eckstein (President of the International Financial Markets of WWF U.S.) to discuss with officers from relevant departments at Head Office on issues related to the Equator Principles.

- On May 11, 2009, the Bank attended the Equator Principles Conference jointly organized by the IFC and the Secretariat of the Equator Principles, to acquire experience in sustainable development from foreign EPFIs, and to present the sustainable development history of the Bank and the progress achieved in promoting the Equator Principles to the officers from the World Bank and IFC.
- In May 2009, the Bank issued the manual of Interpretations of the Equator Principles, to promote the Equator Principles across the Bank and to increase the staff's awareness of the Equator Principles.
- From June to July 2009, the Bank sent a delegation for a 5-week training at Mizuho Corporate Bank in Japan conducting exchanges related to the Equator Principles.
- On July 21, 2009, the Bank was invited to attend the "Low-carbon Enterprise Innovation Forum" jointly organized by the WWF and the China Entrepreneurs Club (CEC).
- On October 14-23, 2009, the Bank conducted sessions of training on the Equator Principles at Jinan, Qingdao, Nanchang and Wuhan branches, to prepare the branches for adopting the Equator Principles.
- On November 6, 2009, the Bank was invited to attend the "International Forum on China's Green Economy" jointly organized by MEP and United Nations Environment Programme.
- On November 14-28, 2009, representatives of the Bank were invited to attend the Environmental and Social Risk Management Training Course in the developed countries in Europe, which was initiated by the Export-Import Bank of China and organized by the WWF.
- In 2009, the Bank issued a series of regulations governing project finances applicable to the Equator Principles, and thus completed the preliminary construction of the Equator Principles system.
- On November 16, 2009, the Bank issued the "Administrative Rules for Energy Conservation in Offices", explicitly stipulating strict control on energy conservation and higher energy utilization efficiency during daily operation.

Products and Services

- On February 25, 2008, the Bank signed the second-phase agreement with IFC to continue and expand their cooperation in the China Utility-based Energy Efficiency Finance Program, heralding deeper cooperation between the parties in energy conservation and emission reduction campaign.
 - On April 23, 2009, Wuhan Branch of the Bank entered into the Strategic Cooperation Agreement with the People's Government of Hubei Province, pursuant to which the Bank underwrote a credit facility worth of RMB50 billion in aggregate to finance the projects concerning transportation, automobile, steel, livelihood and energy conservative and environmental friendly society in Hubei province in the next three years.
 - On November 25, 2009, the Bank staged a ceremony for signing the strategic cooperation agreement with the Ministry of Railways in Beijing, pursuant to which the Bank underwrote a credit facility worth of RMB100 billion to the Ministry of Railways for use in financing the construction of the infrastructure of the national railway network.
 - On December 22, 2009, the Bank held the "Ceremony and Press Conference on the First Equator Principles Project of China Banking Sector" in Yong'an, Fujian province, and formally announced the completion of the first project applicable to the Equator Principles.
- Social Development Board of IFC, in Beijing for a talk on specific issues on the adoption of the Equator Principles.
- On April 2, 2008, Mr. Hua Bing, General Manager of our Legal and Compliance Department had an in-depth discussion in Shanghai with Mr. Roberto Dumas Damas, Chief Representative of Banco Itaú-BBA S.A. - Shanghai Representative Office, over the Equator Principles.
 - On April 18, 2008, Mr. Hua Bing, General Manager of our Legal and Compliance Department had a discussion in Shanghai with Mr. Osamu Odawara, Head of the Secretariat Office of the Sustainable Development Department of Mizuho Corporate Bank, which is the bank member of Equator Principles responsible for the daily affairs related to the Equator Principles in Asia Pacific Region, on issues related to the Bank's application for adopting the Equator Principles.
 - On May 20, 2008, Mr. Kang Yukun, Vice President of the Bank, was invited and led a delegation to attend an Equator Principles Conference specially organized for the Bank by the IFC in the U.S. The two parties discussed issues related to the adoption and implementation of the Equator Principles and the environmental and social risk management associated with investment projects.
 - On May 27, 2009, Mr. Kang Yukun, Vice President of the Bank, was invited and led a delegation to visit Banco Itaú BBA S.A. The two parties discussed specific issues related to the adoption and implementation of the Equator Principles.
- In June 2008, Mr. Hua Bing, General Manager of our Legal and Compliance Department, was invited to join "the China's Green Credit Policy U.S.

External Exchanges

- On March 18, 2008, Mr. Hua Bing, General Manager of our Legal and Compliance Department met with Ms. Motoko Aizawa, the Head of the Policy and Standards Unit of Environmental and

Survey Group" consisting of the MEP, the PBC, the CBRC, the CDB and the ICBC, and attend a multi-level and multi-angle high level dialogue with international organizations, international banks and the U.S. government, to explore the promotion methods, theoretical basis and practical experience of green credit policy in China.

