

SPD Bank Corporate Social Responsibility Report 2013



Report Overview

Report Period: January 1, 2013 to December 31, 2013 (some contents extend beyond the reporting period)

Last Report: Released in March 2013

Reporting Frequency: Annually

Report Publication: SPD Bank was the first bank within the Chinese banking sector to publish an annual CSR report when it released its first CSR report in 2006. SPD Bank is proud of this tradition and is pleased to present its ninth edition of this publication.

Reporting Guidance & Criteria:

- NBRC, *Suggestions on Strengthening the Social Responsibility of Banking Institutions*
- China Banking Association, *Guidelines on the Social Responsibility of China's Banking Institutions*
- Shanghai Stock Exchange, *Environment Information Disclosure Guidelines of Listed Companies in Shanghai Stock Exchange*
- *Sustainability Development Report of Global Reporting Initiatives (GRI)*, G4 Version
- International Organization for Standardization, *ISO26000: Social Responsibility Guide (2010)*
- Chinese Academy of Social Sciences, *China Corporate Social Responsibility Reporting Guidelines 2.0*

Changes in this year's report: Corporate Social Responsibility Key Data in 2013

The Shanghai Pudong Development Bank Co., Ltd. (also known as “SPD Bank”) covering the head office and its branches in Mainland China and Hong Kong, and the London Representative Office.

Source of Statistics: Company's reports and relevant statistics

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■ Both English and Chinese reports are available. Should there be any discrepancy, the Chinese report shall prevail.

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Company Profile

Shanghai Pudong Development Bank (“the Bank”), founded August 28, 1992 with the approval of People’s Bank of China and in business since January 9, 1993, is a joint-stock commercial bank listed in 1999 on the Shanghai Stock Exchange (Stock Code: 600000). The Bank is based in Shanghai, with a registered capital of RMB 18.653 billion. The Bank is highly regarded within China’s security market thanks to its outstanding performance and business integrity.

By “upholding to the highest standards of business integrity and striving for excellence”, the Bank continues to expand its capital base and strengthen its business through financial innovation. By the end of 2013, the Bank has total assets of RMB 3.6801 trillion, total loans in local and foreign currencies of RMB 1.7675 trillion, deposits of RMB 2.4197 trillion and after-tax profit of RMB 40.922 billion. Currently, the Bank employs 38,065 people and operates a national network of 39 direct branches and 915 banking outlets across China. In addition, it has taken concrete steps to start operating globally which is symbolized by the set up of its first overseas branch in Hong Kong and a representative office in London. The establishment of SPD Rural Banks, SPDB Financial Leasing Co., Ltd. and SPD Silicon Valley Bank are the milestones on the Bank’s journey to become a group with a comprehensive business.

The Bank continues to drive its business innovation in response to changes in market conditions and opportunities. It is committed to growing into a modern financial institution with distinctive core competencies and competitive advantages through serving clients with an “open mind and open heart”.

Message from the Chairman

Looking back at our journey, the Bank has incorporated CSR into its strategies. Making use of its professional advantages, the Bank worked hard to build a sustainable mechanism and system, to foster a distinctive competitive edge, and to drive more responsible and sustainable development throughout the Bank and its stakeholders. In terms of economic responsibility, the Bank is committed to operate with integrity and in a sustainable way to deliver greater value for its shareholders. In terms of social responsibility, the Bank focuses on promoting benefits and well-being for its stakeholders, including its people, customers and the community. Environmentally, the Bank is dedicated to green finance innovation, mobile finance, and building a low-carbon bank, so as to deliver sustainable and balanced growth.

Year 2013 is a milestone for the Bank. As the internet era unfolds, the Bank, at its age of 21, strives to keep pace with the times. The Bank is a socially responsible company and has performed activities that exert great positive influence. Working with China Mobile, it has launched the NFC mobile payment. Working with Tencent, it has launched the WeChat Bank. ... Linking different industries through finance, the Bank has created a brand-new service experience to our consumers through the mobile internet era. This has also transformed the Bank, ensured inclusive financial services, and promoted a healthy and harmonious development of the finance ecology.

Looking into the future, we feel the weight of social responsibilities upon our shoulders. We will try harder to become a modern financial institution with core competitive edges. Giving full play to our financial rationality and capacity, we will achieve responsible growth, a growth that enables us to fulfill our responsibilities towards the economy, society and environment. That is the direction that we are heading towards.

Ji Xiaohui
March 2014

Table 1 Corporate Social Responsibility Key Data in 2013

	Key Data	Unit	2013	2012	2011
Economic Index	Total Assets	Billion RMB	3680.1	3145.7	2684.7
	Total Loans	Billion RMB	1767.5	1544.6	1331.4
	Total Deposits	Billion RMB	2419.7	2134.4	1851.1
	Operating Income	Billion RMB	1,00.0	83.0	67.9
	Employee Expenses	Billion RMB	15.802	14.389	12.178
	Interest Expenses	Billion RMB	92.6	76.9	59.8
	Taxation ¹	Billion RMB	19.924	16.472	11.851
	Retained Earnings & Dividend ²	Billion RMB	73.296	54.582	36.719
	Net Income	Billion RMB	40.922	34.186	27.286
	Net income growth	%	19.70	25.29	42.28
	Return on Asset(ROA)	%	1.21	1.18	1.12
	Return on Equity(ROE)	%	21.53	20.95	20.07
	Core Tier One Capital Adequacy Ratio ³	%	8.58	N/A	N/A
	Tier One Capital Adequacy Ratio ³	%	8.58	N/A	N/A
	Capital Adequacy Ratio ³	%	10.97	N/A	N/A
	Bad Loan Ratio	%	0.74	0.58	0.44
	Provision Coverage	%	319.65	399.85	499.60
Social Index	Donations	Million RMB	12.55	13.61	9.3789
	Social contribution value per share	RMB/share	9.07	7.61	5.95

	Employees	People	38,065	35,033	31,231
	Employee Satisfaction	%	> 80	> 80	> 80
	Staff turnover rate	%	3.6	4.6	4.9
	Customer Satisfaction	Point	795	89%	约85%
Environmental Index	Environmental Impact Assessment compliance rate for loans	%	100	100	100
	Loan balance on energy saving projects	Billion RMB	24.263	25.652	25.516
	Reduction of loans to high-energy consumption and high-pollution industries	Billion RMB	37.412	32.246	27.585
	Percentage of electronic channels transactions	%	79.56	79.74	78.39
	Electricity Consumption Per Capita	KWH	13,628	13,213	13,841
	Water Consumption Per Capita	Ton	48.65	50.57	58.21
	Business Car Petro Consumption Per Capita	Liter	43.37	47.35	60.07
	Number of video conferences	Times	592	488	440
	Credit Card E-Bill Ratio	%	43.70	37.82	31.18

Notes:

1. Taxation includes corporate income tax, business tax & surcharges and other taxes.

2. Retained Earnings & Dividend refers to the undistributed profits of the year.
3. The indicators are calculated according to the definition of capital adequacy in the *Capital Management Methods of Commercial Banks (Trial)* (enforced on January 1, 2013) publicized by the CBRC. The definition was not applied in 2011 and 2012.
4. As per Shanghai Exchange's guidance for listed companies regarding the disclosure of environmental information (released on May 14, 2008), Social contribution per share = Earnings per share + (taxation amount + employees compensation and benefits + interest expenses + total welfare contribution) / total share capital. Taxation amount, interest expense, retained earnings and dividend and after-tax profit are direct economic contribution to the society.
5. Customer satisfaction is calculated according to the level of satisfaction of corporate clients and individual clients on weighted average basis. This year, the Bank has invited J.D Power to evaluate the customer satisfaction of 2013, the result of which is not described in percentage. The evaluation shows that the Bank scored 795 points, 3rd in the 9 joint-stock commercial banks.
6. Data for electricity, water and business car gasoline per capita consumption only cover the head office.

Section 2 Corporate Social Responsibility

Words of Our Stakeholders

Peter Drucker, the Father of Management Theory, is said to often speak of a story. It goes like this: a mason asked for his wage after finishing a statue. The employer wanted to cut his wage by half because “the top of the statue would not be seen, and was not worthy of the efforts”. To this, the mason responded: “God can see it”. This story is about responsibility and mission. It’s true that responsibilities often lie in places people cannot see. Therefore, a company can “showcase” social responsibility in its strategic planning, or it can let social responsibility run in its blood. The Bank has chosen the latter and has proven it through actions. The following figures prove this. By the end of 2013, the small and medium-sized enterprise (SME) loan balance reached RMB 284 billion, an increase of 4-fold within 4 years. Among loans to enterprises, the ratio of the SME loan balance increased from 8% in 2009 to 16.5%. As a licensed exclusive institution, the Bank was one of the three joint-stock commercial banks that designated a department to serve SMEs. It continues to enhance its efforts by providing inclusive financial services. It provides services to small and micro-enterprises through a unique mechanism which embeds the services in the outlets. To a certain degree, the Bank has embedded social responsibility into its business mode. By improving brand image, a company can win market share; by practicing responsibilities, a company can win the confidence of consumers. The Bank will continue to make progress in practicing social responsibility.

Xu Shousong

Xinhua’s Top Ten Reporter

Administrative Deputy Chief Editor, Shanghai Bureau, Xinhua News Agency

1.1 Corporate Social Responsibilities Vision

1.1.1 Incorporate Corporate Social Responsibility into the Bank’s Overall Business Strategy

In 2011, the Bank launched its “Strategic Development Plan, 2011-2015” (the Plan) to outline its vision for the following five years. Over this five year period, the Bank will focus on promoting itself as a modern financial institution, maintaining its leading edge in banking management services, market share and brand value. The goal is to grow into a flagship financial institution in tandem with Shanghai becoming an

international financial centre.

In 2011, the Bank launched its “Corporate Social Responsibility Strategic Development Plan 2011-2014” which lays down the Bank’s CSR goals, namely, creating a sustainable business model by deepening efforts in discharging its CSRs and binding CSRs more closely with the Bank’s business operations and growth strategy. Through these efforts, the Bank will maintain its position as a CSR leader. Meanwhile, the Bank strives to create a brand that is clearly associated with CSR. The document makes CSR work a strategy enabler of the Bank, and thus embed CSR within the culture ensuring its success.

1.1.2 Corporate Social Responsibility Proposition

Corporate Social Responsibility Values	Leveraging its advantageous position in the financial services industry and as part of its efforts to develop a more distinctive competitive edge, the Bank has introduced numerous initiatives to help deliver value on its economic, social and environmental responsibilities. This is delivered by driving responsible and sustainable development throughout the Bank and its stakeholders.
Corporate Social Responsibility Goals	<p>The Bank is dedicated to use its position as a leading bank within the financial services industry to discharge its CSRs. It has embedded CSR into its corporate culture, brand and core competencies to create a distinctive competitive edge. By ensuring delivery on its promise as a responsible corporate citizen to help the economy, society and the environment, the Bank is working hard to maintain its reputation as a respectable listed bank.</p> <p>In terms of economic responsibility, the Bank is committed to operating with integrity and in a sustainable way to deliver greater value for its shareholders. In terms of social responsibility, the Bank focuses on promoting benefits and well-being for its stakeholders, including its people, customers and the community. Environmentally, the Bank is dedicated to actively addressing and managing its environmental risks, continuously promoting innovation in green finance, and promoting low-carbon banking practices to deliver sustainable and balanced growth.</p>
Corporate Social Responsibility Code of Conduct	<p>Operate in compliance with laws and regulations and in a prudent manner;</p> <p>Uphold business integrity and serve the public interests;</p> <p>Be people-oriented and apply consistent values;</p> <p>Show love and commitment to giving back to society;</p> <p>Communicate policies clearly and allocate resources efficiently; and,</p> <p>Champion environmental protection and promote green finance.</p>
Corporate Social Responsibility	Economic Responsibilities: National economy and people’s livelihoods, inclusive financial services, quality services, and

	financial innovation. Social Responsibility: Staff career development, finance education, charity and public welfare. Environmental Responsibilities: Energy-saving and environmental protection, green finance, and environmental friendliness.
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1.2 Corporate Social Responsibility Structure

The CSR activities of the Bank are led by the Brand Management Leading Group at the Bank's head office. The Group is led by the competent Vice Chairman of the Bank and is responsible for the planning, arrangement, promotion and monitoring of the CSR work of the Bank. The General Office at head office is responsible for managing the CSR activities, with the actual implementation of the CSR programmes being performed by the head office departments and branches. All major matters are passed to the president and/or the Board of Directors (BoD) for decision-making. A streamlined CSR structure is implemented with clearly defined roles and responsibilities for leadership, supporting roles, division of work and cooperation.

For the purpose of driving forward major programmes and activities, the General Office at head office issues an annual "Corporate Social Responsibility Report". This is supported by "Corporate Social Responsibility Guidelines" which includes a list of the major CSR tasks to be conducted across the Bank together with the allocation of tasks to individual bodies, namely the head office departments and branches. At the same time, the General Office will monitor and drive progress to ensure the delivery of allocated tasks by head office departments and branches, and organize CSR training across the Bank, as necessary.

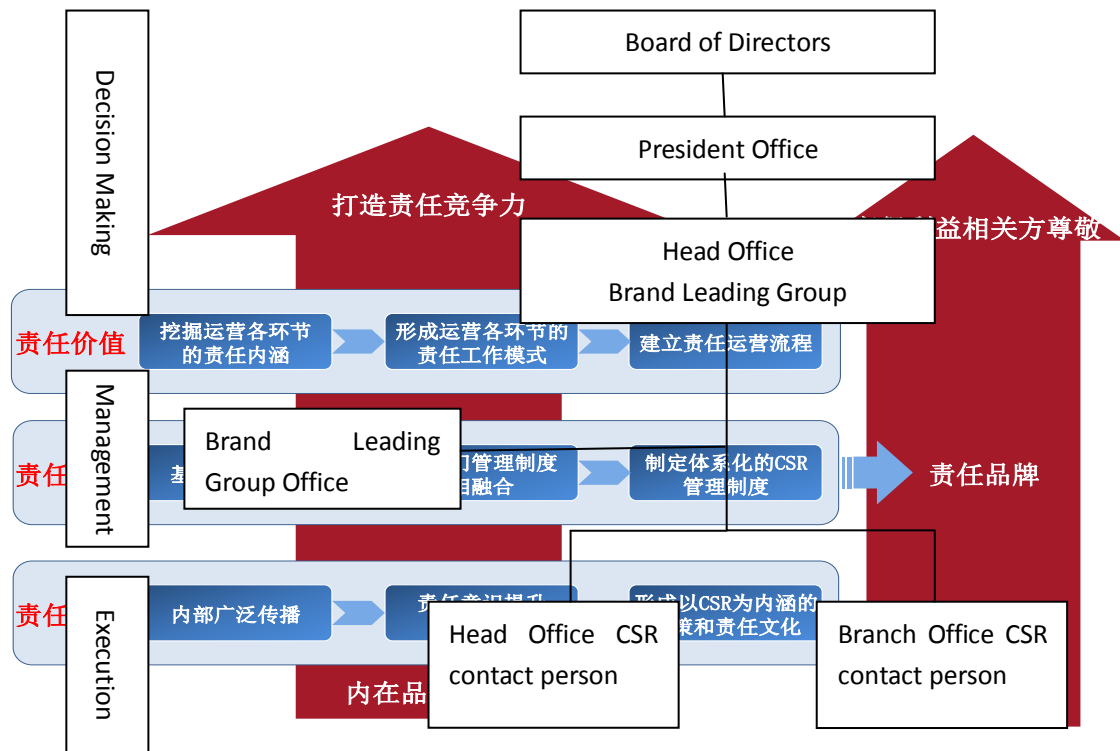
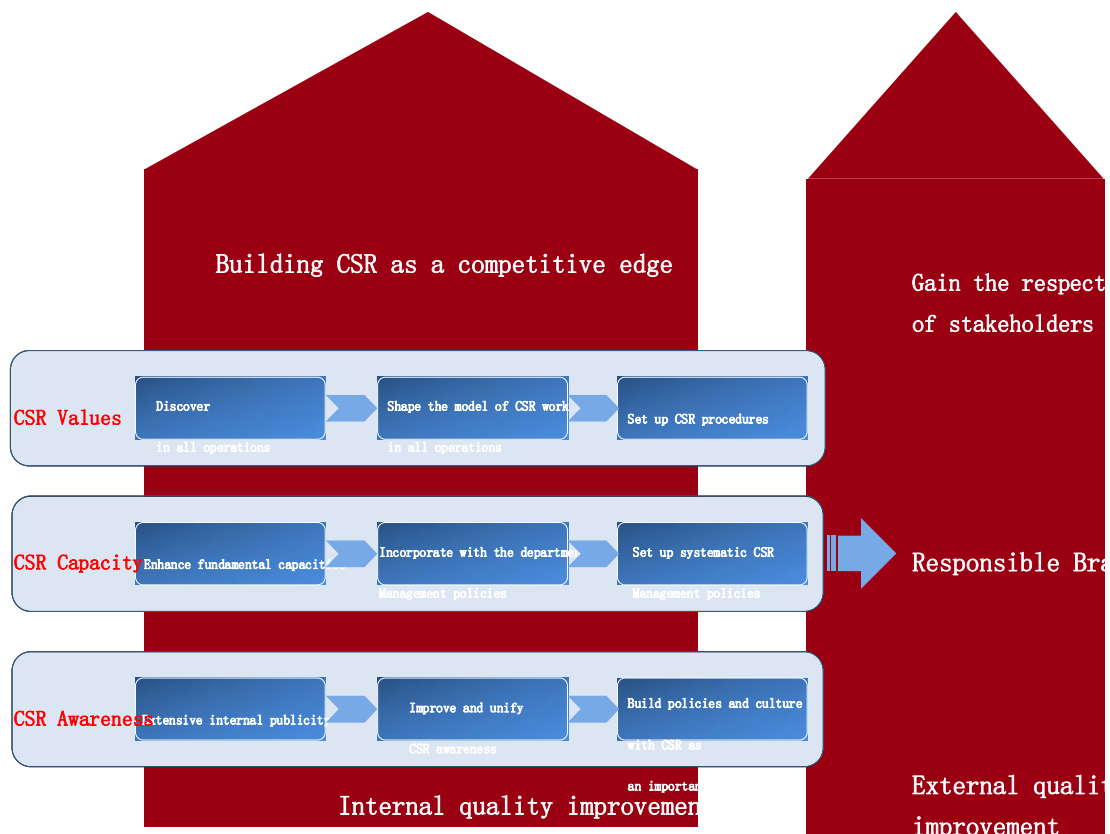


Figure 1 SPD Bank Corporate Social Responsibility Structure

1.3 Corporate Social Responsibility Implementation

The implementation of CSR includes two dimensions: vertical and horizontal. In the vertical dimension: the Bank enhances its capabilities and builds CSR into its competitive edge. It also improves its image and gains the respect of stakeholders. In the horizontal dimension: It enhances the CSR awareness of all its employees which leads to a CSR culture embedded within the characteristics of the Bank. It has set up a CSR management mechanism, demonstrating continual improvement of CSR capability. By elevating the status of CSR values, the Bank has set up procedures for the effective delivery of CSR operations.



1.4 Corporate Governance

1.4.1 Corporate Governance Structure

The liberalization of interest rate controls has quickened, and the economy is growing at a medium rate. Amid this background, the Bank has consolidated the core position of the BoD in relation to corporate governance, as well as the appointment right of the BoD and its leadership over senior management. By doing so, the oversight mechanism of corporate governance is enhanced. The 5th BoD consists of 18 directors: 7 shareholder representative directors, 7 independent directors, and 4 executive directors. There are 6 sub-committees in the BoD.

The Bank has set up a robust corporate governance structure (“San Hui Yi Ceng”) which consists of the Shareholder Meeting, BoD, Supervisory Committee and senior management with clearly defined roles and responsibilities. They operate independently from each other, and work with each other, creating a balanced structure. In 2013, this

structure functioned well, enabling practical and efficient decision making. This helps ensure the legitimacy, compliance and efficiency of the corporate governance framework. In 2013, the Bank convened 1 shareholder conference at which 9 resolutions were approved. A total of 12 board meetings were convened at which 52 resolutions were approved and 10 special reports were reviewed. The executive directors met 5 times and approved 11 resolutions. The sub-committees convened 13 meetings and approved 36 resolutions. The directors put forward 6 opinions to senior management. In 2013, the Supervisory Committee convened 1 meeting and approved 4 resolutions.

Words of Our Stakeholders

The SPD Bank has been vigilant yet consistent in its transformation driven by innovation. Through courageous and prudent operation, the Bank has achieved sound business performance, and consistently improved corporate governance and decision making. These are my observations as its independent director. It's even more cheering to see that the Bank has always considered CSR a honorable mission intertwined with its fate. It has incorporated CSR awareness and actions into management, and honored its obligations towards the shareholders, clients, employees, communities, environment and other stakeholders.

