

# 2018 Annual Sustainability Report

● INDUSTRIAL BANK CO.,LTD.

● Sustainability is not just about environmental, social and economic issues; it also has a cultural dimension.

● INDUSTRIAL BANK CO.,LTD.

Annual Sustainability Report 2018

 兴业银行  
INDUSTRIAL BANK CO.,LTD.

 兴业银行股份有限公司  
INDUSTRIAL BANK CO.,LTD.

Bearing creates value Sharing breeds advance



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2018 Annual Sustainability Report of  
Industrial Bank Co.,Ltd. is printed with  
FSC-certified paper.

# Declaration

## Notice

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

## Report name

"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.

## Reporting period

The reporting period was from Sunday, January 1, 2018 to December 31, 2018. The time frame of part of the contents extended beyond the period above.

## Reporting cycle

This report is an annual report.

## Organizational scope of the report

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

## Designations

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

## Basis of compilation

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

released by China Banking Association, and with major reference to relevant contents of the following documents:

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

## Data in the report

Part of financial data in this report originated from the Company's 2018 financial report and part of the data included data from previous years without material changes on the data acquisition and calculation methods. Unless otherwise stated, currency data in the report are in RMB.

## Report availability

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

## Priority of language

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

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# CONTENTS

- 3 / Chairman's Statement
- 5 / President's Report

## 9 / Management

- 11 / Overview of IB
- 15 / Topic: Key Topic— Enhancement of Interaction between Stakeholders
- 21 / "Integrating Righteousness into Profitability" and Promote Development via Sustainable Development Strategies
- 23 / "Succeed Compliantly" and Enhance Risk and Compliance Internal Control Management

## 29 / Development

- 31 / Returning to the Origin and Serving the Real Economy
- 36 / Topic: Pooling Strength and Boosting the Private Economy
- 40 / Diversified Finance and Drives the Opening-up of the "Belt and Road"
- 42 / Creating the Value and Sincerely Repaying the Shareholders
- 43 / Being Customer-centric and Comprehensive Protection of Consumer Rights
- 49 / Topic: Focusing on Customers and Upgrading Consumer Rights Protection
- 51 / Promoting the People's Livelihood and Innovation-driven Development of Inclusive Finance

## 63 / Environment

- 65 / Forward-looking Early Warning Continues to Enhance Environmental and Social Risk Management
- 67 / Professional safeguarding — Green finance promotes high-quality development
- 71 / Topic: Various Service Offered for Green Development
- 75 / Ecological Harmony and Green Operation
- 77 / Green to Gold: A Lifestyle

## 79 / Return Community

- 81 / Topic: A Path of Equality with Five Dimensions of Targeted Poverty Relief
- 85 / A journey of a thousand miles begins with a single step. There is a long way to popularize financial knowledge
- 87 / Great Love Knows No Boundary and Three-in-one to Public Welfare and Charity
- 91 / Grow Together and Culture Co-building Focusing on Staff Rights and Interests

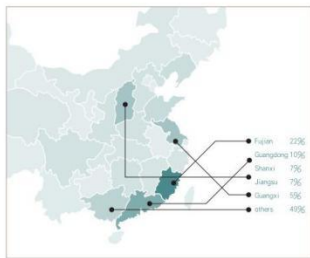
## 97 / Practice

- 99 / The 15th Year of Equator Principles, the Gold Standard that Leads Sustainable Development of Global Financial Industry
- 101 / Topic: Ten Years' Experience of Being an Equator Bank Helps IB Green to Gold
- 103 / IB's Implementation of the Equator Principles

## 105 / The Future

## 108 / Appendix

- 108 / Some Honors of the Bank in 2018
- 109 / GRI Standards Content Index
- 114 / Reader's Feedback Form



15 Key Topic—Enhancement of Interaction between Stakeholders



36 Pooling Strength and Boosting the Private Economy



49 Focusing on Customers and Upgrading Consumer Rights Protection



71 Various Service Offered for Green Development



81 A Path of Equality with Five Dimensions of Targeted Poverty Relief



101 Ten Years' Experience of Being an Equator Bank Helps IB Green to Gold



## Chairman's Statement

2018 is the fortieth anniversary of China's reform and opening up, as well as the thirtieth anniversary of the establishment of the Bank. From the beginning of "to explore the way for financial reform and to make contribution to economic development" to the initial stage of "to build a genuine commercial bank", again to the rapid development phase of "to establish a national modern commercial bank", then finally to today's "to construct a first-class bank, a long-flourishing IB", the Bank has become a mainstream banking group in China. The common ideal and pursuit of the Bank's personnel has always been to serve the country, to improve the people's livelihood, to return to the society, and to dedicate themselves to the rise of the national financial industry. We have never failed to live up our youthful dream and always remember the tasks rested on our shoulder nowadays.

### Change, Pioneer and Innovate Due to the Situation

In the past thirty years, we have been close to the pulse of the development of the times. For every major reform and innovation of the domestic banking sector, we have always been the first group of practitioners, which not only has promoted the rapid development of our own, but also has created an individual model that the world pays close attention to. This provides a vivid practice and valuable experience for China to establish and improve the financial institution system, market system and institutional system, as well as to enhance the international competitiveness of the financial industry.

In the face of tremendous and profound changes in the internal and external environment in the new period, we have formed and vigorously implemented the strategy of 1234 in time, enabling the Bank to maintain stable and healthy development, and to create considerable value returns for shareholders. We have adjusted and optimized our business structure, continued to expand the financial supply, and continuously improved the quality and efficiency of the services to real economy. We have vigorously innovated due to market changes and customer demands, and maintained a good development trend of advantageous businesses.

### Vitalize the Bank with Services in a Customer-oriented Way

The essence of finance is services industry. The first section of the corporate culture of the Bank is "Sincere Service, Growing Together". Besides, one of the Bank's four business strategies is "Vitalize the Bank with Services". At the beginning stage of the Bank, we have advocated to welcome customers with smiling faces, starting from scratch in the period of rapid economic development in China. We have actively integrated into the era of China's reform and opening up, resonated with China's economy, fully mobilized internal resources to meet the full range of financial needs of customers.

In 2018, we not only have deepened the reform of systems and mechanisms, further shifted from "product-oriented" to "customer-oriented", improved the institutional layout by continuously building smart outlets and thousands of best outlets, but also standardized service charges, continuously improved the quality and efficiency of services to the real economy, especially private enterprises and small- and micro-sized enterprises, promoted the deep integration

of finance and technology, and successfully launched a new generation of credit card business system.

### Success as a Result of Strict Governance and Compliance

The Bank has always adhered to the basic strategy of strict governance, and maintained sound development among peers. We have always regarded the regulatory policy as a navigator and the regulatory inspection as a booster. Following the idea of Profit Compliantly and Succeed Compliantly, we have strengthened the business culture of compliance, soundness and prudence, further defined the bottom-line requirements and comprehensively strengthened risk management.

In 2018, we have become one of the mainstream banks with the largest number of professional institutions for risk management and internal control compliance, the highest proportion of personnel, the most realistic classification, the most adequate provision and the lowest non-performing assets.

### Integrating righteousness into profitability, Profit from Green Finance

Ten years ago, the Bank became the first Equator Bank in China, integrating environmental and social risk management into whole process of business management and further promoting the development of green financial business. From the initial promotion of energy efficiency financing, to the establishment and improvement of a group-based, multi-layered, comprehensive green financial product service system which covered trust, leasing, funds, wealth management, we have provided green financing of over RMB1.7 trillion accumulatively, served tens of thousands of customers, and become a typical representative of China in the international arena of green financial development.

At the same time, we have continuously cut a new path for enterprises to fulfill their social responsibilities, created a number of eldercare finance, Bank-to-Bank Platforms, community banks and other mature business models that practice social responsibility in products and services. We have also vigorously developed inclusive finance and the Bank's poverty alleviation projects have won praise frequently. Love, charity and warmth have always been reflected in our practice.

IB stands firm at thirty, and the flame of our cause will spread from generation to generation. The new era calls for us to undertake the mission entrusted by history, always take social responsibility, stick to the green concept, unswervingly build a first-class financial service group trusted by customers, loved by shareholders, respected by peers, and move towards the grand goal of "to construct a first-class bank, a long-flourishing IB".



Gao Jianping, Chairman



## President's Report



Tao Yiping, Director, President

In 2018, IB ushered in the thirtieth anniversary of its establishment. We have vigorously inherited and promoted excellent culture, actively responded to changes in the business environment, achieved stable and healthy development, and made active efforts to enhance economic and social progress and people's lives.

### Take the Business Management to a New Stage

We have served the real economy, enhanced accountability, and set foot on the road to high-quality development. By the end of 2018, the total assets of the Industrial Bank has reached RMB6.71 trillion, an increase of 4.59% year-on-year. NPL ratio was 1.57%, down 0.02 percentage point from the end of the previous year. The Group's asset quality and risk resilience were stable at a relatively good level in the industry. The market position and social image of the Bank have steadily climbed, ranking 26th and 28th respectively in the 2018 Global Bank 1,000 list of THE BANKER in terms of tier-1 capital and total assets, and reaping many honors such as Asian Excellent Commercial Banks and The Best Joint-stock Banks in the Year.

### Achieve New Breakthroughs by Strategic Transformation

The Bank has actively responded to major changes in the external environment and gradually explored and formed the strategic system of 1234. We have applied our innovative genes to seek development, and strengthen innovation of products, adhere to the customer as the center, actively create new products around customer needs, launch new businesses, open innovation space, and continuously consolidate and improve the traditional advantages to be good at innovation of our industry. We have highlighted innovation in science and technology, leveraged financial science and technology to empower development, strengthened the analysis and application of big data, empowered precision marketing, fine service, intelligent risk control, and intelligent operation, and built a new engine for sustainable development.

At the same time, we have continued to strengthen the operation of the inspection and supervision system, optimized the remediation of problems and accountability, promoted the improvement of the risk and internal control compliance system and the landing of the management culture of Win Compliantly in combination with the implementation of the series of activities of Voyage. We have also continuously built a long-term mechanism for compliance internal control of the group, enhanced the leading and safeguarding role of compliance in the business, and escorted the deepening of reform and the realization of strategic transformation and development under the new normal state.

### Serve Families and Countries with New Results

We have cultivated in green finance. The Bank has formed a group of green financial products and service systems to provide customers in the energy conservation and environmental protection industry with a complete range of green products and services. By the end of

2018, the Bank has accumulatively provided RMB1,762.4 billion of green financing for 16,862 enterprises, with a financing balance of RMB844.9 billion. The projects supported by the Bank can facilitate the country to save 29.79 million tons of standard coal and reduce carbon dioxide by 84,168,700 tons annually in China, contributing to environmental protection of IB motherland.

We support the industry of people's livelihood. We vigorously promote the development of smart campus in education industry and support the development of national education; we proactively participate in endowment insurance and the reform of pillar III, and endow more competitive connotations with "Enjoyable Life"; taking advantage of mobile Internet technology, we have established professional service teams covering medical insurance, medical treatment and drugs to support innovative medical services and help hundreds of hospitals to launch products of Wise Information Technology of 120, benefiting more than 12 million patients.

We care about inclusive finance. Centering on the basic strategy of "targeted poverty relief and targeted poverty alleviation", we give full play to networks, funds and professional strengths and improve the breadth, deepness and accuracy of financial poverty alleviation from the five dimensions, namely products, industry, channels, education and fixed points. As at the end of 2018, the loan outstanding for targeted poverty relief of the Bank was RMB7.517 billion, an increase of RMB1.981 billion compared with that at the beginning of the year, meanwhile, the Bank focus on the public welfare and charity mechanism integrating "supporting poor students via donation", "disaster relief" and "support the poor". In 2018, the Bank donated approximately RMB37 million in total, an increase of RMB16 million compared with that of the previous year.

The new year is the 70th anniversary of our great mother country. We will keep following the leadership of the Party closely, enhancing our professional capabilities, and serving real economy; improving our operation capabilities in risks and adhering to the belief of "Succeed Compliantly"; sticking to our dream and practicing the social responsibility of "Integrating righteousness into profitability"; and shouldering the great mission endowed by the country regardless of difficulties.

Tao Yiping, Director, President





**Chen Jinguang, Director, Vice President**

The Bank has established the Consumer Protection Committee and Consumer Protection Service Steering Group successively to continuously improve the organizational structure and policy development of the Head Office and branches, enhance product access and sales management, regulate customer service, protect customer information security strictly, enhance compliant management, and strengthened public education. Moreover, the Bank has included the results of consumer protect assessment in the comprehensive operation assessment system of branches. Therefore, the level of consumer protection has been improving.



**Li Weimin, Vice President**

Banking institutions should keep improving the professional capabilities of operation in risks, consolidate the basis for internal control compliance management, strive to balance the relationship between "stable growth" and "risk prevention", take the lead in assisting business departments in making better decisions, guide reasonable allocation of credit resources, shift risk management from control and supervision to value creation and truly achieve sustainable development.



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

IB has many titles in green finance, such as the first Equator Bank, the most sustainable bank recognized by international organizations and the largest financial bond issuer in green finance, which shows the spirits and social responsibilities of IB as a leader among peers. These honors represent our social recognition, and more importantly, they are the drive for us to develop green finance. With the objective of serving the ecological civilization construction of the country, the Bank will spare no effort to create a unique and excellent green finance service system and practice the development philosophy that "Green Hills and Clear Waters Are Gold & Silver Mountains".



**Sun Xiongpeng, Vice President**

The Bank-to-Bank Platform of IB centers on the development strategy of "fintech cloud + three platforms (payment and settlement, wealth management, and asset trading) + international version of Bank-to-Bank Platform". IB continues enriching the cooperation with medium- and small-sized financial institutions, highlights transaction-based and comprehensive cooperation, keeps innovating and enriching featured products, helps medium- and small-sized financial institutions better serve regional economy and people's livelihood, and improves the effectiveness of inclusive finance.



**Zhang Guoming, Supervisor**

Comprehensive and strict Party governance is always on the road. We shall never forget our original intention and mission. We should meet the requirement of comprehensive and strict governance of the Party and the Bank, stick to the principle of "discipline first", focus on main responsibilities and cause, enhance accountability of supervision and discipline, and keep promoting the construction of the Party conduct and of an honest and clean government and anti-corruption both in scope and in depth, making more contribution to the sustainable and sound development of the Bank.



# MANAGEMENT

## Management

- 11 / Overview of IB
- 15 / Topic: Key Topic— Enhancement of Interaction between Stakeholders
- 21 / "Integrating Righteousness into Profitability" and Promote Development via Sustainable Development Strategies
- 23 / "Succeed Compliantly" and Enhance Risk and Compliance Internal Control Management



# Overview of IB

## About IB

Founded in August 1988 and headquartered in Fuzhou, Fujian Province, Industrial Bank (IB) is one of the first batch of joint-stock commercial banks approved by the State Council and the People's Bank of China, and the first Equator Bank in China. On February 5, 2007, IB was listed on Shanghai Stock Exchange (Stock Code: 601166). At present, IB has a registered capital of RMB20.774 billion. Over 30 years, IB has been advocating the mission and original intention of "exploring the path of financial reform, making contribution to economic development", adhering to serving the real economy, sticking to customer-oriented operation, and upholding the road of differentiated operation and featured development, and thus has grown from a local bank, regional bank, national bank and listed bank to a modern mainstream banking group. At present, IB has established 45 tier-one branches (including Hong Kong Branch) and 2,032 branch institutions across the country. It is equipped with professional financial service teams consisting of approximately 60,000 employees. It has established correspondent bank relationships with more than 1,600 banks in the world. It has constructed online channels, such as online banking, telephone banking, mobile banking, WeChat banking and direct sales banking. It has formed a giant service network combining online banking with offline banking, covering the country, and connecting domestic banking with overseas banking, and formed an integrated financial service group with the Bank as the main body covering multiple areas such as trust, financial leasing, funds, futures, asset management, consumption finance, research consulting and digital finance. IB stays stably among Global Top 30 Banks, Global Top 100 of listed companies and Global 500 companies.

## Corporate governance

### Board of Directors

- Diversified composition of the Board of Directors — At present, the Board of Directors has 14 members, among whom six of them are equity directors, three of them are senior managers, and five of them are independent directors. The structure of members tends to be diversified in terms of professions, regions and occupations. It is beneficial for the Board of Directors to expand its horizon during decision-making, improve the scientificity and pertinence of decision-making, and lead and promote the sustainable development of the Bank.
- Tailored organizational structure of the Board of Directors — The Board of Directors has five committees, namely, the Strategy Committee, Risk Management and Consumer Rights & Interests Protection Committee, Audit and Related Party Transactions Control Committee, Nomination Committee, and Remuneration Assessment Committee. Except the Strategy Committee, the chairmen of the other four committees are all independent directors. All committees have performed the function of assisting the Board of Directors in making decisions. The main opinions of the committees are circulated to all directors and supervisors by their chairmen at the meetings of the Board of Directors before the Board makes decisions.
- Carefully selected expert independent directors — The Bank has five independent directors, all of whom are nominated by the Board of Directors. The five directors have their own expertise. They are supplementary to each other in professional knowledge and duty performance experience. The composition of independent directors is reasonable.

### Board of Supervisors

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

## KPI

Indicator type	Main data	2016	2017	2018
Economic performance	Total assets (RMB100 million)	60,858.95	64,168.42	<b>67,116.57</b>
	Net profit attributable to the shareholders of parent company (RMB100 million)	538.50	572.00	<b>606.20</b>
	Change in outlets (number)	Branches: 126 (including tier-two branches) Branch institutions: 2,003	Branches: 137 (including tier-two branches) Branch institutions: 2,064	Branches: <b>145</b> (including tier-two branches) Branch institutions: <b>2,032</b>
	Social contribution value per share (RMB) <sup>1</sup>	12.12	13.10	<b>13.82</b>
Social performance	Number of in-service employees	54,208	58,997	<b>59,659</b>
	Expense of the Bank on external donations (RMB10,000)	3,244	2,100	<b>3,700</b>
Environmental performance	Accumulated extension amount of green finance (RMB100 million)	10,761	14,562	<b>17,624</b>
	Financing balance of green finance (RMB100 million)	4,944	6,806	<b>8,449</b>
	Standard coal saved, emissions of carbon dioxide reduced, emissions of chemical oxygen demand (COD) reduced, solid waste comprehensively utilized, and amount of water saved domestic every year due to projects supported by green finance	26,468,000 tons of standard coal saved, 74,083,100 tons of emissions of carbon dioxide reduced, 1,680,400 tons of emissions of chemical oxygen demand (COD) reduced, 18,778,700 tons of solid waste comprehensively utilized, and 303,900,600 tons of water saved every year	29,122,300 tons of standard coal saved, 83,782,300 tons of emissions of carbon dioxide reduced, 3,854,300 tons of emissions of chemical oxygen demand (COD) reduced, 44,794,800 tons of solid waste comprehensively utilized, and 408,423,700 tons of water saved every year	<b>29.79 million tons</b> of standard coal saved, <b>84,168,700 tons</b> of emissions of carbon dioxide reduced, <b>3,983,400 tons</b> of emissions of chemical oxygen demand (COD) reduced, <b>45,437,500 tons</b> of solid waste comprehensively utilized, and <b>409,781,900 tons</b> of water saved every year

<sup>1</sup> The "social contribution value per share (RMB)" in the report was calculated according to the method proposed in the Notice on Enhancing Performance of Social Responsibilities by Listed Companies and Issuing the Guide to Environmental Information Disclosure by SSE Listed Companies released by the Shanghai Stock Exchange on May 14, 2008, namely, social contribution value per share=earnings per share+(amount of tax paid + staff costs + interest expenses + total investment in public welfare-social costs)/total closing share capital.



## Chronicle of events of social responsibilities in 2018

**The 30th anniversary of the Bank (1988–2018)**

August 26 was the 30th anniversary of IB. As a product of reform and opening up, over the 30 years, the Bank has grown from a local bank, regional bank, national bank, listed bank to a mainstream commercial banking group in China, whose number of employees has increased from 68 at the beginning of establishment to more than 60,000 group employees up to now. The Bank has become an epitome and successful sample of the era of financial reform and development in China.

**FORTUNE**

Ranked 237th in the "Fortune Global 500" in 2018

**Forbes**

Ranked 62nd among the Global 2000 listed enterprises in 2018

**THE BANKER**

Ranked 26th in the "Top 1000 World Banks ranking for 2018" by tier-1 capital

**Interbrand, globally leading brand consulting agency**

Ranked 19th among Chinese brands in the list of the best Chinese brands in 2018

**The tenth anniversary of adopting Equator Principles (2008–2018)**

As the first Equator Bank in China, the Bank ushered in the tenth anniversary of adopting Equator Principles on October 31. During the ten years, the Bank judged the applicability of Equator Principles for 1,048 transactions accumulatively, involving RMB1,578,246 million project investment.

**Successful upgrade and release of the credit card issuing system**

On November 24, the credit card issuing system of the Bank was successfully upgraded and released. Thus, the ability of the system to process transactions achieved a great leap from the level of 10 million to that of 100 million.

**SWIFTgpi gCOV customer remittance service successfully put into operation**

On November 19, the Bank successfully put into operation the SWIFTgpi gCOV customer remittance service (direct remittance), becoming one of the first banks in the world as well as the first joint-stock commercial bank in China to support the service.

**Issuance of the first overseas green financial bond**

On November 13, the Bank formally issued the first overseas green financial bond, becoming the first bank to accomplish the issuance of green financial bonds in both domestic and overseas markets among Chinese-funded commercial banks, and also the commercial financial institution with the largest amount of balance of green financial bond issuance in the world.

**Issuance of nineteen provisions to serve private enterprises**

On November 30, the Bank issued the Opinions on Further Improving the Quality and Efficiency of Services for Private Enterprises, and proposed 19 targeted measures from five aspects, namely, strategic guidance, organizational promotion, service improvement, risk control optimization, and incentive constraints, to provide accurate guidance and practically improve the ability to serve private economy with financial services.

**Release of "Industrial Charity"**

The Bank released the brand of "Industrial Charity" with dandelion as the prototype and joined hands with the society to spread love and hope together.

**Accumulative donation of RMB33 million to help poverty alleviation in Zhenghe**

On October 17, the fifth National Poverty Alleviation Day of China, the Bank donated RMB2 million to the poverty alleviation fund of Zhenghe County, Fujian Province. At that time, the Bank had donated RMB33.3 million to Zhenghe County for its basic construction and poverty alleviation.

**Donation of over RMB25 million to higher education institutions in Fujian**

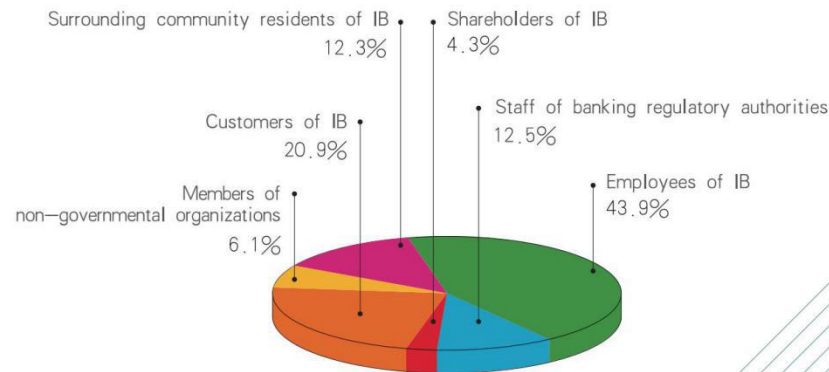
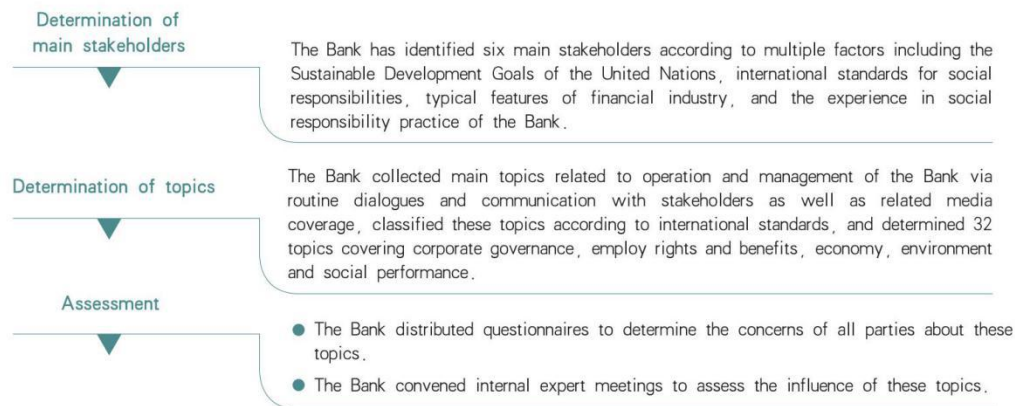
At the conference in memory of the 60th anniversary of Fuzhou University on October 27, Fujian Provincial People's Government granted the "Education Assistance Award" to the Bank. Up to now, the Bank has donated over RMB25 million accumulatively to higher education institutions in Fujian Province.