- On September 25, 2008, the "2008 National Conference of Presidents of the Joint Stock Equity Commercial Banks in China", jointly organized by the Bank and the People's Government of Guangxi Autonomous Region, was grandly opened in Nanning. The "Social Responsibility Statement of the Joint Stock Commercial Banks in China" was signed at the conference. Mr. Li Renjie, President of the Bank, delivered a speech at the conference titled "Embedding social responsibility in profitability - Understanding and Practice of Social Responsibility – with Examples Taken from the Energy Efficiency Financing and the Comprehensive Service Solution, Bank-to-bank Platform of Industrial Bank".
- On October 24, 2008, the Bank hold the symposium on "Opportunities and Challenges Facing the Bank in Adopting the Equator Principles" in Beijing to invite officials from the NDRC and representatives from our top ten customers.
- In March 2009, Mr. Tang Bin, Secretary to the Board of Directors, was invited to attend the "International Symposium on Risk Management– Achieving Sustainable Development" in Vietnam, and delivered a key note speech; after that, he attended an exchange session on sustainable finance organized by Sacombank to introduce the experience and practices of the Bank in relation to sustainable finance.
- On March 26-27, 2009, Mr. Hua Bing, General Manager of our Legal and Compliance Department, was invited to attend the "Environmental and Social Risk Management Training Course" jointly organized by MEP and the IFC in Beijing and delivered a keynot speech titled "The Adoption and Implementation of the Equator Principles".
- On May 8, 2009, Mr. Gao Jianping, Chairman of the Bank, was invited to lead a delegation to visit Mizuho Corporate Bank in Japan, and had a business talk with its President, Mr. Yasuhiro Sato, about the Equator Principles, inter-bank cooperation and the environmental and social risk management.
- In May 2009, Mr. Tang Bin, Secretary to the Board of Directors, was invited to attend the "Symposium on the Social Responsibility of Listed Companies" organized by the Shanghai Stock Exchange, and presented the innovative business mode by which the Bank fulfilled its social responsibility with a speech titled "Embedding social responsibility in profitability - the Industrial Bank's Understanding and Practice of Social Responsibility".
- On May 19-20, 2009, Mr. Hua Bing, General Manager of our Legal and Compliance Department, was invited to attend the "Finance, Environment and Development Forum" jointly sponsored by the Policy Research Center for Environment & Economy, MEP, the Energy Research Institute of NDRC, the Finance Research Institute of People's Bank of China and the WWF China, and delivered a speech titled "The Industrial Bank's Adoption & Implementation of the Equator Principles and the Progress".

- In July 2009, the Bank added a "Sustainability" section on its website as a propaganda means.
- In August 2009, the Bank and Directors & Boards magazine jointly schemed a special issue titled "Green Statement of Banks" to thoroughly and systematically explain the sustainable development concepts, including low-carbon economy, green credit, energy conservation finance and the Equator Principles, and the exploration and practice of the Bank in these regard in the form of news report for the first time, through a series of articles including the "Equator Principles: Green Statement of Banks", the "Green Finance in China" and the "Green Transformation of Business Mode" based on the cases of the Bank.
- On August 14, 2009, a Vietnam Green Credit Delegation consisting of the National Bank of Vietnam, the Ministry of Natural Resources and Environment, the Ministry of Finance, the Ministry of Industry and Trade, the Ministry of Planning and Investment, the Economic Commission of Vietnam People's Congress and some big Vietnamese commercial banks visited the Bank. The Bank held "Exchange on the Equator Principles, Energy Conservation Finance and Green Credit", and shared our experience and practice concerning energy conservation finance and green credit.
- In October 2009, Mr. Li Renjie, President of the Bank, was invited to attend "UNEP FI 2009 Global Roundtable" and delivered a speech. After that, Mr. Li Renjie met with Itaú Unibanco Holding S.A. (the largest bank in South America) and Personal & Business Banking of the Standard Bank of South Africa (the largest bank in Africa) for talks on topics including the Equator Principles and inter-bank cooperation.
- On October 19, 2009, Mr. Hua Bing, General Manager of our Legal and Compliance Department, was invited to deliver a speech on our experience in adoption of the Equator Principle at the "Special Training Program on Social Responsibility" organized by the CDB.
- In October 2009, the Public Relation General Office, the Strategy Development Division, the General Risk Management Department and the Corporate and Investment Banking Department of SPD Bank visited the Bank, and had a discussion with the Bank on adopting and implementing the Equator Principles.
- In November 2009, Mr. Tang Bin, Secretary to the Board of Directors of the Bank, was invited to attend the "Low-carbon Economy and Financial Innovation Forum" organized by the Chinese Academy of Social Sciences. At the event, he shared our understanding and practice about supporting the development of low-carbon economy through financial innovation with a speech titled "Golden Opportunities from Green Finance: Financial Innovation Drives the Low-carbon Economy".
- On November 13, 2009, the Bank attended the "Golden Opportunities from Green Finance: Financial Innovation Drives the Low-carbon Economy" held by the Department of Policies, Laws & Regulations of MEP.
- In December 2009, the Bank was invited to attend the "Workshop on NGO's Participation in Advocacy of Green Credit Policy" held by the Yunnan Participatory Watershed Management Research and Promotion Center (Green Watershed), and to exchange views with 29 domestic organizations including GreenSOS, Greenpeace and Society of

