



INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

Stock Code: 1398

2007

Corporate Social Responsibility Report





Company Profile

Industrial and Commercial Bank of China Limited (hereinafter referred to as "ICBC" or "the Bank"), formerly known as 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 and renamed as "Industrial and Commercial Bank of China Limited". On 27 October 2006, the Bank was listed on both the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited, marking the historic transcendence of ICBC from a wholly state-owned commercial bank first to a joint-stock commercial bank and then to an international public shareholding company.

ICBC has a leading market position in China and boasts an excellent customer base, a diversified business structure, robust creativity and competitiveness and outstanding brand value. The Bank provides extensive financial products and services to 2.72 million corporate banking customers and 170 million personal banking customers by virtue of the distribution network consisting of 16,476 domestic institutions, 112 overseas institutions and over 1,400 correspondent banks worldwide as well as an e-banking network inclusive of a range of online and telephone banking services, 4,890 self-service banking centers and 23,420 ATMs.



Our Vision

To build ICBC into the most profitable, excellent and respected leading commercial bank in the international market.

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Chairman's Statement



Jiang Jianqing

Chairman

Be an Excellent Corporate Citizen

— addressed for ICBC's first corporate social responsibility report

Today, we present our first corporate social responsibility report of ICBC to people from all sectors of the society who care for the development of ICBC. This report will enable you to realise the dedication of the fast growing ICBC to strive for enhancement of the shareholders' value, customers' interests, staff welfare and growth of the whole society, and will also further deepen your confidence and support to ICBC.

We fully understand the concerns of shareholders and customers on investment security and return, therefore, we accelerated our innovation progress, sharpened our market competitiveness, enhanced our management and balanced our risk and return in a scientific way to realize sustainable high growth of profit and increase of shareholders' value; we also strengthened our corporate governance, introduced international audit, improved the quality of information disclosure, broadened the supervision channel of our investors and enhanced the transparency of our operation, so that the legitimate rights of all of the shareholders and creditors are being respected and protected.

We are abided by the customer-orientated philosophy. We value customer experience and focus to improve our ability to render financial services and quality services. We endeavored to satisfy the increasing financial demands of the whole society with secure, efficient and convenient modern financial services, with a view to bringing constant and multiple growth of value to the customers amidst the development of the Bank.

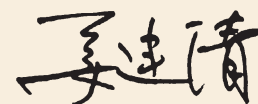
Taking career development of employees as the bedrock supporting the growth of the Bank, we respect the value, work and creation of employees, value and protect the legitimate right of employees, and realize a coordinated growth among employee benefit, corporate value and shareholders' return through continuous improvement of the human resources management system, implementation of large-scale classified employee trainings, development of employee career plan etc.

We persistently exploit for business opportunities which agree with the national economic strategy and the social development of institution locations, and strive to accomplish compatible and coordinated growth of various operations inside the Bank with the scientific development of the society. We take into account, in the course of our business development, the indicators of humanism, resources and environmental protection, and are the first among domestic peers advocating the concept of "green credit". We strictly control the granting of credits to industries with heavy energy consumption and heavy pollution, proactively support the reasonable capital demands of energy-conserving and environment-friendly projects, and have played a significant role as a large-scale modern bank in supporting the sound development of economy and the building of a harmonious natural environment. We rigorously follow the laws, pursue the commercial ethics, advance the self-discipline system, and diligently work to set an example for maintenance of orderly economic and financial activities.

We care about the people's livelihood, devote to various social welfare projects, and reward the society by different means. We actively participated in the poverty alleviation and assistance programs organized by the government and help promoting economic development and improving people's livelihood in the economically backward regions; we actively extended our assistance to the education undertaking and assistance for education institutions and school dropouts in the needy regions; and we actively participated in the disaster relief activities to express our care and love to people in difficulties.

Seeing after the legitimate rights of all stakeholders and winning the confidence and support of the whole society is the fundamental for our accomplishments to date. In the new age of building a leading modern financial enterprise around the globe, we will further fulfill our social and economic responsibility, and share the fruits of ICBC with all stakeholders and all sectors of the society.

ICBC is an excellent corporate citizen, and a friend you can always trust and reckon upon.



Chairman: Jiang Jianqing

25 March 2008

President's Statement



Yang Kaisheng

President

As a member of the society, ICBC always bears the gratitude for the country, the society, the shareholders, the customers and the employees along the path of growth and development, and devotes great efforts to become an outstanding corporate citizen, actively fulfilling its social responsibility and boosting the simultaneous improvement of corporate value, shareholders' return, customer benefits, employee interest and social image.

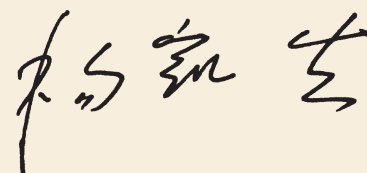
We take creation of the optimum value for shareholders as our most important social responsibility, and make continuous efforts in optimizing resource allocation, enhancing cost control, promoting operation transformation, improving revenue structure, sharpening the profitability on the theme of value creation, further consolidating the base for sustainable growth of corporate value. By the end 2007, the total assets of our bank reached RMB8.7 trillion, the profit after tax realized during the year increased by 64.9% year on year to RMB82.3 billion. Our market capitalization reached USD338.9 billion, making our bank to become the largest listed bank in the world in terms of market capitalization. In 2007, the comprehensive yield of loans was 6.11%, representing an increase of 69 basis points year on year; the non-interest income accounted for 31.1% of the total income, representing an increase of 2 percentage points year on year; the net fee and commission income increased by 110.4% year on year and took up 13.4% of the net operating income, representing an increase of 4.4 percentage points year on year; and the average return on equity and average return on assets stood at 16.23% and 1.02% respectively, attaining a sound level in the international banking industry.

We stick to the organic combination of "economic entity" and "social entity". While we are in pursuit of high growth in earning, we are committed to promote the coordinated and sustainable growth of economy and society while pursuit for fast growth of self profits. We earnestly support the growth and advancement of key infrastructure industries, modern manufacturing, new service industries and independent innovation projects; we continue to move the globe-wide comprehensive operation ahead to build a landscape of integrated operation at home and abroad; we take the lead in advocating the concept of "green-credit policy", building a "green bank", and encouraging the environmental protection and construction leveraging on the credit measures; we adopts the philosophy of trust-worthy, cultivates the credit culture with efforts, pursues the good practice of honest and faithful; we voluntarily fulfill the taxation obligation, and have paid tax of an aggregate of RMB308.9 billion to the country over years; we actively reward the society, and have donated nearly RMB250 million-worth funds and articles to various social charities.

We abide by the service philosophy of "customer-oriented". We continue to accelerate the financial innovation, actively research and develop new products, new technologies and new methods, optimize the outlet distribution and business procedures, and enhance the service channel establishment, with a view to accommodate the diversified financial service demands of the whole society and establish a strong distribution network and customer base. As of the end of 2007, we owned 16,500 physical outlets, 170 million personal customers and 2.72 million corporate customers; we had more than 1,100 VIP wealth management centers, and recorded a growth of 17.5% and 80.8% in the number of ATMs and self-service banking facilities respectively. The transactions completed by e-banking channels totaled RMB103 trillion, and accounted for 37.2% of the total transaction volume handled by the bank.

We persistently observe the "Human First" management philosophy, practise a strategy of vitalizing growth of the bank by relying on talents, uniformly cultivating the human resources, optimizing the employee performance management and remuneration distribution mechanism, improving the working conditions and compensation standards of employees, and providing comprehensive welfare guarantee for sick employees, disabled persons, pregnant women employees and retirees. We enhance the construction of "study-type bank", and provide multi-channels and multi-styles education and training for the employees to broaden the career development potential. We diligently built an all-inclusive, promising and vigorous corporate culture, and inspired the enthusiasm and creativeness of employees to exploit a unwavering source of momentum for the sound development of all kind of businesses.

At present, ICBC has embarked on a new voyage of building a leading financial enterprise in the world. We will build up on the excellent traditional Chinese culture, absorb the worldwide advanced financial concepts, make concerted efforts with to move forward, with an aim to make our shareholders and customers richer, our employees happier, our society more harmony, and an even better world.



President: **Yang Kaisheng**

25 March 2008

CSR Model of ICBC



- We earnestly implement the national macro-economic policies and boost the sustainable economic growth through compliant operation, with an aim to realize organic growth of social and corporate benefits. By fostering of a working environment characterized by openness, fairness and justice, and building of a sound corporate image of valuing people, promoting innovation and serving the society, ICBC has established a prestigious brand.

CSR Model of Valuable Enterprises

On December 1, 2007, President Jiang Jianqing attended the Annual Management Forum of China for 2007 and concurrently the Awarding Ceremony for “Best Management Enterprises”, and drew the award of “CSR Model of Valuable Enterprises” on behalf of the Bank.



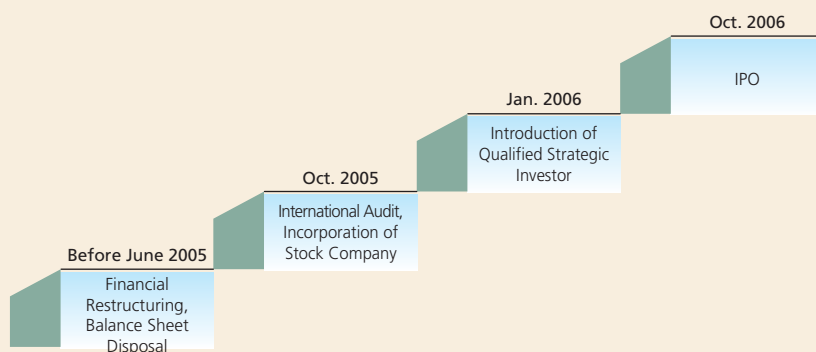
Driver of Economic Transformation

As the largest and most influential commercial bank in China, we always take the leading position in growth and transformation amongst Chinese banks. Our reform and development fully reflect the China's economic growth and restructuring history. We are committed to creating values for shareholders and ensuring sustainable growth of national economy in the process of implementing the regional policy, industry policy and investment policy formulated by the state, strictly following the macro-control strategies, and sustaining infrastructure construction.

Successful Listing of A+H Shares Provides a Role Model for the Reform of State-owned Enterprises

The successful listing of A+H shares marks an epoch-making transcendence in the development history of ICBC and is a great milestone during the reform of China's banking sector. The all-front access to domestic and international capital markets not only opens a new chapter of modern financial enterprise building in ICBC, but also pioneers the history of simultaneous issue and listing of A-shares and H-shares, which brings new chances and vigor into the capital market and provides a role model for the reform of state-owned enterprises.

Roadmap of ICBC Restructuring and Listing



Since 2005, ICBC has launched a series of significant reforms such as finance restructuring, incorporation of stock company, introduction of strategic investor and IPO. All these works are closely connected, proceed rapidly and steadily, and have gained good effects.

"Public Offering of the Century", lots of historic innovations

✓	The first simultaneous offering of A+H shares
✓	Addressing the issue of simultaneous information disclosure at home and abroad creatively for the first time
✓	The first adoption of pre-disclosure mechanism in the issuance of H-shares
✓	The first introduction of Greenshoe Mechanism in the issuance of A-shares
✓	The first new share realizing listing of warrant and underlying stock on the SEHK on the same day

✓	The first mass introduction of A strategic placement in offering
✓	The first mass adoption of white form eIPO
✓	The highest offering valuation times for China's state holding commercial banks
✓	The first inclusion of Chinese corporate investors into the placement category of global institutional investors
✓	The first IPO road show in the Middle East for Chinese enterprises
✓	The largest placement scale for H-share cornerstone investors
✓	The highest placement proportion of H-share one-to-one international road show
✓	The biggest number of receiving banks for the offering of H-shares
✓	The widest road-show coverage of institutional investors during A-share issuance.

As an unprecedented work, the simultaneous issuance of A-shares and H-shares confronted a great number of differences in the aspects of applicable laws, regulatory systems, accounting standards, issuance procedures and market structures in Hong Kong and Shanghai as well as such numerous technical and systematic difficulties as maintaining uniform information disclosure at home and abroad, the setting of IPO schedules for domestic and overseas market, and coordination and communication with regulators of Hong Kong and Shanghai. As such, a number of systematic and policy innovations have been realized during our IPO; we created many historic No. ones and world records. It is a significant milestone in domestic and overseas capital markets and was honored "Public Offering of the Century", setting up a role model for simultaneous issuance of A+H shares by domestic enterprises in the future.



ICBC's listing project won many world-class awards, embodying the recognition of international capital market to our successful listing.

Driver of Economic Transformation

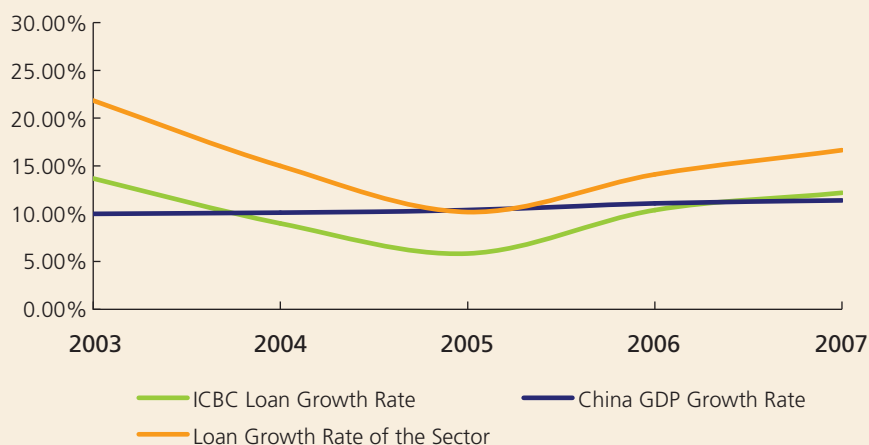
The listing has built a long-term financing platform for ICBC. What's more, it has put our corporate governance and operation management under the strict supervision of the market and the public, which would boost our construction of a more effective market incentive and benefit-restraint mechanism, examine and enhance our market adaptability and facilitate our sustainable development. The international environment for the H-share market will also facilitate our comprehensive access to international investors and expansion of various global businesses. Such favorable capital market environment will benefit ICBC in consolidating the reform achievements and growing into a modern and competitive commercial bank in the international market.



President Yang Kaisheng attended the awarding ceremony of Finance Asia in Hong Kong

Maintain a Reasonable Credit Growth

In credit business, we always ensure compliance with the national macro-control policies and are dedicated to properly handle the credit extension, with a view to boosting the sound and sustainable development of economy. In recent years, ICBC maintains a prudent loan growth strategy; and the loan growth rate is kept basically at the same pace with the GDP growth of China.



Note: the data of GDP and loan of the whole industry are cited from the "Statistical Communique on the 2007 National Economic and Social Development" published by the Bureau of Statistics of the People's Republic of China and the website of the People's Bank of China; and growth rate of ICBC loans is of the whole group coverage.

While maintaining the position as the largest lender in corporate loans in China, we endeavor to promote sustainable economic growth by further optimizing the industrial portfolio, geographical portfolio, customer portfolio and product portfolio of loans, thereby making sustainable profits and enabling business growth.

Support Regional Development Policies of China

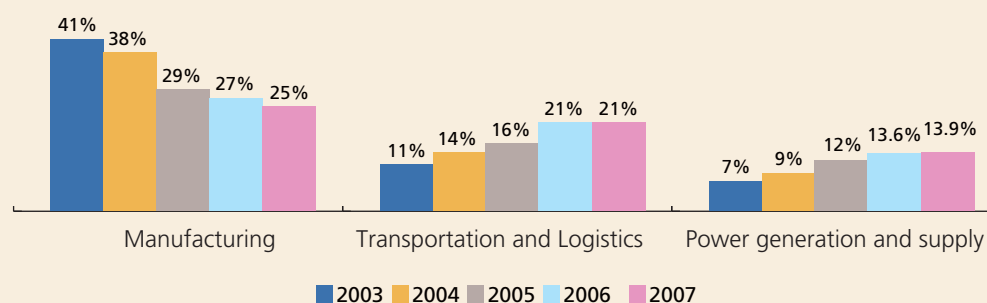
We aggressively implement China's strategic policies including West China Development and Rehabilitation of Old Industrial Bases in Northeast China. With focus on growth of the developed areas in East China, increasingly stronger credit support is provided to West China and the northwestern old industrial bases.

With regard to allocation of credit facilities, priority is given to resource and infrastructure projects typical of areas in West China and the new equipment manufacture bases, new material and energy security bases and critical technical R&D and innovation bases in Northeast China. In respect of implementation measures, expanded lending authority and special authority scope are delegated to branches in West and Northeast China for eleven fundamental industrial projects, including energy, transportation, telecom and petrochemicals (e.g. power stations, highways, oil and gas production, oil pipelines, and gas pipelines). Strong supports are provided to regional industrial restructuring. In disposal of bad assets, we take a proactive part in and advance the capital operation and debt restructuring of enterprises, activate bad assets, and ensure the corporate restructuring is on a track of sound development whilst preserving the claims on loans. Since the share-split reform launched in June 2005, the loans to corporate customers has increased by about RMB130.1 billion in the west and northeast China, including a growth of RMB140.6 billion project loans. Through the above measures, we have realized the growth of loans to western and northeast branches, the drop of NPL ratio and the enhancement of profitability in recent years, and made noticeable contributions to the economic restructuring and coordinated regional development of China.

Support Industrial Development Policies of China

As the biggest lender in China, we fully implement the national economic development program and relevant industrial policies, continuously optimize allocation of loans in line with the industrial credit policy, give strong support to key sectors encouraged by the nation, and impose stringent control over loans granted to sectors requiring high consumption of energy, producing heavy pollution and/or suffering from excess capacity. In recent years, new loans of ICBC are primarily extended to trunk highways, key railways, ports, civil aviation, power grid, electric power generation, communication, oil & petrochemicals, water supply and gas supply projects under the national planning scope (i.e. infrastructures and high-tech industrialization), thereby effectively supporting sustainable growth of the national economy. At the end of 2007, ICBC posted outstanding balance of RMB940.0 billion in the corporate loans granted to supportive industries such as highway, railway, port, power grid and telecommunication operation as well as to the restrictive access infrastructure industries such as power production, civil aviation etc., an increase of approximately RMB130 billion or 16% over 2006, much higher than the overall growth rate of about 10% recorded in the whole bank.

Structure of Corporate Loans by Industry (Change to Proportions)



Note: data of the domestic branches.

Boost Development of Small and Medium-sized Enterprises

In 1998, ICBC established a dedicated SME credit business department in the Head Office to actively boost the development of SME credit business. In 2003, ICBC launched the SME credit reform on a pilot basis and gradually expanded its coverage across the whole bank to support the development of small and medium enterprises. As a result, we became the only contact bank among the state-owned commercial banks CBRC designated for small enterprise credit business. At the “First China International Small and Medium Enterprise Fair” held in December 2007, we participated as the general title sponsor, and actively promote the connection between capital and projects, creating prominent contributions to growth of SMEs. In 2007, we were again elected the “Top Ten Commercial Banks Supporting SMEs” by the Association of Small & Medium Enterprises.

By the end of 2007, we had financed 44,963 small enterprises¹, an increase of 8,490 small businesses from the year beginning; the outstanding financing balance stood at RMB291,837 million, up RMB86,215 million from the year beginning, of which the loan balance was RMB213,928 million, an increase of RMB71,024 million or 49.7% over the year beginning.

¹It refers to the small enterprises with sales value of less than RMB30 million.

Value Creator

Excellent Business Performance

(INTERNATIONAL ACCOUNTING STANDARDS)

(RMB100 million)	2006	2007	Growth Rate/Change	
Operating income	1,816	2,560	↑	41.0%
Net fee and commission income	163	344	↑	110.4%
Profit after tax	499	823	↑	64.9%
Earnings per share	0.18	0.24	↑	33.3%
Return on total assets, %	0.71%	1.02%	↑	31bps
Weighted return on equity, %	15.37%	16.23%	↑	86bps
Total assets	75,088	86,837	↑	15.6%
Loans and advances to customers, total	36,312	40,732	↑	12.2%
Total liabilities	70,378	81,400	↑	15.66%
Deposits from customers	63,264	68,984	↑	9.04%
Cost-to-income ratio, %	36.32%	34.66%	↓	-166bps
Ratio of non-performing loans, %	3.79%	2.74%	↓	-105bps
Ratio of provision for non-performing loans, %	70.56%	103.50%	↑	3294bps
Capital adequacy ratio, %	14.05%	13.09%	↓	-96bps

Note: the foregoing table sets out the audited data of the whole group; and bps in the table refers to basis points, i.e. 0.01%.