Zhang Weiying
Independent Director

图3 公司治理架构

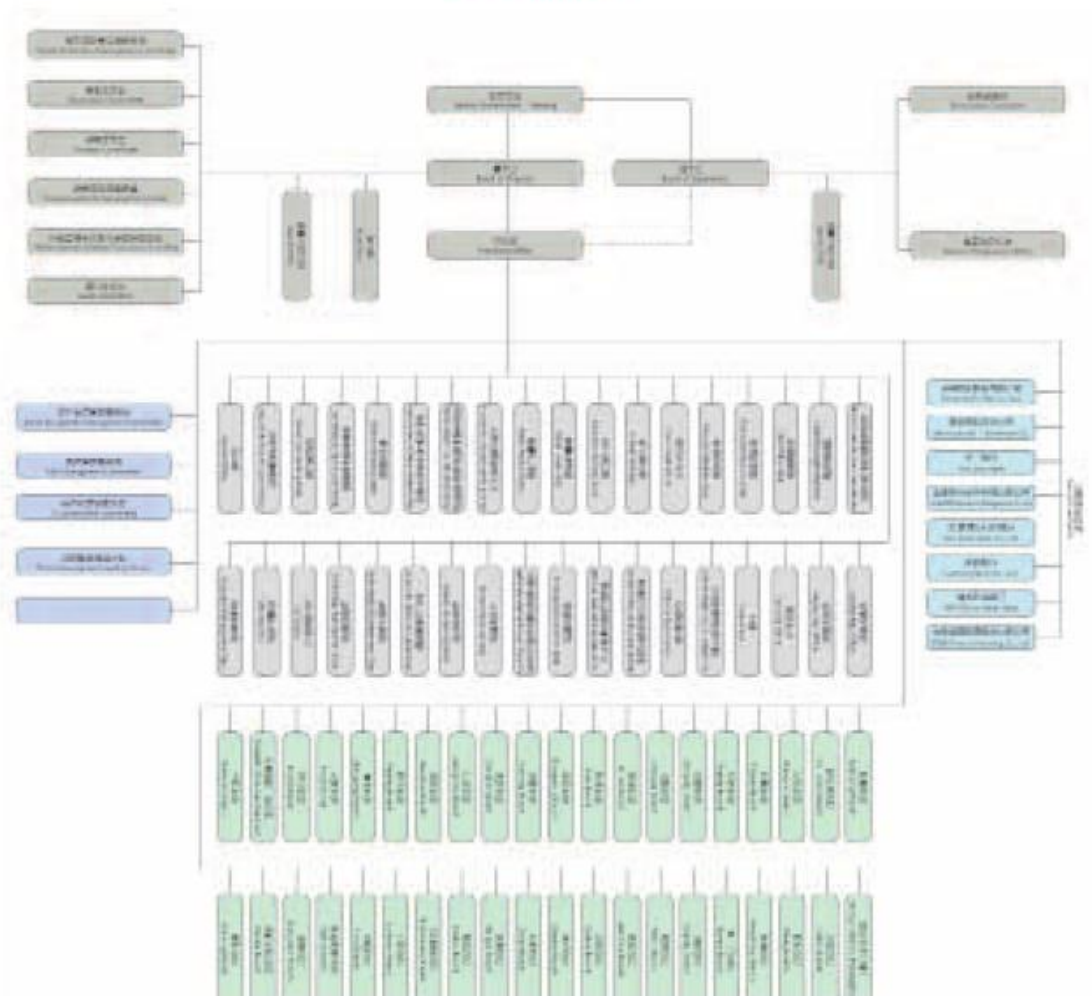


Figure 3 Corporate Governance Structure

1.4.2 Independent and Effective Internal Audit

The Bank has set up an independent and vertical audit structure. The audit function is led by the Chief Audit Officer, who reports to the BoD. The audit department at head office consists of several specialized audit posts. Audit teams are aligned to the branches. The audit function reports to the executive BoD, which guarantees its independence and authority. The management of audit work adopts the matrix pattern: arranging the audit work by business lines and regions. The head office designates auditors as contact persons to different lines. The branches are divided into 4 areas: the Yangtze River Delta region, the Bohai Rim, the Zhujiang River Delta region, and the mid-west region. The audit work of these 4 regions is taken charge of by the 4 audit teams in the head office.

In 2013, the audit function practiced its obligations as set out by the

BoD. Adopting a risk-based audit approach, they identified the key audit focuses of the year: the execution of strategies by the Bank, credit risk, financial crime risk, new business and authenticity of operation data. They completed 855 audit projects, and conducted follow-up auditing to ensure that problems identified were resolved. In this way, they have created value by monitoring and evaluating the corporate governance, internal control and risk management of the Bank.

1.4.3 Improving the Internal Control System

Firstly, the Bank states clearly in its regulations and policies the requirements for all operational and management activities. These regulations and policies have clarified the internal control system and standards. Secondly, changes in the external environment are continuously monitored and the suitability and normalization of the internal control system maintained. Thirdly, the Bank has developed a system for compliance, internal control and operational risk management. The system further improves the depth and breadth of our risk control, and improves management efficiency. Finally, all employees are trained on compliance to strengthen their awareness of compliance.

1.4.4 Enterprise-Wide Risk Management

Firstly, the Bank continues to improve the risk management mechanism, build an enterprise-wide risk management system and enhance the management of branches and sub-branches. These efforts further improve the consistency and effectiveness of risk management. Secondly, the Bank adjusts its appetite for operational risks. It has moderately increased the risk appetite of businesses relating to transformation and innovation. The Bank focuses on transformative business, such as with investment banks, the other banks, and SMEs. Thirdly, the Bank highlights the focuses of risk control, stresses the monitoring and neutralizing of risks, and defends its risk thresholds. For example, the structuring of loans is adjusted to reduce the amount of business conducted with clients in high-risk industries. Fourthly, the Bank strengthens portfolio management, improves loan control and allocates risk appropriately. It vigorously develops business with lower risk weightings and higher returns. Fifthly, the Bank continues to increase the compliance rate of the New Capital Accord, and promotes the implementation of the related projects.. It enhances the internal rating management of corporate banking, and extends internal rating in retail banking. The risk weighted asset measurement system is improved and stress testing is conducted. Sixthly, the Bank continues to enhance its risk

management capabilities by strengthening its internal audit function and operational management mechanism, improving non-performing asset disposal effectiveness and verification system for its loss of assets.

Case:

The liability insurance policy for the directors, supervisors, and high level managers was enforced on August 1, 2013. It aims to reduce their duty risk, so that they would be more proactive in fulfilling their duties. It supports directors in making better decisions and for improving corporate governance.

1.5 Corporate Social Responsibility Communication

1.5.1 Information Disclosure

Based on sound corporate governance and internal control, the Bank continues to improve the information disclosure mechanism to ensure that investors can obtain timely, accurate and complete information. In 2013, there were 4 periodic reports, and 37 extraordinary notices. These materials cover the decisions of the BoD, Shareholder Meeting and Supervisory Committee. Other major events such as the issuance of bonds, amendment of corporate regulations and related party transactions, establishment of a branch in the China (Shanghai) Pilot Free Trade Zone (CSPFTZ) and London Representative Office are also covered in these materials. On January 4, the Bank released its annual result, making it the first listed company, for the seventh year, to do so in the Shanghai Stock Exchange. This ensured that timely information was conveyed to investors and disclosure duties were met.

1.5.2 Communication with Investors

The Bank actively communicates with investors. Over the last year, the Bank has organized 88 receptions for local and overseas investment banks, funds, and shareholders. In total, the Bank had face-to-face meetings and conference calls with 583 institutional investors. It received 29 group visits (over 5 institutional investors per group), and talked to around 175 institutional investors through various methods. It attended 9 strategic meetings organized by domestic and foreign institutions. It answered 1,091 calls of consultation. The Bank was among the first to participate in an activity organized by the Shanghai Stock Exchange that invited small and medium-sized investors to visit listed companies. In addition, transparency and investor experience were further improved. This was achieved through various activities, such as 3 performance

announcement meetings, visits to institutional investors, receptions for investors, conference calls, and attending symposiums organized by security traders, etc. All these form an effective communication channel with investors, regulators and other investment related stakeholders..



The Bank was among the first to participate in an activity organized by the Shanghai Stock Exchange in April that invited small and medium-sized investors to visit listed companies.

1.5.3 Communication with Stakeholders

Stakeholders	Key Topics	Our Response
Customers	<ul style="list-style-type: none"> • Innovative financial products • Excellent financial services • Leading financial concepts • New financial experience 	<ul style="list-style-type: none"> • Speed up business and technology innovation to set up a modern financial service system • Provide more variety and a more comprehensive range of products • Improve customer satisfaction • Create values for, and grow with, clients
Shareholders	<ul style="list-style-type: none"> • Profitability • Standardized operation • Stringent risk management 	<ul style="list-style-type: none"> • Build a comprehensive corporate governance system. • Closely track international and domestic economic trends to enhance all-round risk management and thus ensure stable, healthy and sustained business growth and bring sustainable profits to shareholders. • Enhance information disclosure and public

		<p>relations management to improve transparency and reputation risk management.</p> <ul style="list-style-type: none"> • Operate within governing laws and regulations and standardize operations
Staff	<ul style="list-style-type: none"> • Rights protection • Salaries and benefits • Education and training • Personal career development 	<ul style="list-style-type: none"> • Ensure equitable and fair employment rights for employees and promote diversity • Establish and improve the employees representative meeting mechanism to protect the basic rights of employees • Enhance training, improve evaluation mechanism and provide good career development opportunities • Continue to conduct employees' satisfaction survey and follow up on the feedback result
Government	<ul style="list-style-type: none"> • Support the State macro-control policy • Taxation • Expansion of employment 	<ul style="list-style-type: none"> • Adjust the credit structure to support growth, people's livelihoods and economic restructuring • Pay taxes on time • Provide job opportunities
Environment	<ul style="list-style-type: none"> • Support low-carbon economy • Support resource-efficient society 	<ul style="list-style-type: none"> • Participation by all employees in green initiatives, conserve energy in daily operations, promote green purchase, and organize environmental protection activities • Enhance E-banking channels to support green finance products • Innovate green products to support green credit initiatives • Support the move towards the creation of a low-carbon banking economy
Partners (e.g. Suppliers, Insurance, Securities, Mutual funds and other banks)	<ul style="list-style-type: none"> • Integrity in business transactions • Contract compliance • Cooperative development 	<ul style="list-style-type: none"> • Cooperate under the principles of openness, fairness and justice • Co-develop under the principles of equality, mutual benefit and trust
Community	<ul style="list-style-type: none"> • Social equality and justice • Social harmony and order 	<ul style="list-style-type: none"> • Organize social welfare activities around student aid, poverty alleviation, education and environmental protection • Carry out volunteer activities and encourage employees' participation • Advocate financial literacy for consumers
Societies (incl. Environment Protection organizations and charities,	<ul style="list-style-type: none"> • Support the development of social groups 	<ul style="list-style-type: none"> • Actively support and participate in public welfare activities • Establish close relationship with overseas and domestic advanced non-governmental organizations and reinforce communication

etc.)		and learning • Provide professional and financial support for public welfare activities
Media	• Accurate, prompt, transparent and interactive information	• Timely and active information disclosure • Establish smooth and transparent communication channels • Strengthen media communication to promote healthy and good financial atmosphere

The Bank highly values the communication with rating agencies. The Bank officially set up the cooperation with Standard & Poor's in which S&P was invited to rate the Bank. On June 24, 2013, S&P assigned the Bank a "BBB+" long term issuer credit rating and "A-2" short term issuer credit rating. In addition a "cnA+" long term Greater China regional scale rating and "cnA-1" short term Greater China regional scale rating were assigned. The ratings are two levels above the lowest investment grade. They are also the highest ratings for equivalent Chinese joint-stock banks. The investment rating remains stable amid the economic downfall. Moody's maintained its rating of the Bank. The long-term deposits credit ranking of the Bank is Baa3, the foreign-currency deposit credit ranking Prime-3 and financial strength ranking D. The ratings are expected to remain stable.

1.6 Awards and Recognition

	Awarder	Awards
CSR	China Banking Association	The CSR Best Social Welfare Contribution Award, 2012
		The Bank's Volunteer Day was honored with the Excellent Social Welfare and Charity Project of 2012
		The Mianzu SPDB Rural Bank was honored as the Outlet with Special CSR Contribution, 2012
	Research Center for Corporate Social Responsibility, Chinese Academy of Social Sciences	Ranking 29th among the Top 100 Corporate Social Responsibility Report of Chinese Companies in 2013, and 3rd in the Chinese banking industry.
	China Business Network	Annual Influence Award of the "Warm Finance 2013 CBN•Lujiazui Annual Ranking of Social Welfare by Financial Institutions"

	Chinese Security Journal	Top Return to Shareholders Award
	Zhaopin. Com	Top 100 Chinese Employers
Financial Services	Global Finance, a US magazine	Best Consumer Bank, Chinese Star, 2013
	Fast Company, Chinese edition	The WeChat Bank was honored as the Top Ten Creative Chinese Business Cases
	Securities Times, New Fortune	The Best Web Bank, 2013 The Best Mobile Bank, 2013 The most Creative Web Banking Service, 2013
	China Financial Certification Authority	Leading Bank of China Mobile Finance, 2013
	21 st Century Economy Herald and Interbrand	The Best Chinese Brand Building Case, 2013
	The 21 st Century Asian Financial Annual Meeting & Asian Banks Competitive Ranking	The Best Innovative Asian Bank, 2013
	People Financial Annual Meeting	Excellent Investment Banking Service Award, 2013
	Shanghai Municipal Government	The NFC Mobile Payment received the second prize of financial innovation by in the 2013 Shanghai Financial Innovation award ceremony.
	CFO World Magazine	The “Most Trustworthy Bank”, the “Best Cross-Border Trade Settlement Award”, The “Most Outstanding Finance Brand” and the “Best Services for SMEs”
	China Banking Association	The Best Performance of Syndicated Loans, 2013
	Tencent	The Best Chinese Mobile Bank
International Rankings	The Economic Observer	The NFC mobile payment was awarded the Internet Financial Product of the Year, 2013
	Forbes	Ranked 125th on the Global 2000, 7th among the Chinese banks on the list.
	Banker	Ranked 53th in terms of core capital, up by 4 compared to 2012, among the Top 1000 Global Banks list; ranked 8th among the Chinese banks on the list.

	Fortune, an US megazine	In 2013, the Bank entered the list of Fortune 500 for the first time. It was ranked 460th, 88th among the Chinese companies on the list, and 9 th among the Chinese banks on the list.
	Interbrand Consultation Group	Ranked 15th on the 2013 list of Best Chinese Brands, the 2nd among the joint-stock commercial banks of the same kind.



Section 3 Economic Responsibilities

2.1 Corporate Social Responsibility Statement and Policy

2.1.1 Corporate Social Responsibility Code of Conduct

Operate in compliance with laws and regulations and in a prudent manner: to comply with governing laws and regulations, to promote operational stability and efficiency, and to ensure robust and sustainable development.

Uphold business integrity and serve the public interests: to operate with integrity and honesty, to increase growth while focusing on the livelihoods of people, and economic restructuring to enable us to maximize the value of existing financial products and services to the general public.

2.1.2 Responsibilities

National Economy and People's Livelihood: through the implementation of national macroeconomic policies and its response to the national industrial policies, the Bank aims to play a significant role in the livelihoods of the people it serves. The Bank will optimize its credit structure and increase credit loan facilities in an effort to support the development of the West and North-east industrial zone areas in China. The Bank will continue to establish its role as a premier financial institution that focuses on the livelihoods of the people.

Inclusive Financial Services: it is the Bank's responsibility to pay special attention to minority groups. It has developed, through policy, institution and product innovation, inclusive finance which provides access to financial services for all. In this way, more people have the opportunity to participate in economic development, and gain economically.

Quality Services: by embedding social, economic and environmental principles into the Bank's financial services policies and operations, the Bank is able to create economic value for its customers. It does this by taking ownership for delivering a good customer experience, setting a high standard for service quality, optimizing processes, increasing operational efficiency, encouraging service feedback and maintaining

financial integrity.

Financial Innovation: looking forward with a global and professional perspective, the Bank will continue to focus on customer centric service innovation and diverse service channels. Leveraging its operational and financial strength, the Bank will strive to help customers and individuals achieve growth in personal wealth, as well as increasing the value of services.

2.2 National Economy and People's Livelihoods

Through the implementation of national macroeconomic policies and its response to the national industrial policies, the Bank aims to play a significant role in the livelihoods of the people it serves. The Bank will optimize its credit structure and increase credit loan facilities in an effort to support the development of the West and North-east industrial zone areas in China. The Bank will continue to establish its role as a premier financial institution that focuses on the livelihoods of the people. It has contributed to the development of Shanghai into an international financial centre through financial service innovation. The Bank hasour provided financial services to the China (Shanghai) Pilot Free Trade Zone (hereinafter CSPFTZ). The Bank has made great efforts in becoming an international bank. The "Three farming" service coverage was expanded by supporting financial services in Xinjiang, supporting Midwest industrial construction, and promoting the development of an inclusive financial system.



On September 29, the Bank set up a branch in the CSPFTZ. It is one of the first banks to have gained the China Banking Regulatory Committee's approval to do so.

Table 2 New Loans in 2013

Industry	Industry Category	2013 Loan Balance (RMB'0,000)	2013 Loan Addition (RMB'0,000)
Agriculture, Forestry, Animal Husbandry and Fishery	A	1,375,393	365,687
Among them: Agriculture Loan	A01	589,572	125,349
Forestry Loan	A02	161,809	40,890
Mining	B	5,412,232	765,303
Manufacturing	C	38,174,659	1,440,540
Electricity, gas and water production and supply	D	4,242,303	-137,728
Construction	E	10,048,635	1,773,175
Transportation, storage and postal services	F	9,680,617	-168,879
Information technology, computer services and software	G	1,150,689	375,581
Wholesale and retail trade	H	21,885,549	434,094
Hotel and catering	I	966,850	78,214
Finance	J	1,345,396	1,176,494
Real estate	K	14,473,050	3,189,467
Leasing and business services	L	9,690,133	2,239,687
Science and technology research, technical services and geological prospecting	M	687,671	152,267
Water, environment and public facilities management	N	7,556,656	-893,501
Resident services and other services	O	934,345	175,401
Education	P	1,016,634	-80,941
Health, social security, social welfare	Q	745,062	164,859
Among them: health industry	Q85	739,562	160,859
Culture, sports and recreation	R	507,270	-19,574
Others	S&T	698,116	227,091
Total	-	130,591,261	11,257,236

Notes:

1. The Table uses statistics in the Statement on Loans of Major Banking and Financial Institutions by Industry released by the People's bank of China.
2. The category includes public administration and social organization (Type S) and international organization (Type T), etc.

Figure 4 Distribution of Borrowers and Corporate Loans in 2013

Type	Borrower	Balance
Large Enterprises	8.52%	22.95%
Medium-sized Enterprises	40.08%	48.97%
Small Enterprises	47.44%	25.54%
Micro-Enterprises	3.96%	2.55%

2.2.1 Balance Regional Development

The Bank has increased the coverage of its operations, and has set up more outlets in less developed areas. Amid this background, it attaches increasingly greater importance to the balance of regional development. Firstly, its annual loan policy clearly states that its loan structure and business development goals vary in areas. Secondly, the Bank has allocated more resources to the former revolutionary bases; areas inhabited by minority nationalities, remote and border areas and poverty-stricken areas, and improved its services to counties, rural areas, farmers and agriculture. This is in line with the CBRC's *Notice on Enhancing Financial Services Provided by Banking Institutions to the Former Revolutionary Bases, Areas Inhabited by Minority Nationalities, Remote and Border Areas, Poverty-Stricken Areas and Rural Areas*. Thirdly, The Bank has responded positively to the country's plan to develop and revitalize the economies of the Mid-West and Northeastern regions. The Bank has provided quality and comprehensive financial support for companies striving to develop Mid-West China, and for equipment manufacturers in Northeast China.

Table 3 Loan in the Eastern, Central, Western and North-eastern Region, 2013

No.	Indicator	Unit	2013	2012	2011
1	Loan balance in Eastern region	Billion RMB	1,005.397	912.906	813.650
2	Corporate borrowers in Eastern region	Thousand units	25.5	23.3	19.5
3	Loan balance in Central	Billion	253.247	222.736	193.253

	region	RMB			
4	Corporate borrowers in Central region	Thousand units	7.1	5.9	4.5
5	Loan balance in Western region	Billion RMB	277.033	236.048	200.035
6	Corporate borrowers in Western region	Thousand units	5.4	4.3	3.1
7	Loan balance in Northeastern region	Billion RMB	139.491	124.854	109.559
8	Corporate borrowers in Northeastern region	Thousand units	2.3	2.0	1.5

Notes:

1. Loan location is determined by the location of the receiving projects.

2. Eastern, Central, Western and North-eastern regions include:

Eastern region: 7 provinces and 3 municipalities, namely Beijing, Tianjin, Hebei, Shanghai, Jiangsu, Zhejiang, Fujian, Shandong, Guangdong and Hainan;

Central region: 6 provinces, namely Shanxi, Anhui, Jiangxi, Henan, Hunan and Hubei;

Western region: 6 provinces, 1 municipality and 5 autonomous regions, namely Guangxi, Chongqing, Sichuan, Guizhou, Yunnan, Tibet, Shaanxi, Gansu, Qinghai, Ningxia, Xinjiang and Inner-Mongolia;

North-eastern region: 3 provinces, namely Heilongjiang, Jilin, Liaoning

2.2.1.1 Fully Support the Development of Xinjiang

In 2013, the Bank set up 2 new in-bank self-service outlets, 10 stand-alone self-services outlets, with 19 self-service devices in Xinjiang. There were 6 projects of the Urumchi Branch which were recommended by the other branches, or were cooperation projects with the other branches. In addition, the Bank gave more support to Xinjiang in terms of loan investment, saving and loan ration. By the end of 2013, the loan balance of the Urumchi Branch amounted to RMB 18.2 billion, increased by RMB 3.9 billion, or 27.72%, compared with the beginning of the year. In contrast, the average loan growth rate of the Bank was 14.21%.

