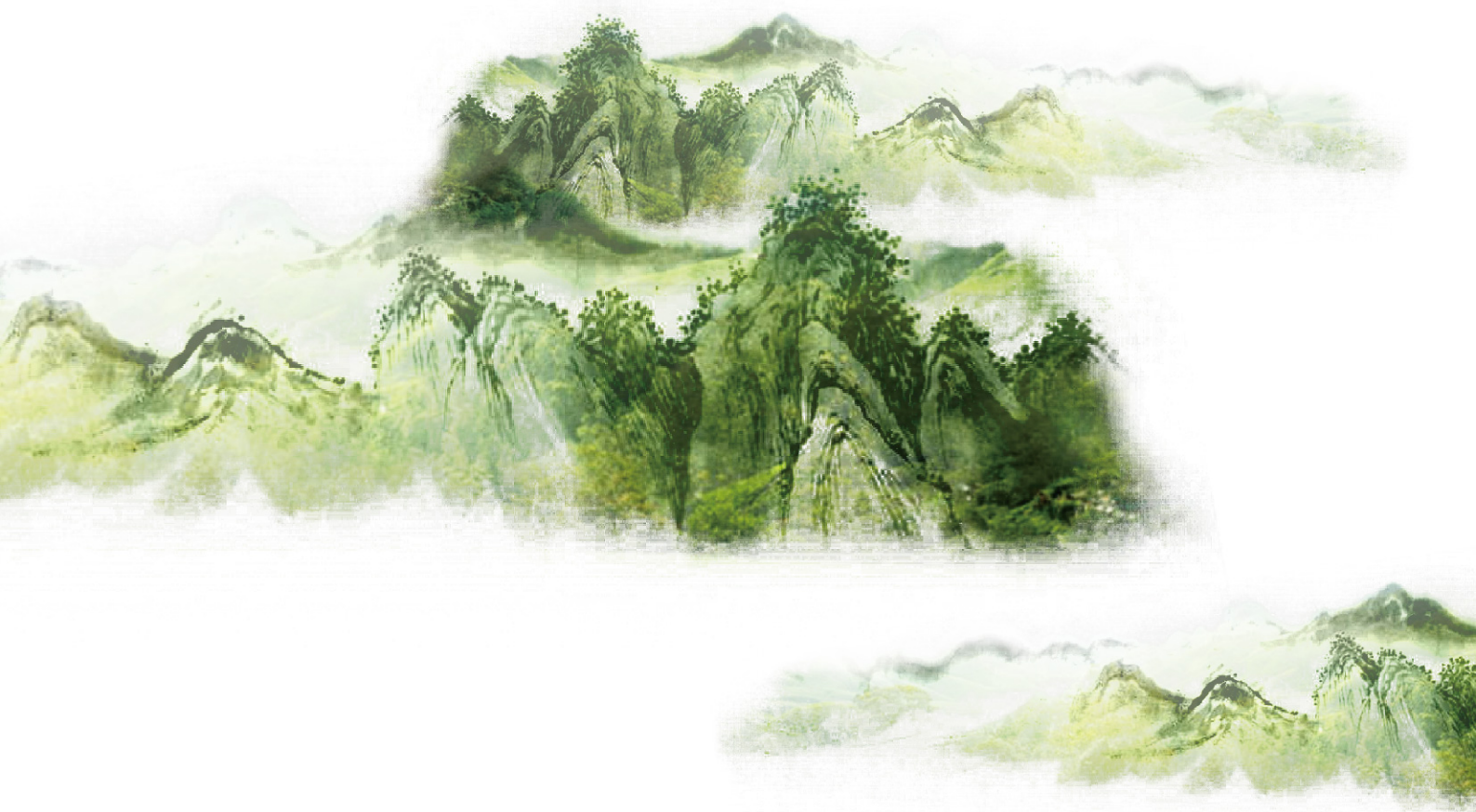




中信銀行
CHINA CITIC BANK



2017 CHINA CITIC BANK CORPORATION LIMITED
Corporate Social Responsibility Report

Preparation Explanation

The 2017 Corporate Social Responsibility Report of China CITIC Bank Corporation Limited is hereinafter referred to as "the Report". China CITIC Bank Corporation Limited is hereinafter referred to as "the Bank". China CITIC Bank Corporation Limited and its subsidiaries are hereinafter referred to as "the Group"¹.

The subsidiaries of China CITIC Bank Corporation Limited include: Zhejiang Lin'an CITIC Rural Bank, CITIC Financial Leasing Co., Ltd., CITIC International Financial Holdings Limited, China CITIC Bank (Hong Kong) Investment Limited (formerly known as "China Investment and Finance Limited") and CITIC aiBank Corporation Limited.

Preparation Basis

The basis for preparation of the Report includes *the Opinions on Strengthening Social Responsibilities of Banking Financial Institutions* promulgated by the China Banking Regulatory Commission ("CBRC" hereinafter), the *SSE Guidelines on Environmental Information Disclosure of Listed Companies*, *Guidelines on Preparation of Report on Company's Fulfillment of Social Responsibilities* and relevant notifications released by the SSE.

The Report was prepared in accordance with the index systems as detailed in the *Guide of Report on Sustainable Development (4th Version) (G4)* issued by the Global Reporting Initiative ("GRI" hereinafter) and ISO14064-1.

The Report was prepared with reference made to the *Guidelines on Corporate Social Responsibilities of Banking Financial Institutions* promulgated by the China Banking Association ("CBA" hereinafter) and *GB/T36001-2015 Guide on the Preparation of Social Responsibilities Report*.

Preparation Method

The work process related to preparation of the Report was based on the *Measures of China CITIC Bank for Management of Social Responsibility Reporting* and work approach was based on the Information Management System for Social Responsibility Reporting of the Bank.

Information about the Board of Directors, the Board of Supervisors, corporate governance and risk management information and financial data in the Report were sourced from the 2017 Annual Report (A Share) of the Group. For the purpose of the Report, denomination currency is "Renminbi" and "as at the end of the year, as at the end of the reporting period" refers to "as at 31 December 2017".

The reporting period of the data and statements disclosed in the Report is identical with those of the Report (unless otherwise specified). Methodologies for collection of data, statements and cases disclosed in the Report are made through the online information management system. All data mentioned in the Report relating to the previous reporting period are basically consistent with those disclosed in the previous report of the Bank. In the event of data adjustment, explanations thereof are provided in corresponding sections of the Report.

The Report was written in the Simplified Chinese. The English version was translated based on the Simplified Chinese version. In case of any discrepancies among the versions, the Simplified Chinese version shall prevail.

Preparer of the Report

The Report was prepared by the Culture, Labor Union Office & Security Department of China CITIC Bank Corporation Limited located in No.9 Chaoyangmen Beidajie, Dongcheng District, Beijing.

Reporting Period

The reporting period, as covered by the Report, ranges from 1 January 2017 to 31 December 2017 (unless otherwise specified), coinciding with that of the annual report. The time ranges of the statistics regarding the statements, data and cases of the Group/the Bank as mentioned in the Report coincide with those of the Report.

Responsibility of the Report

The Report was deliberated and adopted by the Board of Directors, the Board of Supervisors and the senior management of the Bank. The Board of Directors and all directors of the Bank guarantee that the information contained herein does not include any false records, misleading statements or material omissions, and assume several and joint liabilities for its truthfulness, accuracy and completeness.

Assurance of the Report

PwC Zhong Tian LLP has carried out independent limited assurance of the Report and produced its independent assurance report thereof (refer to the relevant annex of the Report).

Publication of the Report

The Simplified Chinese version of the Report is released in the three forms of interim announcement, printed hardcopy and PDF electronic edition. The English version of the Report is published in PDF electronic form only. The interim announcement (the Simplified Chinese version) is released at SSE. Hardcopies (the Simplified Chinese version) are distributed to the public via outlets of the Bank, by postal service or at related events. The PDF electronic edition (the Simplified Chinese version and the English version) is made available on the official website of the Bank (<http://www.citicbank.com/>).

The Bank has officially published its social responsibility report once a year as of 2008. The Report is both the 10th social responsibility report officially published by the Bank and the 9th social responsibility report officially published by the Bank after independent assurance by a third party.

¹ Data of "the Group" in the Report did not include CITIC aiBank Corporation Limited.

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Chairperson's Statement

In 2017, the Bank firmly carried out the decisions and arrangement of the Central Committee of the CPC and the State Council and earnestly implemented regulatory requirements. It fully performed the economic responsibility, environmental protection responsibility and social responsibility, with the comprehensive competitiveness further improved.

Accomplishing the "Three-year Strategic Plan"

The past three years were three eventful years in the development course of the Bank. In the face of complicated changes as China's economy entered the period of new normal, the Bank sized up the situation and formulated the 2015-2017 strategic plan. Over the three years, bearing consensus in mind, the entire Bank persistently pressed ahead with all work and accomplished its strategic targets and tasks, finding a development path compatible with the new normal of economy and the market-based financial reform. Compared with the end of 2014, the entire Bank registered total assets of RMB 5.68 trillion, at a compound growth rate of 11.1%, and achieved an operating income of RMB 156.708 billion, at a compound growth rate of 7.9%. Among

the "Top 1,000 World Banks" published by the British Magazine *The Banker*, the Bank ranked the 25th in terms of tier-one capital, up 12 notches compared with 2014, and was awarded "Bank of The Year China" for the first time.

Over the three years, the Bank better connected transformation of development modes with change of dynamics under the new normal and promoted capital-light, asset-light and cost-light development. Proportion of retail operating income was accumulatively increased by 14.5 percentage points, proportion of net non-interest income increased by 12.4 percentage points and cost-income ratio decreased by 0.4 percentage point. The business pattern of the entire Bank was further harmonized. The Bank prioritized proactive prevention and mitigation of risks and actively promoted the risk management system reform. With multiple measures taken in risk culture building, joint prevention and control with three defense lines, credit structural adjustment, non-performing asset operation and internal control & compliance management, it ramped up on provisions and NPL write-off, with the provision/loan ratio accumulatively increased by 0.48 percentage point. Development of the entire Bank was more

prudent and risk-resistant ability was further enhanced.

Actively Serving the Belt and Road Initiative

The Bank always followed the trend, and firmly practiced national strategies. It closely followed the course of Renminbi internationalization, actively expanded market along the Belt and Road and provided Chinese enterprises that "go global" with all-round financial support to help them with cross-border trade, capital markets and engineering construction. Within the reporting period, the Bank successfully developed a group of cross-border merger & acquisition projects with wide market influence such as acquisition of Syngenta AG by China National Chemical Corp. It actively got engaged in management of the Belt and Road Foundation of CITIC Group and made investment mainly in five sectors such as rail transit, shanty town renovation, new countryside construction and ecological culture. Subsidiaries of the Bank initiated establishment of the USD 500 million Belt and Road Foundation in Hong Kong for investment in capital construction, energy, transport, finance and consumption in China and ASEAN countries.

Fully Implementing Policies on Inclusive Finance

Committed to the concept of inclusive finance, the Bank explicitly proposed greater favor to inclusive financial sectors such as small and micro businesses, "agriculture, farmer and rural area" and poverty alleviation. Within the reporting period, the Bank set up Inclusive Finance Leading Group headed by me, formulated the inclusive financial development plan and accelerated to realize concentrated review, approval, loan extension and post-loan management through "implementation in pilot areas first step by step". Focused on financial service for small and micro businesses as priority of inclusive finance, the Bank allocated special credit for the corporate customers, set up 28 dedicated institutions for small enterprises and strictly carried out the "no less than" policy requirements in three aspects for granting loans to small and micro businesses. By the end of the reporting period, the Bank's balance of loans to the businesses grew by 9.73%, among which balance of loans to micro businesses grew by 27.64%.

The Bank strictly practiced the policy requirement of financial charge reduction and profit sharing and further expanded the reduction and exemption scope of service charges. For instances, it exempted personal RMB remote deposit/withdrawal fees and transfer fee via the Bank, exempted promissory note and bank draft fees, loss reporting fee and card issuing fee and exempted account management charge (including petty account management charge) of corporate customers.

The Bank strived to improve coverage, availability and satisfaction of inclusive finance by expanding the coverage of outlets and constantly improving e-banking services. It provided customers with offline financial service in 142 large and medium-sized cities and on this basis, offered more customers financial and non-financial services via multiple channels such as mobile banking. By the end of the reporting period, number of mobile banking customers of the Bank increased by 39.53%, transaction value of mobile banking grew by 55.52% and number of personal online banking users climbed by 19.18%.

Pressing ahead with Precision Poverty Alleviation through Finance

Paying great attention to poverty alleviation, the Bank actively implemented precision poverty alleviation through finance, formulated the "13th five-year plan" on the work and took a series of measures such as enhancing credit support and improving the product system. By the end of the reporting period, the Bank's loan balance for precision poverty alleviation through finance reached RMB 4.225 billion, up 50.62%. Moreover, it continued to donate RMB 7 million to targeted poverty alleviation in Tibet, Gansu and Xinjiang and sent managers to local areas for precise implementation and actual effect.

The Bank has established a complete system in poverty alleviation through education and realized all-round support for poverty-stricken students from primary school and middle school all the way to college. It cooperated with education foundations of higher education institutions to provide aid for college students in poverty, worked with China Foundation for Poverty Alleviation to launch the "CITIC BankNew Great Wall High School Class" program and offered subsidy to primary school students in impoverished areas throughout the year. Within the reporting period, the Bank input RMB 10 million to initiate the "Convoy Plan" together with China Children and Teenagers Foundation to offer minor students studying overseas exclusive banking service, cultural identity cultivation service and safety rescue service, so as to improve their cultural awareness and cultural confidence.

Comprehensively Promoting Building of Corporate Culture

2017 was the last year of the Bank's three-year plan on corporate culture building. Over the past three years, adhering to the principles in the CITIC corporate culture, the Bank preliminarily constructed the "Five-in-One" corporate culture building system covering cultural mechanism, cultural team, cultural carrier, cultural demonstration and cultural brand and carried out "Five Projects" including "Imprint on Mind, Imprint on Heart, Benchmark, Atmosphere and Responsibility". By doing so, it carried forward positive energy, stimulated vitality and played the role of enhancing cohesion. In the early 2018, the Bank released the Corporate Culture Manual 2.0, in which it

stressed the leading role of Party building culture and highlighted the centric position of customers. It also identified the vision of "To become the best provider of comprehensive financial services which is responsible, warm, characteristic and has dignity", the mission of "seek value for customers, happiness for employees and benefits for shareholders, and assume due responsibilities to the society", the core values of "Customer Focus, Trust, Innovation, Collaboration, Excellence" and the brand slogan of "Integrity and Intelligence Lead to Prosperity".

The Bank cared for personal development and physical and mental health of its employees and provided the entire staff with smooth career development paths and all-round occupational security, including the mature assessment, training and career system and the occupational security system consisting of "five social insurances and one housing provident fund" and voluntary enterprise annuity. It adhered to gender equality and equal pay for equal work and safeguarded employees' legitimate rights and interests such as appeal, labor and rest, trade union membership and special rights and interests of women.

In 2018, the Bank will remain true to its original aspiration, keep its mission firmly in mind, continue to combine its own development with performance of social responsibility and strive to grow into the best provider of comprehensive financial services which is responsible, warm, characteristic and has dignity, so as to contribute to comprehensive building of a moderately prosperous society.

Chairperson and Executive Director

Li Qingping

26 March 2018



President's Statement

In 2017, led by the thought on socialism with Chinese characteristics for a new era and guided by the new strategic plans, the Bank upheld the value concept of "performance of social responsibility, pursuit of sustainable development" and comprehensively introduced the mindset of social responsibility management in its operation and management. It made substantial efforts that proved effective, achieved admirable performance, implemented the social responsibility target of "a green bank, a people's bank, a charitable bank, a trustworthy bank, a valuable bank of value and a bank with a great brand" and promoted harmonious sustainability featuring economic development, social advance and environmental friendliness.

The Bank paid great attention to communication on social responsibility, conducted questionnaire surveys among stakeholders and understood concern of the public about the topic, laying a solid foundation for better performing its social responsibility. Meanwhile, the Bank adopted active and effective measures to earnestly respond to will and appeal of all stakeholders in time and strengthened social responsibility management. It

truthfully and responsibly disclosed social responsibility information and continued to hire the third-party institution to conduct assurance of the important statements, key data and cases in the Report, so as to make the Report more credible.

In 2017, the Bank proactively supported the Belt and Road Initiative, "coordinated development of the Beijing-Tianjin-Hebei region" and the "Going Global" strategy and especially facilitated emerging industries of strategic importance and manufacturing upgrade projects related to the "Made in China 2025" plan. It supported development of industries concerning social undertakings and people's livelihood, facilitated real economy, optimized loan structure of regional economy, innovated in service for small and micro businesses and maintained stability of national financial order. While reaping social benefits, the Bank also realized constant improvement of economic value. By the end of the year, the Bank recorded net profit attributable to shareholders of RMB 42.566 billion, total assets of RMB 5,677.691 billion, a capital adequacy ratio of 11.65%, a provision coverage ratio of 169.44% and an NPL ratio of 1.68%.

Cherishing a "customer-centric" service philosophy, the Bank made efforts to provide customers with further enriched financial products and thoughtful financial service. In 2017, the Bank further improved management of protection of consumers' rights and interests, safeguarded safety of customer fund and information through enhancing information technology and improving customer service abilities, and augmented safety guarantee of outlets. It also standardized service processes, proactively bettered service, optimized service channels, innovated in services and products and improved e-banking services to further elevate its service quality and customer experience. By the end of the year, the Group organized nearly 8,000 customer activities of various kinds and around 66,000 person times of employees provided consultation service for roughly 4,215,700 person times of customers. The Bank put into operation 1,435 outlets and 9,295 sets of self-service equipment and made over 23 million service calls to customers. Its wealth management products created direct benefits of RMB 45,656 million for the buyers.

Fully recognizing the fundamental role of employees, the Bank offered employees sufficient basic benefits, rational plans for career development and professional training, responded to employees' appeal and safeguarded employees' rights and interests. It established a complete benefit security system, upheld equal pay for equal work, attached great importance to protection of employees' legitimate rights and interests such as right to appeal, rights and interests of trade union, rights and interests of labor and rest and rights and interests of women, cared for employees' physical and mental health and was concerned about their life. By the end of the year, the Bank had 53,346 employees, among whom female ones accounted for 53.08%, those of ethnic minorities reached 2,433 and those with bachelor degree or above accounted for 92.06%. Input into trainings totaled RMB 80 million, with the trainings covering over 600,000 person times of employees. Voluntary physical check-ups were offered to around 47,600 person times. 100% of the Bank's contracted employees joined trade union; 40 institutional units established the system of workers' congress and 40 units signed collective contracts on special protection of female employees.

The Bank actively carried out the national policy of precision poverty alleviation through finance and ramped up its support to the designated areas. It launched targeted poverty alleviation projects in and sent managers to Tibet, Gansu and Xinjiang and expanded the aid scope of "CITIC Bank • New Great Wall High School Class" program of poverty alleviation through education. Meanwhile, the Bank actively rendered financial service of warmth, joined the "Convoy Plan", segmented support service for the blind and the disabled and gave care to the elderly and other special customer groups. It also continuously organized events for popularizing financial knowledge to the public and various volunteer activities. By the end of the year, donations to various projects in poverty alleviation, educational aid, disaster relief and support of vulnerable groups amounted to RMB 29.743 million and donations by employees were RMB 1,311,200. Amount of tax totaled RMB 24.232 billion and social contribution per share stood at RMB 4.37. The Bank's balance of loans for precision poverty alleviation through finance was RMB 4.225 billion, fund donations for poverty alleviation reached RMB 15,177,700 and 41 managers were sent to villages for the work. The Bank organized 164 volunteer activities, which were participated by around 3,100 person times of employees.

In its active response to the impact of climate change, the Bank engaged in the cause of green credit by clarifying credit extension policies, identifying environmental and social risks, ramping up loans for green credit, strictly controlling loans to industries with high energy consumption and high pollution and issuing green bonds. Focus was put on mobile finance to promote rapid development of e-banking. Meanwhile, the Bank advocated energy conservation and emissions reduction and drove the ability and level of carbon footprint verification to constantly improve. By the end of last year, the Bank's balance of loans granted to green credit projects was RMB 60.358 billion and balance of loans to industries with high energy consumption, high pollution and over capacity stood at RMB 45.71 billion. Transaction value of personal mobile banking reached RMB 4,232.368 billion and replacement rate of transactions by e-banking was 98.96%. A4 copy paper purchased by the Group was equivalent to 1,310.28 tons of carbon dioxide emission,

gasoline equivalent to 4,416.84 tons and electricity used equivalent to 188,500 tons.

In 2018, the Bank will uphold the mission of "seek value for customers, happiness for employees and benefits for shareholders, and assume due responsibilities to the society" and adhere to the responsibility concept. It will respond to national policies on economic development, carry out regulatory requirements of government, deepen business development transformation and strategic transformation and promote inclusive finance and green finance. While striving to become the "best provider of comprehensive financial services, which is responsible, warm, characteristic and has dignity", the Bank will promote collaborated growth of economic, environmental and social benefits in a bid to contribute to the common sustainability of all stakeholders.

Executive Director and President

Sun Deshun

26 March 2018

The Group's Profile



Founded in 1987 as the largest subsidiary of CITIC Group, the Group is among the earliest emerging commercial banks established during China's reform and opening up and China's first commercial bank participating in financing in both the domestic and international financial markets. It is renowned at home and abroad for renewing numerous track records in the contemporary Chinese financial history. Over the years, it has made positive contributions to China's economic development.

In April 2007, the Bank's A shares and H shares were listed on both the Shanghai Stock Exchange ("SSE") and The Stock Exchange of Hong Kong ("SEHK") simultaneously. In 2009, the Bank successfully acquired CITIC International Financial Holdings Limited and controlled China CITIC Bank International Limited. In 2011, the Bank successfully completed re-financing via A+H shares-rationing, laying the foundation for development at the new stage. In 2015, the Bank formulated the

three-year strategic plan and identified the strategic vision of building the "bank of offering the best comprehensive financing services". Currently, total assets of the Bank approached RMB 6 trillion. With a brand value of USD 9,479 million, it ranked the 22nd in the "Top 500 Global Bank Brands" by the *Banker* magazine in February 2017. In May, it ranked the 78th among the "Top 2,000 Global Companies" published by *the Forbes* magazine. In July, the Bank ranked the 25th in terms of tier-one capital among the "Top 1,000 World Banks" published by *the Banker* magazine. With a prudent development pace and constantly deepened reform and innovation, in November 2017, the Bank was named the "Bank of The Year China in 2017" by *the Banker* magazine.

