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## Chairman's Statement



Chairman:  
Yi Huiman

ICBC honors its words and is committed to achieving its goals. The year of 2017 is a milestone in the development of the CPC and the country, and a year in which we pursued progress while maintaining stability. In face of the complex and volatile economic and financial situations at home and abroad and the various risks, we kept our eyes on the overall trend and made holistic arrangements, achieved better operating performance and made new progress in fulfilling social responsibilities. By seizing opportunities and making solid efforts, we achieved operating performance that was better than planned, better than the same period last year and better than expected. By consistently implementing the new development concepts of "innovation, coordination, green, opening up and sharing", we consolidated our image as an excellent corporate citizen featuring environmental friendliness, outstanding governance and serving the society.

In the past year, we kept firmly in mind why we started, combined our operation with national strategies, and made careful deployments of financial service. We closely followed on the implementation of the "Made in China 2025" and "internet plus" strategies and conducted overall financing management. We bettered the distribution of existing resources by improving the unified management mechanism of credit stock and increment, and increased the supply of quality increment by regulating the innovative and diversified investment and financing system. Our credit and non-credit financing increment both exceeded RMB1 trillion, and more financial resources were channeled into the real economy. We deepened the supply-side reform, made innovative use of the package financial services to assist SOEs in cracking hard nuts in their reform and promote the development of mixed ownership, and set up a debt-to-equity swap unit to help enterprises cut the cost and enhance efficiency. We created the Inclusive Finance Department and provided financial services for micro and small enterprises, for farmers, agriculture and rural areas, for targeted poverty relief and for mass entrepreneurship and innovation in a coordinated way. Using finance to lift poverty in a targeted way helped win the battle against poverty, and the micro and small enterprise loan balance was the largest in the industry. We worked harder to align the credit policies with regional development policy, took the initiative to dovetail with the "Four Regions" and "Three Supporting Belts", stepped up efforts on the Belt and Road Initiative, Beijing-Tianjin-Hebei coordinated development, and the construction of the Yangtze River Economic Belt, and prepared to set up a branch in the Xiongan New Area to serve the major national strategic deployment. We were the first to establish the banking service cultural system in the industry, made great efforts to solve service problems and continuously improved customer experience, in a bid to create a bank satisfying for the people. We supported the development of "happy industries" such as tourism, culture, medical care, education and elderly care, so as to meet the people's growing demand for a happy life. We also assisted Chinese enterprises in going global while contributing to the local economic development and improvement of livelihood, took the lead in creating a regular cooperation mechanism for banks along the Belt and Road routes, further improved our global service network, and took quicker steps in extending the key product lines overseas.

In the past year, we firmly remembered our mission, made innovations while carrying on the fine traditions, worked for the new situation of modernization that features the harmonious development of man and nature, and strived to realize economic benefits and social values at the same time. We further enriched the connotations of intelligent bank, the

online and offline intelligent channels served the customers across the board, and the innovative "human intelligence + machine intelligence" was leading in the industry. We kept perfecting the green credit system and insisted on the veto system in that respect, so as to truly protect the natural environment. We are an industrial leader in underwriting green bonds, issued the first Belt and Road green bond and won multiple honors, actively conducted green finance explorations, and were the first to launch the "ICBC ESG Green Index" in the industry. We practiced green operation, advocated green office work, and took concrete steps to protect the environment and build a beautiful China. We actively coped with the new changes and requirements of financial regulation and the new market situations, earnestly safeguarded the rights and interests of the consumers and investors, and consistently created satisfactory values for customers, shareholders, and other stakeholders. We held fast to the bottom line of risk and legal compliance, took an active part in building an honest social system, and adopted technical means to effectively ensure financial security and stability and customers' personal and property security.

In the past year, we put people first, paid close attention to employees' all-round development, made active efforts of poverty relief for the goal of common prosperity, and participated in charity programs to contribute to social harmony and stability. We fostered harmonious labor relations, provided a democratic atmosphere and diverse paths of career development for the employees, and promoted the exchange among employees of different nationalities. We wanted to pursue corporate development while helping the employees grow and progress, and motivated them to give full play to their creativity, talent and intelligence. We have made poverty relief efforts for 22 years and insisted on the basic strategy of targeted poverty relief and elimination. We increased the credit support to poor regions on the premise of fulfilling social responsibilities and commercial sustainability. By fully exerting the special advantages of a commercial bank and improving the working mechanisms and auxiliary policies, we have blazed out a new path of poverty relief and development that integrates the financial, industrial, educational and health care means. We actively participated in a range of charity programs and encouraged our employees to reward the society in different ways. Our employees all over the world have made united efforts to display ICBC's charm as a major international bank.

The wind is up and we should set sail; the journey is long and hard and we should work harder. 2018 is the 40th anniversary of China's reform and opening up, and the first year of ICBC implementing a new round of development plan in accordance with the CPC's and the nation's strategic deployments. The new era brings new opportunities, and new goals mean new challenges. Bearing in mind the big picture of serving the real economy, ICBC never forgets its mission and has kept pressing ahead in high spirit and with firm faith while maintaining steady progress in general. In the process of serving the real economy and the supply-side structural reform, it pursues the maximal overall value in the economic, environmental and social aspects, and has realized consistent healthy development while fulfilling its social responsibilities and achieving its objectives, demonstrating the image of a major responsible bank.

Chairman: Yi Huiman

27 March 2018



## President's Statement



President:  
Gu Shu

In 2017, in the face of the influence of tightening financial supervision, deepening interest rate liberalization, quickening financial disintermediation and fiercer internal and external competition, ICBC persisted in serving the real economy, safeguarded the risk bottom line and defense line of security, improved financial services, exerted to develop green inclusive finance, and assumed the responsibility of a large bank in serving the national strategy and assisting to improve the people's livelihood. In 2017, the Bank achieved smooth development, with main business indicators leading the industry. It generated net profit of RMB287.5 billion, up 3.0%; ROE and capital adequacy ratio reached 14.35% and 15.14%, and NPL ratio maintained at 1.55%, with social contribution per share of RMB2.40.

**Stick to the roots of banking and deliver excellence.** In line with the real economy and supply-side structural reform, the Bank improved the pertinence and effectiveness of services for the real economy, accurately catered for diversified financial demands of real economy, and inputted financial resources focusing on advanced manufacturing, happiness industries, Internet of things and other leading-edge industries. In 2017, the Bank registered total loans of RMB14,233.448 billion, an increase of RMB1,176.602 billion or 9.0% over the beginning of the year; improved the combined management of incremental and existing credit. Domestic branches saw an addition of RMB loans at RMB988.385 billion, RMB1.87 trillion of new RMB loans that were recovered and relent. The Bank took the initiative to promote regional coordination according to the country's regional development strategy of "Four Regions" and "Three Supporting Belts" and significant arrangements for Xiongan New Area. Acting on the requirements of "overcapacity and excess inventory cut, deleverage, cost reduction, and strengthening of points of weakness", the Bank took various measures, including establishment of ICBC Financial Asset Investment Co., Ltd., to propel enterprises to reduce cost and improve efficiency; it specially supported residents' owner-occupied housing purchase demands by granting personal housing loans of RMB1,136.7 billion; it increased credit support for indemnificatory housing programs, and granted indemnificatory housing loans of RMB78,027 million in the reporting period, a year-on-year increase of RMB24,151 million.

**Practice smart innovation and shape service quality.** The Bank continued to improve service efficiency and customer experience, guided by the core philosophy of service culture of "customers foremost, satisfactory services" and driven by reform and innovation. In 2017, the Bank steadily pushed forward smart outlet transformation and self-service bank construction, and actively innovated in internet, mobile and telephone banking products and services. Smart outlets accounted for 94% of total, and smart equipment rendered 450 million times of customer services in the whole year. The transaction value of e-banking increased 7.7%; the Bank supervised and guided more than 700 outlets' customer services, and took full advantage of independently developed full-channel evaluation feedback platform to realize real time evaluation on services by customers and monitoring of customer satisfaction.

**Drive green finance and refine the global brand.** Bearing in mind the development concept that "nature is the true treasure", the Bank applied green finance to every link of financial services and operation management; it further improved global service network, advanced overseas

performance of duties, and actively fueled local economic development, building up an international image of large responsible bank. In 2017, the Bank advanced green credit construction in an all-round way, actively supported the development of green industry and proceeded with low-carbon operation. It successfully issued the first Belt and Road green bond, and accumulatively underwrote 11 green bonds with total proceeds of RMB64.3 billion, ranking first among domestic banking institutions in terms of total underwriting amount. It won the award of "Excellent Underwriter of ChinaBond Green Bond Index Constituents". Based on the green ratings for companies of SSE 180, the Bank took the lead among domestic banks to launch the ICBC ESG Green Index. In 2017, the Bank continued to support the Belt and Road Initiative with financial services, and worked to build a Belt and Road Inter-Bank Routine Cooperation Mechanism. By the end of 2017, the Bank had established 419 institutions in 45 countries and regions, and indirectly extended its reach to 20 African countries by acquiring shares in Standard Bank Group; it had established correspondent relationship with 1,545 overseas agencies in 143 countries, and established a global financial network service platform with clear tiers, reasonable positioning, diversified channels and efficient operation.

**Deeply explore inclusive finance to repay the society.** In 2017, the Bank practiced the inclusive finance, set up the Inclusive Finance Department and lived up to its mission of a leading bank in supporting micro and small enterprises, agriculture, rural areas and farmers, "mass entrepreneurship and innovation" and poverty relief. The Bank established micro and small center specialized institutions, and recorded outstanding micro and small enterprise loans of RMB2.22 trillion, up 9% over the year beginning; it registered 242,660 micro and small enterprise customers, up 9,940 over the year beginning; it approved and set up 234 micro and small centers, of which 220 have been registered and put into operation. The Bank continued to satisfy the service demands of unique industries in poverty-stricken regions and projects vital to the people's livelihood, constantly increased financial support and targeted assistance, with outstanding targeted poverty relief loans of RMB127 billion, up 36.58% over the year beginning, obviously higher than the average growth of total loans. The Bank actively participated in various activities for public good, focusing on the themes of supporting the people with a disability, environmental protection, donations to schools and public benefit publicity and education; it safeguarded employees' rights and interests, cared for employees' growth, facilitated cultural integration, and repaid employees and society with the goal of promoting harmonious and common development.

2018 is critical for China to build a moderately prosperous society, and marks the start of the new three-year plan of the Bank. The Bank will continue to practice the benign interaction of sustainable development of enterprises and performance of social responsibility, with the goal of improving value creativity, risk control and market competitiveness. It will observe risk appetite, speed up operation transformation, deepen reform and innovation, and make new contributions to economic and social progress, with real economy services as the starting point and standpoint.

谷 澍

President: Gu Shu

27 March 2018



# About Us

## Company Profile

Industrial and Commercial Bank of China was established on 1 January 1984. On 28 October 2005, the Bank was wholly restructured to a joint-stock limited company. On 27 October 2006, the Bank was successfully listed on both Shanghai Stock Exchange and the Stock Exchange of Hong Kong Limited.

Through its continuous endeavor and stable development, the Bank has developed into the leading bank in the world, possessing an excellent customer base, a diversified business structure, strong innovation capabilities and market competitiveness. The Bank regards service as the very foundation to seek further development and has made efforts to build a "bank of the first choice of customers" while providing a comprehensive range of financial products and services to 6.271 million corporate customers and 567 million personal customers. The Bank has been consciously integrating the social responsibilities with its development strategy and operation and management activities, and gaining wide recognition in the aspects of promoting inclusive finance, supporting targeted poverty relief, protecting environment and resources and participating in public welfare undertakings.

The Bank always keeps in mind its underlying mission of serving the real economy with its principal business, and along with the real economy it prospers, suffers and grows. Taking a risk-based approach and never overstepping the bottom line, it regards controlling and resolving risks as its iron law. Besides, the Bank remains steadfast in understanding and following the business rules of commercial banks to strive to be a century-old bank. It also stays committed to seeking progress with innovation while maintaining stability, continuously enhances the strategy of mega retail, mega asset management, mega investment banking as well as international and comprehensive development, and actively embraces the Internet. The Bank unswervingly delivers specialized services, and pioneered a specialized business model, thus making it "a craftsman in large banking".

The Bank was ranked the 1<sup>st</sup> place among the Top 1000 World Banks by *The Banker*, ranked 1<sup>st</sup> place in the Global 2000 listed by *Forbes*, topped the sub-list of commercial banks of the Global 500 in *Fortune* for the fifth consecutive year, and took the 1<sup>st</sup> place among the Top 500 Banking Brands of *Brand Finance* for the second consecutive year.

## Connotation of Responsibility

"Excellence for You — Excellent services to clients, Maximum returns to shareholders, Real success for our people, Great contribution to society" is not only a corporate social responsibility objective of ICBC, but also the solemn commitment made to various stakeholders. The Bank is committed to serving common interests of various stakeholders in economic and social development, promoting sustainable economic development and social progress, developing core values such as "Integrity, Humanity, Prudence, Innovation and Excellence", and maximizing comprehensive value to economy, environment and society.



## Corporate Culture



## Responsibility Communication

The Bank paid great attention to communication with stakeholders. By establishing the mechanism for combination of real-time and regular communication and coordination of special communication and international exchange, the Bank ensured normalized exchanges with key stakeholders and encouraged involvement of related parties by actively tapping into the role of new media platforms.





# 1

## *Delivering Excellence*

Leveraging a sound corporate governance, the Bank promoted the transformation of operation, offered innovative products and services, strove to enhance profitability and risk control level, propelled the reasonable distribution of social resources and supported the sustainable development of the real economy via optimal allocation of financial resources, and created superior value for the society and all the stakeholders including shareholders, customers, employees.



# Effective Corporate Governance and Prudent Operating Style

## Corporate Governance Framework

The Bank has made constant efforts to improve the corporate governance and checks and balances mechanism comprising normative shareholders' general meeting, excellent board of directors, effective board of supervisors and efficient senior management featuring clearly-defined responsibilities and accountability, coordination and effective checks and balances, and to optimize responsibilities of the authority organ, decision-making organ, supervisory organ and executive organ. As a result, the corporate governance operation mechanism with scientific decision-making process, forceful implementation, effective supervision and steady operation has been in place. During the reporting period, the Bank made amendments to the Articles of Association of Industrial and Commercial Bank of China Limited to improve corporate governance structure and received a series of corporate governance awards from many Chinese and foreign authoritative institutions and news media, including the "The Asset Corporate Award — Platinum Award" from the Hong Kong magazine *The Asset*, and the "Best Corporate Governance Award" for outstanding board of directors of Chinese listed companies from *the 21<sup>st</sup> Century Business Herald*, as well as the "China Business Top 100 Award" and the "Ethical Chinese Enterprise Award" from *the China Business Top 100*.



<p>the Hong Kong magazine <i>The Asset</i></p> <p><b>"The Asset Corporate Award — Platinum Award"</b></p>		<p>outstanding board of directors of Chinese listed companies from <i>the 21<sup>st</sup> Century Business Herald</i></p> <p><b>"Best Corporate Governance Award"</b></p>
<p><i>the China Business Top 100</i></p> <p><b>"China Business Top 100 Award"</b></p>		<p><i>the China Business Top 100</i></p> <p><b>"Ethical Chinese Enterprise Award"</b></p>

During the reporting period



- convened **1** annual general meeting
- reviewed **15** proposals
- convened **1** extraordinary general meeting
- heard **3** reports

Each meeting was convened in compliance with relevant legal procedures which assured shareholders' participation and exercise of rights. The Bank engaged lawyers to witness the general meetings and issue legal opinions. All the resolutions and announcements from the above general meetings had been posted to ICBC's official website. During the reporting period, the Annual General Meeting for the Year 2016 was held in Beijing and Hong Kong concurrently.



- held **9** meetings
- reviewed **64** proposals
- heard **26** reports

As at the end of the reporting period, the Board of Directors of the Bank consisted of 16 members, including 4 Executive Directors, 6 Non-executive Directors, and 6 Independent Non-executive Directors. Independent non-executive directors accounted for more than 1/3 of the total number of directors.



- held **8** meetings
- reviewed **20** proposals
- heard **24** reports
- reviewed **11** documents

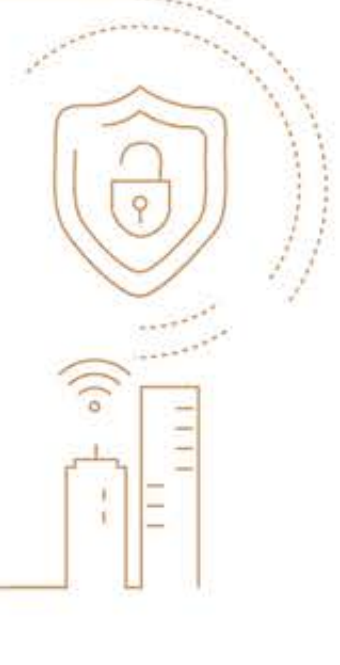
As at the disclosure date of the report, the Bank had 5 supervisors, including 1 Shareholder Supervisor, 2 Employee Supervisors and 2 External Supervisors.





### Preventing financial risks, and protecting financial safety

The Bank paid attention to both on-balance sheet and off-balance sheet, and worked hard to ward off the "black swan" and "gray rhino" events in order to defend the bottom lines of safety and risks. In terms of on-balance-sheet activities, the Bank centered on management and control of credit risk, and strengthened control from the source and targeted treatment, thus fully improving all key indicators on asset quality and substantially increasing the allowance to NPL ratio; with respect to off-balance-sheet activities, the Bank, focusing upon new-type risks across borders, regions and markets, stepped up categorized risk prevention and disposal; on the principles of "simple, transparent and controllable", the Bank standardized the development of asset management, inter-bank and bills business, and said no to regulatory arbitrage, fund circulation in the financial system only and money derailing from real to virtual economy. Strictly safeguarding the four key points - cooperation, access, limit and account, the Bank strictly prevented risks spreading from the Internet-based financial sector; it applied the big data technology to strengthen monitoring and analysis and also to control illegal fund-raising and financial swindling risks; adhering to the "prudent and sound" operating strategy, the Bank managed and controlled liquidity, exchange rate and interest rate risks in a coordinated way.



### Pushing forward transformation and innovation, and aid in financial reforms

The Bank developed an in-depth understanding of the government's important arrangements on deepening reforms, and implemented well the measures on reform and innovation, as well as operational transformation. The Bank built a brand-new customer services system from such dimensions as product, process and channel, promoted the upgrade of novel businesses like asset management, investment banking, financial markets and inter-bank business, deepened the drive of internationalization and diversification, drove all-around innovation via system and technological innovation, and devoted itself to realizing the crucial leap-frog from a large bank to a strong bank.



## Implementation of National Policies

During the reporting period, the Bank faithfully performed its bounden duties as a state-owned large bank in line with China's economic and financial policies and with a focus on the three key challenges - prevention and resolution of major risks, targeted poverty relief and pollution prevention & control and the three key tasks - serving the real economy, preventing financial risks, and deepening financial reforms.

### Making finance to serve the real economy

To fulfill the mission of serving the real economy, the Bank continued to improve the combined management of existing and incremental credit, pursued the integrated operation of credit and non-credit, and kept ameliorating its financial services. During the reporting period, the Bank reported an addition of more than RMB1 trillion in both credit and non-credit financing, thus channeling more viable financial resources to support the real economy; the Bank continued to support the structural reform on the supply side by supporting capacity cut steadily and orderly, backing inventory reduction under city-specific lending policies, and bolstering de-leverage in a multi-pronged approach; the Bank attached importance to prop up the weaknesses of the real economy and made more efforts to run well the inclusive financial system, thereby becoming the largest micro and small-enterprise loan lender in China; on the basis of maintaining a balance of loans to the initiative of targeted poverty relief and reduction at above RMB100 billion, the Bank facilitated the efforts of the designated anti-poverty counties towards casting off poverty in all aspects; while serving the government's major strategies, the Bank took initiatives to align with such strategies as the "Four Regions", the "Three Supporting Belts" and the construction of Xiongan New Area, promoted the launch of the Belt and Road Inter-Bank Routine Cooperation Mechanism, and provided financial services for the Belt and Road Initiative.

## Development of Corporate Governance Regulations

During the reporting period, the Bank made amendments to the Articles of Association of Industrial and Commercial Bank of China Limited in accordance with the Company Law of the People's Republic of China and the latest regulatory provisions on corporate governance of the China Banking Regulatory Commission and The Stock Exchange of Hong Kong Limited, among other Chinese and foreign regulatory authorities. The Bank wrote Party building requirements into the Articles of Association, defined the core leadership of the CPC Party Committee, and fully combined Party

building with corporate governance practice. In the meanwhile, the Bank incorporated the contents on the Workers' Congress and the connectivity of domestic and foreign investors into the Articles of Association. Besides, according to the newly-amended Articles of Association and the regulatory laws and regulations of Chinese and foreign regulators, the Bank amended the Rules of Procedures for the Shareholders' General Meeting and the other five governance rules, thus further improving the corporate governance policy system.



