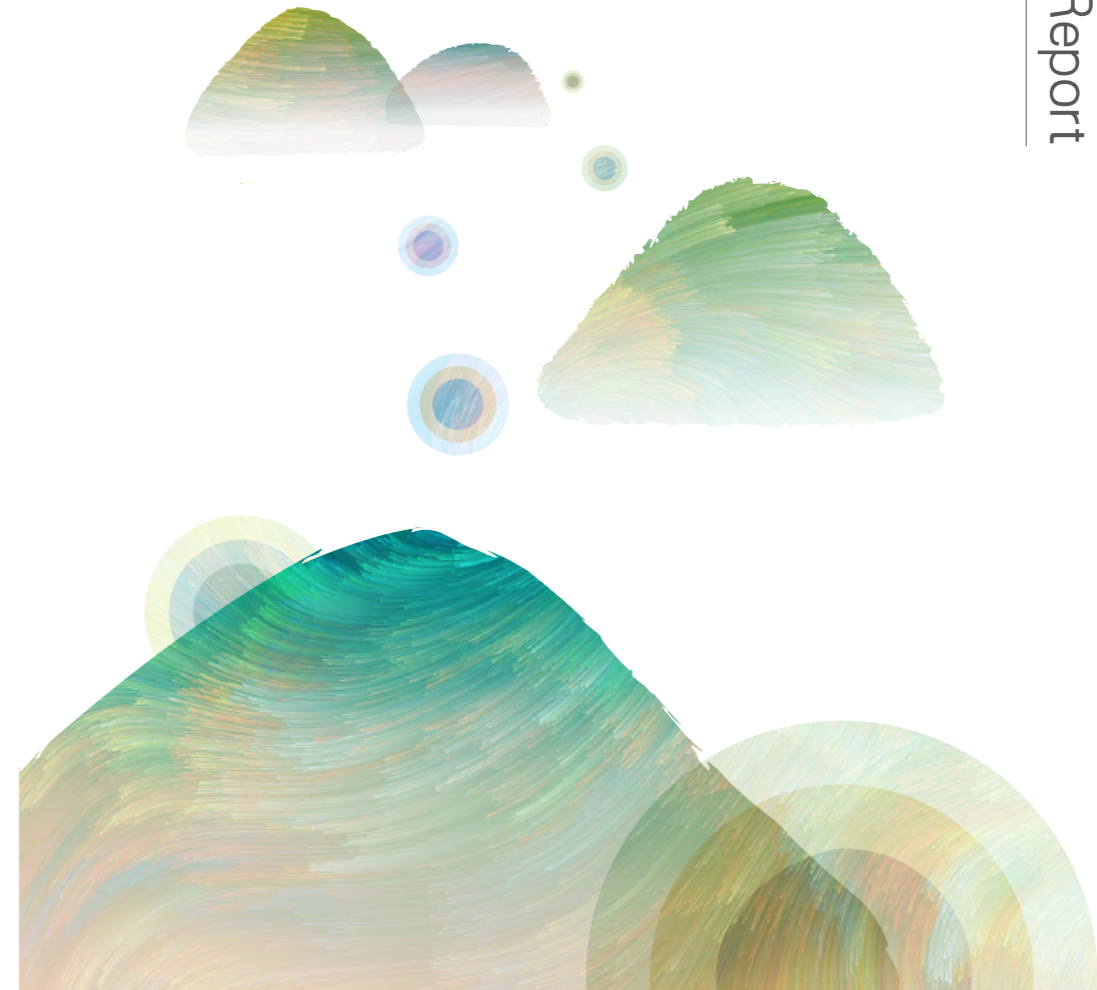


# 2019 Annual Sustainability Report



 INDUSTRIAL BANK CO.,LTD.

Annual Sustainability Report 2019



# Declaration

## Notice

The Company's Board of Directors and all its members 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 liabilities for the truthfulness, accuracy and completeness of the contents herein contained.

## Report name

"Sustainable Report" is the name of the social responsibility annual report by Industrial Bank. This name reflects a combination of the Bank's corporate governance philosophy of sustainable development and corporate social responsibility.

## Reporting period

The reporting period was from January 1, 2019 to December 31, 2019. Part of the contents spanned beyond this time frame boundary.

## Reporting cycle

This report is an annual report.

## Organizational scope of the report

This report covered all contents of the Company and partial contents of its subsidiaries.

## Designations

"Industrial Bank", "the Company" and "the Bank" used in this report all refer to Industrial Bank Co., Ltd.

## Basis of compilation

This report was prepared in accordance with the Opinions on Strengthening the Social Responsibility of Banking Financial Institutions (YJBF [2007] No. 252) issued by the China Banking Regulatory Commission, the Notice on Strengthening the Undertaking of Social Responsibility of Listed Companies and the Release of the Guidelines of Shanghai Stock Exchange for Environmental Information Disclosure of Listed Companies and the Guidelines for the Preparation of the Report on Performance of Corporate Social Responsibility, and the Notice on Further Improving the

Poverty Alleviation Information Disclosure of Listed Companies promulgated by the Shanghai Stock Exchange, and the Guidelines for Corporate Social Responsibility of China's Banking Financial Institutions released by the China Banking Association, along with major reference to relevant contents of the following documents:

- UN Sustainable Development Goals (SDGs)
- Principles for Responsible Banking (PRB) released by the United Nations Environment Programme
- Equator Principles III
- The Global Sustainability Standards Board (GSSB) GRI Standards
- Social Responsibility Guidelines (GB/T 36000-2015), Social Responsibility Report Writing Guidelines (GB/T 36001-2015) and Social Responsibility Performance Classification Guidelines (GB/T 36002-2015) jointly released by the State Administration of Quality Supervision, Inspection and Quarantine and the Standardization Administration
- ISO Guidance on Social Responsibility (ISO26000)
- The Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR4.0) released by the Chinese Academy of Social Sciences

## Data in the report

Part of financial data in this report originated from the Company's 2019 financial report, with some involving data from previous years. There are no material changes on the data acquisition and calculation methods. Unless otherwise stated, currency data in the report are in RMB.

## Report availability

This report was released both in hard copies and online. The online version is available at the Company's website [www.cib.com.cn](http://www.cib.com.cn).

## Priority of language

This report was published in both Chinese and English. Should there be any discrepancy between the Chinese and English versions, the Chinese version shall prevail.

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Tao Yiping, Director, President

## President's Message

An everlasting prosperity is a common aspiration of all businesses, but century-old ones are rarely seen. The same applies for long-standing banks.

Staying alert and aspired to become "a first-class bank, a long-flourishing IB", we have made constant efforts in exploring and fulfilling sustainable development over the past 30 years. We closely integrated ourselves into the economic and social development trend and kept pace with the times. We built a new corporate governance system featuring harmony between man and nature, environment and society, and fostered a new model for social responsibility practice of "integrating righteousness into profitability" to build a community of shared value with stakeholders in multiple ways.

In recent years, with the slowdown in economic growth and adjustment of regulatory policies, financial technology emerged quickly and China's banking industry has entered a new phase of development. Therefore, sustainable development becomes more practically significant. To this end, upholding our sound tradition, we carried out in-depth structural reform on the financial supply side, made transformations from high-speed growth to high-quality growth, from being scale-oriented to being value-oriented and from being product-centric to customer-centric. Through this transition, we fostered a philosophy of "serving the country, improving people's livelihood and giving back to society" across our whole operation and management process. In doing so, we achieved new leaping development.

In 2019, we explored diligently along the right direction, laying a more solid foundation for sustainable development.

We made further headway in the "commercial banking + investment banking" strategy and developed stronger volatility-resistance capacity. In 2019, we saw coordinated development and solid growth in business scale, efficiency and quality and a consolidated industry position. In addition, we were also upgraded in international ratings, along with a higher global ranking. And better news is that our development featured a higher level of quality and value. We enhanced our strengths while also shoring up points of weakness. As a result, the underwriting scale of non-financial corporate bond of the Bank's investment banking business continued ranking first in the market, bank financing saw steady progress in model transformation, asset custody maintained a front rank in the market, greater value was produced from investment deals, and proportions of deposits and loans were continuously increased. Retail finance business grew quickly and the revenue share reached the requirement in the Bank's Five-year Plan ahead of time, forming a triangular balance together with corporate finance business and interbank finance business. In addition, non-interest income maintained a relatively rapid growth with a continuously rising proportion. Revenue structure was more diversified and balanced. Non-performing loan ratio decreased for three consecutive years, and the liquidity index was at its best ever, which was fully recognized by the market and regulators.

In 2019, the Company kept improving both the quality and efficiency of financial services and established closer partnerships with more customers. While enhancing major customer services in comprehensive finance, the Company timely launched an online financing system for small and micro businesses, and took the lead in building the Fujian Financial Services Cloud Platform that relies on provincial-level big data, in a bid to provide a good financing tool for middle and small-sized and private enterprises. The number of small and micro business customers for inclusive loan and their loan balance increased by 56.59% and 37.01% respectively in 2019, going beyond

China Banking Regulatory Commission's regulatory requirements of "two increases and two controls" ("Two increases": The year-on-year growth in SME loans with not more than RMB 10 million credit should not be lower than that of total business loans; the number of SMEs with outstanding loan should not be lower than that of the previous year. "Two Controls": reasonably control the quality of SME loans assets and reasonably control the comprehensive cost of SME loans, including interest rate and bank service charges related.). While strengthening interbank cooperation, the Company extended its services to interbank terminal customers. The number of users of the "Big Money Manager" app exceeded 14 million and the "Wealth Cloud" bank-to-bank platform has partnered with 16 domestic provincial credit cooperatives as of the end of the reporting period, enabling residents in remote areas to enjoy quality financial services. While enhancing services for key customer base, the Company also improved its service system for the general public and launched the construction of "smart outlets". In 2019, two outlets entered the list of "National Best 100 Outlets" and 41 were rated as five-star level. These sincere services earned us a customer satisfaction of up to 99.66%.

We pay high attention to protecting the interests of all parties to create a favorable environment for transformation and development. In 2019, IB became one of the first banks signing up to the Principles for Responsible Banking (PRB), a new big step taken after it signed up to the Equator Principles as the first Bank in China to do so 11 years ago, placing stricter demands on fulfilling our responsibilities. We also pay consistent attention to green finance. As of the end of 2019, the Company achieved its "Two Ten-Thousands" mid-term goal (i.e. the financing balance of green finance to reach RMB 1 trillion and the number of customers of green finance to reach ten thousand) ahead of time. Loans for targeted poverty alleviation continued to grow and there were 256 poverty alleviation-related products in IB online shop (<https://shop.cib.com.cn/>) to help more people in financial difficulties. IB has signed and launched the new round of student aid programs with five schools and will donate another RMB 10 million in the coming four years to help poor students continue their study. The Company continuously promoted the transformation from managing human resources to building human capital, and employee educational appropriations, training programs and the number of participants all saw substantial growth, making it worthy of being listed as one of "best employers in China". All these are supplementary to each other with value creation. In 2019, we maintained continuous dividend payout, and the payout ratio steadily climbed. Investors all reaped a considerable return on investment. In addition, IB was upgraded to A in 2019 by MSCI-ESG Ratings for its outstanding ESG performance.

COVID-19, a Black Swan event breaking out in early 2020, cast a shadow on economic and social development, placing more and higher requirements on the capacity and responsibility of commercial banks. We will adhere to a more balanced business structure, a more stable customer base and a better market image and do our level best to help our customers and protect the interests of all parties. We believed that with unusual measures taken in the harsh times, we will eventually overcome the challenges and make solid progress in quest of sustainable development.

Tao Yiping, Director, President





Jiang Yunming, Chairman of the Board of Supervisors



Chen Jinguang, Director, Vice President



Chen Xinjian, Director, Vice President, Secretary to the Board of Directors



Sun Xiongpeng, Vice President



Zhang Guoming, Supervisor



### Righteousness





Integrating Righteousness into Profitability  
A Value- and Future-oriented Bank

- P7 Overview of IB
- P9 “Integrating Righteousness into Profitability” and Promote Development via Sustainable Development Strategies
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## MANAGEMENT



ESG indicators	
<ul style="list-style-type: none"> <li>● Risk compliance management</li> <li>● Anti-corruption policies and training</li> <li>● Anti-money laundering compliance management and professional skill training</li> <li>● Safeguarding and protection of intellectual property</li> <li>● Financial security</li> <li>● Stakeholder communication</li> </ul>	
SDGs	
 8. Decent work and economic growth  13. Climate action  16. Peace, justice and strong institutions  17. Partnerships for the goals	
Specific data	
2019	
Number of independent board directors	5
Number of key issues set for discussion according to stakeholder questionnaires	24
Number of outlets	45 tier-one branches (including the Hong Kong Branch) and 2019 branch agencies
Publicity and implementation activities for "IB Voyage" demonstration year of operation compliance	> 300
Accumulative number of viewers of IB's WeChat official account "IBAML"	> 100,000
Number of participants in intellectual property training	1,786
Number of participants in anti-corruption training	56,690
Number of regular IT employees of the Group	1,910
Investment in information technology	RMB 3.565 billion, a year-on-year growth of 24.66%

## Overview of IB

### About IB

Founded in 1988 with a registered capital of RMB 20.774 billion and headquartered in Fuzhou, Fujian Province, Industrial Bank Co., Ltd. (Industrial Bank for short) was listed on the Shanghai Stock Exchange in 2007 (stock code: 601166). It's one of the first joint-stock commercial banks approved by the State Council and the People's Bank of China, and it's also the first Equator Bank in China. Now it has grown into a mainstream commercial bank group in China with banking as its main business while also covering trust, financial leasing, funds, futures, asset management, consumer finance, research and consultation, and digital finance, ranking among the top 30 banks in the world and Fortune Global 500. Upholding a customer-oriented service principle, Industrial Bank pursues a multi-channel and multi-market approach, and continuously expands its services. Currently, it has 45 tier-one branches (including Hong Kong Branch) and 2,019 branch agencies. It has established correspondent bank relationships with more than 1,400 banks around the world, and created well-functioning online channels such as online banking, telephone banking, mobile banking and WeChat banking, forming a nationwide customer service network that features both online service and offline outlets along with domestic and overseas connections. Industrial Bank has built up a cross-market financial service system integrating online and offline banking, domestic and foreign currencies, offshore and onshore finance and investment and financing.

## Corporate governance

### Board of Directors

Diversified composition of the Board of Directors: By the end of 2019, the Board of Directors has 14 members, among whom five are equity directors, four are executive directors, and five are independent directors. This diversified structure in terms of professions, regions and occupations is favorable for the Board to take a wider view during decision-making and make decision-making more reasonable and targeted for the Bank's sustainable development.

A tailor-made organizational structure: The Board of Directors has five committees, namely, the Strategy Committee, Risk Management and Consumer Rights & Interests Protection Committee, Audit and Related Party Transactions Control Committee, Nomination Committee, and Remuneration Assessment Committee. The chairmen of the four committees other than the Strategy Committee are all independent directors. All the five committees give full play to their professional advantages and have done a good job in assisting the Board when making decisions. The main opinions of the committees are circulated to all directors and supervisors by their chairmen at the Board meetings before the Board makes decisions.

Carefully selected expert independent directors: The Bank has five independent directors, all of whom are nominated by the Board. The five directors have their own expertise. They are supplementary to each other in professional knowledge and duty performance experience. With a reasonable composition, the independent directors have no relations that may affect their independent judgment with principal shareholders and the management. Independent directors mainly focus on the interests of the Bank and all its shareholders, especially minority shareholders, and offer independent and objective suggestions on director nomination, appointment and dismissal, senior executive appointment or dismissal, executive compensation, related party transaction, profit distribution, external auditor appointment and other major issues.

### Board of Supervisors

The Bank has eight supervisors, including two equity supervisors, three employee supervisors and three external supervisors by type. The Board of Supervisors has two special committees, namely, the Supervision Committee and the Nomination, Remuneration and Assessment Committee. Their chairmen are both external supervisors.

### ESG management

As its policy-making organ, the Board of Directors of Industrial Bank assumes the ultimate responsibility for the whole bank's business development and risk management, and therefore it acts as the supervisor on the effective fulfillment of management responsibilities of the senior executives and related organizations in terms of identifying and managing economic, environmental and social impacts, risks and opportunities as well as carrying out relevant due diligence. The Board of Directors continued guiding and encouraging the management to proactively explore various ways in fulfilling social responsibilities, establish a long-term mechanism for sustainable development, and provide professional products and services to facilitate environmental protection, enhance social well-being and help build an ecological civilization and a Beautiful China. In addition, the Board of Directors paid attention to the fulfillment of social responsibilities on the strategic level and established value criteria, corporate culture and theory of business centered on sustainable development.



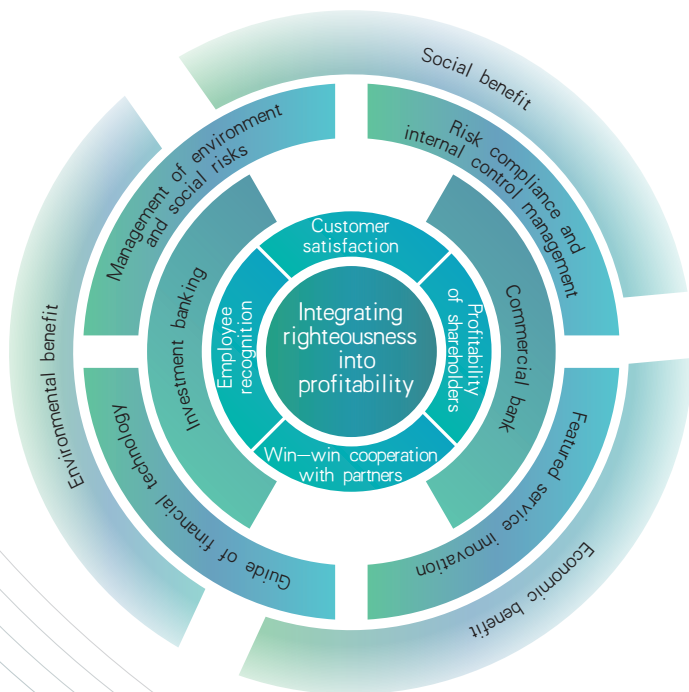


# “Integrating Righteousness into Profitability” and Promote Development via Sustainable Development Strategies

## Strategies and models of sustainable development

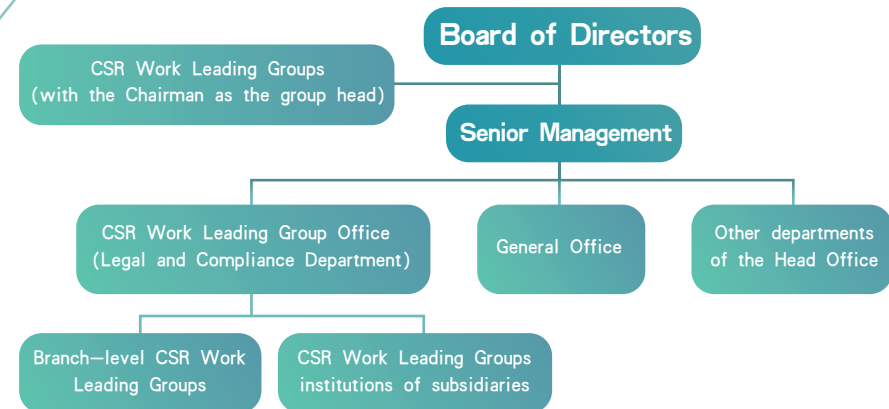
### Corporate governance idea of sustainable development

The understanding of the relationship between social responsibilities of the Bank and the sustainable development of the the Bank itself is deepened to explore multiple ways of promoting the Bank to practice its social responsibilities and establishing good relationship between harms and nature, environment and society harmoniously.



## CSR management system

### Organizational structure of social responsibilities



### Organizational management mechanism for social responsibilities

#### Responsibility governance

The Bank has arranged organizational structures and working mechanisms at the levels of the Board of Directors, senior management and respective departments. The responsibilities of “studying and formulating the strategies and policies for social responsibilities and sustainable development of the Bank, and supervising, inspecting and assessing the performance of social responsibilities of the Bank” have been included in the Articles of Association.

The Strategy Committee of the Board of Directors is responsible for approving the CSR strategies, green credit, and environmental and social policies related to the Bank’s sustainable development and hearing the reports from the senior management.

The senior management are responsible for taking the lead in managing CSR work and requesting the Board of Directors to deliberate on the sustainable development reports and hear the reports on corporate CSR performance.

#### Implementation and coordination mechanism

CSR Work Leading Group Office (implemented by the Legal and Compliance Department of the Head Office) takes the lead in organizing CSR work.

Related business and management departments of the Head Office serve as members of the CSR Work Leading Group to jointly promote social responsibility work of all business lines and management departments.

Branches establish their own CSR Working Leading Group to take the lead in organizing and coordinating branches in social responsibility work.

Subsidiaries participate in social responsibility work jointly.

Embed CSR management into all business lines and management departments continuously and effectively, specialize management institutions, and normalize the coordination mechanism between the Head Office and branches as well as between the parent bank and the subsidiaries.

#### Capacity building

“Internet Institute”, the electronic training platform of the Bank, offers the special online course of “banking corporate social responsibility and sustainable development”. Also, the Bank enhances employees’ sense of social responsibility and popularizes the CSR management system and methods of the Bank via social responsibility training.

# Key Issues — Enhancing Interaction between Stakeholders

## Procedures for assessment of key issues

In 2019, the Bank analyzed the key issues on the Group's social responsibilities. Via stakeholder surveys, the Bank identified key issues on sustainable development, and learnt about the concerns of all parties about corporate governance, economy, environment and social performance and employee rights and benefits of the Bank. The procedures for importance analysis are as follows:

### Identification of main stakeholders

The Bank has identified six main stakeholders according to multiple factors including the Sustainable Development Goals of the United Nations, international standards for social responsibilities, typical features of financial industry, and the experience in social responsibility practice of the Bank.

### Determination of issues

The Bank collected main issues related to operation and management of the Bank via routine dialogues and communication with stakeholders as well as related media coverage.

### Assessment

The Bank distributed questionnaires to determine the concerns of all parties about these issues.

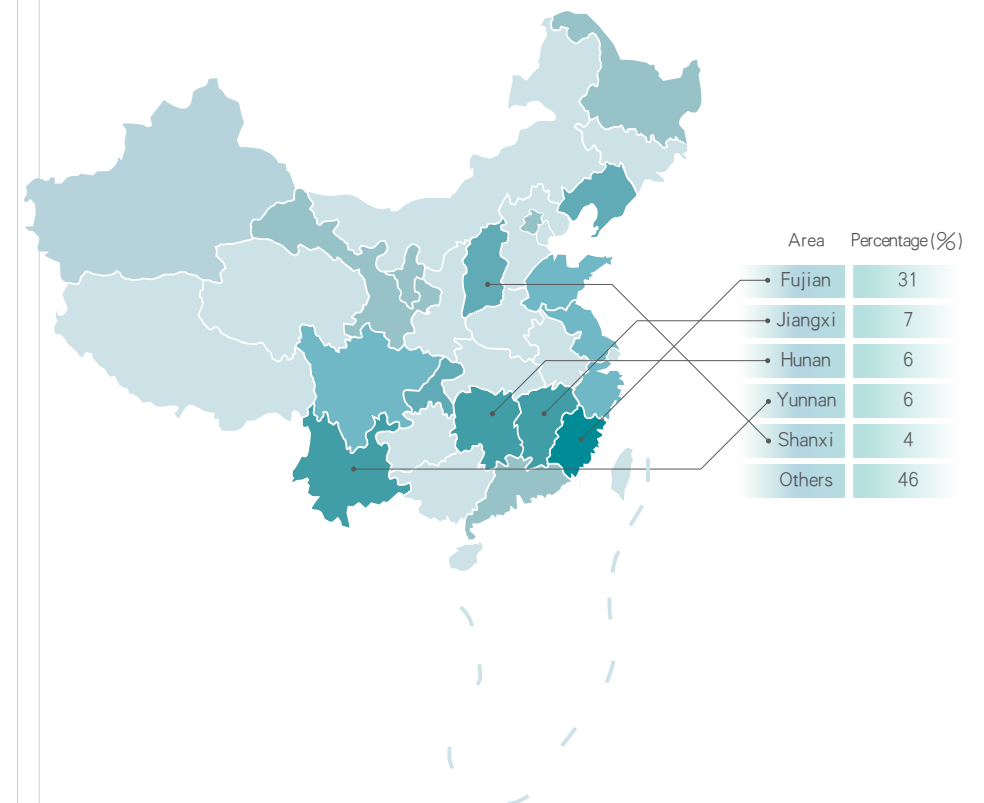
The Bank convened internal expert meetings to assess the influence of these issues.

The Bank determined 24 issues concerning corporate governance, employee rights and benefits, economy, environment and social performance.

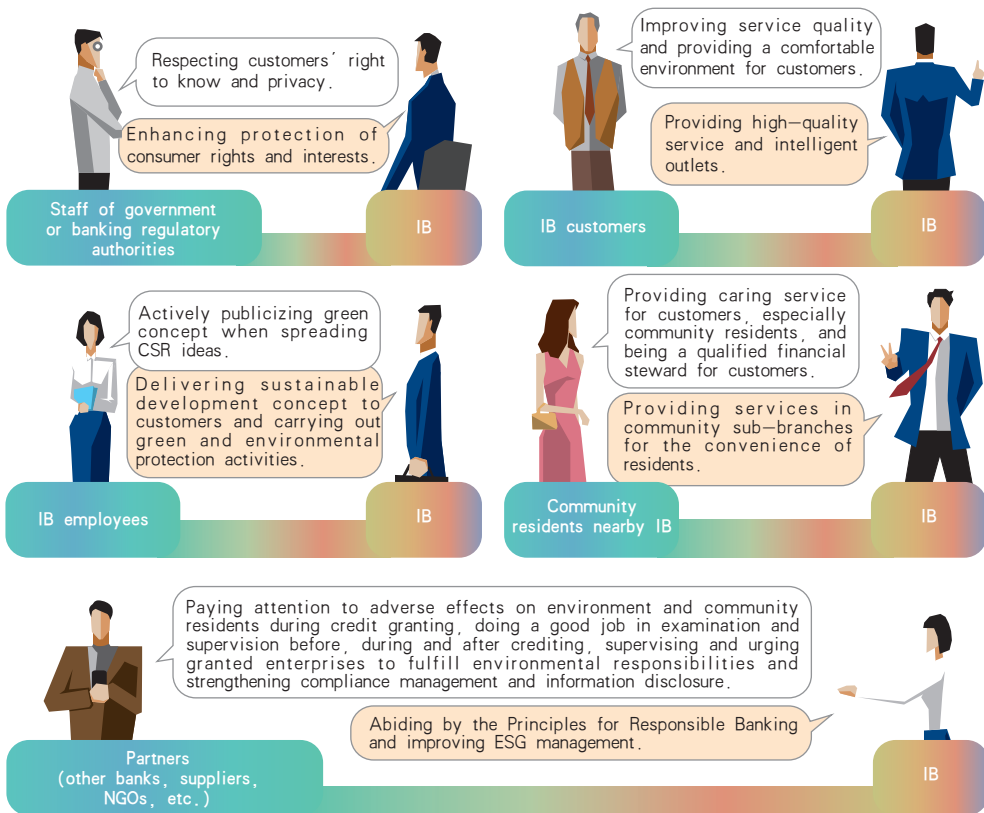
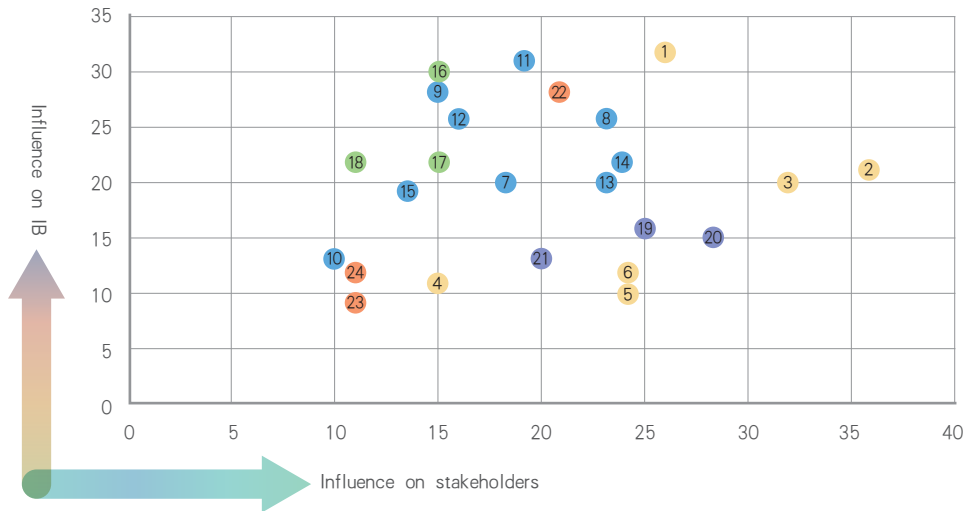
Grouping distribution of questionnaires collected from stakeholders

Grouping	Percentage (%)
Staff of government or banking regulatory authorities	2
IB shareholders	0.3
IB customers	14.1
IB employees	75.7
Community residents nearby IB	5.9
Partners (other banks, suppliers, NGOs, etc.)	2

Regions of stakeholders covered all provinces, province-level municipalities and autonomous regions of China. Among them, top five provinces, municipalities and autonomous regions by the number of copies collected were Fujian, Jiangxi, Hunan, Yunnan and Shanxi.









### Matrix of key issues



















- 1 Strategic objective of sustainable development and its implementation
- 2 Improvement of the risk management system of the Bank
- 3 Enhancement of the compliance and internal control management of the Bank
- 4 Practice of building a stronger sense of social responsibilities
- 5 Measures of the Bank for combating corruption and upholding integrity
- 6 How the Bank communicates with and feeds back to its employees, customers, community residents and other related parties
- 7 Practice of implementing the "Belt and Road Initiative" of the country by the Bank
- 8 Measures of the Bank for serving the real economy
- 9 Performance of the Bank, such as revenue and net profit
- 10 Protection of rights and benefits of minority shareholders and maintenance of relationships with investors
- 11 Innovative products and services via financial technology
- 12 Innovative products and services in private banking and financial market (including private banking, asset management, wealth management, asset custody, investment deal, interbank finance, etc.)
- 13 Measures of the Bank for better customer service experience
- 14 Measures of the Bank for protecting customer rights
- 15 Provision of dedicated services and facilities for vulnerable groups
- 16 Innovative products and management measures of the Bank for green finance
- 17 Measures of the Bank for stronger environmental and social risk management
- 18 Participation in implementing international rules for sustainable development
- 19 Measures of the Bank for employee training and vocational development planning
- 20 Practice and cases of rights, benefits and welfare of employees of the Bank
- 21 Cases of creating excellent corporate culture by the Bank's branches
- 22 Products and services for people's well-being (such as housing, education, pension, wealth management, and sports and health)
- 23 Practice of publicizing financial knowledge
- 24 Innovative measures of community sub-branches for residents' convenience

## Active interaction with stakeholders to improve information transparency

The Bank maintains smooth communication with stakeholders, such as external regulators, shareholders, customers, employees, community residents and partners, and responds to related demands. According to the matrix of key issues, the Bank identified 24 key issues, and took corresponding measures to respond to concerns according to the Sustainable Development Goals (SDGs) of the United Nations. Meanwhile, the Bank disclosed information via multiple channels to improve information transparency.