Main Projects

Management of the account for assisting Xinjiang's development	The Bank provides a robust operation platform and fund management for the clearance and supervision of the account for assisting Xinjiang's development. The fund amounts to RMB 2.62 billion.
Syndicated loan for the Kashgar Yuexing Shanghai Center Project.	RMB 80 million loans have been provided for the project.
Letters of credit for the Xinjiang Bayi Steel International Trade Company, a subsidiary of Bao Steel.	The Bank issued two letters of credit for imports with a total amount of USD 5.135 million. This advanced financial service for the company developing Xinjiang.

2.2.1.2 Support for the Northeastern Region

The Bank studies the economic structure and development trends of the Northeastern region. Based on these studies, it has started marketing planning in the following pilot markets: Dalian, Shenyang, Changchun and Harbin. The purpose is to identify the appropriate financial services that would boost the economy and industrial transformation of the region.

Dalian: The City has a strong port logistics economy. Considering this, the Bank provides differentiated policies to support the extension of the industrial chain.

Shenyang: The city shows a trend for transformation, which necessitates fiscal fund management. Therefore, the Bank provides custody services for special accounts, and payment and settlement services.

Changchun: The Bank has leveraged resources across the whole bank and extended its services according to the development status of Changchun's auto industry.

Harbin: The Heilongjiang Province is strong in advanced equipment manufacturing and modern agriculture. Therefore, the Bank offers innovative products to support its efforts to save energy, reduce emission, properly utilize and protect the ecology and environment.

Case:

Topic	Action	Value
Dalian Branch supported the development of the Northeastern region	The Dalian Branch issued RMB 7.7 billion bonds for key enterprises in Liaoning Provinces, such as the Shuguang Automotive Group, Zhongsheng Group and Dalian Machine Tool Group. In the process, it used various financing tools, such as private placement bond, short-term financing bond, and medium term notes.	The corporate financing channel is expanded, which contributes to renovating the Northeastern region, boosting the regional economy.
The Shenyang Branch adjusted its loan policy to support local real economy.	In 2013, the accumulative loans to real economy in Shenyang reached RMB 19 billion, among which RMB 16.2 billion were loaned to the pillar industries of Liaoning, such as manufacturing, mining, wholesale and retail sale.	The development of Shenyang Metropolitan Area is becoming a component of national strategic planning. The Bank's adjustment of loan policy ensures it meets the demands of Shenyang's evolving economy.

2.2.1.3 Support for the Mid-West Region

In 2013, the Bank set up 34 new outlets in the Mid-West Region, which represents 37% of the Bank's total newly added outlets.

Words of Our Stakeholders

The Xining Branch of SPD Bank earnestly follows the requirements of the head office. It has supported local economy, improved its strength, enlarged its influence and built a good image. Xining City will continue to support the Branch and we hope that the head office will support the City, and that we can make reciprocal progress in developing the Western region and economic belt along the Silk Road.

Mao Xiaobing
Member of the Qinghai Standing Committee
Mayor of Xining City

Table 4 Balance of loans to the Western region

	2011	2012	2013	Top Five Projects in 2013
Loan Balance (RMB'0 ,000)	20,003,452.0	23,604,830.2	27,703,299.87	1. Expressway projects from Xi'an to Tongchuan, Shiyan to Tianshui andTongchuan to Yan'an
				2 Mining Area development in Santanghu, Hami, Xinjiang
				3. Land Improvement, Reclamation and Storage in Chongqing North Zone
				4 G3015 Expressway project from Karamay to Tacheng.
				5 Expressway project from Hanzhong to the boundary of Shaanxi and Sichuan.
Note: The Western region includes 6 provinces, 1 municipality and 5 autonomous regions, namely Chongqing, Sichuan, Guizhou, Yunnan, Guangxi, Shaanxi, Gansu, Qinghai, Ningxia, Tibet, Xinjiang and Inner Mongolia.				

Case: The Bank responded positively to the country's strategy of accelerating the development of Central China.

In May 2013, the Bank signed a strategic cooperation agreement with the Hubei Provincial Government. According to the agreement, the Bank would, in the following three years, provide financial services and support with a volume of RMB 100 billion to the economic entities, major projects, infrastructure construction and industries related to

people's livelihood. This is in line with the State's strategy to speed up the building of strategic pivots for the development of Central China. The Bank and the Province would carry out all-round cooperation in industrial upgrading, ecological treatment, and infrastructure construction, balancing urban and rural development. This will improve people's livelihoods and provide loans for SMEs. These cooperations would mainly be located in the areas covered by Hubei's strategies of "one provincial center (Wuhan) and two subcenters (Xiangyang and Yichang)", "two circles and one belt" and "Wuhan '1+8' city cluster". The purpose is to fully support the urbanization of Hubei and the industrialization of its agriculture. The Bank also strives to build a scientific finance system to accelerate the construction of the Donghu National Independent Innovation Demonstration Zone.

Case

Topic	Action	Value
The Lanzhou Branch provided more support to the society and economy of Gansu Province.	In response to the "3341" Programme of Gansu, the Branch loaned a total of RMB 18.932 billion to the provincial key enterprises and projects in 2013. As support to the development of the Lanzhou New District, it granted RMB 1.285 billion credit, and issued RMB 722 million loans to the New District and companies within.	Financing support for the infrastructure construction, investment attraction of the New District.

2.2.1.4 Support to Regional Economy

The branches of the Bank align their services with the focus of local economy so that the services are more suitable for local projects. They also strive to increase social financing, enhance their capabilities for product innovation and improve their services. They work to expand the breadth of their services, participate extensively in local infrastructure construction, pay taxes dutifully, and create jobs for local people. In short, they have contributed to the sustainable, rapid and sound development of local economy and society.

Table 5 Top Ten Projects of 2013

No.	Project Name	Loan Addition in 2013 (Million RMB)	Loan Balance as at year-end (Million RMB)	As % Percentage of total year-end balance
1	Expressway from Xi'an to Tongchuan,	100	4489	0.26%

	Shiyan to Tianshui and Tongchuan to Yan'an			
2	Shanghai Inland Waterway Project—Upstream Construction/Dalu Line—First Phase and Second Phase	611	4007	0.23%
3	Haihe Tunnel – Central Line of the Binhai New District, Tianjin; Second Phase of the Jishugang Road, Central Section; Second Phase of the Haibin Road, South Section; Tanghan Expressway; The Southern Extension of the Haijing Road	-	3400	0.20%
4	Shanghai Large-Scale Residential Community Construction Project	369	2881	0.17%
5	Metro Line Shenjia Project	222	2474	0.14%
6	Shanghai Hushen Expressway projects (A15, 16, S26)	323	2412	0.14%
7	Xuhui Binjiang Area Infrastructure Development and Public Area Development –A Key Supporting Project of World Expo	216	2291	0.13%
8	Shanghai Hushen Expressway	-	2191	0.13%
9	Metro Line 7 Project , Auxiliary Project of Luodian County Public Transportation	-	2021	0.12%
10	Mining Area Development project in	2000	2000	0.12%

	Santanghu, Xinjiang	Hami,			
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Notes:

1. Ranked according to the loan balance of the projects ;
2. As percentage of total year-end balance= Project loan balance /total loan balance at year-end.

Case

Topic	Action	Value
The Hangzhou Branch signed a strategic cooperation agreement with the eastern headquarter of the China Communication Construction Company.	The agreement requires the Branch to provide intentional financing of RMB 40 billion to the other signatory party in the following 5 years. The two parties would first cooperate on projects such as the “Xifu Section of the Expressway surrounding Hangzhou”.	The arrangement contributes to local economy and construction.
The Zhengzhou Branch supported the development of the Zhengzhou Airport Comprehensive Economic Experimental Zone.	<p>1.The Branch issued RMB 2.5 billion loans to the Hangcheng Zhiye Co.,Ltd in the Zhengzhou Airport Comprehensive Economic Experimental Zone for 6 urbanization projects which integrate several villages close to each other. The projects include “Lot 12, 13, Dougou, Mazhuang, Shanshiwang, Zhanzhuang”.</p> <p>2. RMB 150 million to the Non-Tax Revenue Collection and Management Bureau. The money was use in the afforestation, landscape illumination device maintainence and repairmen of the Ecological Corridor of the Sigang Liandong Road.</p>	The Branch plays an important role in accelerating the infrastructure construction of the Zone.

2.2.2 Promote Industry Transformation and Upgrading

The Bank takes the initiative in adapting to changes and sticks to strategic transformation. It follows closely the demands of the real economy, the priority and focuses of policies. Accordingly, it optimizes its loan policies, organizes the loan issuance and optimizes the allocation of loan resources.

The Banks has improved its support to strategic emerging industries, energy saving and environmental protection industries, the industries of

culture, media, modern services, advanced equipment manufacturing and independent innovation. On the other hand, it strictly controls the loans to industries with high energy consumption, high pollution and over capacity.

The Bank implements the regulation policies of the State to stimulate consumption. It promotes consumer loans within controllable risk levels and enhances innovation of consumer loans. It provides more support for new consumption areas, such as modern services, tourism and culture. The Bank combines the support provided to the culture industry with the transformation of its business. In other words, it insists on unifying social benefits and economic benefits. It provides tremendous support to the culture industry in a manner that constrains risk within controllable levels and maintains sustainable business.

Table 6 The Bank's Support for the Culture Sector

Currency: RMB

No.	Indicator	Unit	2013	2012	2011
1	Loan released during the year in support of the cultural industry	Billion RMB	6.689	7.830	4.869
2	Newly-added loan of the year in support of the cultural industry	Billion RMB	-	-	1.374
3	Loan balance in support of the cultural industry	Billion RMB	7.779	9.516	3.327
4	Loan in support of the cultural industry as percentage of total loan	%	0.45%	0.62%	0.25%
5	Number of cultural companies supported	-	304	420	162
6	Number of cultural projects supported	-	304	420	162

Note: The cultural industry refers to activities that provide to the public cultural and recreational products and services, as well as relevant activities. According to the *Classification of Cultural and Related Industries* of the National Bureau of Statistics of China, cultural industries include such as cultural services, publishing and copyright services, broadcasting, television and motion picture service, art services, network cultural services, cultural leisure and recreational services, etc.

Case:

Topic	Action	Value
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The Shanghai Branch supported the culture and tourism industries of Shanghai.	In February 2012, the Bank as one of the lead banks in a bank consortium signed a syndicated loan agreement for the project of “Shanghai International Resort and Disney Land”.	In 2013, the syndicated loan was honored by the Securities Times as the “Best Syndicated Loan in China, 2013”.
The Tianjin Branch helped with the renovation and revitalization of the historical architecture of Tianjin.	The Branch worked with the Tianjin Branch of the National Development Bank, the Tianjin Bank and the Tianjin Historical Architecture Restoration and Development Company to sign a RMB 2.2 billion syndicated loan agreement for the “Project of Demonstrative Historical Architecture of Tianjin, and the Wudadao Historical and Cultural Block.”	The loan supported a symbolic area and scenery site with the functions of tourism, commerce, leisure and residency. It helped demonstrate a dynamic life style, and created jobs for local people.
The Chongqing Branch supported education and culture projects.	The Branch provided loans exceeding RMB 400 million to dozens of schools, such as the Chongqing Zhengda Software Vocational Technical School, Chongqing Radio and Television University, Chongqing Bachuan Small-Class Experiment Middle School, Chongqing Beibei Vocational Education Center and etc. It issued a loan of over RMB120 million to Chongqing Publishing Co., Ltd.	The Branch injected funds for local culture and education industries, and improved the infrastructure and education environment Chongqing.

Strategic emerging industries are ones that are based on major technological breakthrough, and are the driving force of long-term development of the entire society and economy. They represent the new direction of science and industry development, as well as the trends of global knowledge economy, circular economy and low-carbon economy. They enjoy massive potentials. The Bank has increased support for strategic emerging industries in a manner that restrains the Bank’s risk within a controllable level, and ensures sustainable business. It does so by improving its client selection criteria, promoting product innovation and portfolio, streamlining operation procedures, and improving services.

Table 7 Support for Industrial Transformation and Upgrading

No.	Indicator	Industry	Industry Category	Unit	2013	2012	2011
1	Loan balance for scientific research,	Research and experimental development	M75	RMB'0,000	139,717	135,630	59,180
2	technology service and	Professional technology	M76	RMB'0,000	404,463	314,667	125,632

	geological prospecting	service					
3		Science and technology exchange and promotion	M77	RMB'0,000	143,490	85,107	34,290
4		Geological prospecting	M78	RMB'0,000	101,850	36,650	56,165
5	Loan released in support of strategic and emerging industries during the year			RMB'0,000	3,079,310	2,518,444	1,781,488
6	Loan balance in support of strategic and newly emerged industries			RMB'0,000	4,642,051	3,581,046	2,849,859

Notes:

1. The table uses statistics in the *Statement on Loans of Major Banking and Financial Institutions* by Industry released by the People's Bank of China.
2. Strategic emerging industries: According to the Decision of the State Council on Accelerating Fostering and Developing Emerging Industries of Strategic Importance (State Council [2010] No.32) , strategic emerging industries are knowledge and technology-intensive industries with low resource consumption, promoting development and return. They are based on major technological breakthrough, and development demand, and are the driving force of long-term development of the entire society and economy, for example: energy conservation and environmental protection industry, new-generation information technology industry, bio-industry, high-end equipment manufacturing industry, new-energy industry, new-material industry, and new-energy automobile industry.

Case:

Topic	Action	Value
The Taiyuan Branch supported the technological upgrading of local enterprises.	It granted RMB 1 billion to the Shanxi Huaxing Aluminium Company for its "Aluminium Oxide Project with a Capacity of 800,000 tons in Xing County". Another RMB 1 billion was issued to the Shanxi Jinmei Huayu Coal Chemistry Co., Ltd for its project to upgrade the technologies of making clean	More support for enterprises to upgrade technologies and optimize industrial structure.

	fuels from methanol. The plant has a capacity of 1 million tons.	
The Kunming Branch improved loan structure to help newly emerging industries supported by the national industry policies.	The Branch vigorously expanded its business in the seven newly emerging industries, including telecom, new energy, new material, biological pharmacy, and biological technology, advanced equipment manufacturing, photoelectronics, energy conservation and environmental protection.	By giving preferential credit and capital supports, the Branch contributed to industrial restructuring.
The Chongqing Branch supported education and culture projects.	The Branch provided loans exceeding RMB 400 million to dozens of schools, such as the Chongqing Zhengda Software Vocational Technical School, Chongqing Radio and Television University, Chongqing Bachuan Small-Class Experiment Middle School, Chongqing Beibei Vocational Education Center and etc. It issued over RMB120 million loans to Chongqing Publishing Co., Ltd.	The Branch injected funds for local culture and education industries, and improved the infrastructure and education environment in Chongqing.

2.2.3 Support for Agriculture, Rural Areas and Farmers

Every year, the Bank renews its loan policies to stipulate loan direction. By implementing the policy, the branches increase the number of loans to some industries and reduce them to others. The policy also advocates support to agriculture, rural areas and farmers. The Bank requires the branches to uphold the guideline of “financial institutions serving real economy”. It also requires them to differentiate their support for different industries and further adjust their loan structure. At the same time, the Bank requires the branches to moderately improve support to county economy, carry out product and service innovation in an orderly manner and improve its agriculture-related services.

Table 8 Services for Agriculture, Farmers and Rural Areas

No.	Indicator	Unit	2013	2012	2011
1	Total agricultural loan balance	Billion RMB	348.123	289.327	237.660
2	Among them: loans for farmers	Billion RMB	10.564	9.029	8.823

3	Rural enterprises and organizations loan balance	Billion RMB	312.639	258.007	212.203
4	Loan balance related to urban enterprises and agriculture organizations	Billion RMB	24.920	22.291	16.634
5	Banking outlets in support of agriculture, farmers and rural areas	Unit	141	110	80
6	Among them: self-owned organizations	Unit	116	89	67
7	Cooperative organizations	Unit	25	21	13

Notes:

1. Indicator No.5 refers to banking outlets and cooperative organizations in the counties and administrative areas by reference to the national classification standards.

Case:

Topic	Action	Value
The Xi'an Branch increased agriculture-related loans.	The agriculture-related loans exceeded RMB 8.6 billion. They were mainly loaned to Shenmu, Fugu, Hancheng City, Fuxian, Mianxian, Xingping City, Linyou, Binxian, Gaoling, Lueyang, etc. These are counties of Yulin, with relatively developed economy and rich mining resources.	The loans are conducive for the income growth of local farmers. They have yielded prominent economic benefits.
The Tianjin Branch improved procedures for agriculture-related loans.	The Branch has set up a green channel for agriculture-related loans. Agriculture-related loans are given priority in terms of approval, issuance, capital arrangement and credit utilization.	Supported by these loans, agriculture-related enterprises with development potential are able to expand.. The loans yield sound economic and social benefits.
The Chongqing Branch supported the irrigation projects of farmlands.	The loans exceeded RMB 30 million, enabling several irrigation projects in the Banan District to progress smoothly. Over 20 kilometer of anti-flood and irrigation canals were built. The loans also supported auxiliary projects, such as roads for the projects, power facilities, and water conservation.	The construction of irrigation facilities was quickened, reducing the dependency of local farmers on the weather.

2.2.4 Support People's Livelihood

The Bank has continued to support people's livelihood construction projects. It has actively implemented the State's policy requirements for different housing credit policies and policies that support the promotion of affordable housing projects. Despite the scarcity of the Bank's credit resources, the Bank continued to provide loan support for projects like housing resettlement programs, affordable housing and public rental housing to help meet people's reasonable housing needs.

Table 9 Support for Affordable Housing Projects

No.	Indicator	Unit	2013	2012	2011
1	Affordable housing loan disbursed during the year	Billion RMB	6.741	5.468	4.105
2	Affordable housing load added during the year	Billion RMB	3.496	-2.606	0.527
3	Affordable housing loan balance	Billion RMB	11.787	8.291	10.897
4	Among them: Loan balance of economic affordable housing projects	Billion RMB	3.316	3.247	3.138
5	Loan balance of capped-price housing projects	Billion RMB	2.601	1.364	1.625
6	Loan balance of low-rental housing projects	Billion RMB	0.870	1.070	0.800
7	Houses supported by the affordable housing loans.	Thousand Unit	Statistics not available	Statistics not available	Statistics not available
8	Among them: Houses of economic affordable housing projects	Thousand Unit	Statistics not available	Statistics not available	Statistics not available
9	Houses of capped-price housing projects	Thousand Unit	Statistics not available	Statistics not available	Statistics not available
10	Houses of low-rental housing projects	Thousand Unit	Statistics not available	Statistics not available	Statistics not available

Data Criteria: Statistics submitted to the People's Bank of China prevail.

New urbanization is a historical task for China to realize modernization, and is where the most potential for boosting domestic

demand lies. The Third Plenary Session of the 18th National People's Congress (NPC) and the Central Economic Work Conference pointed out the direction for China to accelerate urbanization. The Bank closely tracks national policies. Therefore, it has enlarged its reserve of high-quality projects for urban infrastructure construction. It maintains proper proportion of long and medium-term loans. The Bank contributes to major national and regional infrastructure construction. It mainly supports projects with a stable source of repayment, such as the construction of major roads in the cities, key metro lines, and the large-scale bridges and tunnels with which the roads and metro lines form the urban transportation networks.

Case:

The Bank helped the Shanghai Construction Group to issue RMB 1.2 billion private placement bonds for affordable housing. The product is the first of its kind.

The Bank was qualified as an authorized payment agent for central government spending. Based on this business, better services to fiscal accounts and budget unit accounts of all levels are provided. The Bank will play an even more important role in the development of economy, society, and people's livelihood.

In 2013, the Bank issued pensions it managed to over 85,000 person-times. The volume exceeded RMB 900 million. Through its work, the Bank helped maintain the living standards of over 70,000 pensioners.

Case:

Topic	Action	Value
The Shanghai Branch supported the affordable housing projects, and infrastructure construction of urban and rural areas.	The Branch issued over RMB 22 billion loans to affordable housing projects and the reconstruction of old districts. The accumulative credit quotes were over RMB 37 billion. In 2013, the Branch completed the issuance of RMB 1.2 billion targeted bonds for affordable housing projects by the Shanghai Construction Group. The Branch was the custodian for the first case of old district reconstruction project insurance fund debt investment	This work expanded the financing channels of affordable housing projects. It's of great significance for experimenting with new financing modes.

	in Shanghai, the “China Pacific Insurance Company– Shanghai Land Reserve Center Old District Reconstruction Debt Investment Programme”. It provided credit enhancement for this RMB 50 billion programme.	
The Nanchang Branch supported the second phase Yihe Yuan affordable housing project in the Jiujiang City.	The Branch applied an innovative financing mode in this project. It used the proprietary funds of the head office to finance RMB 450 million.	It helped ease the housing problems of low and middle-income groups and improve their living conditions.
The Hefei Branch provided financing services for companies such as the Huainan City Construction Investment Co., Ltd. and the Bengbu City Investment Holding Co., Ltd.	A total of RMB 5.4 billion was financed for shabby town reconstruction, affordable housing projects, and urban sewage pipes construction.	The Branch supported local affordable housing projects and infrastructure construction.

