

Bearing creates value , Sharing breeds advance



2012 Annual Sustainability Report

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Declaration

- Notice** The Board of Directors and the Directors of the Company hereby ensures that the contents of this report does not contain any false records, misleading statements or material omissions, and severally and jointly accept responsibility for the truthfulness, accuracy and completeness of the content.
- Report name** "Sustainability Report" is the name of the annual social responsibility report by Industrial Bank. The using of this name reflects a combination of the Bank's corporate governance philosophy of sustainable development and corporate social responsibility.
- Report timeframe** Report time range is from January 1, 2012 to December 31, 2012. Part of the contents is beyond the time frame above.
- Report release cycle** This report is the annual report.
- Extent of organization** Overall content of the Company and part of its subsidiaries.
- Designations** "Industrial Bank", "the Company", and "the Bank" used in this report all refer to the Industrial Bank Co., Ltd.
- Preparation** This report was prepared in accordance with "Opinions on Strengthening the Social Responsibility of Banking Financial Institutions ([2007] No.252)" by China Banking Regulatory Commission, "Notice on Strengthening the Social Responsibility of Listed Companies to and Launch of <Shanghai Stock Exchange Listed Company Environmental Information Disclosure Guidelines>" and Preparation Guidelines for the "Company's Social Responsibility Fulfillment Report" by Shanghai Stock Exchange, and "Corporate Social Responsibility Guidelines for Chinese Banking Financial Institutions" by China Banking Association, and by reference to relevant contents including "Sustainability Reporting Guidelines" and supplementary guidance for financial services industry by Global Reporting Initiative (GRI).
- Report data** Financial data in this report come from the 2012 annual financial report, and some from the report of the previous years. The data acquisition and calculation methods are with no significant changes compared with that of the previous annual report. The currency amounts involved in this report are measured in RMB unless otherwise stated.
- Report availability** This report was published in two forms of print and electronic version, the electronic version is available at the Company's website (www.cib.com.cn).
- Priority of language** This report was published in both Chinese and English, and Chinese version shall prevail in the event of any inconsistency in the understanding.

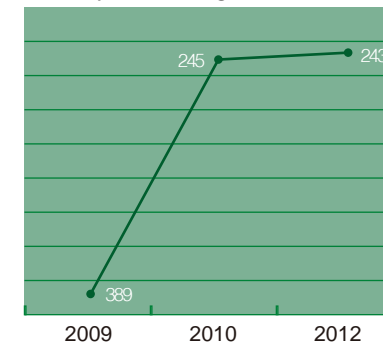
Contact: Legal and Compliance Department, Industrial Bank Co., Ltd.
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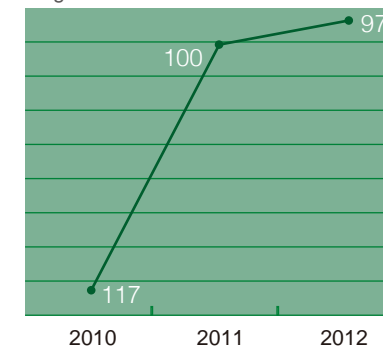
"Global top 1,000 banks" published by *The Banker* magazine in the U.K.



"Global 2,000 leading companies" published by *Forbes* magazine in the U.S.



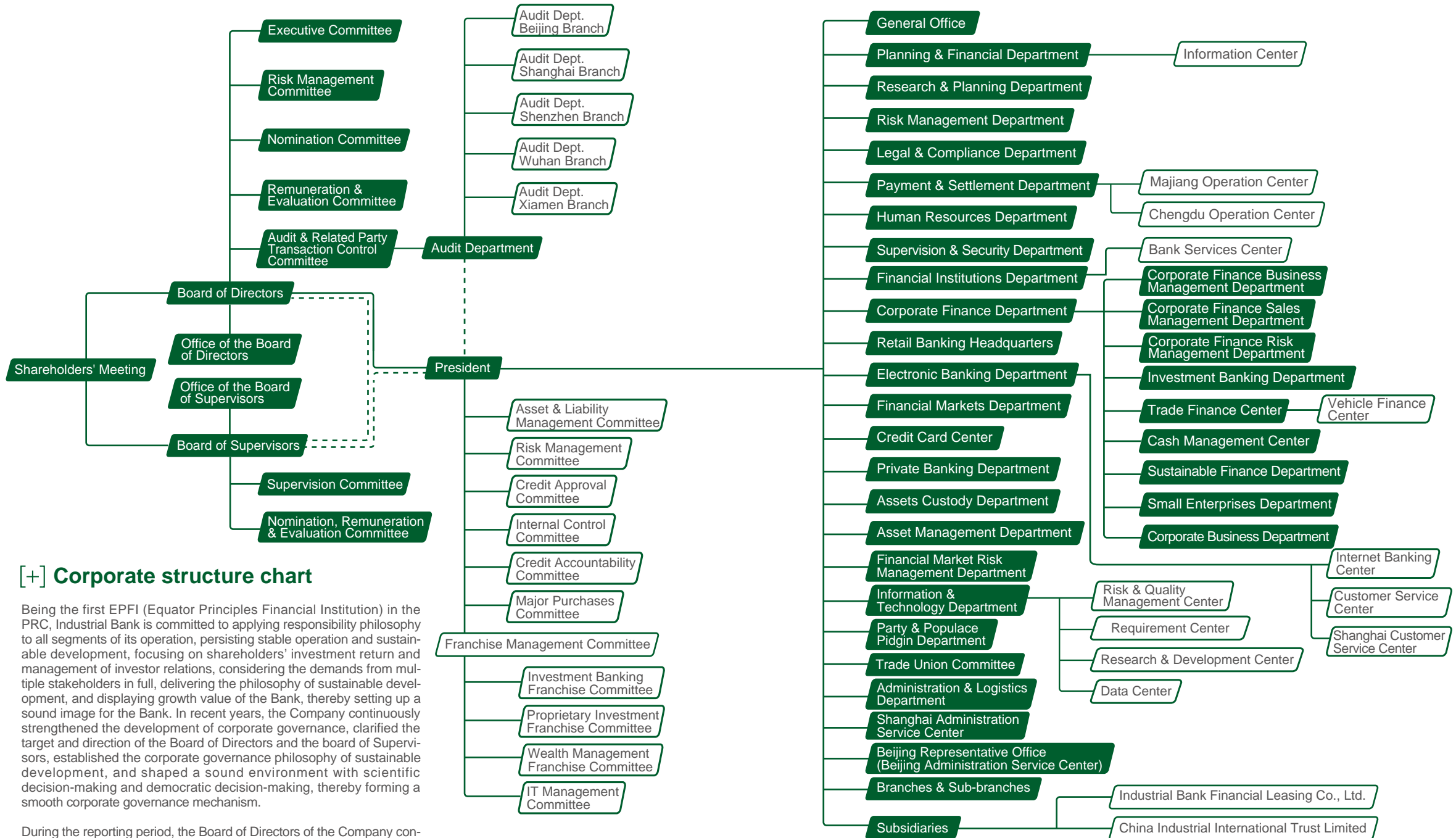
List of "Global Top 500 Financial Brands" published by *The Banker* magazine in the U.K.



Industrial Bank overview

Established in August 1988, Industrial Bank was one of the first joint-stock commercial banks approved by the State Council and the People's Bank of China. It is also the only national listed bank based in the west strait economic zone. Capitalized on the buoyant development of China's economy and society during the past 24 years, Industrial Bank, adhering to its business philosophy of "Sincere Service, Growing Together", seized opportunities, conducted stable operation, developed in a scientific way and proactively fulfilled its corporate social responsibilities from three aspects, i.e. economy, society and environment, by considering the demands from multiple stakeholders. Thanks to these efforts, it embarked a sustainable development and firmly stood among top 10 banks in China, top 100 banks in the world, and top 300 listed companies in the world, with its market influence and brand image continuously improving.

Name in Chinese and English	兴业银行股份有限公司 INDUSTRIAL BANK CO.,LTD.
Stock Code in Shanghai Stock Exchange	601166
Listing Date	February 5, 2007
Registered Capital	RMB12.702 billion
Headquarter Location	Fuzhou, Fujian Province
Total Number of Employees	42,199
Subsidiaries	China Industrial International Trust Ltd. Industrial Bank Financial Leasing Co., Ltd.

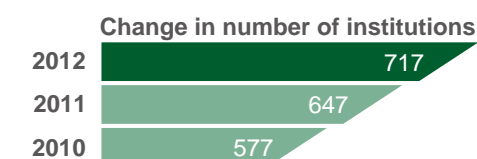
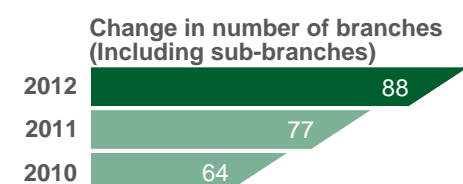
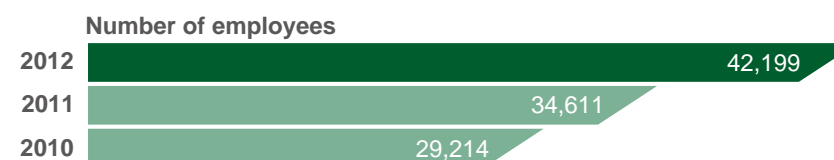
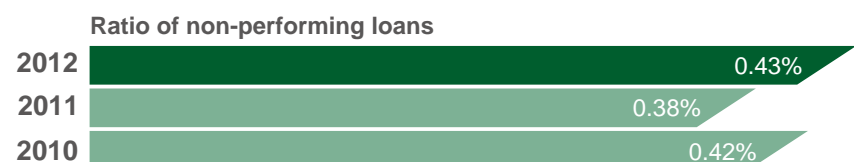
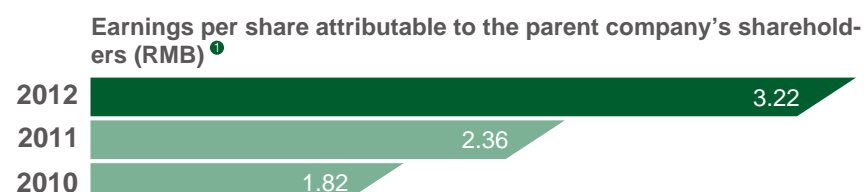
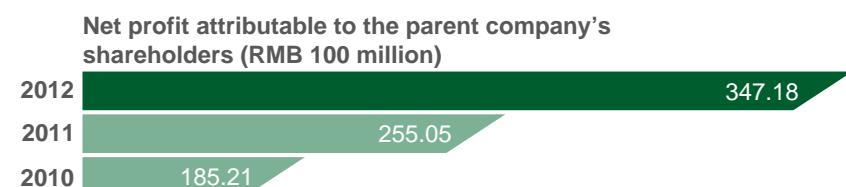
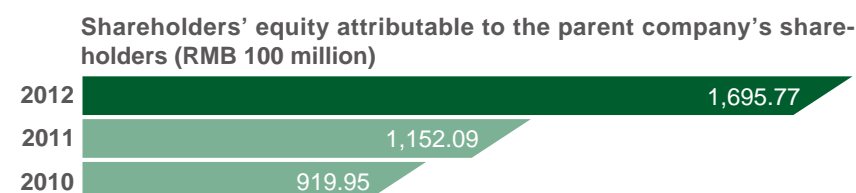
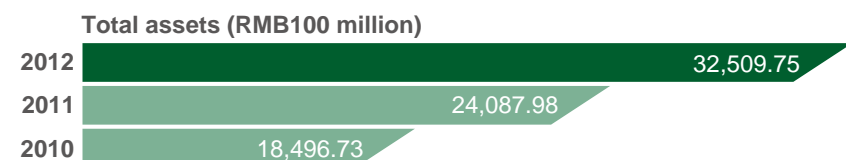


[+] Corporate structure chart

Being the first EPFI (Equator Principles Financial Institution) in the PRC, Industrial Bank is committed to applying responsibility philosophy to all segments of its operation, persisting stable operation and sustainable development, focusing on shareholders' investment return and management of investor relations, considering the demands from multiple stakeholders in full, delivering the philosophy of sustainable development, and displaying growth value of the Bank, thereby setting up a sound image for the Bank. In recent years, the Company continuously strengthened the development of corporate governance, clarified the target and direction of the Board of Directors and the board of Supervisors, established the corporate governance philosophy of sustainable development, and shaped a sound environment with scientific decision-making and democratic decision-making, thereby forming a smooth corporate governance mechanism.

During the reporting period, the Board of Directors of the Company consists of fourteen Directors, including a female Director. In terms of category, the Board of Directors includes six equity Directors (including two foreign equity Directors), five independent Directors, and three executive Directors. The board of Supervisors consists of nine Supervisors, including two female Supervisors.

[+] Important data



[+] Social and economic contribution

In 2012, the Bank has paid a total RMB16.213 billion tax, an increase of RMB4.187 billion, or 34.82%, from the last year. Among them, corporate income tax increased by 33.92% to RMB9.511 billion, sales tax and surcharges increased by 35.64% to RMB5.187 billion, and other taxes increased by 37.73% to RMB1.515 billion. The Bank has made RMB18.30million donations to public welfare, with RMB12.06 social and economic contribution per share^②, which strongly supported the country's economic development and also realized its commitment of a good return to corporate shareholders and employees.

^① The Company implemented the allotment program in 2010, and the 2010 profit distribution plan in May 2011, to convert 8 shares for every 10 shares of capital stock and re-calculate the earnings per share index of the comparative period according to the China Securities Regulatory Commission "Public Offering of Securities Company Information Disclosure Compilation Rules No.9 – Return on net assets and earnings per share calculation and disclosure (revised 2010)".

^② In this report, "social contribution per share value" was calculated according to the "strengthening the social responsibility of listed companies and notice on <Shanghai Stock Exchange listed companies environmental information disclosure guidelines>" released by the Shanghai Stock Exchange on May 14, 2008, namely, the social contribution value per share = earnings per share + (the amount of tax + staff costs + interest expense + public input total – social costs) / end of the total share capital.

[+] Annual major honors (in chronological order)

01

The Board of Directors of the Bank was accredited with the Excellent Board of Directors Award at “the eighth Gold Round Table” Appraisal Event of Chinese Boards of Listed Companies organized by the *Directors & Boards* magazine.

02

The Bank was the top enterprise in terms of social and economic contribution value per share and increment in the comprehensive assessment on social responsibilities of 16 listed banks conducted by the *Securities Times*.

09

The Bank was accredited as the “Best Listed Company of Social Responsibility Award” in The Reputation List of China Public Companies released by *National Business Daily* for the second consecutive year.

10

The Bank was accredited with the “Best Corporate Internet Banking Award”, the “Best Corporate Wealth Management Award”, the “Best Cash Management Brand Award” and the “Best Green Bank” in the “Most Trustworthy Banks among Chinese CFO for 2012” organized by the *CFO World* magazine.

03

The Bank was accredited with the “Best Financial Institution of Social Responsibility Award” and the “Best Green Finance” by the China Banking Association for the second consecutive year and the “2011 Best Social Responsibility Award for Banking Outlets with Special Contribution”

04

The Bank was accredited as “Carbon-saving Pioneer Enterprise” in “Top 10 Brands Leading the future of China” organized by *China Times*.

11

Industrial Bank was the only winner of “Carbon-Value Social Citizen Award” at the Fifth World Economic and Environmental Conference jointly sponsored by United Nations Industrial Development Organization (UNIDO), United Nations Educational, Scientific and Cultural Organization (UNESCO) and International Energy Conservation Environmental Protection Association (IEEPA).

12

The Bank was accredited with the “2012 Financial Institutions with Outstanding Competitiveness in Social Responsibility”, “2012 Financial Service Banks with Outstanding Competitiveness in Supply Chains”, the “2012 Financial Service Bank with Outstanding Competitiveness for MSEs”, and the “2012 Bank with Outstanding Competitiveness in Risk Management” Award in the fourth Award for Financial Institutions with Outstanding Competitiveness.

05

According to “Appraisal Report on the Competitiveness of Chinese Commercial Banks in 2012” released by *The Banker* magazine, Industrial Bank ranked No. 7 in terms of core competitiveness among all national commercial banks, and ranked No. 5 in terms of financial assessment considering the five dimensions “asset, risk, capital, profits and liquidity”, and also won the prize of “Best CSR Performer of the Bank”.

06

At the Summit on Wealth Management Cooperation and Development and the Fifth Award Ceremony of China Outstanding Trust Companies sponsored jointly by *Securities Times* and *New Fortune*, China Industrial International Trust Limited was honoured as “2011 China Outstanding Trust Company”.

13

The Bank won the “Low Carbon Pioneer Enterprise Prize” co-organized by *21st Century Business Herald* and Institute for Urban and Environmental Studies Chinese Academy of Social Sciences.

14

The Bank was accredited with the “Green Finance Award” in the annual “Green Medal Award” held by *China Business News*.

07

Industrial Bank ranked No.1 among the 16 listed Chinese-funded banks on the *Green Credit Performance Ranking of Listed China-funded Banks (2008-2011)* released by ten NGOs, including Green Watershed.

08

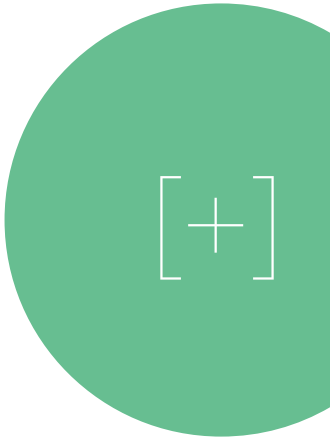
The Bank stood at the first in the *2012 Annual Report on Green Credit in the PRC* published by the Policy Research Center for Environment and Economy, Ministry of Environmental Protection, PRC.

15

The Bank was accredited with the “Board of Directors” Award for the second consecutive year at the “11th Corporate Governance Forum of the PRC” held by Shanghai Stock Exchange and China Association for Public Companies.

16

Industrial Bank was honoured as “National Collective Role Model for Emission Reduction” in “Decision of Commending National Energy Conservation and Emission Reduction Advanced Collective and Individual During the 11th Five-Year Plan Period” jointly released by National Ministry of Human Resources and Social Security, National Development and Reform Commission, National Ministry of Environmental Protection and National Ministry of Finance.



Overview





Chairman Gao Jianping

Message from the Chairman

In 2012, we weathered an extraordinary year in “reform, transformation and development”.

During the year, facing complicated macro-economies and intensifying market competition, on the basis of maintaining high efficiency and low cost, the Bank gave scope to our spirit of “practical, professional, pioneering and teamwork”, seized opportunities under the guidance of scientific outlook on development, and propelled and deepened reform in management system and mechanism of corporate finance, retail finance, and financial market to make our business development in line with the market and clients. In the meantime, it also conducted a series of reform in administration system and mechanism of risk management, financial management, and human resources, to enhance professionalism of management, efficiency of control and sensitivity to market, push forward operation transformation, advance reform and innovation, and improve professional competence and competitive advantage, with a view to forging a real “overall bank” and “procedural bank”.

During the year, we upheld great sense of social responsibility, relentlessly perfected corporate governance, intensified a practice mode of integrating righteousness into profitability, gradually developed a management approach on corporate social responsibility that is suitable for operation transformation and innovation, established a system of indicators that is applicable to our social responsibility, embedded all business lines and management departments with social responsibility work, and combined concept of responsibility with all products and services of the Bank to further promote products and services like green finance, Bank-to-Bank Platform, low carbon credit card, etc, with a view to pushing forward sustainable development of economy, environment, and society.

During the year, we adhered to lawful operation, stable operation, and civilized operation. All business lines of the Bank remained a healthy growth, with professional operation capacity and momentum for organic growth improved steadily, having realized continuous improvement in comprehensive strength, management standard and brand awareness. Thanks to these efforts, the Bank was among top 10 banks in the PRC, top 100 banks in the world, and top 300 listed companies in the world, realizing a buoyant situation for continuous growth. More importantly, the concept of “sustainable finance” advocated and practiced by the Bank in recent years is perfectly in line with the core elements proposed at the 18th National Congress of the CPC, i.e., green, energy-saving, environment protection, and sustainability. Through proactive practicing of social responsibility, we aggressively developed sustainable finance, endlessly exercised our functional advantages, and implemented strategic arrangement of the 18th National Congress of the CPC with actions, to serve the national “Beautiful China” plan.

Looking back, we feel grateful. We appreciate competent authorities at all levels for their care and support, appreciate all shareholders, clients and all sectors of the society for their understanding and trust, and appreciate massive employees and their families for their quiet devotion. Looking ahead, we are full of confidence. By seizing the basic direction and mainline of development in finance industry, and by promoting the culture of the Industrial Bank featured with rationalism and pragmatism, simplicity and harmony, as well as health and optimism, we will propel operation transformation and business restructuring, improve professional capacity in serving the real economy, insist our people-oriented philosophy, serve our clients wholeheartedly, and look forward to shoulder social responsibilities with more banks and enterprises, to forge a “Beautiful China” characterized by harmonious development between human and nature as well as between economy and society.

Chairman



Director and President Li Renjie

President's report

Facing the complicated macro-environment in 2012, the Bank meticulously implemented the state macro-economic policies and financial regulatory requirements, conducted reform and innovation, made solid progress, seized opportunities to accelerate development, preserved our practice mode of integrating righteousness into profitability on the basis of stable and healthy growth of all business lines, and contributed positive energy to development of a harmonious society and ecological civilization, thereby pushing forward joint growth of economic benefits, environmental benefits and social benefits.

Over the past year, the Bank steadily propelled professional reform in business lines, enhanced momentum for organic growth through perfecting systematic and procedural management, pushed forward work in a smooth and efficient manner, and supported sustainable growth of our business through highly efficient and professional internal operation management:

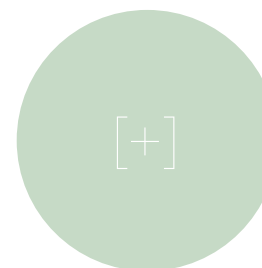
First, the Bank carried out reform in system and mechanism of our corporate finance segment. We spared no effort in serving real economy, rendered more supports to restructuring in key industries of the state and coordinated development of regional economies, strengthened credit support to small and micro-enterprises, conducted innovative development of new-type urbanization financial services, and improved rural financial service standard, with a view to improving people's livelihood.

Second, the Bank perfected reform in system and mechanism of our retail finance segment. By centering on our clients, we conducted product innovation according to needs of different types of clients, protected lawful rights of clients, cared for special client groups, and unremittingly improved quality of customer service, thereby providing more integrated, professional and diversified financial products to our clients.

Third, the Bank rolled out reform in system and mechanism of financial market segment. Regarded reform as our new drive, we proactively participated in capital market, attained breakthroughs in all businesses, and shaped our service capacity in various markets. In particular, through deepening development of our Bank-to-Bank Platform, we established a sustainable platform that is complementary to advantages of other financial institutions and shares resources with them, practicing and delivering the Bank's concept on sustainable development and social responsibilities.

Over the past year, the Bank grasped strategic opportunities arising from vigorous development of "Beautiful China" by the state, continued to explore and deepen diversified operation, gave scope to our advantages in techniques and resources as the first EPFI (Equator Principles Financial Institution) and the first banks to launch loan products involving energy saving and emission reduction in the PRC, further enriched our green finance business line, and supported green development, recyclable development and low-carbon development of the state with our financial strength, thereby endlessly improving our brand value.

In the coming year, the Bank will inherit our great tradition that focused on pursuit of excellence and responsibilities, maintain a buoyant development trend, seize new development opportunities, further broaden our vision, deepen reform in system and mechanism of business management, strengthen scientific, stable and sustainable business development, cope with diversified clients' needs on financial services in a better manner, enhance our core competitiveness through differentiated operation, establish a first-class modern banking group, fulfill the Bank's social responsibilities endorsed by the new era, and reciprocate the society with greater results.



President

Report of Chairman of Board of Supervisors

"Small enterprises rely on opportunities, medium enterprises rely on management, and large enterprises rely on culture". Since our establishment in 1988, every step in breakthrough and change of Industrial Bank not only embodied rapid improvement in quality and quantity of our operation management and market position, but also represented gradual transformation and raising of our corporate culture. We devoted constant efforts to establish outstanding corporate culture that is in line with our operation growth and able to roll out the Bank's ambitious objective. We also seek to establish a corporate culture that is inductive, cohesive and supportive to facilitate comprehensive growth of employees, improve our brand value, and cultivate our core competitiveness.

Corporate culture is our propeller to accomplish our strategic objectives. Under such a complicated market environment, the Bank determined our sustainable strategic objective, devoted efforts to seizing crucial strategic opportunities arising from marketization, internationalization and integration development of finance in the PRC, fully implemented scientific outlook on development, and, in this regard, proposed our operation policy that centers on lawful operation, stable operation and polite operation, and our governance strategy that revolves around strict governance, professional operation, technological innovation and service dedication. During the transition from business development mode to profit mode, we proposed our mission of "sincere service and mutual development" and continued to propel various reform and innovation, especially the reform in system and mechanism of operation management conducted in recent years. During our establishment of professional service team, setting up of core competitiveness, and creation of growth point for key value, we upheld our spirit of "practical, professional, pioneering and teamwork", cared for employees, regarded rise of employees' professional skills as the foundation for increment of the Bank's core competitiveness and value, enhanced employees' professionalism, improved their service capacity, pursued "people-oriented" philosophy, and practiced our common objective of "we will grow together during our development".

The Bank considers that corporate social responsibility is in complete harmony, exists side by side, and grows along with corporate culture. Fulfilling social responsibility is inductive to cultivation of corporate culture, while sound corporate culture is helpful in delivery and practice of corporate social responsibility. In 2012, the Bank will further merge establishment of corporate culture and that of social responsibility, and, through improving our service concept of "serving clients from the entire Bank", expand our service content from basic customer service to customer service from the entire Bank. The Bank will also improve communication mechanism between the Bank and various stakeholders through holding activity of "encourage the free airing of views and contribute new and better ways of doing things". Meanwhile, the Bank will listen to desires of our employees, continue the sound communication between management at all levels and massive employees, and keep our vitality for persistent innovation through conducting activity of "day for communication between management and staff". Apart from the above, the Bank will continue the practice activity of "being the masters, fulfilling responsibilities, and encouraging dedication", endlessly push forward improvement in social responsibility awareness throughout the whole bank, gradually perfect our corporate culture system, and stride towards our vision of "first class bank, centuried CIB".

Chairman of Board of Supervisors




Chairman of Board of Supervisors Kang Yukun

Sustainable development and corporate governance

[+] Concept and realization of sustainable development

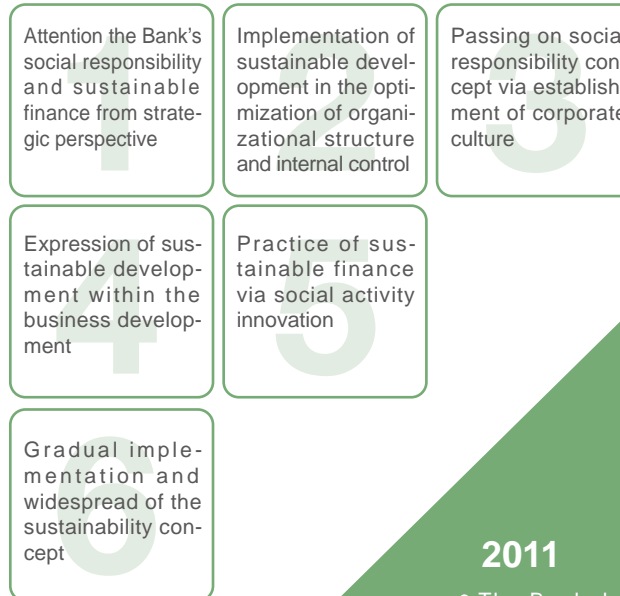
The concept of sustainable corporate governance

The Bank believes that the essences of sustainable development are how to consider, balance, and develop harmonious relation between us and various stakeholders, and, under thoughtful consideration of the demands from various stakeholders, taking pursuit of harmonious economy, society, and environment as part of our growth target with initiatives. In other words, complying with laws, protecting interests of stakeholders, conducting internal control, avoiding all kinds of risks, persisting green finance innovation, and promoting green operation are fundamental ways for the Bank to realize sustainable development.