Stakeholders	Key issues	Corresponding SDGs	Our responses and measures	Our disclosure channels
Staff of government or banking regulatory authorities	Improvement of the risk management system of the Bank Enhancement of the compliance and internal control management of the Bank Measures of the Bank for combating corruption and upholding integrity	 8. Decent work and economic growth  13. Climate action  16. Peace, justice and strong institutions  17. Partnerships for the goals	For details, please refer to the Management section	Annual Sustainable Report (Annual CSR Report)
IB shareholders	Strategic objective of sustainable development and its implementation Practice of building a stronger sense of social responsibilities Performance of the Bank, such as revenue and net profit Protection of rights and benefits of minority shareholders and maintenance of relationships with investors How the Bank communicates with and feeds back to its employees, customers, community residents and other related parties	 8. Decent work and economic growth  13. Climate action	For details, please refer to the Management and Development sections	Reading materials of "Green to Gold" CSR Special Issue
IB customers	Practice of implementing the "Belt and Road Initiative" of the country by the Bank Measures of the Bank for serving the real economy Innovative products and services via financial technology Innovative products and services in private banking and financial market (including private banking, asset management, wealth management, asset custody, investment deal, interbank finance, etc.) Measures of the Bank for improving customer service experience	 3. Good health and well-being  4. Quality education  8. Decent work and economic growth  9. Industry, Innovation and infrastructure  10. Reduced inequalities  11. Sustainable cities and communities	For details, please refer to the Development and Environment sections	The column of "Corporate Social Responsibility (CSR)" on the official website <a href="http://www.cib.com.cn/cn/home/hot/social.html">http://www.cib.com.cn/cn/home/hot/social.html</a>

Stakeholders	Key issues	Corresponding SDGs	Our responses and measures	Our disclosure channels
IB customers	Measures of the Bank for protecting customer rights Provision of dedicated services and facilities for vulnerable groups Innovative products and management measures of the Bank for green finance	 13. Climate action  17. Partnerships for the goals		
IB employees	Measures of the Bank for employee training and vocational development planning Practice and cases of rights, benefits and welfare of employees of the Bank Cases of creating excellent corporate culture by the Bank's branches	 3. Good health and well-being  4. Quality education  5. Gender equality  8. Decent work and economic growth	For details, please refer to the section of Giving back to the Community	The column of "About IB" on the official website <a href="http://www.cib.com.cn/cn/aboutCIB/about/news/">http://www.cib.com.cn/cn/aboutCIB/about/news/</a>
Community residents nearby IB	Products and services for people's well-being (such as housing, education, pension, wealth management and sports and health) Practice of publicizing financial knowledge Innovative measures of community sub-branches for residents' convenience	 1. No poverty  2. Zero hunger  4. Quality education  6. Clean water and sanitation  10. Reduced inequalities  11. Sustainable cities and communities	For details, please refer to the sections of Development and Giving back to the Community	WeChat official account
Staff of government or banking regulatory authorities IB customers Partners (other banks, suppliers, NGOs, etc.)	Measures of the Bank for enhancing environmental and social risk management Participation in implementing international rules for sustainable development	 6. Clean water and sanitation  7. Affordable and clean energy  12. Responsible consumption and production  13. Climate action	For details, please refer to the Development, Environment, and Practice sections	The Bank disclosed 482 articles of CSR reports via national key media agencies such as People's Daily, Xinhua News Agency, Economic Daily, China National Radio and CCTV, as well as more than thirty media outlets such as sina.com, sohu.com, news.qq.com, 163.com and ifeng.com.

## Topic: A Responsible Bank with Upgraded ESG Ratings

The Bank has always adhered to a sustainable development strategy, paid attention to environment, society, corporate governance and other factors during self-development, and actively fulfilled its social responsibilities to facilitate the sustainable development of economy and society.

### High angle – one of the first banks signing up to the PRB of UNEP

Industrial Bank has always been actively exploring the field of sustainable finance to keep in step with the trend. On September 22, 2019, the Principles for Responsible Banking were officially launched by the United Nations Environment Programme Finance Initiative (UNEP FI) in New York City during the annual United Nations General Assembly. The Principles provide the framework for a sustainable banking system, and help banks to create value for both their shareholders and society and build trust with investors, clients, employees, as well as society. As one of the first banks signing up to the Principles, Industrial Bank pledged its commitment to aligning its banking strategy with the Paris Agreement, the United Nations sustainable development goals (SDGs) as well as individual demands and social goals of various countries. With unremitting efforts, Industrial Bank remains in the forefront of the sustainable banking industry along with other globally leading responsible banks including Citibank and Standard Chartered.

"Industrial Bank adheres to 'integrating righteousness into profitability' and combines CSR with commercial activities. As one of the first banks signing up to the Principles for Responsible Banking, Industrial Bank will continue to facilitate the sustainable development of economy and society while achieving our own sustainable development.

— Tao Yiping, President of Industrial Bank

### High grade – upgraded to A by MSCI-ESG

MSCI-ESG Ratings aim to measure a listed company's resilience to potential ESG risks. The procedures include information collection analysis and rating and consultation of feedbacks from the listed company. And the final rating results are generated based on comparisons among enterprises of the same trade, in a bid to provide a more convenient and valuable investment basis for investors. Based on the objectiveness, fairness, practicality and openness of its indexes and ratings, MSCI has become one of the most adopted benchmark indexes by global investment managers, providing an important basis for global major asset managers for investment decision-making and data analysis. MSCI-ESG Ratings on the banking industry are based on the public data of 217 banks globally, covering 37 key issues on ESG examined weekly.

The Bank's practices in sustainable development are highly recognized in the market. In 2018, 234 Chinese A-shares, including Industrial Bank, were officially included into the MSCI Emerging Market Index and MSCI ACWI Index. In addition, the Bank was upgraded from BBB in 2018 to A in 2019 by MSCI-ESG Ratings for its outstanding performance in sustainable finance practice, corporate governance and information disclosure.

The scoring result of MSCI-ESG Ratings indicated that Industrial Bank stood out as an industry leader in terms of green finance, stakeholder communication, inclusive finance and corporate governance. In terms of green finance, MSCI believed that Industrial Bank gave full play to its advantage as a bellwether in green finance, and in particular, as one of the few equator banks in China, the Bank carried out fruitful due diligence on credit service and formed a systematic and whole-process environmental and social risk management system.

### High quality – branches achieved annual CSR objectives

The upgrading by MSCI-ESG Ratings would have not been possible without the outstanding practice of the Bank in social responsibilities. In 2019, its branches well achieved their CSR objectives set at the beginning of the year, covering corporate governance, rights, benefits and welfare of employees, access to finance, community service and other ESG issues.



## Social responsibilities of branches in 2019

### Hohhot Branch Objectives Performance

To increase RMB 2 billion of loan supply for private enterprises in 2019. ▶ By the end of 2019, loan balance of private enterprises of the Branch was RMB 9.556 billion, and the number of customers of private enterprise loan was 361.

### Taiyuan Branch Objectives Performance

To optimize "online + offline" cross-border financial settlement process to improve trade financing level and serve "going global" enterprises in Shanxi Province. ▶ The Branch had handled the signing of "single window" tripartite agreements for 10 import and export enterprises within its jurisdiction already. Via the EasyTrade system, it handled 92 deals of cross-border settlement, with a total amount of USD 2.32 million, which saved formality costs for "going global" enterprises in Shanxi Province.

### Quanzhou Branch Objectives Performance

To reduce the financing costs of small and micro businesses, and the loan renewal without repayment of the principal is predicted to save RMB 1 million in costs for enterprises annually. To further reduce the loan rate of one-man businesses, with a minimum of 5.22%, in order to tackle the difficulties and reduce the cost of financing for individual businesses and small and micro businesses. ▶ In 2019, the amount of loan renewal without repayment of the principal of the Branch was RMB 347 million, which accumulatively saved financial costs of RMB 1.0425 million for enterprises. The Branch enhanced preferential policy on loan rate for one-man businesses in 2019, with an accumulative supply amount of nearly RMB 3 billion, which saved about RMB 2.56 million in financing costs for small and micro businesses and individual businesses.

### Chengdu Branch Objectives Performance

To donate RMB 100,000 for infrastructure construction in Danba County, carry out professional skill trainings for poor individuals in Danba County, issue poverty alleviation loans for individuals, and purchase local agricultural products from Danba County and Meigu County in the form of "donation by purchase". ▶ In combination with the unique local resources of Danba County, the Branch launched the "Nine Ones" poverty alleviation project targeted at Danba County through measures specific to different villages, households and individuals. The Branch was awarded as an advanced unit in financial poverty alleviation in 2018 by CBIRC Sichuan Office.

### Hangzhou Branch Objectives Performance

To organize 30 employee volunteer activities, carry out "Charity Day" activities and a blood donation event among employees. ▶ The Branch organized 367 employee volunteer activities, 14 "Charity Day" activities and 4 blood donation events among employees.

### Chongqing Branch Objectives Performance

To build 2 community sub-branches, to regularly hold community activities, and various outlets to carry out weekly customer workshops on financial knowledge, anti-fraud, festival celebration, health, parent-child interaction and hobbies for at least 1,500 times all year round. ▶ Various outlets regularly carried out community workshops. According to the actual outlet planning of the year, one new community sub-branch was built.

### Zhengzhou Branch Objectives Performance

To speed up the promotion of "Loans for Science and Technology" and "Loans for Science and Technology" programs that target the needs of small and micro technology enterprises while sharing risk with government. ▶ By the end of 2019, the Branch successively signed the "Loans for Science and Technology" business cooperation agreement with the Henan Provincial Department of Science and Technology, "Loans for Science and Technology in Zhengzhou" business cooperation agreement with the Zhengzhou Municipal Science and Technology Bureau and "Gao Ke Dai" business cooperation agreement with the Management Committee of Zhengzhou National High & New Technology Industries Development Zone, respectively. By the end of January 31, 2020, the Branch filed RMB 85 million of "Loans for Science and Technology in Zhengzhou" business to the Zhengzhou Municipal Science and Technology Bureau, involving 9 customers.

### Zhangzhou Branch Objectives Performance

To carry out "IB Giving a Hand" public benefit activities every two months, select some 10 poor families around the designated outlets of the Branch and distribute supplies to the recipients on the 18th day of the activity month. ▶ "IB Giving a Hand" public benefit activities were successfully carried out.

### Urumchi Branch Objectives Performance

To carry out 8 publicity events on financial knowledge, and carry out credit investigation publicity events during the "3.15, Day for Consumers' Rights" and "6.14, Day for Caring about Your Credit Records", in order to further promote the building of social credit system and enhance the public's credit investigation knowledge and consciousness of rights safeguarding. ▶ The Branch carried out 8 publicity events on financial knowledge, including the "March 15th Publicity Event", "Financial Knowledge Enters Every Household", "Financial Knowledge Enters Every Campus" and "Thousand-Mile Journey to Publicize Financial Knowledge".

### Xining Branch Objectives Performance

To organize employee volunteer activities three times in local special schools and donate RMB 20,000 to these schools. ▶ The Branch organized employee volunteer activities three times in local special schools and donated money to these schools.

### Hong Kong Branch Objectives Performance

To carry out 5 sessions of risk management training and 4 sessions of compliance training. ▶ The Branch's Risk Management Department carried out 6 sessions of risk management training. The Branch's Legal and Compliance Department carried out 6 sessions of compliance training.

### Shijiazhuang Branch Objectives Performance

To carry out 2 sessions of risk management training and 3 sessions of compliance and internal control training. ▶ The Branch carried out 2 sessions of risk management training and 3 sessions of compliance and internal control training as planned.

### Fuzhou Branch Objectives Performance

To carry out compliance and internal control training for the "IB Voyage" demonstration year of operation compliance. ▶ The Branch carried out events focusing on "IB Voyage" demonstration year of operation compliance to enhance employees' compliance education management.

### Nanjing Branch Objectives Performance

To promote at least 3 outlets within its jurisdiction to be "star level" model outlets in the banking industry in 2019, and strengthen hardware upgrading at the outlets and optimize the traffic flow design for service. ▶ Jiangning Sub-branch of Nanjing Branch, Business Department of Yancheng Branch and Business Department of Huai'an Branch were rated to be five-star, four-star and three-star outlets respectively.

### Lanzhou Branch Objectives Performance

To organize the persons in charge of the Branch's assistance work to visit the households in need and send regards to them before the Spring Festival. ▶ Relevant personnel visited households in need and sent regards to them before the Spring Festival.

### Wuhan Branch Objectives Performance

To hold a wide range of activities among employees. ▶ The Branch held the "Outstanding Youth" Speech Contest, "Health Life, Happy Work" Outdoor Hiking Competition, "IB Voyage, IB Service and IB Power" Service Competition and other events.

### Dalian Branch Objectives Performance

To launch publicity and education activities on telecommunication and internet fraud and anti-money laundering in rural areas. ▶ The Branch organized publicity and education activities on anti-money laundering and telecommunication fraud in rural areas around Dalian to help villagers enhance their sense of security and protect money security.

# Steady Operation Leads to Sustainable Development: Risk Control and Compliance Management Ensures Steady Financial Supply

Risk control is the lifeblood for banks, as well as an important part for the value of financial products and services. As a key link in the financial business chain, it determines the efficiency and quality of financial supply. So far, Industrial Bank has established and is continuously improving a distinctive risk control and compliance management system.

## Deepening reform in risk management system

Industrial Bank keeps deepening reform in its risk management system and has established three risk defense lines with clear assignment of responsibilities, namely the front, middle and back offices, which discipline and promote each other. The middle office, in particular, features highly standardized, professionalized and fine management.

- Established a credit decision-making and review mechanism targeted at the Bank's traditional services, and established a differentiated investment decision-making and review mechanism targeted at emerging services in the financial market;
- Strengthened on-balance sheet risk management and set up the wealth management subsidiary - IB Wealth Management Co., Ltd., to establish a relatively independent off-balance sheet risk management system;
- Paid high attention to risk management of normal assets, established a complete system for special assets operation and set up a special assets disposal platform outside the banking system - China Industrial Asset Management Co., Ltd, to further improve risk management capacity;
- Held fast to the responsibilities of the secondary risk defense line, namely, the middle office, and set up a due diligence center to move up some of the responsibilities of the middle office and risk control gates and strengthen verification of information authenticity in credit business.

So far, the Bank's standardized risk control mechanism, professionalized risk control personnel and fine division of labor have strongly guaranteed the steady and orderly operation, relatively low non-performing loan ratio, and sufficient provision coverage of the Bank.

In the meantime, Industrial Bank keeps pushing ahead its professional capacity building based on the existing professional risk control system.

- Further strengthened training on risk management personnel and established a assessment mechanism for professional approval officers and a professional risk control team to enhance the pressure and impetus for improving capacity;
- Further strengthened punishment on risk problems, continuously optimized the accountability system, and established a fault tolerance and error correction system to guarantee practical liability exemption for diligent fulfillment of duties while pushing staff to strictly observe the laws and disciplines and never underestimate risks, thus creating a favorable environment for steady and sound development.

## Improving the management of compliance and internal control

In 2019, the Bank adhered to the general work guideline of making steady progress and seeking innovation and perfection and focused on the key links in risk management to continuously enhance legal and compliance work guided by the principles of practicality, stability and integration.

### Effective prevention and control of money laundering risks

In 2019, the Bank actively implemented opinions of the General Office of the State Council on improving the regulatory systems and mechanisms against money laundering, terrorist financing and tax evasion, took the initiative to adapt to the anti-money laundering situation of "strong regulation and strict accountability" and carried out comprehensive anti-money laundering training and education to help employees enhance their awareness and professional skills of anti-money laundering and compliance management.

- Produced and released 8 issues of mini-courses on anti-money laundering in IB's WeChat official account "IBAML", covering payroll credit, agent service, fund transfer from enterprise account to individual account and other aspects, with accumulative number of viewers exceeding **100,000**.
- Made full use of new media. A number of forms, such as Tianjin clapper talk, award-winning quiz, cartoon and short video, were used to comprehensively and thoroughly raise anti-money laundering awareness and related laws and regulations, and the situation of the fourth round of mutual assessment of FATF on China's anti-money laundering work.
- Carried out on-site centralized training on anti-money laundering. The training content included situation analysis of regulation on anti-money laundering at home and abroad, regulation policies and systems of anti-money laundering, case analysis of anti-money laundering, key emphasis in anti-money laundering work recently, risk control in money laundering and terrorist financing, among others.



### Intellectual property protection

	2019
Number of participants in intellectual property training	1,786
Number of new media accounts subject to advertising inspection	244

The Bank pays high attention to intellectual property management. On the one hand, the Bank has established complete IP management standards and a multi-level integrated IP management system to support and guide the Bank's institutions at all levels to carry out IP creation, right application and maintenance in an effective and standardized manner. Also, it pays attention to preventing and coping with external infringement on the Bank's IPRs.

On the other hand, the Bank published the Measures of Industrial Bank for the Administration of News and Publicity Work, established a complete mechanism for the management, information examination and release of advertising-related new media accounts. It also carried out special inspection on the Bank's new media accounts on latent risks in advertising-related intellectual property, in order to prevent IP infringement risks.

### Strengthening inspection and supervision and internal control evaluation

The Bank formulated the Measures of Industrial Bank for the Administration of Internal Control Inspection, the Measures of Industrial Bank for the Administration of Internal Control Supervision and other norms for internal control inspection, and strengthened internal inspection in key businesses and major internal control management fields, as well as special inspection covering multiple business management fields, in order to serve the operational transformation of the whole bank, standardize business management and prevent and resolve risks.

In the meantime, the Bank strengthened "suitability" evaluation on internal control process. It collected a total of 1,204 suggestions on process improvement and continuously improved its internal control system via special deliberation at internal control meetings and other ways.



Case “IB Voyage” Activity continuously implemented to foster a compliance culture

In 2019, the Bank launched the “IB Voyage” special events for the demonstration year of operation compliance. It organized **more than 300** publicity activities on issues such as “chief managers’ speeches on compliance”, “primary-level compliance publicity”, “compliance competitions”, “compliance training”, released **more than 100** compliance risk warnings, and launched **10** “Compliance Classroom” live streaming sessions, with a total of more than **40,000** participants; carried out month-long learning activities on compliance & internal control and case prevention & control, and released nearly **50** compliance courses online, with an average of nearly **40,000 people** completing the learning; carried out the “Operate Compliantly and Legally” essay competition that collected **more than 400** essay entries; and held the “Bearing Injunctions and Compliance in Mind” compliance knowledge contest within the Group, with a total of **35,000** participants.

Cases of branches



- Chengdu Branch produced a promo video of risk compliance managers to set up an exemplar for compliance

In the promo video, all the 49 risk compliance managers from the Branch’s administrative departments and institutions appeared in front of the camera. Seven of them who won the title of Excellent Risk Compliance Managers disseminate the idea of compliance with their own understandings.



- Xiamen Branch launched “IB Voyage” achievement exhibition & selection of excellent compliance-themed works by employees

Xiamen Branch launched the “IB Voyage – Three-stage Compliance Management” achievement exhibition, and selected and awarded the compliance-themed works of employees over the three years.



- Beijing Branch launched the 2nd “Promoting Transformation, Strengthening Service and Fulfilling Compliance” Speech Contest

A total of 24 contestants from 11 departments and 13 operating agencies of the Branch participated and expressed their understanding of the compliance culture concept.

- Shanghai Branch launched the “IB” Integration · “IB” Speed Cross-city Orienteering



More than 1,000 employees of the Branch participated, including nearly 200 teams in 10 themed pathways. All the themed pathways contained a compliance-related Q&A link, with the purpose of enhancing employees’ compliance and internal control knowledge for a stronger compliance culture while enjoying the competition.



- Wuhan Branch held a debate competition on high-quality and leaping development with the theme of “Remain True to Our Original Aspiration and Keep Our Mission Firmly in Mind”

Various departments of the Branch collected debate topics in combination with their actual situations, and candidates were carefully selected from the departments. The debate topics mainly focused on the correlation between business development and risk compliance, the connection between internet finance and traditional financial institutions and career planning for young employees, among others.



- Works on publicity of operation compliance created by employees of Guangzhou Branch

## Combating Corruption and Upholding Integrity

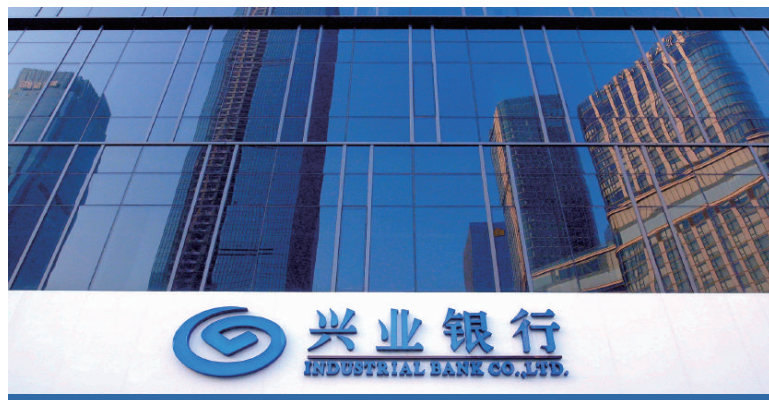
	2019
Number of trainings on anti-corruption policies	363
Number of participants in anti-corruption training	56690

- Multiple forms of anti-corruption education. The Bank established a publicizing platform for anti-corruption education, organized 15,000 employees to watch films with the anti-corruption theme via its online mobile learning platform “IB Knowledge”, and organized study and tests of anti-corruption knowledge and visits of anti-corruption education bases, in order to enhance the integrity awareness of Bank managers at all levels.
- The Bank integrated the culture of clean administration into the building of the Bank’s compliance culture, and carried out a series of publicity activities on integrity risks, such as “chief managers’ speeches on compliance”, “Bearing Injunctions and Compliance in Mind” compliance knowledge contest.
- We have firmly promoted anti-corruption. For better integrity and self-discipline, the Bank organized special campaigns against the wrongdoings by leading executives’ spouses, their children and children’s spouses in doing business and seeking personal gain with rare and special resources. The Bank also tightened up integrity examination when selecting and appointing executives.
- We have identified compliance management problems early and corrected them while they were nascent. The Bank integrated and standardized the management of pre-appointment talks on anti-corruption, talks on warnings, talks on admonitions and talks on disciplinary punishment, and formulated the Measures of Industrial Bank for the Administration of Talks with Executives, in order to enhance anti-corruption education and warnings among them.

## Topic: Safety Compliance – IT Risk Management Won First-class Achievement Award

Upholding the strategy of “Building the Bank Strength through Science and Technology” firmly, Industrial Bank embraces financial technology to transform the role of IT from supporting operation to guiding business development and promoting business model transition. With 1,910 regular IT staff, the Group has invested RMB 3.565 billion in IT, a year-on-year growth of 24.66%. Guided by financial technology, the Bank is one of the few banks in China that have independent R&D capacity on core banking system and export core banking system technology. It provides core system custody service for more than 300 small and medium-sized banks and has become one of China’s largest suppliers of commercial bank information system. In the meantime, its system management capacity compatible with technology innovation has been gradually improved, and the Bank has completed the four major system certifications, namely Information Security Management System Certification, Operation and Management System Certification, Software Development Management Certification and Business Continuity Management System Certification, which are a strong support for its strategy of “Building the Bank Strength through Science and Technology”.

In 2019, CBIRC released the selection results of “Projects of IT Risk Management in Banking Industry of 2018”. Three projects of Industrial Bank stood out among the 355 approved projects for their innovativeness, practicality and generalizability. “Practices of Real-time Risk Control in E-finance Intelligent Transaction based on Big Data” and “Research on Cloud Computing Models and Cloud Practices in Financial Industry” won the First-class Achievement Award respectively, and “Exploration and Practice of Intelligent Operation of Commercial Bank Data Center Based on Traffic Perception” won the Second-class Achievement Award.



## Improving automation and intelligence level of risk control

Industrial Bank took the initiative to propose the goal of building a “Safe Bank”, laid emphasis on implementing national laws and regulations such as Cybersecurity Law, and improved information security system and customer information protection, in a bid to comprehensively improve its risk monitoring and early warning and protection ability in key areas.

The Bank explored and applied high-efficiency data processing techniques, machine learning methods and equipment fingerprint technique based on big data in upgrading its intelligent risk control system, and built a unified and efficient transaction risk management framework based on big data intelligent risk control system and the Group’s unified safe operation system, so as to improve the Group’s e-finance business security and the automation and intelligence level of risk control. Good results have been achieved in the Bank’s intelligent real-time risk control system embedded in the business system.

By the end of December 2019, the risk control platform had monitored a total of **3.182 billion** e-finance business transactions, blocked **1.3033 million** high-risk transactions of various kinds, with total amount of blocked transactions reaching RMB **5.653 billion**, and blocked **12.955 million** applications of illegal SMS verification codes, which saved a large quantity of operation cost and guaranteed fund security.

## Enhancing business continuity management

By continuously strengthening the construction of infrastructure and safety operation capacity, Industrial Bank has formed an integrated operation and maintenance system including 3 bases and 6 machine rooms. The master data center and other data centers work in parallel to provide services for customers, with consideration also being given to backup for disaster recovery and the distributed deployment of business system, forming large-scale, low-cost and high-reliability operation support. The data centers of the Bank passed the ISO22301 international standard certification and won the 2018 “Excellent Award of Operation Tenacity” issued by the British Standards Institution.

## Integrated development for new opportunities

IB Fintech Services Co., Ltd. (hereinafter referred to as IB Fintech), a financial technology subsidiary of Industrial Bank, built upon technology output via its existing Bank-Bank Platform to enrich business structure. It brought in the OpenStack cloud computing framework to apply cloud computing technology in cloud-based transformation while upgrading the existing technology output business. As required by financial industry on cloud computing as a special industry, IB Fintech proposed the capability maturity model (CMM) indicator system for the financial industry cloud services, and carried out empirical analysis in combination with its own practice to verify the feasibility and technical strength of this system. As a result, it formed a reasonable set of capacity maturity evaluation methods for the financial industry cloud services, which served as a reference for regulators to evaluate cloud service suppliers in the financial industry and provided scientific and effective methods for domestic financial institutions to select cloud services.

## Deepening institutional innovation

Following the development tide of the digital age, the Bank further deepened institutional reform in technology and made solid progress in effective cooperation and in-depth integration between technology and business departments, so as to enhance the responsive and innovative role of technology in the business and market. For example, it held the First IB Big Data & Computational Intelligence Competition to promote business and technology convergence and seek more innovative projects and talents. Business and technology lines, Head Office and branches, and the parent bank and the subsidiaries teamed up respectively to participate in the competition.



**Keep up**  
with Customer Expectations

## DEVELOPMENT

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- P30 Boosting the Services for Real Economy according to Actual Circumstances
- P35 Co-operating to Foster the Growth of Small- and Micro-sized enterprises in Private Economy
- P39 Topic: Providing Full Life Cycle Financial Services for Scientific Innovation Enterprises and Growing together
- P41 Diversified Finance: Promoting the "Belt and Road" and Opening to the Outside World
- P43 Creating Value and Repaying Shareholders
- P45 Topic: Financial Technology • Facilitating the Development of Inclusive Finance
- P50 Customer Center • Promoting Customer Service Experience
- P57 Topic: Focusing on Customers • Fully Protecting the Rights and Interests of Consumers



ESG indicators	
	<ul style="list-style-type: none"> <li>• Transparency in service pricing information disclosure</li> <li>• Improving complaint management system</li> <li>• Privacy &amp; data security</li> <li>• Access to financ</li> </ul>
SDGs	
 3. Good health and well-being	 4. Quality education
 8. Decent work and economic growth	 9. Industry, Innovation and infrastructure
 10. Reduced inequalities	 11. Sustainable cities and communities
 13. Climate action	 17. Partnerships for the goals
Specific data	
2019	
Loan balance for supporting strategic emerging industries	RMB 142.381 billion
Loan balance for servicing science innovative enterprises	RMB 220 billion
Loan balance for servicing private enterprises	RMB 738.835 billion
Balance of loans to small- and micro-sized enterprises	RMB 634.867 billion
Number of customers concerning loans to small- and micro-sized enterprises (Account)	81,759
Customer satisfaction	99.66%
Number of outlets with accessible routes	1,336
Number of outlets with courtesy counters	1,321
Number of "Smart Counter" devices	4,942
Registered users of the "Hao Xing Dong" app	12 million
Accumulated transaction amount of the "Industrial Keeper" app	Over RMB 1 trillion
Total assets	RMB 7.15 trillion
Net profit attributable to shareholders of the parent company	RMB 65.868 billion
Social contribution value per share	14.00

[ The "Social Contribution Value Per Share" in this report is calculated on the basis of the Notice on Strengthening the Social Responsibility of Listed Companies and Issuing of the Guidelines on Environmental Information Disclosure of Listed Companies on the Shanghai Stock Exchange issued by the Shanghai Stock Exchange on May 14, 2008. Specifically, the Social Contribution Value Per Share = earnings per share + (tax amount + employee expense + interest expense + total public welfare input - social cost)/ total capital stock at the end of the term. ]

## Boosting the Services for Real Economy According to Actual Circumstances

In 2019, the Bank continued to serve the foundational real economy. Focusing on key areas such as the Beijing-Tianjin-Hebei region, Yangtze River Economic Belt and Guangdong-Hong Kong-Macao Greater Bay Area, the Bank targeted efforts on key industries including high-end manufacturing, infrastructure construction and information technology for the coordinated development of China's economy.

### Boosting local economy

Distribution of banking outlets nationwide (numbers of outlets) 155 branches (including 110 secondary branches) and 2019 branch offices

Regional divisions are as follows:

**Western China:** 12 provinces (autonomous regions and municipalities directly under the Central Government), including Guangxi, Chongqing, Sichuan, Guizhou, Yunnan, Tibet, Shaanxi, Gansu, Qinghai, Ningxia, Xinjiang and Inner Mongolia;

34 branches (including 22 secondary branches) and 435 branch offices

**Northeastern China:** 3 provinces, Heilongjiang, Jilin and Liaoning.

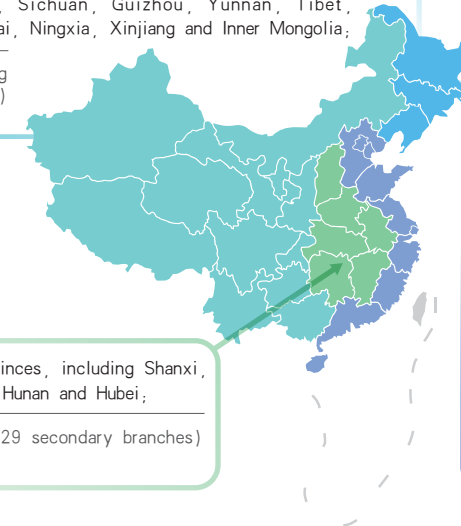
12 branches (including 8 secondary branches) and 128 branch offices

**Eastern China:** 11 provinces (municipalities directly under the Central Government, special administrative regions), including Beijing, Tianjin, Hebei, Shanghai, Jiangsu, Zhejiang, Fujian, Shandong, Guangdong, Hainan and Hong Kong;

74 branches (including 51 secondary branches), 1,133 branch offices

**Central China:** 6 provinces, including Shanxi, Anhui, Jiangxi, Henan, Hunan and Hubei;

35 branches (including 29 secondary branches) and 323 branch offices



## Participating in the Coordinated Development of the Beijing–Tianjin–Hebei Region and Helping Building the Xiongan New Area

### Case Beijing Branch launched the “Industrial Bank Beijing–Tianjin–Hebei Scenic Sites & Cultural and Leisure Tourism Card”

The “Beijing–Tianjin–Hebei Scenic Sites & Cultural and Leisure Tourism Industrial Bank Card” was a debit card which combined the benefits of the Industrial Bank Enjoyable Life service and the benefits of the Beijing–Tianjin–Hebei Scenic Sites & Cultural and Leisure Tourism Yearly Card. Issued to customers over 50 years old in the Beijing–Tianjin–Hebei region, it is an attempt of Industrial Bank for extending elder–care financial services into elder–care tourism industry. The card not only covered the benefits of Industrial Bank Enjoyable Life in providing services including fees deductions and exemptions, deposit safeguard, insurance safeguard, health care and legal consulting for cardholders, but also included the tourism rights and benefits of the Beijing–Tianjin–Hebei Scenic Sites & Cultural and Leisure Tourism Yearly Card, worth more than RMB 30,000. The card allowed its holders to visit nearly 300 touring places in Beijing, Tianjin and Hebei free of charge.