- 1
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1. In 2017, Chairman Yi Huiman attended the opening ceremony of the BRICS Business Forum in Xiamen

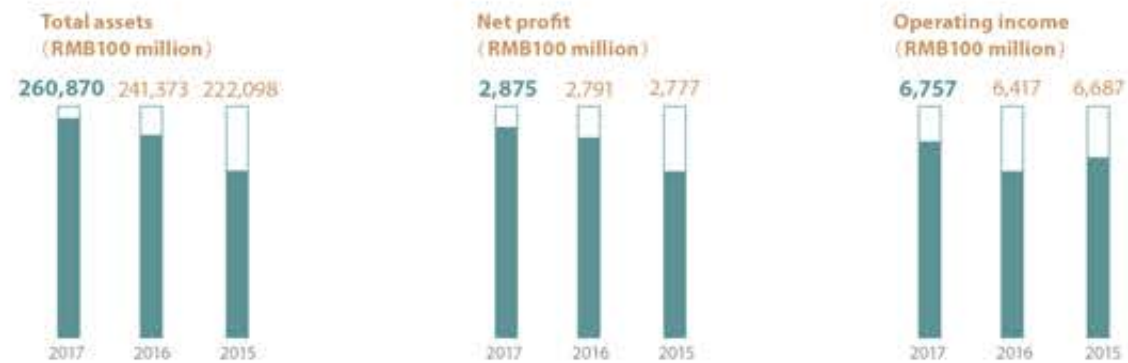
2. On October 30, the Bank convened a Board meeting, listening to the Report on the Profile of ICBC's Inclusive Finance Business and the Report on ICBC's Implementation of Green Credit



## Realization of Sustainable Development

During the reporting period, against the superimposition of factors including deepening of interest rate liberalization, frequent occurrence of various risks, acceleration of financial disintermediation, and intensification of inter-bank and crossover competition, the Bank earnestly carried out the government's decisions and arrangements, as well as the financial supervisory requirements, and outperformed what was planned, what was achieved a year ago and what was expected. The achievements were brilliant and featured a benign interaction among total volumes, structures and quality: the total volumes of profit, deposit, loan and capital were conspicuously advantageous; the deposit, loan and regional structures continued to improve; and the key asset quality indicators fully improved and quarterly ameliorated.

Economic index	Unit	2017	2016	2015
Total assets	RMB100 million	260,870	241,373	222,098
Total loans and advances to customers	RMB100 million	142,334	130,568	119,335
Customer deposits	RMB100 million	192,263	178,253	162,819
Operating income	RMB100 million	6,757	6,417	6,687
Net profit	RMB100 million	2,875	2,791	2,777
Basic earnings per share	RMB	0.79	0.77	0.77
Cash dividends	RMB100 million	858	835	832
Total tax payment	RMB100 million	1,165	1,433	1,311
Return on average total assets	%	1.14	1.20	1.30
Return on weighted average equity	%	14.35	15.24	17.10
NPL ratio	%	1.55	1.62	1.50
NPL balance	RMB100 million	2,210	2,118	1,795
Allowance to NPL	%	154.07	136.69	156.34
Capital adequacy ratio	%	15.14	14.61	15.22
Core tier 1 capital adequacy ratio	%	12.77	12.87	12.87

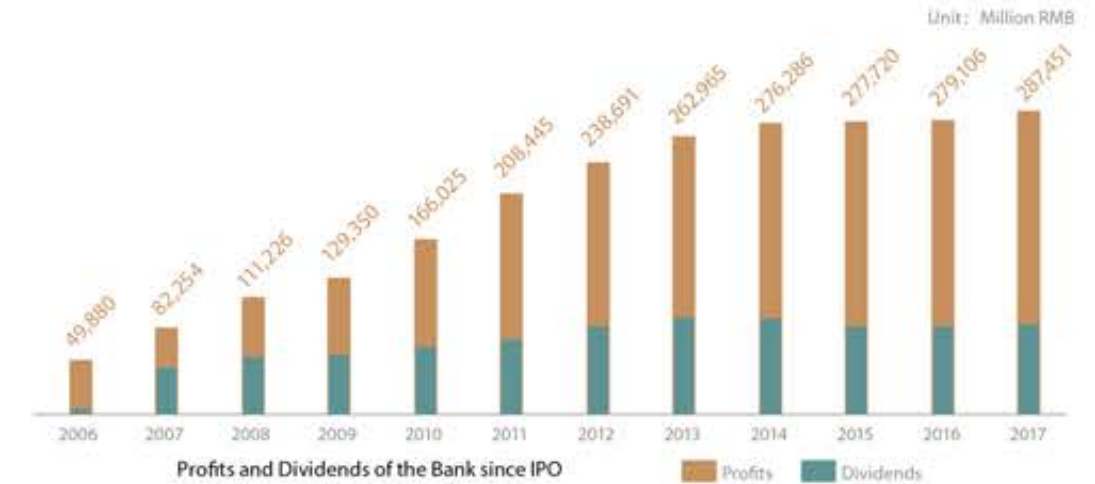


Note: Since 2013, CAR and core tier 1 CAR figures have been calculated based on the Regulation Governing Capital of Commercial Banks (Provisional) promulgated by CBRC in June 2012.

## Superior Value Creation

### Delivering a High Return to Shareholders

During the reporting period, the Bank sustained a leading position among Chinese and foreign peers in terms of key operating indicators. In 2017, it realized a net profit of RMB287.5 billion, representing an increase of 3.0% as compared to the previous year; with a growth of more than 40% in market capitalization, the Bank remained the highest amount of market capitalization among large Chinese banks. As at the end of the reporting period, the Bank distributed the highest cash dividends among all A-share listed companies over the past decade, continuing to reward the investors with high value.



### Protecting Shareholders' legal Rights and Interests

During the reporting period, the Bank actively and frequently communicated and exchanged with investors in diversified forms and in an all-around way. The Bank strictly abided by the requirements of Chinese and foreign regulators on information disclosure, actively performed the information disclosure obligation, and did well in each compulsory information disclosure work. On this basis, the Bank pushed forward voluntary information disclosure, continued to improve the contents and forms of regular reports and temporary announcements, endeavored to provide rich and effective information to stakeholders.

During the reporting period, the Bank pursued synchronous information disclosure in the listing places, and prepared regular reports in simplified and traditional

Chinese and English to address the information demand of Chinese and foreign investors. At the same time of advocating "green and environmental-friendly" and actively guiding the shareholders to receive electronic corporate communications, the Bank mailed corporate communications in paper form to shareholders who were accustomed to reading paper materials. The Bank continued to optimize the investor communication platforms including investor relations website and investor email, and actively used new media forms such as Microblog, WeChat and ICBC Link to inform company updates and put in place friendly, smooth and efficient channels of information disclosure and communication with investors.



## Responsibility Performance Index

The Bank took the world's best social responsibility practice as benchmark, continued to explore the path of sustainable development, and made unremitting efforts to improve the social responsibility management system integrating policy development, strategic planning, roles & responsibilities, information disclosure, education & training, index & assessment and international cooperation: The Board of Directors was responsible for finalizing the Bank's basic rules and regular reports on social responsibility; the Strategy Committee of the Board of Directors should review duty performance, basic rules and regular reports and make suggestions to the Board of

Directors; the Senior Management was responsible for carrying out all resolutions on social responsibility adopted by the Board of Directors, submitting regular reports, establishing and improving the Group's social responsibility work index & statistical system; the relevant departments of the Head Office and domestic and overseas branches and subsidiaries should actively participate in social responsibility related work within their respective work scope.

## Social Recognition

As at the disclosure date of the report, the Bank gained extensive social recognition for its good performance in social responsibility fulfillment. It won many awards such as the "Best Initiative in Social Responsibility" and the "Best Social Responsibility Financial Institution Award".

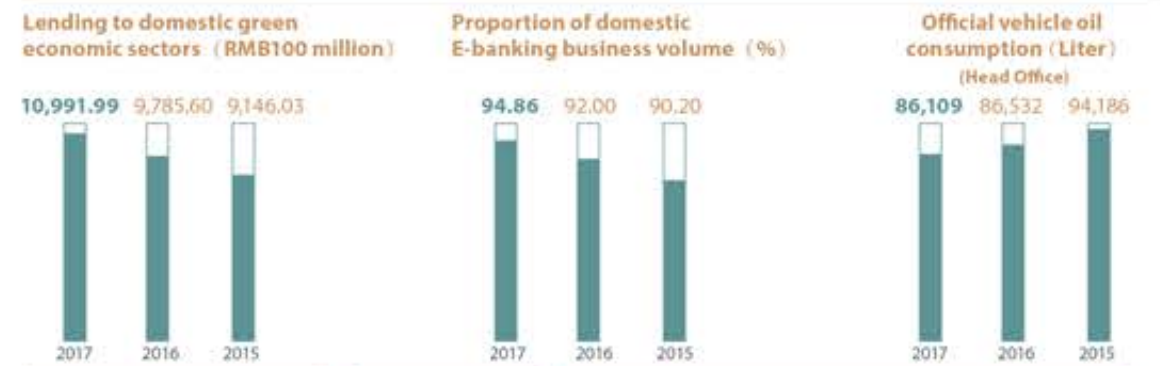


According to the global bank brand value list published by the British magazine *The Banker*, the Bank's brand value stood at around

\$59,189 million

Organizer	Awards
<i>The Asset</i>	Best Initiative in Social Responsibility
<i>China Banking Association</i>	Best Social Responsibility Financial Institution Award
<i>Caixin Media</i>	2017 SGCX ESG50 Index Enterprise
<i>Southern Weekly</i>	2016 List of Chinese State-owned Listed Companies on Corporate Social Responsibilities Best CSR Report 2017
<i>The Economic Observer</i>	2016-2017 China Excellent Finance Awards - "Annual Bank with Excellent Social Contribution"
<i>China Comment under Xinhua News Agency</i>	Banking Institution Mostly Trusted by the General Public
<i>Securities Daily</i>	"Golden Horse" Listed Company with Most Social Responsibilities
<i>China News Service, China Newsweek</i>	Most Responsible Enterprise of 2017
<i>Shanghai United Media Group,jiemian.com</i>	2017 Perfect Chinese Enterprise
<i>China Committee of Corporate Citizenship of China Association of Social Workers</i>	2017 Excellent Corporate Citizen of China
<i>MerComm Inc</i>	International ARC Awards - Silver Award
<i>China Legal Aid Foundation</i>	Outstanding Contributor to the Public Welfare Cause of Legal Aid

Environmental Index	Unit	2017	2016	2015
Lending to domestic green economic sectors	RMB100 million	10,991.99	9,785.60	9,146.03
Proportion of domestic E-banking business volume	%	94.86	92.00	90.20
Office paper consumption (Head Office)	Million pieces	8.73	7.71	8.44
Office power consumption (Head Office)	Kilowattx hour	19,408,280	19,867,300	19,825,712
Office water consumption (Head Office)	Ton	170,196	156,324	150,450
Official vehicle oil consumption (Head Office)	Liter	86,109	86,532	94,186



Social Index	Unit	2017	2016	2015
Small and micro enterprise loan balance	RMB100 million	22,196	20,340	18,832
Social contribution per share	RMB	2.40	2.44	2.48
Total number of employees	Person	453,048	461,749	466,346
Proportion of female employees	%	51.1	51.3	51.1
Proportion of employees from ethnic minority groups	%	5.7	5.6	5.4
Average training days per person	Day/person	9.9	9.63	11.4
Donations by the Group	RMB10 thousand	7,792	6,530	5,575



Note:  
 1. Social contribution ratio per share = Basic earnings per share + (Tax + Staff costs + Interest expense + Total investment in public benefits) / Total share capital at the end of the period.  
 2. Total number of employees, proportion of female employees and proportion of employees from ethnic groups are figures of the Group.  
 3. The calculation of lending to domestic green economic sectors is changed to the statistical approach of CBRC for energy conservation and environmental protection projects and services.





# 2

## *Sticking to Our Founding Mission*

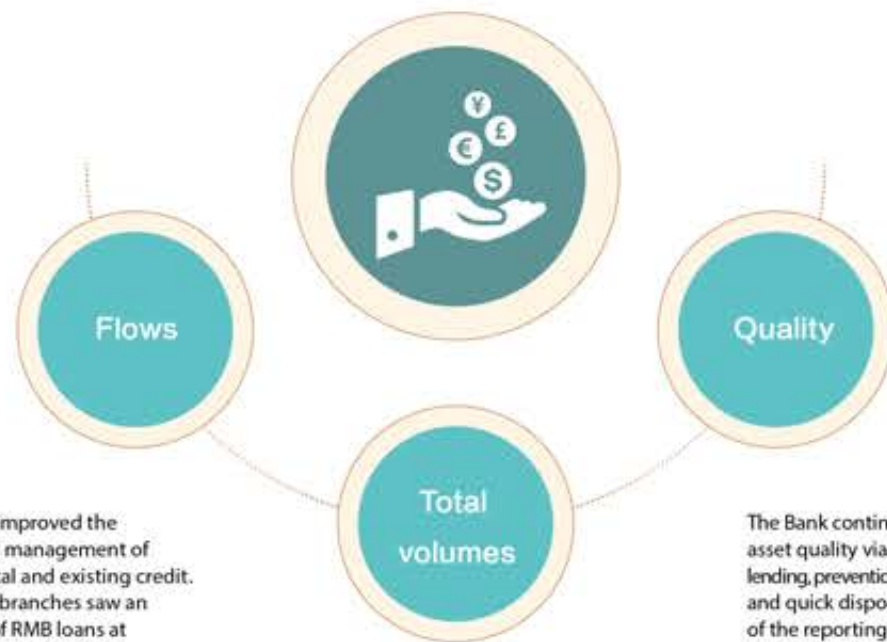
Staying true to our founding mission, the Bank was determined to be rooted in the real economy, actively adapted to the requirements of the structural reform on the supply side, supported the "overcapacity and excess inventory cut, deleverage, cost reduction, and strengthening of points of weakness", and backed the optimization of industrial structure. The Bank aligned itself with the national strategies to promote regional coordination, ensure and improve living standards, providing premium financial services, aid in high-end manufacturing and practice green finance in a bid to advance the high-quality growth of economy and self-upgrade & development in a deeply integrated way.



# Serving the Real Economy

## Staying True to the Founding Mission

The Bank always committed itself to developing the principal business, and stayed true to the founding mission to constantly improve financial services for the sake of serving the real economy and the supply-side structural reform. It, by putting new mechanisms in place, arranging new layouts and making new breakthroughs, managed to comprehensively enhance the ability and level of serving the real economy and to advance the high-quality growth of economy and self-upgrade & development in a deeply integrated way.



The Bank improved the combined management of incremental and existing credit. Domestic branches saw an addition of RMB loans at RMB988.385 billion, RMB1.87 trillion of new RMB loans that were recovered and relent.

As at the end of the reporting period, the Bank's aggregate loan balance increased by RMB1,176.602 billion or 9.0% from the year beginning to RMB14,233.448 billion. Specifically, domestic branches corporate loan balance rose by RMB610.463 billion or 8.83% from the year beginning to RMB7,523 billion. Both credit and non-credit financing adding by RMB1 trillion secured the support for the real economy.

The Bank continued to improve asset quality via control of new lending, prevention of deterioration and quick disposal. As at the end of the reporting period, the Bank's NPL ratio declined by 0.07 percentage point compared with the same period of last year to 1.55%.

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**RMB 1,176.602 billion**  
 from the year beginning to  
**RMB 14,233.448 billion**

## Promoting Industrial Upgrade

The Bank faithfully served the key areas and weak links of the national economy in improving quality and efficiency, deepened the support for the structural reform on the supply side characterized by "overcapacity and excess inventory cut, deleverage, cost reduction, and strengthening of points of weakness", and promoted transformation and upgrade of traditional industrial structure.



### The power source of new energy vehicles

During the reporting period, the Bank made an investment of RMB1 billion in a power battery producer through an industrial fund. The producer acquired a foreign company, and was thus able to further improve the technology of nano lithium iron phosphate battery, enabling the battery to substantially enhance the performance of cold start and adjust to the weather conditions of northern China at the same time of significantly increasing energy density. The mass production of this type of batteries was of great significance to further development of the new energy vehicle industry.



### Made-in-China bearings going global

Bearing is a basic part crucial in equipment manufacturing, and is called the "heart" of equipment manufacturing. During the reporting period, Dalian Branch of the Bank, in cooperation with an overseas branch, tailor-made a loan product solution for a bearing manufacturer. In this way, it helped the manufacturer save lots of financial costs, and gave a strong support for the manufacturer to smoothly wrap up the overseas M&A project.

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1. The salt lake lithium phosphate project supported by Qinghai Branch  
 2. The liquefied natural gas (LNG) project under the loan support of Guangxi Branch





## Serving the B&R Initiative

During the reporting period, focusing on the idea of building a Community of Shared Future for Mankind, the Bank actively supported Chinese enterprises to "Go Global", served the Belt and Road Initiative, further improved its global service network, took the initiative to meet customers' diversified financial service demands and advanced the construction of a global key product line in an in-depth manner. The Bank has accumulatively supported 358 "Going Global" projects which undertake loans of USD94.5 billion in total, ranking top among Chinese-funded banks and basically achieving full coverage of the Belt and Road key industries. As at the end of the reporting period, the Bank has maintained branches in 20 countries and regions along the Belt and Road.



# BELT AND ROAD BANKERS ROUNDTABLE

15 MAY 2017 BEIJING, CHINA



### Strongly supporting the B&R with finance

During the Belt and Road Forum for International Cooperation, the Bank held the Belt and Road Bankers Roundtable on 15 May 2017. The Beijing Joint Statement at the Belt and Road Bankers Roundtable was highly commended and recognized by the participants. According to the Statement, a Belt and Road Inter-Bank Routine Cooperation Mechanism would be established on the basis of "co-building mechanism, sharing interests, co-assuming responsibilities and cooperating for win-win outcomes".

### The Chinese element in the construction of West Asia

The Attarat Um Ghudran oil shale power plant in Jordan, which will be the world's largest oil shale power plant, is a key project along the economic development route of the B&R.

### The banking industry's first Belt and Road Macroeconomic Indexes

ICBC Standard, a subsidiary of the Bank, unprecedentedly released the Belt and Road Economic Indexes in the banking industry aimed at serving the B&R financial strategy. The indexes, comprising the Belt and Road Economic Health Index and the Belt and Road China Connectivity Index, have set up a new benchmark for the frontier researches necessary for the Initiative.

### Serving the "Maritime Silk Road"

In light of the Belt and Road Initiative, ICBC Shenzhen Branch actively served the trade and investment projects of Chinese-invested enterprises in the countries along the Belt and Road, and supported enterprises' going global by series products, like cross-border merger and acquisition loan, cross-border fund pool, overseas direct loan, risk participation, and overseas loan under domestic guarantee, in a bid to seek new growth sources of international business. In the reporting period, the branch worked with many overseas branches to assist a company in successfully winning a bid for acquisition and privatization of a logistics group in Singapore.



## Advancing Regional Coordination

The Bank took initiatives to align with such regional development strategies of China as the "Four Regions" and the "Three Supporting Belts", as well as the important deployments including the construction of Xiongan New Area, strengthened the allocation of credit resources to Beijing-Tianjin-Hebei and central & western China, etc., and set up the Leading Group of Serving the Construction of Xiongan New Area in order to support the harmonious regional development.

1. During the Belt and Road Forum for International Cooperation, the Bank successfully held the Belt and Road Bankers Roundtable
2. The Xi'an-Chengdu high-speed railway project funded by Shaanxi Branch

### A railway line running through the Qinling mountains

With a designed speed of 250 kph, the high-speed railway line linking Xi'an, capital of Shaanxi Province, and Chengdu, capital of Sichuan Province, went into operation on 6 December 2017. The 658-kilometer line is China's first rail route running through the Qinling Mountains. It is a key project of China aimed at improving the layout of railway lines and strengthening the exchanges and cooperation between "Guanzhong-Tianshui Economic Zone" and "Chengdu-Chongqing Economic Zone". During the reporting period, Shaanxi branch of the Bank lent RMB1,070 million accumulatively to the Xi'an-Chengdu high-speed railway project.

### Supporting the "west-east electricity transmission project"

Huadian Yebatan Hydropower Station, a significant project of the central government to support Tibet's economic and social development during the 13th Five-Year Plan period, is critical for the construction of "west-east electricity transmission" connection base and hydropower base in southwest China. It is of significance to poverty alleviation in the regions along Jinsha River, building of a moderately prosperous society and adjustment of energy structure in China. In the reporting period, based on the investigation into Huadian Yebatan Hydropower Station project previously, ICBC Tibet Branch set up a special service team to design a customized integrated financing plan for the project through visits and communications. As one of the three co-lead banks and a correspondent bank of the syndicated loan for the project, the branch signed a syndicated loan agreement with seven local banks.





Guizhou Astronomic Town targeted poverty relief project co-supported by Guizhou Branch and ICBC Leasing

### Setting up the Preparatory Group of Xiongan Branch

The Preparatory Group of ICBC Xiongan Branch was set up during the reporting period. At the preparatory stage, the Bank used existing outlets, self-serving banking and mobile auto banking, among other diversified channels, to serve customers. In line with the philosophy of building smart cities, the Bank increased investment to facilitate the planning and construction of Xiongan. The mix of commercial and investment banking services provided all-around financial supports for key fields, e.g. transport integration, industrial upgrade & transfer, ecological environment protection and urban function optimization in the Beijing-Tianjin-Hebei region.

### Serving Beijing-Tianjin-Hebei Collaborative Development

In accordance with China's strategic planning on coordinated development of the Beijing-Tianjin-Hebei region, Tianjin Branch of the Bank diversified financial services in support of a series of important projects such as rail and highway transport in Beijing, Tianjin and Hebei, relieving Beijing of functions nonessential to its role as the capital, and industrial upgrade & transfer, and the projects on elevating living standards.

### Opening a new chapter for clean energy development in the old revolutionary base area

In 2017, Shaanxi Yan'an Branch of the Bank granted a loan of RMB460 million for the "2x350MW Large Units-Developing & Small Units-Suppressing Co-generation Project" of a power company in Shaanxi Province. The loan gave a strong support for the project construction. The co-generation power plant, located in the old revolutionary base area of Yan'an, is for generating power in an efficient, environment-friendly way. The plant uses supercritical coal-fired, heating and air-cooling units, and adopts high-efficiency energy-saving technologies and CCGT-emission environmental protection standards. When the project construction is completed, it can improve the shortage of centralized heating in Yan'an, and open a new chapter for clean energy development in the old revolutionary base area.

## Ensuring and Improving Living Standards with Premium Financial Services

During the reporting period, the Bank further strengthened the credit support for low-income housing, strongly supported self-using housing purchase, actively promoted the financing for the government's purchase of shantytown reconstruction services, readjusted and improved related supporting policies, expanded the scope of regional access, and optimized the project and customer admittance management.