2.2.5 Support the National Strategic Focuses and Major Projects

2.2.5.1 Identify the Financial Service for China (Shanghai) Pilot Free Trade Zone

As a joint-stock commercial bank headquartered in Shanghai, the Bank attaches great importance to CSPFT. It set up a leading group to focus on financial topics of the CSPFT. On September 29, the Bank set up a branch in the CSPFT. It was one of the first commercial banks to be approved to do so by the CBRC. To promote its business in the CSPFT, it leveraged the resources of the whole bank to research 12 topics, including RMB convertible under capital accounts, marketization of interest rate, cross-border use of RMB, etc. Based on this research the Bank has formulated its financial service plan for the CSPFT.

Case:

The branch in the CSPFT finished its first transaction, the cross-border RMB two-way capital pool of the Maiweixun Electronics (Shanghai) Co., Ltd. The transaction helped the company collect internal funds, thus improved the usage of corporate capital. On the transaction

date, the Bank provided two-way fund transfer for 5 companies inside the pool. The volume was RMB 80 million.

2.2.5.2 Promote Internationalization

On October 30, 2013, the London Representative Office was officially launched. Besides the Hong Kong Branch, the London office was the Bank's first subsidiary outside of mainland China. This signified a huge step in the Bank's globalization. It would help the Bank in predicting, researching and judging the Chinese market after the financial mechanism reform. The Bank would be able to learn from developed markets, cultivate more international talents, and improve its capabilities for product innovation and risk control. Through the representative office, the Bank could bring back advanced international practices, such as innovative financial products and techniques to improve products and services. Sophisticated managerial experience would also be brought back to raise operations and management closer to international levels.

The Bank aggressively promotes the common development of offshore and onshore business. The clients with offshore business still have their operation platform in China. Considering this feature, the Bank provides them with services and products that fit the international market, and work in a manner that fits their habits. As to clients seeking international opportunities, the opportunities brought by their transformation to provide cross-border services are taken advantage of. The Bank has a good reputation in offshore banking. This is leveraged to provide offshore banking services to clients that fit their demands better, so that the services can be a powerful attraction to win and keep clients as well as improve relationships with the clients. Horizontally, the Bank enjoys an advantage in that it has a diversified platform that constitutes onshore and offshore business, subsidiaries in Hong Kong and CSPFT. Through effective product selection and supporting measures, offshore banking services are promoted and, at the same time, the overall benefits to clients' offshore and onshore business are optimized.



On October 30, the London Representative Office was officially launched.

Case:

The Nanchang Branch helped secure an overseas construction project with the large single contract volume of the Jiangxi Province. It provided services for the whole bidding process. Jiangxi Jianglian International Engineering Co., Ltd was bidding for the construction project to build a fifth sugar plant for the Sugar Corporation of Ethiopia. The contract was worth USD 600 million. But the Sugar Corporation of Ethiopia required a letter of intent for a bank loan as a pre-requisite for bidding. The other banks could not issue a letter in time. The Branch overcame a number of difficulties and talked to all related parties to issue the letter of intent for a USD 600 million loan before the deadline. This was a direct success factor of the bidding. When the Company won the contract, the Branch provided a portfolio financing plan for the company. The plan was arranged according to the timetable of the project. The main financing channel is export buyer's credit. The other financing channels included the export supplier's credit and the outward guarantee for overseas construction. It also offered other related financial services. In short, the Branch has contributed to the successful implementation of this major project.

2.3 Inclusive Financial Services

2.3.1 Increase the coverage of banking outlets

In 2013, the Bank continued to expand the coverage of financial services. Cheerful outcomes are seen in the following 4 aspects. Firstly, a

nation-wide network has taken shape. 38 first-level branches are set up in 29 provincial administrative areas (excluding Ningxia and Tibet). An overseas branch is set up in Hong Kong. A representative office is set up in London. Secondly, the Bank has met a milestone in the construction of second-level branches. In the Yangtze-River Delta region, outlets have been set up in all the prefecture-level cities of the Jiangsu and Zhejiang Province. This is the first national joint-stock commercial bank to have made this breakthrough. In the Bohai Rim region, outlets have been set up in 57% of the prefecture-cities. In the Pearl River Delta region, outlets have been set up in 8 of the 9 core cities (except Zhaoqing). Thirdly, construction of outlets in the counties is progressing steadily. In 2013, a total of 25 county-level sub-branches were set up. In total, 116 sub-branches have been set up in 97 counties (county-level cities) across the nation. Fourthly, community banks have been developed in a standardized manner. The management mode of “unified brand, unified employment, unified evaluation, unified training, and unified operation” is applied when building community banks. In 2013, the Fuzhou, Changsha, Dalian, Shanghai branches and some other branches successfully put their first community banks into operation.

Statistics show the number of new bank outlets in 2013 was 91. By the end of 2013, the Bank owned 915 banking outlets, further improving the coverage of its nation-wide service network.

Figure 5 Service Channels of the Bank

	2013	2012	2011
Outlets	915	824	741
Outlets reconstructed during the year	31	50	38
Self-service banks	3821	3527	3069
ATM and other self-service devices	6674	6042	5183

Words of Our Stakeholders

The SPD Bank embraces innovation, and adheres to the motto of “upholding the highest standard of business integrity and striving for

excellence”. The values of the Bank and Tencent agree with each other. During the past several years, the two companies have built sound cooperation. We have also given play to each other’s advantages, and explored a new pattern of mobile banking. Tencent looks forward to our cooperation in the future, which will turn out more products that benefit people’s lives. We will create a new life with mobile banking that is better and more convenient.

Pony Ma (Ma Huateng)
Chairman & CEO
Tencent

2.3.2 Benefit the Public with Mobile Finance

In 2010, the predecessors of the Bank crossed the industry border with one action, setting up the strategic cooperative partnership with China Mobile based on equity investment. This was the first alliance in China’s history between a large –scale telecommunication company and a financial institution. Ever since, “mobile” DNA has been running in the blood of the Bank.

The cooperation has been a fruitful one. In September 2011, the two companies put forward the first mobile payment co-branded card in China. Within only one year, about one million of these cards were issued. In late 2012, the two companies put forward the NFC-SWP mobile payment. The product was innovative in that it combined a bank card with a SIM card. In May 2013, the Bank put forward the first SIM-based NFC mobile payment card with proprietary intellectual property right in China. So, instead of swiping a card, the consumer can swipe their cellphone. The card is still at the preliminary stage of development. However, there are now more than 30,000 users. The monthly transaction volume is over a million; the highest in the banking industry.

Cross-industry cooperation stimulates the application of network in traditional financial services. Through integration with external resources, the Bank is able to apply technological innovations in developing new financial services. Encouraged by the success, the Bank ventured out to cooperate with Tencent in 2013. It believed that WeChat, a popular mobile social networking platform, had massive potential. So, it worked with Tencent to launch a WeChat Bank with comprehensive products and services. It has also developed a new function; “WeChat Withdrawal”. The consumer can use a dynamic pincode to withdraw money from an ATM. No bank card is needed. The service was launched in August, and is used by 500,000 customers. The transaction volume in a month is over

RMB 1 billion with a monthly increase rate as high as 100%.

With the development of online finance clients can easily compare the prices of goods, including financial products. They can also switch banks cheaply. Online finance reduces the banks' reliance on physical outlets, and turns the banks into a member of the client's friend circles. The clients can access banking services by simply moving their fingers. The Bank, using the mobile network, provides around-the-clock professional services to its clients and serves more clients. In this way, it fulfills its obligation of providing inclusive financial services.



On May 24, 2013, the Bank put forward the first SIM-based NFC mobile payment card with proprietary intellectual property rights in China.

2.3.3 Attention to the Micro, Small and Medium-Sized Enterprises

Micro, small and medium-sized enterprises (MSMEs) keep the dynamic of economy, create job opportunities and improve people's livelihood. The Bank believes in "responsible companies lead the future". Thus, it pays close attention to the demands of MSMEs. In 2013, it provided more support to MSMEs in terms of policies, resources and products.

Firstly, loan resource support. Though the Bank was somewhat stressed in loan resources, it made a policy to ensure enough resources were available to support the MSMEs. The policy stipulated that exclusive resources should be reserved for MSMEs, and that the resources should be recycled. The resources not used should be retrieved. Between 2009 and 2013 the average ratio of loans to MSMEs among the

loan addition of the whole bank was over 25%. In 2013, the Bank took another measure to support micro-enterprises. It added exclusive resources for these businesses. In October 2013, the Bank over-achieved the targets set by the CBRC ahead of the deadline. The CBRC required that the credit and loans to micro-enterprises should grow faster than the bank's overall credit and loans. It also required that the increment of credit and loans to micro-enterprises should be larger than that of the bank's overall credit and loans.

Secondly, financial resources support. Since 2010, the Bank has made the deposits of and loans to MSMEs a criterion with higher weight in evaluation. The weight is even higher for loans to micro-enterprises. This measure has effectively encouraged the outlets to provide services for MSMEs.

Thirdly, product and service support. In 2013, the Bank completed the development of the “five treasures + one factory” mechanism. It's a mechanism of financial services to MSMEs. The mechanism classified MSMEs and provided targeted products and services to each class. The five treasures include “Three Lucky Treasures”, “Investment and Loan Treasure” and “Micro and Small Enterprise Treasure”. The one factory represents the loan factory. The “Three Lucky Treasures” are targeted at industrial parks, exchanges and MSMEs at the upper and lower streams of the supply chain. The “Investment and Loan Treasure” is targeted at enterprises with rapid growth rate. The “Micro and Small Enterprise Treasure” and the loan factory are a service platform and product line targeted at micro and small enterprises. In 2013, the “Three Lucky Treasures” program had over 8,000 SME customers. The credit balance of the loan factory exceeded RMB 10 billion. The Bank launched a program, the “One Thousand Clients Project”, using the “Investment and Loan Treasure” mode. The project had over 1,400 clients with the loans exceeding RMB 12 billion.

While developing new patterns and systems, the Bank also enriches its featured products for MSMEs. In 2013, it put forward the “Micro and Small Enterprise Treasure” product line, the win-win alliance, credit cultivation plan, Ru Yi loan to supermarkets and shopping malls, loans to e-commerce, “Three Lucky Treasures” gift pack, loan and investment product.. These make the Bank better positioned to serve MSMEs.

Fourthly, information support of industry development. On November 15, 2013, the Bank and the Xinhua News Agency released the “Xinhua – SPD Bank Climate Index Report of Micro, Small and Medium-Sized

Enterprises in the Yangtze River Delta Region”. The purpose is to set up appropriate and operational systems to evaluate the business climate of MSMEs. The report also demonstrates the development situation of MSMEs and functions as the weather vane for the development of private economy. The MSMEs and government can use the report to judge future development. It can make financial services more targeted, effective and efficient.

Words of Our Stakeholders

When we were just starting and had a hard time, SPD Bank lent us a hand. It agreed with our corporate philosophy, and was willing to help small enterprises like us that focused on research and development. We see the Bank as our bosom friend and an old pal. We’ve weathered the tides together and are grateful for the companion of the Bank. People are all willing to add charm to the present splendor. But the Bank offered help when we are in a dire situation. So, when society needs us; we will not hesitate to contribute.

Ms. Ma
Chairman

Runxin Environmental Protection Company

Table 11 Services for SMEs and Small-micro Enterprises, 2013

No.	Indicator	Unit	2013	2012	2011
1	SME loan balance	Billion RMB	951.265	818.419	651.589
2	Small-micro enterprises loan balance	Billion RMB	463.050	363.092	300.362
3	No. of SME customers	Thousand	37.5	31.7	25.1
4	Among them: SMEs in Eastern China	Thousand	23.0	21.0	17.4
5	SMEs in Central China	Thousand	6.4	5.2	3.8
6	SMEs in Western China	Thousand	4.9	3.7	2.5
7	No. of Small-micro enterprises	Thousand	95.6	77.8	77.1

8	Among them: Small-micro enterprises in Eastern China	Thousand	56.1	54.2	48
9	Small-micro enterprise in Central China	Thousand	20.1	15.2	14.7
10	Small-microente rprise in Western China	Thousand	10.2	7.5	5.9
11	Loan growth rate in SMEs	%	16.23%	25.60	36.59
12	SMEs loan as Percentage of total loan	%	55.00%	53.65	49.49
13	New financial products launched for SMEs during the year	Unit	13	8	3
14	SMEs financial product as percentage of total financial products	%	15%	9	7
15	New financial products for small-micro enterprises launched during the year	Unit	13	8	3
16	Small-micro enterprise financial products as percentage of total financial products	%	15%	9	7
17	Specialized service departments for small enterprises	Unit	35	35	35
18	Cooperative	Unit	706	663	567

	service organizations for small enterprises				
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Notes:

1. When calculating the “SMEs loan balance”, the 2010 figure was based on the previous standards jointly released by the State Economic and Trade Commission, State Development Planning Commission, Ministry of Finance and National Bureau of Statistics. The 2011 and 2012 figures were based on the new standards released by the above departments.
2. The No.2, 7, 8, 9, 10 indicators also cover small-micro enterprises, and individual business loan and business property loan.
3. The classification of enterprises is based on the Standard for the Classification of Small and Medium-size Enterprises (Ministry of Industry and Information Technology [2011] No.300). In accordance with the Standard, loan for small-micro enterprises also include individual business loan.
4. Loan location is determined by the location of the projects that received the loan.
5. Eastern, Central, Western and North-eastern Region cover:
 - Eastern Region: 7 provinces and 3 municipalities, namely Beijing, Tianjin, Hebei, Shanghai, Jiangsu, Zhejiang, Fujian, Shandong, Guangdong and Hainan;
 - Central Region: 6 provinces, namely Shanxi, Anhui, Jiangxi, Henan, Hunan and Hubei;
 - Western Region: 6 provinces, 1 municipality and 5 autonomous regions, namely Guangxi, Chongqing, Sichuan, Guizhou, Yunnan, Tibet, Shaanxi, Gansu, Qinghai, Ningxia, Xinjiang and Inner-Mongolia;
 - North-eastern Region: 3 provinces, namely Heilongjiang, Jilin, Liaoning.

Case

Topic	Action	Value
The Changsha Hi-Tech Sub-Branch supported science and technology SMEs.	The Changsha Branch set up the Lugu Hi-Tech Sub-Branch in the Changsha National Hi-Tech Industrial Development Zone. It also set up an exclusive mechanism in the Sub-Branch for credit and loan approval, evaluation and risk control. The Sub-Branch provides a dozen credit financing products for SMEs in the Zone, such as loans to companies on the third board and order loan. These products helped the companies develop rapidly.	By the end of 2013, the Hi-Tech Sub-Branch had over 100 SME clients, with a credit volume of RMB 260 million. Its service pattern has been copied by other branches in Xiangtan and Zhuzhou to serve companies in other national hi-tech zones. As a result, more hi-tech SMEs are provided with comprehensive financial services.
The Hangzhou Branch	“E-Business Loan” is specially designed for small and	Within four months, the project provided nearly RMB 600 million credits to over

provided loans to small and micro e-business.	micro-business with considerable experience and sound credit. Considering the networking of the Yiwu Commodity City, a pilot project of “E-business” loan was launched in the Yiwu in August 2013. The project was aimed at local e-business, especially those small and micro companies in the E-Business Park.	100 e-businesses. In early December, the Bank launched the “E-Business Loan 2.0”. The capacity, methods and scope of services to small and micro e-businesses were improved. The entire process was carried out online. The product meets the financing demands of small and micro e-business featured by short period, high frequency and urgency. By using the big data, the Bank delivered a brand new experience to small and micro e-business that is “diversified, fast, high-quality and low cost”.
The agriculture service center of Harbin Branch supported rural economy.	The Heilongjiang Province is the largest commodity grain production base, and boasts the only pilot reform project of modern agriculture. The Harbin Branch focuses on providing financial support to grain distributors, farmers, processors and refiners. By the end of 2013, it set up the Modern Agriculture Financial Service Center to improve services for agriculture and the industry chain. The center promotes and manages the service to the whole industrial chain of modern agriculture. At the same time, the Branch put forward the loans to agriculture cooperatives, which is the most distinctive feature of modern agriculture industrial chain. Thus, the land transfer, production and operation were supported by sufficient funds.	By the end of 2013, one third of the Branch’s customers and transaction volume was that from the agriculture industry. Through indepth and systematic research of modern agriculture industrial chain in mainly Heilongjiang, the Branch provided professional services to related companies and other economic organizations. This helps the Bank in promoting agriculture financial services across the nation. In addition, the Center was the first special industry service center. It will research the service mode for MSMEs on the industrial chains, which would lay the foundation for the Bank to serve companies of other industrial chains.

2.3.4 Balance Rural and Urban Development

The SPD rural banks adhere to the principle of “based in counties; serving agriculture, rural areas and farmers; supporting micro and small enterprises”. Their work enriches the supply of financial services torural

areas. In 2013, 4 rural banks were set up bringing the total to 25. They are a new force in rural finance. The rural banks are spread across 18 provinces and cities directly administered by the Central Government. Over 64% of them are located in Mid-West China. Their total asset amounted to RMB 26.6 billion; deposits RMB 21.9 billion; loan balance RMB 16.3 billion. Their agriculture-related loans and loans to micro and small enterprises took up a ratio of 86%. In summary, the rural banks play an important role in serving agriculture, rural areas and farmers.

Firstly, build outlets in less developed areas and serve smaller clients. Currently, 9 rural banks are planning to set up outlets in even less-developed areas, allowing financial services to penetrate deeper into the rural areas. Meanwhile, the average loan balance for one account shows a yearly decrease trend. These signify stronger support to rural areas and small businesses.

Secondly, enhance organizational structure and mechanism to ensure support for rural areas and small business. All rural banks have designated a special department or team to handle business related to agriculture, rural areas and farmers. They also strive to improve their professionalism. These are the banks' support to agriculture-related business from the organizational structure and mechanism perspectives. In addition, the Bank organized activities, such as the One-Hundred Day Agriculture-Related Services Competition. These activities bring an upsurge of agriculture-related services.

Thirdly, make the features of the Banks business more prominent and enhance product innovation. The first rural banks have developed featured business. Building on this, they work even harder to make the features more prominent and known. In 2013, the Fengxian SPD Rural Bank saw its loans to agricultural cooperatives increase the most among all the financial institutions in Fengxian. The Zixing SPD Rural Bank developed over 20 loan products which were tailored to the 16 industries and 8 client groups of Zixing. The Jiangyin SPD Rural Bank started to issue loans with accounts receivable, patent rights and trademark rights as mortgages. The Xingchang SPD Rural Bank launched tea machine mortgage loans. The Ganjingzi SPD Bank put forward the "Community Loan- Consumer Loan", etc. The newly set up rural banks also launched innovative products after field investigations which gave them sufficient understanding of the local demands of financial products and services. During its preparation stage, the Linchuan SPD Bank visited 27 out of the 29 counties in its business area. Once it started business, it launched several featured products that fit local economy well, such as

the “Zhufule”, “Jinfenghuang”, “Yujiale”, “Daohuaxiang” and “Xinnongjian” (the names of which reveal their connection to agriculture).

Fourthly, develop the agriculture-supporting re-loan business. In 2013, the branches strived for quotas of agriculture-supporting re-loan. All these quotas were invested in agriculture-related projects, increasing loan supply to agriculture, rural areas and farmers.

In addition, the rural branches are active in ensuring inclusive financial services to rural areas and join in public welfare activities. For example, they went to the counties and villages to teach people how to protect themselves from counterfeit money and money-laundering. They also disseminated knowledge of finance management, and other finance knowledge. They took the initiative in organizing charity donations, such as “Making a Cup of Tea to the Sanitary Workers”, “Donating Books for Children of Poverty-Stricken Areas”, and “Donating Winter Clothes to People in Need”etc. They also organized cultural activities, such as the “Bringing Movies to the Countryside” .

2.4 Quality Services

2.4.1 Set up a Service Quality Management System

The Bank helped make management standards for banking services. These industrial standards include the *Star-System Management Methods of the Services of China's Banking Outlets* by the China Banking Association; the *Evaluation Criteria for Classifying the Services of China's Banking Outlets*; and the *Criteria for Selecting the 100 Demonstrative Organizations of People-Oriented Banking Services*. It participated in the first meeting of the research team for the *China Banking Industry Manual for the Lobby Managers on People-Oriented Services*. It also took charge of editing the key sections. These efforts set the fundamental principles and standards for a service quality management system in line with industrial standards.