In the meantime, the Beijing Branch also organized staff to offer door–to–door card application services for customers over the age of 50 in major communities, elderly universities, hospitals for elderly in Beijing, and therefore facilitating senior tourism in the Beijing–Tianjin–Hebei region.



A Beijing Branch service event of the Beijing–Tianjin–Hebei Scenic Sites & Cultural and Leisure Tourism Card

### Case Shijiazhuang Branch fully supported the coordinated development in the Beijing–Tianjin–Hebei region

Focusing on the historical opportunities of the coordinated development in the Beijing–Tianjin–Hebei region, Shijiazhuang Branch gave full support for the region’s transportation, industrial transference, functional relief, environmental governance, urban infrastructure construction and other projects; the Bank partnered with the Xiongan Construction Investment Group on public services and utility projects in the Xiongan New Area, especially the government purchasing programs such as village resettlement, compensation and relocation which conform to the national shantytown renovation policy. It also actively explored business opportunities in the restoration and watershed management of the Baiyangdian Lake, urban infrastructure and public service facility construction.

## Boosting the Construction of the Yangtze River Economic Belt

### Case Wuhan Branch boosted the high–quality development of Hubei Province with the “Commercial Banking + Investment Banking” mode

With the “Commercial Banking + Investment Banking” mode, Wuhan Branch further increased the supportive role of financial services in real economy, focused on key work in local economy and helped the key regional or industrial projects in Hubei Province, such as the Wuhan National Space Industry Base and the Optics Valley.

Since 2018, Wuhan Branch has contributed RMB 500 million to the Yangtze River Aerospace Industry Investment Fund twice and invested RMB 20 million to the Yangtze River Aerospace Fund Management Co., Ltd. (Fund Manager). As investment decision–maker of the Fund, Wuhan Branch prompted the Fund in investing in companies that have landed in Xinzhou District including the CASIC Rocket Technology Co., Ltd., the CASIC Space Engineering Development Co., Ltd. and Aerospace Xingyun Technology Co., Ltd.

In early December, 2019, Wuhan Branch entered into a strategic cooperation agreement with the East Lake High–tech Development Zone on providing RMB 50 billion of financing support to eight major industrial parks and tech startups in the Optics Valley within the next five years. Wuhan Branch will provide comprehensive financial products and services for the East Lake High–tech Development Zone through full financial services of the Group and by participating in the construction of industrial parks and giving priority to supporting small and medium–sized ech companies and financial reform in the Free Trade Zone. In the past three years, Wuhan Branch has invested more than 60 RMB billion in the Optical Valley.



Wuhan Branch entered into a strategic cooperation agreement with Hubei Provincial High–tech Industry Investment Co., Ltd.



Training Meeting on Special Loan Policy for the Government of the East Lake High–tech Development Zone

## Promoting the Revitalization of Northeastern China

### Case Benxi Branch actively solved the financing difficulties of small and medium–sized enterprises

Based on the characteristics of local economy and industries in Benxi, Benxi Branch continued to offer more targeted financial service products and models for small and medium–sized enterprises, including supply chain financing and factoring, commercial invoice discounting, and bank notes pool and so on. Focusing on the local leading enterprise Ben Gang Group Corporation, Benxi Branch helped solve financing difficulties for the Group’s upstream small and medium–sized suppliers to cut their financing cost through its product portfolio of discounted financial notes, commercial invoice guarantee and “bank notes pool” services.

Through its notes discounting business, Benxi Branch not only continued to increase its support for Ben Gang Group Corporation and its small and medium–sized suppliers, but also effectively reduced the level of discount rates. In addition, as Ben Gang Group Corporation brought in the commercial notes accepted by the core enterprises of Ben Gang Group Corporation as another payment and settlement method, Benxi Branch shortly launched the commercial notes discounting business. A total of RMB 398 million was processed in this method in 2019, which delivered better service to 43 upstream suppliers of Ben Gang Group Corporation throughout the year.

Promoting the Development of Middle and Western China

**Case** Chifeng Branch supported the “Ten Full Coverage” Project which benefited about 400,000 people

Though facing challenges such as need for large investment, difficulties in fund raising and organization, the “Ten Full Coverage” road hardening project has delivered many benefits to farmers and herdsman. To improve transport for them, Chifeng Branch has issued RMB 2 billion of loans to six counties in Chifeng Municipality including Balinzuo Banner, Linxi County, Wenniute Banner, Karaqin Banner, Yuanbaoshan District, Hongshan District. The money enabled road building of 7233.688 km in 1695 villages and benefited about 400,000 people. The project changed dirt roads into concrete roads for farmers and herdsman, which effectively improved the ecology and rural living environment.



Promoting the Construction of Greater Bay Area of Guangdong, Hong Kong and Macao

**Case** Shenzhen Branch supported the construction of Dual Areas and served the reform of state-owned enterprises

In a developmental tide driven by the “Dual Areas” program (i.e. the Pilot Demonstration Area and the Greater Bay Area), state-owned enterprises are an important engine for Shenzhen in building “Pilot Demonstration Area”. Shenzhen Branch visited the SASAC (State-owned Assets Supervision and Administration Commission) and some municipal and district-level state-owned enterprises in Shenzhen to learn about the comprehensive reform plan of state-owned assets and enterprises and the planning and construction information of key projects, so as to formulate a special service plan for key state-owned assets and enterprises in the reform. It also provided all-round financial services for municipal and district-owned enterprises, including facilitating the construction of smart cities, offering guidance to key industries, accelerating the transformation and upgrading of longstanding state-owned enterprises, strengthening the capital operation of state-owned enterprises, supporting the lending to state-owned enterprises, and actively participating in the bidding of investment and financing platform for state-owned enterprises. Since August 18, 2019, Shenzhen Branch has provided RMB 26 billion of financing support for more than 50 state-owned enterprises, including some centrally-administrated ones, and their subsidiaries.

**Case** IB’s first US dollar-denominated bond listed on MOX

In December 2019, under the background of the 20th anniversary of Macao’s return to China and the vigorous promotion of specialty finance in the Greater Bay Area of Guangdong, Hong Kong, and Macao, Qingdao Branch successfully issued 3-year US dollar-denominated bond of 300 million. With the Branch as the leading global coordinator for it, the bond was listed on ChongWa (Macao) Financial Asset Exchange (MOX) and was oversubscribed 5 times. It became Industrial Bank’s first US dollar bond listed on MOX in helping enterprises to expand across the whole country and worldwide.

Qingdao Branch kept close track on various enterprises with the demand for issuing overseas bonds within its business reach. In the meanwhile, it coordinated with Hong Kong Branch to visit customers actively to provide customized financing service programs regarding overseas bond issuance. Since 2019, the Branch has underwritten more than RMB 8 billion of debt financing instruments in Qingdao market and more than 1 billion US dollar-denominated bonds, in which Qingdao Branch all participated their issuance as a global coordinator. As the cornerstone investor, Qingdao Branch has accumulatively contributed nearly USD 500 million of cornerstone orders, hence played a significant supporting role in the successful issuance and pricing of US dollar-denominated bonds by issuers.

Promoting Strategic Emerging Industries

The Bank actively engaged in key areas in line with the national strategies on strategic emerging industries, which mainly include high-end and intelligent equipment manufacturing, new information technology, new energy, new materials, energy conservation and environmental protection industries with technological and market demand advantages and great growth potential.

2019	
Loan balance for supporting strategic emerging industry (RMB billion yuan)	1,423.81
Loans granted for supporting strategic emerging industries (RMB billion yuan)	1,125.52
Year-on-year growth of the loans granted for supporting strategic emerging industries (%)	1,147.5

**Case** Supporting landmark M & A project in domestic chip industry with high-efficiency financing

Will Semiconductor Co., Ltd., (hereinafter referred to as Will), is one of the few listed companies integrated semiconductor design and distribution business in China. OmniVision Technologies, Inc., is one of the top three image sensor CIS chip designing company in the world with its main business scope of designing, manufacture and sales of high-performance, high-integrated and cost-effective semiconductor image sensor equipment. The Will has formally completed its acquisition of OmniVision Technologies, Inc., after over a yearlong effort. The acquisition not only made Will become a leading domestic chip designing company in China, but also helped Will in lifting its competition barriers and enhancing its technical strength substantially. At present, the Will has become one of the listed semiconductor chip designing companies in China with the largest market value among them. Industrial Bank not only just provided efficient financial innovation and supporting for this acquisition, but also the first Bank that provided financing arrangements for acquisition before the Will completed its share exchange.

**Case** Building exclusive product service system by “point-to-point” innovation

Fujian Tietuo Machinery Co., Ltd. is a high-tech enterprise with business covering research and development, production and services of road maintenance machinery. To tackle financing challenges of the company, Industrial Bank provided it with the financing service of Fujian Technical Reform Fund which covered entire process including project scheme design, due diligence review, warehousing changing, agreement modification, mortgage registration, etc., and finally the company was given a 4-year credit line in the form of Technical Reform Fund with a total scale of RMB 100 million.

“The annual interest rate is as low as 3%, which saved about RMB 7 million for us in financing costs.” said the head of Fujian Tietuo Machinery Co., Ltd. He said that its capacity increased by about 40% after the technological transformation, which vigorously promoted its transformation and upgrading, as well as enhanced its continuous developing towards high-end internationalization.

**Case** Helping enterprises in innovative design & intelligent manufacturing by the “Loan for Tech Companies with Guarantee Insurance”

China Star (Wuhan) Industrial Design Co., Ltd. is the only industrial design company in China with both innovative design capability and exquisite workmanship. With its main businesses scope of industrial design and intelligent manufacturing, the company has been recognized as a technological enterprise by the Wuhan Science and Technology Bureau. In its development approach, the investment and improvement of industrial design sector in industrial design capability, design management and design innovation need to be strengthened continuously and the research and development efforts in intelligent manufacturing sector need to be increased to enhance its capabilities in motion control and various automatic and mechanical designs. Therefore, the company was in urgent need of funding.

Wuhan Branch provided the enterprise with its loan product with guarantee insurance “Loan for Tech Companies with Guarantee Insurance” for scientific and technological enterprises, in which the insurance company, the Bank and the Wuhan Science and Technology Bureau will bear the risk of overdue in a ratio of 5:2:3. Finally, the enterprise was provided with credit fund by means of “Mortgage + Loan for Tech Companies with Guarantee Insurance” which solved its difficulty in capital flow.



# Work together to Foster the Growth of Small- and Micro-sized enterprises in Private Economy

Industrial Bank focused on the financing difficulties of small- and micro-sized enterprises in private sector and kept giving full play to its role as a major indirect financing channel to continuously strengthen an exclusive product service system that integrated financing, settlement, and added value for small- and micro-sized enterprises. It also continued to increase the availability of financing and reduce the financing costs for small- and micro-sized enterprises.

	2019
Number of customers concerning loans to small- and micro-sized enterprises (Account)	81,759
Balance of loans to small- and micro-sized enterprises with loans (RMB billion yuan)	6,348.67
Number of servicing private enterprise loan clients (Account)	24,334
Loan balance for servicing private enterprises (RMB billion yuan)	7,388.35

## Fully Ensuring Credit Resources

The Bank has given small- and micro-sized enterprises a special scale of risk assets. In the meanwhile, a green channel for lending has been opened up to fully guarantee the credit issuing to small- and micro-sized enterprises.

## Keeping Financial Resources Preferred

The Bank has granted preferential policies on new loans to small and medium-sized enterprises that meet the regulatory requirements and continuously expanded financing channels to satisfy diversified financing needs.

## Expanding Channels for Direct Financing

Through comprehensive applying of equity investments, industrial funds, technical reform funds, bond underwriting, M & A loans and other financing means, the Bank provided precise support to private and small enterprises with market, prospects and technology to expand the channels for their direct financing.

## Building an Equity Financing Platform

Through integrating a range of resources including banks, pre-IPO enterprises and equity investment institutions, an online investment and financing service platform named "Sesame Flowering · IB Investment" was established to provide private and small- and micro-sized enterprises with online display of investment and financing projects, project roadshows, communicating and matchmaking, among other services. The platform helped many high-quality enterprises in efficiently matching with equity investment institutions and securities intermediary institutions.

## Case Injecting billions of liquidity into private sector of Fujian Province

As the only national commercial bank group headquartered in Fujian, the Bank always adhered to the principle of developing jointly with private enterprises. Accordingly, it has given full play to the advantages of its headquarters and collectivized operation, continuously increased and optimized the financial supply to inject financial vitality into the private sector of Fujian.

By the end of 2019, the loan balance of Industrial Bank provided to private enterprises in Fujian Province was RMB **91.2 billion** and it has served **4,271** private enterprises. Among the enterprise customers of traditional credit in Fujian Province, the number of private enterprises accounted for **83%** and the credit balance of private enterprises accounted for **45%**. New credit funds provided to private enterprises reached **74.8 RMB billion**, which accounted for **55%** of the same year.

## Fujian Technical Reform Fund

Jointly sponsored by the Industrial Bank and the provincial and municipal finance authorities of Fujian, the Fund has an initial scale of RMB 8 billion with a term of 10 years; the investment has already been over fulfilled by the end of 2018 and expanded to RMB 12 billion in 2019. It invested in the projects that were listed as key technological reform projects by the Fujian Provincial Department of Industry and Information Technology through market-oriented methods such as equity, creditor's rights and combination of equity and debt for supporting technological reform and innovation with private enterprises included, accelerating industrial transformation and upgrading, so as to boost Fujian's upgrading from a large manufacturing province to a strong one.

By the end of 2019, the Fujian Technical Reform Fund has invested in 103 enterprises and 111 technological reform projects with a total disbursed investment of RMB 11.925 billion. Among them, a total of 82 private (including foreign and Taiwan-funded) enterprises were provided with a disbursed investment amount of RMB 8.557 billion accounting for 71.76% of the total. As a result, the ratio of financial capital leveraging social capital investment exceeded 1.49, along with a growing confidence of private manufacturing enterprises of Fujian in increasing investment in technological reform.

## "Loans for Science and Technology"

As one of the first batch of partnering banks, Industrial Bank launched the "Loans for Science and Technology" in cooperation with the Fujian Science and Technology Department and local financial supervision authorities using the two modes of "Bank-Government-Insurance" and "Bank-Government". The Fujian Provincial Finance Department promised to invest RMB 200 million per year to set up a fund risk compensation for tackling the financing difficulties of technology-based and innovative growth-oriented private enterprises caused by the asset-light business model. In this way, the related risks are shared by banks, insurance companies and the government. By late December 2019, Industrial Bank had provided RMB 733 million under the "Loans for Science and Technology" program to 72 private technology enterprises in Fujian Province.

## "Financial Service Cloud" Platform

In order to solve the financing difficulties and reduce the high financing cost of private enterprises caused by information asymmetry between banks and enterprises, Industrial Bank, the Fujian Digital Office and local financial supervision authorities jointly established the "Financial Service Cloud" Platform of Fujian Province for strengthening technological empowerment, addressing the difficulty of enterprises in scattered information, data and information sharing, and continuously improving the lending ability of the Bank.

As one of the main forces in building the project, Industrial Bank completed the trial operation for phase I of the system within just four months. Through comprehensive analysis and digging on basic data of enterprises from government departments and public utilities in Fujian Province, such as authorities of industry and commerce, taxation, electric power, public security, justice and so on, Industrial Bank realized the information connection and sharing among the three parties, i.e. the government, the bank and enterprises. It offered financing matching services including releasing enterprises' financing demand, orders accepting and credit granting by banks for private enterprises. It also provided diversified services and big data support such as data mining, financial risk control and credit evaluation to bank institutions to improve the financing convenience of private enterprises. By the end of 2019, the "Financial Service Cloud" Platform had attracted 1,648 registered enterprises, released RMB 8.1 billion of financing demand and settled RMB 2.8 billion of it.

**Case** Nanjing Branch actively carried out financing matching activity of "Connecting Banks with Enterprises"

To improve the quality and efficiency of financial services for real economy, alleviate the financing difficulties and reduce the high financing cost of small and medium-sized enterprises, Nanjing Branch actively carried out the financing matching activity "Connecting Banks with Enterprises". During the event, Nanjing Branch conducted a company-by-company survey for small- and micro-sized enterprises through telephone, SMS, WeChat and field visiting. In the meanwhile, management departments at all levels of the Branch organized customer service commissioners to conduct a second round of revisits about the survey results. Spot checks were also being conducted by special leading operators to ensure all corporate financing demands reported were truthful and credible.

By late December 2019, all institutions under the Nanjing Branch at all levels (excluding the Suzhou area) had arranged visits to 6497 enterprises in total and completed online questionnaire survey for 6389 enterprises in total with a completion rate of 98.34%; 1479 enterprises agreed about revisits, a rate of 23.15%; 164 enterprises had given preliminary financing demand, of which 46 enterprises were granted credit.



Customer managers dropped in to communicate about financing demand



Customer manager visited a factory of a manufacturing enterprise

**Case** Reducing the pressure of loans refunding on enterprises, Nanchang Branch moves forward together with small micro-enterprises

Mainly engaged in food sales, Nanchang Yuchuan Trading Co., Ltd. is a beer wholesale-based retail enterprise in a well-run business situation. In its critical development period, Yuchuan Company urgently needed financial support from bank to solve its difficulty in turnover and usage of capital required for operation expansion. Nanchang Branch provided a customized financing plan for the company, i.e. the product portfolio of "Consecutive Loan + Fast & Quick Loan", in which there was no need to raise funds for refunding the loan after its maturity and the loan period would be extended for one year. The seamless connection between lending and refunding realized the continued use of funds and supported its production and operation turnover. Through all-round services before, during and after the loan, Nanchang Branch effectively solved the company's financing difficulties and reduced its high financing cost and therefore reduced operational financial burden, ensured the turnover capital for daily production and operation, and effectively promoted the healthy development of the company.

"Just at the time when we were worried about the maturity of loan, Industrial Bank offered us the product of Consecutive Loan and a set of financing solutions featuring cost-free loan renewal for us. This loan method has great advantages. In the past, loans must be repaid first before applying for new one, which might take days to months to finish. In comparison, the Consecutive Loan has not only facilitated the use of funds, but also saved a large sum of on-lending capital spending for us, and therefore, practically solved the financing difficulties of SMEs like us."

—A senior executive from Nanchang Yuchuan Trading Co., Ltd.

**Case** Fuzhou Branch opened first electronic letter of bank guarantee in Fujian Province to further optimize business environment

On July 25, 2019, Fuzhou Branch issued the first legally effective electronic letter of bank guarantee for bid security in Fujian Province, in accordance with the requirements of the Electronic Signature Law of the People's Republic of China to bidders participating in the Old Housing Renovation Project of Lanwei Village in Fuzhou Yangqiao West Road (Supervision).

Bidders could apply online to the Fuzhou Electronic Tendering Exchange Platform for Construction Projects ("Rong e Bao"). After receiving information about bidders and projects, the Platform would send such information to the Branch in real time. The Branch would then send an electronic letter of guarantee stamped with electronic signature through the "Rong e Bao" platform back to the bidder. At the time of bid opening, the transaction platform would automatically compare the electronic letter of guarantee issued through the Platform and verify its authenticity online. The platform has achieved seamless connection and computerization of the entire process, an the important measure in response to the State Council's call for promoting the application of electronic letter of guarantee in public resource transactions to replace cash deposit with letter of bank guarantee. No account needs to be opened for this service, which has simple application procedure, low charges and therefore greatly solved the problem of fund occupation of bid security for small and medium-sized enterprise with small cost.

Fuzhou Branch has actively cooperated with the Fuzhou Public Resources Trading Service Center for participating in the entire process of system construction, business model demonstration, and walk-through testing and financial services for bidding enterprises. As of December 31, 2019, the Branch has issued a total of 1,714 letters of guarantee for 33 bidding items of construction projects in Fuzhou with a total value of 554,2608 RMB million. The time limit between receiving customer's application and the actual issuance of letter of guarantee shall be no longer than one working day, which effectively optimized the business environment and improved the bidding efficiency of municipal projects.



"Due to the large amount of municipal construction investment in China in recent years, which features large volume and amount, there are basically several or even hundreds of bidders participating in the bidding of one municipal project, and therefore, the winning probability will be reduced. If investing in multiple projects that each cost tens or even hundreds of thousands of RMB in deposit, there would be a great pressure on capital flow for construction enterprises. The "Electronic Letter of Guarantee" product is a good solution to the urgent needs of small and medium-sized enterprises."

— Mr. Lin from Longzi Construction and Development Co., Ltd.



## Topic: Providing a Full Life Cycle of Financial Services for Tech Innovation Enterprises and Growing together

Industrial Bank provided an integrated financial solution of “Group, Stock & Bond, and Cross Border Coordination” by establishing an exclusive mechanism for sci-tech innovation financing to target differentiated financial services demand in different life cycles of initial period, growing period and mature period of enterprises. Accordingly, it gave play to the strategic advantages of “commercial banking + investment banking”, so as to grow together with enterprises. By late December 2019, the Bank had served more than 27,000 tech innovation enterprises, with a loan balance of about RMB 220 billion. The Sci-Tech Innovation Board (a Nasdaq-style tech board at the Shanghai Stock Exchange) has currently accepted 186 enterprises and Industrial Bank has partnered with nearly one third of them.

### Professional tech innovation financial service system covering the whole Bank

- ▶ At the head office level, a financial office for tech innovation was set up under the SMEs Department to take the lead in policy making, product creation and business promotion for high-tech and innovation-oriented SMEs throughout the Bank.
- ▶ At the branch level, the SME customer management department of each branch was responsible for promoting tech innovation financial business within the area under its management.
- ▶ The sub-branch level, tech sub-branches or special tech banking teams were set up in some branch areas when conditions permit. At present, Industrial Bank has set up 6 tech branches, 11 tech-featured branches and 8 tech banking business teams.

### Comprehensive tech innovation financial products and services

- **Iterative optimization of “investment + loan” business.**  
In collaboration with outstanding equity investment institutions, the Bank provided enterprises invested or planned to be invested by such equity investment institutions in cooperation whitelist, with credit loans up to 90% of the investment amount and a term of up to three years.
- **Financing innovation of intellectual property mortgage model.**  
The Bank has innovatively introduced some external intellectual property appraisal companies and insurance companies to solve the difficulties of tech innovation enterprises in assessing and commercializing intellectual property rights.
- **The online investment and financing matching platform “Sesame Flowering • IB Investment”.**  
Using big data for data screening, digging and analysis, the Bank helped tech innovation enterprises to accurately match with VC/PE institutions throughout the country and improved the efficiency of matching investment with financing.



#### Create synergy for the growth of both the bank and enterprises: facilitating the successful listing of high-tech enterprises

Shenzhen JPT OPTO – Electronics Co., Ltd. is the first manufacturer of high-power pulse fiber laser with adjustable pulse width for commercial use and provider of photoelectric precision detection and intelligent laser processing equipment in China. In 2014, as the only supervising bank of special funds for industrial transformation and upgrading, scientific and technological R&D, among others, in Shenzhen, Industrial Bank issued RMB 3 million of government-entrusted loans at the pivotal point of enterprise transformation and upgrading. On this basis, it further provided RMB 3 million of guarantee-free credit loans for the company to have no worries on funding, and therefore, laid a solid foundation for its rapid development. Since then, the two embarked on a joint development path. With the support from the government and the Bank, Shenzhen JPT OPTO – Electronics Co., Ltd. reached a sales revenue of RMB 150 million in 2014 and got on a rapid growth track.

In the past five years, Industrial Bank has been paying close attention to the financing demand of Shenzhen JPT OPTO – Electronics Co., Ltd. throughout development stages from growth to maturity and increased its credit line year by year. By the end of 2019, the Bank's credit exposure to the company reached RMB 50 million. In October 2019, Shenzhen JPT OPTO – Electronics Co., Ltd. was officially listed on the Sci-Tech Innovation Board.



“The RMB 3 million of credit loan provided by Industrial Bank injected stimulus into our development at that time, which enabled us to increase R&D and innovation investment, expand the production and operation scale, and enter into a new development stage.”

—A senior executive from the Shenzhen JPT OPTO – Electronics Co., Ltd.



#### Transforming intellectual property into asset: “Intellectual Property Guarantee Facilitation” tackles the financing difficulties of tech innovation enterprises

As one of the first batch of banks and the only joint-stock commercial bank being selected into the Jiangsu “Ten Billion Financing Action” program for intellectual property, Industrial Bank launched “Intellectual Property Guarantee Facilitation”, a special product of intellectual property pledge financing together with the Intellectual Property Office of Jiangsu Province in 2019 to support the development of tech-oriented SMEs through a risk sharing mechanism.

As an innovative financial product, the collateral of “Zhi Bao Tong” includes intangible corporate assets such as patents, copyrights and trademark rights, which will be guaranteed by Jiangsu Credits Financing Guarantee Co., Ltd. (with the intellectual property pledge as counter-guarantee). Nanjing Branch and Jiangsu Credits Financing Guarantee Co., Ltd. will jointly bear the risk of loan loss at a ratio of 2:8. This innovative form of guarantee enabled enterprises to obtain financing support in the shortest time on the basis of intellectual property rights, and therefore, effectively improved the financing efficiency.



#### Injecting financial power into tech innovation enterprises by “Loans for Science and Technology”; Longyan Branch helps tech innovation enterprises overcome difficulties

The “Loans for Science and Technology” product launched by Industrial Bank aims to provide liquidity financing support with a term of up to one year and a maximum amount of RMB 5 million to 20 million to technology-based SMEs through two models—“Bank + Government + Insurance” and “Bank + Government”.

Located in Longzhou Industrial Park, Fujian Glanny Bio-engineering Co., Ltd. (hereinafter referred to as “Glanny”) is a provincial high-tech enterprise mainly engaged in the production, development and marketing of food additives. With its rapid growth, the company was in urgent need of more liquidity. However, it had failed in applying for loans from many banks due to its inability to provide strong guarantee measures such as sufficient fixed assets mortgage. Longyan Branch took the initiative to communicate with the company and finally granted RMB 5 million of intellectual property pledge loan to the company via “Loans for Science and Technology”, which supplemented its daily liquidity needs. Relying on this timely loan from Industrial Bank, Glanny finished product delivery to downstream customer orders as scheduled.

The outbreak of COVID-19 in China occurred just at the time when its loan was about to expire. The epidemic made Glanny suffer a huge capital turnover pressure. Industrial Bank once again taken the initiative to design a service plan for Glanny for renewing the loan without refunding principal. As a result, it issued the first “Loans for Science and Technology” loan extension without refunding the principal, which effectively supported of the company's work resumption.



“We are a typical asset-light business, with physical assets accounting for less than 25% of the total, and the “Loans for Science and Technology” from Industrial Bank is our first loan via credit financing, which means a lot to the development of our company.”

—A Glanny senior executive.

## Diversified Financial Services: Promoting the Belt and Road Initiative and Opening Wider to the Outside World

As a national joint-stock commercial bank headquartered in Fujian Province, area hub along the Maritime Silk Road, the Bank actively responded to the Belt and Road initiative, leveraged on its business advantages for its further internationalization, and well play a role of financial integration, cooperation and win-win results, so as to provide high-quality featured financial services for building the Belt and Road. With diversified finance services for the "going global" and "importing in" of Chinese and foreign-funded enterprises, it continued to deepen the cooperation with national organizations along the the Belt and Road and actively promote the development of opening wider to the outside world with finance as a driving force.

At present, Industrial Bank has formed a Belt and Road service system covering mainland branches, Hong Kong Branch, Shanghai Free Trade Zone Branch and the cross-border RMB innovative pilot center at the China-Kazakhstan Horgos International Border Cooperation Center, and established a settlement cooperation system for 13 currencies including US dollar, Euro, Canadian dollar, Hong Kong dollar with more than 1,400 agencies in 104 countries and regions. A network of 343 correspondent banks were established along the Belt and Road, which is highly compatible with the development need of the Belt and Road.

The Bank provides one-stop integrated financial solutions that cover domestic and oversea, online and offline, local and foreign currencies, domestic and foreign trade, onshore and offshore, investment and financing for enterprises and project constructions along the Belt and Road route. Relied on the bond investment and underwriting advantages of its bond business, the Bank engaged in underwriting, issuing and investing in a high-level unsecured Belt and Road bond of Yunnan Investment Group valued at \$600 million dollars. This was an active effort of the Bank to help Yunnan Province implement the national Belt and Road Initiative to accelerate building Yunnan into a new growth engine. In recent years, the Bank has successively landed the first batch of the Belt and Road Initiative bonds such as the national inter-bank perpetual medium-term notes supporting the Maritime Silk Road project and the first batch of the national Belt and Road Initiative medium-term notes. Major ongoing projects include: a coal-fired power generation acquisition project in Indonesia, the overseas bond issuance project and related FICC business undertaken for the contractor to build the Xi'an Silk Road International Convention and Exhibition Center, the equipment procurement of the Zungeru hydropower project in Nigeria undertaken by in the Sinohydro Bureau 8 Co., Ltd., the cross-border syndicated loan of the sovereign state of Pakistan, the overseas acquisition of Panda Bonds in Singapore and the construction project of Siem Reap International Airport in Cambodia.



The Bank was awarded the Achievement Award for Implementing the Belt and Road Initiative by the China Banking Association.



### The only bank being invited to join the BRIGC

Jointly launched by China and the United Nations Environment Program, the Belt and Road Initiative International Green Development Coalition (BRIGC) aims at creating a platform for policy dialogue and communication, environmental knowledge and information, green technology exchange and assignment, so as to make the idea of pushing green development along the Belt and Road as an international consensus and joint action and implementing the UN 2030 Agenda for Sustainable Development. Industrial Bank was the only banking institution being invited to join the Coalition. In early 2019, the Bank also signed Green Investment Principles for the Belt and Road initiated by the Green Finance Committee of China Society for Finance and Banking (GFC) and the City of London and other institutions, and therefore became one of the first batch of institutions in the world signing the initiative.



### "IB EasyTrade" facilitates the transactions of import and export enterprises worldwide

In 2019, IB's cross-border one-stop financial service platform "IB EasyTrade" and China International Trade Single Window jointly launched a financial services unit that can provide diversified financial services including settlement, deposit, financing, transaction and FICC for import and export enterprises. The platform enabled customers to handle all kinds of cross-border business online, and therefore improved the trade facilitation of import and export enterprises. By late December 2019, 3,928 customers had signed up for the IB EasyTrade, an increase of 1,707 over the same period last year. The total amount of trade financing processed in 2019 reached \$2.582 billion US dollars.



