2014 Annual Sustainability Report

Bearing Creates Value Sharing Breeds Advance



兴业银行股份有限公司
INDUSTRIAL BANK CO.,LTD.

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More wonders awaiting

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兴业银行
INDUSTRIAL BANK CO.,LTD.

__Dandelion__ grows in a corner but propagates to faraway places with the help of the wind, and similarly, Industrial Bank embraces a broad global vision with its liberal mindset and sense of responsibility. Be it daily life, urban development or industrial innovation, Industrial Bank is always an enthusiastic and unfailing companion for everyone.

Incorporating the element of Earth, Industrial Bank is the __first domestic bank to adopt the Equator Principles,__ and is unrelentingly exploring specific arenas under the backdrop of going global.

Green stands for vitality, as well as nature where life originates and thrives. Green also represents Industrial Bank's foresight, __pursuit of sustainable development,__ and its high sense of responsibility towards the world and the human race.



Declaration

The Bank continued to pay attention to, strike a balance between and make every effort to build a harmonious relationship with multiple stakeholders in 2014.Through specific measures including complying with laws and regulations, responding to multiple stakeholders, strengthening internal control, improving risk management standards, providing innovative green products and services and implementing green operation, the Bank promoted the achievement of sustainable development.

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 January 1, 2014 to December 31, 2014. 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 the 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 promulgated by the Shanghai Stock Exchange, the Guidelines for Corporate Social Responsibility of China Banking Financial Institutions released by China Banking Association, Equator Principles III, and with reference to relevant contents of the Sustainability Reporting Guidelines (G4) by Global Reporting Initiative.

Data in the report

Part of financial data in the report originated from the Company's 2014 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 were in RMB.

Report availability

This report was released both in hardcopies and online. The online version is available at the Company's website at 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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CHAIRMAN'S STATEMENT

Faced with the new normal status of economic and financial development and the rapid growth of information technology resulting from the comprehensive and in-depth financial reform amid the economic and social reform of China, the Bank facilitated its scientific management, prudent operations, services to the real economy and overall development in line with national macroeconomic policies and financial regulatory requirements.



Chairman: GaoJianping

Young

Committed to its corporate spirit of "practical, professional, pioneering and teamwork", Industrial Bank laid its foundation with arduous pioneering efforts and expanded its business through exploration and innovation, steadily increasing its brand awareness in the domestic financial market by maintaining a stable and healthy development and ranking again among Fortune Global 500 by evolving itself into a diversified financial group. As the first bank to adopt the Equator Principles in China, the Bank established itself as an advocator and leader in green finance and sustainable finance. Attributable to its up-to-date management philosophy, ability to see the larger picture, self-improvement mechanism and motivation to forge ahead, the Bank devoted itself to bold exploration and practices and remained as a "young" bank undergoing healthy growth after 26 years of development in an attempt to become a first-class bank with long-standing reputation.

Vital

The new development of the banking industry in the new century brought about both opportunities and challenges. Thanks to its internal momentum for business development, the Bank proactively put into practice the various risk management measures and the prospective and accurate plans by grasping development opportunities and rationally addressing market challenges. As of December 31, 2014, the Bank had 108 branches (including 65 level 2 branches) and 1,435 sub-branches in major cities nationwide as well as its first overseas sub-branch in Hong Kong, recording total assets of RMB 4.41 trillion. By exploring new model of operation and management system and adapting to optimize its flexible operating mechanism, the Bank cultivated a vigorous corporate culture to stimulate creativity and boost intelligence, constantly transforming its vitality into growth momentum.

Responsible

Assuming social responsibility on its own initiative is the obligation of a bank of vitality. With a strong sense of responsibility, the Bank put inclusive finance into practice and advocated interbank cooperation to establish the "Bank-to-Bank platform" and develop a win-win mechanism for shared social responsibility with the upstream and downstream enterprises in the value chain. The Bank served the economic growth of third- and fourth-tier cities and the development of "agriculture, farmers and rural areas" together with other small and medium sized banks, carried out the strategy of "driving the focus downwards" to provide small and micro enterprises with more professional services, and set up community banks to enable urban residents to enjoy convenient financial services. Aiming to become a comprehensive green bank, the Bank facilitated the energy saving and emission reduction of enterprises and the development of green economy by offering a total of RMB 555.8 billion green financing as at the end of December 2014. To improve its service performance, the Bank strengthened its communication with investors and paid close attention to customer experience. The Bank cared about the career development of employees, devoted to charity work and participated in public welfare activities with accumulated donation of over RMB 100 million for various public welfare causes.....

The domestic economic and social development has now entered into the stage of new normal status. By understanding the new normal status in a scientific manner and adapting to it accordingly, the Bank will strive to provide more efficient and modernized financial services and contribute to a "beautiful China" featuring harmonious development of the economy, society and the environment. A responsible and vigorous bank will always stay young.

Chairman:



PRESIDENT'S FOCUSES

In 2014, driven by comprehensive and in-depth reform, China's economy witnessed the implementation of proactive fiscal policy and prudent monetary policy as well as the execution of measures to stabilize growth, adjust structure, enhance livelihood and prevent risks. Adapting to the trend of economic and financial development, the Bank adjusted and optimized its business structure and credit distribution pursuant to national economic development strategy and industry policy, serving and supporting the sustainable development of the real economy so as to achieve sound interaction, mutual facilitation and joint growth. The Bank's President Li Renjie replies to the relevant questions.



Board member & President: Li Renjie

Q: What kinds of new requirements have been imposed on the Bank in performing its social responsibility and in its sustainable development in the context of continuous financial market liberalization against the background of the new normal status?

A: "The flourishing and stability of banks would depend on the flourishing and stability of other industries". Financial institutions including commercial banks have to transform their business models and profit models to perform their social responsibility in a more efficient and effective manner. By proactively implementing multiple national macroeconomic policies and financial regulatory requirements and incorporating the harmony of the economy, society and the environment into its development goal, the Bank has pushed forward reform, transformation and upgrading, adjusted business strategies, emphasized structural adjustment and quality improvement and timely addressed the concerns of stakeholders, maintaining sustainable growth momentum in all of its businesses while promoting the performance of social responsibility of other enterprises by leveraging the standing and influence of financial institutions in social and economic development, thus improving the effectiveness of social responsibility performance.

Q: What is the plan of the Bank in terms of pushing forward inclusive finance through differentiated operations while taking into consideration the interest of multiple stakeholders?

A: As the financial market further diversifies against the background of financial market liberalization, the Bank is among the first to put forward and implement operational transformation strategy that adapts to such market trend so as to promote inclusive finance, build up a green brand and develop diversified and innovative financial services. Measures have been taken to expand customer base from corporate customers to personal ones to serve more customer groups, to extend operations from credits to various business segments of banking to increase service approaches, and to broaden green finance from banking to non-banking financial sectors including trust and leasing to integrate service entities. To satisfy the diversified and differentiated financial service requirements of the real economy, the Bank proactively engages in the emerging business segments, launches Internet wealth management and consumer finance services and explores diversified business models such as community banking.

Q: What measures will the Bank take to improve its service capability to accommodate the growing demand and supply of green finance?

A: Firstly, the Bank will expand its customer base from corporate customers to personal ones. Green finance not only diverts capital into the development of energy saving technology and the industry of ecological and environmental protection and draws the attention of enterprises to green environmental protection, but also cultivates the concept of green consumption among consumers to encourage individuals to carry out green consumption and investment. Secondly, the Bank will extend green finance from credits to various business segments of the bank to increase service approaches. In addition to the innovation and implementation of risk management tools, the Bank will focus on the extension of green finance from traditional credit business to all business segments. Thirdly, the Bank will broaden green finance from banking to non-banking financial institutions engaged in trust and leasing to integrate service entities. The steady improvement of the ecosystem of the green finance market attributable to the in-depth financial market liberalization, coupled with the increase in demand entities and the greater extent of customization and complexity, has brought about more types of supply entities and service approaches in the market, resulting in an even larger green finance market as well as more complicated cooperative and competitive relationships.

President: 李仁杰


MANAGEMENT

01 Overview of Industrial Bank

About Industrial Bank

Established on August 26, 1988, Industrial Bank was one of the first batch of joint-stock commercial banks approved by the State Council and the People's Bank of China. It is headquartered in Fuzhou, Fujian Province and was listed on Shanghai Stock Exchange (Stock code: 601166) on February 5, 2007 with a registered capital of RMB19.052 billion.

For more than 20 years, Industrial Bank upholds the philosophy of "Sincere Service, Growing Together" and is devoted to providing comprehensive, quality and efficient financial services. Since opening its first branch outside of Fujian Province in Shanghai in 1996, Industrial Bank constantly accelerates its national footprint. As of late December 2014, 108 branches (including 65 level 2 branches) and 1,435 sub-branches were established, with its first overseas sub-branch in Hong Kong. Industrial Bank has a wholly-owned subsidiary Industrial Bank Financial Leasing Co., Ltd. and holding subsidiaries China Industrial International Trust Limited, CIB Fund Management Co., Ltd. and Industrial Consumer Finance Co., Ltd.; Industrial Trust has a wholly-owned subsidiary China Industrial Asset Management Limited. and has equity investments in Chongqing Machinery & Electric Holding Group Finance Co., Ltd., Zijin Mining Group Finance Co., Ltd., Huafu Securities Co., Ltd and Ningbo Shanli Futures, which was renamed as China Industrial Futures Ltd.; CIB Fund Management established a wholly-owned subsidiary CIB Wealth Management Co., Ltd., thereby forming a modern integrated financial services group covering trust, leasing, funds, asset management, securities, futures, consumer finance, etc.



Corporate governance overview

The Bank has long attached high importance to returns to shareholders while maintaining stable and sustainable development, protecting the legitimate rights of multiple stakeholders and making every effort to build a harmonious relationship with them. Currently, the Bank has a diversified shareholder structure with appropriate proportion, complementary advantages and harmonious matching, and the Bank's general meeting, board of directors, board of supervisors and senior management are provided with clear and logical division of duties, checks and balances and organic links, contributing to a standard operation of governance at all levels.

Currently, the board of directors of the Bank comprises fifteen directors, including one female director. By category, there are ten non-executive directors (including five independent non-executive directors and two foreign non-executive directors) and five executive directors. Independent non-executive directors account for one third of the board of directors. By geography, there are eleven domestic directors and four overseas directors. Five Committees are formed under the board of directors, namely, Strategy Committee, Risk Management Committee, Audit and Related Party Transaction Control Committee, Nomination Committee, Remuneration and Evaluation Committee. Except the Strategy Committee, the other four committees are chaired by independent directors. All committees provide the board of directors with professional advice or decide on professional matters as authorized by the board of directors, as well as report on the operation management of the Bank to the senior management and relevant departments on a regular basis and make comments and recommendations.

As at December 31, 2014, the board of supervisors of the Bank had eight supervisors, including two female supervisors. By category, there were three shareholder representatives, two employee representatives and three external supervisors. Two special committees are formed under the board of supervisors, namely, Supervision Committee and Nomination, Remuneration and Evaluation Committee. The committees are chaired by external supervisors. [1]

1 Please refer to the Annual Report for the organizational chart of the Company.



▷ Ranking and Major Awards

"Top 100 Global Banks" as compiled by U.S Magazine, Forbes	Ranks No.47 No.2 among Chinese joint-stock commercial banks
Forbes' Top 2000 Global Enterprises	Ranks No.129 No. 13 among Chinese enterprises on the mainland
"Top 1000 Global Banks" compiled by British magazine, The Banker	Ranks No.43 in terms of total assets No.49 in terms of Tier 1 capital
"Top 500 Global Bank Brands" compiled by British magazine, The Banker	No.64 No.8 among Chinese Banks on the list No.3 among Chinese joint-stock banks
US Magazine Fortune	Top 500 in 2014

- **"Outstanding Enterprise in Corporate Social Responsibility in 2013 Award"** in the 6th China Corporate Social Responsibility Summit

- **"Gold Medal of Transparent Joint-Stock Commercial Bank of the Year", "Social Responsibility Retail Bank of the Year"** and **""Gold Medal of Service Capability for Assets Management Bank of the Year" "** in the 4th China Financial Institutions' Top 10 in financial management

- Listed in 2014 as **"Top 100 Environmental-friendly Companies in China"** for five consecutive years

- Chosen in the first **"Best Social Responsibility for Listed Companies"** ranking in 2013

- **"Best Social Responsibility for Financial Institutions of the Year" and "Best Green Finance Award of the Year"** in the banking industry of China for the fourth time, Chairman Gao Jianping was awarded **"Leader of Social Responsibility of the Year"** for two consecutive years

- China Charity Federation's **"China Charity Outstanding Contribution Award"**

- **"Best Social Responsibility Report Award"** in the Annual Meeting of Sustainable Competitiveness of China Enterprises in 2014

02 Key performance table

Indicator	Key Data	2012	2013	2014
Economic Performance	Total assets (RMB100 million)	32,509.75	36,783.04[2]	44,063.99
	Shareholders'equity attributable to the shareholders of the parent company (RMB100 million)	1,695.77	1,997.69	2,579.34
	Net profit attributable to the shareholders of the parent company (RMB100 million)	347.18	412.11	471.38
	Basic EPS (RMB)	2.15	2.16	2.47
	Number of outlets	Branches:88 (incl. level 2 branches) Sub-branches:717	Branches:98 (incl. level 2 branches) Sub-branches:826	Branches:108 (incl. level 2 branches) Sub-branches:1,435
	Total annual tax payment (RMB100 million)	162.13	230.86	283.48
	Social contribution per share(RMB)[3]	8.04	9.73	11.37
	Donations contributed(RMB10,000)	1,830	5,500	5,400
Social Performance	Number of employees	42,199	47,290	49,388
	Male:female staff ratio (%)	0.89:1	0.89:1	0.85:1
	Social insurance coverage ratio （%）	100	100	100
	Housing fund coverage ratio （%）	100	100	100
	Staff physical examination and health record coverage ratio （%）	100	100	100
Environmental Performance	Total investment in greenfinance （RMB100 million）	1,100	3,413	5,558
	Balance of green financing （RMB100 million）	1,126.09	1,780.97	2,960
	Annual saving of standard coal,annual emission reduction of carbon dioxide and chemical oxygen demand (COD),annual consolidated usage of solid wastes and annual water saving by green finance projects in China	Annual saving of 23,160,300t standard coal, emission reduction of 66,834,700t carbon dioxide and 886,500t chemical oxygen demand (COD), annual consolidated usage of 15,012,900t solid wastes and annual water saving of 255,790,600t	Annual saving of 23,443,400t standard coal, emission reduction of 68,687,600t carbon dioxide and 901,200t chemical oxygen demand (COD), annual consolidated usageof 15,043,900t solid wastes and annual water saving of 255,790,600t	Annual saving of 23,516,200t standard coal, emission reduction of 68,799,300t carbon dioxide and 1,234,700t chemical oxygen demand (COD), annual consolidated usage of 17,107,900t solidwastes and annual water saving of 262,290,600t

[2] The Company applied the new Accounting Standards for Business Enterprises No.39 - Fair Value Measurement, Accounting Standards for Business Enterprises No. 40 - Joint Arrangements, Accounting Standards for Business Enterprises No. 41 - Disclosure of Interests in Other Entities, revised Accounting Standards for Business Enterprises No. 2 - Long-term Equity Investment, Accounting Standards for Business Enterprises No. 9 - Employee Benefits, Accounting Standards for Business Enterprises No. 30 - Presentation of Financial Statements, Accounting Standards for Business Enterprises No. 33 - Consolidated Financial Statements issued by the Ministry of Finance in 2014 starting from July 1, 2014, and applied the Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments, which was revised by the Ministry of Finance in 2014, to the financial statements starting from 2014. For items affected by the above changes in accounting policies, the Company retrospectively adjusted the total assets at the end of 2013.

[3] The social contribution per share hereof was calculated in the way stipulated in 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 promulgated by the Shanghai Stock Exchange, i.e. Social contribution per share = Earnings per share + (Total tax + Employee expenses + Interest expenses + Investments in public welfare projects – Social costs) / Total capital at the end of the period.

03 Values and strategies of sustainable development incorporated into corporate governance

Q. What are the social responsibility and banking sustainability in the eyes of Industrial Bank?

A. The Bank is aware that the contents of corporate social responsibility are closely associated with the principles of sustainable development. They jointly expand the field involved in traditional commercial morality and enrich the contents of corporate governance. As an enterprise, the responsibility of the manager in a commercial bank is not merely to maximize profit, but also to coordinate the interests of all parties during the course of operation.