In the context of economic new normal and market-orientation of finance, following the development vision of "To become the best provider of comprehensive financial services which is responsible, warm, characteristic and has dignity", the Bank leveraged on the unique competitive edge of CITIC Group in coordinating the development of finance and industries, built an integrated service platform and improved its unique advantage of core competitiveness.

Cherishing the fundamental role of customers, the Bank provided corporate & institutional customers with assorted financial solutions in corporate banking business, international business, financial

market business, institutional banking business, investment banking business, inter-bank business and custody business, and purveyed personal customers diversified financial products and services covering general retail banking, credit card, consumer finance, wealth management, private banking, going abroad finance and e-banking. All in all, the Bank tried its best to meet the comprehensive financial service demand of corporate and personal customers in an all-round way.

The Bank maintained 1,435 outlets in 142 large and medium-sized cities nationwide, mainly distributed in eastern coastal areas and economically developed cities in central and western areas, and had over 50,000 employees. There were London Representative Office in the United Kingdom and Sydney Representative Office in Australia. There were five subsidiaries under the Bank, namely Zhejiang Lin'an CITIC Rural Bank, CITIC Financial Leasing Co., Ltd. and CITIC aiBank Corporation Limited in the Chinese mainland, as well as CITIC International Financial Holdings Limited and China CITIC Bank (Hong Kong) Investment Limited (formerly known as "China Investment and Finance Limited") in Hong Kong. CITIC International Financial Holdings Limited's subsidiary China CITIC Bank International Limited had more than 2,000 employees at 41 outlets in Hong Kong, the Chinese mainland, Macau, New York, Los Angeles and Singapore.

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Total assets of the Bank approached RMB 6 trillion. With a brand value of USD 9,479 million, it ranked the 22nd in the "Top 500 Global Bank Brands" by *the Banker* magazine in February 2017



Key Performance Indicators

Key Performance Indicators ²

Key Performance Indicators	Unit	2017	2016
Economic Responsibility Performance			
Operating income	RMB 100 million	1,567.08	1,538.44 ³
Total profit	RMB 100 million	522.76	546.08
Net profit attributable to shareholders of the Bank	RMB 100 million	425.66	416.29
Basic earnings per share	RMB Yuan	0.84	0.85
Return on average assets (ROAA)	%	0.74	0.76
Return on weighted average equity	%	11.67	12.58
Total assets	RMB 100 million	56,776.91	59,310.50
Total liabilities	RMB 100 million	52,652.58	55,465.54
NPL ratio	%	1.68	1.69
Provision coverage ratio	%	169.44	155.50
Capital adequacy ratio	%	11.65	11.98
Social Responsibility Performance			
Taxes paid ⁴	RMB 100 million	242.32	259.52
Total donations	RMB 10 thousand	2,974.30	2,285.33
Value of social contribution per share	RMB Yuan	4.37	4.07
Outlets*	In number	1,435	1,424
Self-service terminals*	In number	9,295	10,029
Headcount*	Person	53,346	54,628 ⁵
Including: Male employees*	Person	25,030	25,539 ⁶
Female employees*	Person	28,316	29,089 ⁷
Ethnic-minority employees*	Person	2,433	2,323
Total training input*	RMB 10 thousand	8,464.19	9,181.16
Voluntary activities*	In number	164	144
Voluntary participants*	Person-time	Around 3,100	Around 4,600
Environmental Responsibility Performance			
Loan balance of green credit ⁸	RMB 100 million	603.58	396.70
Transaction value of personal internet banking*	RMB 100 million	123,758.07	114,705.39
Transaction value of corporate internet banking*	RMB 100 million	695,965.67	661,236.60
Per capita urban power consumption*	KwH	4,965.37	4,776.08
Per capita urban water consumption*	Ton	39.34	38.74
Per capita A4 Xerox paper purchase volume ⁹	Pack	9.48	8.06
Total number of account statements*	10,000 envelopes	21,400	16,058
Consumption of hardcopy account statements*	10,000 envelopes	2,087	3,286
Hardcopy-to-e-statement substitution rate*	%	90.25	79.54
Video conferences*	In number	4,818	Around 4,300

² Indicators marked with "*" in the table are data of the Bank and those without the "*" mark are data of the Group.

³ Data disclosed in last year's report was RMB 153,781 million, which is adjusted to the current one.

⁴ Data source: "Cash Flow Statement - Taxes Paid" in the annual financial report.

⁵ Data disclosed in last year's report was 54,620 persons. After caliber adjustment, the current data prevails.

⁶ Data disclosed in last year's report was 25,532 persons. After caliber adjustment, the current data prevails.

⁷ Data disclosed in last year's report was 29,088 persons. After caliber adjustment, the current data prevails.

⁸ The data is disclosed according to statistical caliber of the *Green Credit Guidelines* and the *Statistical Table of Energy-Saving and Environmental Protection Projects and Service Loans* released by CBRC, while related data disclosed in last year's report was based on statistical caliber of the *Industrial Classification for National Economic Activities (GB/T4754-2011)*.

⁹ Statistical caliber is the same as "Per capita Xerox paper purchase volume" disclosed in last year's report.

Ten-year Development of the Corporate Social Responsibility Report



2017 Corporate Social Responsibility Report of the Bank is the 10th annual corporate social responsibility report openly published by the Bank. Over the decade, the report matured and gained confidence, transformed from a brochure of enterprise image to a professional report up to international standard. The ten years of the report were the result of wisdom and will of the Board of Directors and Senior Management of the Bank, result of persistence and hard work of compilers and result selfless support and contribution of the entire staff. With great perseverance, courage for innovation and bravery for challenging new heights, the Bank made

one and another attempt to specialize, standardize and internationalize the social responsibility report, winning broad respect of the public and the industry.

Over the decade, the Bank persisted with the highest reporting standard. In the 2009 report, the Bank adopted the international GRI (G3) standard for the first time. In the 2011 report, it upgraded the standard to GRI (G3.1) and was rated A+ in the report rating review implemented by GRI for three years consecutively. In the 2015 report, it upgraded the standard again to GRI (G4). In the compilation of the report, the Bank constantly introduced other

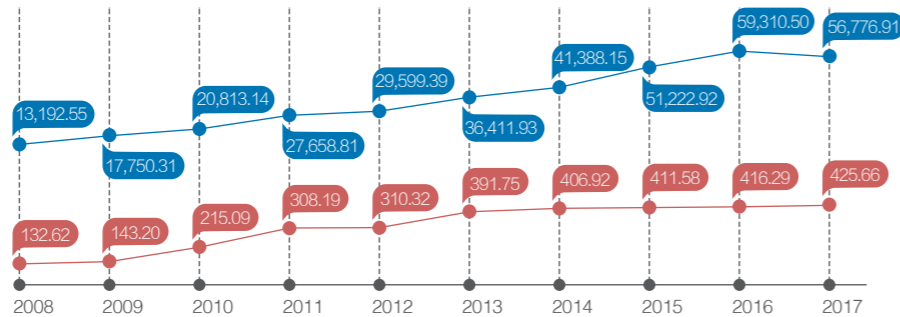
authoritative standards, diversified the indicator system and enriched the content, such as the *Guidelines on Corporate Social Responsibilities of Banking Financial Institutions* promulgated by the CBA and the *Guide on the Preparation of Social Responsibilities Report* (GB/T36001-2015) issued by China National Institute of Standardization. In terms of identification, caliber, definition and statistical collection of greenhouse gas emission, it also referred to methodology of ISO14064-1.

Over the decade, the Bank persisted with standardized management methods. It issued the interim management measures, management measures 1.0 and 2.0 on

the corporate social responsibility report and standardized the basis, principle and cycle of the report as well as the whole-process management mode covering responsibility division, compilation, assurance, approval, disclosure and evaluation. In 2015, the Bank developed and launched the Management System on Social Responsibility Report Information of China CITIC Bank and adopted digital methods to implement information collection and statistical analysis. It also upgraded the "Head Office - branches" extensive management mode to the "head office - tier-one branches - tier-two branches - sub-branches" whole-

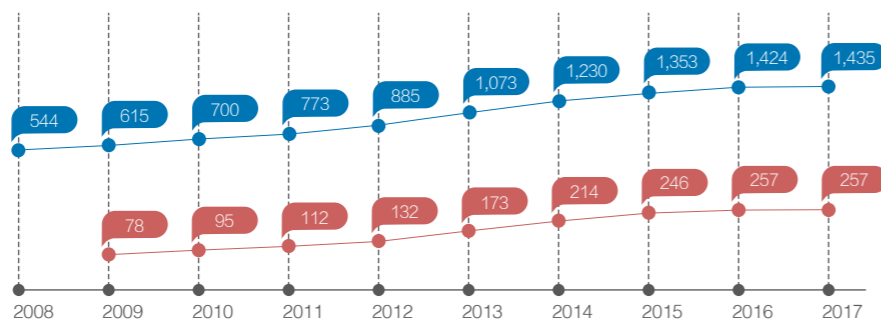
10-year development of total assets and net profit attributable to shareholders of the Bank

● Total assets (RMB 100 million)
● Net profit attributable to shareholders of the Bank (RMB 100 million)



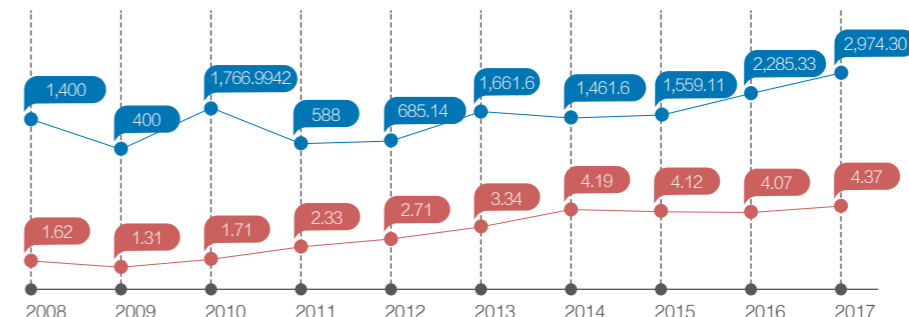
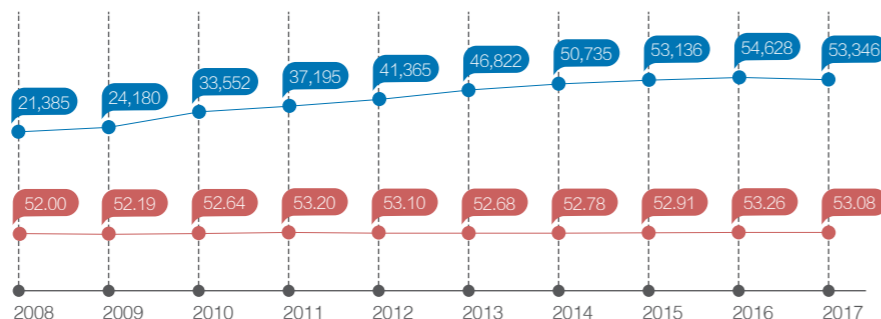
10-year development of the number of outlets and outlets in western regions

● Outlets (in number)
● Outlets in western regions (in number)



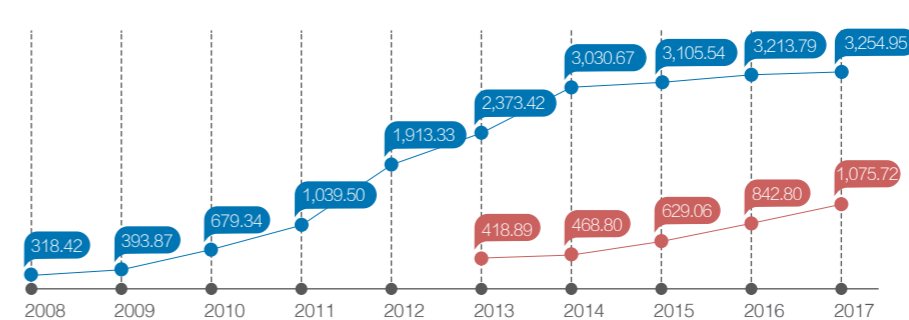
10-year development of headcount and proportion of female employees

● Headcount (person)
● Proportion of female employees (%)



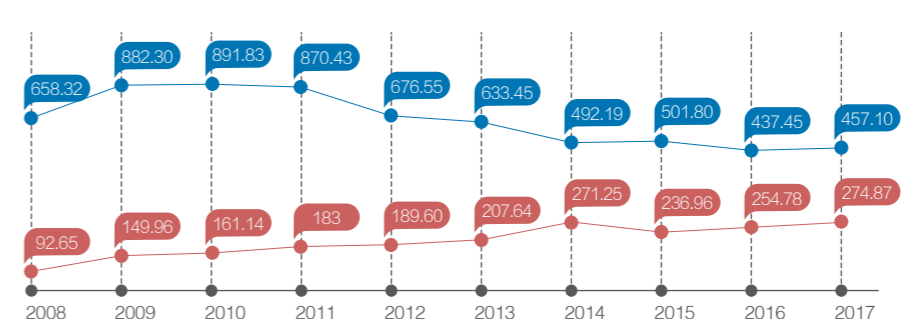
10-year development of total donations and value of social contribution per share

● Total donations (RMB 10 thousand)
● Value of social contribution per share (RMB Yuan)



10-year development of loan balance to small enterprises and 5-year development of loan balance to micro businesses

● Loans to small enterprises (RMB 100 million)
● Loans to micro businesses (RMB 100 million)



10-year development of loan balance of green credit and loan balance to industries of high energy consumption, high pollution and over-capacity

● High energy consumption, high pollution and over-capacity (RMB 100 million)
● Loan balance of green credit (RMB 100 million)

organization process management mode. Besides, it conducted systematic trainings, surveys and improvement work to ensure reliability, completeness and traceability of over 700 indicators collected via the system. In the Report, the Bank collected 374 items of text information with around 2 million characters from 11,085 information centers and 503 items of data information from 442,603 information centers, with completeness of the Report considerably improved.

Over the decade, the Bank persisted with third-party independent assurance. It introduced KPMG for the first time in the 2009 report and engaged PwC as independent third-party institution in the 2015 report. The institution conducted assurance with limited assurance over all the key statements, data and cases in the report according to the international common ISAE3000 and issued a proposal

of advises for management improvement to the Bank after assurance was concluded each time. The strict assurance process, serious professional ethics and beneficial management advices of the independent third-party institution helped the Bank perfect its report management system and work methods and especially improve statistical effectiveness of its environmental performance indicators. Meanwhile, the institution popularized the concept of social responsibility in its work practice and promoted cultivation and formation of the responsibility culture of the Bank.

Over the decade, the Bank persisted with the philosophy of data-based decision making. In the 2008 report, the Bank disclosed 270 items of data in total, including 20 on economic responsibility, 24 on environmental responsibility, 97 on social responsibility and 129 on management and control. In the Report,

the Bank disclosed 712 items of data in total, including 29 on economic responsibility, 133 on environmental responsibility, 215 on social responsibility and 335 on management and control. The data increased by 442 items or 163.70% in terms of number over the decade.

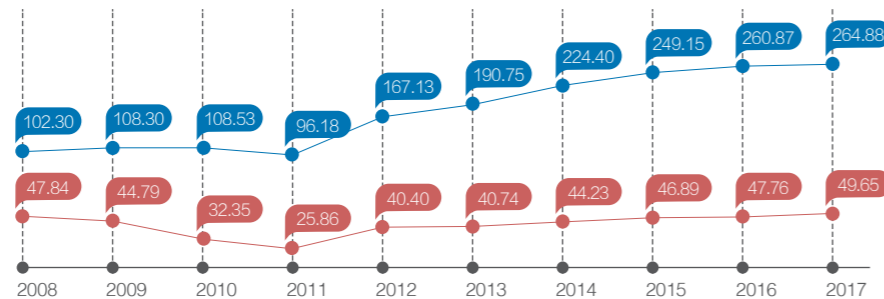
Over the decade, the Bank persisted with innovative disclosure methods. Corporate social responsibility reports of the Bank were compiled in Simplified Chinese and officially disclosed in the form of interim announcement at the SSE. Later, they were designed and printed by specialized design companies and handed out to the public in hardcopies through outlets of the Bank nationwide, postal service and offline activities. English version of the reports was published only in the PDF electronic form. Simplified Chinese version and English PDF electronic version were published at the Bank's official website (<http://www.citicbank.com/>). Besides, the Bank published the 2011 report in the form

of EXE electronic book, the 2014 and 2015 report in the form of APP and the report from 2012 to 2015 at domestic mainstream media in the form of abstract of corporate social responsibility report.

After ten years of unremitting efforts in compiling corporate social responsibility reports, the Bank made fruitful periodical achievements and reached one and another new level amid constantly overtaking, innovating, improving and making standard. With abundant truthful data and vivid cases, the reports displayed to the public, besides financial statements, a lifelike, dedicated and responsible China CITIC Bank. Looking forward, the Bank will stand at a higher starting point in compiling the corporate social responsibility reports to truthfully disclose to the public full information on performing its economic, environmental and social responsibility and show the image of China CITIC Bank with a sense of responsibility, temperature, features and dignity. 

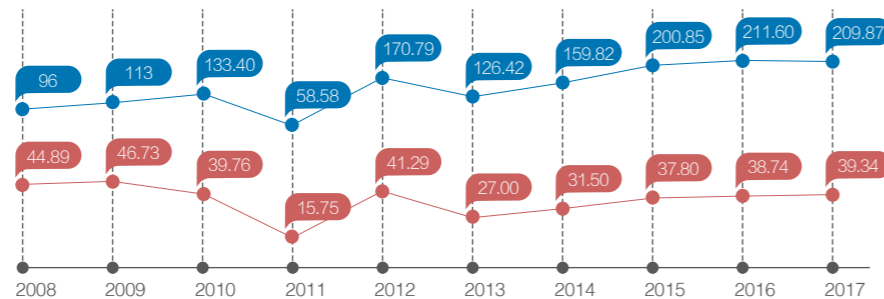
10-year development of total urban power consumption and per capita urban power consumption

● Urban power consumption (million KWh)
● Per capita urban power consumption (KWh)



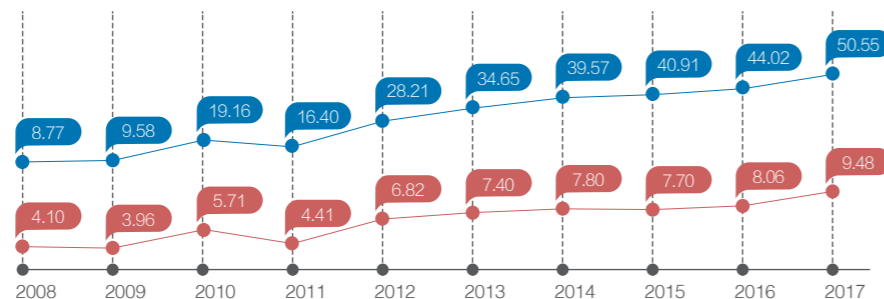
10-year development of total urban water consumption and per capita urban water consumption

● Urban water consumption (10,000 tons)
● Per capita urban water consumption (Ton)



10-year development of A4 Xerox paper purchase volume and per capita A4 Xerox paper purchase volume

● Xerox paper purchase volume (10,000 tons)
● Per capita A4 Xerox paper purchase volume (Pack)



Chapter 1 Strategy and Management

Fruitful Strategy Implementation

Improvement and Upgrading of
Corporate Cultural System

Effective Building of Corporate Culture

Enhanced Awareness of the
Corporate Social Responsibility (CSR)
Philosophy

Identification of Key CSR Topics

Enhancement of CSR Communication

Strengthening of CSR Management

42,566

The Bank had reported net profit at
RMB 42,566 million

4,215,700

The Group had organized about 7,870
bank-wide or regional marketing events
for customers. Around 66,000 person-
time employees provided professional
financial services for about 4,215,700
person-time customers

23,284,473

E-banking of the Bank made
23,284,473 outgoing calls, up 101.61%

40,000

By the end of the year, via various
national (and local) media, the Bank
published over 40,000 pieces of media
coverage, up 5.26%

Fruitful Strategy Implementation

2017 was the last year of implementing the *2015-2017 Strategic Plan of China CITIC Bank* (the "Strategic Plan"). Over the past three years, the Bank has defined clear, characteristic market positioning, profit model and competitive strategy, paved a way of development that suits to the new normal of economy and the financial liberalization reform, and made remarkable progress in becoming the bank offering the best comprehensive financing services.

First, the Bank empowered operation and development via strategy-guidance. Three years' efforts made the Bank scale up steadily, profitability enhance smoothly, asset quality under control, structural transformation superbly effective, and market status elevate significantly. By the end of 2017, the Bank had reported net profit at RMB 42,566 million, NPL ratio at 1.68% and provision coverage ratio at 169.44%.

Second, the Bank balanced business mix through deepened transformation. After development for three years, the Bank has made remarkable achievement in implementing the "large industry, large system, large city and high-end customer" strategy, strengthened and even elevated its status in the corporate banking market, energetically put the "Four-Three-Three" retail banking strategy into place, solidly pushed forward the initiative of "second-around transformation", and continuously boosted the competitiveness of financial markets business.

Third, the Bank exhibited a more distinctive brand image by means of characteristic development. In the past three years, the Bank systematically advanced the business coordination with CITIC Group and other companies affiliated to CITIC Group, and set up a "Combined Fleet of CITIC Bank". The Bank established CITIC Leasing and the brand of "Green Lease"; it bought the equity stake of CIFH; it strengthened the capital base of CNCB Investment which obtained investment bank license at abroad; it founded aiBank, China's first direct bank with an independent legal person, creating a role model for Chinese commercial bank plus Internet; it set up an asset management center, and introduced a CITIC-featured asset management and investment rating system; and it acquired

the majority shares of Halyk Bank, and thus became China's first joint-stock commercial bank of buying a financial institution in Kazakhstan.

Fourth, the Bank further stimulated innovation-driven development on the basis of a better system. On the basic principle of pursuing steadiness and innovation, the Bank has further improved the innovation system, while setting up the Innovation Management Committee under the Senior Management. It opened the Financial IT Product Innovation Lab, and built a group of innovation bases; it took the lead in forming the "Internet Banking Union", and introduced a variety of model innovations; it launched a series of industry-leading innovation projects and the first modeling innovation project, and achieved a brilliant outcome in product innovation.

Fifth, the Bank further strengthened risk defense lines through deeper promotion. From 2015 to 2017, under the guidance of the Guidelines on the Three-Year Plan for Risk Culture Construction and its implementation program, the Bank has launched training and promotional activities, education for warning purpose, knowledge competitions and risk inspections, etc., and propelled risk culture construction across the board; it made available a "four-in-one" parallel working mechanism, a full-time credit granting approver system and the certification of risk management quality, among others, which comprehensively reinforced the risk management system. At the same time, the Bank made innovations to the problematic asset disposal approaches, paid greater efforts to non-performing asset recovery, strictly pursued the accountability in respect of non-performing assets, and fully improved the risk control system.