### Spur the Development of a Housing Market that Gives Equal Weight to Buying and Renting

The Bank earnestly implemented differentiated housing credit policies that are specific to the conditions of different cities. With a key support for meeting the residents' demand of buying homes for personal use. The Bank continued to follow up on the policy on housing rental pilot, actively adapted itself to meeting the requirements of the housing rental system and platform building, leveraged the joint force of the Group's diversified financial services, accelerated the development of a housing market that gives equal weight to buying and renting, and worked hard to satisfy multi-tiered living requirements of residents.





## Aiding in High-end Manufacturing

During the reporting period, the Bank actively aided in high-end manufacturing in line with the government's strategies on development of a manufacturing power, giant aircrafts and ocean economy. As at the end of the reporting period, ICBC Leasing which is wholly owned by the Bank owns and manages 610 aircrafts, 309 vessels and over 40,000 sets of heavy equipment.



### The world's largest ore carrier reported by CCTV news

During the reporting period, one 400,000 dwt ore carrier of ICBC Leasing was launched at a shipbuilder of Qingdao. This carrier, with a world-leading technology and a deck area equal to that of Chinese aircraft carrier Liaoning, is the world's largest ore carrier. As at the end of the reporting period, made-in-China ships accounted for about 70% of the vessel assets owned and managed by ICBC Leasing; and ICBC Leasing supported the "Going Global" drive of Chinese shipbuilders at an amount of RMB43 billion accumulatively.

### Made-in-China C919 aircrafts amazing the world

Over recent years, ICBC Leasing has ordered 130 China-made passenger aircrafts accumulatively, including 100 C919 homemade large passenger jets, thus becoming the largest buyer of C919 aircrafts and strongly supported the development of China's aircraft manufacturing. During the reporting period, ICBC Leasing ordered 55 China's C919 large passenger planes.



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1. The world's largest ore carrier built by a Chinese shipbuilder under the support of ICBC Leasing will serve the iron ore transport line from Brazil to China.

2. China-made large passenger jet, the C919, ordered by ICBC Leasing.

## Strongly Supporting the Structural Reform on the Supply Side

### Setting up a Franchised Institution

ICBC Financial Asset Investment Co., Ltd. (ICBC Investment), a franchised institution of the Bank for the debt-for-equity exercise, was opened in September 2017. As one of China's first group of commercial bank exercisers of debt-for-equity, ICBC Investment has a registered capital of RMB12 billion, the highest among the Bank's subsidiaries. Since opening, ICBC Investment has devoted itself to helping companies reduce the leverage ratio, accelerating the efforts of companies to become more cost-effective and deepen reforms, and tailor-making the debt-for-equity solutions for companies to strengthen the capital power and governance efficiency.



ICBC Investment has a registered capital of **RMB 12** billion.

### Inspiring debt-for-equity exercise

The debt-for-equity business of an iron group corporation, which was jointly provided by Shanxi Branch, ICBC Investment and ICBC Credit Suisse Asset Management, was successfully launched during the reporting period. The business decreased the target's asset-liability ratio, optimized its financing structure and strengthened its capital power. At the same time, Shanxi Branch and ICBC Investment took part in the target's corporate governance, effectively improving the governance level and guaranteeing its long-term sound development.

### Enhancing Cost-effectiveness

The Bank acted upon the messages of related national policies, strictly complied with the "market-oriented and law-based" requirement, and utilized multi-tiered capital market approaches to help enterprises optimize capital structure, reduce financing cost, strengthen capital base.

### Market-leading debt underwriting

In accordance with the requirement of the structural reform on the supply side, the Bank voluntarily adapted itself to the trend of financial disintermediation and corporate deleverage, actively supported the bond issuing of enterprises in the inter-bank market, and helped enterprises reduce financing cost. In the past five years, the Bank underwrote over RMB4 trillion of bonds accumulatively, and made investments of over RMB4 trillion accumulatively in various RMB bonds, both figures the highest in the Chinese market.

### Helping enterprises go global

In the reporting period, ICBC Inner Mongolia Branch became one of the three lead banks for centralized operation of foreign exchange funds for a dairy group, rendered cross-border foreign currency fund pool and centralized foreign exchange collection and payment services for the group's finance company, and built a channel linking current account and capital account of foreign exchange business and domestic and overseas funds through centralized operation of foreign exchange funds, providing strong financial service support for the group's "Going Global" strategy. The cooperation also drove the cooperation between the two parties in cash management, foreign exchange remittance, import letter of credit, spot and forward foreign exchange purchase/sales, overseas loan under domestic guarantee, cross-border linkage, etc.

### Serving state-level integrated reform pilot zone

In the reporting period, ICBC Shanxi Branch completed loan granting for the wealth management direct investment project of Shanxi transformation integrated reform zone, making it the first financial institution to support the construction of Shanxi transformation integrated reform pilot zone. It is a typical case of the Bank serving the province's industrial transformation and economic development with investment banking means, indicating that it has blazed a trail of supporting local economic transformation and serving financial innovation of state-level integrated reform pilot zone.



# Carrying out Green Finance

## Aiding in Green Bond Financial Market Development

During the reporting period, the Bank positively answered the call of Chinese government for saving energy and reducing emissions, and strengthening environmental protection, and aided in the development of green bonds. It underwrote 11 green bonds and raised RMB64.3 billion accumulatively, making the Bank rank No. 1 among Chinese banking institutions and named the "Excellent Underwriter of ChinaBond Green Bond Index Constituents 2017". The Bank actively enrolled itself in green bond investment, recording an investment balance of RMB20.19 billion.



### Inaugural Belt and Road green bonds creating many firsts

On 28 September 2017, the Bank issued the first Belt and Road green bonds via its Luxembourg Branch. The inaugural issuance, highly recognized and oversubscribed by global investors, recorded USD2.15 billion equivalent at last. The Bank received the 2017 "Best ESG Deal" from *FinanceAsia*, the 2017 "SRI Bond" from *IFR Asia*, and the 2017 "Best Green Bond" from *The Assets*.



### Green bond to boost green industry

Beijing Branch of the Bank acted as the lead underwriter of the RMB1 billion green bond financing instrument issuance by an energy conservation services company, which was leading in energy conservation services and clean energy exploitation & utilization. The fund so raised was used to support a biomass power generation project of its subsidiary. The project, the highest rated at G-1, could save 999,200 tons standard coal and reduce CO<sub>2</sub> emissions by 2,456,900 tons each year, setting a good example for promoting energy conservation and emissions reduction and supporting green shift of economy in China.



## Carrying Forward Green Credit

During the reporting period, the Bank actively acted in line with the government's five development concepts of "innovation, coordination, green, opening up and sharing" and the requirements of "promoting balanced economic, political, cultural, social, and ecological progress". Regarding green credit strengthening as a key strategy for long-term pursuit, the Bank comprehensively carried forward green credit, actively backed the development of green industries, reinforced the prevention and control of environmental and social risks, and continued to advance low-carbon operation in all aspects, e.g. credit policy,

management process, business innovation and own performance, in order to synchronously improve economic, social and ecological benefits. As at the end of the reporting period, the balance of green credit that the Bank extended to green economic sectors such as ecological protection, clean energy, energy saving and environmental protection, and resource recycling reached RMB1,099,199 million, increasing by RMB120,639 million over the beginning of the year, higher than the same-period growth of corporate loan balance by about 3.50 percentage points.





### Improving Green Credit Policies

Each year, the Bank releases the revised industrial (green) credit policy, acts in accordance with the green credit policy orientations and requirements for different industries, supports the development of key areas of green credit business, continues to improve the classification standards and management regulations of corporate green credit, and strengthens the prevention, control and management of potential environmental and social risks. During the reporting period, the Bank issued the Measures for Risk Management of "Going Global" Cross-border Financing Business, requiring related overseas institutions to strengthen environmental and social risk management over the Belt and Road business and the "Going Global" business in compliance with their local policies, laws and regulations, and regulatory requirements, as well as international practices.

### Improving the IT-based Green Credit Management

During the reporting period, the Bank collated and verified green credit categorization as well as statistical data quality of project loans to corporate customers of the entire Bank. It further improved the quality of basic data, perfected the functions of the statistical system and bettered the timeliness and accuracy of green credit statistics and information disclosure.

### Strengthening Whole-process Management of Green Credit

The Bank comprehensively implemented the "Green Credit One-Veto System" through the whole credit process, requiring timely checking of the green credit classification marks of customers in every link, the result of which would be the essential foundation for conducting overall customer evaluation and making credit decisions. It raised specific requirements on monitoring, identification, control and mitigation of environmental and social risks, and embedded and carried them out throughout the whole credit process. The early-warning notices of risk were issued in time to enterprises with violations of environmental protection and safe production and those involved in elimination of backward capacity. Tracking, monitoring and supervision were enhanced to realize whole-process monitoring, management and control of environmental and social risks.

### Intensifying Green Credit Assessment and Resource Allocation

To carry out the green credit orientations and value concepts, the systems of performance assessment indicators of the Board of Directors over senior management members and of the institutions over their employees contained economic benefit indicators, risk & cost control indicators and social responsibility indicators, which mirrored the risk-balancing orientation placing equal emphasis upon business growth and risk prevention & control and coordination of incentives and constraints. The Bank regularly performed the self-assessment of green credit implementation, worked out the measures for rectification and improvement, deeply promoted green credit building and enhanced the executive force of green credit. On the basis of putting in place the financial and human resources related to green credit, the Bank clearly required to steadily increase the proportion of green credit and accelerate the development of green credit business during the reporting period.



### Data on Reduction of Greenhouse Gas Emissions under Green Credit

#### Green credit balance (RMB100 million)



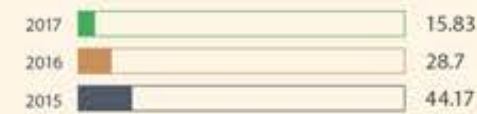
#### Standard coal equivalence of reductions (10,000t)



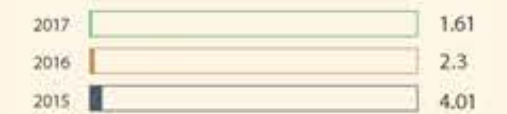
#### CO<sub>2</sub> equivalence of reductions (10,000t)



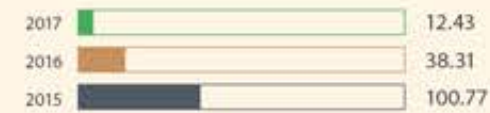
#### COD emission reduction (10,000t)



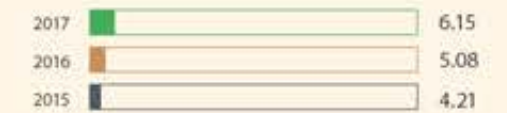
#### Ammonia nitrogen emission reduction (10,000t)



#### SO<sub>2</sub> emission reduction (10,000t)



#### Nitrogen oxides emission reduction (10,000t)



#### Water saved (10,000t)



NOTE: The data is result of calculation converted from green credit.



1. In October 2017, Independent Director Mr. Hong Yongmiao was invited to IGCC Summit and delivered a keynote speech



 **ICBC ESG Green Index**

The Bank strengthened endeavors in the green financial sector. It studied and developed the ICBC ESG Green Index on the basis of performing green rating of the SSE180 companies, prepared and released the ESG Green Rating and Green Index Research Report at the International Symposium on Environmental Risk Analysis held in July 2017. This rating system was the first of its kind among Chinese commercial banks.

 **Deeply involved in the Building of "Green Technology Bank"**

The building of Green Technology Bank ("GTB") is a major initiative of the Ministry of Science and Technology PRC (MOST) to implement the United Nations 2030 Agenda and the Paris Agreement for climate change. At the special invitation of MOST, the Bank participated in each work about the building of GTB, and was the sole financial institution in the members of the council. It participated in the deliberations of a series of documents, e.g. the Functions and Powers of GTB Leading Group, the GTB Development Strategy and Development Scheme and the GTB Management Measures, as well as the GTB Building Progress and 2018 Working Plan.



Saihanba Forest Farm financed by Hebei Branch

 **Supporting the building of forest farms to cherish our green homes**

Since 1999, Hebei Branch of the Bank has constantly provided funding support for Saihanba Forest Farm, with working capital loan and operational loan accumulating to RMB86.2 million. To improve the living standards of staff of the forest farm, Hebei Branch actively participated in the shantytown reconstruction there. It got in touch with the notary office, the house exchange and the insurer, and invited them to Saihanba for handling residential mortgage related business onsite, e.g. loan application, notary, insurance and mortgage. This move effectively improved the housing conditions of staff of the forest farm.

 **From a cement manufacturer to an enterprise addressing environmental problems**

Fujian Branch of the Bank gave credit support to the technological upgrading project of a cement manufacturer in Fujian aimed at gradually changing the company's first, second and third-line rotary kilns to modern new-typed cement production lines which can co-dispose of solid wastes including municipal solid waste, sludge in sewage treatment plant, industrial waste and medical waste. When the project construction is completed, the company will transform from a single cement manufacturer to a green enterprise specialized at waste disposal and comprehensive utilization of resources.

## Developing Inclusive Finance

### Setting up the Inclusive Finance Department

During the reporting period, the Bank wrapped up the setup of inclusive finance department at the Head Office and all tier-1 (directly-controlled) branches, accelerated the improvement of the organizational framework of inclusive finance, spared no effort to put the "five specialized" operating mechanism in place, wholly guaranteed the supply of credit resources and optimized the mix of financial products for micro and small enterprises, deeply carried out the "loan renewal" policy, improved risk control models, advanced the application of big data and internet technologies in micro and small-enterprise finance, strengthened inclusive finance for more economic benefits, and lived up to its large-bank position in the areas of supporting micro and small enterprises, "agriculture, rural areas and farmers", "mass entrepreneurship and innovation", and anti-poverty.





## Serving Micro and Small Enterprises

During the reporting period, the Bank vigorously promoted the setup of micro and small enterprise banking centers in key regions, worked hard to strengthen the operation and management of such centers, continued to optimize their specialized operating model, and offered standardized micro and small enterprise credit products and individualized financial services solutions to satisfy diverse requirements of customers.

As at the end of the reporting period, the Bank registered a balance of loans to micro and small enterprises at RMB**2.22** trillion, up 9% over the year beginning

there were **242,660** micro and small enterprise customers, up 9,940 over the year beginning

the Bank approved the setup of **234** micro and small enterprise banking centers, including 220 already in operation

The presence of micro and small enterprise banking centers



provincial capital branches



important city branches



demonstration zones of "Made in China 2025"

### Optimizing Channels and Outlets in Counties and Townships



"Fruit and Vegetable Loan" customized by Guangzhou Branch for merchants in fruit and vegetable markets



#### "Fishing Boat Loan"

Beihai of Guangxi Province boasts rich marine resources and advanced fishing industry. There are about 1,332 fishing boats of more than 200 kw qualified for marine fishing in the city, and about 50-80 boats are updated each year, with each boat costing RMB6 million. In consideration of such financing demand, Guangxi Branch of the Bank tailor-made the "Fishing Boat Loan" product for fishing boat owners of Beihai. The loan amounted up to RMB6 million, and had the longest term of eight years.



The loan amounted up to RMB**6** million



#### "Fruit and Vegetable Loan", "Medicinal Material Loan" and "Food Loan"

During the reporting period, Guangzhou Branch of the Bank conducted categorized innovation of financing for the micro and small enterprise group, and offered them with a full package of financing services and innovative, individualized financing products, e.g. "South Yangtze River Fruit and Vegetable Loan", "Qingping Medicinal Material Loan", "ICBC Huachuang Loan", "Flower Capital Insurance Loan", "ICBC Wealth Loan" and "ICBC Food Loan". Accumulatively 245 micro and small enterprises obtained financing support of over RMB1,668 million from the Bank.



Accumulatively 245 micro and small enterprises obtained financing support of over RMB**1,668** million



#### "ICBC Enterprise Link"

In May 2017, ICBC Gansu Branch launched "ICBC Enterprise Link" in cooperation with Gansu Industrial and Commercial Administration Bureau, to provide micro and small enterprises with a package of integrated financial services, including pre-approval of name, industrial and commercial registration, enterprise loan application, account opening, agency payroll payment and Internet banking. By the end of the reporting period, the Branch has successfully rendered financial services for 2,959 micro and small enterprises via "ICBC Enterprise Link".



## Supporting Mass Entrepreneurship and Innovation

During the reporting period, the Bank established 10 new economy-featured sub-branches in the places around with the resources of new economy, e.g. Beijing and Shanghai. They are specialized at serving scientific innovative enterprises, and actively provide high-tech enterprises, NEEQ listed enterprises and unicorn enterprises with premier and quick financial services.



Xiamen Software Park supported by Xiamen Branch



### Incubating the next unicorn

During the reporting period, Shanghai Branch of the Bank made debut "ICBC Maker Plus", a financial services brand for scientific innovation. The brand, bundling five financial services series - Maker Star, Maker Exchange, Maker Loan, Maker Investment and Maker Home, provided scientific innovative enterprises with a complete range of financial solutions throughout different growth periods and eyeing varied financial services requirements, and could effectively address comprehensive financial requirements of micro and small enterprises pursuing scientific innovation for settlement, cash management, financing and investment banking, etc. during their day-to-day operation. What's more, "ICBC Maker Plus" offered perfect internet-based financial services experience characterized by "lending and payment at one click" in line with the "internet plus" thinking.

## Poverty Relief through Finance

The Bank is keenly aware that finance-supported targeted poverty reduction and alleviation plays a pivotal role in the fight against poverty. While focusing upon targeted poverty reduction and alleviation, the Bank tried to achieve breakthroughs mainly in credit granting, product innovation and service provision, etc., and deeply pushed forward anti-poverty work to cater for the financial demand of poverty-stricken areas. The hard efforts paid off in the way of finance leveraging and promoting finance-supported targeted poverty relief in the new era.

The Bank adjusted related industrial credit policies, lowered the eligibility requirements for lending to urban and new countryside construction, public utilities projects in urban areas and shantytown reconstruction, and increased the credit support for poor regions on the premise of considering both the performance of social responsibilities and the principle of commercially sustainable.

Proceeding from the resource endowment and industrial characteristics of poor regions, the Bank actively explored a diversified poverty-alleviating model combining "credit and non-credit", "commercial banking and investment banking", and "financing and intelligence pooling".



Considering the difficulties of poverty-stricken areas in selling agricultural products and the low recognition of good-quality products there, the Bank made full use of internet-based financial means and rolled out good-quality agricultural products on "ICBC Mall", the online shopping mall of ICBC, for sales.



**Incept China's first provincial anti-poverty fund.** The Bank independently incepted an anti-poverty fund worth RMB17.3 billion to support infrastructure construction, rural environment treatment, public services and human settlement improvement of 20 extremely poor townships.



**Establish the first block chain platform for targeted poverty reduction and alleviation.** This platform, through the integration and mutual trust of information of the Bank's financial services chain and the administrative approval chain of the anti-poverty fund of Guizhou Provincial Government, aimed to solve problems like untimely feedback of management information and untrue feedback in the use of funds for anti-poverty projects. It could put the anti-poverty funds under closed management throughout the whole process from application to the final appropriation.



**Set up the anti-poverty team of investment banking.** The Bank exploited the featured resources in the designated anti-poverty areas, assisted local places in making governmental planning, investment attraction, industrial development, and investment & financing services, and helped regional key projects including the anti-poverty trust structured financing project, the highway PPP project in Bawan and the tourism industry project of Guangwushan to make strides.



**Innovative poverty-alleviating financial products and services.** The Bank offered the innovative "Getting Rich Entrepreneurial Loan", granting loan to people who planted and bred a lot. 97 registered poor households shrugged off poverty through finding jobs and signing of support agreements. Innovation was made to poverty-alleviating petty loan products. To address the operation and development demand of registered poor, the Bank granted unsecured loans of RMB120 million to more than 2,000 poor households, and helped them get rich through hard work and on an independent basis.



### The internet-based targeted poverty reduction and alleviation model connecting "e-commerce, enterprises and poor households"

Leveraging own advantage in e-commerce operation, the Bank launched the "Anti-poverty Column" on the home page of ICBC Mall, made debut regional halls with distinctive characteristics, provided the merchants in poor areas with fee and margin discounts and long-distance e-commerce operation trainings, among other supports. This offered an online channel for selling high-quality agricultural products and eased the concerns of farmers.

As at the end of the reporting period



more than **500** merchants in poor areas went alive onto ICBC Mall

promoted **3,238** locally-featured agricultural products and rural tourism products

a cumulative trading amount of **15.162** billion

These merchants came from **275** nationally designated poor counties in **21** provinces, autonomous regions and municipalities



## Financial Services for "Agriculture, Rural Areas and Farmers"

The Bank kept on providing innovative financial services for "agriculture, rural areas and farmers", flexibly used a variety of approaches to strengthen financial services for them, worked hard to fill up financial services gaps and deficiencies, and actively explored the fresh models of benefiting farmers with finance so that viable finance could benefit the countryside. During the reporting period, the Bank granted loans of RMB17.2 billion for new countryside construction cumulatively.

the Bank granted loans of  
RMB **17.2** billion cumulatively

The Bank continued the construction of outlets and self-service channels in county areas and townships.



The Bank rolled out innovative "Farmer-benefiting Loan" product series including farmer guarantee loan, agricultural husbandry loan, land loan, agricultural machinery loan and agricultural product loan in cooperation with the government and leading enterprises. On the basis of the actual situation of the customers, the Bank chose the ways of guarantee like mortgage, pledge and guarantee flexibly, and matched with different methods of calculating the loan amounts to increase the availability of loans.



The Bank issued Funong cards to rural migrant workers. The cards featured the same functions locally and in different places, and thus provided convenience to the elderly and children. As at the end of the reporting period, 27,973,000 Funong cards were issued cumulatively, an increase of 3,384,600 over the year beginning.