The Bank believes the core of sustainable development hinges on the consideration, balance and establishment of a harmonious relationship with multiple stakeholders, and gives full consideration to the demands of multiple stakeholders, proactively incorporating the pursuit of economic, social and environmental harmony and unity into our own development goals. On one hand, we should know about corporate social responsibility from a strategic level; and on the other hand, we should organically integrate corporate social responsibility, corporate development strategy and business model innovation together through proactive management, so as to exert the maximum positive impacts on the economy, society and the environment and promote sustainable development.

Q. What are Industrial Bank's views on the current challenges and opportunities?

A. The Bank is fully aware that factors such as a relatively high economic growth in society, an overheated economy and non-sustainable economic growth have continued for a period in the past, bringing environmental pollution, increased social conflicts and other issues. Compared with the "old normal", the "Twelfth Five-Year Plan" of the country has proposed targets including accelerating the transformation of the mode of economic development, creating a new environment for development in a scientific manner, adhering to the strategy of expanding domestic demand and maintaining stable and rapid economic development. As the Eighteenth National Congress of the Communist Party will place emphasis on building ecological civilisation as well as economic, political, social and cultural establishments, it can be seen that under the "new normal", economic growth in China will become more stable, growth momentum will become more diverse, and the prospects for economic and social development will become more stable. With both challenges and opportunities, the banking industry will have broader and further room for development.

Q. How does Industrial Bank perform its social responsibility and promote sustainable development?

A. We believe that in order to achieve sustainable development, we have to be aware of the importance of building a relationship of reciprocity and mutual benefits with society, the environment and other stakeholders, and follow market principles and take corporate social responsibility and sustainable finance as the core concept and value orientation of modern banking. By providing excellent financial products and services to make full play of our impact, we support the sustainable development of society, the economy and the environment, i.e. the development of a commercial bank not only has to take into consideration of time and place, but also sustainability. In other words, compliance, properly safeguarding the interests of various stakeholders, effective implementation of internal control, preventing various types of risks to every possible extent, commitment to green finance innovation and promotion of green operation are the essential ways to achieve the Bank's own sustainability.

Q. What are the ways that Industrial Bank uses to fulfill its social responsibility and promote sustainable development?

A. The Bank is not only committed to the development of green credit, but also continuously drives innovation in the fields of green wealth management, carbon finance, emissions rights finance and personal consumption financing, and persistently seeks expansion in the field of environment finance business, and thus integrates traditional commercial banking business with environmental and sustainable development. Meanwhile, with the help of the Internet, we share resources and innovate services with other small and medium-sized financial institutions via the Bank-to-Bank platform, and in particular, through the coordination with rural credit cooperatives, rural commercial banks and village banks, we extend the services and products of commercial banks to rural areas and thus achieve inclusive finance. In addition to the practice of social responsibility with the help of the leveraging function of credit, the Bank also implements the concept of sustainable development in all other operating activities, and continuously promotes its own low-carbon operation.

▷ Progressive Cognitive Process of the Corporate Governance Concept

The primacy of interests of shareholders

Between its establishment in 1988 and the mid and late 1990s, the Bank continued to expand its share capital by capital contribution from sponsors and attracting new investors, and the corporate governance objective of the Bank was mainly to maximize the interests of shareholders.

Giving consideration to various stakeholders

Since the introduction of strategic investors in 2003, the Bank has gradually realized that as a special public enterprise, the daily operation of a commercial bank would benefit from the support of shareholders, customers, employees and all sectors of society, with the operating results closely associated with their respective interests. Therefore, the Bank expanded its corporate governance objective and gave consideration to the common interests of various stakeholders.

Advocating of environmental, social and economic unity and harmony and banking sustainability

Since the public listing, the shareholding structure of the Bank has further diversified. The Bank explored the performance of social responsibility through an innovative commercial mode, and built a favourable environment for the harmonious coexistence of man and nature and as well as society, and also established its corporate governance with sustainable development concept.

The corporate governance and operation philosophy of Industrial Bank have experienced three transformations and advancements. From the primacy of interests of shareholders to giving consideration to various stakeholders and then the advocating of environmental, social and economic unity and harmony as well as banking sustainability, we have basically demonstrated the cognitive process of value creation of a bank during its various stages of growth. In 2008, Mr. Gao Jianping, the Chairman of the Bank, masterly highlighted our corporate governance with sustainable development concept.

Industrial Bank's corporate governance with sustainable development concept

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

——Mr. Gao Jianping, Chairman of Industrial Bank



▷ Strategic Framework of Sustainable Development

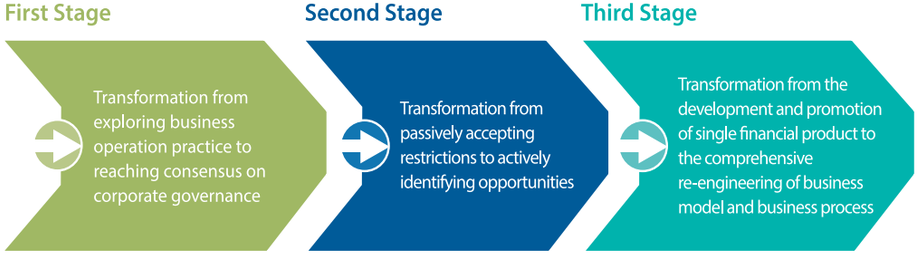
The Bank always pays attention to and performs corporate social responsibility from a strategic height and puts green credit into practice, and also establishes corresponding frameworks and working mechanisms at the level of the Board, the senior management and competent management departments.

In 2008, the Strategy Committee of the board of directors (formerly known as the Executive Committee of the board of directors) was assigned by the Bank to "study and formulate the Bank's strategies and policies for social responsibility and sustainable development, and also to supervise, examine and evaluate the performance of social responsibility by the Bank", which was also clearly incorporated into the articles of association of the Bank. The Strategy Committee of the board of directors is comprised of Chairman Gao Jianping, President Li Renjie, Vice President Lin Zhangyi and Board Secretary Tang Bin, and responsible for the approval of the Bank's social responsibility strategies related to sustainable development, green credit and environmental and social policies, and it also receives ad hoc reports from the senior management. In the beginning of 2004, the Strategy Committee of the board of directors and the board of directors received, considered and approved the Report on Performance of Social Responsibility by Industrial Bank submitted by the management of the Bank.

Since 2007, the Bank had respectively appointed the directors of the Legal and Compliance Department, the Credit Approval Department and the Corporate Finance Department as the corporate environmental officials, responsible for the coordination of issues relating to environmental and social risk management. The senior management staff who currently serve as the corporate environmental officials are the directors of the Legal and Compliance Department and the Environmental Finance Department of the Head Office.

In order to further promote the implementation of strategies for sustainable development, the Bank has appointed the Legal and Compliance Department and the Environmental Finance Department of the Head Office as the competent departments for corporate social responsibility and green credit respectively, responsible for taking the leading in making arrangements for the implementation of various policies.

▷ Progressive Development of Strategies for Social Responsibility and Sustainable Development



Adhering to the concept of social responsibility, the Bank focused on its sustainable development strategies and continued to pay attention to, strike a balance between and make every effort to build a harmonious relationship with multiple stakeholders in 2014. The Bank actively facilitated the policy goals of "stabilizing growth, adjusting structure, enhancing livelihood and promoting reforms". It also stepped up business transformation and management reform to vigorously establish a professional service system featured by "one body two wings", continued to have sound development in its businesses and obtained new achievements in performing its social responsibility.

04 The value realization approach of "integrating righteousness into profitability"

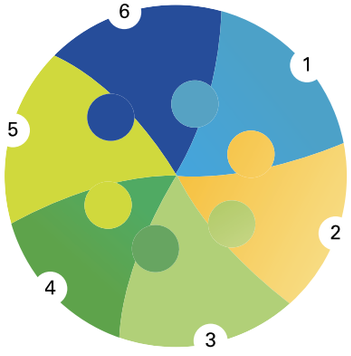
The Bank creatively proposed the performance of social responsibility by way of *"integrating righteousness into profitability"* based on the concept of corporate governance on the basis of sustainable development. The approach is an integration of social responsibility and the bank's own banking businesses, with implementation of specific details in the operational management of the Bank, and the Bank is identifying business opportunities with the performance of social responsibility while observing the three principles of "moderate", "development" and "profit boosting", so as to explore a sustainable and developable business model and social responsibility practice model in which a win-win result can be achieved between the Bank and society.

The Bank relies on the strength of its financial leverage and fully considers the demands of multiple stakeholders through the effective establishment of an identification mechanism for stakeholders.

Major stakeholders	Expectations and demands of the stakeholder	Specific measures of the Bank
Regulatory authority	Compliance operation, Steady operation, Responding to the strategic policies of China	• Deepening the sustainable development concept • Optimizing the social responsibility management model • Improving the internal control and compliance management system • Supporting the implementation of the national macro policies • Supporting the new normal of economic development • Preventing and tackling financial crimes • Participating in the exploration on sustainable development with regulatory departments and scientific research institutions
Shareholders	Stable return Value increase Good relationship management	• Positive results with realization of the return of value • Improving corporate governance continuously • Diversifying communication channels and strengthening value delivery
Customers	Sincere services Creating value Mutual growth	• Developing inclusive finance and creating financial products with special features • Enhancing customer experience • Growing together with small and micro enterprises • Serving people with finance for livelihood • Supporting consumer finance
Partners	Improving communications Complementing each other with respective advantages Mutual beneficial and win-win	• Establishing the Bank-to-Bank platform for resources sharing and joint development • Developing the interbank communication and sharing the practice of sustainable development • Launching responsible procurement
The environment and resources	Bringing financial leveraging into play Promoting sustainable development with green finance	• Environmental and social risk management system • Enhancing the management standards of green finance • Constructing the whole industry chain for green finance • Implementing green operation • Adopting and implementing the Equator Principles
Employees	Building up a good environment Creating a fair development platform with equal opportunities Cultivating lifelong employment capability	• Building up a quality corporate culture • Improving the human resources system • Respecting and protecting the rights and benefits of employees • Establishing a fair occupational development path with equal opportunities for employees • Caring about the mental and physical health of employees
Community	Assuming social responsibility Obeying the laws and regulations Participating in community development Committing to the highest business ethics Promoting social harmony	• Promoting the community banking services model • Improving the financial awareness and capability of the public • Supporting charitable causes and launching charitable activities • Participating in volunteer activities • Maintaining good dialogue and cooperation with all stakeholders

The Bank has maintained a positive dialogical relationship with domestic and overseas NGOs such as Green Watershed and Green Earth volunteers, with active responses on NGOs' concerns about the Bank's environmental and social management affairs. In 2014, in response to the opinions of NGOs such as Green Watershed, the Bank launched investigations on green credit and information on environmental illegality, so as to improve transparency to the public.

▷ Six steps for implementing the concept and value orientation of sustainable development



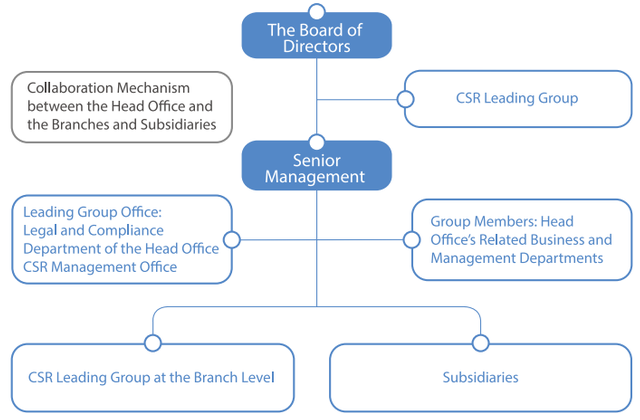
1. Pay high attention to the banks' social responsibility and sustainable finance from a strategic height
2. Propagate sustainable development concept through corporate culture
3. Carry out the sustainable development concept step by step, popularize and deepen it based on local conditions
4. Implement sustainable development in optimizing the organization structure and internal control
5. Demonstrate sustainable development in business development
6. Putting sustainable finance into practice through welfare innovation

▷ Promoting professionalism in management and cultivating a sustainable development culture

The Bank achieved professionalism in its management institutions through setting up CSR Leading Groups at the Head Office and branches at different levels, and further normalized the collaboration mechanism between the Head Office and the branches.

The Bank established its CSR Leading Group with social responsibility work led by Chairman Gao Jianping as the group leader, and President Li Rengjie as the deputy group leader. The Bank has strived to develop a diversified social responsibility working mechanism and various tools in recent years with designated contact persons from the Bank's various subsidiaries, various branches and various departments of the Head Office, forming an effective collaboration mechanism in accordance with the principles of "integrating unification and separation, performing one's own functions". The Bank has included the social responsibility indicators into the internal compliance appraisal system of branches since 2013.

Organization Chart of Social Responsibility Work of Industrial Bank



The Bank published the Guide Book for Social Responsibility Indicator System and Information Reporting in 2013 for further strengthening the management of social responsibility. The Bank's social responsibility indicator system currently covers five categories, namely corporate governance, economic, environmental, social and other areas, with 443 indicators involved, which are effectively embedded into various business lines and management departments for more specialized and standardized operation of the management of social responsibility.



Achieving good social responsibility performance requires that the Bank is able to comply with the laws and regulations, implement effective internal control and fully avoid various risks. In 2014, the Bank adhered to the core idea of "creating value with risk management" and enhanced risk management from the perspective of development and the aspect of global strategies, so as to establish and improve its comprehensive risk management framework, perfect the "three lines of defence" for risk management, and focus on the cultivation of a "compliance culture", with the complementary "compliance culture" and the "three lines of defence", forming a visible, clear and effective comprehensive risk management system.

Promoting the "three managements" integrated project and encouraging compliance management's additive effects

The reform of traditional compliance management model lies on the integration of the "three managements", integrated establishment and system operation of the management structure, which symbolizes the advanced compliance management ideas and techniques. Through internal control and operational risk management, the "three managements" improved the Bank's framework for compliance management, provided effective paths in respect of the evaluation, quantitative techniques, optimization of compliance procedures. Meanwhile, this can enhance the scientific and meticulous level of compliance management, promote the Bank's transformation of the profitability model and the rationale of operational behaviours, which may thus ensure the steady and sustainable development of various business segments of the Bank.

By complying with the regulatory requirements and taking into account of the actual circumstances of the Bank, the Bank further promoted the integration of "three managements" for compliance, internal control and operational risk, completed the design and establishment of the integrated management system, implemented corresponding support mechanisms and made arrangements for launching the training on the integrated project in 2014.



In addition, the Bank continued to strengthen continuity management, made arrangements for the analysis and risk evaluation concerning the impacts of business continuity of major businesses, and actively conducted evaluation and analysis of the impacts on the major businesses through the discussion of business resumption indicators. The Bank continued to strengthen its IT risk management and enhance the system management of the "client information source" through special investigation of the confidential data source system. In 2014, the special investigation included a total of 152 systems, in which the potential threat of data leakage was discovered in time, thus arousing the awareness of confidential data safety management of various departments, so as to safeguard the safety of client information. The Bank continued to promote anti-money laundering (AML) in all aspects and integrate AML management and routine compliance management, in a bid to build up the AML management foundation and enhance the effectiveness of AML work.

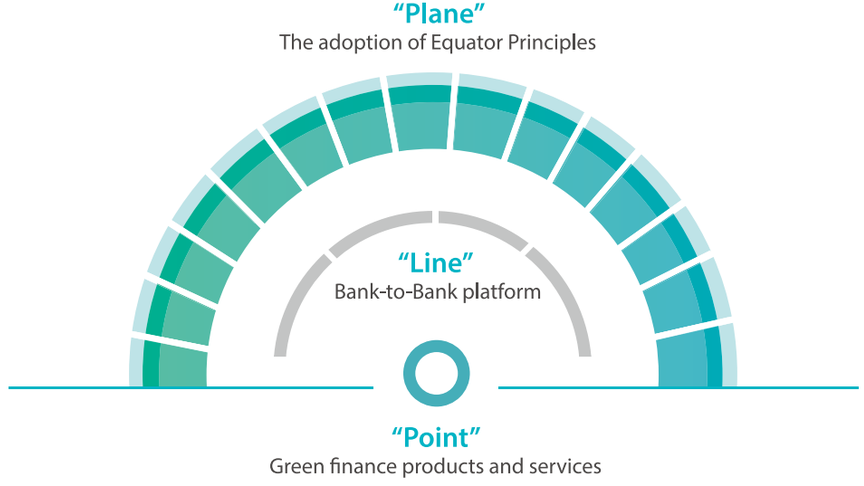
Over 6,000 times
Emergency drills

1,968 times
Training for taking up AML positions

100%
Passing rate of training for taking up AML positions

▷ Putting social responsibility into practice and exploring a new business model through innovation

After years of efforts, The Bank developed an innovative system for its sustainable business model through the following three ways: the green product services are positioned as the "point" so as to build up the green brand and promote the environmental-friendly concept, the Bank-to-Bank platform is set as the "line" for establishing the mechanism of "complementary advantages and resources sharing" on the basis of innovation exceeding competition, so as to promote the development of inclusive finance and to achieve development on the basis of sharing. The Equator Principles are set as the "plane" to establish the environment and social risk management system, while the sustainable development concept can be embedded into the operating management and the corporate culture for further promotion of the sustainable development concept.