Sixth, the Bank cemented internal control and compliance through governing the Bank more strictly. The last three years saw the improvement and sort-out of internal by-laws. As a result, the internal control and compliance system became more sound, the authorization management more standard, the staff conduct control more comprehensive, the pursuit of rectification accountability stronger, and special inspections deeper. Besides, the backward review for "strengthening and curbing

42,566

The Bank had reported net profit at RMB 42,566 million

1.68%

The Bank had reported NPL ratio at 1.68%

169.44%

The Bank had reported provision coverage ratio at 169.44%

respectively in two aspects" was launched on a solid basis.

Seventh, the Bank enhanced comprehensive support via consolidating the foundation. Over the prior three years, the Bank has strengthened the political core function of the Party Committee in corporate governance, and further improved corporate governance; it reconstructed the performance-linked assessment system, and further ameliorated the financial & accounting model and the asset & liability management model; it basically formed an enterprise-level information architecture, and achieved a breakthrough in IT development; it created the long-distance centralized authorization model, and effectively unleashed the efficiency and effectiveness of operations management; and it established a value-oriented remuneration and performance system, and recorded outstanding results in human resources management reform.

Eighth, the Bank further deepened Party building work with unremitting efforts. Throughout the three years, institutional guarantee enabled the Party Committee of the Head Office and Party committees of the branches to exert the leadership core and political core function, and primary-level Party organizations realized full coverage across the whole bank; the Bank put in place an all-directional education model covering all the Party members, set up an "Internet Plus Party Building" platform, and realized the four-wheel drive by the Party Committee, Youth League Committee, Labor Union and Women's Federation; it, abiding by the principle of placing officials under Party supervision, promoted the implementation of the "Two Responsibilities", established the Party Discipline Committee Secretary Exchange Mechanism and the Response-on-Demand Mechanism for Secretaries of the Party Committee and the Party Discipline Committee, and worked relentlessly to deepen the strict governing of bank.

Ninth, the Bank made corporate culture even stronger through bringing people together. Within the three years, the Bank attached importance to the top-level design of corporate culture, built a corporate cultural system with CITIC characteristics, released the cultural manual, formulated the three-year plan on cultural building, and effectively put the enterprise cultural values into practice. The Bank carried out a series of innovative cultural events like promoting

culture through posters on the wall, reading cultural books and "One Wall, Two Lectures and Three Meetings", and advanced the training on promotion and implementation from many different perspectives; it selected and rewarded advanced units and individuals, set role models on cultural building, and extensively promoted the good examples; it introduced and popularized the Employee Assistance Program (EAP), bought critical illness insurance for all the employees, conducted a wide range of cultural and sports events, and cared for particularly the employees in difficulties, female employees and the retired, recording plentiful fruits in employee care and love.

And tenth, the Bank better performed social responsibilities by bravely taking them. In the past three years, the Bank actively acted upon national strategies, tried hard to address effective credit demand of the real economy, and served the real economy very effectively; it set up the Inclusive Finance Leading Group and the Working Group which helped to forcefully promote inclusive finance; it strictly complied with the "No Lending under Four Circumstances" and the "Six Necessary Conditions", practiced the "one-vote-down system in environmental protection", extended lots of green credit, and enhanced the effectiveness of green finance; it supported the targeted poverty alleviation efforts in Gansu, Tibet and Yibin in Sichuan Province, and carried out the "China CITIC Bank · New Great Wall Self-reliance Senior High Class" program to financially aid poor students.

In February 2018, the Bank prepared and released the *2018-2020 Development Plan of China CITIC Bank* in line with the spirits of the 19th National Congress of the CPC, of the Fifth China National Financial Working Conference and of the Central Economic Working Conference, as well as China's 13th Five-year Plan and the 13th Five-year Plan of CITIC Group. The Development Plan, aiming to "become the best provider of comprehensive financial services which is responsible, warm, characteristic and has dignity", laid down six basic principles (i.e. fully commit to strengthening Party leadership, take firm actions to serve overall interests of the country, remain dedicated to serve the real economy, pursue customer focus, deepen reform and development with firmness, and always enhance compliant operation), and served as the action plan to guide all officials and employees in completing each task in 2018 to 2020.

Improvement and Upgrading of Corporate Cultural System

In 2017, the 19th National Congress of the CPC ushered the Chinese people into a new era and a new journey. The Bank earnestly studied the spirits of the report delivered at the 19th National Congress of the CPC, proposed to embed "upholding Party leadership" into the corporate culture, streamlined and improved the former corporate cultural system, and

developed the corporate cultural system and the corporate cultural manual version 2.0. In the updated version which was officially released and became effective in early 2018, the Bank emphasized cultural guidance in Party building and customer focus, and showcased the CITIC Bank-featured corporate culture in the new era of socialism with Chinese characteristics.



Effective Building of Corporate Culture

Periodic Success in Corporate Culture Building

2015-2017 was the first three-year planning period for the Bank's corporate culture building. In the past three years, the Party Committee of the Head Office and Chairperson Li Qingping attached much attention to the building of corporate culture. Under enhanced top-level design, the Bank was guided by "Five Unifications" (unification of vision and mission, unification of value and philosophy, unification of codes of conduct, unification of motto and pledge, and unification of logo and image), proceeded from the "Five Projects" (Imprint on Mind, Imprint on Heart, Benchmark, Atmosphere

and Responsibility), and consecutively went through three stages (policy building, promotion and study; demonstration and image improvement; experience sharing and cultural test). The hard efforts paid off in enabling corporate culture to exert the core function of uniting the people, and promoting positive energies and spirits. All the employees of the Bank were in the enterprising spirits, and the "Five-in-One" corporate culture building system covering cultural mechanism, cultural team, cultural carrier, cultural demonstration and cultural brand basically met its objective.



The 30-Year Anniversary Celebrations to Boost Morale



The year 2017 marked the 30th anniversary of the Bank. On the principles of “being simple but grand, highlighting the theme, and being cost-effective”, while letting the employees be the main participants and giving due consideration to the outsiders, the Bank launched a series of celebrations including the corporate culture speech contest “Upholding Cultural Spirits, Abiding by Professional Ethics”, the “Search for the Beauty of CITIC Bank” activity and the “30-Year Exhibition of CITIC Bank” under the theme of “Forging Ahead towards Prosperity”.

The Bank held the Conference on Celebrating the 30th Anniversary of CITIC Bank on 16 September. CITIC Group senior management members including Chairperson of the Board of Directors Chang Zhenming, General Manager Wang Jiong and Chairman of the Board

of Supervisors Cai Huaxiang were invited to the Conference. Chairperson of the Board of Directors Li Qingping, President Sun Deshun, and Chairman of the Board of Supervisors Cao Guoqiang, as well as members of the Party Committee of the Head Office, members of the Board of Directors and the Board of Supervisors, senior management members, and leaders of branches and the Head Office departments attended the Conference on the spot. Chairman of CITIC Group Chang Zhenming addressed the Conference. And Chairperson Li Qingping of the Bank delivered a speech on celebrating the 30th anniversary. The Bank conferred the 30-year meritorious medals to 28 employees to show the lofty respect to them. All the employees expressed their heartfelt wishes to the 30-year birthday of the Bank in videos, showing the good spirits and their love of the Bank.

“Search for the Beauty of CITIC Bank” Activity

While celebrating the 30th anniversary, the Bank launched a large-scale activity “Search for the Beauty of CITIC Bank” on the mobile Internet for the purpose of witnessing beauty, showing the beauty of present and future CITIC Bank, and displaying the beauty of innovation. All the employees could take part in the activity by uploading photography, calligraphy, drawing and micro-video works.

Innovatively using the H5+WeChat public account, the Bank opened a full range of transmission channels like subscription account, WeChat group, intranet, email, poster and off line, and received more than 10,000 photography, calligraphy, drawing and micro-video works showcasing the 30-year operation and management achievements and the spirits of employees from employees mainly together with their family members, relatives and friends, and friendly customer groups. During the activity, the WeChat platform recorded over 1.6 million visits, daily peak up to 280 thousand and more than 1.35 million votes. This helped to foster a rich cultural atmosphere of “Looking into the Future, Staying True to the Founding Mission, Forging ahead, Becoming Prosperous by Sticking to Integrity, and Pursuing Excellence”.



The 30th Anniversary Celebration Logo¹⁰

¹⁰ The dominant color of this logo is red. The ribbons as a kind of innovative element signify vitality and reflect the Chinese culture in the shape of plum blossom cross. “30” seems like the infinity symbol, and points to that CITIC Bank will open an infinitely good future with customers.

Intensive Promotion of Risk and Compliance Culture

In 2017, adhering to the core ideology of “holding the bottom line, enhancing responsibilities, highlighting implementation, conducting active management and creating value”, the Bank deepened the building of risk and compliance culture, guided the voluntary formation of risk and compliance awareness, called all the employees to develop the idea of operating in accordance with laws and regulations, said no to extensive operation and misconducts, and created a risk and compliance cultural system covering “all employees, all lines and all processes”.

Holding the Bottom Line. Legality & compliance and risk appetite are the bottom line of operating and risk management. All staff shall strictly abide by laws, regulations and regulatory provisions, strictly implement the Head Office’s risk policy and risk appetite, observe professional ethics and guard legal bottom line, compliance bottom line and risk bottom line, and shall not challenge the bottom line for any reason.

Enhancing Responsibilities. Main person in-charge of units at all levels is the first liable person for risk management. All employees shall practice and be directly responsible for risk management and compliant and legal operations. In the principle that

responsibilities shall be commensurate with powers, the Bank shall define the parties responsible for risk and compliance management and a clear boundary of responsibility, and persist in “holding those who have violated regulations, exempting those that have diligently fulfilled their duties”.

Highlighting Implementation. The Bank shall strictly implement policies and rules, execute orders and proclaim prohibitions, and shall not violate provisions or act beyond the authority for any reasons and in any forms. The Bank shall optimize and adjust rules and procedures on a timely basis, and take the initiative in identifying, exposing and eliminating hidden risks.

Conducting Active Management. The Bank shall conduct active management of risks by all means, enhance support of risk management to product innovation, business development and strategic transformation, and realize transformation from risk control to risk operation.

Creating Value. The Bank shall balance relations between risk, capital and income, as well as risk, development and innovation, boost the harmonious development of benefit, quality and scale, and practically enable risk management to create value for the Bank.

Enhanced Awareness of the Corporate Social Responsibility (CSR) Philosophy

In 2017, still based on the CSR philosophy of “performance of social responsibility, pursuit of sustainable development”, the Bank has been “committed to growing into a green bank, a people’s bank, a charitable bank, a trustworthy bank, a valuable bank of value and a bank with a great brand” while promoting the harmonious and sustainable development of economy, society and environment.

Performance of Social Responsibility: To be a responsible enterprise, to effectively fulfill economic, social and environmental responsibilities, to connect closely with all stakeholders, to be committed to public benefits with love and care, and to become a responsible state-owned enterprise.

Pursuit of Sustainable Development: To uphold the scientific outlook on

development, to support energy conservation and emission reduction, to support credit of green economy and circular economy, to construct a green bank, to advocate a low-carbon life style, to protect the ecological environment, and to take the path of sustainable development.

Performance of Social Responsibility:

To be a responsible enterprise, to effectively fulfill economic, social and environmental responsibilities, to connect closely with all stakeholders, to be committed to public benefits with love and care, and to become a responsible state-owned enterprise.

CSR philosophy

Pursuit of Sustainable Development:

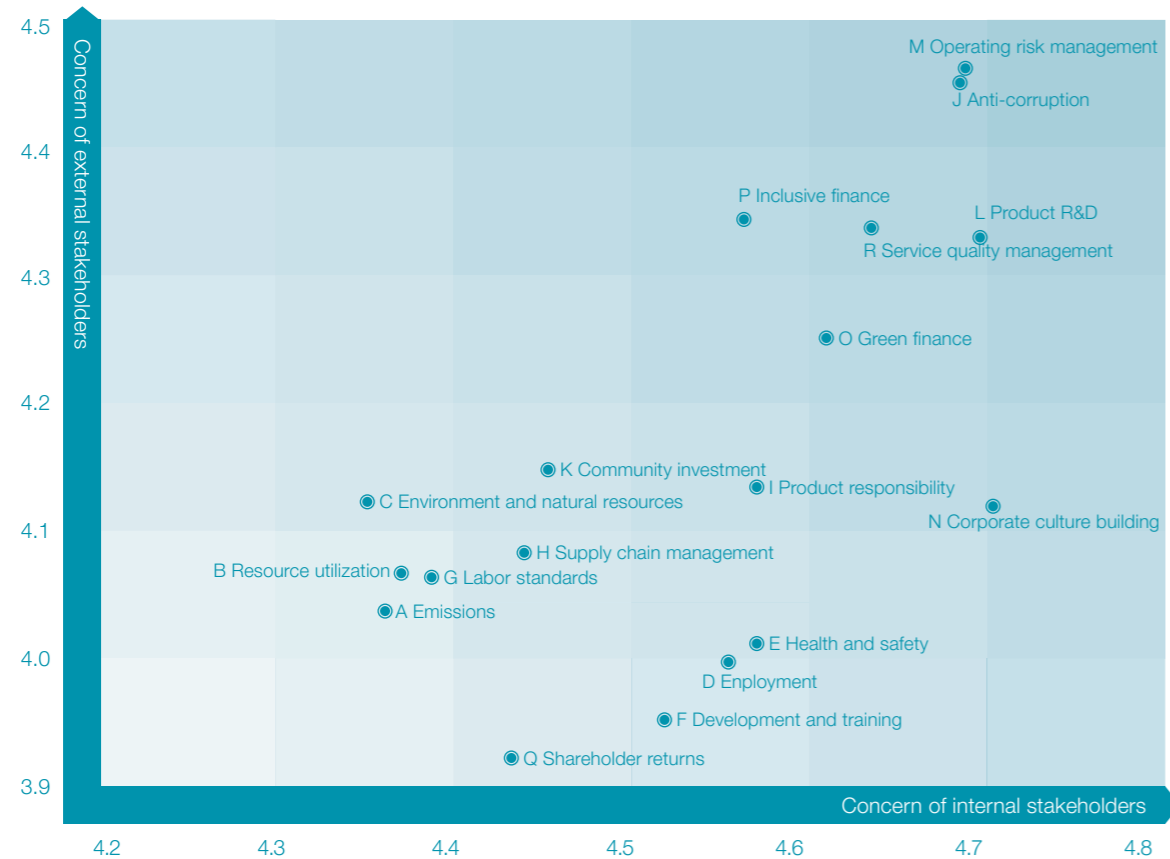
To uphold the scientific outlook on development, to support energy conservation and emission reduction, to support credit of green economy and circular economy, to construct a green bank, to advocate a low-carbon life style, to protect the ecological environment, and to take the path of sustainable development.

Identification of Key CSR Topics

With the support of a third-party institution, the Bank sorted out 18 key topics on sustainable development pursuant to the GRI (G4) Standards and the Environmental, Social and Governance (ESG) Reporting Guide. And, questionnaires were sent to external stakeholders including the government,

shareholders, personal customers, corporate customers, other banks, suppliers, the media and public welfare representatives, and internal stakeholders such as employees to gauge the importance of those topics. Please see below for importance distribution of the Bank's key CSR topics:

The Bank's Matrix of Topic Importance



Enhancement of CSR Communication

In 2017, the Bank paid great attention to reinforcing communication with stakeholders and adopted effective measures to respond to stakeholder

wishes and demands in a timely and sincere manner, thereby promoting harmonious sustainable development of both itself and the stakeholders.

Recognition of Stakeholders

Recognition of Stakeholders by the Bank

Stakeholder	Expectations as Understood by the Bank	Forms of Communication	Response Measures	Performance
Government	<ul style="list-style-type: none"> Compliance with state laws and regulations as well as industrial standards and norms Safeguarding safety of bank funds Fair competition according to law, and safeguarding a fair competition environment Sustainable development 	<ul style="list-style-type: none"> Laws, regulations, policy guidelines and normative documents Industrial meetings, special reports, regulatory announcements and ratings, and briefings On-site inspections and off-site regulation Symposiums, seminars and forums 	<ul style="list-style-type: none"> Answered government calls Implemented regulatory policies Participated in development of industrial standards and norms Improved operating and management results Accepted regulatory evaluation 	<ul style="list-style-type: none"> Tax payment according to law Support to the real economy Steady improvement of operating results Remarkable management results Anti-corruption and clean governance Safeguarding a stable financial order, etc.
Shareholder	<ul style="list-style-type: none"> Standard corporate governance Higher return to shareholders Higher profitability Higher corporate value Sustainable development 	<ul style="list-style-type: none"> General Meetings Periodical announcements Communication and exchanges with investors Road shows Results releases 	<ul style="list-style-type: none"> Formulated and implemented development strategies Refined corporate governance Reinforced risk prevention Increased transparency of information disclosure 	<ul style="list-style-type: none"> Better CSR management Higher social contribution value per share Lasting brand value and honors Better operating results Internal regulatory ratings, etc.
Customer	<ul style="list-style-type: none"> Provision of high-quality financial services Provision of high-quality financial products Provision of complete, truthful and accurate product and service information Safeguarding information safety 	<ul style="list-style-type: none"> Business outlets E-banking Marketing activities Salons and lectures Market surveys Result evaluation 	<ul style="list-style-type: none"> Provided convenient express financial services Diversified financial products Timely launched product & marketing announcements Understood customer comments and suggestions Strengthened safety and security of business outlets 	<ul style="list-style-type: none"> Survey of customer satisfaction and demand Better service quality Better customer experience Safeguarding customer rights and interests, etc.
Supplier	<ul style="list-style-type: none"> Compliance with commercial ethics Open, equitable and fair procurement Mutual benefit, win-win and common development 	<ul style="list-style-type: none"> Publicly available procurement information Negotiations and exchanges Cooperation agreements and contracts 	<ul style="list-style-type: none"> Set up and improved the supplier management mechanism Established and maintained a supplier database Reinforced communication and contact with suppliers 	<ul style="list-style-type: none"> Establishment of centralized procurement center Formulation of relevant rules and regulations on centralized procurement management Establishment of partnership with suppliers
Employee	<ul style="list-style-type: none"> Creation of jobs Reasonable remuneration and welfare Satisfactory work environment Smooth communication mechanisms Admirable room for personal career development 	<ul style="list-style-type: none"> Employee representatives' congresses Trade unions Intranet emails and forums Internal meetings 	<ul style="list-style-type: none"> Uniformly recruited employees Upheld equal pay for equal work Safeguarded staff health and safety Organized cultural and sports activities Protected essential rights and interests of staff Provided on-job skill training Listened to employee viewpoints 	<ul style="list-style-type: none"> Realizing the role of trade union Staff performance evaluation for promotion purpose Health examination and psychological counseling for employees Diversified professional training sessions Employees arranged to go on all types of leaves Symposiums with young employees, etc.
Community	<ul style="list-style-type: none"> Care for vulnerable groups Communication with government on poverty alleviation Charity and public benefit activities Financial literacy 	<ul style="list-style-type: none"> Field surveys and visits Visit to poverty alleviation organizations Visit to charity and public benefit organizations 	<ul style="list-style-type: none"> Made outbound donations Implemented poverty alleviation projects Assisted vulnerable groups Promoted financial literacy Organized public benefit activities 	<ul style="list-style-type: none"> More outbound donations Organization of targeted poverty alleviation events and public benefit and charity activities Participation in voluntary activities, etc.

Issue the Brand Slogan

The Bank issued the brand slogan “Integrity and Intelligence Lead to Prosperity” officially in February 2018. In details, “Integrity” is a brand asset exclusively owned by the Bank, and can be interpreted in the following three aspects: first, “honest”, the Bank treats customers honestly; second, “believe”, the Bank believes in tradition, innovation and any possibility; and third, “self-confidence”, the Bank has confidence in own culture, own development objective and own financial strength. “Intelligence” means that the Bank adopts technology and innovation in products, businesses and services in the Internet era, and creates a bright future full of potential with customers. In words, with integrity and intelligence, the Bank will set to embrace prosperity.

Communication with Stakeholders

Active Visits. Chairperson Li Qingping and President Sun Deshun of the Bank led teams to visit provinces, autonomous regions and municipalities directly under the central government. They actively paid visits to the governments of Beijing Municipality, Guangxi Zhuang Autonomous Region, Guizhou Province, Hebei Province, Hunan Province, Ningxia Hui Autonomous Region, Qinghai Province, Sichuan Province and Zhejiang Province. During their visits, sufficient communications and exchanges were carried out with government agencies for continuous improvement of the Bank’s work in various aspects and enhancement of the Bank’s capacity and competence in serving the real economy.

Information Disclosure. The Bank published regular reports and interim announcements in strict accordance with the laws and regulations of listing places on information disclosure. There were over 400 disclosures on the SSE and the SEHK, providing sufficient information for investors in a timely and effective way. The Bank strengthened information disclosure policy building, reviewed and amended the information disclosure related operational procedure and special management regulation, and ensured systematic and well-regulated information disclosure on the institutional sphere.

Administrative Transparency. To make staff get a better understanding of whole bank’s development strategies and business development plan, the Bank further enhanced information disclosure mechanism in the internal network, continued to carry out the *Administrative Measures for Internal Network of China CITIC Bank*, and released the Bank’s major movements in relation to operation and management in time under the premise of guaranteeing the safety and security of confidential information. By the end of 2017, about 96,500 messages were posted on the Bank’s internal network, a decrease of about 3.73%, while visits approximated to 13.22 million, an increase of about 11.73%.

Exchanges with Customers. The Group launched a series of exchanges with customers, e.g. publicity of product contents, product promotion, door-to-door service provision, care for customer activities, friendship celebrations with customers, and education and communication on financial policies and knowledge. The Bank made outgoing calls to conduct e-banking customer surveys, customer care and business handling. By the end of 2017, the



Group had organized about 7,870 bank-wide or regional marketing events for customers. Around 66,000 person-time employees provided professional financial services for about 4,215,700 person-time customers. E-banking of the Bank made 23,284,473 outgoing calls, up 101.61%.

Internal Communication. The Bank established communication channels with basic-level employees through senior management “reception day” system, “president’s mailbox”, “Head Office is Listening to You”, consultation symposium and other forums, through which the Bank encouraged employees to make suggestions on and jointly supervise business development and internal management thus to establish a sound internal and external feedback mechanism and rational suggestion soliciting channels.

Brand Promotion. The Bank issued the brand slogan “Integrity and Intelligence Lead to Prosperity” officially. During 2007 and 2017, the Bank has sponsored the China Tennis Open for 11 consecutive years; and it will continue to sponsor this event from 2018 to 2022.