27,973,000 Funong cards were issued cumulatively

an increase of 3,384,600 over the year beginning



### "Agriculture Startup Loan" guarantees smooth reform of agricultural cultivation

In order to accommodate to the development progress of agricultural cultivation reform in Heilongjiang Province, and better serve the "agro-related" economy, ICBC Jiamusi Branch, located in Heilongjiang, increased financing support for farmers of agricultural cultivation sector, and designed an "Agriculture Startup Loan" financing plan for employees of each farm under the jurisdiction of Agricultural Cultivation Jian San Jiang Administration Bureau, aiming at meeting borrowers' loan demands for purchase of agricultural materials and production in the course of agricultural production and operation. The branch granted "Agriculture Startup Loans" of RMB18,398,000, providing a stable environment and support for smooth reform of agricultural cultivation.



### ICBC benefiting farmers under risk sharing

The operating entities of new-type agriculture are weak in risk tolerance, and find it very hard to apply for loans. In response, Jiangsu Branch of the Bank completed the signing of a strategic cooperative agreement on "Guarantee for Farmers of Jiangsu" with Jiangsu Agriculture Credits Guarantee Co., Ltd. in a short period of time, and quickly issued the first "ICBC Farmer-benefiting" Loan for a local agricultural company.

- 1
- 2

1. An enterprise's countryside modern granary construction project financed by the Bank

2. Jilin Branch supported the purchase of agricultural implements by a farmers' cooperative without any collateral





# 3

## Customers' Favourite

Customers are the business foundation of a bank. The Bank upholds and fulfills the "customer-oriented" operating philosophy and takes persistent efforts to build an efficient, reputed bank that provides good customer experience. The Bank endeavors to provide more efficient, safer and more convenient financial services of better quality and become a trusted, reliable, user-friendly and first-choice bank that provides excellent financial services.





## Improving Service Quality

The Bank has in place an "online + offline", "manual + AI" and "push + interactive" vertical service system that enables identification, response and connection across all channels and provides consistent service experience. The Bank stays always "near you" based on 16,092 domestic outlets, 27,196 self-service banking facilities, nearly 100,000 ATMs and 7x24 online services, and remains "trustworthy" based on more than 400,000 professional and dedicated employees, strong and reliable data systems and minute/second-level data backups.



### Organic combination of rigid system and user-friendly service

Tokyo Branch of the Bank launched the new-generation queuing system. The number-taking screen is designed to be simple and user friendly. The counters have flexible windows that accept transactions by category for higher efficiency, and also may serve as green channels to provide well-targeted services for special customers. The queuing machine is equipped with a high-definition camera to record the transaction process and enhance compliance and security. The queuing system supports exporting daily queue data after close of business each day. The counter business settings can be adjusted promptly according to the length of waiting time, duration of transaction and other service indicators to improve the service mode and improve the quality of service management.



### Financial "special force" guarding Sansha City

There is a conspicuous three-storied white building on the main street of Yongxing Island, Sansha City, which houses the Sansha Sub-branch of ICBC. The predecessor of Sansha Sub-branch is the Xisha Islands, Nansha Islands and Zhongsha Islands Representative Office of the People's Bank of China established in 1959. ICBC took over the representative office when it was established in 1984. Now the Sansha Sub-branch has gradually evolved from a simple payment and receipt service provider to a modernized banking outlet that integrates smart banking, 24-hour self-service banking and other functions. Sansha Branch enables bank card-based and QR code-based purchases, including catering, hotels and supermarkets, to meet the local military and civilian residents' demand for zero-distance and nationally consistent financial services.



## Enriching Services

The Bank always upholds the "customer-oriented" guiding principle, emphasizes customer experience and pursues improvements in service quality, placing focus on products, processes and channels. The Bank aims to become a bank near customers to ensure financial services are available anytime, anywhere, and also become a bank in the heart of customers and the first choice of customers.

In the reporting period, the external fraud risk information system developed in-house by the Bank, namely ICBC e-Security

accumulatively identified and blocked 63,100 telecom frauds

protecting customers from a total loss of RMB 1,697 million

up 82% year-on-year



### ICBC Smart Guard

In recent years, the Bank has accelerated full-scale application of new technologies in fund security and risk prevention and control and established a "Cloud Monitoring" platform with credit card fraud risk monitoring, online transaction risk monitoring, personal account fraud risk monitoring and telecom fraud account identification and warning systems at its core, covering online and offline operations, all business processes as well as internal prevention and internal control. The platform provides early warning and real-time "circuit breaking" for risky transactions. In the reporting period, the Bank released the "ICBC Smart Guard" account security service. This service enables customers to set account payment features at their discretion according to risk appetite, transaction habits and specific scenarios, thereby keeping track of fund movements and enhancing risk protection. When launched, "ICBC Smart Guard" will, together with "Cloud Monitoring", form a complete "Cloud + Terminal" smart risk prevention and control system that provides customers with all-dimensional, smart protection for account transactions and fund security.



### Put customer information in "flak jacket"

The Bank has made persistent efforts to build the information security monitoring and handling platform (SOC). Security data collection and security modeling have been realized to boost the ability to identify security risk. All domestic institutions have upgraded their terminals to the new-generation client security system. The new-generation electronic document security management system was implemented to effectively protect information security of the Bank.





**ICBC "Shared Umbrellas" protect customers from bad weather**

To fulfill the service philosophy of "Customer First", Guangdong Branch of the Bank rolled out the shared umbrella service across Guangdong Province in the reporting period. ICBC Shared Umbrellas are deposit-free, charge-free and password-free. All people can borrow umbrellas from an ICBC outlet and return them at any ICBC outlet. To provide customers with the best convenience, Guangdong Branch also launched the on-lending function that enables a customer to lend the shared umbrella in his hands to anyone in need of it simply via an ICBC Link scan, highlighting the "Convenience", "Inclusiveness" and "Love" of shared umbrellas.

### Strengthening Monitoring and Supervision

In the reporting period, the Bank hired two professional firms for the first time to conduct customer satisfaction survey alternatively on a quarterly basis and supervised customer services of over 700 outlets accumulatively. The proprietary all-channel evaluation and feedback platform was fully utilized to realize real-time service evaluation by customers and customer satisfaction monitoring and maintain unremitting momentum for service improvement.

supervised customer services of over **700** outlets accumulatively

**"Timely rain" fostering service improvements**

Tianjin Branch of the Bank set up a "Remote Service Monitoring Team" to monitor, supervise and provide guidance on pain points of customer experience on a full-coverage, total-process and panoramic basis. The offsite service monitoring mechanisms were improved to form an effective monitoring mechanism featuring "daily monitoring, weekly feedback, monthly announcement and quarterly assessment", comprehensively enhance the efficiency and effectiveness of offsite service monitoring supervision and further shape a long-term mechanism for fostering employees' sense of standard service.



1. Shared umbrellas of Guangdong Branch
2. Top 100 Model Service Outlets in the Banking Industry of China - Huanan Dashi Sub-branch of the Bank in Guangzhou

## Advancing the Construction of Channels

### Strengthening Management Mechanisms

In the reporting period, the Bank issued the core principles of service culture "Customer First, Satisfactory Service, Valuing Employees, Persistent Integrity". It is the first bank-wide service culture in China's banking industry, aiming to accelerate the Bank's pace towards a bank of customer satisfaction that is the first choice of customers, and which employees are proud of.

The Bank listens to voices of customers and knows their expectations and enhances the customer-oriented service team, capability and quality around customer demand. The Bank has improved the customer-oriented organizational structure, work mechanisms and business processes and built a service network featuring global business response, integrated online and offline operations and 7x24 service to become the first-choice bank for customers.

The Bank treats employees as valuable resources by respecting, understanding, trusting and caring for them. The Bank fully protects the rights and interests of employees, helps their career development, organically integrates the employee value enhancement with customer satisfaction enhancement, shapes a mega service landscape in which "managers serve employees, the second line serves the first line and all employees serve customers" and builds a "bank of employee satisfaction".



The Bank keeps pace with the times and always innovates in customer service modes to boost the service supply capacity, address pain points of customer experience, provide customers with the best financial service experience and build a "bank of customer experience".

The Bank always takes credibility as its lifeline, works hard to win the trust of customers and unwaveringly stays true to the expectations of customers and the larger society to build the "most trusted bank".



## Setting Models

The Bank set models for service improvements to spur the positive energy and build a harmonious bank. As at the end of the reporting period, the Bank had 650 five-star service outlets that play a model role for improving customer service in the new era.



### A master of currency replacement commended by CCTV

Liu Tiefeng is one of the counter staff at Changchun People's Square Sub-branch of the Bank with nearly 40 years' frontline work experience, called "Lao Liu" by colleagues to show their respect and affection. Mr. Liu has helped customers replace RMB15 million of damaged or soiled currencies in the past over ten years. He has helped numerous customers, receiving as countless thanks as mutilated currencies replaced by him. After Jilin TV and CCTV broadcast his deeds successively in September 2017, Mr. Liu responded without excitement saying that when a person puts love and responsibility first, no matter how ordinary his post is, he will always do a good job.



### Banking Department Outlets Quality Service Competition

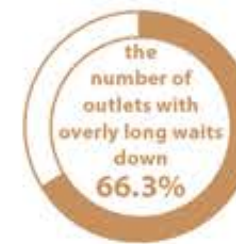
To further cement and disseminate the core philosophy of ICBC's service culture, the Banking Department of Jiangsu Branch of the Bank organized the "All Out for the First Choice Bank - Banking Department Outlets Quality Service Competition", a fruitful event. 21 sub-branches took part in the competition.



1. "Banking Master" Liu Tiefeng
2. The Banking Department of Jiangsu Branch of the Bank organized the "All Out for the First Choice Bank - Banking Department Outlets Quality Service Competition"
3. Banking Truck of ICBC Argentina

## Improving Service Functions

The Bank focuses its product orientation on customer experience based on the pain points of customer demand and market hot spots in the internet era. Standing in the shoes of customers, the Bank sped up product innovation, optimization and upgrades in pursuit of the best service experience. In the reporting period, the Bank kept increasing service efficiency, with the number of customers waiting for overly long time down 26.4% and the number of outlets with overly long waits down 66.3% year-on-year. The customer satisfaction improved steadily, as was shown by third-party customer satisfaction.



### Improved service process

In the reporting period, the Bank provided one-stop services to customers with diverse demand through the multi-transaction parallel processing mechanism and the front-end application and back-end billing mode. This service does not require customers to fill in forms manually, with the number of password entries, signings and identifications down 10%, 66% and 33% respectively compared with the old service mode. The average time length of counter transactions, including cash withdrawal and remittance, was reduced by over 20%. Customer experience has been improved significantly.



### ICBC Truck in South America

ICBC Truck, a truck-mounted mobile outlet of ICBC (Argentina), officially debuted at Argentina's famous beach resort Pinamar in January 2017. This mobile facility has further optimized the service mode and improved customer experience. ICBC Truck is equipped with ATMs and staffed with customer manager. Customers can withdraw cash, transfer money or pay bills on ATMs and the customer manager provides account opening, business consulting and other services in the truck.







## Building a Global Brand

### Building ONE ICBC

Within the overall framework of "ONE ICBC", the Bank endeavors to harmonize the operating philosophies, development objectives and direction of transformation bank-wide with unified strategy, system and culture to enable "one-point access, group-wide response and global service".

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1. President Gu Shu accepts the license of Prague Branch of the Bank Issued by the Czech National Bank

2

2. The Bank and Standard Bank jointly launched the "I Go-South Africa" cross-border shopping event

As at the end of the reporting period, the Bank had 419 institutions in 45 countries and regions and indirectly covered 20 sub-Saharan African countries as a shareholder of Standard Bank Group. The Bank also established correspondent banking relationships with 1,545 overseas agencies in 143 countries and regions, making its service network covering six continents and important international finance centers around the world. The Bank has formed a global financial service network characterized by clear tiers, reasonable positioning, diverse channels and efficient operation.

Internationalization  
+  
Diversification

The Bank diversifies its business via a banking holding company mode. The Bank has adopted a dual-line diversification mode that combines internal expansion and strategic acquisitions, licensed and unlicensed operations and commercial banking and non-commercial banking businesses. As at the end of the reporting period, the Bank has made strong moves in asset management, global markets, investment banking, financial leasing, life insurance and market-based debt-for-equity swaps and continuously developed new profitability centers in the fields of capital market and emerging finance.



#### Escort a happy life

In the reporting period, ICBC-AXA rolled out the "ICBC-AXA Prosperous Life Insurance Product Plan". The plan innovatively included "double annuities", i.e. annuity in main insurance and pension annuity in additional insurance, to meet diverse customer needs including wealth enhancement, children education, asset preservation, high-quality elder care and asset inheritance. In the 12th China Insurance Innovation Awards 2017, this insurance product plan was named the "Most Innovative Insurance Product".



#### Providing excellent wealth management service to customers

ICBC Credit Suisse Asset Management stays true to the mission of "providing customers with outstanding wealth management services with sound investment management", and is dedicated always to rendering first-class investment management services and excellent return on investment of investors. As at the end of the reporting period, ICBC Credit Suisse Asset Management managed RMB1.2 trillion worth of assets of over 19 million customers. In addition, ICBC Credit Suisse Asset Management has improved its investor education website to highlight its public welfare feature, professionalism and uniqueness and provide one-stop quality education services to investors, becoming the sole fund company in Beijing's first group of internet-based investor education bases.



#### ICBC investment banking flagship

In the reporting period, ICBC International ranked first by global fundraising size among Chinese investment banks in 2017. ICBC International also completed the Deutsche Bank's EUR8 billion rights issue project and the SMCP IPO project as the sole Chinese investment bank, marking the debut of the ICBC investment banking brand in the French capital market.



#### The Best International Bond Issuer

In the reporting period, Dubai (DIFC) Branch successfully completed a three-year EUR mid-term note issue. This issue attracted the world's famous fund management companies, European central banks and other international investors, demonstrating the Bank's influence in global capital markets, in particular among European investors. In recognition of its excellence in bond issues, Dubai (DIFC) Branch was named the "Best International Bond Issuer" in Europe, Middle East and Africa by Capital Finance International (CFI).



#### "Even mountains and seas cannot distance people with common aspirations"

Thailand, as a major node in the Belt and Road and a gateway to the Southeast Asian market, is becoming increasingly attractive to Chinese and foreign enterprises. In the reporting period, a large Chinese business conglomerate's Thai arm planned to subscribe for 700 million shares issued by a Thai listed company. ICBC (Thai) investigated its share capital increase plan, took the lead in completing the internal loan investigation and approval procedures and issued a loan commitment to the Securities and Exchange Commission of Thailand. Subsequently ICBC (Thai) collaborated with domestic branches of the Bank to further extend a THB2 billion loan for share subscription. Its support and assistance in implementing that group's Thai development strategy were highly commended by the customer.



#### Building a bridge for Sino-African economic and trade cooperation

Buying into the Standard Bank Group in 2008 is the largest ever overseas investment of the Bank, and also an important milestone in the Bank's internationalization process. The "equity-based strategic cooperation" between the two banks blazed a trail in Sino-African financial cooperation. It has enabled sharing of resources and combination of strengths, erecting a bridge for economic, trade and investment cooperation between China and South Africa, or even between Asia and Africa. The past ten years witnessed many remarkable outcomes of cooperation between the two sides in project finance, trade finance, fund settlement, information technology and M&A, including innovative financial service modes, "China-Africa Direct Link", "Cross-border Remittance" and other financial products. The Bank provides a full spectrum of financial services including credit, financing, treasury management and investment banking to Chinese enterprises seeking an African presence, playing a model role in boosting global attention and investment in Africa. In the reporting period, the two banks made new breakthroughs and improvements in exchange of staff to further deepen mutual understanding, enhance complementary advantages and promote cultural integration.





## Demonstrating a Major Bank's Sense of Responsibility

With its global service network, the Bank serves local economic development, helps solve hot issues and difficulties in local economic and social development, gives due consideration to the impact on local people, environment and society and improves the local people's wellbeing.



estimated to generate **9** billion kWh per year



arranged a loan of USD **1.44** billion for the project



reduce natural gas consumption by **25%**



cut air pollutant emissions by **30%**



### Go Out, Bring In

Frankfurt Branch, as the first branch beyond Asia and the earliest European operating entity of the Bank, possesses a full-service banking license granted by the Federal Financial Services Supervisory Authority of Germany. The branch provides strong supports for the alignment of "German Industry 4.0" and "Made in China 2025" and facilitates the Belt and Road Initiative implementation in Germany, staying close to hot areas of China-Germany economic cooperation. In the reporting period, Frankfurt Branch provided comprehensive financial services for the acquisition of a local company by a business conglomerate, helping its expansion to China and global development under the "Go Out, Bring in" strategy.



### The ICBC force behind miracle

Sahiwal Coal-fired Power Plant in Pakistan is the first large-sized high-efficiency cleaner coal-fired power project brought on stream in the China-Pakistan Economic Corridor. The plant started to operate on May 22, 2017, estimated to generate 9 billion kWh a year to address the local electricity shortage and promote people's wellbeing improvement as well as social and economic development in Pakistan. The power plant far outperforms Pakistan's national emission standards in terms of dedusting, desulfurization, etc. The safety, quality and efficiency demonstrated in the plant construction have created a miracle in Pakistan's electricity development history. The Bank set up a syndicate and arranged a loan of USD1.44 billion for the project as the lead bank. In the project execution process, the Bank leveraged on its strengths in diversification and global service network to design an integrated financing structure for the project based on close collaboration among Karachi, Beijing and Shandong branches. The Bank completed the drafting, negotiation and signing of the financing agreement in a short period to provide a strong assurance for smooth project implementation.



### A pearl by the Volga River

In the reporting period, the Teninskaya Gas-fired Power Plant supported by ICBC (Moscow) started to operate commercially and connect power to the grid. It is the first large electric power cooperation project between China and Russia. The power plant is equipped with the most advanced gas-fired power generator sets that reduce natural gas consumption by 25% and cut air pollutant emissions by 30%. It is of great importance to improving the local power grid structure, developing a circular economy, fueling development of related industries and improving the living standard of local people. The local government and residents commend the power plant as a shining pearl by the Volga River.



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- 2

1. Yangon Government Bus Procurement Project Financed by Yangon Branch of the Bank  
2. Lao Highway Infrastructure Project of Vientiane Branch of the Bank



### A century-old store

Kung Wo Soya Bean Factory is a Hong Kong-based century-old store that opened in 1909, which once sold as many as 1,000 bowls of uncongealed tofu a day. In recent years, many small Hong Kong stores have been struggling to survive due to rising rent and other adverse factors. As a long-term partner of Kung Wo Soya Bean Factory, ICBC (Asia) developed a tailor-made financing solution for the store based on detailed analysis and issued a housing-backed loan to meet its working capital demand in peak season (autumn and winter). This loan helps the century-old store to grow and continue its community service.



### Financial support for local people's wellbeing

During the reporting period, Mumbai Branch lent INR800 million to a local non-banking institution, which provided financial products and services to personal customers in the suburbs and rural areas mainly in order to satisfy their financing demand for housing, agricultural machinery and transport vehicles. At the same time, Mumbai Branch granted a loan of INR300 million to another local non-banking institution aimed at helping the latter provide deposit, insurance, micro-enterprise development funding and family education improvement loan to urban low-income groups.





# 4

## *Leading in Innovation*

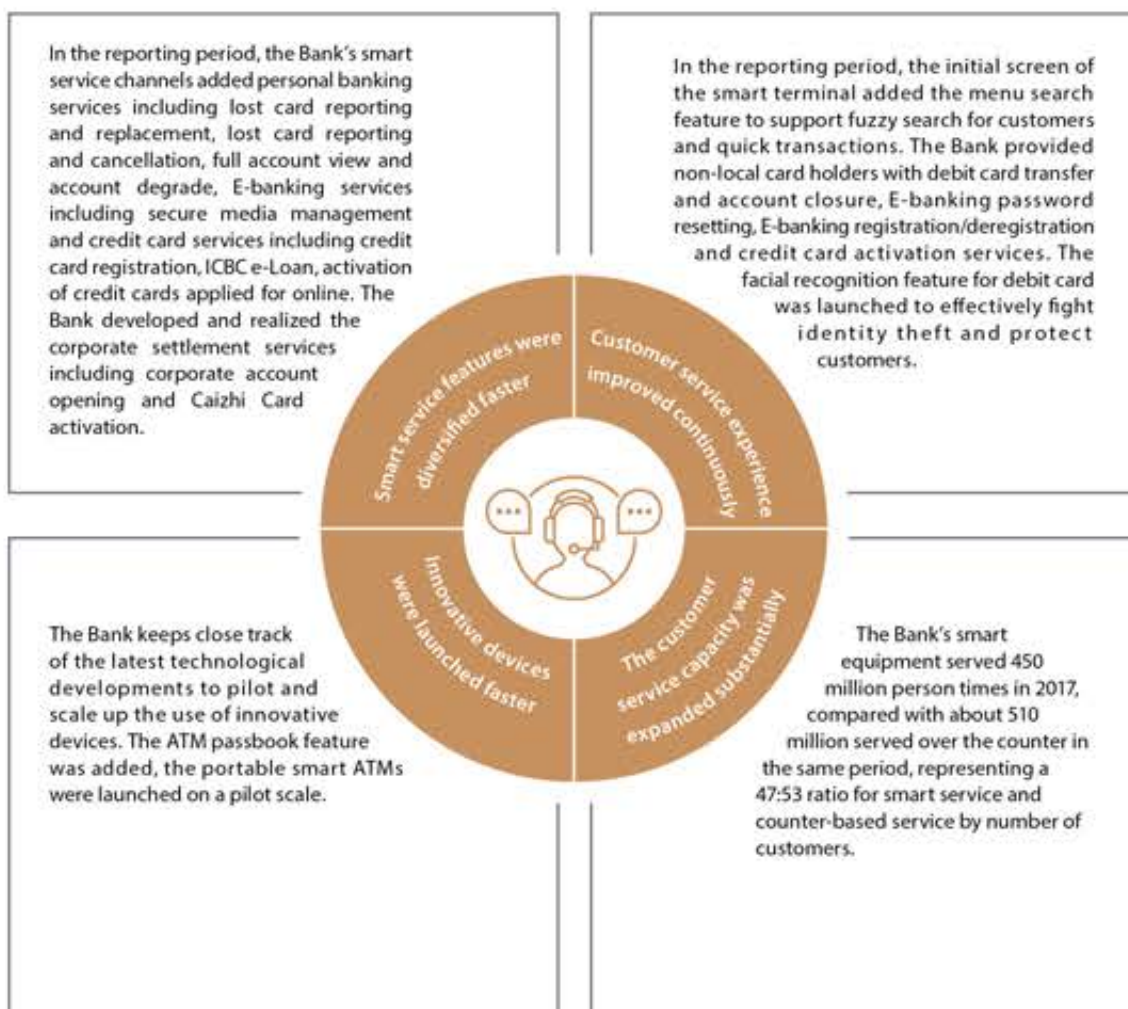
Innovation is an inexhaustible driver for trend-setting, sustainable development of a bank. The Bank has vigorously fostered innovation culture. In pursuit of all-round innovation driven by innovation in system and technology, the Bank makes continuous efforts to improve online and offline service systems, innovate products and services and strengthen innovation in management in a bid to become a leader and driver of the smart finance ecosystem.