To implement the scientific concept of development and deepen the understanding of the relationship between social responsibility and the sustainable development of the Bank. To actively explore a variety of ways to promote the practice of social responsibility, and build good relations and a harmonious coexistence of man, nature, environment, and society.

—Mr. Gao Jianping,
Chairman of Industrial Bank

Six Steps to implement the concept and value of sustainable development



Gradual progression to probe sustainable finance (2006-2012)

2012

- The Bank established level 1 department of head office, Sustainable Finance Department;
- The Bank established management department specialized for corporate social responsibility;
- The Bank rolled out China Utility-Based Energy Efficiency Finance Program Phase III (CHUEE III).

2011

- The Bank developed online-environment and social risk management electronic platform;
- The Bank accepted the first carbon asset pledged loan and the first emission right pledged loan.

2010

- The Bank released the first low-carbon credit card in the PRC;
- The Bank probed innovation in sustainable financial products and services like financial lease, wealth management, etc.

2009

- The Bank established the Sustainable Financing Center, which was the first specialized institution for green finance in the PRC;
- The Bank became the first bank in the PRC to be named champion in the "Asian Sustainable Bank for the Year" co-organized by Financial Times (FT) in Britain and International Finance Corporation (IFC);
- The Bank accommodated the investigation group on green credit from Vietnam, which marked an important step for us to share sustainable finance with peers from emerging market.

2008

- The Bank improved our corporate governance concept of sustainable development;
- The Bank publicly pledged to adopt the Equator Principles and became the first EPFI (Equator Principles Financial Institution) in China, which was regarded as an achievement of the 5th U.S.–China Strategic and Economic Dialogue;
- The Bank rolled out China Utility-Based Energy Efficiency Finance Program Phase II (CHUEE II).

2007

- The Bank held dialog with President of World Bank, Mr. Zoellick, at the roundtable on financing for energy efficiency projects in Guangzhou;
- The Bank was accredited as runner-up in the "Sustainable Deal of the Year" co-organized by Financial Times (FT) in Britain and International Finance Corporation (IFC);
- The Bank signed "Statement by Financial Institutions on the Environment & Sustainable Development" of United Nations Environment Programme Finance Initiative (UNEP FI).

2006

- The Bank rolled out China Utility-Based Energy Efficiency Finance Program Phase I (CHUEE I) and became a pioneer and advocate in green finance in the PRC.



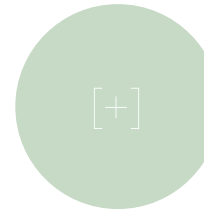
[+] Corporate social responsibility practice

In our opinion, performing corporate social responsibility is not only participating in charitable activities such as disaster relief and poverty alleviation, but also giving scope to the Bank's expertise. We should, on one hand, understand corporate social responsibility from strategic perspective, and, on the other hand, rationally integrate corporate social responsibility, corporate development plan and commercial mode through proactive management, so as to contribute the most positive influence to the society and realize sustainable development.

Based on the above understanding, the Bank creatively proposed a practice mode of integrating righteousness into profitability. That mode combines social responsibility with our own business, embodies it in specific aspects of the Bank's operation and management, and seeks business opportunities in performing social responsibility. By adhering to the three principles of "moderate", "development", and "profit boosting", the Bank seeks for commercial mode and social responsibility practice that are sustainable, evolutionary, and beneficiary to the Bank and the society.

Through development of "green finance" and compliance with "Equator Principles", we have gradually contacted and understood "green finance" and the profound concept on sustainable development contained therein. We have gradually introduced the concept to our corporate governance and proposed a practice mode of integrating righteousness into profitability, which profoundly influenced our ideology and ways of daily operation.

— "Prioritizing Concept to Achieve Spanning Development", an article based on interview with Mr. Gao Jianping, Chairman of the Bank, by Securities Times on January 7, 2013



The Bank was accredited with the **"Best Financial Institution of Social Responsibility Award"** and the **"Best Green Finance"** by China Banking Association for the second consecutive year and the **"2011 Best Social Responsibility Award for Banking Outlets with Special Contribution"**



At the Awards Ceremony for Corporate Social Responsibility organized by China Banking Association on June 20, 2012.

Identifying stakeholders and establishing communication and interaction mechanism			
Key stakeholders	Expectations and demands	Response of the Bank	Chapter
Regulators	Compliant management Respond to policy	<ul style="list-style-type: none"> Adhere to law and comply with regulations Support the national and local economic development Implement the Green Credit policy Voluntary adopt the Equator Principles Perfect mechanism of social responsibility Popularize sustainable finance concept 	All of the Chapters
Shareholders	Stable returns Value growth	<ul style="list-style-type: none"> Sound operation, improved performance Meet the fundamental demands of interest of shareholders with value growth Harmonious investor relations 	The Development
Clients	Service-oriented Value creation Mutual growth	<ul style="list-style-type: none"> Enhance the service system and clients' experience Continuous innovate products and services Treat consumers fairly Improve public awareness on finance Promote sustainable financial products and services Help customers realize the value of growth and sustainable development 	The Development The Environment Friendly The Return to the Community The Practice
Partners	Complementary advantages Win-win	<ul style="list-style-type: none"> Use Bank-to-Bank Platform and other products and services to create win-win cooperation Deepen the cooperation and exchange within the industry, passing on the concept of sustainable development Establish mechanism to share resources and complementary advantages 	The Development The Globalization
Environment and Resources	Effective financial leverage Harmonious coexistence of man, nature, environment, and society	<ul style="list-style-type: none"> Concern about the social and environmental problems in the banking management Positive development to promote social progress and environment friendly financial products and services 	The Environment Friendly The Globalization The Practice
Employees	Development platform Training for lifelong employability	<ul style="list-style-type: none"> A sound human resource system Create equal employment opportunities Respect for employees and safeguard their interests Help employees enhance their value Foster the enterprise culture 	The Summary The Return to the Community
Society	Social responsibility Law-abiding operation Compliance with the highest business ethics Promote social harmony	<ul style="list-style-type: none"> Prevent financial crime Committed to finance related to people's livelihood Promote public financial education services Support charitable activities 	The management The Development The Return to the Community

[+] Management on social responsibility

The Bank considers that performing social responsibility is not only a practice that influences the image and reputation of the Bank, but also an organic growth momentum that propels us and the society to realize sustainable development and an important way that improves our competitiveness. In 2012, the Bank completely improved social responsibility mechanism and gradually established social responsibility management in various aspects.

Perfecting organizational structure of social responsibility

Under the leadership of the Board of Directors, the Bank has established a Leading Small Group, where our Chairman Mr. Gao Jianping serves as the team lead, to carry out corporate social responsibility tasks. The legal and compliance department of the head office is responsible for daily affairs of the Leading Small Group. And the department in question, together with relevant business and management departments of the head office, is a member of the above group liable to improve the mechanism of social responsibility tasks. At the same time, our branches also gradually established respective leading small groups to deepen work mechanism and formed coordination mechanism between institutions and departments in head office and branches, to strengthen work innovation and information exchange.

It is clearly stated in the articles of association of the Bank in 2008 that "to study and determine the Bank's strategies and policies on social responsibility and sustainable development, and supervise, inspect and evaluate the Bank's performance of social responsibility" are responsibilities of Executive Committee under the Board of Directors, and that corporate social responsibility and sustainable development are core ideas and values of the Bank and are used to guide our operation management and business activities, which symbolized that operation philosophy incurred significant change.

Improving work mechanism of social responsibility

In 2012, taken into account both regulatory requirements and good practices at home and abroad, the Bank streamlined current work mechanism on social responsibility, further clarified management mode and work method of social responsibility, comprehensively improved awareness of social responsibility throughout the Bank, effectively embedded all business lines and management departments with social responsibility work, standardized the system on regular reporting of information, and improved transparency, accuracy and reliability of information disclosure.

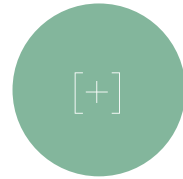
In July 2012, CBRC published the "Regulatory Guidelines on Evaluation of Performance of Financial Institutions in Banking Industry", pursuant to which, indicators under social responsibility category are regarded as one of the five important categories of indicators for performance evaluation of financial institutions in banking industry. Being an important non-financial evaluation indicator, indicators under social responsibility category focused on stable operation and scientific growth of financial institutions in banking industry, with an aim to accomplish sustainable development.

According to regulatory requirements, and considering about our own operation mode and needs in strategic development, the Bank gradually established a system of indicators on corporate social responsibility that is suitable for the Bank, to guide social responsibility work of all organizations of the Bank and to evaluate their performance. The indicators include quality of service, fairness of treatment of clients, green credit, energy saving and emission reduction, environmental protection, improvement of public awareness on finance and innovation practice, with a view to guiding and propelling constant healthy growth of all business lines of the Bank.

Integrating corporate culture development and social responsibility work system

Based on the premises of delivering our concept on corporate social responsibility and propelling social responsibility practice, in 2012, the Bank further integrated development of corporate culture and work system of social responsibility. The Bank constantly propelled improvement of awareness on social responsibility by conducting the practice activity of "being the masters, fulfilling responsibilities, and encouraging dedication", and gradually perfected and realized our culture system that comprises our mission, vision, core value and corporate spirit, to propel mutual advancement and joint improvement in development of corporate culture and work system of social responsibility.





Management



Promotion of operation and management system reform

In 2012, the Bank continued to promote and further deepen its business line reform of corporate finance, retail finance and financial markets. Through a series of new reform in upgrading professional skills, enhancing organic growth, strengthening standard management and promoting continuous development, the Bank effectively enhanced its professional capacity for serving the real economy and its operating efficiency.

In order to fit in with the need for reform from various business lines, the Bank actively and steadily pushed forward its reform of risk management system. Based on the relatively independent checks and balances, the Bank enhanced the professionalism, effectiveness and sensitivity of risk management and strengthened the combination and connection of risk management and business development. Currently, the Bank establishes risk management windows in its three major business lines to strengthen the implementation and fulfillment of specific risk management, so as get closer to the market and the businesses. Each risk management window is responsible for the risk controlling of its respective business line, under the matrix management of risk by the head office and the respective business line, subject to dual reporting.

[+] Revising and improving risk management strategies

In 2012, the Bank further revised and improved its risk management strategies, and issued "Comprehensive Risk Management Strategies of Industrial Bank", consisting of an overall risk management strategy and eight sub-strategies, which specified risk management visions, ideas, preferences, goals and implementation paths, and refined risk management strategies, processes and tools, to further improve the overall risk management.



[+] Pushing forward the implementation of Basel Accord III

Taking the relevant regulatory documents of Basel Accord III, including the “Capital Management Measures for Commercial Bank (Provisional)” of CBRC as the basic requirements, the Bank gradually implemented Basel Accord III according to its own actual situation and pursuant to its principles of “Comprehensive plan with stages of implementation; gradual improvement with emphasis on important issues; full and balanced development with efficiency and pragmatic”, with the core objectives as achievement of economic capital allocation management for credit risk, market risk and operational risk. The Bank steadily improved the ability and standard of its process in risk identification, measurement, monitoring, control etc.

In order to ensure a smooth progress of Basel Accord III, the Bank has established a leading group and an implementation office, which were responsible for the overall implementation of Basel Accord III. The non-retail internal rating project is now completed, whereby the construction of a non-retail internal rating system has officially launched in the Bank. In addition, relevant projects such as the retail internal rating project, the project of Internal Models Approach (IMA) for market risk and credit risk-weighted asset metering project have been steadily pushed ahead as scheduled.

[+] Strengthening the business continuity management

In 2012, in order to further enhance the business continuity management capabilities, the Bank optimized its business continuity management practices, and improved its business continuity management organizational structure consisting of the board of directors, senior management, the business continuity management committee and the business continuity management department. The Bank established separate regulatory documents for business continuity management regarding important systems including core systems, online banking, telephone banking, mobile banking, security and credit card, whereby further improved the execution to ensure the continuity of operation and management for the entire bank.

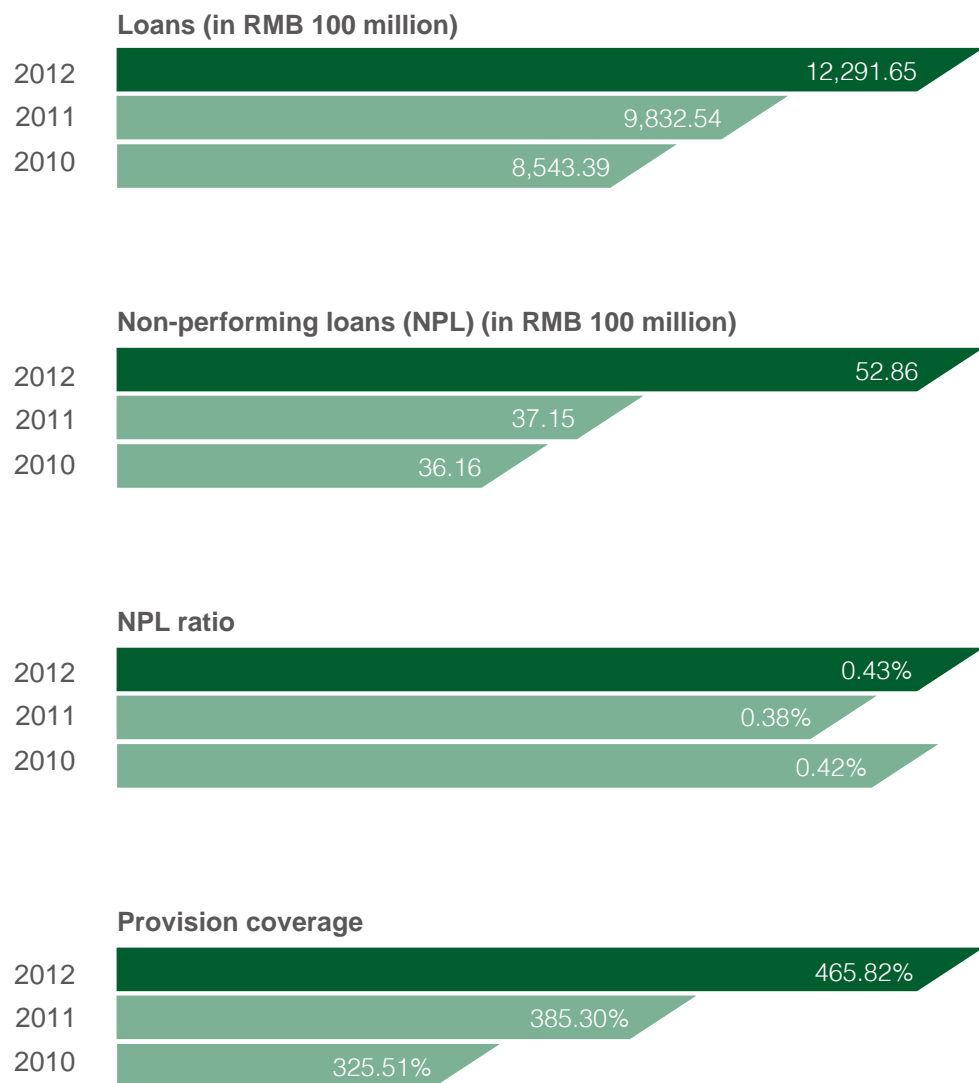
In 2012, the Bank further refined its scope of core business, by preparing emergency response plans for core business projects, implementing emergency preparedness projects for core business system, and integrating business applications and technical alternatives. The Bank further strengthened its business continuity management to ensure the ability to resume operations quickly and effectively and reduce the negative impacts incurred, in the case of interruption of operation.

In 2012, the Bank (at its head office level) completed various emergency drills as planned for 144 times, with a completion rate of 100%. Through emergency drills of information systems, the Bank effectively examined the availability of disaster backup system (including core business systems) and the timeliness and effectiveness of switching between the host and backup machine, improved the skill level and proficiency of disaster recovery team, further coordinated the linkage between the disaster recovery teams of branches and head office, to ensure the continuous service of our information system.



Note: The picture shows the emergency drills

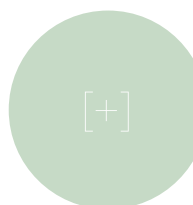
[+] Credit assets quality



Innovation of internal control and compliance management system construction



Mr. Kang Yukun (fourth left), the current Vice President of the Bank, was attending the Bank's Meeting on Risk Management Across the Bank 2012

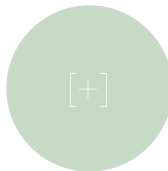
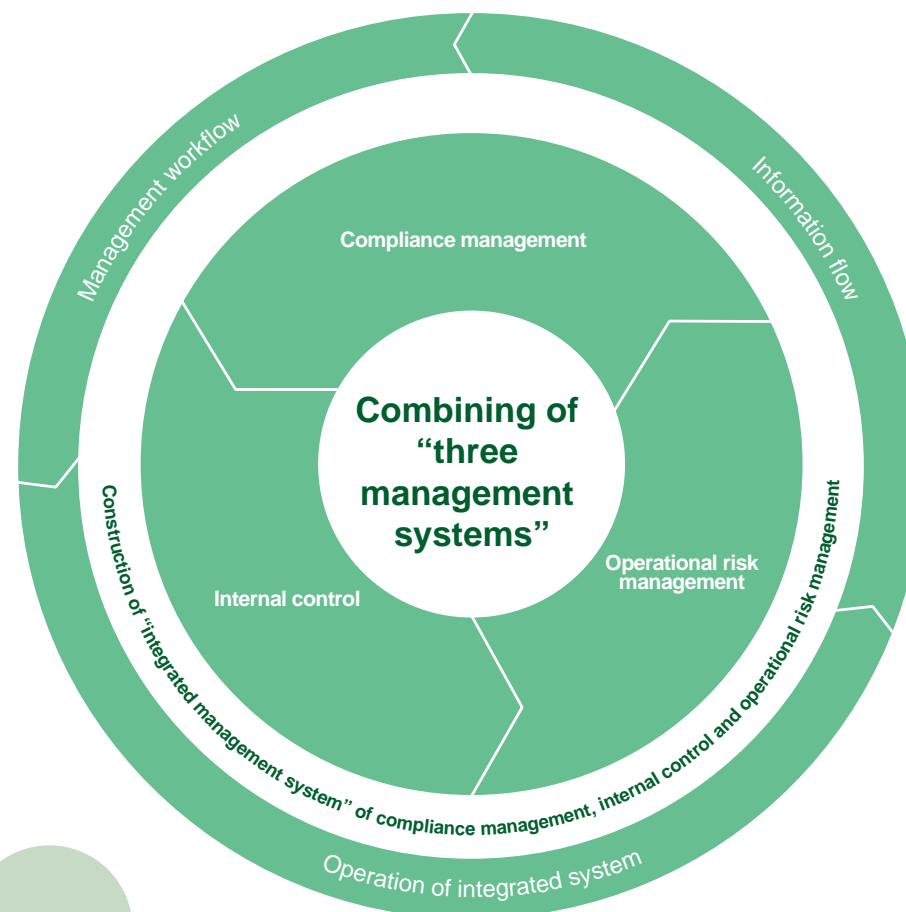


[+] Pushing forward the combining “three management systems” and the construction of “integrated management system”

Based on the achievements and experiences of constructing comprehensive compliance management system, internal control system and operational risk management system in recent years, the Bank has determined its strategy of combining “three management systems” (compliance, internal control and operational risk management) and the construction of “integrated management system”, and realized an effective combination of “three management systems” in organizational structure, management methods/tools and mechanisms, in order to strengthen the coordination, optimize the mechanism and improve the quality and efficiency of management.

In 2012, by leveraging on its internal control and compliance systems and the achievements in compliance monitoring, the Bank focused on optimizing its compliance management, including compliance data, key indicator system, compliance examination and reporting mechanism, thus initially establishing an internal self-assessment mechanism and internal control system. The Bank also carried out application pilot for operational risk management, thus establishing document templates and workflow which meet the requirements of the “three management systems”, and explored implementation methods for combining the “three management systems” through variance analysis.

	Organizational structure	Management methods	Management tools	Reports	Systems
Internal control	Independent specialized department	System rationalization and post-assessment	Control, identification and evaluation of risk	Reporting processes and ways	System requirements design
	Position setting	Workflow rationalization	Key indicators	Report classification	System transformation and test
Compliance	Designated personnel	Standard, test and examination	Defect OR event management	Contents and methods of reporting	Operation and maintenance of system
	Examination and supervision	Data cleaning	Feedback
Operational risk		Appraisal and training	
				



The combination of “three management systems”, the construction of “integrated management system” and the operation of “integrated management system” are transformation of traditional compliance management pattern, representing an advanced compliance management idea and technology. It will perfect the compliance management framework, establish the technologies of evaluation and measurement, and optimize the compliance management flow for providing effective routes through two main aspects, internal control and operation risk management. Meanwhile, it will also help to enhance the level of science and refinement in compliance management, thus promoting the transformation of the Bank’s profit-making pattern and the rationalization of its operating activities, with a view to push forward a steady and sustainable development of the Bank’s businesses.

[+] Implementing fully the self-assessment of internal control

In 2012, the Bank strengthened the overall design of its internal control structure and operation mechanism. By adhering to the "Basic Standards for Internal Controls of Enterprises", the Bank actively carried out the training and promotion of internal control theory and practice and fully implemented internal control self-assessment throughout the entire bank for the first time. The Bank effectively identified the risks through putting flows into order, and made full use of assessment tools such as walk-through testing and control testing to carry out self-assessment regarding effectiveness of the design and operation of its control measures. The Bank discovered its internal defects through the above-mentioned initiatives and then improved the management and the effectiveness of internal control. An internal control self-assessment mechanism of "three lines of defenses: firstly self-assessment, secondly re-assessment and thirdly an independent assessment" was initially formed and its internal supervision and inspection system of "self-testing and continuous advancement and improvement" was further enhanced, in order to support the development strategy of "first class bank, centuried CIB".

In 2012, the Bank realized its goal of first-year "promotion tools, training teams and accumulating experiences" through the implementation works by its 2012 internal control self-assessment organization, laying a firm foundation for internal control self-assessment under normal situation. The Bank has organized 3 theory and practice training courses of internal control, covering 32 departments of head office, 2 subsidiaries and 37 branches, with 208 attendances in total. The Bank also further optimized the self-assessment document templates and its development flow, and accumulated the working experiences of cross-department sampling, testing, working papers merging, defects identifying and etc. In addition, the Bank formulated the templates of internal control self-assessment for the head office and the branches, thus initially establishing an internal control self-assessment reporting mechanism with "full participation and progressive assessment".

In 2012, being the third line of defense of internal control system for the entire bank, the internal audit department kept performing the duties of independent supervision and assessment of internal control. Based on the self-assessment by the management and combining with information such as on-site auditing, continuous tracking, visiting and off-site monitoring, the internal audit department carried out independent supervision and assessment over internal control situation of each business line and branches, and issued independent evaluation opinion, facilitating the management to better understand the construction and implementation of internal control and to promote the gradual improvement of the internal control mechanism of the Bank.



Photograph by Wang Qingqiang, Putian branch

Improvement of the environmental and social risk management system

In 2012, the Bank continued to improve and perfect its environmental and social risk management system. Based on the environmental and social risk management policy, the Bank introduced its sub-strategies of environmental and social risk management, to further refine the environmental and social risk management objectives and specify the management principles. In addition, the organizational structure was improved and the workflow of identifying, assessing, monitoring and evaluating the environmental and social risk was optimized, thereby continuously pushing forward the scientific progress of the mechanism and management system.

[+] Basic concept of environmental and social risk management

Objectives of environmental and social risk management

Establishing a healthy environmental and social risk management system; enhancing the professionalism of environmental and social risk management by making reference to international advanced management techniques; preventing environmental and social risks; realizing the strategic objective of sustainable development for various businesses of the Bank by optimizing its resources allocation and performing social responsibility.

Statement of environmental and social risk management

The Bank will continue to pay attention to environmental and social issues arising in the credit business. The Bank will expand its finance business in all manner of "beneficial to" the environment and society, and develop its business based on the sustainable development philosophy. The Bank will insist on pursuing economic efficiency as well as corporate social responsibility.

Principles of environmental and social risk management

1. Principle of legal and compliance. The environmental and social risk management of the Bank shall comply with national laws, regulations, industry policies and regulatory provisions including requirements relating to environment, health and safety and other specific requirements to ensure the legal compliance.
2. Principle of classification management. The Bank implements classification management by applying different risk prevention requirements and measures according to different scale of impact to the environment and society diversified by different expectations from clients or projects.
3. Principle of continuous improvement. The Bank conducts continuous supervision and post-evaluation of environmental and social risk of its clients and projects, continuously enhances its and the clients' performance management of environment and social risk, with a view to keep improving its and the clients' standard level of environment and social risk management.
4. Principle of promoting sustainable development. The Bank promotes a long-term development for clients and pursues a balance between short-term interests and long-term benefits, by adjusting its business structure. The Bank implements scientific development and achieves harmony development among people, nature, environment and society, eventually realizing a sustainable development of its business.

[+] Organizational structure of environmental and social risk management

The Board of Directors of the Bank shall take ultimate responsibility for environmental and social risk management while its senior management is in charge of the establishment and implementation of the environmental and social risk management policy and the appointment of environmental officers. The head office's Legal and Compliance Department performs as the leading party for the environmental and social risk management while other functional departments perform their environmental and social risk management duties in accordance with their respective mandates.

Meanwhile, the Bank has also further promoted its relevant environmental and social risk management through its Leading Group.



[+] Environmental and social risk management process

The process of environmental and social risk management of the Bank consists of environmental and social risk identification, classification, assessment, control, monitoring, information management/disclosure, performance evaluation, etc.

Through the environmental and social risk identification and classification, the Bank can find potential risks in environment, health and security for clients and projects and their impacts, based on which classification management and environmental and social risk assessment are carried out and different control measures are suggested to proactively control the environmental and social risk. Through its management and disclosure of environmental and social risk information, and its performance evaluation of environmental and social risk information, the Bank is able to enhance its transparency of the information disclosure system and to identify good and weak practices of the system respectively, to strengthen public trust and enhance staff and public participation, thus driving the continuous enhancement of the Bank's environmental and social risk management and efficiency.

In order to achieve the normalization of and popular use of IT in the Bank's environmental and social risk management, and to further improve the efficiency of its management, the Bank, according to its needs of the management functions, established and improved the environmental and social risk management system. The system, targeting process management and process-oriented, applied IT throughout the process of system identification, assessment and control regarding the environmental and social risks to which the Equator Principles were applicable.



Prevention from and strike against financial crime

By improving its anti-corruption punishment and prevention system and based on its complete anti-laundry internal control system, the Bank constantly optimizes the construction of long-term mechanism to prevent from and strike against financial crime.

[+] Strengthening anti-corruption

In 2012, the Bank further clarified the responsibilities of leading groups and leading cadres at various levels in the construction of the party's conduct and strived to solve the issue of "one adopting tight policy and the other adopting let-go policy" in operating institutions business and anti-corruption. Meanwhile, the Bank continued to implement the objective responsibility system management model for the secretaries of the Discipline Inspection Commission of branches and to fulfill discipline inspection and supervision by emphasizing on responsibilities through signing responsibility statements.