"Thanks to the IB EasyTrade, we experienced the convenience of business processing while staying indoors, which effectively simplified customs clearance procedures and reduced operating costs."

— A high-tech enterprise executive.



### Industrial Bank invested RMB 250 million in Philippine Panda Bond

On May 15, 2019, Hong Kong Branch won the RMB 250 million bid for the phase-I of RMB bond issued by the Republic of the Philippines through Bond Connect Company Limited (BCCL). The bond was publicly issued by the Republic of the Philippines in the Chinese Interbank Bond Market (CIBM), with the Bank of China Limited as leading underwriter and bookkeeper. The offering size was RMB 2.5 billion Yuan, with a duration of three years and a yield of 3.58%. The bond was awarded with AAA rating by China Lianhe Credit Rating Co., Ltd; with stable outlook. In the meanwhile, the bond's main issuer, i.e. the Republic of Philippines, had a Baa2 credit rating by the Moody's with stable outlook, a BBB+ rating with stable outlook by the Standard & Poor, and a BBB rating with stable outlook by the Fitch Ratings.

The Philippines is a country along the Belt and Road Initiative route and a member of the Asian Infrastructure Investment Bank (AIIB). In recent years, China and the Philippines have continuously deepened their trade and financial collaboration with friendly cooperation in many areas. The net RMB funds raised from the bond will remain within the boundaries of China or be remitted abroad in RMB as part of the Philippine international reserve. As occasion requires, the funds raised can be used for general purposes by the issuer, including budgetary expenditures, or can be used to support other initiatives related to the Belt and Road.

## Creating Value and Sincerely Giving back to Shareholders

### Maintain a steady growth and create more value

By the end of 2019, the total assets of Industrial Bank were RMB **7.15 trillion**, which increased by **6.47%** compared with the beginning of the same period. Profitability was maintained at a good level; the business income in 2019 was RMB **181.308 billion**, a year-on-year increase of **14.54%**; the total yearly profit was RMB **74.503 billion**, a year-on-year increase of **9.44%**; the net profit attributable to shareholders of the parent company was RMB **65.868 billion**, a year-on-year increase of **8.66%**. At the end of the reporting period, the non-performing loan ratio of the Bank was **1.54%**, which dropped **0.03 percentage point** from the beginning of the period. The return on investment of shareholders continued to maintain at a good level in the industry, with a weighted average return of **14.02%** on net assets and a basic return of RMB **3.10** per share.



### Strictly standardizing information disclosure, deepening communication with investors and protecting rights and interests of investors

#### Strengthening the research on market value management and continue promoting the communication with conventional investors

The Bank organized the "2018 and 2019 Q1 Results On-site Presentation", "2018 Annual Cash Dividend On-site Presentation", "2019 Half-year Results Telephone Presentation", among which the annual results presentation had the largest number of participants and received the most attention from the market among all similar meetings held by listed banks. The Bank participated in the "2019 Collective Online Reception Day for Investors of Listed Companies in Fujian", an event jointly organized by China Securities Regulatory Commission Fujian Bureau and Shenzhen Panorama Network Co. Ltd. It also participated in the investment strategy meetings organized by a number of domestic and foreign mainstream brokers. The Bank responded calls and emails from investors in a timely manner, maintained a 100% response rate on the investor exchange platform "E Interaction" of the Shanghai Stock Exchange, and became one of the most popular listed banks at the exchange for investors on that platform. Also, the Bank continued to update and improve the settings and information data in the section of Investor Relations on its official website.

#### The Bank actively adhered to the principle of "going global" and promoted direct communication between its board directors, supervisors and senior executives and the capital market through multi-round special activities to carry out face-to-face accurate marketing, deliver its values and maintain its good market performance

With annual report and quarterly report disclosure, the Bank arranged face-to-face communication between its leadership and investment institutions at home and abroad. The leadership visited a number of top overseas investment institutions and large domestic investment institutions for targeted marketing.

#### Enhancing the two-way communication, inviting external agencies to visit for exchanging

The Bank received visits from domestic and overseas mainstream investment research institutions for survey. It also invited some domestic and foreign invested mainstream investment institutions to come for survey and exchange, during which seminars and lectures were held with relevant departments of the Bank.

#### Strengthening internal information feedback mechanism for more effective interaction with the capital market

The Bank reported its capital market information feedback to board directors, supervisors and senior executives through investor relations update weekly, capital market information monthly report and key information report to ensure effective two-way information interaction. It also sorted out research reports and management suggestions by mainstream professional institutions on banking and the Bank for the reference of board directors, supervisors and senior executives, and coordinated with external research institutions to provide peer data support for relevant management departments.

#### Improving the quality of information disclosure for better communication with investors

Based on the needs for regular report disclosure, general meeting of shareholders, major emergencies and subject exchanges, the Bank, by coordinating with its relevant business departments, produced disclosure materials with clear themes and professional content that can work as basic materials for communicating with a variety of investors and media.

The designated channels for information disclosure of the Bank include the website of the Shanghai Stock Exchange and the following newspapers: the China Securities Journal, the Shanghai Securities News, the Securities Times and the Securities Daily.



# Topic: Fintech Facilitates the Development of Inclusive Finance

Developing inclusive finance is not only an obligatory social responsibility of financial institutions, but also a promising strategic choice. In recent years, Industrial Bank speeded up its digital transformation and applied fintech into operation and management to continuously improve user experience of financial services, promote model innovation and reduce costs. As a result, it formed a batch of dominant businesses in fintech-driven inclusive finance, which effectively improved the financial resources allocation efficiency and customer service level and embarked on a path of differentiated inclusive finance.

## Customer service breakthroughs: creating super convenient experience

Industrial Bank has built a one-stop e-finance service platform integrating online banking, mobile banking, direct banking, WeChat banking and SMS banking, which overcome the restrictions of time and space to provide 24/7, convenient and safe e-finance services for more than 30 million customers.

In terms of daily life, Industrial Bank gained in-depth insight into the pain points of users through the "Hao Xing Dong" app and closely followed consumption trends to cover the consumption needs of users on eating, drinking, leisure, entertainment and shopping, and thus bring real benefits to consumers. By the end of 2019, registered users of the "Hao Xing Dong" app reached 12 million and the number of contracted credit card users exceeded 11 million, an increase of 7.92 million or 228% compared with the beginning of 2019; the "Networking Project" offered 69,000 businesses discounts, with the sales of coupons amounted to RMB 10.66 billion and the number of transactions in shopping malls reaching 6.96 million.

In addition to online business, the Bank has further enriched customer experience by focusing on new offline intelligent service experience. The Bank has upgraded the "Smart Counter" service several times since it was launched in 2014. Currently, it has over 80 functions and supports most non-cash businesses. The replacement rate for traditional brick-and-mortar outlet service transactions has reached 90% and the service efficiency has been enhanced by about 60%.



By the end of 2019, the Bank had put up  
**4,942** "Smart Counters".



## Case | Changchun Branch unveils a new model of tech-driven outlet

Focused on fintech-driven customer service, the Qianjin Street Sub-branch in Changchun has established a new model of tech-driven outlet by unveiling the first smart bank outlet in Jilin Province to revitalize traditional outlets through fintech and provide customers with new experience by smart services.

"What can I do for you?" said the service guide robot named "Xiaoxing".

"Xiaoxing" can not only carry out basic business consultation and guidance, but also introduce bank products with funny movements for customers.



In addition, Qianjin Street Sub-branch was divided into 12 functional areas on the upper and lower floors. The first floor was divided into guiding reception area, self-service experience area, electronic banking service area, VIP service area, cash area, wealth management service area, non-cash service area, among others. All these functional areas covered more than 20 innovative applications including intelligent counter, somatosensory interaction, interactive projection, face recognition, intelligent interactive desktop, user interaction, etc. The functional areas were optimized according to the moving route of customers and functional layout to create a new outlet model with advisory, open, experiential and interactive features. Lecture room, private meeting room, tea room and other supporting function rooms were set up to provide exclusive activities for our clients on the second floor.



Intelligent interactive financial management table



Multifunctional display screen



Wealth management service area

## Business empowerment: solving the realistic pain points of small and micro enterprises

Industrial Bank adhered to providing specialized service for SME customers. Thanks to high-tech tools, Industrial Bank innovatively launched diversified products including the "3 instruments" (a financial product portfolio customized for SME customers), "Revolving Loans", "e Series" and "IB Steward" and established a complete product system integrating settlement, financing and value-added services dedicated for SME customers.

Among them, the mobile payment product "IB Steward" provided a wide range of banking services for SME customers, including convenient internal affairs examination and approval, instant messaging, transfer and remittance and account management, etc. Financial personnel were no longer required to go to a bank outlet frequently. Instead, the financial supervisor can authorize and manage bank account of their company in real time to reduce operation and management cost and improve business efficiency and customer experience. This effort realized "moving the whole process of the corporate payment business onto mobile phone" in the true sense, so that corporate customers can also enjoy the convenience of mobile payment like personal customers. By the end of 2019, the accumulative number of corporate finance customers signing up to "IB Steward" exceeded 237,000, with 27 million accumulative deals and transaction amount exceeding RMB 1 trillion.

Also, the bank has built up the supply chain financial platform "Xing Xiang" in electronic, online and intelligent service forms, which innovated the supply chain financial service model and unblocked financing channels for micro, small and medium-sized enterprises. The first phase of online financing system for receivable products was officially launched in September 2019 and applied in pharmaceutical and construction industries at first.

## Governmental collaboration: building financial services for people's livelihood

Industrial Bank deepened connection and cooperation with government agencies. It strengthened connection and data sharing with public security agencies, law enforcement agencies and other government agencies to actively engage in service in fields including social security agency, housing accumulation fund, customs taxes and fees. Also, while focusing on the service pain point for people's livelihood, the Bank gradually promoted a new service mode of smart Internet financial ecosystem in medical, transportation, education and other industries to make great strides forward in smart life starting with higher efficiency.

### Case Harbin Branch helps speed up real estate registration in Harbin

In 2019, the Harbin Branch of Industrial Bank and the Harbin Real Estate Registration and Transaction Center jointly established a 24/7 self-service area for real estate mortgage registration. The two also co-developed an "Internet + Real Estate Registration" integrated system platform for real estate registration transaction, through which the parties of real estate transaction can process related procedures at the self-service area of Industrial Bank at any time. As a result, all kinds of real estate registration application and verification formalities can be finished within 15 minutes and transferring registration for second-hand housing can be finished within 2 days. Applicants applying for real estate mortgage loans can directly complete the evidence collection procedures within 15 minutes at Industrial Bank. Customers can process all procedures for real estate mortgage loan, including application, approval, evidence collection and payment. This truly realized that mortgage can be applied at the real estate center without in-person meeting and then processed in a one-stop manner at Industrial Bank, which enhanced convenience of personal mortgage and customer service satisfaction.



### Case Empowering higher education via open bank

In 2019, Industrial Bank explored into opportunities for financial services in education industry and identified the pain points of college and university customers in processing travel expense settlement and treasury payment through customer research. The Bank created the customized open bank solution "Treasury Payment for Travel Expenses Coordination" for customers, which was first used by Tongji University in September 2019.

The open bank product "Treasury Payment for Travel Expenses Coordination" was connected with the software "Centralized Reservation System for Personnel Travelling of Colleges and Universities" at one end, which can access to the information flow of travel booking of colleges and universities in real-time, and in the meanwhile, the other end provides a management entry, through which suppliers can process refund confirmation online and the money returned will go into the original university amount directly. The entire process formed an online closed-loop and the refunding cycle was shortened from one month to 2-7 days. In addition, thanks to the account system, travel suppliers only need to open one settlement account at the Bank, which can manage the travel settlement funds and the refund reserve funds of multiple treasury payment purchasers (e.g. multiple university customers). By combining business model innovation with technology empowerment, the Bank solved the difficulty that has plagued Tongji University for a year.

## Create synergy with other financial institutions; serving agriculture, rural areas and farmers and boosting digital transformation in financial institutions

As a pioneer in domestic bank-bank cooperation, Industrial Bank took the lead in releasing the bank-bank cooperation service brand "Bank-Bank Platform" to the banking institutions in 2007. This marked the start of IB in achieving shared growth through discussion and collaboration with small and medium-sized financial institutions. It served as a common platform for them to share resources and achieve win-win results through supporting each other with their respective advantages. The Bank-Bank Platform has successfully spread a wide range of financial products and services from first- and second-tier cities to third-, fourth- and fifth-tier cities and vast rural areas, which enabled residents in areas with less developed financial services to enjoy high-quality financial services, and thus created conditions for residential income increase and rural revitalization. In addition, IB Fintech, a subsidiary of Industrial Bank, has launched the "Golden River Snail" series of RPA (Robotic Process Automation) software products, including credit robot, customer service robot, financial reporting robot, among others, to provide solutions for digitizing business processes of financial institutions and to maximize the efficiency of front-, middle- and back-office processes.



### "Wealth Cloud" covers rural credit cooperatives of all the autonomous regions nationwide to help vitalize rural areas

The Bank-Bank Platform continued its upgrading and transformation. Centered on a strategy that synergizes its Fintech Cloud, payment settlement platform, wealth management platform, asset trading platform and international bank-to-bank platform, Industrial Bank helps small and medium-sized financial institutions to serve regional economy and people's livelihood. Based on the bottom advanced infrastructure service platform, its "Wealth Cloud" cooperation model dovetails the strong asset management capacity of Industrial Bank with the marketing channels of its cooperative agencies and provides them with wealth management, operation support, personnel training, market promotion and other financial services. This can help cooperative agencies enhance their service capacity, improve market competitiveness and optimize income structure, thus achieving mutual benefit and win-win results for all parties and jointly strengthening the capacity to serve real economy. As of the end of 2019, "Wealth Cloud" accumulatively entered into a partnership with 16 domestic provincial credit cooperatives and a number of city commercial banks and covered rural credit cooperatives of all the autonomous regions nationwide. In doing so, it extended its inclusive finance service to the wide frontier areas, enabling residents in financially underdeveloped areas to enjoy superior financial services, increase their income and vitalize rural areas.



### Boosting the digital transformation of financial institutions with "Golden River Snail" RPA

The RPA products under the brand "Golden River Snail" were launched by IB Fintech, a subsidiary of Industrial Bank. They provide process automation services for financial institutions and have been put into use within Industrial Bank Group at first. At present, the "Golden River Snail" series have launched seven robot products—credit robot, customer service robot, report robot, operation and management robot, financial robot, credit card robot, background auxiliary robot. The robots cover more than 40 processes that involve semi-automatic, automatic, intelligent and other types of robots. By the end of 2019, more than 400 process robots have been used by more than 20 financial industrial customers, including joint-stock banks, urban commercial banks, agricultural commercial banks, trusts, funds, financial companies, among others, which enabled powerful complement and promotion for financial institutions in the front, middle and back-end management processing area.

## Customer Center: Improving Customer Service Experience



Industrial Bank has always adhered to the customer-oriented service principle over the years, adapted itself to the changes in the financial demand of consumers, continuously enriched financial products, optimized business processes, innovated service models, extended service coverage, fulfilled social responsibilities, and continuously improved service quality and consumer satisfaction.

2017	Number of effective customers (in ten thousand)	Number of transactions volume (in ten thousand)	Transaction volume (in billion RMB)
Mobile banking	1,844.59	15,034.33	33,138.39
Growth rate (%)	54.08	0.36	37.21

2018	Number of effective customers (in ten thousand)	Number of transactions volume (in ten thousand)	Transaction volume (in billion RMB)
Mobile banking	2,551.17	19,484.58	46,828.30
Growth rate (%)	38.31	29.60	41.31

2019	Number of effective customers (in ten thousand)	Number of transactions volume (in ten thousand)	Transaction volume (in billion RMB)
Mobile banking	3,130.61	24,340.49	59,642.14
Growth rate (%)	22.71	24.92	27.36



## Building a unified user system for IB's e-finance

Through the unified user system for e-finance of the Bank, users can log in and use multiple network financial applications at one time. Moreover, the system provides multiple API accesses to meet the whole process requirements of e-finance application, registration, login and user management that covered the whole life cycle of e-finance users, and thus facilitated business organizations in setting up e-finance applications quickly. At present, it has connected with 21 related systems including personal e-banking, mobile banking app, direct banking, IB's diversified financial services portal, the IB Consumer Finance app, the IB Research app, among others.

	2019
Cumulative number of customer service personnel	1,482
Complaint rate (%)	0.13 Maintained a low level among peers
Customer satisfaction (%)	99.66

## Creating star-rated outlets with high quality service

In the selection of "2019 Best 100 Exemplary Banking Outlets with Civilized and Standardized Service in China" organized by the China Banking Association, the business offices of Changchun Branch and Baotou Branch entered the list and 41 outlets including Beijing Haidian Branch were each named as a "Five-star Banking Outlet with Civilized and Standardized Service in China". Beijing Financial Street Sub-branch and 26 other outlets were each named as a "Four-star Banking Outlet with Civilized and Standardized Service in China", while Beijing Fangshan Branch and 17 other outlets were each named as a "Three-star Banking Outlet with Civilized and Standardized Service in China".

Taiyuan Branch was rated as a "Five-star Banking Outlet with Civilized and Standardized Service in China"



Baotou Branch Office entered the list "2019 Best 100 Exemplary Banking Outlets with Civilized and Standardized Service in China"



Changchun Branch Office entered the list "2019 Best 100 Exemplary Banking Outlets with Civilized and Standardized Service in China"





## Standardizing service charges

The Bank strictly abided by the policies and regulations of national pricing and supervision authorities on financial services charges and implemented the basic principles of "in compliance with the law, equality and voluntariness, separation of interest and fees, and conformity between quality and price".



## Strictly regulating information disclosure

Timely and accurate disclosure of information about service charges was available on official website, business outlets and self-service channels of the Bank. The Bank had issued the Administrative Measures of Industrial Bank for Information Disclosure on Financial Products to ensure accurate product information for consumers through multiple channels. In addition, text size, font, location and color of the product information description were clearly specified and their special explanations were also provided for obscure professional terms.

## Strengthening the protection of customer information security

The Bank has always attached great importance to the protection of personal financial information and fully respected the right to know of customers when performing external business to protect their legitimate rights and interests in accordance with the law.

### Standardizing consumer personal information collection

Only necessary information related to the business in which the consumer is involved will be collected and necessary measures have been taken to ensure the security of consumer information storage.

### Respecting the security right of consumers to personal financial information

Effective measures have been taken to strengthen the protection of personal financial information to prevent from tampering or illegal use of personal financial information of consumers, and no personal financial information will be provided to any third party without the authorization or consent of consumers unless otherwise provided by laws and regulations.

## Products and Technical Supporting

To actively keep up with and respond to the regulatory requirements for personal information, the Bank comprehensively clarified and detailed the functional requirements for personal information security and protection, so that the protection of personal information can be ensured during the research and development of products. Meanwhile, Industrial Bank has established a complete information security technology protection system to fully deploy IPS (Intrusion Prevention System) and WAF (Web Application Firewall) and monitor cybersecurity attacks, and analyzed the security log of IPS and WAF systems daily to identify and tackle security risks.

## Enhancing Safety Consciousness

The Bank organized information security trainings for information security managers of all branches every year, covering the analysis of regulatory dynamics and regulatory requirements in the financial sector, the analysis of the current situation in the financial sector, the building of data security protection and other areas that are closely related to personal financial information protection.

## Barrier-free Services

	2019
Number of outlets with barrier-free access	1,336
Number of outlets with courtesy counters	1,321

In order to fulfill its social responsibilities, meet the needs of disabled people for barrier-free financial services, and guarantee the rights of disabled people, the elderly, and other members of society to enjoy equal financial services, Industrial Bank has gradually improved the accessible facilities at its business outlets. They mainly include:

### A barrier-free external environment

The barrier-free access (wheelchair ramp), the barrier-free motor vehicle parking space, the emergency helpline, the emergency call button, etc.





A barrier-free internal environment

The barrier-free stairs (voice-controlled elevator), the barrier-free toilet, the courtesy seats, the courtesy counters, the automatic doors, the wheelchair seats, etc.



Barrier-free information access

The service guide in Braille, the special card for the blind, the voice queue management system, the password input device in Braille, the voice broadcast banknote counter, the ATMs with voice prompt, the display screens of the queue management system, the staff members proficient in sign language, ATMs for the blind, and door-to-door extension services, etc.



Password input device in Braille



Staff were exercising sign language

Case Chengdu Branch installs life-saving instrument at its business outlets

In order to further enhance the emergency rescue capability of all outlets and to better serve customers and people around, after sufficient communication, consultation and preparation jointly with the Red Cross Society of Sichuan Province, the Chengdu Branch of Industrial Bank installed the AED (Automatic External Defibrillator) in all its operating outlets. Accordingly, a scientific and rigorous system for the storage, maintenance and keeping of AED instruments was set up for effectively standardizing application of the instruments and ensuring that this life-saving instrument will be brought into play properly.





## Topic: Focusing on Customers: Fully Protecting the Rights and Interests of Consumers

As early as 2013, Industrial Bank founded the Committee for Protection of Rights and Interests of Consumers. To incorporate the protection of rights and interests of consumers into corporate culture and company strategy, the Bank integrated the protection of rights and interests of consumers into the entire process of business development, covering product development access, business marketing and promotion, information disclosure, service charges and other links. This effort also aimed to enhance the consumers' consciousness of profession, security and rights protection in financial assets. As the highest decision-making body for consumer protection, the Board of Directors regularly listened to senior management's reports on consumer protection, and supervised and evaluated their related efforts.

### Institutional improvement: revising the relevant management norms for consumer protection.

The Bank formulated and issued documents such as the Industrial Bank Work Program for Consumer Protection Coordination Mechanism, the Industrial Bank Detailed Rules on the Implementation of Consumer Complaint Management (Revised in April 2019), the Industrial Bank Measures on Supervision and Inspection of Consumer Protection Services and the Emergency Plan for Consumer Rights Protection. In particular, the Bank redefined consumer complaints and further standardized the principles, procedures and timeliness of complaint processing to strengthen the main responsibility of consumer complaint management and emphasize the closed-loop management of tackling complaints for corresponding rectification.

### Launching an online complaint management system

The Bank continued the building of a complaint management system as scheduled with early planning and action by concentrating manpower, material resources and coordinating various departments. Targeting on the system requirements, the first phase of the system was successfully launched online on March 17, 2019 and put into use across the Bank on April 1. And follow-up upgrading of the system continued after that to ensure the systematic intelligence, management standardization, process tracing, data centralization, statistical automation and user-friendly operation of the complaint management system.

The system was designed and developed in accordance with the relevant requirements on standardization of the classification of regulatory complaints to cover the entire complaint response process from uploading a complaint to transferring it to related business departments, reviewing results and checking customer feedback. In the meanwhile, the system carried out whole-process tracking and timeliness supervision on complaints processing to fulfill full-channel coverage, whole-process management, the tracking of processing complaints, real-time updating of complaint information, and the function of complaints statistical statement.

### Training: pushing staff to learn more about consumer protection knowledge

The Bank has established a long-term training mechanism to enhance employees' awareness of consumer rights protection. The Bank also rewrote training materials and knowledge base and organized online course learning on consumer rights and interests protection. In the meanwhile, all staff took the initiative to study and take tests on mobile phone, which ensured high training coverage rate and remarkable results.

The Bank carried out training on service standard "visualization", in which the service standard and service process were presented in the form of real scenes along with scenario cases. The frontline staff studied the service standard through a mobile app and 12,940 employees have taken the test. Five training sessions on consumer protection were held: the "Training Course on Enhancing the Quality and Effectiveness of Consumer Protection and Creating Civilized and Standardized Outlets", the "Training on Consumer Protection Knowledge", the "Online Training on Customer Complaint Management System", the "Training on Consumer Protection Complaint Management" and the "Training on Consumer Protection Promotion".

### Case Keeping consumers in mind: Face-to-face communication with customers in rights protection forum

In 2019, the Bank held customer forums in Chengdu, Fuzhou, Beijing and other places for meeting with customers face-to-face, listening to their opinions and understanding their needs to fulfill the social responsibility of the Bank.

At the 2019 Annual Consumer Protection Forum (Beijing) on November 15, 2019, customer representatives proposed earnest and pertinent suggestions and expectations with their personal experiences on the Banks' four major product brands "Rich Life", "Enjoyable Life", "Universal Life" and "Vigorous Life", as well as on community banks, online finance, investment and financial management, consumer protection publicity and other financial services. The Bank carefully absorbed the valuable opinions and suggestions suggested by customer representatives and made efforts to improve the service system and enhance the service level.

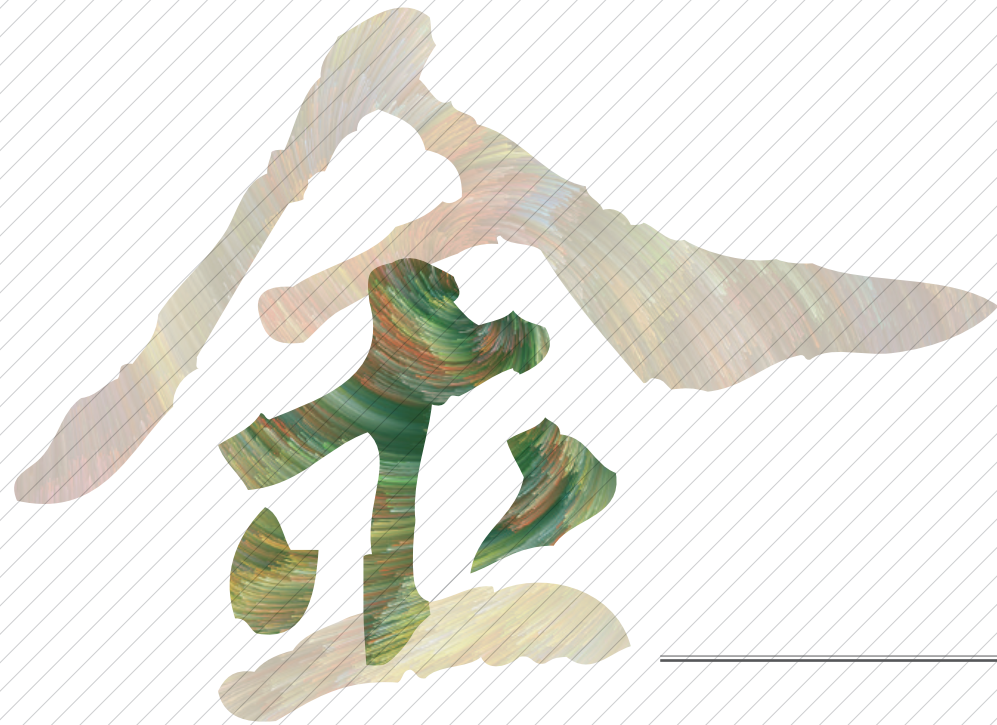
In addition, the Beijing Branch also held an appointment ceremony for consumer rights protection experience officers, inviting participating customers to serve as experience officers. If the experience officers found any deficiency in the daily services of Industrial Bank, he/she can give feedback directly to the Consumer Protection Office of the Beijing Branch to exercise their right of service supervision and urge the Bank to improve the services. Experience officers will also be invited for experiencing all product and service innovation of the Bank, so as to achieve a healthy interaction between the Bank and customers.



A consumer protection campaign activity



2019 Consumer Protection Forum












## Green to Gold

Development on the Premise of Environmental Protection

- P61 Intensive Operation to Improve Professional Management of Environmental and Social Risks
- P65 Topic: Take the lead in Sustainable Development and Grow together with Small and Medium-sized City Commercial Banks
- P67 The Green Financial Group's More Efforts for Multiple Business Lines
- P75 Topic: Make Use of IB's advantages for the Protection of the Yangtze River
- P79 Green Operation to Enhance Suppliers' Influence
- P81 Green Life, Contribute to Ecological Harmony

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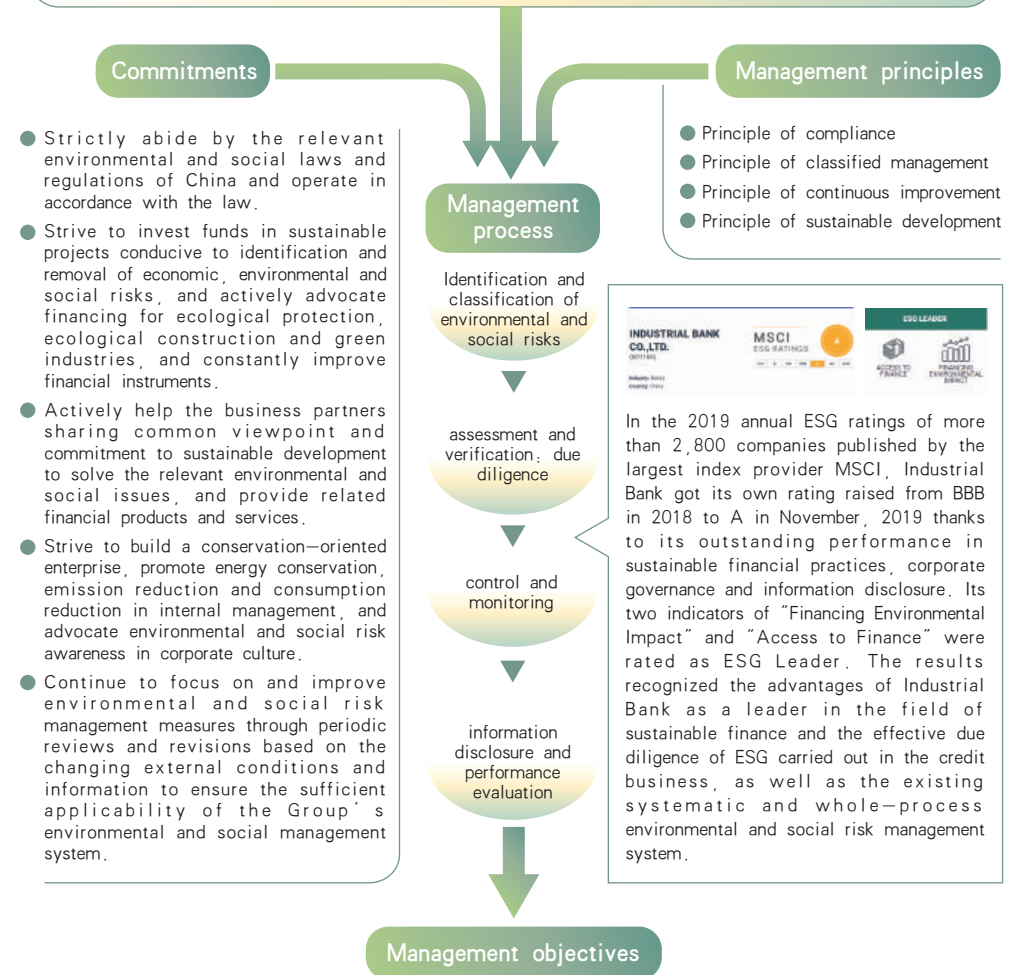
# ENVIRONMENT

ESG indicators	
<ul style="list-style-type: none"> <li>● Identification and management of environmental and social impacts</li> <li>● Environmental risk policies and management measures</li> <li>● Greenhouse gas emissions</li> <li>● Energy consumption and utilization</li> <li>● Management of environmental and social risk policies of supply chain</li> </ul>	
SDGs	
 3. Good health and well-being  6. Clean water and sanitation  7. Affordable and clean energy	
 8. Decent work and economic growth  10. Reduced inequalities  11. Sustainable cities and communities	
 12. Responsible consumption and production  13. Climate action  17. Partnerships for the goals	
Specific data	
2019	
Number of environmental risk warning messages released	36,026
The proportion of the loans of "resource industries with high pollution and energy consumption and industries with overcapacity" in corporate loans	Down 1.17% in 2019
Cumulative loans offered for green finance	RMB 2.2232 trillion
Number of cumulative clients in green finance	19,454
Environmental performance of projects supported by green finance	Annual savings of 30.04 million tons of standard coal and 410.06 million tons of water and annual emission reduction of 84.39 million tons of carbon dioxide
Accumulative credit extension of "green mortgage loans"	RMB 22.007 billion
Number of low-carbon-themed credit cards issued accumulatively	733,500 credit cards and cumulative carbon emission reduction of 379,867 tons
Emission of carbon dioxide of the head office	39,853.60 tons
The first business guideline of green supply chain finance issued in China	No. 1

## Intensive Operation to Improve Professional Management of Environmental and Social Risks

## Environmental and social risk management system

The Board of Directors of Industrial Bank puts forward a social responsibility practice concept of "integrating righteousness into profitability" and establishes the corporate governance philosophy of sustainable development. Accordingly, it assigns the approval of social responsibility strategy, green credit, environmental and social policies and other issues of Industrial Bank related to sustainable development to its strategic committee, and forms the EPs Leading Group and the Group's Green Finance Taskforce to provide support in policy resources and institutional mechanisms, so as to promote the development from a single green financial product to a cluster of green financial product offerings while boosting the growth from a green bank to an integrated green financial group.