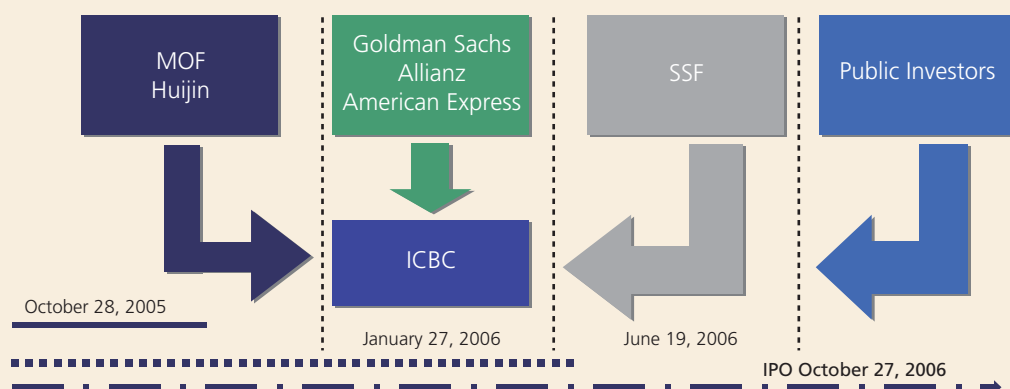
Creating the maximum return for shareholders is one of our business philosophies. Since incorporation of the joint stock company in 2005, we kept continuous increase of the operating results and maintained a strong uptrend of net profit. The compound annual growth rate of our net profit stood at 38% from 2003 to 2007.

The year 2007 is the first complete fiscal year since the simultaneous listing of A and H-shares of our bank. In the year, we realized excellent performance over all of the operating indicators: the profit after tax was RMB82.3 billion, an increase of 64.9% year on year under the international accounting standards; and the profit after tax was RMB82.0 billion, an increase of 65.9% year on year under the Chinese accounting standards. Earnings per share was RMB0.24, the average return on total assets and the average return on equities were 1.02% and 16.23% respectively, an increase of 0.31 and 0.86 percentage point from 2006, approaching to the level of outstanding banks in the international market.

Continuous Improvement of Corporate Governance

Excellent corporate governance underpins sustainable development of ICBC and is a key to the establishment of an internationally leading commercial bank. Through financial restructuring, strategic investor invitation and listing, the Bank has transformed from a commercial bank solely funded by the state into a listed company with diversified shareholdings. We issued 334 billion shares in total, in which the A-shares take up 75% and H-shares 25%. The shareholders are scattered in all major countries and regions of Asia, America and Europe. Sound shareholding structure serves as the basic condition for building good corporate governance. At present, the equity structure of our bank is that: MOF and Huijin holds 35.33% shares in the Bank each, Goldman Sachs, Allianz and American Express collectively hold 7.24% shares, SSF holds 4.22% shares, and other domestic and foreign investors hold 17.88% shares jointly.

Equity Structure Change



We have established a modern corporate governance structure consisting of the Shareholders' General Meeting, the Board of Directors, the Board of Supervisors, and the Senior Management. A proper working mechanism is created that features separate functioning, effective checking and balance and good coordination between the power body, the decision-making body, the supervisory body and the Management. ICBC's chairman and president are established separately and special committees are set up under the Board of Directors, the Board of Supervisors and the Senior Management. The Shareholders' General Meeting, the Board of Directors, the Board of Supervisors and the Senior Management take clear divisions of labor. The Board of Directors, the Board of Supervisors and the Senior Management play their respective roles under effective checking and balance and through mutual coordination pursuant to the Articles of Association and the Procedural Rules, in a bid to creating sustainable and excellent investment returns for the shareholders.

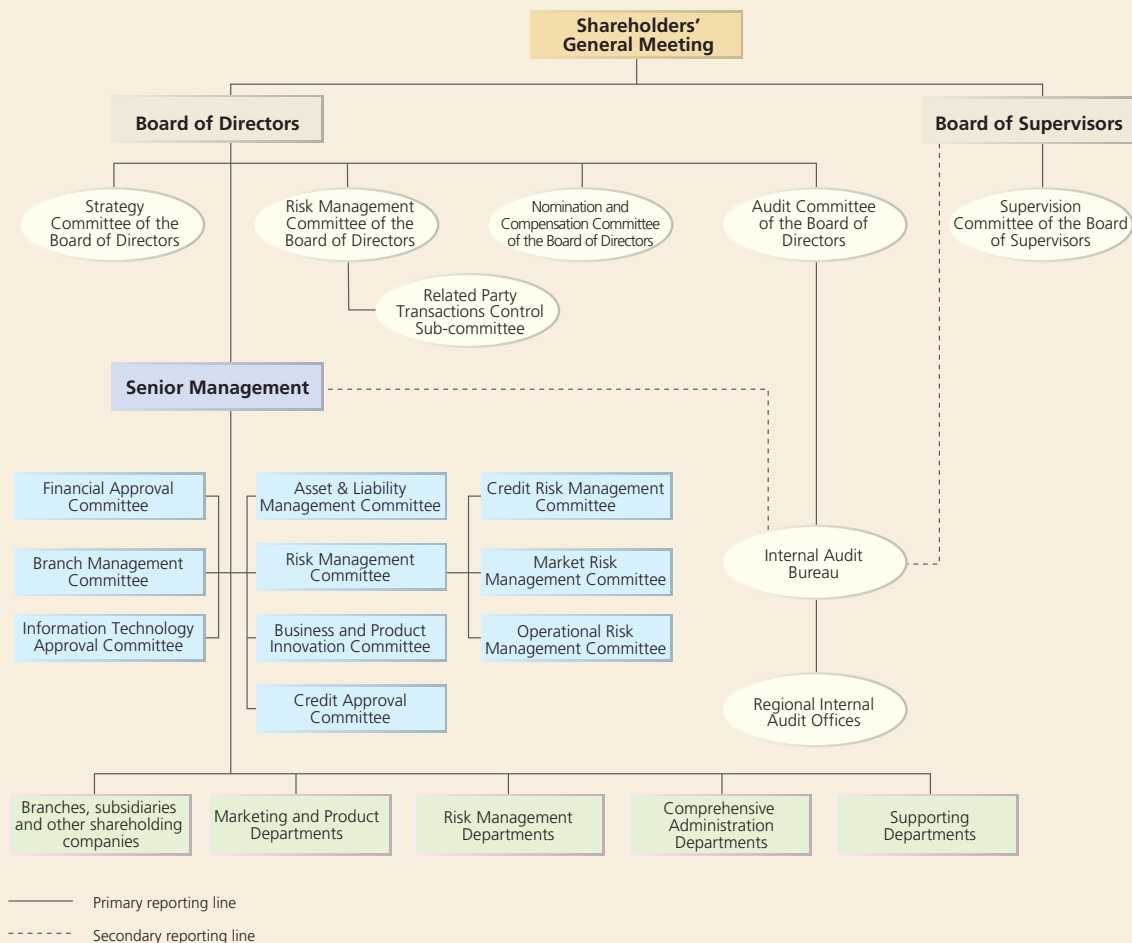
MEETINGS OF THE BOARD OF DIRECTORS



MEETING OF THE BOARD OF SUPERVISORS



CORPORATE GOVERNANCE STRUCTURE



In 2007, pursuant to the overall arrangement of CSRC and Beijing Office of CSRC, ICBC launched a corporate governance enhancement program, which remarkably improved the Bank's transparent operation, and was widely accepted by the investors, social public and pertinent regulators.

In November 2007, ICBC won Hong Kong Award for Corporate Governance Excellence jointly organized by the Chamber of Hong Kong Listed Companies and Hong Kong Baptist University. This Award presents the market's recognition of ICBC's achievements in corporate governance and also reflects the continuous efforts we made and the achievements we accomplished in improving corporate governance.

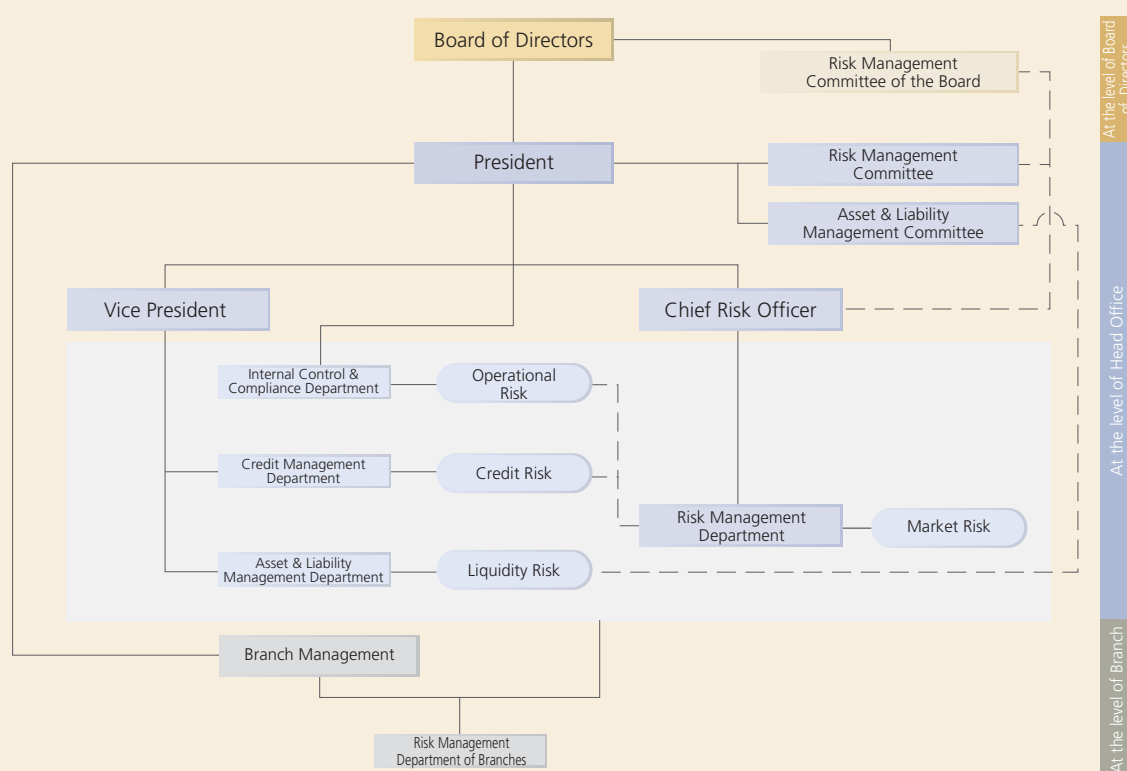


Protection of Shareholders' Rights

Sound Comprehensive Risk Management System

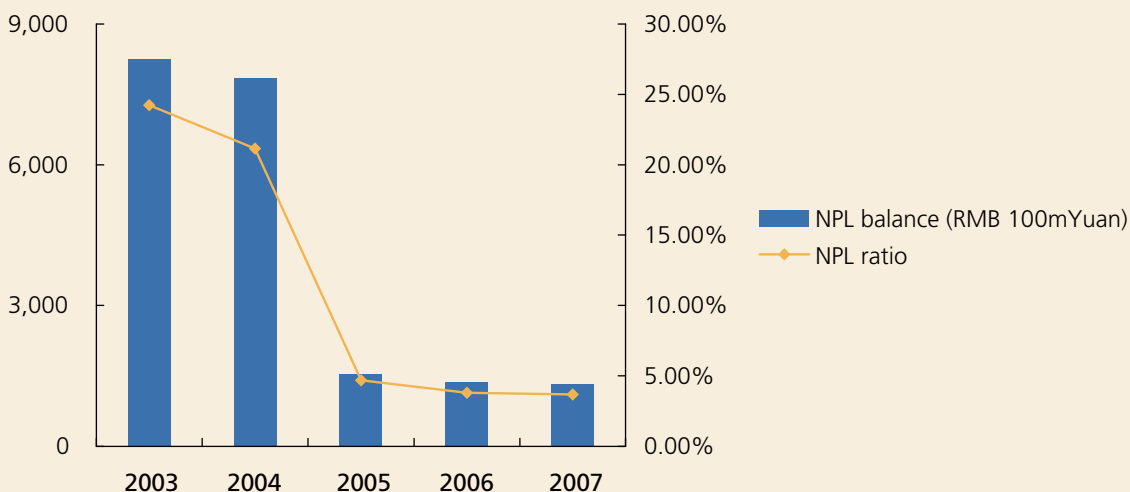
We highlight the improvement of working mechanism of formulating bank-wide risk management strategies and policies, diligently work to integrate risk appetite and the risk management goals into the entire process of operations management, and carry out whole-process quantitative comprehensive risk management in line with the bank's development strategy. We fully advance and implement the IRB project, explore for establishment of a credit-worth project feasibility demonstration system which is inherently accordant with the existing loan appraisal system, and have successfully completed the Phase I and Phase II of non-retail IRB projects. Pursuant to the requirements of New Basel Capital Accord, we established a rating system for corporate customers, facilities and portfolio risks, with the corporate customer credit risk quantification level being the first to reach the requirements of foundation IRB approach. We also completed the construction of main entities of retail IRB approach, paying solid foundation for realization of advanced IRB approach in retail business by 2010. We completed the design of interest rate risk management framework, set up a vertical credit risk management system, and based on the fundamental framework identified by COSO committee, we diligent pushed the internal control management capability to get closer to the standards of an internationally leading commercial bank, and ultimately to an efficient and stringent internal control system.

COMPREHENSIVE RISK MANAGEMENT SYSTEM



Continuously Improvement of Asset Quality

The Bank manages non-performing assets in the whole process from classification to disposal, including the asset classification confirmation, investigation, valuation, plan management, plan implementation, monitoring and inspection etc. On the principle that system precedes business, we established pertinent rule and business management measures for disposal of each non-performing assets, with an aim to document the NPL disposal act, maximize the value recovered from non-performing assets and protect the rights of shareholders and creditors. Since 2002, the balance and ratio of non-performing loans had witnessed simultaneous drop in 5 consecutive years.

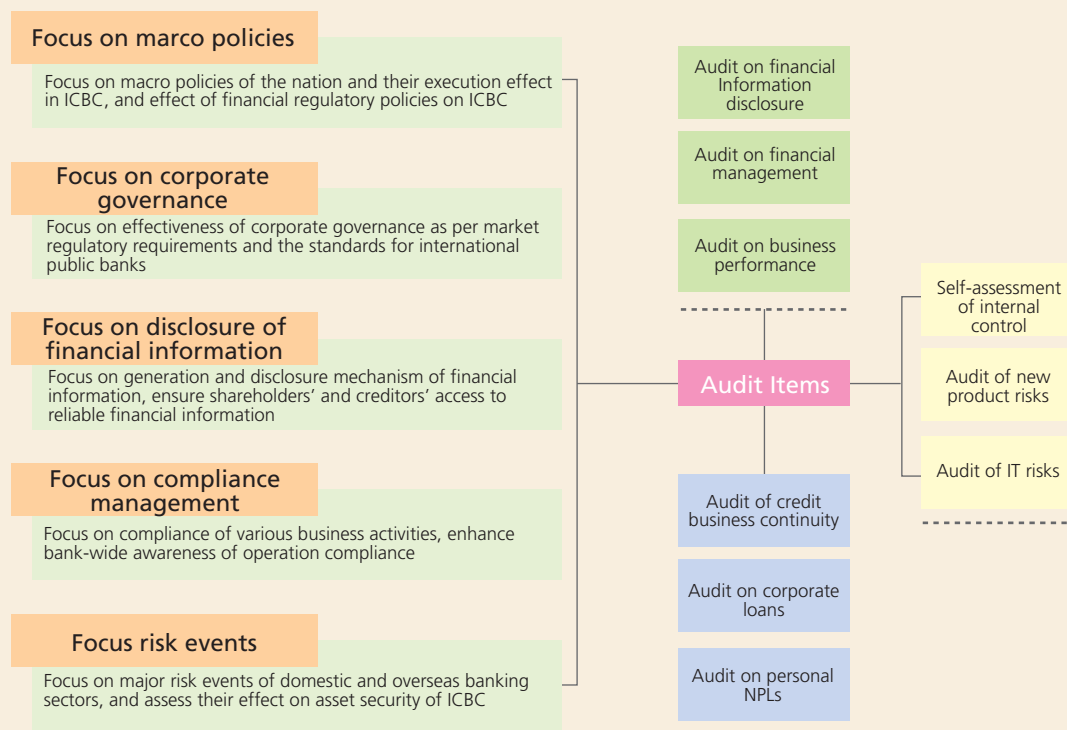


Note: data of the whole group coverage

Vertical and Independent Internal Audit System

The vertical and independent internal audit system for modern commercial banks was put in place in ICBC in 2004. Internal Audit Bureau was set up in the Head Office to directly report to the Board of Directors, function under directions of the Board of Supervisors, and receive audit, inspection and assessment from the Audit Committee of the Board. Ten internal audit offices were established across the country under the Internal Audit Bureau, working as dispatched offices of and reporting to the Bureau. The appointment, removal and compensation of the internal audit heads are subject to the approval of the Board of Directors.

According to internationally advanced internal audit standards and requirements of corporate governance mechanism of ICBC, systematic and standardized internal audit approaches were used to independently review and assess the effectiveness of risk management, internal control and corporate governance, create value added, and promote the sound and rapid growth of all business lines. Since incorporation three years ago, independent internal audit has become a crucial control and supervision force for protection of shareholders' interest and improvement of the corporate governance.



The internal audit is risk-oriented and aims to create economic value added. It has delivered remarkable contributions to protection of shareholders' and creditors' interests by continuously improving the organizational system, system framework, management mechanism and professional team under the new corporate governance structure, exploring and practicing the modern pattern, promoting and applying advanced audit methods and technologies, constructing a leading yet unique internal audit supervision and monitoring system approaching to the international standard, enhancing the working competencies and promoting fulfillment of duties and responsibilities.

Fulfill the Disclosure Obligations Truthfully with Due Diligence, and Ensure the Shareholders' Right to Know

We attach much importance to fair information disclosure to investors on a truthful, accurate, complete and timely basis by fully complying with regulatory requirements in Hong Kong and Mainland China governing information disclosure, strengthening management of information disclosure, and improving transparency.

The Bank started to implement the new Accounting Standards for Business Enterprise on all fronts as of January 1 2007, and prepare the quarterly report, interim report and annual report in light of the supervisory requirements of the listing place and the applicable accounting standards in domestic and international market. We further revised the Rules on Information Disclosure of Industrial and Commercial Bank of China Limited to improve the information disclosure mechanism and ensure truthful, accurate and complete disclosure. *The Management Procedures for Internal Reporting of Material Information of Industrial and Commercial Bank of China Limited* is formulated to specify the significant information reporting line, ensure timely and effective disclosure and reduce information asymmetry.

We treat all investors equally, avoid selected disclosure, and endeavor to improve the Bank's disclosure quality. In 2007, we disclosed to the public 4 periodic reports and 126 interim announcements (54 for A share and 72 for H share). Increased voluntary disclosure, more effective and timely disclosure and improved disclosure quality enhance the corporate image of "transparency, prudence and soundness".

Strengthen the Construction of Systems and Mechanisms to Ensure the Shareholders' Participation and Voting Rights

We have convened ten general meetings since the incorporation of the joint stock company in October 2005.

Since the Bank went public in Shanghai and Hong Kong simultaneously in October 2006, four general meetings were convened with the participation of public investors in accordance with the amended Articles of Association, at which the amended procedural rules for the Board of Directors, the Board of Supervisors and the Shareholders' General Meeting, 2006 work reports of the Board of Directors and the Board of Supervisors, the plan for final financial accounts, and the profit distribution plan were reviewed and approved.

2006 ANNUAL GENERAL MEETING



We act in full compliance with the Articles of Association to ensure that shareholders can exercise their right to attend the general meeting, including giving written notice 45 days before the general meeting; the notice of the general meeting covers relevant elements set forth in the Articles of Association, and is delivered in personal or by pre-paid mails, or via public announcement in case of holders of shares listed domestically. Shareholders that hold over 3% of shares in ICBC separately or jointly are required to present their interim proposals in writing to the Board of Directors 10 days before the general meeting. The Board of Directors will issue a supplementary notice of the general meeting within 2 days upon receiving such proposals, and submit the proposals to the General Meeting for consideration.

As a company listed in Shanghai and Hong Kong, we endeavor to ensure the equal right of overseas and domestic shareholders to participate in the general meeting. To this end, we convened the annual general meeting of 2006 in Beijing and Hong Kong in the form of video conference, enabling shareholders in the two cities to conveniently participate in the meeting and exercise their rights of voting, discussion and raising suggestions. It created the inter-city video conference mode for convening of the general meeting of A- and H-share listed companies, winning extensive attention and high opinions from domestic and overseas investors.