During the past year, the Bank kept developing its quality internal electronic publication "Window of Supervision", emphasizing the importance of discipline with cases to educate its staff. It also distributed educational films throughout the entire bank. So far, 12 educational films have been distributed, covering excellent lectures, typical cases and special themes. Moreover, the Bank hold educational activities, focusing on "keep the party clean", such as organizing party members and cadres to visit the anti-corruption warning education base, to further enhance the consciousness of party members and cadres to the spirit of the party and constantly improve ethical awareness and the capability in fighting against corruption and change.

In addition, regarding the occupational characteristics of banking professionals and the popular and sensitive aspects of anti-corruption in banking industry, and taking into account of new circumstances, new features and new problems resulted from current situation and business development, the Bank strictly governed its cadres on buying structured financial products and equity investment funds, and prohibited its employees from participating in private lending and personal loan-lending business by issuance of a series of documents and the implementation of measures.

Awards of the Bank in 2012

- In the "2012 Fujian Anti-money Laundering Work Conference of the Finance Industry and Special Non-finance Sectors" held by Fuzhou Central Sub-branch of the People's Bank of China, the Bank won the "2011 Outstanding Achievement Prize in Saving the Social Cost of Anti-money Laundering of Fujian Finance Industry 2011 Outstanding Achievement in Saving Anti-Laundering Social Costs in Financial Industry in Fujian Province Award", and the Law and Compliance Department of the Bank was honored the title of "2007-2011 Model Anti-money Laundering Institution of Fujian Finance Industry".
- Each of Guangzhou branch, Chengdu branch and Huhehot branch was awarded the honorary title of "National Advanced Collectives in Anti-Money Laundering"

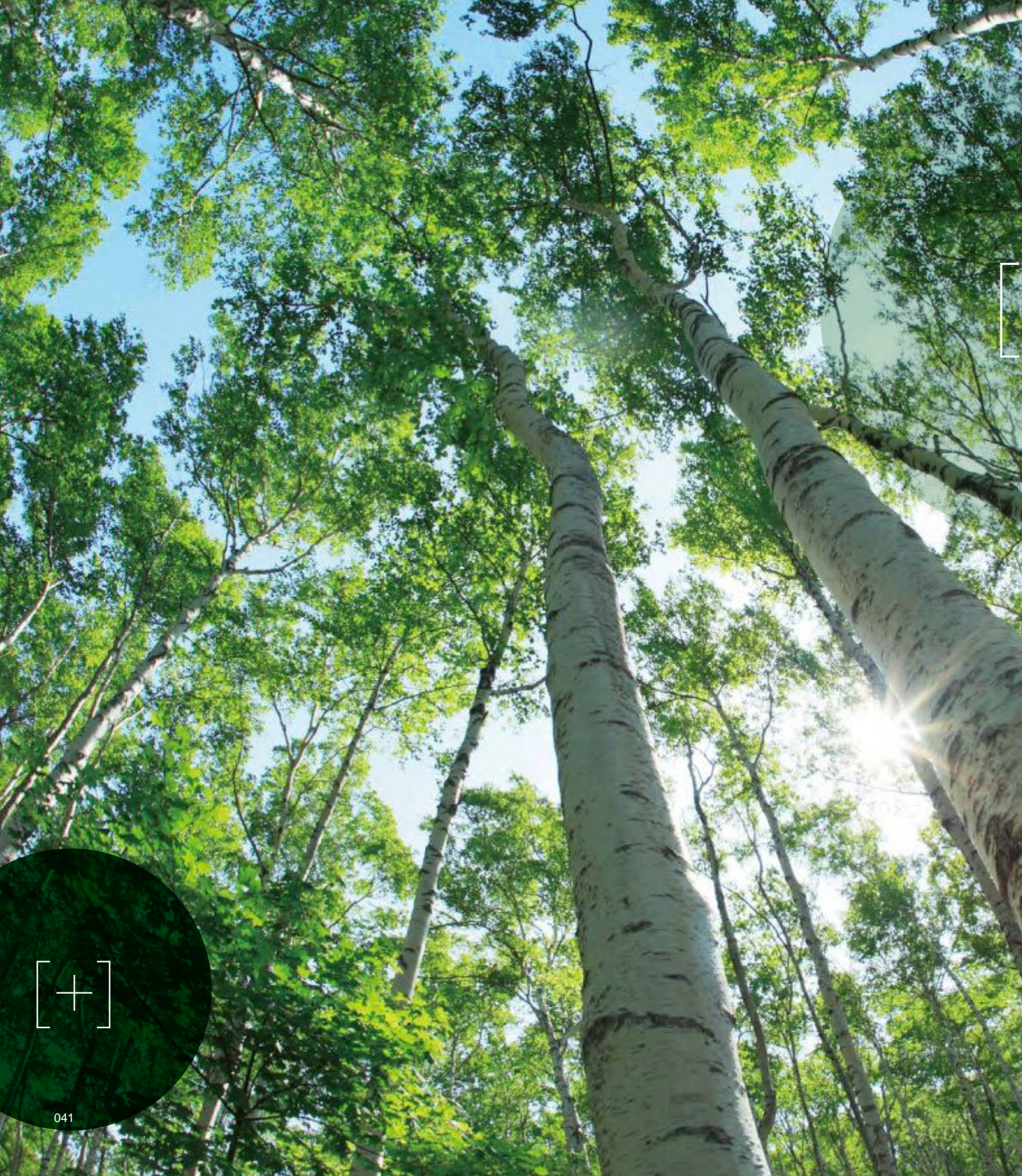
[+] Strengthening anti-money laundering management

In 2012, under the regulatory guidance of "risk-based, customer-oriented, and process control as a means", the Bank seriously implemented three core anti-money laundering works, including large-amount suspicious transaction reports, customer identification, and customer identification data and transaction records. Commencing from completing the internal control system of anti-money laundering, mechanism innovation, etc., the Bank actively pushed forward the strategic transformation into "risk-based", thus effectively improving the quality and efficiency of anti-money laundering activities. Meanwhile, the Bank based on its "three management systems" of compliance, internal control and operational risk, actively pushed forward organic combination of anti-money laundering and internal control and compliance management. By making use of the anti-money laundering monitoring data to "guide" its compliance inspection and internal auditing, the Bank might detect and correct the defects in the daily operation and management in time, and strengthen its risk prevention. The Bank actively built an operational risk monitor and control mechanism based on customer identification and abnormal trading investigation, to promote an effective improvement for its compliance, internal control and operational risk management.

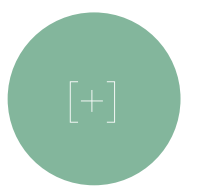
The Bank further improved the anti-money laundering internal control system and published anti-money laundering compliance risk notices. It conducted its internal monitoring work through combining on-site inspection and off-site supervision. Meanwhile, the Bank continued to strengthen anti-money laundering business training and paid close attention to the anti-money laundering team building. In 2012, the Bank organized, in aggregate, over 150 anti-money laundering trainings, which strengthened the anti-money laundering awareness and ability to perform duties of the entire Bank.

In 2012, the Bank continued to intensify the exchanges with the regulatory institutions to ensure a timely and accurate transmission of new regulatory requirements, whereby to promote the Bank's anti-money laundering. In the meantime, the Bank actively participated in various researches, seminars and trainings organized by regulatory authorities, and proactively cooperated with the People's Bank over supervision which was highly recognized by the regulatory institutions.





Development



Assisting the national and local economic development

In 2012, while implementing the national macroeconomic policies, the Bank gave full play to the central role of financial sector in economic development and shared the responsibility of serving the real economy. By earnestly implementing the national macroeconomic and industrial structural adjustment policies, the Bank kept increasing the credit availability to key sectors and projects as well as credit support to the local economy to promote coordinated regional development and serve the “agriculture, rural areas and farmers”, effectively promoting the sustainable economic and social development.

[+] Supporting the national key industries

While earnestly implementing the national macroeconomic and industrial structural adjustment policies, the Bank continued to increase the credit availability to key sectors and projects. Up to the end of 2012, the Bank provided credit support to 10,441 large and medium sized customers^④ with a loan balance of RMB582.859 billion, an increase of 4,026 in number and RMB231.963 billion compared to the beginning of the year, providing strong support to the sustainable development of such national key sectors as railway, steel, aerospace, electricity, petrochemicals, nonferrous metals, national defense, ships and medicine.

Case 1: Signing a strategic cooperation agreement with CRCC

On September 18, 2012, the Bank held a signing ceremony for the strategic cooperation agreement between us and China Railway Construction Corporation (CRCC) in Fuzhou, pursuant to which, both parties will give full play to their respective advantages and work closely to jointly serve the national infrastructure construction. Through effective employment of diversified financial products such as investment bank, trust and financial lease, the Bank will set up a “green approval channel” to provide supporting special financial support for CRCC’s key domestic investment and construction projects. The Bank will also provide it with all-around financial services in such businesses as trade finance, cash management and green finance.

^④ Based on the statistic of enterprises classified as large and medium enterprises under Enterprise Scale Classification Standard published by National Bureau of Statistics.

Case 2: Promoting the development of marine economy

In 2012, the Bank’s Jinan branch granted a working capital loan of RMB30 million to Penglai Jutal Offshore Engineering Heavy Industries Co. Ltd., as credit support for the development of marine engineering equipment manufacturing industry in China, delivering effective services for China’s large offshore oil and gas projects.

Case 3: Pushing forward the development of electrical appliance industrial cluster with an annual output value of over RMB100 billion in the eastern Fujian

In 2012, centered on the implementation of a special development program for electrical appliance industry in the eastern Fujian, the Bank’s Ningde branch continuously strengthened its market positioning of serving the development of electrical appliance industry. By taking electrical appliance enterprises as its important partners to realize its own sustainable development, it endeavoured to provide diversified and all-around financial services for them. As at December 31, 2012, the Bank’s Ningde branch supported a total of 85 electrical appliance enterprises with a credit line balance of RMB843 million, of which the loan balance was RMB567 million.

Case 4: Providing support to Beiqi Foton’s new energy vehicles project in new energy sector

In 2012, the Bank’s Beijing branch granted a comprehensive credit line of RMB6 billion to Beiqi Foton Motor Co., Ltd., so that the company was provided with liquidity to enhance its productivity and construct a downstream automotive sales and financial network, satisfying the financial needs from end-customers for buying vehicles, not only effectively supporting the needs of such enterprises’ own production and development, but also providing strong support for them to effectively integrate the industrial chain and promote sales of new energy vehicles.

[+] Supporting coordinated regional development

Through support for strategic structural adjustment in the eastern region, increase of credit availability to the central region, coordination with China’s western development strategy and aid for the construction of the old industrial bases in the northeastern region, the Bank promoted the local economic development.

Serving the construction of West Coast Economic Zone

As the only national listed bank headquartered in the West Coast Economic Zone, the Bank continuously consolidated the role of finance in serving this region and gave full play to the advantages of its group head office and comprehensive operation. With emphasis on the implementation of “three-wheel drives”, namely regional planning, key industries and projects as well as the real economy and SMEs, and through efficient penetration into those links and areas crucial to the economic growth of West Coast, the Bank dedicated to serve the construction of West Coast. Since 2010, the Bank has arranged a special credit line of RMB5 billion for each of three consecutive years to support the economic construction of West Coast. As at December 31, 2012, the Bank had a loan balance of RMB17.429 billion for key projects in Fujian Province, an increase of RMB2.517 billion compared to the beginning of the year. An aggregate supply chain credit line of over RMB14 billion was granted to key enterprise groups in Fujian Province and the final amount of domestic and international trade finance business accumulated to over RMB47 billion.

“Industrial Bank was born in West Coast and grows up there. It is its responsibility and even a rational choice to fully integrate into and serve the construction of West Coast.”
— Mr. Gao Jianping, Chairman of Industrial Bank



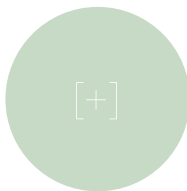
Mr. Yang Yue (seventh left), member of the Standing Committee of the CPC Fujian Provincial Committee and Secretary of the CPC Fuzhou Municipal Committee, Mr. Yang Yimin (sixth left), Mayor of Fuzhou, Mr. Gao Jianping (sixth right), Chairman of the Bank, Mr. Li Renjie (fifth right), President of the Bank, and Mr. Lin Zhangyi (second left), Vice President of the Bank, were attending the signing ceremony for the strategic cooperation framework agreement between Fuzhou Municipal People's Government and the Bank

Case 5: Serving the industrial development and financial center construction of West Coast Economic Zone

In 2012, to support the economic construction of West Coast Economic Zone, the Bank successively entered into strategic cooperation framework agreements with Fuzhou Municipal Government and Ningde Municipal Government, and signed the “Financial Cooperation Agreement on Joint Promotion of the Construction of the Economic Zone on the West Coast of the Straits” with China Development Bank Fujian branch, pursuant to which, centered on the focal points of the construction of West Coast Economic Zone, the Bank will increase the financial services and credit support in the 12th Five-Year Plan Period to support the construction of key projects and the modern industrial system in West Coast Economic Zone, assist the development of small and medium-sized and micro-enterprises and speed up the construction and development of the modern financial center on the West Coast of the Straits so as to provide quality and efficient financial services for the construction of West Coast Economic Zone.



Mr. Liao Xiaojun (sixth right behind), Secretary of the CPC Ningde Municipal Committee, Mr. Zheng Xincong (right front), the current Mayor of Ningde, Mr. Li Renjie (left front), President of the Bank and Mr. Kang Yukun (sixth left behind), the current Vice President of the Bank, were attending the signing ceremony for the strategic cooperation framework agreement between Ningde Municipal People's Government and the Bank

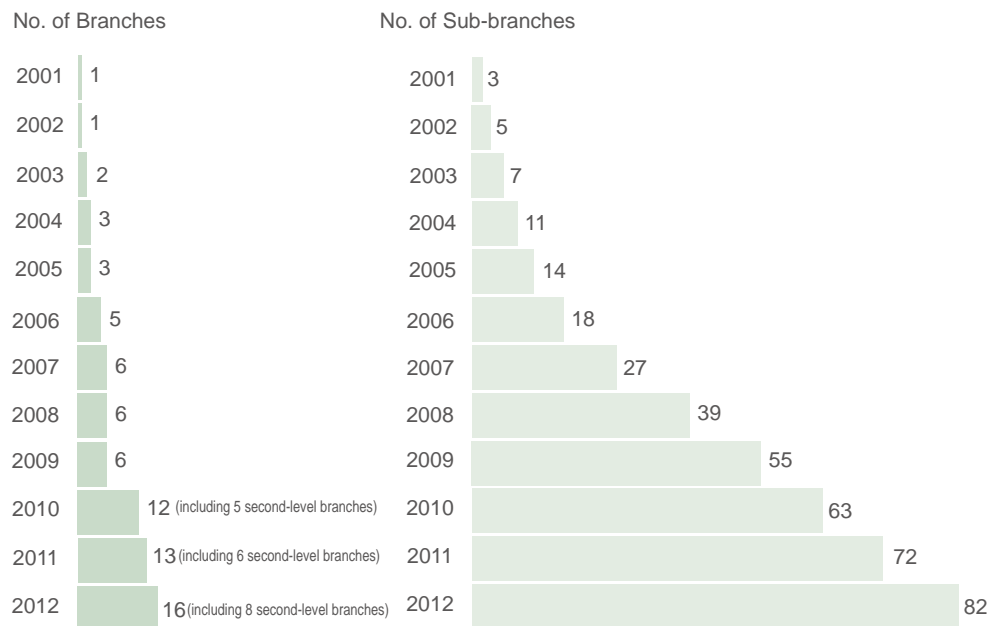


Keeping in line with the Western Development Strategy

To proactively keep in line with China's Western Development Strategy, the Bank has set up 16 branches (including 8 second-level branches) and 82 sub-offices in major western cities that are economic centers such as Chongqing, Chengdu, Xi'an, Kunming, Urumqi, Nanning and Hohhot, to provide diversified financial services for the local governments, enterprises and residents.

The Bank's network layout in the Western Region

(Note: No. of sub-branches excludes the retail banking centers of branches)



The Bank kept increasing credit availability to various undertakings in the western region. As at December 31, 2012, balance of the Bank's loans to the western region^④ stood at RMB 184.848 billion, effectively promoting the sound and rapid development of economy and society in the western region.

Balance of the Bank's loans to industries according to GB in the Western Region

(Note: The loan data excluded bills discounting, and does not cover the data of Credit Card Center and Financial Operations Center at the head office.)



④ The western region consists of Chongqing, Sichuan, Guizhou, Yunnan, Guangxi, Shaanxi, Gansu, Qinghai, Ningxia, Tibet, Xinjiang and Inner Mongolia.

Case 6: Supporting the development and construction of the western border of China

In 2012, the Bank's Urumqi branch and a commercial bank in Korla jointly provided financing support by way of underwriting medium-term notes of RMB500 million, a form of debt financing, to Korla Urban Construction (Group) Co., Ltd., effectively covering the financing needs of Korla Urban Construction (Group) Co., Ltd., pioneering a mechanism of investment and model of financing which "gives priority to social investment over government investment" for urban construction in Korla, and making contribution to the urban construction in the western region.

Case 7: Pushing forward the development of transport undertaking in the western region

In 2012, the Bank's Xi'an branch launched the "introducing Han River into Wei River" project to promote the Western Development Project. Particularly, it granted Shaanxi Provincial Expressway Construction Group Co. and Shaanxi Provincial Communication Construction Group each a credit line of RMB4 billion, and a credit line of RMB1 billion to Xi'an Urban Infrastructure Investment Group Co., Ltd., effectively promoting the construction of key state-supported projects in the western region.

Boosting the local economic development

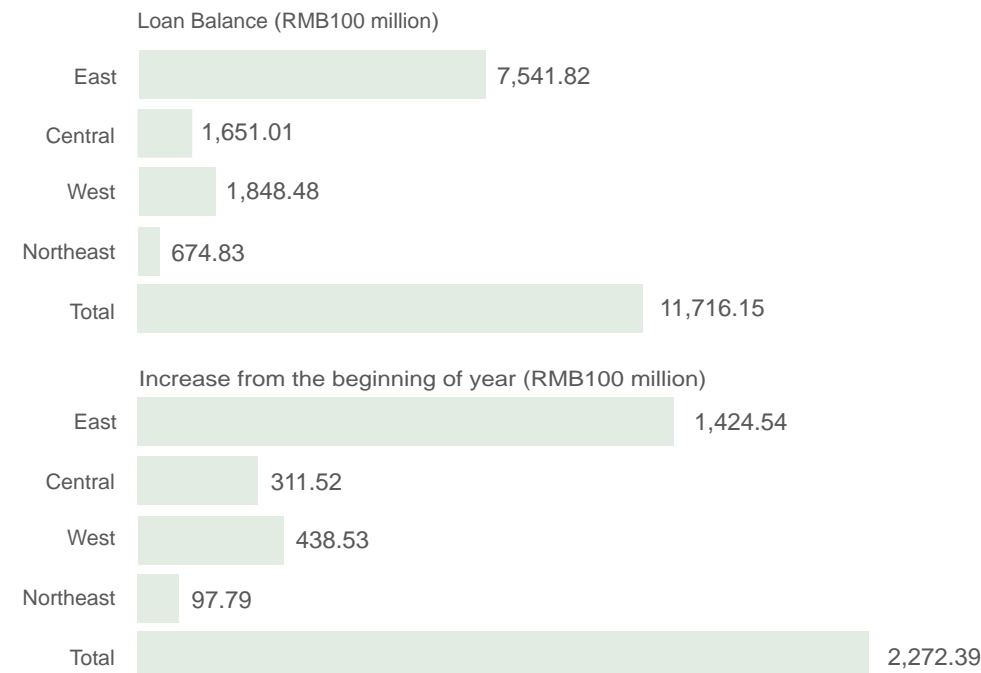
As at December 31, 2012, the Bank has set up 88 branches (including second-level branches) and 717 sub offices in major cities nationwide, and established correspondent bank relationship with over 1,000 banks around the globe, further improving the service network covering the whole country and connecting the inside to the outside of the country, and continued to optimize the credit business structure, increase the credit support for local economic development and support the structural adjustment local economy, effectively supporting the stable development of the national economy.



Photograph by Wang Jiajun, Ningbo branch

Breakdown of the Bank's loans by regions across the country in 2012^⑤

(Note: The loan data excluded bills discounting, and does not cover the data of Credit Card Center and Financial Operations Center at the head office.)



Case 8: Supporting the strategic structural adjustment in the eastern region

While always taking serving the local economy as its own responsibility, the Bank's Jinan branch gave active play to the leading, supporting and safeguarding role of finance in the regional economic development and the "transformation of mode and adjustment of structure", and gave full support to the development of the Yellow River Delta Efficient Ecological Economic Zone of Shandong Province and Shandong Peninsula Blue Economic Zone. As at December 31, 2012, the Bank's Jinan branch supported the construction of the Yellow River Delta and the Blue Economic Zone with an addition of loans of RMB3.058 billion and RMB7.299 billion, a year-on-year increase of RMB2.095 billion and RMB4.692 billion, respectively. By way of supply chain finance, medium-term notes, finance lease and other innovative means, the Bank's Jinan branch effectively supported the corporate customers in the region, speeding up the promotion of the local economic development.

^⑤ The East consists of Beijing, Tianjin, Hebei, Shanghai, Jiangsu, Zhejiang, Fujian, Shandong, Guangdong and Hainan.
 The Central consists of Shanxi, Anhui, Jiangxi, Henan, Hubei and Hunan.
 The West consists of Chongqing, Sichuan, Guizhou, Yunnan, Guangxi, Shaanxi, Gansu, Qinghai, Ningxia, Tibet, Xinjiang and Inner Mongolia.
 The Northeast consists of Liaoning, Jilin and Heilongjiang.



Mr. Zhou Qingli (first right behind), Secretary of the CPC Zibo Municipal Committee, Mr. Xu Jingyan (right front), Deputy Secretary of the CPC Zibo Municipal Committee and the current acting Mayor of Zibo and Mr. Lin Zhangyi (second right behind), Vice President of the Bank, were attending the signing ceremony for the strategic cooperation agreement between Zibo Municipal People's Government and the Bank

Case 9: Increasing the credit availability to the central region

Based on the regional resource advantages, the Bank's Zhengzhou branch expanded the financing channels through a variety of credit and similar credit businesses, endeavoring to push forward the local economic development. Particularly, a comprehensive credit line of RMB9.88 billion was granted to Zhengzhou Non-Tax Revenue Department to support the new urbanization, construction of air harbor, strategic emerging industries and key investment introduction projects in Zhengzhou; and another comprehensive credit line of RMB1.05 billion was granted to Henan Donglong Holdings Co., Ltd. for the irrigation project of introducing Yellow River into Longhu Lake in Zhengzhou, the rerouting project of Wei River in Zhengdong New District, the supporting project of Longhu Lake and the control gate project at the exit of Longhu Lake.

Case 10: Supporting the construction and development of old industrial bases in the northeastern region

The Bank's Changchun branch proactively supported the construction and development of old industrial bases in the northeastern region and aided enterprises with loans to meet their capital requirements for technical reform and liquidity. Particularly, to support high-end equipment manufacturing customers, a credit line of RMB2 billion was granted to Changchun Railway Vehicles Co., Ltd.. Besides, it, strongly supported new energy, energy saving and other environmental protection projects, such as Datang electricity generation project and Dequan Cement's waste heat power generation project.



Mr. Chen Derong (fifth right behind), member of the Standing Committee of the CPC Zhejiang Provincial Committee and the current Vice Governor of Zhejiang Province and Secretary of the CPC Wenzhou Municipal Committee, Mr. Ge Yiping (fourth right behind), member of the Standing Committee and the current Secretary-General of the CPC Wenzhou Municipal Committee, Mr. Zhu Zhongming (third left behind), the current Vice Mayor of Wenzhou, and Mr. Lin Zhangyi (fourth left behind), Vice President of the Bank, were attending the Investment Banking Seminar of "Bring financing to industrial fields" and the signing ceremony of Industrial Bank's Direct Financing jointly organized by Wenzhou Municipal SASAC and Wenzhou Branch of the Bank

[+] Increasing efforts to support the "agriculture, rural areas and farmers"

In 2012, the Bank continued to improve the financial products and services for the "agriculture, rural areas and farmers" and provide strong support to agriculture-related industries and enterprises, promoting the reform of rural financial system and the coordinated development of urban and rural economy to meet the development needs of the "agriculture, rural areas and farmers".

Increasing credit support

To keep increasing credit support to the "agriculture, rural areas and farmers" and meet the capital requirements for development of modern agriculture and expansion of rural consumption, as at December 31, 2012, the Bank had a balance of agriculture-related loans of RMB183.938 billion, a year-on-year increase of 44.93%.

Case 11: Supporting the development of green agriculture

In 2012, the Bank's Jinan branch has accumulatively granted loans of RMB60 million to Shandong Minhe Animal Husbandry Co., Ltd. to support its daily production operations, thereby supporting the development of green agriculture with financial credits.

Improving service standards of village banks

In 2012, responding to and upholding the rural financial system reform, the Bank continuously made great efforts to carry forward its business cooperation with village banks. Leveraging on such key cooperative products as proxy access to payment system and technologies output, the Bank drove village banks into the fast lane of development, leading to their continuous, rapid and healthy development.

As at December 31, 2012, the Bank signed cooperation agreements on proxy access to payment system with a total of 96 village banks. The amount settled with the Bank's system increased by 72.97% from RMB367.616 billion last year to RMB635.876 billion, addressing the village banks' difficulties in access to payment system. In 2012, there were an addition of 38 village banks to which the Bank offered technologies output, and an aggregate of 67 contracted and online village banks to which the Bank offered technologies output, with smooth operation of their systems and the availability of core system of each of the online cooperative banks reaching 100%.

The services provided by the Bank to village banks for the construction, operation and maintenance of technologies in recent years have been highly recognized by regulatory authorities. In 2012, the Bank took part in the compiling of "A Guide on the Construction of Information Technology for Village Banks" as invited by the Information Center and Cooperative Finance Supervision Department of CBRC.



Mr. Gao Jianping, Chairman of the Bank, was attending and delivering a speech at the "11th Chinese Citizens Governance Forum" hosted by Shanghai Stock Exchange and China Association for Public Companies with the support of the State-owned Assets Supervision and Administration Commission of the State Council and Organization for Economic Co-operation and Development (OECD)

Full-hearted reward to shareholders

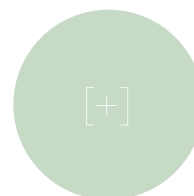
[+] Steadily increasing return for shareholders

The Bank has been always attaching high importance to reasonable return on investment for our shareholders during the process of boosting sustainable development. As at December 31, 2012, Industrial Bank's total assets exceeded RMB3 trillion to RMB3.25 trillion, up 34.96% from the beginning of the year. Stable assets quality was maintained. The NPL ratio was only 0.43%. The loan provision coverage ratio reached 465.82%, 80.52 percentage points higher than that at the beginning of the year. The operational efficiency was constantly improved. The net profit attributable to the parent company's shareholders reached RMB34.718 billion, up 36.12% year-on-year. The revenues structure was further optimized. The weighted average return on net assets was 26.65%, hitting a record high for the six years since listing. The basic earnings per share amounted to RMB3.22 and the social contribution value per share amounted to RMB12.06. At the same time, the Bank's corporate income tax, sales tax and other related tax totaled RMB16.213 billion, an increase of 34.82% year on year.