TOPIC

# Key Topic — Enhancement of Interaction between Stakeholders

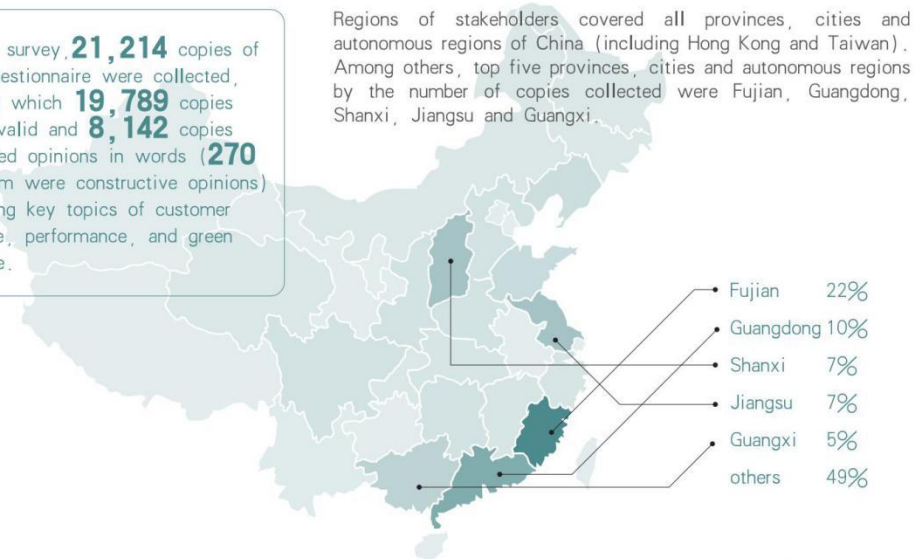
## Procedure for assessment of key topics

The Bank has always interacted and communicated with main internal and external stakeholders actively to learn about concerns and demands. Meanwhile, via management experience in social responsibilities, the Bank has judged the degree of influence of key topics on the company, aiming to learn about the concerns of all parties about the corporate governance, economy, environment and social performance, and employee rights and benefits of the Bank more accurately and comprehensively so as to improve the operation and management of the Bank and create sustainable and long-term value. In 2018, the Bank analyzed the key topics on group social responsibilities. Via stakeholder surveys, the Bank identified key topics on sustainable development. The procedure for importance analysis is as follows:



Grouping distribution of questionnaires collected from stakeholders

In the survey, **21,214** copies of the questionnaire were collected, among which **19,789** copies were valid and **8,142** copies provided opinions in words (**270** of them were constructive opinions) covering key topics of customer service, performance, and green finance.



Regions of stakeholders covered all provinces, cities and autonomous regions of China (including Hong Kong and Taiwan). Among others, top five provinces, cities and autonomous regions by the number of copies collected were Fujian, Guangdong, Shanxi, Jiangsu and Guangxi.

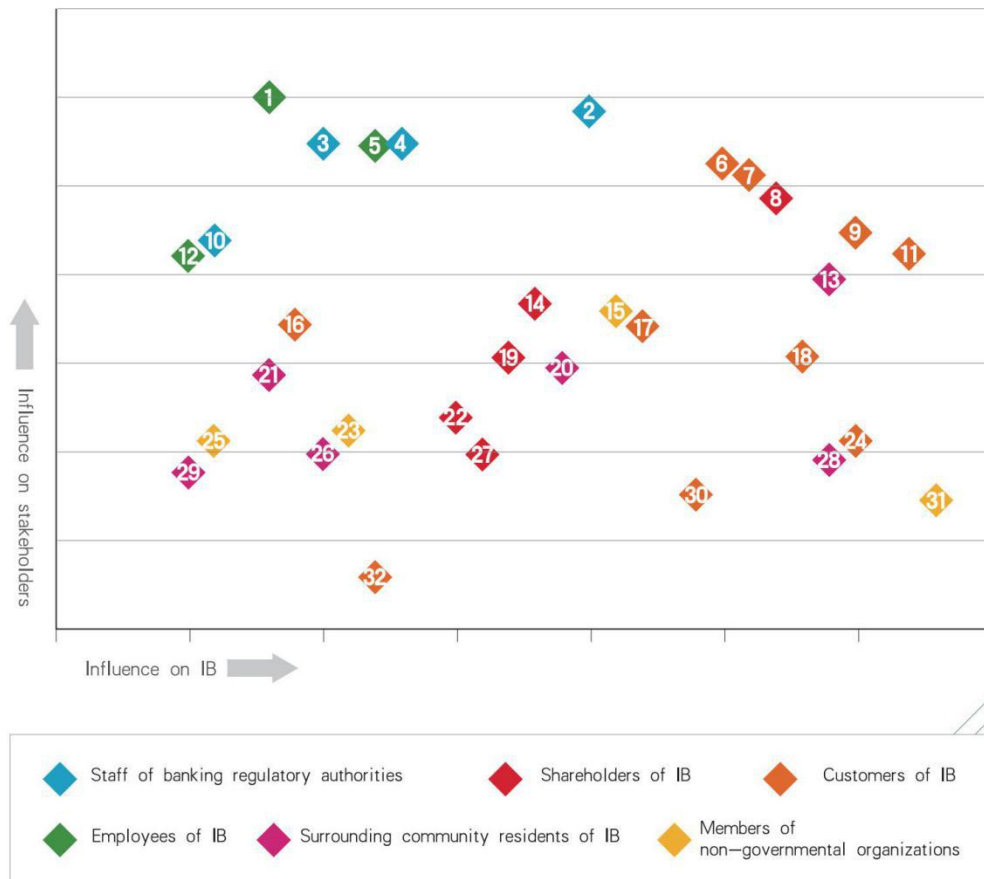
- Staff of banking regulatory authorities**
  - Financial innovation should be enhanced to continuously enrich products and services, especially those of inclusive finance. Economic value of all kinds of assets should be exploited.
  - We will support the development of people's livelihood via rich financial products of inclusive finance.
- Shareholders of IB**
  - The NPL ratio of small and micro loans should be controlled.
  - We will control risks strictly.
- Staff of banking regulatory authorities**
  - Non-compliant charges and the behavior of "draining the pond to catch all the fish" should be prohibited; equal relationships should be established with customers to avoid abuse of financial advantages.
  - We will stick to "Succeed Compliantly".
- Surrounding community residents of IB**
  - The principles of frugality and green office should be practiced during service.
  - We will keep advocating green operation.
- Surrounding community residents of IB**
  - Children in impoverished mountainous areas should be paid attention to.
  - We are committed to supporting education and poverty alleviation by making donations.
- Customers of IB**
  - Social public welfare events should be organized actively.
  - We look forward to serving as the "Public Welfare Guardians" with you.
- Employees of IB**
  - Business of mobile Internet finance should be enhanced to improve customer experience in every system.
  - We will improve experience in mobile Internet finance via innovation.



## Interaction with stakeholders

According to the results of importance analysis, the Bank defined 32 key topics. The Bank formulated and took corresponding measures to respond to concerns and practically implemented the strategies of sustainable development against the Sustainable Development Goals (SDGs) of the United Nations and based on the key points in operation and management.

Matrix of key topics



Stakeholders	Key topics	Corresponding Sustainable Development Goals of the United Nations	Our responses and measures
Staff of banking regulatory authorities	<ul style="list-style-type: none"> <li>2 Improvement of the risk management system of the Bank</li> <li>4 Enhancement of the compliance and internal control management of the Bank</li> <li>3 Measures of the Bank for preventing and fighting against financial crimes</li> <li>10 Measures of the Bank for combating corruption and upholding integrity</li> </ul>	<ul style="list-style-type: none"> <li>8, Decent work and economic growth</li> <li>13, Climate action</li> </ul>	For details, please refer to Management
Shareholders of IB	<ul style="list-style-type: none"> <li>19 Strategic objective of sustainable development and its implementation</li> <li>22 Practice of spreading ideas of social responsibilities</li> <li>14 Performance of the Bank, such as revenue and net profit</li> <li>27 Protection of rights and benefits of minority shareholders and maintenance of relationships with investors</li> <li>8 How the Bank communicates with and feeds back to its employees, customers, community residents and other related entities</li> </ul>	<ul style="list-style-type: none"> <li>8, Decent work and economic growth</li> <li>13, Climate action</li> </ul>	For details, please refer to Management Development
Customers of IB	<ul style="list-style-type: none"> <li>18 Practice of implementing the "Belt and Road Initiative" of the country by the Bank</li> <li>9 Measures of the Bank for serving the real economy</li> <li>32 Innovative products and services in serving the agriculture, rural areas and farmers</li> <li>30 Innovative products and services in supporting small- and micro-sized enterprises</li> <li>24 Innovative products and services in serving private enterprises</li> <li>17 Products and services in innovative Internet finance of the Bank</li> <li>6 Measures of the Bank for improving customer service experience</li> <li>7 Measures of the Bank for protecting consumer rights</li> <li>16 Provision of dedicated services and facilities for vulnerable groups</li> <li>11 Innovative products and management measures of the Bank in the development of green finance</li> </ul>	<ul style="list-style-type: none"> <li>3, Good health and well-being</li> <li>8, Decent work and economic growth</li> <li>9, Industry, innovation and infrastructure</li> <li>10, Reduced inequality</li> <li>11, Sustainable cities and communities</li> <li>17, Partnership that promotes the realization of goals</li> </ul>	For details, please refer to Development Environment



Stakeholders	Key topics	Corresponding Sustainable Development Goals of the United Nations	Our responses and measures
Employees of IB	<p><b>1</b> Measures of the Bank for providing employee training and vocational development planning</p> <p><b>5</b> Practice and cases of rights, benefits and welfare of employees of the Bank</p> <p><b>12</b> Cases of creating excellent corporate culture by branch institutions of the Bank</p>	<p><b>3</b> Good health and well-being</p> <p><b>4</b> High-quality education</p> <p><b>5</b> Gender equality</p> <p><b>8</b> Decent work and economic growth</p>	For details, please refer to Giving Back to the Community
Surrounding community residents of IB	<p><b>13</b> Innovative measures, data and cases of inclusive finance development of the Bank</p> <p><b>28</b> Innovative measures, data and cases of supporting targeted poverty relief</p> <p><b>21</b> Practice of publicizing financial knowledge</p> <p><b>20</b> Innovative measures of community sub-branches for serving residents' life</p> <p><b>26</b> Cases of public welfare and charity events of the Bank</p> <p><b>29</b> Practice of advocating employees to participate in volunteer activities</p>	<p><b>1</b> No poverty</p> <p><b>2</b> Zero hunger</p> <p><b>4</b> High-quality education</p> <p><b>6</b> Clean drinking water and health facilities</p> <p><b>10</b> Reduced inequality</p> <p><b>11</b> Sustainable cities and communities</p>	For details, please refer to Development Giving Back to the Community
Members of non-governmental organizations	<p><b>23</b> Practice of participating in formulating international rules and indicators for sustainable development</p> <p><b>31</b> Implementation and related data of projects of Equator Principles</p> <p><b>15</b> Measures of the Bank for enhancing management of environmental and social risks</p> <p><b>25</b> Environmental protection measures taken by the Bank in offices and operating sites to save water and electricity and reduce emissions</p>	<p><b>6</b> Clean drinking water and health facilities</p> <p><b>7</b> Economical clean energy</p> <p><b>12</b> Responsible consumption and production</p> <p><b>13</b> Climate action</p>	For details, please refer to Environment Practice

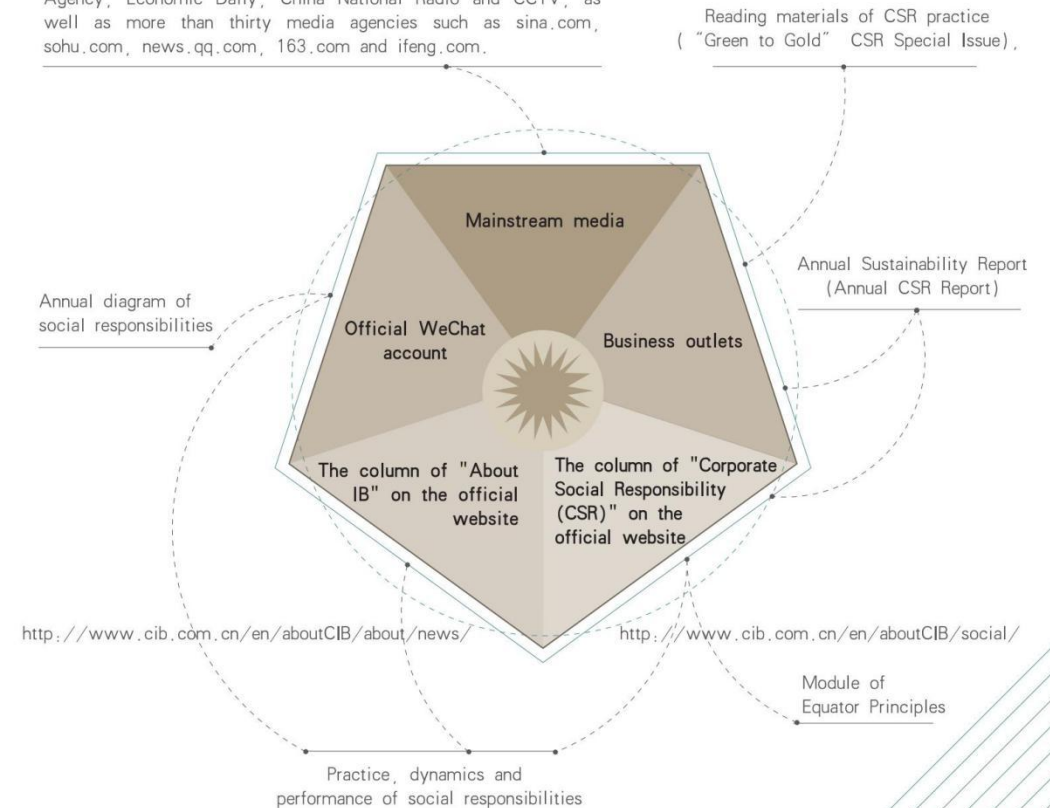
## Information transparency

**Smooth communication:** The Bank maintains smooth communication with stakeholders, such as external regulators, NGOs, customers and media, to learn about the latest policies on social responsibilities and the orientation of domestic and overseas academic development and practice.

**Active sharing and disclosure:** The Bank takes the lead in disclosing the practice and responsible performance of social responsibilities of the banking industry via diversified online and offline channels.

The Bank disclosed 731 articles of CSR reports via key media agencies of the Party such as People's Daily, Xinhua News Agency, Economic Daily, China National Radio and CCTV, as well as more than thirty media agencies such as sina.com, sohu.com, news.qq.com, 163.com and ifeng.com.

Reading materials of CSR practice ("Green to Gold" CSR Special Issue),





# "Integrating Righteousness into Profitability", Promote Development via Sustainable Development Strategies

## Strategies and models of sustainable development

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

**Way of practicing social responsibilities**  
—Integrating Righteousness into Profitability



## CSR management system

### Organizational structure of social responsibilities

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

**The Board of Directors:** The Strategy Committee of the Board of Directors is responsible for approving the CSR strategies, green credit, and environmental and social policies related to sustainable development of the Bank and hearing the reports from the Senior Management.

**Vice Presidents in Charge appointed by the Board of Directors:** They are responsible for taking the lead in managing CSR work and requesting the Board of Directors to deliberate on the sustainable development reports and hear the reports on corporate CSR performance.

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

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

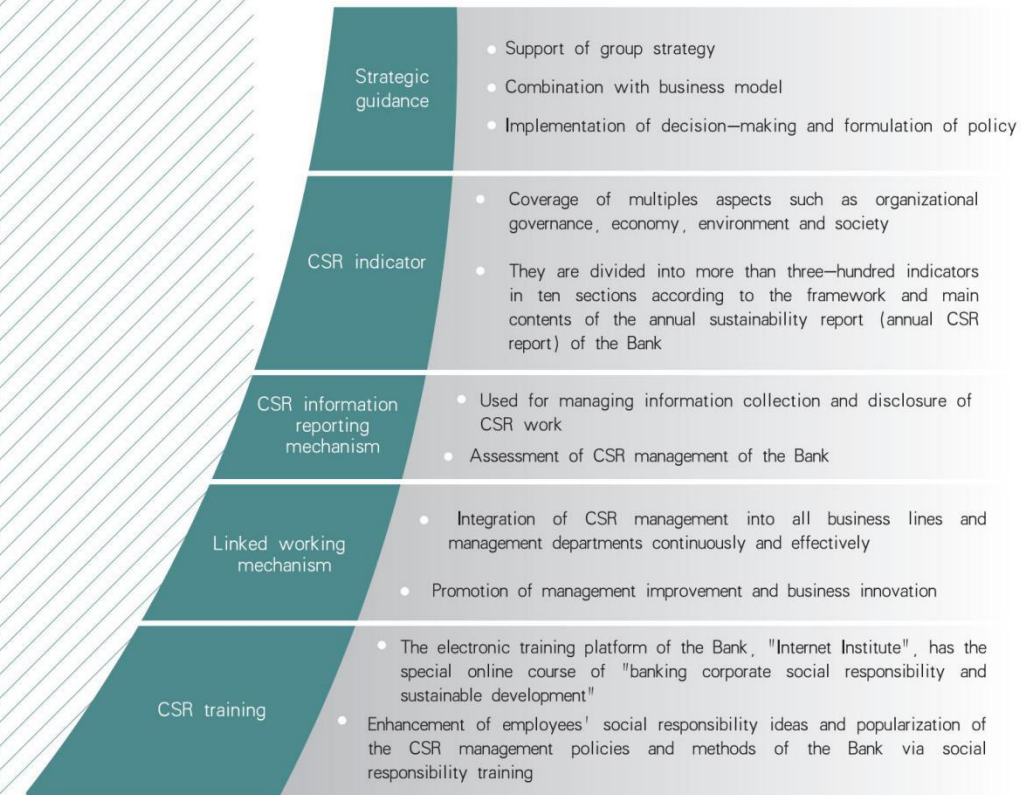
**Branches:** They establish their own CSR Work Leading Group to take the lead in organizing and coordinating branches in social responsibility work.

**Subsidiaries:** They participate in social responsibility work jointly.



## Organizational management mechanism for social responsibilities

Based on the collation of the overall value chain of the Bank, business and management practice, and strategic development orientation, the Bank has formed a set of CSR management system applicable to itself; Via active management, the Bank combines social responsibilities with corporate development strategies and business models in an innovative and organic way; supported by the group-based strategy, the Bank, by establishing a comprehensive and long-term CSR management and sustainable development system from decision-making to implementation, from policy to procedure, and from capability improvement to information disclosure, achieves specialization of management institutions, normalizes the working mechanism of linkage between the Head Office and branches as well as between the parent bank and the subsidiaries, embeds CSR management into all business lines and management departments continuously and effectively, forms a whole set of professional, regular, scientific and featured management system and working mechanism, and promotes the practice and exploration in CSR management of the Bank and the Group.





# "Succeed Compliantly", Enhance Risk and Compliance Internal Control Management

In recent two years, financial regulation has been comprehensively enhanced, all kinds of regulatory policies have been released successively, and multiple inspection and supervision have been conducted frequently. The Bank deems regulatory policies as "navigators" and regulatory inspection "boosters", proposes the idea of "Profit Compliantly and Succeed Compliantly", further defines the bottom-line requirements, and comprehensively enhances risk management. It not only guarantees the prudent development of the Bank, but also makes contribution to financial security of the country.



The Bank continuously improved the coordinated management of comprehensive risks and specialized management working mechanisms for all major types of risks, promoted the informatization building of the unified credit management of the Group and the optimization of the unified credit management mechanism, enhanced the operation of the inspection and supervision system, and strengthened the integration of industry research with risk management and the application of information technologies in the field of risk control. Through these efforts, the long-term mechanism of risk prevention and control has been furthered improved.

- The risk management of the "Going Global" cross-border financing business was enhanced.** The Bank conducted statistical analysis of the risk situation of cross-border financing business of the Bank and put forward management and control measures such as optimizing business development strategies and enhancing the access and exit from the large-value low-risk business.
- The control of compliance risk of trust loans was effectively implemented.** In line with the Management Measures for Trust Loans of Commercial Banks and based on problems identified by previous inspections, the Bank enhanced the implementation of management and control measures such as "strictly grasping the essence of business, effectively reviewing fund sources, and implementing usage management".
- Financing businesses related to local governments were regulated and inspection and remediation were effectively implemented.** In compliance with management objectives of the Central Government, the Bank strictly observed the bottom line of legal compliance, adhere to the principles of "business compliance, entity compliance, and commercialized operations", and regulated the development of government-related financing business; gradually optimized regional structure and levels in accordance with the ideas of "total amount control and layered and classified management"; actively arranged, organized, and urged the Bank to conduct inspection and remediation of existing financing businesses related to local governments, enhanced the assessment and accountability, and effectively prevented and mitigated risks.
- Inspection and control of risks of large enterprises and their related enterprises were conducted.** The Bank organized its branches and subsidiaries to conduct the comprehensive inspection on large enterprises and their related enterprises, and strictly controlled risks such as long position credit, over-limit credit, excessive investment, poor operation and artificial increase in assets to tunnel enterprises.
- Serving the real economy was enhanced and "back-door financing" was prevented.** The Bank adjusted and optimized its allocation structure of credit resources, innovated financial products, improved financial services, and strengthened the support for key fields and weak links of the real economy; identified and judged phenomena such as "back-door financing" and "shell-acquisition financing" or "operational and financial frauds" to effectively prevent the stealing of credit funds and prevent credit risk and compliance risk.
- The Bank's information security management ability was enhanced.** The Bank integrated security genes into the whole life cycle of the building of information systems and all the aspects of the Bank's operation and management and comprehensively enhanced risk monitoring, early warning, and security protection abilities in key fields. In the 2018 National Financial Network Attack and Defense Competition, the Bank's team stood out from 510 representative teams to win a third team award, taking the lead among national joint stock commercial banks.

## Case The IB Adventure Project promoted risk management from two lines.

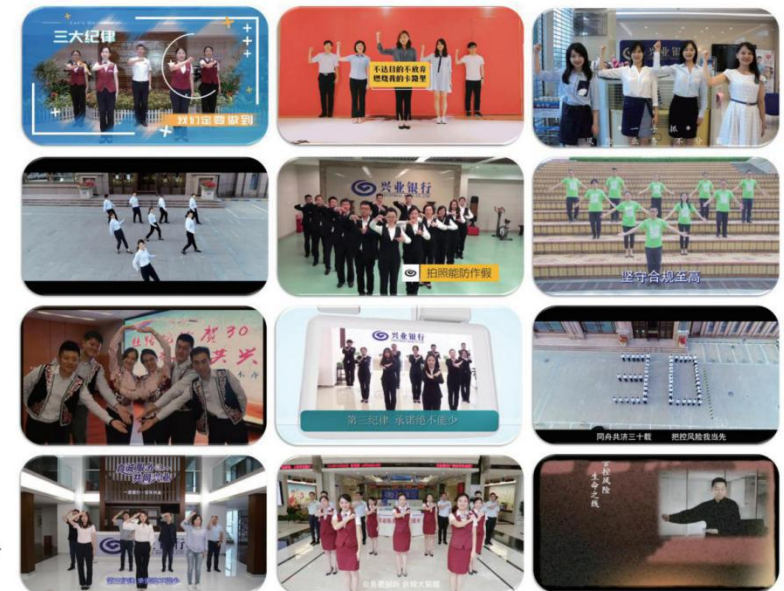
Adhering to the principles of "highlighting priorities, the Head Office-branch linkage, and inter-bank cooperation", the IB Adventure Project grasped the two main lines of staff learning and priority breakthrough, enhanced the comprehensive understanding of risk management by deeply interpreting risk cases, promoted the efficiency of risk management, the improvement on the risk control of special business, and business innovation by researching and implementing key difficult projects to realize the objectives of "promoting reform, controlling risks, and increasing benefits".

The line of professional risk learning

In the innovative form of video learning, the Bank conducted learning activities with themes of "Is it True", IB Resolution, and "One Solution" and nearly 200,000 person-times of the Bank participated in such activities, in which more than 18,000 solutions were collected. What's more, the craze of "risk control calisthenics" spread over the Bank. Over 40 subsidiaries and branches created videos independently to celebrate the 30th anniversary of the Bank, which built the risk control culture atmosphere of "stable and sustainable development".

The line of priority breakthrough

The practice model of project research was adopted, in which ten key projects were selected and over 50 elites from the Head Office and branches were assembled to advance the coordinated promotion of innovation of risk management in the Bank.



Risk Control Calisthenics



IB Resolution



## Improving the management of compliance and internal control

The Bank carried out activities of in-depth remediation of market chaos, enhanced the remediation of problems and accountability, combined "IB Voyage" serial activities to optimize the accountability system, and comprehensively promoted the improvement on compliance and internal control policies and the implementation of the management culture of "winning with compliance".

### Special governance in key fields was promoted.

According to the uniform deployment of "carrying out in-depth remediation of market chaos in 2018", the Bank took the lead in coordinating 11 business management departments of the Head Office to conduct key on-site inspections on 18 branches. In line with 61 items in the "List of Compliance Problems" of the CBRC, the Bank organized the self-inspection and remediation of special compliance problems within its jurisdiction. It organized special assessments of special remediation actions against "Three Violations" in 2017, continuously tracked and urged the remediation of problems. It guided institutions at all levels to enhance the application of multi-level accountability.

### Warnings of legal compliance risk were enhanced.

The Bank concluded, collated, and issued a total of 11 issues of the Express of Policies and Regulations, 8 issues of Warnings of Compliance Risk, and 16 issues of Compliance Recommendation, actively interpreted and analyzed regulatory policies, new laws, and new regulations, put forward specific management suggestions for specific problems, and guided institutions at all levels to conduct businesses in accordance with the relevant regulations.

### The Bank actively promoted business innovation and strategic transformation at the institutional level.

It conducted the supporting collation of special policies of "Quadruple Strategies" within the Bank and led all departments of the Head Office to define the list of key products and assess key product policies. It organized the collation and assessment of policies for asset management business, government-related financing business, and business of investing trust loans in equities within the Group.