## Detail credit policy guidance and strengthen internal compliance management

In 2019, the Bank actively expanded the ecological environment management industries and energy-saving service industries such as water conservation, soil remediation and gas emission, and vigorously supported the urban public utilities with mature and reliable operation modes such as water supply, power supply, solid waste, sewage, gas, central heating and communication networks. For example, priority in the urban natural gas industry is given to key regions such as Beijing-Tianjin-Hebei-Shandong, the Yangtze River Economic Belt, and the Guangdong-Hong Kong-Macao Greater Bay Area (Pearl River Delta); priority in the industry of water resources is given to the "5+1" regions, i.e., Beijing-Tianjin-Hebei-Shandong, the Yangtze River Economic Belt, the Guangdong-Hong Kong-Macao Greater Bay Area, Chengdu-Chongqing, Fujian, and the Yellow River Basin. As for the projects and enterprises that are specifically prohibited by the state and inconsistent with environmental protection regulations, no loans shall be issued and the loans already offered shall be recovered.

### Environmental and social risk policies in some fields

**Climate change:** the Bank gives priority to funding energy-saving industries, strengthens the regulation of credit policies and the compliance control of industries such as papermaking, cement, textile and apparel, clarifies the general principles and goals, and clearly stipulates regional policies, access, green financial technology standards and requirements, the conditions for prohibition of entry, etc.

**Gas:** the Bank first considers the credit support for the urban gas industry, and clearly stipulates the client and project access and the classified management of clients and regions.

**Mining:** Guided generally by national industrial policies, the Bank prudently considers the coal industry, adheres to optimization of regional layout, focuses on high-quality leading companies, accelerates structural adjustments, and enhances the cooperation while the client access, project access, and green financial technology standards and requirements are strictly regulated.

**Oil:** The Bank prudently considers the oil refining industry, emphasizing the structural optimization with both support and control to prevent risks, and clearly stipulating that a complete safety, environmental protection and occupational health management system should be available in terms of client access. And the relevant national standards should be abided by in terms of consumption of energy and materials and emissions of pollutants, etc.

Several Compliance Proposals are issued to indicate the credit risks caused by civil litigation cases of environmental public interest and various types of environmental risks at home and abroad, increase our awareness, extent and scope of environmental and social risk prevention, and strengthen the special inspection of the existing credit business in terms of environmental protection and production safety compliance.

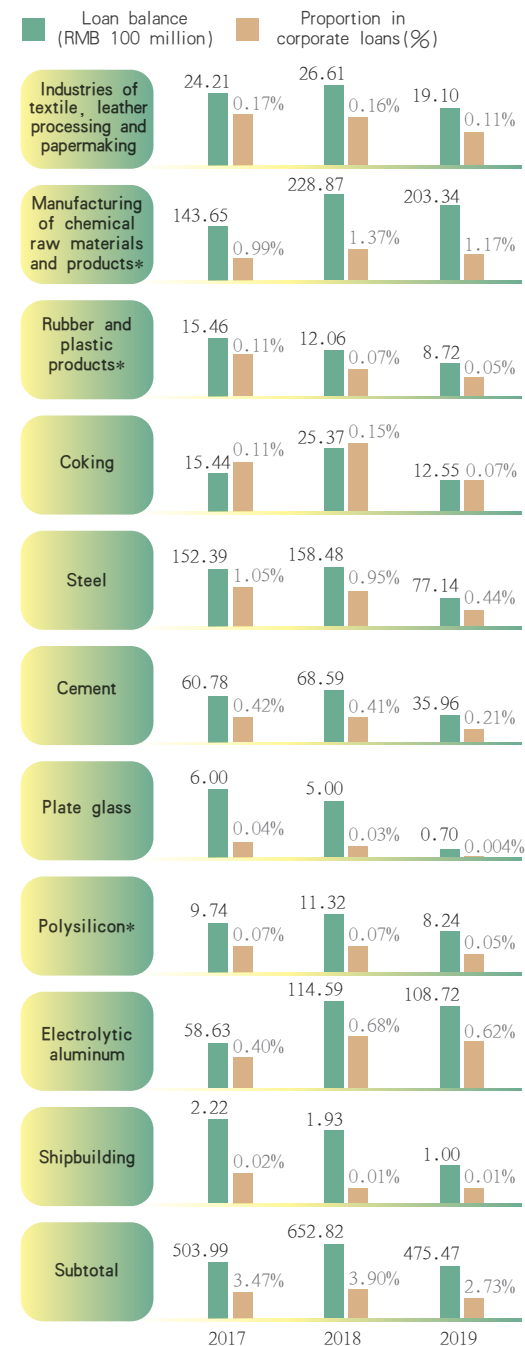
The Bank also continues to strengthen the construction of early warning mechanisms against environmental and social risks and promotes the cooperation with the public welfare organizations for environmental protection. A total of 36,026 environmental risk warning messages have been released in the bank through the Environmental Risk Warning List of the Green Traveler Public Welfare Center for Environmental Protection to provide information support for the full cycle management of our credit projects.

### Case Nanjing Branch strengthens risk management and control of chemical companies and adheres to eco-environmental protection

As of the end of January 2020, Nanjing Branch has **withdrawn loans from a total of 19 chemical companies** and **reduced the loans to 25 chemical companies** since the explosion of the Xiangshui Chemical Industry Park in March 2019.

In 2019, Nanjing Branch conducted special risk investigations in the chemical enterprises within its jurisdiction in response to the safety and environmental protection issues of the chemical industry in Jiangsu Province, according to the work requirements of the Improvement Plan for Safety and Environmental Protection of Chemical Industry in Jiangsu Province (No. SB [2019] 96, hereinafter referred to as the Plan). Those investigated were as follows: the enterprises affected directly by the explosion, the chemical production enterprises affected by the Plan and located in the main stream and tributary areas of the Yangtze River but outside the Xiangshui Chemical Industry Park, the chemical production enterprises in environmentally sensitive areas (inside the First-grade Protection Zone of Taihu Lake and on both sides of the Beijing-Hangzhou Grand Canal and the clear water channel of the Tongyu River), and the chemical production enterprises outside the Xiangshui Chemical Industry Park below designated size. Therefore, in order to control risks throughout the process, Nanjing Branch has put forward a series of risk management and control measures including the inclusion of first-level early warning management, the duration management of clients in the chemical industry, the targeted inspections, and the improvement of enterprise access standards.

Business data in the "industries with high pollution and energy consumption and industries with overcapacity"



Note: The "industries with high pollution and energy consumption and industries with overcapacity" are classified according to the Notice on Adoption of Key Evaluation Indicators for Green Credit (No. YJBF [2014] 186) of the China Banking Regulatory Commission (CBRC), and the data statistics of the sub-sectors subdivided in the industries marked with \* are at our own discretion.

## Continue to Promote Structural Adjustment in the Principle of "Controlling Loan Increment, Optimizing the Existing Loans and Adjusting Credit Structure"

In 2019, the Bank continued to adopt the principle of "controlling loan increment, optimizing the existing loans and adjusting credit structure" in the industries with overcapacity such as steel, coal and nonferrous metals. The production capacity has quickly cleared since the supply-side structural reforms, and these industries have been developed stably. The Bank will continue to strengthen structural adjustment with differential treatment, and focus on the division of enterprises in the industry to promote the supply-side reforms by taking the measures such as improved business access, industry quota management and list management.

The Bank strictly implements the national industrial policies in the industries sensitive to climate and environmental risks. As for those with severe overcapacity such as steel, coal and nonferrous metals, the Bank takes the initiative to assess the environmental and social risks according to the EPs and strictly controls their credits. As for those with high environmental risks, the Bank also actively studies the risk quantification systems, models and methods including environmental stress tests, and pays attention to the combination with domestic industry development characteristics and policy environment.

## Topic: Take the Lead in Sustainable Development and Grow together with Small and Medium-sized City Commercial Banks



"The Industrial Bank's pioneering exploration and continuous operation practices in the field of sustainable finance not only reflects its sacred mission and responsibilities of "exploration for financial reform and dedication to economic development" but also shows its patriotism in the pursuit of sustainability. It is with the patriotism that Industrial Bank has always pursued the combination of corporate social responsibility and commercial operations to contribute to the social and economic sustainability while adhering to the concept of 'integrating righteousness in to profitability' and achieving its own sustainable development."

— Tao Yiping, President of Industrial Bank



Sustainable Banking: Managing the Social and Environmental Impact of Financial Institutions, a book on the frontier of international sustainable banking introduced and translated by the Bank, was published by China Environment Publishing Group in June 2019. As one of our series of the Equator Principles and Sustainable Development of Banks, the book mainly elaborates on the sustainable financial systems and banking practices, which effectively fills the gaps in this field in China.

As the first foreign book introduced and translated by Industrial Bank, it comprehensively covers the cutting-edge theories and practices in the field of sustainable finance from an international perspective, including sustainable financial practices of traditional banks, emerging socially responsible investment, social banking, and impact investment. As a direct strategic management proposal, it also fully covers the product types, business models and management methods of sustainable finance, showing a panoramic picture of sustainable banking for the global banking industry. All of these will be highly likely to become the main development trends and mainstream forms of green finance and inclusive finance in the future. This could provide an important reference for enriching the domestic sustainable financial system, inspiring the sustainable financial product innovation and expanding the businesses of sustainable banks, as well as guidance and direction for the entire financial industry to rebuild financial strength to benefit the whole society.

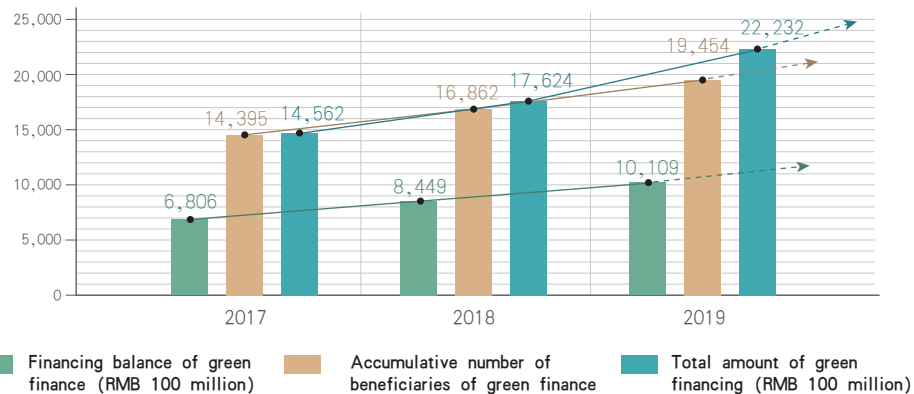
With the translation and publication of the book as an opportunity, the Bank hosted the "Seminar on Sustainable Banking Development & Green Finance" on July 18, 2019. Attendees were the experts and scholars from the Green Finance Committee of China Banking Association, International Finance Corporation (IFC), the Green Finance Research Center of Fudan University and the University of Waterloo, as well as the representatives of more than 10 city commercial banks. They deeply discussed the environmental and social risk management of banking at home and abroad and the sustainable development strategies and product innovation of banks, and gave their suggestions for sustainable development of financial industry in China.



"There is no longer a 'trade-off' relationship between sustainable banking and financial performance, but a new mode that the costs can be reduced through risk management and green innovative products to obtain more financial returns."

— Professor Olaf Weber, research chair of sustainable finance at the University of Waterloo and Export Development Canada Chair in Environmental Finance

"A single flower does not make spring while one hundred flowers in full blossom bring spring to the garden." The bank has always been committed to the publicity of sustainable finance since 2008. As of the end of 2019, the bank had signed inter-bank green finance cooperation agreements with nearly 20 banks such as Jiujiang Bank and Huzhou Bank to deepen the comprehensive cooperation and business innovation in this field such as green product development, green team building and construction of business process, and to effectively empower and guide more financial institutions to participate in the construction of China's green financial system to jointly promote the development of green finance, relying on the Bank-Bank Platform cooperation model pioneered by us.



As of the end of 2019

The bank had achieved a green financing balance of RMB **1.0109 trillion** with **14,764** green finance clients and accumulatively provided the green financing of RMB **2.2232 trillion** for **19,454** companies.

The green projects supported by the Bank can save **30.04 million** tons of standard coal and **410.006 million** tons of water per year in China, in addition to an annual emission reduction of **84.39 million** tons of carbon dioxide.



As of the end of 2019

A balance of green financing of RMB <b>79.662 billion</b> was achieved in the financial market.	Industrial Bank Financial Leasing Co., Ltd. achieved a green lease financing balance of RMB <b>38.059 billion</b> .	China Industrial International Trust Limited achieved a green financing balance of RMB <b>5.089 billion</b> .	IB Fund Management Co., Ltd. achieved a green finance business balance of RMB <b>11.29 billion</b> .
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The accumulative credit extension of "green mortgage loans" was RMB **22,007 billion**.



The Bank has issued a total of **733,500** low-carbon-themed credit cards and purchased a cumulative carbon emission reduction of **379,867 tons** which is equivalent to the carbon emissions from the **1,000km** air travel of **2.73 million** persons.

## The Green Financial Group's More Efforts for Multiple Business Lines

The Industrial Bank took the lead in creating green finance business in 2006 and voluntarily adopted the Equator Principles in 2008 as the first EPFI in China. Now it has built up the group's green financial product and service system featuring multiple business lines such as green financing, green leasing, green trust, green funds, green wealth management and green consumption. The Industrial Bank has become the largest commercial financial institution in terms of the balance of green financial bonds issued globally. It has explored a unique way to sustainable development after continuous innovation of business models by combining corporate social responsibility with commercial operations.

### Full support for green finance with multiple mechanisms

The Bank has provided and continuously enriched a series of incentive mechanisms over the years to fully support green finance. Specifically, the Bank has incorporated green financial business into the evaluation of comprehensive operation plan at the branch level. Every year, the Bank arranges the scale of the green credit risk assets or special assets (for example, the special risk assets of RMB 40 billion in 2019), and the special financial resources to support and stimulate the work of branches/sub-branches in the construction of green finance clients, the launching of key projects and innovative products, the construction of emission rights platform, etc. Our professional teams preferentially approve the green credit projects and the branches take charge of differentiated authorization.

In 2019, the Bank arranged special credits, special risk assets, green financial bonds, special financial expenses and other resources to support the energy-saving and environmental-friendly industry. The Bank conducted independent policy and market research for key enterprises and major projects, prepared green financial service guidelines in the key fields of energy conservation and environmental protection such as photovoltaic power generation and hazardous waste disposal and in the national key development areas such as the Guangdong-Hong Kong-Macao Greater Bay Area, Fujian Province, the Beijing-Tianjin-Hebei region, and the Yangtze River Economic Belt, and organized multiple professional trainings to strengthen capacity building.

In 2019, the Bank took its advantage as a green finance leader and the first EPFI in China to help win the battle for pollution prevention and control, and achieved the Group's mid-term development goal of "the green financing balance reaching more than RMB 1 trillion and more than 10,000 green finance clients" one year ahead of schedule.

By the end of 2019, Industrial Bank had accumulatively issued RMB 130 billion of green finance bonds, with existing domestic green finance bonds of RMB 100 billion. Moreover, it issued its first overseas green bond in Luxembourg, setting a number of records in dual-currency issuance, dual listing and pricing across time zones as a joint-stock bank, and thus becoming the first Chinese-funded commercial bank to issue green finance bonds in both domestic and overseas markets, as well as the commercial financial institute with the largest balance of green finance bonds issued globally.



### Case Build a green financing innovation model for clean development in cooperation with China Clean Development Mechanism Fund

In 2019, The Bank signed a green financial cooperation agreement with the China Clean Development Mechanism Fund Management Center (hereinafter referred to as the CDM Fund) to jointly build a green financing innovation model for clean development (hereinafter referred to as the "Green Innovation Credit"), providing financing for energy-saving and green low-carbon industrial projects. The "Green Innovation Credit" gives full play to the policy guidance of the CDM Fund and the leverage of seed funds for investments in debt securities, in which the projects are screened by us and reviewed by the CDM Fund to drive the social capital investments of three times through its low-cost policy funds and thus help to achieve their green low-carbon transformation.

The "Green Innovation Credit" of Zhejiang Province, the first project under this partnership, was completed in Wenzhou City by the CDM Fund, Wenzhou Finance Bureau and Industrial Bank in the model of "the 'Green Innovation Credit' of the CDM Fund + the Project Loan of Industrial Bank". It provided RMB 187 million for Wenzhou Transportation Group to purchase 333 new energy buses, satisfying its capital needs in the replacement of new energy buses. It is estimated that the greenhouse gas emissions of 1,932 tons of carbon dioxide equivalent can be reduced each year.

As of the end of 2019, 11 IB branches had reached a provincial tripartite cooperation intention with the CDM Fund and the local finance department, and Fuzhou Branch, Changsha Branch and Taiyuan Branch had signed a tripartite cooperation agreement with the local financial authority. Three projects under the "Green Innovation Investment" program of the CDM Fund have been completed at all levels of Industrial Bank, with a total low-cost fund of RMB 207 million introduced from the CDM Fund and the matched loans of RMB 118 million offered by Industrial Bank. Twenty nine "Green Innovation Credit" projects to be reported to the CDM Fund are subject to consultation and approval, with a total low-cost fund of RMB 2.176 billion to be introduced from the CDM Fund, the matched loans of RMB 3.862 billion to be offered by Industrial Bank and a total investment of RMB 124.37 billion involved.



Clean Project Promotion Conference of Taiyuan Branch



The Signing Ceremony of Clean Fund of Changsha Branch



The Signing Ceremony of Clean Development Fund of Fuzhou Branch

### Case The first business guideline of green supply chain finance issued in China

The Bank took the lead in formulating and issuing the Business Guideline of Green Supply Chain Finance in China in September, 2019, clarifying the concept of green supply chain finance, defining the business scope, building a product system of green supply chain finance in an all-round way, detailing the business development strategy of green supply chain finance from the perspectives of industries and clients, supporting the rapid and sound business development of green supply chain finance by taking measures such as credit support, allocation of financial resources and differentiated authorization management, and providing the clients with a full range of green supply chain finance services to achieve the win-win development of business benefits and eco-environmental protection according to the "three-step" strategy (i.e., green industry supply chain finance, green product supply chain finance, and ecosystem of green supply chain finance).

As a pioneer in green finance in China, the Bank has continuously innovated in the field of green finance with continuous green supply chain finance products such as buyer's credit for green equipment and products, factoring, forfeiting of domestic securities, discounts of bank notes, and bill pools. At present, The Bank has achieved the application of green supply chain finance products in many green industries such as new energy vehicles, lithium battery production, power generation, photovoltaic power generation and rail transit, introduced the products associated with trade financing based on the transaction background of different nodes in the industrial chain, and supported the financing of SMEs in the green industry. As of the end of 2019, a total amount of RMB 12.277 billion had been offered by Industrial Bank to the projects of green supply chain finance.

**The green supply chain finance** refers to the integration of green concepts into the entire process of supply chain finance. The funds are specifically used in the fields of energy conservation, environmental protection and sustainable development. The environmental protection function of supply chain finance can be realized through the organic integration of green finance and supply chain finance, which is of great significance for the acceleration of green development and the completion of ecological civilization construction at the meso and micro levels in China.



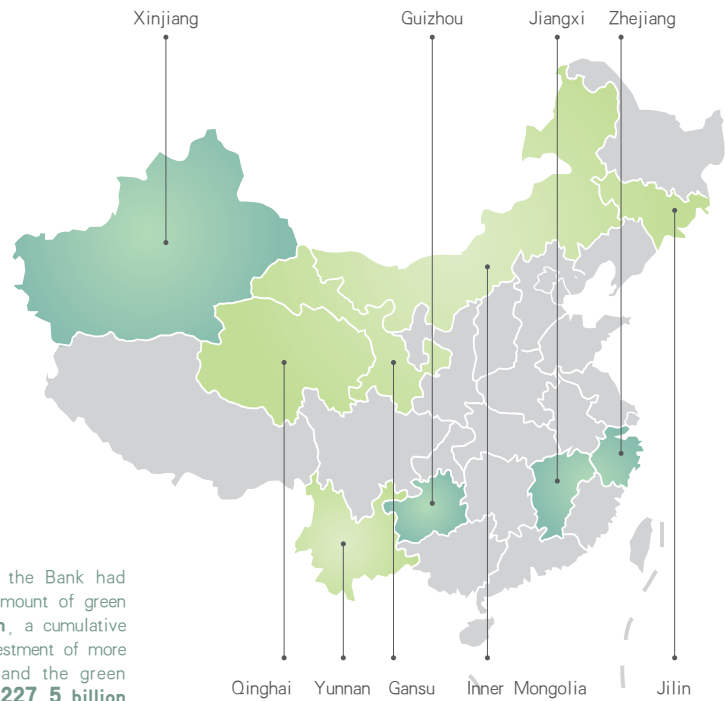
The Bank took the lead in underwriting and successfully issuing the 2019 asset-backed notes (ABN) of the first phase of Xitang Town Tourism and Culture Development Co., Ltd. (located in Jiashan County, Zhejiang Province), which is the first asset-backed note project related to the rights of charge earnings of scenic area in Zhejiang Province.

## Participate in rule making and support national green development

As an advocate and practitioner of green finance, the Bank has actively made suggestions over the years for national green financial development. The green financial policy designs participated in by us in 2019 include: the revision of the special statistical system for green loans (green credits) of the regulatory agencies such as the People's Bank of China and the China Banking Regulatory Commission; the preparation of multiple industry rules such as green financial terminology standards, green debt financing instruments, and environmental information disclosure standards for financial institutions by the Working Group on Green Financial Standards of China Financial Standardization Technical Committee (CFSTC); the project design of the second batch of national green finance reform and innovation pilot zones; the preparation of China Green Finance Development Report. Especially as a major participant of the program UK-China Climate and Environmental Information Disclosure Pilot, the Bank explored and practiced the objectives, content, methods and action plans of environmental information disclosure based on the TCFD recommendations. The Bank also continued to do research in green finance and took the lead in studying the issues such as the research of the People's Bank of China on reduction of the risk weight of green credit assets, the green asset securitization and cross-border flow of capital assets by the UK-China Green Finance Taskforce, and the formulation of framework for climate and environmental information disclosure by financial institutions along the "Belt and Road". Meanwhile, the Bank expanded and strengthened our progress in green financial product innovation, business promotion and international exchanges in cooperation with the Research Center for Green Finance Development jointly established by the Industrial Bank and the PBC School of Finance (PBCSF), Tsinghua University.

The Bank actively supports local green development, conducts project consultation, promotes business implementation, and provides special training in the green finance reform and innovation pilot areas signed already such as Zhejiang, Jiangxi, Guizhou and Xinjiang, as well as the nine provinces with the green financial strategic cooperation agreement signed already, including Inner Mongolia, Gansu, Qinghai, Jilin and Yunnan.

The Green Finance Reform and Innovation Pilot Areas Signed Already



The Green Financial Strategic Cooperation Agreement Signed Already

As of the end of 2019, the Bank had achieved a total contract amount of green finance of RMB **570 billion**, a cumulative green financial business investment of more than RMB **260 billion**, and the green financing balance of RMB **227.5 billion** since signing the agreement with the nine provinces mentioned above.

### Case Industrial Bank helps Lanzhou New Area enter the second batch list of national green finance reform and innovation pilot zones

In early 2018, the Bank signed the Government-Bank Strategic Cooperation Agreement on the Construction of Green Financial System with the People's Government of Gansu Province to jointly create a new green financial development path with local characteristics. In the past two years since the agreement was signed, Lanzhou Branch has accumulatively issued more than RMB 20 billion in loans to the top ten ecological industries in Gansu Province. Among the loans, nearly 25% are offered to the Lanzhou New Area for utilization and protection of water resources, construction of green industrial parks, rail transportation, manufacturing of energy-saving and environmental-friendly facilities and other industries.



The Green Lanzhou New Area Sub-branch was established on May 23, 2019



In 2019, Lanzhou Branch won the "2018 Governor's Finance Award" due to its outstanding performance in "intelligence" and "financing" of green finance.

In 2019, by assisting the local government in establishing and improving a green financial system and mechanism, the Bank selected priority industries with regional characteristics to receive key support from green finance, negotiated and followed the green project financing, and effectively served the development of local green industries. In April 2019, the Bank hosted the "Expert Consultation on the Construction of Green Finance Reform and Innovation Pilot Zone in Lanzhou New Area", which successfully helped the Lanzhou New Area to be included in the second batch of national green finance reform and innovation pilot zones.

The Green Lanzhou New Area Sub-branch was established on May 23, 2019, and became the first local "green sub-branch". It is designed to create a differentiated, distinctive and economical business outlet, provide the "one-stop" ("financing" + "intelligence") green financial services, and promote the energy-saving and environmental-friendly products and green consumption concepts, which has a positive impact on the construction of green outlets in the financial institutions in Gansu Province.





The Shanghai Municipal Bureau of Ecology and Environment, Shanghai Branch and the Shanghai Environmental Protection Industry Association jointly held the "Symposium on the Contribution of Green Finance to High-quality Development of Environmental Protection Industries in Shanghai" on December 11, 2019.

#### Case Actively promote cooperation with the government and enterprises for regional green development

Based on the national strategic positioning of "the New Area of Lingang in China (Shanghai) Pilot Free Trade Zone" and "the Ecological Integration Demonstration Zone in the Yangtze River Delta", Shanghai Branch and the Shanghai Municipal Bureau of Ecology and Environment jointly held the "Promotion of Green Development – Symposium on Cooperation between Ecological Environment Department and Industrial Bank" on December 9, 2019. The event was held to discuss the establishment of a mutually beneficial and win-win information sharing mechanism, the promotion of corporate pollution control and renovation, the innovation of green financial tools for environmental infrastructure construction, and the establishment of the bank-government-enterprise cooperation mechanism for green development in national strategic regions such as "the New Area of Lingang in China (Shanghai) Pilot Free Trade Zone" and "the Ecological Integration Demonstration Zone in the Yangtze River Delta".

The Shanghai Municipal Bureau of Ecology and Environment, Shanghai Branch and the Shanghai Environmental Protection Industry Association jointly held the "Symposium on the Contribution of Green Finance to High-quality Development of Environmental Protection Industries in Shanghai" on December 11, 2019, which was attended by nearly 50 representatives and experts from nearly 30 environmental protection enterprises such as SIIC, China Baowu Steel Group Corporation Limited (Baowu) and Shanghai Electric. The Symposium is designed to achieve the innovative development of targeted financial products, strengthen the cooperation between banks and enterprises, and jointly promote the development of environmental protection industries.

On July 18, 2019, the Shandong Green Finance Policy Presentation & Business Promotion Conference was hosted successfully by the Jinan Branch of the People's Bank of China, and co-organized by the Yantai Branch of the People's Bank of China and the Jinan Branch of Industrial Bank. The People's Bank of China publicly praised the Jinan Branch of Industrial Bank for its integrated green note services (the projects of RMB 600 million have been completed by the Jinan Branch of Industrial Bank, accounting for 50% of the amount completed in the Jinan Branch of the People's Bank of China).



The Shandong Green Finance Policy Presentation & Business Promotion Conference

## Overseas cooperation to raise the viability of Chinese Wisdom

In 2019, The Bank gave full play to the functions of the deputy director units of the Special Green Finance Committee of China Finance Society, the members of the UK-China Green Finance Taskforce, and the deputy director units of the Green Finance Cooperation Committee of the Asian Finance Association, and vigorously carried out the international exchanges and cooperation in terms of green financial product innovation, green international standard integration and climate and environmental information disclosure, to continue to enhance our international reputation and influence.

In 2019, The Bank signed up to the Green Investment Principles for the Belt and Road (GIP), which was jointly launched by the Special Green Finance Committee of China Finance Society and the City of London, and led the formulation of a climate and environmental information disclosure framework as the co-chair of the Climate and Environmental Information Disclosure Working Group to assist the signatories in capacity building. Meanwhile, the Bank performed the duty of the UK-China Green Finance Taskforce and issued the Progress Report on the Pilot Climate and Environmental Information Disclosure of China-UK Financial Institutions in 2018 and 2019.

Together with Tsinghua University and the Natural Resources Defense Council (NRDC), The Bank formed a research group to propose the topic of "Support of Green Financial Policies and Instruments for Efficient Refrigeration; Financial Support for Commercial Building and Improvement of Refrigeration Efficiency of Cold Storage and Cold Chain Logistics Industry". As the only bid winner in China, The Bank successfully applied for the Kigali Cooling Efficiency Program in the United States, and was supported for the policy and industry research in the field of refrigeration energy efficiency and the implementation of financial product innovation and projects for reduction of greenhouse gas emissions.

The Bank won the title "Largest Emerging Markets Green Bond of 2018" of the Climate Bonds Initiative (CBI) in February 2019.

The Bank was awarded as the "Best National Commercial Bank in Green Finance" and the "Best Green Bond Bank" of Asiamoney magazine in June 2019.

In September 2019, the Bank won the second prize of the Technological Development Award of the People's Bank of China by virtue of the self-developed green financial business system, i.e., the Green to Gold system.



The Bank was awarded as the "Best National Commercial Bank in Green Finance" and the "Best Green Bond Bank" of Asiamoney magazine.



The Bank won the title "Largest Emerging Markets Green Bond of 2018" of the Climate Bonds Initiative (CBI).