## Promoting Smart Service

In the reporting period, the Bank moved steadily forward with smart outlet upgrades and self-banking development by further enriching the content of smart outlet service and improving the network of self-service channels. The Bank innovated internet banking, mobile banking and telephone banking products and services, accelerated the supply-side structural reform in banking services, kept building online and offline channels and enhanced both smart service capability and customer experience.

## Improving Offline Smart Services



During the reporting period, from the easternmost Dongji Sub-branch in Fuyuan County, Heilongjiang Province to the westernmost Renmin North Road Sub-branch in Shufu County, Kashgar, Xinjiang, from the northernmost Beiji Sub-branch, Mohe County, Heilongjiang Province to the southernmost Sansha Sub-branch in Yongxing Island, Hainan Province, ICBC smart equipment provided 62.78 million customers with more professional, quicker, safer and better smart financial services.





## Innovation in Online Smart Products

Since the e-ICBC3.0 Strategy was launched, the Bank has been pushing forward with building online service channels and accelerating innovation in internet banking, mobile banking and telephone banking. E-banking focused on internet business accounts for 94.86% of total business volume, becoming the primary channel for serving customers.



### E-banking



transactions value increased by **7.7%** year-on-year

### ICBC Mobile



transactions value increased by **85.7%** year-on-year

### Corporate Mobile Banking



transaction value rising by **186.2%** year-on-year

### ICBC e-Payment



active users increased by **18.9%** year-on-year

a notable trend of business migration to the mobile terminal



ICBC smart ATMs appeared on an exhibition featuring China's outstanding achievements over the past five years.



### Magical smart ATMs

During the reporting period, ICBC smart ATMs appeared on an exhibition featuring China's outstanding achievements over the past five years as the sole physical product of the financial industry, manifesting to visitors the unique charm of intelligent banking and modern financial services. This equipment, incorporating cutting-edge technologies such as artificial intelligence, biometrics and big data analysis, provides over 200 financial and daily life services, covering most counter-based common non-cash personal services.



### First ICBC Mall online auction

In the reporting period, Xinjiang Branch of the Bank chose Karamay Petroleum Branch for piloting of small-value promotional items procurement. An announcement was published and quotes of suppliers were accepted on the ICBC Mall e-commerce platform. The first "Online Auction" and the first "Electronic Reverse Auction", two online sourcing tools, were traded successfully on the ICBC Mall e-commerce platform. Nine suppliers quoted their prices. The deal announcement was immediately published on ICBC Mall, marking the Bank's first e-procurement transaction.



### Support urban infrastructure construction by innovation

Metro Line 6 project of Changsha is the longest line with the biggest investment among the planned 12 metro lines in the city. In the reporting period, ICBC Hunan Branch put forward an innovative financing plan, and simplified project initiation and report procedures for the customer while meeting financing demands and loan approval requirements to meet the project construction fund demand and guarantee the smooth progress of the project.



### Establishing Cross-border E-commerce Channels

In November 2017, the Bank's Singapore Branch was invited to the FinTech Festival jointly organized by the Monetary Authority of Singapore (MAS) and the Association of Banks in Singapore for the first time. It exhibited the Bank's new mobile banking, cross-border B2B e-commerce platform, ICBC Mall, cross-border e-payment, and ICBC e-Security, AI investment, seven innovation labs, smart outlets and other products. At the FinTech Festival, the first cross-border bilingual B2B e-commerce platform jointly established by Singapore Branch and Singapore Press Holdings Co., Ltd. in Southeast Asia effectively connected corporate customers in China, Singapore and Southeast Asia to provide them with one-stop B2B services. This platform provides a cost-effective and efficient cross-border e-commerce channel for Singapore and even the ASEAN market.





## Advancing Innovation in Products

### Building "Mega Investment Banking"

In the reporting period, the Bank coordinated investment banking development, strengthened the Group's top-level design, established a value chain-wide marketing system, and focused on key fields, key customers, key products and key institutions. The Bank fostered the investment banking culture, increased business volume, upgraded business systems and strengthened collaboration between domestic and overseas institutions.



#### Fostering the ICBC investment banking M&A brand

According to the data provided by *Thomson Reuters* for the year 2017, the Bank ranked **No.1** by number of M&A deals in both the Asia Pacific and China four years in a row,

Joined the global top **20** by value and number of M&A advisory service deals two years in a row.

#### The "mega investment banking" coordinated management platform was created

The Bank has realized total-process management of investment banking to keep track of financial asset service projects from pipeline through approval to investment.



#### The "mega investment banking" research service platform was upgraded

The Bank consolidated the Group's research findings and released them to customers through the financial advisory service module.



#### The "mega investment banking" transaction matchmaking platform was improved

The Bank provides partners and customers with the information release and transaction platform that covers businesses, projects and products.



Guiyang Rail Transit PPP Project Supported by the Bank via Investment-Loan Collaboration



#### Help restructuring to bear new fruit

In the reporting period, the Bank as a financial adviser conducted a general due diligence of China Railway Material Group Co., Ltd. (CRMG), developed its debt restructuring plan and helped CRMG reached a consensus with the creditors' committee that "debt restructuring options should be designed under the framework of preserving the full principal amount of claims" and designed the private placement bond replacement option and the asset disposal option for CRMG. On January 19, 2017, CRMG's debt restructuring plan was unanimously approved by the bank creditors' committee and private placement bond holders' meeting and a debt restructuring agreement was formally signed, marking a substantial progress in the CRMG debt restructuring project. CRMG commented on the Bank's debt restructuring plan stating that it "has given full consideration to the balance of interests between enterprise and bank and achieved a win-win result among stakeholders" and that the project "demonstrates the most efficient debt restructuring of central enterprises". On December 29, 2017, CRMG repaid the principal plus interest on the privately placed debt financing instrument when due, marking the debt servicing plan for 2017 was fulfilled to schedule.



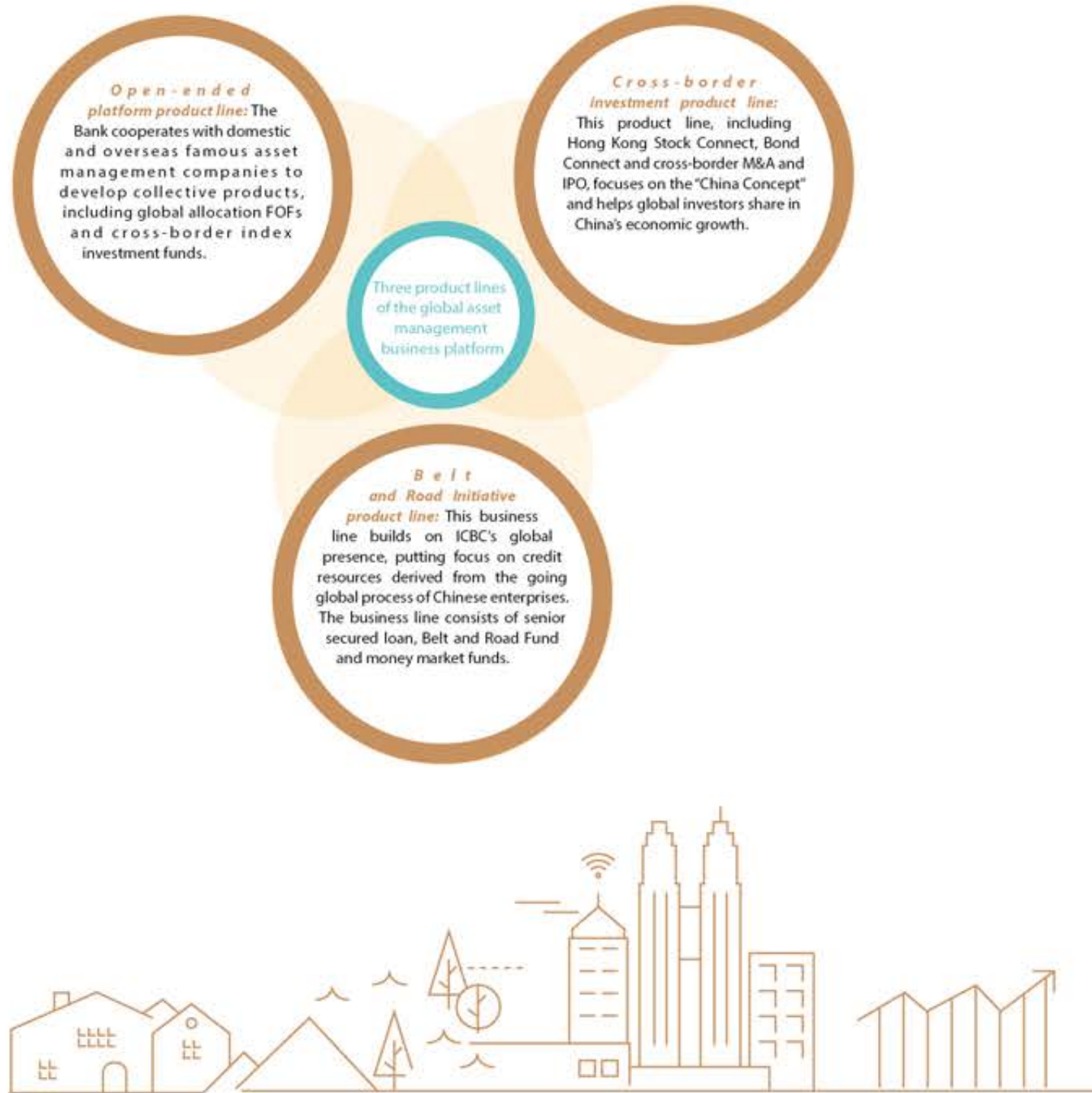
#### City of Eagle Development Industry Upgrade Guidance Fund

To advance industry restructuring, the government of Pingdingshan City established an RMB5 billion industry upgrade guidance fund, the largest industry guidance fund led by the local government. Pingdingshan Branch of the Bank obtained the sole eligibility for its establishment after active marketing. The initial RMB240 million was put in place, accompanied by RMB460 million of government fund and non-government funds. It was the first combination fund approved by Pingdingshan Branch under the project mode, playing a significant model role in the local market.



## Exploring "Mega Asset Management"

In the reporting period, the Bank upheld the investment philosophy of integrity, value, professionalism and innovation, made solid progress in transformation of the business model of asset management, deepened intra-group collaboration and effectively carried out such work as net-worth transformation of products, R&A capacity building, compliance and sales, risk management and operation support. ICBC Asset Management (Global) was established to unleash the advantages in group operation, deepen inter-disciplinary collaboration and intra-group cooperation and ultimately create secure, stable and sustainable return on wealth management funds of customers.



## Improving "Mega Retail"

In the reporting period, the Bank seized laws in retail banking in the new era, made active explorations in FinTech-based smart retail transformation and pushed for steady operation and sustainable development in retail banking focused on products, processes, channels, risk controls and accounts.



### First online scenarios-based digital bank - ICBC Xiaobai

In the reporting period, the Bank and JD Finance jointly launched the "ICBC Xiao Bai" digital bank, the first Chinese bank that embedded financial services into the Internet scenarios. State-of-the-art technologies such as big data and AI have been leveraged to build, beyond traditional banking forms, a new retail finance scenario that allows users to utilize fragmented daily time to meet primary financial demand. This new form of banking service provides customers with new experience of smart retail finance featuring "Follow Your Heart and Your Hand", "Touch and Go" and "Safe and Effective".



### AI-assisted investment consulting platform

In the reporting period, the Bank integrated the artificial intelligence (AI) technology into the personal mobile banking channel to launch the innovative personal intelligent investment consulting platform. Targeted at domestic mutual fund investments, this platform conducts intelligent analysis of customers' risk tolerance using the customer profiling and other techniques, provides a package of fund allocation options according to the investment period and risk tolerance level confirmed by customers and supports one-click purchase, one-click position transfer, additional investment or redemption.

### Integrated debit/credit card

To advance the building of a collaborative marketing mechanism for mega retail, promote coordinated development of credit cards and debit cards and enhance the Bank's overall service level for retail customers, the Bank successfully issued the integrated debit/credit card on December 29, 2017, initially via Beijing Branch and Shenzhen Branch on a pilot scale. The integrated debit/credit card of the Bank combines both debit and credit features, including cash withdrawal, transfer, settlement, investment, wealth management, overdraft and installments. The product represents an efficient integration of the Bank's personal banking products in the mega retail business line, and maximize the utilization of customers' funds.



## Enhancing Full-dimensional Corporate Banking

In the reporting period, the Bank pushed for total market layout, total financing service, total product, total channel management, total team building and strong collaborative marketing and continuously improved the capabilities of corporate banking services and corporate banking management with the ultimate aim of addressing the demand of corporate customers.



### Building a new industrial-financial ecosystem

In the reporting period, the Bank launched "ICBC Hub" that serves core customers primarily and upstream and downstream micro and small businesses secondarily. The product provides enterprises with supply chain-wide online one-stop services inclusive of all products through a combination of "industry e-commerce + internet finance + big data", thereby creating a new industrial-financial ecosystem and opening up a new financial service model for commercial banking in the internet era.

## Deploying Full-dimensional Institutional Banking

In the reporting period, the Bank strengthened innovation in marketing services externally to effectively fortify the institutional customer base. Internally, the Bank refined operation management and continuously enhanced the sustainability of institutional banking.

### In the people's wellbeing field



the Bank actively supported the Ministry of Finance's treasury centralized e-payment reform and non-tax revenue e-collection reform. The Bank expanded the mobile information service for social security.



The Bank actively promoted financial bond underwriting business, and guaranteed the No. 1 position in the banking market by the financial bonds it underwrote.

### In the interbank field



the Bank successfully put the "Interbank Business Integrated Management Platform" online.



The Bank was in the first place in the banking industry in terms of the fiscal revenue and expenditure agency, cross-province traffic fine payments and local debt investments.

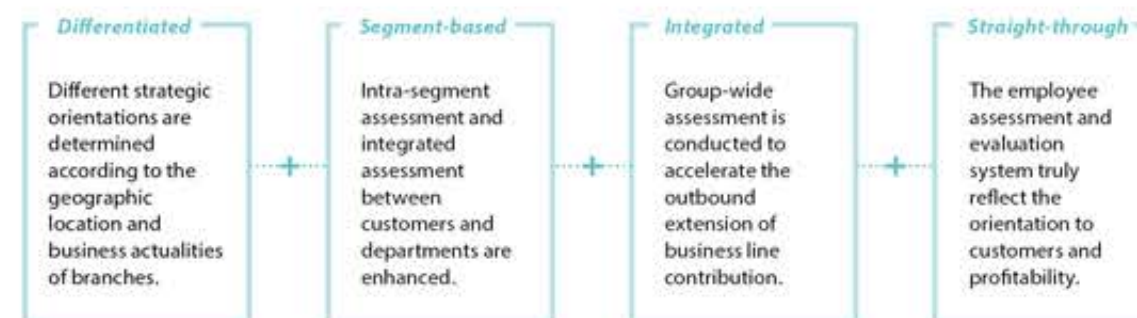
## Strengthening Innovation in Management

### Improving the Differentiated Institution Management Mechanism

In the reporting period, the Bank made continuous improvements in the differentiated institution management model. While adhering to "ONE ICBC" integrated management, the Bank further streamlined the management functions at all levels and created a framework for differentiated management of traditional and emerging businesses. Category-specific endeavors were made according to regional economy size, public finance capacity, per-capita income, industry developments, institutional team capability, quality/profitability, potential for growth and innovative development, thereby improving overall efficiency, strengthening direct operation functions of the Head Office and enhancing the service marketing level and competitiveness.

### Optimizing the Assessment and Evaluation Mechanism

In the reporting period, the Bank improved the assessment system in line with the times, local conditions and prevailing trends to highlight the differentiated, segment-based, integrated and straight-through orientation. The Bank improved the differentiated assessment methods under the unified principle, and promoted resource allocation, pushed all institutions to play the comparative advantages and enhance regional competitiveness, and strengthened the implementation of strategies.



### Advancing Reform in Key City Branches

In the reporting period, the Bank moved faster forward with boosting the competitiveness and profitability of 80 key city branches by supporting their discretionary innovations and reforms, in a bid to develop them into ICBC's major battlefields featuring "great business contribution, large business share, good asset quality, good reputation and strong innovation".

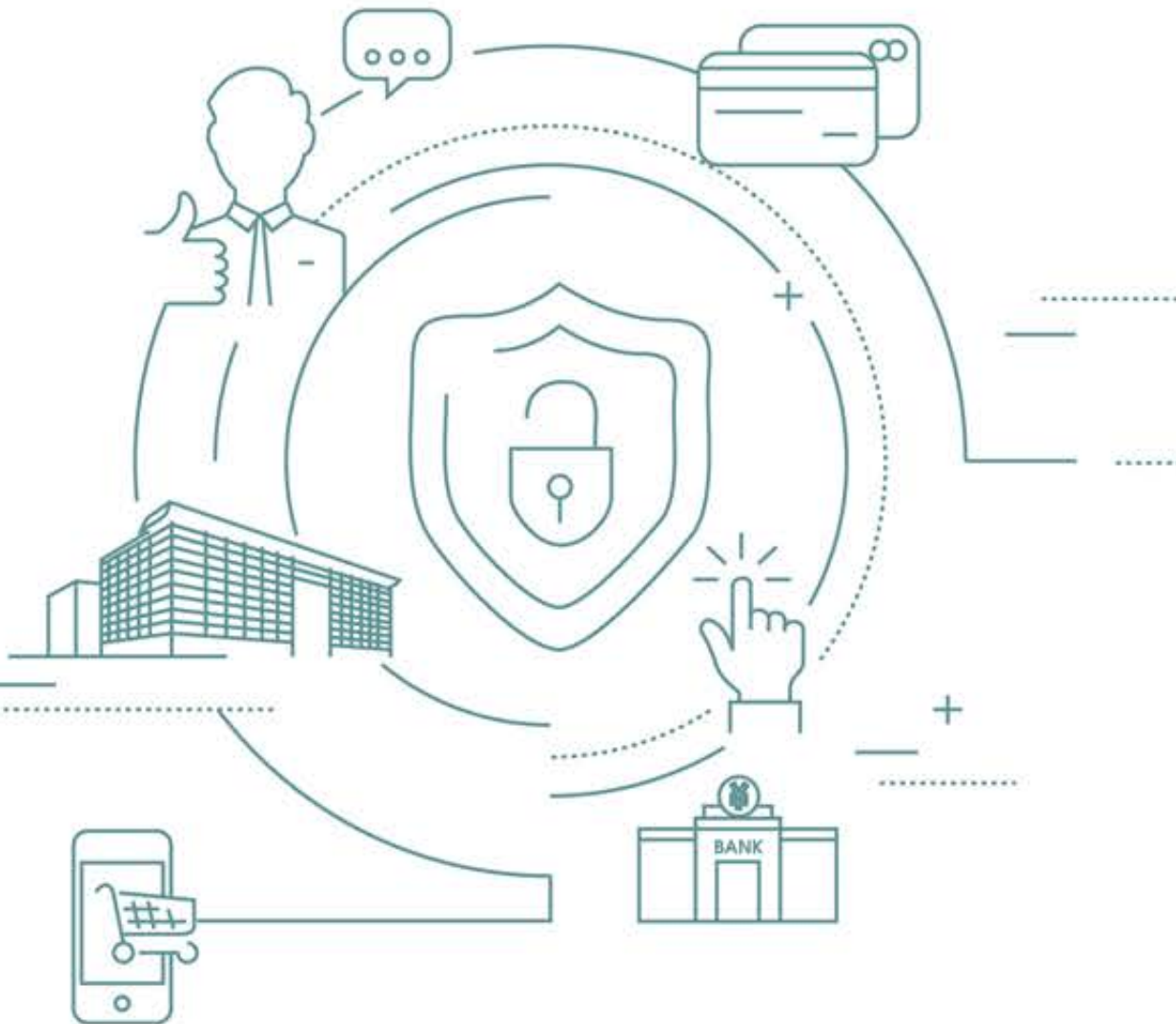




# 5

## *Security and Prudence*

Safety and soundness underlie the sustainable prosperity of banks. The Bank upholds the corporate culture that "Integrity Leads to Prosperity", responds actively to the latest changes in financial supervision and market conditions, attaches great importance to defending the bottom line of risks and fortifying the lines of defense for compliance and pursues safe operation and sound development based on well-established policies and risk control and prevention in a bid to create value for customers and the larger society.





# Strengthening Compliance

## Solidifying Internal Management

In the reporting period, the Bank formulated policies and procedures, strengthened staff training, took proactive steps to prevent and control risk, improved internal audit, actively performed the AML responsibility of commercial banks and further fortified the foundation of internal control management, manifesting its image as an honest major bank.



### Policies and procedures

The Bank issued the Provisions on Compliance Management of Overseas Institutions, further strengthened the three lines of defense for compliance risk of overseas institutions and refined and issued the seven working mechanisms for overseas compliance management. The Compliance Management Handbook for Senior Managers of Overseas Institutions was published. The Administrative Measures for Compliance Managers and the Work Manual for Compliance Managers of Outlets were issued.