Media Release. The Bank continued to update the “Social Responsibility Reporting” column on its official website to disclose its CSR information to the general public. By the end of the year, via various national (and local) media, the Bank published over 40,000 pieces of media coverage, up 5.26%; and on its official website, the Bank made over 1,500 news releases, the same as last year.

Talks and Exchanges. The Bank received institutional investors, analysts and personal investors in such forms as reception of investigation personnel, telephone call, active visit, investor forum, strategic meeting, email and the e-interaction online platform run by SSE. These moves impressed the market with positive energies on business growth.

Winner of the “Bank of The Year China” Award

On 29 November 2017 (London Time), *The Banker*, a British magazine, unveiled its selections of best banks in 2017. The Bank became the only Chinese winner of the “Bank of The Year China” award for 2017 by virtue of sound development steps and increasingly deeper reform and innovation. Since IPO in Shanghai and Hong Kong a decade ago, the Bank has increased total assets from over RMB 700 billion at end-2006 to more than RMB 5 trillion and net assets from over RMB 30 billion to close to RMB 400 billion. Over the past few years, the Bank, under the strategic guidance, has paved a development road suiting to the new normal of economy and the financial liberalization.



Strengthening of CSR Management

Put in Place Rigorous Management Process.

According to the *Articles of Association of the Bank* and the *Procedural Rules of the Board of Directors*, the Board of Directors shall be responsible for deciding the Bank’s strategy, reviewing and finalizing the Bank’s basic management policies, hearing working reports by the President and other senior management members, supervising their duty performance and ensuring they can perform the management duty effectively. The proposed CSR report approved by the Bank’s management will be submitted to the directors for review, and be amended according to their comments and suggestions. The CSR report will be disclosed after being approved by the Board of Directors. Each year, the Bank’s Board of Directors actively informs its members of the regulatory thinking and updates on economy, environment and society in forms like circulations to directors and supervisors, and strengthens their understanding of relevant work through study and investigation.

Establishment of Assessment Mechanism.

The Bank continued to incorporate “social responsibility” into branches’ comprehensive performance assessment indicators. The “social responsibility” indicator included four sub-indicators, namely service quality¹¹, the “three minimums” for micro and small enterprises¹², social responsibility data

submission¹³ and completion of poverty alleviation and charity activity¹⁴ aimed at raising the social responsibility awareness of all employees and actively fulfilling social responsibilities.

Information System Management.

The Bank continued to disclose social responsibility information mainly using the “Information Management System for Social Responsibility Reporting of China CITIC Bank”, and to improve the social responsibility management indicators system with reference to the indicators in the GRI (G4) Standards, the Environmental, Social and Governance (ESG) Reporting Guide and the social responsibility system of the China Banking Association. The Head Office departments, 38 branches and more than 1,400 banking outlets made quarterly and yearly reporting over the above-said system. What’s more, the reporting data was subject to the administrator and approver system to make sure all representations, data and cases disclosed are reliable, complete and traceable.

Insistence on Third-Party Assurance.

Since 2009, the Bank has engaged third-party assurance agencies to conduct independent limited assurance of the truthfulness of all important statements and key data in its social responsibility reports, and given opinions and suggestions regarding the improvement of the Bank’s management of social responsibility.

Media Communication for the 30th Anniversary Celebration

In July 2017, the Bank organized 18 central and mainstream media agencies including *the Financial Times*, *the Economic Daily*, *the Securities Daily*, *the Caijing* magazine, *people.cn* and Tencent, as well as the newspaper *CITIC People* to visit the featured business of Credit Card Center and Guangzhou Branch. They made an extensive interview on the Bank’s innovative credit card service and comprehensive financial services for new energy vehicles, and gave reports on the Bank’s achievement in serving the real economy.

Assurance of the Bank’s 2017 *Social Responsibility Report* would be still provided by PwC Zhong Tian LLP, which would review the truthfulness of important statements and key data in the report and produce further opinions and suggestions upon the completion of assurance. In 2017, PwC Zhong Tian LLP put forth three aspects of eight-point key opinions and suggestions to the Bank, all of which were remedied and responded to in daily work.

¹¹ The “service quality” evaluates retail service quality of branches and aims at strengthening evaluation guidance for higher customer service quality. It covers two sub-indicators, namely “third-party mysterious customer monitoring” and “number of subordinating institutions placed on the list of 1,000 Best Role Model Units”.

¹² Loans to micro and small enterprises should meet the “three minimums” requirement, i.e. growth rate being no lower than the average growth rate of all loans, number of customers securing loans being no lower than that of the previous year and rate of loans being granted being no less than that of the previous year. The indicators were focused on guiding domestic branches to step up their credit support for micro and small enterprises.

¹³ Social responsibility data submission assesses the acceptance rate of social responsibility data submitted in every quarter.

¹⁴ Completion of poverty alleviation and charity activity assesses the direction, project, approval and compliance and budget execution ratio of branches’ donations.

Chapter 2 Corporate Governance and Risk Control

Improvement of Corporate
Governance
Strengthening Risk Management

600

The Bank collaborated with CITIC Securities, China Securities and CITIC Trust, among others, to provide customers integrated financing services in the amount of over RMB 600 billion

300

The Bank, along with China CITIC Bank International and CNCB Investment, provided customers cross-border services worth over RMB 300 billion, up 186%

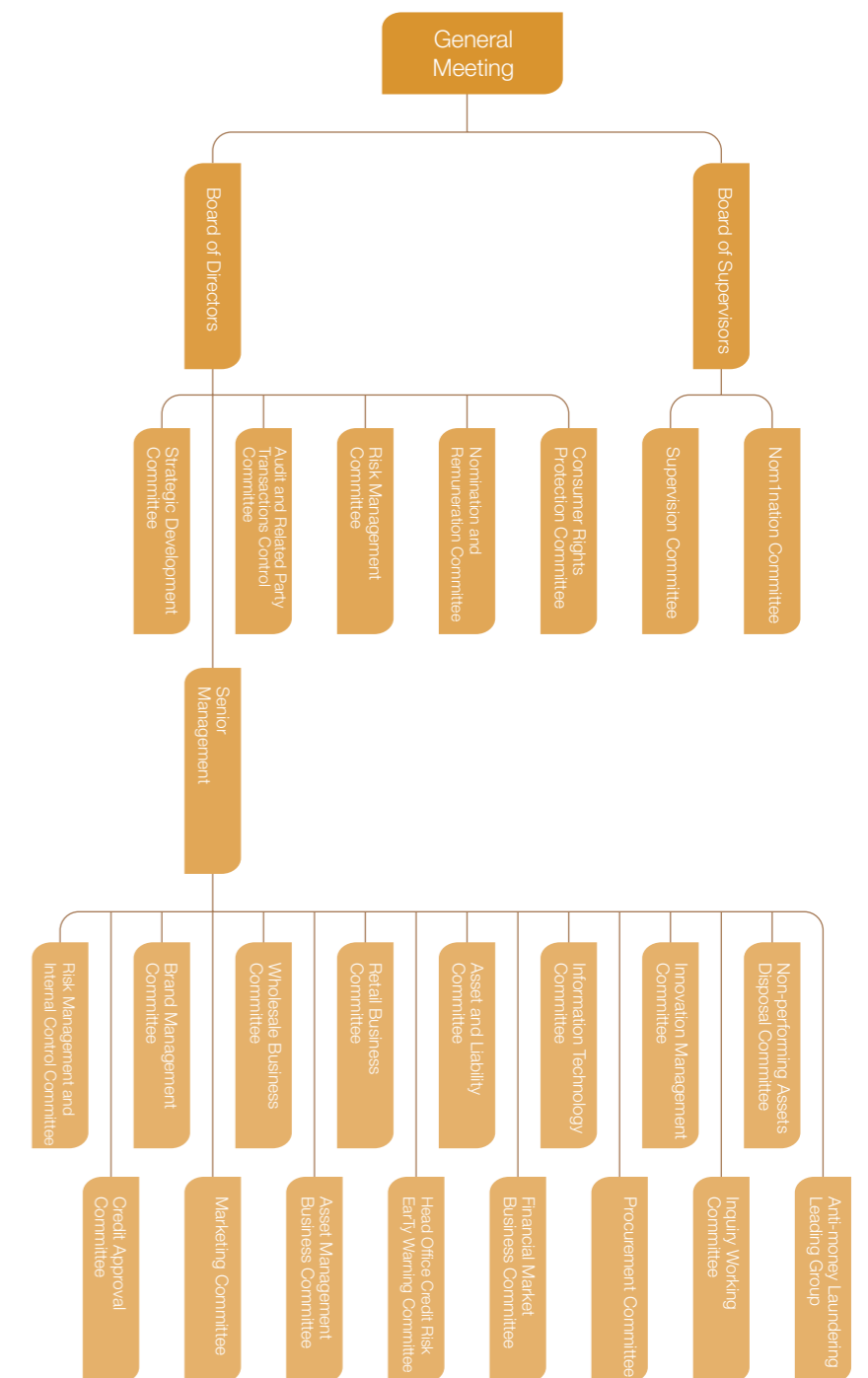
94.68%

The Bank already rectified the problems found during these audits, with a rectification rate of 94.68%

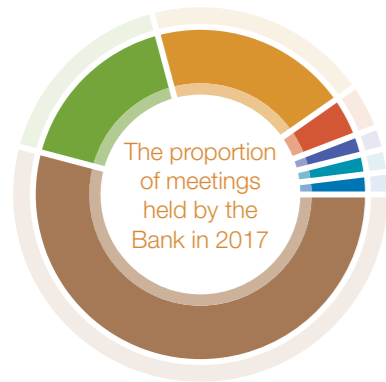
Improvement of Corporate Governance

Corporate Governance Structure

The Bank's Corporate Governance Structure



Overall Profile of Corporate Governance



■ annual shareholders' general meeting	1
■ temporary shareholders' general meeting	2
■ A shareholders class meeting	1
■ H shareholders class meeting	1
■ meetings of the Board of Directors	10
■ meetings of the Board of Supervisors	9
■ meetings of the specialized committees under the two boards	32

In 2017, the Bank implemented the corporate governance and business operation according to the requirements of the laws and regulations such as the *Company Law of the People's Republic of China*, the *Commercial Bank Law of the People's Republic of China*, the *Banking Supervision Law of the People's Republic of China* and the *Securities Law of the People's Republic of China*.

In 2017, in face of the new normal in economic and financial development, the Bank strengthened its judgment with calm and active response, conscientiously implemented the policies of the state and adhered to its value orientation, to vigorously step up strategic management, accelerate the process of business transformation, comprehensively reinforce risk prevention and control and consistently improve corporate governance, hence achieving outstanding results.

In 2017, the relationship between the Bank's corporate governance entities was further coordinated, with its corporate governance mechanism further improved and the capabilities of the Board of Directors and Board of Supervisors to perform duties consistently intensified. According to laws, regulations, regulatory provisions and the overall requirement for including party building into the Bank's articles of association, the Board of Directors proceeded with the amendment to the articles of association to effectively integrate party leadership into corporate

governance in terms of system and mechanism. The Board of Directors continued to attach equal importance to system building and culture construction, made overall amendments to the Bank's corporate governance system, improved the information communication mechanism for governance entities, and strengthened the implementation of decision outcomes while actively fostering a corporate governance culture centered on respect, trust and support. It was continuously guaranteed that independent directors played an active role and expressed their professional opinions. The Board of Supervisors performed its duties conscientiously, operated in a standard and efficient manner, and actively carried out supervision in the aspects of financial management, internal control development, risk prevention and control, and duty performance, further enhancing the effectiveness of supervision. Generally, there was no significant discrepancy between the setting and operation of the Bank's corporate governance institutions and the related requirements of the *Company Law*, the China Securities Regulatory Commission ("CSRC" hereinafter) and the Stock Exchange of Hong Kong, and no significant corporate governance issue that regulators had requested to solve but was left unsolved could be found.

The Bank in total convened one annual general meeting, two extraordinary general meetings, one A shareholders



class meeting, one H shareholders class meeting, ten meetings of the Board of Directors (including nine regular on-site meetings and one vote by correspondence), nine meetings of the Board of Supervisors (including eight regular on-site meetings and one vote by correspondence) and 32 meetings of the specialized committees under the two boards.

The chairperson and president of the Bank held their positions separately. Ms. Li Qingping is Chairperson and Executive Director, responsible for presiding over the general meetings, convening and presiding over the Board of Directors' meetings and examining the implementation of the resolutions of the Board of Directors; and Mr. Sun Deshun is Executive Director and President of the Bank, responsible for implementing the Board of Directors' resolutions, and presiding over the operation and management of the Bank. The respective responsibilities of the Chairperson and the President of the Bank are clearly defined, which complies with the requirements of the Hong Kong Listing

Board of Directors

As at the disclosure date of the Report, Mr. Zhu Gaoming was appointed as Independent Non-Executive Director of the Bank; Mr. Chang Zhenming resigned from his duties as Non-Executive Director and member of the Strategic Development Committee under the Board of Directors of the Bank due to work arrangements; Mr. Zhu Xiaohuang resigned from his duties as Non-Executive Director and member of the Strategic Development Committee and the Risk Management Committee under the Board of Directors of the Bank due to an advanced age.

Composition of the Board of Directors. The Board of Directors is the decision-making body of the Bank. As at the disclosure date of the Report, the Board of Directors of the Bank consisted of ten members, including one chairperson namely, Ms. Li Qingping; two executive directors, namely, Ms. Li Qingping (Chairperson of the Board) and Mr. Sun

Deshun (President); three non-executive directors, namely, Mr. Zhu Gaoming, Ms. Huang Fang and Mr. Wan Li Ming; five independent non-executive directors, namely, Ms. Wu Xiaoqing, Mr. Wong Luen Cheung Andrew, Mr. He Cao, Ms. Chen Lihua and Mr. Qian Jun.

Meetings of the Board of Directors. In 2017, the Board of Directors convened 10 meetings whereby 69 proposals were deliberated and adopted, including the *2016 Annual Report of CITIC Bank*, *2016 Internal Control Assessment Report of CITIC Bank* and *2016 Corporate Social Responsibility Report of CITIC Bank*; and 33 reports were made, including the Bank's business operation report of 2016, business plan report for 2017 and 2016 strategy implementation assessment report.

Rules. The Board of Directors shall review the annual social responsibility report of the Bank, assess the performance of social responsibilities and assume relevant responsibilities in accordance with the regulatory requirements of the Guidelines on Corporate Governance of Commercial Banks by the CBRC and the *Environmental, Social and Governance Reporting Guide* of the Hong Kong Stock Exchange.

The General Meeting approved that the Directors of Board adopted the allowance policy. The non-executive directors (excluding the independent non-executive directors) do not receive any director's allowance from the Bank; among the executive directors, the Chairperson of the Board does not receive any director's allowance or position-related remuneration from the Bank, whereas the President does not receive any director's allowance but can receive corresponding remuneration in accordance with his/her position in the Bank; independent non-executive directors receive pre-tax allowance of RMB 300,000 annually.

Specialized Committees under the Board of Directors. There were five specialized committees under the Board of Directors,



■ Executive Director	2
■ Non-executive directors	3
■ independent nonexecutive directors	5



■ External supervisors	3
■ Employee representative supervisors	3

namely the Strategic Development Committee, the Audit and Related Party Transactions Control Committee, the Risk Management Committee, the Nomination and Remuneration Committee and the Consumer Rights Protection Committee. In 2017, the Bank convened eight meetings of the Strategic Development Committee, nine meetings of the Audit and Related Party Transactions Control Committee, four meetings of the Risk Management Committee, five meetings of the Nomination and Remuneration Committee and one meeting of the

Consumer Rights Protection Committee. The remuneration of members of the Board of Directors of the Bank is set by the Nomination and Remuneration Committee, and then submitted to the Board of Directors for deliberation and adoption before approved and finalized by the General Meeting. All members of the Nomination and Remuneration Committee of the Bank are directors independent of the Bank; the committee can engage outside experts or intermediaries to provide professional consulting services based on its actual need.

Board of Supervisors

As at the disclosure date of the Report, Mr. Chen Panwu and Ms. Zeng Yufang served as employee representative supervisors of the Bank; Ms. Wen Shuping resigned from her duties as employee representative supervisor of the Bank due to an advanced age; Mr. Ma Haiqing resigned from his duties as employee representative supervisor of the Bank due to work adjustments; Mr. Shu Yang resigned from his duties as supervisor of the Bank due to work adjustments; and Mr. Cao Guoqiang resigned from his duties as chairman and member of the Board of Supervisors of the Bank due to work adjustments.

Composition of the Board of Supervisors. The Board of Supervisors is the supervisory body of the Bank reporting to the General Meeting. As at the disclosure date of the Report, the Board of Supervisors consisted of six members, including three external supervisors, namely Ms. Wang Xiuhong, Mr. Jia Xiangsen and Mr. Zheng Wei; and three employee representative supervisors, namely Mr. Cheng Pusheng, Mr. Chen Panwu and Ms. Zeng Yufang.

Meetings of the Board of Supervisors. In 2017, the Board of Supervisors held nine meetings whereby 21 proposals were deliberated. Research and review were made on the regular reports, the profit distribution plan, the internal control assessment report, the social

responsibility report, the evaluation report on the performance of directors, supervisors and the senior management, the amendment to the rules of procedure for the Board of Supervisors and accounting policy changes; 11 reports were made, mainly covering the strategy assessment report, the business operation report, the comprehensive risk management report, the internal control and compliance report, and the report on the rectification of problems notified by the CBRC. By deliberating on proposals and listening to reports, the Board of Supervisors practically supervised key proposals, major contents and effectively fulfilled the duties of meeting discussion and supervision. Furthermore, the Board of Supervisors supervised the Group's operation and management activities by attending meetings of the Board of Directors and the senior management as non-voting delegates, and reviewing various documents, among other means.

The Board of Supervisors worked to continuously diversify the approaches and boost the quality and efficiency of investigation by centering on the priorities of the Bank including operation and management, strategy implementation, internal risk control and disposal of non-performing assets, as well as key issues it was concerned about. In 2017, the Board of Supervisors organized three collective investigations, involving six branches and

subsidiaries. Through these investigations, the Board of Supervisors came up with a series of targeted and highly workable suggestions, and effectively passed them on to the Board of Directors, senior management, departments of the Head Office and branches of the Bank in the form of investigation reports based on actual conditions, giving full play to its

supervisory role. Whiling conscientiously carrying out conventional supervision, the Board of Supervisors further optimized the mechanism for tracking its supervisory opinions, strengthened the implementation of its decisions, promoted the application of supervision outcomes, and effectively enhanced its supervision efficiency.

Senior Management

As at the disclosure date of the Report, Mr. Yao Ming, Mr. Hu Gang and Mr. Mo Yue served as CRO, Vice President and Secretary of the Discipline Inspection Committee of the Bank respectively; Mr. Zhu Jialin and Mr. Zhang Qiang resigned their duties as Vice Presidents of the Bank due to work adjustments.

Composition of the Senior Management The senior management is the executive body of the Group reporting to the Board of Directors. The senior management should truthfully report the Bank's

operating results, major contracts, financial condition, risk profile, business prospects and significant events, among others, to the Board of Directors or the Board of Supervisors on a regular basis, or as required by the latter. As at the disclosure date of the Report, the senior management of the Bank consisted of eight members, namely, Mr. Sun Deshun, Mr. Fang Heying, Mr. Guo Danghuai, Mr. Yang Yu, Mr. Mo Yue, Mr. Hu Gang, Mr. Yao Ming, and Mr. Lu Wei.

Management of Related Party Transactions

In 2017, the Bank strictly followed the regulatory requirements of the CBRC, CSRC, the SSE, the SEHK and the accounting standards, and further fulfilled more informatized and refined management of related party transactions with an eye to improving the related party transaction standardization system, which ensured that the Bank's related party transaction procedures complied with laws and regulations, and that the interests of the Bank and its shareholders were effectively protected.

The Audit and Related Party Transactions Control Committee under the Board of Directors conducted rigorous reviews of related party transactions with independent directors giving independent opinions thereon to ensure all related party transactions were conducted fairly on terms no more favorable than granted to independent third parties.

The Bank strictly abided by regulatory provisions, strengthened classified

management and dynamic update of related parties, and routine statistics collection and monitoring of related party transactions, and executed procedures for the deliberation, disclosure and filing of such transactions in a standard manner, ensuring all the Bank's related party transactions were conducted in a compliant and orderly manner.

The Bank continuously stepped up the management of related party transaction limits, ensured all of its continuous related party transactions were conducted within the upper limits it applied for to the Stock Exchanges of Shanghai and Hong Kong, and completed the application for such limits in 2018-2020 in advance.

The Bank further enhanced the level of informatized related party transaction management, completed the development and launch of the related party transaction system, and realized the identification of related parties and systemized processing of related party transaction statistics.

9

The Board of Supervisors held nine meetings whereby 21 proposals were deliberated

3

The Board of Supervisors organized three collective investigations, involving six branches and subsidiaries

600

The Bank collaborated with CITIC Securities, China Securities and CITIC Trust, among others, to provide customers integrated financing services in the amount of over RMB 600 billion

300

The Bank, along with China CITIC Bank International and CNCB Investment, provided customers cross-border services worth over RMB 300 billion, up 186%

Coordinated Business Management

In 2017, the Bank worked with its subsidiaries and the subsidiaries of CITIC Group to create a one-stop integrated financing service system for customers.

The Bank collaborated with CITIC Securities, China Securities and CITIC Trust, among others, to provide customers integrated financing services in the amount of over RMB 600 billion. The Bank set up a "CITIC PPP consortium" by joining hands with China International Economic Consultants, CITIC Securities, China Securities, CITIC Trust, CITIC Engineering, CITIC Envirotech and CITIC Construction (among others), through which to jointly undertake key PPP projects at city- and province-levels, extensively participating in the planning

for industrial parks, comprehensive environmental management and infrastructure construction, among other major areas.

The Bank accelerated the pace of building an overseas commercial banking and full-licensed investment banking platform and actively built its presence along the Belt and Road. It provided domestic and overseas one-stop services to customers by working with overseas platforms including CITIC Securities International and China Securities International. In 2017, the Bank, along with China CITIC Bank International and CNCB Investment, provided customers cross-border services worth over RMB 300 billion, up 186%.