Secondly, improve the service quality across the Bank. Efforts include customer satisfaction survey, mystery customer evaluation, customer experience questionnaire, project planning and interviews with managerial personnel, etc. Customer feedback is viewed as the starting point for service improvement. It also highlighted places where customer

service can be improved. In 2013, mystery customer evaluation was carried out across the whole Bank. A total of 37 branches, 817 outlets, and a sample of 517 stand-alone self-service outlets were investigated. The Bank has organized mystery customer evaluation concessively for 4 years. This identified that the customer services of the outlets are quite standardized. The consistency of services has been improved. The Bank also investigated customer satisfaction on credit business, which turned out to be as high as 92.9%.

Thirdly, improve the 6S management systems for business sites. It released the *Shanghai Pudong Development Bank's Implementation Plan of 6S Management in 2013*. After that, it released the *Shanghai Pudong Development Bank 6S Management Check and Acceptance Standards (A/I)*. The Bank promotes the independent management of business sites and innovation management. The coverage rate of 6S management in the outlets is over 97%. Besides, the 6S management system has yielded cheerful results and is viewed as a symbol of the Bank's services.

Fourthly, regulate business operations. According to the requirements of the supervisory department, the Bank determines the price lists of operational intermediary services of the whole bank, feature services of the branches, and the fee and rate table; the Bank's own parameter table.

Fifthly, fulfill the notification and financial education obligation. The Bank publicizes the fee and charge information and explains it to the customers. It has also added in public education board notices of anti-fraud, alerts of illegal fund-raising and counterfeit money. By doing so, it fulfills the obligation of publicizing service prices and educating consumers. The legitimate rights of clients and its reputation are protected.

Sixthly, improve the response to clients' complaints. The Bank requires periodic reporting for complaints about the outlets or self-service channels. The complaints are also considered in the annual evaluation of the business lines. These have significantly improved the service quality. At the same time, the Bank has further improved the procedures and mechanism of handling clients' complaints to improve client satisfaction.

Seventhly, construct people-oriented and warm outlets. Outlets provide people-oriented services to disabled people, elder citizens and people with serious illness. In the outlets, there are signs for guide dogs, an exclusive waiting area for people in wheelchairs and accessible

facilities. Other measures include a writing board which makes it more convenient for people in wheelchair to write, bank cards with braille marks, instructions in braille or audio instruction, braille keyboards and other devices that help the people with visual impairment. The Bank has also adopted measures in consideration of parents. For example, play areas are set up in the outlets. The outlets are equipped with baby carriages, snacks, toys and blankets. Greetings are printed on the cup trays. The sockets are covered with shields to protect children. Cartoon signs, smiley faces and product introductions are put up in the lobbies to make clients feel comfortable and welcomed. In the VIP rooms, there are themed salon areas, coffee bars, and multi-function rooms. These demonstrate the Bank's service philosophy, which is "anytime, anywhere, serve the clients attentively". In addition, service procedures and emergency plan have been improved to make them more people-oriented. The procedures and plan require that "special cases are dealt with using special procedures, and priority is given to urgent cases".

2.4.2 Improve Service Procedures

Provide technology-driven services: The construction of a new-generation outlet platform is close to an end. Important modules have been launched on the platform, such as lobby service management, client service procedure, operation element management, and other basic functions. These modules improve not only the efficiency of the outlets, but also their service capacity. More importantly, they improve customer experience.

Case: The Bank was able to integrate and rearrange the service procedures, and improve customer experience by going through the products, service procedures, systems, vouchers and tables, softwares and hardware of the personal banking clients. The Bank reduced the time needed for certain transactions. For example, it used to take over 20 minutes to open a bank account, deposit cash, register for web bank, subscribe for notification services, and buy the Weekly Win and other products. It now only needs 3 minutes.

Adopt measures to improve efficiency: The Bank releases periodic reports on the time reduction rate of 4 real-time payment services and the time reduction rate of approving recurring loans under a credit limit. Long-tail transactions severely influenced customer experience. Considering this, the Bank retains the ratio of time-consuming transactions. It improved the phases where conflicts arise easily. It also put into use QR code, bill and note processing machines, video

transactions and corresponding management systems. The e-contract project has been upgraded. The procedures for corporate banking services are streamlined, such as the exchange purchase and settlement, cash withdrawal and credit issuance.

Case

Topic	Action	Value
The Hangzhou Branch provided one-stop services in the lobbys of the outlets.	The clients do not need to fill out the tables. For the same media, the same material only needed to be submitted once for different platforms; and the transaction is charged once, approved once, and the material printed once. The clients only needed to show their ID once, enter the pincode once, and sign the confirmations once.	The Branch integrated and improved the tedious business procedures greatly improving efficiency.
The Shanghai Branch promoted integrated services in the lobbys of the outlets.	The Branch sorted out the basic procedures and trasactions of the cross sale on the new-generation outlet platform. It stressed onsite referral of contract products, and provided instructions for activation in different ways.	Customers and transaction volumes of e-channels, such as mobile banks and web banks, increased rapidly. 1.96 million transactions were completed on the new-generation outlet platform. Among them 6.785 million were completed through the personal web bank and mobile bank.

2.4.3Expand service channels

2.4.3.1 Build self-service channels

The Bank has increased the number of self-service devices, and has enriched the functions of these devices. New functions include requesting cash withdrawal through WeChat, paying fees for China Mobile subscribers using cards from other banks and cross-bank remittance. The Bank also completed the reconstruction which enabled the customers to redeposit a specific account of IC cards issued by other banks. This laid a solid foundation for the development of IC cards. The Bank has developed multi-media virtual counters, promoting self-service banks to become smart semi-outlets with multiple functions. Through remote assistance of the support staff and procedure reconstruction, the Virtual Teller Machines (VTMs) of the Bank can provide several functions. For example, customers can get debit cards, pay fees, buy investment and finance products, get e-cash, conduct remittance, and apply for the

co-branded cards issued by the Bank and China Mobile. The VTMs are bridges of online and offline services. By the end of 2013, the terminals of VTM have been set up in 35 branches across the nation, with the transaction volume exceeding RMB 220 million.

Case:

By the end of 2013, a total of 13,000 SPD-China Mobile co-branded cards were issued by the Nanning Branch. Among them, 12,000 were issued in 2013. By the end of 2013 there were 206 self-service devices, among which 60 were set up in 2013. Among the 60 self-service devices, 22 were set up in the channels of China Mobile.

2.4.3.2 Build Self-Service Channels

Firstly, build a multi-function platform for a mobile finance service. The customers of the Bank's mobile bank are increasing rapidly. The mobile bank has largest coverage and the most diversified functions. In 2013, non-finance services were added to the mobile bank, such as selling movie tickets, airline tickets and lottery tickets, as well as fruit and vegetables. The mobile bank has become a service platform featuring financial services and other services that make people's lives more convenient. At the same time, the Bank applied advanced technologies for smart phones in its services. Examples include LBS location service, QR code, sonic wave and gravity sensor, etc. The application of these technologies enabled the client to access services by simply "shaking", "listening to" and "shooting photos". In August 2013, the Bank led the market again by launching the WeChat Bank. The development further improved the financial services provided through virtual community, and put the Bank in the spotlight of the industry again.

Secondly, promote personal web bank. In 2013 an online finance supermarket was officially launched on the personal web bank. The supermarket applies the e-commerce mode, which is open, fast and reciprocal. The mode is used in designing products and procedures, connecting with partners and marketing. At present, customers can buy finance products, invest in open-ended funds, apply for credit cards and deposit cash. The supermarket lays the foundation for an internet-based financial service platform. At the same time, the Bank enriches the functions of the web bank and improves customer experience. It consessively put forward the solutions of cash sweep, financing, business trip package, and money transfer to Western Union and foreign exchange

business. These comprehensive services can meet the demands of personal customers. By the end of 2013, there were over nine million users of personal web bank. The transaction volume of 2013 was over 3 trillion RMB.

Thirdly, make impressive progress in building a corporate web bank. In 2013, the corporate web bank took on new functions, such as semi-open-ended finance products, e-bill, cross-border inquiry and etc. The Bank also tailored the web bank to small and micro companies, who can use a cellphone or website to check their bills. The Bank enabled its clients to connect to its system through their corporate system. The collect and pay functions of the platform were improved. The functions are efficient, fast and automatic, and can be conducted across banks. The corporate mobile bank also took on new functions of securities trading, finance product transaction and third party custody. The Bank also works on new functions of mobile bank, such as the fixed-term deposit and notice deposit. Through consistent innovation, the Bank maintains its position as a leader of corporate mobile banking.

2.4.3.3 Build the telephone bank

In 2013, the Bank put forward “online customer services”. This signified that the channel for customer services was no longer dominated by phone calls. Customer services take on a new landscape featuring diversified channels to enable contact. The dial-out platform of the call center was launched, improving the integration level between the systems of the core center with the other systems. The Bank has completed several projects, such as the “Xinhua- SPD Investigation of the Climate Index of MSMEs at the Yangtze River Delta Region”, the callback to new users of corporate web banking, and the reminders to corporate web bank users to exchange their reward points.

2.4.3.4 Launch the pilot project of “Future Bank”

In late 2013 the Future Bank of the Shanghai Branch in Jin Jiang Dickson Center started its internal trial run. The Future Bank breaks the traditional pattern of banking outlets. It's supported by mobile communication and is evaluated by the degree of people-orientation. It stresses interactive experience in terms of technology application and service design. The Future Bank makes use of new devices and technology, as well as the networking technologies and social media. It's an all-round display of the Bank's latest achievements in mobile finance. It creates all-round financial service experience featuring visual, auditory

and tactile senses. It shows that direction of the banking industry is moving towards penetrating daily life with people-oriented designs.

2.4.4 Improve Service Quality

The Bank is widely recognized for its excellent services. In 2013, 7 outlets of the Bank were nominated as the China 100 Demonstrative Organizations for People-Oriented Banking Services. One of them was honored with the Consolation Award, whilst the head office was honored with the Special Contribution Award. In addition, 31 employees won the title of “China Star Lobby Manager of People – Oriented Banking Service, 2013”. This was the best performance in the Banks history, and was among the best for joint-stock commercial banks of the same kind.

The 2013 customer satisfaction investigation for retail banking conducted by a third party showed that the Bank had above average customer satisfaction. The investigation ranked the Bank amongst the top three national joint-stock commercial banks with the highest degree of customer satisfaction. According to the investigation, the customers were relatively satisfied with the charges for services and products, the transaction procedures and the Bank’s response to customer complaints. The overall satisfaction degree of VIP customers was the highest in the banking industry, making it the first commercial bank to stay in the top three in terms of this indicator for four consecutive years. The VIP customers were relatively satisfied with the account information, fee and products of the Bank.

Table 12 Customers Feedback for the Call Center

No.	Indicator	2013	2012	2011
1	Total Customer Complaints	627 Cases	793 Cases	891 Cases
2	Percentage of complaints resolved	100%	100%	100%
3	Percentage of complaints resolved on time	99.93%	99.89%	99.93%
4	Response time to complaint	Immediate	Immediate	Immediate
5	Customer Satisfaction	795 Point	89%	85%
6	Satisfaction rate on customer’s complaint handling results	98.22%	97.79%	99.5%

Notes: The Bank invited J.D.Power, a third party research company, to evaluate the

customer satisfaction in 2013. The result was not described in percentage. According to the evaluation, the Bank scored 795 points, ranking it the third among the nine joint-stock commercial banks.

Table 13 Customers Complaint Rate and Satisfaction Rate of the Credit Card Center

	2013	2012	2011
Complaint Rate	0.32%	0.35%	0.44%
Satisfaction Rate	91.49%	92.48%	93.20%

Case: The Hohhot Branch was honoured for six consecutive years from 2008 to 2013 in the “Inner Mongolia Word of Mouth Gold Diamond Award/ Gold Award Companies (Products)” evaluation. It was honoured with the titles of “Word of Mouth Company”, “Word of Mouth -One Dimond Company”, “Word of Mouth – Two Diamonds Company”, “Word of Mouth – Three Diamonds Company” and “Word of Mouth – Four Diamonds Company”. In December 2013, the Branch was honoured as a “Word of Mouth – Five Diamonds Company”. It’s among the first to have won this title.

2.5 Financial Innovation

In 2013, the Bank was active in innovation. It made efforts to serve real economy, make people’s life more convenient and help people make financial gains.

2.5.2 Product and Service Innovation

Serve Real Economy with Financial Innovation

In 2013, the Bank led the industry in the following areas in terms of serving real economy with financial innovations.

- Luanched the first global OTC derivative price and settled in RMB – RMB FFA, which helped shipping and trade related companies to

avoid risk caused by freight fluctuation.

- Launched the first private placement bond for mergers to support mergers of companies.
- Launched a Medium Term Note for the CGN Wind Energy Limited, a new bond with the nominal interest rate linked to the market price of verified emission reduction (VER). The revenue of the Medium Term Note is linked to carbon revenue. The product expanded the financing channels of enterprises and supported carbon finance in China.
- The Bank was among the first to be qualified as custody for future margins by the China Financial Futures Exchange and the Dalian Commodity Exchange. It's the first joint-stock bank to launch a common platform with future companies. This enabled it to help the future market in serving real economy.
- Launched the asset-backed securitization of equity funds. It was among the first to participate in the debt direct financing project, bank asset management plan, pilot project of credit and loan asset circulation innovation. These met the diversified financing demands of enterprises.
- Developed the "Sunshine Charity" fund custody services and brand to help improve trust in charity funds.

In addition, the Bank continues to innovate in the following areas: investment bank, trade financing, cash management, asset custody, pension management and other businesses. These innovations have expanded the financing channels for enterprises, and improved their

capital management efficiency.

Case: The Tianjin Branch put forward and promoted transferrable account receivable financing. It was among the first commercial banks in Tianjin to launch this product. By the end of 2013, the project served 13 companies with the accumulative transaction volume standing at RMB 420 million. The Branch ranked first among local joint-stock banks in terms of number of customers and transaction volume. The project effectively increased the efficiency of capital utilization.

Case: In June 2013, the Beijing Branch worked with the China National Petroleum Corporation and the HFT Investment Management Co., Ltd to launch the first pension product in China, the HFT – Kunlun Trust-Based Pension Product. This was the first product that used supplementary pension to invest in national key infrastructure project through pension investment channels. It created a brand new business mode in which a domestic trust company work with a public offer fund to issue standardized financial products.

Promote inclusive finance with innovation

In 2013, the Bank put forward several innovative products to help with personal consumption, and finance management.

- Launched the first SIM-based mobile payment card with proprietary intellectual property right, which led the fashion of swiping mobile phones.
- Launched the WeChat Bank with comprehensive functions which greatly improved the efficiency and convenience of finance management. Customers can conduct account inquiry and buy finance products through the WeChat Bank. The innovative services include “Withdrawal through WeChat Bank” and “Flash Finance Management”.

- Launched the “Photo Payment”, a mobile payment product. It makes remittance more convenient.
- Launched the first mobile bank compatible with the iOS7 operating system.

In 2013, the Bank also launched products to promote inclusive finance, make consumption and finance management more convenient. These products include 21-Day Finance Management Scheme, cross-bank cash sweep, e-channel night-market of finance products, tax rebate agent service for consumers returning from Europe, and witnessing services for opening accounts in Australia and New Zealand.

2.5.2 Technology Innovation

The Banks Next Generation IT System Construction Programme is centered on innovation. It aims to support product and service innovation through system development. By the end of 2013, 8 project clusters and 34 projects were completed, representing 32% of the work load for 5 years. The Next Generation IT System Construction Programme has five core projects. Corporate Customer Information Management System, Corporate Service Bus System, Integrated Business System and Accounting and General Ledger System are four of them. The first phase of these four projects has been completed and the systems have been launched. These show that the framework of the Next Generation IT System has been put in place. IT Capacity Maturity Model (CMM) is a recognized international model of IT capacity evaluation (a 5 point model. 3 points means domestic leading level. 5 points means international leading level). After nearly two years’ efforts, the Bank scored 3.13 in the model, compared with the 2.18 at the beginning of the programme. By the end of the programme, the Bank would score 4.11, signifying great improvement in scientific capacity.

Finance organization and finance market: The Bank launched the project clusters of “Finance Market Transaction Management Platform Construction” and “Agent Service Platform Construction”, etc. When the projects are completed, the platforms would provide strong support for foreign exchange, precious metal and derivative transaction.

Finance Management: The “Private Banking System Construction

Programme” has yielded preliminary results. The Bank has identified the direction for private banking, which is to build asset management and advisory into a core competitive edge. Therefore, the Private Banking System Construction Programme has two priorities: customer management and asset management. The starting points are the Private Bank Comprehensive Business Platform and the PCRM module; a private bank customer management module. The projects would significantly improve the Bank’s ability to provide extensive services to the exclusive investment accounts.

Mobile finance and e-bank: The Bank launched the programmes of “Online Bank System Reconstruction”, “Self-Service Bank System Reconstruction” and “Call Center System Reconstruction”. Preliminary results have been achieved. The “Call Center System Reconstruction Programme” was launched to meet the transformation demands necessitated by mobile finance. The construction of two platforms has been completed, namely the Dial-Out Platform and Online Customer Service Platform. The purpose is to improve direct marketing capacity and interactive service capacity of e-channels. The “Self-Service Bank System Reconstruction Programme” aims to support community bank and virtual bank, and further reduce the reliance on physical outlets.

Section 4 Social Responsibilities

3.1 Corporate Social Responsibility Statement and Policy

3.1.1 Corporate Social Responsibility Code of Conduct:

- **Be people-oriented and apply consistent values:** we strive to maximize stakeholders' value and align the values of the Bank and its stakeholders'.
- **Show love and commitment to giving back to society:** we actively support and provide community services. Upholding the Bank's philanthropic philosophy of "Dedication, Giving, Harmony, and Progress", through continuous effort of community services, we preserve and promote the interest of community, and promote harmonious development of the Bank and community in which we do business.

3.1.2 Responsibilities:

- **Staff Career Development:** as a people-oriented bank, we are committed to discharging our responsibilities to our people, including protecting their rights and interests, inspiring their sense of belonging, increasing their well-being, improving their technical and professional skills, and helping their continuous career development.
- **Financial Education:** in view of the fact that our consumers in general have only limited understanding of financial products and risk awareness, the Bank has designed long-term schemes to promote public education to people in community, enterprises and campuses to heighten their risk awareness as part of the Bank's efforts to protect their rights and interests.
- **Charity and Public Welfare:** the Bank is committed to the cause of promoting social harmony by giving back to society, including not only money and goods, but time, attention and

knowledge, showing love and improving the well-being and benefits of the people.

3.2 Staff Career Development

The Bank is people oriented. It protects the rights and benefits of its employees, and considers their career development demands in recruitment, evaluation, training and promotion. In 2013, the Bank was honored with the following titles: “Top 100 China Best Employer”, the “2013 China Best Employer ‘Excellent Enterprise” and the “Best Campus Recruitment”. As an employer, it ranked 8th in the national banking industry.

Table 14 Staff Statistics

Year	Number of Employees	New Employees	Female Employees	Female managers (%)	Bachelor degree and above (No. of people)	Polytechnic Education (No. of people)	Employee turnover rate (%)
2013	38,065	3,565	20,006	22.5%	30,295	7,770	3.6%
2012	35,033	3,841	18,320	22.3%	27,716	7,317	4.6%
2011	31,231	6,204	16,288	23.0%	24,527	6,703	4.9%

Number of employees: include both regular employees and labor dispatched personnel.

New employees: employees who signed the contract and joined the Bank in the year.

Female employees: include both regular employees and labor dispatched personnel.

Female managers (%): the percentage of females in the managers administered directly by the head office.

Bachelor degree and above: When calculating this indicator, the Bank first obtained the percentage of regular employees with bachelor degree and above using statistics in the system. Then the percentage is used to calculate the employees (including labor dispatched personnel) with bachelor degrees and above.

Employee turnover rate: the turnover rate of regular employees.

3.2.1 Protect the Rights and Interests of Our Employees

The Bank protects employee's interest through policies, procedures,

communication, and monitoring. It strives to provide a fair and reasonable compensation system for employees, with the considerations of employee's interest, local standard of living, and industry average.

The Bank is committed to providing a work place which fosters freedom of religion, treats men and women equally, eradicates child labor and abides by labour laws.

The bank provides a comprehensive health insurance benefit for employees including injury assurance, supplemental hospital assurance, and supplemental pension (annuity) to cover employees' serious illness and pension. In addition, the Bank continues to offer health and prevention initiatives, including a periodic health checkup program, annual leave program, and exercise programs.

The Bank endeavors to promote employees to have greater involvement in bank management and put in place solid measures to provide the employees' with the right to know, right to participate in decision-making and right to oversee management. Through employee representative meetings, the Bank seeks feedback from employees to improve transparency in banking operations and management, performance measurement and employee compensation. The level of participation of employees in the Bank's management continues to increase. In 2013, our employees put forward 1,929 suggestions and 838(43%) of which were adopted.

3.2.2 Talent Development

Taking into account the employees' career preference and needs of the Bank, great importance is attached to talent development. The Bank actively promotes an environment which is conducive to talent development through careful planning and implementation.

3.2.2.1 Carry out Diversified Training Programme

The Bank insists that training should serve to develop the Bank and employees. Through diversified training programmes, an environment is created for employees to study and grow.. At the same time, the Bank is open minded in exchanges with its peers.

Firstly, provide training to all employees, improving their overall capabilities. In 2013, RMB 79.373 million was spent on training. Both classroom training and online training was organized across the Bank. Training was provided to all, and this created a healthy environment for

employee development.