### Management means were innovated to consolidate the money laundering risk prevention and control barrier.

The Bank continuously improved the whole-process control of money laundering risk of business, enhanced its ex-ante prevention and control, in-event management and control, and ex-post monitoring capabilities of money laundering risk, and guarded the access of customers and products; promoted the organic integration of control requirements for money laundering risk and business operation process and ensured that the embedding of main businesses, products, and procedures into the requirements for anti-money laundering management and control; further improved the assessment system of money laundering risk and enhanced the control of high-risk businesses and customers; established the monitoring system based on "reasonable suspicion" and constantly improved the automatic monitoring system of abnormal transactions; optimized and improved AML monitoring system and the financial policy screening system so as to improve the quality and efficiency of anti-money laundering with technologies enhance the anti-money laundering compliance management of the Group.

### Case "IB Voyage" Activity implemented the building of compliance culture.

In 2018, closely focusing on the main lines of "Profit Compliantly and Succeed Compliantly", the Bank launched the activity of "IB Voyage" 2018 Enhanced Implementation Year of Compliance and Internal Control within the Group to continuously improve the long-term compliance and internal control management mechanism of the Group. The activity highlighted the objective of "promoting the well-regulated, healthy, and sustainable development of businesses of the Group", carried out the three principles of "overall promotion, focused governance, and comprehensive deviation correction", and focused on the six routes of "closely following regulatory policies, promoting duty performance of business lines, optimizing and integrating compliance and internal control management tools, building the dimensional case prevention system, improving the supervision and inspection mechanism, and implementing multi-level accountability" to comprehensively improve the implementation of compliance and internal control and provide a strong guarantee and support for the business development and strategic transformation of the Group.

Brief reports on activities — nearly **400 issues**  
 Compliance training and ground-level compliance — over **500 times**  
 Warnings of compliance risk — over **100**  
 Selection activity of "Excellent Cases of Profiting with Compliance" — **490 excellent cases** were collected  
 "Compliance Classroom" live broadcast — The Bank organized **16 sessions** of "Compliance Classroom" live broadcast through IB Knowledge platform and there were over **100,000 person-times** participants accumulatively.

With the joint efforts of the Group, the compliance and internal control management basis of the Bank was further consolidated and the Bank's awareness of compliant operation was further enhanced. What's more, the Bank's ability to protect its business development and operational transformation was further strengthened.



▲ Speech with the theme of "Super Speaker" of Beijing Branch



▲ Compliance knowledge contest of Beijing Branch



▲ The activity of chief managers' speeches on compliance of Foshan Branch



▲ Mobilization meeting of Tianjin Branch



▲ Training of new regulations on middle- and ground-level cadres of Wuhan Branch



▲ Ground-level compliance activities of Chongqing Branch Fuling Sub-branch

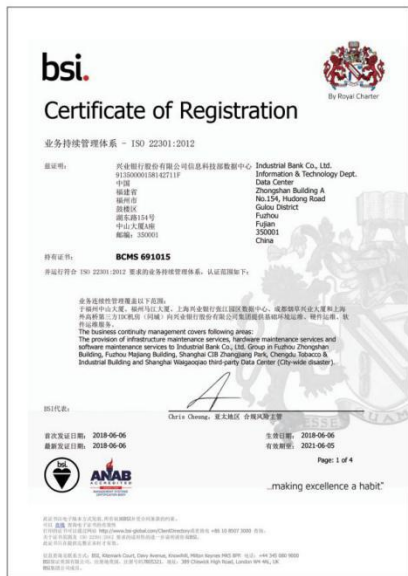


▲ The activity of "Warning Education Accompanies Us" of Chongqing Branch



Case IB took the lead in obtaining international certification and awards for its business continuity.

In June 2018, the Data Center of IB successfully passed the international standard certification of ISO22301 Business Continuity Management System with "zero failures", becoming the first data center to obtain the certificate in China's banking industry.



In the 2018 customer exchange meeting of British Standards Institution, the Data Center of IB won the 2018 "Excellent Award of Operation Tenacity", marking that the business continuity management level of IB was recognized by authorities of international standards again.

Effectively conducting anti-corruption work

In 2018, the Bank thoroughly implemented the requirements for the comprehensive governance over the Party and the Bank, focused on main responsibilities and main businesses, disciplined execution and accountability, and stepped up ongoing efforts to strengthen disciplines and improve the working style.

The Bank adhered to improving the stance, define the "two responsibilities", and promoted the expansion of the comprehensive governance over the Party to the ground level.

- The Bank strengthened work arrangements and transmitted pressures tier upon tier.
The Bank enhanced the warning of cases and tightened Party disciplines.
The Bank organized over 450 persons of the Head Office, branches and subsidiaries to participate in the introductory session of the Ordinance of Disciplinary Treatment of Communist Party of China to enhance discipline education.

The Bank adhered to the rigorous management of Party officials, focused on supervision responsibilities, and improved the effectiveness of the execution of supervision and disciples.

- Supervision through letters and calls was promoted.
Integrity files were established.

The Bank adhered to eternal vigilance, practiced the "four forms", and sustained a high-profile anti-corruption stance.

- Key minorities were prioritized.
Early and small problems were prevented and controlled.
Supervision and accountability were enhanced.

The Bank adhered to enhancing the foundation, improving self-building, and consolidated the basis of disciplinary inspection.

- The building and policy building of discipline inspection were strengthened.
The building of professional duty performance capabilities was improved.
Education of integrity risk and disciplines was conducted.

The Bank organized discipline inspection cadres of the Head Office, branches, and subsidiaries to participate in the discipline inspection training, conducted the "Learning the Supervision Law and Implementing the Spirit of the nineteenth CPC National Congress" network answer activity and the warning education activity with the theme of "Loyalty, Discipline Observance, and Responsibility".







# DEVELOPMENT

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## Development

- 31 / Returning to the Origin and Serving the Real Economy
- 36 / Topic: Pooling Strength and Boosting the Private Economy
- 40 / Diversified Finance and Drives the Opening-up of the "Belt and Road"
- 42 / Creating the Value and Sincerely Repaying the Shareholders
- 43 / Being Customer-centric and Comprehensive Protection of Consumer Rights
- 49 / Topic: Focusing on Customers and Upgrading Consumer Rights Protection
- 51 / Promoting the People's Livelihood and Innovation-driven Development of Inclusive Finance



## Returning to the Origin Serving the Real Economy

In 2018, upholding the original aspiration and mission of "exploring ways for the financial reform and making more contribution to economic development", the Bank adhered to the origin of "serving the real economy" and adopted diverse financing tools to provide customers with financial service plans covering the whole life cycle and all products based on the comprehensive operation advantages of the Group. Meanwhile, the Bank continuously increase and optimized financial supply and made efforts to attract new sources, improve mechanisms, promote innovation, expand channels, and reduce costs to effectively promote financial services for the private economy.



### Contributing to local economies

#### ● Branch institutions were comprehensively established. ●

In August 2018, the Bank's Lhasa Branch was opened. At the point, the Bank had realized the full coverage of branch institutions in all provincial capital cities.

National outlet distribution (Number)

**145** branches (including **100** tire-2 branches) and **2,032** branch institutions

Outlet distribution  
in **Central China**  
(Number)  
31 branches  
(including 25  
tire-2 branches)  
and 329  
branch institutions

Outlet distribution  
in **Northeastern China**  
(Number)  
11 branches  
(including seven  
tire-2 branches)  
and 127  
branch institutions

Outlet distribution  
in **Western China**  
(Number)  
29 branches  
(including 17  
tire-2 branches)  
and 443  
branch institutions

Outlet distribution  
in **Eastern China**  
(Number)  
74 branches  
(including 51  
tire-2 branches)  
and 1,133  
branch institutions

#### ● Preferential Credit Policies ●

For branches in regions with industrial concentration and distinct characteristics, the Bank supported the differentiated development of those branches by establishing characteristic industry centers or providing them with differentiated approval authorities. Meanwhile, based on the requirements of relevant policies of the state for regulating debt financing mechanisms of local governments, the Bank actively engaged in the area of "overcoming shortcomings" to promote the development of local economies.

#### Case

By creating the "new engine" of transformation and upgrading, IB overfulfilled the first-phase extension of RMB8 billion of Fujian Technological Transformation Fund.

Regarding Technological Transformation Investment Fund for Fujian Enterprises (hereinafter referred to as Fujian Technological Transformation Fund) in which IB participated in the establishment, within the time less than two years and a half, the Bank made every effort to promote the funding of the fund and the implementation of contract signing. As a result, the Bank contracted with a total of 73 manufacturing enterprises in Fujian on 78 key technological transformation projects with a total contract amount of RMB9,512 million and extension amount of RMB8,035 million, which overfulfilled the first-phase credit extension task of RMB8 billion.

Fujian Technological Transformation Fund were jointly established by IB and Fujian and finance bureaus of cities in Fujian except Xiamen, which were invested in advanced manufacturing enterprises in Fujian in fields such as advanced capacity for increasing the production and efficiency, intelligent transformation, service-oriented manufacturing, industrial foundation engineering, increasing high-quality brands, and green ecology development, so as to support the high-quality development of the real economy of Fujian. In addition, based on the special subsidy for technological transformation of enterprises of Fujian Provincial Department of Finance, Fujian Technological Transformation Fund can save more than RMB240 million of financial costs for enterprises every year, which has effectively reduced financing costs of entity enterprises.



## Participating in the Coordinated Development of the Beijing—Tianjin—Hebei Region Supporting the Construction of Xiongan New Area

### Case Langfang Branch actively participated in the coordinated development of the Beijing—Tianjin—Hebei region

In 2018, centering on the national plan of the coordinated development of the Beijing—Tianjin—Hebei region, Langfang Branch vigorously expanded key fields such as the integrated transportation of the Beijing—Tianjin—Hebei region, industrial transfer and upgrading, and ecological and environmental protection. The Branch actively supported infrastructure construction and key projects of industrial transfer in Langfang City. The Branch paid close attention to the construction of Langfang Airport Economic Zone. After the Branch assisted Langfang Airport Economic Zone Development Construction Co., Ltd. in completing the registration and opening accounts with the Branch, Beijing Daxing International Airport Office of Langfang Guangyang District also opened accounts with the Branch. The Branch provided them with high-quality and dimensional financial services to support the development of the airport economic zone.

Besides, the Branch effectively increased the extension scale of credit funds. Particularly, for key construction projects such as the transportation of the Beijing—Tianjin—Hebei region, industrial connection, green credit, and the optimization of urban spatial layout, the Branch gave full play to its own resource conditions to ensure the successful implementation of the relevant supporting policies.

### Case Tianjin Branch established supporting policies and mechanisms for the national strategy of the coordinated development of the Beijing—Tianjin—Hebei region

- **In terms of policies**, the Branch clearly put forward that it would support the strategy of the coordinated development of the Beijing—Tianjin—Hebei region and took the advanced manufacturing R&D base, new Beijing—Tianjin—Hebei artery, industrial transfer, transportation construction, and enterprise transformation and upgrading as the priorities of credit support.
- **In terms of procedures**, the Branch set green channels and simplified approval procedures to improve the approval efficiency.
- **In terms of project promotion**, all operating institutions closely cooperated with each other to form the joint force, developed professional financial service plans for customers and projects, and enhanced information sharing and business linkage with other branches such as Beijing Branch and Shijiazhuang Branch.
- **In terms of financial products**, besides the financial loan business with traditional enterprises, the Branch also enhanced the application of products such as trust programs, investment banking, and finance leasing business to provide comprehensive financial services.



Langfang Branch awarded the title of the advanced unit to support the coordinated development of the Beijing—Tianjin—Hebei region in 2017

## Supporting the construction of the Yangtze River Economic Zone

The Bank advanced the development strategy planning of the Yangtze River Economic Zone, actively supported industrial development, and promoted the layout of the optimization and development of manufacturing in the Yangtze River Economic Zone. Meanwhile, the Bank placed emphasis on protecting and restoring the ecological environment of the Yangtze River and supported constructing the Yangtze River Economic Zone to be an economic zone of demonstration, innovation driving, and coordinated development in the ecological civilization construction in China. At present, IB has provided support for projects such as Wuhan "Four-water Governance" project and water area governance, sewage treatment, and water supply in Zhejiang, Jiangsu, Anhui, and Hunan.

### Case Wuhan Branch conducted "Low-carbon Miracle" of a scar of the city

After holding the tenth China International Garden Flower Expo, Wuhan Garden Expo Park has been a good destination for Wuhan residents to relax and for tourists to appreciate the beauty of the river city. With an area of more than 200 hectares, one fourth of Wuhan Garden Expo Park was a large-scale landfill of household refuse, once absorbed household refuse of about one million tons, and was closed for eight years. It became a large source of pollution in the local area and the water quality of Jinyin Lake connected was inferior to the V class.



As a leader in the field of green finance in China, IB took an active part in Wuhan, an important city in the Yangtze River Valley, and proactively supported the local area to win the battle for the defense of lucid waters and lush mountains. Since 2015, IB Wuhan Branch has been conducting green finance cooperation with Wuhan Landscape Construction Development (Group) Co., Ltd., and has provided it with the support of special loan scale of green finance. In 2019, the Branch will continue enhancing the financing support for landscaping projects related to Military World Games in Wuhan and supporting the ecological civilization construction of the Yangtze River Economic Zone to perform more miracles.





## Supporting the development of Central and Western China

While enhancing the strategic layout in Central and Western China, the Bank continued giving full play to its financial advantages in differentiated authorization, preferential credit resources, development of green finance to support the rise of Central and Western China.

### Case Urumqi Branch Horgos Sub-branch was established at China-Kazakhstan Horgos International Border Cooperation Center.

On July 26, 2018, as the first joint stock commercial bank entering China-Kazakhstan Horgos International Border Cooperation Center after the construction goal of "Two Ports, Two Districts, and One Center" of Horgos Economic Development Zone (City) was raised, Urumqi Branch Horgos Sub-branch was successfully opened up. It was an important measure for the Bank to carry out the important strategic arrangement of the CPC Central Committee and the CPC committee of the autonomous region for exploring and implementing financial innovation in the building of the "Belt and Road" initiative and to support the strategic positioning of a financial center of China-Kazakhstan Horgos International Border Cooperation Center in the Silk Road Economic Belt.



Urumqi Branch seized the strategic opportunity of the expansion of effective demands for financial services after the cooperation center was established, conducted innovative RMB businesses and traditional RMB businesses in an orderly manner, and actively helped local enterprises in Xinjiang to expand financing channels and reduce financing costs. Within less than one month after it was opened, the Sub-branch had implemented two innovative businesses of direct loans under domestic guarantee and provided the credit support of RMB210 million.

## Supporting the revitalization of Northeast China

Closely focusing on the national strategy of revitalizing Northeast China, the Bank devoted itself to providing financing services for major and key projects in the three northeastern provinces and continuously enhanced the support, and created new financing models to contribute to the economic development of Northeast China.

### Case Changchun Branch supported characteristic industries in the Yanbian area with credit and promoted the development of minority areas



The Yanbian area has rich high-quality water resources and mineral water industry has become a characteristic industry in the Yanbian area. In order to help the advantageous industry of mineral water to reach a rapid development, Changchun Branch supported the mineral water park of Antu Huize Changbai Mountain Industrial Co., Ltd. with project loans of RMB305 million, which promoted the further upgrade of the industrial structure of its mineral water.

### Case Harbin Branch "bank-corporate linkage" built a payment and settlement highway for customers to banks

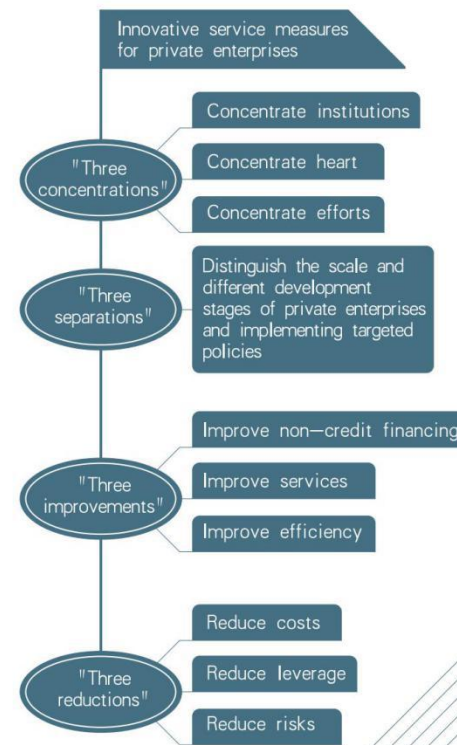
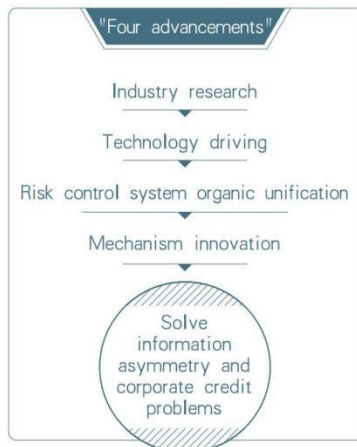
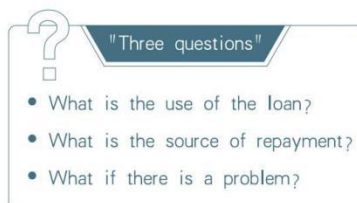
Harbin Branch actively provided corporate customers with information-based and electronic solutions to payment and settlement businesses, effectively connected customers' financial fund software with online banking systems of banks through "bank-corporate linkage" products, and thus built a payment and settlement highway for customers to banks. In 2018, a total of 106 corporate customers such as Harbin Pharmaceutical Group were connected and mobile banking transaction volume exceeded RMB18,015 million, which supported the information-based upgrade of enterprises. In addition, through "mobile banking", the Branch expand all businesses of the Bank to the mobile terminal, which broke the limitation of time and space and allowed it to provide customers with convenient treasury management services.

TOPIC

# Pooling Strength and Boosting the Private Economy

During the forty-year reform and opening-up, the prosperous development of China's private economy is of great importance to stabilizing economy and finance. However, recently, the difficulties and high cost for the financing of private enterprises became more conspicuous. IB actively implemented the decisions and deployments made by the CPC Central Committee and the State Council on promoting financial services for the private economy, made new efforts for "practicalness", and earnestly created "new" business to effectively promote services for the private economy.

Effectively deal with the relationship between supporting the development of private enterprises and preventing risks



The Bank has issued the Opinions on Further Improving the Quality and Efficiency of Services for Private Enterprises, and proposed 19 targeted measures from five aspects: strategic guidance, organizational promotion, service improvement, risk control optimization, and incentive constraints, to give a full play to comprehensive service capabilities, serve as a good consultant for private enterprises, and effectively solve the general problems of private enterprise financing.



## Strategic guidance

The Bank has followed its transformation strategy of "commercial banking + investment banking", comprehensively strengthened support for private enterprises, tilted to private enterprises in terms of risk assets, FTP pricing, financial resources, professional research and technology investment, and continued to optimize the mechanisms and process of services for private enterprises.

## Organizational promotion

The Bank has accelerated the reform of the customer service system, implements hierarchical and classification management of private enterprises, adopted differentiated service models for large-, medium- and small-sized private enterprises, and improved the level of refinement of services for private enterprises.

## Service improvement

The Bank has increased credit extension for private enterprises to ensure that the growth rate of loans for private enterprises is higher than that of total assets; steadily compressed or withdrawn resources for backward production capacity and "zombie enterprises", and vigorously carried out credit asset securitization and investment asset transactions, and focused on supporting, with the resources withdrawn, the development of private enterprises that keep up with national policies and have good development prospects.

The Bank has intensified the innovation and promotion of credit financing products for private enterprises, and actively promoted the use of credit, quasi-credit products such as "Tax Financing", "Transaction Loan", "Entrepreneurship Loan" and "IPR-pledged loans", as well as such innovative products as "Lianlian Loan", "Circulating Loan" and "Chengyi Loan", to solve the problem of "financing difficulties" and "expensive financing" for private enterprises.

Focus on broadening the financing channels for private enterprises. The Bank has leveraged its comprehensive business advantages and competitive advantages in the investment banking sector, actively invested in and created CRMW, CDS, CRMA and other tools, increased the scale of corporate credit bond investment, promoted the success rate of high-quality private enterprise bond issuance, and facilitated the return of financing interest rate rationality. The Bank has also used non-financial corporate debt financing tools, corporate asset securitization and other tools to help private enterprises to optimize their balance sheets through bonds and stock assets financing.

Continue to improve the non-financing business system. The Bank has accelerated the upgrade of the payment and settlement system, increased the promotion of advanced products such as "Industrial Keeper", "Receipt/Payment Express" and "Industrial e Pay", provided more convenient payment and settlement services for private enterprises, and promoted the "Treasury Management Cloud Platform" to provide treasury services featuring functions such as fund management, profitability management and financing management, and effectively improved the efficiency of cash management in private enterprises. The Bank has created and promoted various interest rate hedging, exchange rate hedging, and bulk commodity businesses to help private enterprises identify risks and increase profits.

Promote fee reduction and profit surrendering. The Bank has strictly implemented the "Seven Prohibitions" and "Four Disclosures" and other charging regulations, and appropriately reduced the charging standards for some items such as letter of guarantee to effectively reduce the burden on private enterprises.

## Optimize risk control

On the basis of strengthening professional research, the Bank has further optimized the risk control model and improved the efficiency of approval. For example, the Bank has simplified and optimized the risk assessment process for private enterprises, and opened up green channels and exclusive channels for high-quality private enterprises, increased the differentiated authorization for operating institutions in the regions with a large proportion of private economy and bigger development momentum, and rationally set the approval authority of branches in private enterprise project financing, syndicated loans and other businesses; further promoted big data applications and the construction of open banks, actively tapped the role of the branch's due diligence center, an innovation institution for the market, solved the problem of information asymmetry between banks and enterprises, and improved the efficiency of credit approval and implementation.

## Incentive and restriction

The Bank has further strengthened the accountability system of chief manager, pressed ahead with the formulation and implementation of specific targets and measures to support the development of private enterprises, improved the assessment mechanism, and clarified the quality and efficiency indicators of services for private enterprises and included them in the assessment of institutions and managers at all levels. The Bank has also set up a special performance reward for private enterprise customer marketing expansion, actively increased the risk tolerance of private enterprise business under the premise of risk control, and established a due diligence and fault tolerance and correction mechanism.

### Case To help the rapid development of national automobile brands, IB and Geely Holding Group have formed strategic cooperation

On July 4, 2018, the Bank signed a strategic cooperation agreement with Zhejiang Geely Holding Group in Hangzhou. The two sides will establish a comprehensive new strategic partnership on the basis of complementary advantages, resource integration, shared benefit and common development. The Bank will provide RMB40 billion for Zhejiang Geely Holding Group, provide integrated one-stop financial services based on the automobile industry chain, and extend the services to areas such as smart transportation and inclusive finance.



President Tao Yiping (sixth left) attended the signing ceremony with Zhejiang Geely Holding Group



President Tao Yiping (second left) visited the Geely automotive experience center



## Case

Shenyang Branch has implemented the National Intellectual Property Strategy and supported the development of science and technology private enterprises

In November 2018, Shenyang Branch cooperated with Shenyang Intellectual Property Office, Shenyang Science and Technology Risk Business Development Center, and Shenyang Science and Technology Guarantee Investment Co., Ltd. to innovate and develop "IPR-pledged Loan", provide intellectual property pledge financing for small- and medium-sized private enterprises with independent intellectual property rights, and solve their daily liquidity problems.

## Case

Xiamen Branch Special "Trade Financing" fuels the development of high-tech and innovative export enterprises

Financial support is critical for the development of high-tech enterprises with light assets. The new "Trade Financing" product launched by Xiamen Branch in 2018 is designed for small- and medium-sized foreign trade enterprises with short-term export credit insurance that apply to IB for working capital loans through the insurance of corporate loan assurance. The loan can reach RMB3 million for a single account and no other guarantees are required. The first loan has been granted. The Branch provided Xiamen Chuangkai Industry & Trade Co., Ltd. with a credit loan of RMB1 million.

## Case

Government-Bank combination of Fuzhou Free Trade Area Branch opens up the registration channels for enterprises

On November 14, 2018, Fuzhou Free Trade Zone Branch was awarded the license from Fuzhou Development Zone Market Regulation Bureau, and officially obtained the authority for agent processing of business license for enterprises and privately or individually-owned businesses. After the authorization, enterprises only need to provide dedicated tellers with materials such as ID card, company name and business scope necessary for the business license. The teller will fill relevant forms and the Bank will apply for a license on behalf of the enterprise. Fuzhou Furuitai Shipping Co., Ltd. was one of the first customers to enjoy this convenient service.



## 沈阳市科技金融试点单位

沈阳市科学技术局  
沈阳市人民政府金融工作办公室

"There will be an account period for foreign trade. With the bank's loan, enterprises can sufficiently supplement their working capital, with simple and fast procedures and without mortgage. It takes about 20 days to receive the loan from the submission of application. For light asset companies just like us, this product is awesome."

—Chen Xuduan, Chairman of Xiamen Chuangkai Industry & Trade Co., Ltd.

"I can't believe that I get a business license after I go to the bank for one time!" I run another business before. Since I didn't know the procedures of the application for the business license, I went to the bank several times and I didn't have it done for one month. I was so disappointed that I spent hundreds RMB and asked others to do it for me." Now it's more convenient. The bank is at the doorstep and provides a 'one-stop' service, saving time and money. It doesn't take a penny."