CITIC aiBank was Officially Opened

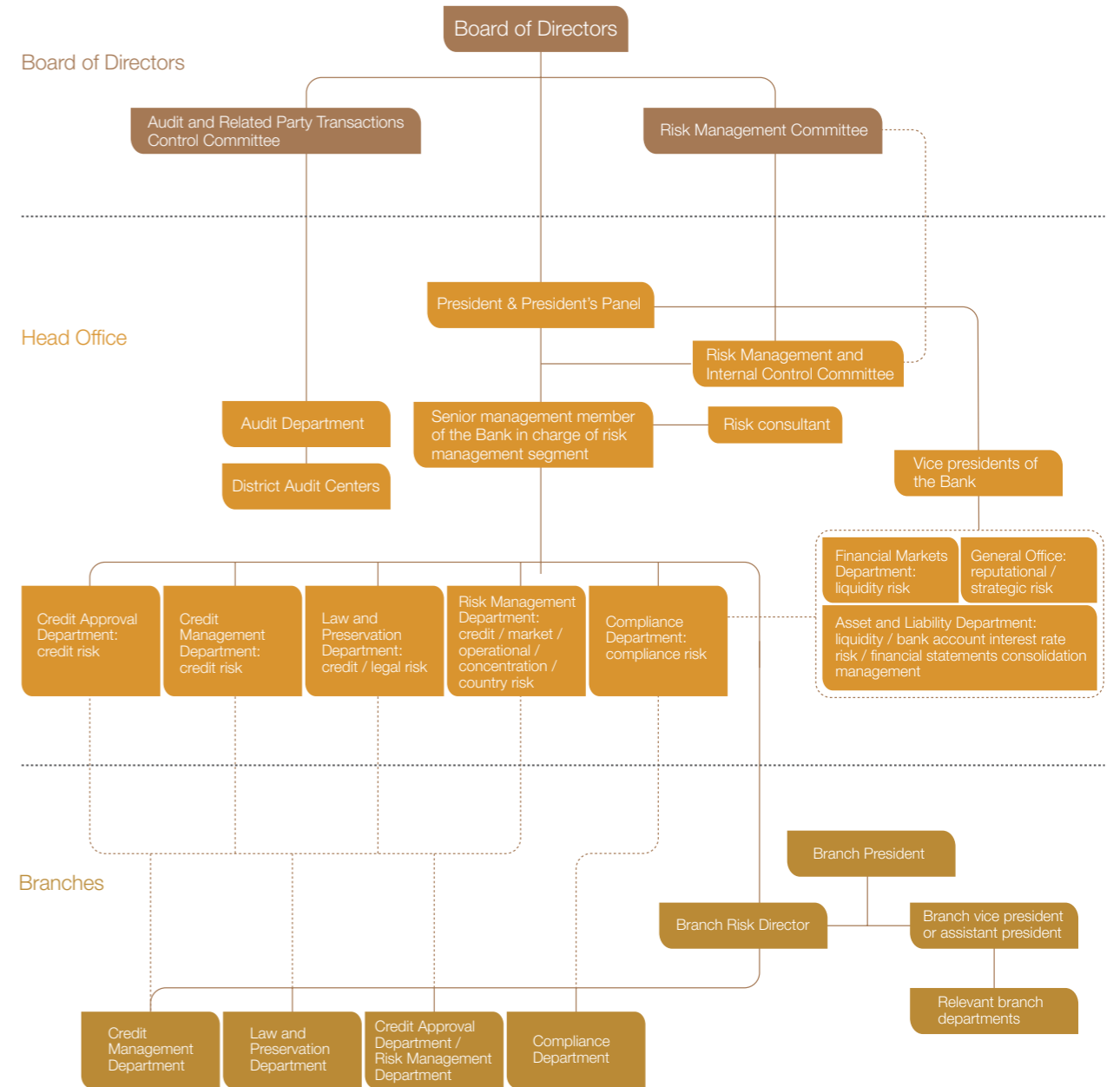
On 18 November 2017, CITIC aiBank ("aiBank") was officially opened for business. By leveraging the advantages of the Bank and Baidu, aiBank is the first direct bank in the sector in China operating in the capacity of an independent legal, creating a new "finance + the Internet" model, and marking a milestone in the Internet finance area. Since it obtained the approval from the CBRC on 15 August 2017, aiBank has taken "providing wealth management and financing services to the masses so that everyone can enjoy a simple and reliable financial life" as its mission, which signals a useful experiment taken by commercial banks to adapt themselves to market demand and the development trend of the Internet. As a strategic layout of the Bank in the Fintech area, aiBank has embodied the all-out efforts made by the Bank to build a smart and inclusive bank under the "O+O" (online + offline) and "B+B" (business + banking) model by integrating its financial capabilities into its ecosystem.



Strengthening Risk Management

Risk Management Structure

The Bank's Comprehensive Risk Management Structure



Comprehensive Risk Management System



In 2017, the Bank put in place a comprehensive risk management system to exercise across-the-board management of risks of all types. The Bank defined the parties responsible for comprehensive risk management. Presidents at all levels were held primarily responsible for risk management at their respective levels, while vice presidents in charge of risk management shall take main responsibility. The Bank specified the “three defenses” for risk management, i.e. business operation institutions and business management departments at all levels; risk management departments; audit, disciplinary inspection and supervision, and security departments. The “three defenses” jointly assumed the responsibility for risk management, and were held responsible for risk management outcomes. The Bank prompted

Strengthening Post-lending Management

In 2017, the Bank reinforced the post-lending management

the “three defenses” to implement an enquiry-based accountability mechanism, optimize incentives and constraints and clarify the boundary of their duties; continuously improved the comprehensive risk management assessment system for branches; optimized the division of responsibilities for risk management, and improved various procedures of the risk management system. According to the *Comprehensive Risk Management Policy of CITIC Bank*, the Board of Directors shall take the ultimate responsibility for bank-wide risk management, and is responsible for formulating risk management strategies, approving major risk management policies and procedures, as well as information disclosures in respect of comprehensive risks and all types of key risks.

The Bank adhered to an overall prudent risk preference, and stressed the alignment of business scale and profitability level with risk taking on the precondition of compliant operation; gave play to the role of capital constraints, raised comprehensive income and RAROC, and shifted from controlling risks to operating risks on the principle of “risk coverage with income”, by using advanced risk quantification techniques and strengthening economic capital management; continued to implement differentiated credit policies by region, industry, customer and product.

duty of the first line of defense, and improved the post-lending

management mechanism, based on the overall thinking of “relevant entities remaining unchanged and embedding in the foreground”. Based on the three lines of defenses, the Bank established a consistent, standardized and targeted post-lending management mechanism for comprehensive financing and credit business, and promoted the implementation of such mechanism

Reinforcing Internal Control and Compliance Management

In 2017, the Bank strictly implemented regulatory requirements, strengthened the building of its internal control system and authorization mechanism, established a comprehensive and well-structured “three-defense” internal control system with clear report lines, and enhanced the authoritativeness, timeliness and seriousness of authorization; reinforced employee behavior management, carried out risk screening, home visits and integrity reporting to boost employees’ awareness; stepped up early identification and assessment of compliance risks, completed over 1,500 compliance audits with

Optimizing Audit Supervision and Management

In 2017, the Bank continued to step up offsite audit and monitoring, initiated and conducted comprehensive risk management, liquidity risk management and anti-money laundering audits, and carried out a planned mid-term economic responsibility audit for the first time, giving full play to the functions of audits. By the end of the year, the Bank conducted a number of special

across the Bank. In 2017, the Bank successfully launched its new-generation credit business system and credit management APP project. The rollout of the system will enable the Bank to fulfill intelligent marketing, risk control and operation, and fundamentally enhance its basic capacity and risk management level for the credit business.

over 3,600 opinions given, and supported business innovation and development; strengthened the accountability mechanism for rectifications, consistently held relevant parties accountable for systemic rectifications and those from the source, and boosted the quality and efficiency of such practices; improved the anti-money laundering management system, put in place a “centralized, systemic and expert-based” operating process, and brought into play intensive efficiencies; effectively carried out compliance culture construction and enhanced employees’ ability to “understand, identify and mitigate risks”.

and comprehensive audits, and issued 119 audit reports of various types. The Bank already rectified the problems found during these audits, with a rectification rate of 94.68%; and strengthened follow-up audits and the supervision and assessment of rectifications to continuously boost the self-healing and error correction capacities of its internal controls.

94.68%

The Bank already rectified the problems found during these audits, with a rectification rate of 94.68%

Chapter 3 Duty Performance and Obligations

Enthusiastic Response to National Strategies

Implementation of National Policies

Participation in Development of the Banking Sector

Promotion of Party Building

Safeguarding Financial Order

Balance of loans to small and micro enterprises (RMB 100 million)

↑ 9.73%

5,254.62 2017

4788.61 2016

1,550,000

The Bank confiscated 20,275 counterfeit RMB banknotes, down by 1.87%, and the total amount of the counterfeit banknotes was RMB 1,550,000, up 4.42% over the previous year

21,000

The Bank organized over 2,000 party organizations and 21,000 party members to listen to and watch the live broadcast of Secretary General Xi Jinping's report

Enthusiastic Response to National Strategies

In 2017, according to the national strategic layout, the Bank responded earnestly to the Belt and Road Initiative, the coordinated development of the Beijing-Tianjin-Hebei region and "Go Global" strategies of the government, with focus placed on supporting the strategic emerging industries and

manufacturing upgrading projects in relation to the "Made in China 2025" strategy, the development of cultural industries that reflects the nation's confidence in its culture and of industries closely related to social undertakings and people's livelihood, performing its bounden duty.

Support for the Belt and Road Initiative

Since 2015, the Bank has vigorously expanded markets along the Belt and Road, stepped up stockpiling of high-quality credit projects, and offered necessary support in terms of credit policy, marketing resources allocation, credit approval process and credit quota allocation.

The Bank participated in the establishment of the Belt and Road fund worth RMB 108.7 billion in total. In 2017, the Bank continued to strengthen the management of the Belt and Road fund, mainly targeting five areas including rail transit, shantytown reconstruction, construction of new countryside and ecological culture. In doing so, it effectively supported infrastructure construction in 13 key Belt and Road cities, including Guangzhou, Hangzhou, Changsha, Hefei and Hohhot.

CNCB (Hong Kong) Investment Co., Ltd., a subsidiary of the Bank, and CITIC Securities International jointly set up a USD 500 million CNCB Belt and Road fund in Hong Kong. The fund is mainly

used to invest in the infrastructure, energy and transport sectors of China and ASEAN nations along the Belt and Road, as well as premium enterprises in the finance and consumers industries.

108.7

The Bank participated in the establishment of the Belt and Road fund worth RMB 108.7 billion in total

500

CNCB (Hong Kong) Investment Co., Ltd., a subsidiary of the Bank, and CITIC Securities International jointly set up a USD 500 million CNCB Belt and Road fund in Hong Kong

Supporting the ABP London project in the UK

ABP London Phase-I broke ground officially in June 2017. As a major comprehensive project developed on the public land of London, it will allow Chinese enterprises to establish European branches in the city upon completion of construction, and strengthen trade ties between China and European and emerging markets. Secretary General Xi Jinping witnessed the signing of the project agreement, under which CITIC Construction would serve as the general contractor for the project, while project loans be provided by an export buyer's credit syndication led by the Bank. As an onshore correspondent bank of the syndication, the Bank discussed the financing structure with China Export & Credit Insurance Corporation on behalf of the syndication, the borrower and the guarantor, coordinated with the syndication over the signing of the loan agreement, signed relevant mortgage and pledge agreements on behalf of the syndication, and provided technical support for loan disbursements to the members of the syndication. By the end of 2017, the syndication successfully completed its first disbursement.

Support for the National Strategy of the coordinated development of the Beijing-Tianjin-Hebei region

In 2017, the Bank formulated the *Guiding Opinion of CITIC Bank on Coordinated Marketing in Beijing, Tianjin and Hebei*, specifying the thinking, objectives and marketing strategies of relevant work, as well as the systematic measures and supporting policies to facilitate the task. Moreover, the Bank developed differentiated credit policies for the Beijing-Tianjin-Hebei (BTH) region, and

strengthened study of the latest policies on BTH coordinated development and the construction of Xiong'an New Area to fully support the implementation of such national strategy. The Bank's projects related to BTH coordinated development involved key areas including transport, real estate, shantytown reconstruction, ecological and environmental governance, industrial parks and industrial transfer and upgrading.

Supporting the Shantytown Reconstruction Project in Yushuzhuang Village, Beijing

Shantytown reconstruction is an efficient way to divert Beijing's non-capital functions. In earnest response to the national policy, the Bank took shantytown reconstruction as a crucial means to support the capital's socioeconomic development. The Yushuzhuang shantytown reconstruction project is the first of its kind in Beijing featuring commercial bank-led financing and government purchasing. As the lead bank and correspondent bank for the project, CITIC Bank provided it a credit line of RMB 7.94 billion in syndicated loans for a term of 8 years. By the end of 2017, a total of RMB 5.3 billion loans were disbursed for the project, including RMB 2.868 billion from the Bank and RMB 2.432 billion from other banks.

Supporting the Construction of Beijing Section of the Beijing-Shenyang Passenger Line

The Beijing-Shenyang Passenger Line is a trunk line project for the construction of a "four vertical and four horizontal" railway network. This high-speed rail line starts from the Xinghuo Railway Station in Beijing and passes through Xinglong County and Chengde of Hebei, Chaoyang and Fuxin of Liaoning before joining up with the Shenyang Railway Station, a rail hub in Shenyang. The line is due to be open for traffic at the end of 2019. Under this project, the Bank provided loans of RMB 1.63 billion to support the building of the Xinghuo railway station complex in the Beijing section and land development in the surrounding area. By the end of the year, the project progressed smoothly, with the balance of various loans from the Bank at RMB 349 million.

Support for Enterprises "Going Global"

In 2017, oriented to value creation and light-style development, the Bank focused on market trends, adhered to compliant operations and enhanced its cross-border integrated service capacity by closely following the RMB internationalization process, and centering on national strategies (including the Belt and Road Initiative and Chinese enterprises "going global") and the development of reforms like capital account convertibility, against the backdrop of continuously falling imports and exports.

In response to the Belt and Road Initiative, the Bank provided export credit financing support to Chinese enterprises going global. According to the requirements of the People's Bank of China for macro prudential supervision, the Bank supported the real economy by encouraging domestic enterprises to

utilize overseas funds to lower financing costs, helped enterprises access low-cost funding abroad by adopting the "overseas loan under domestic guarantee" model, and provided them with related foreign exchange hedging and value preservation services.

"The Belt and Road"

In response to the Belt and Road Initiative, the Bank provided export credit financing support to Chinese enterprises going global

Leading the Biggest Syndicated Loan Project in the History of the Asia-Pacific Region

16 May 2017, ChemChina completed the first loan disbursement of the syndicated loan project leading by the Bank, for its cross-border acquisition of Syngenta AG in Switzerland. As the global coordinator for the project, the Bank led and established a USD 12.7 billion cross-border M&A syndicated loan for the deal. It was not only the biggest syndicated loan project in the Asia-Pacific region, but also the first major cross-border M&A syndicated loan project exclusively led by a Chinese joint-stock bank in history. As such, it won the "Asia-Pacific Loan of the Year 2017" award granted by IFR, the "Loan of the Year 2017" granted by IFR ASIA, and the "Best Leveraged Buyout Financing Project in Asia Pacific of 2016" and "Best Syndicated Project in Asia Pacific of 2016" awards from the Asia Pacific Loan Market Association.

Support for Emerging Industries and the Upgrading of the Manufacturing Industry

In 2017, the Bank tilted its credit policy to support the development of strategic emerging industries and high-end manufacturing industry which are knowledge- and technology-intensive, consume fewer material resources, and feature huge growth potential and comprehensive profitability, such as energy conservation and environmental protection, new-generation information technology, biology, high-end equipment manufacturing, new energy, new materials and new energy vehicles,

as well as the areas mentioned in *Made in China 2025* for prioritized development. The Bank's credit policy chiefly supported "Three Bigs (big culture, big health and big environmental protection), Three Highs (high-tech, high-end manufacturing and high-quality service and consumption) and Three News (new energy, new materials and new models)", including enterprises from strategic emerging sectors such as new materials, new energy, NEVs and high-end equipment manufacturing.

IFR

Asia-Pacific Loan of the Year 2017

IFR ASIA

Loan of the Year 2017

The Asia Pacific Loan Market Association

Best Leveraged Buyout Financing Project in Asia Pacific of 2016 & Best Syndicated Project in Asia Pacific of 2016

Supporting the Development of Enterprises in the Lithium Carbonate Industry

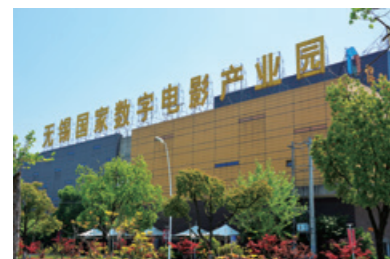
The lithium sector is an emerging industry in the new energy and new materials fields. The Bank's Xining Branch vigorously supported a company engaged in the research, development, production and sales of cathode materials for new energy batteries. The company has its own IPR on the "industrialization of lithium-ion ferrous phosphate and relevant new types of energy storage materials" and mainly operates three key product series including lithium cobalt oxide, ternary lithium manganese oxide and lithium-ion ferrous phosphate, which are applied to batteries of mobile phones, laptop computers and digital products, as well as power batteries and energy storage batteries. In 2017, the Bank offered a credit line of RMB 60 million for it to purchase raw materials and to meet its other needs.



Support for the Development of Cultural Industries

In 2017, by adhering to the credit principle of "closely following industry policies, actively carrying out credit business, selecting premium projects or enterprises on the basis of industry differentiation, encouraging innovation and strengthening risk control" for cultural industries, the Bank actively got involved in such industries where industry development and business model was relatively mature, where enterprises or

projects had stable cash flow, and whose space for future growth was still huge, such as radio and television network operation and broadcasting, press and publishing; and offered preferential support to cinemas, theaters for artistic shows, and national and provincial key cultural industrial parks which are run steadily, managed in a standard manner, financially healthy, and have relatively high market shares.



Supporting a Digital Film Studio Industrial Park

Approved to be established by the State Administration of Press, Publication, Radio, Film and Television ("SAPPRFT") in 2010, Wuxi Studio is the only national-level digital film industrial park in China, and a key project to be developed by the SAPPRFT as a parallel to the China Film & TV Base in Huairou, Beijing. The Bank considered the project well reflect the efforts taken by the local government to develop the cultural industry, and be a pioneer in China's technology-based film and television products and going to become a key force for film post-production in the country. As such, the Bank provided a fixed asset loan of RMB 850 million to build the Wuxi Studio industrial park project, marking its effort to support the development of China's cultural industries.

Support for Social Undertakings and the Cause of People's Livelihood

In 2017, the Bank actively supported borrowers with relatively solid comprehensive strength in cities along the Belt and Road to build projects concerning urbanization, shantytown reconstruction, land management, indemnificatory housing, industrial parks

and infrastructure. Moreover, the Bank vigorously supported public utility and infrastructure operators by addressing their financial needs through securitization, and dominant players in the sectors of healthcare and educational services with evident competitive advantages.

Supporting the Building of Telemedicine Projects

The Bank's Shijiazhuang Branch entered into a telemedicine strategic cooperation agreement with a hospital in Hebei in September 2017 to support its efforts to build a telemedicine system, providing tele-consultation and inter-hospital coordination services to grassroots hospitals, promoting vertical flows of medical resources, and facilitating cooperation between major hospitals and medical institutions at grassroots and county levels. The project would greatly enhance regional medical resources sharing in Baoding, boost the diagnosis and treatment level of county hospitals and provide convenience to people seeking medical services.

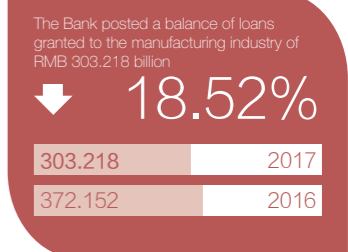


Implementation of National Policies

Supporting the Real Economy

In 2017, on the basis of meeting the requirements of national macro policies, industry policies and regulatory authorities, the Bank supported the financing platforms of local governments; actively selected key projects for the implementation of major national strategies; offered preferential support to the sectors of railways, highway transportation, port construction, water conservancy, environmental protection and real estate; strengthened risk monitoring and management of existing wealth management business; prudently

involved itself in industries plagued by overcapacity; developed white-list criteria and favored industry leaders. The Bank granted loans preferentially to the sectors of manufacturing, property development, leasing and business services, wholesale and retail. By the end of 2017, the Bank posted a balance of loans granted to the manufacturing industry of RMB 303.218 billion, down 18.52%, which accounted for 18.27% of all corporate loans, down 4.15 percentage points from the end of the previous year.



The Bank's Loans by Sector

Industry	2017		2016	
	Loan Balance (RMB 100 million)	Share in Corporate Loans (%)	Loan Balance (RMB 100 million)	Share in Corporate Loans (%)
Manufacturing	3,032.18	18.27	3,721.52	22.42
Transportation, warehousing and postal services	1,465.74	8.83	1,576.66	9.50
Production and supply of power, gas and water	457.72	2.76	447.43	2.70
Wholesale and retail	1,775.26	10.70	2,231.18	13.44
Real estate development	2,920.55	17.60	2,515.64	15.16
Water conservancy, environment and public utility management	1,702.35	10.26	1,373.65	8.28
Leasing and business services	2,184.12	13.16	1,778.07	10.71
Construction	762.82	4.60	885.56	5.34
Public and social organizations	181.73	1.09	194.12	1.17
Others	2,114.51	12.73	1,874.34	11.28
Total corporate loans	16,596.98	100.00	16,598.17	100.00

Prudently Formulating Credit Policies for High-Profile Industries

In 2017, the Bank adhered to an overall prudent risk preference on the precondition of compliant operation, and stressed the alignment of business scale and profitability level with risk taking on the principle of "risk coverage with income"; raised comprehensive income and RAROC, and shifted from controlling risks to operating risks, by using advanced risk quantification techniques and strengthening economic capital management.

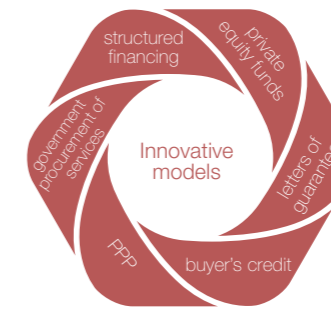
Real estate industry: The Bank maintained the percentage of credit assets allocated to the real estate sector, but optimized its

product allocation structure by making appropriate adjustments, carried out real estate-related credit business by firmly following the basic principle of coordinated development of profit, quality and scale, prudently controlled business involvement in tier-3/4 cities with huge destocking pressures and facing a supply-demand imbalance, mainly supported old city reconstruction projects in tier-one and some tier-two cities that demonstrated the sense of social responsibility and were backed by local governments, and continued to take a list-based management approach to the sector.