Secondly, enhance the cultivation of cadres across the bank, improving their managerial capability. This year, in response to the “146” talent development project, the Bank made more efforts in talent development and in improving the overall capabilities of high and middle-level cadres. It’s a consensus to combine the training of cadres administrated by the head office, the heads of the branches, reserve cadres and professionals with the long and medium-term business strategy of the Bank, and the long-term goals for talent development.

Seven study sessions were organized for the Communist Party of China (Party) committee central group (expanded). Intensive training was organized for the head office cadres who were also party members. These trainings conveyed the message of the 18th NPC, and were linked to the mass line education and activities. They improved the participants’ capabilities in grasping the overall situation and policies, improved their political skills and expanded their minds.

The Bank organized party training for the cadres directly administered by the head office (presidents of second level branches). Two such training sessions were carried out in the China SPDB Cadre College. 93 people participated in the training. They took lessons on 3 topics: spirit, knowledge and ability related to the Party, macro perspective and the art of leadership. They were inspired and grew in terms of attitudes towards life, strategic thinking and managerial skills.

The Bank launched a new round of overseas training in the Stanford University of cadres directly administered by the head office. The 24 participants studied state-of-the-art managerial know-how. The training improved their ability to manage traditional business, transformative business, forward-looking business, internationalized business, and the innovation of these businesses.

The Bank continued with the training of presidents of the sub-branches. A total of 5 training sessions were organized to improve the overall management capabilities of the 294 participants. The training was designed to promote the business in the sub-branches, enhance risk control and team building. The Bank hoped that after the training, the sub-branches could improve their core competitive edge, and adjust better to change.

The Bank enhanced the training of reserve cadres. Great efforts were made in organizing overseas seminars for them, such as the 2 seminars in the National University of Singapore and the Nanyang Technological University. 68 reserve cadres from the head office and the branches participated in these seminars. The seminars focused on improving their spirit, knowledge and ability related to the Party, their international vision, team building ability and overall management capability.

The Bank improved the training of party secretaries from branches and sub-branches. A total of 4 training sessions were organized with 200 participants. The training improved their spirit, knowledge and ability related to the Party, improved their capability to grasp the overall situation and their leadership skills. The training made the Party organizations more dynamic, and promoted all-round sustainable development of the branches and sub-branches.

Table 15 Use of staff education and training funds

Year	Training Spending (RMB'0,000)	No. of people trained	Class-room training		Online Training	
			Classes	Participants (person-time)	Participants (person-time)	Class Hours
2013	7,937.29	18,364	951	54,596	381,177	371,769
2012	8,790.53	17,688	1,109	64,668	194,970	363,109
2011	7,225.83	15,198	345	19,857	182,780	264,107

Table 16 Summary of Employee Training

Year	No. of training programs	Participants (person-time)	Total spending (RMB'0,000)	Training expense per person (RMB)	Average No. of training days per person
2013	978	435,773	2,908.25	769.21	3.24
2012	1,128	259,638	3,228.73	971.63	3.4
2011	361	202,637	1,806.08	613.44	2.4
Note: The above statistics include both internal training and online training programs and the participants include full-time employees, agents, external employees, and labour dispatched personnel.					

Case

Topic	Action	Value
The Hangzhou Branch organized the first high-level seminar of managerial personnel in the Peking University.	Fourty middle-level managerial personnel took part in the seminar.	The seminar improved the capabilities of the cadres, and was conducive to the strategic breakthrough and transformation of the Hangzhou Branch.

Thirdly, promote training of professional knowledge to improve employees' capacity to operate key businesses. Surrounding the five key businesses, the Bank organized training sessions on the following topics: investment bank business, business development by corporate account managers, asset business development and finance product innovation, the investment and loan issuance of equity funds, comprehensive financial services of equity funds, Loan Factory, customer marketing of financial institutions, customer rating and credit limits, asset and cash custody, wealth management of the Private Bank, debt financing, asset securitization, cross-bank corporate cash management and finance engineering for customers. Over 2,500 people participated in these sessions.

The Bank continues to improve its training system tailored to different levels and types. In addition to the training provided for the outlet operations directors, and lobby managers, the Bank added two targeted training programmes: the training for outlet accountants, and training for personnel in execution and management capacities.

The Bank continues with the training for financial planners. Over the past several years, a total of 32 intensive classes have been organized.

Fourthly, encourage the employees to participate in public training so that they can grow on all fronts. The Bank provides support to its employees in professional title application, renewal of the Certificate of Accounting Professional, and Certificate of China Banking Professional exams.. This support enables employees to develop through different routes.

Fifthly, improve exchanges with our peers to share our training resources. We attended the "Joint Conference of 12 Joint-Stock Commercial Banks on Education and Training". The conference

enhanced the exchange and cooperation within the banking industry. The Bank also shares training resources with its subsidiaries. Twenty two class room trainings were provided for the Laiwu Commercial Bank, SPD Rural Bank, AXA SPD Bank Investment Manager Co., Ltd., SPD Bank Financial Leasing Co., Ltd. and other subsidiaries.

3.2.2.2 Implement the professional qualification accreditation policy

Since 1997, the Bank has implemented the professional qualification accreditation policy for key professional posts. The policy sets a clear professional development path for employees, motivating our employees to learn and improve their capabilities and validates the effectiveness of various training. The policy supports our business development and plays an active role in promoting mass educational training. Professional qualification accreditation is improved as the Bank accumulates experience through practice. At present, the policy is applied to over 30 positions across 6 functional areas. In 2013, the Bank organized 47 sessions of post certification tests and continuous training on 11 posts, with total attendance of over 52,000 people and 35,220 certificates issued.

3.2.2.3 Improve the job rotation policy

The Bank promotes job rotation. Head office cadres are rotated to the branches and for the first time in 2013, cadres of the branches were rotated to the head office. A total of 25 cadres from the branches were designated to 17 head office departments. The rotation is designed to improve the work capabilities of the cadres at all levels.

3.2.2.4 Improve the policy of competitive internal hiring

In 2013, the Bank organized the first internal recruitment of divisional cadres through competition. The purpose was to build a new internal recruitment mode which is “fair, efficient, and people-oriented”, creating a favorable environment to identify excellent talent.

Case

Topic	Action	Value
The Beijing Branch built a trainer team made up of	The curriculum highlighted product introduction, risk control and skills of communication with clients, etc. The training helped the account managers recruited within one year to learn about	The induction programme enabled the new account managers to communicate with each other and

its employees.	their position expectation, and about products and business procedures. The forms included lectures, experience sharing and case studies, etc.	progress together.
The Hangzhou Branch carried out the Tenth Professional Skill Competition.	There were eight contests, including contest of typing English text, knowledge of corporate banking, analysis of corporate banking cases, knowledge of PCRM system, PCRM system case analysis, inputting the bookkeeping notes in Arabic numerals into the computers, inputting the bank account registration information into the computers, cash counting (using one finger to flip one bank note at a time - good for discovering counterfeit money). Over 500 employees attended the competition.	The competition encouraged the employees to accumulate business knowledge and develop professional skills. It helped promote innovation and employee development, and to make employees more dedicated to their jobs.



The Tenth Professional Skill Competition organized by the Hangzhou Branch

3.2.3 Care for Our Employees

The Bank continuously improves organizational structure and policies related to its employees. This is the most fundamental task for it to care for its employees, and enhances their sense of belonging and happiness.

The employees participated in the democratic management activities of the Bank through the employee representative meetings. The worker unions have set up various clubs where the employees can do physical exercises, talk to, learn from and share with each other, and show their talents. In 2013, eight contests of professional skills were organized with the attendance amounting to 11,275 hours of employee time.

The Bank cares for its employees and their families. The Bank sends

its greetings to staff when they get married, or have a baby. It expresses its condolences to staff when they or their families suffer illness, death, or other troubles. On traditional festivals, especially the Spring Festival, the Bank gives help to employees who are seriously ill, or have grave economic difficulties. It also gives help to the labor dispatched personnel. On New Year's Day and the Spring Festival of 2013, the Bank sent its love to 2,370 employees, and donations were made amounting to over RMB 2.34 million.

In 2013, the People Survey showed a high degree of employee satisfaction.

Words of our Stakeholders

I'm lucky though misfortune had befallen on me. In those painful and sad days, my colleagues, superiors and the worker unions cared for me and helped me. They offered me generous help. It's because of this selfless care and help that I was able to move on. I've come to cherish life, work and people's affection more.

Xiao Jienan
A beneficiary
Wuhan Branch

Table 17 Development of Worker Union and Employee Representative Meeting

No.	Indicator	2013	2012	2011
1	Percentage of organizations with worker union (%)	100	100	100
2	Percentage of organizations with employee representative meeting (%)	57	50	50
3	Donations for disaster relief	RMB 35 thousand		
4	Donations for medical expense	RMB 3.20 million		
5	Donations for poverty alleviation	RMB 3.69 million		

Notes:

1. Percentage of organizations with worker union refers to the ratio of the head office and second level branches that have set up worker unions.
2. The head office has set up the employee representative meeting policy. Percentage of

organizations with employee representative meeting refers to the ratio of the branches that have set up the employee representative meeting mechanism.

3.3 Financial Education

3.3.1 Disseminate financial knowledge in the society

The Bank is active in delivering financial education to the public. In 2013, it organized a campaign to promote financial knowledge according to the arrangements of the China Banking Association. According to the arrangements of the CBRC, it nominated one to disseminate financial knowledge. Over 98% of the Bank's total outlets participated in the campaign, with a participation of over 37,000 hours by employees in on-site education activities. About 2.55 million materials were handed out, over 600 media reports were made, 15.6 million SMS were sent and related public service advertisements were broadcasted for over 800 times.

In addition, the Bank fulfills its responsibility to "improve community financial service and promote community development". It insists on serving local people, the grass roots and communities. Since September 2013, the Bank has been building community banks in pilot projects. The community banks enable the Bank to expand the coverage of its services, disseminate financial knowledge, promote product innovation and improve service procedures. The residents can now access nearby, professional, thoughtful, convenient and fast financial services. In short, the Bank strives to bring financial services to communities and to the consumers' front door.

The Bank invited investors to experience precious metal exchange services on its mock gold exchange platform. The investors were able to learn about precious metal investment and accumulate related knowledge.

Case:

Topic	Action	Value
The Nanchang Branch organized the campaign named "Bringing Financial Knowledge to the Households" during the month designated for	The Branch promoted financial knowledge through different channels, such as banking outlets, media and roadshows. A total of 31 roadshows were organized. 17 on-site activities were organized in the communities,	The campaign enriched the public's understanding of financial risks and related responsibilities. It improved the public's

the dissemination of banking financial knowledge.	answering the questions of over 4,000 person-times, and handing out nearly 23,000 brochures.	ability to use financial tools.
The Changchun Branch brought financial knowledge to rural areas.	The Branch disseminated, in an all-round manner, knowledge related to financial risks, protection of consumers' rights and interests, finance management, rational consumption, as well as other fundamental financial knowledge.	The activity enhanced the consumers' awareness of financial security and risk prevention, and enriched their financial knowledge.
The Beijing Branch disseminated financial knowledge.	The Beijing Branch business department, Fucheng, Hepingli, Development Zone and Sanlitun sub-branches, etc., went into the communities, technology parks and business centers to introduce financial knowledge to the residents and merchants. They introduced how to use bank cards safely, personal finance management, personal loan, payment and settlement, and money saving tips.	The activity guided the public to use banking products and services properly, enhancing their awareness and ability to protect their financial assets.

3.3.2 Protect the rights and interests of consumers

The Bank has adopted several measures to protect the rights and interest of banking industry consumers. Firstly, it circulates across the Bank the *Notice of the China Banking Regulatory Commission on Issuing the Guidance to Protect the Rights and Interests of the Consumers in the Banking Industry*. It also organized a contest on knowledge of protecting consumers' rights and interest. Thirdly, it stresses protecting consumers' rights and interest in daily operation. It has made rules on how the wealth managers should introduce finance products to clients and has designed related templates in this regard. Fourthly, it organizes education activities for the public, such as the campaign named "bring easy finance management to the communities, parks and campuses". In the campaign, it showed the consumers how to identify risks, by handing out materials and other activities. The campaign improved the public's financial knowledge and skills. The campaign enabled the Bank to prevent and resolve potential conflicts. Over 500 outlets participated in the campaign, organizing over 2,000 activities. Over 16 million consumers were benefited.

Topic	Action	Value
The Guangzhou Branch advocated against counterfeit money.	A total of 26 outlets in the Guangzhou City took part in the activity to crash down on counterfeit money. The outlets introduced the harm of counterfeit money, and taught the consumers how to identify counterfeit money. They appealed on the public to take the initiative in fending against counterfeit money. They also enhanced the public's awareness of laws related to counterfeit money.	The activity combined services with advertisement of anti-counterfeit money. It effectively hampered criminal activities, such as making and selling counterfeit money.
The Hohhot Branch organized training on criminal cases.	The training introduced the definition of criminal cases and classification. They also contained case studies and an introduction to the key points and measures of criminal case prevention.	The training disseminated the concept of “all are responsible in preventing and controlling criminal cases”. They enhanced the consumers' awareness of self-protection.

3.4 Charity and Public Welfare

3.4.1 Donation Channels

The Bank adopted a systematic and disciplined approach to managing its donations to the public. In 2013, the Bank donated RMB 12.55 million, while its employees donated RMB 11.23 million. This was used to support poverty alleviation, education, environmental protection, and other public welfare activities.

Firstly, the Bank endeavours to make staff donations a long-term cause. Since 2004, charity donations from staff amounted to more than RMB35 million, representing a huge pool of caring and resources to help disaster relief, poverty and distress relief, mutual help and other public welfare projects.

Secondly, provide the public with a platform for donation. It leverages its resources to pool the power of millions of its customers to join the cause to improve the welfare of people. The Bank created an external donation webpage as a bridge to facilitate online banking customers' donations to social charitable organizations. Through the

Bank's online banking platform, people are able to pass on their love and care through automatic and instant remittance. Currently, the Bank works with 15 charitable organizations in a sizable amount of projects through its online donation system. This enables automatic and instant transfer of donations from personal and corporate customers into the accounts of charity organizations. In 2013, online banking users made 2,221 donations, totalling RMB 412,000 through the Bank's online donation platform.

Thirdly, the Bank continues to explore new channels for raising donations, and offered mobile phone donation as a new addition.

Case:

Topic	Action	Value
The Nanchang Branch donated for students from impoverished families.	On December 12, 2013, the Yichun Branch, administered by the Nanchang Branch, donated RMB 120,000 to the Center Elementary School, Baimu Village, Yuanzhou District, Yichun City. The money would be used on improving the facilities and education resources.	The action delivered positive influence to the school, and demonstrated the Bank's sense of responsibility.
The Ningbo Branch carried out donations for various causes.	In 2013, the Branch, its sub-branches and employees donated a total of RMB 520,000. The money was used in one-to-one poverty alleviation, disaster relief, earthquake prevention, education assistance, scholarships, and in helping employees in need.	The donations reflected the Bank's awareness of social responsibility.
The Dalian Branch donated for the areas struck by the earthquake that affected Yaan, Sichuan.	At 8:02 a.m., April 20 2013 Lushan County, Yaan City, Sichuan Province was struck by a massive earthquake with a magnitude of 7.0. The Branch initiated a donation immediately. Within only two days, the employees donated RMB 260,935. All employees had made a contribution.	The donation helped people in the severely afflicted areas, such as Lushan County to buy disaster relief material and daily necessities.

3.4.2 A Tradition of Volunteering

The Bank always endeavors to encourage and promote the volunteer spirit of giving, caring, helping and progress. It stresses the combination of dedication and personal values, and encourages volunteer activities to play an important role in financial education and knowledge sharing,

environmental protection, poverty alleviation and relief for the disabled, among other causes, creating a positive impact in the society. The “bank-wide volunteer day” is a key component of the mechanism that ensures the far-reaching effectiveness of voluntary activities in the Bank. In January, 2008, the Bank launched the first bank-wide volunteer day. It was the first to do so in the China banking industry. For the following 6 years, the Bank organized large scale activities on the volunteer day every year around January 9; the anniversary of the Bank’s establishment. The activities vary in forms. The accumulative attendance is 30,000 person-timeshours of peoples time. The volunteer day has attracted much attention and is widely recognized in all walks of life.

The theme of the seventh bank-wide volunteer day was “act on our commitment to communities by carrying out voluntary activities first”. In over 30 provinces, dozens of cities across the nation, thousands of volunteers from the Bank went to the communities, to advocate financial security and provide voluntary services related to finance. In this way, the Bank honored its social responsibilities.

Major Voluntary Events

When	Action	Value
October 2006	Founded SPD Bank Volunteering Group	Staff members voluntarily enrol in volunteer activities to live the spirit of devotion and help create a better future by making their individual contributions and volunteer activities, increasing their sense of responsibility.
2006-2010	In the past 5 years, the Bank worked with JA CHINA to educate college students about financial planning, organize classes for children of migrant workers, and conduct “Career Go Workshops”.	<p>The financial planning training programs for university and college students help them to better understand financial planning concepts and techniques.</p> <p>Through voluntary teaching in “Migrant Children Schools”, children of migrant workers were helped to broaden their world views, strengthen their social awareness and team spirit.</p> <p>The Bank leveraged “Career Go Workshops” to provide pre-employment training and</p>

		coaching, and used mock interviews to help them improve their job hunting and interview techniques and prepare for the transition from student to career professional.
January 2008	The Bank organized its first bank-wide volunteer day activity, and made it a regular event at the beginning of each year.	More than 3,000 employees participated in volunteer activities, focusing on community financial services, environmental protection, elderly care and orphans, to give back to the society and bring care and hope to the communities.
January 2009	The second bank-wide volunteer day activity.	More than 5,000 volunteers from the Bank took to the streets and visited communities and charity homes for activities that best met local needs or leveraged the available resources, including poverty alleviation, education aid, elderly care and environmental protection.
January 2010	The third bank-wide volunteer day activity.	More than 6,000 volunteers from the Bank engaged in various low-carbon promotion activities to champion the cause of “Low Carbon for Better Life” to contribute to a low carbon life, an energy efficient society and a low-carbon economy.
January 2011	The fourth bank-wide volunteer day activity.	More than 8,000 volunteers from the Bank engaged in various charity and public welfare activities, focusing on “passing on love and care to create a happy China”, and made their contributions to build a harmonious society by giving care to the customers, relatives, communities and the underprivileged people who needed help.
January 2012	The fifth bank-wide volunteer day activity.	More than 8,000 volunteers from the Bank engaged in various charity and public welfare activities, centering on the theme of “Responsibility First in Giving back Caring Love” to promote the awareness of

		responsibilities in giving back to society and helping create social harmony.
January 2013	The sixth bank-wide volunteer day activity.	Over 8,000 volunteers participated in charity activities themed at “Grateful · A Journey Together, Delivering Positive Energy”. The activities were held in celebration of the Bank’s 20th anniversary, and to practice its social responsibilities.
January 2014	The seventh bank-wide volunteer day activity.	The theme was “act on our commitment to communities by carrying out voluntary activities first”. Over 8,000 volunteers from the Bank went to the communities to advocate safety and provide voluntary services in relation to finance.

Words of Our Stakeholders

We enjoyed our cooperation with the SPD Bank on its volunteer day with the theme of “act on our commitment to communities by carrying out voluntary activities first”. We and the community residents were touched by the consistent enthusiasm on public welfare. The activity reflected the spirit of the Bank’s staff and the Bank.

Shanghai Youth Community NGO Service Center

Head Office: The volunteers carried out various activities in the Hongqiao, Zhoujiaqiao, Xujiahui and Lingyun communities, etc. The activities include: finance security education, competition, and community security walkthrough, etc.

Beijing Branch: About 200 young employees from the Communist Youth League from the branches donated winter clothes, visited the empty nesters, visited the Hongzhi School, and introduced financial knowledge to the citizens. They delivered warmth to people most in need in winter.

Kunming Branch: The volunteers donated 1000 extracurricular books to the SPD Bank Hefei Project Hope Elementary School to build a “SPD Bank Library”. It’s a bridge for the children to get to the sea of knowledge. The volunteers also donated sports goods, such as badminton rackets and shuttlecocks, Ping-Pong rackets and balls, skipping ropes and basketballs, and other sports equipment.

Tianjin Branch: Over 100 young employees from the Communist Youth League of 18 sub-branches participated in various public welfare activities. They promoted financial security knowledge, such as protecting against counterfeit money, finance or telecommunication fraud, and preventing risks relating to e-banking. Other activities included environmental protection, visiting elderly citizens, helping people in need and caring for homeless animals.

Taiyuan Branch: Activities were carried out in the communities of Xinzhou, Changzhi, Yuncheng, Shuozhou and Taiyuan. Dozens of volunteers introduced financial knowledge and provided other activities relating to finance. The CSR activities improved the residents' ability of finance management.

Hangzhou Branch: The volunteers carried out various activities in welfare houses and communities. They visited elderly citizens and orphans, helped people in need and the disabled, made donations, promoted financial knowledge, and advocated emission reduction and environmental protection. These CSR activities exerted positive influence and delivered love.