—Li Hongjin, Head of Fuzhou Furuitai Shipping Co., Ltd.

## Diversified Finance Drives the Opening-up of the "Belt and Road"

The Bank actively responded to the national "Belt and Road" initiative, provided diversified financial services for Chinese and foreign-funded enterprises that want to go global, deepened cooperation with national organizations along the "Belt and Road", and actively promoted the opening-up with financial services.

Full support for Chinese companies to expand international trade and invest overseas

- The Bank has accelerated the pace of overseas expansion. After establishing Hong Kong Branch, the Bank has established an overseas institutional management center in Hong Kong, relied on Hong Kong Branch to carry out international development and management, and supported Chinese companies to go global and conduct overseas investment and mergers and acquisitions;
- The Bank has strengthened the basis of cooperation with enterprises. Through prudent research and analysis, the Bank has further provided integrated financial service solutions for enterprises, offered them professional advice for overseas mergers and acquisitions, and reduced corporate investment risks;
- Innovative products meet the needs of overseas investment. The Bank has provided Chinese-funded enterprises with such innovative products as FICC, overseas syndicated loans and trade financing, which provide funds for Chinese companies to develop overseas.

Actively support overseas companies to conduct business in China

- The Bank has provided financial support for foreign-funded enterprises to "come to China". Through penetrating into the actual controllers of foreign-funded enterprises, the Bank has provided loans of RMB12.61 billion for enterprises with registered addresses in Hong Kong, Macao, other countries and regions, and focused on enhancing "customer-centric" service capabilities;
- Provide financial support for national organizations along the "Belt and Road". For example, the Bank has provided Pakistan Ministry of Finance with a three-year corporate working capital loan worth RMB90 million.



## Case

The innovative overseas loan under domestic guarantee for cross-border M&A has helped Chinese enterprises to become "the world's number one"

On October 30, 2018, in Maastricht, the Netherlands, the private enterprise HighsunHengshen Group, headquartered in Changle District, Fuzhou, completed the equity delivery of the global caprolactam giant Fibrant Holding Co., Ltd., and took the lead in opening up a complete industrial chain of 8 upstream and downstream links, becoming the largest caprolactam production group in the world with the most complete industrial chain.

In order to promote the smooth implementation of this cross-border M&A project, IB took the lead in setting up a syndicate to provide loans for the project, and helped Highsun Group successfully complete the acquisition of all the shares of Fibrant's caprolactam plant in the Netherlands and 60% of equity in the Fibrant's caprolactam plant in Nanjing, China through the linkage of domestic and overseas branches and innovative cross-border M&A loans under domestic guarantee. Through this acquisition, the company took the lead in opening up the complete industrial chain, possessed the most advanced production technologies in the field of caprolactam, made up for the gaps in many technologies of China, put an end to the total control over related technologies, achieved comprehensive control over the entire industrial chain of nylon, and enhanced the pricing power and brand pricing power of Chinese companies in the field of caprolactam.

"We acquired 'the world's top company' as the 'the world's fourth company' and realized the dream of 'Caprolactam Dream'. It is the full support from IB that facilitated the arrival of this historic moment!"

—Chen Jianlong, Chairman of Highsun Group



## Case

To be faster and cheaper, IB is the first in the world to launch SWIFTgpi gCOV customer remittance service

On November 19, 2018, IB successfully put into operation the SWIFTgpi gCOV customer remittance service (direct remittance), becoming one of the first banks in the world as well as the first joint-stock commercial bank in China to support the service.

SWIFT gpi is an innovation global payment service launched by Society for Worldwide Interbank Financial Telecommunication (SWIFT). It aims to establish a business ecosystem among global banks, and gradually realizes such advantages as highly efficient arrival of funds, transparent fee charging, remittance status tracking and accurate transmission of remittance information through cloud applications, so as to greatly improve the customer's cross-border payment experience and solve the long-term cross-border remittance pain points.

## Case

To fuel the "Belt and Road" initiative, IB conducted the leading underwriting of the first ABN of China Merchants Financial Leasing Co., Ltd.

On August 27, 2018, the first asset-backed note (ABN) of China Merchants Commerce Leasing Co., Ltd. (hereinafter referred to as "China Merchants Leasing"), which was underwritten by IB, was issued with book-keeping in the interbank market with a total scale of RMB2.583 billion. The issuance won the favor of many institutional investors, and the over-subscription nearly doubled, providing service and support for the construction of the "Belt and Road", transformation and upgrading of entity enterprises, and development of strategic emerging industries.

# Creating the Value and Sincerely Repaying the Shareholders

## Steady growth in performance and continuous creation of value

By the end of 2018, the assets of IB reached **RMB6.71 trillion**, an increase of **4.59%** from the beginning of the period; the annual operating income was **RMB158.287 billion**, an increase of **13.08%** year-on-year, higher than the growth rate of the scale; on the basis of full provisioning, the net profit attributable to the shareholders of the parent company was **RMB60.62 billion**, a year-on-year increase of **5.98%**. As of the end of the reporting period, the asset quality remained stable, and the non-performing loan ratio was 1.57%, down 0.02 percentage point from the beginning of the period; the return on investment of shareholders continued to maintain a good level among peers, the weighted average return on net assets was **14.27%**, and the basic earnings per share was **RMB2.85**.

## Multi-faceted enhancement of investor exchanges and transparent information disclosure

The Bank is committed to establishing and promoting sustainable investor relations, formulating and implementing the regulations on the management of investor relations, setting up special offices to conduct investor relations and capital market exchanges, and continuously improving the professionalism and effectiveness of investor relations.

- The Bank continues to promote the exchanges among regular investors, organizes regular performance briefings, actively participates in mainstream brokerage strategy conferences, receives institutional research, and positively guides research reports. The Bank upgrades and optimizes investors' daily communication channels, and comprehensively uses such channels as hotline, e-mail, fax, and Shanghai Stock Exchange's E Interaction to strengthen communication with individual investors.
- The Bank penetrates deeper into the market, organizes senior management to visit investment institutions, and participates in mainstream institutions' investment research seminars and related special exchange meetings.
- The Bank strengthens feedbacks on capital market information, and tracks market dynamics and professional research perspectives.

The Bank's information disclosure channels include the website of Shanghai Stock Exchange as well as China Securities Journal, Shanghai Securities News, Securities Times, and Securities Daily.



Being Customer—centric and Comprehensive Protection of

# Consumer Rights

## "Smart" service knows you the best

With customers being the center, IB has actively promoted the coordinated development of finance and industry, leveraged the new thinking and new technologies such as the Internet, Internet of Things, mobile payment, big data, cloud computing and artificial intelligence, enabled deep integration of information technology and financial innovation, and formed the "Smart City" financial service system with medical service, tourism, transportation, government affairs, education, community and other industries as the main line, to serve the people and livelihood and deliver on social responsibility.

## "Smart Hospital"

It assists hospitals to build a convenient mobile medical service platform through cloud computing technology, and provides patients with full—process, one—stop smart medical treatment services, greatly alleviating hospital management pressure, fully facilitating medical reform and upgrading with efficient and professional financial services, and contributing to the national health care reform with the wisdom of IB.

By the end of 2018, **499** hospitals had been contracted and **362** "smart hospitals" had been launched, covering **37** provinces and cities nationwide, **40%** of which were hospitals at the tertiary level or above, and more than **12 million** people had benefited from medical treatment.

## "Smart Tourism"

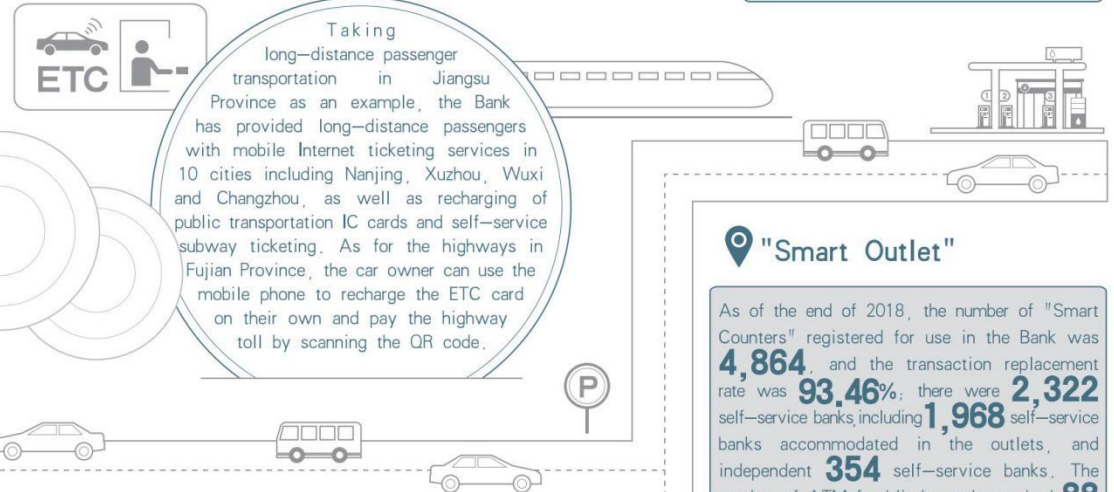
It builds a smart tourism ecosystem that integrates "food, housing, travel, tourism, shopping and entertainment", including scenic spots, hotels, travel agencies and other tourism —related enterprises, and provides a financial services system for further improving the management level of the scenic spots and the travel experience of tourists. It covers mobile payment of tickets at scenic spots, self—service admission with QR code and face recognition, smart tour guidance at scenic spots, automatic hotel check—in, online car—hailing platforms, free entry and exit of parking lots, self—service food ordering.

By the end of 2018, the Bank had formed cooperation with **373** tourist attractions and nearly **2,000** travel—related enterprises in China, serving more than **70 million** tourists annually.

## "Smart Transportation"

It relies on new financial technologies, is widely used in highways, urban public transportation, subway, parking terminals, gas stations, driving study schools and other scenes, enriches online services such as transportation, passenger ticketing and transportation payment, and offers the mass with efficient, convenient and caring travel services.

By the end of 2018, the Bank had served nearly **1,400** transportation companies, providing Internet settlement services for over **40 million** passengers every year.



## "Smart Outlet"

As of the end of 2018, the number of "Smart Counters" registered for use in the Bank was **4,864**, and the transaction replacement rate was **93.46%**; there were **2,322** self—service banks, including **1,968** self—service banks accommodated in the outlets, and independent **354** self—service banks. The number of ATM for blind people reached **88** across the Bank. In 2018, the Bank established a unified monitoring system for cash—based self—service machines to achieve unified management and monitoring of machine tools and ensure customer convenience and financial security.

### Case

#### Nanning Branch High—tech fuels the upgrading of smart outlets

As the first intelligence—upgraded outlet in Guangxi, Gaoxin Sub—branch pursues the strategy of "Rejuvenating the Bank with Science and Technology". Based on the original equipment, it actively embraces new technologies such as big data, cloud computing, artificial intelligence and blockchain, and has taken the lead in operating several smart devices, including touch services, voice operations, stereoscopic visualization and many other new services, such as STM (Smart Teller Machine), VTM (Video Teller Machine), large deposit and withdrawal machines, mobile PAD (opening of debit cards out of the account), holographic projection display terminal and other upgrading technology, so as to continuously improve the efficiency of financial resource allocation and customer service.

## "Smart Customer Service"

It upgrades the smart customer service semantic recognition system (small i), improves system capacity and performance, accesses IB Butler APP, Money Manager APP, mobile terminal of enterprise online banking, WeChat applet, smart speaker, unified counter communication and other channels, provides smart online consultation services for customers, and effectively diverts the workload of tellers, with intelligent distribution rate of **18.17%**.

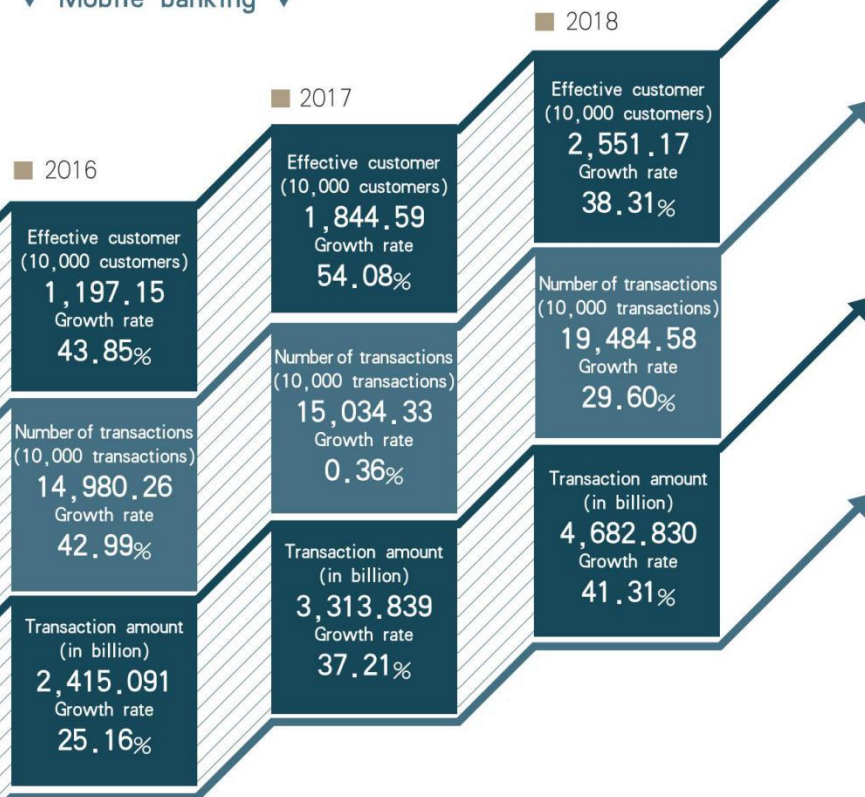
"Smart Government Affairs", "Smart Education", "Smart Community"  
... financial wisdom lights up a beautiful life



"Innovative" products meet customers' needs

In 2018, the Bank continued to adhere to the customer-centric philosophy, actively created new products, new business, and new space around customer needs. For example, the Bank continuously guided customers' self-service processing of businesses through WeChat, mobile banking APP and other channels, provided such innovative smart products as "Fast Loan", "Screening & Gold Rush" and "Gold List", and launched new ecological platforms such as "Hao Xing Dong", "Diversified Finance" and "Car Financing". The Bank used process robots in 4 businesses and promoted the "Human Customer Service Migration" project. **It is estimated that the number of incoming calls were reduced by 6 million in 2018, i.e. saving 181 customer service persons.** At the same time, the Bank promoted the export of APP financial services, and cooperated with local power grids, supply and marketing, and other public service channels to export retail financial services in the APP or WeChat official account, providing convenient and diversified financial services for retail customers.

▼ Mobile banking ▼



Case The credit card system was upgraded and the customer experience was significantly improved

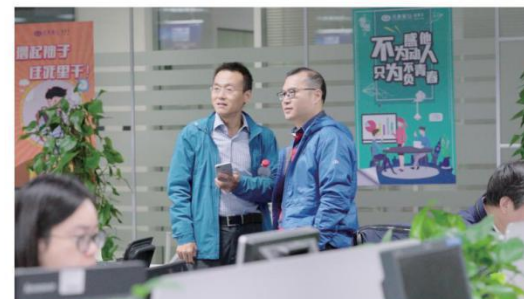


"In the new era of consumer finance represented by credit cards, the upgrade of credit card serves as a milestone, and we need a higher and bigger platform!"  
—Chen Jinguang,  
Vice President of IB  
(first left front)

On November 24, 2018, the Bank completed the upgrade of credit card business system to adapt to the rapid development of the credit card business scale, tap the supporting role of the technology system in the development of credit card business, provide more high-quality and efficient services for credit card customers, and continuously optimize the customer experience.

The underlying platform was replaced and the number of full-card migrated exceeded **40 million**, involving nearly one-hundred systems of the Bank, and large-scale simulations and tests, such as **4 rounds** of technical testing, **3 rounds** of data comparison testing, **4 rounds** of performance testing, and **4 rounds** of business testing, were conducted, generating more than **30,000 pages** of various types of documents, nearly **300,000** test cases and nearly **10 million** lines of code.

After the new system was launched, the Bank's credit card business service capabilities and service efficiency were significantly improved. The system's transaction processing capability realized a leap of single-day transaction processing from tens of millions to billions, and the transaction bursting capacity was enhanced by 20 times. The new system will also fully tap the scientific and technological power of big data, artificial intelligence and cloud computing, accelerate the digital transformation of credit card business, and promote the construction of an integrated financial service system with customer-centric services, product diversification and rapid response to the market, so as to meet the system support needs of credit card business innovation, big data drive, specialized operation, intensive operation and scientific management, and further improve customer service capability and market response.  
"It was like a high-speed jet fighter that should complete an engine replacement in combat. But we did it!"





## Green outlets enable highly efficient operation of channels

In recent years, the Bank has adhered to the strategies for high-efficient operation of outlets, including the implementation of "Small-scale Transformation of Existing Outlets", "Optimization of Labor Organization Model in Business Halls and Standardization of Personnel Management" and "Construction of Smart Outlets", all of which have achieved phased results. In 2018, the Bank promoted the governance of low-capacity outlets, and 148 traditional outlets were included in the 2018 governance list, of which 130 outlets adopted capacity improvement plans. At the same time, by enhancing outlet decoration standards while implementing smart outlets and light outlets, the Bank adhered to the principle of "green finance and cost control", created unique outlet culture elements, and optimized the layout and dynamic design of outlets.

### Case Nanjing Branch East Beijing Road Sub-branch "wears in green"

Adhering to the operation goal of "Being China's First Equator Bank", Nanjing Branch East Beijing Road Sub-branch becomes the first "green outlet" of the Bank designed with ecosystem protection as its core.

The sub-branch creates a sustainable space for green culture and realizes the integration of human and natural environment



It partition is more reasonable and the function is more complete



The materials selected are "green", with wheat straw board for the walls and linen carpet for the ground



It constructs a photovoltaic power station and installs electric vehicle charging piles



It sets up green plant ecological walls, and uses APP to adjust indoor air quality, and its simulated sunshine energy comes from photovoltaic power generation.



## Model + rules strengthen risk management of electronic channels

With the rapid development of the mobile Internet, the online application channel for credit cards provides a hotbed for card processing under other's name due to a lack of manual intervention from the promotion and review side. The Bank has relied on financial technologies to build an online application anti-fraud system based on data information, guided by expert rules and driven by financial technologies, with comprehensive application of information verification, feature recognition, correlation mapping, face recognition and other technologies. At the same time, the Bank has been actively trying to establish a stable and efficient application anti-fraud model to improve the efficiency of fraud judgment, continued to promote the process of risk control automation, and effectively improved the property security and user experience of customers while improving the risk of fraud prevention and control.

The application anti-fraud system identifies average **21,000 fraud** applications and prevents average **RMB 54.6 million** of potential risk exposure every month; **the rate of fraud online application for credit cards is reduced year by year**. In 2016, there were 134 fraud cases and 33 cases in 2017, and only **5 fraud** cases have occurred since 2018.



In 2018, the Bank comprehensively implemented the work arrangement by the regulatory authorities on consumer rights protection, adhered to the customer-centered approach, observed the guideline of promoting the protection of consumer rights and "Vitalize the Bank with Services", strengthened the Bank's subject responsibility, and effectively integrated the consumer rights protection into all links of business development. The Bank pressed ahead with such basic work as organizational structure improvement, system and mechanism construction, policy formulation and implementation, marketing service management, as well as public publicity and education, and strengthened the appraisal and staff training of consumer rights protection.

TOPIC

# Focusing on Customers and Upgrading Consumer Rights Protection



★ Institutionalization of management assessment mechanisms

The Bank clarified the ultimate responsibility of the Board of Directors for the protection of consumer rights and interests, and set up the Risk Management and Consumer Rights Protection Committee. At the same time, it strengthened the guidance and performance of senior management. A total of 23 departments of the Bank were included in the "Service Steering Group of Consumer Rights Protection" as members, covering all business lines related to consumer protection work. In 2018, the Bank held two series of consumer rights protection promotion conferences, revised the management measures for consumer rights protection, comprehensively improved the system of consumer rights protection management, promoted special audits for consumer rights protection, strengthened the evaluation of consumer rights protection, clarified the evaluation methods of consumer rights protection for HO departments, improved evaluation indicators of consumer rights protection for branches, strengthened the process management, and formed a full coverage of all channels and links within the Bank.



★ Systematization of service standards

The Bank produced its service standardization teaching films and promotional videos, and emphasized the establishment of civilized and standardized outlets. In 2018, a total of 22 business outlets won the "A Thousand Best" title during the civilization and standardization assessment activity organized by China Banking Association, making significant progress. At the same time, third-party service quality monitoring was carried out. A total of 6,615 outlet samples were monitored throughout the year, and about 20,000 valid questionnaires were collected for the centralized rectification of service pain points.

★ Standardization of complaint management

As a member and a pilot unit of the complaint classification standardization drafting group, the Bank participated in and completed the preparation of the classification standards in an efficient manner, and on this basis, promoted the development and construction of the complaint management system and the follow-up and supervision of key complaints of the Bank, improving the processing efficiency and forming trace management.



★ Specialization of training education

The Bank focused on carrying out a series of employee training on consumer rights protection. A total of 16,000 employees of the Bank completed online learning, constantly strengthening the "customer-centered" core concept and cultural atmosphere. Moreover, special zones were set up in the mobile banking homepage and WeChat official account of wealth management center, with more than 35 million followers.







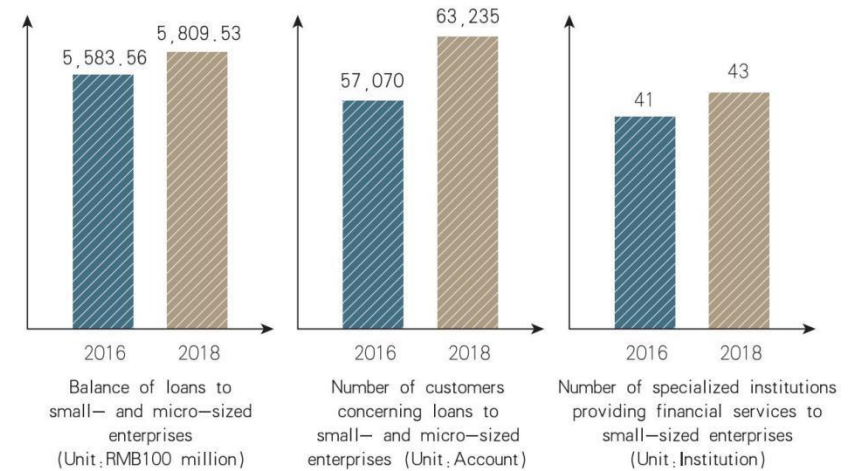
# Promoting the People's Livelihood

## and Innovation-driven Development of Inclusive Finance

In 2018, the Bank earnestly implemented the decisions and arrangements made by the CPC Central Committee. It has basically put in place special mechanisms to promote the development of inclusive finance, covering five major areas, namely comprehensive services, risk management, resource allocation, assessment and evaluation, and statistics and accounting. Small and micro financial business, county area banking, community banking, eldercare finance, green finance, technological output of Bank-to-Bank Platform, and business related to targeted poverty alleviation and educational poverty alleviation, have become the Bank's featured businesses.

### Innovative boost for small- and micro-sized enterprises in financing and financial intelligence

In 2018, the Bank rolled out a wide range of products, including credit and quasi-credit products such as "Easy Tax Financing", "Transaction Loan", "Entrepreneurship Loan" and "IPR-pledged loans", and creative products like "Lianlian Loan", "Circulating Loan", and "Chengyi Loan", in order to help ease the problem of small- and medium-sized enterprises especially private businesses finding it difficult and expensive to access financing.



### Promoting technological innovation finance via a creative platform

In order to help ease the financing problems faced by high-tech and innovative enterprises with "light asset, high growth and high risk" features, the Bank, by leveraging its group business operation advantages, launched a creative platform named "Sesame Flowering · IB Investment", based on the "sesame flowering" SME growth and listing plan and the "commercial banking plus investment banking" strategy. The platform aims to provide integrated and one-stop financial services for technological innovation, including "financing plus intelligence", settlement wealth management, bond financing, equity financing and listing services. As at the end of December 2018, the platform has served over 20,000 high-tech and innovative firms. The outstanding loans to high-tech and innovative enterprises increased RMB34.2 billion to approximately RMB173.2 billion from the beginning of the year.

#### Four major advantages of "Sesame Flowering · IB Investment"





## Making improvement and reductions and enhancing positive incentives

### Improvement in efficiency

The Bank boosted the efficiency of SME services with creative products and processes, lowered the loan requirements, and increased the efficiency of loan approval. It also continued to accelerate the building of process bank, optimized the platforms for online financing and approval, promoted parallel operations of unified credit granting, and further improved the operating and approval efficiency.

### Reduction in costs

The Bank offered 15 BPs preference for fund transfer pricing concerning new loans to inclusive small- and micro-sized businesses, with the interest rate on such new loans down by 35 BPs in the third quarter from the first quarter.

### Reduction in leverage

The Bank, by attracting capital and high-caliber professionals from outside, expanded the "sesame flowering" business model featuring investment and loan linkage, so as to provide equity financing services to private enterprises.

### Reduction of risks

The Bank did not blindly cease lending, delay lending, demand advance payment, or cancel lending for private enterprises that temporarily faced operating difficulties, but helped them overcome difficulties. It also did not blindly close positions or delay lending for the private listed company customers when there was an early risk warning about the equity pledge business for them.