Taking the Lead in Entering the Rental Housing Market

"A combination of rental and purchase" is a key part of the long-term development mechanism for the real estate sector proposed at the 19th National Congress of the CPC. And the Bank took the lead in carrying out the business. On 30 October 2017, the Bank signed a strategic cooperation agreement for an RMB 30 billion long-term rental housing guarantee fund with Country Garden, under which both sides agreed to cooperate in the development, building, refurbishment, holding, operation and later-stage exit of long-term rental housing projects, and jointly promote product innovation under the guarantee fund.

Highway industry: The Bank strongly supported the 2016 - 2018 national key projects and construction of local highway networks, and preferentially granted on-balance sheet project loans. Support for national key projects was realized through innovative models, such as structured financing, private equity funds, letters of guarantee, buyer's credit, PPP and government procurement of services.



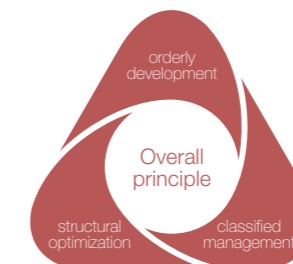
Supporting the Development of Highway Logistics Enterprises

A Guiyang-based technology company was the biggest highway logistics online platform in China, committed to helping improve the low-efficiency and scattered traditional logistics industry, providing truck drivers and consigners with an efficient and accurate vehicle-freight matching platform and correcting the information asymmetry between consigners and drivers. The platform, involving around 4.5 million truck drivers and 880,000 consigners, released over 6 million messages on average about freight sources each day, and matched orders with total freights of around RMB 1.7 billion each day, with the daily ETC top-up amount exceeding RMB 90 million. The Bank served the customer chiefly through "Fintech" to meet its demand for high-frequency payments by clients, intelligent cash sorting, and information automation, designing a product solution closely integrating "scenario + technology + finance". By the end of 2017, the Bank granted RMB 50 million loans to the company, helping it complete automatic payments for more than 8,000 corporate accounts each day.

50

The Bank granted RMB 50 million loans to the company, helping it complete automatic payments for more than 8,000 corporate accounts each day

Government financing business: As far as government financing business was concerned, by consistently adhering to the overall principle of "orderly development, structural optimization and classified management", the Bank vigorously supported the financing need of government procurements of services and PPP projects with committed repayment sources, and avoided relevant business in high-risk areas and regions.



Supporting Water Conservancy and Renovation Projects

The Bank's Shanghai Branch was actively involved in a water conservancy and renovation PPP project in Anhui built and operated by a Shanghai-based major SOE, and became a joint lead bank of syndicated loans for the project. Shanghai Branch and CITIC Financial Leasing Co., Ltd., a subsidiary of the Bank, jointly developed a prepayment sale-and-lease-back solution for the customer, finally realizing total financing of RMB 700 million, and helping the customer address fund payment pressures as banks usually find it difficult to get involved in PPP projects during the formation of immovable assets. In 2017, Shanghai Branch and CITIC Financial Leasing worked together and completed the disbursement of the first financial leading fund worth RMB 300 million.



Optimizing the Loan Structure of Regional¹⁵ Economies

¹⁵ Geographically, the “eastern region” specified herein corresponds to the “Yangtze River Delta”, “Bohai Rim Area (including the Head Office)” and “Pearl River Delta and West Strait” disclosed in the annual report (excluding Dalian Branch); the “central region” means the following areas where tier-one branches of the Bank are located: Taiyuan, Hefei, Nanchang, Zhengzhou, Changsha and Wuhan; the “western region” refers to the following areas where tier-one branches of the Bank are located: Chengdu, Chongqing, Xi’an, Kunming, Nanning, Hohhot, Urumchi, Guiyang, Lanzhou, Xining, Yinchuan and Lhasa; the “northeastern region” includes Dalian Branch, in addition to the “northeastern region” disclosed in the annual report.

¹⁶ Due to rounding reasons, the sum of the loans of the above regions was more than the total loans; data provided herein shall prevail.

In 2017, the Bank stepped up efforts to optimize the loan structure of regional economies, and made a scientific layout based on the characteristics of relevant regions. For the western region, the Bank made allocations mainly to the sectors of transport infrastructure investment, environmental management, resources & energy, high-end equipment manufacturing and tourism, among others. For the eastern region, the Bank’s allocations mainly covered the industries of transport, urban infrastructure investment, electronic information technology, high-end equipment manufacturing, energy conservation & environmental protection, new energy, environmental management, modern services industries, healthcare, education and tourism. For the northeastern region, the Bank principally made allocations to the sectors of high-end equipment manufacturing, energy conservation & environmental protection, education, healthcare and modern agriculture. For the central region, the Bank’s allocations were mainly made to the sectors of high-end equipment manufacturing, environmental

protection, education, tourism, healthcare and agricultural products processing.

By the end of 2017, the balance of loans granted by the Bank to the western region stood at RMB 389.152 billion, up 2.63%, and accounting for 13.08% of the total; that to the eastern region was RMB 2,065.270 billion, up 14.32% and representing 69.41% of the total; that to the northeastern region was RMB 99.693 billion, down 6.38% and accounting for 3.35% of the total; and that to the central region reached RMB 421.160 billion, up 12.50% and representing 14.16% of the total.

By the end of the year, the Bank’s business outlets in the western region numbered 257, on par with the previous year, and accounting for 17.91%, down 0.14 percentage points from the previous year; a total of 1,990 ATMs were placed, representing 21.41% of the total, slightly higher than the previous year. The Bank had 7,444 employees in the western region, accounting for 13.95%, slightly lower than the previous year.

The Bank’s Loans by Region

Region	2017 年		2016 年	
	Loan Balance (RMB 100 million)	Share (%)	Loan Balance (RMB 100 million)	Share (%)
Eastern region	20,652.70	69.41	18,065.36	67.75
Central region	4,211.60	14.16	3,743.58	14.04
Western region	3,891.52	13.08	3,791.92	14.22
Northeastern region	996.93	3.35	1,064.82	3.99
Total loans	29,752.74 ¹⁶	100.00	26,665.68	100.00

Supporting an Industrial Group with High Employment Rate

The second symposium of the CPC Central Committee on the work in Xinjiang explicitly required that higher priority should be given to the promotion of employment, and the development of the textile and apparel industry be taken as a strategic measure and vigorously supported so as to spur employment. A Xinjiang-based group sought local expansion under the guidance of the Belt and Road Initiative, and planned to focus on the textile and apparel sector and invest RMB 40 billion in a green and eco-friendly yam demonstration area and a regenerated fiber industrial park. In 2016, the Bank granted it a credit line of RMB 230 million, and completed a disbursement of RMB 682 million to it together with CITIC Financial Leasing. In 2017, the Bank offered it a credit line of RMB 4 billion, among which RMB 1 billion would be dedicated to the operation of projects in Xinjiang.

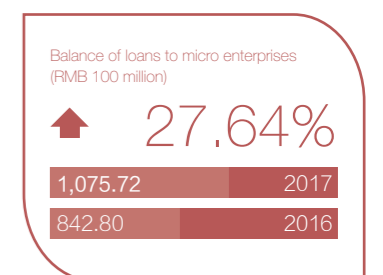
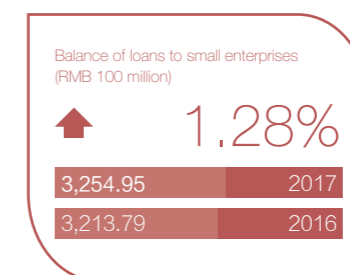
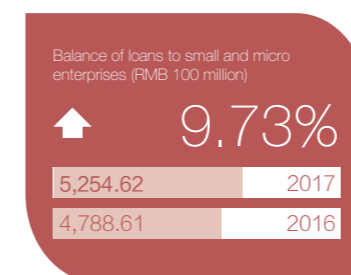
Implementing the Policy of Inclusive Finance

In 2017, according to the regulatory requirements of the *Implementation Plan for the Establishment of Inclusive Financial Business Divisions by Medium and Large-Sized Commercial Banks*, the Bank worked earnestly to establish an inclusive finance development model aligned with its actual conditions, set up an inclusive finance leading group and working group headed by the Chairperson of the Bank, formulated the *Development Plan of China CITIC Bank for Inclusive Finance*, and actively advanced the centralization of review, approval, disbursement and post-lending management. Meanwhile, the Bank explicitly proposed offering more preferential policy support to small and micro enterprises, agriculture, rural areas and farmers, and poverty alleviation undertakings during the development of inclusive finance.

Financial services to small and micro enterprises. In fully implementing the requirements of the *Guiding Opinions on the Development of a Special Operation Model of Small and Micro Enterprises-related Financial Business of China CITIC Bank*, the Bank defined its operational thinking and development model as

“professionalism and focus”; established a service system integrating “special institutions, special process, special team, special products, special system and special resources”; tilted its credit policy mainly to big consumption, modern services and strategic emerging sectors; set aside a special credit quota for small and micro enterprises-related financial services; prescribed that tolerance of NPLs granted to small and micro enterprises should not exceed the NPL ratio of various loans of the Bank by more than 2 percentage points; and set up 28 special small and micro enterprise-dedicated institutions in “4 cities and 11 provinces”. By the end of 2017, the balance of¹⁷ loans to small and micro enterprises stood at RMB 525.462 billion, accounting for 17.97% and representing an increase of 9.73% over the previous year. In particular, the balance of loans to small enterprises amounted to RMB 325.495 billion, up 1.28%; and the balance of loans to micro enterprises stood at RMB 107.572 billion, up 27.64%. In addition, the Bank disbursed personal loans to over one million small and micro enterprise owners through its credit card service.

¹⁷ According to the regulatory criteria set by the CBRC, small and micro enterprises-related loans include: loans granted to small enterprises, micro enterprises, individual businesses and owners of small and micro enterprises.



Supporting the Development of a Small Enterprise

A company located in the Hefei High-Tech Industrial Development Zone was founded in June 2004. With the relocation of office area and the continuous growth of orders, it found itself running short of working capital, and hoped to address the issue through financing. On the one hand, its existing size would leave it facing high costs if it sought direct financing from outside; on the other hand, as an asset-light enterprise, it had limited fixed assets; if it resorted to banks for indirect financing, the amount of funding could not meet its current capital turnover need. As it was trapped in such a dilemma, the special small and micro business institution of the Bank’s Hefei Branch came to it after learning the situation, successfully provided it RMB 3 million in funding by fully leveraging the advantage of the Bank’s “government-bank-guarantee institution” product which supports premium small and micro enterprises and enterprises related to “agriculture, rural areas and farmers”, solving its difficulty of working capital shortage.

Participation in Development of the Banking Sector

As a standing member of the Green Credit Committee under the China Banking Association, the Bank actively participated in the various work arranged by the committee. In 2017, the Bank attended the working meeting for the assessment and trial rating of green credit business of the banking industry, and the workshop on practical techniques for the management of environmental and social risks; examined the preparation of teaching materials on green credit and reviewed such materials as a member of the expert steering committee and editorial committee for these materials.

In March 2017, the Bank signed a strategic cooperation agreement with the National Tourism Administration, under which both sides would cooperate to develop a tourism investment project library, innovate in tourism investment and financing platforms, support the innovation and development of tourism enterprises, promote the integration

of regional tourism resources, and build a new business form of "Internet + tourism". Furthermore, the Bank actively supported the China National Tourism Investment & Financing Promotion Conference, and jointly released the quality tourism projects of 2017 with the National Tourism Administration, contributing to the development of the tourist economy.

The Bank continuously stepped up exchanges with its peers, participating in four exchange workshops for audit institutions, and discussing a number of subjects ranging from "informatized audit", "economic responsibility audit", "overseas audit", "audit methods for cross-financial risks and Internet financial risks" and "internal control management from an auditing perspective". Moreover, the Audit Department of the Bank was honored "National Advanced Internal Audit Collective" in 2017 by the China Institute of Internal Audit.

Promotion of Party Building

Implementation of the Party's guidelines

The Bank earnestly completed the task of electing delegates to the 19th National Congress of the CPC. According to the requirements of the Central Committee of the CPC and the Party Committee of the Group, the Bank organized its internal party organizations at all levels to prepare for the nomination and recommendation of relevant delegates; held the internal party congress, and organized 71 representatives to attend the party congress of the Group, successfully completing the task of election.

The Bank thoroughly studied and implemented the guidelines of the 19th National Congress of the CPC. On the opening day of the 19th National Congress of the CPC, the Bank organized over 2,000 party organizations and 21,000 party members to listen to and watch the live broadcast of Secretary General Xi Jinping's report. During the National Congress, the Bank held an

(expanded) learning conference of the theoretical study center of the Head Office's party committee, organizing the heads of its branches, subsidiaries and HO departments to study the guidelines of the 19th National Congress of the CPC, and inviting experts to offer on-the-spot explanations. The Bank also prepared and printed the *Dictionary for Studying the Reports of the 19th National Congress of the CPC*, purchasing and distributing over 70,000 learning materials of five types to all party members bank-wide. Moreover, the Bank formulated a work plan for studying and implementing the guidelines of the 19th National Congress of the CPC, and chiefly arranged for nine key tasks under four categories, i.e. learning & training, special lectures, theme activities and conversion of achievements, with a view to "focusing on the central task, serving the overall interests, highlighting characteristics and covering all the staff".

Efforts were made to build a learning-oriented leadership. The Bank made a full-year learning plan, held three (expanded) learning conferences of the theoretical study center of the Head Office's party committee, and invited experts to tutor party members in the guidelines of the 19th National Congress of the CPC and important rules and regulations of the Party. At the two training courses for cultivating the party spirit of senior management opened at the China Executive Leadership Academy, Pudong, all members of the Head Office's party committee, party secretaries of all branches and party branch secretaries of all HO departments received training in rotation, with Party Secretary Li Qingping serving as the class monitor and making special party lectures.

Efforts were made to advance the normalization and institutionalization of studies on the theoretical and practical issues of party building. The Head Office opened 7 rotational training courses for cultivating the party spirit at the China Executive Leadership Academy, Jinggangshan; over 3,000 party members of the Bank participated in centralized learning sessions in Yan'an and Pudong, with education within the party gradually realizing full coverage. The Bank organized exchanges over the experiences of undertaking studies on the theoretical and practical issues of party building, and organized 7 advanced grassroots party organizations to exchange their work experiences on the spot. The Bank also carried out party day activities under the theme of "making greater contributions from your post and

striving to be a qualified party member", with party organizations at all levels launching over 800 such activities.

Measures were taken to make political life within the party more serious. The Bank adhered to the basic systems and institutions, including party branch general meetings, meetings of party branch committees, party group meetings, and Party lectures, meetings of democratic life, meetings of party organization life and democratic appraisal of party members. By strictly standardizing relevant contents and procedures, the Bank seriously held the annual meeting of democratic life, soliciting opinions and suggestions bank-wide and making practical rectifications. Moreover, the Bank earnestly implemented a dual party organization life system. Led by Party Secretary Li Qingping, the party committee of the Head Office attended the meetings of party branch organization life, and offered onsite instructions on the meetings of democratic life and party organization life to the party committees of some branches and HO departments.



71

Held the internal party congress, and organized 71 representatives to attend the party congress of the Group

21,000

The Bank organized over 2,000 party organizations and 21,000 party members to listen to and watch the live broadcast of Secretary General Xi Jinping's report

Developing the Online Payment Platform for Party Membership Dues

CITIC Dang Fei Tong is a comprehensive management platform of the Bank integrating the payment and management of party membership dues and relevant education and services. The platform effectively resolved the difficulty in collecting party membership dues in the manual mode, innovated in the methods and channels of paying party membership dues and the management model for such dues, and facilitated the informatization of party building. Furthermore, by fully leveraging the advantage of the Bank's account management system, the platform realized the payment of party membership dues through various channels including the Bank's WeChat banking, mobile banking, online banking and official website as well as interbank payment. It could also be flexibly embedded into a number of application platforms such as official WeChat accounts and APPs. In 2017, the Bank realized the online application of the platform among over 2,000 party organizations and 20,000 party members, and promoted its use to the public on a full scale beginning from the end of the year.



Promotion of Construction of Party Conduct and Clean Government

In 2017, the Bank strengthened the construction of an honest party and clean government. The Bank conducted warning education by closely monitoring critical links, circulated the typical cases that violated the requirements of the Eight-Point Regulation of the Commission for Discipline Inspection of the Central Committee of the CPC, compiled and distributed typical disciplinary cases inside and out of the system. The Bank strictly implemented the "two responsibilities" of strengthening party self-discipline; signed the commitment letters for performing the "two responsibilities" at all levels of party organizations to hold them accountable; conducted report on and assessment of party building work; continued with the practice of HO party committee members

talking with the party secretaries and secretaries of discipline inspection committees of branches, and urged Head Office officials to actively perform "dual duties on one post". Meanwhile, the Bank also had collective talks with secretaries of discipline inspection committees and established a work report system for these secretaries to prompt them to seriously perform their supervisory duty. The Bank took measures to strictly prevent the resurrection of "four undesirable work styles", and firmly implemented the requirements of the Eight-Point Regulation; carried out special rectifications of the "four undesirable work styles" and a centralized investigation into and rectification of illegal purchase of high-grade liquor with the public fund of the Bank.

Safeguarding Financial Order

Strengthening Anti-money Laundering Management

The year of 2017 witnessed the effective operation of the Bank's anti-money laundering mechanism, as the Bank established the annual reporting and significant events reporting system, and amended internal control rules on the reporting of suspicious large-sum transactions and customer identification. By the end of the year, the Bank made

around 1.14 million reports on large-sum transactions, among which about 50,000 involved suspicious transactions. In 2017, 7 branches of the Bank were rewarded by their respective local PBOC offices or public security bureaus, and 15 branches received a rating of A for their annual anti-money laundering work from the PBOC.

Preventing the Circulation of Counterfeit Money

In 2017, the Bank put in large amounts of manpower and resources to effectively prevent the circulation of counterfeit money, and helped maintain a stable financial order in the country. In November, the Bank invited an RMB business expert from PBOC to train its key cashiers on anti-counterfeit RMB banknotes, who offered detailed explanations for the security features and key identification methods of RMB banknotes of all versions, and answered questions based on actual

business conditions. All the branches and sub-branches of the Bank organized their employees to promote the fight against counterfeit money at business outlets, marketplaces and public transit hubs, and raise the anti-counterfeit money awareness of the masses. By the end of 2017, the Bank confiscated 20,275 counterfeit RMB banknotes, down by 1.87%, and the total amount of the counterfeit banknotes was RMB 1,550,000, up 4.42% over the previous year.

Maintaining Social Stability

In 2017, the Bank worked vigorously to maintain financial security. By the end of the year, the Bank intercepted a total of 3,446 risk events involving the counterfeiting or alteration of bills, use of non-reserved seals to conduct business, and conducting business with forged ID cards or others' names; and avoided potential losses of RMB 143 million for customers or itself. The Bank continuously made efforts to combat telecommunication frauds bank-wide, helped customers identify

risks of telecommunication frauds, and froze the accounts and canceled the transactions that were used for telecommunication frauds. The Bank successfully safeguarded customers' interests and reduced destabilizing factors in the society. The Bank actively cooperated with public security organs, immediately reported destabilizing factors once spotting them, assisted the police in emergency criminal cases and helped maintain social stability and harmony.

Cooperating with Public Security to Capture a Fugitive

At 15:00 on 5 December 2017, a woman came to the Bank's Guiyang Branch to activate the credit card she held in hand. The lobby manager of the branch received her, checked her identity and helped with card activation according to due procedures. At 16:15, the branch received a warrant of arrest against women from the local public security bureau; the lobby manager then froze her credit card and reported the situation. The branch immediately launched its emergency early plan. At the noon of 6 December when the suspect reappeared, complaining she still couldn't use her credit card activated the day before, the lobby manager immediately informed the police, and tactfully controlled her mood to hold off for more time. Soon policemen came and took away the suspect. The whole process of capturing was very smooth, without any influence on the branch or its customers.

Intercepting Online Pyramid Scheme Frauds

At around 14:30 on 3 December 2017, a senior customer came to the Bank's Suzhou Branch, applying for the opening of a debit card. The handling teller asked routine questions about account opening, learning that the customer wanted to use the debit card to transfer RMB 13,579 to the account of a company. And the customer looked very anxious, saying the transfer must be completed before 7 December, otherwise it was impossible to obtain the promised equity interest. The information immediately got the teller on alert, who continuously warned the customer of fund transfer security, and suggested potential security risk about the transfer. The accounting manager of the branch also came over to make an enquiry, learning that the customer lately joined a WeChat group, whose administrator promised members that they would each get a commemorative coin made of 10g gold and 100g silver, a certain original stock worth RMB 100,000 and credit points which could redeem goods worth RMB 100,000. The accounting manager and the teller both judged that the customer was possibly trapped in an online pyramid scheme, and immediately reported the situation to the police after pacifying the mood of the customer. Two policemen then arrived at the branch, telling the customer this organization had left investigation records in the public security networking system, and immediately reporting the case and the WeChat group concerned to the national anti-fraud center. The customer finally came to his sense, and thanked the branch staff for their help and sense of responsibility.

1,550,000

The Bank confiscated 20,275 counterfeit RMB banknotes, down by 1.87%, and the total amount of the counterfeit banknotes was RMB 1,550,000, up 4.42% over the previous year.

Chapter 4 Customers and Services

Protection of Customer Rights and Interests

Improvement for Service Quality

Enhancement for Customer Experience

Strengthened Management of Suppliers

5,580,365

The Bank's telephone banking received 5,580,365 calls from customers, representing an increase of 4.58%

45.656

The Bank have generated direct earnings of RMB 45.656 billion for customers, representing an increase of 19.92%

23,000

More than 23,000 companies actively paid through the platform, which provides local businesses with convenient social services

142

The Bank's business outlets have covered 142 large and medium-sized cities in 31 provincial-level administrative regions (except for Hong Kong, Macau and Taiwan)

In 2017, the Bank continued to adhere to the "Customer Focus" philosophy, strove to provide satisfactory products and services for customers to realize the growth of the value that customers own. The Bank completed financial services so as to

guarantee and further improve the quality of the services. By the end of the year, the wealth management products issued by the Bank have generated direct earnings of RMB 45.656 billion for customers, representing an increase of 19.92%.

Protection of Customer Rights and Interests

Protection of Consumer Rights and Interests

The Bank strictly complied with the *Law of the People's Republic of China on Protection of Consumer Rights and Interests* and adhered to the "Customer Focus" philosophy. It earnestly safeguarded the rights and interests of consumers and built a harmonious relationship with consumers through formulating strategic plans of protecting consumer rights and interests, perfecting the management organizational structure of protecting consumer rights and interests, strengthening supervision and inspection of protecting consumer rights and interests, comprehensively assessing protection of consumer rights and interests, carrying out publicity and education activities about financial knowledge, organizing training in protection of consumer rights and interests for employees, enhancing service levels and optimizing the management of complaints channels.