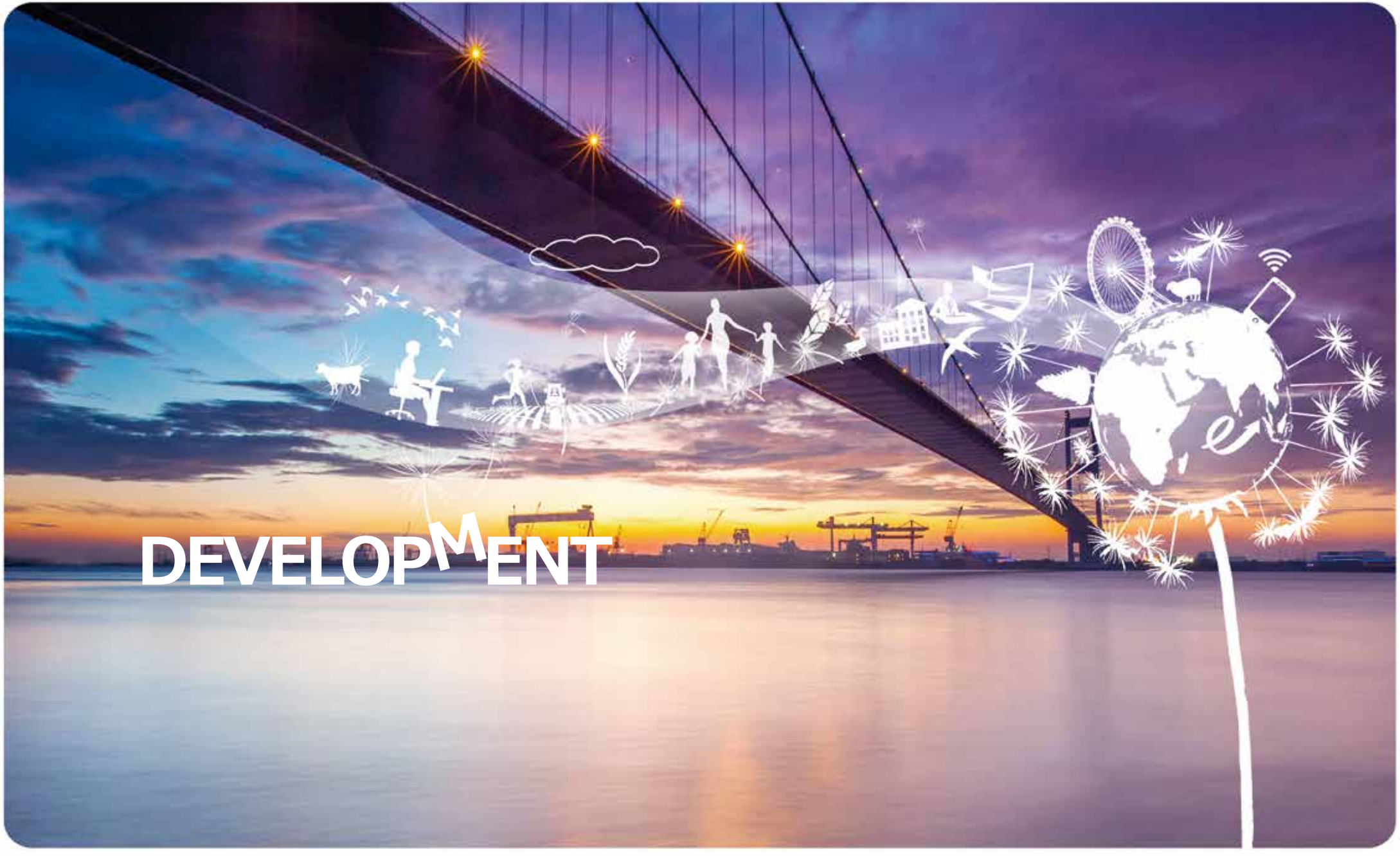


▷ Strengthening active disclosure and enhancing information transparency

In each year, the Bank releases its annual sustainability report (cum social responsibility report) on a timely basis, with an integration of its social responsibility's concepts, structure, strategies, progress and effectiveness, including the strategic ideas, scope of implementation, ways of practice, work achievements and practical case studies in the adoption of Equator Principles, together with coverage on the implementation of the Bank's practice in social responsibility and the Equator Principles.

Following the issuance of the first sustainability report in the Chinese banking industry in 2009, the Bank further published the CIB CSR Special Issue, and four issues have been issued since then. In addition, the Bank applied various channels including the annual financial reports, columns on its official website and Weibo for disclosing information to multiple stakeholders and enhancing transparency to the general public.

Since the establishment of the social responsibility assessment system in 2012, the Bank has conducted regular evaluation on the implementation of social responsibility and the linkage mechanism between the Head Office and the branches, in accordance with the appraisal performance of social responsibility in the branches, as well as rectification and reporting on an ad hoc basis so as to effectively promote the implementation of various social responsibility initiatives.


DEVELOPMENT

In 2014, the Bank actively adapted to the new economic normal to serve the real economy. In particular, we supported infrastructures for interconnection by contributing to the 21st Century Maritime Silk Road; promoted emerging industries especially the high-technology sectors; started reforms on the specialized business management system for small and micro enterprises and launched the "Incubation Plan for 100, 1,000 and 10,000 Small and Micro Enterprises"; and focused on revitalization of agriculture, farmers and rural areas as well as start-ups and employment of disadvantaged groups to highlight the power of inclusive finance. While developing new offerings to cater to new customer needs in line with new trends of Internet finance, the Bank pooled the efforts of small and medium financial institutions to establish a financial cloud services platform featuring "co-building, co-owning, sharing and win-win". In addition to fruitful online financial products, ongoing innovations were made in offline financial services.

01 Supporting coordinated regional development through industrial upgrading and transformation

▷ Supporting coordinated regional development

As at December 31, 2014, the Bank had established 108 branches (including 65 second tier branches) and 1,435 sub-branches nationwide in major domestic cities, the first overseas branch in Hong Kong, and correspondent banking relationships with over 1,000 banks around the world. Through the improving service network covering China and connecting overseas market, we provided full-spectrum, quality and efficient financial services to customers and credit support to local economy, and optimized resource allocation across regions to promote the coordinated development of national economy.

We underpinned local economies through economic structure optimization in eastern China, development in central China, the new round of western development and the revitalization of traditional industrial bases in northeast China.

As the only listed bank headquartered in Western Taiwan Straits Economic Zone with presence nationwide, the Bank regards the region as a key area for credit support to contribute to development of Fujian and the Silk Road Economic Zone alongside the Western Taiwan Straits. The financing balance to key projects in Fujian Province reached RMB25.66 billion, an increase of RMB8.38 billion in loans as compared with the beginning of 2014.

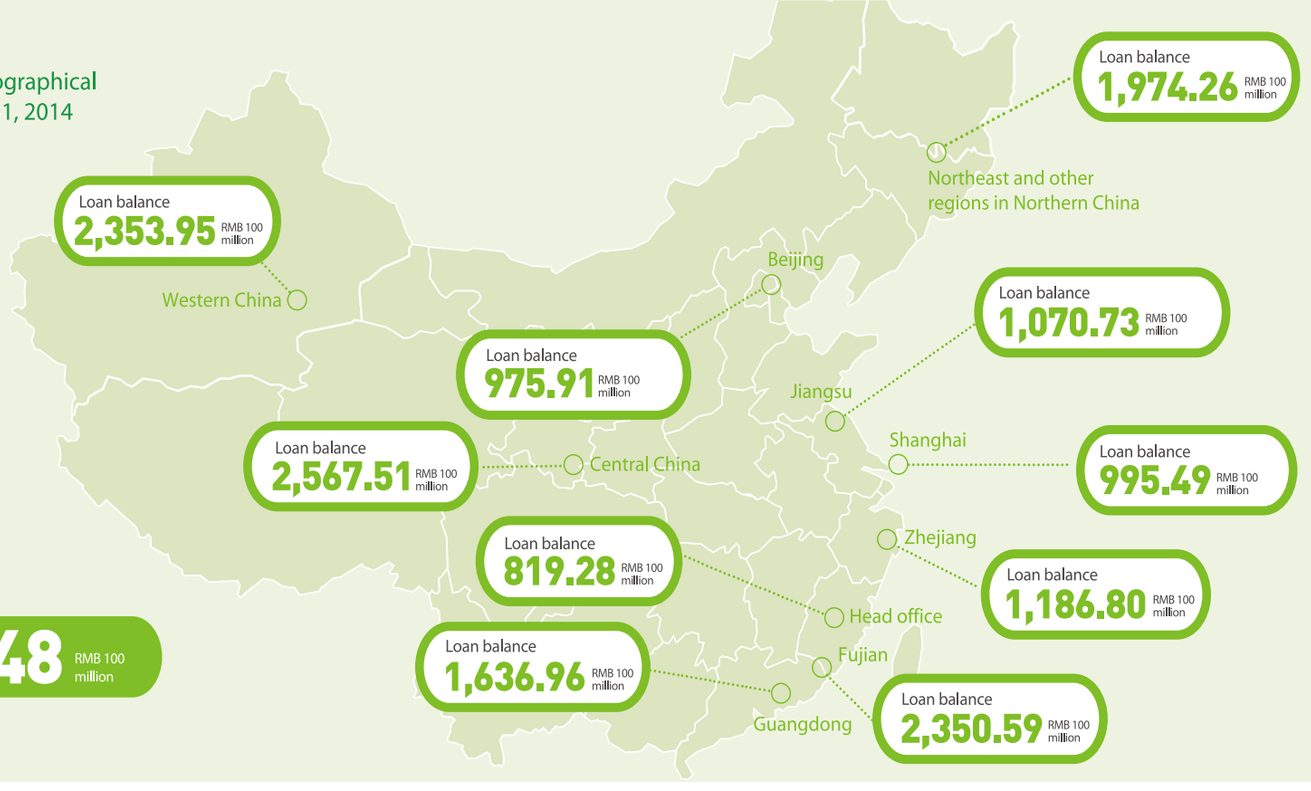
To support China's western development strategy, the Bank has established 23 branches (including 13 level 2 branches) and 327 sub-branches in major economic hubs in western China including Chongqing, Chengdu, Xi'an, Kunming, Urumqi, Nanning and Hohhot, to provide diversified financial services to governments, enterprises and residents in western China.

▷ Promoting industrial upgrading and transformation

With a commitment to serving the real economy under the state's macroeconomic policies, the Bank stepped up credit support to key sectors and projects in 2014, giving full play to the key role of financial services in the economy system to serve the policy goals of "steady growth, structural adjustment, well-being and in-depth reform". Advocating the Blue Finance concept to facilitate marine economy under the strategy of the 21st Century Maritime Silk Road, the Bank took concerted efforts in constructing the Blue Economic Zone in Shandong Peninsula and the Pingtan Comprehensive Pilot Zone, which effectively promoted sustainable development of economy and society.

In light of the opinions of the State Council on restructuring railway investment and financing system to accelerate railway construction, the Bank as the only promoter being joint-stock bank joined the efforts of three state-owned banks to establish the Railway Development Fund, innovate on railway investment and financing system and accelerate railway construction in western China, a cause of great significance for sustainable and healthy economic and social development.

Loan distribution by geographical region as at December 31, 2014



02 Supporting small and micro enterprises

In 2014, the Bank started reforms on the specialized business management system for small and micro enterprises. With an aim at "Six Exclusive Mechanisms" including organization system, business process, risk technologies, product lines, incentive and restraint mechanism and resource allocation system dedicated for small and micro enterprises, the reforms were designed to further optimize business model and inspire operating vitality. To better serve the general public, the focus on SMEs was shifted towards small and micro enterprises. A range of initiatives were taken, including the "Incubation Plan for 100, 1,000 and 10,000 Small and Micro Enterprises" as well as the exclusive "Three Loan Services", online self-help "Revolving Loans" and electronic cluster marketing for small and micro enterprises, in order to expand the coverage of financial services for small and micro enterprises and effectively implement the financial policy requirements on supporting the real economy.

Number of small enterprise customers defined by the Bank

320,907

Balance of small enterprise loans defined by the Bank (RMB million)

112,118

Number of dedicated units for small enterprise financial services

40 small enterprise departments at branches

67 small enterprise centers

CASE 1

A breakthrough in small and micro enterprise financing through concerted efforts

In the process of deepening the reform on collective forest ownership system, our Sanming Branch focused on green finance to introduce "personal forest ownership mortgage loan", an innovative financial product drawing upon the personal housing mortgage model with reference to the characteristics of local forestry resources. It not only highlighted our supports to new rural economy, but also created a new route of employing a variety of means to combine government resources and social capital efficiently.

Leading in forestry business chain development through the forest ownership reform

Sanming, a city in Fujian Province, is a national pilot for the reform on collective forest ownership system. Centering on "improving the reform on collective forest ownership system to establish an innovative forestry business operating system", Sanming municipal government laid stress on promoting in-depth reform, transformation and upgrading of the local forestry business to vitalize forestry resources and leverage upon financial capital. Currently, forest ownership in Sanming has been allocated to the individual owner level. Except for state-owned tree farms, the forest ownership for most of the collective commercial forests is owned by forestry enterprises and farmers. As producers and participants in the forestry business chain, they were eager to revitalize the resources in hand to facilitate production and reinvestment. However, the notable gap between the existing credit support and the financing needs from forestry constituted a significant bottleneck over the forestry business chain.

Personal forest ownership mortgage loan to fill the capital gap

Forest ownership mortgage loan, an innovative model jointly rolled out by our Sanming Branch, the local government and forestry authorities, was devised to solve the difficulty in forestry business development in Sanming. It is designed to meet funding needs of natural persons and individual business owners from forestry production and operation, cultivation and exploitation of forest resources, understory economy, forest product processing and other production-related operations. The loan is secured by "wood mortgage + guarantee from forest ownership custodian" or guarantee solely provided by forest ownership custodian, and covered by forest comprehensive insurance or commercial forest comprehensive insurance underwritten by PICC regarding the mortgaged wood for the policyholder (i.e. the borrower, forest ownership custodian or forestry guarantee company) where the claim payment will be prioritized for debt service of the bank loan.

On November 5, 2014, the first personal forest ownership mortgage loan in China with the principal of RMB2 million was granted for a term of 15 years. At the opening ceremony of the 10th Cross-strait Forestry Expo held in Sanming on the next day, our provincial branch entered into a cooperative agreement on forest ownership custody with Fujian Mintou Investment and Asset Management Co., Ltd. and Sanming Zhongmin Forest Ownership Custody Co., Ltd., to jointly develop the forest ownership mortgage loan business.

03 Full-hearted reward to shareholders

▷ Developing steadily to return shareholder with values

On December 9, 2014, the Bank successfully issued domestic preferred shares of RMB13 billion for the first time, in order to replenish tier-1 capital which further enhanced risk resistance capacity. As at December 31, 2014, the Bank's share capital comprised a total of 19,052,336,751 shares, including 16,179,616,701 tradable shares not subject to trading moratorium.

As at December 31, 2014, net capital reached RMB328.767 billion; the tier-1 capital adequacy ratio and core tier-1 capital adequacy ratio was 8.89% and 8.45%, respectively; and capital adequacy ratio was 11.29%. The Bank's total assets were RMB4,406.399 billion, up 19.79% from the beginning of the period; the balance of deposits in local and foreign currencies stood at RMB2,267.78 billion, up 4.49% from the beginning of the period; the balance of loans in local and foreign currencies was RMB1,593.148 billion, up 17.40% from the beginning of the period; the NPL ratio was 1.10%, slightly increasing by 0.34 percentage points from the beginning of the period; the provision coverage ratio was 250.21% and the provision-to-loan ratio was 2.76%. Operating income for the year amounted to RMB124.898 billion, representing a year-on-year increase of 14.28%; and net profit attributable to shareholders of the parent company was RMB47.138 billion, representing a year-on-year increase of 14.38%.

▷ Smooth communication and accurate transmission

The Bank further implemented the approach of strategic investor relations, continued to strengthen information disclosure initiatives and transparency, and enhanced its work on the forward-looking, timely and proactive basis. Responding positively to the new changes in commercial bank operation and capital market environment under the "new normal", we accurately publicized our banking operation characteristics and core strengths to provide a rational guidance to market expectations and establish a sound image in capital market.