Relatively Stable Profit Distribution Policy Protects Shareholders' Right to Earnings

Upon ICBC's IPO, the Bank promised the shareholders that our dividend distribution percentage shall be 45%–60% of the net profits. After listing, we have strictly fulfilled this promise. With rapid growth of net profit, we maintain a relatively stable profit distribution policy to ensure the balanced short-term and long-term interests of all shareholders. Four distributions of dividend have been made since incorporation of Industrial and Commercial Bank of China Limited, particularized as follows:

	Distribution Period	Dividend (RMB100m)
1.	Dividend as of December 31, 2005	35.37
2.	Interim cash dividend in 2006	185.93
3.	Special dividend	101.46
4.	Cash dividend in the period starting June 20, 2006 and ended December 31, 2006	53.44

Seek Sophisticated Management of Market Capitalization

We devote continuous efforts and make proactive innovations in the process of market value management, and win wide market recognition and numerous awards. In the campaign of "2006 Annual Top 100 Listed Companies of Market Value Management of China" hosted by the Research Center of Market Value Management in Chinese Listed Companies and the Chinese Finance Research Center of Tsinghua University, ICBC was placed the top of "2006 Annual Top 100 Listed Companies of Market Value Management of China"; in the "2006 Top 100 Market Value Listed Companies and Top 50 ETF" hosted by Securities Times and Vanda Group, ICBC was awarded the honor of "Top 100 Market Value Listed Companies of China"; in the "2006 Influences China: Listed Company Election" hosted by Shanghai Securities and www.cnstock.com with academic support of Guanghua School of Management of Peking University, Mr. Pan Gongsheng, Secretary to the Board of ICBC was elected the "Most Respected, Popular and Excellent Secretary to the Board"; while in the 2006 annual appraisal of investors relations management in China hosted by China Securities Journal and the Nanjing University, ICBC was awarded the honor of "IR Innovation Award" and the "2006 Top 100 Best Investor Relations Management". It was also nominated by the IR MAGEZINE, a famous investor management magazine in the world, for the honor of "Best IR of Hong Kong-Listed Chinese Enterprises" and the honor of "Best IPO of Hong Kong-Listed Large Enterprises".



Share Price Performance since Listing

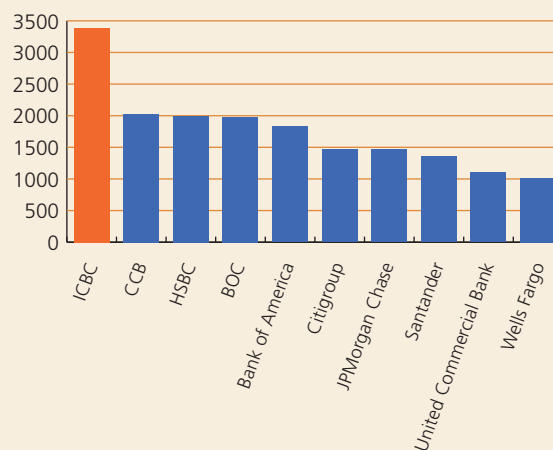
The A-share of ICBC (601398) was priced at RMB8.13 on December 28, 2007, up 161% from the offering price of RMB3.12 on October 27, 2006, accounting for 7.623% of the SSE Composite Index and ranked 2nd. The H-share of ICBC (1398) was priced at HKD 5.6 on December 31, 2007, up 79.41% from its offering price on October 27, 2006, accounting for 3.321% of the Hang Seng Index and ranked 9th.

According to data published by Bloomberg, as at the end of 2007, the market value of ICBC stood at approximately USD338.9 billion, the top one in the global banking sector since August 2007.

SHARE PRICE PERFORMANCE SINCE LISTING



MARKET CAP OF ICBC TOPS THE GLOBAL BANKING SECTOR



Source: Bloomberg

Note: the market value of banks was worked out as per the closing price on December 31, 2007, and the closing price of the previous trading day was adopted where no transaction was made on the day.

Management of Investor & Analyst Relations

MANAGEMENT OF INVESTOR RELATIONS

Under principles of openness, fairness, justice, completeness, timeliness and accuracy, ICBC discloses its development strategy, M&A, operation results, risk management, customer base, distribution channels and IT information to investors and potential investors by means of global road show, investors' forum, field survey, irregular group promotion conference, one-to-one talk, inter-city synchronous video, global telephone conference, and website, hotline and E-mail for investors. We also summarize and analyze the focus of investors and their suggestions on the Bank's strategy, operation management and service system, so as to promote continuous improvement of corporate governance and intrinsic value.

MANAGEMENT OF ANALYST RELATIONS

As a significant force to promote the investment value of a company, the analysts' views have an immediate and major impact on the market. After listing, we maintain sound communication channels with about 30 major analysts of the seller at home and abroad to the extent permitted by applicable laws and regulations.

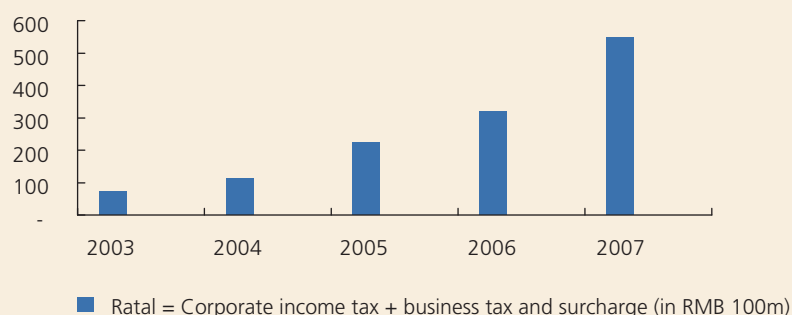
In 2007, we organized over 100 one-on-one meetings, telephone meetings and group meetings with approximately 300 analyst-times. Besides, interactive communications were arranged via E-mails and telephones to promptly get

market feedbacks and their comments and suggestions on the Bank's operations, and answer day-to-day questions of analysts. To better publicize operations and investment value of the bank, we actively carried out field investigations of the analysts.

Market Monitoring and Reporting

We always keep a close track on the changes of ICBC share prices, immediately disclose relevant information. Follow-up monitoring are made on material changes in the rating and valuation by major investment banks and securities research & rating agencies, as well as the launch or change of significant macro-economic policies and their influence upon ICBC and comparable peers. The reports on capital market performance are prepared based on the continuous monitoring of the Bank's market value ranks.

One of the Largest Taxpayer in the Financial Sector



- Note:
1. Corporate income tax is the income tax paid by our domestic branches to taxation bureau in practice. (Corporate income tax of 2007 is the estimated number by the auditor)
 2. Business tax and surcharge is the tax we paid in practice.

From 1984 to 2007, we accumulatively paid taxes (corporate income tax, business tax and surcharge) of RMB308,898 million. The taxes paid in practice takes upon a fueled tendency since 2004 as a result of the increase in our profits. ICBC was ranked No.3 in "Top 100 Taxpayers in China 2006" jointly issued by the Planning & Statistics Division of the State Administration of Taxation and China Taxation Magazine, becoming one of the largest taxpayer in the financial sector.

Green Bank

A Practitioner of Green Credit

We will pay close attention to the evolvement of “equator principle”, ensure the compliance with environmental protection requirements and take “Green Credit” as a long-term growth strategy and endeavor to build ICBC into a model bank for “Green Credit”. We respond to and practice the “Green Credit” philosophy earlier than other commercial banks. Green Credit represents a social responsibility ICBC is committed to and a major driver guiding the transformation of its business strategy.

The transformation to highlight environmental protection and energy conservation reflects both a humanity spirit and a profitable business opportunity. We tap into new business lines during fulfillment of our social responsibility in line with changes in eco-social development.

We believe, the “Green Credit” has two levels of denotations: on the one hand, it refers to strict control of provision of financial support to highly energy-consuming and polluting enterprises which fail to meet the environmental protection criteria, and on the other hand, it indicates that vigorous efforts shall be made to support the development of industries and enterprises facilitating green environment, using clean resources and promoting economic circulation.

Environmental Protection: the One-Vote Veto System

Green Credit is applied to all financing products and customers of ICBC. As specific actions to build a Green Credit bank, we take environmental protection compliance as a qualification for extending loans to corporate borrowers, which are included into a list of environment protection compliance. The environmental protection compliance serves as the ultimate determinant to reject or accept any projects and business entities requesting for loans, a list of environment-friendly enterprises was prepared, and a “one-vote veto system” was launched to environmental protection of all projects and corporate borrowers.

We always strictly comply with environmental laws and regulations of China and shoulder the responsibility of promoting environmental protection and properly control extension of credit facilities. In addition to the stress on expansion of credit assets and increase of capital return of business entities, the projects’ impacts on environment and resources and environmental benefits are taken as a determinant for granting of credit facilities. Meanwhile, the industry and customer credit policies are leveraged to adjust the allocation of credit resources and the bank-wide credit structure and restrict loans for projects high in energy consumption and pollution, which has effectively balanced the short-term benefits, long-term benefits and social responsibility of business entities.

We follow the “Double High Standards” when developing credit businesses, i.e. placing a stringent credit access standard when extending credit supports to projects and enterprises, which are required to meet both the national industry policy standard and the energy efficient and environmental friendly standard. Thus a decision-making mechanism is established to reflect the Green Credit philosophy and requirements. Environmental requirements are highlighted in the industry-specific credit policy. The customer list and industry limit management system is maintained for “Two Heavies and One Excess” industries.²

² “Two Heavies and One Excess” refers to industries that are heavy in pollution and energy consumption and excessive in production capacity.

When assessing, reviewing and approving loans for new projects, we focus on the land use pre-examination, environmental impact assessment and compliance with the overall regional plan and pollutant discharge requirements. Any project in violation of the national environmental polices and likely to cause material adverse affect on environment will be rejected. Any new project or project under construction will not be granted credit facilities in any form before its environment impact report is approved by competent authorities. Any borrower in breach of environmental laws and regulations will be degraded in credit rating, with credit line not increased or even deceased as appropriate. The financial support will be withheld from any project approved at the project initialization stage but found in violation of environment laws and regulations during construction or operation, causing failure of environmental acceptance. Therefore, we have rejected a host of projects heavy in pollution, high in energy consumption, poor in equipment maintenance and likely to cause damage to the ecological environment.

CASE

When reviewing the credit plan of a group, we noted that the principal activity of three members of the group was producing ethanol via corn processing. But the National Development and Reform Commission successively issued the *Urgent Circular on Strengthening Management of Corn Processing Projects*, *Circular on Strengthening Management of Producing Ethanol from Biofuels*, and *Circular on Stopping Under-construction and Planned Corn Further-processing Projects*, and took actions to stop all the corn further-processing projects under construction. In addition, the corn further-processing process produced heavy pollution to the environment and its outlook was uncertain. Thus it was inadvisable to finance this sector, and we required branches to temporarily refrain or withdraw from the sector as soon as possible. The national macro-control policy and the Green Credit requirements of ICBC were fully followed.

Special Inspection on Green Credit

To fully understand the credit risk of our corporate customers in environmental aspects, we organized a bank-wide inspection on environmental compliance among corporate customers with financing balance in ICBC in September 2007. The inspection was focused on the compliance of pollutant discharge during production and operation, non-compliance records in the environmental data, and implementation of the environment impact assessment system and the "Three Simultaneous" system³ of projects under construction. Problems were detected and proper actions were taken.

In the special inspection, branches were required to proactively communicate with local environmental authorities and check credit customers against the environmental requirements and environmental impact assessment of the environmental authorities. Based on these actions, further survey was made on the financing status of the borrower in violation of environmental laws and regulations and entering into a financing relation with ICBC, and analysis was made on its production and financial position, correction of environmental non-compliance, customer risks, effect on loans extended by ICBC, and risk prevention measures taken.

3 "Three Simultaneous" system refers to the system that pollution treatment facilities of newly constructed, reconstructed and extension projects, technical upgrading projects as well as regional development and construction projects must be designed, built and brought into production at the same time with that of main projects.

To enhance dynamic management of environmental information of customers, with reference to applicable standards and requirements of the State Environmental Protection Administration, we add customers' environmental identifications into the CM2002⁴ system and classify customers into nine categories: Environment Friendly, Environment Acceptable, Environment Special Mention (I), Environment Special Mention (II), Potential Environment Risk (I), Potential Environment Risk (II), Potential Environment Risk (III), Potential Environment Risk (IV) and Potential Environment Risk (V). The branches are required to indicate environmental information of corporate borrowers with financing balance in ICBC in the CM2002 system in accordance with the classification standard specified by the Head Office, and describe major environmental protection non-compliance facts and punishments imposed. The environmental protection compliance information of corporate customers entering the first credit relation or a new credit business with ICBC shall be promptly recorded.

This environmental protection compliance inspection is intended to understand the environmental risk profile of existing borrowers, establish a proprietary customer environmental information database, maintain dynamic management of environmental protection compliance of borrowers and effectively prevent and mitigate environmental risks.

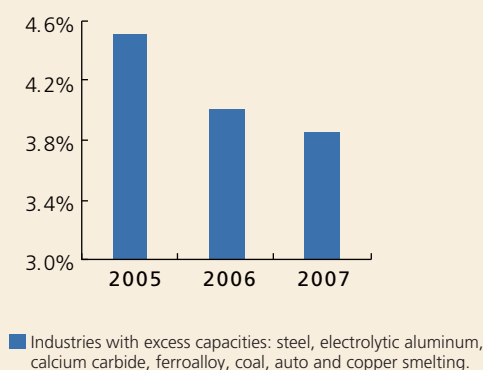
Voluntary Exit from "Two Heavies and One Excess" Sectors

We have developed a stringent exit plan for "EXIT" customers identified in the industry-specific credit policy and/or customers failing to meet the national standards on production capacity.

With regard to implementing the national macro-control policies and overall plan for energy conservation and emission reduction, we have developed and updated specific credit policies for industries high in pollution and energy consumption (including steel, ferroalloy, cement, electrolytic aluminum, copper refining, calcium carbide and coke) in line with the national industry-specific policies and actual situations of ICBC. Stringent access standards based on environmental protection compliance have been developed to strictly control the total financing amount for these sectors. Customer classification management is adopted under the principle of "Industry-Specific and Restructuring".

A stringent exit plan is prepared for "EXIT" customers identified in the industry-specific credit policy and/or customers failing to meet the national standards on production capacity. The restructuring objectives are met via implementing rigid system control and setting aside simulated provisions, thereby reducing or eliminating loans to EXIT customers. These actions has helped effectively control loans to sectors high in pollution and energy consumption, continuously optimize loan structure, and further improve loan quality.

Declining Exposure to Industries with excess capacities



Note: data of the domestic branches

⁴ CM2002 system is an application system for the credit business centralization database launched based on the open platform system in 2003. It is also a production business system providing central control and uniform management on credit businesses across the Bank.

In industries high in pollution and energy consumption (including steel, ferroalloy, cement, electrolytic aluminum, copper refining, calcium carbide and coke), we voluntarily exited from nearly 140 customers posing high potential risks in 2007, totaling up to approximately RMB5.1 billion of loans and representing a decrease of 24%. The customer portfolio is then further optimized.

Intensify the Environmental Risk Control in Post-lending Management

In post-lending management, we enhance monitoring of environmental non-compliance and credit punishment and intensify post-lending environmental risk management. Since China's strengthening of law enforcement monitoring and inspection in 2006, we have further intensified follow-up monitoring on environmental information of borrowers, and proactively prevented credit risks resulting from unexpected environmental non-compliances via regular visits and inspections.

In day-to-day management, all the loans extended to enterprises in violation of environmental laws and regulations and punished by environmental authorities shall be classified into the category of Special Mention or below. Any form of further facility is prohibited in respect of borrowers exceeding pollutant indicators or total quantity permitted by the nation, or failing to obtain pollution discharge permit or discharge pollutants in violation of the permit, or failing to take required remedies within specified timeframe, and proper credit control strategy shall be adopted in line with specific punishments given. Prohibition of further financing, immediate adjustment of initial term of loan/or and reduction of credit line are required for any project or enterprise that meets standards for energy consumption and pollution, yet is not stable in environmental operation, unclear in assignment of responsibilities for energy conservation and emission reduction, and inadequate in management measures. For projects and enterprises falling into the scope of "Restricted Areas" and "Restricted Drainage", any form of credit support shall be suspended until such restriction is relived, except projects and enterprises engaged in pollution prevention & control and circular economy in compliance with environmental requirements identified by the governmental authorities. Any further financing shall be prohibited for enterprises included into the list of "Rectification under Supervision" by the State Environmental Protection Administration and punished, ordered to make rectifications within specified time and requested to suspend operation for rectification.

Increase Supply of "Green Product"

When promoting the policy of "one-vote veto system" on environmental protection requirements, we increase supply of "green" credit products as another approach to Green Credit bank. A long-term credit support system for energy conservation and environmental protection is established via improving and innovating financial services for the energy conservation and environmental protection field to optimize credit business portfolio and seek new profit growth pole. For example, credit support shall be strengthened for the ten key energy-conservation projects, water pollution treatment projects, sulfur dioxide treatment of coal-fired power plants, comprehensive resource utilization projects as well as the demonstration and promotion projects for commercialization of energy conservation and emission reduction technologies, and privileged access will be provided to support "Green Credit" to improve approval efficiency. For key enterprises posing a positive outlook, strong supports shall be provided for expanded investment in environmental protection equipments and facilities, comprehensive treatment of pollution sources and improved sustainable development capability. The exploration and innovation of financial products and credit management mode are required to enhance innovation of credit products and derivatives, provide corporate customers with such financial services as investment management, financial consultation, structured finance and financing lease, and providing more financial supports for energy conservation and environmental protection.

In 2007, we provided strong supports to environment friendly projects and enterprises involving energy, emission reduction and cyclic economy. First, key supports were directed to a host of cyclic economy pilot enterprises, such as the Reclaimed Water Advanced Treatment and Reuse Project of Jinchuan Group and the Comprehensive Gas Utilization Project of Huainan Mining (Group) Co., Ltd. strongly supported by the National Development and

Reform Commission and the State Environmental Protection Administration. Other cases include large hydropower development projects (e.g. Shengxigou hydropower station of Sichuan Guodian Daduhe Hydropower Co. Ltd.), Yumen Diwopu Wind Farm Project, Coal Gangue Power Generation Project of Linhuan Zhongli Power Generation Co., Ltd., and Phase II Project of Coal Gangue Power Generation of Heshuyuan Power Plant. In addition, supports are also provided to projects promoting energy conservation and improving living and ecological environment, such as Relocation Project of Shanghai Pudong Steel Co., Ltd. of Baosteel Group.

Electric Power Industry

Under the guideline of “Supporting the Larger and Restricting the Smaller, Energy Conservation and Emission Reduction” for China’s electric power industry, the National Development and Reform Commission requires shutdown of a certain capacity of small thermal power generation units when larger generation units are installed. In response to this guideline and supporting substation projects for eligible small thermal power plants, we issued loan commitment letters to the “Supporting the Larger and Restricting the Smaller” projects, including Jiujiang Power Plant of China Guodian Corporation, Dayukou Power Plant, Shaoguan Power Plant of Guangdong Yudean Group Co., Ltd., for the purpose of helping the customers to apply to the National Development and Reform Commission for approval. Second, supports are strengthened for clean energy power generation projects including wind energy, solar energy and hydraulic energy. Loans were extended to wind power projects of China Power International Development Co., Ltd. in Anxi, Gansu Province and Dafeng, Jiangsu Province. Loan commitment letters were issued to Xiangshui Wind Power Project of China Three Gorges Project Corporation, the Bayin Wind Power Project that Huaneng Group bid for, and Huitengliang Wind Power that China Guangdong Nuclear Power Group bid for. Loan commitment letters were issued to Yuncheng Comprehensive Utilization of Natural Coke for Power Generation Demonstration Project of Shandong Lineng Group, and the Green Coal-Fired Power Generation Demonstration Project of Huaneng Group.

CASE

PURSUIT OF GREEN OPPORTUNITY

ICBC Shenzhen Branch applied to grant a loan to the Phase II Coal-Fired Power Generation Unit Project of a company. As the Phase I Project has started operation and the economic and technology conditions of Phase II project are sound, many banks are willing to offer preferential financing conditions to the Phase II Project.

When reviewing the project, our review department found that ultra-super critical (USC) coal-fired power generation unit used in the project has advantages such as low coal consumption, high thermal efficiency and short construction cycle than sub-critical or super critical coal-fired unit. According to the *Circular of the State Council on Re-issuance of Energy Conservation Power Generation Dispatching Procedures (Trial) Issued by the National Development and Reform Commission and Other Agencies* (GBF [2007] No.53), China will progressively dispatch and interconnect power generation units on an energy-efficient and economic basis. This project has a strong competitive edge in further energy-conservative power generation, thus financing the project complies with the Green Credit guideline of ICBC. Through continuous optimization of the bidding scheme, we finally won the project after fulfilling necessary formalities.