### Positive incentives

The Bank allocated business resources and financial resources for special loan limits and special risk assets to guarantee loans to small- and micro-sized businesses, and offered a green channel for inclusive small- and micro-sized firms.

### Case Fuzhou Branch launched "Toubiao Bao" to help small and micro-sized businesses access financing

In 2018, Fuzhou Branch launched "Toubiao Bao", a product for bidding deposit financing of construction projects. Through the "Toubiao Bao", a customer may acquire a credit loan from Fuzhou Branch to pay the annual bidding deposit to Fuzhou Public Resources Transaction Service Center. A bidder that has paid the annual bidding deposit is no longer required to pay bidding deposit for a single project, and is allowed to simultaneously take part in the bidding of projects requiring different qualifications as long as the bidding deposit for each project is within the amount of the annual bidding deposit. The product was designed to help effectively ease the problem of high-quality small- and medium-sized enterprises finding it difficult and expensive to access financing and to further facilitate Fuzhou Government's efforts to develop and improve the city's credit system. In the year, the Branch granted RMB36.9 million of "Toubiao Bao" loans to 74 customers in total.

### Case Hangzhou Branch launched "Export Tax Rebate Loan" to facilitate the Belt and Road cooperation and development

Since the establishment of cooperation relationships with financial institutions of counties along the "Belt and Road" such as Bengal, Hangzhou Branch has piloted the "Export Tax Rebate Loan" in Yiwu and promoted it within its jurisdiction. Under this product, the financing limit for an export company is determined based on its export tax rebate records. It aims to ease the financing pressure faced by small- and medium-sized enterprises through proactive credit granting. Yiwu Branch has approved credits for 20 customers, with credit exposure amounting to RMB33.8 million.

"IB Fuzhou Branch's 'Toubiao Bao' is 'timely rain' for small- and medium-sized construction companies. Annual bidding deposit is not a small amount of money for small- and medium-sized firms, but 'Toubiao Bao', which requires simple procedures, offers low interest rate, and is very efficient, meets their pressing financing needs."

— Zhang Dongpeng, General Manager of Fujian Fangxin Construction Projects Co., Ltd.

## Expanding inclusive finance via the "Bank-to-Bank Platform"

In 2007, IB became the first to launch a bank-to-bank cooperation brand — the Bank-to-Bank Platform — in China. Through the platform, the Bank provided integrated financial services to various small and medium-sized financial institutions, including payment settlement, wealth management, technological output, training and consulting, cross-border finance, capital use, capital replenishment, among others. The platform has facilitated resource sharing and utilization of complementarity, and helped expanded modern integrated financial services to more third- and fourth-tier cities as well as rural and remote areas, highlighting the Bank's engagement in inclusive finance through differentiated policies.

By the end of 2018, the number of corporate customers of the "Bank-to-Bank Platform" has reached **1,906**, and the Bank has accumulatively cooperated with **357** commercial banks in terms of establishment of information systems, among which **221** banks managed to operate with online information systems. The number of registered customers of the "Big Money Manager", an Internet wealth management platform, hit **13.19 million**.



- The "Bank-to-Bank Platform" received the "Star of Innovation in Payment of 2018" award from the US magazine Global Finance.
- The "Bank-to-Bank Platform" received the "2018 Inclusive Finance Award for Excellent Bank" from JRJ.com.
- "Big Money Manager" was granted the "2018 Best Wealth Management APP" jointly by the CIWEEK owned by the Chinese Academy of Sciences and the Research Center of the Chinese Academy of Social Sciences.
- The "new-generation Bank-to-Bank Platform system based on distributed framework" was granted the "Second Prize for Bank Technological Development in 2017" by the People's Bank of China on September 13, 2018.





Case Rural financial services were promoted through technological output and business output

In order to promote rural financial services, increase financial services for rural areas, and better meet the financial needs related to "agriculture, rural areas and farmers", the Bank leveraged the Bank-to-Bank Platform to expand modern financial services to more second- and third-tier cities and rural areas through technological output and business output, thereby reducing the dead zones of financial services. By the end of December 2018, the Bank has signed service contracts with 1,382 small- and medium-sized institutions, 1,079 of which managed to operate with online information systems.

Needs of rural financial institutions:  
Breaking the bottlenecks in payment settlement, and solving the payment difficulties

IB's creative services and products

1

To cope with the payment difficulties, the Bank took the lead in launching the "agency Internet connection system" for which uniform connected platforms, technical standards and message standards are adopted. The system has helped save the repeated system construction costs of payment agencies and banks and reduce the maintenance costs resulting from un-uniform standards. It also allowed rural financial institutions to equally participate in the competition in the fast growing online payment market competition.

Hengfeng Rural Bank in Liaoning Province was successfully connected to the Internet connection system and completed relevant business verification, becoming the first to be connected to IB's Bank-to-Bank Platform Internet connection system

2

In view of the difficulties of mobile payment, the Bank rolled out the "Money e Payment" connected to mainstream mobile payment platforms including Alipay and WeChat Pay. Covering catering, entertainment, wholesale, retail and other industries in remote areas, the product makes comprehensive mobile payment solutions available to rural financial institutions.

3

To solve the difficulties of cross-bank agency receipt and payment, the Bank created the product "Hui Shou Fu" aimed at providing uniform cross-bank agency receipt and payment services to small- and medium-sized banks, and enabling them to employ convenient and highly efficient cross-bank cash sweeping tools to serve entity customers in areas such as education, public utilities and agricultural trade and on the upstream and downstream of supply chains.

4

To cope with the difficulties of cross-border financing, the Bank advanced and launched an international version of the Bank-to-Bank Platform, agency CIPS, offering a convenient approval channel for access for small- and medium-sized banks. Through cooperation on RMB cross-border payment, cross-border foreign currency settlement, agency international settlement, FICC (fixed income, currency, commodities) and cross-border asset allocation, the Bank provided all-round cross-border financial services to small- and medium-sized banks, and satisfied cross-border financial needs of many entities.

Needs of rural financial institutions: Accelerating product innovation and offering more financial product varieties in rural areas

IB's creative services and products

1

Big Money Manager offered diversified wealth management products in rural areas, including wealth management, fund, precious metals, trust, and insurance products. The "Wealth Cloud" platform was comprehensively connected to sales channels to cater for the growing wealth management needs of rural residents. The total customer number of Big Money Manager has exceeded 13 million.

2

The "institutional investment · trading platform" was put into operation to satisfy the investment transaction and liquidity management needs of rural financial institutions. Closed-loop fund design and strict mechanisms for product access and risk control were adopted to ensure online transaction services for the products for rural financial institutions including investment wealth management, bonds, funds, and asset securitization. Rural financial institutions' ability to serve the real economy was enhanced. The number of registered customers of the "institutional investment · trading platform" has reached 1,281, 826 of which are rural financial institutions.

Needs of rural financial institutions:  
Boosting technological strength to facilitate business growth

IB's creative services and products

1

Core system construction and custodian operation and maintenance services were offered to small- and medium-sized banks. As one of the few Chinese commercial banks which possess proprietary intellectual property rights to core business systems, the Bank provided complete technological solutions to rural financial institutions, along with whole-process training and business guidance, leading to the reduction in their system construction costs and the strengthening of their IT governance capacities, which were essential for them serving the real economy in a more targeted and efficient way.

2

The Bank offered comprehensive disaster recovery solutions to small- and medium-sized banks, covering intracity disaster backup, out-of-region disaster backup, and "two cities and three centers", thereby meeting their business continuity needs under different disaster scenarios.

Thanks to the cooperation on technological output of the Bank-to-Bank Platform with the Bank, Xianghe Yimin Village Bank, Hebei Province has achieved fast growth in various business areas, with the highest regulatory rating among Chinese rural banks. The village bank's assets have increased from less than RMB500 million to RMB1,645 million, and the number of its outlets has grown from 1 to 5, continuously consolidating its market positioning of "focusing on county areas, small- and micro-sized businesses, benefiting agriculture, rural areas and rural residents, and promoting people's wellbeing".



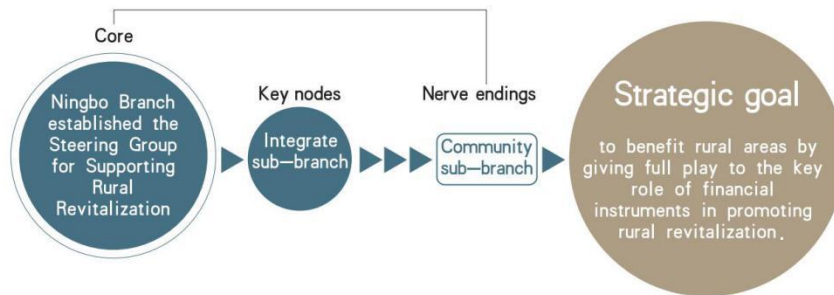
## Leveraging financial advantages to support agriculture, rural areas and rural residents

In 2018, the Bank continued to improve the financial services dedicated to rural areas, and leveraged its advantages to make agriculture stronger, rural areas more beautiful, and rural residents better off.

### Case Ningbo Branch supported rural revitalization with a financial strategy

As at the end of 2018, the outstanding agro-related loans extended by Ningbo Branch stood at **RMB9,662 million**, accounting for **25.38%** of the total, up **37.44%** year on year.

### Network of rural financial service system



**Management measures:** The Bank implemented the system of due diligence exemptions, organized policy communication meetings for relationship managers to eliminate their misgivings, and provided positive incentives based on performance appraisal.

### Service improvements and product innovations:

- The Bank vigorously promoted the application of modern payment tools, enabled more rural residents to enjoy electronic banking, and worked to bridge the "last mile" for rural areas to have access to financial services.
- The Bank endeavored to build inclusive financial service stations for rural areas, which offer services including payment settlement, convenient payment for rural residents, wealth management for rural people, e-commerce, and training, as well as credit standing downloading, financial consumer rights protection, and financial literacy enhancement services. It stepped up efforts to make it possible for online lending to reach rural areas, and for agricultural produce to be delivered to urban households, and saw that financial service stations provided quality services more efficiently.
- The Bank enhanced the government-bank cooperation under the government-backed financing guarantee system. It worked to solve the problem of rural primary economic entities having weak guarantee ability due to limited strength, helping them access financing. The total amount of government-bank guarantee business reached RMB4 million, up 30% year on year.
- The Bank launched campaigns in rural areas on the awareness of guarding against telecommunication and internet frauds.
- The Bank simplified business flows in an all-round way, set up a green channel for the existing credit business, and increased service efficiency.

### Case Zhengzhou Branch launched "Grain Storage Loan" to facilitate the transformation and upgrading of the grain industry

To contribute to the national goal of developing Henan Province into a core grain production area, Zhengzhou Branch has joined hands with the Grain Administration of Henan Province to pursue the "grain banking" strategy. It has rolled out the "Grain Storage Loan", supported by differentiated credit policies, compliance risk control platform featuring list-based management, and professional risk control staff subject to Three-in-One allocation, to efficiently meet the various financial business needs of the province's grain industry undergoing transformation. In 2018, "Grain Storage Loan" business stood at RMB271 million, contributing to sound storage of summer grain and good harvests.

### Case Hohhot Branch has become a moving bank on Inner Mongolia grasslands

Hohhot Branch actively explored different inclusive financial services by focusing on providing financial services concerning payment of utilities. Since 2012, the Branch has cooperated with Inner Mongolia Power (Group) Co. Ltd. in providing POS agency receipt service of electricity fees to residents in agricultural and pastoral areas. The service stretches from Ulgai in the east of the autonomous region to Alxa Youqi in the west for 2,500 kilometers. Over the past 7 years, the Branch's staff have traveled over 0.7 million kilometers to hold a total of more than 100 on-site training programs and to visit power companies in 57 autonomous banners as well as over 300 power supply stations. Over 10 million local residents have benefited. The number of transactions completed has reached 5.58 million, with a total amount of RMB5.8 billion. Thus, the problem of residents in agricultural and pastoral areas finding it difficult to pay electricity bills has been effectively eased.





## Pension finance meets elderly customers' needs

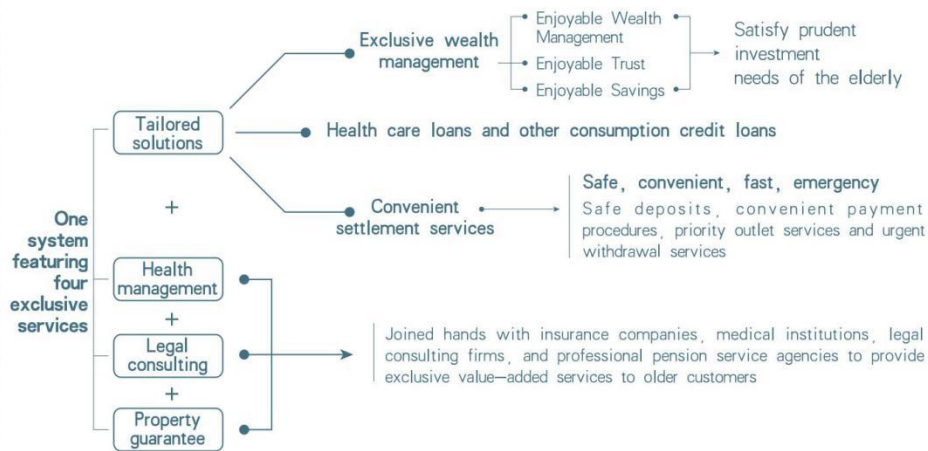
In view of population aging in China, IB has launched "Enjoyable Life" targeting elderly customers, the first eldercare finance product in the country, aiming to fill a gap in commercial banks' provision of eldercare finance services. Thanks to six years of efforts, an eldercare finance service system featuring tailored solutions, health management, legal consulting, and property guarantee has taken shape, and eldercare finance business has become one of the Group's seven major core business segments.

At the end of 2018, the number of elderly customers exceeded **14 million**; the value-added services and exclusive services covered more than **2.8 million**; the comprehensive financial assets of "Enjoyable Life" customers exceeded **RMB920 billion**.

One of the "seven major core business segments"



### Eldercare finance service system



To enrich the intellectual and cultural life of the elderly and help them take up more new hobbies, the Bank has held various events with the themes of respecting, loving and helping older people, and set up "Enjoyable Life Club" in more than 40 branches and established "Enjoyable Life Institute for the Elderly". In 2018, over 2,300 seminars and training activities were organized to disseminate knowledge among the elderly, heighten their awareness of guarding against financial frauds, promote the protection of their interests and rights, guide them in enjoying wellness, health care and medical care services, and help them develop interests in things like music, chess, calligraphy and painting.

In 2018, the Bank engaged in a national initiative to build a robust multilevel aged-care social protection system. In accordance with the Notice on Conducting a Pilot Program for Individual Tax-Deferred Commercial Pension Insurance Business, the Bank, as the only participating bank, played an active part in the reform of the third pillar of pension insurance. It has completed the top-level design of the "account system" for the third pillar of pension, as well as the construction of an information platform for the third pillar of national pension insurance. Additionally, as the only commercial bank included in the pilot program, the Bank conducted a pilot program on introducing accounts for individual commercial pension insurance funds in Fujian Province, making "Enjoyable Life" more competitive.

## Case Guangzhou Branch launched "Enjoyable Life for older people" event



On October 30, 2018, the "Enjoyable Life Cup" mountain climbing event for Guangdong's older people, organized by Guangzhou Branch, IB, concluded successfully. The event attracted over 5,000 participants living in Guangzhou.



● There were 8 supply stations and "photo walls" along the climbing route for the climbers.



● Over ten performance teams awaited the climbers at the performance area of the terminal.



● Golden wedding anniversary ceremonies were held for 18 old couples.



● Guangzhou Branch was granted the title of "Model Unit in Respecting and Loving Older People" by the Guangzhou Association for Elder Culture.



## Community Banks offer warmth

By the end of 2018, IB has set up **910** community sub-branches, thereby expanding and optimizing its layout of outlets. Such sub-branches have brought benefits and convenience to both community members and merchants while allowing the Bank to engage in a wide range of public welfare activities. In addition, community banks have organized **41,056** seminars on financial literacy and anti-counterfeit money, **35,125** seminars on anti-financial frauds, **29,887** events on community development and care for elderly customers, and **8,968** micro "wealth manager" salons, which attracted **850,000** participants in total. They have also organized **3,565** events to give customers special offers, whose number of participants exceeded **1.5million**. They have set up **323** rest-stops for sanitation workers and **620** donation stations.

### Case Guangzhou Branch organized "Summer Leadership Camp" and "Financial Quotient Contest"



The "Tongxing Club" of Guangzhou Branch organized "Summer Leadership Camp for Youth" and the first "Caizhi Tongxing — Financial Quotient Contest" respectively in August and September 2018, with the theme of "care for children's growth". The related activities received positive response in Guangzhou, Foshan, Dongguan, Zhuhai and Jiangmen.

The "Summer Leadership Camp", for which international leadership theories were introduced and teamwork model was adopted, allowed dozens of adolescents to learn fresh ideas. The "Financial Quotient Contest" was highly acclaimed by both parents and the Guangzhou Finance Association. It demonstrated that Guangzhou Branch engaged in inclusive finance in new ways, deepened publicity of the scientific principles for wealth management, and encouraged children and teenagers to acquire financial knowledge.



### Case Dalian Branch offered public arts class

"Why can't we make good use of our entertainment room to do something good for children in cooperation with arts education institutions?" Song Chengquan, General Manager of IB Jiefang Guangchang Community Sub-branch, asked. His bold idea has led to the creation of a popular ukulele class at the community sub-branch. It is a free music class for children living in the community. The first phase, which attracted children from 11 families, consisted of 22 lectures, each for 45 minutes. It not only guided children to independently play some songs, but also allowed their grandmothers or grandfathers who accompanied them to learn some knowledge about music. Arts exchange helped cement their relationships.

The Bank's initiative to "build warm community banks" aims to make better wealth service available to all people. By integrating social resources, community banks provide all-round services closely related to people's life, so that the "home" concept is truly manifested, and financial services are expanded.

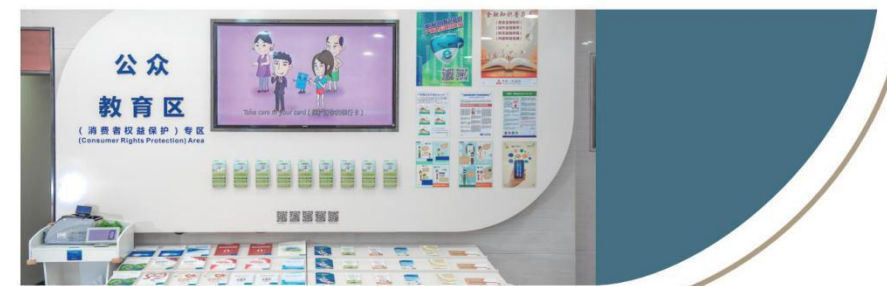
### Case Nanping Branch introduced environmental classes into community activities



### Case Nanning Branch organized "Little Bankers" event



### Case Guangzhou Branch Wuyang Sub-branch set up public educational area





# ENVIRONMENT

## Environment

- 65 / Forward-looking Early Warning Continues to Enhance Environmental and Social Risk Management
- 67 / Professional safeguarding — Green finance promotes high-quality development
- 71 / Topic: Various Service Offered for Green Development
- 75 / Ecological Harmony and Green Operation
- 77 / Green to Gold: A Lifestyle

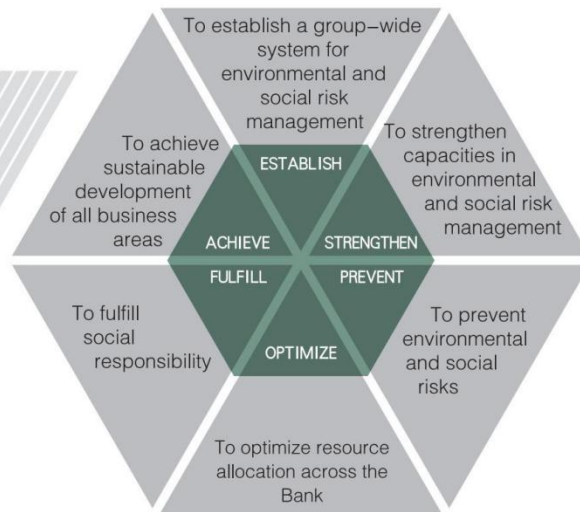




# Forward-looking Early Warning

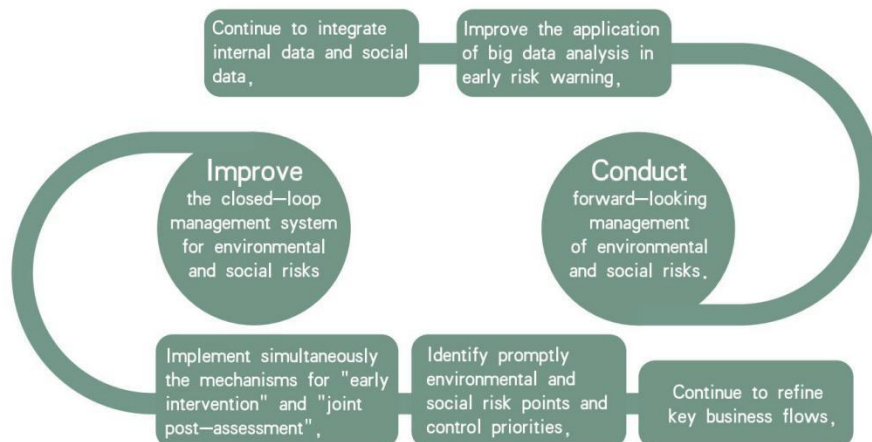
Continues to Enhance Environmental and Social Risk Management

## Environmental and social risk management goals



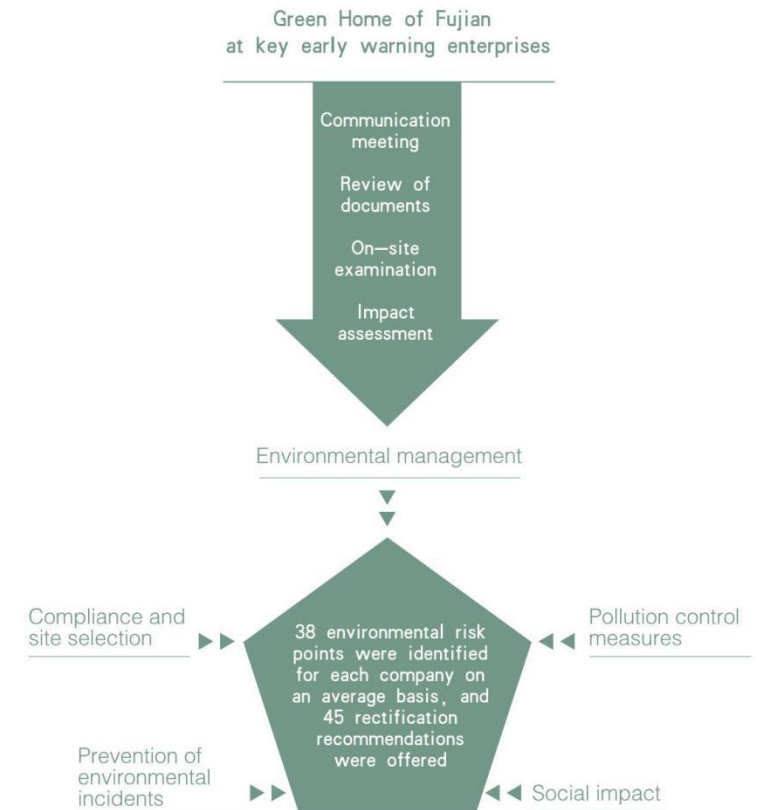
## Measures for environmental and social risk management

The Bank has established a whole-process early risk warning management system for environmental and social risks.



## Expand the early warning information channels for environmental and social risks

In 2018, the Bank continued to actively cooperate with Fujian Green Home Environment Friendly Center (Green Home of Fujian), a non-governmental organization, and made full use of the List of Early Environmental Risk Warnings to issue internally 33,442 early environmental risk warnings, so as to enhance the management of environmental and social risks of enterprises and projects.



## Take an active part in the formulation of policy for environmental information disclosure

In 2018, as a major member of the Pilot Working Group of UK-China Climate and Environmental Information Disclosure jointly set up by the People's Bank of China and the Bank of England, the Bank actively explored more practical and effective methods for the measurement, management and control of environmental risks, and continued to strengthen its capacities in the management of environmental and social risks. In November 2018, the Bank and other participating financial institutions jointly published the 2018 Report on the Progress of the Pilot Program of UK-China Climate and Environmental Information to promote green investment and to prevent and control financial risks.



## Professional safeguarding – Green finance promotes high-quality development

### Green standards – Technology empowers finance and enables professional support

At the 2018 annual meeting of the Green Finance Committee, China Society for Finance & Banking, IB officially launched a professional Green to Gold green finance supporting system, which was the first professional green finance system independently developed by domestic financial institutions and equipped with the most all-round functions. Through three major functional modules, namely business management, risk management and operation management, the system enhances the identification efficiency of green projects, strengthens prevention ability concerning environmental and social risks, and brings up the professional supporting level. Meanwhile, IB participated in the formulation of multiple green credit policies, including the statistical analysis of green credit, implementation plan of green credit evaluation, guideline to energy efficiency loans and green financial bonds, with regulators, proposing constructive suggestions to boost the establishment of China's green financial system and market development. On the basis of improving the consistency between the internal green standard and the external one, IB made use of the professional green finance supporting system Green to Gold, further optimized the procedures for the identification of green finance attributes, and truly instructed institutions at all tiers to carry out targeted arrangement of credit resources to green industries and the green transformation and development of traditional industries according to the national requirements of green development.