A Refined Top-level Design The Bank continued to promote the implementation of the *2015-2017 Strategic Plan for Protection of Consumer Rights and Interests of China CITIC Bank*. The special committee for protection of consumer rights and interests under the Board of Directors and the Office of Protection of Consumer's Rights and Interests under the high management fulfilled their duties. And

a sound management system of protection of consumer rights and interests was built to ensure that the protection of consumer rights and interests can be carried out in an effective and orderly manner.

The "Double-recording" System The Bank formulated the *Measures for the Administration of Audio and Video Recording of Wealth Management Products and Consignment Products of China CITIC Bank*, clarified the regulations for the implementation of audio and video recording in the sales area, and revised the *Measures for the Administration of the Suitability of Individual Investor Fund Sales* to earnestly implement the idea of suitability in selling wealth management products and effectively protect the rights and interests of small and medium investors. In the management of service quality, the Bank requires that each

45.656

The Bank have generated direct earnings of RMB 45.656 billion for customers, representing an increase of 19.92%

WM manager must act according to the "double recording" system and provide risk warning and risk assessment tests for each customer so as to fully protect consumer rights and interests. The Bank has regularly organized mysterious visits to outlets to check and evaluate the implementation of these regulations.

Strict Regulations on Sales of Wealth Management Products In the sales of wealth management products, the Bank strictly complied with the requirements of the *Measures for the Administration of the Sales of Wealth Management Products of Commercial Banks*, and specifically formulated the *China CITIC Bank Personal Wealth Management Products Sales Process* to strictly regulate the sales process and protect the rights and interests of customers. The Bank's official website is the disclosure channel of wealth management products information.

The Bank provides that the salespeople of WM products must effectively identify the customers' identity before sales; introduce the sales business process, charge standards and ways of WM products to customers; understand the assessment of customers' ability of risk acceptance, duration of investment and liquidity requirements; remind customers to read

sales documents, especially the statement of risk disclosure and instructions of rights and interests; confirm customers copied the risk confirmation statements.

The Bank provides that the salespeople of WM products must give a comprehensive introduction to the products, including the duration, investment direction and income estimates in different scenarios, to customers when selling the products; meanwhile fully disclose the risk of WM products, explain the most unfavorable investment situation and investment results in a highly accessible way and with necessary examples, and confirm customers' complete and accurate understanding.

The Bank provides that the salespeople of WM products shall not make publicity or commitments of the products' principal and income which are inconsistent with the products to customers, and shall not guide customers to purchase the products by giving compulsory or misleading publicity. The salespeople of WM products are prohibited from going through the trading process like WM products subscription, application and redemption, from keeping the certificate media (files or USBKEY) on behalf of the customers, and from making commitments of income or bearing losses.

Safety Protection for Customer Funds

Information Technology Guarantee

The Bank established an e-channel transaction risk control system to implement differentiated safety certification measures based on the risk status of the customer transaction environment, and to prevent fraud transactions. The Bank regularly organized security penetration tests for Internet applications to promptly identify potential risks and carry out corresponding measures, and comprehensively monitored and promptly shut down the phishing websites against the Bank to prevent customers from being cheated and losing money. The Bank continued to strengthen the information technology emergency response mechanism and formulated the *Contingency Plan for Information Technology Outsourcing Management of China CITIC Bank*, which clarifies the division of labor, basic processes, risk prevention, early warning and disposal, drills and updates of outsourcing management emergency organizations, to protect customer funds

when Information technology risks occur.

Customer Service Guarantee The Bank adopted the HTTPS protocol to encrypt data messages in e-channel transactions and used a variety of security authentication methods to ensure the authenticity of customer transactions, including SMS dynamic passwords, USBKEY digital certificate signatures, fingerprint authentication, face recognition, gesture passwords, and privacy questions and answers. To control the risk of capital transactions, the Bank established inspection mechanism for a single transaction limit and daily cumulative limit. To prevent the client program from being adversely analyzed, the Bank enhanced the security of mobile banking client. At the same time, the Bank established a counterfeit mobile phone client monitoring mechanism for various Apps publishing platforms, which can immediately withdraw the detected counterfeit mobile phone clients.

Blocked the Facility Installation of Card Stealing

At 20:05 on 4 January 2017, employees of the Xi'an Branch of the Bank performed on-site inspection of ATMs at Jindi Plaza, Qujiang, Xi'an. During the playback of the monitoring video, a suspicious person with a cap and a face mask was found to have taken suspicious items from an ATM of the Bank at 19:13. The on-site employee made a preliminary judgment that the suspect attempted to steal customer bank card information with high-tech methods to clone bank cards and steal customer funds in other places or even overseas. The Bank immediately launched an emergency plan, reviewing the monitoring video to sort out the case overnight, retrieving transaction information and contacting for peer collaboration. At the same time, the Bank arranged for security personnel to observe the site and established a communication mechanism with the police. At 15:56 on 6 January, when the suspect came again to commit crimes at the ATM of Jindi Plaza, the staff of the Bank followed the suspect under the direction of the police. Soon, the suspect discovered the staff and attempted to get rid of the tracking by speeding up, retrograding, running the red light, making U-turn and other dangerous driving methods. Finally, with the assistance of the police, the staff successfully subdued the suspect and the police quickly found a number of tools for committing crimes on the car of the suspect.

Safety Protection for Customer Information

The Bank strengthened the protection of customer information by integrating various measures as acting in accordance with the requirements of national grade protection standards, designing regulatory system requirements and building related business systems. It strictly isolated the business network environment and the non-business network environment, prevented illegal access to data, properly encrypted sensitive customer information,

and strictly controlled the access to and the management rights of the business system. The Bank adopted process approval and data desensitization to prevent data leakage during the internal circulation and usage, and took various measures like mobile media control, networking behavior restrictions, mail sending detection and screen watermarks to prevent the data leakage caused by non-standard daily operations.

Safety Protection for Outlet Operation

In accordance with the requirements of *Fire Protection Law of People's Republic of China*, *Regulations on Internal Security of Enterprises and Institutions* and other laws and regulations, the Bank further strengthened the business security of outlets, and fully played the role of protecting operation management. According to the *Rating Measures for the Security of China CITIC Bank*, the Bank continued to carry out on-site rating task for branches' safety and security. Led by the Head Office, the Bank formed a number of rating groups to conduct a comprehensive on-site inspection for the construction and management of the civil air defense, physical defense, technical defense and fire protection at the office area of branches' outlets, and made the assessment report. In light of these major problems found during the rating process that security personnel

hired were not well reviewed, images of video monitoring systems were not clear, overall fire-prevention systems at premises rented were not complete, security personnel were understaffed and other issues, the Bank developed a rectification plan to further strengthen management for key posts and security personnel, stepped up formulating the corresponding management practice and implementation rules, and assessed security operational risks with quantified indicators. Focusing on preventing emergencies happened at business outlets and self-service equipment such as robbery, theft, fire and terrorist attack, the Bank carried out drills for emergency contingency plans and training for "119" National Fire Prevention Day publicity by combining with the security precautions and risk points, which further enhanced the safety awareness and practice skills of the Bank.

Ensure the authenticity of customer transactions

Including SMS dynamic passwords, USBKEY digital certificate signatures, fingerprint authentication, face recognition, gesture passwords, and privacy questions and answers



Improvement for Business Continuous Management

The Bank formulated the *China CITIC Bank Business Continuity Strategy*, clarifying the business continuity management standards, implementation principles and direction; formulated the *China CITIC Bank Business Continuity Plan and Overall Emergency Response Plan*; and formulated a special emergency

plan for recovering 28 key services. On 24 October, the Bank carried out a bank-wide business continuity drill, simulating the emergency handling when electronic channels, smart counters, overseas credit card acquiring and other business operations fail to continue, to improve customer service capabilities.

Improvement for Service Quality

Great Efforts in Capacity Improvement

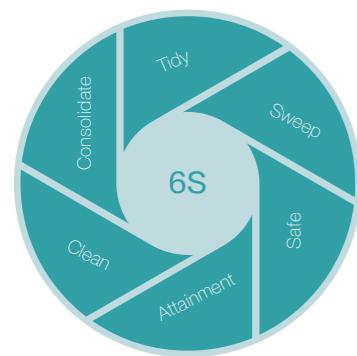
The Bank aimed to create the "Bank with the Best Customer Experience", and made great efforts to improve customer satisfaction through continuously promoting the "Ten Ones" service process, 6S management model, Smart Counter, comprehensive financial services and so on.

The Implementation of "Ten Ones" Service Procedure. The Bank integrated service standards and processes of reception managers and tellers by considering many factors such as customer circulation, pain points of customer experience, banking business standards and so on, and formed the "Ten Ones" for reception service process and "Heptalogy" of the counter service process. As for reception staff's service, the Bank helped save customers' time through "Ten Ones" service including "one greeting, one smile, one inquiry, one guidance, one piece of reminder, one instruction, one care, one beverage, one diversion and one goodbye", and provided smoother and more satisfactory service. As for tellers' service, the Bank assured staff members' accurate and instant service and care for customers through implementing "Heptalogy" including

"welcoming with hands raised, greeting with smiles, treating in polite manners, handling business at once, caring for customers with enthusiasm, delivering bills with reminder, and seeing off customers with eye contact." By the end of last year, the "Ten Ones" and "Heptalogy" standards were posted at conspicuous positions at all outlets of the Bank, which represents the Bank's service commitment to the public, and reflects confidence and determination of the Bank to provide the public with the best service.

The Promotion for 6S Management Model. The Bank has introduced the 6S management mode of "tidy, consolidate, sweep, clean, safe and attainment" across the whole bank to further meet the greater customer demand and effectively improve the customer service experience. At the same time, the Bank urged each staff to develop a good habit, and work according to rules.

"Tidy, consolidate, sweep, clean": Outlets are required to solve problems in how to make good use of spaces, and fully use spaces, keep environment clean and form good habits, so that there



is "zero disturbance" at the hall of the outlet. Outlets are required to create a spacious, comfortable, free, safe and casual environment, so that customers can possibly keep good moods during the whole process of enjoying service and really gain pleasant spiritual enjoyment from the beginning to the end.

"Safe and attainment": Outlets are required to solve the problem that guaranteeing customers' personal safety and property safety while guaranteeing the Bank's good service for customers.

Intelligent Customer Services. In 2017, the Bank continued to further promote the intelligent transition of the hall of outlets and provided more smart counters. The "Smart Counter" utilized many advanced service mechanisms, such as face detection and recognition, remote identity review, integrated contract signing, dynamic verification of mobile phone numbers and electronic signature, which all greatly reduce the difficulty and time of business process and comprehensively improve customer experience. Meanwhile, through key information protection and

other risk management and control mechanisms, the Bank assured the safety of customers' business transactions. At present, the smart counter has covered 50 businesses of 6 categories including bank cards, investment and wealth management, customer services, overseas finance, credit cards and e-banking, and its replacement rate of similar services reached approximately 65.8%. As of the end of the year, the Bank had 4,024 sets of smart counters, including 563 vertical sets and 3,461 desktop sets.

Flexible Services for Small Business. In 2017, the Bank introduced a variety of flexible repayment methods for small business, allowing small and micro enterprises to select the most interest-saving and most-matching repayment methods based on their own capital turnover conditions. The Bank also developed the borrowing and returning facility, which allows customers to make withdrawals and repayments at any time through online banking, with interests being accrued based on the number of days of loan use.



4,024

The Bank had 4,024 sets of smart counters, including 563 vertical sets and 3,461 desktop sets

Appropriate Handling for Complaints

The Bank continued to improve the handling system for complaints, revising the *Measures for the Administration of Service Quality of China CITIC Bank Credit Card Center* to optimize the complaints handling principles, processing procedures and efficiency, and formulating the *Measures for the Administration of Complaint Prevention Mechanism of China CITIC Bank Credit Card Center* to regulate the procedures and afterwards rectification for the early intervention of major complaints.

The Bank launched the "Ultimate Customer Experience" project to listen to the customers, improve and optimize the customer experience, and form a spiral closed circle of customer experience management of "experience - optimization - re-experience -

re-optimization". At present, a full-dimension, full-cycle management system covering all channels has been formulated for the project, finding out 597 customer experience pain points and producing 130 experience projects, which laid a solid foundation for further improvement of customer experience.

As of the end of the year, customer service telephone system of the Bank had received 83,350 complaints from credit card customers, a decrease of 0.15% over the last year; credit card customers complaints reached about 0.280‰, a decrease of 0.056‰ over the previous year; the degree of customer satisfaction of complaint processing was 96.89%, a decrease of 0.01% from the previous year; and the timely rate of complaint handling was 100%, the same as the previous year.



Assessment of Customer Satisfaction

The Bank reviewed and called back all dissatisfied customers, and collected reasons of dissatisfaction to promote the adoption of customer' advices. By the end of the year, the Bank successfully surveyed 912,837 customers on

satisfaction through post-call IVR, of which 898,501 customers were satisfied and very satisfied. The degree of customer satisfaction was 98.43%, representing an increase of 0.26 percentage points from the previous year.

¹⁸ 360 label is an intelligent app platform set up by China CITIC Bank, through which counter tellers can better serve customers.

5,580,365

The Bank's telephone banking received 5,580,365 calls from customers, representing an increase of 4.58%

Proactive Service Improvement

Telephone Banking Service. Through adding complaint sensitive labels in the teller system, establishing satisfaction survey control mechanism, introducing 360 label¹⁸ management systems, improving system construction, and optimizing service processes, the average call duration was reduced to 241 seconds, which increased the number of customer being served and reduced their waiting time. In 2017, the Bank's telephone banking received 5,580,365 calls from customers, representing an increase of 4.58%.

Mobile Banking Service. The Bank adjusted the complicated entry items of mobile banking transfer, which allows accurate transfer without entering the

district and outlets of the receiving bank. The Bank added the facility which supports the repayment for other owner's CITIC Bank credit card. The Bank also added gesture login and fingerprint login for mobile banking in spite of password login.

Promoted Inspection Efforts. In order to improve the quality of customer service at outlets, the Bank regularly organized customer experience inspections, daily inspections of 6S service standards and other items in spite of existing mysterious visits, open inspections and monitoring video inspections in 2017. The Bank also revised *the China CITIC Bank Service Quality Standards Manual* and produced paper versions and network training materials for employees to learn.

Reduction and Exemption of Service Charges

In order to standardize service charges related to business operations, reduce burdens for enterprises, and optimize the environment for the development of the real economy, the Bank strictly implemented relevant requirements of the National Development and Reform Commission and the CBRC, and actively expanded the range of charges reduction and exemption. For inclusive financial business, the Bank continued to implement "four categories of services for free" in 2017, including:

- Customers can get exemption of annual fees and account management fees;
- Customers can get exemption of service charges for remote RMB deposits, withdrawals and transfers in the Bank;
- Customers can get exemption of service charges for online banking and mobile banking domestic transfers;

- Small and micro enterprises can get exemption of loan commitment fees and fund management fees;

In addition, customers can get exemption of promissory note service charges, promissory note loss-reporting fees, promissory note nominal fees, bank draft service charges, bank draft loss-reporting fees, bank draft nominal fees.

The Bank has publicized the above policy in prominent locations at its business premises and on its official website. Outlets with enabling environment have also disclosed information of service charges through electronic display screens, multimedia terminals, computer queries, etc., fully protecting customers' rights to be informed and choose. In addition, customers can consult through calling for customer service via 95558.

Enhancement for Customer Experience

Optimization of Service Channels

The Bank adopted prudent network development strategies. By the end of the year, the Bank had a total of 1,435 business outlets, an increase of 0.77%,

including 1,350 comprehensive/ premium outlets and 85 community / small and micro outlets; and provided 9,295 sets of self-service equipments, a decrease of

7.32%. The Bank's business outlets have covered 142 large and medium-sized cities in 31 provincial-level administrative regions (except for Hong Kong, Macau and Taiwan), of which 4 cities welcomed the first outlets of the Bank, further expanding the coverage of the Bank's financial services and effectively optimizing and supplementing the local financial ecological network. The Bank continued to promote the functional area zoning standards and the image construction standards for outlets, including standards for barrier-free facilities and signs, convenience service facilities and smart experience equipments. The Bank has no business outlets that have significant

potential or actual negative impact on local environment and communities.

The Bank assessed the newly built and relocated sites by outlet location selection mode, which fully considers residence, office group, commercial facilities, traffic conditions and other factors around the proposed locations, to greatly facilitate customers. Taking the interests of customers around the original sites into full consideration, the Bank required these outlets to make an announcement in advance to remind the customers of the relocation. By the end of the year, the Bank relocated 49 outlets, and set up 11 new ones.

Improved Accounts Management

In 2017, the Bank actively promoted the construction of the "Business Account Life Cycle Management" project, actively optimized both the system functions and business processes, and solved the problems of complicated and time-consuming procedures for the opening of bank business settlement accounts.

Online Form Pre-filling The Bank made lots of work that was originally needed to be done by customers at the counters possible to be processed online, and prompted the customers to prepare the necessary information before going to the bank to effectively reduce the errors in filling forms and the frequency of stamping, thus improved customer experience.

Door-to-door Service of Account Opening The Bank added the door-to-door service of account-opening to

the MPP and checked the positioning information with the actual registration / operating address of the entity in the follow-up review, which improved the reliability of the managers' door-to-door account opening service and the real-time collection of information.

Optimized Account Opening Review The Bank promoted data interface between the counter system and the anti-money laundering system, automatically verifying customer's basic information, thus improved the accuracy and efficiency of account opening review.

Optimized Signing-up Process The Bank, by opening the data interface of each system, made it possible of the unified signing-up management at the counters, which further simplified the counter operations and improved the efficiency of business processing.

Innovative Services and Products

In 2017, the Group actively implemented new development strategy, fulfilled the concept of "innovation", enhanced product and service innovation, built industrial comparative advantage, and launched a series of financial services and products with the characteristics of the Group. The Group strictly complied with *the Advertising Law of the People's Republic of China*, *the Trademark Law of the People's Republic of China*, *the Contract Law of the People's Republic of China*, and *the Law of the People's*

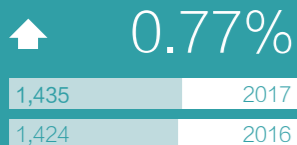
Republic of China on Commercial Banks. The Group also abided with relevant national laws and regulations in product promotion and marketing, and protected its own intellectual property rights.

The Unified Social Insurance Funds Settlement Platform. The Bank created a "unified social insurance funds settlement platform" for social insurance agencies. At present, the platform has become the only platform for the management of social insurance funds revenue and expenditure of a provincial

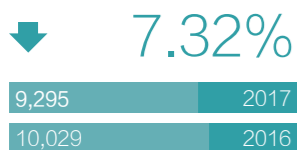
142

The Bank's business outlets have covered 142 large and medium-sized cities in 31 provincial-level administrative regions (except for Hong Kong, Macau and Taiwan)

the Bank had business outlets

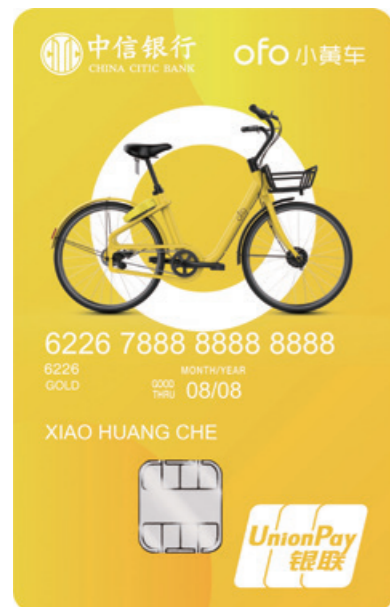


provided self-service equipments



23,000

More than 23,000 companies actively paid through the platform, which provides local businesses with convenient social services



capital. The Bank is the exclusive agent for payment of social insurance through Internet, APP and self-service devices. As of the end of the year, more than 23,000 companies actively paid through the platform, which provides local businesses with convenient social services.

Transaction Banking 2.0. The Bank successfully completed the first phase of the Transaction Banking 2.0 project. The project focuses on optimizing the business system composition, improving the service management system, and building whole-process services such as the sale of products through the transaction banking and the one-stop signing-up for customers. It created a new version of online banking and launched the mobile banking for corporate, and optimized the internal management system, thus significantly improved the system interface, product functions, customer experience, and security operations.

Foreign Currency Xinjin Bao. The Bank launched the "Foreign Currency Xinjin Bao" product, which innovatively combines the foreign currency operational returns in the financial market with the foreign currency asset management needs of customers. Allowing deposits and withdrawals at any time and steady returns, the product dynamically adjusts the foreign currency asset returns of customers according to the operational returns of foreign currencies, which offers the first domestic management tool of cash in foreign currencies. The annualized return rate of the first phase US dollar products exceeded 0.88%, approximately 18 times that of US dollar savings deposit. By the end of the year, the product recorded over 2,000 product transactions over the past 40 plus days since its launching, and was fully recognized by the market and customers.

Borrowing and Repayment Online. This facility supports online applications and online commissioned payments, and optimizes the providing of loan related materials to improve customer experience while meeting actual financing needs of customers. It was formally launched in May 2017 and had granted cumulative loans of

approximately RMB 43 billion over the year.

The Online Credit Consumption Loan Product. The Bank launched this product for well-paid customers and customers of asset-related business. It grants credit loans for consumption to customers who meet the requirements of the Bank through acquiring verifiable information of customers like revenue, liabilities and credit on-line, and conducting comprehensive credit evaluations of customers relying on the Bank's online credit service platform. This product, with the whole online operations of application, approval, granting and repayment, effectively meets customers' demands of highly frequent, fast and small amount of small-credit loans.

Credit Card Products. The Bank innovated integration models with internet companies, deepening cooperation with products of huge traffic and expanding cooperation areas. It launched various co-branded credit cards like Jingdong Xiaobai TWO Card, Naughty Card, Cat's Eye Card, Netease Cloud Music Card, OFO Card, Yixin Card and Dedao Card, so as to build an unbounded financial ecosystem that covers e-commerce, entertainment, traveling, Internet finance, Internet information and other consumption scenarios to help valuable customer with acquiring and operating. At the same time, the Bank also launched the young group oriented "Color Series" credit cards of its own brand based on user experience, thus provided users with more personalized and better credit card services.

Block Chain Business. The Bank's Block Chain based Letter of Credit System (BCLC) was successfully launched, which applies the block chain technology to the settlement of letters of credit. The whole process of opening letters of credit was done through the block chain system, which shortens the transmission time of letters of credit and documents, improves the processing efficiency and security of the letter of credit business, and enhances the participation of customers and the transparency, allowing customers to obtain detailed real time information of the whole process.