Wastewater Treatment Project

According to the document (G.F. [2000] No.36) issued by the State Council, the wastewater treatment ratio of provincial capital cities by 2010 shall be not lower than 70%. In supporting the implementation of this requirement, we extended a total loan of RMB11 billion for ADB-funded wastewater and rainwater project of Wuhan and the urban wastewater treatment projects in Shanghai, Chengdu and Tianjin.

Metallurgical Industry

We have always followed the national industry policies and progressively support the technical rebuilding of Wuhan Steel in terms of environmental protection, energy conservation and consumption reduction, restructuring, technological improvement and added value of products. We successively granted project loans to six T-bond discount loan projects, including the first and second cold rolling sections, blast-furnace bituminous coal injection section, power generation from residual pressure of blast furnace turbine, and the first hot rolling section. Environmental protection loan was extended to finance the Phase III Alumina Project of the Guangxi branch of Aluminum Corporation of China Limited (ACC); and the Guangxi branch of ACC now carries out rehabilitation of the mined areas, and has developed the process of goaf preparation – ore washing and soil restoration – rehabilitation and farm restoration, maintains a complete technological and management system, and becomes a demonstration base for national environmental protection.

A Long-term “Green Credit” Mechanism Primarily Established

Establishment of Industry Analysis Center

In December 2002, we set up the Industry Analysis Center dedicated to controlling industry credit risks, the first in domestic banks. Restructuring and risk prevention and mitigation are made through putting in place industry-specific credit policies. Now the industry-specific research and follow-up of ICBC has covered industries heavy in pollution and energy consumption and excessive in production capacity identified by the nation. Furthermore, we summarize and analyze credit policies for specific industries, promptly adjust and improve access/exit standards for customers and projects, release warning information and ensure environmental friendliness in allocation of credit facilities.

Enhance Communication and Collaboration with Regulatory Bodies

In 2007, we strengthened communication and collaboration with environmental authorities and banking regulatory bodies of the country, established a day-to-day corporate environmental information communication mechanism and a corporate environmental information monitoring mechanism, maintained a management system based on the list of environmental compliance, began day-to-day credit business with consulting the State’s environmental authorities and the credit system of the People’s Bank of China, and determined allocation of credit facilities based on environmental information we acquired. The environmental supervision and inspection were maintained after lending, and any fund use activities in violation of environmental laws and regulations were corrected to ensure environmental compliance of financed projects and customers.

Through extending communication and cooperation with the state environmental protection organs, we have basically established and are dynamically managing the customer environmental protection risk database with clear marks and truthful information, realizing list management of key energy-consuming and high-pollution customers

CASE

When reviewing a company’s application for higher credit line, we found that the financed project was a coal resources integration project, which improves the coal recovery rate from 30% to over 80% and conforms to the State’s macro-control policy of “Coal Integration and Orderly Development” for the coal industry, besides, the project was granted environmental approval by the Environmental Protection Administration of Province S. However, the integrated project will expand its capacity to 3 million t/y and should fall within the approval authority of the State Environmental Protection Administration according to its tiered approval rule. Therefore, we contacted relevant unit of the State Environmental Protection Administration and obtained affirmation of approval. Then the branch was required to go through approval procedures lawfully, validly and completely before applying for credit line adjustment..

Build A Green Bank Comprehensively

Along with promotion of Green Credit and facilitation of environmental protection through fund flow control, ICBC has been actively pushing forward environmental protection in the means of inner and outside publicity of environmental-friendly concept and volunteer activities.

Publicize the Environment Protection Concept

Internal Production and Operation

In internal production and operation, we stress on enhancing environmental awareness of employees, proactively participate in environmental protection activities and incorporate environmental considerations into each working procedure. We actively promote the reduction of coal emission via various means, and respond to the climate warming tendency by environment-friendly behaviors to fulfill the responsibility of environmental protection. For example, we aggressively promote the concept of paperless information, shift to E-office bank-wide, and remarkably reduce paper materials and consumption of social resources. Reusable and degradable materials are used as possible in workplaces and environment friendly products promoted to minimize energy consumption per capita and pollution.

To foster and enhance employees' awareness of resource conservation, ICBC promotes resource conservation knowledge via its internal network, advocates environmental friendliness in all activities, employees and times (such as saving water and electricity as possible) and endeavors to maintain good awareness and best practices among employees.

We give a high weight to creating resource-efficient office space, and urge the branches to establish and improve a proper energy consumption analysis system, and monitor the consumption of water, power and gas. Office space management is enhanced in diverse ways under the guidelines of optimized operation, reasonable control, full execution of measures and effective maintenance, in order to bring down energy consumption rates over years.

The Head Office building of ICBC was designed and constructed to fully reflect the concept of energy conservation and environment friendliness. Many leading energy-conservation and environmental technologies and equipments were employed, including variable air volume air conditioning technology, natural lighting, natural cooling exchange technology, plate heat exchanger, energy efficient lighting lamps and environment friendly building materials. Take the plate heat exchanger for example, if the plate heat exchanger is used as cooling source for air conditioner in transition seasons, the refrigeration machine may operate 500h less and 100,000 KW/h will be saved.

In 2003, the Head Office revamped the Boiler steam system for recovery of residual heat and condensate, which saves 160 tons of water and 3% of natural gas each year. The dedicated drinking water system was improved to recover 600 tons of demineralized water a year. In 2004, the advanced air conditioning water treatment technology was employed to save 7,000 tons of water and 340,000 KW/h of electricity a year. In 2005, the dedicated air conditioner of the computer room was provided with water softener that helps bring water feeding down from 350% to 110%, able to save 100 tons of water in each humidification season. In 2006 and 2007, successive improvements were made to realize card-based water consumption and water reuse. The water consumption at the Head Office building fell 40.4% in 2006 from that of 1999, for which ICBC was awarded the "Water-saving Company of Beijing" by Beijing Municipal Water Administration.

Through measures to enhance self management and initiate technical rebuilding, the power consumption in Head Office building gradually drops year by year. The power consumption in 2006 registered a decrease of 1,935,400 KW/h or 15% from 12,776,800 KW/h of 1999. The power consumption per unit floor area was 147KW.h/m² in 2006. According to the sampling survey data of Beijing office buildings, this consumption rate was at a lower level (the annual consumption rate of Beijing Grade A office buildings per unit floor area was 130~195 KWh then).

External Business Service

In external business services, we further promote the E-banking business, while continuing accommodating exiting demands of customers, to expand use of Internet banking, telephone banking and mobile phone banking, so as to minimize consumption of such resources as paper. Since we established the first telephone banking and Internet banking of China in 1999, we have maintained the largest telephone and Internet banking service provider. Our persistent efforts to develop new service channels help save massive social and physical resources in addition to keeping pace with the times and providing convenience for customers.

Extend Assistance to Environmental Protection and Returning to the Society

In addition to internal activities to support environmental protection, we also participate in and cause the larger public to participate in communications and collaboration with the governmental environment authorities and non-governmental public service organizations, promote environmental and social responsibility to the society, customers and partners, and endeavor to enhance environmental awareness of the public through our activities.

In 2007, we participated as title sponsor in the “Energy-saving and Emission Reduction: Common Action” Program of CCTV jointly initiated by 14 ministries and commissions, including the National Development and Reform Commission. This event has effectively promoted and enhanced the environmental awareness in the society.

ICBC organizes the league members of the bank to participate in various volunteer programs, such as “Protecting the Mother River” Program. In 2000, the league members of ICBC donated more than RMB1.371 million to the “Protecting the Mother River” Program. In 2004, Mr. Zhang Maiqun in Xinjiang Branch was awarded “Outstanding Individual in Protecting the Mother River Program” by the Central Communist Youth League Committee and other five governmental agencies.

Beijing Branch: Beijing Branch calls for “Planting A Tree, Give Your Love” in response to the Central Committee of CPC’s guideline of “Foresteing the Capital City, Beautifying Environment and Contributing to Well-being of People” and Beijing’s objective of “Building An Eco-friendly City, Hosting Green Olympics”. On the Tree-planting Day each year, the young volunteer employees actively register for tree planting activities. We have won the title of “Outstanding Corporate Performer in Capital Compulsory Tree-planting Activities” for 17 successive years since our first participation in 1989.

Hubei Branch: Xianning Branch in Hubei Province established a Bicycle Club in 2004 for the purpose of promoting environmental protection. In each cycling tour, all the club members are uniformly dressed, traveling through streets and lanes on bikes as a way of advocating a natural and healthy life. They have won a positive social response.

Inner Mongolia Branch: The young volunteer employees of the Erdos Branch of Inner Mongolia participate in the “One Person Plants One Tree, Sand Hills Changes to Forest” Program to contribute to the virescence project.

Jiangxi Branch: Jiangxi Branch also actively participates in the tree planting activities of local place via participation in person or financial contributions, planting over 6,000 mu trees and donating a total of RMB347,000.

Shaanxi Branch: Shaanxi Branch proactively involves itself in the “Beautiful Mountain Program” initiated by the local government, including urban green space construction, Xianyang Jingyang tree-planting program, Qinling afforestation, Baoji Jiacyunuan afforestation, Shangluo Garden City Program, and Jinfeng Mountain Park project

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Charity Bank

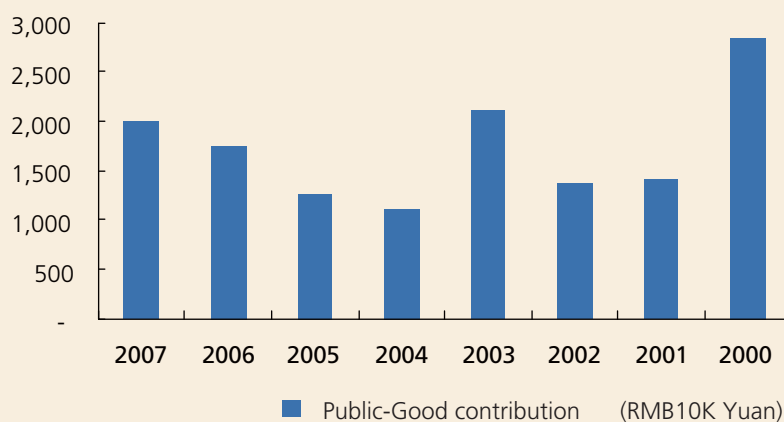
We have been always committed to public services since incorporation. Strong awareness of social responsibility and contribution underlies our corporate culture. We organize public services at both Head Office and branch levels. Activities are carried out on a region-specific and centralized superior resources basis. The Head Office prudently selects high-quality public service programs and projects, leverages centralized superior resources to makes large investment, and organizes bank-wide activities. The branches screen projects and arrange work in line with local conditions.

Our commitment to public services focuses on poverty alleviation, disaster relief, returns to the society, education funding, and cultural preservation. Services are provided in the forms of conventional financial, materials and labor donations and such financially featured approaches as intellectual support and service feedbacks.

Public-Good Contribution

From 1984 to 2007, ICBC (the Head Office and domestic branches) has donated a total of RMB249,857,200 for public welfare undertaking such as poverty alleviation, culture and education, sports and charity, apart from the individual donations made by employees.

PUBLIC-GOOD CONTRIBUTION IN PREVIOUS YEARS



Note: data of the domestic branches

Poverty Alleviation

Head Office

Since 1994, the Bank has dispatched over 60 excellent employees to Nanjiang County, Tongjiang County and Wanyuan City, Sichuan Province and Chengkou County of Chongqing Municipality for poverty alleviation. They help develop the local economy and improve the well-being of local people. During the Eighth-Seven Poverty Alleviation Program, we have supported 26 poverty alleviation projects in the above counties, including 8 Hope Schools and other education and medicare facilities.



After the poverty alleviation development program entered a new phase in 2001, we again provided supports to Tongjiang County, Nanjiang County and Wanyuan City of Sichuan Province under central arrangements by the Poverty Alleviation Office of the State Council. We explored and implemented a new approach that integrated projects, education, health, technology and disaster relief into poverty alleviation, e.g. carrying out the household breeding project in Wanyuan City and Nanjiang County to help local peasants to fight poverty. Totally RMB4.96 million was donated to build 7 new Hope Schools, award 330 Excellent Rural Teachers, and fund 240 academically and morally excellent students to receive college education. RMB100,000 worth of books were donated to 30 elementary and secondary schools. We participated in the Red Cross Angel Program initiated by the Chinese Red Cross Foundation for the purpose of improving medical and health conditions of poverty areas by donating RMB880,000 to five township hospitals for reconstruction of the outpatient buildings (8,700 m² in gross floor area). Supports were provided to build 3 new township hospitals and over RMB300,000 worth of medical equipments donated. Other donations include 500 computers and over RMB3 million worth of clothes, chemical fertilizers and other materials.

HOUSEHOLD BREEDING PROJECT: BOOST THE BUILDING OF NEW SOCIALIST RURAL AREA

The household breeding project in Wanyuan City and Nanjiang County of Sichuan Province under Heifer Project International to which we donated HKD800,000 has seen effect after one year's operation. The Jiuyuan Black Fowl and Reproducible Cows breeding projects in Wanyuan not only helped local peasants to get rid of poverty, but also conveyed the spirit of independence, self-reliance and mutual support and advanced the local program of building the new socialist rural area.

In 2003, the "Donation to Happy Life, Aid to Needy Mothers" program was initiated to donate RMB1 million for the Happiness Project. The donation was used to aid needy mothers in Wu Di County, Shandong Province and Yixian County, Hebei Province to develop planting and breeding projects.

In 2004, we donated RMB1 million to the "Land of Love • Mother Cellar" Program for the purpose of helping Western needy people to improve their living conditions.



In 2006, we donated RMB900,000 and 95 computers to Agricultural No.12 Division of XPCC, where the 5th Group of ICBC officers for assisting Xinjiang were seconded, and the Burqin County, Altay Prefecture, Xinjiang to improve educational and living conditions of local students and enhance office automation of the local government.

On December 3, 2006, the 15th International Day of Disabled Persons, we donated RMB2.3 million and held a large charity evening party titled "Together with ICBC: The Same Song with Legal Aid for the Disabled" jointly with the Ministry of Justice and China Disabled Persons' Federation. All the funds raised at the evening were used for legal aid to the disabled in China.



CONTRIBUTION FUND

On the International Day for the Eradication of Poverty in October 1996, to "serve people and contribute to the society", each of ICBC employees voluntarily donated RMB100 out of their salary to set up a Contribution Fund. The first RMB57 million was used for the Hope Project, poverty alleviation, justice upholding, and disaster relief. RMB10.43 million of the increased proceeds was donated to 27 public service projects, including the Hope Project, Spring Bud Program and Yellow River Protection Initiative, primarily for the purpose of supporting education, health and disaster recovery in needy areas.

In 2007, we donated RMB1 million to China Foundation for Disabled Persons in support of the "Eternal Love • Sight Initiative" to fund 1,000 financially needy cataract patients from Nanjiang County, Tongjiang County and Wanyuan City of Sichuan Province to receive cataract surgery. Our charity and donations have been highly appreciated by the local governments and people and won positive social response. Our image of commitment to poverty alleviation has been deeply recognized by the public.



Branches

Zhejiang Branch: This branch has provided aid to Jiuhe Township of Pan'an County since 1994, and donated over RMB3 million to finance the access road linking Jiuhe Township government to the provincial highway and the central elementary school of the township, and the Yinhe Bridge connecting Pan'an County and Dongyang City.

Xinjiang Branch: This branch has provided aid to Hetian City since 1995. It has accumulatively extended RMB24 million loans over four years for the purpose of opening up wastelands in three villages and one town in Hetian City. In 2000, Hetian developed over 40,000 Mu wastelands, earlier than planned, indicating an increase of one half Mu

per capita. The branch provided aid to two needy towns in Shache County since 2002 by digging wells, building school premises, building earthquake-proof houses and buying production materials and living supplies, together with cultural aid. Totally approximately RMB1.1 million has been donated in cash and kind.

From 2002 to 2007, Xinjiang Branch has provided cultural aid to the villages and towns with low education and short financial and technological resources. Books were also donated. First, over 1,000 volumes were donated to 46 culture stations, culture rooms, and libraries of elementary and secondary schools in Qiareke Town and Tajike Township. Second, the branch has subscribed approximately RMB200,000 worth of Xinjiang Economy newspaper for six successive years for these areas, thereby providing new knowledge and technologies to local peasants and herdsmen. These cultural aid initiatives were honored as the "New Direction of Poverty Alleviation" by media of the autonomous region.

Qinghai Branch: Since 2002, this branch has provided aid to Xujiatai Village, Lushaer Town of Huangzhong County. In each spring plowing season, it dispatches the work force to help solve problems and difficulties of villagers in production and daily life. The branch donated living and production materials as well as technology books to local people; raised RMB42,000 in 2005 to finance a kindergarten in the village; and raised RMB56,000 in 2006 and 2007 to buy stationeries for children in the kindergarten.

Inner Mongolia Branch: this branch has provided aid to needy villages in Wulanchabu Meng (City), Chifeng City, Xilinguole Meng, Xing'an Meng, properly linking environmental protection with improving life standards of needy peasants and herdsmen. Take for example Xiquanzi Village, Xile Town, Right Rear Qi, Wuanchabu Meng: First, "1000 well irrigation areas" were constructed, achieving 1.44 Mu water irrigated farm per capita. Second, 2.7 km HV lines were laid, 3.89 km LV lines laid and 31 cable poles bought, putting an end to the no-electricity history of the village. Third, a new elementary school was built at Lijiafang, Xiquanzi Village, and over 800 volumes of books were donated to help set up a reading room in Xile Central Elementary School and help dropout children to resume education. Fourth, the branch helped train 13 rabbit breeding households, build 13 rabbit stables and bought 65 breeders.

Guangxi Branch: from 1996 to 2000, the branch carried out poverty alleviation and education assistance projects in Bala Yao Township of Tian'e County for five consecutive years. They supported the construction of over 10 projects including building of rural highway, drinking project, village collective economy and hope elementary school, and funds of RMB2.32 million was invested. Since 2002, the branch actively fulfilled the strategic deployment of local government on "New Leap in People Affluence and Guilin Prosperity", and provided support to Xiyao Village, Lejiang Township of Longsheng County. It raised funds of RMB1,659,500 to help build the infrastructures, plant economic crops, breed poultry and train agricultural talents. The average income per villager increased by 16.33% in 2007 to RMB1,717.

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Disaster Relief

Head Office

During heavy flood disasters in 1992 and 1998, we made donations in cash and in kind and provided loan supports for post-disaster recovery. After the unusual heavy flood occurred in 1998, all of our employees contributed donation of RMB27,719,000 to affected people. This donation was given to China Charity Foundation at the Charity Evening Show in August of the same year, becoming the largest ever donation by ICBC, and the largest charity donation in China that year.

In 2003 when SARS broke out in China, we launched ten financial services to stabilize the financial order and provided strong supports for fighting the disaster. We also donated RMB8.98 million to relevant medical organizations and nearly 140,000 pieces of drugs.

In 2006, we donated RMB1 million through the Red Cross Society of China to the victims in the Indian Ocean region hit by tsunami. Meanwhile, we worked with the Red Cross Society of China to initiate the "A Click of Mouse, A love You Give" online donation program for the tsunami-hit areas. The Red Cross Society of China successively awarded us the "China Red Cross Charity Medal" and the "Special Contribution to Indian Ocean Tsunami Relief".

Branches

Zhejiang Branch: Zhejiang Province actively participates in the typhoon fights. It provided full supports for production resumption of enterprises in addition to various donations (in cash and in kind) to affected areas and people, and was given many awards by relevant organizations and authorities, including the Charity Award granted to Wenzhou Branch in 2006 by Wenzhou Charity Federation and the Charity Award to Zhoushan Branch in 2006 by Zhoushan Charity Federation.

Heilongjiang Branch: in 1998 when an extremely heavy flood disaster stroke the Songhua River regions in Heilongjiang, the branch donated capital of RMB3,009,000 to support the disaster fights and the reconstruction after disaster.

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Education Support Programs

Education is fundamental to a nation's development. We provide aid to educational bodies and dropouts in needy areas by means of donations in cash and kind as well as financing new or renovated Hope Schools. We pay tuitions for dropout children and give priority to the Western region. Till now, we have financed construction of 35 Hope Schools.

Head Office

By the end of 2007, we have donated RMB3 million to the scholarship fund of Peking University. This move has strongly supported the teaching and research activities of Peking University and demonstrated our commitment to education.

Branches

Chongqing Branch: From 2001-2007, this branch has accumulatively granted awards of RMB100,000 to 100 excellent teachers in needy rural areas, financed over 100 needy students (RMB40,000 in total), donated 150,000 new workbooks for elementary and secondary schools and 45,000 books, and donated over 7,500 pieces of clothing and school/office supplies. In 2007, RMB80,000 was donated to the aid fund, RMB40,000 donated to award excellent rural teachers, and 21 rural teachers were trained. We organized "Education to Rural Areas" demonstration teaching and exchange program, attended by over 40 teachers.