### Compliance culture

The Bank launched a themed activity of 2017 "Implementation Enhancement Year" of Internal Control and Compliance. The Bank enhanced pre-event and real-time risk control and prevention in compliance examination. A compliance examination team composed of 675 professionals was established at the tier-one branch level or branches directly controlled by the Head Office. The Bank continued to deepen the application of the compliance examination system and established early intervention of examination as a routine.



### Internal audit

The Bank carried out risk-oriented audit activities around its strategy and central tasks, pushed for functional optimization and professional innovation in internal audit in a proactive manner, improved the audit methods and techniques, advanced IT-assisted audit, stepped up vocational education and project training and made continuous improvements in the audit service capability and professionalism.



### Integrity culture

To play the leading role of culture, the Bank solicited integrity-themed micro-videos and posters and exhibited good works. The Bank made solid progress in discipline education to further enhance all employees' capabilities of discernment, self-control and comprehension. In addition, the "Strict, Precise and Accurate" manager accountability was implemented to ensure the accountability of an individual will mount to a warning for a group of people.



1. In January 2017, Mr. Qian Wenhui, former Chairman of the Board of Supervisors, attended and addressed the Service Culture Press Conference of the Bank
2. AML Awareness Campaign of Jiangxi Branch

In the reporting period, the Bank cumulatively conducted 2,258 AML training sessions attended by over 220,000 person times.

The Bank also organized 15,607 integrity and compliance training sessions attending by 740,320 person times.





## Improving the Consumer Protection System

In the reporting period, the Bank implemented consumer protection laws, regulations and supervisory requirements with due care, upheld consumer protection as the core philosophy and code of conduct in operation and development and integrated consumer protection organically into all links of operation management in an effort to safeguard the fund safety and income of customers and harmonize economic benefits and social value.



Consumer Protection Workstation of Jiangsu Sujian Branch

### Improved consumer protection system

The Bank further improved the working mechanism for consumer protection, disclosed the service fee standards and service items promptly, fully and comprehensively to protect consumers' right to know, further brought discipline to service charges and monitored external inspection of service charges quarterly to avoid impairing the legitimate rights and interests of consumers.

### Refined compliant management

Upholding the management tenet of "Focusing on Customers", the Bank deemed the strengthening of customer complaints management to be an important way of improving customer services and protecting consumers, attached more importance to customer comments and feedbacks, and continuously optimized customer experience in light of their appeals.

Ongoing improvements were made in the system of and long-term mechanism for customer complaint management to boost the meticulous and IT-assisted level of complaint management.

Continuously smoothed. The complaint intake channels were continuously smoothed to streamline the complaint handling process and properly address customer claims in a timely manner.

Great attention was paid to the comments of customers and strong efforts were made to eliminate root causes for problems revealed by complaints, so as to provide higher-quality financial products and services to customers more efficiently.

### Deeper publicity and training

The Bank carried out financial knowledge education of consumers by a combination of routine and centralized publicity and training events. The Bank was granted the Award for Excellent Performance in the "Popularizing Financial Knowledge" by CBRC and awarded the 2017 Best Effect Award for "Popularizing Financial Knowledge" Series in Chinese Banking Industry by the China Banking Association.



The Bank organized the online consumer protection knowledge contest attended by 204,300 person times, incorporating consumer protection as a crucial component in corporate culture. The video training on customer complaint management was held to enhance outlets' ability to manage and handle complaints.



The Bank compiled and released well-targeted publicity materials via corporate Weibo, WeChat public account and outlet WIFI and organized a number of publicity events, including "National Financial Education Campaign", "Financial Literacy popularizing Month", "Popularizing Financial Knowledge", "3-15 Theme Education", "Campus Financial Education Campaign" and "Preventing Illegal Fundraising".



### A heart-warming mistake

Mr. Fang Hanqi, First Grade Professor Emeritus at Renmin University of China, is a giant in China's journalism history academia. After winning the Wu Yuzhang Humanities and Social Sciences Lifetime Achievement Award, Mr. Fang decided to donate all the award money of RMB1 million (before tax) to establish a charity fund. Mr. Fang, accompanied by fund staff, visited the Renmin University Sub-branch of ICBC to remit money on December 25, 2017. The sub-branch personnel noticed that the old-aged Mr. Fang had the number-taking, queuing and other steps done via his companion. To protect the old man from any possible fraud, bank staff carefully asked Mr. Fang about the purpose

of fund transfer, identity of payee and whereabouts of his children and made patient explanations. Then the companion took out the news report on Mr. Fang's donation to eliminate the bank staff's doubts. Though mistaken as a "swindler", the companion appreciated the work attitude and sense of risk of ICBC personnel and was satisfied with the service process. This event received wide media attention and coverage and won high raise from the public.



As elderly customers usually gather at outlets on the social security payment day, Zhejiang Branch of ICBC innovatively held the "Social Security Day Micro Salon" event to disseminate financial security knowledge.



## Improving Asset Quality

The Bank took tough steps to improve the quality of credit assets by eliminating both symptoms and root causes and accelerated the creation of a new credit management mechanism fit for the new normal. The capability of proactive credit management and the ability to dispose of non-performing assets were further strengthened to pursue quantitative and qualitative improvements in asset quality.



## Upgrading the industry structure

The Bank continuously adjusted or improved industry credit policies, enhanced the industry structure planning and focused on key regions and high-quality customers in line with the macro-economic policy, industry policy orientation and industry characteristics. While supporting industry leaders and transformation and upgrade needs, the Bank continuously drove optimal adjustments to the industry credit structure, further highlighted the strategic function of the industry credit policy and improved the guiding role, practicality and operability of the industry credit policy.

In the reporting period, the Bank's loans to transportation, storage and postal services increased by **13.2%**, mainly for the ten horizontal and vertical comprehensive transport routes that were on the government's transport plan and other key projects of the government.

loans to the leasing and commercial service industry increased by **23.6%**, mainly for investment and asset management services;

loans to water, environment and public utility management industries increased by **26.7%**. Loans to electricity, heat, gas and water production and supply industries increased by **9.7%**, mainly to support the financing needs of urban infrastructure and public utilities construction.

## Cutting loans to industries with excess capacities

The Bank kept abreast of the latest national policy changes, continuously improved working mechanisms through industry credit policies, displacement management of key industries and other measures, strengthened financing management of customers with excess industrial capacities and fully played the role of finance in resource allocation. The Bank saw through short-term pickups in industries with overcapacities including steel, coal, electricity and cement, optimized the housing finance product system, controlled over-concentration of new financing in real estate, strictly controlled the total size of financing and refined its structure to effectively prevent risks in excess industrial capacities and cement the existing achievements in elimination of excess capacities. At the end of the reporting period, the Bank's loans to industries with excess capacities accounted for 1.80% of total outstanding loans, down 0.14 percentage point year-on-year.



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Take tough steps to reduce financing for energy-intensive, heavy-polluting and overcapacity industries

Henan Branch actively strengthened information communication to keep updated on environmental compliance of its customers and effectively prevent risks in heavy-polluting industries, energy-intensive industries and industries with serious overcapacities. In recent years, the Bank has directly locked 26 borrowers that discharged heavy metal pollutants in the credit management system to stop any new financing and recover outstanding financing when due. As at the end of the reporting period, these customers had no outstanding balance of loans at Henan Branch.

At the end of the reporting period

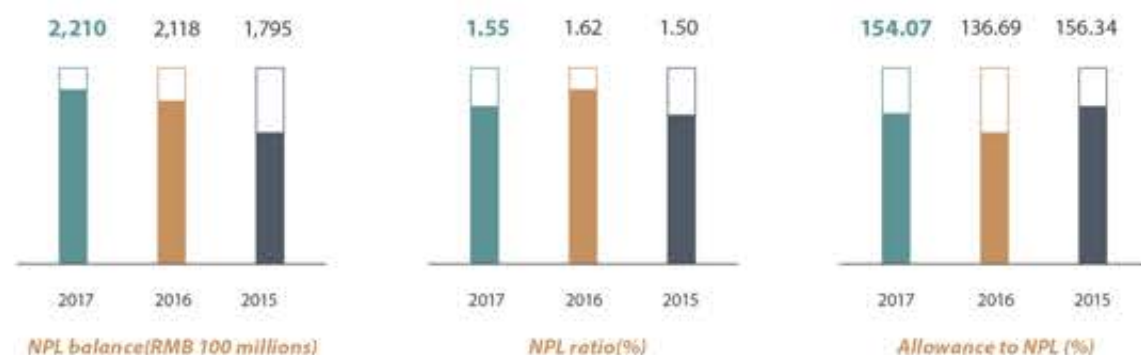


The Bank recorded a decline of RMB **37.82** billion. The balance of financing to "Key" and "Moderate Entry" customers increased by RMB **27.83** billion from the beginning of the year, while the balance of financing to "Prudent" and "Exit" customers fell by RMB **40.24** billion and RMB **25.41** billion respectively from the beginning of the year.



## Quantitative Asset Quality Indicators

In the reporting period, the Bank maintained the momentum of asset quality improvements and saw continuous improvements in key indicators.



New NPLs dropped by RMB **23,100** million year-on-year.

At the end of the reporting period, NPL ratio fell by **0.07** percentage point year-on-year.



The Bank strengthened debt recovery and disposal by combining conventional and innovative methods via cash collection, restructuring and upgrading. The Bank carried out market-based batch transfer and disposal of NPAs to effect real and full transfer of assets and risks.



As at the end of the reporting period, allowance to NPL was **154.07%**,

up **17.38** percentage points year-on-year.

## Strengthening Risk Management

In the reporting period, the Bank defended the risk and security bottom lines, established the "Outlook on Overall State Security", "Outlook on Steady Development" and "Correct Outlook on Risk", implemented its responsibility for risk prevention and control, aligned the risk management policy with the times and situation, enhanced professional skills and better fulfilled its responsibility as a major bank.

### Fulfilling the Responsibility for Risk Control and Prevention

The Bank formulated the Group's Comprehensive Risk Management and the Administrative Measures for Risk Appetite according to the international cutting-edge theories and practices, China's latest regulatory requirements and practical experience. The Risk Management Plan for 2018-2020 was formulated to specify the objectives and tasks for future risk management. The Bank strengthened crisis management, completed annual updates of the recovery and resolution plan and improved the stress testing methods. The Bank made persistent efforts to perform the responsibility for risk prevention and control and improved the comprehensive risk management system.

### Strengthening Credit Risk Management

The Bank continuously strengthened new loan access monitoring and outstanding loan risk screening and improved the credit asset quality management of all processes, products and institutions. The foundation of credit management was continuously fortified to advance the smart system platform building. Timely adjustments were made to the industry credit policy to coordinate the reallocation of existing credit and allocation of new resources and further enhance the efficiency of serving the real economy. The Bank also enriched the credit product system, built an enterprise-level database and strengthened innovation in credit products and technologies.

### Emphasizing Operational Risk Control and Prevention

The Bank strengthened control over operational risk appetite and limit indicators, formulated and issued the Operational Risk Limit Management Plan and stepped up efforts on loss reduction. The Bank enhanced the deliberative platform role of the Operational Risk Management Committee, optimized the system of key operational risk indicators, completed the Revision 2.0 indicators, organized Head Office departments, 11 overseas and controlled institutions and all domestic tier-two branches and higher-tier institutions to conduct operational risk and control self-assessment in line with swindle risk screening, boosted the efficiency of management tools and continuously improved operational risk management.

### Enhancing the Guard against Market Risk

The Bank strengthened the Group's market risk limit management, issued the annual plan for market risk limits, included 46 overseas institutions in the trading book limit management and improved the limit determination methods for new products and businesses. The Bank properly carried out market risk monitoring and reporting, improved the Group's market risk management system to pursue the extension and application of the global market risk management system and enhanced the application capability of overseas institutions.

### Preventing cross-contagion of risks

The Bank has incorporated crossover risk in the comprehensive risk management system, researched market-wide conditions, bank-wide businesses and crossover risk, analyzed the path of risk contagion, created the market information database and made trials on market-level crossover risk monitoring and analysis. The standardized investment risk monitoring and warning platform was created and connected to seven internal and external systems. The platform enabled "Bond + Stock + Loan + Leasing + Agency + Notes" data connectivity across markets, businesses and institutions.





# 6

## People-oriented

People-oriented is the fundamental principle of our operation and development. In the reporting period, the Bank upheld the leading role of the Party Committee, earnestly safeguarded the employees' legal rights and interests, cared for their growth, and created a harmonious "home" where all employees and leaders of the Bank pulled together their wisdom and efforts to promote common development. In the meantime, the Bank actively supported charity work, encouraged the employees to participate in volunteer activities, and gave back to the society and fulfilled its responsibility as a major bank in multiple ways, such as helping the poor, the elderly and the handicapped, providing financial support for education, and providing community services.



# Safeguarding Employees' Legal Rights and Interests

## Regulating Labor Employment

In the reporting period, the Bank carefully implemented the Labor Contract Law and relevant national laws and regulations, continuously established and improved various labor systems, discussed and signed labor contracts according to law, and specified the Bank's and the employees' rights and obligations in written form, providing the legal basis for protecting the employees' rights and interests. The Bank earnestly implemented the

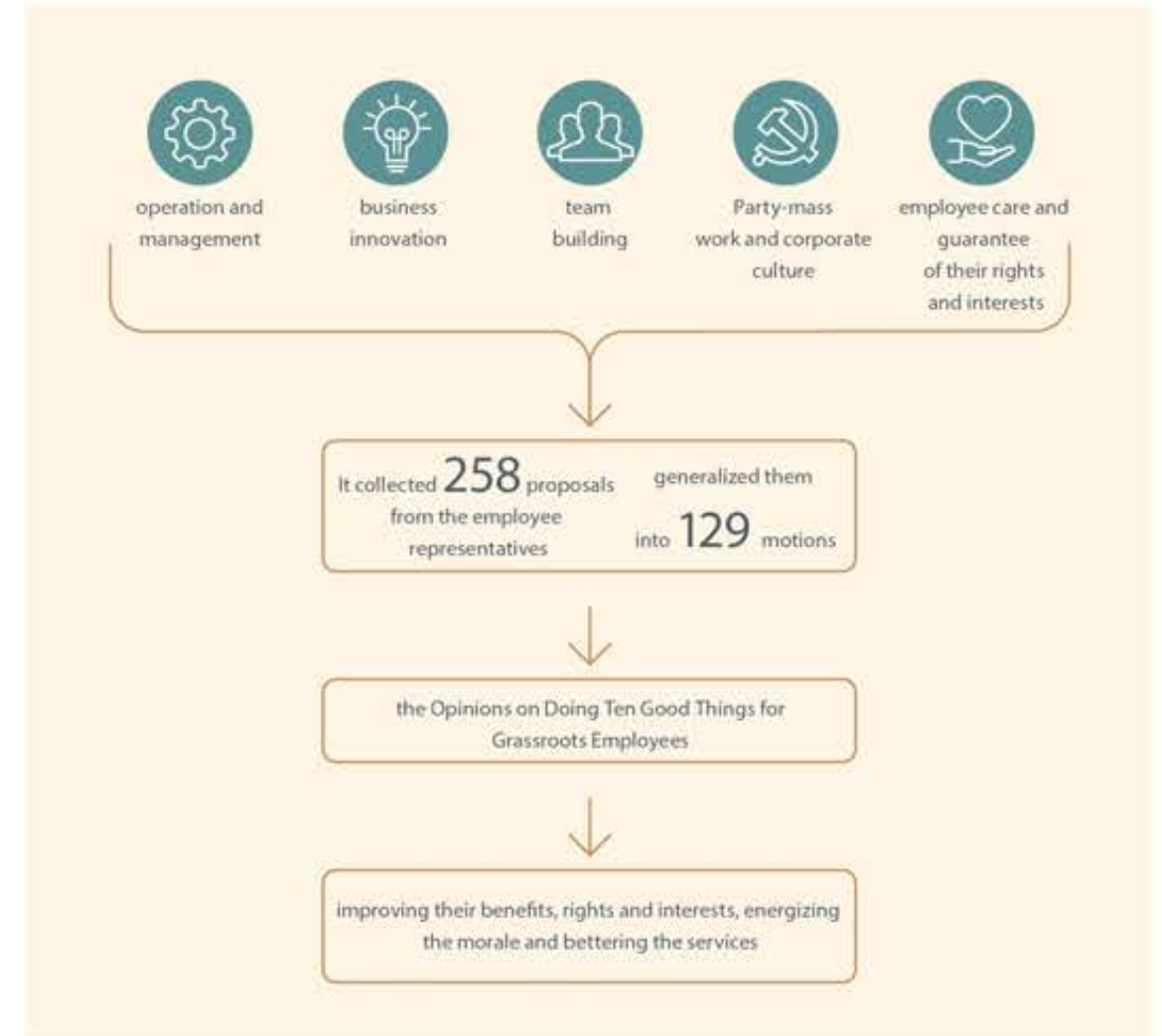
national policies on remuneration and benefits, and improved the "paid leave" system to guarantee the employees' right to take a vacation. The Bank paid various social insurances and the housing fund for employees in time and in full, and established the supplementary insurance system including enterprise annuity and supplementary medical insurance, and gradually created a multi-layered old-age and health care system.

## Promoting Democratic Management

In the reporting period, the Bank held the first session of its first employee representative's congress, in a bid to foster the democratic management with employee representative's congress as the basic form. The session focused on five aspects, namely operation and management, business innovation, team building, Party-mass work and corporate culture, and employee care and guarantee of their rights and interests. It collected 258 proposals from the employee

representatives and generalized them into 129 motions, based on which the Bank printed the Opinions on Doing Ten Good Things for Grassroots Employees, with a view to improving their benefits, rights and interests, energizing the morale and bettering the services.

1 From April 12 to 14, 2017, ICBC held the first employee representative's congress in Beijing.

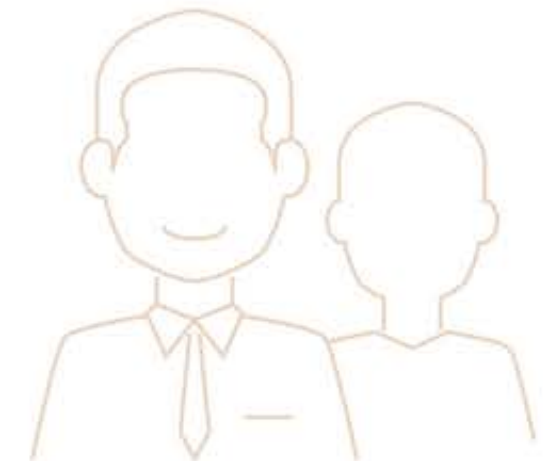


## Practicing Open Governance

In the reporting period, the Bank further practiced open governance, and made public its operational decisions, development objectives and operating performance, as well as matters concerning the employees' immediate interests such as their income distribution, benefits, and competition for positions.

### Promoting development through joint efforts

In the reporting period, the Chongqing Branch organized the eighth program of "employees making reasonable suggestions" themed "gathering employees' wisdom, realizing ICBC's dream". It further enhanced the democratic management system, guaranteed the employees' legal rights and interests, consolidated their sense of ownership, and contributed to the Bank's development both in spirit and capability.





## Perfecting the Guarantee Mechanism

In the reporting period, the Bank kept improving the guarantee mechanism for domestic female employees' rights and interests, and built nursing rooms according to local conditions so that pregnant or nursing female employees could have a suitable environment. It led them to make important contributions to the Bank's scientific and harmonious development, trying to create a homey atmosphere for female employees regarding thought, work and life.

In the reporting period, the Bank organized medical examination and distributed longevity fund for retirees. Based on the retirees' centers and ICBC-sponsored colleges for the aged, the Bank organized a range of recreational activities, including croquet, dancing, fitness programs, chorus, painting and calligraphy, photography, and billiards.



1

1.ICBC Beijing Branch holds the performance for the retirees where they tell their love and family stories

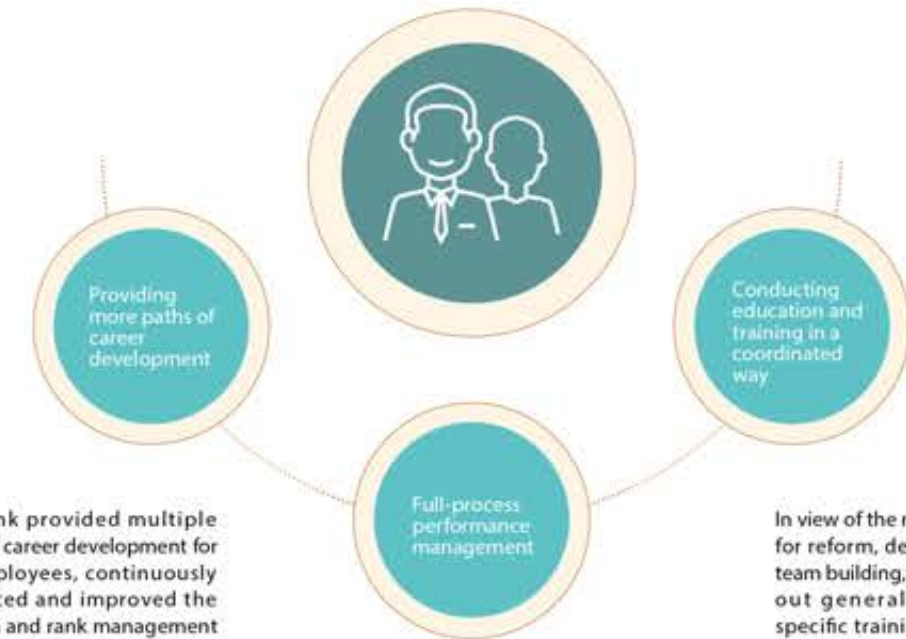
2.Female employees at ICBC Xiamen Branch are practicing flower arrangement on Women's Day



## Caring for the Employees' Growth

### Supporting Career Development

In the reporting period, the Bank set up many stages and created various conditions for the employees' growth. It established scientific mechanisms for their growth, provided diverse paths for career development, enhanced performance management and set great store by training, and promoted cultural exchange and integration, in the endeavor to achieve employee progress and corporate development at the same time.