Based on the annual report data released since listing, Industrial Bank recorded accumulated cash dividends (including tax) totaling RMB14.397 billion during 2006 to 2011, accounting for 43% of the accumulated financing amount. In 2012, Industrial Bank further clarified the "Profit Distribution Plan for 2012 - 2014", which requires the profit distributed in cash each year shall not be less than 20% of the distributable profit achieved for the year in the next three years when the capital adequacy ratio meets the regulatory requirements, and the return for shareholders shall be gradually increased depending on the profit and the capital adequacy ratio.



Photograph by Zhao Hong, Xiamen branch



[+] Accessible communication to transmit value

Disclosing information dutifully to protect legal interests of investors

The Bank further improved the basic standards including the system of management of investor relations, the information disclosure system, the system of collection of inside information and the administrative measures of persons with inside information to strongly guarantee the quality, standardization and efficiency of communication between the Bank and investors, thereby ensuring true, accurate, complete, timely and fair information disclosure, so that investors may duly and equally obtained the information disclosed. Since 2012, the Bank has formulated the "Administrative Measures of Persons with Inside Information" based on its existing rules on information disclosure, in order to improve and enhance the confidentiality management of inside information, normalize the internal communication and external disclosure of significant information, enhance the documentation and registration of insiders, thereby preventing the information from being leaked, and better avoiding and eliminating the insider trading or other illegal acts. Meanwhile, a new insider trading prevention and control column has been added to the Company's website, which publishes the latest prevention and control regulations and regulatory dynamics, and announces the reporting hot-line numbers to encourage external oversight of insider trading. In addition, the Company continuously enhanced the management of regular report disclosure issues. The Company formulated the "Investigative Measures of Significant Errors in Annual Report Disclosure", which urges the relevant personnel to exercise diligence and meet all their obligations during annual report information disclosure, and to comply with relevant laws and regulations, accounting standards and disclosure norms, so as to ensure that annual reports give an accurate view of the Company's financial position and operating results, in order to prevent the significant errors or omissions in the information disclosure in annual reports.

The Bank continually paid close attention to the relevant publicity in newspapers, websites and media, seriously treated and duly answered the questions concerned, deeply analyzed the possible impact on the Bank and timely clarified the unfaithful publicity. The Bank carried out intensive and effective monitoring of public sentiment with daily results reported to the management to establish close interaction between the management and the external market, such that the Bank might keep abreast of the developments of significant events and duly disclose accurate information to its investors to prevent them from misleading by public opinions, thereby earnestly protecting their interests.



Proactively launching diversified interactions with investors

The Bank proactively invited investors to "come in", identified the performance promotion conferences based on four regular reports in a year as a recurring project, and organized special researches covering major business sectors or organized targeted symposiums to help them deepen their understanding on its development mode and business characteristics to convey its investment value. In 2012, the Bank held four large results announcement meetings, and organized featured researches respectively by integration with the business line of retail, the business line of annuity and the business line of financial market in the first quarter, the half year and third quarter, which has better explained its characteristics of differentiated operation. The Bank received more than 60 surveys by institutional investors and participated in 30 conference calls throughout the year. The Bank also proactively "went out", focused on one-to-one road show communication with the shareholders or investment institutions paying attention to the Bank in the long term and visited more than 50 significant institutions in Beijing, Shanghai, Shenzhen, Guangzhou and Hong Kong etc. Meanwhile, by leveraging on the platform of capital market meetings, the Bank participated in 35 one-to-one and one-to-many communications in the strategy meetings held by domestic and overseas mainstream brokerage firms to concentrate on face-to-face communication with institutional investors to increase the efficiency of communication.

The Bank seriously received visits and inquiries by telephones and letters from various investors, arranged designated staff to access to and respond to the letters of investors at any time, and dispatched relevant public disclosures to ensure smooth and effective daily communication with investors. The Bank handled more than 700 copies of e-mail and more than 1,500 telephone calls from investors throughout the year. Moreover, the Bank took full advantage of computer networks to effectively enhance the coverage, aim, timeliness and convenience of communication with investors. For instance, on-site meetings were equipped with real-time network file sharing and voice access to enable domestic and overseas investors to take participation unlimited by region. The Chinese and English columns of the investor relations in the website of the Bank were duly updated, maintained and improved to allow investors to make "one-stop" understanding of the developments of the Bank.

At the same time, the Bank attached importance to and continually paid attention to media publicity and earnestly treated and duly answered the questions concerned. It timely issued press releases or actively arranged the senior management to be interviewed upon disclosure of regular reports or occurrence of significant events so as to convey the investment value to investors, thereby earnestly protecting the interests of investors.



[+]

Sincere services to customers

In 2012, the Bank strengthened innovation of financial products and construction of business outlets and service channels, increased the comprehensive financial service level, satisfied diversified financial demand of customers and adhered to "Sincere Service, Growing Together". While providing quality services, the Bank also emphasized proper settlement of complaints to increase customer satisfaction and to establish a quality brand image.

[+] Characteristic financial products and services

"Business Express"

In order to respond to the state's policy to bolster the development of real economy, the Bank launched the first exclusively integrated financial service program – "Business Express" domestically targeting at "growth-oriented business owners" such as individual businessmen, small and micro-entrepreneurs and farmers. In 2012, the Bank further launched the approach of "repayment by installments" for personal business loans based on the basic services of "Business Express" given the characteristics of irregular collection of loans from some small and micro-enterprises to ease the repayment pressure of small and micro-enterprises to boost their developments.

As at December 31, 2012, the clients of acquiring transactions under "Business Express" amounted to 347,400, up 138,200 from the beginning of the year. The personal business loan balances under "Business Express" were RMB70.429 billion, up RMB15.368 billion from the beginning of the year. There were 1,971,600 cards issued under "Business Express", up 619,600 cards from the beginning of the year.



"The reason why we chose Industrial Bank is because it provides a complete set of 'Business Express' financial service program, including the second capital settlement, flexible facility program and professional service capability, in line with our operational planning of development and strengthening."
 — The management of the Hangzhou Sijiqing garment market (source: www.people.com.cn – Banking)

Case 12: Further upgrading "Business Express" services within 100 businesses

In 2012, the Bank launched the "Business Express – 100 Major Businesses" campaign with an eye to the long-term development planning of the market. Hangzhou Branch of the Bank upgraded the "Business Express" acquiring services and improved the financial payment environment through the design of a set of service program integrating the interest requests of both parties in the market side and in the business side by an outstanding team based on the demand of the Hangzhou Sijiqing garment market, finally obtaining recognition by the market side.

"Enjoyable Life" integrated financial service solution

In 2012, the Bank vigorously promoted the "Enjoyable Life" integrated financial service solution. As the first brand of customized financial services for elderly customers in the industry currently, the Bank focused on the needs of elderly customers, and put efforts on creating differentiated and high-quality financial services with integration of the four value-added services, i.e. "product customization, health management, property protection and legal consultation", which has been widely welcomed by elderly customers.

Case 13: Chongqing Branch launching 100 campaigns to promote the Enjoyable Life brand

As at December 31, 2012, Chongqing Branch of the Bank held 145 customer salons under the Enjoyable Life brand, and carried out more than 456 promotion and road show events in the community, including 10 branch salons and 125 sub-branch salons. The salons contained a variety of forms, such as novel outdoor activities, sports and entertainment activities, health salons, food competitions, routine wealth management salons and securities third-party cooperation activities.



Trading of precious metals

The Bank is the first agency commercial bank countrywide for deferred settlement of physical gold and spot gold on Shanghai Gold Exchange and is also one of the domestic commercial banks involving the agency trading of the most complete varieties on Shanghai Gold Exchange.

In September 2012, the Bank launched the "Inter-bank Precious Metal Trading Platform" with ChinaPay E-Payment Service Co., Ltd. to facilitate more investors to conduct real investment of precious metals, enabling the customers outside the Bank could directly log on the platform for consultation and transaction of the businesses such as inter-bank account opening, trading of precious metals and transfer of funds. As at December 31, 2012, the Bank achieved a total transaction amount of RMB164.898 billion from agency trading of the precious metals on Shanghai Gold Exchange, and recorded intermediary business income of RMB89.7759 million. The Bank maintained the No. 2 position in terms of the market share of agency trading of gold and silver in the industry.

Case 14: The national "Industrial Bank Cup" precious metal trading simulation contest

In August 2012, the Bank held a national "Industrial Bank Cup" precious metal trading simulation contest. The official website of the contest saw enrollment of nearly 20,000 persons and the traffic volume exceeded 150,000. The purpose of the contest is to increase investor expertise and risk awareness and to exercise the investor team through simulating the real trading. The official website of the contest not only announced the latest developments of the contest from time to time, but also provided the latest investment information and trading knowledge of precious metals, becoming a platform for learning and communication by investors. In the meanwhile, the contest also set up a variety of awards. In addition to the awards based on the simulated yields of players in the weekly, monthly and final contests, many lucky awards were offered to the participating investors on a daily basis. Through the contest, the Bank further enhanced the business capacity, improved the customer service system, and helped the investors capture the good opportunities of investment in precious metals.



Awards of the Bank in 2012

- "Industrial Bank Gold Trading Management System" awarded "2nd Prize of Bank Technology Development" by the People's Bank of China
- Awarded an "Outstanding Member" of Shanghai Gold Exchange
- The product "Gold Exchanges" awarded the "Best Precious Metal Investment Product Award 2011" by *Shanghai Securities*
- Awarded the "Best Banking Precious Metal Trading Platform Award" in the "2012 Eastmoney Award" organized by www.eastmoney.com, co-sponsored by Focus Media, and supported by academic institutions including CKGSB, School of Management, Fudan University and Shanghai Advanced Institute of Finance, Shanghai Jiao Tong University.

Private banking

In 2012, the Bank accelerated the development of private banking, and was committed to providing customers with more professional, high-quality and efficient financial services to meet the multi-tiered needs of customers by providing agency asset management products, high-end value-added services and investment advisory services. Meanwhile, the Bank also launched the exclusive private bank cards, to screen and identify target customers more effectively, promote product sales and achieve landing of high-end services. As at December 31, 2012, the Bank issued 19,305 exclusive private bank cards.



Mr. Chen Dekang (third left), Vice President of the Bank, was attending the press conference of "The Chinese Luxury Consumer White Paper 2012" by private banks

Awards of the Bank in 2012



- Awarded the "Best Innovative Marketing Case Award 2012" by SEEC Media Group
- Awarded the "Private Banking Award with Most Growth Golden Cicada Award" by China Times
- Industrial Bank won "Annual Bank with Outstanding Custody Service" at the 2011-2012 Chinese Outstanding Finance Prize of Economic Observer Newspaper
- Awarded the "Private Banking Award with Most Potential" Golden Wealth Management Award by Shanghai Securities News

Awards of the Bank in 2012

- Ranking top 20 and awarded the "Best Asian Supply Chain Financial Service Bank 2012" in the list of competitiveness of Asian banks 2012 by 21st Century Business Herald
- Awarded the "Supply Chain Financial Service Bank with Outstanding Competitiveness 2012" in the appraisal of outstanding competitiveness of Chinese financial institutions 2012 by the Institute of Industrial Economics of Chinese Academy of Social Sciences and China Business



Integrated supply chain financial service mode

In 2012, the Bank further built the unique integrated supply chain financial service mode covering the whole process of import, export and domestic transactions of enterprises. The supply chain financial products covered the accounts prepaid, inventories, accounts receivable, and other aspects of enterprises, to provide enterprises with a package of integrated financial services including financing, settlement, foreign exchange hedging and cross-border RMB services.

Case 15: Effectively easing the liquidity strains of enterprises

Guangdong Xinzhongran International Travel Service Co., Ltd. is one of the enterprises benefiting from the supply chain financial services of the Bank. In the 8 pledge businesses of accounts receivable applied for by the company with the Bank in February this year, the Bank succeeded in helping it recover the accounts receivable amounting to RMB80 million through the integrated supply chain financial services, which has effectively eased the liquidity strains of the company.

[+] Improving service quality

Increasing the level of customer services

In 2012, the Bank adhered to a customer-centric focus on customer relationship management, and improved the overall service quality and service efficiency through development and improvement of various service standards and service processes as well as establishment of the service quality supervision system. The Bank also organized surveys on customer experience and customer satisfaction to actively improve customer experience, and collected, collated and analyzed customer complaints, suggestions and comments from all channels as the basis of improvement of products or processes to effectively increase the level of customer services. At the same time, the Bank renovated its business outlets to provide customers with a more comfortable business environment, so as to improve the efficiency of customer services.

Case 16: Sincere services accompanying

In April 2012, the waters near Indonesia underwent 8.5-magnitude earthquake, which might cause inconvenience to the Bank's customers in Indonesia and Phuket etc. The Credit Card Center launched "significant event emergency assistance services", quickly organized human power to screen out 110 customers whose last transaction took place in Indonesia or Phuket, took initiative to care them and inquire about their demand, and provided them with the card services including increasing the facilities. In respect of the difficulty in booking air tickets to return, the Bank introduced all kinds of booking telephones and websites and embassy contact details. Through the above actions, the Bank obtained positive response from its customers and established a good social image.

Case 17: Sparing no effort to help a customer exchange "burnt money" to restore his loss of RMB 140,000

In 2012, the customer Mr. You came to Pingtan Branch of the Bank to seek help with the "burnt money" of more than RMB160,000 burnt due to a fire in his home. Pingtan Branch of the Bank attached great importance to it, and made arrangements based on the spirit of transposition thinking and by adhering to the work principles of handling the urgent things well and fast. After more than four hours of authentication, Pingtan Branch of the Bank sorted out a majority of the Renminbi that can be exchanged and conducted on-site exchange.

Case 18: The "beautiful hall" unveiled to welcome customers

In 2012, Shanghai Branch of the Bank conducted a comprehensive renovation to the Southern Bund Sub-branch in Shanghai and divided it into six functional areas, i.e. the cash area, the non-cash area, the self-service banking area, the high-end customer experience area, the customer waiting area, and the online banking experience area. Through placing the lobby manager desk in the center of the customer waiting area, and arranging a channel to run through the middle of the desk, it increased the efficiency of guiding the customers by the lobby manager. In addition, the high-end customer experience area was set deep in the lobby, with frosted glass spaced, which has not only protected customer privacy, but also has played a role of sound insulation.

During the process of renovation to the Southern Bund Sub-branch in Shanghai, through rational integration of the space, it conjured two closed personal wealth management rooms to four open wealth management rooms, which has greatly eased the crowding condition facing the sub-branch during centralized offer and redemption of wealth management products, building a more powerful hardware support for the business development of the sub-branch.

Handling complaints in a proper manner

The Bank listens to our customers in a close distance and responds effectively to various emergency situations through establishment of a long-term mechanism of monthly collection, feedback, tracking and improvement of customer opinions to ensure that customer issues are resolved first to protect the interests of customers.

In addition to providing a 365 * 24 * 7 full year of uninterrupted response, the Customer Service Center (95561) of the Bank has also established a "six-star service" system, namely "treating customers sincerely, carefulness key for services, solving problems for users with determination, making customers no worry with assistants to life, letting customers happy with easy wealth management, reassuring customers with five security guarantees".

Indicator	2012
Total customer complaints (item)	203
Rate of conclusion of customer complaints	100%
Rate of receipt of customer complaints	100%
Rate of settlement of customer complaints	100%
Total receipt of manual telephone services ('0,000 calls)	2,094
Total receipt of self-voice services ('0,000 calls)	4,842
Customer satisfaction	99.75%





In November 2012, the Customer Service Center of E-Banking Department of the Bank won "China Banking Excellent Customer Service Center Comprehensive Demonstration Unit Award" and "China Banking Outstanding Customer Service Center Contribution Award"

Strengthening care services for the disabled

In 2012, the Bank further established and improved the service mechanism for the disabled, strengthened and enhanced the building of a barrier-free environment, reinforced the consciousness of hall employees on fair treatment of consumers, further strengthened the skills of serving the disabled and other disadvantaged groups to protect the legitimate rights and interests of the disabled, increased care to the special groups such as the disabled, and provided a conveniently humanized services.

For customers with disabilities in action, the Bank offers accessible ramps in the business outlets with conditions to ensure their smooth business handling. For customers with disabilities in vision, the Bank places keyboard password input machines in business outlets for their easy use. For customers with disabilities in hearing, the Bank provides them with the electronic display calling service while providing the voice calling system service, offers them with the services involving privacy such as account inquiries and transfers, provisional loss reporting of bank cards and credit card activation through online banking or other self-service channels, and makes arrangements for lobby managers of outlets to give priority to providing text communication services. For customers with disabilities in writing, the Bank provides alternative form filling services and uses thumbprint plus personal stamps to replace signature when handling their businesses including account opening, deposits, withdrawals, loss reporting and loans. For customers with disabilities in upper limbs who cannot apply their thumbprints, the Bank uses personal stamps to replace signature after affirming their identities by accessing to their valid ID cards.

Protecting rights of customers to be informed and ensuring the transparency of fees

The Bank has been always attaching importance to protecting rights of customers to be informed. It complies with the principle of keeping service prices open and transparent, strengthens publicity and guidelines of fees to make various services "with clear prices" and honestly and earnestly performs its obligation of information disclosure to its customers based on the principles of fairness, openness and justice. Fee lists are posted and publicized in the eye-catching places of the operating rooms of outlets and the official website of the Bank for customers to get convenient access at any time. The Bank fully fulfills its obligation of informing by automatically prompting the standard of charges to its customers through the online banking system to ensure that its customers fully understand the charges and make choices independently. Sufficient information disclosure is made through promotional brochures, text messages, announcements of operating rooms and the Bank's official website during product promotion.

While fully respecting the rights of customers to be informed and to choose, the Bank actively practices its social responsibility and reduces and exempts relevant charges. With increasingly rich varieties of products and services, in 2012, the Bank further expanded its free and low-cost services, such as implementing service charges relief or preferential policies to the persons with low income, disadvantaged groups, small and micro-enterprises, "agriculture, rural areas and farmers", social welfare organizations and other specific objects. In addition to strict implementation of the free items required by regulatory authorities, the Bank independently increased 60 free items closely relating to daily life of retail customers.



Case 19: Chengdu Branch of the Bank provides special care financial sign language services

In relation to the financial service demand of the special group of deaf-mute customers, Chengdu Branch of the Bank strengthens the management of service details in its daily work, introduces targeted financial sign language service activities to improve the level of financial services and better serve the disadvantaged groups in the society, which has achieved good effects, and is unanimously praised by customers.



Enriching service channels



Adhering to the philosophy of “channels serve business development”, the Bank has established an electronic banking service system integrating online banking, telephone banking and mobile phone banking, providing customers with amiable, low-cost and low-carbon electronic banking services any-time and anywhere. As at December 31, 2012, the substitution rate of e-banking transactions reached 71.84%, up 6.64 percentage points year-on-year, while the e-banking transaction numbers (transactions involving capital changes) exceeded twice of the transaction numbers of all business outlets, which has effectively reduced the OTC transaction workload, and has realized the marked increase in the productivity of the OTC channel.

E-banking data (2012)	Effective customers ('0,000)	Transaction volume ('0,000)	Transaction amount (RMB'00,000,000)
Online banking	543.28	15,109.26	257,718.32
Telephone banking	974.02	54.19	163.95
Mobile phone banking	546.46	847.36	597.01

Note: Business substitution rate = E-banking transaction numbers / (E-banking transaction numbers + OTC transaction numbers)

Focusing on improving the substitution rate of transactions and improving customer service experience, the Bank boosts building of the network channel and strengthens business innovation and optimization. In 2012, the Bank launched the personal online banking version 5.0, customer mobile phone banking version 2.0, online mobile phone banking version 3.0, “Bank-to-Bank platform” customer service hotline 40018-95561, telephone banking private banking services, and inter-bank financial services, and upgraded the line of platinum credit card as a dedicated VIP line. It accelerated the three innovative projects, i.e. “e fortune”, “online business”, and “remote banking” to create service characteristics. It also sped up construction of the Chengdu customer service center to complete the expansion project construction of seats of telephone banking with seat service capacity expanded by 150 seats, so as to further enhance the capability of the service center to serve business development of the Bank.



Awards of the Bank in 2012

- Awarded the “Best Online Banking User Experience Award” by China Financial Certification Authority (CFCA)
- Awarded the “Comprehensive Demonstration Unit Award of Customer Service Center of Chinese Banking Industry” and the “Value Contribution Award of Customer Service Center of Chinese Banking Industry” by China Banking Association
- Awarded the “Best Innovation Award of E-banking” by www.jrj.com.cn
- Awarded the “Best Mobile Phone Banking Award 2012” by www.eastmoney.com
- Awarded the “Best Online Banking” and the “Best Mobile Phone Banking” by China Securities Journal

Guaranteeing information and account security of customers

According to the requirements of regulatory authorities and laws and regulations of the state, the Bank has established a relatively complete system for personal information protection, has strengthened the network security system, and has standardized the protection of personal financial information of customers, providing a strong guarantee for ensuring information security, and prevention of information leakage and abuse. At the same time, based on the characteristics of telecommunications fraud and other types of cases, the security department of the Bank duly collects and analyzes typical cases of all banks to guide all branches to earnestly prevent, inspect and intercept fraud cases, and regularly informs the Bank the characteristics of the typical cases on a monthly basis to share the case prevention experience of some branches, so as to avoid losses of customer funds. In 2012, the Bank successfully stopped 47 telecommunications fraud cases, recovering capital losses of approximately RMB3.45 million for customers.

Case 20: Maintaining a high degree of vigilance to establish frontline five-grade prevention and control system

Fuzhou Branch of the Bank seriously organizes its staff to study and discuss fraud prevention measures, carries out safety education and training of prevention of false information fraud mainly to frontline counter staff, new staff and security personnel, and establishes a five-star prevention and control system of “sub-branch head – director of the operating room – accounting officer – lobby manager – frontline counter staff – security guards”. For the transfer of large amounts by the customers with different ages and identities, personnel at all levels adopt different approaches for persuasion and reminders. Combined with the actual on-site situations, personnel at all levels actively help defrauded customers to contact family members to make verification and contact “110” to get police assistance, effectively restoring customers’ economic losses with several measures.

Case 21: Successful interception of telephone fraud

On September 13, 2012, a customer hastily went to the counter of Jinjiang Qingyang Sub-Branch of Quanzhou Branch of the Bank to require for funds transfer business. The abnormal movement of the customer alerted the staff in the sub-branch. Then the staff guided the customer to explain the situation: the customer received several calls alleged from “Quanzhou Public Security Bureau” informing that his bank account was theft by criminals, and the customer was required to immediately transfer all bank funds to his account in the Agricultural Bank of China, and then transfer the funds to a designated “safe account” through an ATM machine for supervision and protection within half an hour and under strict confidentiality.

The staff in the sub-branch of Quanzhou Branch of the Bank realized that this is a typical telephone fraud case of customer funds, so they persuaded the customer with patience and dialed a “110” alarm call, enabling the customer to realize that this is a phone fraud trap, in order to avoid the loss of customer funds. The customer thanked the high sense of responsibility and vigilance of the Bank’s staff before departure.



Support to SMEs

In 2012, the Bank further defined its business positioning clearly. In accordance with the implementation requirements for the strategic deployment and specialization reform of its five-year business development plan for small businesses^⑥, the Bank further strengthened the professional operation capacity and financial service capacity of small businesses in regard to business management, marketing & promotion, resource allocation, professional support, etc., through offering products tailored to small businesses that match their diversified financial needs, such as Industrial Express Loans, mortgage loans for the self-built industrial plants, mortgage loans for equipments of small businesses, small business joint guarantee loans, “Enhancement Loans” , “Point-based Loans” and “Sesame Blooming – Growth and Listing Plan for SMEs”.



[+] “Sesame Blooming – Growth and Listing Plan for SMEs”

In 2012, the Bank further promoted the “Sesame Blooming – Growth and Listing Plan for SMEs” , which marks an unprecedented product in the industry by introducing, for the first time, a product creating concept with the theme and service orientation featuring a combined program of growth and listing for SMEs. Actually, the Plan formed a sound brand effect on the domestic market by its perceptiveness, breakthrough and adaptability. As at December 31, 2012, more than 3,894 premium SMEs, each has a potential for growth and listing, were selected by the Bank as members of the “Industrial Bank Sesame Blooming” program, among which, 108 have went IPO, 234 have obtained private investment and 71 have issued bonds, and the amount of IPO- raised fund the Bank held in trust exceeds RMB10 billion.

^⑥ Enterprises with a total assets of over RMB60 million are referred to by the Bank as small businesses.

[+] “Point-based Loans”

With a view to fulfill the business objective of developing settlement type customers, the Bank further enhanced the service coverage and applicability of its products. Specifically, the Bank further perfected the “Point-based Loans” tailored to small businesses in 2012. This sort of products is in line with the concept of “cooperating with premium enterprises, boosting the liquidity”. It determines amounts of temporary lines of credit in a reasonable manner by reference to clients’ points collected upon deposits placed with us and also clients’ business conditions, and is recognized on the market for its innovative and pioneering characters.

[+] “Enhancement Loans”

In order to constantly deepen the cooperation with premium SMEs clients, the Bank promoted the “Enhancement Loans” vigorously in 2012. This sort of products reasonably exaggerates the mortgage rates of the mortgaged assets through vitalizing all kinds of assets of the client. Depending on an enterprise’s settlement with the Bank, the hierarchical level of clients and the internal credit rating, a differential raise would be seen among lines of credit, and the mortgage rate could be as high as around 150%. The above mentioned characters make this sort of products widely recognized on the market.



Awards of the Bank in 2012

- The “Enhancement Loans” was honored as the “Distinctive Product of Financial Service for Small Enterprises” by CBRC

Case 22: To be the private financial consultant of small and micro-enterprises

In order to maintain a closer contact with and offer a “convenient” financial service to small and micro-enterprise clients, Shanghai Branch of the Bank founded across its network in Shanghai a financial service team of nearly 400 members that is tailored to small and micro-enterprises in 2012. Meanwhile, a green channel was established and implemented for small and micro-enterprise loan approval, under which small and micro-enterprises could obtain a credit approval within 3 working days in normal course. Additionally, financing needs of local small and micro-enterprises would be preferentially satisfied. Separate assessment would be conducted over small and micro-enterprises and customer managers were encouraged to conduct small and micro-enterprise business.

Case 23: A special credit loan of RMB2 billion was deployed in supporting the development of small and micro-enterprises in Zhangzhou

In order to further support the sound growth of small and micro-enterprises in Zhangzhou, help them develop a scientific financial planning and achieve a synchronous improvement in both wealth and life quality, Zhangzhou Branch of the Bank entered into the Cooperation Agreement in relation to Supporting the Development of Small and Micro-enterprises in September 2012 with Zhangzhou Municipal Administrative Bureau for Industry and Commerce and Zhangzhou Individual & Private Enterprise Association, pursuant to which a special loan fund of RMB2 billion was deployed, together with the introduction of a series of preferential policies, to provide small and micro-enterprises with diversified and comprehensive financial services.



Zhangzhou Municipal Administrative Bureau for Industry and Commerce, Zhangzhou Individual & Private Enterprise Association and Zhangzhou Branch of the Bank were signing the Cooperation Agreement in relation to Supporting the Development of Small and Micro-enterprises at Zhangzhou Guest House, where Mr. Hong Shijian (fifth right), Vice Mayor of Zhangzhou, attended the signing ceremony

Mutual development with the financial industry participators

In 2012, the Bank's financial market operations continued to maintain a rapid and stable development momentum, achieved gratifying results of development with respect to business growth and operation transformation, and established a good brand image and competitive advantage in the industry.