Anhui Branch: Anhui Branch contributed RMB0.3 million to support the education in Anqing Qianshan County in 1997: it financed the construction of a Hope School in Guanzhuang Town and bought over RMB10,000-worth books for it. It donated 29 computers and some control desks to the school in 2000, thereby establishing a computer classroom. The employees of the branch donated over RMB10,000 to the scholarship fund intended to "Help Needy Students to Complete Compulsory Education". Another 12 computers were donated to the Hope School in Youba Village of Qianshan County to establish a computer classroom. In 2005 when the village and the school were hit by a once-in-a-century typhoon, RMB70,000 of disaster relief fund was donated for school resumption. In October 2007, this branch was awarded the "Anhui Organization Caring for Education".

Yunnan Branch: This branch donated RMB298,000 to the Hope Project Student Aid Fund of Yunnan Province in December 2007 in support of building the fund of "aid needy students in elementary, secondary and collegiate schools, and finance construction of Hope Schools".

Hainan Branch: Since 2003, this branch and Hainan Online, the largest comprehensive information and business portal website in Hainan Province, have jointly financed needy college students for five successive years. Each needy student is given RMB4,000 in cash, and totally 15 Hainan needy students have been aided. Hainan Branch also launched the "Donate RMB10 to the Disabled" program in 2006, which was directed to the Hainan Provincial Center of Rehabilitation of People with Hearing Disabilities. All donated money is used to buy living and school supplies for the students with hearing disabilities.

Hubei Branch: In 2007, this branch donated RMB200,000 to the Guo Shoujiu Financial Hope School in Hong'an County for the purpose of expanding and renovating school premises.

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Preserve Cultural Heritage, and Promote Excellent Culture

Preserving cultural heritage is one of our obligations. We endeavor to carry forward the spirit of Chinese nation, promote the essence of historic culture, and foster a high-minded corporate culture.

In April 2000, the Bank Museum hosted by Shanghai Branch was officially open to the public. The Museum is the first in China for the financial sector. It maintains a collection of over 20,000 articles and exhibits over 150 years' financial history of China through exhibits, scenes and characters. A continuous stream of visitors has visited in the past 7 years, including Chinese and overseas bankers, entrepreneurs, international friends and governmental officials. It has become a symbol of the one-hundred century's financial culture in Shanghai.

From October 2007 to February 2008, we teamed up with the Leisure and Cultural Services Department of the Government of the Hong Kong Special Administrative Region, and Hong Kong Museum of History to present an exhibition of "The Development of Banks in Shanghai & Hong Kong", which displays the highlights in the financial history in Hong Kong and Shanghai in the past two centuries. The Bank Museum in Shanghai lent 340 pieces of cultural relics to Hong Kong exhibition and stimulated a fantastic shock wave in that city.



With an aim to respecting financial history and preserving financial heritage, we take adequate actions to preserve nearly 100 old bank buildings in 28 cities of 17 provinces across the country. For instance, the premises of Tianjin Branch Banking Department were once the site of the former Yien Yieh Commercial Bank, which was established in 1926. The premises have been included into the Contemporary World Architecture and the Key Cultural Relics under the State-level Protection. Banking Department of Tianjin Branch carefully maintains and uses the historic building. Over the past twenty-plus years, the building maintains its original style and charms.

In March 2006, we sponsored the "Treasures of the World's Cultures" hosted by The British Museum and the Capital Museum of China, at which over 200 cultural treasures were exhibited in Beijing. This exhibition was a dialogue between the world culture and the Chinese civilization spanning time and space.

Shanghai Branch donated RMB2 million to the China Pavilion Project of World Expo Shanghai for the purpose of construction and exhibition of China Pavilion.

ICBC sponsored the "Touch China 2007" Person of the Year. The moving stories of the persons awarded at the event help carry forward a sound social atmosphere and strong ethics, presenting a profound influence on the society.

PROTECTION OF UCHIYAMA BOOKSTORE

Shanyin Road Savings House of Shanghai Hongkou Sub-branch was originally the site of Uchiyama Bookstore. In September 1998, Shanghai Branch of the Bank set up a showroom of Uchiyama Bookstore.

Uchiyama Bookstore was founded by Uchiyama Kanzo and characterized by full supply of new books and quick transmission of information, presenting a positive impact on the modern culture of China. Uchiyama Kanzo initiated the Arts Talks, at which the participants freely discussed the Japanese and Chinese politics and arts. The Chinese participants were mostly young litterateur and artists back from Japan, including such big names as Yu Dafu, Tian Han, Ouyang Yuqian. Japanese participates were mainly cultural celebrities living in or visiting Shanghai. In October 1927, Lu Xun met Uchiyama Kanzo after he moved to Hongkou and then became a frequent visitor to the Arts Talks. Lu Xun had a close tie with Uchiyama Bookstore. He had made over 500 visits to and bought approximately 1,000 books from the bookstore until he passed away in 1936.

Other Donations

In 2002, we gave strong support to the Charity Donation Box program of the Children's Fund by raising funds across the bank and donating RMB1.16 million to the Fund. In 2004 we again cooperated with the Children's Fund by arranging 1,000 donations boxes in our personal banking outlets in support of the Charity Donation Box program of the Fund, and donated the raised money to the bank account designated by the Fund.

Zhejiang Branch: In 2007, Zhejiang Jiaxing Branch donated RMB500,000 to the Charity Program of Jiaxing City, and RMB200,000 to the Jiaxing Tongxiang Charity Federation. Zhejiang Shaoxing Charity Federation donated RMB500,000 to Shaoxing Charity Federation.

Fujian Branch: Fujian Branch donated RMB500,000 to the Gutian Conference site preservation project at Longyan, Fujian Province in 2007.

Hunan Branch: This branch donated RMB500,000 to the South Ring Landscape Project of Shaoshan.

Shanghai Branch: The 2007 Special Olympics World Summer Games were held in Shanghai from October 2 to October 11, 2007. To show our care for the mentally disabled people, Shanghai Branch donated RMB1 million to the 2007 Special Olympics World Summer Games.

Tianjin Branch: In 2002, this branch donated more than RMB44,000 for the purpose of boosting the development of Tianjin haematopoietic stem cell bank. Haematopoietic stem cell is the most reliable and stable source of stem cells and of great value to treatment of leukemia and anemia.

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Volunteer Programs

Since the bank was founded in 1984, the employees of the Bank have actively carried out a variety of volunteer programs, including poverty alleviation as well as aids to needy persons and students. Over recent years, the volunteer activities have expanded to extensive fields and diverse forms and created a series of brand programs bearing the unique characteristics of ICBC. These volunteer activities demonstrate a corporate image of commitment to public well-being and serving the society.

Provide Assistance to the Needy, Care the Aged and Disabled

Inner Mongolia Branch: At the Hudemulin Saving House of Baotou Branch, the young volunteers have insisted for twenty years on providing physical and mental aids to the family of a blind worker of Minzheng Crane Plant in Baotou.

Guizhou Branch: The branch organized over 60 young volunteers to carry out the “Young Volunteers: Green Hope Tour” in Yaoyan Village, Liuchang Town, Qingzhen City under the theme of poverty alleviation. This initiative donated RMB15,000 worth of 600 sand pears, thereby providing villagers with a new way to earning.

Shanghai Branch: Shanghai Huangpu Branch established a youth team serving the aged on March 5, 1997. The team has provided persistent care for the daily life of bereaved aged people for ten years, and the activity has been carried forward by three generations’ young volunteers of the branch.

Fujian Branch: The Banking Department of Longyan Yancheng Sub-branch established a Family Love Network in 2000. Since then the volunteers have regularly visited the social welfare institute and nursing home in Longyan.

Henan Branch: On May 20, 2007, this branch launched a large-scale volunteer project proving convince to people and aiding the disabled. They raised donations on site for the disadvantaged populations and issued U Shield concession cards to the disabled free of charge, demonstrating a sound public image of the bank.

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PEONY VOLUNTEER CARD

The Banking Department of Shandong Branch and the Ji’nan City Committee of Volunteers jointly issued the Peony Volunteer Card, the first co-branded credit card named after public service program in the financial sector in Shandong Province. The volunteers may take part in local volunteer services by presenting the card, which also is referred to as the “Credit Card of Volunteers”.

Young Volunteers’ Student Aid Program

We organized volunteers to donate for needy students in Fengdu County, Chongqing in 2005, and raised more than RMB120,000 to aid 75 children to resume education. In June 2007, the volunteers visited the Changchun Village Elementary School, Washi Town, Tongjaing County of Sichuan Province and donated RMB10,000 to the school.



Sichuan Branch: Young volunteers in the branch launched the “Heart to Heart: Hand in Hand with Rural Children Leaving Home” Program. They presented to them China Kids magazines for their mental development, creating another home for them.

Beijing Branch: This branch frequently organizes volunteers to visit elementary schools in Xinglong County, Hebei Province and Mentougou, Beijing under the aid program. In May 2007, the volunteers visited Nanxinfang Elementary School at Mentougou and donated books and stationery and sports products to the school.

Guizhou Branch: In 2005, the branch organized a “Charity Bazaar: Finance the Project of Hope” program. The volunteers sold personal articles to raise funds for the Project of Hope.

Charity Bank

Hebei Branch: The branch launched an aid program and made donations to 50 financially needy students in 2002 and 2004 respectively. At Cangzhou Xinhua Sub-branch, a winner of the “National Model Youth Unit” award, each young employee donated RMB200 to finance college education of poor students in 2004.

Henan Branch: This branch provided financial aids to rural needy students. The volunteers were organized to make donations to rural elementary schools. In 2005, Henan Branch initiated the “Grow with ICBC” program and donated school supplies to 100 elementary schools in Zhengzhou City. Funds of nearly RMB16,000 was donated to Zhengzhou Charity Federation on January 6, 2006 for aiding the needy children to resume education.

Dalian Branch: The volunteers of Youhao Square Sub-branch have provided financial aids for six successive years to six children likely to drop out of school due to financial stress of their families in Jiapigou Elementary School, Xianrendong Town, Zhuanghe City. The donation of tuition amounted to more than RMB20,000 in total. In addition, over RMB24,000 worth of school supplies were donated to the Jiapigou Elementary School.

Fujian Branch: Ningde Branch has organized the volunteers to participate in the Sunshine Student Aid Project since 2002. In the past five years, they have financed 59 students for their education. Meanwhile, the Ningde Branch always maintain a charity program to aid needy students: Aiding dropouts via 8858 mobile phone charity SMSs. Many employees have insisted on making donations since the 8858 charity SMS was launched.

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Free Consultation of Financial Knowledge

We centrally carry out the “Learn from Comrade Lei Feng” Program in each March for many years. The volunteers go out to the streets, communities and customers to provide free consultation services. Electronic demo of business procedures is provided on site. Wealth management salons are held to introduce the functions and advantages of wealth management products. Small-value and damaged money exchange services are provided. Meanwhile, Heilongjiang Branch, Liaoning Branch and Anhui Branch established Lei Feng Savings Houses to serve the society while seeking self development, and advanced the Spirit of Lei Feng. Through generous assistance to depositors, doing favor to others and exchanging experience in “Learn from Comrade Lei Feng” program, Lei Feng Savings Office has been a medium to disseminate the Spirit of Lei Feng.



Shanghai Branch: The branch instituted the Community Financial School, through which the volunteers went further into communities to provide financial knowledge and popularize wealth management ideas to the public.

Beijing Branch: The volunteers of Beijing Branch actively participate in the “Financial Services into Communities” program. They go to communities to provide field advice on retail financial products. In the program, many key business personnel distribute promotional materials on site, provide clarifications on personal savings, credit card, insurance, fund and personal forex business and other financial product knowledge, considerably answer questions of people and help them acquire more financial and wealth management knowledge.

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Fujian, Shaanxi, Guizhou and Xiamen branches organized the volunteers to carry out the “Provide Financial Knowledge to Rural Areas & Serve the New Socialist Rural Areas” program. The volunteers are organized into groups by county (city) sub-branches to provide free consultation, education, gift CDs, books and other promotional materials to rural people in respect of financial knowledge.

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We insist on providing free education and promotion of financial knowledge, including the “Peony Money Link Card: E-age Campus Program”. We go to schools, governmental agencies, companies and institutions to promote financial products and knowledge at our own cost. The volunteers of the Bank have provided 600 free promotion and consultation sessions in colleges in the past three years.

Olympic Volunteers Program

Beijing Branch: The branch has long promoted the Olympic volunteers program under the theme of “I Participate, I Contribute, and I Enjoy”. The field service units will also serve as a platform to promote Olympic knowledge, demonstrate “Smile Beijing”, exhibit charms of volunteers and test urban volunteer services by means of promoting Olympic knowledge, carrying forward volunteer spirit, advocating civilized behaviors and creating Olympic atmosphere. Beijing Daily, Beijing Youth Daily and the official website for Beijing 2008 Olympic Games published many reports on our Olympic volunteer activities from various perspectives and republished by some print media.

From September 30 to October 8, 2007, the young volunteer service team from Cuiwei Road Sub-branch collectively participated in the October Holiday Service Week Program of Olympic city volunteers. In the eight days, over 40 volunteer employees provided information consultation, translation, and emergency aid for more than 1,000 times, distributed nearly 1,500 booklets/leaflets, and accumulatively served for over 60 hours.

Qingdao Branch: At the Li Jian Workstation of Nansi Sub-branch, Wu Haibin took part in the Olympic volunteers screening activities. He passed stringent interview, seasickness test and English test to become a volunteer for the 2008 Olympic sailing game among the more than 10,000 applicants. His responsibility is to provide assistance for aquatic order maintenance and driving VIP boat to receive the honorable guests to watch the game.

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Credit Supports for Public Service Programs

We uphold the social development view of “People-oriented”. With balanced social benefits and credit quality, we have a moderate participation in such sectors as education and hospitals providing public services, focusing on credit finance for key schools of the nation and non-profit hospitals. These actions have advanced development of public services and enhanced sustainability of the national economic growth. At the end of 2007, we recorded outstanding loans in an amount of nearly RMB70 billion extended to education, hospitals and other non-profit organizations.

To support the development of education undertaking and assist the poverty-stricken university students complete their study, the Bank took the initiative to launch state-subsidy education loan projects across the country in 1999. In recent 10 years, the Bank has granted accumulatively RMB4.7 billion education loans to more than 400,000 students in 605 colleges and universities.

Harmonious Bank

Employees are the most treasurable wealth of a company and a member of the society. It is one of our key social responsibilities to protect the employees' benefits, offer them the best development opportunities and win success together with the employees. We aggressively enhance the construction of employee culture, uphold the corporate spirit of "Strict, Standard, Prudent, Integral and Innovative", and inspire employee's enthusiasm and the enterprise' vitality with a proactive culture, so as to deliver more satisfactory performance.

ICBC'S EMPLOYEE CULTURE

- Reform Aggressively, Explore Boldly
- Down-to-earth, Practical
- Due Diligence, Stringent and Prudent
- Value Knowledge and Respect Talents
- We Care, We Share

Protect the Basic Benefits of Employees

Value the Physical and Mental Health of Employees

Healthy employees are of vital importance to the growth of a company. We always cherish the health and safety of employees since incorporation, and practise the spirit of people first by organizing regular physical checkup, ensuring workplace safety and providing labor protection.

We strictly follow employee the labor safety and health standards of China, actively create an employee-friendly work environment, comply with the applicable laws and regulations on working hours, properly measure the workload of employees, and reasonably adjust the labor mix to ensure employees' entitlements to holidays and work leaves.

Relieve Employees of Mental Distress

We advocate a healthy life style. We frequently organize psychological counseling activities and health seminars and introduce Employee Assistance Program (EAP) to mitigate and relieve employees of the mental distress and ensure their mental health.

Regular Comprehensive Physical Checkup

We regularly organize physical checkup for all employees. We also arrange additional checkups for senior and retired employees as well as gynecological examinations for women employees. Post-examination consultation meetings are also arranged to help the employees prevent from diseases and keep health, and ensure the employee health. An infectious disease control network is established, and a public health emergency response and infectious disease control system is being improved.

Recreational Activities

We organize various activities such as sports meetings, basketball games, table tennis games, gym games, mountain climbing and singing evenings inside the bank, which provides conditions for maintenance of employee health. In 2007, 16,777 recreational activities and 748 health tests were organized, involving a total of 75,029 employees.

Labor Protection

We endeavor to improve the work environment of operating outlets, call for close communication with labor protection departments and enable the outlet reconstruction to meet the ergonomics requirements and the employees' body characteristics, and effectively mitigate the work intensity of employees.

Pay Due Consideration to Fundamental Interests of Employees in Income Distribution

Due consideration is paid to the fundamental interests of employees in the process of income distribution. Generally, salary is determined with reference to local average salary and the average of local banking sector, so that the salary after the statutory withholdings and deductions may exceed the minimum level decided by the local government. The standard salary review and central payment system based on human resources management system effectively eliminate the operational and ethic risks, and ensure the fair and reasonable salary distribution and timely and full payment of salaries.

Impartial Treatment of All Employees

We maintain equal treatment of employees, value employee diversity, foster inclusive corporate culture and create a fair development platform for the employees. All of the employees are treated equally in each procedure of recruitment, job adjustment and promotion. For example, we designate injured or disabled employees to suitable jobs; and treat women employees in pregnancy, childbirth and lactation and employees in medical period on an equal basis in terms of employment maintenance, remuneration and benefits distribution. For incompetent and laid-off employees, we proactively coordinate with relevant authorities and agencies to provide assistance for their re-employment or business startup.

Payment of Insurance Contributions for Employees

We pay insurance contributions and housing provident for employees according to the requirements of central and local governments, maintain a supplementary benefits system including enterprise annuity and supplemental medical insurance, and provide security for the employees as well as their families. In 2007, we started developing a major disease assistance system, in a bid to provide aids for financially needy families of employees.

Establishment and Improvement of the Employment System

We have established and keep improving the employment system, actively maintain harmonious and stable relations with employees and protect employees' legitimate rights and obligations. We launched an employment contract system in 1998, which defines the rights and obligations of employer and employees in writing and serves as a legal basis to protect the interests of employees.

Protection of Special Rights and Interests of Women Employees

The Bank attaches great importance to work for women employee, and a women employee organization is established and improved, and women employees are promoted to the management team, thereby a sound work environment is created across the bank to respect, care and support women employees. Relevant rules are developed to provide legal and regulatory assurance for maintenance of women employees' interests. For examples, clear regulations are formulated to protect such entitlements as holidays, work leaves, salaries and attendance of women employees in pregnancy, childbirth and lactation, so as to assure all the rights and benefits they are entitled to. Branches strive to arrange 1~2 gynecological health examinations for women employees, maintain a health file for women employees, and distribute health manuals to them.

HR Management Enhancement Program

We fully launched the HR management enhancement program in 2007. The employee promotion mechanism is optimized based on structuring of the post rank system, the remuneration management mode is reformed based on integration of the performance management system, and therefore a market-driven new HR management system is created, enabling the freely promotion/demotion of employees, reasonable join-in and withdrawal, joint development of bank and employees, and unrestricted remuneration adjustment based on the performance.

Build a Post Rank System

We have achieved the transformation from a simple administrative title system to multi-dimensional post rank system, and built a new career path mechanism that allows both vertical and horizontal mobility of employees. Multi career paths are set up to allow employees being promoted to the management posts and higher ranks as they shoulder more management duties, or serving higher professional positions as their business skills improve. Competitive recruitment and open competition are used to identify the best talents and activate the internal talents pool, and thus reasonable rotation and allocation of human resources are realized. Post qualifications are well defined, competency and capability requirements are specified, clarifying the route for career development of employees.

Optimize Performance Management System

We shift from a simple annual assessment approach to a comprehensive performance assessment mechanism oriented at the objectives and based on performance. The post responsibilities and performance criteria are clarified through a well-established performance management mechanism, and a stricter performance assessment system is being practiced to enhance self-development of employees and improve operating results of the bank. We gradually build a performance management and execution culture characterized by performance orientation, free communication and bilateral commitments, and nourish a corporate culture labeled by "Performance Talks" and full commitment to the bank.

We endeavor to build a corporate remuneration mechanism focused on job value and based on capabilities and contribution of employees. With a system distributing remuneration based on the post, capability, performance and market standards, we incorporate modern corporate remuneration factors such as post duties, knowledge, contributions, performance and market value.

Foster Talents

It is one of our key strategic objectives to develop a reasonably structured, innovative, and competent financial talent team to meet the goal of building an internationally leading modern financial company.