Convey investment value through a combination of channels and aforms

Onsite, telephone and online meetings, roadshows and reverse roadshows, dedicated hotline and mailbox, public interactive online platforms and our official website were combined to facilitate communication with investors and enhance fairness and effectiveness of information disclosure.

Timely and proactive management on public opinions

A sound response mechanism on hot issues and contingencies was established for timely and proactive management, active response to and fast handling of public opinions, and information was communicated with broker analysts through our official website and mainstream media, to foster an objective and fair public opinion environment and establish a responsible market image.

Continue to strengthen information disclosure

Improve information disclosure initiative and transparency, broaden discloseable information of capital adequacy ratio, and strengthen capital management and constraints. Introduce internet finance and investment banking sections in periodic reports to publicize our banking operation characteristics and innovations.

Enhance thematic studies on capital markets and improve internal information feedback mechanism

Enhance thematic studies on capital markets, new characteristics and trends in the banking industry; track market dynamics timely; keep informed of market opinions and suggestions on our management and operation; and sure dynamic information exchange between the management and market through regular and irregular multi-level reporting.

04 Promoting mutual development through sharing resource between network and platform

Responding to the call of the State Council on "promoting healthy development of Internet finance under an improving financial regulation and coordination mechanism", the Bank focused on developing Internet finance featuring "open, focused, execution and customer experience" in 2014, to expedite experience-oriented product and service innovations with reference to advanced concepts, technologies and products of Internet enterprises. Through online, mobile, WeChat and other innovative channels, we rolled out online financial service portals such as "Money Manager" and "Direct Banking" to explore the Internet finance market, gaining sound recognition among customers.



E-banking business highlights (2014)

Online banking

Number of active clients ('0,000) 832.49 — Growth rate (%) 21.00%

Number of transactions ('0,000) 31,944.48 — Growth rate (%) 63.00%

Transaction amount (RMB'00 million) 569,403.88 — Growth rate (%) 45.36%

Telephone banking

Number of active clients ('0,000) 1,342.18 — Growth rate (%) 15.40%

Number of transactions ('0,000) 22.71 — Growth rate (%) -43.47%

Transaction amount (RMB'00 million) 104.61 — Growth rate (%) -12.71%

Mobile banking

Number of active clients ('0,000) 528.14 — Growth rate (%) 92.86%

Number of transactions ('0,000) 3,834.66 — Growth rate (%) 228.75%

Transaction amount (RMB'00 million) 7,490.04 — Growth rate (%) 165.37%

Our online banking portal "CIB Online" (www.cib.com.cn), supports all daily financial transactions. In particular, we have established significant advantages in precious metal trading, "E-family Fortune" for centralized household income and expending management, interbank treasury, wealth management night market, one-key money transfer and other services. We also provided interbank online payment platform, e-commerce cloud service platform, online mall and other e-commerce services, offering convenient, efficient and safe online operation and payment models for businesses and individuals.

Our telephone banking portal "CIB Hotline" (95561), provided customers with 7*24 self-help and manual services, and a professional team of financial planners was in place to provide one-to-one wealth management analysis and financial planning advices. Under an established Six Sigma telephone banking quality management system, our customer service center is one of the few domestic customer service centers certified by CCCS level-5 standard system.

Our mobile banking portal "CIB Wireless" (wap.cib.com.cn), including web and app platforms widely compatible with various mobile terminals, provided customers with more than 300 mobile financial services such as inquiries, money transfer, wealth management and payment, and is the first mobile banking system supporting gold and silver trading in the industry.

Our direct banking portal (directbank.cib.com.cn), covering three types of user terminals namely computer, mobile phone and iPad provided five major product lines, including "Xingyebao" (a T+0 direct marketing fund product combining investment/wealth management and spending payment functions), equity investment channels "Xingyehong" and "Zhiyingbao", wealth management products, time deposits and funds. It supported registration-free and login-free one-key purchase with a number of bank cards, among other convenient and efficient services for customers.

CASE 2

O2O online financial services

"Go Internet" has become an irreversible trend for traditional financial services, driven by the burgeoning information technology nowadays. Adhering to the customer-centric concept, the Bank is committed to satisfying customer needs by simplifying complicated financial service flows, expanding online innovative financial channels along with offline outlets and innovating on financial products and service models, to proactively meet diversified financial needs of the public. Meanwhile, with an emphasis on "open, focused, execution and customer experience", the Bank worked with a wide array of partners to establish a financial cloud services platform featuring "co-building, co-owning, sharing and win-win" to achieve mutual benefits.

In line with the financial networking tendency, the Bank actively extended its presence in Internet finance:

Developing direct banking
— Third-party password and identity verification was innovatively employed to simplify account opening procedures, providing customers an access to financial products distributed by the Bank and the Group through registration-free and login-free convenient purchase with a number of bank cards.

Executing strategic partnership agreement with Baidu
— The comprehensive and in-depth innovative partnership between Baidu and the Bank as its exclusive strategic partner in the banking sector allowed both parties to fully draw upon respective strengths in financial services and Internet.

Upgrading WeChat banking
— We established a common entrance to the mobile social networking platform for accessing direct banking and intelligent customer services, coupled with wealth management card, credit card and other services.

Launching remote banking service platform
— Through a variety of interaction channels such as telephone, facsimile, SMS, WeChat, email, Weibo, video and online services, our certified professional financial planners provided customers with multi-channel investment advising, distribution of wealth management products and customized asset management services.

Fitting in the mobile payment trend
— We developed NFC mobile wallet services, providing consumers more options for convenient mobile payment. Simply with mobile phones, customers may proceed with ATM withdrawal, card spending via POS, money transfer and other services that were previously based upon magnetic or IC bank cards.

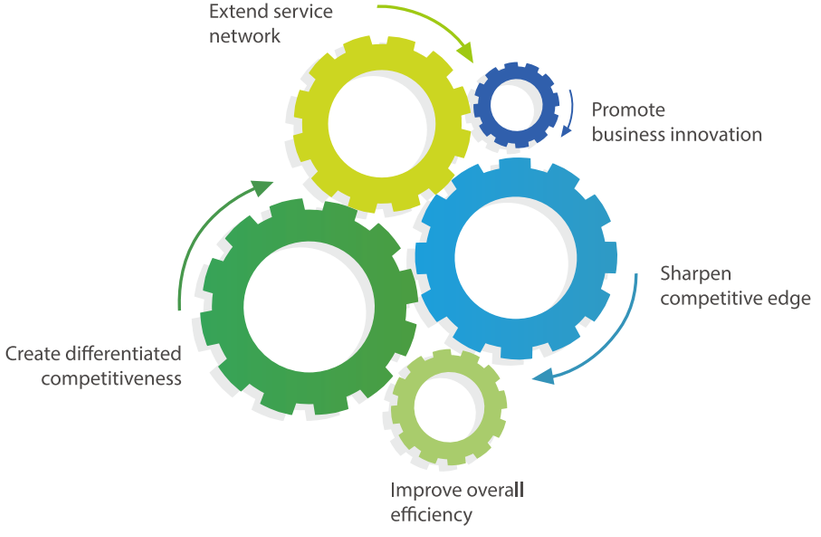


▷ Bank-to-Bank Platform: Resource sharing for mutual success in a symbiotic ecosystem

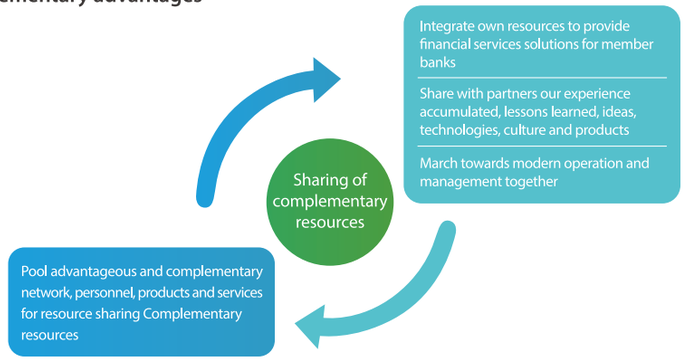
Our "Bank-to-Bank Platform", a pioneering interbank collaboration portal launched in 2005, embraces the concept of "resource sharing and innovative services" to pool advantageous and complementary network, personnel, products and services and integrate own resources, in order to offer financial service solutions to member banks. The platform made a breakthrough from the vicious cycle of homogeneous financial products, and introduced a collaboration model going beyond competition and aiming at mutual success in a symbiotic ecosystem.

As at the end of the reporting period, the number of signed customers on the Bank-to-Bank Platform amounted to 575 with 474 active customers. The counter inter-operation network connected over 34,000 outlets. The platform enabled the Bank to partner with national joint-stock banks, regional banks, city commercial banks, rural credit cooperatives, rural commercial banks, village banks and other banking institutions to establish a vast serve network covering major provinces, economic hubs, third and fourth tier cities and rural areas across China.

In 2014, the Bank also set up a cloud computing platform with independent intellectual property rights, upon which complete financial cloud solutions have been developed. The platform provided small and medium financial institutions the access to tailored and scalable financial offerings through our financial cloud services, allowing them to circumvent their own restriction in scale, while enabling the financial sector to improve resource utilization of data centers and reduce construction costs as well as operation, maintenance and management expenses. Upon completion, our financial cloud service platform targeting the banking institutions will be able to support financial service needs of 300 small and medium financial institutions, fuelling their fast-growing business and refined management to march towards modern operation and management together.



Cooperate with financial institution clients to draw upon complementary advantages



Functional division of the value chain



05 Improving services with client-oriented principle

In light of the "client-oriented" principle, the Bank established the Consumer Protection Committee to advocate the protection of consumer rights and interests. The Bank continuously improved customer experience, strived to improve customer satisfaction and protected clients' rights and interests, yielding fruitful quality improvements in client services.

To streamline the customer complaint handling channels, we employed a diversity of channels including public service hotlines of outlets, physic outlets, online message, mail, facsimile, visit, customer feedback book (box) and service raters in addition to the 365×24×7 uninterrupted response by our customer service center (95561), to ensure effective communication through each channel.

We handled customer complaints actively and properly, laying stress on the first respondent accountability system. With a focus on timeliness, common complaints were required to be handled within two working days and emergency complaints within one working day in principle. To highlight complaint handling satisfaction, customer visits were made to evaluate the customer complaint handling process.

We also strengthened analysis and notification of complaints, through regular summarization of the bank-wide customer complaints through all channels, case study and rectification requirements; and the respondents were required to carefully analyze the issues raised in complaints, identify and correct the improperness in services.

1,569 Total number of customer service staff (person)	3.50 Growth of customer service staff (%)	2,545.25 Total calls manually handled ('0,000)	4,923.44 Total calls handled via self-service voice message ('0,000)
100 Completion rate of customer complaints (%)	100 Handling rate of customer complaints (%)	100 Solving rate of customer complaints (%)	99.72 Customer satisfaction in survey (%)

(at the end of 2014)

On ensuring transparent fees and charges, we paid particular attention to compliance of our retail service charges and offered discount or waiver for certain fees. Service rates were bulletined at outlets together with promotional brochure to fully protect interests of customers. Moreover, the Bank improved its e-banking security system, developed rules on effective protection of consumer personal information, carried out anti-fraud advocacy series activities, and placed onsite anti-fraud reminders, while publicizing online payment security through multi-dimensional channels including bills, websites, Weibo, WeChat, SMS and newspapers to educate customers on anti-fraud, avoid financial losses and safeguard their information and property.

CASE 3

CIB Guardian" as a financial service shield

In the afternoon on March 30, 2014, Mr. Fang, an elderly client, presented a dozen of time deposit certificates to Xiang'an Sub-branch of our Xiamen Branch for early withdrawal, and indicated to deposit RMB200,000 into another non-local Industrial Bank's card which was not in his name. According to the unusual service request coupled with intense look of the client, the teller immediately reminded the elderly that he must have encountered a telecommunication fraud. But the elderly made no response and insisted on proceeding with the money transfer. For security of customer fund, the sub-branch arranged a colleague who is a fellow townsman of the elderly for further communication. Through communication, the money transfer was terminated as the case was confirmed as fraud and reported to police by the sub-branch together with the client. The client extended gratitude to the sub-branch for avoiding a loss of RMB200,000.

Recently, telecommunication fraud cases have been not uncommon, as criminals could cryptically leverage on telecommunication, Internet and other means to frame up various reasons to intimidate or deceive the victim for remittance. Addressing the rampant telecommunication fraud, the Bank urged its business units at all levels taking various measures to hold the final pass and act as a guardian for customer fund.

Enhancing public education: Publicizing financial literacy to enhance customers' anti-fraud awareness is the ultimate solution for forestalling telecommunication frauds. To this end, the Bank strengthened the education on the skills to identify telecommunication frauds in its financial knowledge advocacy activities.

Training employees to develop the anti-fraud awareness: The frontline employees play a crucial role in timely identifying frauds, persuading customers from remittance and hence successfully forestalling telecommunication frauds. Accordingly, the branches strengthened education on frontline staff, including timely briefing of fraud cases by false information and training at morning and weekly meeting, to enhance forestalling awareness and capability of employees.

Establishing a "defense network" mechanism: At our Shanghai Branch, in addition to the requirements on sensitive precaution and professionalism, a city-wide "defense network" mechanism for common vigilance has been particularly established: a suspected fraud case would be immediately circulated among all outlets in the city to jointly guard against criminals who might attempt to deceive elderly customers at other outlets.

Rewarding employees for successful forestalling: Cases of successfully forestalling telecommunication fraud were circulated among our Xiamen Branch in time for rewarding the relevant employees. To further enhance the anti-fraud motivation of employees, the branch also rewarded the meritorious employees in effectively dissuading victims, and reported to the public security bureau for rewarding.

Joining the efforts of polices for emergent stop payment: Our Xiamen Branch also established a 24-hour joint-action mechanism with Xiamen polices, under which a suspected Industrial Bank's card may be suspended for payment upon an emergent order to prevent financial loss of customers.

In 2014, the Bank continued to improve financial services for handicapped persons through outlet renovations such as setting up accessibility ramps, special care windows, Braille keyboards and other accessible equipment and facilities to facilitate their transactions.



CASE 4

Lighting up the life by love magic



Many people might think that ATM device for blind persons must be incredible: how to reengineer the whole ATM business flows for blind persons with visual function handicapped? As a responsible listed company, the Bank determined to write a new chapter for caring the visually impaired group.

China has 85.02 million handicapped persons, including 12.63 million blind (or low vision) persons, representing 14.86% of the total number of handicapped persons, as well as 4.58 million blind persons with multiple disabilities. It is incumbent upon us to provide appropriate financial services to the group. Based on study and demonstration, a voice navigation model to guide visually impaired persons for ATM operations was confirmed as the solution. Step-by-step voice navigation is the only option as a visually impaired customer could not understand positions of ATM functional interfaces and is not familiar with the numerical order of password keyboard, let alone the prompts on the screen. Also, to avoid leakage of account information and for easy operation, the screen is intentionally turned off during the voice navigation model and Braille messages are printed at cash slot, card slot and receipt slot. To better serve special groups, customized headsets were developed by vendors at the Bank's request, to facilitate touching operation of blind customers.

After meticulous preparation, the voice navigation model developed by the Bank debuted at the home offices of Beijing, Fuzhou, Chongqing and Shijiazhuang branches. The difficulties in the initial stage such as hardware not recognized and malfunction were solved ultimately and the system was successfully launched at the end of December 2014.

On March 4, a launching ceremony and experience activity of ATM for blind persons was held at home office of our Beijing Branch, witnessed by guests including Yang Zaiping (full-time vice chairman of China Banking Association), Li Weihong (chairman of China Blind Person Association), Yang Qingfeng (a blind reporter of China National Radio) and Zhou Yongfa (Industry Services Director of China Banking Association) as well as Chen Jinguang (Vice President of Industrial Bank). According to vice chairman Yang Zaiping, the domestic first ATM for blind persons developed by Industrial Bank marked the first step towards barrier-free electronic channels in China's banking sector, as well as a leap in sharing economic and financial achievements with handicapped persons to promote social civilization. Chairman Li Weihong also indicated that the ATM for blind persons will provide great convenience for the visually impaired group, filling the gap in the field domestically.

06 Paying attention to livelihood to serve "agriculture, farmers and rural areas"

Responding positively to national policies, the Bank vigorously developed inclusive finance with a focus on livelihood in 2014.