Entrepreneurs & Ecology (SEE) and five foreign NGOs including BankTrack (Netherland), Friend of the Earth US and Bank Information Center (US).

- In December 2009, Mr. Hua Bing, General Manager of our Legal and Compliance Department, was invited to attend the "Symposium on Corporate Social Responsibility Report and Sustainable Development of Banking Industry in China" held by Network China Center Office of the United Nations Global Compact and Global Reporting Initiative (GRI), and exchange experiences with the banking community at home and abroad in preparation and management of corporate social responsibility report, and present our philosophy and practice of social responsibility.

- On January 14, 2009, the Bank donated RMB186,083.94 to China Foundation for Poverty Alleviation based on the number of "Chinese Heart" credit cards issued and the volume of transactions using the card pursuant to our undertakings made at the time of issue of the "Chinese Heart "Credit Card.

- On August 19, 2009, the Bank donated RMB2 million through the Fujian Red Cross to the disaster area in Taiwan following the devastating Typhoon MORAKOT to aid the people in Taiwan for post-disaster reconstruction.

Social Welfare Activities

- In January 2008, the Bank promptly donated RMB402,500 to the disaster area in Southern China paralyzed by the major snowstorm.
- In May 2008, the Bank donated an aggregate of more than RMB20 million and arranged for a large quantity of disaster-relief materials such as blankets, clothing, food and medicine to be delivered to the distressed area shortly after the catastrophic earthquake in Sichuan province. Over one fourth of our employees voluntarily donated blood for disaster relief. The Bank was the first of its kind in China to provide post-earthquake reconstruction loans for the purpose of rebuilding municipal facilities such as urban roads, drainage and bridges, and the demolition and rebuilding of damaged residential buildings. By doing this, the Bank has made positive contributions to the complete victory in the earthquake- relief and post-disaster reconstruction.

Industrial Bank in the Eyes of the Public (2009)

On January 9, 2009, the Bank was named the "Best Growth Bank of 2008" and the "Outstanding Service Provider in the China's Banking Industry 2008" at the 6th China Finance Rankings sponsored by Hexun.com.

In January 2009, the Bank won the "2008 China's Financial Marketing Awards- Top Ten Financial Products" at the "2008 China's Financial Marketing Awards" organized by The Banker.

In January 2009, the head office of the Bank was selected as one of the fourth group of "National Advanced Units for Spiritual Civilization" by the Office of the Spiritual Civilization Development Steering Commission.

On February 24, 2009, the Bank won the "2008 Excellence Award for Transactions", the "Excellence Award for Derivative Product Transaction", the "Best Market Maker", the "Best Market Making with Best Marketing Capability", the "Market Maker with the Greatest Influence" and the "Most Popular Market Maker" for the year 2008 by the China Foreign Exchange Trading Center.

On March 9, 2009, the "Chinese Heart" credit card issued by the Bank won the "Best Theme Award", and the "Sweetheart Credit Card of Garfield Cat" received the title of "Best Credit Cards for Lovers" in the first "Jin Xin Prize" selection jointly organized by the Southern Metropolis Weekly and the Institute for Financial Studies Fudan University, while Mr. Yan Xuewang, General Manager of the Credit Card Center, won the "People of the Year- Golden Finger Credit Card Award".

On April 9, 2009, the Bank won the "Remarkable Contribution Award in Financial Business" in the selection of "2008 China Financial Enterprises Charitable Rankings" jointly sponsored by the JRJ.com and China Association of Social Workers.

On April 11, 2009, Mr. Gao Jianping (Chairman) was named the "Most Socially Responsible Chairman", Mr. Ba Shusong (independent director) was named the "Most Influential Independent Director", and Mr. Tang Bin (Secretary to the Board of Directors) was named the "Most Innovative Board Secretary" at the China Listed Companies Board of Directors Summit Forum and the 5th (2008) Golden Round Table Awards Presentation Ceremony.

On April 14, 2009, Mr. Gao Jianping, Chairman of the Bank, was named "2008 Person of the Year in China's Banking" in the presentation of 2008 China's Banking Person of the Year Awards jointly organized by the China Finance Research Institute, China Financial Net and China Financial Journalists Club.