[+] “Bank-to-Bank Platform”

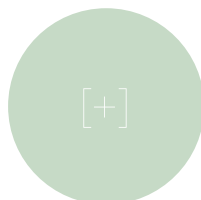
Exploration of new model for bank operation

The Bank started its “Bank-to-Bank Platform” business in 2005 by serving small and medium-sized financial institutions, mainly small and medium-sized banks such as city commercial banks, rural credit cooperatives, rural commercial banks and village banks, as a contractor of payment and settlement business, and has currently developed a comprehensive set of financial service solutions covering output of payment and settlement, wealth management and scientific management, and formed a professional and efficiency system of products and services. In 2007, a Bank Services Center was set up by the Bank in Shanghai, with a professional talent team, to take charge of product innovation and customer service in relation to the “Bank-to-Bank Platform”.

As at December 31, 2012, the number of contracted customers on the “Bank-to-Bank Platform” amounted to 395, an increment of 96 over the opening amount; the number of online customers amounted to 318, an increment of 85 over the opening amount; among which, the accumulatively increased online members of counter inter-operation amounted to 28, the accumulated number of cooperative banks of counter inter-operation amounted to 134, connecting over 20,000 branches. 38 banks were included in the information system construction of commercial banks, making a total of 67 banks in the system. In 2012, 9,267.6 thousand settlement transactions were completed on the “Bank-to-Bank Platform”, with the accumulative transaction amount to RMB1,083.509 billion.



The “Bank-to-Bank Platform” is the brand name of Industrial Bank's integrated services offered to the banking and financial industry participators, aimed at forming a strategic alliance of complementary advantages and resource sharing.



To achieve complementary resources

Competition brings enterprises with efficiency, however, disorderly competition can only breed monopoly and loss of efficiency. To keep a good market order is therefore the duty of large and influential financial institutions, an important dimension for the Bank to implement its practice mode of integrating righteousness into profitability, and also an effective way to facilitate the whole society in achieving a sustainable development.

Through outputting products, services and technologies, the “Bank-to-Bank Platform” forms a cooperation model that is beyond competition and allowing symbiotic, win-win and common development, and thereby achieves a harmony, symbiotic and win-win situation among small and medium-sized banks, and strives to provide our clients with integrated financial services of better quality.

The Bank's “Bank-to-Bank Platform” – “Technology Output” business had its service level improved constantly, to build core business systems, together with featured transformation for cooperative banks, and to provide system-wide remote disaster backup and routine maintenance. Through outputting technology management, the Bank effectively helped cooperative banks improve their capability in withstanding continuous damages and reinforce their risk control.

To improve efficiency in resource allocation

The Bank formed a strategic alliance with small and medium-sized banks to broaden the ideas of cooperation among domestic financial institutions, and cooperated with city commercial banks and rural credit cooperatives that have a regional network advantage, aimed at sharing resources, reducing redundant homogeneous construction among small and medium-sized banks and improving efficiency in social resource allocation.

By sharing counter resources among the interconnected system, the Bank's “Bank to Bank Platform” – “counter inter-operation” business permitted a convenient remote deposit and withdrawal by clients of the member banks, and made it a national bank. This kind of business not only saves financial resources, but also expands financial service channels.



To promote sustainable development with the "Bank-to-Bank Platform"

The "Bank-to-Bank Platform" is another proactive exploration of the Bank for the practice pattern of fulfilling corporate social responsibility, and also a specific innovation of the Bank in regard to sustainable financial concept. The "Bank-to-Bank Platform" proves that upgrading sustainable development onto a corporate strategy level is of great significance and there is a variety of ways heading towards sustainable development. By taking good advantage of their special advantage and influence in economic development, banks will be able to lead, from point to area, other enterprises and even the whole industry to focus on and participate in the development of sustainable finance.

[+]

[+] Innovative cooperation between banks and securities firms, banks and trusts, banks and financial institutions, banks and insurance companies

In 2012, the Bank enhanced the innovative cooperation between banks and securities firms, banks and trusts, banks and financial institutions, banks and insurance companies, and delivered a comprehensive stable business progress. As at December 31, 2012, 64 trusts, 115 group finance companies and 96 insurance and insurance assets management companies established cooperation relationship with the Bank.

● **Cooperation between banks and securities firms** – The Bank and the cooperative securities firms officially launched the escrow non-trading day transfer business; completed the upgrading work over the third-party custodian system, with functions of the system covering all functions offered in the industry; discussed on sale of bank wealth management products by securities firms, developed business accomplishing solutions and conducted trial test on the system with part of the securities firms; and engaged in several rounds of innovative cooperation with regard to directional asset management plans of securities firms. In 2012, the total number of online securities companies in escrow with the Bank was 96, the total number of online margin deposit securities companies was 32, the daily average settlement fund of customer transactions was RMB90.384 billion, the commissioned securities funds clearance amount was RMB5,125.6 billion, and the number of third-party custodian customers was 2.27 million.

● **Cooperation between banks and trusts** – As at December 31, 2012, the Bank's full year trading amount of bank-trust cooperation business was RMB585.494 billion, the balance thereof was RMB396.570 billion, recording an income from intermediary business of RMB3.398 billion, a record high.

● **Cooperation between banks and financial institutions** – As at December 31, 2012, the online bank-financial institution direct connection added up to 33, the external payment settlement amount was RMB684.7 billion, an increase of 77.11% over that of last year.

● **Cooperation between banks and insurance companies** – The Bank saw steady progress in its insurance debt investment plan program. As at December 31, 2012, two of the insurance debt investment plans in escrow with the Bank, with a total value of RMB6.5 billion, was approved by CIRC. Meanwhile, the Bank promoted strategic coordination with PICC in a proactive manner, and discussed on innovative business cooperation with insurance assets management companies.

Committed to livelihood finance

The Bank has been paying close attention to livelihood issues. Through perfecting the financial service system, reinforcing the credit support toward sectors like construction of indemnificatory housing, medical care, education, culture, enterprise and re-employment, and other measures, the Bank strives to promote a harmonious and stable development of the society.

[+] Support to construction of indemnificatory housing

In 2012, the Bank increased the relevant credit supply, and actively participated in construction programs in relation to housing improvement, such as construction of indemnificatory housing, shanty town reconstruction and city zone reconstruction.

Items	2012 (RMB million)
Credit balance on indemnificatory housing programs	13,973.06
Including: Credit balance on economically affordable housing	1,910.22
Credit balance on capped-price housing	1,277.82
Credit balance on low-rent housing	508.15
Credit balance on public rental housing	62.08
Credit balance on relocation and reconstruction (for anti-poverty purpose)	10,214.79

Case 24: Participating in local construction of indemnificatory housing

Anshan Branch of the Bank proactively participated in local construction of indemnificatory housing, in particular, provided Anshan Urban Construction Investment Real Estate Development Co., Ltd. with a syndicated loan of RMB744 million, marking a strong support toward local construction of indemnificatory housing.

[+] Concerned about education

Adhering to the business philosophy of “Common Developing, Growing Together” with clients, the Bank has always concerned about the development of national education, devoted proactive efforts in cooperation with educational institutions, increased the credit supply in education sector, and launched toward colleges and universities national wide financial service solutions that are tailored to education sector. As at December 31, 2012, the Bank's credit balance in education sector was RMB446 million.

Case 25: Financial service solutions in education sector

In 2012, the Bank launched financial service solutions that are tailored to education sector, providing all levels of clients in education sector with efficiency and premium professional financial service solutions regarding to collection and payment services. Taking into account the information construction situation and management characters of education sector, the Bank offered education institutions including colleges with value-added financial products such as revenue and expenditure control, fund pool management, investment and wealth management service under the service concept of “One Synthesized Solution Covers Various Demands”, so as to help clients in education sector improve their capital management and yield, to achieve an optimized capital management, and to further help education sector enhance its capital gains and save cost.

[+] Support to culture industry

Based on actual development of the industry, the Bank, leveraging a financial institution's financing advantage, broke through the financing bottlenecks amid culture industry and cultural projects, and provided proactive support to publishing and art enterprises with great social influence and playing an active guiding role to the society. Responding to the government's call, the Bank is currently groping for a road of innovation that adapts to rules of culture industry and is in line with market trend, thereby promotes the healthy and rapid development of culture industry. As at December 31, 2012, the Bank's credit balance supporting culture industry was RMB2.428 billion.

Case 26: A credit line of RMB5 billion was extended by the Bank to support the culture industry of Shiyuan

At the Shiyuan Culture Industry Development & Economic and Trade Service Matching Symposium held in January 2012 by the propaganda department of Shiyuan municipal party committee, Shiyuan Branch of the Bank extended a credit line of RMB5 billion to support the development of cultural enterprises of Shiyuan, and contracted for granting loans to seven of the cultural enterprises.

[+] Improving healthcare

Through traditional credit operations and with the supplement of various types of credit such as lease, trust, investment banking and wealth management, the Bank committed itself, in 2012, to improving the healthcare undertakings, reinforcing the support to R&D and innovative enterprises in the industry, and promoting the sound development of healthcare industry. As at December 31, 2012, the Bank's credit balance in health and social work sector was RMB2.516 billion.

Case 27: Successful cooperation with provincial Grade III-A hospitals

Jinan Branch of the Bank has maintained uninterrupted cooperation with Qianfoshan Hospital of Shandong Province during the recent years. As at the year 2012, the annual settlement amount of the Hospital with the Bank was around RMB1 billion, marking a successful cooperation case between banks and provincial Grade III-A hospitals in Jinan.

[+] Support to entrepreneurs and laid-off workers

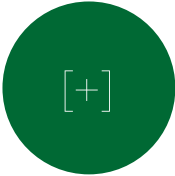
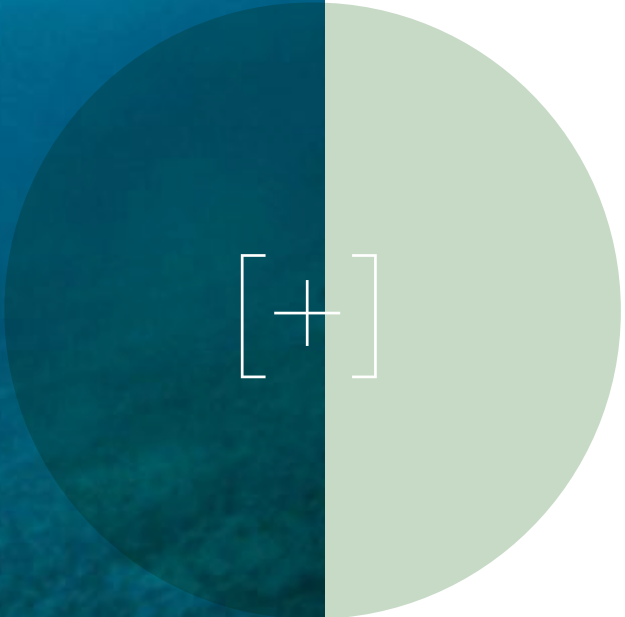
In order to better support stimulating of employment by encouraging business startups and to facilitate social stability, the Bank took proactive measures in carrying out small loans business targeting the disadvantaged laid-off workers. As at December 31, 2012, the Bank extended aggregately 2,740 small loans to accumulatively 2,740 laid-off workers throughout the year, totaling RMB183 million.

Case 28: Entering into the cooperation agreement of small amount secured loans with Urumchi Social Insurance Bureau

Urumchi, Xinjiang, situated in the northwest inland areas of China, gathers multi-ethnic populations, thus employment problems of unemployed people matter to the economic development and social stability. In responding to the employment supporting and social stability policies promulgated by municipal government of Urumchi, Urumchi Branch of the Bank entered into the Cooperation Agreement of Small Loans with Urumchi Social Insurance Bureau on August 7, 2012, to conduct businesses of small amount secured loans. As at December 31, 2012, Urumchi Branch of the Bank has signed 1,286 customers of small amount loans and extended 1,272 small amount loans with a total loan amount of RMB46.66 million.



Environment friendly



Advancing green finance management

Our green philosophy evolved from the concept of green credit and went beyond it. Green philosophy, representing the Bank's philosophy of sustainable development, was applied at every level of our operations. The green finance, by fully playing the core role of finance in modern economy, channeled funds to the fields of resource conservation and environmental protection and guided every economy to concern the environmental protection and ecological balance. In 2012, the Bank, through proactively following various environmental and economic supporting policies under the 12th Five-Year Plan and constantly and adhering to the industry planning of the state and "Green Credit Guidelines", improved its green finance management mechanism and enhanced its professional management and professional cultivation constantly, leading and encouraging the practice of green finance.

Green, energy conservation, environmental protection and sustainability are the essential and indispensable core ideas for the "Construction of Beautiful China". In the perspective, the concept of "green finance" fully tallies with the core ideas of "Beautiful China". As for the banking sector, to adhere to the concept of "green finance" and develop green finance business vigorously is the down-to-earth act to implement the strategic arrangement of the 18th CPC National Congress and serve the construction of "Beautiful China" by bringing into play the functional advantages of the sector.

— Extracted from the article "Frog-leap Development Piloted by Concept", an interview with the Chairman Mr. Gao Jianping by *Securities Times*, January 7, 2013



Photograph by Zhang Rujie, Shenzhen branch

[+] Strict implementation of access to green credit

To implement the green credit policies of the state, to formulate access rules on credit business annually, to carry out classified management, and to expressly forbid participation in projects incongruous with state policies and environmental standards, or not fully examined and approved.

To pay more attention to information about ecologically destructive industries, projects and enterprises, and to carry out the "environmental veto" mechanism, strictly denying credit grant to environmentally noncompliant projects by taking obtaining approval from relevant competent authorities as the least requirement for credit granting.

To warn and prohibit operations for developers having land idle and enterprises with significant environmental risks as announced by functional departments of the government in the credit system, enterprises with backward capacity listed by local governments and enterprises encountering similar situations, by making effective use of environmental information sharing platform of regulatory authorities and updates of state access and environmental standards.

To pay close attention to updates of state access and environmental standards, to focus on the feasibility and the environmental and social impacts of the allowed projects, and to carefully review credit business for effective prevention of environmental and social risks.

To constantly improve the clients' awareness of environmental and social risk management, and assist them to strengthen their management ability, for granting credit to projects in line with the Equator Principles.

To speed up the process of examination and approval for green credit business like energy conservation and emission reduction, and to strive to reduce the financing costs for green enterprises.

[+] Restrictions on loan to industries with high pollution, high energy consumption and overcapacity

In 2012, the Bank earnestly implemented the national industry policy and market access standard of restricting industries with high pollution, high energy consumption and overcapacity, and controlled credit grant to these industries according to state regulations on environmental protection. As at December 31, 2012, the Bank's loan contract balances in these industries (electricity, iron and steel, nonferrous metals, building materials, petroleum processing, chemical, cement and flat glass) totalled RMB 86.280 billion, with a non-performing loan ratio of about 0.27%, about 64.16% lower than that at the beginning of the year.

[+] Promotion of professionalism of green finance

A specialized energy financing team setting up in 2005 was transformed into a sustainable finance center in 2009, which was upgraded into a sustainable finance department, a class I department, in 2012. The Bank has kept exploring and practicing in the field of green finance for almost seven years and launched financial initiatives for supporting sustainable development. The Bank also has boosted the development of low-carbon economy and recycling economy with diversified financial tools. Currently, the Bank has established five specialized teams including project financing, carbon financing, market research, technical services, and Equator Principles review, and built an assets operation platform integrating six functions of product design, technical support, assets management, marketing organization, trading service, and business cooperation.

The Bank has established a green finance certification system, which realized the granting certification for every green finance project and was packed with “measurable, reportable and examinable” environmental benefits forecast functions. In the meantime, we have improved the credit management system, based on which every certified green credit would be labelled in the credit system. The Bank conducted the green finance businesses under unified management and analysis. In addition, at branch level, we have established functional departments for controlling environmental and social risks and driving forward green finance businesses, and appointed product managers in charge of green finance. In 2012, we also held special trainings on green finance, involving 36 class hours and 722 staff, with technical support from the head office, to develop a team of project managers in charge of green finance.

Case 29: Green finance integrated training course

On April 12 and 13, 2012, the Bank organized green finance integrated training course in Shanghai Zhangjiang Training Base. The training was conducted in forms of face-to-face teaching, interactive communication and review for consolidation, with trainers including business elites from our sustainable finance department, investment banking department and Industrial Bank Financial Leasing Co., Ltd.



[+] Exploring green finance management methods

In 2012, we continued to encourage the development of green finance business, by giving supports through policy, organization and implementation and resource allocation. It also explored effective green finance management methods.

Resource allocation	Under tight credit granting, credit resources were allocated especially for supporting the development of green finance business, and encouraged operating agencies to bring forth new thought in green finance business in leasing, trust, investment banking and financing. In 2012, the Bank has a budgeted credit of RMB10 billion for supporting green finance business.
Evaluation guide	Included the green finance business into the annual comprehensive evaluation system of branches, and gave priority credit support to the development of energy saving and emission reduction business.
Marketing organization	Conducted green finance marketing campaign, and set prizes for outstanding branches and project managers, to motivate staff.

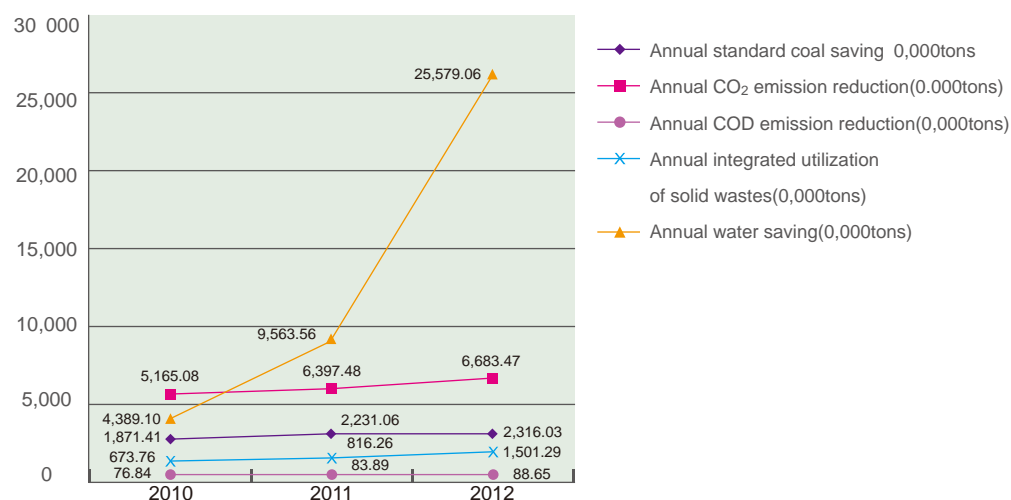
Awards of the Bank in 2012

- The Bank ranked top in the green credit ranking of 50 Chinese banks released by the Ministry of Environmental Protection and became the only bank rated as Class A (above 80 points)
- The Bank ranked No.1 on the “Green Credit Performance Ranking of Listed China-funded Banks (2008-2011)” released by ten NGOs, including Green Watershed
- The Bank Industrial Bank was the only winner of “Carbon-Value Social Citizen Award” at the Fifth World Economic and Environmental Conference jointly sponsored by United Nations Industrial Development Organization (UNIDO), United Nations Educational, Scientific and Cultural Organization (UNESCO) and International Energy Conservation Environmental Protection Association (IEEPA).
- The *Decision of Commending Energy Conservation and Emission Reduction Advanced Collective and Individual During the 11th Five-Year Plan Period* jointly released by National Ministry of Human Resources and Social Security, National Development and Reform Commission, National Ministry of Environmental Protection and National Ministry of Finance.

Promoting green finance business

Adhering to the business philosophy of sustainable development, the Bank vigorously advocated and developed green finance business in recent years. Its green finance business now covers three major fields, including low-carbon economy, recycling economy and ecological economy, and covers economic zones such as Yangtze River Delta, Pearl River Delta, Bohai Economic Rim, Northeast China, Central China, West China and the West Coast Economic Zone. These projects involve different types of projects including improvement of energy efficiency, development and utilization of new energy and renewable energy, carbon emission reduction, sewage treatment and water area control, reduction of sulfur dioxide emission, recycling of solid wastes, and national key energy conservation programs. The Bank has developed strong green financial support as its business feature.

As at December 31, 2012, the financing balance of green finance of the entire Bank stood at RMB112.609 billion, an increase of RMB38.064 billion from the beginning of 2012. Among which, the loan balance of green finance based loans was RMB70.59 billion, an increase of RMB10.463 billion from the beginning of 2012. The non-credit financing balance stood at RMB42.019 billion, rising of RMB27.601 billion from the beginning of 2012. The number of green finance clients was 1,717, 619 more than that in the beginning of 2012, including quality basic clients of 555 and strategic basic clients of 450.



The annual emission reduced from the abovementioned projects supported by green finance business of the Bank in 2012 represents shutting off 153 100MW-thermal power plants or not running 100,000 taxis for 32 years.

"In recent years, Industrial Bank has, making use of a variety of financial tools, provided green finance based financing loans of nearly RMB 200 billion to around 1,000 enterprises, of which the loan balance of green finance accounted for nearly 10% of the credit balance."
— Li Renjie, President of Industrial Bank

[+] Green finance based financing business

Over years of development, the green finance based financing business has distinguished the Bank's credit loans. The Bank launched a "8+1" financing service to satisfy the need of diversification of green finance service and to meet demands from various clients and projects.

After cooperating with International Finance Corporation (IFC) in promoting loans for energy conservation and emission reduction projects in China in 2006 and 2008, the Bank worked with IFC again on the same project (Phase III), including the launch of China's first financing product dedicated for energy conservation and emission reduction business of SMEs in less-developed areas.

Case 30: Solid waste disposal of Fujian refining & ethylene project

The Bank designed a cash flow-centered financing scheme for Fujian refining & ethylene project, and provided the project with a loan in aggregate of RMB26 million over the five years, thanks to which the project was implemented and commissioned successfully, achieving the goal of reduction, reutilization and reclamation of solid waste disposal.

"8" refers to conventional credit modes

Financing for technological upgrading projects of energy conservation and emission reduction, financing under CDM, energy management contract (EMC) financing, credit financing for purchasers of energy-conserving and emission-reducing equipment supplier, financing for increasing productivity of energy-conserving and emission-reducing equipment manufacturers, financing for utilities service providers, financing leases, and emission right mortgage finance.

"1" refers to non-credit financing mode

Issuance of debt financing instruments like short-term financing bond, medium term note, and SME collection notes, and financial lease, structure financing, trust financing, etc.

[+] Emission right financing business

In response to the continuous improvement of pilot trading system of emission right in China in recent years, the Bank in August 2012 formally launched its "emission right mortgage credit business". Recognizing mortgage of emission right as guarantee for corporate financing does not only help enterprises vitalize their emission right assets to satisfy their pressing needs, but also lets them truly realize the value of emission right assets, which mobilizes their initiatives in managing their emission right assets and participating in emission permit trading markets, and thus attaching greater importance to pollution prevention and control.

The Bank has now already launched a series of innovative products relating to emission right trading, such as pledge financing, platform construction, transaction services and information consultation, and other services and models dedicated for emission right trading. Meanwhile, the Bank has also launched comprehensive financial service schemes for 10 emission right pilot provinces and 7 carbon emission right pilot provinces.

Utilizing with compensation and trading system of emission right is an important innovative system in environmental resources in China, which provides a new market-based solution to environmental pollution in China, and plays an active role in promoting reduction of pollutant emission, adjustment of economic structure and transformation of development pattern.

Case 31: Cooperation among the government, banks, and enterprises in emission right financing service

On June 5, 2012, Changsha Branch held "Signing Ceremony of Promoting Environmental Protection by Financing Business in Hunan" with local government and signed the "Strategic Cooperation Agreement of Promoting Environmental Protection by Financing Business in Hunan" with Environmental Protection Department of Hunan. In the meantime, the Bank signed an emission right mortgage loan agreement with Hunan Valin Xiangtan Iron and Steel Co., Ltd., granting it a green credit of RMB16 million, the first emission right mortgage credit loan in Hunan.



Case 32: Participation in construction of carbon emission right trading

On June 21, 2012, Guangzhou Branch signed the "Cooperation Agreement Concerning Construction of Carbon Emission Right Trading Platform in Guangdong" with Guangzhou Exchange Services Group, making the Bank the key settlement bank for carbon emission right trading in Guangzhou. Based on which, the Bank intensified cooperation with the Development and Reform Commission of Guangdong Province and signed the "Cooperation Agreement between Banks & Government on Supporting Emission Right Trading in Guangdong", aiming at jointly promoting the building of carbon market. Moreover, according to the low carbon development plan of Guangdong province, the Bank established a special finance support scheme for LED industry in Guangdong, according to which the Bank will provide financial support of RMB10 billion to qualified LED-related enterprises.

[+] EMC financing products

In 2012, to encourage the development of energy management contracting (EMC), the Bank developed dedicated products for EMC financing products tackling the problems of EMC financing, and launched EMC financing model, taking future usufruct as pledge.

EMC is a market-oriented operation model which can effectively promote the development of low-carbon economy. EMC product is an innovative financial product dedicated for EMC financing. In other words, energy saving enterprises can apply for a loan from the Bank for constructing and operating EMC projects.

Case 33: First grant of EMC financing

The Bank evaluated and approved the EMC project applied by Anhui LINTHA Energy-saving Technology Service Co., Ltd. in mid-October 2012, and granted the first loan of RMB2.5 million on November 20, 2012. It was the first deal of the Bank since the launch of its EMC financing products, witnessing a major breakthrough in a new filed of sustainable financial services. It was also the first successful EMC credit project in China, which was highly recognized by energy saving companies and further enhanced the popularity of the Bank's "green" brand name in the diversified energy saving services market.

[+] Green leasing business

Green leasing is a traditional strength of the Bank, and is also a key development area of its financial leasing sector. Adhering to the spirit of green finance of the Bank, its subsidiary Industrial Bank Financial Leasing Co., Ltd. in 2012 focused on expanding energy conservation and emission reduction projects, now becoming its core competence in the financing lease for energy-conserving and emission-reducing equipment. As at December 31, 2012, the Bank has granted loans to 48 energy conservation and emission reduction projects, with the balance of receivable financing lease amounted to RMB13.397 billion, accounting for 33.5% of the total balance. In particular, 20 energy conservation and emission reduction projects received our loans in 2012, amounting to RMB7.018 billion in total, accounting for 35% of total loans during the same period.



Case 34: Actively exploring cooperation with energy-saving service providers

Our subsidiary Industrial Bank Financial Leasing Co., Ltd. actively explored different cooperation with energy-saving service providers. After the commencement of energy-saving service operation, on the one hand, Industrial Bank Financial Leasing Co., Ltd. could constantly access sources of new projects, and on the other hand, it could reduce the project risks through requesting additional guarantee from energy-saving service providers. As at the end of 2012, the Company has established business relationship with two energy-saving service providers, and provided a loan of RMB230 million to Kunming Sunwise Co., Ltd. and a loan of RMB80 million to Beijing Sinowise Co., Ltd.

[+] Green trust business

In 2012, China Industrial International Trust Limited, a subsidiary of the Bank, based on the macro industrial development plan of the state, has promoted companies funded by local governments and new energy enterprises to make positive contributions to urban environment governance, technical reform, high energy utilization efficiency and provision of new energy, by leveraging its trust financing business.

China Industrial International Trust Limited provided financial support to emerging environmental protection industries like energy conservation and environmental protection, new energy and new materials. In 2012, it granted trust loans of RMB3.265 billion to 12 companies engaging in emerging industries, including RMB440 million for energy conservation and environmental protection industries, RMB2.325 billion for new energy industries and RMB500 million for new materials industries.