Under well-established business strategies specific to regional agricultural development and markets, the Bank provided innovative agricultural financial products through specialized business units. Dedicated agricultural offerings such as mortgages backed by four types of property rights (forest ownership, agricultural machinery, rural land contract and management rights, rural housing and residential land right) were devised. We also supported rural small and medium financial institutions to extend their services through technology output, training, direct marketing of financial offerings based upon our Bank-to-Bank Platform. Meanwhile, the Bank strengthened its involvement in construction of government-subsidized housing to improve people's living condition, and rolled out personal business start-up (employment) loans to provide credit support for start-ups and re-employment. Moreover, based on our negotiation with Peking University, Beijing Normal University and Pingda Group, a partner of the Central Communist Youth League, we plan to provide financial support to student business start-ups and employment in 2015, and underpin healthcare, education and cultural sectors through credit support.

Category	Item	2014
Livelihood sectors	Loan balance in education industry (RMB'00 million)	21.78
	Loan balance in cultural industry (RMB'00 million)	20.19
	Loan balance in healthcare industry (RMB'00 million) [4]	55.35
Personal business start-up (employment) loans	Loan balance of personal business start-up (employment) (RMB'00 million)	730.79
	Recipients (persons)	26,384
Loans of government-subsidized housing	Loans of government-subsidized housing granted in the year (RMB'00 million)	95.27
	Loans of government-subsidized housing increased in the year (RMB'00 million)	43.30
	Loan balance of government-subsidized housing (RMB'00 million)	122.86
	Including: Loan balance of economically affordable housing (RMB'00 million)	4.63
	Loan balance of price-capped housing (RMB'00 million)	7.74
	Loan balance of low-rent housing (RMB'00 million)	0.05
	Loan balance of shantytown renovation and renovation of dilapidated housing in reclamation area (RMB'00 million)	110.43

4 The healthcare and social work industry based on national standards

CASE 5

Delivering warm to general public through inclusive finance

Government-subsidized housing, a livelihood project and major initiative of stabilizing growth, has been challenged by the difficulties including project capital shortage which could not be solved solely through bank financing, higher cost of traditional financing and limited scale of bank credit facilities. Where is the way out? The answer lies in introduction of multi-channel funds from market. Hence, targeted debt instrument for subsidized housing was considered as an alternative by government and real estate developers. Compared with the traditional financing channels, privately raised debt and other debt instruments have the advantages of large offering size, lower cost, less restrictions on utilization and flexible term, and have gradually become a mainstream in supplementary funding of subsidized housing.

Arranging financing for major subsidized housing projects in 21 provinces and cities

With a committed to well-being projects, our Fuzhou Branch actively employed innovative financing instruments to support housing security. Its financing arrangements for major subsidized housing projects in 21 provinces and cities were highly appreciated by local governments and real estate developers. These projects include resettlement dwellings at Hengyu group, Helin district, Jin'an New Town, Fuzhou; resettlement dwellings for expansion project of north railway station; resettlement dwellings for "Jinxiu Riverside Town" in central business center at north bank of Minjiang River; resettlement dwellings for the renovation project of Fufei road; resettlement dwellings for comprehensive refurbishing project around Guangming Port of Fuzhou; and subsidized housing for the first dwelling area and the first section of new community of Fuzhou Machinery Plant (including No. 4 Machine Tool Plant).

Introducing targeted debt instrument for subsidized housing

In as early as April 2013, the branch established a dedicated team to carry out a survey on subsidized housing progress and funding gap in the province, after learning that the National Association of Financial Market Institutional Investors intended to roll out targeted financing instrument for subsidized housing in regions of provincial capitals or above. After demonstration and comparison among regional developers and project lists of subsidized housing, Fuzhou Urban and Rural Construction Development Corporation ("Fuzhou Urban and Rural") was selected as the issuer of the first targeted debt instrument for subsidized housing. After three months of efforts, the due diligence investigation was completed and the submission of offering materials were completed smoothly.

Approximately 12,672 units of subsidized housing to be completed

On January 28, 2014, the first tranche of the targeted debt instrument with principal of RMB500 million was successfully issued in the interbank market, followed by the second tranche of RMB500 million issued on June 20, 2014. The two tranches totaling RMB1 billion are intended to finance 8 subsidized housing projects including resettlement dwellings at Hengyu group, Helin district, Jin'an New Town, totaling approximately 12,672 units of subsidized housing with a total gross floor area of approximately 1.35 million square meters. The remaining issuance quota will be gradually utilized according to project progress within the next two years.

The private issuance by Fuzhou Urban and Rural, being the first offering of targeted debt instrument for subsidized housing in Fujian with a total offering size of RMB6.8 billion, will provide consistent and strong funding to subsidized housing construction in Fuzhou. Through rolling out innovative financial instruments to support renovation of old towns, the Bank effectively promoted urban infrastructure improvement in Fuzhou and contributed to better living conditions and ecological environment, proactively fulfilling its social responsibility for livelihood as a listed bank.


ENVIRONMENT

As the first Equator Bank in China, we incorporate the concept of sustainable development into all aspects of banking operations. Exploring on innovative sustainable financial offerings, we adhere to green operation to promote green public welfare activities. Upholding a strong sense of social responsibility, we actively contribute to environmental and social sustainable development, to serve the construction of "Beautiful China" focusing on harmonious development between people, nature, economy and society.

01 Environmental and social risk management system

Guidelines for environmental and social risk management

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

Our environmental and social risk management system guided by well-defined policies comprises scientific strategies, closely correlated concepts and common rules and measures, with an aim at strengthening our environmental and social risk management capability for sustainable development of the Bank.

Environmental and social risk management system of Industrial Bank

· Organizational structure:

Board of directors ▸ Senior management ▸ CSR leading group ▸ Environmental officials ▸ Functional departments ▸ Branches

· Policies:

The Bank keeps focusing on the environmental and social issues in credit business; strives to develop financing business in a way to "benefit" the environment and society; guides business development with the concept of sustainable development; and lays equal stress on pursuing economic benefit and fulfilling social responsibility.

· Measures:

- Law compliance
- Classified management
- Continuous improvement
- Promotion of sustainable

Environmental and social risk management process:

Identification of environmental and social risks → Classification: classified management according to the extent of project environmental and social risks → Evaluation and audit: due diligence investigation; and review of the compliance with the Bank's environmental and social risk management policies → Control and monitoring: continuous monitoring throughout the project operation cycle → Information management/disclosure and performance evaluation

Through risk management processes, the Bank identifies potential risks and impacts associated with customers and projects in environment, health and safety management, upon which classification management and risk assessment are conducted and specific control measures are devised to allow preventive control over environmental and social risks. Furthermore, such risk performance evaluation enables the Bank to identify good practices and weaknesses, coupled with the heightened employee and public participation to continuously improve its environmental and social risk management level.



On June 8, 2014, our Beijing Branch participated in the China (Beijing) 2014 International Forum on Clean Air and South-South Cooperation on Climate Change, to share our advanced experience in environmental and social risk management.

02 Innovative green finance

The Bank actively implements the national green credit policies and incorporates the green concept into all its banking activities, drawing upon the key role of financial services in modern economy to prioritize funding to green projects in order to build a beautiful China.

In 2014, the Bank continued to promote specialized management on green finance. At head office level, our green finance business management is led by Environment Finance Department, with a dedicated risk channel for approval and management of green credit projects to achieve full-integration of green finance business development and risk management. At branch level, approximately 80% of our branches have established environment financial centers, with dedicated green finance officers to provide specialized green financial services to the locality.

In 2014, the Bank continued to promote "Green Finance · Overall Strategy", an innovative multi-level service solution. Addressing differentiated financial needs of corporate finance clients in energy efficiency and environmental protection field, we integrated the original "8+1" financing services and carbon emission finance into a multi-level and comprehensive product and service system covering financial products, service models and solutions. As at the end of December 2014, the Bank had provided green financing of RMB555.8 billion in total, with an outstanding balance of RMB296 billion.

▷ Environmental benefits from green finance of the Bank

Item	2014	2013
Standard coal saving ('0,000 tons)	2,351.62	2,344.34
Carbon dioxide emission reduction ('0,000 tons)	6,879.93	6,868.76
COD (chemical oxygen demand) emission reduction ('0,000 tons)	123.47	90.12
Ammonia nitrogen emission reduction ('0,000 tons)	3.58	1.67
Sulfur dioxide emission reduction ('0,000 tons)	9.94	9.58
Nitrogen oxide emission reduction ('0,000 tons)	2.41	2.41
Annual comprehensive utilization of solid waste ('0,000 tons)	1,710.79	1,504.39
Annual water saving ('0,000 tons)	26,229.06	25,579.06

As of December 2014, the realized energy conservation and emission reductions were equivalent to those saved by closing 157 thermal power stations of 100MW each or by 100,000 taxies stopping running for 33 years, or CO^2 absorbed by 6.88 million hectares of forest in one year.

▷ Cyclic economy

In the field of cyclic economy, the Bank has actively followed cyclic economy supporting policies in the "12th Five-Year Plan " period to streamline project mix. We established a specialized operating system for green finance, developed training in the industry, cultivated product manager team, and encouraged business development via special scale allocation, marketing cost allocation, comprehensive evaluation, marketing competition, etc..

▷ Ecological economy

In 2014, with the utilization and protection of water resources as the development priority of green finance business, the Bank continued to increase the investment in the field of utilization and protection of water resources. As at the end of December 2014, the balance of the Bank's green financing to water resources protection and watershed management projects was RMB76.077 billion, covering industrial water saving, sea water desalination, sewage plant construction and upgrading, sewage pipe network, sludge disposal, water governance, comprehensive water environment improvement, recycled water, heavy metal pollution prevention and control and other fields.

CASE 6

A beautiful Zhejiang to fulfill Chinese dream

Zhejiang is a well known in China given its uniquely advantaged landscape as a beautiful "Watertown at Southern Yangtze River". However, the harmony between human and nature has been undermined as many water areas in the province suffered pollution to different extents during the rapid course of industrialization and urbanization. At the end of 2013, the Party commission and government of Zhejiang formulated major decisions on "Five Water Treatment Campaigns". Our Hangzhou Branch committed more financial resources into the "Five Water Treatment Campaigns", a livelihood project to safeguard green mountains and clear water in the province.

An innovation team serving livelihood

After the new approach of "seeking a breakthrough in water treatment to unswerving push forward transformation and upgrading" was confirmed by the Party Commission, our Hangzhou Branch upgraded its Sustainable Financial Center to Environmental Finance Department, set up a professional team for timely following up project progress, and established an Environmental Finance Review Center to improve the review efficiency for green finance projects. Given the large financing size and long payback period of water resources utilization and protection projects, Hangzhou Branch stepped up product innovations and resource allocation, combining a variety of financing instruments such as project loan, debt instrument, financial leasing and non-standard debt investment to expand funding in the water resources utilization and protection field.

Pursuant to the strategic cooperation agreement with the provincial government, the branch will provide the government with dedicated green financing not less than RMB30 billion by 2016. Pursuant to the strategic cooperation agreement with Jiaxing municipal government, the branch will grant finance not less than RMB20 billion for water treatment during the "12th Five-year Plan" period. As at the end of December 2014, Hangzhou Branch had granted financing more than RMB24.6 billion in total in the water resources utilization and protection field, to support projects in over 50 counties, cities and districts across the province. As at the end of December 2014, our Hangzhou Branch had granted green financing of RMB45 billion in total with an outstanding balance of RMB30.2 billion, representing an increase of RMB18.9 billion or 167% from the beginning of 2014. It is expected to reduce chemical oxygen demand (COD) emission by 49 tons and save water by 14.52 million tons each year, a notable performance in environmental protection.

Practising environmental protection in a long-term perspective

As a contributor to the Beautiful Zhejiang campaign in a long-term perspective, Hangzhou Branch put forward one-stop integrated solutions for the whole industry chain covering water resources development, protection, water conservation, construction and operation of integrated facilities in the province. Hangzhou Branch also actively participated in establishment of the emission right trading market in Zhejiang. Pursuant to the comprehensive cooperation agreement with Zhejiang Provincial Emission Right Trading Center, it will provide emission right trading system design, consulting, development of trading and clearing systems, granting emission right mortgage credit and other services. While improving its services of green finance, it employed market tools as a dealmaker and leveraged upon financial innovations to advance emission right trading in the province and practise its environmental philosophy in green finance.

The ecological protection project for waterhead area of Niutoushan reservoir in Linhai city

Linhai city is situated in southeast coast of Zhejiang, fronting water with hills on the back and possessing abundant water resources as well as 85 small, medium and large reservoirs. Niutoushan reservoir, a large reservoir serving multiple purposes including flood control, irrigation and other water conservancy uses as well as power generation and water supply, has great economic social and environmental benefits. However, the ecological environment has been increasingly challenged by living and production activities of farms at the water conservation area during the course of new rural economic development. The ecological security of drinking water source was seriously endangered, given the excessive total nitrogen and total phosphorus contaminants caused by rural domestic sewage and solid waste emissions, agricultural pollution, livestock and poultry pollution as a result of dense population and frequent farming activities in certain reservoir areas. To protect the ecological environment, the Bank granted green loan of RMB400 million to finance the "Ecological protection project for waterhead area of Niutoushan reservoir" led by Taizhou government. The project is aimed to remedy water source environment of Niutoushan reservoir through pollution control, water ecological construction, transforming rice fields into dry farmland to secure the green mountains and clear water.



Illustration of our credit granting in water resources utilization and protection around Hangzhou

Low-carbon economy

The Bank has entered into cooperation agreements with 6 out of the 7 state-level carbon trading pilot provinces and cities (i.e. Shanghai, Shenzhen, Guangdong, Tianjin, Hubei and Chongqing), to provide one-stop financial services including deal structure and system design, fund custody and clearing to facilitate construction of the domestic carbon trading market. As a major clearing bank in key carbon trading markets including Shanghai, Guangdong, Tianjin, Hubei and Shenzhen, the Bank has completed the interconnection with trading systems for account opening and settlement processes, laying a sound foundation for smooth operation on the carbon trading market.

In November 2014, the Bank launched China's first carbon trading account opening system based on the banking system, and became the first and only commercial bank that provided carbon trading account opening services via online banking platform connected to the Shenzhen Emission Right Exchange. The online banking platform allowed domestic institutions and individuals wishing to participate in carbon trading market to directly open accounts with the Shenzhen Emission Right Exchange. A carbon finance ecosystem has taken shape with an aim to provide integrated carbon financial services to enterprises and individuals.

CASE 7

The first green bond to underpin environmental protection

On September 16, 2014, the Bank successfully issued "the 2nd Tranche of Xingyuan 2014 Green Finance credit ABS", the first green finance credit asset-backed securities (ABS) product in China accomplishing the tendering process on the national interbank bond market for offering size of RMB3.494 billion, which attracted great attention of market participants. The issuance of green securities by the Bank, as the first Equator Bank and a pacesetter in green financial services market in China, fully demonstrated our commitment to the call of the "Conference of Chinese Banking Industry on Settlement of Excessive Capacities and Practice of Green Credit" as well as our resolution and efforts to accelerate green finance development.

An innovative model for sustainable CSR practices under the philosophy of "integrity upon profits"

The issuance of green bonds allowed the Bank to expand its asset and liability management channels and speed up business model transformation, while releasing green credit lines for continuously investing in green finance projects to advance environmental protection. It mirrored the Bank's long-embraced energy conservation and emission reduction concept and the Equator Principles, as an innovative model for CSR practices under the philosophy of "integrity upon profits". Moreover, it created a new route for commercial banks to expand green finance business and accelerate the upgrading of China's green finance industry.

Selected prime underlying assets for win-win with investors

The ABS underlying assets comprised prime loans of green finance strictly screened out by the Bank. With an adequately diversified geographical mix of underlying borrowers across 16 provinces and cities, the underlying assets were also rationally diversified across 16 sectors including power generation, heat generation and supply, ecological protection and environmental management. Meanwhile, certain pledge loans were innovatively introduced to further protect investors' interests.



Fuelling environmental protection in a consistent philosophy of sustainable development

The successful issuance of securitization product will allow the Bank to release green credit lines of nearly RMB3.5 billion, which will be re-granted into key energy conservation and environmental protection sectors with a priority on water resources utilization and protection. As such, a perfect "closed loop" of green financial products from credit products to asset securitization and back to credit products is established. Each year the underlying projects can save energy equivalent to 360,000 tons of standard coal, reduce carbon dioxide emission by 1.06 million tonnes (equivalent to CO2 absorbed by 110,000 hectares of forest in one year) and save water by 3.94 million tons.

As we gradually improved our development concept, organizational structure, products and services of green finance, we have witnessed the increasing expertise, market impact and brand effect in green finance. The first green finance credit ABS product issued by us in China created a precedent for similar products, which is a natural outcome of ongoing efforts.