In addition, the Bank published a 400,000-word book, Put Justice into Interest: Exploration and Practice of Green Finance for Commercial Banks, which represented the refinement of practice experience and the exploration achievement concerning green finance for the past 12 years. The book was included into the green finance series of the Green Finance Committee, China Society for Finance & Banking.

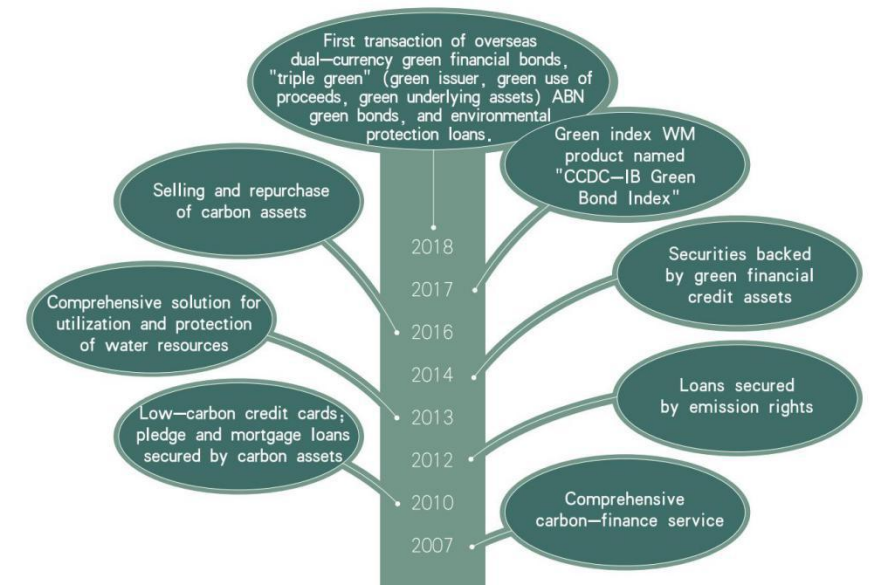
### Green products – Pioneering and innovating the group-based collaboration system

Based on the integration of the Group's products and services, IB has developed a group-based system related to green finance products and services. For corporate customers, IB provided customers in the energy conservation and environmental protection industries with multiple financial services covering green finance, green leasing, green trust, green fund, green bonds and other fields; for personal customers, IB launched innovative products, including low-carbon themed credit cards, green mortgage loans, green consumption loans and green wealth management.

As at the end of 2018

<p>In terms of corporate customers</p>	<p>The financing balance of green finance of the Bank was <b>RMB844.9 billion.</b></p>	<p>The financing balance of green leasing of Industrial Bank Financial Leasing Co., Ltd. was <b>RMB47.021 billion.</b></p>
<p>The financing balance of green finance of China Industrial International Trust Limited reached <b>RMB59.668 billion.</b></p>	<p>the business balance in the green financial field of IB Fund Management Co., Ltd. reached <b>RMB9.634 billion.</b></p>	<p>The existing scale of green financial bonds reached <b>RMB110 billion.</b></p>
<p>In terms of personal customers</p>	<p>The accumulative credit extension of "green mortgage loan" of the Bank totaled <b>RMB24,554 billion.</b></p>	<p>Regarding China's first low-carbon themed credit card issued in January 2010, the accumulative number of cards issued amounted to <b>730,800.</b></p>
<p>Regarding the series of low-carbon credit cards, the accumulative volume of carbon emission reduction purchased was <b>336,958 tons</b>, equivalent to one-year driving suspension of 2 million taxis.</p>	<p>The balance of wealth management product "Wanlibao-Green Finance" launched in September 2016 reached <b>RMB14.3 billion.</b> Most funds raised were invested in environmental protection projects and green bonds.</p>	

For years, IB has further developed green finance, deeply interpreted current policies and precisely grasp the future trend of the industry, and, from the perspective of customers' financing needs, developed several innovative financial products based on the industry development direction.





## Largest balance of green bonds among global commercial financial institutions

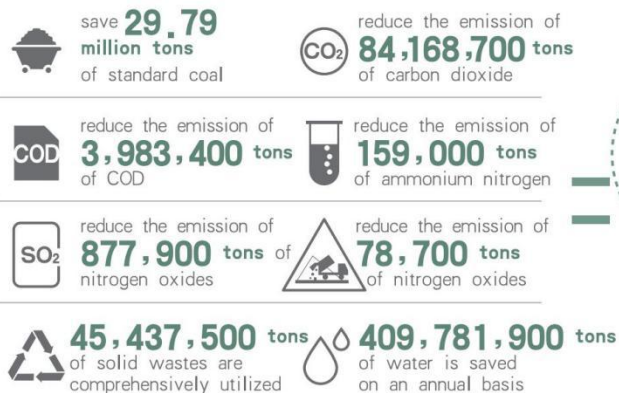
In 2018, IB issued the first overseas green financial bond and, in China, the second round of green financial bonds. As at the end of 2018, its domestic existing green financial bonds totaled RMB110 billion. IB became the first bank to accomplish the issuance of green financial bonds in both domestic and overseas markets among Chinese-funded commercial banks, and also the commercial financial institution with the largest amount of balance of green financial bond issuance in the world. Meanwhile, thanks to the resources advantage brought by green financial customers and the market influence came with participation in the formulation of green bond standards, IB currently ranks first in the share market of green bond underwriting, effectively satisfying the financial needs of green enterprises.

## Differentiated credit policies and green finance contribute to high-quality economic development

Implementing the national differentiated credit policies in a proactive manner, the Bank explicitly refuses industries with backward technology, severe pollution, wasted resources and explicit order of shutdown or restrictive development given by the government. It carries out credit policies emphasizing "highlight priorities and restrictions in loan issuance, restriction on incremental volume, and revitalization of existing facility" towards industries with surplus productivity, strictly controlling new credit granting to industries with severe surplus productivity.

### The projects backed by the Bank facilitate the country to

By the end of 2018, the Bank has accumulatively provided **RMB1,762.4 billion** of green financing for **16,862** enterprises, with a financing balance of **RMB844.9 billion**.



## Business data of industries with "high energy consumption, high pollution or overcapacity"

Industries with "high energy consumption, high pollution or overcapacity"	Balance of 2016 (RMB 100 million)	Proportion to corporate loans in 2016	Balance of 2017 (RMB 100 million)	Proportion to corporate loans in 2017	Balance of 2018 (RMB 100 million)	Proportion to corporate loans in 2018
Textiles, leather processing and paper industry	25.86	0.20%	24.21	0.17%	26.61	0.16%
Chemical raw materials and chemical product manufacturing*	124.40	0.98%	143.65	0.99%	228.87	1.37%
Rubber and plastic products*	10.48	0.08%	15.46	0.11%	12.06	0.07%
Coking	16.71	0.13%	15.44	0.11%	25.37	0.15%
Iron and steel	180.95	1.42%	152.39	1.05%	158.48	0.95%
Cement	73.22	0.58%	60.78	0.42%	68.59	0.41%
Sheet glass	7.13	0.06%	6.00	0.04%	5.00	0.03%
Polycrystalline silicon*	7.82	0.06%	9.74	0.07%	11.32	0.07%
Electrolytic aluminum	37.92	0.30%	58.63	0.40%	114.59	0.68%
Shipbuilding	20.88	0.16%	2.22	0.02%	1.93	0.01%
Subtotal	505.37	3.98%	503.99	3.47%	652.82	3.90%

Note: Industries with "high energy consumption, high pollution or overcapacity" are classified in accordance with the Notice on Implementing Key Performance Indicators of Green Credit of the CBRC (Y.J.B.F. [2014] No. 186). For segments of industries with \*, the data scope is determined by the Bank.

## Building a brilliant group brand of green bank based on green recognition

In 2018, the Bank officially submitted its application to the Green Climate Fund (GCF) for being an implementation institution, and became the exclusive commercial financial institution whose application was approved by several ministries and commissions, including the Ministry of Finance. The Bank has been admitted as a partner and supporting institution of the Kigali Cooling Efficiency Program after application, and was awarded the "Best Green Bank China 2017" by Global Banking & Finance Review and the "Bank of Green Finance of the Year" by Asiamoney.



## Various Service Offered for Green Development

Aimed for being the first-class green financial comprehensive service provider and the front-runner in green finance, the Bank works to upgrade its green financial products, set up its products system with regional economic characteristics for promoting efficient and environmental development.

In 2018, the Bank propped up Sichuan, Tianjin, Yunnan, Xinjiang, Fujian and other provincial and autonomous regional governments' issuance of special bonds for watershed ecological conservation, ecological restoration, water affairs, public transportation, scenic spot construction, etc. The Bank continued to explore the cooperation pattern with government agencies with regard to the integration among green finance, intelligence, and commerce in order to provide better service timely. Meanwhile, the Bank is committed to explore emerging products in varied places and forms such as launching "environmental loan" pilot products in Nanjing and Hefei, "Sunshine Loan" products in Shanghai, "river chief system" strategic cooperation and innovative green PPP in Quanzhou and Fuzhou.

To draw on the strengths of green finance, conduct innovative cooperation in product development, team building, business procedure and other aspects, and promote green finance, the Bank set up FI partnership in green finance with nearly 20 city commercial banks and rural commercial banks such as Jiujiang Bank, Huzhou Bank and Anji Rural Commercial Bank in 2018.



Case Quanzhou Branch offered various products to contribute to sound environment.

### ● Green Credit

The most magnificent "Plank Road in Sky" of Quanzhou – the exquisite demonstration section of the Mountain Greenway Project is officially accessible to the public in the end of October in 2017. The public can ride bicycles or walk to enjoy the beautiful scenery on the city's "green belt". Quanzhou Branch launched a "Green Approval Conduit" for this ecological project, fixed the scale of green finance special credit, and granted the project credit support worth RMB120 million with relatively favorable interest rates.

In July 2018, Quanzhou Branch provided on-site services in support of the new energy public transportation system. It provided Jinjiang Public Transportation Co., Ltd. green financial loans up to more than RMB30 million, which became the first loan to promote "Electric Fujian".

### ● Green Finance Comprehensive Service

Quanzhou Branch signed Strategic Cooperation Agreement on Strengthening Green Financial Cooperation and Comprehensively Promoting the Work of Quanzhou River (Lake) Chief System with the Office of Quanzhou River Chief System in July 2018. That means Quanzhou Branch will provide no less than RMB10 billion green financing for the relevant project of Quanzhou River (Lake) Chief System during the 13th Five-Year Plan, including green credit, green fund, green bond, green leasing, green trust and other diversified financial services, and prioritize it with special funds.

### ● Mortgage Lending of Carbon Emission Quota

Quanzhou Branch propped up market construction and transaction services in pilot areas such as carbon and emission rights, and launched the carbon emission quota mortgage lending among peer banks in Quanzhou as it is the only clearing and settlement bank in the carbon emission and transaction pilot project in Fujian Province. As a result, the financing space of enterprises was expanded and their confidence enhanced in adhering to green development.



### Case Guangzhou Branch launched many initiatives to promote innovation

#### The first "triple green" ABN Project —

On December 25, 2018, Guangzhou Metro Group's RMB5 billion ticket fare usufruct right asset-backed paper project, underwritten by the Guangzhou Branch, was successfully registered in the National Association of Financial Market Institutional Investors (NAFMII). This is the first "triple green"<sup>2</sup> "Triple green" products in the asset-backed paper refer to green issuer, green use of proceeds, and green underlying assets.] ABN product domestically. As the exclusive recommender, Guangzhou Branch was committed to launching the application plans of the first batch of "Green Issuers" of NAFMII with its aim of "profession, person and efficiency". Also, Guangzhou Branch, jointly with professional green evaluation agencies, established the Green Bond Framework and conducted joint management as the "Green Bond Framework Manager" for the Guangzhou Metro Group.

<sup>2</sup> "Triple green" products in the asset-backed paper refer to green issuer, green use of proceeds, and green underlying assets.

#### The first green bond in the Nansha Free Trade Zone —

On February 5, 2018, the "2018 First Green Medium-Term Note of Guangzhou Yuexiu Enterprises (Holdings) Limited" issued by the Guangzhou Branch was approved for registration by NAFMII. The medium-term note was the first green bond in the Nansha Free Trade Zone. The fund raised will be used for the green project of recycled paper with its significant environmental benefits conducted by Guangzhou Paper Group Ltd., located in the Nansha Free Trade Zone. Guangzhou Branch has blazed new path in green project financing for enterprises by leveraging green financial tools, especially for the traditional manufacturing industries. For them, this new path was not just about how to implement the national policy of "Lucid Waters and Lush Mountains Are Invaluable Assets" to achieve green development, but more about setting a good example of sustainable development and green transformation by making good use of green finance development opportunities.

### Case Hefei Branch offered "Environmental Loan" for building a sound homeland in Jianghuai Region

In 2018, Hefei Branch and Department of Finance and Department of Environmental Protection of Anhui Province jointly signed an agreement on "Environmental Lending" cooperation to strengthen financial support for the ecology and environmental protection in Jianghuai Region. "Environmental Lending" targeted the small and medium-sized enterprises with high credit rating in environmental protection within Anhui. Financial risk compensation fund functioned as a means of credit enhancement to guide commercial banks to offer credit loan proceeds for the development of environmental protection industries in which enterprises carried out pollution prevention, ecological protection and restoration, resource recycling and the leverage of new energy and renewable energy and etc. The maximum amount of "Environmental Lending" reached RMB40 million with the maximum period of 5 years, and a preferential policy for loan interest rates.

### Case Shenzhen Branch promotes card life for low-carbon footprint

On July 20, 2018, the "Industrial Bank Card Life" product was officially launched in Shenzhen. This product belonged to the first project domestically for subsidizing owners of charging new energy automobile. The product included "Industrial Bank New Energy Platform" and "Industrial Bank Card Life" exclusive debit card. The debit card was applicable only for the one-time charging subsidy for new energy vehicles in Shenzhen in 2016. By the end of 2018, Shenzhen Branch had accumulated to spend over RMB30 billion on green finance service, targeting more than 300 green financial enterprise customers.





# Ecological Harmony Green Operation

The Bank adhered to the low-carbon environmental protection policy, the green operation concept, and proposed "green office, low-carbon life". That equaled to refined management of energy consumption in many aspects from water, electricity, paper to waste recycling, energy conservation and environmental protection facilities. At the same time, the Bank adhered to green procurement, adopted strict review of suppliers in terms of safety, health, environmental protection and labor security, and strengthened management for environmental and social backgrounds of suppliers.

Office water consumption of the Head Office (ton)	136,672.07
Office electricity consumption of the Head Office (10,000 kWh)	2,493.94
Office paper consumption of the Head Office (ton)	9.36
Fuel consumption of cars of the Head Office (ton)	1,615,409.7
Proportion of video conferences in total ones of the Head Office (Fuzhou Region) (%)	22.51%
Coverage ratio of video facilities of the Head Office (%)	100%

Emission of carbon dioxide of the Head Office of Industrial Bank Co., Ltd. (ton) in 2018<sup>3</sup>  
= direct emission+indirect emission

**24,868.13=21,108.39+3,759.74**

<sup>3</sup> The calculation method of carbon dioxide emission is from Accounting Tool of Greenhouse Gas Combustion at Fixed Source of World Resources Institute, Version 4.1

## Case Yinchuan Branch organized "Environmental Protection Publicity and Green Finance Business Training"

On October 9, 2018, the Branch assembled all staff to take part in "Environmental Protection Publicity and Green Finance Business Training" and to watch environmental protection-themed promotional films, such as the Weeping Helan Mountains and the Yellow River Roars made by the Party Committee of Ningxia Hui Autonomous Region. Ningxia Broadcasting and Television News Center interpreted and publicized the backgrounds of film-making as well as environmental protection and synchronously, Deputy General Manager Mr. Zhou Jianpeng organized green finance business training, to comprehensively improve all staff's "Environmental Protection Power" in terms of consciousness cultivation and business capabilities.

## Case Xining Branch promoted green office for environmental protection

- Green Resolution out of the office building of Xining Branch headquarters



- "Donate Points for Tree Planting and Green Poverty Alleviation" campaign



## Carried out Green Office activities

In 2018, IB carried out green office activities in order to establish the philosophy of "Green Office & Low-carbon Life" and encourage employees to participate in building a "Green office".

### 1 Chapter of Spring — "I have an appointment with Spring at the low-carbon office"

The Bank made a "Green office"-themed video and tips of low-carbon work life to popularize general knowledge of the Green Office and advocate the employees to practice it.



### 2 Chapter of Summer — I embrace a cool Summer with less emission and energy saved

We integrate the philosophy of Green Office into our workdays, into every single task and everyone's action.

### 3 Chapter of Autumn — public lectures of the Green Office

We invite lecturers with expertise in public good from outside the Bank to instruct our staff in environmental protection and "Zero Waste" and to help them utilize office and household waste more efficiently, turning it into "wealth" under the premise of enough lights

### 4 My actions to build a Green Office

- We organize staff of all departments and all departments' building stewards of the Head Office to practice Green Office philosophy.
- Each floor's steward, before work hours, should control the line switches in a energy-saving mode based on the premise of sufficient lighting for work;
- We set more energy-saving marks and signs of the light, air conditioner, printer and electricity and so on;
- We strengthen utilizing and recycling of office supplies (used batteries, non-secret-related copy papers of which memo pads can be made).





# Green to Gold A Lifestyle

## Case Fuzhou Branch built a volunteer team for river protection

On October 14, 2018, Jin'an District Office of the River Chief System presented the plaque of "Enterprise River Chief" of Guangming Port (Jin'an River Reaches) to IB Fuzhou Branch, which became the first Enterprise River Chief of the inland waters in Fuzhou. Meanwhile, Fuzhou Branch established its Volunteer Team for River Protection, who aims to care for and protect the river by regularly conducting protection and regulation actions and irregularly conducting publicity activities of waterway control and protection.



## Case Hefei Branch held green cycling activity

Youth League Committee of Huashan District, Hefei, in association with IB Ma'anshan Branch, initiated a widespread cycling event, "Embrace the Mother River". The cyclists started from the Cihu River Landscape Belt, spreading the idea of "Green, Environmental Protection, Energy Saved and Emission Reduced."



## Case Hohhot Branch required mandatory tree planting

Spring brings vitality back to the earth. As World Earth Day approached, Hohhot Branch proactively practiced the green finance philosophy of the Bank. 286 employees participated in the mandatory tree planting, helping approximately 2,700 saplings "settle down".



## Case Shenyang Branch made contribution to the health city

A volunteer team on behalf of Party branches and Youth League branches of Shenyang Branch went to Houjingsai Village, Heping District to help clean the towns and villages and propagandize building national health cities. The volunteers did it themselves, completing thorough clearance, disposal and landfill of the white trash at in front of the houses, courtyards, village entrance, paths and even the whole village. In addition, they publicized the work of building health cities by means of making steamers, assembling villagers and giving speeches.





# RETURN COMMUNITY

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## Return Community

- 81 / Topic: A Path of Equality with Five Dimensions of Targeted Poverty Relief
- 85 / A journey of a thousand miles begins with a single step. There is a long way to popularize financial knowledge
- 87 / Great Love Knows No Boundary and Three—in—one to Public Welfare and Charity
- 91 / Grow Together and Culture Co-building Focusing on Staff Rights and Interests



## A Path of Equality with Five Dimensions of Targeted Poverty Relief



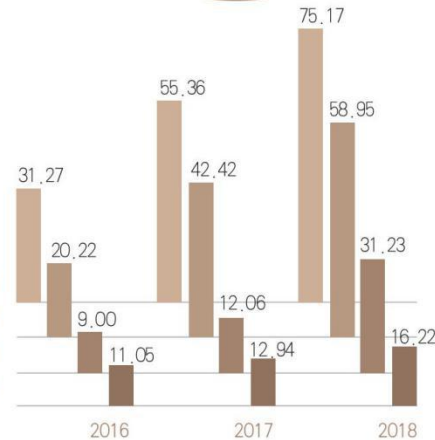
In 2018, the Bank continued implementing the Implementation Opinions on Financial Support for Poverty Alleviation jointly issued by seven authorities including the People's Bank of China, practicing Development Service Program for Poverty Alleviation through Finance of CIB formulated in 2016, and pushing forward targeted poverty alleviation with five dimensions, namely products, industries, channels, education and fixed points. With the five dimensions integrated as one, diversity and innovation, the Bank steadily marches forward on the path of targeted poverty alleviation with CIB's characteristics.

Loan balance of targeted poverty alleviation (RMB100 million)

Institution loan balance of targeted poverty alleviation(RMB100 million)

Industries loan balance of targeted poverty alleviation(RMB100 million)

Individual loan balance of targeted poverty alleviation(RMB100 million)



### Poverty alleviation with innovative financial products

The Bank is committed to strengthening innovation and perfection of financial products for poverty alleviation, designing and promoting exclusive products suitable for poverty-stricken areas and populations and enhancing credit funding support for these areas to shake off poverty and become prosperous.

#### Case The Bank innovated mortgage loans regarding "Two Rights" and "Forest Ownership"

The Bank piloted "Two Rights" and "Forest Ownership" rural mortgage loans in Fujian Province. Taking into account the differences of poverty-stricken areas, the Bank provides credit loan support for these areas, solves the problem of capital turnover of farmers and actively gives play to financial strength in poverty alleviation. As at the end of 2018, in Fujian Province, the Two Rights mortgage loan balance of the Bank recorded RMB430 million, and the issued loans in 2018 added up to RMB392 million; the Forest Ownership mortgage loan balance recorded RMB461 million and the total loans issued in 2018 added up to RMB76.2 million.

#### Case The Bank innovated bank-securities-insurance financing mode

In order to support the business development of the enterprises at Zhenghe County, one of the 23 counties that most need poverty alleviation and development in Fujian Province, the Bank innovated the Zheng Yin Bao mode and signed the Cooperation Agreement of Zhubaojin Financing Business of SMEs with the Council of Electromechanical Industrial Park of Zhenghe Tongxin Economic Development Zone and with Zhenghe Tongxin Economic Development Zone Construction Investment Company. With the financing mechanism of "Zhubaojin+risk compensation from the government" for SMEs jointly built by the three parties, eligible SMEs can be provided with funds with a credit limit of RMB200 million, so that the difficulties of guarantee and financing can be eased. As a result, the development of local electromechanical, food, bamboo industries can be boosted and the county economies be supported by the fine industries.

## TARGETED POVERTY ALLEVIATION



### Poverty alleviation with support of green ecological industries

The Bank attaches importance to the development of industries when working on poverty alleviation, so it focuses on green ecological industry, water conservancy, medical care, endowment insurance concerning the people's livelihood. The Bank alleviates the conflict between poor infrastructure and economic development, improves the production and life of people in poverty-stricken areas and push forward the comprehensive development of these areas.



#### Case Green finance promoted targeted poverty alleviation

Chengdu Branch conducted several on-site inspections of the economic foundation and ecological environment of Hejiang County, Huzhou, the recipient of poverty relief, after which the Branch gave full play to the professional advantage of the Bank in green finance and supported the rebuilding and expansion of Huangxi Water Plant in the Hejiang County by integrating green finance and targeted poverty relief, with a loan of RMB280 million and the term 15 years. It built new water pump houses, water treatment plant and water pipes to improve water quality, increase water supply and ensure the quality of water for the use of people's household, industry and agriculture. As a result, the development of the local economy can be boosted.



### Poverty alleviation channel of technological innovation extended services

The Bank continuously increases and optimizes service network outlets, based on which it strengthens the development of the on-line network platform. Supported by the convenient channel of financial services, the coverage on poverty-stricken areas will be enlarged.

#### Case The Bank supports SMEs in remote areas through the on-line platform

The Bank gives play to channels and continuously explores the online service mode for SMEs which is "Internet+Banks+Platforms". The Bank has developed online self-service "Resolving Loan" for SMEs, innovated B2B e-commerce platform cooperating business "CIB Loan Notes" and launched the mobile payment platform "Industrial Steward", to provide SMEs in remote areas and rural enterprises with poor transportation conditions with comprehensive financial services combining settlement, wealth management and financing.



4

Poverty alleviation through education  
Love contributes to long-lasting undertaking

"Education improvement is a priority in poverty alleviation." Poverty alleviation through education is the foundation of preventing poverty from intergenerational transmission. After years of practice, the Bank aggregates all resources to realize the full coverage of diversified and systematized poverty alleviation through education which covers specific education from primary school to university. Up to now, the Bank has donated more than RMB60 million in terms of poverty alleviation through education. In 2018, it was awarded the "Education Assistance Award" by the Fujian provincial government.

Case Student Fund supports students from humble families

The Bank assists impoverished college students to complete their studies by means of setting up special student funds and sponsoring college education foundations. Since 2007, it has donated RMB25 million for the establishment of "CIB Charitable Grants", which has funded 5,500 poverty-stricken students from five universities in Fujian Province. In 2018, it donated RMB10 million to Jimei University to support the university to set up funds for supporting impoverished students, award teaching funds and so on.

Hohhot Branch



Nanning Branch Qinzhou Sub-branch



5

Targeted poverty alleviation  
Linked support pervades

In accordance with the principle of "the Head Office coordinates implementation by branches", the Bank actively mobilizes the strength of banks, governments, employees and local residents to push forward all work of targeted poverty alleviation around two major battlefield between the targeted poverty alleviation counties/villages in Fujian Province and severely poverty-stricken areas outside the province.