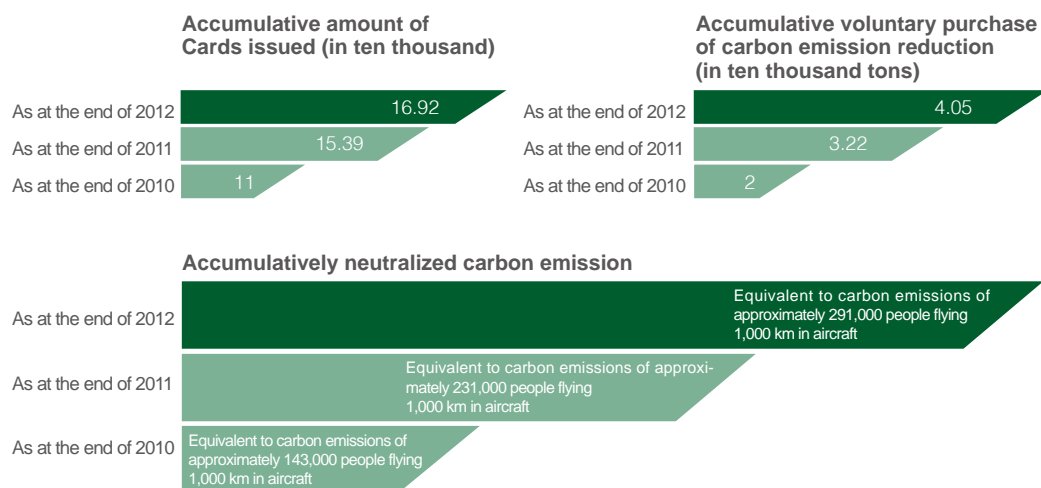
Awards of the Bank in 2012

- The Bank was accredited as “Carbon-saving Pioneer Enterprise” in “Top 10 Brands Leading future of China” organized by *China Times*.
- The Bank’s innovative product – EMC Dedicated Financing Product won “2012 Excellent Innovative EMC Green Finance Financing Product Award” from ESCO Committee of China Energy Conservation Association.”
- The Bank won the “Low Carbon Pioneer Enterprise Prize” and “Best Climate Officer” co-organized by *21st Century Business Herald* and Institute for Urban and Environmental Studies Chinese Academy of Social Sciences.
- The Bank won the “Green Finance Award” in the election of “Green Medal Award” held by *China Business News*.
- The Bank won the “Best Green Bank Award” hosted by *CFO magazine*.
- The Bank won the “Green Finance Award for Listed Companies in China” at the “Award Forum of Top 100 Most Environmentally Responsible Listed Companies in China, titled Open A New Era of Ecological Civilization”.

[+] Low-carbon theme credit card

The Bank has promoted low-carbon theme credit card for three years, bringing green consumption into millions of households and attracting more and more people taking part in environmental protection activities.





Awards of the Bank in 2012

- Marketing activity of the Bank "Green Rider, Low Carbon" of low-carbon theme credit card won the "Award of 2012 Top 10 Marketing Events of Financial Brands in China" in the Golden Elephant Awards for Financial Brands in China sponsored by *MoneyWeek*.

Promoting green operation

As an EPFI (Equator Principles Financial Institution), the Bank pays close attention to global climate change and is very concerned about environmental protection. The Bank advocates green operation and energy saving in office. It further enhances the staff's energy-saving awareness through the implementation of "Administrative Rules of Industrial Bank on Energy Saving in Office" and printing of low-carbon manuals and posters, and required all departments to reduce daily energy consumption.



Paperless office	Advocate paperless office and the use of double-sided paper, and reduce printing and copying, to save office expenses;
Energy conservation and emission reduction	Control power consumption, ask employees to turn off electrical equipment in time, and keep the temperature of air conditioning at 20°C in winter and 26°C in summer;
Water saving	Promote water conservation, and actively create conditions to improve water reuse;
Optimization of asset allocation	Establish the principle of giving priority to mobilization of idle asset and then replacement of asset;
Green procurement	Take the concept of energy conservation and environmental protection as the evaluation criteria for procurement, and include suppliers' environmental and social performance into the procurement indicators;
Green travel	Reduce expenditures, and single or repeat assignment of official vehicles, implement measures to save energy consumption of official vehicles and promote the use of public transport.

Case 35: Recycling of printing materials

For the procurement of office supplies, the Bank requests the suppliers to recycle empty toner cartridges with a view of energy conservation, consumption reduction, pollution abatement and centralized processing. The Bank now promotes the use of common supplies instead of original supplies in printing, and requests daily office asset administrators of various departments to collect used toner cartridges and deliver them back to suppliers.

Case 36: Pilot program of replacing with LED energy-saving lamp

The Bank carried out the pilot program for replacing traditional ordinary energy-saving lamps with LED energy-saving lamps in 18 floors of offices in Yuanhong Building, where its head office located, and Majiang Building, with the aim of enhancing energy efficiency through lower light energy consumption. It is estimated that the program may save energy up to 56%.

Case 37: Green management of data center

The Bank built and operated the equipment room of its data center in a “green way”. Specifically, it adopted many green technologies like intelligent illuminating system, separation of hot and cold channels of air conditioning, intelligent distribution cabinet and unmanned equipment rooms to support energy conservation and emission reduction, with PUE of key equipment rooms below 2.0.

In managing the microenvironment of machine cabinet, the operation and maintenance team of the data center, after measuring temperatures of various nodes and comparing the operating efficiency and energy consumption of accurate air conditioning, found that servers closely installed in machine cabinets excelled those traditionally separately installed in heat exchanger efficiency and radiating effect, and were 2-4°C lower in temperature. As such, the operation and maintenance team took prompt measures to improve the density of the data center, saving a lot of refrigeration power consumption and operating cost of the data center.

In addition to the equipment room environment, the working environment of our data center was also user-friendly and eco-friendly. For example, the well-designed control center featured extensive natural light, fresh air, natural ventilation, appropriate lighting, professional control consoles and monitor chairs, and abundant green plants, which created a pleasant working environment, relieving the adverse impacts of noise and enclosed environment on workers, and effectively reduced operation risks.

Case 38: Ingenious design and great energy conservation

In 2012, Foshan Branch selected partners, suppliers and sub-contractors with high environmental standards via bidding and tendering, and strictly supervised implementation process of projects and established a resource conserving and eco-friendly environmental management system based on advanced technology and economy. Especially when decorating some of its business outlets, Foshan Branch tried to assemble built-in furniture in order to avoid using adhesives and paint to the extent possible. It also used multi-circuit power switch, for example, one or two rows of grille lamps sharing a circuit in the office area and energy-saving downlights in the long walkway usually adopting alternate switches, so as to conserve energy and protect environment by adjusting the lights according to ambient light illumination. It replaced fixed frequency air conditioners with variable frequency ones; and replaced common exhaust system with fresh air ventilation system of total heat exchangers, which could greatly reduce energy consumption by 30%.



Case 39: Participating in “Earth Hour” activity for three consecutive years

“Earth Hour” activity coincided with the philosophy of sustainable finance development of the Bank. The Bank has participated in “Earth Hour” activity for three consecutive years. From 20:30 to 21:30 on March 31, 2012, the head office and more than 600 business outlets and over 30,000 employees nationwide also joined in the “Earth Hour” community environmental protection activity, by simply and directly turning off their lights to support energy conservation and emissions reduction and advocate low-carbon life.

Case 40: More participation, more love and care – the third consecutive “Low-carbon Carnival” of Industrial Bank’s credit card center

In 2012, the Bank’s credit card center held its third annual “Low-carbon Carnival”, which had great improvement in scale, number of participants and quantity (over 750) and quality of trading articles (including books, toys, electronic products, daily appliances, etc.) when comparing with the last two years. The remaining articles were donated to the underprivileged children. After three years’ development, the messages of “Low-carbon Life” and “Care for Children” of this activity have deeply rooted in people’s hearts.





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Return to the community

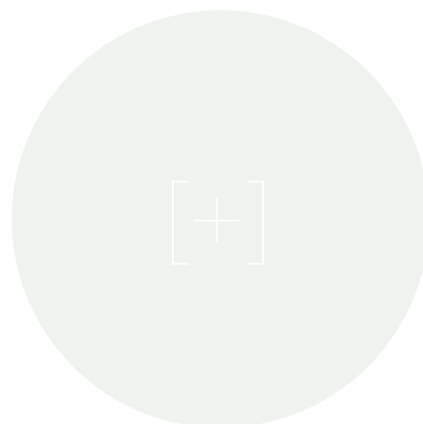
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Growth with employees

The Bank believes that improving its employees' professional capabilities is fundamental to enhance its core competitiveness and values. Therefore, we value employees and commit ourselves to achieving "growth with them" by adhering to the "people-oriented" philosophy.

[+] Increasing employment opportunities

In 2012, the Bank continued to promote human resources management reform, gave full play to the fair and transparent development mechanism, established an impartial development platform and strengthened post set-up and classified staff management.



Information of employees:	2011	2012
Total number of employees	34,611	42,199
Number of male employees	16,578	19,885
Number of female employees	18,033	22,314
Proportion of male to female employees (male : female)	0.9:1	0.89:1
Proportion of male to female midlevel and senior management (male : female)	2.6:1	2.44:1
Proportion of ethnic minority employees	1:50	1:50

[+] Protecting the interests of employees

The Bank has been always emphasizing fair and just treatment for all employees in terms of personnel recruitment and employment, assessment and incentives, salaries and benefits etc. to earnestly safeguard the legitimate rights and interests of employees. In 2012, the employees' social insurance coverage, labour contract rate, provident fund coverage, and physical examination and health file coverage were all 100 percent.

In 2012, the Bank continued to enhance and broaden the employee communication mechanism. As for the matters involving significant operating decisions and employees' vital interests, the Bank organized staff discussion in advance, and put into practice public policy of bank operation via documents, weekly reports, and office systems, continued to apply multiple channels of communication and feedback platforms such as President's mailbox, workers' congress, labour union meetings, democratic life meetings, supervision hotline, surveys, electronic forums, staff interviews, microblogs, to collect views of the staff, and made timely feedback.

Case 41: Focusing on employees' living needs and organizing various cultural and recreational activities

- The Customer Service Center of Electronic Banking Department organized "work-break exercise" as daily routine in order to safeguard employees' physical and mental health.
- The Credit Card Center launched perennial employee assistance program and alleviated pressure for employees by employing professional psychological counselling institutions to offer employees psychological counselling services in terms of career pressure, marriage and emotion, children's education, and interpersonal relationship etc.
- The trade union invited the senior lecturers of the Second People's Hospital of Fujian Province to give a lecture on Life Nourishing, "Common Disease Prevention and Health Care in Spring" for employees of the Head Office working in Fuzhou.
- The trade union invited experts to give a lecture on *Charming Women "Beautify Yourself"* to help female employees improve their images and tastes in daily work and life.
- Majiang Operation Center of Payment & Settlement Department held the 4th Cultural and Sports Festival, which included 21 contests such as aerobics, table tennis, basketball and the Voice of Majiang, with participation of more than 170 employees.
- Majiang Operation Center of Payment & Settlement Department set up the "caring group for pregnant women at transaction back office".
- Dalian Branch held the "Being Inseparable From Homeland during Five-year Development – Celebrations for the 5th Anniversary of Dalian Branch of Industrial Bank" and hosted other activities such as the practice activity of "being the masters, fulfilling responsibilities, and encouraging dedication" and debate contest to celebrate the 5th anniversary of Dalian Branch of Industrial Bank, the award ceremony for "Selection of Advanced Individuals Moving Industrial Bank" and the President's lecture, forming a favourable atmosphere of corporate culture.

Focusing on employees' living needs and organizing various cultural and recreational activities



Employees Sports Meeting



Mr. Chen Dekang, Vice President of the Bank, was delivering a speech at Shanghai Zhangjiang Training Base



A poster made by employees from the Credit Card Center showing their care



Training on Knowledge of Fire Safety



Picture showing the Work-Break Exercises Contest hosted by Shanghai Customer Service Center of E-Banking Department



Majiang Operation Center of Payment & Settlement Department set up the "caring group for pregnant women at transaction back office"



Lecture on the Charm of Women



The 4th Cultural and Sports Festival of Majiang Operation Center



Employees were attending a Training Session on Intellectual Property Rights



Employees from the Credit Card Center were receiving psychological counseling



[+] Enhancing capabilities of employees

The Bank attaches great importance to the improvement of capabilities of employees and strengthens training and education for employees to foster their capabilities of lifelong employment. In 2012, the Bank invested RMB136.3027 million in training 78.9% (212,271) employees, each receiving 93.6 hours of training on average.

Case 42: Network institute has become a new study engine for all employees

In 2012, the Bank officially kicked off the construction and promotion of its Network Institute. As at December 31, 2012, 115 courses had been launched online and 163 independently developed courses were also about to be uploaded. Currently, there are 33,083 students in total. In peak time, 400 students are online simultaneously. The online courses recorded 175,450 attendances and total study time of 6,002 days (4.3 hours per student).

Case 43: The head office's T power project increased the level of internal part-time lecturers in an all-round way

The Bank initiated the project "T Power – Training for Internal Part-time Lecturers" in May 2012 in order to further enhance the lecturers' capability of curriculum development and teaching. As at December 31, 2012, the Bank provided training for 109 internal part-time lecturers on curriculum development and teaching, certified 36 lecturers for the head office through four strict evaluation stages, namely, preliminary qualification screening, evaluation on curriculum development results and teaching capabilities and comprehensive certification, and selected 32 quality courses into the head office's curriculum resource bank.

[+] Promoting corporate culture

2012 is the fourth consecutive year for the Bank carrying out the practice activity of "being the masters, fulfilling responsibilities, and encouraging dedication", which is an important measure in recent years to help all the employees participate in Industrial Bank's development and actively implement the head office's new Five-Year Development Plan. Three stages, study and education, discussion and debate and deepening practice, are set for such practice activity, being widely and deeply supported by all the employees.

Case 44: Theme practice debate contest of "Warmly Welcoming the 18th National Congress of CPC, Being Dedicated to Industrial Bank" and "being the masters, fulfilling responsibilities, and encouraging dedication"

On September 19-20, 2012, the Bank held a two-day theme practice debate contest in Fuzhou, in which 37 representative teams from branches and 3 representative teams from the head office participated. The 40 teams were divided into 20 groups, who debated in depth on the Bank's strategic development, operation and management and focal and hot issues concerned by the employees. Finally, the representative team from Guangzhou Branch won the first prize after the two-day preliminary and final matches.



Ms. Bi Zhonghua, the current Chairman of Board of Supervisors of the Bank, was giving awards to the Champion, Guangzhou branch delegation

Publicizing financial education

The Bank believes that strengthening protection of consumers' rights and interests is the fundamental expression of the Bank's service concepts of "customer supreme" and "customer oriented" and the fundamental requirements of maintaining a stable financial market and building a harmonious society. Therefore, the Bank attaches great importance to protecting consumers' rights and interests. With a view to firmly build up the service concept of fairly treating consumers, and strengthen the sense of responsibility and mission for protecting consumers' rights and interests, in 2012, the Bank continued to pay attention to and actively carry out public education services, enhance publicizing financial literacy, and guide the consumers to reasonably leverage on the Bank's financial services for consumption; emphasize the obligation to disclose trading information to consumers and assume the responsibility of fairly treating consumers; reinforce management of service quality and handling of customer complaints, and make every effort to maintain and expand consumers' legitimate rights and interests.^⑦

[+] Launching the "financial literacy" campaign

In 2012, the Bank continued to carry out the "financial literacy" campaign. By publicizing financial knowledge to communities and rural areas, the Bank provided consumers with multi-level financial knowledge education via various channels, popularized bank business knowledge and offered financial service consultation, carefully answered consumers' questions and publicized anti-counterfeit currency knowledge and conducted education to improve anti-money laundering awareness so as to improve consumers' safety awareness and financial literacy.



^⑦ Please refer to the "Sincere services to customers" in "Development" for details about disclosing trading information to consumers, management of service quality and handling of customer complaints.

Awards of the Bank in 2012

- On March 15, 2012, the Bank won the best award for promoting the series campaigns of "Financial Literacy" at the conference for release of *Report on Service Improvement in Chinese Banking Industry for 2011* and award for civilized and standard services held by China Banking Association.

Case 45: Publicizing financial knowledge and improving safety awareness

- In 2012, Nanping Branch of the Bank held more than 17 activities of financial knowledge and product promotion including wealth lectures, business promotion conferences, banks in trading areas, with participation of over 1,000 people, and carried out 30 financial knowledge publicity campaigns themed on anti-counterfeit currency, anti-illegal fund-raising, interest rate, credit investigation, financial management, safety concerning card use, etc. by means of onsite lectures and questionnaires, etc. in residential areas, commercial areas, wholesale markets, schools, etc., in which over 10,000 people attended and over 100 questionnaires were taken back.
- In September 2012, Taizhou Branch of the Bank started the "financial literacy" campaign by dint of the activity "Financial Knowledge around You – Month of Service". The promotion team stepped into five communities such as Xinlong Garden and Lotus No.7 Area in just one month.



[+] Launching the "publicity and education for cracking down on illegal fund-raising" campaign

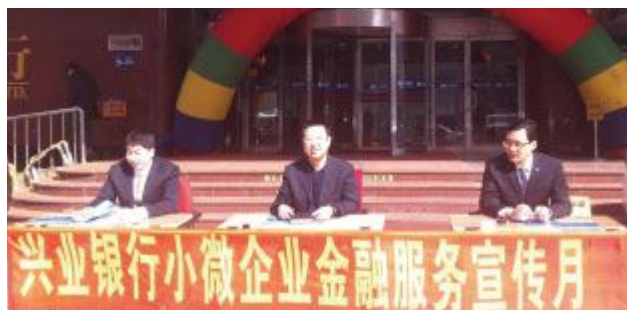
Since July 1, 2012, the Bank took full advantage of extensive banking outlets to carry out the special campaign of "publicity and education for cracking down on illegal fund-raising" for half a year. As at December 31, 2012, 695 outlets of the Bank participated in this campaign, with 336 banners hung up, 2,318 slogans displayed on electronic screens, 517 exhibition boards made, 543 outdoor publicity held, 331,112 leaflets and pamphlets printed, 18 news articles issued, 6 news articles published on newspapers, 415,749 short messages sent to customers through SMS platforms, 129 publicity posts released on blogs and microblogs, and 2,759 publicity and education activities carried out among employees.

In the meantime, the Bank combined prevention and combat of illegal fund-raising with education on anti-money laundering, risk prevention, stability maintenance and anticorruption, presenting vivid activity manners and characteristics. The Bank also established and improved a long-term mechanism to prevent illegal fund-raising so as to positively maintain a stable economic and financial order and fulfil social responsibilities as a financial institution.

[+] Participating in the “Publicity Month on Financial Services for Small and Micro-enterprises” activity

In April 2012, the Bank actively organized and took part in the activity of “Publicity Month on Fujian Banking Industry’s Financial Services for Small and Micro-enterprises” held by Fujian Banking Regulatory Commission, and publicized the Bank’s idea of “Sincere Service, Growing Together” for helping small and micro-enterprises. During the activity, the Bank set up a leading work group for publicity month on financial services for small and micro-enterprises to continuously push forward the financial services for small and micro-enterprises. Specifically, the Bank coordinated and organized all the branches in Fujian to carry out all work about the publicity month on financial services for small and micro-enterprises in a special manner according to local conditions; established special stands to promote the Bank’s products and services; and explained the Bank’s service idea for small and micro-enterprises via television and news media, etc.

Moreover, the Bank’s branches actively carried out diversified and content-rich activities to publicize financial knowledge, such as “publicizing financial knowledge to the rural areas”, “stepping into grass-roots to prevent and monitor money laundering” and “inheriting Leifeng’s spirit, participating in volunteer services” so as to convey correct wealth management ideas, remove citizens’ puzzles and publicize financial knowledge.



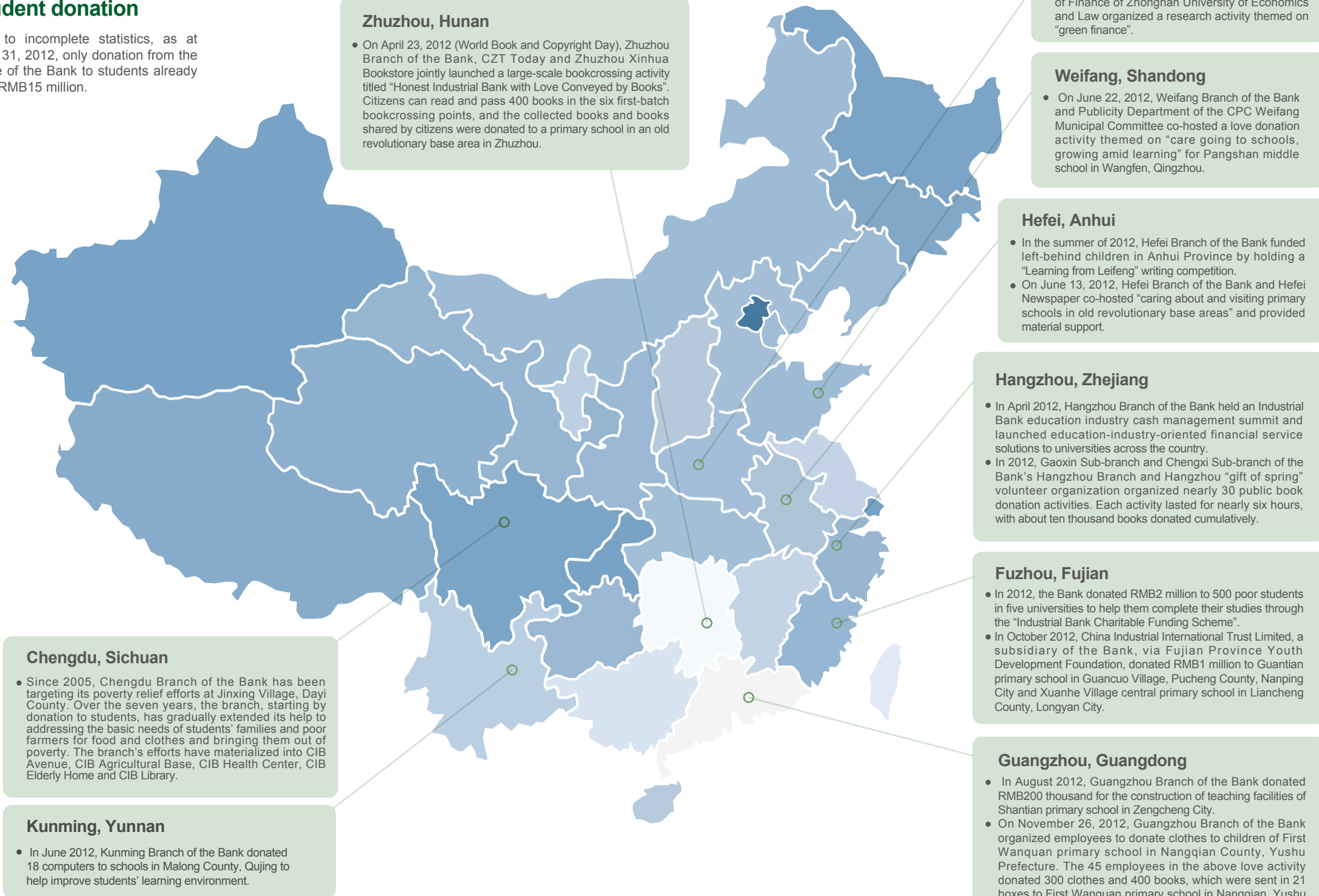
Participation in public services

In 2012, the Bank’s external donation amounted to approximately RMB18.30 million, which was invested in multiple areas such as student donation and poverty alleviation, and actively organized employees to participate in volunteer activities, showing its care about the community and its vision to build a green homeland.



[+] Student donation

According to incomplete statistics, as at December 31, 2012, only donation from the head office of the Bank to students already exceeded RMB15 million.



Chengdu, Sichuan

- Since 2005, Chengdu Branch of the Bank has been targeting its poverty relief efforts at Jinxing Village, Dayi County. Over the seven years, the branch, starting by donation to students, has gradually extended its help to addressing the basic needs of students' families and poor farmers for food and clothes and bringing them out of poverty. The branch's efforts have materialized into CIB Avenue, CIB Agricultural Base, CIB Health Center, CIB Elderly Home and CIB Library.

Kunming, Yunnan

- In June 2012, Kunming Branch of the Bank donated 18 computers to schools in Malong County, Qujing to help improve students' learning environment.

Zhuzhou, Hunan

- On April 23, 2012 (World Book and Copyright Day), Zhuzhou Branch of the Bank, CZT Today and Zhuzhou Xinhua Bookstore jointly launched a large-scale bookcrossing activity titled "Honest Industrial Bank with Love Conveyed by Books". Citizens can read and pass 400 books in the six first-batch bookcrossing points, and the collected books and books shared by citizens were donated to a primary school in an old revolutionary base area in Zhuzhou.

Zhengzhou, Henan

- On July 9, 2012, Zhengzhou Branch of the Bank and the summer group of social practice of School of Finance of Zhongnan University of Economics and Law organized a research activity themed on "green finance".

Weifang, Shandong

- On June 22, 2012, Weifang Branch of the Bank and Publicity Department of the CPC Weifang Municipal Committee co-hosted a love donation activity themed on "care going to schools, growing amid learning" for Pangshan middle school in Wangfen, Qingzhou.

Hefei, Anhui

- In the summer of 2012, Hefei Branch of the Bank funded left-behind children in Anhui Province by holding a "Learning from Leifeng" writing competition.
- On June 13, 2012, Hefei Branch of the Bank and Hefei Newspaper co-hosted "caring about and visiting primary schools in old revolutionary base areas" and provided material support.

Hangzhou, Zhejiang

- In April 2012, Hangzhou Branch of the Bank held an Industrial Bank education industry cash management summit and launched education-industry-oriented financial service solutions to universities across the country.
- In 2012, Gaoxin Sub-branch and Chengxi Sub-branch of the Bank's Hangzhou Branch and Hangzhou "gift of spring" volunteer organization organized nearly 30 public book donation activities. Each activity lasted for nearly six hours, with about ten thousand books donated cumulatively.

Fuzhou, Fujian

- In 2012, the Bank donated RMB2 million to 500 poor students in five universities to help them complete their studies through the "Industrial Bank Charitable Funding Scheme".
- In October 2012, China Industrial International Trust Limited, a subsidiary of the Bank, via Fujian Province Youth Development Foundation, donated RMB1 million to Guantian primary school in Guancuo Village, Pucheng County, Nanping City and Xuanhe Village central primary school in Liancheng County, Longyan City.

Guangzhou, Guangdong

- In August 2012, Guangzhou Branch of the Bank donated RMB200 thousand for the construction of teaching facilities of Shantian primary school in Zengcheng City.
- On November 26, 2012, Guangzhou Branch of the Bank organized employees to donate clothes to children of First Wanquan primary school in Nangqian County, Yushu Prefecture. The 45 employees in the above love activity donated 300 clothes and 400 books, which were sent in 21 boxes to First Wanquan primary school in Nangqian, Yushu Prefecture as scheduled to help children in the disaster area tide over difficulties.

[+] Poverty alleviation

The Bank has been always paying attention to the living needs of the disadvantaged groups and fulfilling its corporate social responsibility by providing public welfare aid and improving services.



Providing public welfare aid

Case 46: The Bank's RMB30 million public welfare donation aiming to help the development of Zhenghe County

The Bank will donate a total of RMB30 million to its targeted Zhenghe County, Nanping City to support the local poverty alleviation initiatives during the period from 2012 to 2015. The first donation of RMB7.50 million was made in November 2012.