## Topic: Make Use of IB's advantages for the Protection of the Yangtze River

On January 5, 2016, CPC General Secretary Xi Jinping presided over the Symposium on Promoting the Development of the Yangtze River Economic Belt in Chongqing. He has emphasized that the Yangtze River is the mother river of the Chinese nation and an important support for national development. The Bank must promote the development of the Yangtze River Economic Belt in consideration of the long-term interests of the Chinese nation, put the restoration of the Yangtze River ecological environment first, work together to protect it with no major development projects, strive to build the Yangtze River Economic Belt into a golden economic belt with beautiful ecology, convenient transportation, coordinated economy, integrated market and scientific mechanisms, and explore a new path of ecological priority and green development. The Eco-Environmental Protection Plan for the Yangtze River Economic Belt, the Notice on the Ecological Restoration of Abandoned Open-pit Mines in the Yangtze River Economic Belt, and the Three-year Action Plan for Integrated Development of the Yangtze River Delta (2018-2020) have been issued successively in recent years.

Taking advantage of the Group's integrated green financial management in response to the call of the "Ecological Priority and Green Development" of the Yangtze River Economic Belt, and keeping in mind the necessity for protection of the Yangtze River Economic Belt and the urgency of combining environmental protection with supervision, The Bank took the lead in forming a working group, served preferentially the enterprises involved in the protection of the Yangtze River as the strategic key clients, and provided diversified and comprehensive financial support for the protection of the Yangtze River and the green development of the Yangtze River Economic Belt. In 2019, the Bank formulated business guidelines to provide detailed ideas for the branches in the region to provide green financial services. On November 15, 2019, Industrial Bank and the Yangtze River Eco-Environmental Protection Group held the Symposium on Integration of Green Finance into the Protection of the Yangtze River in Wuhan, to learn more about the financing needs of enterprises and explore the integration of bank-enterprise business.



The "World Environment Day" Event of Industrial Bank



The "World Environment Day" Event of Industrial Bank

### Case Give priority to the construction of Sponge City project in Chongqing



"Chongqing requires heavy investment in environmental protection. The governmental investment alone is not enough, so a large amount of social investment is necessary. The financial institutions represented by Industrial Bank have played an irreplaceable role in the promotion of environmental protection," said Zhang Yong, president of the Chongqing Association of Environmental Protection Industry.

The Ministry of Environmental Protection, the National Development and Reform Commission and the Ministry of Water Resources jointly issued the Eco-Environmental Protection Plan for the Yangtze River Economic Belt in July 2017, which clearly states that the regional ecological environment of the Yangtze River Economic Belt shall be improved significantly and more than 75% of the surface water at the state-controlled sections has the quality of at least Class III by 2020. The Bank regarded the Sponge City project as a better solution for soil solidification and reduction of water pollution as early as 2016 and included it in the scope of green projects to provide financial support.

In 2016, the Bank timely issued RMB 2.4 billion in a 15-year project loan to the account of Chongqing Yuelai Investment Group Co., Ltd. when most banks were waiting and watching at the beginning of the construction of the Sponge City Project of Yuelai New Area in Chongqing due to a lack of understanding. In 2017, the Bank continued to offer RMB 200 million in short-term working capital loans and provided customized financial services based on the project needs, including settlement, ultra-short-term financing, and medium-term notes.

The roads of the Yuelai New Area, different from traditional urban ones and like sponges, can absorb, store, infiltrate and purify runoff rainwater on the spot or nearby during rainfall, and discharge the stored rainwater for utilization in case of drought. The Sponge City project of the Yuelai New Area achieves the organic combination of dredge, drainage and waterfront spaces because the point source pollution has been eliminated from the source, the gullies are retained halfway and the gray and green water resources gather for purification, solving the prominent problem of water ecology in the upper reaches of the Yangtze River, maintaining the water quality of at least Class II of the Jialing River, and meeting the prevention standards of severe waterlogging and flood, i.e. a 50-year level for the former and a 100-year level of flood protection. No direct discharge of sewage exists from the point source and more than 50% of direct discharge is cut down from the plane source. The water quality of the Yangtze River is protected effectively through the intercept of sponge facilities, the filtration in the soil, the natural purification of microbe, and the pollution reduction.

In March 2019, seven departments, including the National Development and Reform Commission, issued the Green Industry Guidance Catalogue (2019 Edition) as the first authoritative guidance catalogue to define the scope of China's green industry, in which Sponge City is included.



### Case Professional support for sewage treatment in townships in Chengdu



A sewage treatment plant of Chengdu Environment Investment Group Co., Ltd.

The sewage treatment is the top priority for accelerating the ecological civilization construction of the Yangtze River. There are many sewage treatment bottlenecks in townships, compared with urban areas. In order to solve the water pollution problems in townships in Chengdu, Chengdu Branch allocated a loan of RMB 350 million to Chengdu Environment Investment Group Co., Ltd. for energy conservation and emission reduction projects to support the construction of sewage treatment plants. The completion and operation of the project have greatly improved the surrounding environment of the Sichuan Basin, while reducing the pollution and destruction to the Yangtze River and protecting the ecological safety of the Yangtze River Basin.

In addition, the Bank also provided financing support to Chengdu Environment Investment Group Co., Ltd. through bond underwriting, investment bonds and settlement business, underwriting more than RMB 2 billion in Chengdu environmental non-public directional financing tools, short-term financing bonds and ultra-short-term financing bonds.



Comparison of sewage before and after treatment in the sewage treatment plant

Real-time data and images of various sewage treatment links are displayed on the huge electronic monitoring screen in the central control hall of the Ninth Water Purification Plant of Chengdu Environment Investment Group Co., Ltd., which involve the sewage treatment of 195 square kilometers and form an integrated service system of water services and environmental protection. The domestic sewage becomes clean water after being treated in 6–7 processes for about 17 hours. Then the clean water is continuously discharged into the rivers at the qualified rate of water supply of 100% and finally used for green irrigation or road cleaning.



The Symposium on Integration of Green Finance into the Protection of the Yangtze River to further

On November 15, 2019, Wuhan Branch and the Yangtze River Eco-Environmental Protection Group co-held the Symposium on Integration of Green Finance into the Protection of the Yangtze River to further understand the corporate financing needs and explore the integration of bank-enterprise business.

As of the end of 2019, the Bank had offered a green financing balance of RMB 439.498 billion in 11 provinces and cities along the Yangtze River Economic Belt (that is, Shanghai, Jiangsu, Zhejiang, Anhui, Jiangxi, Hubei, Hunan, Chongqing, Sichuan, Guizhou, and Yunnan). The governance of water resources has always been a key area of our green financial development. Since the Bank first launched a comprehensive solution for utilization and protection of water resources in 2013, the projects of utilization and protection of water resources now account for over one third of our total green finance projects, supporting the "Five Water Treatment" Project of Zhejiang and the South-to-North Water Diversion Project of Shandong, as well as the projects associated with the governance of water areas, sewage treatment and water supply in Jiangsu, Anhui and other regions.



## Green Operation to Enhance Influence to Suppliers

The Bank actively implements the national low-carbon economic policies and adheres to the concepts of sustainable corporate governance and "low-carbon office and green operation" throughout operation management for energy conservation and consumption reduction in terms of water, electricity, paper and oil. The office energy efficiency was reduced effectively in 2019. Meanwhile, the Bank adheres to green procurement, builds a procurement and management system of physical assets, and strengthens the strict review and active guidance of suppliers in terms of safety production, environmental protection certification and labor protection. While taking advantage of green banking to actively promote the philosophy of green supply chain, it enhances the green development capabilities of suppliers.

### Effective reduction of office energy consumption in a multi-pronged manner

Energy consumption of the headquarters	2018	2019
Total office water consumption (ton)	136,672.07	231,690
Total office power consumption (10,000 kWh)	2,493.34	4,915.06
Total office paper (10,000 tons)	9.36	8.01
Total fuel consumption of vehicles (liters)	1,615,409.7	207,904.18
Emission of carbon dioxide of the head office (ton)	24,868.13	39,853.60
Proportion of video conferences in total conferences (%)	22.51	26.69
Video equipment coverage (%)	100	100

\*In 2019, the carbon dioxide emission index of the IB headquarters was calculated in a changed manner, with the headquarters' office area counted as a total of 157,849.74 m<sup>2</sup>. However, the data disclosed in previous years were not adjusted.

\*It includes direct emissions of 1,866.05 tons and indirect emissions of 37,987.55 tons.

For example, Wuxi Branch has formulated management rules for office premises. Aiming at enhancing employees' awareness of environmental protection, internal training, green walks, and lights out on the Earth Day have been organized. Also, it advocated low-carbon office to save water, electricity and paper, while placing energy-saving signs on lamp switches and air-conditioning panels. The newly established outlets of Taizhou Branch use the environmental-friendly materials and LED lights to reasonably control the costs of decoration and building materials. Zhenjiang Branch has issued occasional notifications to remind employees of switching off the power.



### Participation of the entire staff in the "Earth Hour" movement for ten consecutive years

Since 2010, Industrial Bank has been leading all the operation offices and staff to participate in the "Earth Hour" movement organized by the WWF every year and kept publicizing and implementing the WWF Sustainable Lifestyle A-Z to advocate the concept and practice of sustainable development, sustainable lifestyle, low carbon and environmental protection.

#### Lanzhou

On the premise of normal operation, Lanzhou Branch and its 15 sub-branches collectively shut down the billboard and landscape lighting of the office building, the lighting in the office spaces and the billboard lighting along the roads.



#### Shanghai

Before and after lights out of the office building of Shanghai Branch



#### Ningde

Before and after lights out of the office building of Ningde Branch



#### Case

### Green development in cooperation with suppliers

On June 27, 2019, Fuzhou Branch hosted the Financing Product Presentation for Governmental Procurement from SMEs to promote government procurement innovation and broaden corporate financing channels. Nearly 80 suppliers of SMEs attended the conference. The Bank mainly showed the achievements during the ten-year adoption of the Equator Principles, that is, the book series of the Equator Principles and Sustainable Development of Banks, and introduced our special services and products in the fields of environmental and social risk management and green finance, to promote the green economy model and the concept of green supply chain while serving the real economy.



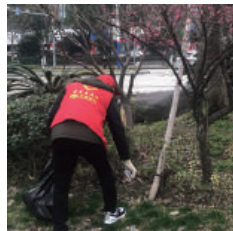
# Green Life, Contribute to Ecological Harmony

In 2019, the Bank continuously publicized green ideas, and encouraged and led all employees to practice a green, low-carbon and sustainable lifestyle by organizing various green public welfare activities internally.

## ○ The “Green Calendar” of Jiaxing Branch ○

### March 5

Which was the 19th Chinese Youth Volunteer Service Day and the 56th Lei Feng Memorial Day, the Jiashan Sub-branch of Jiaxing Branch organized volunteer environmental cleanup services.



### March 12

Jiashan Sub-branch organized employees to plant trees at the voluntary tree planting base of the new high-speed railway area in Jiashan County.



### March 30

The entire staff participated in the lights-out activity from 20:30 to 21:30.



### April 30

The employees were organized to participate in an environmental remediation activity in Ruijing Jiayuan Community in cooperation with the community and other member units of the community's Fourth Section.



### May 22

Pinghu Sub-branch, Jiaxing Urban Investment Development Group Co., Ltd., Dongsheng Community and other departments jointly held the theme party of “Participation in Civilization Creation and Waste Classification”, and Pinghu Sub-branch and Dongsheng Community signed an agreement on “Joint Civilization Creation”.

### July 16

Jiaxing Branch launched a community publicity campaign on waste classification.



### November 8

The Business Department of Jiaxing Branch was upgraded into a smart flagship outlet to present integrated information and achieve paperless office in the hall.



### December 14-17

Jiashan Sub-branch actively organized employees to conduct civilization creation inspection and rectification to promote the clean and orderly communities and roads in each grid.



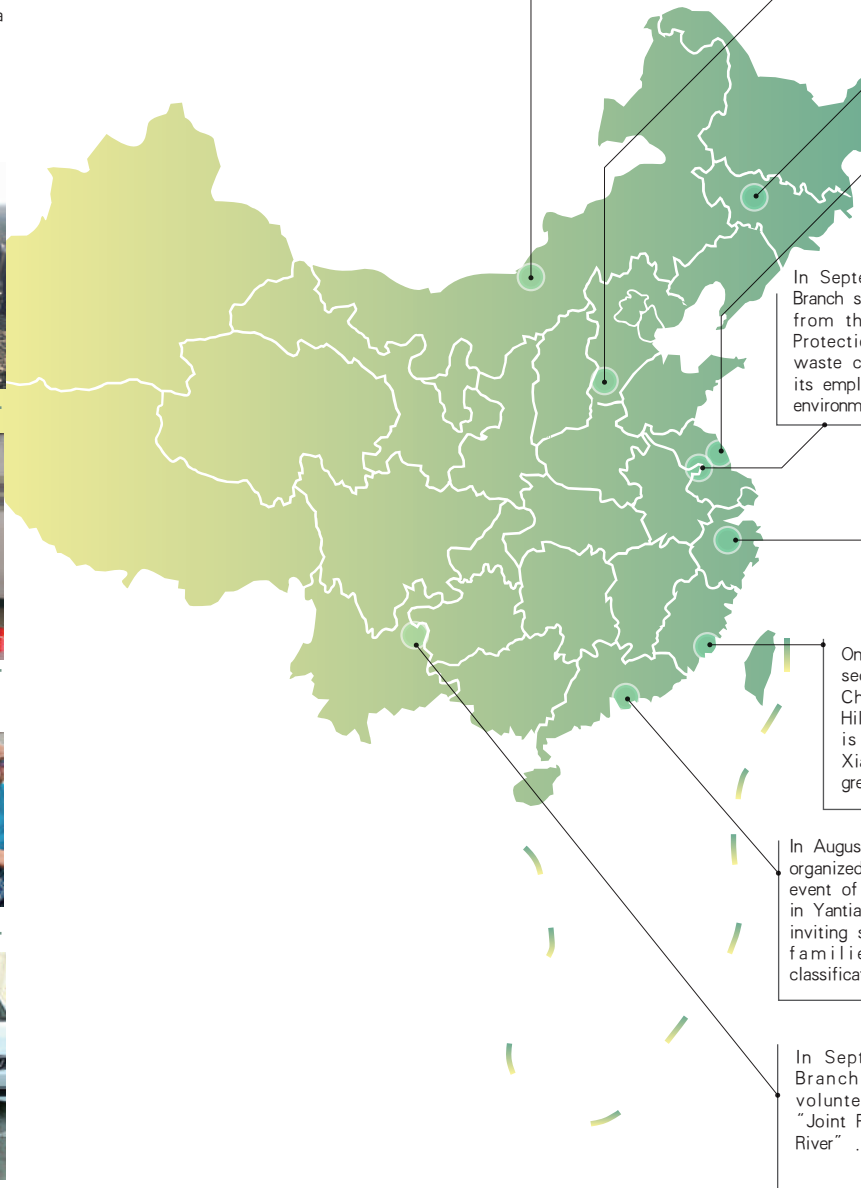
Baotou Branch held its first walking activity.



Xingtai Branch held the activity “Healthy Running around Qilihe River”.



On June 22, 2019, Changchun Branch launched the “CIB Cares – Volunteer Publicity for Waste Classification of Jingyuetan Scenic Spots & Trekking for Garbage Clean-up”, invited experts to introduce the knowledge of waste classification, and distributed their waste classification brochures to tourists along the way.



In July 2019, Yancheng Branch organized employees to hold a series of environmental protection and public welfare activities.



In September 2019, Yangzhou Branch specially invited a lecturer from the local Environmental Protection Bureau to provide a waste classification training for its employees and advocated the environmental-friendly lifestyle.



In March 2019, Shaoxing Branch organized the tree planting campaign of “Joint Tree Planting of Industrial Bank”.



On November 3, 2019, the second Xiamen (Haicang) Challenge for Riding to Hills ended successfully. It is the second time that Xiamen Branch supports the green event.



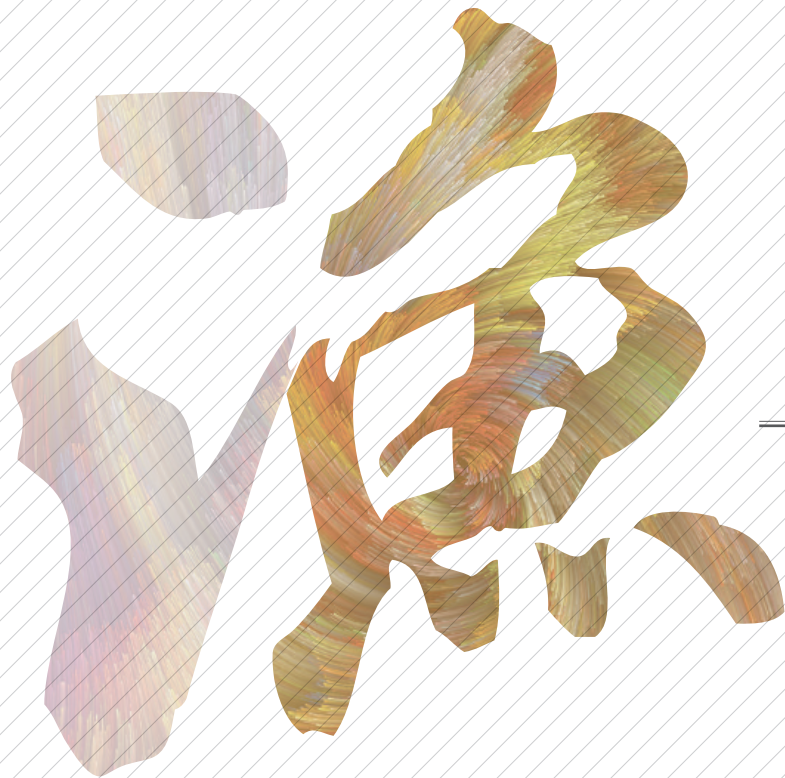
In August 2019, Shenzhen Branch organized a science popularization event of environmental protection in Yantian Energy Ecological Park, inviting some customers and their families to learn waste classification knowledge.



In September 2019, Qujing Branch participated in the volunteer service activity of “Joint Protection of the Mother River”.
















## Giving back both Visible and Invisible Benefits

Our Benevolence Lies in Our Commitment to Leaving Nobody Behind.

## GIVING BACK TO THE COMMUNITY

- P87 Topic: The all-out efforts made by Industrial Bank to fight the epidemic
- P95 Many measures combined to support the mission of targeted poverty alleviation
- P99 Building financial services in collaboration with the community to improve the people's livelihood
- P101 Popularization of financial knowledge to assist the development of the public education
- P105 Incessant endeavor to conduct public welfare activities and help the poor
- P109 Common progress in the home of the staff members based on the principle of "people first"



ESG indicators	
<ul style="list-style-type: none"> <li>● Participation in and making contributions to the lives of local communities</li> <li>● Equality and pluralism of staff members</li> <li>● Salaries and welfare system for staff members</li> <li>● Supporting the further education of staff members</li> <li>● Policies and training activities for promoting knowledge and skills of staff members</li> <li>● Occupational health safety management of staff members</li> </ul>	
SDGs	
 1. No poverty	 2. Zero hunger
 4. Quality education	 5. Gender equality
 8. Decent work and economic growth	 10. Reduced inequalities
 3. Good health and well-being	 6. Clean water and sanitation
 11. Sustainable cities and communities	
Specific data	
2019	
Total donations for fighting COVID-19 (As of April 15, 2020)	RMB 59.3585 million
Credit support for the enterprises fighting the epidemic (As of April 15, 2020)	Over RMB 30 billion
The total newly-added credit given to the SMEs fighting the epidemic (As of April 15, 2020)	RMB 8.203 billion
Number of the SMEs fighting the epidemic we supported (As of April 15, 2020)	426
Loan balance of targeted poverty alleviation	RMB 14.529 billion
Number of people served due to financial loans for targeted poverty alleviation	129,500
Investment amount of public education service	RMB 12.1584 million
Number of activities in total	56,039
Number of thematic public education activities	16,377
Number of materials handed out for public education service	5.4995 million

Specific data	2019
Short messages sent for public education service	4,248 million
Posts of Weibo or WeChat for public education service	2,1345 million
Number of media reports for public education service	1,184
Donations during the whole year	RMB 36,4679 million
Total number of staff	57,142
Ratio of male to female staff members	0.93:1
Proportion of high and middle-level managerial personnel	5.68%
Ratio of male to female middle and senior managers	2.24:1
Proportion of staff members with undergraduate education or above	92.03%
Ratio of staff with minority nationality	1:32.01
Number of staff members who are foreigners	217
Coverage of social insurance	100%
Proportion of staff members signing the labor contract	100%
Coverage of housing provident fund	100%
Percentage (%) of staff members under collective consultation agreement	100%
Number of training programs for staff members	4,969
Staff members receiving training	470,013 trainees
Average training hours each staff member receives each year (Total number of training hours for all staff members/total number of staff members)	182 hours
Training expenditures for staff members	RMB 121.49 million

## Topic: IB's All-out Efforts to Fight COVID-19

"I firmly believe that we can do a job in both COVID-19 prevention and control and grow our business so long as each of us has a stronger sense of cause and responsibility and a stronger enterprising spirit in a dedicated and professional manner!" said President Tao Yiping.

Starting in late 2019, an aggressive COVID-19 epidemic swept the whole country. Faced with this unexpected challenge, the Bank made a rapid response by implementing the decisions and arrangements made by the CPC Central Committee and State Council in the first place, creating good conditions for mobilizing, arranging and strengthening the financial support of COVID-19 prevention and control in an all-round way. Since January 17, 2020, IB has set up a leading group led by the president of the Bank and a production safety leading group of the head office to cope with COVID-19 epidemic. Starting on January 26, IB has held three Party committee conferences successively to make mechanism arrangements for addressing the epidemic. On February 11, a video conference was held for the COVID-19 prevention and control of the whole bank, in which IB President Tao Yiping delivered a speech to arrange the work for COVID-19 prevention and control and financial services. At the same time, IB released such guidance documents as the Work Scheme of the Leading Group of Industrial Bank for Coping With COVID-19 Epidemic and Notice on Making Better Efforts to Provide Financial Service and Support the Prevention and Control of the COVID-19 Epidemic, which proposed the principle of "eight unified actions" and made measures in "seven aspects" to win the three major battles of "stabilizing development, ensuring safety and assisting in fighting the epidemic".



## Industrial Bank donates RMB 59.3585 million to aid the frontline of fighting the epidemic in Hubei

On January 26, 2020, the Bank decided to donate RMB 30 million to support the frontline of fighting the epidemic in Hubei Province. On February 18, the Group donated another RMB 5 million to Yichang, a Hubei city that Fujian Province aided in pairing assistance, for its efforts of COVID-19 prevention and control and purchasing medical equipment and PPE supplies. As of February 18, the Group has donated funds and supplies worth over RMB 45 million in total to Hubei, and received letters of gratitude from 14 hospitals including Jinyintan Hospital in Wuhan, Wuhan Tongji Hospital, Wuchang Hospital in Wuhan and The Central Hospital of Wuhan in succession. As of April 15, 2020, the Group has totally donated RMB 59.3585 million for fighting the epidemic, making concerted efforts with people all over the country to win the battle against the epidemic.

## Industrial Bank provides diverse credit support for enterprises involved in COVID-19 prevention and control

### Targeted support

The Bank set up a list of enterprises involved in COVID-19 prevention and control to give support. It arranged special policies and resources to strengthen the targeted credit aid and ensure to meet the enterprises' related financing demand. As of April 15, 2020, Industrial Bank has provided banking credit of over 30 billion yuan for the enterprises in such industries as important medical supplies, daily necessities and medical care for their efforts in prevention and control of the epidemic and resumption of operation, and released newly-added credit granting of 8.203 billion yuan in total to 426 SMEs related to COVID-19 prevention and control.

### Diverse products

Based on the demand of diverse financial services by key enterprises related to COVID-19 prevention and control, the Bank gave play to the advantage of "commercial bank + investment bank" and set up a dedicated channel for investment banking products such as the "debts for COVID-19 prevention and control" and debt financing program in collaboration with the National Association of Financial Market Institutional Investors and the Beijing Financial Assets Exchange, so as to widen the financing channels. Also, IB made joint efforts with enterprises to weather through the difficulty by setting up buyout funds and private equity funds.

### Efficient service

Based on the financial demand of the enterprises related to fighting the epidemic, the Bank simplified the business procedures for special cases and opened a fast track for remitting and transferring funds. The Bank strengthened targeted support service by offering one-to-one high-quality and efficient tailored service to guarantee relevant funds can reach the frontline in COVID-19 prevention and control as soon as possible.

### Case A credit loan of RMB 1 million for nucleic acid reagent test kits

The novel coronavirus nucleic acid reagent test kit developed by Anbio, a small and micro enterprise, was the first nucleic acid fast testing reagent in China. After the outbreak of the epidemic, this product was sent to the medical institutions in provinces and cities like Hubei, Henan and Shanghai for use in succession as the first donated novel coronavirus nucleic acid testing reagent of Fujian Province. In order to ensure the normal production of the company during the Spring Festival, Industrial Bank provided RMB 1 million in unsecured credit loan for this enterprise on January 21, 2020, with an interest rate 0.65 percentage point less than the current interest rate.



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#### Case An RMB 400 million COVID-19 loan for better disposal of medical waste

With its more than 40 environmental protection disposal bases spreading across over ten provinces, Dongjiang Environmental Protection Co., Ltd. worked at the forefront in the collection and disposal of medical wastes in the battle against COVID-19. In Hubei, its subsidiary there volunteered to work as an emergency disposing unit for the local medical wastes; in Guangdong, seeing that the Guangdong Hazardous Wastes Comprehensive Treatment Demonstration Centre prepared a capacity for handling 4 tons of medical wastes and more than 10,000 beds for infected patients each day in emergency, the Bank contacted with its operator DJE about the related funding need and used its strength in green finance to open a fast track for loan examination and approval. IB offered DJE an RMB 400 million loan along with a preferential interest rate to support this company in strengthening its ability of disposing medical wastes.

#### Case First bond for COVID-19 prevention and control in Hubei to facilitate the circulation of medical supplies

Jointown Pharmaceutical Group, a large-scale private commercial medicine circulation enterprise, is headquartered in Wuhan, a hard hit area by the epidemic. It played an important role in fighting the epidemic. Jointown Logistics Co., Ltd., a subsidiary under the group, assisted the Red Cross in the warehousing and logistics management of donated supplies and medicines. On February 6, 2020, the Bank succeeded in issuing the super short-term financing bonds for the year of 2020 for Jointown Pharmaceutical Group Co., Ltd. as the independent lead underwriter and bookrunner, the first bond for COVID-19 prevention and control in Hubei. It was the first bond for COVID-19 prevention and control in Hubei, the epicenter. The issue amount was 500 million yuan with a time limit of 270 days and a stated interest rate of 3.0%, which was a record low for the super short-term financing bonds for Jointown since 2017. The funds raised would be mainly used for the purchase and circulation of the supplies for COVID-19 prevention and control.

## Industrial Bank is committed to safe and stable financial services to satisfy the demand of the customers

During the COVID-19 epidemic period, the Bank paid close attention to the financial service demand of all kinds of customers affected and guaranteed the quality of financial service via financial technology.

For enterprise clients, IB would not withdraw, cut or inhibit the loans granted to the enterprise clients meeting difficulties due to the epidemic, especially the small and micro ones. IB actively alleviated the predicament of the customers in reasonable ways by properly expanding the scope of reducing and exempting fees in financing, remittance and agency settlement to further lower the financial service cost.

For retail customers, IB strengthened its online services across the country, especially the online services in the hard-hit areas while making reasonable arrangement of offline services and safeguarding the health safety of consumers. IB guided the enterprises and residents to go through financial formalities online on the Internet or through mobile apps, and strengthened the support of information technology for online service. The private banking department of IB's head office stepped up efforts to improve its online course platform during the epidemic by establishing the online column of IB Course Series rapidly. It invited experts in areas like health management, wealth investment, art and humanity, education and overseas study to give online lectures. IB branches actively organized the customers to participate in "cloud classrooms" in diversified forms. Caring about the physical and mental health of customers, IB branches put the idea of "customer-oriented service" into place. They did a good job in mobilizing high-quality resources, maintaining high-level service while reducing the cost for organizing activities, so that they could show more care for the frontline customers. When the PPE supplies were tight, they sent facial masks to high-net-worth customers to show their care.

For clients in the interbank market, the Bank took the lead in offering online comprehensive financial service solutions. Relying on the open platforms like its Bank-Bank Platform and non-banking cloud platform, IB offered whole-process transaction services, covering four major fields—depository, liquidation and settlement, fund business, credit-granting business, and wealth and assets management. A range of key online products have been released accordingly, such as Electronic Payment Integration (for China), Huishoufu and FICC, which could effectively avoid offline cross infection and contribute to the stability of financial market and steady operation of real economy.

#### Case "IB E Discount" empowers enterprises to fight COVID-19

To support enterprises' work resumption, the Bank implemented a 12-hour daily running schedule for its product "IB E Discount" ("xing e tie" in Chinese). This move brought convenience for enterprises to raise funds thanks to whole-process automation online. At the same time, IB lowered the benchmark interest rate for "IB E Discount" and offered medical and pharmaceutical enterprises even lower preferential interest rates in a bid to reduce their financing cost and help them weather through the difficulty. During the epidemic period, IB handled a total of 8,700 bill discounting transactions, amounting to RMB 87 billion and serving 2,600 corporate customers. For example, China Resources Guangxi Pharmaceutical Co., Ltd. and Guangxi Baicao Hanyi Medical Technology Co., Ltd. obtained a total of RMB 38.26 million in bill discounting transactions through the financing model of "IB E Discount + rediscounting", with an average discount rate 40bp lower than the market price in the same period. It provided powerful financial support for the steady production of PPE supplies such as facial mask, alcohol, disinfectant and goggles.

#### Case A 24-hour race shows the stability of IB payment and settlement system

Affected by the COVID-19 epidemic, the scenic area of Gulangyu Island in Xiamen was temporarily closed, hence more than 30,000 round-trip steamer tickets sold in advance by Xiamen Ferry Co., Ltd. needed to be refunded to visitors urgently. Targeting on this special need, the Bank leveraged on its fintech strength to offer a remote and real-time ticket refund solution immediately. Accordingly, the R&D test and mobile payment system upgrading were done promptly within 24 hours, along with launching the ticket refund service after that. The refund channel was opened by 6:00 p. m. the next day, which enabled the handling of more than 30,000 tickets of the company. A total of over RMB 3.8 million were refunded in a timely manner. At the same time, IB made a quick response to the demand of the passenger transport enterprises in Chongqing, Anhui, Shanghai and Guangxi by providing tailor-made online real-time ticket refund solutions to effectively help those enterprises evade the cross-infection risk caused by waiting in a queue.





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#### Case Online free medical consultation unveiled for customers nationwide

On February 1, 2020, the Bank's "Diversified Financial Services" platform joined with online health care platform WeDoctor to launch online free medical consultation service. With a total of over 12,000 professional doctors, the joint project provides quick inquiry service for all IB users nationwide, responding within 3 minutes online. IB users could get access to 24/7 hospitalization guidance and mental health care at the "Online Free Medical Consultation" section of the "Diversified Financial Services" portal on the smartphone apps IB Mobile Banking and IB WeChat Banking. They could also find COVID-19 updates and personal protection knowledge. This service helps avoid the risk of cross-infection when visiting a hospital and also alleviates the medical treatment pressure on frontline medical workers.