The management personnel are demanded to expand their expertise in modern financial theories, management and new businesses, improve their capabilities of strategic planning, systematic thinking, macro-decision making and innovation, and ultimately improve their management capability.

The expert technicians are fostered in three aspects: 1) we endeavor to maintain leadership in business development and organize trainings on new businesses; 2) trainings for authoritative certifications in the international financial sector are promoted to grasp HR market opportunities as early as possible; and 3) external cooperation is enhanced to exploit quality training resources, and create external training opportunities for employees.

The front office employees are requested to improve competencies and skills in pace with the business development, and develop themselves into versatile talents.

Give Due Care to Career Development of Middle-Aged Employees

For middle-aged employees with outdated expertise and less competence, we provide tailored guidance for their career transformation. Employment aid programs and skills enhancement initiatives are carried out to help improve their adaptability to posts. Work positions suitable for middle-aged employees are identified, and their vacancies are first filled by middle-aged employees. The structural vacancies and career development of the middle aged are properly linked to expand the career potential of middle-aged employees.

Democratic Management and Transparent Bank Affairs

We maintain democratic management and transparent bank affairs. Effective actions are taken to ensure employees may exercise their rights to know, participate, express opinions and monitor operations, and further encourage their passion and initiative as the main force of corporate growth. We promote democratic and scientific decision-making on operations, ensure fair and transparent internal reform plans and measures involving employees' interests via the employee representatives meetings, open bank affairs programs and other democratic management approaches, so as to minimize the labor dispute.

Democratic Management

The employee representatives meeting system is established in tier-2 branches or below. Statistics shows that 3,591 labor unions are established and the employee representative meetings are organized in 3,064 institutions. In 2007, we further requested all tier-1 branches to establish the employee representatives meetings by the year of 2008, and to review the medium- and long-term business goals, annual work plans, and to formulate and revise the major decisions, internal reforms, rules relating to assessment and remuneration, as well as to decide major issues concerning interests and benefits of employees via the meetings. The bank's cohesiveness is enhanced by democratic management. In 2007, we held an enlarged meeting of the Working Committee of the Labor Union to select the employee supervisors and the enterprise annuity employee directors, thereby improving the modern corporate system and providing a strong basis for sound and rapid growth of all businesses.

Solicit for the Opinions of Employees

We set up employee communication points in offices and branches at all levels, so as to understand the problems in implementation of internal reform measures, rules and regulations and business procedures, immediately find internal and external reasons undermining employees' passion in operation management, business expansion and marketing, identify the hot issues involving benefits of employees, listen to opinions of employees, regularly feed back the information to relevant units, raise suggestions and advises to boost harmonious corporate development.

Surveys are conducted on employee benefits on a regular basis to collect employees' opinions on execution of employment contracts, participation in local democratic management, labor protection and guarantee of women employees' special benefits, so as to ensure a free complaint channel for employee interests and proper protection of employees' rights and interests.

Transparent Bank Affairs

In 2003, the Interim Measures of Industrial and Commercial Bank of China on Open Bank Affairs was developed in accordance with applicable laws and regulations of China, with an aim to promoting open bank affairs. Currently, the leadership teams and supervision teams of open bank affairs have been set up in all institutions below tier-1 branches, shaping a working mechanism characterized by "leadership by the President, coordination by the labor union, undertaking by relevant departments and participation by all employees". All employees are informed of substantial decisions, major events, material issues involving their interests, and probity construction by means such as employee representative meetings, relevant meetings, intranet, wall newspapers and morning meetings. These actions enable employees to promptly learn about the banks' operating information and the policy initiatives closely related to their interests, and encourage them to participate in the democratic management, decision-making and supervision and dedicate to reform, development and stability of the bank.

Full Commitment to Heart-Warming Program

Long-Term Aid Mechanism for Financially Stressed Employees

In 2004, we renamed the "Contribution Fund" to "Needy Employee Aid Fund" to provide assistance for financially stressed employees suffering from major diseases, natural disasters and emergencies. The Head Office set up a dedicated supervisory committee and developed the management procedures to improve the working mechanism. In the past three years, funds of RMB37,448,100 were granted in total to 31,421 needy employee-times. In the 2007 Heart-Warming Program, we provided aids to 126,374 employees, amounting to RMB50 million. Meanwhile, the labor unions at all levels organized donations and employees were actively involved, accumulatively RMB9,864,800 were raised. The Bank also summarized experience in mutual aids and security activities across the bank to further improve aid funds management, establish a long-term mechanism for needy employees, and ensure regular, systematic and well-regulated aid programs. These efforts provide both financial and mental aid to the needy employees, enhance the bank cohesiveness, increase the employees' feeling of being "inclusive" and ensure stable development and reform of the bank.

The Heart-Warming Program is carried out for employees suffering from financial stress and major diseases. From 2005 to 2007, RMB1.89 million of financial aid funds were issued to help 1,498 financially stricken employees, among which RMB540,000 were granted to 539 person-times in 2007.

Aid Programs in Branches

Beijing Branch: The volunteers of Beijing Branch raised donations of over RMB300,000 for Mr. Cao Yongsheng suffering from cancer, an employee in Di'anmen Sub-Branch, and Mr. Yang Yong suffering from acute leukemia, an employee of Fengtai Sub-Branch, in 2004 and 2005 respectively.

Sichuan Branch: The young volunteers in Meishan Branch established a charity fund with money raised among the employees, and use the fund to help the financially stressed employees. The volunteers take the lead in donating to the charity fund each year, which expands in value over years.

Hunan Branch: This branch developed the Employee Medical Aid Measures in 2005. According to these Measures, financial aids are provided to employees suffering from high medical expenses and major diseases.

Qinghai Branch: This branch designated May 3 of each year as the “Donation Day” in 2004. Voluntary donations are made on that day to help financially stressed employees. Totally RMB400,000 has been donated in the past three years and used to aid employees suffering from diseases, accidents and other problems.

Zhejiang Branch: This branch provided RMB400,000 financial aids to 192 employees in 2006. A donation program intended to aid needy employees was launched in 2007 and a total of RMB840,000 funds were raised.

Heilongjiang Branch: The branch established a “Mutual Assistance Fund of Love” in 2007. After establishment of the fund, 15,935 employees participated in the first donation and contributed fund of RMB624,000 in total.

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Employee Training

Deeming it a matter concerning the overall development of the bank, we always place employee education at an important strategic position and give top priority to it. Since days of incorporation, we have brought forward the guideline of “Developing through Education” and created a good atmosphere of “valuing education, knowledge, people and creation”. In 2007, we totally provided approximately 38,000 sessions of training courses for 2.12 million person-times. The Head Office directly organized 329 sessions of face-to-face trainings for 26,700 person-times. Online trainings totaled up to 54 sessions and about 225,000 person-times were trained, up 22.7% and 14.6% from the previous year, respectively. The branches also organized various trainings in line with their specific conditions.

Distance Education System

In June 2002, we launched the first intranet distance education system in the Chinese financial sector, becoming the first large-scale financial enterprise putting online this system. At the end of 2006, an Internet distance education system was established, which effectively integrated the information access channels of the intranet and Internet; besides, the ICBC Online University was instituted, attracting all employees of the bank and providing a study platform connecting the management with employees and breaking through the limitation of time and place. It creates an open platform, great convenience and broader space for employee education. With the brand-new study mode, employees may study more efficiently and conveniently in accordance with their specific needs, regardless of time and space limitation. In 2007, we organized 54 sessions of bank-wide online trainings such as “Individual Credit” and “Smart Money International”, involving 12 specialty fields and over 225,000 person-times. The large size, low cost and timeliness of distance education is further demonstrated. Based on the platform, an online distance examination system was preliminarily set up, through which more than 96,000 employees received the post qualification trainings and passed the business training tests.

Trainings on Strategic Transformation

Since 2006, we have organized training programs in an extensive and comprehensive manner in line with the requirements on employee competencies during the share-split reform and listing, so as to further update ideas, knowledge and skills of employees, improve capabilities of operation management, innovation and strategy execution. With these initiatives, we satisfactorily met the needs from restructuring and operation transformation. In particular, an in-depth strategic transformation training program was provided for the management personnel at various levels, focusing on core knowledge about the management of modern financial companies. An operation transformation training program focusing on new products and emerging businesses was held for technical professionals.

Training Resources of Strategic Investors

We leverage on the training resources and strengths of strategic investors to absorb advanced management expertise and experience of foreign peers, and endeavor to foster a competent international talent team. Since 2006, we have organized four training programs in joint efforts with Goldman Sachs according to the strategic cooperation agreement executed with Goldman Sachs: Songshu Street Leadership Training Program, Advanced Talents Training Program, special lectures and providing faculty and course supports for internal trainings of ICBC, benefiting more than 2,000 employees. The trainees included medium and senior management members, key business backbones and ordinary employees. The trainings covered such key areas as leadership, risk management, investor relations management, investment banking and information disclosure.

Development of Expert Team

We have organized 468 business backbones to receive internationally recognized training courses concerning certification of Chartered Financial Analyst, Chartered Certified Accountants and Financial Risk Manager in 2007, so as to create a pool of talents to support our growth and sharpen our cutting edge.

Trainings on New Products & New Businesses

We have organized trainings on new products, businesses and skills in line with the business development in diverse ways. Intensive forward-looking trainings covering treasury transactions, wealth management and intermediate business were provided, focusing on business innovation, product promotion and system application in alignment with the Bank's operation transformation. Over 367,000 person-times in total received the training. The Head Office organized 278 sessions of face-to-face training in China and trained more than 24,000 person-times. 80% of these trainings involved new business, new products and new technologies, fully demonstrating their supports to core businesses.

Focus on Training of Customer Manager

We have trained retail and corporate customer managers for more than 159,000 person-times accumulatively, basically covering all of the customer managers across the bank. To support the "No. 1 Retail Bank" strategy, 5,500 retail customer managers, accumulatively 15,000 retail customer managers, and nearly 20,000 personal credit marketing personnel were organized to receive the post qualification training and examinations in 2007. The Head Office organized certified financial planner (CFP) trainings for 1,411 persons, and provided associate financial planner (AFP) training for 5,650 employees. In addition, comprehensive marketing skills training was also provided to corporate customer managers, focusing on such business lines as corporate banking, cash management and investment banking.

Overseas Training Resources

We leveraged on overseas training resources to hold 34 sessions of forward-looking special trainings for 867 persons in Hong Kong, Singapore, Europe and the USA. Such activities have created a positive impact on broadening employees' horizon, fostering their new ideas and improving our international competitiveness as well as inter-culture communication capability.

Care the Retired Employees

We are always fully dedicated to retiree management service and improving service quality under the guidelines of “providing for well-being of retirees in respect of material amenities, continuing education, health care and entertainment”.

We maintain 1,289 full-time and part-time service personnel for retiree management service, and set up 362 retired employee service organizations and 344 retired employee affairs leadership teams, properly ensuring the well-being of retirees and the availability of management services.

To ensure recreational activities of retirees, we set up 1,328 retiree recreation centers and 706 Universities of Third Age, providing good conditions for various cultural and recreational activities.

Creditworthy Bank

The banking sector plays a central role in the economic and social development of China. Its good-faith operation and credit risk bears upon the state economic security and social stability. Enhancing the bank credit standing system is therefore necessary for sharpening the core competency and expediting development of commercial banks, and also a key element of bank's social responsibility.

Good-Faith Operation

As an influential listed company, we always operate in good faith and disclose to customers full risks in financial products and services to protect their legal rights. On a basis of effectively maintaining mutual trust, we also shoulder the responsibility of educating financial consumers and fostering the public's awareness of financial risk.

When introducing investment products to customers, we make our best efforts to learn their risk appetite, risk perception capability and risk bearing capability, assess their financial positions and offer them the most suitable investment products, and explain to customers the operation market and mode of relevant investment tool, proactively disclose risks, leave the choice to customers and thus protect their legal interests.

For example, to provide customers with knowledge of fund products, we distributed to the fund customers the Fund Investors' Manual prepared by Securities Association of China to help them learn the risk properties of fund products and control the investment risk. We fulfill the information disclosure obligation in a comprehensive, objective and prompt manner via the portal website of ICBC (www.icbc.com.cn), and disclose the net values and rates of return of wealth management products we sell for customers' reference and decision-making.

To raise customers' awareness of risk prevention, we assist China UnionPay in publicizing the CUP Card Security Service Convention. Instructions on Security in Card Use were developed to cover potential risks in off-counter cash withdrawal, POS consumption and on-line payment. We inform customers of the knowledge on card use security, including the "Six Tips on Security of ATM Operation" and "Five Tips on Security in POS Consumption".

Enhance Compliance Management Function

We foster a compliance culture across the bank, and endeavor to make each employee voluntarily abide by the compliance rule and take it a professional ethics through promotion and trainings. According to the requirements of modern corporate governance, we actively formulated a strict and efficient internal control system, developed the Three Year Plan of Industrial and Commercial Bank of China on Internal Control System Establishment, and organized the internal control assessment to improve the management of internal controls; we prepared and put into use the Business Operation Guidance to regulate the business management and operation; we improved the supervision and inspection system and ensure compliant operation in all business procedures through system review beforehand, in-the-process compliant management and compliance inspection afterwards; we employed strict compliance accountability system and enhanced the efforts of investigating and pursuing violation responsibilities; we optimized the credit-worthy reporting system, encouraged the employees to identify compliance risks, and avoid and correct the violations on their own initiative. The comprehensive and fruitful compliance management ensures secure and steady operation of the Bank and builds up a good image for the Bank.

Proactively Fulfill the AML Obligation

To fight against crimes and maintain state financial stability, we earnestly fulfill the obligations of anti-money laundering (AML). The AML leadership teams and several task forces are set up above tier-2 branches. A dedicated AML leadership group was organized, and a systematic and sound AML work system was established across the Bank. As of the end of 2007, 53 AML full-time management personnel and 1,272 part-time management and verification personnel were appointed and equipped in tier-2 branches and institutions above, and 40,114 part-time personnel were appointed in local outlets to participate in the anti-money laundering task. We formulated the *AML Rules of Industrial and Commercial Bank of China* and the *Measures of Industrial and Commercial Bank of China on Reporting and Management of Large-Value and Suspicious Transactions* in 2007 in accordance with the *Law of the People's Republic of China on Anti-money Laundering* and the latest regulations formulated by the People's Bank of China. We have optimized and updated the AML monitoring system as per the requirements of regulatory authorities, so as to ensure timely reporting of large-value and suspicious transactions. At present, the AML monitoring system of ICBC reports approximately 120,000 large-value transactions to the Chinese Anti-Money Laundering Monitoring and Analysis Center.

Combat Unfair Competition and Business Bribery

Promote education on business ethics and good-faith operation

Since the business bribery control program was commenced in March 2006, we have included the concept of business ethics and good-faith operation into the process of operation. The Head Office opened the "Business Bribery Control Column" in the intranet, published over 500 pieces of relevant information and issued 25 issues of Briefing of Business Bribery Control Program. The branches organize management personnel and customer managers to execute the Commitment to Anti-Business Bribery, learn and abide by relevant provisions of the *Criminal Law of People's Republic of China* and the *Law of the People's Republic of China for Countering Unfair Competition* as well as such regulations as the *Code of Ethics for Banking Practitioners* in China. At the end of 2007, the business bribery education has covered 607,414 person-times, covering 100% of the employees. Thanks to the education on fair play and good-faith operation, the employees greatly improved the awareness of compliant operation, and enhanced the consciousness of resistance from unfair transactions and business bribery.

Self-Identification and Self-Correction of Improper Transactions

The bank has formulated the *Opinions on Implementation of Business Bribery Control*, and arranged business bribery control tasks at all stages pursuant to the Opinions, defining responsibilities of relevant departments with regards to the 12 key procedures and 10 important fields of improper transaction self-identification and self-correction decided by CBRC. The departments related earnestly identify internal improper transactions via signing letter of commitment, completing questionnaire, organizing individual interview and completing self-examination form. At the end of 2007, self-identification and self-correction were conducted by 358,000 person-times in 16,807 ICBC institutions.

Build a Long-Term Mechanism of Business Bribery Control

- 1) **Improving the regulations and procedures.** We separated the front, middle and back offices for credit business, created a scientific risk control and check and balancing mechanism, modified the rules and regulations governing personal banking, credit and credit extension, developed operational guidelines for 8 business lines, including asset & liability, commercial paper and accounting, drew 615 workflow charts according to relevant rules and regulations, and identified risk points and risk control methods in the business operation.
- 2) **Strengthening rigid technological restrictions.** By applying technologies to risk control, supervision and inspection, we have improved the rigid restrictions on business bribery. For instance, computerized management of corporate customer credit rating effectively reduced the probability of business bribery.
- 3) **Nourishing compliance culture.** We provide education on modern commercial bank operation concepts across the bank, foster the modern banking culture and philosophy, uphold the ideas of improving competitiveness with innovative services and products, place priority to internal control and strict bank operation to develop internal control and compliance culture and improve the resistance ability to business bribery.

Brand Builder

As a commercial bank maintaining the largest customer base in China, we have over 2.72 million corporate customers and over 172 million personal customers in China. It is a big challenge to render services to the satisfaction of all customers. We advocate “Focusing on Customers’ Service Experience”, “Attending to Every Detail of Service” and “Becoming a reliable bank nearby” on a “Customer-Oriented” basis. We have effectively enhanced the efficiency, quality and brand of our service through restructuring business processes, accelerating distribution channel integration, expanding service team, innovating service products and improving service modes.

Serve the Society

Quality Service Year Program

In 2007, we initiated the Quality Service Year Program across the bank under the theme of “New ICBC, New Service and New Experience” for the purpose of improving service quality, enhancing service capability, increasing customer satisfaction and social reputation. We promote the concept of “Quality Service Involves Each of Us” to comprehensively improve our service capability and level. We highlight the importance of improving the retail business processing procedures and quickly improving efficiency of counter-based services. We focus on improving service environment of business outlets in large and medium cities, speeding up update of business outlets and demonstrating our advantages in business outlets.

Reengineer the Service Procedures

Chairman Mr. Jiang Jianqing and President Mr. Yang Kaisheng headed up a team to make a field survey on the personal banking business procedures and service. They observed and experienced each banking service on site as ordinary customers. In addition, various meetings were arranged with front-office employees to discuss the optimization of operation procedures.

Immediately after the survey, we launched the Personal Banking Business Process Reengineering Program to improve the service procedures. We developed detailed short-term, medium-term and long-term implementation plans for process reengineering, including integration or simplification of 138 personal banking service procedures in front office marketing, business operation, off-counter business and operational risks. To the extent permitted by risk control requirements, the personal banking service channels were integrated and optimized to create a business process easy to operate, add off-counter trading functions, increase off-counter trading ratio, and use automated processing of transactions to the maximum extent.

In addition, we established a complete front and back offices separation system and a back-office centralized business and customer information processing center, thereby simplifying front-office transactions, shortening trading duration, and transferring to middle and back offices the accounting, batch transactions and customer information maintenance unnecessarily to be processed in front office. Such methods as system batch processing and uniform recording are adopted to achieve central management and efficiency improvement, and release more front office service resources.

Process reengineering goes far beyond personal banking. In reengineering of credit and corporate banking process, we further integrate rating, facilitation and credit approval procedures, abandon decentralized rating, assessment and facilitation, cut excessive procedures in credit approval procedures, and promote point-to-point or one-stop operation mode leveraging on the IT system. Especially for small enterprises, an independent credit rating and facility system

has been tailor-made to simplify the rating and facilitation process and shorten the process chain of small business loan approval. We also built a comprehensive and intensive corporate marketing mode, and progressively set up an interactive matrix organization mode. These efforts remarkably improve the efficiency of corporate banking service.

Speed up the Service Channel Development

In addition to the business process reengineering, we continue consolidating and expanding the “physical outlets + electronic outlets” financial service network to expedite service channel development.

To adapt ourselves to urban construction and customer flow changes, we allocated additional RMB1 billion bank-wide to improve the outlets distribution plan, further update and reengineer physical outlets, set up four types of physical outlets (wealth management center, VIP wealth management centers, individual wealth management centers and financial convenience stores), and form a multifunctional service pattern. At the end of 2007, 1,112 VIP wealth management centers had been put into use, providing exclusive services to “Elite Club” account customers with complicated wealth management needs. Meanwhile, we provide a more efficient and comfortable service environment to customers by further promoting comprehensive business outlets, employing flexible window/working hours, optimizing labor portfolio and expanding the lobby manager team.

To meet demands of increasingly more companies and individuals “Going Outbound” for cross-border financial service, our operating offices expand to 13 countries and regions around the globe by means of incorporation, merging and cooperation. We have 112 overseas office and branches and maintain an agency relationship with 1,349 banks from 122 countries and regions. A global financial network service platform has been preliminarily set up to cover international financial centers and major regions having trade or economic relations with China.