Green leasing

Since its establishment, Industrial Bank Financial Leasing Co., Ltd. has followed the green finance concept of the Bank. With energy conservation and emission reduction projects as business development priority, it has initially established core competitiveness in financial leasing of equipment for energy conservation and emission reduction. As at the end of December 2014, it had 87 energy conservation and emission reduction projects in operation with financial leasing balance of RMB23.3 billion, representing 32.3% of the total balance.



Low-carbon credit card business

Since 2010, more and more consumers have participated in low-carbon campaigns through our low-carbon credit card, a carrier to showcase their support to the environmental protection cause. Currently, the voluntary carbon emission reduction purchased by the Bank's low-carbon credit card users was equivalent to neutralizing the carbon emissions generated by 544,000 people's flying for 1,000km by airplane.

CASE 8

A bus bound for the Spring

Addressing the increasingly challenging resource and environmental pressures, Industrial Bank Financial Leasing Co., Ltd. kept in line with the national ecological civilization construction and joined the efforts of Asian Development Bank to promote clean energy public transport projects. As a financial lessor, it gave full play to its advantages in local and group operation, leveraging upon the funding from Asian Development Bank as well as its experience in green leasing operations to provide specialized financial services and support urban clean energy public transport projects. The public transport operators in Jinan, Urumqi and Wuzhong District of Suzhou will become the first clients of the dedicated financial leasing products. Looking ahead, the company will capitalize on Industrial Bank's advantages in group operation to vigorously promote the business across the country.

Highlights of the Bank's low-carbon credit cards

CARD

319,533

Accumulative number of cards issued (at the end of 2014)

84,955

Number of cards issued in 2014

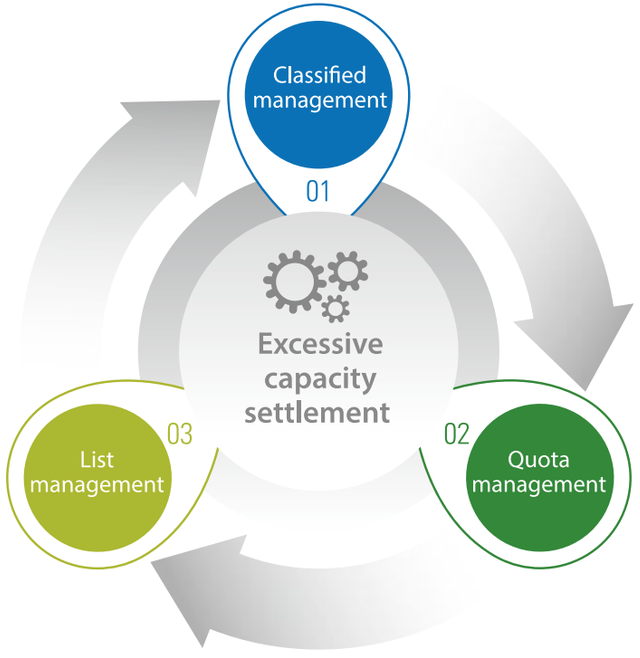
75,616 tons

Accumulative carbon emission reduction (at the end of 2014)

List of projects associated to the Bank's low-carbon credit cards for voluntary carbon emission reduction:

The 72MW hydropower carbon emission reduction project of Dongping, Hunan; the wind power carbon emission reduction project of Hengdaishan, Huanan; the landfill gas collection and utilization project of Xiaping, Guangdong; the 27MW hydropower carbon emission reduction project of Azhu, Guizhou; the 20MW hydropower carbon emission reduction project of Wengyuan, Guizhou; HFC digestion project; Chaijiaxia hydropower of Gansu; and the hydropower carbon emission reduction project of Shiyazi, Guizhou

03 Strict control over loans to industries with high pollution, high energy consumption and overcapacity



▷ Strengthening credit management over five industries with overcapacity

In accordance with the call of the "Conference of Chinese Banking Industry on Settlement of Excessive Capacities and Practice of Green Credit", the Bank adopted the credit policy of "selectively retaining and reducing, limiting increments and revitalizing the existing loans" for industries with overcapacity in 2014. Environmental protection and social benefit indicators were more emphasized, and tools including classified management, list management and quota management were adopted to prevent and reduce the risks in overcapacity industries. Moreover, capitalizing on our advantages as an Equator Bank, we drew upon project review tools and processes in the Equator Principles to conduct environmental and social risk review for project loans in five industries with severe overcapacity, so as to better guard against the associated environment and social risks.

The Bank was elected as vice chairman of the Green Credit Committee

On November 4, 2014, the inaugural meeting for the Green Credit Committee co-founded by 29 commercial banks was held in Beijing. The committee is tasked to guide its members for better implementing green credit standards and integrating domestic and foreign resources to achieve optimal allocation of resources and sustainable development of green credit projects. The Bank was elected as vice chairman of the Green Credit Commission.

Our business data for industries with high pollution, high energy consumption and overcapacity

Industries with high pollution, high energy	Loan balance for 2014 (RMB'00 million)	Percentage in corporate loans for 2014	Loan balance for 2013 (RMB'00 million)	Percentage in corporate loans for 2013
Textile, leather processing, paper making	22.05	0.19%	21.63	0.22%
Chemical materials and products manufacturing	124.53	1.10%	114.80	1.16%
Rubber and plastic products	5.6	0.05%	9.09	0.09%
Coking	18.42	0.16%	29.09	0.29%
Steel	101.61	0.89%	100.05	1.01%
Cement	64.28	0.57%	81.96	0.83%
Flat glass	4.38	0.04%	3.06	0.03%
Polysilicon	12.17	0.11%	9.46	0.10%
Aluminum	35.30	0.31%	11.67	0.12%
Shipbuilding	3.23	0.03%	6.57	0.07%
Subtotal	391.58	3.44%	387.38	3.91%

Note: The classification for industries with high pollution, high energy consumption and overcapacity is based on the Notice on Key Evaluation Indicators for Green Credit issued by CBRC (Yin Jian Ban Fa [2014] No. 186).

04 Promoting green operation

As an adoptor of the Equator Principles, the Bank keeps a close eye on global climate changes, striving to incorporate the green low-carbon concept into its operation and management and reduce greenhouse gas emissions through actions to protect ecological environment.

▷ Energy saving and consumption reduction in a thrifty manner

Taking heed of global climate changes, we promote the concept of green operations within the Group, and have established rules on minimizing consumption of resources such as energy, paper and water, together with recycling of obsolete electronic equipment.

Our energy saving and environmental protection measures at present include:

Electrical energy saving
Require employees saving power consumption where appropriate; adopt the air-conditioning standards of "20˚C for winter and 26˚C for summer"

Water saving
Actively promote reuse of water

Paperless office
Advocate paperless office, and minimize paper use by double-sided printing for non-essential documents;

Promoting video conference
Adopt video conference in non-essential occasions to reduce employees' carbon footprint;

Green travel
Advocate using public transport, reducing use of company cars and implementing energy-efficient measures for motor vehicles;

Optimizing asset allocation
Prioritize using idle office assets to improve asset reuse.

Energy saving and environmental protection renovation for buildings:

We started energy saving renovation for office in 2013, including promoting energy-efficient LED lamps and installing precision air conditioning system for computer rooms to continuously reduce energy consumption and carbon footprint of our operations. For new office space, in addition to the above facilities, we paid attention to tapping on natural light and wind in the building structural design process, and utilized innovative environment-friendly insulation materials to reduce energy consumption in lighting and air-conditioning.

Taking our investor meeting for example, we held a total of 8 investor meetings in 2014, including 4 online and telephone meetings as well as 2 onsite meetings with online and telephone access. Online and telephone meetings accounted for 75% of all meetings, thus reducing travel needs and carbon footprint of participants.

Resource consumption per capita at our head office

	2014	2013
Office power consumption(kWh/person)	6,388.71	6,197.66
Office water consumption(ton/person)	33.64	38.51
Office paper consumption(sheet/person)	936	1,599
Official car fuel consumption (liter/person)	50.86	56.41

CASE 9

Participating in the "Earth Hour" campaign for five consecutive years

On March 27, 2014, we issued an appeal to over 40,000 employees for continuing to participate in the "Earth Hour" campaign for 2014 jointly advocated by WWF, the Energy Foundation and China Clean Air Alliance. This is the fifth consecutive year after we participated in the campaign for the first time in 2010. By turning off the lights, we appealed to employees and customers to pay regard to environment and climate issues. We also provided green living tips to employees, helping them practising "self-made blue sky" to support our planet by environment-friendly and low-carbon lifestyles.



▷ Implementing supplier review

The Bank applied consistent supplier reviews in the procurement process with respect to environmental certification, production safety and labor protection, and suppliers' environmental and social performance were taken as supplementary criteria on procurement.


RETURN
TO THE
COMMUNITY

Being the staff of Industrial Bank, we always bear in mind our commitment to rewarding to the community. In 2014, the Bank continued to help the needy in society by serving the community and vulnerable groups through engaging in charity work, providing financial assistance to poor students to support the growth of the next generation, and donating to disaster relief efforts to support reconstruction in the disaster-stricken areas. The Bank has optimized its various protection systems and built up a growth platform for its diligent staff. The growth of Industrial Bank is driven by love and dream, and in return the Bank will contribute to the development of society.

CASE 10

Shortening the last mile to become the bank on people's doorsteps

The Bank vigorously pushed forward the construction of community bank to adapt to the changes in the social and economic environment and the living conditions of residents as well as to serve entities and inclusive finance, shortening the "last mile" of financial services by becoming the bank on people's doorsteps and thus removing the blind spot of traditional financial service. To build itself into a compassionate community bank, Industrial Bank provided "customized" bank products and services to different targeted groups in different areas. Encouraged by national policy, the Bank will continue to promote the service mode of "community bank" nationwide with particular focus on the development of community-targeted, convenient, small-sized and smart outlets.



Features of community bank

Doorstep location – close to the community and residents.

Considerate services – sub-branches adopt staggered office hours to allow neighbourhood residents to enjoy the Bank's financial services after ordinary business hours of banks.

Harmonious development model – participating in community construction to support its development, thus achieving sound interaction and harmonious development among bank, customers and the community.

Special financial services

As at the end of 2014, a total of over 500 community banks have been put into operation, providing personalized products and services based on the different financial needs of community residents. According to statistics, the proportion of middle-aged and senior customers of our community banks exceeded 50%, making the improvement of personalized service, especially the service experience of senior customers, our priority concern. Therefore, the Bank focused on the development of pension finance and created a new model of pension services by effectively incorporating the "Enjoyable Life" integrated financial service program with resources at community bank outlets, so as to resolve issues such as the lack of pension financial products and the lagged development of the relevant financial market. "Enjoyable Life" integrated financial service program not only provided senior customers with special financial products, personal loans and "easy settlement" financial services, but also paid attention to the happiness and health of the seniors. Focusing on the six measures including "happiness of seniors, contribution from seniors, medical services for seniors, insurance for seniors and provision for seniors", the program, which was highly valued by the National Working Commission on Aging and China Research Center on Aging, cooperated with renowned domestic institutions engaged in insurance, legal advisory and senior recreation to provide senior customers with a series of value-added services covering insurance, legal services, medical services, recreation and entertainment, and vacation and health care. With a total of over 250 thousand senior members, the "Enjoyable Life" club of the Bank was committed to comprehensive pension finance to allow senior customers to enjoy a "warm, pleased, relaxed and reassuring" life.



Community activities to bring about convenience and benefit for the people

"Love" soy milk – It has become a daily habit for Mr. Zhang to have a cup of "Love" soy milk at the Industrial Bank in the community before his morning exercise. "The soy milk is beneficial to us. It is nutritious, delicious and can help to lower blood lipids!" By providing soy milk, the community sub-branch under Tianjin Branch has brought about wealth as well as health to the community.

—Community sub-branch under Tianjin Branch

Children play area – In addition to the provision of banking services, the community sub-branch under Chongqing Branch has been equipped with a children play area and provides coffee, desserts, newspapers, magazines, blood pressure meter and other articles for the convenience of community residents, becoming one of their major recreation spots. Well recognized by the neighbourhood, the community sub-branch has been successfully incorporated into the community and the lives of local residents.

—Community sub-branch under Chongqing Branch

Free health check-up – Granny Wang, who lives in the West Lake Community in Quanzhou, has felt hale and hearty recently, "thanks to the community sub-branch downstairs". What Granny Wang refers to is the free health check-up and wellness lecture for seniors delivered not long ago by some renowned doctors invited by the West Lake Community Sub-branch in Quanzhou, from which she has learned a lot about the prevention of some elderly diseases and therefore is very healthy right now. In her spare time, Granny Wang often goes to the sub-branch to gain information on "Enjoyable Life Pension" wealth management products, taking good care of her health as well as investment.

—The West Lake Community Sub-branch in Quanzhou

Bird nest library – Recently, residents of Jinshan Community in Xiamen have found out that a bird nest-like small bookshelf has been added to the sub-branch, which contains over twenty books including those on banking knowledge, intelligence boost for children and family health and wellness as well as some bestsellers. It turns out to be the "bird nest library" charitable project to promote reading among residents and improve their personal qualities, and all the books are donated by the staff of Industrial Bank and their families.

—Jinshan Community Sub-branch in Xiamen

Love from "Industrial Bank" – Zhangzhou Branch and Zhangzhou office of Fjsen.com jointly launched the "Love from Industrial Bank – Caring for Vulnerable Groups" charitable activity to distribute necessities to impoverished families in the community. One of the staff members participating in the activity said, "As we work in the premises of the community, we should get to know the neighbourhood and assume our social responsibility by being involved in the community and caring for the vulnerable groups."

—Baihua Village Community Sub-branch in Zhangzhou







01 Popularizing financial knowledge to thousands of households

In 2014, the Bank continued to carry out activities of popularizing public financial education:

- Establishing separate financial knowledge publicity and education areas or bulletin boards
- Publicizing and popularizing financial knowledge to customers by holding lectures and salons about financial knowledge for them
- Improving the effectiveness of financial knowledge publicity of outlets by entering into communities and campuses
- ncreasing publicity channels by carrying out publicity through the website of the Bank, network, media, WeChat, Weibo to expand the coverage of financial knowledge publicity
- Positively responding to the call of China Banking Regulatory Commission and China Banking Association to hold the month-long activity of "Popularizing Financial Knowledge to Thousands of Households" and the three-month-long activity of "Long March for Financial Knowledge Promotion" each year.

Data of public education in 2014

Amount of investment in public education (RMB 10,000)	694.6
Number of themed public education activities (number)	4,189
Cumulative number of activities (number)	6,481
Human input (person-time)	32,832
Number of audiences ('0,000 people)	1,006.6

CASE 11

Hangzhou Branch "Little Banker" summer camp

A total of 4 sessions of "Little Banker" summer camp were held, each lasting for four days and consisting of studying, training and real world experience. Supported by Qiantang Foreign Language School, Baochu Pagoda Experimental School, Xihu Primary School and Shengli Primary School, the summer camp allowed children to understand some basic financial knowledge such as deposit, wealth management, fund and bookkeeping through various ways, and was therefore extremely popular among parents and children. Responding to the enthusiastic anticipation of children, Hangzhou Branch also established the "Little Banker" club, turning it into a long-term and continuous activity to provide children with a platform to learn about financial knowledge and cultivate their financial and commercial awareness.



CASE 12

Wuhan Branch "Long March for Financial Knowledge Promotion"

To strengthen the protection of consumer rights in the banking industry and promote public education and services, Wuhan Branch, in response to the "Long March for Financial Knowledge Promotion" organized by the Banking Association of Hubei Province, held themed publicity and education activities such as "Service Month on Financial Knowledge Promotion", "Publicity Month on Diversified Services of Electronic Banking" and "Publicity and Service Month on Protecting Personal Credit" from June to August 2014 to increase financial literacy and risk awareness of the public.



02 Participating in public welfare activities to build up a harmonious society

Ever since its founding, the Bank has been committed to the cause of charity, and has established a three-in-one charity mechanism consisting of "donation for school assistance", "disaster relief and assistance", and "poverty alleviation" by way of regular donations and disaster assistance. In 2014, Industrial Bank was awarded "China Charity Award for Outstanding Contribution (Organization)" at the commemoration of the 20th anniversary of China Charity Federation, and recorded a total donation of RMB54 million.

▷ Donation for school assistance

Industrial Bank and China Charity Federation have jointly launched the dream plan of "Industrial Bank Charity Grant" for poverty-stricken students since 2007, donating a total of RMB16 million to assist 4,000 students in five universities in Fujian Province to help them finish their schooling. In addition, the Bank has established the "Industrial Bank Scholarship for the Wellbeing of the Youth", donating RMB1.14 million as awards to 1,140 poverty-stricken college students with excellent academic performance and high morality in the past 5 years.