On May 10, 2009, the Bank won "The Asian Banker Achievement Award for Payment Services to Banks and Corporations in China" in the selection of "2009 Asian Banker Leadership Achievement Award" held by the renowned financial magazine The Asian Banker.

In May 2009, the customer service center of the Bank (95561) was named the "Best Call Center in China 2009" by the CRM Commission of the China Federation of IT Promotion and the CCCS (Customer Contact Center Standard Commission).

On June 4, 2009, the Bank won the "Emerging Markets Sustainable Bank of the Year" (Asia) in the selection of "Sustainable Bank of the Year 2009" jointly organized by the Financial Times (UK) and the International Finance Corporation (IFC).

On June 6, 2009, the Bank topped the list of "Listed Companies with the Most Sustainable Investment Value", and Mr. Tang Bin (Secretary to the Board of Directors) was granted the title "Gold Medal Board Secretary for Investor Relations" at The Awards Ceremony for the "4th Chinese Securities Cup Top 10 Listed Companies for Competitiveness & Public Credibility" in Nanjing.

On June 26, 2009, the Bank was named one of the "China's 100 Most Valuable Listed Companies in 2008", and the website of the Bank was also selected as the "Best Commercial Platform Website" in the 2008 China Listed Company Value Appraisal and the 1st Chinese Most Popular Listed Company Website Award Ceremony in Beijing. Mr. Tang Bin (Secretary to the Board of Directors) was named one of the "100 Best Board Secretaries of China's Listed Companies".

On June 26, 2009, the Bank was honored the "Award for China Brand Enterprise with the Greatest Social Influence of 2008" at the B&M 2009 3rd Corporate Brand Transmissibility Chinese Summit.

On June 27, 2009, the Bank was honored the "2008 Top 100 Listed Companies Taurus Award" at "the 11th Taurus Listed Company Forum and 2008 China Top 100 Listed Companies Taurus Award Ceremony" organized by the China Securities Journal and the China Securities Network.

On July 20, 2009, the Bank won a special award of "Best Chinese Bank Award 2008- the Best Green Bank Award 2008" in the "Best Chinese Bank Award 2008" selection sponsored by the Economic Observer News.

On September 5, 2009, the Bank was granted the award for "SME Best Financing Solutions" during the 2nd China SME Financing Forum jointly sponsored by CASME, Dalian Municipal Government, the China Banking Association, the Securities Association of China and the Financial Times.

On September 25, 2009, the Bank's online bank and mobile bank won the "Best Online Bank Award" and the "Best Mobile Bank Award" respectively in the 10th China Outstanding Securities Website appraisal sponsored by the Securities Times.

In September 2009, the Bank's customer service center (95561) was named the "Best Call Center 2009" by CCMworld Group and the CC-CMM International Standard Certification Steering Committee.

On November 21, 2009, the Bank was granted the Award of "Best Asian Bank for Inter-bank Business" at the Fourth 21st Century Asian Finance Annual Meeting and 2009 Asian Bank Competitiveness Rankings Press Conference.

On November 22, 2009, the Bank was presented the award for "Top 10 Commercial Banks Supporting the Development of SMEs in China 2009" by virtue of its strong support and quality service to small and medium-sized enterprises. The award was presented at the "the Fourth Annual Meeting of Chinese SME Entrepreneurs" held by China Association For SME Entrepreneurs and the Organization Committee for the Annual Meeting of Chinese SME Entrepreneurs.

On November 29, 2009, the Bank's "Natural Life" Wealth Management Brand was named the "Wealth Management Brand of the Year" at the 2009 CBN Financial Value Summit and 2009 CBN Financial Value Rankings Award Ceremony organized by the CBN and jointly sponsored the Institute of Finance and Banking of the Chinese Academy of Social Sciences. The Bank was also honored with the "Annual Bank's Wealth Management Brand" Award.

On December 3, 2009, the Bank was honored with the "2009 Merit Conservation supporter" by the WWF.

On December 9, 2009, the Bank's mobile banking service was named "2009 Best Mobile Banking" in the "Second Appraisal of the Most Respected Bank" and the "Third Appraisal of China's Best Wealth Management Products of Banks" held by Moneyweek.

On December 9, 2009, the Bank was presented the "China's Sixth Annual Best Corporate Citizen Award" granted by the 21st Century Business Herald and the 21st Century Business Review under the 21st Century News Group.

In 2009, the Bank won "the Sixth China Baosteel Environment Outstanding Award" in the appraisal of the Sixth China Baosteel Environmental Prize jointly organized by 13 state ministries and committees including MEP, Environmental Protection and Resources Conservation of the National People's Congress and the State Administration of Radio Film and Television.

Green Finance, Better Tomorrow



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