Case 47: Charitable support to the development of old revolutionary base areas

- In 2012, the Bank provided RMB0.65 million for the poverty alleviation work in Beibi Village, Xiapu County, Ningde City and Baimenlou Village, Guangze County, Nanping City of Fujian Province.
- In May 2012, Nanning Branch of the Bank started targeted poverty alleviation initiatives in Minzu Village, Linfeng Town, Tiandong County, in which, the branch donated RMB500 thousand in aid for village construction, and its staff donated RMB250 thousand of care funds and clothes, stationary & sports articles were donated to more than 80 students of Minzu primary school. After start of the targeted poverty alleviation initiatives, the branch will, based on the five-year plan for promotion of the whole village, help develop Minzu Village on a one-on-one basis.

Case 48: Let love support the hope for life

In March 2012, China Industrial International Trust Limited, via Fujian Provincial Charity Federation, donated RMB250 thousand to cerebral palsy children as medical expense to help them receive treatment.

Carrying out volunteer activities

Case 49: Credit Card Center of the Bank actively organized staff to participate in volunteer activities

As at December 31, 2012, Credit Card Center of the Bank carried out a total of 34 volunteer activities, involving 334 participants, with a time span of approximately 511 hours, which brought encouragement and warmth to migrant workers' children, children in children's hospitals and old people in elderly homes.





Improving service details

Case 52: "13-Word Policy" for caring about special groups

- In 2012, Xi'an Branch of the Bank made full use of "13-Word Policy" to keep improving service quality and work efficiency. The branch set up special counters (disabled windows) for disadvantaged groups, and some sub-branches opened channels for the disabled, especially the green channel for the aged, the weak, the sick and the disabled to enjoy services in the business outlet and not less than six kinds of convenience facilities (presbyopic glasses, newspaper and etc.) and medical kits placed in each business outlet.
- In 2012, Xiamen Branch of the Bank fully effectuated Self-Discipline Treaty on Further Improving Banking Services for the Disabled, established and improved a service mechanism for the disabled, which met the different needs of the disabled such as upper limb disabled customers who cannot put their fingerprint and customers with visual disorder, hearing disorder and writing disorder, strengthened and improved the construction of barrier free environment, enhanced emergency response capability while serving the disabled and realized fair treatment regardless of sex, race (especially for aborigines), religion, disability and age.

Case 50: "Volunteer Mother" sent warmth to children

On May 13, 2012, Fuzhou Branch of the Bank, "Angel's Wing" of Fuqing Branch of Fujian Normal University and some parents and children from Fujian Province Fuqing City Chengguan Primary School jointly held a special party themed on "Songs for Mothers" for children in Fuqing Children Welfare Center on the Mother's Day. These "volunteer mothers" gave care to children.



Case 51: Staff of Harbin Branch of Industrial Bank saved a drowning woman

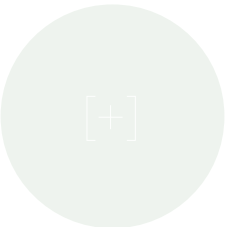
On July 21, 2012, Harbin Branch of the Bank organized a staff activity in Harbin Jinhewan Wetland Park, Harbin. The branch's four employees jumped into the water as soon as they saw a drowning woman and saved her life, winning widespread acclaim of the public.



Photograph by Feng Sijia, head office

[+] Dedication to the community

As a corporate citizen, the Bank always cares about the community and actively conducts various co-building activities such as building of a "beautiful homeland" together with the community.



Caring about the community

Case 53: Summer party made us feel cool

In July 2012, Tianjin Branch of the Bank and Yushui Park Community Committee, Meijiang Street co-hosted a summer party themed on "community and enterprise in harmony" in Yushui Park. Nearly 600 community residents participated in the summer party, stimulating more residents to join in the construction of a harmonious community.



Case 54: "Dam dam movies" brought into the community

In 2012, Dujiangyan Sub-branch, Chengdu Branch of the Bank brought "dam dam movies" into the community. Dujiangyan Sub-branch established cooperation relationship with large residential communities in Dujiangyan to play free films for community residents.

Co-building a green homeland

Case 55: Co-building a green homeland through landscaping

- In March 2012, Fuzhou Branch of the Bank organized a "green cultivation and protection" volunteer activity themed on "caring about nature, planting trees voluntarily" and focusing on protecting and loving green plants to uphold the spirit of Lei Feng and promoted the activity of "beautifying environment, greening backyard" in its surrounding communities on weekends.
- In March 2012, Hefei Branch of the Bank held a ten-thousand-person's environmental protection activity for green public welfare of "low-carbon Industrial Bank to seed green" by planning trees to further improve the value-added service system for VIP customers and call for more VIP customers to participate in building a green homeland.
- In October 2012, Shenyang Branch of the Bank practiced green finance, organized the whole branch to conduct a tree planting activity themed "growing up together with Industrial Bank", hoping that the verdant "Industrial Bank Forest" can help promote more enterprises and individuals to pay attention to environmental and social performance management and energy conservation and emission reduction.



Case 56: Promoting environmental protection philosophy in a spring outing

In April 2012, CIB Credit Card Center of the Bank launched an activity of "going to Gucun Park in spring", in which employees felt the breath of spring and experienced green public welfare by collecting garbage thrown by tourists and publicizing green environmental protection philosophy to tourists. The activity not only stepped up communication among employees but also strengthened team cohesiveness.



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Globalization

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Participation in propelling sustainable finance of domestic and international banking industries

In 2012, the Bank continued to actively participate in activities for propelling sustainable finance development of domestic and overseas banking industries.

[+] Active participation in regulators' measures relating to propelling sustainable finance

On February 24, Mr. Li Renjie, President of Industrial Bank visited Mr. Xie Zhenhua, vice minister of the NDRC and reported on and discussed supports for national construction in energy conservation, environmental protection and comprehensive utilization.

On February 24, Industrial Bank was invited to deliver keynote speech at the press conference and seminar of "Green Credit Guidelines" hosted by CBRC.

On April 13, Industrial Bank was invited to send representatives to participate in the training on green credit in China's banking industry: "Promotion of Renewable Energies Development" held by the Statistics Department of CBRC.

In May and August 2012, Industrial Bank was invited to attend Phase 1 & Phase 2 "Advanced Seminar on Sustainable Development of Green Finance and Banking Industry" hosted by China Banking Association and the Bank, as a teaching institution, introduced its practices in sustainable finance development during the seminars. Nearly 200 persons from over 50 banking financial institutions, six local banking associations (guilds) and assets management institutions across the country participated in these two training courses, which vigorously enhanced capabilities of China's banks in assessing and managing environmental and social risks.

During May 16-17, 2012, Industrial Bank was invited to attend the 1st "Green Credit Forum of Emerging Market Countries" jointly held by CBRC and IFC in Beijing. Mr. Li Renjie, President of Industrial Bank delivered a keynote speech as a representative of the banking industry.

Mr. Li Renjie expressed that Industrial Bank would continue to intensify the development of green finance and aimed to grow into a full-flow, all-dimensional professional financial service provider and a well-rounded "green bank" in China's green finance market.



Mr. Li Renjie, President of the Bank, was delivering a speech at the "Green Credit Forum of Emerging Market Countries" in May 2012

[+] Exploring way to sustainable finance development with the industry

On February 29, Industrial Bank was invited to send representatives to attend Seminar on "China's Opportunity in Sustainable Energy Financing for SMEs" organized by International Finance Corporation (IFC) in Beijing.

On March 1, Industrial Bank communicated with members of investigating group of China Merchants Bank about its implementation of the Equator Principles and its establishment of environmental and social policies.

In April and September, Mr. Li Renjie, President of Industrial Bank received two top interviews of "Rio+20" by International Finance Corporation (IFC) and shared his views on sustainable finance development, green products innovation and future trend and outlook, which was included in "Money Moves" published by IFC.

In August, Industrial Bank was invited to share with Hana Bank the experiences and practices in its adoption, execution, process and cases of the Equator Principles and also provided suggestions.

In September, Industrial Bank held "2012 Interbank Business Cooperation and Development Exchange Conference", with 33 banks attended including Heilongjiang Rural Credit Union, Jilin Province Rural Credit Union and Bank of Jiangsu. At the meeting, Industrial Bank introduced its promotion of the landing of the Equator Principles and its practice of social responsibilities and promoted the sustainable development philosophy to more financial institutions.

In December, Industrial Bank was invited to send representatives to attend the Equator Principles Annual General Meeting and the International Finance Corporation (IFC) Annual Banks' Environmental and Social Risks Learning and Exchange Meeting held in Washington.

[+] Establishing communication and collaboration with more stakeholders



In 2012, Industrial Bank hosted two "Carbon Financial Salon" activities and invited carbon market-related institutions such as think tanks of the central and local governments, investment management consulting companies, international carbon buyers, research institutions and carbon funds. The salon aimed to fully play the role of academic exchanges as the source of original innovation, explore the development of China's carbon market and gather field experts and frontier views on green finance to track "carbon traces" in the midst of the global low-carbon economic revolution, expecting to optimize the development philosophy and promoting harmonious and rapid development of low-carbon economy.

In May, Industrial Bank held "Origin of Green Finance" activity in Xiamen to introduce the Bank's practices of sustainable finance like Green Finance and Equator Principles to journalists from all mainstream media.

On June 11, Industrial Bank was invited to send representatives to attend the 6th China International Private Equity Forum in Tianjin, and signed a strategic cooperation agreement with Tianjin Climate Exchange, to promote the construction of carbon market in Tianjin and the cooperation with domestic contracted energy management projects, supporting the sustainability of energy market development in the PRC.

On November 29, Industrial Bank and Shaanxi Provincial Environmental Protection Department jointly held a strategic cooperation signing ceremony. The Bank provided the environmental protection industry of Shaanxi Province with an overall resources support in terms of financing, capital management, consultation, training and information exchange.

On December 18, Industrial Bank jointly held the Green Finance Innovation Forum of "Guiding Sustainable Development to Advance Building of Ecological Civilization" with Shenzhen Development and Reform Committee and Shenzhen Science and Technology Innovation Commission in Shenzhen and the 1st Green Finance Project Certification Award Ceremony for customers.



Promotion of the standard-making for sustainable development in domestic and international markets

In 2012, the Bank continued to actively involve in the standard-making process for sustainable development in domestic and international markets and turned its practices and experiences into reference for promoting various sustainability standards.

In March, Industrial Bank was invited to send representatives to attend the First Session of Chinese Banking CSR Joint Meeting in 2012 organized by China Banking Association, and discussed about framework and index system of CSR report of Chinese banking industry in 2011 complied by China Banking Association and the proposal for CSR appraisal of Chinese banking industry in 2012, and put forward revision opinions and suggestions.

In April, Industrial Bank was invited to participate in the preparation of the green credit key indicator system of CBRC.

In June, Industrial Bank was invited to send representatives to attend the Seminar on Standard Technologies of Measurement and Verification of Energy Saving of Typical Energy-Saving Retrofit Projects convened by China National Institute of Standardization (CNIS) and discussed about the formulation of standard technologies.

In 2012, the Bank continued to provide suggestions and information for United Nations Environment Programme Financial Initiative (UNEP FI).

In 2012, the Bank, as the first and only EPFI (Equator Principles Financial Institution) in the PRC, actively participated in the revision work of Equator Principles (3rd version) proposed by Equator Principles Association. The Bank did its best to express the opinions of Chinese banking industry, through joining the regional conference call, sending its written comments and feedback for discussion, and attending the annual meeting of Equator Principles. In particular, the Bank took part in the proposal of Asian/Oceania banks, suggesting to strengthen the regional information exchange, paying attention to and promoting fairly participation of EPFIs of different markets and countries in the Equator Principles affairs, and advocating financial institutions of emerging markets and countries to adopt the Equator Principles and to have their say. The proposal was unanimously passed by the annual general meeting, in which the discussion about the medium and long-term development strategy of the Equator Principles was restarted by the Equator Principles Association.

In 2012, the Bank continued to take an active part in each phase of solicitation of public opinions on GRI G4 (4th Generation Sustainability Reporting Guidelines) and G4 discussion proposed by Global Reporting Initiative (GRI), and fully demonstrated the problems and challenges encountered in preparation of sustainability report in China, making our own contribution to the formal launch of G4 in May 2013.

Dialogue with NGOs

In 2012, the Bank continued to maintain multi-level dialogues with domestic and overseas NGOs.

On September 10, Industrial Bank was invited to address on the “Forum on Green Finance to Boost Green Economy” jointly-hosted by ten NGOs including the Green Watershed, Friends of Nature, Green Earth Volunteers and Global Environmental Institute. At the forum, the sponsors (i.e. 10 NGOs) issued “Green Credit Performance Ranking of Listed Chinese-funded Banks (2008-2011)”, with Industrial Bank ranking No.1 among the 16 domestically listed banks.

On December 21, NGOs such as Green Watershed Fujian Environmental Protection Society and Green Earth Volunteers carried out on-spot interviews in respect of policies, strategies and specific measures of our green credit and the implementation of green credit and the Equator Principles. Parties exchanged their opinions and information, which further laid a solid foundation for a sound dialogue.

In December, the Bank communicated with Banktrack about the Bank’s information collection on Banktrack official website and actively conducted internal inspection in light of the open letter from Greenpeace concerning Sinar Mas Group App.



Photograph by Wang Zhiming, Zhangzhou branch



Photograph by He Dan, Zhengzhou branch

Our view

“For the banking sector, developing green finance not only best combines the fulfilment of social responsibility and the realization of profits, but also provides a golden opportunity for developing new businesses to integrate with international and domestic markets, forming its own business characteristics and brand and building differentiated competitive advantages.”

— Mr. Li Renjie, President of the Bank (“Exploration and Practice in Green Finance of Commercial Banks”, quoted from *Green Economy in China*).

“Leading by idea transformation and improvement, the Bank, by continuously promoting and improving the construction of strategy, process, mechanism and system and relevant supporting services, has found a way to develop its own characteristics in the green finance sector.”

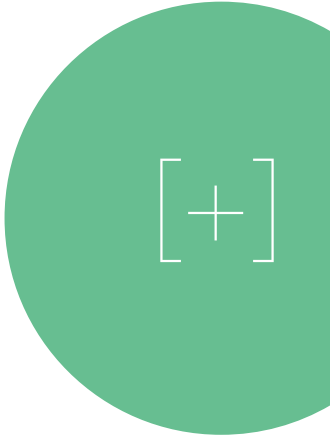
— Mr. Lin Zhangyi, Vice President of the Bank (“Innovation and Practice of Green Finance”, *China Finance*, issue 10 2012)

“Sustainable finance has a more extensive meaning. Any products and services launched and any established system and flow consistent with the sustainable development direction of economy, environment and society is part of sustainable finance.”

— Mr. Tang Bin, the secretary of the Bank’s Board of Directors (“Industrial Bank: Environmental Finance Creates Commercial ‘Blue Ocean’”, quoted from *Low Carbon World*, issue 6 2012)



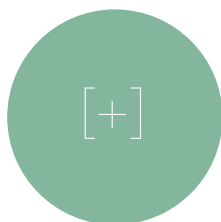
Practice



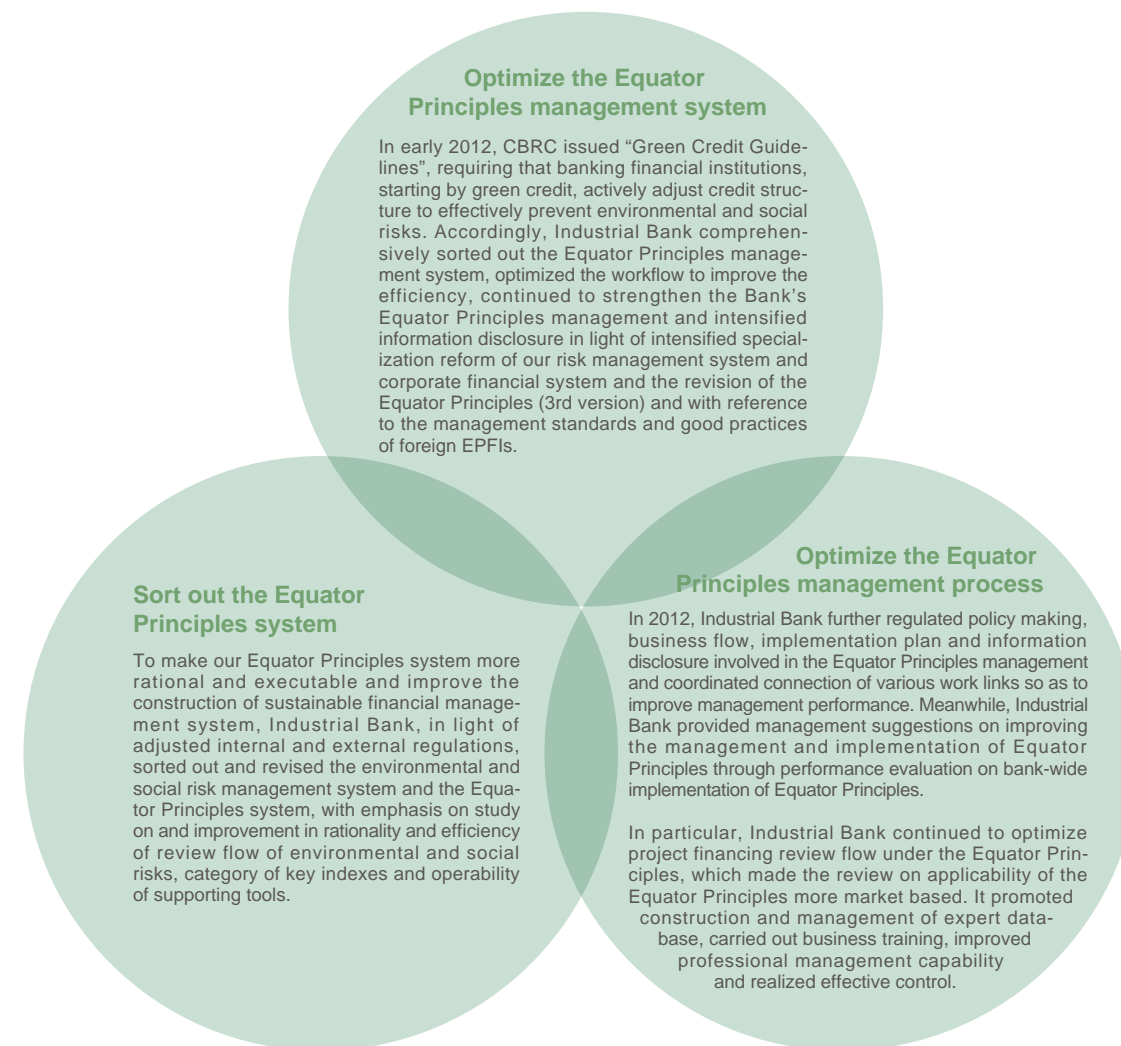


Implementation of the Equator Principles within Industrial Bank

As a set of world-leading environmental and social risk management tools and standards of the financial industry, introduced in 2003 and named based on "taking both south and north into account to balance global interest", the Equator Principles have been adopted and implemented by 78 leading financial institutions from the five continents. The revision work of the Equator Principles (3rd version) started in 2012, which focused on the application of human rights protection and climate change over the risk assessment and management for projects, and was aimed to further enhance the standard of environmental and social risks management in financing projects, to promote the fair and reasonable application of Equator Principles in countries and regions at different developing levels, and to further improve the status of Equator Principles as the "Golden Rule" for environmental and social risk management in the financial industry.



[+] Improve the Equator Principles management mechanism



[+] Continue improving internal professional capability



In 2012, Industrial Bank continued strengthening the construction of internal capability and conducted 74 internal trainings related to the Equator Principles mainly by intensive study, project guidance, training through conference, visit and forum and distribution of handouts for 3,026 people from management institutions including Risk Department and Enterprise Financial Department of branches and frontline staff like customer managers of operating offices.

Case 58: Actively use bank-insurance platform to improve the environmental and social risk management capability

Industrial Bank Hangzhou Branch actively promoted EPFIs, earnestly urged branch offices to conscientiously conduct after-loan management of project financing under the Equator Principles and guided operating offices and reviewers to carry out review and management of project environmental risks by use of the green credit information platform jointly built by Zhejiang Banking Regulatory Bureau and Zhejiang Environmental Protection Bureau to prevent environmental and social risks.

[+] Actively participate in revision of the Equator Principles (3rd version)

In 2012, the Bank, as the first and only EPFI (Equator Principles Financial Institution) in the PRC, actively participated in the revision work of Equator Principles (3rd version) proposed by Equator Principles Association. The Bank fully expressed the opinions of Chinese banking industry and played an active role in promoting the principle, through joining the regional conference call, sending its written comments and feedback for discussion, and attending the annual meeting of Equator Principles. Industrial Bank actively expressed its opinions, based on its own practical experience in business operation and environmental and social management as well as China's conditions.

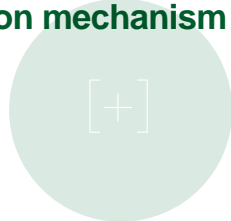
In December 2012, we were invited to send representatives to attend the Equator Principles Annual General Meeting convened in Washington. In light of our experience in implementation of the Equator Principles in recent years and actual conditions of emerging market countries, the staff expressed their own opinions on application of the Equator Principles in high-income OECD countries, increasing factors of climate change and the ways of protecting reporting and transparency. At the meeting, as one of the promoters, Industrial Bank submitted the strategic development proposal together with Asian and Oceanian banks, promoting the regional information exchange, paying close attention on promoting fair participation of EPFIs in different market countries in the Equator Principles affairs, advocating financial institutions in emerging market countries to adopt the Equator Principles and give play to their say. The proposal was unanimously passed by the general meeting in 2012 and the discussion about the medium and long-term development strategy of the Equator Principles was restarted by the Equator Principles Association.

Case 57: Develop refined management mode and increase effects of the Equator Principles training

Industrial Bank Xi'an Branch continued to improve and develop the refined management mode. According to theoretical and actual effects of the Equator Principles, it gave play to the initiatives of sustainable financial functional departments to provide services actively, publicized business concepts via a combination of "one to many" comprehensive training, "one on one" training and visit to operating offices and full guidance and analyzed misconceptions and corrected awareness.

[+]

[+] Improve the interactive communication mechanism



In 2012, Industrial Bank continued to strengthen communication between the Head Office and branches, broaden channels for internal and external communication and promote the dissemination of the Equator Principles and sustainable finance concept by opening up the Equator Principles information exchange on the environmental and social risk management electronic platform, updating and maintaining "Sustainable Finance" column on the official website, preparing *Sustainability Report* and safeguarding the "Industrial Bank Equator Principles micro-blog".

Micro-blog feedback

@Xuan Zhiya: I admire the persistent efforts made by the Industrial Bank in pursuing sustainable development. Currently, financial investment has always been regarded as directly influential on contemporary people and harmful to future generations. As social problems and conflicts triggered by environmental pollution of enterprises become increasingly severe, banks need to build a well-developed system for sustainable development to reduce the harm of investment to the environment and human beings.

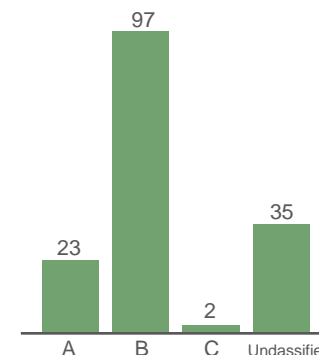
@Ao Manzi: Specifically, the Industrial Bank continued to lead other banks in information disclosure. It disclosed sufficient information about environmental policy and externally proposed information and actively dialogued with the public @ Industrial Bank @ Industrial Bank Equator Principles Micro-blog
 — Comment on #Lastest Posts# *Investigation on Green Credit of 16 Listed Banks* @RoundStone Finance Academy

[+] Promotion of the Equator Principles projects

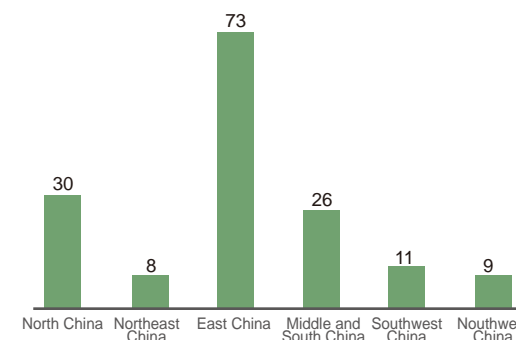
Data of the Bank's Equator Principles projects

As at December 31, 2012, the Bank reviewed a total of 727 projects in relation to the applicability of the Equator Principles and the projects involved a total capital cost of RMB 1,007.7 billion. Among them, there were a total of 157 project loans under the Equator Principles, with a total capital cost of RMB 218.9 billion, involving 154 customers, to which 46 loans have been granted, involving 33 branches of the Bank.

Classification of industrial Bank's project financing under the Equator Principles as of December 31, 2012

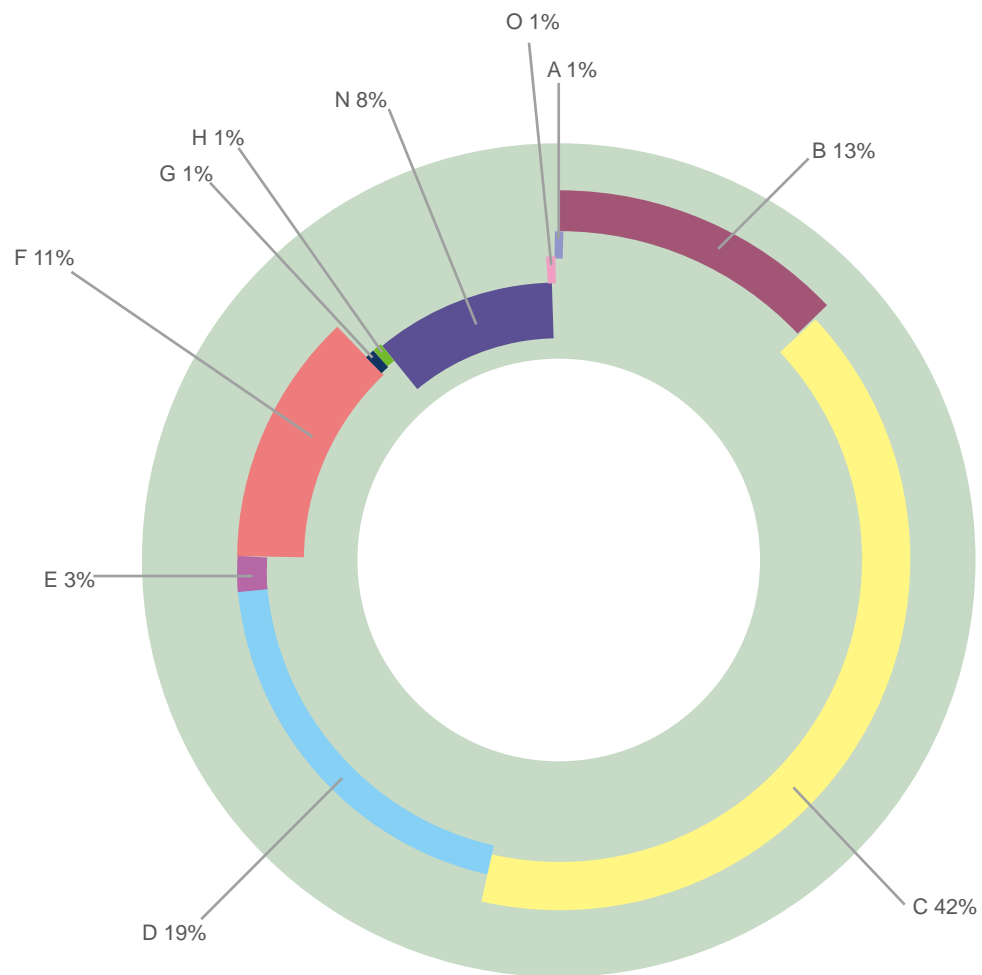


The regional distribution of industrial Bank's project financing under the Equator Principles as of December 31, 2012

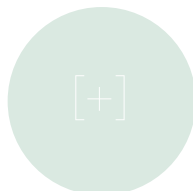


(North China: Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia; Northeast China: Liaoning, Jilin, Heilongjiang; East China: Shanghai, Jiangsu, Zhejiang, Anhui, Fujian, Jiangxi, Shandong; Middle and South China: Henan, Hubei, Hunan, Guangdong, Guangxi; Southwest China: Chongqing, Sichuan, Yunnan, Guizhou; Northwest China: Shaanxi, Xinjiang)

Industries covered by Industrial Bank's project financing under the Equator Principles as of December 31, 2012



A Agriculture, forestry, animal husbandry and fishery	F Transportation, storage and postal industry
B Mining	G Information transmission, computer services and software industry
C Manufacturing	H Wholesale and retail
D Electricity, gas and water production and supply	N Water conservancy, environment and public facilities management industry
E Building industry	O Residential services and other services



Equator Principles project cases

Case 59: The polypropylene project of Shandong Shenda Chemicals Co., Ltd.