The Bank provided multiple paths of career development for the employees, continuously reinforced and improved the position and rank management system, and established a career development model that covers multiple positions and types and features "vertical promotion and lateral exchangeability". The Bank perfected the professional qualification system management, clarified the standards for employees' career development and the requirement on their capability, and carried out targeted career design and capability cultivation according to different positions, teams, capabilities and ages, guiding the employees to proactively improve their position skills.

The Bank implemented full-process performance management, and actively advocated the committed performance culture featuring high level of employee participation. By continuously improving the procedures and methods at the four links of performance plan, performance assessment and performance application, the Bank set up the performance objective breakdown and determination mechanism oriented by objective management and the performance assessment mechanism that gave equal importance to employee performance and behavior, realizing the good interaction between improving the employee's capability and the Bank's performance.

In view of the new requirement for reform, development and team building, the Bank carried out general training and specific training, both online and offline, at home and abroad, and worked hard to build the "ICBC University", putting all employees onto the track of orderly cultivation and continuous improvement. The Bank completed 49,000 training sessions of various kinds in the reporting period, totaling 5.67 million person times, ensuring the steady personnel supply and intelligent support for meeting the operating objectives.

The Bank completed **49,000** training sessions of various kinds

totaling **5.67** million person times



 **Fostering "evergreen" professionals**

Middle-aged employees make an important part of the Bank's staff. They are valuable assets of the Bank who have made positive contributions and feature mature character, rich experience, strong sense of responsibility and high level of loyalty, and they play several roles and bear layers of pressure in the society, the company and the family. The Guizhou Branch worked out the "evergreen" training program, which was aimed to boost the career development of the middle-aged employees, consolidate their sense of belonging, and set examples in that age group. This program yielded great results.

 **Keeping a young spirit, remembering why we started**

To give full play to the young employees as the backbone force and help excellent youths to grow more quickly, the Bank has improved the management of them, attached great importance to their education, perfected the cultivation mechanism, set up the exchange platform, bettered the remuneration and benefit policy, and accelerated the establishment of the growth mechanism. With these efforts, the Bank stimulated the young employees and inspired them to ceaselessly create values and exert themselves during the Bank's transformation. During the reporting period, the Bank released the youth development index at the May Fourth youth-themed cultural activity, which covered the personal life, remuneration, career development and developing environment of the young employees. The Bank received 143,836 questionnaires during the activity and compiled the 2017 Youth Development Index Report, providing accurate and detailed data about the young employees' ideas and thoughts in the new stage of the Bank's development.

**Increasing Employee Incentives**

The Bank believes in incentivizing the employees with honors and gives reasonable and suitable rewards to honor-winning employees. It integrates the honors with incentives such as bonus, training, vacation and promotion, and strives to achieve the optimal results.

 **Advocating craftsmanship**

During the reporting period, the Bank launched the campaign of finding "Banking Masters", actively spread the stories of "masters" working on different business lines, and strongly advocated the "craftsmanship" that features the pursuit for exceptional professional skills, rigor and concentration in work, detail-oriented working style, and high sense of professional identity and responsibility. The campaign inspired the employees across the Bank to be dedicated to work and voluntarily improve themselves in the endeavor to push the Bank's reform and development. A hundred "masters" were eventually selected through the four-month campaign.

 **Model worker's studio**

The Sichuan Branch has opened three model worker's studios, namely Yu Qin's studio at Leshan Branch, Zheng Mingfang's studio at Nanchong Branch and He Hui's studio at Dazhou Branch. The studios have taken obvious effects in terms of improving internal management, making greater publicity and enlarging social influence. Meanwhile, the brand effect of the model workers has increased in the industry, and a large number of excellent youths and leading employees have been tempered by the "model worker team", with their dedication, learning ability and working competence notably improved.

 **Honorable global employees**

Committed to global operation, the Bank takes its employees around the world as the most valuable strategic resource and strives to become a "bank the employees are satisfied with" and achieve their common development. In the reporting period, the Bank has selected 35 honorable global employees through strict and equitable review and assessment, including recommendation by overseas institutions, online voting and evaluation by the Evaluating Committee at the Head Office. The Bank commended them for providing suggestions for its operation and development, making use of their familiarity with the local society and culture to promote the integration of the Group and the local community, and making joint efforts to the Group's internationalization.



 **143,836**  
questionnaires



1. ICBC Suzhou Branch is organizing reading activities among the employees
2. The Honorary Global Employee Awards Ceremony
3. Selection of "Banking Masters"





## Deepening Employees' Recognition of the Bank

The Bank makes a point of creating a quality working environment for the employees, pays close attention to their physical and mental health, gives special care to female employees, and organizes a variety of cultural and sports activities and outdoor trainings. It has set up a variety of mutual help mechanisms and mechanisms to help the special groups, so that those really in need can receive help, better realize their social values and have a more meaningful life.

### Caring for employees, building our common home

Considering the employees' actual conditions, the Ningxia Branch carried out the "home building" program and continuously improved the auxiliary facilities. It effectively solved the prominent inconveniences in the employees' daily life, especially those working on the frontline, satisfied their daily, cultural and mental needs to the largest extent, and fostered a home culture of "co-construction and sharing".



1  
2

1. The Data Center (Shanghai) organizes the Family Day event for employees
2. Shandong Branch organizes the 9th employees' basketball match



## Promoting Cultural Integration

Upholding the concept of equity, openness, respect and integration, the Bank makes active efforts to create an environment where every employee can fully employ his/her talent and develop on an equal platform. The Bank encourages the exchange among employees of different nationalities, establishes the mechanism for excellent local employees in overseas institutions to work in domestic ones, and organizes the selection of "honorable global employees" and cultural exchange events, in a bid to keep deepening the cultural integration. At the end of the reporting period, there were in total 15,012 people working in our overseas institutions, including 241 senior managers, 92.3% and 19.1% of whom were locals respectively.

During the reporting period, the Bank launched an activity of the cultural promotion month of "ONE ICBC, ONE FAMILY" among overseas institutions, and rolled out the event of "Cultural ICBC-China Bookshelf" worldwide to promote the "Going Global" of Chinese culture and ICBC culture and assist the internationalization strategy through cultural integration.

3  
4

3. ICBC (Asia) launches the "Cultural ICBC-China Bookshelf" event
4. Honorable global employees





The organization in the US treats all employees equally and over 85% of its employees are locals. The New York Branch creates a safe working environment, and formulates and effectively executes the internal management rules to guarantee the employees' rights to paid leave and other benefits.



Featuring diverse cultures, the ICBC institution in UAE provides a language-learning platform for the employees by offering English class, Chinese class and Arabian class. It also pays close attention to the benefits and care for employees of different nationalities, and works hard to promote cultural exchange.

ICBC Standard Bank fully respects the local culture while highlighting ICBC's own characteristics. It organized a string of cultural exchange activities such as the Ping Pong contest, photography contest and Spring Festival lion dance, with a view to deepening the employees' communication, promoting teamwork, and strengthening every employee's sense of responsibility and honor as a member of ICBC.

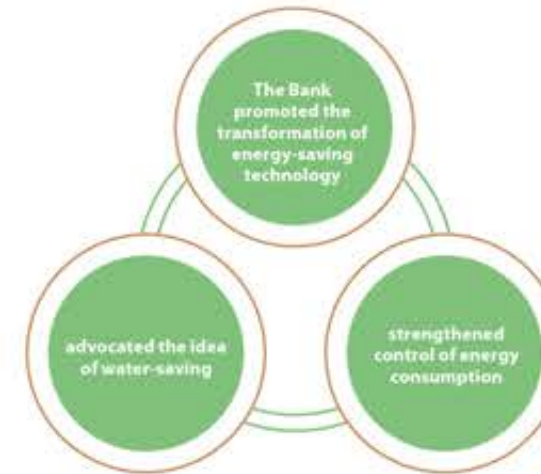


## Practicing Green Operation

### Advocating Green Office

The Bank advocates green office and tries to raise the working and management efficiency through IT means. It improved the functions of the office system, continued to promote paperless office work, reformed the car use system, and established a diversified official car use system focused on self-owned cars and complemented by the commercial car service such as online car hailing. In the reporting period, the Head Office used 8.73 million pieces of paper accumulatively, and its annual car fuel consumption was 86,109 liters, down by 423 liters or 0.49% year-on-year.

### Creating innovative energy conservation and emission reduction model:



#### Paperless counter work

In the reporting period, the Bank actively pushed the reform for paperless counter work, and fully optimized the printing of paper certificates, uploading of photo and handover of paper in personal banking business. Customers no longer need to save and hand over the paper receipts, which reduced paper consumption.

#### Advocated the idea of water-saving

In the reporting period, the Bank optimized the water supply volume of stop-valve control of main water pipes, established the residual water recovery and cleaning water recycling mechanism, and enabled the recycle of direct drinking water-filtered water after being delivered to air-condition cooling tower.

### Promoting Green Concepts

The Bank calls on the employees to proactively protect the natural eco-environment. In the reporting period, the Head Office spent RMB66,000 on voluntary tree planting, planted 3,312 trees. These efforts improved the eco-environment, sharpened the employees' environmental awareness, and intensified their sense of responsibility for the environment.



#### Calling for low-carbon business

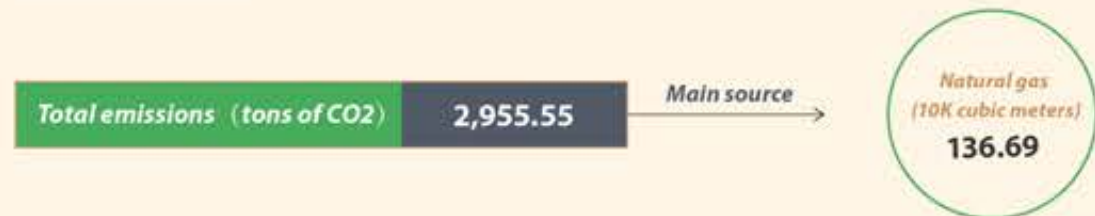
ICBC Credit Suisse Asset Management carried out several events of cancelling paper statements and customizing e-statements for customers in the theme of "low-carbon life" and "environmental protection starts with me", and called on the investors to join the efforts too. In the reporting period, ICBC Credit Suisse Asset Management organized online public welfare events in themes such as "Supporting Environmental Protection; Protecting Health" on the World No-Tobacco Day and World Car Free Day, calling on the investors to take a low-carbon and green lifestyle such as quitting smoking and taking public transit.



## GHG emission at Beijing-based institutions of the Head Office

According to the carbon emission regulations in Beijing, the Beijing-based institutions of the Head Office include the Head Office itself, the Data Center (Beijing) and the Beijing branch of the software development center. The Data Center (Beijing) provides uninterrupted operation services for all business information systems across the Bank and therefore has a large power demand. The power consumption data is collected and calculated according to the Guide for the Calculation and Reporting of CO<sub>2</sub> Emission for Enterprises (Units) in Beijing.

### Direct GHG emission



### Indirect GHG emission



## Waste statistics

### Type ( pcs )



## Implementing Responsible Procurement

In the reporting period, the Bank put into use the new supplier information approval standards, which, in reference to China's latest requirements on the joint punishment of discredited enterprises, included the blacklist of punished enterprises published on the Credit China website run by the National Information Center in the scope of supplier check, and referred to the results in collective procurement. Based on public bidding and rigorous review, 166 companies were put in the supplier database. The collective procurement management system was connected with the disciplinary inspection and supervision management system, so the Bank could access the latest blacklist every day and strictly control the key steps of procurement. Twelve enterprises were put in the blacklist for violating relevant rules of collective procurement.

**166** companies were put in the supplier database

**12** enterprises were put in the blacklist for violating relevant rules of collective procurement



In the negotiation notice released to potential suppliers, the Bank made it clear that the suppliers should sign the Letter of Commitment to Social Responsibility, whereby they commit to actively fulfilling their social responsibilities in the daily operation, preferring the environmentally friendly design and technology for their products, and reducing environmental pollution and energy and resource consumption.



Adhering to the development strategy of "promoting finance with business and combining them with finance as the basis", the ICBC Mall created a distinctive business-finance scenario and achieved new breakthroughs in such areas as health care, smart life and bulk commodities. It has had 21,000 contracted business stores accumulatively, including 943 excellent green food producers in the country, and basically covers all green food producers nationwide that are able to provide e-commerce services. The ICBC Mall is one of the most authoritative e-commerce platforms with the most complete supply of green foods in China.

### The Bank implements electronic archive management of collective procurement

Twenty one of the twenty eight types of collective procurement archives are kept in electronic version and put on record in a real-time manner

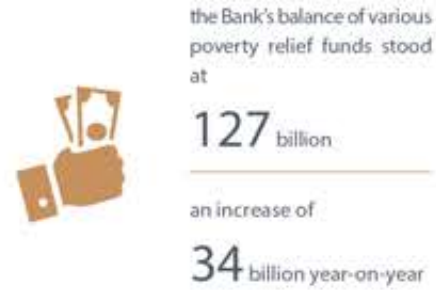
putting an end to the situation that the Head Office and level-one institutions had to organize, file, bind and transfer over 7,000 volumes of paper archives every year manually. This saved a lot of paper, storing room and manpower, improved the working efficiency, and ensured the completeness, accuracy and standardization of the archives





# Contributing to Targeted Poverty Relief

The Bank takes poverty relief as an important part of fulfilling its social responsibilities, and set up a leading group of poverty relief through finance to improve this working mechanism in a holistic way. In the reporting period, the Bank insisted on the basic principle of targeted poverty relief and elimination, took targeted measures to meet the demand of characteristic industries and livelihood projects in poor regions, and continuously stepped up the financial support and targeted assistance, playing its due role in the tough battle against poverty. By the end of the reporting period, the Bank's balance of various poverty relief funds stood at RMB127 billion, an increase of RMB34 billion year-on-year.

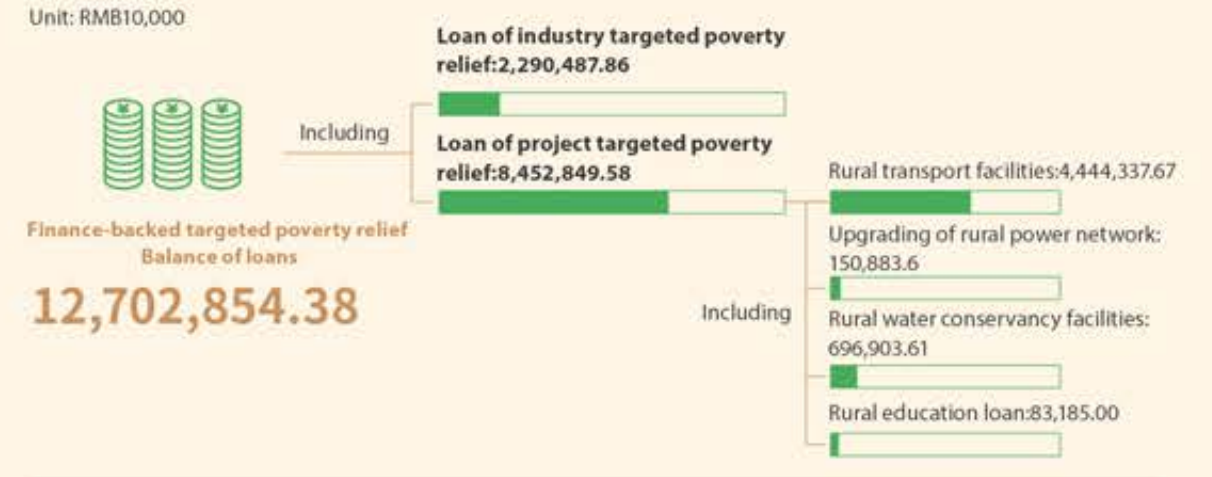


**Poverty relief planning and objective.** The Bank made sweeping efforts to provide financial services to poor regions, and leverage the role of finance in promoting poverty reduction and sustainable economic development in the regions. It stepped up efforts in targeted poverty relief, integrated resources at poor areas, and assisted the poor in improving production and living conditions by means of finance, industry, education, medical care for poverty relief, supporting them to achieve poverty reduction goals on time.

**Mechanism for poverty relief.** The Bank established the working group for poverty relief to enhance leadership and coordination for poverty relief. It stipulated guideline documents for poverty relief, such as the Opinion on Comprehensively Advancing Finance-backed Poverty Alleviation Work and the Targeted Poverty Alleviation Work Plan and the Key Points in Targeted Poverty Alleviation, which specified the Bank's guiding ideas, basic principles, priorities and measures for poverty relief.



## Targeted Poverty Relief Achievements



### The Group poverty relief donations apart from targeted poverty relief



Note: The "targeted poverty relief" refers to the poverty relief efforts in Tongjiang County, Nanjiang County, Jinyang County and Wanyuan City in Sichuan Province.



 Carrying on the efforts for new achievements

It is recorded in the yellowish files that on March 29, 1995, the six people in the first poverty-relief work group of ICBC's Head Office and provincial branch arrived in Bazhong, led by Shan Nianqi and Zhang Lingen, respectively deputy director of the Human Resources Department of the Head Office and vice president of ICBC Sichuan Provincial Branch." There was no railway or highway in the Qinling and Daba mountains 22 years ago, only meandering mountain roads. The word "arrived successfully" reflected the work group's resolve of poverty relief despite the long journey and hardships.



## Poverty Relief Through Education

The Bank prioritized targeted poverty relief through education. Upholding the idea that "development of the mind is critical for poverty relief", it has sponsored poor students, supported job creation, provided rewards and training for village teachers, financed the building of school dorms, and implemented aid programs, thus raising the level of poverty relief through education across the board. It also carried out a number of educational service projects in view of the needs of local poor people, which strengthened the local driving force for poverty relief.

1. Memorabilia of ICBC Bazhong Branch
2. Computerized classroom donated by ICBC Sichuan Branch to Bingdi Middle School in Jinyang County



Sponsoring poor students

The Bank has carried out the Qihang Program of sponsoring excellent poor college students for 14 straight years at the standard of RMB5,000 per poor college freshman, and has helped 2,882 poor students realize their college dream so far. It has also carried out the New Great Wall Program for seven straight years, which sponsored poor high school students through college.



RMB **5,000** per poor college freshman

helped **2,882** poor students realize their college dream

Supporting job creation

The Bank has carried out the targeted recruitment program for poor college graduates since October 2016, and plans to provide jobs for 1,000 poor college graduates in the following five years. It will cultivate them as key professionals in the county and encourage them to build their hometowns. In the reporting period, the program hired over 340 poor college graduates nationwide, helped their families get out of poverty thanks to the job, and promoted the long-term development of local economy and society.



plans to provide jobs for **1,000** poor college graduates in the following five years

the program hired over **340** poor college graduates nationwide

Supporting village teachers

The Bank has carried out the Candle Program of commending excellent village teachers for 15 straight years, during which it has commended and sponsored village teachers for 2,410 person times. In the meantime, to broaden their vision and raise the teaching level in poor regions, the Bank has carried out the Candle Program of excellent village teacher training for four straight years, which provided the opportunity of study and communication for 1,250 village teachers.



commended and sponsored village teachers for **2,410** person times

provided the opportunity of study and communication for **1,250** village teachers

Sunshine Campus program

To date, the Bank has donated to build 17 Hope Elementary Schools, 12 teaching buildings and dorms for middle and elementary schools and 67 school kitchens in the four counties it provided targeted assistance to. It also actively called on the employees to join the poverty relief efforts and pulled together their forces by forming one-on-one assistance, providing free lunches and donating books and sports shoes.



the Bank has donated build **17** Hope Elementary Schools

**12** teaching buildings and dorms for middle and elementary schools

**67** school kitchens



## Poverty Relief through Health Care



ICBC's Qiming Program has enabled more than 5,800 patients in the targeted poor regions to have free cataract surgeries, and achieved the goal of helping poor cataract patients to recover their sight.



To lower the mother and infant mortality, the Bank has carried out the "Safety for Mother and Baby 120" program for seven straight years, which has helped 8,580 poor pregnant women to have successful delivery. It has also donated to build six township clinics and eight health stations and buy four ambulances to expand the scope of medical help and give more poor people the access to basic medical services.

## Poverty Relief through Industrial Development

In the reporting period, the Bank continuously increased the support to a number of industrial projects aimed at poverty relief. Regarding the use of poverty relief fund, the Bank actively explored the model that combines the ICBC, the government, the village's Party committee and autonomous committee, enterprises and the poor households together, integrated resource input and localization with better effects, and realized efficient capital use. It has not only fostered a group of characteristic agricultural produce projects with growing vitality and turned the fund for targeted poverty relief into tangible benefits, but also provided various jobs and temporary income for the poor households, which stimulated their initiative and resolve for shaking off poverty through their own efforts and contributed to the overall poverty relief of the whole county.

In the reporting period, the industrial projects for poverty relief in those four targeted poor counties benefited

over **2,200** poor households and increased their income by

over RMB **3,000** on average.

## Poverty Relief Plans



The Bank will provide precise financing support in view of the development plan of the targeted regions, give priority to the scale of credit and capital for those regions, and create new financial products and services for poverty relief according to local conditions.



The Bank will implement the poverty relief model that features the combination of education, finance, industry and healthcare, and push the poverty relief efforts from being driven by external forces to being driven by internal forces and from individual cases to collective relief.



The Bank will optimize the outlet construction and layout in poor regions, and increase the supply of financial services there to make them more convenient and accessible.



The Bank will focus on poverty relief in the extremely poor regions, make overall arrangements of resources, and prioritize support to those areas with the greatest difficulties, poorest groups and most urgent problems.



ICBC employee working for poverty relief in Zhaotong for seven years

Zhou Zunshu is a cadre assigned by ICBC Yunnan branch to Weixin County of Zhaotong for poverty relief. He worked in Zhaxi town of Weixin County on secondment from August 2010 to August 2015, and has worked in Miaogou town since August 2015. There was no collective economy in the Datang village of Zhaxi town in the past. To change this backward situation, Zhou Zunshu and the village and town cadres conducted careful survey, solicited opinions from all directions, found technical support from the county, visited neighbor counties and townships to learn from them, and invited experts from Kunming and Zhaotong. Finally they decided to adopt planting and breeding as the direction of collective economy based on the local natural conditions, and reported the decision to ICBC Yunnan Branch to apply for poverty relief fund. The greenhouse planting and professional cooperatives not only gave some local residents land rent, but also created jobs for poor households and boosted the development of new type of planting and breeding.