#### Case Differentiated retail credit policy shows IB warmth

Since the COVID-19 outbreak, the Bank began to provide preferential credit policies for affected individual customers, including confirmed or suspected COVID-19 patients, frontline medical workers, those isolated due to the epidemic and other personnel engaged in COVID-19 prevention and control, so as to support the fight against the epidemic. Among them, eligible customers would be given a grace period of repayment up to 30 days, during which the repayment would not be counted as a default record. While the personal housing mortgage loan could apply for extending maturity according to existing rules, other personal loan customers could apply for maturity extension up to six months on the basis of the original time limit. For hard-hit regions like Hubei, IB has increased the special-purpose credit for personal business loans. During the epidemic period, the interest rate of personal business loans in Hubei would be 0.5 percentage point lower than the current interest rate.

## Industrial Bank cares about staff health with new measures put in place

After the COVID-19 outbreak, the Bank released two urgent notices on January 21 and 22, 2020 in succession to make corresponding arrangements and check the whole group's prevention and control efforts in an all-round way. Making early preparations, IB tried to protect its staff members starting from details in PPE supplies, office environment, commuting and dining arrangements.

#### PPE supplies

To overcome the PPE shortage, IB managed to prepare 180,000 facial masks, 2,840 liters of alcohol, 1,770 liters of disinfectant and 3,200 bottles of hand sanitizer in total through different channels and stored them on the office floors to ensure the protection of our staff members. IB also stocked up common antivirus medicines, cold medicine and vitamin C for emergency use.

#### Work

Measuring the body temperature of those entering the workplace twice; restricting the number of people using the elevators; setting up a shoe sole disinfecting pool; disinfecting the desks, floors, telephones, computers, computer keyboards and filing cabinets in the offices after work every day; as to the key areas frequently in use—like the toilet and tea room, IB would disinfect them once per hour; IB updated COVID-19 information and protection highlights on the LED displays and the publicity board of the tea rooms.

#### Dining

Carrying out strict management of food hygiene in the kitchen. The foods would be purchased from appointed places and strictly disinfected; individual serving system was implemented; and disposable tableware was used for dining.

#### Case

#### Labor union delivers solicitude and warmth

Facing the COVID-19 epidemic, countless "heroes in harm's way" demonstrated their original aspiration and sense of mission with their action. To express our conscientious care and respect for frontline medical workers and their relatives, the labor union of Industrial Bank expressed solicitude to the staff members whose immediate relatives were frontline medical workers treating or attending to COVID-19 patients or suspected cases. At the same time, IB allocated a special-purpose fund to the labor union of its Wuhan Branch for expressing solicitude to its staff members in Wuhan.

#### Case

#### Online quiz launched to fight COVID-19

In order to popularize the knowledge of COVID-19 prevention, get staff members more prepared and ensure their health, the labor union of Industrial Bank launched an online quiz about COVID-19 prevention across the whole bank titled "A Knowledge Campaign against COVID-19". The four-day activity attracted more than 40,000 staff members to participate. The labor union awarded those who answered all questions correctly a gift bag of epidemic prevention items!

## Industrial Bank is united as one in fighting COVID-19

### Wuhan Branch

Wuhan Branch of the Bank was in the epicenter. Since the COVID-19 outbreak, it stood its ground and strengthened its services voluntarily. Offering sufficient credit resources, it adopted the policy of "handling special or urgent cases in a special or timely manner by giving them priority" and provided nearly RMB 2 billion in credit funds for the local medical enterprises and hospitals in Hubei Province, guaranteeing the financing demand of the enterprises involved in the epidemic prevention and control. To ensure an unblocked channel for disaster relief funds and social donations, Wuhan Branch set up an emergency response mechanism to open a fast track for appropriating funds used for the epidemic prevention. During the Spring Festival, Wuhan Branch received a phone call from the Red Cross of Shiyan City applying for the urgent opening of an online banking donation channel. The Branch worked against the clock and opened the donation channel smoothly on the morning of January 26, 2020, guaranteeing the social donations be allocated for timely use at the COVID-19 frontline as quick as possible.

### Fuzhou Branch

It coordinated to continue foreign payment services during the Spring Festival holiday, such as position for foreign exchange purchase or payment, foreign currency settlement, among others, and opened a fast track of cross-border financial service for enterprises. It took only less than two hours for the branch to finish the foreign payment smoothly for a foreign trade enterprise in Fuzhou importing two batches of PPE supplies for fighting COVID-19, ensuring the earliest delivery of 1.7 million facial masks in the first batch.



### Beijing Branch

It provided RMB 1.1 billion in credit for Lepu Medical in support of medical enterprises' production and sales to ensure medical supplies. Lepu Medical donated its first batch of supplies (2,000 electronic thermometers and 700 finger-clipping oximeters) worth more than RMB 1 million in urgent need to the hospitals in hard-hit areas like Wuhan, Suizhou and Xiaogan in Hubei Province.

### Xiamen Branch

On January 27, 2020, Hexiangxi Branch received a customer aged 87 who would like to donate RMB 30,000 to his hometown. The staff member on duty at the branch opened a fast track for the donations and money transfer related to fight COVID-19 after learning about his request. The customer's donation was done smoothly. It's another effort of the branch to help the fight against the epidemic.

### Chongqing Branch

On January 29, 2020, Chongqing Tongjunge Co., Ltd. was in an urgent need to purchase medical supplies for fighting COVID-19 at the request of Chongqing Health and Family Planning Commission. The company needed to transfer RMB 20 million for the goods to a business account opened at Liangjiang New Area Sub-branch on the same day. The Branch and Sub-branch responded in the first place and finalized a solution, which enabled finishing the money transfer very quickly.

### Jiaying Branch

Jin Honghui, a staff member at Jiaying Branch, checked passers' body temperature as a volunteer at an expressway entry during the COVID-19 epidemic period.

### Changchun Branch

Learning that enterprises such as Sinopharm Holding Medical Device and Mingrui Medical Device had a strong demand of procurement funding, the Branch started a quick emergency response mechanism of credit support for COVID-19 prevention and control. It opened a fast track for examination and approval to streamline the examination and approval procedure for credit granting, which allowed finishing the examination and approval for expand the quota of credit granting on the same day when these enterprises proposed a funding demand totaling RMB 103.5 million. This effort effectively satisfied the demand of those enterprises for urgent purchase of supplies related to the epidemic prevention.

### Longyan Branch

Huang Qiang, a staff member at Longyan Branch, saw his wife off who was a medical worker to fight against the epidemic.



## Measures taken to support targeted poverty alleviation

2019 was a key year for China to win the tough battle against poverty. The Bank made great efforts to advance rural revitalization and poverty alleviation. By the end of 2019, the balance of the Bank's financial loans granted for targeted poverty alleviation was RMB **14.529 billion**, serving a total number of **129,500** people. At the same time, the Bank's effort in rural revitalization and poverty alleviation was recognized by the society, winning the annual Inclusive Finance Award of Outstanding Bank that was selected by the Lead Navigators of China campaign and the 2019 Award for Best Targeted Poverty Alleviation given by the Third China Capital Market Poverty Alleviation Summit Forum respectively.

"We must let ordinary people feel a real sense of fulfillment in our efforts made for targeted poverty alleviation!" said Tao Yiping, president of Industrial Bank.



Tao Yiping, president of Industrial Bank, visited Zhenghe County for poverty alleviation

## Fixed-point poverty alleviation assists Zhenghe County in its poverty alleviation

On July 3, 2019, Tao Yiping, president of the Bank, led a group to visit Zhenghe County, a key county in poverty alleviation in Fujian Province, to learn more about targeted poverty alleviation. And he donated RMB 7.5 million to the construction project of the 3rd Experimental Elementary School of Zhenghe County on behalf of the Bank. This marked that the Bank had donated over RMB 40 million since IB started to aid Zhenghe County as a fixed point poverty alleviation area in 2012. The Bank offered a wide range of financial support for poverty-stricken areas, e.g. infrastructure construction, education and public welfare, meeting the diverse financing demands for the development of local special industries, sending excellent staff members to the frontline of poverty alleviation, among others. Over the past several years, the Bank has already formed a complete, systematic and effective "Industrial Bank Model" and "Industrial Bank Experiences" in financial poverty alleviation for Zhenghe County that can be duplicated in pairing assistance. IB remains true to our original aspiration and have spared no efforts in helping Fujian fight poverty.



The river course of Dali Village in Zhenghe County formed an "Industrial Bank Lake" after treatment

## Inclusive agriculture-related small and micro credit assists poverty alleviation

The Bank continued to accelerate the credit expansion of inclusive agriculture-related small and micro loans and lowered enterprises' financing cost. Accordingly, it effectively lowered the interest rate of small and micro loans, firmly implemented the charging policy for such loans and made great efforts to popularize preferential products. For business procedures, the Bank specially opened a fast track to guarantee the timely availability of small and micro loans. By the end of December 2019, the Bank's inclusive agriculture-related loan balance was RMB 8.984 billion, up 26.8% over the beginning of the year.



## Green poverty alleviation services facilitate poverty alleviation

The Bank actively explored new green financing services for poverty alleviation. Based on the government's arrangement of targeted poverty alleviation, the Bank focused its support on poverty alleviation-related photovoltaic power stations, ecological protection and tourism as well as eligible green agriculture and forestry. The Bank also explored possibilities of a scale-up model for green inclusive finance.

Case

### Ecological poverty alleviation project "Happy Home—Western China Green Action" continues

"Happy Home—Western China Green Action", a public welfare project for ecological poverty alleviation, has been following a development-oriented pathway that focuses on "afforestation, job creation, and sustainable development" in the poverty-stricken areas of western China. Since joining in this project in 2018, the Bank have successively launched a series of tree-planting events via online donations, such as VIP donation for tree-planting, tree-planting donation by family customers with the theme of "IB's Love", "Planting fundraising" action under the "CIB Cares" program and the online tree donation with the theme of "IB Forest". So far, the Bank has donated more than 30,000 wolfberry saplings to Ningxia Hui Autonomous Region. Industrial Bank has been spreading green hopes across western China and done its bit to poverty alleviation in western China.



## Self-owned e-commerce platform helps poverty alleviation

On our own e-commerce platform IB e-Mall, we sell the farm produce of the poverty areas that we help and set up a special space for high-quality products under the "CIB Cares" program, with a purpose to promote the product brands from poverty areas. This method could facilitate the people of poverty-stricken areas to live a better life through expanding the online/offline sales channel of their products. A total of 10 IB branches put 256 relevant product items on the platform, including 185 ones from state-level poor counties and 71 ones from provincial-level poor counties. The Bank supported the online sales of the unique farm produce from the fixed-point poverty alleviation areas aided by the Bank and other poverty-stricken areas, including organic rice, edible/medicinal fungus, Zhenghe white tea, Aksu "rock candy core" apple, etc. Marketing for such local high-quality agricultural/byproducts, the Bank helped build these areas' own development capacity for them to embark on a sustained path towards a moderately prosperous life.

Case

### "CIB Cares" e-commerce platform facilitates ethnic minorities in outlying areas to sell farm produce

Tuowanke Balidang Village of Yiganqi Township, Aksu City, Xinjiang Uygur Autonomous Region is a typical outlying ethnic minority village among the key "three regions and three prefectures" for the mission of poverty alleviation in China. The work team of Industrial Bank stationed in the village set up the Farmer Uncles' Apple Sales Cooperative to enable the online sales directly to end customers on the "CIB Cares" e-commerce platform of Industrial Bank. Nearly 3000 transactions took place during the first 20-some days after launching the operation and more buying orders came on the way.



## Bank-to-Bank Platform facilitates poverty alleviation

By the end of December of 2019, the Bank enabled a total of **47** town-level banks in **29** state-level poor counties and **18** provincial-level poor counties to gain access to the modernized payment system of the People's Bank of China via our Bank-to-Bank Platform; acted as an agent for a total of **39** town-level banks in **21** state-level poor counties and **18** provincial-level poor counties to settle through China UnionPay; acted as an agent for a total of **29** town-level banks in **16** state-level poor counties and **13** provincial-level poor counties to gain access to NetsUnion, with all of them having connected to Tencent's Tenpay; acted as an agent for a total of **7** town-level banks in **2** state-level poor counties and **5** provincial-level poor counties to gain access to Alipay, so as to make local residents enjoy the convenience of modern payment service.

# Building financial services in collaboration with communities to improve people's livelihood

895 community-based sub-branches

## Services to benefit the people

### Popularization of financial knowledge in the community

Community-based sub-branches of the whole Bank conducted **15,982** activities under the theme of "Financial Knowledge for All Households" and **5,698** activities under the theme of "Financial Knowledge Dissemination Tour". The outlets of these community-based sub-branches set up **5,489** bulletin boards, held **4,589** financial knowledge lectures and salons for consumers to spread financial knowledge. They also organized **15,698** lectures about anti-counterfeit bank notes and **12,059** lectures about the prevention of financial frauds.

### Collaboration with community residents

In recent years, community-based sub-branches of the whole Bank organized **12,586** community public square dancing contests, **2,568** "Little Banker" activities and **2,564** public welfare publicity activities under themes such as "Caring about the Left-behind Children".

### Services for the community life

In recent years, community-based sub-branches of the whole Bank organized a total number of **25,869** times of preferential purchase during festivals and holidays and convenient group purchase at preferential prices, and conducted **1,256** free medical consultation activities.

## Innovations in retail channels

### Extending the reach of services

The Bank set up community-based sub-branches extensively and extended our service to communities, business districts and fast-growing markets. Keeping a close contact with communities and residents, our services laid a solid foundation for expanding the customer base.

### Promoting product innovation

Building on the favorable location, information and service strength of community-based banks, the Bank made great efforts to develop small and micro finance for community convenience. By designing user-friendly community products, the Bank continued to launch tailor-made community banking products and services.

## Differentiated services

### Unique business approaches

Staggered business hours were convenient for the customers. The Bank adopted a policy of low counter service that enabled face-to-face communication with the customers. This measure allowed customers to feel more friendly when communicating with bank staff and thus have a better experience. The Bank also provided the non-financial services, such as withholding property management fee to improve our comprehensive services for the customers.

### Care for elderly customers

The Bank launched a campaign to care for elderly customers. Considering the special demand of the elderly, the Bank streamlined traditional business procedures and rules, such as filling out the form and reporting the loss of & reissuing the bank card to make the formalities more user-friendly.



Community activity held by Dunhuang Road Community Sub-branch of Lanzhou Branch

## Case

Upholding a service principle of "be my neighbor before becoming my customer", the Dunhuang Road Community Sub-branch of Lanzhou Branch focused on improving financial services of all categories and related daily life services while listening attentively to customers' concerns, so as to make progress with them together. The tireless efforts over the past five years established a strong emotional bond between the community-based staff and community residents. The staff members of the community-based sub-branches get quite familiar with the customers and give full play to the confidence effect in interpersonal relations, hence they are widely recognized by the customers. By the end of July 2019, the number of customers of community-based sub-branches reached 11,000, granting RMB 90 million of retail loans, which over fulfilled the target of the whole year.

## Case

The Beicheng Private Banking Center of Taiyuan Branch created IB Branch of Shanxi Library—a reading space integrating refined literature and art and modern fashion—for urban residents via a library-bank collaboration model. Readers can make a reservation to enjoy reading on its online library through "Xinglanhui", a small client mobile app. This custom-made embedded service really presents knowledge to the community customers by integrating reading into the readers' daily life. The Beicheng Private Banking Center of Taiyuan Branch created IB Branch of Shanxi Library—a reading space integrating refined literature and art and modern fashion—for urban residents via a library-bank collaboration model. Readers can make a reservation to enjoy reading on its online library through "Xinglanhui", a small client mobile app. This custom-made embedded service really presents knowledge to the community customers by integrating reading into the readers' daily life.



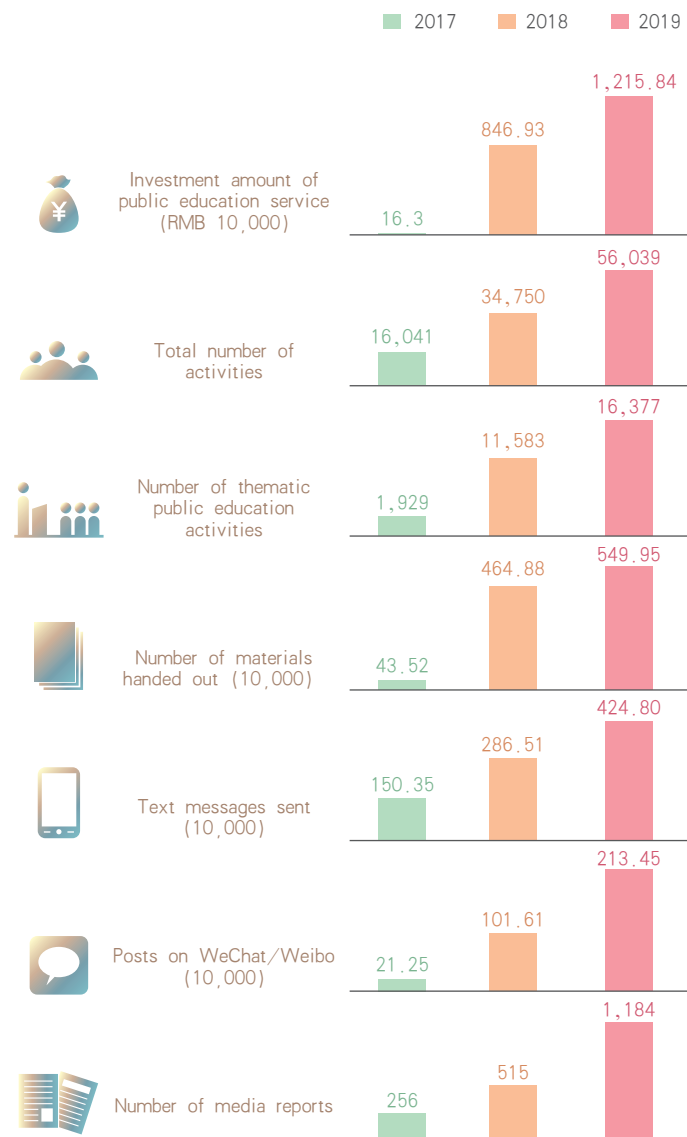
Liandong Community Sub-branch in Longyan organized a community activity to raise residents' awareness in finance



The Middle-autumn Festival activity held by Wolong Garden Subbranch of Jinan Branch



## Popularization of financial knowledge for better public awareness



In 2019, the Bank carried out financial knowledge campaigns, such as "Publicity Week for the Protection of Consumer Rights and Interests on March 15", "Financial Knowledge Dissemination Tour", "Popularizing Financial Knowledge and Maintaining Your Wealth", "Financial Knowledge Dissemination Month and Financial Knowledge for All Households", and "Become a Rational Investor and a Good Netizen in Finance". Our efforts in popularizing financial knowledge effectively helped improve the general public's ability in identifying and avoiding risks, and increased their self-protection awareness and the sense of responsibility.

### ○ A wide scope of target audience ○

The target audiences covered a wide range of financial consumers, such as on-campus students, community residents, rural migrant workers, service men and women, enterprise employees and rural residents. With a scrutiny into the age structure and occupational features of customer groups, the Bank carried out differentiated financial knowledge campaigns to address their different weak points in financial knowledge and financial demand.



Shuiguohu Sub-branch of Wuhan Branch organized a financial knowledge event at an army base.



The "Little Financier" activity held by Dongguan Branch

## ○ A wide range of themes ○

The themes covered all the areas involving high public concerns or financial risks and high consumer demand, e.g. guarding against illegal "campus loan" and "trap loan" as well as online telecom fraud, distinguishing newly issued RMB banknotes, understanding new payment means, and learning the planning of household wealth investment. Targeted activities were organized accordingly.



On September 23, 2019, Changsha Branch gave a presentation at Hunan University to teach the students financial knowledge about RMB, anti-money laundering and telecom fraud. This helped the freshmen audience learn more about finance and related skills to guard against telecom frauds, such as illegal "campus loan" and "trap loan".

## ○ Diversified forms ○

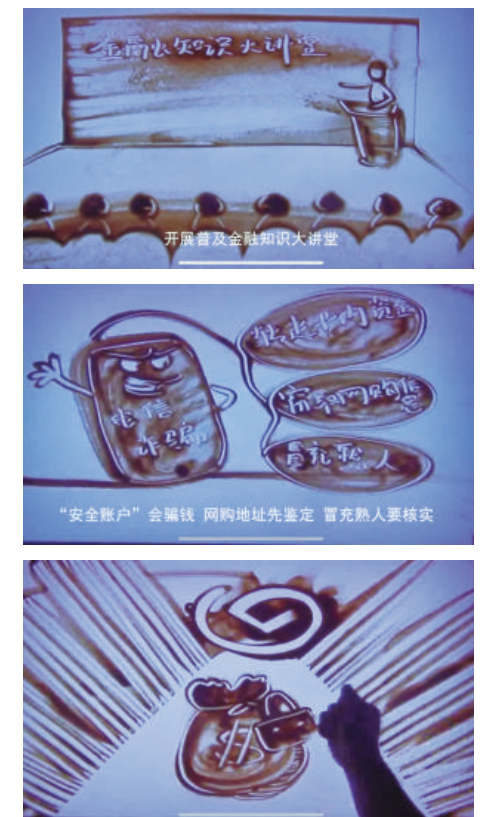
In addition to traditional offline activities, the Bank used new media to innovate its publicity and education model by offering digital financial education.

The Bank set up the "column for education of financial consumers" on its official website, and also a special space titled "the protection of consumer rights and interests" on the homepage of our mobile banking.

The Bank opened online "micro classroom of financial knowledge" and released all kinds of original short videos and animated films/comics about financial knowledge. These were part of the Bank's efforts to get adapted to the taste of the netizens in a new era and popularize financial knowledge through multiple channels.



Shanghai Branch selected some of its own staff members to act as the spokespersons of its high-quality consumption insurance products in a short publicity video about counterfeit banknotes of the new edition of RMB.



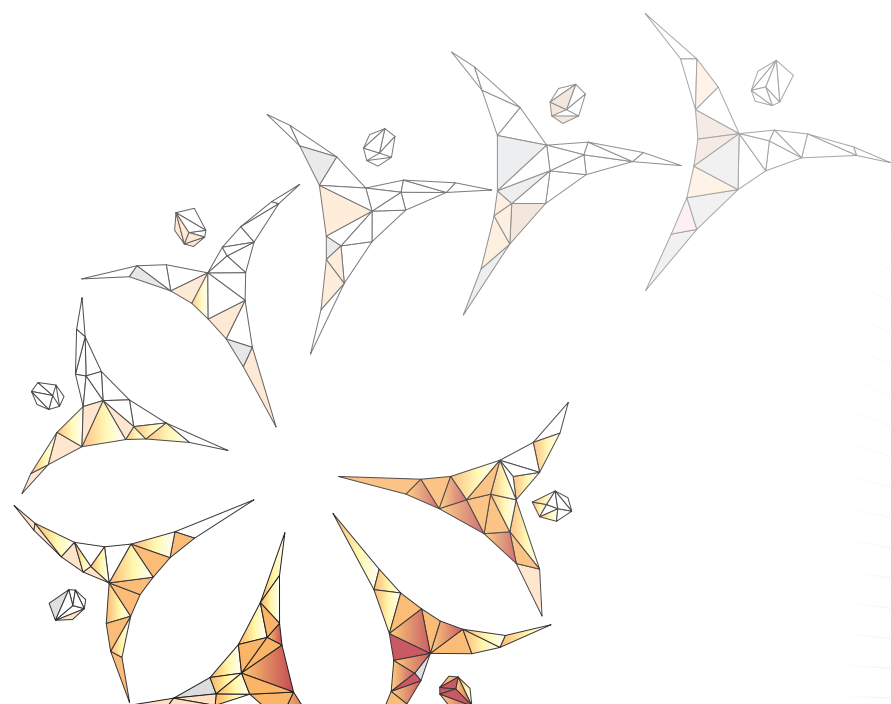
Taiyuan Branch released an original sand painting to disseminate financial knowledge, which involved the common financial phenomena worth the attention of investors in daily life.



## Incessant endeavor to conduct public welfare activities and help the poor



In 2019, Industrial Bank further promoted the charity brand "CIB CARES", which takes the flying dandelion seeds as a conception prototype, to continue improving its long-term charity mechanism that integrates "donations to students", "disaster relief" and "poverty alleviation" with an annual donation expenditure of over RMB 36 million.



### Donations to students

On September 25, 2019, the Bank and Xiamen University, Fuzhou University, Jimei University, Fujian Normal University and Fujian Agriculture and Forestry University held the signing ceremony of the "Industrial Bank 'CIB CARES' Charity Scholarship" in Fuzhou, Fujian Province, starting a new round of the program of donations to students. The "Industrial Bank 'CIB CARES' Charity Scholarship" was established in 2007 by reference to the standard (RMB 5,000 /each person each year) of the National Endeavor Scholarship. The Bank has donated a total of RMB 25 million to 6,000 students at five colleges and universities for 12 consecutive years, which is one of the social support student projects with the longest duration, the biggest investments and the widest coverage in Fujian Province. This round of the program of donations to students will last from 2019 to 2022, donating RMB 2.5 million to 100 poor university students in each of the five universities every year, totaling RMB 10 million for four years.



Jiang Yunming, chairman of the board of supervisors of Industrial Bank, attended the signing ceremony of "Industrial Bank 'CIB CARES' Charity Scholarship".

The Bank began to actively participate in the "Tencent 99 Giving Day" activity together with the YAO Foundation since 2018. The Bank made donations to support the "basketball dream of rural children" by upholding the public welfare spirit of professional athletes, so that children in outlying regions could have better sports infrastructure and physical education. In the public welfare event of "the trip to fulfill dreams" on September 6, 2019, the Private Banking Department of the Bank received a school representative team from Keyouqian Banner of Inner Mongolia at the Industrial Bank Building in Shanghai for visiting and communication. While learning about the development history of the Bank, they also visited the art and business plaza of "Shipyard 1862", which witnessed the development course of China's manufacturing industry to get to know about the shipbuilding history in China. This experience involving public welfare, finance and art broadened the vision of the children from poverty-stricken areas and also showed them IB staff's enterprising spirit of "working hard for victory". The YAO Foundation gave the "Caring Partner" award for Industrial Bank.



## ○ Disaster relief ○

In August 2019, Zhejiang was devastated by Typhoon Lekima, the strongest one ever seen since 1949. But immediate disaster relief efforts showed social warmth. The Youth League Committee of Wenzhou Branch called all staff for donations across the branch, and they raised RMB 50,000 to help the typhoon-affected areas. At the mid-night of August 12, Taizhou Branch sent a youth voluntary team of 10 to aid the seaside areas. They helped to clear up Xicaiqiao Road near Chonghe Gate and the silt-covered highway sections. At the same time they promptly purchased supplies including 400 pairs of gloves/facial mask, 50 boxes of mineral water, 10 cases of biscuits as well as spades, toilet water and band-aid for the Municipal Youth League Committee to make coordinated arrangements. The branch set up a special credit granting quota of RMB 500 million for post-disaster reconstruction. It opened a fast track to support the credit granting service for post-disaster reconstruction and help enterprises to resume production and operation as soon as possible.



## ○ Poverty alleviation and Charity ○

Jinan Branch donated over RMB 300,000 to the Red Cross of Lijin County in Dongying, which was dedicated to public good projects such as the 2019 "Jinhui Elderly Care" of Lijin County—young volunteers' action for poverty alleviation, the charitable financial aid to college students in the Hope Project of Lijin County, the "Hand in Hand Care Action" of Lijin County, and the "Sunshine Action" of young people aiding the disabled in Lijin County.

Qinzhou Sub-branch of Nanning Branch organized outstanding Party members and Youth League members to pay a visit to the Primary School of Dongkou Village in Guangdong Town on June 1, the International Children's Day. They brought the books and sports goods donated by the staff to the children of poor families (to be supported in pairing assistance) studying in the primary school, and they handed out study articles such as schoolbag and stationery purchased by the Labor union of the sub-branch, bringing hope and strength to those children.

Members of the Youth League Committee of Harbin Branch went to the Heilongjiang Boneng Cerebral Palsy Children Rehabilitation Center with toys and other gifts to visit the cerebral palsy children receiving rehabilitation training and their parents here. They sent greetings of the Lantern Festival and good wishes to them.



Xiamen Branch set up a special space as a "Loving Posthouse of the Labor Union" at all outlets under its jurisdiction to provide a rest place for outdoor workers like the frontline traffic policemen, sanitation workers, taxi drivers and deliverymen. Some of its sub-branches provided unique loving services like hot tea, pastry, disposable rain gear, etc. All this showed a deep care for laborers by Xiamen Branch.







Parent-child activities held by the labor union of the head office

## Common progress in the Home of Staff by putting people first

### Staff rights and interests

Total number of staff members	57,142
Ratio of male to female staff members	0.93:1
Proportion of high and middle-level managerial personnel in total staff	5.68%
Ratio of male to female middle and senior managers	2.24:1
Ratio of staff members with undergraduate education or above	92.03%
Ratio of staff with minority nationality	1:32.01
Number of staff members from outside the Chinese mainland	217 (Including 192 people from Hong Kong SAR)

### Workforce diversity

The Bank embraces the idea of putting people first and has created a fair, harmonious and diverse environment for the staff. The distribution of the staff's salaries is based on the principle of the value of posts and contribution to the Bank. And the Bank practices the same salary for the same post regardless of gender and nationality.

### Rights and interests guarantee

The Bank strictly guarantees all rights and interests as well as the benefits for staff according to the state laws and regulations. The rates of signing a labor contract and the coverage of social insurance and housing provident fund are all 100% respectively. Our staff members enjoy paid annual leave according to the national regulation.



### The voice of staff members

The Bank effectively implemented a system of the congress of staff and workers and a transparency mechanism of bank affairs. The Bank released and publicized information on its business operation, reform and development trends in forms such as bulletin board, internal document, website and official account of WeChat. As for the major reforms or systems involving staff's vital interests, the labor union would open more channels for them to air their opinions by playing a bridging role using methods such as holding the congress of staff and workers/staff symposium, setting a suggestion box for staff and workers. The collected opinions would be sent to relevant departments in time, so as to encourage the staff to support and participate in the reform. From 09:00 to 17:00 on April 11, 2019, the Bank held the 2019 Congress of Staff and Workers, with a total of 230 employee representatives across the whole Bank as attendees, reviewing and discussing staff matters concerned, e.g. employee benefits and systemic guarantee.

### Care for staff health

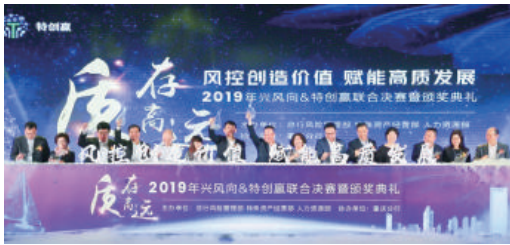
With a mental health mechanism in place, the Bank attached importance to the psychological health of the staff members and would control their emotions and help them release pressure. The Bank recommended e-courses like Coping with Pressure Successfully and Analyzing and Changing the Grade of Pressure on a mobile study platform to all the staff members, so they could get to know and disseminate the mental health building mechanism. The branches introduced courses aiming to help staff members control emotions and build a psychological sense of happiness, such as Plan of Employee Happiness successively. The Bank also offered counseling service for psychological safeguard to divert the emotional pressure of staff members in time and create a harmonious and healthy working atmosphere.