About the project

Shandong Shenda Chemicals Co., Ltd. (hereinafter referred to as "Shenda Chemicals") is a member enterprise under Legend Holdings Co., Ltd., specialized in construction and operation of low-carbon MTO project. As per the idea of "safety, high quality and high efficiency", Shenda Chemicals is committed to building technology-leading, well-equipped eco-friendly classic projects. The polypropylene project (hereinafter referred to as "the project") is a key construction project of Shandong Province with total investment of 3.33 billion yuan.

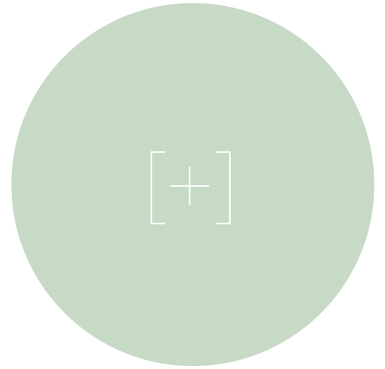
The project, measuring 790 mu (equivalent to 527k km²) in total, will produce by-products such as polypropylene, ethylene and fuel gas. The project is prepared to construct in Lunan Hi-Tech Park, Tengzhou District, Shandong Province and the northwest of the project is 15 km away from Tengzhou downtown and the southeast is 28km away from Zaozhuang downtown.

Customers' recognition of the Equator Principles and Industrial Bank's approach to manage environmental and social risks

In the contact and communication with us, the chief officer in charge of Shenda Chemicals thought high of our sustainable finance and actively provided cooperation and support for us in the environmental and social due diligence.

Actions of the Bank

- Conduct multi-angle, multi-level communication with the customers and interpret the Equator Principles and environmental and social risk management to win consensus.
 - Describe in details about the development of our sustainable finance concept and the strategic considerations of the adoption of the Equator Principles to make customers realize that their management philosophy coincides with ours.
 - Carry out in-depth communication to allow customers to recognize that a comprehensive identification of environmental and social impacts and improvement in enterprise management capability is useful supplement and enhancement to the traditional EIA and ISO management system certification.
- Conduct environmental and social risk assessment, review and monitoring.
 - Classify projects as per the environmental and social sensitivity of the project-related industry and affected communities and potential environmental and social impacts.
 - Engage professional third-party assessment agencies to jointly conduct a due diligence on environmental and social risks.
 - Conduct environmental and social risk review to comprehensively assess the environmental and social impact and risk management of the project.
 - Help enterprises develop a workable *Action Plan*, including 26 action measures such as establishing a social and environmental management system and a community communication system, improving the management of occupational health, and providing enterprises with the building plan of environmental and social management system.
- Include *Action Plan* as a part of loan contract, and commit the enterprise to complete the plan within an agreed period.
- Monitor after-loan environmental and social risks to ensure that the project has observed the *Action Plan* and other requirements of the Bank in the environmental and social risk management.



The Future


As the first and the only EPFI (Equator Principles Financial Institution) in China, Industrial Bank, by starting with adhering to the Equator Principles, kept innovating green finance, and proactively included the pursuit of a harmonious blend of economy, society and environment into its own development objectives and was committed to exploration and practice on sustainable development. In 2012, Industrial Bank undertook corporate social responsibility while fully considering the demands of multiple interest entities and was widely recognized by customers and stakeholders including investors for its good performance in economic, environmental and social responsibilities.

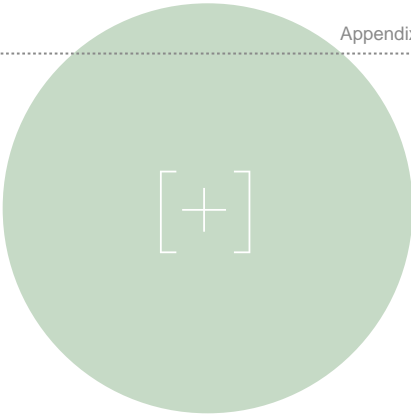
In the coming year, the Industrial Bank will, by constantly and actively promoting social responsibility and sustainable development concept, provide quality financial products and services for the public, which kept improving customer satisfaction and trust and expanding its customer base. The Bank will create value for shareholders and bring with continuous and stable returns for investors by exploring differentiated competitive advantages. With its unique role in resources allocation and control, Industrial Bank will provide impetus for industry restructuring and coordinated development of all regions, and support medium, small and micro enterprises. It will also serve "agriculture, rural areas and farmers" and will pay attention to the construction of people's livelihood, in order to meet the needs of China's economic development. In addition, the Industrial Bank will actively participate in community welfare activities and advocate the environmental protection idea and organize diversified community services and volunteer activities so as to build a harmonious society. In the coming year, the Industrial Bank will take a great leap forward and sing "Beautiful China" aloud, making contributions, as a financial service provider to the new urbanization drive.



APPENDIX

Major events of sustainable development (2012)

- 
- On January 4** Industrial Bank's sustainable financial center was upgraded to sustainable finance department.
- In early January** Industrial Bank's first project to voluntarily apply the Equator Principles – Jingbian Xilan Liquefied Natural Gas Integrated Utilization Project was successfully implemented in Xi'an.
- On February 24** Mr. Li Renjie, President of Industrial Bank visited Xie Zhenhua, vice minister of the NDRC and discussed about financial cooperation in energy conservation, environmental protection, comprehensive utilization, etc.
- On February 24** Industrial Bank was invited to deliver keynote speech at the press conference and seminar of "Green Credit Guidelines" hosted by CBRC.
- In March and August** Industrial Bank hosted two "Carbon Financial Salon" activities to optimize development ideas and drive the rapid and harmonious development of low-carbon economy.
- During May 16-17** Mr. Li Renjie, President of Industrial Bank was invited to attend "Green Credit Forum of Emerging Market Countries" jointly held by CBRC and International Finance Corporation (IFC) in Beijing, and delivered a keynote speech as a representative of the banking industry.
- On May 16** *China Finance* magazine published the article "Innovations and Practices of Green Finance" written by Mr. Lin Zhangyi, Vice President of Industrial Bank.
- In May and August** Industrial Bank was invited to attend Phase 1 & Phase 2 "Advanced Seminar on Sustainable Development of Green Finance and Banking Industry" hosted by China Banking Association and the Bank, as a teaching institution, introduced its practices in sustainable finance development during the seminars.

- 
- In May** Industrial Bank held "Origin of Green Finance" activity in Xiamen to introduce the Bank's practices of sustainable finance like green finance and Equator Principles to journalists from all mainstream media.
- On June 11** Industrial Bank was invited to send representatives to attend the 6th China International Private Equity Forum in Tianjin, and signed a strategic cooperation agreement with Tianjin Climate Exchange.
- In July** *Low Carbon World* interviewed Mr. Tang Bin (secretary of the Board of Directors) and Mr. Liang Pingrui (general manager of sustainable finance department) on green finance, and published a cover report "Industrial Bank: Environmental Finance Creates a Commercial Blue Ocean in Low-carbon Age".
- In July** Industrial Bank was invited to send representatives to deliver a speech titled "Green Finance Boosts Green Economy" on the "Environment Summit" hosted by *China Business News* in Beijing.
- In August** the article "Exploration and Practice in Green Finance of Commercial Banks" written by Mr. Li Renjie (President of Industrial Bank) was included in the book "Green Economy in China", which was published in August.
- On September 10** Industrial Bank was invited to address the forum themed "Green Finance Promoting Green Economy" jointly hosted by ten NGOs including the Green Watershed, Friends of Nature, Green Earth Volunteers and Global Environmental Institute.
- In September** Industrial Bank was listed in the "Hang Seng Corporate Sustainability Index Series" for third consecutive years, and covered into constituent stocks of "Hang Seng (China A) Corporate Sustainability Index", "Hang Seng (Mainland and HK) Corporate Sustainability Index" and "Hang Seng (China A) Corporate Sustainability Benchmark Index".
- On December 21** NGOs such as Green Watershed, Fujian Environmental Protection Society and Green Earth Volunteers carried out on-spot interviews with the Bank in respect of implementation of its green credit policies and Equator Principles.

Industrial Bank in the eyes of the public (2012)

January

- Industrial Bank won the Golden Tripod Award "Best Research and Development Team of Private Banks 2012" sponsored by *National Business Daily*.

March

- Industrial Bank won the best award for promoting the series campaigns of "financial literacy" organized by China Banking Association.
- On the list of "Global Top 500 Financial Brands in 2012" released by the British magazine *The Banker*, Industrial Bank ranked No. 97 with a brand value of US\$1.571 billion, rising 3 ranks over last year, and the Bank again became one of the global top 100 financial brands.
- Industrial Bank was awarded the "Best Broker Research Report Rating of Haixi Listed Companies" in the Election of 2011 Finances and Economic Ranking organized by "cnfol.com".

April

- On the 2012 *Forbes* List of global 2,000 leading companies, Industrial Bank ranked No. 243 (vs. No. 299 in 2011).
- Industrial Bank was honoured as "Institute with Excellent Performance in Handling Personal Credit Reference 2011" by the Credit Reference Centre of PBC.

May

- In the appraisal of "China's Financial Innovation Award" hosted by *The Banker* magazine, Industrial Bank won the "Best Innovative Financial Services Award" and "Best 10 Innovative Financial Product Award". Meanwhile, the activity held by the Bank's Credit Card Center won the "China's Top 10 Financial Brands Marketing Award".
- Industrial Bank was named one of the "Top 100 Chinese Listed Companies in Market Value Management" at the 6th Summit on Market Value Management of Chinese Listed Companies.
- The Board of Directors of Industrial Bank was accredited with the Excellent Board of Directors Award at the eighth Gold Round Table Appraisal Event of Chinese Boards of Listed Companies organized by the *Directors & Boards* magazine.

June

- In this year, Industrial Bank was the top enterprise in terms of social contribution value per share (RMB 9.8) and increment (year-on-year growth of 69.04%) in the comprehensive assessment on social responsibilities of 16 listed banks conducted by the *Securities Times*.
- The Board of Directors of Industrial Bank was named one of the "2012 Best Board of Directors of Chinese Main Board-Listed Companies (Top 30)" in the Election of Best Board of Directors of Chinese Listed Companies hosted by *MoneyWeek*.
- At the conference of releasing the 2011 CSR Report for *Chinese Banking Industry* and award ceremony of social responsibilities held by China Banking Association, Industrial Bank won the "2011 Best Financial Institution of Social Responsibility Award" and the "Best Green Finance" presented by the Chinese banking industry. In particular, the Qinxian Sub-branch of Industrial Bank Taiyuan Branch won the "2011 Best Social Responsibility Award for Banking Outlets with Special Contribution".
- Industrial Bank was accredited as "Carbon-saving Pioneer Enterprise" in "Top 10 Brands Leading the future of China" organized by *China Times*.
- At the 6th "Sincere Trust" Election hosted by *Shanghai Securities News*, China Industrial International Trust Co., Ltd. won "Sincere Trust • Growth Advantage Award"; "Industrial Trust • Chengrui Phase 1 Securities Investment Collective Capital Trust Plan" won "Sincere Trust • Value Trust Product Award".

July

- According to the Ranking of Global Top 1000 Banks 2012 released by the British magazine *The Banker*, Industrial Bank kept moving up at a fast rate, ranking No. 69 around the world in terms of Tier 1 capital, up by 14 over the last year; and ranking No. 61 in terms total assets, up by 14 over the last year.
- According to Appraisal Report on the Competitiveness of Chinese Commercial Banks in 2012" released by Chinese magazine *The Banker*, Industrial Bank ranked No. 7 in terms of core competitiveness among all national commercial banks, and ranked No. 5 in terms of financial assessment considering the five dimensions "asset, risk, capital, profits and liquidity", and also won the prize of "Best CSR Performer of the Bank".
- On the list of "Top 100 Most Valuable Chinese Brands 2012" released by Hurun Research Institute, Industrial Bank ranked No. 52 (up 4 places from 2011), with brand value of RMB 10 billion (up RMB 1 billion over last year).
- In the ranking of Top 500 Chinese Enterprises released by *Fortune* (Chinese version), Industrial Bank ranked No. 78, up by 6 over the previous year.
- Industrial Bank won "China's Top 100 Listed Company Golden Bull Award 2011" at the 14th (2011) Golden Bull Award for Listed Companies hosted by *China Securities Journal*.
- Industrial Bank was awarded the title of "2011 Top 100 Most Valuable Chinese Main-board-Listed Companies" in the Election of 2011 China's Valuable Listed Companies hosted by *Securities Times*.
- Industrial Bank won "2012 Best Investor Relations Risk Management Award" in the Election of 2012 Risk Management of Chinese listed companies (Golden Shield Award).

August

- In “China’s Corporate Social Responsibility Election” at the “4th China’s Corporate Social Responsibility Award Ceremony” hosted by *Sothorn Weekly*, Industrial Bank ranked No. 14 (top among joint-stock commercial banks) in “2011 Ranking of Listed State-owned Enterprises by Corporate Social Responsibility”, and No. 2 in “2012 Corporate Social Responsibility Report Award”.
- At the Summit on Wealth Management Cooperation and Development and the Fifth Award Ceremony of China Outstanding Trust Companies sponsored jointly by Securities Times and New Fortune, China Industrial International Trust Limited was honoured as “2011 China Outstanding Trust Company”; and “Industrial Trust • BF Phase 2 (Xingzhou) Portfolio Fund Trust Plan” won the prize of “2011 Best Trust Plan for Securities Investment”.

September

- On the list of “Top 500 Chinese Enterprises” released for the 11th time by China Enterprise Confederation and China Enterprise Directors Association, Industrial Bank ranked No. 95 (vs. No. 193 in 2011) among Chinese enterprises.
- Industrial Bank’s innovative product – EMC Dedicated Financing Product won “2012 Excellent Innovative EMC Green Finance Financing Product Award” from ESCO Committee of China Energy Conservation Association.
- Industrial Bank ranked No.1 among the 16 listed Chinese-funded banks on the *Green Credit Performance Ranking of Listed China-funded Banks (2008-2011)* released by ten NGOs, including Green Watershed, Friends of Nature, Green Earth Volunteers and Global Environmental Institute.
- The Policy Research Center for Environment and Economy of the Ministry of Environmental Protection released the “2012 China Green Credit Annual Report”, where the green credit performances of the top 50 Chinese banks with the greatest market values in 2010 were ranked. Industrial Bank was at the top of the ranking and the only bank rated as Class A (above 80 points).
- Industrial Bank won the “Best Public Image Award” and the “Best Sustainable Investment Value Award” in the 7th “Chinese Securities” Survey of Competitiveness and Trustworthiness of Chinese Listed Companies.

October

- Industrial Bank was accredited as the “Best Listed Company of Social Responsibility Award” in The Reputation List of China Public Companies released by *National Business Daily* for the second consecutive year.
- Industrial Bank won the “Prize of Best Investor Relations of Listed Company Achievement Award” in the Election of “China Business Network • China Capital Annual” in 2012.
- Industrial Bank’s 2011 *Social Responsibility Report* was rated AA at the 4th A-share Listed Company CSR Information Disclosure Report Summit Forum and Listed Company SCR Report Rating Unveiling Ceremony, themed on “What Future Looks Like”, co-hosted by Rankins CSR Ratings, SGS-CSTC Standards Technical Services Co., Ltd. and China Institute of Social Responsibility at Beijing Normal University.
- Industrial Bank won four awards: “Best Online Banking Award”, “Best Financial Management Enterprise Award”, “Best Cash Management Brand Award” and “Best Green Bank Award” at “2012 The Asset World” Chinese Financial Innovative Enterprises Forum hosted by CFO (magazine) and the 6th Election of Chinese CFO’s Most Reliable Bank.
- Industrial Bank won the “Best Capital Business Bank Award” and the “Best Interbank Business Award” in the Election of “2012 Innovative Banks” held by *Global Entrepreneur*.

November

- Industrial Bank was honoured as the “Best Precious Metal Service Bank of 2012” at the “Game • Transformation • Connection – Gold Market Summit Forum 2012” and Award Ceremony of 2012 Finance Billboard – Gold Industry by Hexun.com.
- Industrial Bank won “China Banking Excellent Customer Service Center Comprehensive Demonstration Unit Award” and “China Banking Outstanding Customer Service Center Contribution Award” by China Banking Association.
- Industrial Bank was honoured as the “Leading Enterprise of Internal Audit” by China Institute of Internal Audit in the Election of “State-owned Enterprise Sailing, Internal Audit Escorting – Internal Audit Achievement Exhibition of State-owned Enterprises”.
- Industrial Bank was the only winner of “Carbon-Value Social Citizen Award” at the Fifth World Economic and Environmental Conference jointly sponsored by United Nations Industrial Development Organization (UNIDO), United Nations Educational, Scientific and Cultural Organization (UNESCO) and International Energy Conservation Environmental Protection Association (IEEPA).
- Industrial Bank won the “Custody Bank with the Best Cooperation Value” and “Best Supply Chain Financial Service Award” at 2012 CFV held by *China Business News*; China Industrial International Trust Co., Ltd. was honoured as the “Most Competitive Trust Company in 2012”; “Industrial Trust • Changjin – Zhongkezi No. 1 Securities Investment Collective Capital Trust Plan” issued by the Bank was honoured as the “Most Valuable Product for Investment”.
- Industrial Bank was recognized again as the “Best Custodian Bank 2012” in the 10th China Finance Billboard in 2012 by Hexun.com.
- Industrial Bank ranked No. 3 among top 100 private enterprises in Social Responsibility Development Index in the *Blue Book of Corporate Social Responsibility 2012* issued by Chinese Academy of Social Sciences.
- The Bank was accredited with the “2012 Financial Institutions with Outstanding Competitiveness in Social Responsibility”, “2012 Financial Service Banks with Outstanding Competitiveness in Supply Chains”, the “2012 Financial Service Bank with Outstanding Competitiveness for MSEs”, and the “2012 Bank with Outstanding Competitiveness in Risk Management” Award in the fourth Award for Financial Institutions with Outstanding Competitiveness.
- Industrial Bank won the “Low Carbon Pioneer Enterprise Prize” and “Best Climate Officer” co-organized by *21st Century Business Herald* and Institute for Urban and Environmental Studies Chinese Academy of Social Sciences.
- Industrial Bank won the “Green Finance Award” in the appraisal of “Green Medal Prize” held by *China Business News*.
- Industrial Bank won “2012 Best Innovative Marketing Case Award” at 2012 Innovative Marketing Summit held by *V-Marketing Magazine* of SEEC Media Group Limited.
- Industrial Bank won the Golden Tripod Award at the 8th (2012) Annual Conference of the Securities Market in China.
- Industrial Bank ranked among the top 20 Asian banks in competitiveness elected by *21st Century Business Herald*, and was named “2012 Best Bank for Supply Chain Financial Service in Asia”

December

- Industrial Bank won “Annual Bank with Outstanding Custody Service” at the 2011-2012 Chinese Outstanding Finance Prize of Economic Observer Newspaper .
- On the “2012 Eastern Wealth Ranking”, Industrial Bank was honoured with “Best Bank of Social Responsibility Award 2012”, “Best Mobile Banking Award 2012” and “Best Bank for Precious Metal Trading Platform Award 2012”.
- On the list of “2012 China’s Best Brand Value List” released by Interbrand (a world leading integrated brand strategy consulting and designing company), Industrial Bank ranked No. 23 with a brand value of RMB 8.469 billion, grew by 26% comparing with last year, representing an increase ranking front among all listed enterprises.
- The personal internet banking of Industrial Bank won the “Best User Experience Award for Internet Banking” at the “2012 China Electronic Banking Conference and Awarding Ceremony for China Annual Gold List of Electronic Banking” held by China Financial Certification Authority (CFCA).
- Industrial Bank was honoured as the “Most Innovative Bank of the Year” at the “Award Ceremony of 2012 Chinese Financial Institutions Gold Medal List • Golden Dragon Award” co-sponsored by Financial News and the Institute of Finance and Banking of the Chinese Academy of Social Sciences.
- Industrial Bank won the “Best Growing-potential Private Bank Award” of “Golden Cicada Award” issued by China Times.
- In the Election of “Most Respected Bank and Best Retail Bank 2012” hosted by MoneyWeek, Industrial Bank was honoured as “2012 Most Respected Bank in China”, “2012 China Top 10 Best Retail Banks” and “2012 Best Investment & Management Team of Bank in China”; Industrial Bank’s Phase-12 Wanlibao Private Banking RMB Financing Products were awarded as the “2012 Top 10 Bank Financing Products in China”; Industrial Bank’s “Sesame Blooming” was honoured as “2012 Best Financial Service Brand of Small and Micro Enterprises in China”; Industrial Bank’s credit card was honoured as “2012 Top 10 Most Popular Credit Card Brands in China”.
- Industrial Bank received its second “Award for Best Board of Directors” at the “11th China Corporate Governance Forum” hosted by Shanghai Stock Exchange and The Listed Companies Association of China with the support of the State-owned Assets Supervision and Administration Commission of the State Council and the Organization of Economic Co-operation and Development (OECD).
- Industrial Bank won the award “Most Popular Listed Company Website Among Investors” in the 4th Election of Outstanding Websites of Listed Companies in China co-organized by Securities Times Newspaper and STCN.
- Industrial Bank won the “Green Finance Award for Listed Companies in China” at the “Award Forum of Top 100 Most Environmentally Responsible Listed Companies in China, titled Open A New Era of Ecological Civilization”, held in Beijing.
- Industrial Bank was honoured as “National Collective Role Model for Emission Reduction” in “Decision of Commending National Energy Conservation and Emission Reduction Advanced Collective and Individual During the 11th Five-Year Plan Period” jointly released by National Ministry of Human Resources and Social Security, National Development and Reform Commission, National Ministry of Environmental Protection and National Ministry of Finance.

January 2013

- Industrial Bank won the “Most Promising Private Bank Award” and “Best RMB Financing Product Award” in “2012 Gold Financing Awards” sponsored by the Shanghai Securities Newspaper.
- Industrial Bank was named one of the “Top 10 Brand Banks in 2012” at the 10th China’s Financial Annual Champion Awards sponsored by Hexun.com, the Stock Exchange Executive Council (SEEC) and other organizations.
- At the 2012 Financing Industry Innovation and Development Summit Forum and “Lead the Chinese Advance” Election held by JRJ.com, Industrial Bank won the “Best Bank Award”, “Best Innovation Award” and “Most Social Responsible Award” in Comprehensive Class; the “Best Innovation Award” in Retail Banking Class; the “Best Innovation Award” in Financing Product Class; the “Best Growing-potential Award” in Cash Management Class; the “Best Innovation Award” in Electronic Banking Class; the “Best Service Award” in Credit Card Class; the “Most Promising Award” in Private Banking Class; China Industrial International Trust Co., Ltd. (the subsidiary of Industrial Bank) was honoured as the “Best Trust Company”.

GRI index (version 3.1)

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3.2	Date of most recent previous report (if any).	1
3.3	Reporting cycle (annual, biennial, etc.)	1
3.4	Contact point for questions regarding the report or its contents.	1
3.5	Process for defining report content.	1,21-22
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	1
3.7	State any specific limitations on the scope or boundary of the report (see completeness Principle for explanation of scope).	1
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	1
Corporate Governance		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	3-4
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	3-4,11-16
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	3-4
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	55-56,98

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4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	11-134
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	17-24
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	30
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	120
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	120
4.14	List of stakeholder groups engaged by the organization.	21-22
4.15	Basis for identification and selection of stakeholders with whom to engage.	21-22
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	17-24,43-134
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	17-24,38,43-134
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EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	2-6,43-94,134
EC3	Coverage of the organization's defined benefit plan obligations.	98
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	76-78,106-114
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	17-24
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EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	81-91
EN16	Total direct and indirect greenhouse gas emissions by weight.	85-94
EN17	Other relevant indirect greenhouse gas emissions by weight.	85-94
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	85-94
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	81-94,125-132

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LA1	Total workforce by employment type, employment contract, and region broken down by gender.	97
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LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	97
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Additional Index of Financial Industry		
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FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities.	38,81-94,125-132
FS6	Percentage of the portfolio for business lines by specific region, size (e.g.micro/SME/large) and by sector.	43-94,125-132
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	43-94,125-132
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Links to news of sustainable development

Economic Daily: "Green Finance" Boosted the Construction of a Beautiful China

<http://finance.sina.com.cn/roll/20121221/071914074791.shtml>

Securities Times: Gao Jianping, Chairman of Industrial Bank: Philology-based Leapfrog Development

http://epaper.stcn.com/paper/zqsb/html/epaper/index/content_433730.htm

MoneyWeek: Gao Jianping of Industrial Bank: Improve Corporate Governance to Boost the Sustainable Development of the Bank

http://www.cib.com.cn/netbank/cn/About_IB/Whatxs_New/20121019_3.html

Board of Directors: Li Renjie: "Survival of the Fittest" During the Transformation of Banks

<http://finance.jrj.com.cn/people/2012/05/16162213147585.shtml>

Green Economy in China Corpus: Exploration and Practice of Green Finance in Commercial Banks

http://www.chinareform.org.cn/Economy/finance/Practice/201106/t20110601_111926.htm

People: Industrial Bank: Increasing Percentage of Non-loan Financing in Green Finance

<http://finance.people.com.cn/bank/GB/17905052.html>

Yicai net: From Green to Finance, Industrial Bank's Credits to Low-carbon, Recycling and Eco-economy

<http://www.yicai.com/news/2012/08/2030975.html>

21st Century Business Herald: Taking the Future Usufruct as the Pledge, Industrial Bank Released the Energy Performance Contracting Financing

<http://www.21cbh.com/HTML/2012-12-24/5NNDE3XzU5MDk5NA.html>

National Business Daily: The Green Finance Path of Industrial Bank Laying Equal Stress to Social Benefits and Economic Interests and Proposing Differentiated Regulation

<http://www.nbd.com.cn/articles/2012-10-24/690521.html>

China Finance: Innovation and Practice of Green Finance

<http://www.cnki.com.cn/Article/CJFDTTotal-ZGJR201210026.htm>

China Times: Industrial Bank Upheld Green Finance as an "Engine" of Sustainable Finance

<http://finance.sina.com.cn/roll/20120704/225212479988.shtml>

Xinhua net: Industrial Bank Worked Again with IFC on Supporting Energy Conservation and Emission Reduction in Underdeveloped Regions

http://news.xinhuanet.com/2012-12/14/c_124095556.htm

People: Industrial Bank: "From Green to Finance" Sustainable Finance Road

<http://finance.people.com.cn/bank/n/2012/1031/c202331-19454489.html>

Xinhua News Agency: The First Voluntary Equator Principles Project Landed in China

<http://news.sohu.com/20120115/n332235015.shtml>

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