Around two major battlefield; the targeted poverty alleviation counties/villages in Fujian Province and severely poverty-stricken areas outside the province. In Fujian Province, "one county + N villages" support model is formed. Outside the province, it includes poverty-stricken counties (villages) such as southern Xinjiang and 11 contiguous destitute areas, docking more than 60 targeted poverty alleviation projects, and dispatching 22 poverty alleviation cadres. In 2018 alone, all expenditures on targeted poverty alleviation exceed RMB18 million.

Case Zhengzhou Branch  
Poverty alleviation through breeding industry gets the point

Zhengzhou Branch takes Xiaozhuang Village of Zhugou Town in Queshan County as poverty alleviation working point and develops poverty alleviation model of breeding industry. The village committee takes charge of selection and purchase of young beef cattle as well as follow-up breeding technology guidance and process supervision. The Branch provides the lump-sum poverty alleviation funds and provides assistance in terms of infrastructure and breeding technology.

Case Hohhot Branch  
Hundreds of enterprises are connected with hundreds of villages

Hohhot Branch forms 13 targeted poverty alleviation working groups to carry out supporting work by way of one group for one account and one policy for one account. It collects special funds of RMB128,400 for the Nanyuanzi Village which is supported by targeted poverty alleviation. It also purchases 13 cows for documented poverty-stricken households to support the collective economy of Nanyuanzi Village, and the trusted earnings are mainly used for the daily production and life of poverty-stricken households.

Case Fujian and Ningxia  
carry out poverty alleviation together for love

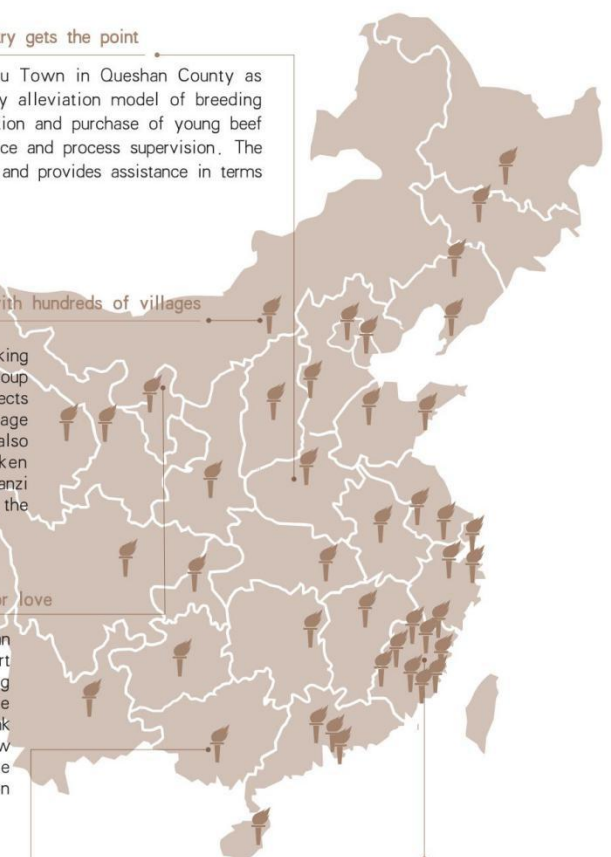
The Bank actively carries out cooperation between Fujian and Ningxia, donating nearly RMB2.1 million to support special education, immigration projects and planting industries in Ningxia, and actively fulfills all the responsibilities for poverty alleviation. In 2018, the Bank also achieved a strategic cooperation with Ningxia Yellow River Rural Commercial Bank to jointly promote the implementation of the poverty alleviation cooperation strategy between the East and the West.

Case Nanning Branch  
Poverty alleviation should put emphasis upon prompting ambition

Since Nanning Branch Qinzhou Sub-branch carried out targeted assistance to Dongkou Village, Guandong Town, Pubei County, it has allocated a total of RMB55,000 for poverty-stricken households to purchase fish fry and feed, contributing to develop fish-farming industry through mountain spring water. During the period, the branch manager lead the leading cadres and key employees to enter the village to offer assistance and show empathy for nearly 30 times, and 8 of the poverty-stricken households in total 39 people which are supported by targeted poverty alleviation in the village have been successfully out of poverty.

Case Cadres stationed at the grass-roots level contribute to poverty alleviation

The Bank dispatches excellent cadres as leaders for becoming rich to serve as first secretary of the village party branch in the linked village. The cadres went down to the grassroots to construct a number of people's livelihood projects such as irrigation canals in Banyuan Village, Zhenghe County, Nanping City, elderly happy home in Waitun Village, elderly activity center in Qiankeng Village, Hua'an County, Zhangzhou City, the construction of canals and bridges in Zengrui Village, Yongding County, Longyan City.





## A journey of a thousand miles begins with a single step. There is a long way to popularize financial knowledge



In 2018, the Bank adhered to the development idea of inclusive finance, and carried out financial knowledge publicity and education activities based on community bank. It conducted financial education from diverse channels for different audiences such as students, the elderly, the disabled etc. to enhance public basic financial knowledge and financial security awareness, which contributes to the prevention of financial risks and building a harmonious financial environment. In 2018, the Bank won the title of advanced unit in the campaign of "Financial Knowledge Publicity Month" and "Financial Knowledge Enters Every Family" and the activity with the theme of "Enhancing Financial Literacy" and "Striving to be a Good Financial Netizen" launched by the CBIRC. It was also awarded the title of most effective unit in the 2018 Annual Financial Knowledge Popularization campaign by China Banking Association.



### "Going out" education around people

The Bank goes out of business outlets and actively goes to customers to carry out publicity and education activities of financial knowledge. It successively organized and carried out popularization activities of financial knowledge to draw closer to consumers, including the "3.15 International Consumer Rights and Interests Protection Publicity Week" event, the campaign on "Popularization of Financial Knowledge for Ten Thousand Miles", the campaign on "Financial Knowledge Popularization for Financial Security", the activities of "Financial Knowledge Publicity Month" and "Financial Knowledge Enters Every Family", and the activity with the theme of "Enhancing Financial Literacy" and "Striving to be a Good Financial Netizen" and the "Financial Knowledge Enters the School" event.

Case

Wuhan Branch held financial festival for college students

Wuhan Branch draws up targeted education plans for college students from different universities and carries out characteristic education of financial knowledge in a targeted manner. It has successively set up financial classes in Zhongnan University of Economics and Law, South-Central University for Nationalities, Hubei University and other universities. By means of on-site micro-movie broadcast, case analysis, policy advocacy, data measure and calculation, it warns students the harm of illegal campus loans and reminds them to avoid financial traps from diverse perspectives.



Case

Dalian Branch spread financial knowledge to the countryside

Dalian Branch carried out publicity activity of financial knowledge in the village committee of Jinchang Community, Zitan Street, Pulandian City. The activity attracted more than 100 villagers to participate and sent out more than 200 leaflets including leaflets of financial knowledge class, anti-fraud guide for the elderly and the like. It introduced financial policy and knowledge to the villagers in simple terms with regard to the connotation of "good financial netizens", prevention of telecommunication fraud and staying away from illegal fund-raising and the like, which helps the villages to build up correct financial consumption concept and enhance their awareness of risk prevention and rights protection in accordance with law.



POPULARIZE

FINANCIAL KNOWLEDGE

	2017	2018
Investment amount of public education service (RMB10,000)	16.3 ▶▶▶▶	846.93
Accumulated number of activities	16,041 ▶▶▶▶	34,750
Number of public education special events	1,929 ▶▶▶▶	11,583
Number of customer (in 10,000)	1,464.42 ▶▶▶▶	3,552.95
Number of materials distributed (in 10,000)	43.52 ▶▶▶▶	464.88
Number of employee involved (in 10,000)	6.2 ▶▶▶▶	6.8
Message sent (in 10,000)	150.35 ▶▶▶▶	286.51
MicroBlog and WeChat posts (in 10,000)	21.25 ▶▶▶▶	101.61
Media report	256 ▶▶▶▶	515



### "Bring in" consumers to share knowledge

The Bank invites consumers to enter the branches to participate in the salon activity of financial knowledge publicity. By means of special forms such as "CB financial knowledge classroom", financial knowledge is popularized to enhance the ability of risk identification and prevention and the awareness of self-protection and accountability of the public, especially farmers, workers, teenagers, the elderly and the disabled. Meanwhile, the Bank has added the "consumer rights protection zone" to the homepage of mobile banking to expand the range of target audience, which makes it more convenient for customer to look up financial knowledge. The zone will update various financial knowledge and dynamics of the Bank's consumer rights protection publicity activities simultaneously with the "financial consumer education and service column" of the official website.

Case

Chongqing Branch held financial knowledge salons

Chongqing Branch carefully selected the financial knowledge that concerns consumers to make publicity and popularization for different consumer groups, including inviting middle-aged and elderly customers to popularize the knowledge of staying away from illegal fund-raising traps and preventing telecommunication and Internet frauds and guiding consumers to correctly choose formal financial service channels and institutions to protect their own property security. In the meanwhile, the Branch also held a "Little Bankers" event to invite children aged 5-8 to enter the banking business hall to experience various services of the bank and learn how to use bank self-service equipment such as ATM, calling machine etc., popularizing the knowledge of how to identify counterfeit money and manage their own lucky money and pocket money to cultivate their financial awareness.







# Great Love Knows No Boundary Three—in—one to Public Welfare and Charity



We are committed to supporting the causes of public welfare and have established a public welfare and charity mechanism of "regular donation" and "donation for disaster relief", integrating "supporting poor students via donation", "disaster relief" and "support the poor". In 2018, the Bank donated a total of about RMB37 million, an increase of 76% over the previous year.

	2016	2017	2018
Donation (RMB10,000)	3,244	2,100	3,700



## Donate money for education, make dream come true

### Case Taiyuan Branch offered care for left-behind children

Taiyuan Branch got in touch with Qiancheng Mingde Primary School in Weifen Town, Xing County, Luliang City, which was mainly for left-behind children. There were 68 students in Qiancheng Mingde Primary School, most of which were children of poverty-stricken family, orphans and left-behind children. Due to their location in remote mountains and traffic inconvenience, the students suffered from a number of problems in study and life. On July 6, 2018, Taiyuan Branch went to Qiancheng Mingde Primary School to express sympathy and solicitude for and assist the students, and brought them tableware, rice, flour, edible oil and other daily essentials. Jiao Xiaoming, secretary of the Party committee of Taiyuan Branch, encouraged the children to study hard, love life, change their fate with knowledge and repay the society. At the same time, he said that a point-to-point teacher support program would be established, and built a long-term salvage relationship with 16 left-behind children and the neediest students.

### Case "Fujian Student Aid" App of IB Consumer Finance Co., Ltd. is launched

"Fujian Student Aid" App, a service platform that precisely identifies needy students and is jointly developed by IB Consumer Finance Co., Ltd. and Fujian Provincial Student Financial Aid Management Center, has been successfully used in 86 colleges and universities all over Fujian Province. As of November 2018, 305,700 of 717,100 students enrolled in colleges and universities of Fujian Province had registered to use "Fujian Student Aid" App, which had precisely identified 121,900 needy students. "Fujian Student Aid" App realizes the conversion from offline paper handling to online digital and intelligent handling, achieving unified standard and process throughout the entire province and making the identification work more fair, open and just.

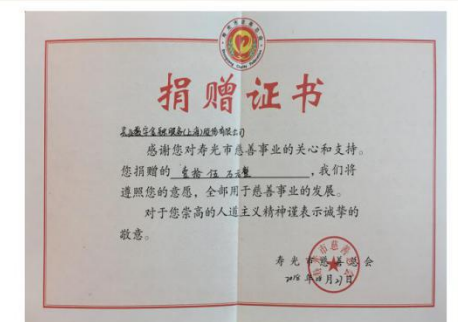


## Disaster relief, timely assistance

### Case All Staff of IB FINTECH Services (Shanghai) Co., Ltd. helped relieve the flood disaster in Shouguang City

Affected by the Typhoon Rumbia, Shouguang City of Shandong Province and other places suffered great heavy rainstorm on August 20, 2018, which was rare over the years. The flood originating from Mihe River in Linqu County, Weifang City led to dyke breaching and flood flowing backward in Shouguang section which was at the downstream, resulting in many villages along the line hit by the flood, the hometown of vegetables becoming a world of water, the villages underwater, the greenhouses destroyed and personnel urgently transferred.

The disaster is merciless, but the world is full of love. On August 23, 2018, IB FINTECH Services (Shanghai) Co., Ltd. called on all staff to actively support the disaster relief & fundraising activity. On the same day, it raised and donated RMB150,000 to Shouguang Charity Federation, doing its utmost to help the people in the disaster area find a way out of their dilemma.







## Poverty alleviation, make the world better

### Case Changchun Branch offered Care for Sanitation Workers

Changchun Branch organized 24 branches under its jurisdiction and carried out a series of activities themed by "Care for Sanitation Workers by the Banks". They brought the sanitation workers the hot soybean milk, the electric foot warmer, the earmuffs, hats and other warm-hearted items on the main blocks of Changchun City, Jilin City and Yanji City. At the same time, 24 branches of Changchun Branch set up a "warm courier station for sanitation workers", to provide hot water, Spring Festival couplets, Fu character and other holiday gifts as well as a temporary resting spot free of charge to the sanitation workers. All sub-branches successively carried out informal discussions, invited representatives of the sanitation workers around to enter IB for face-to-face contact and heart-to-heart communication, and spread the knowledge of inclusive finance and the common sense of guarding against financial risks and fraud.



### Case Yancheng Branch launched the event "Offer Love, Warm the Heart of Children"

Yancheng Branch organized party members and volunteers to enter Yancheng Children's Welfare Institute, visiting and expressing sympathy and solicitude for orphaned and disabled children and bringing them snacks, fruits and toys and other materials. Accompanied by teachers and nursing workers of the institute, the volunteers had a close and effective interaction with the children, so that the children felt the love of a mother and had a happy time.



### Case Guangzhou Branch organized Blood Donation to Cheer for Life

In 2018, Guangzhou Branch organized staff to carry out voluntary blood donation activities themed by "Cheer for Life with Love" twice. After wide publicity and mobilization, the enthusiasm of staff for blood donation was running high. A total of 208 staff, including front line staff and middle & senior managers of the organizations, donated 49000ML blood without repayment in two activities, which fully demonstrated the passion and sense of responsibility of our staff.





# Grow Together



## Culture Co-building Focusing on Staff Rights and Interests

After thirty years of joint efforts, the Bank works side by side with nearly 60,000 staff and passed from generation to generation to form a corporate culture of mutual trust, solidarity, simple harmony and advocating solid work.

### Basic situation of staff in 2018

By the end of December 2018

59,659 = 

Number of employees

 :  = 0.81:1

Ratio of male to female staff

2.13:1 = 

Ratio of male to female middle and senior managers

 :  = 1:34.40

Ratio of staff with minority nationality

100% = 

Rate of signing labor contract

 :  = 100%

Ratio of social security coverage

100% =  : 

Ratio of accumulated fund coverage



### Welfare for you

The Bank have established a comprehensive staff salary and reward system to effectively protect legal interests of each staff. In 2018, the rate of establishing a workers' congress and a trade union by all our branches, the proportion of staff participating in the labor union, the staff physical check rate and the rate of health records coverage reached 100%.



### Escort growth

The Bank have established a fair and efficient appraisal mechanism and a diverse and rich training system to activate the staff's enthusiasm to learn, and work together with the staff to grow together.

2018

- Number of training programs held for staff: **4,483** (items)
- Number of staff participating in training: **466,292** (person-time)
- Rate of staff training coverage: **75%**
- Per capita annual training hours: **147** (hours)
- Staff training expenses: RMB **188,000,000**

### Case

IB Knowledge APP creates a new learning ecology

The Bank are committed to accelerating the construction of an electronic platform for education and training, so as to promote iterative upgrade of IB Knowledge APP. At present, IB Knowledge APP has more than 2,000 on-line courses and cases, nearly 50,000 users, 1,030,000 persons taking our online courses and 750 online exams. It has assisted the Head Office and branches to provide more than 100 live training sessions, with the number of trainees exceeding 150,000, which greatly reduces the training costs and improves the effectiveness of training.





Case Wuhan Branch conducted party member educational activities



Case "Xinglingwu" Program of Guangzhou Branch Grows Together with Staff

"Xinglingwu" Program is a one-year special training activity specially designed for fresh graduates joining Guangzhou Branch. The purpose is to help them to integrate into the family of IB more quickly, better show their competence and advantages and quickly advance the professionalization process.



Case Rizhao Branch held Keynote Speech Contest



Family Culture

The Bank focuses on building IB's family culture, i.e., offering our employees practical benefits, carrying out colorful activities, balancing our staff's work and daily life, and enhancing their cohesion and sense of belonging.

Case Labor Union of the Head Office established the Warm IB Home



The Bank's Head Office carried out "Warming Hearts on Two Main Festivals" within our whole organization, and gave out totally RMB936,000 of special consolation money to needy employees, established over ten hobby groups on reading, calligraphy, drawing, etc., carried out activities regarding flower arrangement, baking, painting and so on, and our employees participated in such activities with enthusiasm and happiness. We also bought an "intelligent medicine cabinet", which is convenient for staff to consult and buy medicine for minor diseases. In addition, we arranged "rooms for mommies" in Zhongshan Hotel, providing great convenience for mothers who have to carry breast milk back from work for their babies at home.





Case Quanzhou Branch carried out A Family with Love and "Heart"

The daughter of Fan Yazhao, Quanzhou Branch Credit Card (Integrated) Marketing Center, was diagnosed to suffer complex congenital heart disease. The doctor said she is at the risk of death if she did not accept an operation as early as possible. Facing the high cost of surgery and hospitalization and the family's financial difficulties, the couple fell into a deep despair. The head of Quanzhou Branch Credit Card (Comprehensive) Marketing Center organized not only the employees of the Branch but also those of the Group's subsidiaries like IB Consumer Finance Co., Ltd., Huafu Securities Co., Ltd. to donate money for the couple. The Center proposed the donation via WeChat Moments and emails to every employee, who reposted with enthusiasm and made donations actively. This love and warmth gave great support and hope to the family, and also reflected the cohesion and sense of social responsibility of the people of Quanzhou IB.

Case Taiyuan Branch carried out "IB Humanitarian Relief Program"

The labor union of Taiyuan Branch carried out the policy of Wubifang, i.e., the labor union shall dispatch relevant staff to visit/comfort the employee regarding such situations as wedding, funeral, disease, financial difficulty and disaster. In October 2018, Taiyuan Branch and Shanxi Red Cross Society of China Shanxi Branch co-established "IB Humanitarian Relief Program". The donations are made by the Branch's employees on voluntary basis, and the collected funds will be used to help the staff and their close family members suffering diseases or disasters, as well as the Branch's helping centers for the poor and needy students.



Case Hong Kong Branch threw birthday parties for employees



Case Xiamen Branch held employees' sports meetings



Case Nantong Branch established summer child-care center for employees

The labor union of Nantong Branch organized a two-month summer child-care center for employees' children, taking care of mainly the young children of dual-earner families. The labor union hired professional teachers to help with the children's study, organizing them to do hand work, cook food, watch excellent children's movies, etc. Besides successfully completing summer vacation homework and making friends, the children also tasted the pleasant family culture of their parents' working place.



Case IB Consumer Finance Co., Ltd. organized employees' morning jog





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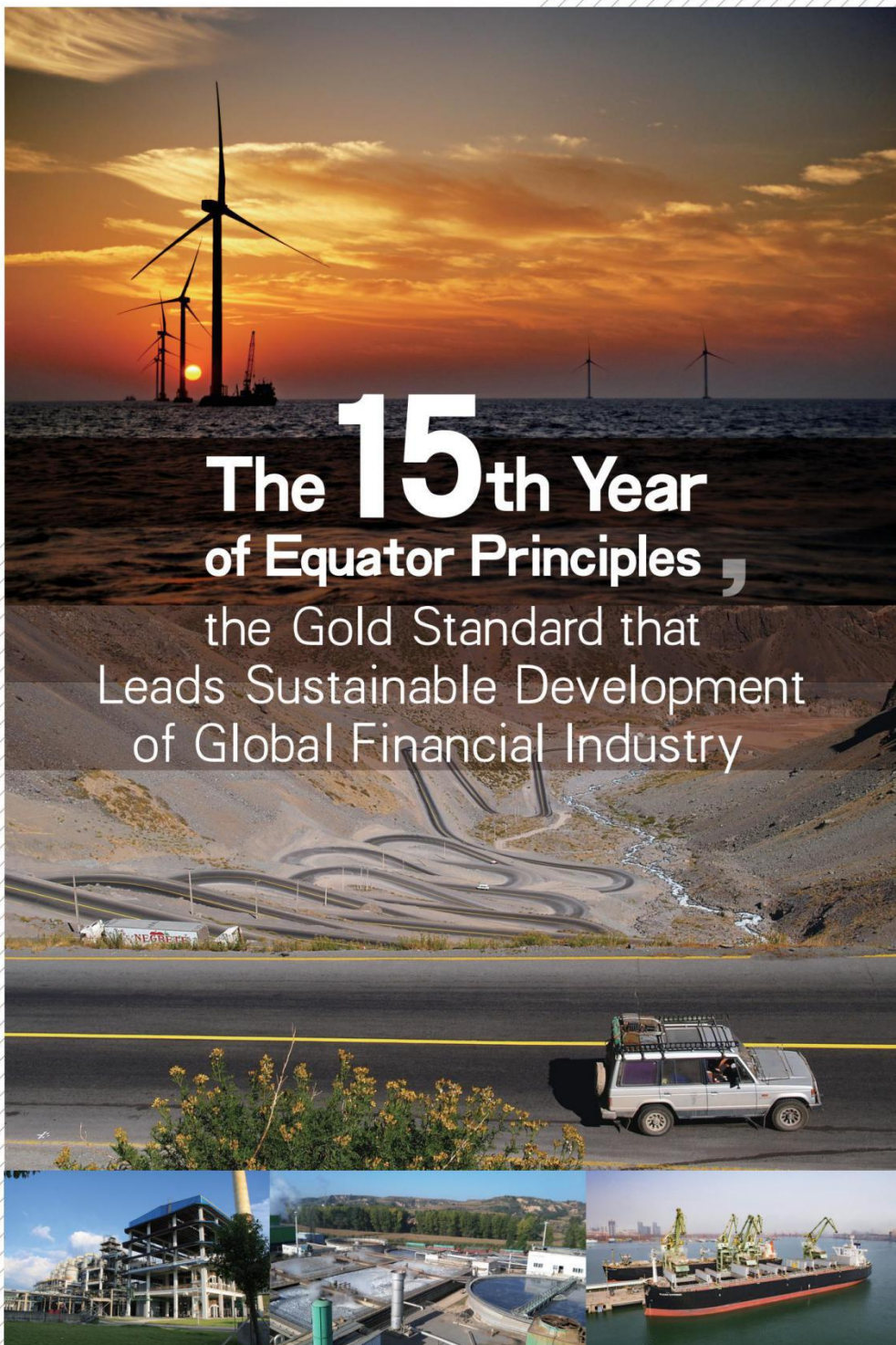
# PRACTICE

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## Practice

- 99 / The 15th Year of Equator Principles, the Gold Standard that Leads Sustainable Development of Global Financial Industry
- 101 / Topic: Ten Years' Experience of Being an Equator Bank Helps IB Green to Gold
- 103 / IB's Implementation of the Equator Principles





# The 15<sup>th</sup> Year of Equator Principles

the Gold Standard that  
Leads Sustainable Development  
of Global Financial Industry

Born in 2003, "Equator Principles" is a gold standard established by the world's leading financial institutions in accordance with the policy guidelines of the World Bank and the International Finance Corporation (IFC) for judging, assessing and managing environmental and social risks in lending projects. According to third-parties' statistics, in the past 15 years, the market share of Equator Principles projects in the global project financing market has increased from less than one third at the beginning to more than 50%, even accounting for more than 70% of that of the emerging market project financing.

	2003	2018
Number of Institutions Adopting Equator Principles	10	<b>96</b>
Number of Countries/Regions Covered by Equator Banks	6	<b>37</b>

Since 2017, Equator Principles Association has launched a new round of revision, and plans to publish the fourth version of Equator Principles in 2019. As one of the representatives of countries featured by emerging market, IB also actively participated in the new round of revision of the Equator Principles, contributing "Chinese wisdom" to the fourth edition of the Equator Principles. During the process, 65 social organizations, including major global environmental organizations and indigenous organizations co-launched "Equator Banks, Act!", calling on the equator banks to take into full account of pressing issues such as climate change and the rights of indigenous people affected by projects, attracting worldwide attention and making the Equator Principles more consistent with its historical positioning as the gold standard for solving global environmental and social problems.

In May 2018, Li Weimin, IB's vice-president (first left front) was invited to meet with vice-presidents Hua Jingdong and Ethiopis Tafara of the International Finance Corporation (IFC), focusing on in-depth discussion regarding green bond innovation and cooperation, sustainable development policy and financial performance management.

"For China's banking industry, accepting the Equator Principles means consciously accepting the supervision from social forces, enhancing the environmental protection standards of projects and effectively realizing green development. Meanwhile, accepting international principles will also bring advantages for Chinese banks, which will make it easier for Chinese native banks to issue green bonds."