Changsha Branch: The volunteers donated rice, edible oil, portable radios and other things to the 30 poverty-stricken households in the Xiangjiang Shijicheng community. They also dispatched gift money to the residents living nearby. Their activities created a festive atmosphere in the community.

Nanchang Branch: Voluntary activities were launched at the same time in Nanchang, Ganzhou, Jiujiang, Shangrao and Yichun. The volunteers went to the communities, villages and business centers. They promoted financial knowledge, and delivered their love to the poor and the troubled and advocated emission reduction and environmental protection. They delivered positive strength and CSR value through their actions.

Guiyang Branch: The employees donated over RMB 50,000 to the left-behind children. They visited elementary schools where most pupils were from poor families. A blood donation session was organized. This was the third such session and employees responded positively. Over 6,000 milliliter of blood was donated. The Branch also donated extracurricular books and over 70 sets of stationary to the Dongtang Primary School in Zunyi City. The children had a winter in which their soul was nurtured.

Urumchi Branch: It was the seventh year that the Branch visited the SOS Children's Village. They donated badly needed daily necessities to the children. They also donated office supplies that were indispensable to the students. In this way, love was also delivered to the "mothers" that were nursing the children.

Ningbo Branch: The volunteers visited the Yongfeng Community at the Ximen Road. They brought with them gifts for the people in poverty. They also brought with them the care and greeting of the Bank. In addition, the volunteers set up stands in the community where the residents could consult about finance security and finance products and other financial service.

Hohhot Branch: The volunteers visited the sanitation bureau, communities and children welfare house. They introduced finance security and other finance knowledge and donated with care and love items that keep people warm in winter, such as cotton quilts, boots, heaters and hot water bags.

Suzhou Branch: The Branch organized activities in different forms, such as public welfare activities related to finance, helping the poor and disabled, visiting the elderly houses and orphanages and making donations, etc.

Lanzhou Branch: Over twenty employees delivered rice, noodles, edible oil and other items to the 188 poor households contacted by 128 cadres of the Branch.

Hong Kong Branch: 18 employees from nine departments and their families visited the Ma Cheng Shuk Ying Home for the Elderly located at Sham Shui Po. The volunteers brought with them smiles and greetings. They had conversations with the elderly and took games with them. They delivered warmth to the 70 odd elder citizens in this special winter.

3.4.3 Promote Excellent Public Welfare Projects

We make efforts to ensure that our public welfare projects are consistent, with long-term effects and involve a sizable number of people. In 1997, the first SPD Bank Hope Primary School was built by the Bank in the former revolution base in Dabieshan Area. Over the

following 17 years, the Bank has built 25 hope primary schools in Kunming, Chongqing, Nanning, Tibet and other areas. The accumulative donation was over RMB 15 million. In 2013, we promoted the project of “see the world, surgery for children with strabismus”. Besides the previous 2 project sites: Shanghai and Chongqing, the project was launched in Kunming. The activity “a journey of light” was also carried on by the Jinan Branch for the second year.

Top Five Donation Projects in 2013

No.	Action	Value
1	RMB 8.71 million was donated to Yaan, Sichuan, an area hit by the earthquake.	The employees donated RMB 5.91 million. The Bank donated RMB 2.8 million. This showed that employees and the Bank took up even more responsibilities when disasters occur.
2	RMB 5 million was donated for the poverty alleviation project in the Jinshan Development Zone.	The poverty alleviation project narrowed the gap between the rural and urban areas, and that between different regions, narrowed the income differences. It contributed to the integration of the rural and urban areas, allowed even access to fundamental public services and promoted agriculture modernization.
3	RMB 1 million was donated to the areas hit by the Gansu Dingxi earthquake.	When one area is in trouble, help would come from all the other areas. The money was used in the disaster relief.
4	RMB 500,000 was donated for the children with strabismus who come from poor families.	This is a long-term large-scale public welfare project which has been carried out for 3 years. It helped the children to gain normal eyesight, so that they would be more confident and have better future.
5	RMB 500,000 was donated for the reconstruction of areas hit by the Yuyao Typhoon.	The donation was used in the repair of flood prevention and irrigation facilities, and in the resumption of production and daily lives.

Case:

In 2012, to celebrate the Bank’s 20th Anniversary, with the aim of

giving back to the society, the Bank launched a themed public welfare activity called “see the world, surgery for children with strabismus” to provide free eye surgery for children with strabismus from poor families in Mid-west of China, including Shanghai, Chongqing, Guiyang, Kunming, and Urumchi etc. The surgery helped children to restore healthy eyesight, restore confidence to lead a better life. This three-year project was expected to pool donations amounting to RMB 6.5 million to benefit 2,000 children. The first phase of the project was launched in Chongqing and Shanghai in September 2012. In 2013, the project was launched in Yunnan in cooperation with the Yunnan Youth Development Foundation. RMB 1 billion was planned to be donated within the following three years, which would help 150 children get treatment.

The Journey of Light to Shandong by Jinan Branch:

In 2012, the activity provided free eye surgeries to 132 patients with cataracts in Shigatse, Tibet. In 2013, the activity became increasingly welcomed, and turned into a highlight as a consistent national public welfare activity. In July 2013, the “Journey of Light to Shandong” organized by the Jinan Branch was officially launched. The Branch worked with the Shandong Network Culture Office, the Shandong Red Cross Eye Hospital and several other organizations to carry out the project. Over 2,000 impoverished patients with cataracts in over 500 villages received free surgery. The activity demonstrated the Bank’s spirit of giving, helping, caring and progress. The society responded positively to the activity.



“Journey of Light to Shandong” – a Large Scale Public Welfare Activity

3.4.4 Contribute to Social Harmony

3.4.4.1 Cooperate to create win-win situations

Major cooperation with companies

December 25, Strategic cooperation agreement signed with the Shanghai United Media Group

December 3, Strategic cooperation agreement signed with the Shanghai Shendi Group

October 23, Strategic cooperation agreement signed with the Sun Hung Kai Properties Group

October 10, Strategic cooperation agreement signed with the Jin Neng Group

September 6, Strategic cooperation agreement signed with the Tencent Computer System Company

March 19, Strategic cooperation agreement signed with the Shandong Ocean Investment Company

February 25, Strategic cooperation agreement signed with the China Nuclear Engineering Group

February 20, Strategic cooperation agreement signed with the China South Locomotive and Rolling Rock Corporation

Major cooperation with governments:

December 24, Framework agreement of cooperation signed with the Wuzhou Municipal Government

December 12, Framework agreement of cooperation signed with the Wuzhou Municipal Government

October 16, Framework agreement of cooperation signed with the Rizhao Municipal Government

September 5, Framework agreement of cooperation signed with the Hunan Provincial Government

August 8, Framework agreement of cooperation signed with the Zhuhai Municipal Government

June 28, Framework agreement of cooperation signed with the Luoyang Municipal Government

May 23, Framework agreement of cooperation signed with the Hubei Provincial Government

Major cooperation with financial institutions

December 30, Comprehensive business cooperation agreement signed with the China People's Insurance Group

December 26, Comprehensive cooperation agreement signed with the China Taiping Insurance Group

December 10, Framework agreement of strategic cooperation signed with the Shanghai Gold Exchange

November 15, Framework agreement of business cooperation signed with the China Bond Insurance Company

October 15, Strategic cooperation agreement signed with the Dalian Commodity Exchange

September 27, Business cooperation agreement signed with the Zhengzhou Commodity Exchange

August 2, Strategic cooperation agreement signed with the Shanghai Futures Exchange

May 21, Comprehensive business cooperation agreement signed with the Nanjing Securities Company

May 10, Comprehensive business cooperation agreement signed with the Essence Securities Company

April 26, Cooperation agreement signed with the China Biodiversity Conservation and Green Development Foundation

Case:

On August 28, 2013, the Bank and the Guotai Junan Securities Company to launched a settlement product. It's the first example of cooperation between a bank and securities company in the payment settlement area. The cooperation makes payment and settlement much more convenient for nearly four million large and medium-scale investors. It's a strong support for the innovation of the security industry.

On July 19, 2013, the Bank issued its first product, "SPDB Cooperation Win E1 CSC 0001, 2013 First Phase" represented by an institution of the same industry. It's a progress in the cooperation of the Bank with its peers in channels. The Bank has cooperated with securities traders, such as the China Securities Company, the China Galaxy Securities Company, the Guotai Junan Securities Company and the Shenyin & Wanguo Securities Company. These traders represent the finance management services and products for the Bank, providing over 9 million personal investors with diversified financial products with varied risks. The Banks cooperation also improves the financial product system of these institutions.

3.4.4.2 Promote education against corruption

The Bank shows its employees corruption cases and anti-corruption cases. Through the contrast, it improves their awareness of anti-corruption. It convenes meetings centered on discipline inspection and supervision, and corruption prevention. The cadres directly administered by the head office were organized to watch theme films such as the Wakeup Call, Behind the Halo, and the Harm of Misconduct.

By showing the employees the fate of those corrupted people, the Bank hopes to keep awareness of corruption at the fore front of employees' minds and help them connect this lesson with their work.. It combines education with screening for corruption behavior, and improves the weak links. These efforts are quite effective. The Bank hands out *Books of Ethical Practice for Leaders and Cadres* to managerial personnel at different levels. The *Maxims on Anti-Corruption Practice* is also available on the intranet. The Bank enhances the implementation of the eight regulations, advocates against corruption, and promotes anti-corruption education. The employees and the cadres have better understanding of corruption, and stronger awareness of laws and regulations. The Bank organized a bank-wide contest named "Advocate Corruption-Free, Promote Compliance and Prevent Corruption". The contest further improved the employees and cadres' understanding of anti-corruption, and of professional ethics, compliance and corruption prevention. It improved their discipline and regulated their practice. The Bank also organizes online training and examinations for all its employees.

3.4.4.3 Fulfill the obligation of anti-money laundering

The Bank earnestly practiced its obligation of anti-money laundering. In 2013 it formulated the *SPD Bank's Method of Client ID Verification and Client ID Information and Transaction Record Preservation*, and the *SPD Bank's Management Regulation and Procedures of Evaluating the Reporting of Transactions Suspicious of Money Laundering*. It amended the *Operation Manual of the Anti-Money Laundering Detection and Warning System*, as well as the *Operation Manual of the Financial Sanction List Monitoring System*. These efforts have improved the Bank's internal control policies and system of anti-money laundering.

In 2013 the Bank promoted the development of a rating system with great efforts. It has adopted standards, methods and procedures that are matched to the Bank's business to evaluate the risk of money laundering. It has also adopted classified client management measures. It strictly implements the "Customer ID Registration Policy". To strengthen anti-money laundering management the Bank conducted field inspection and quality evaluation of suspicious transaction reporting and other related activities. Besides this, the Bank continued to improve the anti-money laundering detection and warning system, as well as the financial sanction list monitoring system to improve the quality of data related to large amount transactions and suspicious transactions. Overall, the Bank has strengthened its risk management capabilities in relation to

sanction risk and reputational risk.

Table 18 Anti-Money Laundering Work, 2013

Indicator	Unit	2013	2012	2011
Number of anti-money laundering training sessions	-	200	198	199
Number of large amount transactions reported	Million	6	5	5
Number of suspicious transactions reported	Thousand	290	340	1120

Section 5 Environmental Responsibilities

4.1 Corporate Social Responsibility Statement and Policy

4.1.1 Corporate Social Responsibility Code of Conduct

- **Communicate policies clearly and allocate resources efficiently:** we endeavor to facilitate the implementation of the State's macro regulatory policies and leverage the potentials of the finance industry to influence and prioritize resources to support the development of low-carbon and environmentally friendly economies in China.
- **Champion environmental protection and promote green finance:** we endeavor to leverage innovative products to support energy-saving and environmentally friendly initiatives and employ commercial and market mechanisms and methods to promote energy-saving and environmentally friendly industries, and become the premier low-carbon bank in the Chinese financial sector.

4.1.1 Responsibilities:

- **Energy-saving and Environmental Protection:** we endeavor to make everyone of us responsible for leading an environmentally friendly life and start with every little detail in conducting bank operations through low-carbon methods and procedures, and make our contributions to an energy-saving society.
- **Green Finance:** we endeavor to implement the State's macro regulatory policies and leverage the potentials of the finance industry to influence and prioritize resources to support the development of low-carbon and environmentally friendly economies in China. We endeavor to leverage innovative products to support energy-saving and environmentally friendly initiatives and employ commercial and market mechanisms and methods to promote energy-saving and environmentally friendly industries,

and become the premier low-carbon bank in the Chinese financial sector.

- **Environmental Friendliness:** we endeavor to deliver sustainable development, walk the talk in reducing environmentally unfriendly and inefficient consumption behaviors and production, lead by example to heighten environmental awareness, so as to help pool the resources from every walk of life to create synergic efforts and make low-carbon lifestyle a new measure of social values.

4.2 Energy-saving and Environmental Protection

Since 2011, the Bank began to build itself into a low-carbon bank. It advocates green operation and working style, and appeals to all its employees to incorporate energy conservation and environmental protection into their work and lives. The purpose is to build a low carbon bank with a green corporate culture.

Energy conservation and environmental protection measures in daily operation

The Bank invited the China Energy Engineering Group to implement an energy management contracting project on its office building and data center. The project has entered the preparation phase, which includes collecting basic data and making project plan. The project will provide support to the head office to increase energy efficiency.

The Bank supported the District Development and Reform Committee of Huangpu District, Shanghai to carry out subentry measure of energy consumption of large-scale public buildings.

The Bank reconstructed the central air conditioning unit of the office buildings of the head office. The excessive energy consumption caused by the aging of the central air conditioning unit has been significantly reduced.

The Bank requires the usage of environmentally friendly construction materials for branch and office renovations and nontoxic dyes in uniforms.

The Bank advocates paperless office and printing on both sides. Recycled paper is used to print reimbursement forms, meal coupons for

meetings and internal documents. It restricts the purchase and usage of office paper to reduce waste.

The Bank advocates use of energy-saving lamps and natural lighting where possible. It advocates compliance with the State's energy-saving policies in using air conditioners, reducing electric consumption of electronic equipment, computers and copiers, and turning off electrical items in a timely manner

The Bank advocates video conferencing.

The petroleum consumption of business cars is reduced.

The water used to clean the water tanks is used as landscape water or to water the flowers. This measure recycles water resources and is effective in reducing water consumption.

The Bank advocates taking the stairs instead of the lifts. The employees' responded positively to its suggestion of taking the stairs when they are going up fewer than three floors.

The Bank participated in the pilot project of carbon trading in Shanghai. It is a member of the Comprehensive Class.

The Bank recycles electronic devices, such as ATMs, POS machines, and computers. Before disposal, these devices undergo non-hazardous treatment. For paper containing no confidential information, the Bank recycles it.

Table 19 Average Energy Consumption Per Capita of the Head Office

Year	Water Consumption in Business (Ton*10000)	Electricity consumption in Business (Kwh*10000)	Business car petrol consumption (Liter*10000)	Photocopy paper (Pack)	Video conference (times)
2011	13.54	3,216.50	13.35	5,950	440
2012	13.35	3,488.24	12.50	8,300	488
2013	13.36	3,742.38	11.91	7,220	592

Reduction of energy per capita in 2013 as compared with 2012	3.80%	-3.14%	8.41%	16.24%	-
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Notes:

1. Head Office data

2. Energy consumption includes that of the offices, the production system room, local back up and disaster recovery data centre and the concentration operation room.

Case

Topic	Action	Value
The Changchun Branch carried out energy conservation and energy consumption activities in daily operation.	In 2013, the Branch reduced the number of meetings, saved electricity and water, and reduced carbon emissions. The electricity expense, water expense, and paper consumption were reduced by nearly 20% compared with the previous year.	The Branch practiced its environmental responsibilities with actions. It obtained a stronger sense of environmental protection.
The Tianjin Branch advocated resource conservation.	The Branch appealed for resource conservation, and promoted the idea of an environmentally friendly office. Its measures of creating a green office included: using used envelopes to deliver internal material, recycling pen caps, printing documents on both sides, and promoting the usage of recycled paper and online office.	The actions formed a culture of environmentally friendly office.

4.3 Green Finance

The Bank abides by the National Twelfth Five-Year Plan of Energy Conservation and Environmental Protection Industries and the Green Loan Guidance released by the CBRC. It also abides by other policies and regulations related to green loans. Adhering to the principle of “controllable risk, sustainable business”, the Bank enhances controls of

credit issuance, while increasing the support to energy conservation and environmental protection projects. In its annual loan policy, the Bank explicitly states its support to energy conservation and environmental protection industries. In the same policy, the Bank also demands constraining loans to industries with high energy consumption, high pollution and over-capacity. Through international cooperation and independent innovation, the Bank has constructed a relatively advanced system of green loan products and services. When allocating the limited financial resources, the energy conservation and environmental protection area is given priority to. Through exploration, the Bank has mapped out a path of green development for commercial banks.

4.3.1 Improve the green loan policy

In its loan policy of 2013, the Bank strengthens its support to green loans, which are used in energy conservation and environmental protection projects. It strictly follows the requirements of the *Shanghai Pudong Development Bank Temporary Methods of Managing Environment and Social Risks* concerning the control of environment and social risks. In other words, it implements in real earnest its social responsibilities of environmental protection. According to the requirements of China's laws and regulations, industrial policies and the Exclusion List of IFC and AFD, the Bank has enhanced environment and social risk evaluation of environment-sensitive industries in terms of their industries, locations, technology level and environment. It has provided more support to energy conservation and environmental protection projects. This includes the production of clean energy and renewable energy, technology upgrading projects that reduce energy consumption, pollution control, non-hazardous treatment of pollutants, recycling of waste, production and application of environmental protection devices and products.

Table 20 Loans for industries with over capacity
Currency: RMB

Industry	Item	2013	2012	2011
Steel	Loan Balance (RMB'0,000)	2,230,194	2,498,575	2,311,020.54
	As percentage of total loan balance (%)	1.29	1.64	2.02
Cement	Loan Balance (RMB'0,000)	1,377,123	1,419,740	1,188,178.59
	As percentage of total	0.80	0.93	1.04

	loan balance (%)			
Plate glass	Loan Balance (RMB'0,000)	69,545	87,775	38,700.00
	As percentage of total loan balance (%)	0.04	0.06	0.03
Coal chemical, calcium carbide	Loan Balance (RMB'0,000)	600,710	590,406	372,364.44
	As percentage of total loan balance (%)	0.35	0.39	0.33
Ship building	Loan Balance (RMB'0,000)	700,762	589,050	534,162.63
	As percentage of total loan balance (%)	0.41	0.39	0.47
Total	Loan Balance (RMB'0,000)	4,978,334	5,185,545	4,444,426.19
	As percentage of total loan balance (%)	2.88	3.40	3.89

Table 21 Reduction of loans for industries with high pollution and high energy consumption
(RMB Billion)

Industries with high pollution and high energy consumption	Year-end balance in 2011	Year-end balance in 2012	Year-end balance in 2013	Reduction of loans in 2013
Non-metallic mineral product manufacturing (e.g. cement)	14.602	14.197	13.771	5.859
Ferrous metal smelting and rolling industry (e.g. iron and steel)	25.981	24.986	22.302	11.943
Raw chemical materials and chemical product manufacturing industry	28.947	36.760	39.700	12.834
Non-ferrous metal smelting and rolling industry (e.g. aluminum)	13.628	16.490	17.607	6.776
Total	83.158	92.433	93.380	37.412

4.3.2 Provide innovative green finance services

The Bank has set up corresponding loan resources and risk assets for

green finance, which enjoy an exclusive approval channel. Through international cooperation and independent innovation, the Bank has set up an innovative product and service system of green loans; the “five green credit segments, ten distinct products”. The five green credit segments included energy efficiency financing, clean energy financing, environmental protection finance, carbon finance and the financing of the supply chain of green devices. The Bank has developed a series of innovative loan products according to the features of the clients in these segments. The ten distinct products include IFC energy efficiency loan, AFD green intermediary loan, Asian Development Bank building energy conservation financing, mortgage of the expected revenue of energy performance contracting projects, energy performance contracting factoring, financial consultancy to CDM projects, international carbon factoring, emission rights mortgage, green PE and green bond.

Words of Our Stakeholders

The SPD Bank has been active in the domestic carbon trading market. With its professionalism and capacity, it is the leader in areas such as system design, settlement services, product development and innovation of carbon finance.

Shanghai Environment and Energy Exchange

Case:

Topic	Action	Value
The Guangzhou Branch became the exclusive settlement bank for the Guangzhou Emissions Exchange.	The Branch took the opportunities to offer other superior products to the traders, such as green finance, debt financing and trade financing, etc.	The action made the Branch a financial institution featuring “investment, financing and smart”, and put it in a leading position in the carbon finance of Guangdong.
The Suqian Branch administered by the Nanjing Branch issued the first AFD intermediary loan in the area.	On December 18, 2013, the Branch successfully provided the CECEP Biomass Energy (Suqian) Co., Ltd with RMB 10 million of intermediary loan from the AFD.	This was the first green loan in Suqian. It served as a model in local banking industry.