Meanwhile, we fully tap into the service potential of E-banking and aggressively develop convenient and quick E-banking service channels to adapt to specific demand of customers. The service channels are shifting to a diverse, around-the-clock and three-dimensional mode, greatly improving the financial service level.

We will further enhance the equipment of self-service machines to construct a powerful self-service system. At end of 2007, we have placed more than 20,000 automated tellers across the country, and developed dedicated self-service terminals such as account transfer machine, remittance machine and bill payment machine to provide more convenient and considerate services for the customers. To facilitate the cash withdrawal of customers via ATM, we raised the withdrawal limit of ATM machines every day to RMB20,000 from RMB5,000, and the limit per individual withdrawal operation to RMB2,500 in 2007. Meanwhile, we enhance the construction of e-banking channels, further improve the functions of e-banking, and actively guide the customers to use the online banking and telephone banking channels in operation.

Two Keys to Improved Service

PROFESSIONAL SERVICE PERSONNEL

Through service training, we have maintained a high-quality retail customer manager team, including 4,289 employees passing the AFP and CFP verification, the biggest number in domestic commercial banks. These customer managers are backed by an expert support team, which provides information and expertise support for the customer managers via the internal information platform.

INNOVATIVE FINANCIAL PRODUCTS

Improved service quality also relies upon continuous innovation of financial products tailored to the needs of target customers. Among domestic commercial banks, we offer the most extensive business lines and service functions and launched the largest number of innovative products. Since 2007, we have continued putting in financial, technological and human resources to develop independent innovation and launch new financial products and businesses at opportune time to adequately satisfy customer demands. Following the incorporation of ICBC Credit Suisse Asset Management Co., Ltd., ICBC Financial Leasing Co., Ltd. was officially open for business in November 2007, providing a new window for us to render comprehensive financial services.

360-DAY ACTION PLAN TO FOCUS ON BEIJING OLYMPICS AND OPTIMIZE SERVICES

At 9:00 a.m. August 8, 2007, fifty outlets of Beijing Branch in the eight urban districts of Beijing launched the "360-Day Action Plan to Focus on Beijing Olympics and Optimize Services".

As the front line serving Olympics, Asian Games Village Sub-Branch is an image window of ICBC to serve the 2008 Beijing Olympic Games and a key point to demonstrate the brand of ICBC.

The function areas and business procedures in the Asian Games Village Sub-Branch are indicated in both Chinese and English to extend the applicable population, so as to meet international financial service needs in 2008. The employees in the outlets are able to provide services in English.

Standard service procedures are developed covering customer's entry to and exit from the outlet. All the front-office employees have received trainings on uniform service standards. The outlet image is standardized. The latest LOGO is used under central arrangement of the Bank. The wealth management service is professionalized. 30% retail customer managers are certified for Financial Planner. Professional insurance, fund and forex wealth management teams are instituted to provide team supports for serving high-end customers.

A customer-friendly and standardized layout of outlets is created. The employee working area and customer waiting area is 1:2 in size. Due attention is given to soft decorations. Ornamental articles, color mix and lighting design are arranged so as to provide a simple, lucid and lively feeling.

Avoid stereotyped arrangement of outlets. Five of the thirteen outlets in the Asian Games Village Sub-Branch are transformed to VIP Wealth Management Centers. The Beichen Road Sub-Branch is transformed to a foreign currency flagship store. Four outlets are positioned as financial convenience stores. Several self-service banking units were added adjacent to Bird's Nest Olympic Stadium and Olympic Stadium East Gate.

As for allocation of human resources, the back-office employees are minimized as much as possible to expand the front-office staff. Now the ratio of middle/back office employees to the front-office employees is adjusted from 1:1 to 1:3. Many more windows are available for service.

According to the third-party intermediary agency's survey on 120 outlets of the 27 sub-branches in Beijing, the customer satisfaction of general outlets are improved remarkably, outlets where the waiting time exceed 30 minutes in peak hours decrease by 30% from the first quarter of 2007, the lobby manager coverage is 85%, and the number of ATMs increases by 13% over the year beginning, setting a record high. The off-counter businesses account for 61% of the bank total, indicating that three of every five businesses are processed via electronic and self-service means. These figures mean that customers wait for less time and receive enhanced services, and that the customer satisfaction is improved.

Value the Customer Feedbacks

The customers' feedbacks and opinions are highly valued. In the service quality segment of the overall performance assessment for domestic branch managers, the customer satisfaction and service management indicators are included to preliminarily set up a basic system for customer satisfaction assessment.

The field service execution capability inspection is carried out across the bank. Focus is placed on retail banking, telephone banking and business outlets of branches and sub-branches in large and medium cities. 360 outlets of 36 tier-1 branches (branches directly controlled by the Head Office) have been monitored on site, covering wealth management centers, VIP wealth management centers, wealth management outlets and financial convenience stores. 2,172 self-service equipments have been tested, including deposit/withdrawal machines, multi-media self-service terminals, passbook updating machines, 95588 telephone line and Internet banking self-service terminals. Inspection results were fed back to relevant branches and sub-branches and corrective actions have been requested as necessary.

In addition to the field service execution capability inspection, we conducted a survey on personal customer satisfaction across the bank. 3,627 questionnaires were returned, including 2,666 valid ones, accounting for 73.5% of the total. Survey results show that personal customers have an overall satisfaction of 86.33 for our service quality.

Service Competition

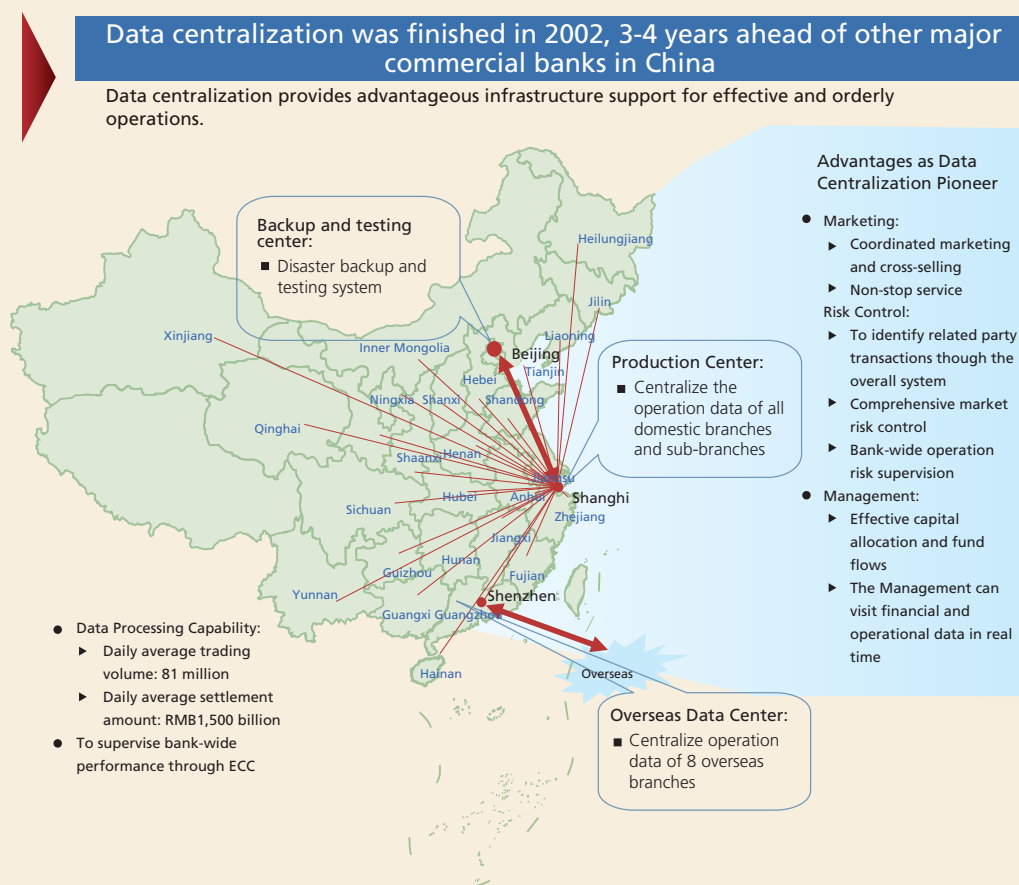
In 2007, we held various service competitions under the theme of updating ideas, enhancing service awareness, improving service quality and promoting service level. These competitions were intended to improve the bank's core competencies and service quality. 510,000 person-times in total participated in 7,257 service competitions across the bank. We also held lobby manager and cash management skills competitions, advancing development of business and service level. We require that the service capability training should be included into the training system of ICBC.



Leading IT System in the Industry

Bank-wide Centralization and Real-time Data Processing

ICBC is the first to complete bank-wide data centralization among domestic large commercial banks. The core information systems of 8 overseas branches and ICBC Asia custody business were simultaneously centralized in the overseas data center. We established the first disaster recovery system supporting intra-city and inter-city disaster backups among domestic peers, which reaches Grade VI defined in the international disaster recovery standard SHARE 92. Meanwhile, the Information Technology Continuity Plan (ITCP) was developed to form a complete emergency response and disaster recovery management mechanism for information system, and provide a secure and reliable IT technology for rapid growth of businesses.



Lead the Continuous Innovation of Financial Service Products

We have independently developed a core banking system with full functions that covers such business lines as bank-wide business processing, operation management, decision analysis and service channels. We take a leading position in development of processing systems for emerging business including asset custody, commercial instrument business, gold business and investment banking. The corporate and personal credit management system was successfully developed and put in service, marking ICBC's position as the first bank in China operating an automatic credit control system.

Application product innovation saw great progress in 2007. The bank-wide customer information system was completed to support full and uniform services to customers. Products were further diversified in customer wealth management, cash management, E-banking, bank cards and intermediate business. The integrated business processing system for overseas institutions was put in service to provide for international outreach of ICBC. The non-retail credit risk rating system was developed, and big progress was made in risk-management-related application systems. The integrated financial management system was promoted across the bank, laying a solid foundation for bank-wide central financial management. The basic platform of data warehouse was in place and continuous optimization implemented for the comprehensive statistics system and the customer relations management system, providing foundations for improving the operation management capabilities of the bank.

The Most Complete Electronic Service Channel in China

We have an Internet banking system offering the most complete functions and the most advanced technologies in China, which has remarkably improved our capabilities of product distribution and pushed ICBC to the leading position as the "Largest Internet Bank in China". The businesses closed via Internet banking accounted for over 37% of the bank total in 2007.

In 2007 when our E-banking service experienced a rapid growth, we are highly recognized by domestic and overseas media, and won 16 awards in such fields as Internet banking, telephone banking as well as website construction. Among these awards are the Best Consumer Internet Bank of China, the Best Deposit Internet Bank in Asia and the Global Best Deposit Internet Bank granted by Global Finance in 2007.

We largely strengthen the innovation of E-banking products and services on a customer-oriented basis. Totally 824 E-banking products have been developed, and an E-banking service system is established to consist of Internet banking, telephone banking and self-service banking. We are the first in China to exceed RMB10 billion in the annual E-banking trade value.

2000	–	The first to launch corporate Internet banking service such as account info inquiry, transfer payment, group wealth management, proactive collection and batch payment. It meets the corporate demands for fast turnover and management of funds.
2002	–	The first in China to launch the Internet agent bank business, providing online exchange agency and bank draft issuance agency service for small and media commercial banks.
2003	–	The first in the global banking sector to apply USBKEY security technology in consumer Internet banking system, taking a leading position in security of personal online banking around the world.
2004	–	The first to launch the Hong Kong roaming service for telephone banking, providing interactive roaming between Hong Kong and mainland China and maximizing convenience of high-quality customers traveling frequently between Hong Kong and mainland China.
2005	–	The first to launch the commercial paper management and cross border individual remittance services via Internet banking;
2006	–	The first to launch Internet gold and regular investment fund business.

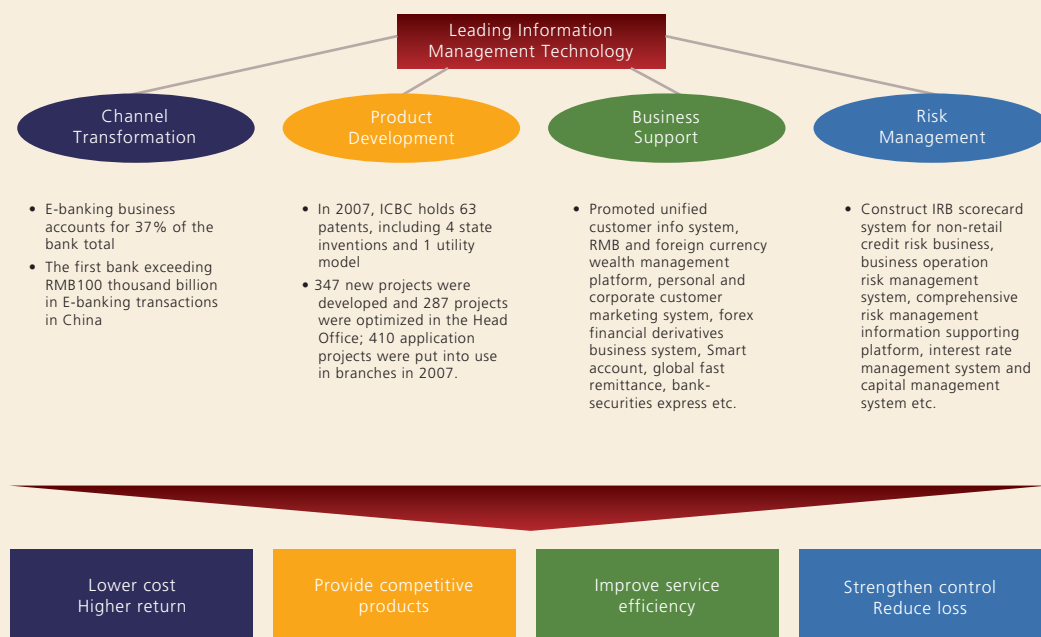
The rapid growing E-banking business creates much value for customers and the society. For personal customers, E-banking is free of time, space and form limitation, and the 3A service provided by E-banking is accessible anytime anywhere through telephone, mobile phone and Internet. The convenience and timeliness of access to banking business are much improved. For corporate customers, E-banking can help accelerate the turnover rate of funds, improve efficiency of funds and financial management and thus advance business growth and expand social wealth.

Strong Technology Team

We have the largest and the most intensive and professional technology team, and thus possess a strong technological strength and sustainable development capability. Through development in the past 20 odd years, we have over 10,000 technological personnel in the technological units and divisions of the bank, including over 3,200 technological personnel and over 2,100 R&D personnel in the Head Office committed to design, development, operation maintenance and comprehensive management. In addition, a complete set of proven IT management rules and technical criteria has been developed.

Patents and Awards

In 2007, we filed 35 patent applications, 5 granted patents including 4 inventions and 1 utility model. We are the holder of 63 patents at the end of 2007. In 2006, ICBC was awarded the "Global Banking Network Application/Innovation" by *The Banker* in UK and was successfully included in the list of "Chinese Excellent Companies of 2006 in IT Development" selected by CCID. In 2007, ICBC was honored as China Top-500 IT Corporations and ranked among the first few, awarded the "2007 Technology Award — Best Global Cash Management Bank" by *The Banker* in UK, and granted "Beat IT Bank" by *The Banker* in China.



Business Innovation Provides Convenience

Improvement of service quality also relies upon continuous innovation of financial products centered on the demands of target customers. Among domestic commercial banks, we offer the most extensive product varieties, the most complete service functions and the largest number of innovative products each year. We maintain continuous improvement of service capacity and quality through customer-oriented innovation of products and services.

Innovative the Service for Small and Medium-Sized Enterprises

We are always committed to improving the quality and efficiency of finance services provided to SMEs through innovation of financial products and services. Based on the existing product and service system designed for SMEs and covering all procedures of their operations, we developed financial products tailored for local markets of various regions. These activities effectively accommodate the financial service demands of various SMEs. The Finance Solutions for Suppliers was recognized as the “Best SME Finance Solution” at the 4th SME Financing Forum 2006. The One-Stop Service for SME Listing, a comprehensive financial service solution, won the First Prize for Shenzhen innovative financial products in 2007, making us the only commercial bank winning this title.

CASE: “BEST SME FINANCE SOLUTION”

Company A is a trader of rice, milk and snacks starting from RMB100,000 and became a supplier to Company B in 2004 after four years' growth.

With continuous business expansion in China, Company B places more and more big orders with Company A. However, Company A could not obtain the financial support from banks due to the incapability of providing security, and encountered great difficulty in business expansion. Based on the operation characteristics and funds demand of Company A, we provided it with the Company B supply chain financing solution to effectively solve its financing difficulties.

With our financial supports, Company A was ranked increasingly higher among the suppliers of Company B. Because of its rising reputation, Company A was accepted by more and more supermarkets in Shenzhen, with the operating income growing from RMB12.66 million of 2005 to RMB100 million of 2006.

Ranked 1st among the Top 500 companies in the world, Company B has an annual procurement size of USD12 billion. It is supported by over 10,000 upstream suppliers, mainly SMEs. In a long period, it was extremely difficult for such SME suppliers to get loans from banks due to incapability of providing sufficient collaterals and poor internal financial management. They were plagued by funds deficiency over a long period of time. To solve their problems, we worked out a Supplier Finance Solution, which rapidly addressed the financing difficulties facing the suppliers, adapted to the “small-size, frequent, urgent and flexible” financing demands of SMEs and was widely sought-after by the corporate customers.

Best Custodian Bank in China



ICBC has been awarded the “Best Custodian Bank in China” for three consecutive years by famous overseas media. The quality of our custody service is extensively applauded by the domestic and overseas customers and the professional media. The business scale accordingly grows rapidly from RMB463.3 billion at year beginning to RMB1,316 billion, up 184%, making ICBC the only custodian bank in China with more than RMB1 trillion assets under management. We serve over 500 custody customers from such segments as fund, insurance, trust and enterprise annuity in both domestic and overseas markets. In the securities investment fund custody business, 82 fund products from 31 fund management companies were under our custody by end of 2007, amounting to over RMB900 billion and taking up a market share of 30%.

We successively rolled out such innovative products as index fund, bond fund, capital protected fund, money market fund, LOF and ETF in close cooperation with fund companies, and created a series of No. ones in the industry. In addition, we are the first to provide whole-process and total-value custody for insurance assets, and the first custodian of QDII asset, enterprise annuity and asset-securitization products.

Fulfill the Custodian's Responsibilities to Protect Investors' Interests

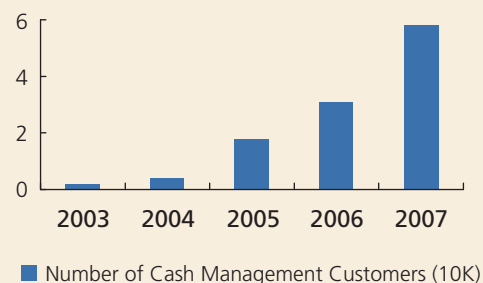
To duly protect the interests of customers, we always give equal importance to risk management and business development and maintain a strict risk control mechanism. Since we started the business 10 years ago, we have maintained a good record in asset valuation, accounting, funds clearing and securities delivery, with risks effectively controlled. We were the first to pass SAS70 certification in 2005, the first custodian bank in China introducing and passing the international SAS70 certification upon the first attempt. In 2007, we successfully completed the emergency drill for custody business disaster recovery and took the lead among domestic custodian banks in establishing a systematic disaster recovery system.

Strict Information Disclosure Supports Decision-Making of Investors

Since obtaining the qualification for custody of securities investment fund, we have been performing the disclosure duties set out in applicable laws and regulations in an earnest manner. We strictly reviewed legal documents of custody products, promptly updated legal instruments of custody products and fully leveraged the information service function of portal website to provide timely and accurate information service for custody customers and fund investors.

The Best Local Cash Management Bank in China

1998:	Designed Internet Settlement products and started RMB cash management;
1999:	The first to launch fund remittance clearing system, and realized real-time payment and clearing of intra-system remittance;
2000:	Launched E-banking service and promoted the integrated business system;
2001:	Completed promotion of Phase I project of integrated business system;
2002:	The first among Chinese banks to launch Cash Management Service, completed promotion of Phase II project of Integrated Business System, and established the bank-wide data processing center;
2003:	Established the cash management business coordination committee to comprehensively consolidate the management base;
2004:	Determined the cash management brand strategy, and started extensive market expansion;
2005:	Became a leading bank with the foreign currency fund pool service capability;
2006:	The first in China banks to institute the Settlement and Cash Management Department, and included the cash management business into the bank's key strategic business lines.
2007:	We launched basic system construction focusing on customer marketing system and corporate banking settlement account system, preliminarily built up a unified customer list and product contribution analysis mechanism, and centralize the management of account opening and closure; we developed and put into use products such as Smart Money Account card, RMB and foreign currency fund pool, global fast remittance, account messenger etc.