—China Banking Association:  
Encourage China's banking industry to  
adopt the Equator Principles, China  
Newsweek





# TOPIC Ten Years' Experience of Being an Equator Bank Helps IB Green to Gold

Compared with the traditional environmental and social risk management methods, in the past ten years, IB has comprehensively rebuilt the environmental and social risk management system and reformed business flow by applying the concept and method of Equator Principles, improved the systematization, specialization and operability of management, and formed a corresponding business model and business flow. More importantly, based on the endogenous impetus generated by the implementation of Equator Principles, the Bank has gradually promoted the innovation of the concept of sustainable development. By combining the social responsibility with the Bank's own business, the strategy of sustainable development and the practice model of social responsibility of Integrating righteousness into profitability have been implemented in every process and field of business management, such as product innovation, credit extension and peer cooperation. The concept of corporate governance has completed three levels of evolution and leap: from putting shareholders' interests above everything else to considering all stakeholders' interests, and then to advocating sustainable development. It has become a vivid practice of international advanced concept implemented in China.



2008

"As the first bank committing to adopt Equator Principles in China, IB is under great pressure, but pressure is also a driving force, and IB has to change itself first."  
—Chairman, Gao Jianping



2018

"IB has established a comprehensive environmental and social risk management system for green finance by referring to a complete set of ideas, methods and instruments provided by Equator Principles."  
—President, Tao Yiping

By the end of 2016, the projects with the application of Equator Principles exceeded **300**, and have involved a total investment more than **RMB 1 trillion**.

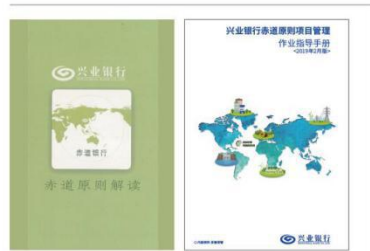
In 2017, Green to Gold: An Empirical Study of Sustainable Development of Banks Based on the Equator Principles was published



In 2015, the number of employees who participated in Equator Principles, Environmental and Social Risk Management Training exceeded **40,000**

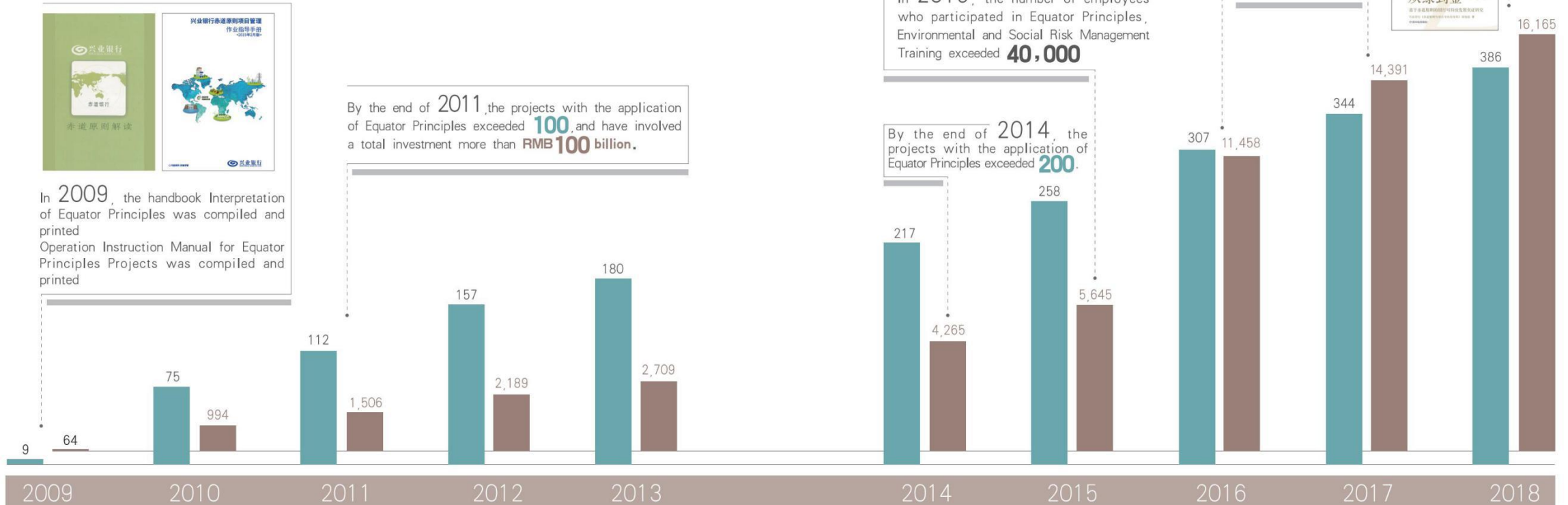
By the end of 2014, the projects with the application of Equator Principles exceeded **200**.

■ Accumulative Number of Projects ■ Total Accumulative Project Investment (RMB100 million)



In 2009, the handbook Interpretation of Equator Principles was compiled and printed. Operation Instruction Manual for Equator Principles Projects was compiled and printed.

By the end of 2011, the projects with the application of Equator Principles exceeded **100**, and have involved a total investment more than **RMB 100 billion**.





# IB's Implementation of the Equator Principles

## Continuously standardize the whole procedure management of Equator Principles projects

In 2018, the Bank has continuously standardized the whole procedure management of Equator Principles projects, organized the Bank to conduct comprehensive self-inspections and inspections on the implementation of Equator Principles projects, conducted comprehensive re-inspections on the compliance of environmental and social risk management procedure of Equator Principles projects, issued Proposal for Compliance, and urged the branches to strengthen rectification, so as to effectively improve the management and implementation effect of Equator Principles projects.

## Streamline and review policies, standards and business procedure of environmental and social risk management system

By comprehensively benchmarking against Guidelines for Green Credit and other external regulatory rules, and summarizing the key points of compliance risk and key processes of procedure, the Bank has further strengthened the management of Equator Principles projects, promoted the delicacy management of environmental and social risks in the review and access, duration management and other processes of the credit business, and escorted the compliant innovation of the green financial business.

## Continuously promote equator principles through multiple channel

In 2018, the Bank has continuously publicized Equator Principles and environmental and social risk management through WeChat official account, video training, operation instruction manual, questionnaires and other forms.

A total of 37 Equator Principles training sessions were held by the Bank throughout the year, with a total of **6,366 participants** and a training duration of nearly 4,000 minutes. Specifically, a total of **335 employees** of the institutions at all levels of the Bank has participated in the video training on Equator Principles, and a total of **2,571 employees** have participated in the on-line training on the topic of Bank Environment and Social Risk Management under the Background of Environmental Protection and Strict Supervision in the series compliance lectures of IB Voyage.



At the same time, Tenth Anniversary of Adopting Equator Principles WeChat Q&A activities has been carried out through IB's WeChat official account, attracting the attention and participation of all stakeholders, and strongly promoting the spread of the concept of sustainable life. In addition, through producing Operation Instruction Manual for Equator Principles Projects, with manners including flow charts, key analysis and case analysis, we have concisely and intuitively prompted the key compliance points of each process of Equator Principles project management, grasped the management requirements of Equator Principles more deeply and accurately, and enhanced the quality and efficiency of the system's implementation.

## Data of IB's Equator Principles projects

In 2018, the Bank has conducted assessment on the applicability of Equator Principles for a total of **42** projects (including the application of Equator Principles to an extended environmental and social risk assessment for a project beyond the scope), involving a total investment of approximately **RMB177.5 billion**, **40** customers and **24** national standard industries, covering **21** branches of the bank. Among them, **six** projects applying Equator Principles have reached the stage of formally financial close (financing contracts were signed), including **three** transactions of project financing, **three** corporate loans associated with the projects. **Six** project loans have been off the shelf, including **three** transactions of project financing and **three** corporate loans associated with the projects.

As of December 31, 2018, the Bank has carried out the judgment on the applicability of Equator Principles on a total of **1,059** projects. Of these, **386** projects with the application of Equator Principles have involved a total investment of **RMB1,616.5 billion** and **349** customers.

### Project financing

In 2018, the Bank has had three transactions of project financing reached financial close, all of which belong to Category B and are located in China (i.e., non-designated country). They have been mainly distributed in such industries as treatment of solid waste, manufacture of organic chemical raw materials and railway passenger transportation. An independent third-party environmental and social consulting agency has been engaged to assist in due diligence and evaluate the conformity of the project with Equator Principles.

### Corporate loans associated with the projects

In 2018, the Bank has had three corporate loans related to the projects reaching financial close, including two of Category A and one of Category B, all of which are located in China (i.e., non-designated country). For all the projects, an independent third-party environmental and social consulting agency has been engaged to assist in due diligence and evaluate the conformity of the project with Equator Principles.

## 2018 Equator Principles projects by industry

(Industry range as required by Guidelines for Equator Principles Management)





# The Future

Standing at a new height, we persevere in pursuing our dreams and making down-to-earth efforts. Our ambition is to build up "a first-class bank, a long-flourishing IB". We are confident of a promising future. We regard "serving the real economy" as a fundamental working principle and base our work on settling the new problems and satisfying the new needs of economic and social development. Keeping abreast of the trend in constructing a bank with three major elements, we aim to integrate the financial functions, business patterns, management mechanisms and corporate cultures of commercial banks and investment banks in order to create more values for our customers through comprehensive financial services. In five years, we plan to successfully transform into a bank group with distinctive service features and strong innovation capacity of diversified financial services.

## Social responsibilities of branches in 2019:

### Urumqi Branch:

8 advertising activities on financial knowledge are scheduled in 2019. There will also be events about credit such as "3.15: Day for Consumers' Rights" and "6.14: Day for Caring about Your Credit Records" to facilitate the construction of social credit system and to raise people's awareness of credit and legal rights preservation.

### Xining Branch:

Xining Branch will appeal to the staff for joining triple voluntary activities in local special schools in the ways of donating, holding sports meets, visiting technological exhibitions and grouping one-to-one aiding pairs.

### Chengdu Branch:

Chengdu Branch will donate **RMB 100,000** to Danba County for constructing infrastructural facilities, offer vocational training and grant poverty alleviation loans to the poor people there individually. The Branch will also buy some special agricultural products of Danba County and Meigu County instead of simply donating goods or money to them.

### Kunming Branch:

Kunming Branch will try to strengthen the cross-border settlement in RMB and impose positive influences on the import and export businesses in the surrounding south-eastern Asian region in order to provide convenient cross-border financial services for the neighboring countries.

### Chongqing Branch:

Chongqing Branch intends to set up **two** more community sub-branches and hold community activities on a regular basis at least **1,500 times** in total per year. Each outlet will hold weekly activities such as customer salons for financial education, campaigns against frauds, celebrations of festivals, health care forums, interactive activities between parents and children and other events featuring residents' hobbies and interests.

### Hohhot Branch:

With compliance to the "One Two Five" plans supported by the People's Bank to benefit private enterprises, Hohhot Branch will proactively consolidate credit sources, increase its loans by **RMB 2 billion** to private corporations in 2019 and continue to provide supply chain financial services especially for the leading companies in various industries.

### Lanzhou Branch:

Lanzhou Branch will help people in need to open accounts in the bank and send gifts and regards to households receiving five kinds of subsidies before the Spring Festival.

### Wuhan Branch:

Wuhan Branch plans to hold all sorts of staff activities, including an opening day for staff families called "Prosperous Bank and Families Contributing to Happy Lives", speech contest themed "Young Generation, Great Expectation", outdoor hiking competition titled "Healthy Life and Pleasant Work" and races focusing on better counter service skills named "Honorable Employee in the Hall".

### Guangzhou Branch:

Guangzhou Branch plans to carry on the special program of improving the compliance and internal control management in international services, namely the project named "Broaden Horizons and Make New Leaps". There are mainly four sections in it, including a course named "Pass on the Torch" that is taught face to face, an inspection called "Learn New Knowledge by Reviewing the Old", an online test titled "Easily Get Handy" and a request for staff to make suggestions to the bank in the segment named "Everyone Shines". All of these activities focus on international services.

### Hong Kong Branch:

There will be **five** and **four** sessions respectively in risk management training and compliance training.

### Taiyuan Branch:

Taiyuan Branch will optimize the procedure of "online and offline" cross-border financial settlement and improve the standards of trade financing to better serve the "Going Global" enterprises and to promote the development of foreign-related business in Shanxi Province.

### Shijiazhuang Branch:

There will be management sessions in test and thr

### Nanjing Branch:

Nanjing Branch will reduce also candi service use a natura enviro



**Dalian Branch.**

Dalian Branch put up an advertising campaign against telecommunication and Internet frauds and hold educational activities to prevent money laundry in rural areas.

**Qingdao Branch.**

Qingdao Branch will facilitate the progress in the purchase and loan project in Zambia, namely Syndicated Loans provided for export buyer's credit. It will also help with the export of Chinese electric and mechanical manufactures, large-scale complete sets of equipment, ships, high-tech products and services, as well as foreign contracted projects.

**Shijiazhuang Branch.**

There will be **five** sessions in compliance management specialized training, **three** sessions in risk management training, **two** sessions in internal compliance knowledge test and **three** risk warning issued.

**Nanjing Branch.**

Nanjing Branch will actively promote the use of environmentally friendly and energy-saving materials to reshape **two** offices in the hope of reducing **two thousand** kWh consumed during the year. The Branch will also urge at least **three** banks in its administrative region to become candidates in the 2019 assessment of civilized and standard bank services. It will also better the facilities in the offices, optimize the service chain, learn from partners in the same industry, help customers use automobile equipment more frequently, raise people's awareness of natural preservation, and make every office more artificial intelligent and environmentally friendly.

**Hangzhou Branch.**

Hangzhou Branch plans to organize **30** voluntary activities in which staff will be volunteers. During the "One-day charity" event, employees shall offer blood donation for **once**.

**Fuzhou Branch.**

Fuzhou Branch will organize a compliance training session on internal control called "IB Voyage" in the year of setting up good examples for compliant management.

**Zhangzhou Branch.**

Zhangzhou Branch plans to hold charitable events **once two months** in the name of "IB Giving a Hand". Therein, **ten** poor families will be selected by the appointed banks and receive donation on 18th in the month when the activity is held.

**Quanzhou Branch.**

Quanzhou Branch plans to lower the financing cost for small and micro businesses and the expected amount of saved cost due to the renewed loans without repayment of principal will be **RMB 1 million** in the whole year. In order to help privately or individually-owned businesses and small and micro businesses solve the difficulties in accessing affordable financing, Quanzhou Branch will further decrease the interest rate of loans for individually-owned businesses, the lowest of which will be **5.22%**.

# Appendix

## Some Honors of the Bank in 2018

### The Banker

Rank the 20th in the 2018  
Top 500 Global Banking Brands



Rank the 128th in the 2018  
Most Valuable 500 Chinese Brands

### 福建省人民政府 The Provincial Government of Fujian

Education Assistance Award



CSR Manager of the Year Best Green Finance of the Year  
Award for Outlet with Special Contribution of the Year



Annual Winner of the 12th  
People Enterprise Corporate Social Responsibility  
Inventive Corporate of 2018



Rank the 24th in the 2018 Top 100  
Chinese Corporations with Highest Brand Value

### 21世纪经济报道 21st CENTURY BUSINESS HERALD

Outstanding Asian Commercial Bank of 2018  
Excellent Board of Directors of China's Listed Companies  
Outstanding Bank of Financial Technologies of 2018  
Capital Management Bank of 2018  
Award of Innovative Payment Technologies in 2018  
Best Capital Management Bank of 2018



Annual Best Joint-Stock Bank

### 中国经营报 CHINA BUSINESS JOURNAL

Stake-holding Financial Group with  
Outstanding Competence of 2018  
Representative Corporation of  
Sustainable Development of the Year  
Outstanding Capital Management Bank of 2018



Responsible Corporation of 2018

### ASIAMONEY

Annual Best Bank of Green Finance

### 《全球银行及金融评论》杂志

The 2018 China's Best Green Bank  
The 2018 China's Best Retail Bank



Best Bank of Innovative Management  
Top Ten Smart Outlet Innovative Banks  
The Best Ten Banks of Financial Technology  
Innovation—Monitoring Platform of Users' Experience



Annual Most Influential Bank  
Annual Best Mode for Poverty Alleviation by Finance  
Ten Annual Best Direct-sale Banks



Award of Social Responsibility

### 中国企业管理研究会社会责任专业委员会 北京融智企业社会责任研究院

Outstanding Corporation in  
Sustainable Risk Management



## GRI Standards Content Index

	No.	Content	Page
<b>GRI102 : General Disclosures</b>			
Organizational profile	102-1	Name of the organization	the head page
	102-2	Activities, brands, products, and services	11
	102-3	Location of headquarters	11
	102-4	Location of operations	32
	102-5	Ownership and legal form	11
	102-6	Markets served	32
	102-7	Scale of the organization	12
	102-8	Information on employees and other workers	91
	102-9	Supply chain	\
	102-10	Significant changes to the organization and its supply chain	11
	102-11	Precautionary Principle or approach	27
	102-12	External initiatives	the head page
	102-13	Membership of associations	103
Strategy	102-14	Statement from senior decision-maker	3-8
	102-15	Key impacts, risks, and opportunities	3-8
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	21-28
	102-17	Mechanisms for advice and concerns about ethics	21
Governance	102-18	Governance structure	11
	102-19	Delegating authority	21
	102-20	Executive-level responsibility for economic, environmental, and social topics	21
	102-21	Consulting stakeholders on economic, environmental, and social topics	15-20
	102-22	Composition of the highest governance body and its committees	11
	102-23	Chair of the highest governance body	3-4
	102-24	Nominating and selecting the highest governance body	\
	102-25	Conflicts of interest	\
	102-26	Role of highest governance body in setting purpose, values, and strategy	11
	102-27	Collective knowledge of highest governance body	15-19
	102-28	Evaluating the highest governance body's performance	\
	102-29	Identifying and managing economic, environmental, and social impacts	15-20, 65-66
	102-30	Effectiveness of risk management processes	23-27
	102-31	Review of economic, environmental, and social topics	11, 21
	102-32	Highest governance body's role in sustainability reporting	21

	No.	Content	Page	
	102-33	Communicating critical concerns	15-20	
	102-34	Nature and total number of critical concerns	17-19	
	102-35	Remuneration policies	\	
	102-36	Process for determining remuneration	\	
	102-37	Stakeholders' involvement in remuneration	\	
	102-38	Annual total compensation ratio	\	
	102-39	Percentage increase in annual total compensation ratio	\	
	Stakeholder engagement	102-40	List of stakeholder groups	18-19
		102-41	Collective bargaining agreements	91
102-42		Identifying and selecting stakeholders	15-16	
102-43		Approach to stakeholder engagement	15-20	
102-44		Key topics and concerns raised	18-19	
Reporting practice	102-45	Entities included in the consolidated financial statements	the head page	
	102-46	Defining report content and topic Boundaries	15-19	
	102-47	List of material topics	18-19	
	102-48	Restatements of information	\	
	102-49	Changes in reporting	17-19	
	102-50	Reporting period	the head page	
	102-51	Date of most recent report	the head page	
	102-52	Reporting cycle	the head page	
	102-53	Contact point for questions regarding the report	the head page	
	102-54	Claims of reporting in accordance with the GRI Standards	the head page	
102-55	GRI content index	109-113		
102-56	External assurance	\		
<b>GRI 201 : Economic Performance</b>				
	201-1	Direct economic value generated and distributed	12, 42	
	201-2	Financial implications and other risks and opportunities due to climate change	67-74	
	201-3	Defined benefit plan obligations and other retirement plans	\	
	201-4	Financial assistance received from government	\	
<b>GRI 202 : Market Presence</b>				
	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	\	
	202-2	Proportion of senior management hired from the local community	\	



No.	Content	Page
<b>GRI 203 : Indirect Economic Impacts</b>		
203-1	Infrastructure investments and services supported	31-41, 51-62 67-74, 81-84
203-2	Significant indirect economic impacts	81-84, 87-90
<b>GRI 204 : Procurement Practices</b>		
204-1	Proportion of spending on local suppliers	\
<b>GRI 205 : Anti-corruption</b>		
205-1	Operations assessed for risks related to corruption	28
205-2	Communication and training about anti-corruption policies and procedures	28
205-3	Confined incidents of corruption and actions taken	\
<b>GRI 206 : Anti-competitive Behavior</b>		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	\
<b>GRI 301 : Materials</b>		
301-1	Materials used by weight or volume	\
301-2	Recycled input materials used	\
301-3	Reclaimed products and their packaging materials	\
<b>GRI 302 : Energy</b>		
302-1	Energy consumption within the organization	75
302-2	Energy consumption outside of the organization	75
302-3	Energy intensity	\
302-4	Reduction of energy consumption	75-78
302-5	Reductions in energy requirements of products and services	43-48
<b>GRI 303 : Water and Effluents 2018</b>		
303-1	Interactions with water as a shared resource	\
303-2	Management of water discharge-related impacts	\
303-3	Water withdrawal	\
303-4	Water discharge	\
303-5	Water consumption	75
<b>GRI 304 : Biodiversity</b>		
304-10	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	\
304-2	Significant impacts of activities, products, and services on biodiversity	\
304-3	Habitats protected or restored	\
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	\
<b>GRI 305 : Emissions</b>		
305-1	Direct (Scope 1) GHG emissions	75
305-2	Energy indirect (Scope 2) GHG emissions	75

No.	Content	Page
305-3	Other indirect (Scope 3) GHG emissions	\
305-4	GHG emissions intensity	75
305-5	Reduction of GHG emissions	\
305-6	Emissions of ozone-depleting substances (ODS)	\
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	\
<b>GRI 306 : Effluents and Waste</b>		
306-1	Water discharge by quality and destination	\
306-2	Waste by type and disposal method	\
306-3	Significant spills	\
306-4	Transport of hazardous waste	\
306-5	Water bodies affected by water discharges and/or runoff	\
<b>GRI 307 : Environmental Compliance</b>		
307-1	Non-compliance with environmental laws and regulations	\
<b>GRI 308 : Supplier Environmental Assessment</b>		
308-1	New suppliers that were screened using environmental criteria	75
308-2	Negative environmental impacts in the supply chain and actions taken	\
<b>GRI 401 : Employment</b>		
401-1	New employee hires and employee turnover	91
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	91-96
401-3	Parental leave	\
<b>GRI 402 : Labor/Management Relations</b>		
402-1	Minimum notice periods regarding operational changes	\
<b>GRI 403 : Occupational Health and Safety 2018</b>		
403-1	Occupational health and safety management system	\
403-2	Hazard identification, risk assessment, and incident investigation	\
403-3	Occupational health services	92, 94-96
403-4	Worker participation, consultation, and communication on occupational health and safety	\
403-5	Worker training on occupational health and safety	\
403-6	Promotion of worker health	92, 94-96
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	\
403-8	Workers covered by an occupational health and safety management system	91-92
403-9	Work-related injuries	\
403-10	Work-related ill health	\
<b>GRI 404 : Training and Education</b>		
404-1	Average hours of training per year per employee	92
404-2	Programs for upgrading employee skills and transition assistance programs	92
404-3	Percentage of employees receiving regular performance and career development reviews	\



No.	Content	Page
GRI 405: Diversity and Equal Opportunity		
405-1	Diversity of governance bodies and employees	91
405-2	Ratio of basic salary and remuneration of women to men	\
GRI 406: Non-discrimination		
406-1	Incidents of discrimination and corrective actions taken	\
GRI 407: Freedom of Association and Collective Bargaining		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	\
GRI 408: Child Labor		
408-1	Operations and suppliers at significant risk for incidents of child labor	\
GRI 409: Forced or Compulsory Labor		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	\
GRI 410: Security Practices		
410-1	Security personnel trained in human rights policies or procedures	\
GRI 411: Rights of Indigenous Peoples		
411-1	Incidents of violations involving rights of indigenous peoples	\
GRI 412: Human Rights Assessment		
412-1	Operations that have been subject to human rights reviews or impact assessments	\
412-2	Employee training on human rights policies or procedures	\
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	\
GRI 413: Local Communities		
413-1	Operations with local community engagement, impact assessments, and development programs	61-62
413-2	Operations with significant actual and potential negative impacts on local communities	\
GRI 414: Supplier Social Assessment		
414-1	New suppliers that were screened using social criteria	75
414-2	Negative social impacts in the supply chain and actions taken	\
GRI 415: Public Policy		
415-1	Political contributions	\
GRI 416: Customer Health and Safety		
416-1	Assessment of the health and safety impacts of product and service categories	49-50
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	\
GRI 417: Marketing and Labeling		
417-1	Requirements for product and service information and labeling	43-48
417-2	Incidents of non-compliance concerning product and service information and labeling	\
417-3	Incidents of non-compliance concerning marketing communications	\
GRI 418: Customer Privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	\
GRI 419: Socioeconomic Compliance		
419-1	Non-compliance with laws and regulations in the social and economic area	\

## Reader's Feedback Form

We appreciate your advice and valuable information on our report!

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Address: Building A, Zhongshan Plaza, 154 Hudong Road, Fuzhou,  
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1. How do you think about the overall quality of Industrial Bank's sustainability report?

Good  Not bad  Ordinary

2. What's your suggestion on Industrial Bank's corporate governance?

Good  Not bad  Ordinary

3. What's your opinion on Industrial Bank's economic development, environmental protection and return to the community?

Good  Not bad  Ordinary

4. What's your opinion on Industrial Bank's sustainable development?

Good  Not bad  Ordinary

5. How do you think of Industrial Bank's implementation of the Equator Principles?

Good  Not bad  Ordinary

6. How do you think about Industrial Bank's information disclosure?

Is it transparent, integrated and accurate?

Good  Not bad  Ordinary

7. How do you think about the report's layout and design?

Good  Not bad  Ordinary

8. Please give your comments and suggestions on our sustainability report.

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

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

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

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

Answer questions by scanning the QR code with your mobile phone