▷ Disaster relief and assistance

Upholding the spirit that "when disaster strikes, help comes from all sides", the Bank has made active contribution in disaster relief and assistance. In July 2014, the Bank donated RMB1 million to the areas hit by Typhoon Rammasun in Hainan. In August 2014, a magnitude 6.5 earthquake hit Ludian County, Yunnan. Industrial Bank immediately initiated the disaster relief mechanism and set up the "green channel for donation and remittance", donating RMB5 million to the disaster-stricken areas in Ludian via Kunming Branch.

▷ Poverty alleviation

Industrial Bank has also intensified its efforts in poverty alleviation and development of poverty-stricken areas. From 2012 to 2015, the Bank has donated RMB7.5 million each year (RMB30 million in total) for poverty alleviation in Zhenghe County of Fujian Province, a former state-level poverty-stricken county. Starting from 2011, the Bank has donated RMB2.4 million to two poverty-stricken villages in Fujian Province for the construction of local infrastructure.

Hangzhou Branch "Little Banker" summer camp

On a quiet afternoon in July 2014, the atmosphere at Gonglu Elderly Care Home in Shanghai suddenly got liven up, with cheers, laughter, applauds and familiar tunes filling the air.

It turned out to be a spectacular performance brought by eleven volunteers from the Credit Card Centre of the Bank who came to visit the elderly people without families. The elderly people enjoyed the performance so much that they filled the room with songs and laughter, and many of them were unwilling to leave by the end of the performance. One granny held the hands of a volunteer and said, "We are so happy that you are here! You are like our families!"

The activity mentioned above was just one of several long-term volunteer projects organized by the Credit Card Centre of Industrial Bank, and the volunteers of the Credit Card Centre held similar activity for multiple times each year. In recent years, all institutions under the Bank have voluntarily organized some long-term public service projects to return to society by helping the needy and spreading warmth and love.

Series of volunteer activities held by the Credit Card Centre:

Since 2011, the Credit Card Centre, together with the two non-profit organizations namely "Hands-on Shanghai" and "Grassroots Community", has held a series of volunteer activities under the theme of "Be the Change! Volunteer!"

Sunflower project: Organizing book clubs, reading or playing games with children of migrant workers to improve the study motivation of those children and help them develop hobbies and adapt to city life.

Elderly care project: Organizing the "Spread the warmth" and "Vacation care" activities to care for elderly people in elderly care homes by chatting, making dumplings, singing red songs with them to make them laugh, happy and warm.

Children's medical centre project: Playing games, reading or drawing with sick children to relieve their stress and cultivate a spirit of optimism.

CereCare Wellness Centre project: Playing games with children that suffer from cerebral palsy to relieve their suffering and improve their ability of social interaction.

Metro volunteer project: Held twice a year since 2013 to help passengers in need.



Visit of Huixin Orphanage in Changning District: Visiting the orphanage every quarter since 2012 to help the patients and donate materials.

Supporting the most virtuous and filial teen Wang Dan: Donating RMB800 per month (RMB600 per month from May to September) to Jilin's most virtuous and filial teen Wang Dan since May 2014 until her college graduation.

As at the end of December 2014, the Card Centre held 130 volunteer activities with about 800 participants.



Members of Industrial Bank Credit Card Center serving as the Volunteers







The "Industrial Bank Youth" volunteer team established by our Ningbo Branch

"Love Industrial Bank Points –Star-Guardian Children": Hangzhou Branch and the Credit Card Center, together with Zhejiang Youth Development Foundation, carried out the donation activity of credit card points. The cardholders could exchange credit card points into monetary donations through the "Love 'Industrial Bank' Points" donation channel throughout the year, and the donations would be used for the education of children with autism via Zhejiang Youth Development Foundation to help them better adapt to society. This was another "Love Industrial Bank Points" charitable activity held after the construction of "Future Space" for impoverished children in cooperation with China Foundation for Poverty Alleviation.

Ningbo Branch "Industrial Bank Youth" volunteer team: The third session of youth league committee of Ningbo Branch established the "Industrial Bank Youth" volunteer team with commitment to public service activities. By creating new forms of volunteer activities, "Industrial Bank Youth" drew the attention of the young staff of the Branch to care about social welfare issues, care for vulnerable groups and assume social responsibility by fully engaging themselves in the efforts of contributing to social well-being. The Branch also registered a WeChat official account for "Industrial Bank Youth" to attract like-minded young people, explore good ideas for volunteer activities and put them into practice to carry forward its commitment to helping the poor and creating harmony.

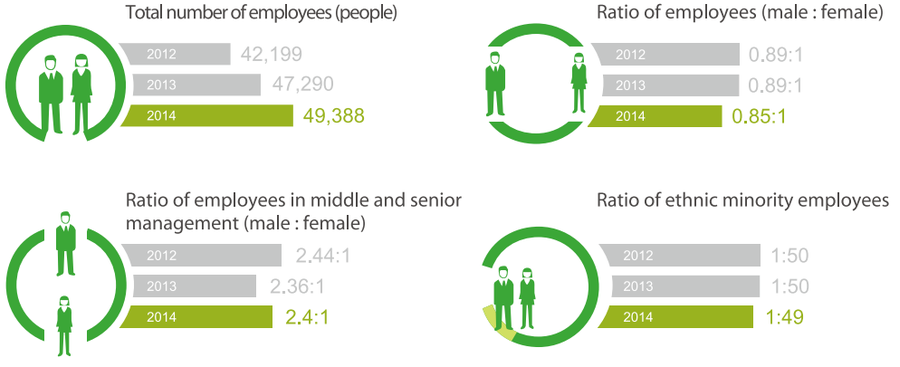
Industrial Trust lighting the "Light of Hope":

Incorporating social responsibility into the development of the enterprise, China Industrial International Trust, a subsidiary of the Bank, vigorously supported education in impoverished mountainous areas by providing financial support to Xiapu County Shuimen Town Industrial Trust National Primary School, Longyan City Liancheng County Xuanhe Town Central Primary School and Nanping City Pucheng County Guancuo Town Guantian Hope Primary School to remove dilapidated buildings and construct new school buildings, improve education and teaching conditions and organize training programs for teachers to exchange ideas with those from other regions, and thus establishing a long-term communication and assistance mechanism.

03 Growing with employees

Employees are the precious wealth of the Bank. The Bank lays emphasis on establishing a fair and transparent talent introduction, management and cultivation mechanism in a variety of ways, building a fair development platform and helping employees achieve self-worth, so as to realize the growth of employees together with the enterprise. According to incomplete statistics, multiple employees won external awards in 2014; Majiang Operation Center of Payment & Settlement Department of the Bank was granted the title of "National Worker Pioneer"; Quanzhou Branch was awarded the "Labour Day Medal of Fujian Province"; and the Investment Banking Department of Nanjing Branch was honoured with the title of "Worker Pioneer of Jiangsu".

Basic information of the Bank's employees in 2014



▷ Improving capabilities of employees

In 2014, the Bank invested RMB141.83 million in staff training, with 4,060 training sessions held, 261,158 participants, 70.5% of employees covered, and 96 hours per capita training time recorded.

In 2014, by initiating new projects to look for new growth momentum, the Bank continued to push forward the establishment of the new training system from the aspects of brand project, lecturer development, course development and electronic system. In terms of brand project, training projects such as "Branch Power", "Branch Super Power", "Shining Star", "Setting Sail", "Full Blossom", "Flying High" and "T Drive" were created and optimized. In terms of lecturer development, the Bank trained 300 new internal part-time lecturers to develop 148 face-to-face courses and adopted the innovative model of lecturer development and appointment, characterised by "parallel development of lecturers, courses and training". In terms of course development, supported by the departments of the Head Office and assisted by subsidiaries and branches, the Bank adopted the "four-wheel drive" mode to push forward the establishment of the course system and map out study and development plans for employees in key positions by developing customized courses and purchasing general courses, while taking into consideration business development as well as career growth of employees. In terms of electronic system, the Bank promoted the development and use of networking academy, improved management efficiency, and facilitated e-learning by carrying out bank-wide contests on monthly themed learning courses. The networking academy recorded a total of 1.06 million participants in 2014, representing an increase of 100% as compared to that of the last year.

By taking measures mentioned above, the Bank facilitated the targeted improvement of professional capabilities of employees and cultivated their lifetime employability.

CASE 14

Training projects

"Setting Sail Project":
Carrying out targeted training on challenges confronted by newly appointed middle management in relation to their roles, philosophy and skills through capability and quality assessments, online courses, face-to-face courses and seminars.

"Shining Star Project":
Aiming to develop capabilities in time management, task designation and problem solving, and team management and team member counseling of newly appointed first-line management under the training plan designed by the Head Office and implemented by each branch.

"Full Blossom Project":
Carrying out training sessions by level and by type for targeted corporate and retail customer managers by taking into consideration the differences in personal qualities and skills of customer managers at different levels so as to focus on the improvement of their professional knowledge, marketing skills and overall quality.

"Branch Power Project":
Creating a targeted training and counselling plan by systemizing the tasks of each position at business outlets in cooperation with retail banking headquarters to formulate the preliminary quality model of key positions, putting the plan into practice to improve the performance of sub-branches, and optimizing the plan through research and return visit so as to promote it throughout the Bank.

▷ Protecting the rights and benefits of employees

Committed to the optimization of its human resource management mechanism, the Bank has achieved 100% coverage in terms of employment contract, social insurance, physical examination and health record, and housing fund for employees in recent years. By setting up communication channels and feedback platforms such as president's mailbox, meeting of democratic life, supervision hotline, electronic forum and employee interview, the Bank collects the opinions of employees and provides them with timely and effective feedback. The Bank has also established and optimized its "Staff Home" and carried out the regular assistance mechanism of paying visits to those faced with events involving "wedding, funeral, disease, poverty or disaster" to care about the lives of employees and resolve their troubles about the future.

▷ Enriching the cultural life of employees

To enrich the cultural life of employees, the Bank has held activities such as sports games, forum by famous person and green cycling to create a relaxing work environment and make employees feel happier.

CASE 15

The First "Industrial Bank Cup" Table Tennis Games

A total of 45 teams participated in the First "Industrial Bank Cup" Table Tennis Games that began in April and ended on August 31 in Fuzhou. During the games, the athletes strived for success by working closely with their team members, demonstrating not only a strong sense of teamwork and collective honour but also the spirit of "Working Hard Can Be Win' of our employees.

CASE 16

Expert Forum of Industrial Bank

On November 16, 2014, the Private Banking Department of the Bank invited Professor Fu Pei-Jung, a PhD from Yale University, to deliver a speech about the "Wisdom in I-Ching" at InterContinental Changsha. He elaborated on the ancient philosophy and wisdom in I-Ching in a precise but humorous manner that made the audience feel interested and rewarding.

Since 2012, Expert Forum of Industrial Bank invited the collector Ma Weidu, the famous entrepreneur Feng Lun as well as the professor of Department of History at Fudan University and expert of sinology Qian Wenzhong to give speeches on "The Collection of Grand Occasions", "The Financial and Intellectual Life" as well as "The Sinology and Family" respectively, all of which were widely popular among the audience.







▷ Pushing forward anti-corruption

The Bank strictly controls the expenses in relation to receptions and forbids any kind of overspending inconsistent with regulations and standards, making sound progress in the improvement of work style and the correction of the "four forms of undesirable work styles" under the overall direction of the central government.

In 2014, the Bank took the initiative to strengthen the guidance on and management of its anti-corruption initiatives, reinforced the establishment and training of its cadre team for disciplinary inspection and supervision, and fulfilled the management target for the secretaries of discipline inspection commissions of operating agencies by requesting the discipline inspection commissions of the Head Office, subsidiaries and branches to sign the declaration of targets and responsibilities so as to facilitate the performance of their duties. By optimizing the system, rigorously complying with discipline and strengthening accountability, the Bank stepped up the investigation of petition cases and prevented the occurrence of any violation of relegations and discipline to ensure the sustainable and healthy business development of the Bank. Focusing on rigorous business management and stringent expense management, the Bank strengthened its anti-corruption efforts by adopting the Party's mass line of educational practice to oppose the "four forms of undesirable work styles", control the expenses in relation to receptions and forbid any kind of overspending inconsistent with regulations and standards, and created an upright and honest business environment by carrying out a series of anti-corruption education activities to improve the employees' capability to resist corruption. In 2014, a total of 467 sessions of anti-corruption training were held by all institutions under the Bank with over 30,000 participants.

▷ Staff photography exhibition



"Herding Home" photograph was taken by Lei Yanglong, Changsha Branch.



"The Tides of Spring" photograph was taken by Xu Sijia , Kunming Branch.



"Rainbow over a Sea of Violet" photograph was taken by Zhang Shujing, Xiamen Branch.



"Flying Colours" photograph was taken by Hao Yu, Nanchang Branch.


PRACTICE

The Equator Principles are a set of financial industry benchmarks for determining, assessing and managing the environmental and social risks involved in projects during the financing process. As the first and only financial institution in China mainland currently adopting the Equator Principles, the Bank is committed to the identification, assessment and management environmental and social risks in accordance with the requirements of the Equator Principles when providing financing for projects.

Implementation of the Equator Principles by Industrial Bank

Since announcing the adoption of the Equator Principles in 2008, the Bank has used the Equator Principles as a starting point to build up an environmental and social risk management system to promote the enhancement of corporate governance, risk management and business processes, and to embark on a path of development that is more scientific and sustainable. More importantly, through the implementation of the Equator Principles, customer environment and social risk management have been improved, and projects have become more environment and society friendly, contributing to social harmony and prosperity. Our efforts have also received increasing public attention, which in turn have further promoted the popularity of environmental and social risk performance management in the market and facilitated the innovation of market and clients in their business philosophy and model, achieving a win-win situation for clients, the Bank as well as the environment and society.

▷ Full implementation of Equator Principles III

In 2014, the Bank continued to transplant the requirements of Equator Principles III into the internal policies and procedures of the Bank to further enhance the management and implementation of the Equator Principles. In particular, on the basis of the series of implementation guidance documents issued by the Equator Principles Association and having regard to the actual circumstances of the Bank, the Bank issued relevant implementation guiding opinions in a timely manner to enhance internal implementation and consistency in implementation.

In the second half of 2014, the Bank carried out internal control and compliance inspection on the implementation of the Equator Principles, through which it further sorted out the effectiveness of its work in relation to Equator Principles, identified potential internal control deficiencies in a timely manner and enhance the management process of projects subject to the Equator Principles, so as to ensure compliance of its work in this respect with the spirits and requirements of the Equator Principles and promote the full implementation of Equator Principles III.

As a member of the Equator Principles Association, the Bank has continued to work with the association to promote consistency in the implementation of the Equator Principles, including assisting in the introduction of the Chinese version of the new version of Equator Principles, participating in the discussion of implementation notes of the Equator Principles, performing the duties of a member by attending the annual Equator Principles general assembly, and collaborating with the Equator Principles Association by participating in activities initiated or attended by it in relation to environmental and social risk management as well as sustainable development.

On 15 May 2014, Li Weimin, Vice President of the Bank, led a delegation to visit the headquarters of International Finance Corporation (IFC) and carried out business negotiations with Hua Jingdong, Vice President of IFC, Ajay Narayanan, head of climate and sustainable finance department, and Atiyah Curmally, senior environmental specialist, on topics including environmental and social risk management, implementation of the new version of the Equator Principles and green bonds.



▷ Improving the mechanism for internal management and implementation

Improving the organizational structure and staff deployment in respect of the Equator Principles

Following the adoption of the Equator Principles, the Bank established the CSR Leading Group (formerly the Equator Principles Leading Group) consisted of the Chairman and senior management at the head office level. The CSR Leading Group is fully responsible for the leadership of the strategic layout of environmental and social risk management as well as overall planning, while establishing a two-tier inspection and approval system for Equator Principles projects comprising the Head Office and the branches. As at the end of 2014, a total of 33 branches had established environment finance centres equipped with dedicated risk management positions responsible for product support of Equator Principles projects in the regions under their respective administration, confirmation of applicability of the Equator Principles and risk classification, and environmental and social risk assessment for projects. The Bank currently has a total of 19 staff members responsible for environmental and social risk assessment in respect of the Equator Principles, comprised of 9 staff members in the Head Office and 10 staff members in the branches.

Institutional Establishment

The Bank established an implementation institutional system for Equator Principles projects comprised of "Fundamental system – Administrative measures – Operational regulations", which regulates the procedural operations in respect of the Bank's policy formulation, business procedures and information disclosure, and the specific information includes environmental and social policies, administrative measures for Equator Principles projects, operational regulations for project classification, assessment guidelines for professionals , guiding opinions on implementation. In 2014, the Bank continued to improve the institutional system for the Equator Principles and to encourage branch institutions to further refine the relevant regulations by keeping closely in line with the practical situation of operations and the market.