Cash Management Levels



By the end of 2007, we had entered into contracts with 58,563 cash management customers, an increase of 27,155 customers or 97.56%. In 2007, we were again honored as the "Best Local Cash Management Bank in China" by *The Asset and Finance Asia*.

We always take products the most effective tool to maintain customer relations. We are always committed to establishing an efficient and reasonable product innovation mechanism, and have done great efforts in product manager team setup, product R&D process management and product management. We have made new breakthroughs in product innovation system construction and largely improved product innovation capability.

Currently we maintain a cash management business system centered on the "Smart Money Account" which is dedicated to offering corporate customers with quality cash management service, improving their efficiency of capital operation, enhancing their capability of liquidity risk resistance, and promoting stable and sound development of enterprises and social economy.

Advanced Corporate and Investment Banking

Group customers and large enterprises always have complicated demands on the financing or funding services during their normal operation. We strive to meet the corporate customers' diverse financing demands spanning from bank financing market and capital market upon continuous financial innovation, and help corporate customers realize rapid growth and strategic transformation. In recent years, we launch comprehensive investment banking products and services through innovation, including restructuring and M&A, direct investment and private equity, listing and debt issuance adviser, syndicated loan, indirect syndicate, structural financing adviser, asset securitization, underwriting of short-term financing bonds, permanent financial adviser, corporate information service as well as governmental and institutional financial adviser. Such a full package of corporate banking services and products meet corporate customers' unique demands for financial service.

Business	Innovation Achievements
Syndicated Loan	We innovated the traditional financing method in syndicated loan business, and introduced structural finance to reverse asset repurchase, factoring, financial derivatives and financial leasing, so as to meet corporate customers' large-scale project financing demands and boost local infrastructure construction and economic growth. The innovation realized good economic and social benefits. In 2005, the domestic branches organized a syndicate of more than RMB40 billion, which expanded to nearly RMB100 billion in 2006 and over RMB200 billion in 2007. In the year, our bank successful led organization of syndicated loans for many electricity projects and was honored the "Top 10 Financial Marketing in China" for the marketing to electricity industry.
Restructuring and M&A	The marketing functions of our bank handled a number of investment banking projects such as "Baosteel Industrial M&A", "Zhangyu Equity Share Transfer" and "Chenming Restructuring". Where, in early 2006, the Zhangnyu Equity Share Transfer Project was elected the Top Ten M&As in China, 2005 by China Mergers & Acquisitions Association; and at end of 2006, the Baosteel M&A of Bayi Steel Project was included into the Top Ten Strategic M&As 2006 by the Contemporary Manager, a leading financial magazine in China.
Direct Finance	We provide direct finance service for restructuring and listing of state-owned enterprises to support the overall growth of large-scale state-owned enterprises. Considering that private enterprises in Shandong, Guangxi and Guangdong have a strong demand on listing overseas, we strengthened the efforts in marketing customers seeking for listing in these years and undertook the private equity and listing adviser project of Guangxi Yongkai Sugar and Guangdong Dongling Group, helping growth enterprises enter a track of fast development.
Short-term Financing Bonds	In 2007, we underwritten short-term financing bonds for 23 enterprises such as Chinalco, CNC, Shanghai Huayi and CNGC, which enables the customer to realize low-cost financing in the inter-bank market and boosts the fast growth of direct financing market in China.
Asset Securitization	We are the first bank offering the innovative investment banking products including the "Trust + Wealth Management". The "Trust + Wealth Management" corporate asset securitization projects we operated include Expressway Wealth Management Scheme of Zhejiang Jinliwen, the Expressway Wealth Management Scheme of Zhejiang Transportation Investment Group and the Chongqing-Fuling Expressway Wealth Management Scheme. In these projects, we acted as the general coordinator to provide enterprises with a package of investment banking services covering portfolio design, transaction execution, intermediary coordination and guarantee, thereby helping enterprises to adopt the financing mode of quasi-asset securitization. Based on sufficient early preparations including preliminary screening of assets, due diligence survey and transaction portfolio design, the Gongyuan Phase I ABS 2007 were successfully issued, delivering a noted contribution to the Chinese asset securitization market.

Business	Innovation Achievements
Central Management of Forex Funds	To improve the efficiency of forex fund use of large-scale group enterprises and cut down their financial costs, we created the central management of forex funds. A large-scale group was selected the first pilot company for this business.
Deposit-Loan Portfolio Product	If a group company has a large amount of idle funds and its joint-stock subsidiary badly needs massive funds, it is unadvisable to employ entrusted loan to meet the finance needs, for it involves related transaction and the listed company has to go through complicated procedures. To solve this problem, we design a deposit and loan portfolio product for customer, effectively reducing the financial cost of the customer.
Domestic Guarantee for Overseas Loan	To meet Chinese enterprises' capital demands in the process of overseas development, we launch a new financing product to meet customers' funding demands in overseas expansion, i.e. Domestic Guarantee for Overseas loan. This business is intended primarily to serve the overseas acquisition of customers and the fund demands of customer's overseas branches and subsidiaries.
Mobile Phone Distributor Financing	To stand up to increasingly heavier competition in the mobile terminal industry, some mobile terminal manufacturers never stop seeking a bank partner to provide financing support to their mobile phone distributors, so as to strengthen their control upon distributors and enhance their own inventory management. To meet these demands, we designed a financing solution that issues banker's acceptance bill to the mobile phone distributor and provides discount service for Nokia.

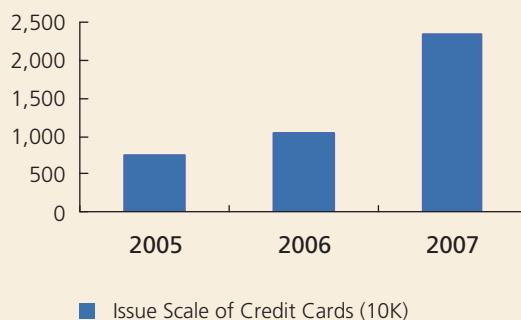
The Largest Institutional Banking Service Provider in China

In 2007, we enhanced innovation and promotion of institutional banking business to fully meet customers' demand for financial services. A host of breakthroughs have been made in core business innovation and enabled us to provide better, quicker and more convenient service for customers.

Innovative Product	Functionality
Integrated bancassurance online sale platform	Fully promoting seamless integration of e-business needs of insurance company's customers and the corporate Internet banking of ICBC. On May 19, 2006, the website of ICBC added an insurance channel selling insurance products through central Banking-Insurance Link, B2C and general payment in addition to providing insurance consultation service, becoming the first bank in China selling insurance products via Internet. In 2007, we deepened financial innovation to advance seamless integration of e-commerce needs of insurance company's customers and ICBC corporate Internet banking. As of the end of 2002, the Internet insurance channel had sold over 40 types of products of 16 insurance companies via B2C and Banking-Insurance Link, ranging from wealth management insurance, accident insurance, household insurance, travel insurance and motor vehicle accident liability compulsory insurance.

Innovative Product	Functionality
Banking-Securities Service Platform	Involving 6 major functions including Banking-Securities Express and self registration of the third-party deposits. It is a new channel for investors to enter the securities market. Now we have 21,983 customers registered for this business. We started issuing banking-securities co-branded cards in July 2007 and now have issued over 180,000 cards in total. Via the platform, we offer customers with a much powerful banking-securities business medium. This platform fully leverages on our strength in Internet banking, sets a precedent in banking-securities business, and ensures our leadership in this business line in the industry. In addition, we maintain an emergency response system for business abnormalities to provide securities companies and investors with higher-quality services.
Online banking-tax service platform	To expand the Internet banking service functions, diversify service channels for tax authorities and individual taxpayers and relieve pressure of our counter-based businesses, we promote innovation of online banking-tax service platform service. Now we provide individual income tax declaration, individual income tax calculation and wealth management solutions at the portal website.
Business card support system	To meet the demands for further reform of treasury central payment and boost the growth of credit card business, we initiated the innovation of business card support system, which serves the State central finance authority's demands for strengthened cash expenditure management of organizations funded by central government budget. The system effectively enhances the market position of our central payment business on behalf of State central finance.
Integrated banking-futures service platform	In 2007, we developed the integrated banking-futures service platform based on Internet banking and telephone banking via "Six Innovations". The six innovations involve innovation of futures brand, futures investor' online reservation for account opening, special settlement membership for financial futures, online banking-futures account transfer and futures trading link, loan pledged by standard warehouse receipts and financial futures wealth management. With the integrated banking-futures service platform, our customers obtain an easy access to one-stop integrated financial services, and our core competencies in banking-futures business have been sharpened.

The Largest Credit Card Issuer in China



In 2007, we continuously launched new credit card products, used new technologies and introduced new management modes to relate product innovation to the project development, resulting in rapid growth of credit card business. Promotion and application of these projects won a positive market response, expanded the quantity and consumption volume of cards issued and enhanced our core competencies in credit card products. First, to meet the market growth demands, we successively launched credit card installment payment, dual-currency transformation of

RMB credit card, VISA standard double-interface smart card, bank card acquiring integration, gold card centralized collection and peony card review work system etc. Second, innovation priority was given to design cards for key industries, including business card for central government budget funded organizations, peony sports card, peony traffic card, peony PBOC2.0 standard chip card and CNPC fleet card. Third, on a customer-oriented basis, we optimized existing systems and business functions, and successively launched projects such as peony card market promotion, peony card system optimization, peony card risk real-time monitoring system, credit card initiative balance transfer, and debit card temporary balance transfer etc., thereby continuously improving our business systems and functions.

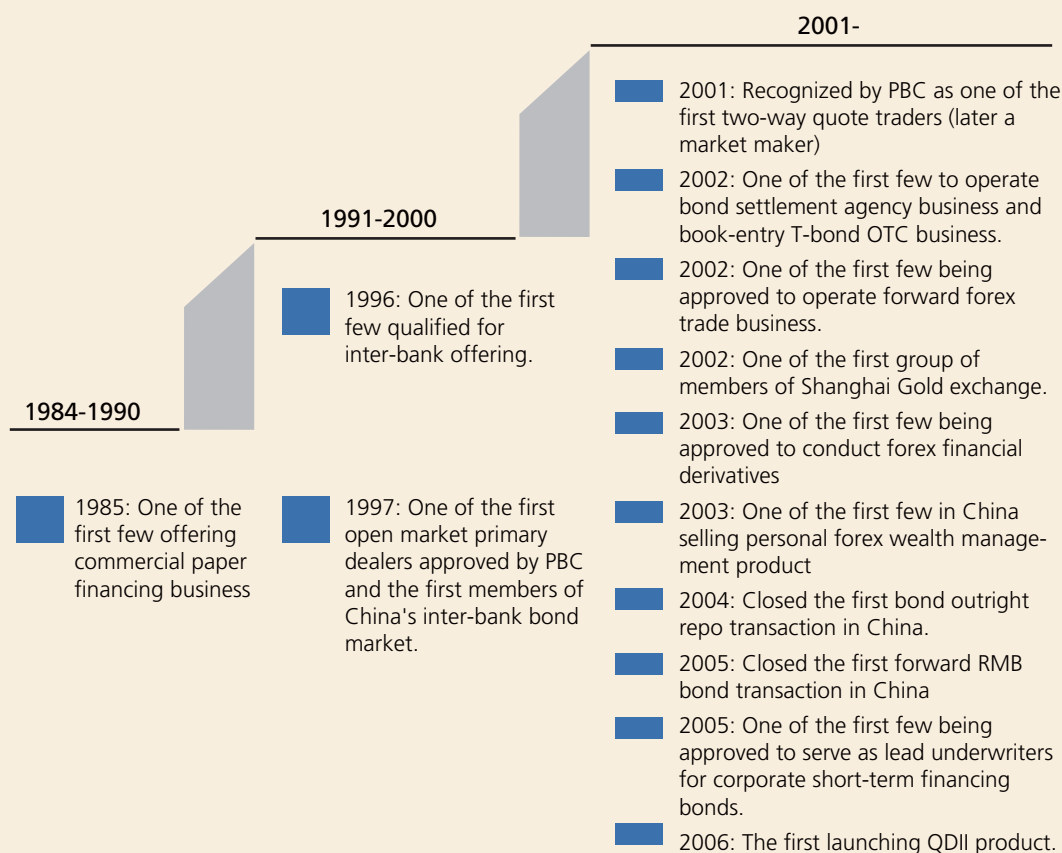
A suitable fraudulent trade monitoring system was established to improve our capability of immediately identifying, responding to and solving problems during credit card risk monitoring, minimize risk losses and provide strong back office support for sound, secure, quick and extensive development of credit card business.

By the end of 2007, we have issued 23.38 million peony credit cards. The annual card consumption amount reached RMB160 billion in 2006. We deeply explore customer needs, fully promote the credit card service quality, takes the lead to undertake "time-limited card application" service in domestic sector, and continuously improve the VIP customer service network. At the 5th China Finance Fengyun Billboard in 2007 published by *Hexun*, the peony credit card of ICBC was again awarded the Best User Experience Award. Besides, the peony credit card was awarded the title of "Sohu Finance 2007 Financial Wealth Management Network Ceremony" and "Excellent Credit Card Service Award" etc., its rich functions and good quality service brings good experience to the customers and wins wide recognition from public card holders.

Active Global Markets Business

Accelerate the Innovation of Treasury Products

In response to the rapid growth of multi-tiered financial market and the increasingly comprehensive, diverse and specialized financial consumption needs of customers, we established the Global Market Department in 2006, aggressively innovated treasury products and successively launched four categories of RMB innovative products (agency RMB interest rate swap, financial bonds underwriter and financial advisor, Wendeli personal wealth management product, and RMB structural deposit product), three categories of foreign currency innovative products (BMA structural products for foreign currency debt risk management, gold-price-linked foreign currency wealth management products, and stock-price-linked foreign currency wealth management products), and two categories of QUANTO products (Zhulianbihe QUANTO personal wealth management products and embedded QUANTO structured RMB bond risk management products) and overseas wealth management agency products (QDII), creating marked social benefits and positive market response.



No.1 Lead Underwriter of Domestic Bonds

According to the rankings of lead underwriters of domestic bonds in 2007 published by Reuters and Bloomberg, we rank the top in terms of underwriting amount. The bonds we underwrote in 2007 amounted to RMB79.46 billion.

The Best Wealth Management Bank 2007

In 2007, to adapt ourselves to the financial market growth and investors' needs, we designed and issued a full variety of wealth management products highly appreciated in the market. In the 2007 China Wealth Management Billboard planned by *Money Talks* and hosted by China Mainstream Media Wealth Management Alliance, we were given six awards including the "Best Wealth Management Bank 2007", the "Most Popular Wealth Management Products 2007" and the "Most Innovative Wealth Management Products 2007".

From the perspective of future development, we will further highlight the focus of innovation, intensify innovation cooperation with strategic partners, continuously enhance the innovation of treasury products, and further improve our capability of fulfilling diverse social responsibilities in an environment of ever changing market and customer demands.

Prominent Personal Banking Service

Boasting the largest personal banking customer base in China, we take "Customer Oriented" as fundamental service philosophy and dedicate ourselves to providing the best financial products and services to personal customers.

We have undertaken collection of utility fees and telephone call expenses and payment of pension and basic living allowances for many years. Such businesses generate minimal profit, but for customer convenience, we always value growth of such businesses, and strive to provide the best service and the maximum convenience to customers.

To facilitate customers in paying housing and getting provident fund and medical insurance, we cooperate with government agencies to issue many types of co-branded Money-link bank cards, such as Xiangtan Housing Provident Fund Peony Money-link Bank Card issued by Hunan Province, Medical Insurance Bank Card issued by Guangdong Branch, and Easy Life Peony Money-link Bank Card issued by Hebei Branch. In addition, the Campus Bank Card is issued to college students to facilitate tuition payment, deposit and withdrawal, consumption, remittance and student loans of the students.

To inspire the domestic demands and realize many people's dream of automobiles, we were of the first batch of commercial banks opening personal auto consumption loans starting 1999. As of the end of 2007, we maintained outstanding personal auto consumption loans of RMB14,991 million and have provided auto mortgage loan services for more than 400,000 customers. In the process of personal auto loan service, we successively launched indirect and direct marketing modes to provide convenience to customers.

Low-income groups, including the migrant rural workers, are the group we are always concerned about. To provide convenient, quick and quality withdraw business for migrant rural workers, we launched the Migrant Rural Workers' Bank Card business in 2005 to solve migrant rural workers' difficulty in drawing money.

To support the development of private economy and accommodate the individual's short-term capital demands in production and operation, we launched innovative personal business loan products, which are widely accepted by the customers. In response to the affluent personal financial assets, we continuously extend the scope of collaterals for personal pledge loan, and launched online banking personal pledge loan service leveraging on the online banking system, so that the customers may complete the loan application and extension 24 hours a day. We also offer comprehensive consumption loans for personal customers, aiming to address their diverse needs in overseas study, medical care, housing decoration, purchase of large-value durables and travel.

Innovation of Marketing Mode and Distribution Channel for Wealth Management Products

2007 saw a robust capital market where customers' needs for wealth management expanded. We diversified our wealth management product lines in line with customer needs, and won wide acclaim among customers. We launched 35 issues of RMB wealth management products and 24 issues of foreign currency wealth management products in 2007. We distinguished and located target customers in line with the investment characteristics and risk profiles of products, and shifted the distribution channel from simple promotion of products to integrated and theme marketing service. Such unique products as "New Year Wealth Management Product" and "Wealth Management + Female Health Insurance" were created in 2007. We also fully operated the 24-hour wealth management Internet banking service in 2007, thereby providing efficient and convenient wealth management service for customers.

Expand the Personal Housing Loan Business for Building of "Happy Home"

We leverage on strong outlet resources and technological strengths to provide house purchasers with high quality services from loan application, approval to repayment. Since in 1997 the personal housing loan business was opened, we have provided mortgage loans to 6 million households, giving strong support to housing program of China and house purchase by residents. Outstanding balance of personal housing loans was RMB536.3 billion at the end of 2007.

As an activity of the Quality Service Year Program in 2007, service optimization and process reengineering were carried out in personal housing loan service, improving the business efficiency and service level. The core value of our "Happy Home" brand is increasingly enriched; and the conventional product-oriented business mode was transformed to the customer-oriented mode to provide comprehensive, continuous and long-term wealth management service to house purchasers. The new-generation personal housing loan accounting system was developed, the personal credit management system was optimized, and the management of personal housing loan business is much more automated and standard. The interest calculation method, repayment mode and term of housing loans can be combined flexibly to meet the individualized and diverse needs of customers.

We provide financial support to medium- and low-income house buyers. We offer mortgage loans to media- and low-income borrowers who buy houses of no more than 90 m² for self-use, have paid a down payment of 20%, and meet the criteria of ICBC, so as to reduce the interest burden of borrowers to the minimum.

Awards in 2007

Year	Awarding Agency	Title
2007	The 7th Annual Management Forum of China for 2007	"CSR Model of Valuable Enterprise"
	The Economic Observer Newspaper	"The Most Respected Enterprise of China"
	The Chamber of Hong Kong Listed Companies and other Authorities	"2007 Hong Kong Corporate Governance Excellence Award"
	CCAS, CCAM & HKCCA	"Special Contribution Award-China Call Center"
	China Financial Certification Authority (CFCA)	"The Best Internet Bank of China"
	Finance Asia	"2007 Best Bank of China" and "2007 Best Cash Management Bank of China"
	China Electronic Commerce Association	"China's Best Internet Bank", "Excellent Model Enterprise of Internet Banking Management" and "The Best Bank in the Expanded E-Commerce"
	Global Finance	"The Best Sub-custodian Banks in China", "China's Best Personal Internet Bank", "Asia's Best Deposit Internet Bank" and "Global Best Deposit Internet Bank"
	Asset	"2007 Best Cash Management Bank of China", "The Best Sub-custodian Banks in China", "Best Deal of the Year" and "Best Bank M & A"
	The Banker	"Cash Management Award", "Deal of the Year 2007-World", "Deal of the Year-Asia" and "Deal of the Year"
	The Economic Observer Newspaper	"The Most Respected Enterprise of China"
	Securities Times	"China's Best Fund Custody Bank"
	Securities Times & Shenzhen Securities Information Co., Ltd.	Ranking No. One in "China's Excellent Finance and Securities Website (Banking)", "Most Trusted Bank Website" and "Most Favored Bank Website"
	SOHU	"Best China-Invested Bank", and "Excellent Credit Card Service" for Peony Card of ICBC
	Hexun	"Best Customer Experience Award" in the 2007 campaign of Chinese credit cards, and No.1 of the online banking best user experience award