## Training and certification programs

Targeting on the appreciation of human capital of the staff, the Bank maintained an effort to help them achieve lifetime employability. When it comes to new employee on-boarding, being transferred to a new post and job promotion via the specialty pathway, the Bank tried to build employee capability via post certification. Through the examination of post certification, the Bank encourages employees to become a multi-post worker and skill expert to tap their potential. The Bank continued to build a sound training system, improve the planning of the training system by integrating it into the corporate strategy and culture and business system. And the Bank worked to foster their financial service ability required for future competence and help them to improve their performance and personal growth.

2019	
Number of training programs for staff members	4,969
Number of staff members receiving training	470,013
Coverage of staff members receiving training	75
Average training hours each staff member receives each year (Calculation, total number of training hours for all staff members/total number of staff members)	182
Training expenditures for staff members (RMB 10,000)	12,149

### Promoting business development



In 2019, some departments at the head office deeply integrated staff training and business growth according to the real situation of businesses. Activities, such as "Star of the Bank", "IB Retail Finance Show", "FICC Case Contest", "Trend of IB" and "Te Chuang Ying", allowed employees to have hands-on exercises by combining training and contest.

### Promoting talent cultivation



This year the Bank continued to fine-tune the cultivation of primary- and middle-level talents by forming a complete system of classified cultivation, starting from the new comers at the primary level to senior and middle level personnel. The IB Elite Lecturer Challenge has become a platform for promising employees to stand out from the rest. Such cultivating mechanisms as the "tutorial system" and "job rotation of target posts" were introduced into the training programs of high-potential personnel in Bank branches. Through the guidance and assistance of the tutors, in-service trainings on the target posts promoted staff's inherent potential and brought the best from them.

### Helping form a new learning ecosystem



The Bank continued to improve software and hardware. To encourage the use of "Xing Zhi" app across the whole bank, it optimized the app functions and contents, with about 2,000 courses, 1,000 business cases, and 1,000 lives streaming sessions launched on the app during 2019. At the same time, the Bank managed to make some of them go viral thanks to its flexible use of media. In terms of hardware, the Bank explored the application of smart teaching equipment and upgraded the intelligent classroom. In terms of tool innovation, the Bank promoted learning within online social groups and live streaming to create a new learning ecosystem.

## Staff benefits

The labor union of the Bank is committed to building a family-like atmosphere to balance the work and life of staff, disseminate our corporate culture and strengthen staff's sense of belonging and cohesion. In 2019, the Bank set up hobby groups such as photography, dance and badminton. Relying on our mobile office app, the Bank held the following activities: Quiz show of "guessing the lantern riddles to celebrate the Lantern Festival", quiz show on the National Day with the theme of "motherland in our hearts at IB", photography contest with the theme of "IB's perspective and IB's females", and "Happy Walking with Love in Heart". When it comes to holidays such as the Children's Day, Mid-autumn Festival and National Day, the Bank held the parent-child activities for our staff members like "Marvelous Earth Treasure on Children's Day" and the Mid-autumn Festival & National Day Carnival with the theme of "the prosperity of our country and family". With their enthusiasm and happiness in these activities, our staff enjoyed a life of fulfillment and happiness, which made the big family of Industrial Bank a warmer place.

### Case A treasure hunt on Children's Day conveys warmth to staff via parent-child interaction

The staff union of IB's head office held the activity of "Marvelous Earth Treasure on Children's Day" to encourage children to care more about Mother Earth together. During the activity, they finished a number of game challenges to win a "warrior insignia". Charitable donation areas were set up during the activity and the participants were called for to donate their toys to other children in poverty-stricken regions. The activity attracted a total of about 1,000 participants from over 300 families of the staff members.





**Case** 2019 Industrial Bank Urban Orienteering Challenge held successfully

On October 26, 2019, "Finding the IB Vigor in the City: 2019 Fuzhou Urban Orienteering Challenge", sponsored by the staff union of the IB head office, youth league of the IB head office, labor union of Fuzhou Branch and youth league of Fuzhou Branch, was held successfully in Fuzhou. A total of 425 participant in 23 teams from the head office and 62 teams from Fuzhou Branch ran through Fuzhou, exploring four major routes and visiting classic landmarks to find vigor in urban life and experience urban glamour.

Featuring both corporate culture and urban culture, this activity combined the characteristics of Fuzhou with the highlights of IB businesses. And the activity designed four major routes—"humanitarian Fuzhou and century-old IB", "IB technology and digital Fuzhou", "green finance and ecological Fuzhou", and "on a journey recalling the revolutionary history to reflect on the glory". The routes reflected the strength of Industrial Bank in green finance and technological finance while identifying Fuzhou as a historic city and ecological city.



Staff Sports Meeting of Shenzhen Branch



Staff Sports Meeting of Zhongshan Branch



Children's Day parent-child activity of Chongqing Branch



Talent show of staff members at Taiyuan Branch



Thematic movie watching activity of Party members at Fuzhou Branch



Youth Perseverance activity of Hefei Branch



P117 Topic: Participate in the Development of International Standard – The Equator Principles IV  
 P119 Implementation of the EPs

## Longer-term Development with Greater Insights

Forge Ahead with Original Aspiration

**PRACTICE**

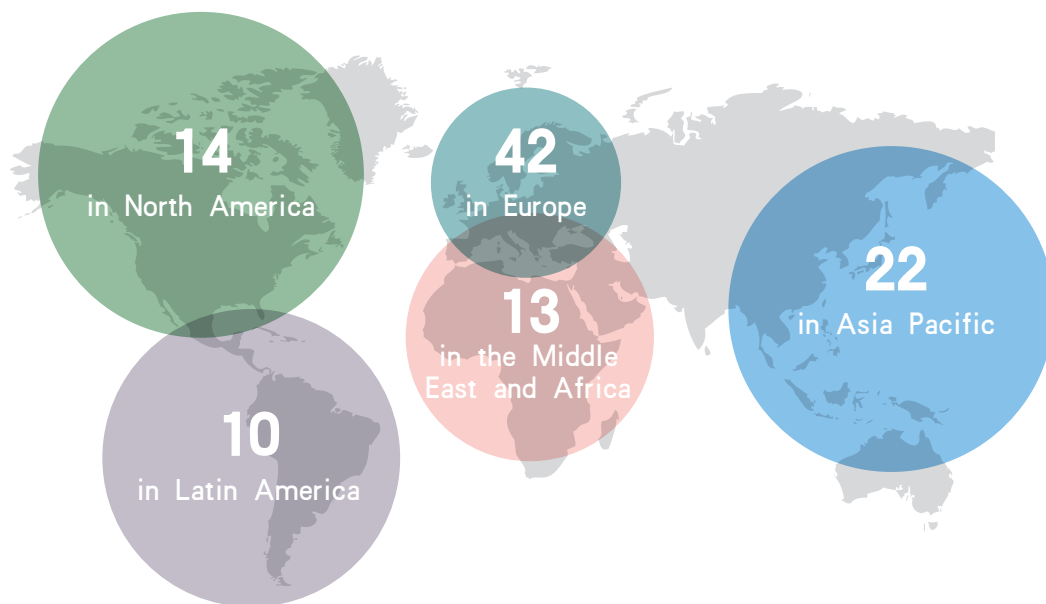


## Topic: Participate in the Development of International Standard – The Equator Principles IV

In 2003, the Equator Principles (EPs) were established by major financial institutions in the world in accordance with the policies and guidelines of the International Finance Corporation and the World Bank. EPs form a global financial industry benchmark to determine, assess and manage environmental and social risks in project financing. A total of 101 financial institutions have adopted the EPs over 16 years, including major ones on five continents.



Number of EPFIs around the world as of December 31, 2019



### Introduction of the Equator Principles IV

The Equator Principles Association has begun to amend the Equator Principles III since 2017. In October 2019, the Equator Principles IV (EP4) was voted formally after more than two years of amendment and consultations with stakeholders, and the results were announced at the Annual Conference of the Equator Principles Association (2019). EP4 was formally adopted with an approval rating of 98.7%. It will take effect on July 1, 2020.

### Participation of Industrial Bank

As the first EPFI in China, Industrial Bank has actively participated in the above amendment via the Asia-Pacific regional teleconference and written feedback. IB further strengthened friendship ties with the EPFIs from other countries at the Annual Conference of the Equator Principles Association (2019), exchanging experience on the implementation of the EPs in different national conditions. In particular, we have exchanged opinions on many practical issues in the implementation of the EPs with Mizuho Corporate Bank, MUFG Bank, Cathay United Bank and E. SUN Bank to jointly promote the exchanges and development of sustainable financial services in the Asia-Pacific region. The EPs have become a new platform for dialogue and exchange in the finance industry.

### Highlights of the EP4

The EP4 mainly focuses on the scope, climate changes, human rights and biodiversity, etc., and integrates the EPs into the most advanced sustainable practice models globally such as the Sustainable Development Goals (SDGs), the Paris Agreement and TCFD (the Task Force on Climate-related Financial Disclosures), reflecting the latest sustainable development trends internationally.

<b>Scope</b>	<ul style="list-style-type: none"> <li>Lower the applicable threshold for project-related corporate loans</li> <li>Increase the definitions of refinancing and project-related M&amp;A financing</li> </ul>
<b>Climate change</b>	<ul style="list-style-type: none"> <li>Increase the proposals on application of the Paris Agreement and TCFD</li> <li>Clarify that the risk assessment of climate changes will include analysis of transition risks and physical risks.</li> </ul>
<b>Social risks</b>	<ul style="list-style-type: none"> <li>Highlight the expression of human rights in the preface</li> <li>Principle 2 clarifies that the evaluation of environmental and social risks should include an assessment of potential adverse impacts on human rights</li> <li>Quote the regulations of "Free, Prior and Informed Consent (FPIC)" in the IFC Performance Standard 7 to specify the circumstances in which FPIC is obtained.</li> </ul>
<b>Designated countries</b>	<ul style="list-style-type: none"> <li>Retain a list of designated countries and clarify that EPFIs can apply the IFC Performance Standards in addition to the laws of the host country when assessing specific project risks.</li> </ul>
<b>Biodiversity and others</b>	<ul style="list-style-type: none"> <li>Encourage clients to share biodiversity data</li> </ul>

"For 15 years, the EPs has been the leading framework insuring that the environmental and social impacts of large-scale project finance deals are minimised and managed responsibly. EP4 responds to a rapidly changing sustainable finance landscape and pushes our members further than before." [ The official website of the Equator Principles Association: [equator-principles.com](http://www.equator-principles.com)] said Nigel Beck of Standard Bank Group, who was the chair of the EP Association Steering Committee from 2015 to 2019.

— Nigel Beck, Standard Bank Group  
(Rotating Chairman of the Steering Committee of the Equator Principles Association from 2015 to 2019)

<http://www.equator-principles.com/>

## Implementation of the EPs at IB

### Continue to monitor and assess the environmental and social impacts and performances in the project duration

2019 is the twelfth year since IB adopted the EPs. IB has continued to monitor and assess the environmental and social impacts and performances in the project duration, and organized its departments at all levels to carry out comprehensive self-inspection and off-site inspection on the implementation of the EPs with the existing EPs projects as the starting point and regulative emphasis. The special investigation covered all of the existing projects, mainly focusing on the due diligence process of environmental and social risks, the assessment quality and efficiency of the Independent Environmental and Social Consultant and the management of project duration, so as to effectively improve our management and implementation effects of the EPs projects.

### Make the whole-process management tools of the EPs projects more sound and applicable in a detailed manner

The Bank has started a special management regulation for the Independent Environmental and Social Consultant environmental and social impact assessment agencies of the EPs projects. The regulation regulated the access standards, selection procedures, supervision and management of the Independent Environmental and Social Consultant as well as the quality control of the EPs project compliance assessment reports according to our due diligence of environmental and social risks of the EPs projects, the performance of the Independent Environmental and Social Consultant and the branches' needs. It also improved the service management system accordingly, and regulated the management quality and efficiency of the Independent Environmental and Social Consultant environmental and social impact assessment agencies to further promote our implementation of the EPs projects.

### Continue the training, publicity and implementation of the EPs and environmental and social risk management

In 2019, the Bank organized 74 trainings of the EPs accumulatively, with a total of 4,900 participants and a total duration of more than 7,200 minutes. A total of 36,146 participants have learned the online training courses on our electrical training platform "IB Knowledge" app, with the theme "the Environmental and Social Risk Management of Banks in the Background of 'Strict Environmental Protection and Supervision'" & the "Compliance Lectures of 'IB Voyage'".

## Data of the EPs Projects

The Bank's head office evaluated the applicability of 105 projects to the EPs from January 1 to December 31, 2019. The evaluation involved a total investment of about RMB 540.101 billion, 101 clients and 56 industries with national standards, as well as 24 IB branches. A total of 28 EPs projects have reached the stage of financial close (i.e. with a financing contract signed), including 24 project financings and 4 project-related corporate loans.

As of late 2019, the Bank had accumulatively evaluated the applicability of 1,164 projects to the EPs, involving 491 EPs projects and total investment of RMB 2,156.6 billion.

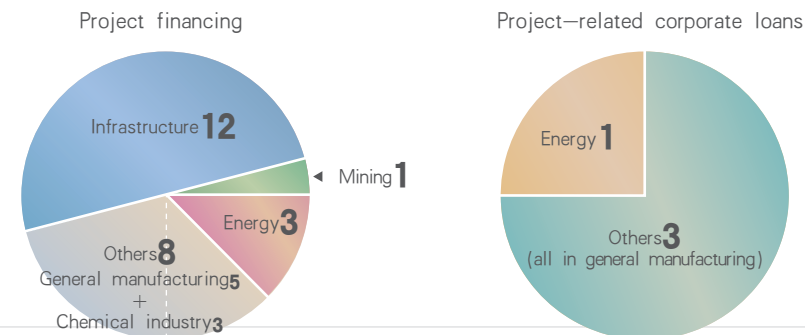
### Project Financing

In 2019, the Bank had a total of 24 effective project financings, including 10, 12 and 2 ones for the projects of category A, B and C respectively. The projects are all located in China and mainly distributed in the industries such as highway construction, wind power generation and real estate. As for the projects of category A and B, the Bank has hired the Independent Environmental and Social Consultant to assist in due diligence and assess their applicability to the EPs.

### Project-related Corporate Loans

In 2019, the Bank had a total of 4 project-related corporate loans in effect, including 1 and 3 ones for the projects of category A and B respectively. The above projects are all located in China and mainly distributed in the industries such as thermoelectric production and manufacturing of lithium batteries. The Bank has hired the Independent Environmental and Social Consultant to assist in due diligence and assess their applicability to the EPs.

Industrial distribution of the EPs projects in 2019 (the industry scope disclosed according to the Governance Rules for the Equator Principles Association)





## Case

**Lithium battery maker embraces EPs; first EPs project implemented by Nanchang Branch**

Located in Ganzhou, Farasis Energy develops and produces power battery systems for new energy vehicles. The phase-4 project of lithium battery and system industrialization for new energy vehicles is its key project to expand production capacity. Seeing its financing needs, Nanchang Branch reached out to the company and timely identified the applicability of the project to the EPs. Given its large scale and possible environmental impacts of lithium battery production such as exhaust gas, waste water and noise, Nanchang Branch finally recognized it as a Category-A EPs project.

It is the first EPs project implemented by Nanchang Branch, which strictly tests the ability of Nanchang Branch to implement the EPs. To improve management, Nanchang Branch has further studied the approval process and management requirements of the EPs project on the basis of project materials. They have also first introduced to the clients the core concept of the EPs and the financing plan to ensure that the project can realize the high consistency of sustainable development demands with the concept of the EPs through the environmental and social risk management. Nanchang Branch was recognized highly and trusted fully by the clients thanks to its professional competence strength and the efficient and enterprising attitude, which successfully promoted the implementation of the project.



## Case

**Make progress together; Fuzhou Branch widens EPs application**

A private leading textile enterprise in Changle City, Fujian, made vigorous efforts to improve its capability of independent innovation and decided to build an integrated polyamide project with an annual output of 400,000 tons. It is a chemical fiber manufacturing project with certain impacts on the environment and surrounding communities, and a financing project of Industrial Bank applicable to the EPs. However, the project is in a syndicated loan model and Fuzhou Branch is not the leading bank. The key to the applicability of the project to the EPs is how to make clients and other banks accept and follow the EPs in the syndicated loan model.

Aiming at making progress together, Fuzhou Branch negotiated with the cooperative banks on how to embed the EPs into syndicated loans in accordance with the characteristics of the latter. It was proposed that a syndicate meeting on the contract text was held to introduce the evaluation and management system of the EPs to the syndicate members in detail, so that they could realize that the work related to the EPs can not only effectively prevent social and environmental risks but also reduce credit risk of syndicated loans to benefit all the syndicate members. In the end, all the syndicate members reached a specific process for applicability of the syndicated loan to the EPs. The syndicated loan was offered successfully as the first loan of two other member banks applicable to the EPs.



## THE FUTURE



# 2020

The year of 2020 is a decisive year to build a moderately prosperous society in all respects and finish the 13th Five-year Plan, to reach the first centennial goal, and to fight toughly against major risks, poverty and pollution. In accordance with the general requirements for high-quality development and value-based banking, the Bank will continue to promote its "1234" strategy steadily, boost the real economy, help small and micro businesses, benefit people's livelihood, and strongly support strategic industries, advanced manufacturing, construction of people's livelihood, infrastructure reinforcing, new infrastructure, digital economy, modern service industry, development of pension industry, among others. The Bank will also fully support to win the battle for targeted poverty alleviation and pollution control, improve customer management system, refine risk management and control, deepen our own supply-side reform, and drive the high-quality development nationwide.

### Unleash the fintech strength

With the reform of fintech systems and mechanisms as an opportunity, the Bank will further strengthen data governance and utilization, and continue the exploration and innovation in fields such as open banking platforms, construction of financial ecosystem, unified portals, digital client management, intelligent risk control, and intelligent operations, so as to promote management and business development through information technology.

### Enhance risk management

The Bank will continue to strengthen comprehensive and full-process risk management and multi-dimensional construction in risk culture and risk governance, enhance compliance awareness, build the end-to-end professional ability of the entire loan chain, and form a more refined risk management system to effectively improve risk control.

### Stimulate the potential of collaborative interaction

In order to integrate effectively the power of the group and provide clients with integrated financial services of higher quality, the Bank will continue to strengthen the overall construction, enhance the interior cooperation between the various lines of clients, products, risks and operations and the counter services, and strengthen the collaborative interaction at all levels from the head office to the branches and from domestic to overseas institutions.

Keeping in mind its original aspiration and mission of "to explore the way for financial reform and to make contribution to economic development", the Bank will continue to maintain strategic focus in the future, strive steadily for progress, innovation, refinement and growth, and pursue dynamic balance between multiple objectives such as steady growth and risk control to ensure a reasonable increase in quantity and a steady improvement in quality.



## ESG Performance

Economic Performance	2019
Total assets (RMB 1 trillion)	7.15
Net profits attributable to shareholders of the parent company (RMB 100 million)	658.68
Balance of loans to support strategic emerging industries (RMB 100 million)	1,423.81
Balance of loans to tech startups (RMB 100 million)	2,200
Balance of loans to serve private enterprises (RMB 100 million)	7,388.35
Balance of loans to small- and micro-sized enterprises (RMB 100 million)	6,348.67
Number of customers concerning loans to small- and micro-sized enterprises (Account)	81,759
Number of users registered on "Hao Xing Dong" app	12 million
Cumulative transaction amount of "Industrial Keeper" app	More than RMB 1 trillion

Environmental Performance	2019
Number of environmental risk warning messages released	36,026
The change in the proportion of the loans of "resource industries with high pollution and energy consumption and industries with overcapacity" in the corporate loans (%)	-1.17
Cumulative loans offered for green finance (RMB 100 million)	22,232
Number of cumulative clients in green finance	19,454
Environmental performance of projects supported by green finance	Annual savings of 30.04 million tons of standard coal and 410.06 million tons of water and annual emission reduction of 84.39 million tons of carbon dioxide
Accumulative credit extension of "green mortgage loans" (RMB 100 million)	220.07
Number of low-carbon-themed credit cards issued accumulatively (10,000 cards)	73.35
Emission of carbon dioxide of the head office (ton)	39,853.60
The first business guideline of green supply chain finance issued in China	NO.1

Social Performance	2019
Social contribution value per share (RMB 1)	14.00
▶ Situation of Service Channels ◀	
Number of outlets	45 branches (including Hong Kong Branch) and 2019 sub-branches
Number of outlets with barrier-free access	1,336
Number of outlets with courtesy counters	1,321
Number of "smart counters"	4,942
▶ Customer Satisfaction ◀	
Customer satisfaction (%)	99.66
▶ Employees ◀	
Total staff	57,142
Ratio of male to female employees	0.93:1
Proportion of middle and senior management personnel (%)	5.68
Ratio of males to females middle and senior managers	2.24:1
Proportion of employees with bachelor degree or above (%)	92.03
Ratio of staff with minority nationality	1,32,01
Number of foreign employees	217
▶ Staff Training ◀	
Number of employee training programs	4,969
Number of employees trained	470,013
Average training hours per employee per year (total training hours / total number of employees)	182
Employee training expenditure (RMB ten thousand)	12,149
Publicity activities for the Demonstration Year of "IB Voyage" Compliance Operation	More than 300 activities
Cumulative page views of IB's WeChat official account "IBAML"	More than 100,000 page views
Number of participants of intellectual property trainings	1,786
Number of participants of anti-corruption trainings	56,690
▶ Financial Security ◀	
Number of formal IT employees in the Group	1,910
Investment in information technology	RMB 3.565 billion, a year-on-year increase of 24.66%

## Honors of Industrial Bank in 2019

Social Performance		2019
▶ Employees' Rights and Benefits ◀		
Social insurance coverage (%)		100
Proportion of employees signing labor contract (%)		100
Coverage of provident funds (%)		100
Percentage of employees protected by collective bargaining agreements (%)		100
▶ Financial Education Activities for the Public ◀		
Investment amount of public education services (RMB ten thousand)		1,215.84
Total number of activities		56,039
Number of thematic activities of public education		16,377
Number of copies of materials distributed (ten thousand copies)		549.95
Number of messages sent (ten thousand messages)		424.80
Number of messages issued on Weibo and WeChat (10,000 messages)		213.45
Number of media reports		1,184
▶ Charitable Activities ◀		
Annual donation expenditure (RMB ten thousand)		3,646.79
Loan balance of targeted poverty alleviation (RMB 100 million)		145.29
Number of beneficiaries of loans for targeted poverty alleviation (10,000 beneficiaries)		12.95
▶ Fights Against the Epidemic ◀ (By April 15, 2020)		
Total donations to fights against the epidemic (RMB ten thousand)		5,935.85
Credit support for enterprises in epidemic prevention and control industry (RMB 100 million)		over 300
Cumulative credits granted to SMEs for epidemic prevention and control (RMB 100 million)		82.03
Number of SMEs supported for epidemic prevention and control		426

The Banker	<ul style="list-style-type: none"> <li>Ranking 23rd among Top 1,000 World Banks 2019 by Tier 1 capital</li> <li>Ranking 21st among Top 500 Banking Brands 2019</li> </ul>
Forbes	<ul style="list-style-type: none"> <li>Ranking 55th in the Forbes Global 2000 in 2019</li> </ul>
Fortune	<ul style="list-style-type: none"> <li>Ranking 213rd in the Fortune Global 500 in 2019</li> </ul>
China Banking Association	<ul style="list-style-type: none"> <li>Winner of the Annual Best Social Responsible Manager Award</li> <li>Winner of the Annual Achievement Award for "Practicing the 'Belt and Road' Initiative"</li> <li>Entered the list of the Institutions with the Best Results in Popularizing Financial Knowledge</li> </ul>
The Banker and Professional Wealth Management (PWM) subordinate to the Financial Times Group	<ul style="list-style-type: none"> <li>Winner of the Best Performing Private Bank (The first bank in China to win the award)</li> </ul>
ASIAMONEY	<ul style="list-style-type: none"> <li>Winner of the Best National Commercial Bank in Green Finance</li> <li>Winner of the Best Green Bond Bank</li> </ul>
The Climate Bonds Initiative (CBI)	<ul style="list-style-type: none"> <li>Winner of the Largest Emerging Markets Green Bond of 2018</li> </ul>
21st Century Business Herald	<ul style="list-style-type: none"> <li>Winner of the 2019 Asian Outstanding Commercial Bank</li> <li>Winner of the 2019 Golden Sail Award for Excellent Board of Directors</li> </ul>
Financial Times	<ul style="list-style-type: none"> <li>Winner of the Annual Best Joint-stock Bank</li> </ul>
China Business News	<ul style="list-style-type: none"> <li>Winner of the Annual Joint-stock Commercial Bank</li> <li>Winner of the Best Green Bank</li> </ul>
International Financial News	<ul style="list-style-type: none"> <li>Winner of the 2019 China Sustainable Development Pioneer Enterprise Award</li> <li>Winner of the 2019 Best Enterprises for Targeted Poverty Alleviation</li> </ul>
Hong Kong Commercial Daily	<ul style="list-style-type: none"> <li>Entered the list of the Top Ten Financial Institutions with Financial Innovation Service for the Real Economy</li> <li>The Bank-Bank Platform - One of the 2019 Top Ten Financial Technology Innovation Achievements with Financial Innovation Service for the Real Economy</li> </ul>
The Chinese Banker	<ul style="list-style-type: none"> <li>Winner of the Top Ten Private Enterprises with Financial Service Innovation</li> <li>Winner of the Top Ten Investment Banks with Innovation</li> <li>Winner of the Top Ten Fintech Innovation Award</li> <li>Winner of the Top Ten Wealth Management Innovation Award</li> </ul>
China Newsweek	<ul style="list-style-type: none"> <li>Entered the list of the 2019 Responsible Enterprises</li> </ul>
China Business Journal	<ul style="list-style-type: none"> <li>Winner of the Social Responsibility Industry Impact Award</li> <li>Entered the list of the Outstanding Competitive Financial Holdings Groups</li> </ul>
People.cn	<ul style="list-style-type: none"> <li>Winner of the 2019 People's Ingenuity Service Award</li> <li>Winner of the 2019 Green Development Award</li> </ul>
China.com.cn	<ul style="list-style-type: none"> <li>Entered the list of the Outstanding Poverty Alleviation Pioneer Institutions</li> </ul>
Tencent News	<ul style="list-style-type: none"> <li>Winner of the "ESG Best Performance" Award</li> <li>Winner of the "Green Development Contribution" Award</li> </ul>
Sina Finance	<ul style="list-style-type: none"> <li>Winner of the Annual Best Strategic Bank</li> <li>Winner of the Annual Sustainability Award</li> <li>Winner of the Best Banking Award for Responsible Investment</li> </ul>
JRJ.com	<ul style="list-style-type: none"> <li>Winner of the Outstanding Public Welfare Brand Award</li> <li>Winner of the Outstanding Bank Award for Inclusive Finance</li> </ul>
CNFOF	<ul style="list-style-type: none"> <li>Entered the list of the Outstanding Real Economy Service Banks</li> </ul>





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## Independent Assurance Report on Sustainability Report

安永华明(2020)专字第60438520\_A02号  
Industrial Bank Co., Ltd.

### The Board of Directors of Industrial Bank Co., Ltd.:

We have been engaged to express a limited assurance opinion on the selected data in the 2019 Annual Sustainability Report of Industrial Bank Co., Ltd. (the "Sustainability Report") prepared by Industrial Bank Co., Ltd. ("Industrial Bank").

### I. The Management' responsibilities

The Management of Industrial Bank are responsible for the preparation and presentation of the selected data in accordance with the standard for preparation of the report. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the selected data, and making estimates that are reasonable in the circumstances.

### II. Our responsibilities

Our responsibility is to express a conclusion on the selected data in the Sustainability Report based on our work performed. We report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our work on the selected data in accordance with the *International Standard on Assurance Engagements ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance as to whether any matters have come to our attention that causes us to believe that the selected data as at 31 December 2019 and for the year then ended in the Sustainability Report is not prepared in all material respects in accordance with the standard for preparation of the report.



## Independent Assurance Report on Sustainability Report

安永华明(2020)专字第60438520\_A02号  
Industrial Bank Co., Ltd.

### III. Scope of work, approach, and limitation

The selected data in the Sustainability Report of Industrial Bank for 2019 that is covered by this report is as follows:

- Ratio of staff with minority nationality (%)
- Ratio of male to female middle and senior managers (%)
- Loan balance of targeted poverty alleviation (RMB100 million)
- Number of "Smart Counters" (Account)
- Investment amount of public education service (RMB10,000)
- Balance of loans to small- and micro-sized enterprises (RMB100 million)
- Number of customers concerning loans to small- and micro-sized enterprises (Account)
- Number of projects applying Equator Principles have reached financial close (Account)
- Financing balance of green finance (RMB100 million)
- Accumulative credit extension of "green mortgage loan" (RMB100 million)
- Emission of carbon dioxide of the head office (ton)
- Investment in information technology (RMB10,000)

Our work was performed at the Head Office of Industrial Bank, which includes:

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



### Independent Assurance Report on Sustainability Report

安永华明 (2020) 专字第60438520\_A02号  
Industrial Bank Co., Ltd.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and the therefore less assurance is obtained than in a reasonable assurance engagement. The procedures selected depend on the practitioner's judgment, including the assessment of the risks of material non-compliance of the selected data prepared in accordance with the basis of reporting.

Our work was limited to the data as of 31 December 2019 and for the year then ended in the Sustainability Report. We have not performed any procedures over other data included in the Sustainability Report for 2019, nor have we performed any procedures on other data or data for 2018 and years before. In addition, our work performed was not for the purpose of expressing an opinion on the effectiveness of Industrial Bank's Internal controls.

#### IV. Conclusion

Based on the limited assurance work which we have performed, nothing has come to our attention that causes us to believe that the selected data as at 31 December 2019 and for the year the ended has not been prepared, in all material respects, in accordance with the standard for preparation of the report.

#### V. Our Independence, quality Control and assurance team

We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants. We have complied with the quality control requirements of the *International Standard on Quality Control 1*. Our team has required competencies and experience for this assurance engagement.

Ernst & Young Hua Ming LLP  
Beijing, China  
24 April 2020

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# Reader's Feedback Form

We appreciate your advice and valuable information on our report!


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 Postal code: 350003  
 E-mail: sustainability@cib.com.cn


- How do you think about the overall quality of Industrial Bank's sustainability report?  
 Good       Not bad       Ordinary
- What's your suggestion on Industrial Bank's corporate governance?  
 Good       Not bad       Ordinary
- What's your opinion on Industrial Bank's economic development, environmental protection and return to the community?  
 Good       Not bad       Ordinary
- What's your opinion on Industrial Bank's sustainable development?  
 Good       Not bad       Ordinary
- How do you think of Industrial Bank's implementation of the Equator Principles?  
 Good       Not bad       Ordinary
- How do you think about Industrial Bank's information disclosure? Is it transparent, integrated and accurate?  
 Good       Not bad       Ordinary
- How do you think about the report's layout and design?  
 Good       Not bad       Ordinary
- Please give your comments and suggestions on our sustainability report.


\_\_\_\_\_


\_\_\_\_\_

\_\_\_\_\_

 Your contact details: \_\_\_\_\_

 Name: \_\_\_\_\_

 Phone number: \_\_\_\_\_

 Email: \_\_\_\_\_ @ \_\_\_\_\_



Answer questions by scanning the QR code with your mobile phone