Improvement of the project management processes

For Equator Principles projects, processes such as environmental and social risk classification, evaluation, appraisal, contract signing and supervision have been embedded into the regular credit business process by the Bank, which has set up a well-established two-tier examination system at the head office and branch levels. After the two-tier examination of applicability confirmation and classification of Equator Principles projects conducted by the Head Office and branches, the business operating institutions will commence due diligence review on the environmental and social risks before granting the credit , and based on the requirements of the Equator Principles, they will seek assistance from an independent third party to commence the due diligence review and evaluate whether the projects comply with the Equator Principles. After the projects have passed the Bank's environmental and social risks examination, the credit examination department will eventually make the decision on granting the credit. Any project failing to pass such environmental and social risks examination will not be provided with financing support from the Bank.

In 2014, the Bank continued to enhance the approval process of the Equator Principles projects. On the basis of the environmental and risk management module of the original compliance system, the newly-launched assessment system for Equator Principles projects, being connected with the corporate financial business platform, has enabled the Equator Principles' applicability, classification, environmental and social risk examination and approval to be more in line with the market, and as such, this could further enhance the environmental and social risk management of projects.

Continuous enhancement of internal capability development

In 2014, the Bank continued to strengthen the development of internal capability of the Equator Principles Team, so as to improve the skills of the staff in various positions of the team. The Bank held a total of 66 training sessions related to Equator Principles in the year with total number of participants reaching 3,870. The training contents included Equator Principles III, project assessment, etc. Meanwhile, the Bank promoted the knowledge of Equator Principles to employees through new staff training, online courses, regular study groups in branches, etc.

▷ Promoting Communication and Interaction

Good external interaction and communication channels are important steps for the Bank in achieving better performance in relation to the Equator Principles. In 2014, the Bank built up positive, sufficient and timely communication with various stakeholders through the official corporate website's "sustainable finance" column, Sustainability Report, Green to Gold – CSR Journal , Industrial Bank's Weibo on Equator Principles. In addition, we conducted face-to-face seminars with our clients through on-site studies to listen to their opinions on the Bank's implementation of the Equator Principles so as to make timely improvements in areas with inadequacy.

In June 2014, the Bank and the China Banking Regulatory Commission jointly participated by invitation in the sustainable development seminar hosted by the Indonesia Financial Services Authority, and we shared the Bank's experience in sustainable development and had interactions and conducted studies with the regulatory institutions, industry peers, international financial institutions and non-governmental organizations of the hosting and participating countries in respect of the Equator Principles and the sustainability development of banks.

In addition, Secretary of the board of directors and Director Tang Bin visited Taipei on October 21 and 23, 2014 for respective meetings with Chang-Ken Lee, President of Cathay United Bank, Daniel Wu, President of CTBC Financial Holding Co., Ltd. and their management teams, with the key focus on the introduction of Industrial Bank's environmental and financial research and practice based on the core value of "integrating righteousness into profitability". To start with, Mr. Tang described the best model for corporates to perform CSR and the rise of the corporate governance concept, and then introduced Industrial Bank's development history in environment finance, the formulation and development of the business model of "integrating righteousness into profitability", with emphasis on supporting the transformation towards green finance business through a global vision, local services and financial innovation. In respect of their focus concerning the Equator Principles and related topics, Mr. Tang elaborated systematically the origin of the Equator Principles and its management mechanisms and product systems, succinctly talked about the Equator Principles' adoption process, points to note and typical case studies regarding the launch of relevant financing business, which furthered their understanding of the importance of adoption of the Equator Principles and development of environment finance business.

▷ Data of Equator Principles projects

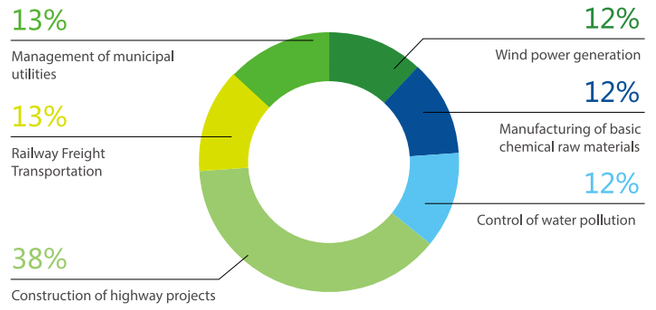
As at the end of December 2014, the Bank examined a total of 854 projects on the applicability of Equator Principles, involving a total investment of approximately RMB2,123.421 billion, of which the Equator Principles were applicable to the financing of 217 projects, involving a total investment of approximately RMB426.486 billion, and these projects involved 211 clients covering 10 major national industrial classifications and 37 branches of the Bank. A total of 72 projects completed the due diligence review on environmental and social risks and passed the related examination, involving a total amount of RMB15.743 billion.

From January 1, 2014 to December 31, 2014, the Equator Principles were applicable to 12 projects of the Bank, the financing of which had reached the stage of officially coming into effect (signing of financing contracts), including eight financing projects and four projects for which corporate loans were granted.

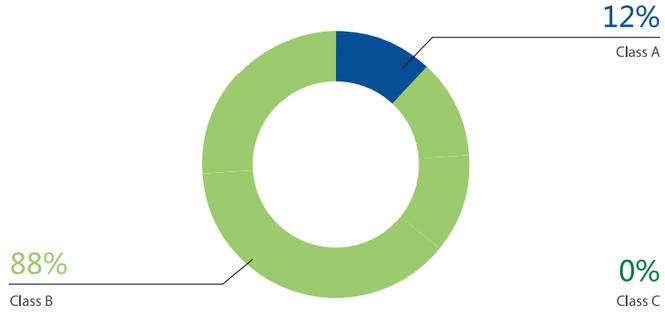
Project financing:

The Bank had a total of 8 financing projects in force in 2014, which are all in China (the non-designated country). For all financing projects in force under the Equator Principles, independent third party environmental and social consultancies were engaged to provide assistance in conducting the due diligence review and to evaluate whether the projects comply with the Equator Principles.

Industries covered by project financing under the Equator Principles in 2014



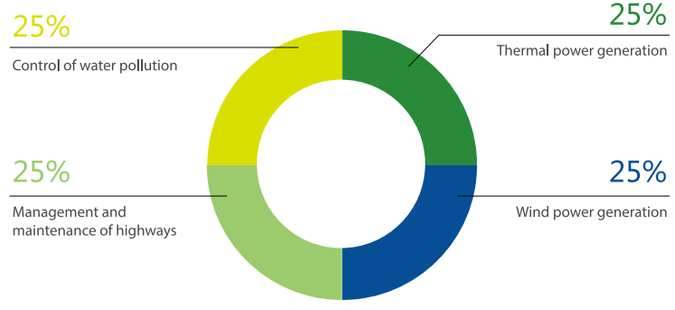
Classification of project financing under the Equator Principles in 2014



Project-Related Corporate Loans :

As at the end of 2014, the Bank had a total of 4 corporate loans used for projects which had reached the effective date of financing. All the projects fall into class B and are located in China (the non-designated country). For all the projects, independent third party environmental and social consultancies were engaged to provide assistance in conducting the due diligence review and to evaluate whether the projects comply with the Equator Principles.

Industries covered by corporate loans related to projects under the Equator Principles in 2014





THE FUTRUE

The new development trend in the new century has brought new opportunities and challenges to the banking industry. In order to promote the scientific development of our economy and society, the strategic policies of the country to stabilize growth, promote reform, adjust structure and benefit people's livelihood will bring significant structural changes to our society and economy. In the future, the Bank will continue to take the spirit of the 18th CPC National Congress and the second and third plenary sessions of the 18th CPC Central Committee as our guidelines. By adhering to the concept of "serving the country, improving people's livelihood, devoting to society and striving for the rise of the national financial sector", we will fully implement national macro-economic policies and financial regulatory requirements, making progress while ensuring stability, and advancing further reforms, transformation, and upgrading, as well as striving for business restructuring and upgrading of asset quality.

The Bank will still remain vigorous under the new normal with the vision of "a first-class bank, a long-flourishing IB" as our development objective, proactively adjusting our operating strategies and progressively advancing the reform of our governance system. The standards of refined management of the Bank in the areas of risk, compliance and internal control management achieved a steady enhancement as a result of the strengthening fundamental management by the Bank. Under the effective synergy and collaboration within the group and through group-based and integrated operation, we further demonstrate the efficiency of intensive and integrated operation. With the opening of the first overseas branch in Hong Kong, we have taken our steps towards international operation. In the coming year, the Bank will continue to enhance our traditional business and expand our financial innovation by using new technologies and new tools, in order to create differentiated business features and develop the ability to adapt to the provision of diversified services, and with a view to establishing a modern financial holding group. We will offer returns to our shareholders, clients and society through the stable, coordinated and healthy development of a variety of business, thus striving for a balance development of the national economy, society and the environment.

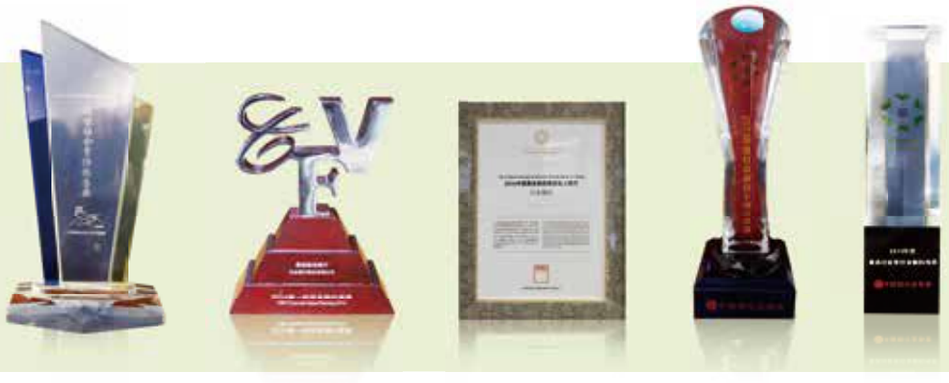


APPENDIX

Some of the honours received by the Bank in 2014
(in chronological order)

Awarding institution	Name of award
Hexun.com	Best Brand Bank, Best Wealth Management Brand, Most Innovative Bank in Internet Finance and China's Best Private Banking Services
Xinhuanet and the Research Center for Corporate Social Responsibility of Chinese Academy of Social Sciences	2013 Outstanding Enterprise in Corporate Social Responsibility
Investor Journal	Best Assets Custody Bank
Rankins CSR Ratings (RKS) by EY and RKS	Social Responsibility Report AA Rating
Randsta	Top 10 employers in China
Securities Times	2013 Bank with the Most Competitive Investment Banking Services 2013 Best Underwriting Bank for Bonds
Sina.com	2013 Best Listed Company for Social Responsibility Innovative Internet Finance of the Year
China Banking Association (CBA)	Best Financial Institution of the Year for CSR Best Green Finance of the Year Award for Outlet with Special Contribution in the Year Gao Jianping, the Chairman, won the award of Leading Figure for Social Responsibility of the Year again

Awarding institution	Name of award
21st Century Business Herald	Best Bank for Strategic Innovation
China Charity Federation (CCF)	China Charity Award for Outstanding Contribution (Organization)
Economic Observer	Outstanding Bank in Offering Financial Services to Small- and Micro-sized Enterprises
China Business News	Best Green Bank Best Inter-bank Cooperation Bank
Legal Daily	2014 Top 10 Companies in Management of Legal Risks in the Banking Industry
Social Responsibility Professional Committee, the Chinese Institute 0f Business Administration Beijing Rongzhi CSR Research Institute	Best Social Responsibility Report
Financial News and the Institute of Finance and Banking, Chinese Academy of Social Sciences	2014 Best Green Finance Bank
Money Week	2014 Best Private Bank in China for Innovative Services





GRI index [5]

No.	Content	Page
Strategy and Analysis		
1	Statement from the most senior decision-maker of the organization (e.g. CEO, chair or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	4-7
Corporate Profile		
3	Name of the organization.	1
4	Primary brands, products, and/or services.	10
5	Location of the organization's headquarters.	10
6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	10
7	Nature of ownership and legal form.	10
8	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries) by the organization.	10
9	Scale of the reporting organization.	10
10	a. Total number of employees by employment contract and gender. b. Total number of permanent employees by employment type and gender. c. Total workforce by employee, supervised worker and gender. d. Total workforce by region and gender. e. Whether a substantial portion of the work of the organization is performed by workers legally recognized as self-employed, or by individuals other than employees or supervised workers (including employees and supervised workers of contractors). f. Significant variations in employment numbers (such as seasonal variations in employment numbers in the tourism or agricultural industries).	13,56
11	Percentage of total employees covered by collective bargaining agreements.	57
12	Description regarding the supply chain of the organization	47
13	Significant changes during the reporting period regarding the size, structure, ownership or supply chain of the organization, including: • Changes in the location of, or changes in, operations, including facility openings, closings, and expansions • Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) • Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination	27
14	Whether and how the precautionary approach or principle is addressed by the organization	20
15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	1,62
16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: • Holds a position on the governance body • Participates in projects or committees • Provides substantive funding beyond routine membership dues • Views membership as strategic This refers primarily to memberships maintained at the organizational level.	1,45,62
Identified Material Aspects and Boundaries		
17	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the sustainable development report.	1,10
18	a. Explain the process for defining report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defined Report Content.	1
19	List all the material Aspects in the process for defining report content.	1
20	For each material Aspect, report the Aspect Boundary within the organization, as follows: • Report whether the Aspect is material within the organization • If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either: –The list of entities or groups of entities included in G4-17 for which the Aspect is not material or –The list of entities or groups of entities included in G4-17 for which the Aspects is material • Report any specific limitation regarding the Aspect Boundary within the organization	1
21	For each material Aspect, report the Aspect Boundary outside the organization as follows: • Report whether the Aspect is material outside the organization • If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified • Report any specific limitation regarding the Aspect Boundary outside the organization	1
22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	1,13
23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	1
Stakeholder Engagement		
24	List of stakeholders engaged by the organization.	17
25	Report the basis for identification and selection of stakeholders with whom to engage.	17
26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	17
27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	17
Report Profile		
28	Reporting period (such as fiscal/calendar year) for information provided.	1
29	Date of most recent previous report (if any).	1
30	Reporting cycle (such as annual, biennial).	1
31	Contact point for questions regarding the report or its contents.	1
32	a. Report the 'in accordance' option the organization has chosen (core or comprehensive) b. Report the GRI Content Index for the chosen option. c. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.	72-74
Governance		
34	Governance structure of the organization, including committees of the highest governance body. Identify any committee responsible for decision-making on economic, environmental and social impacts.	11

5 Based on the G4 Core Option

No.	Content	Page
Business Ethics and Integrity		
56	Describe the values, principles, standards and norms of behaviour of the organization, such as codes of conduct and codes of ethics	14-21
Economic Performance		
EC1	Direct economic values generated and distributed	13,53-55
EC2	The financial implications and other risks and oppotunities for the organization's activities due to climate change	4-7,14-21
EC3	The coverage of the organization's defined benefit plan obligations	57
EC7	Development and impact of infrastructure investments and services supported	53-55
EC8	Significant indirect economic impacts, including the extent of impacts	24-35,40-45 64-65
Environmental Performance		
EN3	Energy consumption within the organization	47
EN4	Energy consumption outside of the organization	47
EN6	Reduction of energy consumption	13,40,47
EN7	Reduction in energy requirements of products and services	13,40,47
EN8	Total water withdrawal by source	47
EN19	Reduction in greenhouse gas(GHG) emissions	13,40,43
EN27	The extent of impact mitigation of environmental impacts of products and services	38-47,62-65
Labor Practices and Decent Work		
LA1	Total number and rates of new employee hires and employee turnover during the reporting period by age group, gender and region.	13,56
LA8	Health and safety topics covered in formal agreements with trade unions	57
LA9	Average hours of training per year per employee by gender and employee category	56
LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	56-57
LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity	13,56
Society		
SO4	Communication and training on anti-corruption policies and procedures	58
Product Responsibilities		
PR3	Type of product and service information required by the organization's procedures for product and service information and labelling, and percentage of significant products and services categories subject to such information requirements	32
PR5	Results of surveys measuring customer satisfaction	32

Reader's Feedback Form

Please assist us to enhance the quality of the report to be prepared so that more valuable information is made available, and improve our work in sustainable development!

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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 is your opinion on Industrial Bank's corporate governance?
☐ Good ☐ Not bad ☐ Ordinary

3. What is your opinion on Industrial Bank's economic development, environmental protection and devotion to the community?
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4. What is your opinion on Industrial Bank's sustainable development?
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5. What is your opinion on Industrial Bank's implementation of Equator Principles?
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8. Please give your comments and suggestions on our sustainability report and our work in sustainable development.

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