Exchange with the World Bank on Green Finance

4.3.3 Increase Green Loans

Accumulative green loans are over RMB 300 billion. The Bank, as the leader or key participant, has provided tremendous financing support for major national environmental protection projects with large social influences, such as the South-to-North Water Diversion Project and the pollution treatment of Taihu Lake and Dianchi Lake. By the end of 2013, the green loan balance of the Bank stood at RMB 152.1 billion.

Table 22 Green Loans of the Bank

No.	Indicator	Unit	2013	2012	2011
1	Loan balance of industries with high pollution, high energy consumption and over capacity	Billion RMB	49.783	51.855	52.068
2	As percentage of total loan balance	%	2.88%	3.40%	3.96%
3	Among them: loan balance of the iron and steel industry	Billion RMB	22.302	24.986	25.432
4	As percentage of total loan balance	%	1.29%	1.64%	1.93%
5	Loan balance of the cement industry	Billion RMB	13.771	14.197	14.602

6	As percentage of total loan balance	%	0.80%	0.93%	1.11%
7	Loan balance of the plate glass industry	Billion RMB	0.695	0.878	0.395
8	As percentage of total loan balance	%	0.04%	0.06%	0.03%
9	Loan Balance in the coal chemical and calcium carbide industries	Billion RMB	6.007	5.904	5.143
10	As percentage of total loan balance	%	0.35%	0.39%	0.39%
11	Loan balance in the ship manufacturing industry	Billion RMB	7.008	5.890	6.497
12	As percentage of total loan balance	%	0.41%	0.39%	0.49%
13	Loan balance on energy saving projects	Billion RMB	24.263	25.652	25.516
14	As percentage of total loan balance	%	1.40%	1.68%	1.94%
15	Number of energy conservation and environmental protection projects	Unit	399	381	334
16	Among them: number of clean energy and ten key energy conservation projects	Unit	79	77	64
17	Number of river basin and urban environment treatment	Unit	70	62	48
18	Number of industrial pollution treatment	Unit	250	242	222

	and circular economy projects				
19	Environmental Impact Assessment compliance rate for loans	%	100	100	100

Notes:

1. Industries with high pollution, high energy consumption and over capacity (“2 High 1 Over Industries”) which are under credit controls include: electricity, coke, iron and steel, cement, plate glass, coal chemical, calcium carbide and the ship manufacturing industries. The “Loan balance of industries with high pollution, high energy consumption and over capacity” is calculated according to the Green Loan Guidance released by the CBRC.

2. The criteria of the other indicators is based on the Green Loan Guidance released by the CBRC.

Table 23 Loan Balance of Energy Conservation and Environmental Protection Industries
(Unit: Billion RMB)

Industry	2013	2012	2011
Water Pollution Treatment	6.040	7.069	11.082
Alternative Energy (Green Energy)	6.377	7.549	8.625
Sewage Disposal and Water Recycling and Reuse	7.782	7.562	3.380
Urban Afforestation	1.533	1.247	0.920
Urban Sanitary	0.558	0.887	0.799
Waste Recycling and Wholesale	1.973	1.338	0.710
Total	24.263	25.652	25.516

Case

Topic	Action	Value
The Taiyuan Branch completed the first energy management contracting income factoring transaction.	In May 2013, the Branch issued RMB 10 million energy management contracting factoring to the Shanxi Huanyu Energy Saving Technology & Service Co., Ltd. The term of the	The action was in line with the nation’s appeal to build an environmentally friendly economy. It also set a brand new financing channel for

	factoring is three years. It's the first business of its type.	asset-light SMEs.
The Jinan Branch completed the largest AFD loan.	The Branch issued a RMB 320 million loan to the Jinan Public Transportation Company to purchase new energy vehicles. The complementary fund from the AFD was EUR 2 million. This is by far the largest AFD loan in the Bank.	It's the Branch's first green loan to the transportation industry. It symbolized a huge step in promoting new energy in the public transportation sector.
The Nanchang Branch facilitated the merger of two energy saving and environmental protection companies.	In October 2013, the Branch issued RMB 55 million to facilitate the merger of CECEP Environmental Protection Investment Development (Jiangxi) Co., Ltd with Jiangxi Lattice Lighting Co., Ltd.	The merger would contribute to energy saving, emission reduction, environmental protection and comprehensive utilization of resources. It's of great social benefit.

4.3.4 Enhance training on green finance

Since 2008, two head office–level training sessions and symposiums have been held, with total attendance of over 4,000 management from all levels; product managers, risk managers, compliance managers and customer managers. So far, green finance teams have been set up in the head office and in branches. They provide a professional service and are the foundation for rapid development of green finance business. The fundamentals of green finance have been added in the qualification tests for customer managers, which are a determinant of the promotion of these individuals. By organizing symposiums and forums, the Bank has exchanged with companies on energy conservation and emission reduction policies and their implications, and provided the companies with related dynamic information, cases and financial instruments. Its efforts have led to over 16 million companies and individuals participating in energy conservation and environmental protection.

4.3.5 Take the initiative in applying international standards

The Bank actively joins environmental organizations and enhances its cooperation with the International Financial Company (IFC) and AFD. It has cooperated with the IFC under a loss-sharing mechanism to issue loans for small and medium-sized energy efficiency projects. To be

considered for the loans, the projects need to demonstrate that they will save 10% of the energy and abide by the national laws on protecting the environment, safety and social order. The campaign will help enterprises gain a stronger sense of energy conservation and environmental protection. The ADB building energy conservation loan is the first of its kind in China. The WB building energy conservation lending project provides low-interest loans to build a national demonstration zone of low-carbon building and energy conservation. The cooperation with IFC and AFD have enabled the Bank to provide financing services for 53 green projects, among which 19 are financed through AFD green intermediary loans, and 34 IFC energy efficiency loans.

4.4 Environmental Friendliness

In 2013, the Bank continued to strengthen investment in electronic banking in the areas of self-service banking, online banking, mobile banking, call centre, and electronic bank statements and leveraged its financial resources to build green channels. In 2013, the percentage of electronic channel transactions was 79.56%, significantly lowering the transaction cost to clients, as well as the environment and energy cost.

Figure 6 Percentage of Credit Card E-Statement

Year	Number of Statements for the year	Number of E-Statements	Percentage of E-Statements (%)
2013	28,598,221	12,497,756	43.7%
2012	22,602,512	8,548,624	37.82%
2011	18,620,621	5,805,428	31.18%

Table 24 E-Banking Statistics

Items	Number of customers(' 0, 000)			Number of transactions (' 0, 000)			Transaction amount (RMB' 0, 000)		
	2011	2012	2013	2011	2012	2013	2011	2012	2013
Net Banking	436.0	685.8	977.3	22,836.0	27,504.9	46,283.3	754,482,022.0	938,092,472.5	2,485,489,308.4
Self-Service Banking	/	/	/	10,069.0	10,898.0	11,546.1	15,088,671.0	17,943,524.0	20,824,484.9

Telephone banking	/	/	/	1,656.0	3,446.0	9,200.0	1,185,600.0	629,400.0	785,400.0
Mobile phone banking	43.7	124.7	316.2	37.8	602.7	2,807.3	411,759.51	996,731.22	15,070,282.7
Total	/	/	/	34,598.88	42,451.6	69,836.7	771,168,052.5	957,662,127.7	2,522,169,476.0

Case:

In December 2013, the charity project “SPDB E-Bill, Let Love Fly” was launched by the Bank and Beijing Yongyuan Foundation, a charity organization. The theme of the project was to realize the dreams of poverty-stricken children while promoting e-billing. The purpose was to advocate environmental protection, pool together the enthusiasm of cardholders, and contribute to society. The project worked like this: when a SPD Bank credit card owner replaced their paper bill with e-billing, they obtained a dream ticket and could use the ticket to help an impoverished child to realize a dream. For each dream ticket, the Bank donated one RMB to the Beijing Yongyuan Foundation. The project was launched on the SPDB Credit Card Website and the WeChat. It triggered a positive response from customers.

Case: The Bank participated in the Earth Hour activity for the fifth year.

On March 23 2013 the landscape lamps on the outer wall of the head office building in Shanghai were shut down for one hour, from 8:30 p.m. to 9:30 p.m. All the outlets shut down their outdoor signboards and LED advertisement boards if possible. This was the fifth year that the Bank took part in the Earth Hour activity. It showed the Bank’s commitment to environmental protection. By participating in the activity the Bank contributed to low carbon economy and the construction of a conservation-minded society.

The branches, such as the Dalian Branch, also participated in the activity. At 8:30 p.m. March 23 the advertisement boards, LED boards and neon lamps of all the outlets of the Dalian Branch were shut down, such as the outlets at the Dalian Xinghai Square, Wuyi Square, Zhongshan Square, Bayi Road Square and Minzhu Square. This was the Branch’s contribution to low-carbon economy and environmental

protection. It helped build a conservation-minded society with its actions.

2014 SPD Bank Corporate Social Responsibility Guidelines

	Responsibility Areas	Guidelines for 2014
Economic Responsibilities	National Economy and People's Livelihoods	Implement the State's macro regulation policies, and drive the industrial and economic structural upgrade, support real economy, pay attention to issues relating to people's livelihood, and support strategic emerging industries. Also, continue to increase credit to support the development of Western regions, industrial revitalization in the North-Eastern regions, construction of Xinjiang, etc.
	Inclusive Financial Services	Promote financial benefits to all through increased lending support to SMEs, agriculture, rural areas & farmers, culture & media, education, health care, poverty alleviation projects, etc.
	Quality Services	Streamline the service system, improve service processes, enhance communication with clients, and increase customer satisfaction.
	Financial Innovation	Focus on product and service innovation to enhance customer satisfaction.
Social Responsibilities	Staff Career Development	Improve channels for building staff participation in the Bank's management decision-making process, expand staff development channels, improve career development options, enhance working conditions, improve compensation and benefits system, and protect people's basic rights and interests.
	Financial Education	Discharge responsibilities in warning customers of risks associated with financial products and services, and place a special focus on educating customers on financial services.

	Charity and Public Welfare	Promote charity innovation, combine charity work with business development, and combine “Sunshine Charity” public welfare fund custody services with the Bank’s donation management system. Continue to promote charity work in connection with financial education, environment protection, poverty alleviation and aid to handicapped people, and promote volunteer activities.
Environmental Responsibilities	Saving Energy and Environmental Protection	Pay attention to environmental protection, climate change and biodiversity public welfare projects, implement green office activities and environmentally friendly procurement, and strive for the gradual reduction of energy consumption per capita.
	Green Finance	Increase support to green economies, including energy-saving, emission reduction, recyclable economies and environmentally friendly industries, develop core competitiveness based on green credit. Also, continue to invest in green credit innovation, promote business transformation to a low-carbon bank and endeavour to become a leader in domestic carbon trading services.
	Environmental Friendliness	Improve availability and promote the use of electronic banking and improve sustainable development activities.

English Translation for Reference Only

Independent Assurance Report

To the Directors of Shanghai Pudong Development Bank Co., Ltd.

We have been engaged by the Directors of Shanghai Pudong Development Bank Co., Ltd. (the “Bank”) to perform a limited assurance engagement on the selected key data as at 31 December 2013 and for the year then ended as defined below in the 2013 Corporate Social Responsibility Report (the “CSR Report”).

Directors’ responsibilities

The Directors are responsible for the preparation and presentation of the selected key data in accordance with the basis as set out in the CSR Report’s Preparation Principles, the definitions of the key data in the CSR Report (the “basis of reporting”). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the selected key data; and making estimates that are reasonable in the circumstances¹.

Practitioner’s responsibilities

Our responsibility is to express a conclusion on the selected key data in the CSR Report based on our work performed. We report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our work on the selected key data in accordance with the International Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information”. This Standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance as to whether any matters have come to our attention that causes us to believe that the selected key

¹ Shanghai Pudong Development Bank Co., Ltd is responsible for its website, and we do not accept responsibility for any changes that may have occurred to the reported subject matter information or criteria since they were initially presented on the website.

data as at 31 December 2013 and for the year then ended in the CSR Report is not prepared in all material respects with the basis of reporting.

The selected key data of the Bank within the 2013 CSR Report that is covered by this report is as follows:

- Small and medium-sized enterprises loan balance
- Timeliness of customer's complaint handling (%)
- Satisfaction rate on customer's complaint handling results
- Total spending on employee training
- Donations
- Loan balance on energy saving projects
- Reduction of loans to high-energy consumption and high-pollution industries
- Percentage of electronic channels transactions
- Environmental Impact Assessment compliance rate for loans
- Number of new bank outlets
- Number of video conferences
- Social contribution value per share

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. The procedures selected depend on the practitioner's judgment, including the assessment of the risks of material non-compliance of the selected key data in accordance with the basis of reporting.

Approach, scope and limitation of work

Within the scope of our work, we have performed the following procedures in the Headquarter of the Bank in Shanghai:

- (i) Interviews with management and personnel in the Departments involved in providing information for inclusion in the CSR Report in relation to the selected key data; and
- (ii) Analytical procedure;
- (iii) Examination, on a test basis, of documentary evidence relating to the selected key data on which we report;

- (iv) Recalculation; and
- (v) Other procedures deemed necessary

Our work is limited to the selected key data as of 31 December 2013 and for the year then ended in the CSR Report. We have not performed any procedures over other data included in the CSR Report for 2013, nor have we performed any procedures on data of or prior to 2012. In addition, our work performed is not for the purpose of expressing an opinion on the effectiveness of the Bank's internal controls.

Conclusion

Based on the limited assurance work which we have performed, nothing has come to our attention that causes us to believe that the selected key data as at 31 December 2013 and for the year the ended has not been prepared, in all material respects, in accordance with the basis of reporting.

PricewaterhouseCoopers Zhong Tian LLP
Shanghai, China
18 March 2014

Definition of Key Data

1. **Small and medium-sized enterprises loan balance**

The small and medium-sized enterprises loan balance follow the definitions from the Notice on the Categorization of Small and Medium-Sized Enterprises (the Ministry of Industry and Information Technology [2011] No.300) jointly issued by the Ministry of Industry and Information Technology, the National Bureau of Statistics, the NDRC, and the Ministry of Finance. This is also the same definition provided by the CBRC.

2. Timeliness of customer complaint handling (%)

It refers to the percentage of complaints addressed within the time limit.

3. Satisfaction rate on customer complaint handling results

It refers to the ratio of complaints response with which the clients are satisfied to the response of all effective complaints (all customer complaints – complaints that the initiators cannot be reached or the customers do not require response to).

4. Total spending on employee training

It refers to the expense on bank-wide internal and online training programmes.

5. Donations

According to the “Law of the People’s Republic of China on Donation for Public Welfare Undertakings” and other relevant requirements, SPD Bank has donated money for charity organizations and events that are dedicated to activities such as education assistance, financial difficulties assistance, poverty alleviation environmental protection and disaster reliefs. Only donations made by the Head Office from its own administrative appropriations are included. The donations made by employees or awarded by local government are not included.

6. Loan balance on energy saving projects

It refers to loans used for project pertaining to green energy, sewage treatment and recycling, green city management, urban environment and health management, recycling and whole sale of renewable materials, and water pollution control.

7. Reduction of loans to high-energy consumption and high-pollution industries

It refers to loan balance difference between 2013 and 2012 from 4 industries, namely the non-metallic mineral industry, ferrous metal smelting and rolling processing industry, chemical materials and chemical

products manufacturing, and non-ferrous metal smelting and rolling processing industry.

8. Percentage of electronic channels transactions

It refers to the proportion of successful transactions made in e-channels (including online banking, mobile banking and phone banking) in the total successful transactions of the year.

9. Environmental Impact Assessment compliance rate for loans

Percentage of loans extended for construction projects that are complete and abide by the relevant environmental laws and regulations, such as “Environmental Impact Assessment Law”, “Circular on Examination and Approval of Environmental Impact Assessment of Construction Projects” (Decree No. 5 by the Ministry of Environmental Protection), “Circular on Categorization Directory Management of Environmental Impact Assessment of Construction Projects” (Decree No. 2 by the Ministry of Environmental Protection).

10. Number of new bank outlets

It covers the head office, first level branches, second level branches, inter-city and intra-city sub-branches, community sub-branches, small and micro-branches.

11. Number of video conferences

It refers to conferences held among the users in two or more locations through TV or phones, which transmit the voice and image in real time.

12. Social contribution value per share

The indicator refers to the value the Bank created for the shareholders in the form of basis earning per share, for the Country in the form of tax, for its employees in the form of salary, for the creditors, such as the other banks, in the form of interest, and for the society in the form of donations.

The formula is as follows:

Social contribution value per share=basis earning per share+
(tax+employee expense+welfare investment)/capital stock

GRI Index

GRI	G4	Index
	Strategy and Analysis	
1	Statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	P4
2	Description of key impacts, risks, and opportunities.	P11
	Organizational Profile	
3	Name of the organization	P3
4	Primary brands, products, and services	P3
5	Location of the organization's headquarters	P3
6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	P3
7	Nature of ownership and legal form	P3
8	Market served	P3
9	Scale of the organization	P3
10	The total number of employees by employment contract and gender	P3
11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	P7-P8
15	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	
	Stakeholder Engagement	
24	List of stakeholder groups engaged by the organization	P13-P14
25	Basis for identification and selection of stakeholders with whom to engage	P13-P14
26	The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	P12
27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. List the stakeholder groups that raised each of the key topics and concerns.	P12
	Report Profile	
28	Reporting period of information provided	P1
29	Date of most recent previous report	P1

30	Reporting cycle	P1
31	Contact point for questions regarding the report or its contents	P1
32	a. Report the ‘in accordance’ option the organization has chosen. b. Report the GRI Content Index for the chosen option (see tables below). c. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be ‘in accordance’ with the Guidelines.	P1
33	Information related to the external assurance of the report	P1,P69-P73
	Governance	
34	Governance structure of the organization, including committees of the highest governance body	P9-P10
35	Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	P8
36	Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	P7-P8
37	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics.	P9
38	Composition of the highest governance body and its committees	P9-P10
42	Highest governance body’s and senior executives’ roles in the development, approval, and updating of the organization’s purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	P8
49	Process for communicating critical concerns to the highest governance body	P11
50	Nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them	P9
	Ethics and Integrity	
56	Organization’s values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	P8
57	Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines	P11-P12
58	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	P11-P12
	Economic	

EC1	Direct economic value generated and distributed	P5-P6
EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	P45
EC7	Development and impact of infrastructure investment and services supported	P24-P26
EC8	Significant indirect economic impacts, include the extent of impacts	P19-P30
	Environmental	
EN2	Percentage of materials used that are recycled input materials	P61
EN3	Energy consumption within the organization	P61-P62
EN4	Energy consumption outside of the organization	P63
EN5	Energy intensity	P62
EN6	Reduction of energy consumption	P62
EN7	Reductions in energy requirements of products and services	P61-P62,P67-P68
EN8	Total water withdrawal by source	P68
EN10	Percentage and total volume of water recycled and reused	P67
EN23	Total weight of waste by type and disposal method	P67
EN27	Extent of impact mitigation of environmental impacts of products and services	P67-P68
EN28	Percentage of products sold and their packaging materials that are reclaimed by category	P61
EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	P61-P62
EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	P60-P61
	Social	
LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	P45
LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	P45-P46.P49
LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	P49
LA8	Health and safety topics covered in formal agreements with trade unions	P49
LA9	Average hours of training per year per employee by gender, and by employee category	P46-P47
LA10	Programs for skills management and lifelong learning that support the continued employability of employees and asset them in managing career endings	P46-P48
LA12	Composition of governance bodies and breakdowns of employees per employee category according to gender, age	P45

	group, minority group membership, and other indicators of diversity	
LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	P45
HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	P46
SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	P58
SO4	Communication and training on anti-corruption policies and procedures	P58
SO5	Confirmed incidents of corruption and actions taken	P58
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	P58
SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	P40
PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	P37-P40
PR4	Total numbers of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	P37-P40
PR5	Result of surveys measuring customer satisfaction	P40

Reader's Feedback Form

Thank you for reading the SPD Bank Corporate Social Responsibility Report 2013, the ninth report of the Bank. SPD Bank was the first commercial bank to issue a corporate social responsibility report in China.

To help us better meet your needs and provide you and stakeholders with relevant information and encourage you to monitor our corporate social responsibility work, we sincerely hope that you can provide us with your feedback so that we can enhance our social responsibility capability and standard.

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1. Overall, the SPD Bank Corporate Social Responsibility Report 2012 is satisfactory.
☐ Strongly Agree ☐ Agree ☐ Neutral
2. The Bank's work in practicing economic responsibilities is satisfactory.
☐ Strongly Agree ☐ Agree ☐ Neutral
3. The Bank's work in practicing social responsibilities is satisfactory.
☐ Strongly Agree ☐ Agree ☐ Neutral
4. The Bank's work in practicing environmental responsibilities is satisfactory.
☐ Strongly Agree ☐ Agree ☐ Neutral
5. The Report gives a satisfactory representation of the Bank's influence on the economy, society and environment through its CSR practices.
☐ Strongly Agree ☐ Agree ☐ Neutral
6. The Report gives a clear, accurate and complete representation of the information, data and indicators.
☐ Strongly Agree ☐ Agree ☐ Neutral
7. The Report is readable in terms of content and format.
☐ Strongly Agree ☐ Agree ☐ Neutral
8. Your opinions and recommendations for improvement in relation to the SPD Bank's CSR work and report:

Thank you for the candid feedback and your time!