Excellent students from the mountain

Since it donated to build the Hope Elementary School in Taoling of Anhui's Jinzhai in 2013, the ICBC Anhui Branch has kept the practice of donating for schools. It donated to build the comprehensive teaching building and computer room and provided computers, projectors and stereo systems for the Paifang Elementary School, and sponsored 60 excellent and extremely poor students every year to help them complete the schooling and walk out of the mountain into the big world.

sponsored **60** excellent and extremely poor students every year



1. Chang Yiteng, primary secretary assigned by ICBC Sichuan Branch to Laowaping village of Wanyuan, is visiting poor villagers

2. Do you still remember the photo of a big-eyed girl who wants to go to school that moved countless Chinese people? The girl in the photo was born in Jinzhai County, Anhui province. After she graduated from college, she came to work at ICBC Anhui Branch





# Carrying out Charity Work

## Voluntary Service

In the reporting period, the Bank formulated the volunteer registration plan in the Young Volunteers Association to regulate the management mechanism of the 468 volunteer associations across the Bank. It also took an active part in a variety of charity activities themed with caring for the handicapped, environmental protection, donating for students and charity publicity, and encouraged the employees to make social contributions in multiple ways. The Bank has raised donations of RMB77.92 million.

Hours of volunteer service(Hours)



Number of volunteer activities



Person-times of volunteers



"Planting Hope" volunteer charity program

ICBC's institutions in Shanghai initiated the "Planting Hope" joint volunteer charity program in 2015, which was aimed to sponsor poor students in remote areas so that they can receive complete and quality education. The program has been carried out for three years and sponsored 56 poor students in different regions.



"Cool in Summer"

The ICBC Tuanfeng Sub-branch in Hubei's Huanggang set up special seats and provided water for outdoor workers such as street cleaners, traffic police and city inspectors. A street cleaner is sitting on the special seat and an employee at the ICBC outlet is offering him herbal tea.



ICBC employees saves little girl

On August 17, 2017, a little girl who was locked at home climbed out of the window in search for her families and was hung outside the window on the third floor, about to fall any minute. Dai Chunyun, an employee at ICBC's Taijiang Sub-branch in Fuzhou saw her and climbed to the second floor to hold her up until the girl was safe.



The best care is to be with your children

During the reporting period, ICBC Shenzhen Branch jointly held the fifth "Dad's Study", the Reading Month Campaign of Shenzhen City, with Shenzhen Reading Union and sznews.com. The campaign was carried out by online and offline channels. The online activities include book donation, "parent-child creative painting" collection and election, and essay competition of little journalists of sznews.com; offline activities include "Dad's Study" in campus, exchange and donation of books in trunk, little propagandist of anti-information fraud, selected courses for parenting, and exhibition of excellent works in activities, allowing parents to witness children's growth and enjoy the parent-child campaign.



1. ICBC Qingdao Branch's voluntary blood donation activity
2. ICBC Xinjiang Branch initiates the winter clothes donation
3. ICBC Beijing Branch and NetEase jointly launched a large-scale book donation program





## Fulfilling Social Responsibilities Overseas



In the reporting period, ICBC's overseas institutions strengthened the communication and integration with the local communities, tightened the cooperation with charity organizations, and participated in local charity programs in various ways.



ICBC (Mexico)

In the reporting period, Mexico experienced a magnitude-8.2 and a magnitude-7.1 earthquake, victimizing 250,000 people, and the reconstruction was expected to cost USD2 billion. The ICBC (Mexico) organized Chinese enterprises in Mexico to help the country get through the difficult time while donating to the Red Cross and Strong Mexico. Statistics show that more than 30 Chinese enterprises donated fund and materials worth 9.2 million Mexican pesos in total. The disaster relief campaign by Chinese enterprises under the initiative of ICBC (Mexico) was highly applauded by all social circles of Mexico.



Disaster relief during Typhoon Hato

On August 23, 2017, the Typhoon Hato landed on the west bank of the Pearl River with the wind scale of 14 when crossing the border and the maximal wind scale of 17, causing tremendous damages to the infrastructure in Macau. ICBC (Macau) actively participated in the disaster relief and quickly formed a volunteer team of more than 60 employees to provide drinking water and food for solitary elders having difficulties in getting food and water because the lifts were out of use, and to clean up the communities and roads in hard-hit areas. At the same time, ICBC (Macau) donated 500,000 Macanese Patacas to Macau Red Cross, took the initiative to launch the "reconstruction support loan plan", and distributed the preferential loans to typhoon-stricken customers at the highest speed.

For cancer-suffering children

During the reporting period, ICBC (Brazil) donated toys, clothes, books and food to CAJEC, a non-government charity organization in Sao Paulo, with a view to providing better conditions for the cancer-suffering children and let them feel happy and warm despite the painful treatment.



Love across the Pearl River

In the reporting period, ICBC (Asia) raised more than 3.8 million Hong Kong dollars, a historical new high, for Caritas Hong Kong by holding charity golf contest, donating at the Caritas fundraiser and concert, sponsoring the "Growth of Young Artists" program of Caritas Institute of Higher Education, and selling Caritas charity lottery coupons. Since 2015, ICBC (Asia) has actively carried out a series of "ICBC (Asia) and Caritas by Your Side" volunteer activities, including English classes for children, charity sale, and paying for CSSA (Comprehensive Social Security Assistance) families to watch movies and have excursions. These activities benefited a diversity of groups and spread love to all social classes.



Forging the bridge for China-Africa cultural exchange

In the reporting period, the ICBC African Representative Office exclusively sponsored the preliminaries in South Africa of the 16th ICBC Cup "Chinese Bridge"—Chinese Proficiency Competition for Foreign College Students. Based on layers of competition, 20 South African college students participated in the contest and demonstrated the charm of the Chinese language. This activity showcased and exported the Chinese culture to the Africans and was good for deepening their understanding of China.

Wonderful and vigorous UAE

The ICBC institution in the UAE gave strong support to the local cultural exchange and sports. It not only sponsored UAE's National Day celebration, World Green Economy Forum and Rugby matches, but also set up a good image as a responsible bank in supporting the local development, helping Chinese enterprises financially to expand business, protecting employees' rights and interests, supporting environmental and resource protection, and engaging in public welfare activities.





## Substantiality Analysis

To make the report more targeted and responsive, the Bank formulated the substantial analysis questionnaire in the reporting period in view of the stakeholders' needs and the corporate development strategy. Based on the questionnaire, we interviewed customers, shareholders, regulators, employees, suppliers, the press, CSR experts and charity organizations, and determined the key topics of sustainable development according to the results.



## Outlook

2018 is the first year of implementing the spirit of the 19th CPC National Congress and a critical year for completing the building of a moderately prosperous society. The international and domestic economic and financial situation remains complicated with many instabilities and uncertainties, but that reflects both difficulties and hope, opportunities and challenges. On the international level, the global macro-policies showed a turning point. Main developed economies all began to shrink the balance sheet and raise the interest rate, monetary policy was changed too, so would the fiscal and tax policies in the near future. The international financial market may face a round of turmoil. On the domestic level, the Chinese economy has shifted from the stage of high-speed growth to the stage of high-quality development. The economy progresses steadily, new economic drivers are fostered more quickly, industrial structure is perfected and upgraded, and different regions develop in coordination. This creates the huge space for the business development and financial innovation of banks, but there will be twists and turns on the way forward.

In 2018, confronting the new era and historical orientation, we will continue to act in line with the development concepts of innovation, coordination, green, open-minded and sharing, to promote balanced economic, political, cultural, social, and ecological progress. We'll keep to our strategic objectives, development resolution, and direction of progress, adhere to the basic laws of banking, combine traditions with innovations. We'll integrate our development with the nation's economic and social development with serving the real economy as our original

aspiration, and earnestly fulfill our responsibilities as a corporate citizen. We will better the integrated service mechanism and business layout for investment and financing, raise the level of financial service supply, give stronger support to the rejuvenation of the real economy and transformation and upgrade of the economic structure, and bolster the benign cycle between the real economy and our own operation and development. We will make inclusive finance more solid and flexible, and promote the coordinated development of different regions. We will always put customers first, improve customer experience, perfect the service channels, lead and bolster the service upgrade with breakthroughs in financial technology, and strive to become the top bank choice for customers. We will firmly uphold the idea that "nature is the true treasure", explore green finance, practice green operation, and help to establish a low-carbon and circular economic system, in the endeavor to keep the nature harmonious and beautiful. We will continue to protect the rights and interests of consumers and investors alike, and create values consistently for the customers and shareholders through solid and law-based development. We will support the employees to grow up along with the Bank, contribute to the battle against poverty by adopting targeted measures and policies, foster charity brands, and work with all stakeholders to create an equal, mutually beneficial, open and inclusive, and clean and beautiful future.

## Independent Limited Assurance Report

To the Board of Directors of Industrial and Commercial Bank of China Limited

We were engaged by the Board of Directors of Industrial and Commercial Bank of China Limited ("ICBC") to provide limited assurance on the 2017 Social Responsibility (Environmental, Social and Governance) Report of ICBC for the year ended 31 December 2017 ("the SR Report").

### Responsibilities of the Board of Directors

The Board of Directors of ICBC is solely responsible for the preparation and presentation of the 2017 SR Report, including the information and assertions contained within it, in accordance with the Global Reporting Initiative ("GRI")'s Sustainability Reporting Guidelines (G4), the Stock Exchange of Hong Kong ("SEHK")'s Environmental, Social and Governance Reporting Guide, and disclosure recommendations of the following guidelines issued by the Shanghai Stock Exchange:

- Notice on Strengthening Listed Companies' Undertaking of Social Responsibilities and issuance of 'Guidelines on Environmental Information Disclosure by Companies Listed on the Shanghai Stock Exchange'
- Guidelines on Environmental Information Disclosure by Companies Listed on the Shanghai Stock Exchange
- Preparation and review of internal control report and social responsibility report (collectively known as the "SSE Guidelines").

The Board of Directors is also responsible for determining ICBC's objectives in respect of social responsibility performance and reporting, including identification of stakeholders and material issues that are relevant to these stakeholders; for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived; and for maintaining adequate records.

### Responsibilities of KPMG

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our work in accordance with International Standard on Assurance Engagements 3000: *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board. We have complied with our independence and other relevant ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and complied with the applicable requirements of International Standard on Quality Control 1 to maintain a comprehensive system of quality control.

Our independent limited assurance report is made solely to ICBC in accordance with the terms of our engagement. Our work has been undertaken so that we might state to the Board of Directors of ICBC those matters we have been engaged to state in this independent limited assurance report and for no other purpose. We do not accept or assume responsibility to anyone other than ICBC for our work, for this independent limited assurance report, or for the conclusions we have reached.

### Summary of work performed

A limited assurance engagement on a SR report consists of making inquiries, primarily of persons responsible for the preparation of information presented in the SR report, and applying analytical and other evidence gathering procedures, as appropriate. Our procedures included:

- Inquiries of management to gain an understanding of ICBC's processes for determining material issues for ICBC's key stakeholders;
- Interviews with management and relevant staff at group level and selected business unit level concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- Interviews with relevant staff at corporate and business unit level responsible for providing the information in the SR Report;
- A media analysis and an internet search for references to ICBC during the reporting period;
- Inquiries about the design and implementation of the systems and methods used to collect and process the information reported, including the aggregation of data into information as presented in the SR Report;
- Visits to sites of Zhejiang Branch, Jiangsu Branch, Hebei Branch, Shanxi Branch, Mumbai Branch, Industrial and Commercial Bank of China (Thai) Public Company Limited selected on the basis of a risk analysis including the consideration of both quantitative and qualitative criteria;
- Comparing the information presented in the SR Report to corresponding information in the relevant underlying sources to determine whether key information contained in such underlying sources has been included in the SR Report;
- Reconcile key financial data and figures with the audited financial statements;
- Reading the information presented in the SR Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of ICBC.

Where the SR report has included information or year-on-year comparisons of information not contained in previous reports, we have examined for 2017, but have not examined the information for previous years.

The extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore, a lower level of assurance is provided. In addition, our work was not undertaken for the purpose of opining on the effectiveness of ICBC's systems and procedures.

### Conclusions

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the SR Report of ICBC for the year ended 31 December 2017 is not presented fairly, in all material respects, in accordance with the GRI's Sustainability Reporting Guidelines (G4), the disclosure recommendations of the SSE Guidelines and SEHK's Environmental, Social and Governance Reporting Guide.

KPMG Huazhen LLP  
Beijing  
27 March, 2018



# GRI 4.0 Index and Contrast with ESG Reporting Guide

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G4-7	Nature of ownership and legal form.		7
G4-8	Markets that the organization provides services for (including geographic breakdown, sectors served, and types of customers and beneficiaries).		7
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G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.		10-12
G4-14	Whether or how the precautionary approach or principle is addressed by the organization.		29-30
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.		10,16,28,105
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G4-18	a. Explain the process for defining the report content and the aspect boundaries. b. Explain how the organization has implemented the reporting principles for defining report content.		Back page
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FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities.		14-16,98
FS6	Percentage of the portfolio for business lines by specific region, size and by sector.		Please Refer to Chapter 7 of 2017 Annual Report (H Share)
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	B8.1 B8.2	20-27,94-97
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	B8.1 B8.2	28-32



## ESG Guidelines

- A1.1 The types of emissions and respective emissions data.  
 A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).  
 A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).  
 A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).  
 A1.5 Description of measures to mitigate emissions and results achieved.  
 A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.  
 A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).  
 A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).  
 A2.3 Description of energy use efficiency initiatives and results achieved.  
 A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.  
 A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.  
 A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.  
 B1 General Disclosure Information on:  
 (a) the policies; and  
 (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.  
 B1.1 Total workforce by gender, employment type, age group and geographical region.  
 B1.2 Employee turnover rate by gender, age group and geographical region.  
 B2 General Disclosure Information on:  
 (a) the policies; and  
 (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.  
 B2.1 Number and rate of work-related fatalities.  
 B2.2 Lost days due to work injury.  
 B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.  
 B3 General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.  
 B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).  
 B3.2 The average training hours completed per employee by gender and employee category.  
 B4 General Disclosure Information on:  
 (a) the policies; and  
 (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.  
 B4.1 Description of measures to review employment practices to avoid child and forced labour.  
 B4.2 Description of steps taken to eliminate such practices when discovered.  
 B5 General Disclosure Policies on managing environmental and social risks of the supply chain.  
 B5.1 Number of suppliers by geographical region.  
 B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.  
 B6 General Disclosure Information on:  
 (a) the policies; and  
 (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.  
 B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.  
 B6.2 Number of products and service related complaints received and how they are dealt with.  
 B6.3 Description of practices relating to observing and protecting intellectual property rights.  
 B6.4 Description of quality assurance process and recall procedures.  
 B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.  
 B7 General Disclosure Information on:  
 (a) the policies; and  
 (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.  
 B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.  
 B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.  
 B8 General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.  
 B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).  
 B8.2 Resources contributed (e.g. money or time) to the focus area.

## Table of Social Responsibility Performance Contrast with the Ten UNGC Principles

UNGC Principle	CSR Performance in 2017
1 <b>Businesses should support and respect the protection of internationally proclaimed human rights.</b>	The Bank valued people, strictly observed laws, regulations and ordinances of China and other countries where it operated, entered into employment contracts with all of its employees, fully paid employer's social security and housing provident fund contributions for its employees, improved the system of employee involvement in corporate management and effectively protected the rights and interests of employees.
2 <b>Make sure that they are not complicit in human rights abuses.</b>	The Bank abided by international conventions or practices signed or recognized by China, including the Universal Declaration of Human Rights.
3 <b>Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining</b>	The Bank improved the system of employee representatives' meeting to listen to all employees' voices and protect their right to know, participate and supervise. All branches and subsidiaries of the Bank have their own trade unions and all employees were members of trade unions.
4 <b>The elimination of all forms of forced and compulsory labour</b>	The Bank signed employment contracts with its employees in compliance with the Law of the People's Republic of China on Employment Contracts and other relevant laws and regulations. It also fully protected employees' rights to rest and take leaves and eliminated all forms of forced and compulsory labor through an efficient and orderly working mechanism and optimized labor composition.
5 <b>The effective abolition of child labour</b>	The Bank strictly prohibited child labor.
6 <b>The elimination of discrimination in respect of employment and occupation</b>	The Bank respected employees' religious freedom and individuality and eliminated any discrimination on the basis of race, gender, national origin, culture, age and others. The Bank also treated all employees fairly and impartially throughout recruitment, job transfer, compensation, career development and separation management.
7 <b>Businesses should support a precautionary approach to environmental challenge</b>	In accordance with the Green Credit Guideline, the Bank actively responded to climate changes by willingly assuming responsibility for international environment, establishing a sound mechanism for comprehensive management of environmental protection and using the financial lever to help get rid of dependence on traditional development mode and promoting economic restructuring.
8 <b>Businesses should undertake initiatives to promote greater environmental responsibility</b>	The Bank improved its green credit policies and procedures, established an accountability mechanism for green credit and strengthened credit risk management of enterprises with outdated production capacity and heavy metal pollution. The Bank implemented the "one-ballot veto" rule for lending to root out the causes of environmental pollution and fully supported the eco-friendliness drive.
9 <b>Businesses should encourage the development and spread of environmentally friendly technologies</b>	The Bank gave priority to green credit projects including new energy, energy conservation and reuse of resources. The Bank also intensified its efforts in innovating green credit products related to carbon emission and energy conservation. As at the end of the reporting period, the loan balance to the green economy sector totaled up to RMB 1,099.199 billion. The Bank also promoted paperless, energy-efficient E-banking leveraging on its leading technological strengths, with the E-banking transactions accounting for 94.86%.
10 <b>Businesses should work against corruption in all forms, including extortion and bribery</b>	In accordance with the guideline of "combating corruption in an integrated way, addressing both its symptoms and root causes, and combining punishment with prevention while focusing on the latter", the Bank pressed forward with anti-corruption work focused on improving the corruption control and prevention system.



## Feedback Form

Thank you for reading the 2017 Corporate Social Responsibility (Environmental | Social | Governance) Report of Industrial and Commercial Bank of China Limited. ICBC has published Corporate Social Responsibility Reports for consecutive eleven years. In order to better satisfy your need, provide more valuable information for you and all relevant stakeholders, improve our performance of corporate social responsibility and enhance our ability to fulfill our social responsibility, we sincerely hope that you would provide your valuable opinions and feedback regarding this report to us via the following means:

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1. What is your overall evaluation for the report?

Very good  Good  General  Poor

2. What is your evaluation for ICBC's performance of its social responsibility on the economic level?

Very good  Good  General  Poor

3. What is your evaluation for ICBC's performance of its social responsibility on the environmental level?

Very good  Good  General  Poor

4. What is your evaluation for ICBC's performance of its social responsibility on the social level?

Very good  Good  General  Poor

5. Do you think the report can truly represent the influence on economy, environment and society of the social responsibility practice of ICBC?

Yes  So so  No

6. What do you think of the clarity, correctness and completeness of the information, data and statistics in the report?

Very good  Good  General  Poor

7. Is this report reader-friendly from your perspective in terms of its contents, structure and formatting?

Very good  Good  General  Poor

8. Which of the following stakeholder do you belong to?

Government  Regulator  Shareholder and Investor  Client

Supplier and Partner  Employee  Community public  Others

9. What are your opinions and suggestions on corporate social responsibility of ICBC and this report?

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Note: Please add "√" in the corresponding "  ".

## Introduction

### Scope of the Report

**Organizational scope of the Report:** This Report is primarily about Industrial and Commercial Bank of China Limited, covering the whole group.

**Reporting period:** 1 January 2017 – 31 December 2017.

Some content exceeded this scope.

**Reporting cycle:** Annual.

### Preparation Principle of the Report

This Report is prepared with reference to the "Sustainable Development Reporting Guidelines" of Global Reporting Initiative and the Financial Services Sector Supplemental Guidelines, the Ten United Nations Global Compact (UNGC) Principle and the ISO26000 "Social Responsibility Guideline (2010)" and the Environmental, Social and Governance Reporting Guide of The Stock Exchange of Hong Kong Limited and meets the requirements set out in the "Opinions concerning Enhancing the Social Responsibility of Banking and Financial Institutions" issued by China Banking Regulatory Commission, the "Guidelines for Corporate Social Responsibility of Chinese Banking and Financial Institutions" released by China Banking Association, the "Guidelines of Shanghai Stock Exchange for Environmental Information Disclosure of Listed Companies" promulgated by the Shanghai Stock Exchange, the Guideline for the Preparation of the "Report on Performance of Corporate Social Responsibility" and relevant opinions.

### Explanations for Report Data

Financial data of the report are from the 2017 financial statements prepared pursuant to International Financial Reporting Standards, which have been independently audited by KPMG Huazhen (Special General Partnership). Other data are mainly of the year 2017 and sourced from internal systems and statistics of branches of the Bank. The units in this report, unless otherwise specified, are denominated in RMB.

### Assurance Approach of the Report

The Board of Directors of Industrial and Commercial Bank of China Limited and all directors undertake that the information in this report contains no false record, misleading statement or material omission, and assume individual and joint and several liabilities to the authenticity, accuracy and completeness of the information in this report. Meantime, KPMG Huazhen (Special General Partnership) has carried out the independent third-party assurance of this report. Please see the Appendices for assurance basis, scope and method of work and assurance result.

### Release and Interpretation of the Report

The Report is released both in hardcopies and online. The online version is available at the Bank's website at [www.icbc.com.cn](http://www.icbc.com.cn), [www.icbc-ltd.com](http://www.icbc-ltd.com). This Report is published both in Chinese and English. Should there be any discrepancy between the Chinese and the English versions, the Chinese version shall prevail.

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