Intelligent Robots in Outlets

The intelligent robots in outlets are smart customer service robots for banking business scenarios in outlets. As an innovative combination of artificial intelligence and banking services, the robot employs cutting-edge technologies such as natural language processing, 1:N face recognition, and the banking service knowledge base based on deep learning to intelligently communicate with customers. The intelligent robots will be used to help lobby managers in outlets to conduct customer identification, business consulting, products recommendation, business guidance and other services. At present, the intelligent robot has been officially launched at the Bank's Nanxincang Sub-branch in Beijing and began to serve customers.



Improved E-banking Services

In 2017, regarding the user experience as the core, the Bank launched Mobile Banking 4.0, smart billing, smart recommendation, smart investment and consulting, going abroad finance and other customized financial and non-financial services, as well as fingerprint identification, white list for transfer and other methods for safety, so as to strike a good balance between experience and safety.

The Bank further improved the e-banking real-time risk control system and optimized the anti-fraud model for online transactions, realizing real-time analysis and course intervention in e-banking transaction risks and effectively reducing the risk of e-banking transactions. It launched the "e-commerce housekeeper", an intelligent liquidation product which provides B2C e-commerce platforms with a full-process fund settlement solution that integrates "collection, management, and payment". The Bank also upgraded Quanfutong, Cross Border Trade and CITIC e-pay, to accelerate the construction of Internet payment ecosystem. It deepened the cooperation with Internet companies,

signing a financial technology deepening business cooperation agreement with Tencent, and combined the latest Internet technological achievements with financial services by using the expertise of Internet companies to provide customers with safer, smarter, and more accurate, convenient and personalized service and explore the new model of win-win cooperation between the Internet and the banking industry.

The Bank established a mechanism of "prompt discovery, rapid analysis and quick solution" to collect problems through electronic channels, customer service centers, WeChat groups, on-site investigations and other channels, and to track the process of problem handling to ensure that "progress will be made every week and every problem will be solved". The Bank continued to optimize its online banking facility and conduct upgrading once a month. It has cumulatively optimized more than 70 items, adding new WeChat notifications, updating expired certificate, and upgrading "CNCB Connectivity", and has reformed its functions such as asset inquiry and wealth management insurance.



The Family Trust Business Ranking First in the Industry

"CITIC Family Trust Business" integrates the CITIC Group and other high-quality resources and adopts the "1+1+N" exclusive team service model to provide professional, comprehensive and customized wealth management services and asset preservation and inheritance solutions for high-net-worth private banking customers. It has enabled the implementation of various innovative models such as insurance trusts, transfer of claims and shareholding entrustment. As of the end of the year, the Bank realized over RMB 9.177 billion of family trust business and served 400 customers with ultra-high net-worth, ranking among the best in the industry in terms of scale, professionalism, market share and the degree of customer satisfaction.

Service Stars

In 2017, the Bank's Tianjin Haihe Sub-branch, Hangzhou Xiaoshan Sub-branch, Chengdu Zijing Sub-branch and Shenzhen City Plaza Flagship Sub-branch were listed among the "Top 100 Demonstration Institutions of Civilized and Standard Services of the Chinese Banking Sector" by the China Banking Association. A total of 32 employees of the Bank were conferred the title of "Lobby Manager Star of Civilized and Standard Services of the Chinese Banking Sector".

32

A total of 32 employees of the Bank were conferred the title of "Lobby Manager Star of Civilized and Standard Services of the Chinese Banking Sector"

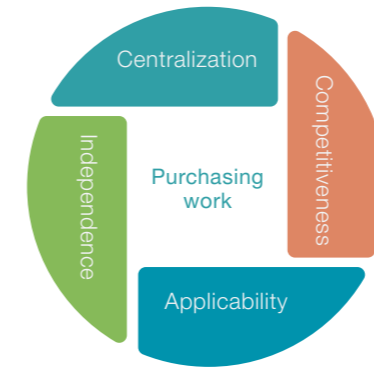
List of the Bank's "Lobby Manager Star of Civilized and Standard"



List of the Bank's Special "Lobby Manager Star of Civilized and Standard Services of the Chinese Banking Sector"



Strengthened Management of Suppliers



In 2017, the Bank completed the central procurement based on the principles of "centralization, independence, competitiveness and applicability" and "separated administration and procurement". It obtained goods of comparative advantages in the market in the centralized and unified way by leveraging the specified procurement methods and procedures.

Centralization The Bank's systematic procurement level should converge on the Head Office in steps. With gradual integration and centralization of the Bank's demand for commodity procurement in steps, the Bank's procurement policy and process should be regulated and unified.

Independence The Central Procurement Department (Team) of the Bank should operate independently according to the central procurement policy and the procurement process to ensure the publicity, fairness and equity as well as effective supervision.

Competitiveness During procurement, the Bank should ensure sufficient competition among commodity suppliers to maximize the efficiency of procurement.

Applicability The Bank should acquire a wide range of commodities in line with operation and management demands with reasonable procurement methods. In particular, the principle of competitiveness has positive significance for "local procurement" and "procurement from the origin". Since "local procurement" and "procurement from the origin" spare the time of intermediate link of the supply chain as well as the transportation cost,

these methods show cost advantage and relevant suppliers are likely to distinguish themselves and successfully be selected as the Bank's suppliers in the environment of sufficient competition. The Bank completed central procurement based on the principles of pursuing lower costs and better quality so as to provide quality products at the favorable and appropriate prices in the procurement industry.

Fundamental conditions of supplier acceptance and candidate suppliers of the Bank include but are not limited to:

- (1) being able to bear civil liabilities independently;
- (2) having a good business reputation and complete financial and accounting policies;
- (3) having the necessary financial strength, professional technical skills, service access support skills and industry experience for performance;
- (4) showing no record of any gross violation of laws regarding business activities or bad information concerning violation of social responsibility in the recent three years;
- (5) meeting other special conditions related to the supplied commodities. By the end of the year, the Bank mainly had cooperation relationship with 29 major suppliers¹⁹ in total in China mainland.

The Bank regulates the environmental and social risk management of suppliers mainly based on the "law and regulation compliance" provision. The Bank collects various risk information of contracted suppliers, including environmental and social risks, through third-party agencies, and its screening criteria come from the *Labor Law of the People's Republic of China and the Environmental Protection Law of the People's Republic of China* and other regulations. The Bank has included all of the suppliers, including new suppliers, in its overall supplier evaluation system and has conducted due diligence on environmental and social activities of major suppliers. The Bank enhanced the acceptance and assessment of suppliers, refused manufacturers and products of high pollution and energy consumption levels and instructed the suppliers to assume their social responsibility as required.

Once the supplier induced major negative environmental and / or social impact on the Bank, the Bank will take measures such as interviewing, downgrading, restrictions on purchases, and even quitting based on the supplier management system. As of the end of the year, no supplier had ever induced any negative environmental and / or social impact on the Bank.

0

As of the end of the year, no supplier had ever induced any negative environmental and / or social impact on the Bank

29

The Bank mainly had cooperation relationship with 29 major suppliers in total in China mainland

¹⁹ Major supplier refers to one which has a contracted amount of over RMB 20 million with the Bank.

Chapter 5 Employees and Culture

- Basic Profile of Employees
- Basic Staff Welfare Programs
- Equal Pay for Equal Work
- Improved Assessment Mechanism
- Career Planning for Employees
- Caring Physical and Mental Health
- Protection of the Legitimate Rights and Interests of Employees
- Enhanced Vocational Training
- Caring for Employees' Lives

5,430

The Group had organized about 240 health-related training courses and lectures, attracting participation of around 5,430 employees

665,000

Trade unions of the Bank allocated a total of RMB 665,000 for courtesy

Total training input (RMB 10,000)

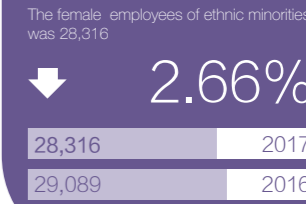
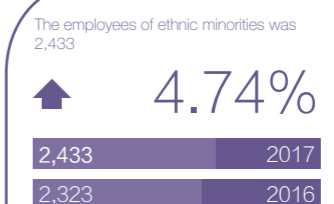


Basic Profile of Employees

At the end of the year, the Group registered a total of 56,724 employees, a decrease of 2.24%; and the Bank registered a total of 53,346 employees, representing a decrease of 2.35%. Among them, the number of employees with labor contract was 49,257, accounting for 92.33%, 1.34% lower over the end of the previous year; the percentages of female and male employees were respectively 53.08% and 46.92%, with the former decreasing by 0.17%; the employees of ethnic minorities was 2,433, accounting for 4.56%, increasing by 4.74%; the percentages of basic-level employees, management staff of branches and the Head Office were respectively 89.80%, 9.28% and 0.92%; the percentage of basic-level employees kept rising, and that of management staff dropped mildly; the percentage of employees with college education was 92.06%, increasing by 2.28%.

In accordance with government regulations on dispatched labor, the Bank reinforced the management of dispatched staff. There had been no dispatched labor added since 2015. The Bank continued to gradually reduce the proportion of dispatched labor in total staff. By the end of the year, the number of employees without labor contract was 4,089, accounting for 7.67%, decreasing by 13.07%.

By the end of the year, subsidiaries of the Bank registered a total of 3,378 employees, a decrease of 0.73%. Specifically, 44 were employed by Zhejiang Lin'an CITIC Rural Bank, 94 by CITIC Financial Leasing Co., Ltd., 2,056 by CITIC International Financial Holdings Limited, 1,184 by China CITIC Bank (Hong Kong) Investment Limited (formerly known as "China Investment and Finance Limited").



²⁰ The total number of employees disclosed in last year's report was 54,620, which was then adjusted to 54,628, and other figures of the year 2016 in this table were adjusted.

²¹ This includes assistant general managers at departments of the branches, assistant general managers of sub-branches (inclusive), and above.

²² This includes assistant general managers (inclusive) at departments of the Head Office and above.

Employee Statistics²⁰

	2017	2016	Changes
Headcount	53,346	54,628	-2.35%
Employees under labor contract with the Bank	49,257	49,924	-1.34%
Employees dispatched to the Bank or hired with letters of engagement	4,089	4,704	-13.07%
Male employees	25,030	25,539	-1.99%
Female employees	28,316	29,089	-2.66%
Ethnic-minority employees	2,433	2,323	4.74%
Basic-level employees	47,905	48,479	-1.18%
Branch managerial employees ²¹	4,952	5,723	-13.47%
Head Office managerial employees ²²	489	426	14.79%
PhDs	203	176	15.34%
Postgraduates	10,422	9,471	10.04%
Undergraduates	38,485	39,398	-2.32%
Junior college graduates	3,849	5,079	-24.22%
Below junior college (non-inclusive)	387	504	-23.21%
Aged 30 and below	23,689	27,184	-12.86%
Aged between 31 and 40	20,876	19,081	9.41%
Aged between 41 and 50	7,003	6,641	5.45%
Aged between 51 and 59	1,776	1,718	3.26%
Aged above 60	2	4	-50.00%

Basic Staff Welfare Programs

In accordance with the *Labor Law of the People's Republic of China* and *Labor Contract Law of the People's Republic of China*, *Social Insurance Law of the People's Republic of China*, as well as local basic staff welfare regulations, the Bank established the basic staff welfare system, comprising the basic pension insurance, basic medical-

care insurance, unemployment insurance, work injury insurance, maternity insurance for employees, and housing provident funds. The Bank also established a multi-pillar old-age caring system such as corporate annuities, in which regular employees who have completed the probation period can join voluntarily.

Equal Pay for Equal Work

The Bank formulated the remuneration standards based on value of particular post. The Bank fully observed the principle of equal pay for equal work, with no gender-specific differences in its remuneration and promotion standards. The Bank continued to improve its remuneration

system centered on value of particular post, promote differentiated remuneration construction and the remuneration structure, strengthen assessment and supervision, and standardize distribution of remuneration and benefits and insurance payment.

Improved Assessment Mechanism

The Bank set up the value creation-oriented performance management system to improve its performance management, and encourage employees to enhance their value and performance. On the basis of the key performance indicators specified in the post description and combining its strategic objectives and key tasks, Departments of the Head office of the Bank developed the annual performance plan to guide the works of all posts in the early 2017. To implement

the system, the management staff tracked and responded to employees' fulfillment of performance plan, and provided necessary support for them to complete tasks on time. At the end of 2017, the Head Office organized a performance assessment for all employees, and made thorough assessment of employees' fulfillment of performance plan by means of performance assessment and online assessment, and gave out their annual assessment results.

Career Planning for Employees

The Bank continued to embrace such philosophy conveyed in its selection, utilization and promotion of talents, i.e., pay equal attention to ability and integrity but prioritize integrity in promotion, select the best from the elites, apply the principle of survival of the fittest, take full advantage of the talents pool, put the right candidates to the right positions, and motivate employees with a sound incentives mechanism, thereby tapping into the full potential of talents.

The Bank formulated the *Measures for the Management of Posts of CITIC Bank*, standardizing and unifying the Bank's position system, determining the division

and ranks of three major types of positions of management, professional technology, and operation support, clarifying the qualification, promotion and adjustment principles for all ranks of professional technology and operation support, thus broadened the career development channels for employees. The Bank formulated the *Implementation Plan for the Exchanges of Directors at the Head Office and Branches*, the *Implementation Measures for the Open Selection of Directors at the Head Office of China CITIC Bank* to promote the growth of excellent managers through the mentoring system.

Caring Physical and Mental Health

Out of its great care for physical and mental health of employees, the Group organized health training courses and lectures for its employees, covering extensive areas, such as how to keep fit with the use of traditional Chinese medicine (TCM), tips on the

health of female employees, health-care of infants and young children, prevention and treatment of middle to old-age diseases (coronary heart disease, hypertension, diabetes, etc.), psychological knowledge, and emergency self-rescue and first aid.

Philosophy

Both ability and political integrity
Equal attention to ability and integrity

5,430

The Group had organized about 240 health-related training courses and lectures, attracting participation of around 5,430 employees



Employee Mental Assistance Program (EAP)

In 2017, to implement the concept of “Making Employees Happy” and get closer to employees, the Bank continued to promote multi-level and multi-dimensional caring services. The Bank organized the “Happiness (Xing Fu)” Lecture to learn about the courses needed by employees through voting. With more than 1,200 employees participating in the program, the curriculum was set up according to their voting results, and the diet and physical and mental health classes were the most popular ones. The Bank issued mental health knowledge through its special WeChat Account of “Energy from Within, Faith in the Future”. Meanwhile, the Bank promoted the EAP Phase II project at the Head Office of the Bank. Employees can use the EAP consulting platform to conduct daily psychological consultations. And professional consultants will help employees solve their problems and relieve their pressure on work and life.

All these helped employees to understand their bodies, improve their work habits and develop self-consciousness of disease prevention. By the end of the year, the Group had organized about 240 health-related training courses and lectures, attracting participation of around 5,430 employees.

In order to help its employees maintain top form, the Group organized routine physical check-ups for its employees on a regular basis. Some branches offered more items checked for employees aged 45 and above, and organized special physical check-ups for female employees. By the end of the year, employees voluntarily participating in physical check-ups recorded about 47,600 person-times, decreasing mildly over the previous year.

The Bank supported the trade unions of branches’ courtesy visits to employees, and visited sick employees with both mental

and monetary cares. Senior management members of the Bank paid courtesy visits to retirees on a regular basis, called on sick employees, and visited staff who worked on the annual account. By the end of the year, trade unions of the Bank allocated a total of RMB 665,000 for courtesy.

As of the end of the year, no employee death occurred at the Bank. 34 employees got injured when do sports, commute, at work places or on office trips, a decrease of 7 person-times, and 1,772.5 days were off due to work injuries of employees. When the employees got injured, the Bank actively submitted applications for work injury recognition to the local human resource and social security departments. When the injury cannot be identified for any reason, the Bank also actively provided employees with material and spiritual compensation to reassure them about recovery and returning to work.

Protection of the Legitimate Rights and Interests of Employees

Protection of employee right to make claims

Following the introduction of “President’s Mailbox” and “Leaders’ Open Day”, the Bank introduced the “Listen to Me” in 2017, which broadened the communication channel for employees to express opinions and make suggestions, and showed that the senior management took practical actions to communicate with staff at the basic level.

President’s Mailbox. Employees were encouraged to offer opinions on business development and internal management, so as to build a sound internal and external feedback

mechanism and a channel for solicitation of rationalization proposals. The President’s Mailbox is an important channel for staff at the basic level to communicate with the senior management. Each employee may send mail to the Box in real name or anonymously to file complaints, comments or suggestions. The presidents would give feedback to and settle the hot issues within set time limit.

Listens to Me. The Bank established the Listen to Me section on the homepage of its Intranet. More than 200 pieces of opinions

were collected, processed by related departments and publicized on the Intranet.

Leaders’ Open Day The Bank continued to implement the system of Leaders’ Open Day. Each month, the members of the

Party Committee of the Head Office would receive and communicate with employees to maintain the communication channel between the Party Committee of the Head Office and employees.

Protection of employee right to work and rest

The Bank formulated *the Measures for the Management of Labor Contract of China CITIC Bank (Version 2.0 2017)* according to *the Labor Law of the People’s Republic of China*, and followed regulations of working hours, breaks and leaves and labor protection to safeguard employee right to work and rest. In 2017, if employees were required work overtime due to work demand, the application form shall be submitted to the department head for review and approval. By the end of the year, the Group registered total overtime²³ of about 2,759,300 hours or 48.64 hours per capita in the year, decreasing by 11.27% and 4.95 hours. The employees totaled 1,552,500 days of due annual leaves, of which 28.76% or 446,500 days were actualized, 2.98 percentage points higher over the end of the previous year. Other leaves²⁴ including marital leave, personal leave, sick leave and funeral leave of the Group was totaled 312,100 days, or 5.50 days per capita, an increase of 0.75 day.

²³ This includes overtime in extended work time, weekend and holidays.
²⁴ This does not include the maternity leave.

47,600

Employees voluntarily participating in physical check-ups recorded about 47,600 person-times, decreasing mildly over the previous year

665,000

Trade unions of the Bank allocated a total of RMB 665,000 for courtesy

0

As of the end of the year, no employee death occurred at the Bank

2,759,300

The Group registered total overtime of about 2,759,300 hours in the year, decreasing by 11.27%

1,552,500

The employees totaled 1,552,500 days of due annual leaves, of which 28.76% or 446,500 days were actualized, 2.98 percentage points higher over the end of the previous year

48.64

The Group registered total overtime of about 48.64 hours per capita in the year, decreasing by 4.95 hours

312,100

Other leaves including marital leave, personal leave, sick leave and funeral leave of the Group was totaled 312,100 days, or 5.50 days per capita, an increase of 0.75 day

Protection of employee rights as trade union members

In accordance with the requirements of *the Trade Union Law of the People’s Republic of China*, the Head Office and branches of the Bank all had trade unions in place and budgeted operating funds for trade unions in full amounts to ensure extensive organization of trade union activities. By the end of the year, the Bank achieved 100% trade union membership rate among employees with labor contract; employee representatives’ congresses were already in place at the Head Office, the Credit Card Center and 38

branches; 40 branches signed *the Special Collective Contract of China CITIC Bank for Protecting the Rights & Interests of Female Employees*, equaling to the previous year. For the whole year, the Bank convened 62 employee representatives’ congresses at different levels, 6 congresses less than that at the end of the previous year, deliberated over 335 items, and recorded about 4,457 participants in total, decreasing by approximately 25.65% over the end of the previous year.

Protection of women’s rights and interests

The Bank signed *the Special Collective Contract of China CITIC Bank for Protecting the Rights & Interests of Female Employees* with all female employees, and actively carried out various caring activities for female employees of the Bank. For example, the trade union of the Head Office distributed

about 1,700 pieces of radiation-proof maternity clothing to pregnant female employees of branches at the “Wish you a Pleasant Pregnancy” activity; and the Lhasa Branch organized a series of activities themed “Caring and Blooming” to express respect and caring for female employees.

80

The Bank had trained nearly 80 internal trainers at the Head Office level

3,400

The Bank now has over 3,400 internal trainers. As of the end of the year

Sharing of Good Writing on "8 March"

On the morning of 8 March, 2017, Li Qingping, Chairperson of the Bank, attended and presided over the "Sharing of Good Writing on '8 March'". During the event, Chairperson Li Qingping shared an article on filial piety and her own experience of growing into a female professional with other attendants and told female managers how to handle relationships between their career and their families, couples, children and colleagues. She hoped that all female workers could have a healthy body and a happy mood in their work and life, be empathetic, learn to think in others' shoes, and realize a win-win outcome in both family and career.



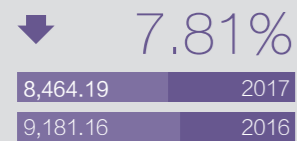
Enhanced Vocational Training

The Bank strengthened the top-level design of staff training, formulated 8 professional training guidelines, revised 4 management systems including the *China CITIC Bank Staff Training Management Measures*, further refined the rights and obligations of staff training, and shared

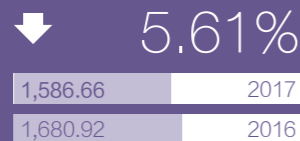
resources based on internal training. In 2017, the Bank had trained nearly 80 internal trainers at the Head Office level and the Bank now has over 3,400 internal trainers. As of the end of the year, the Bank's total training input totaled RMB 84,641,900, a decrease of 7.81%; and more than 600,000 employees participated in the training, a decrease of 10.90%.

The training plan formulated by the Bank is divided into four categories: Party School training, strategic management, strategic execution and business development. In 2017, the Bank launched training on post certification for more than 50,000 employees across the Bank, which focuses on basic knowledge and is closely related to the career development of employees. In addition, the Bank integrated internal and external experts and learning resources, classified employees, developed unified online training courses and certification questions, conducted unified online learning and certification examinations, and established the training model of "training + examination + certification + promotion". In this way, the training system of banking business, retail business and risk management has initially taken shape.

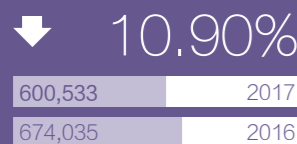
Total training input (RMB 10,000)



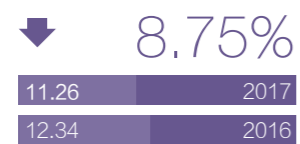
Training input per capita (RMB)



Total training attendance (person-time)



Training courses per capita (person-time)



Caring for Employees' Lives

The Bank's trade unions actively supported the improvement of living conditions in basic-level outlets and created a warm environment for employees. The trade unions regularly allocated special funds to support the "five smalls" construction of small canteens, small activity rooms, small reading rooms, small locker rooms and small coffee breaks at basic-level outlets, as well as the construction of nursery rooms.

The Bank strongly supported the regulation project for trade unions, and encouraged them to legally elect the chairman of the union, build an independent and well-organized structure, carry out activities for serving employees, establish a sound and complete institutional mechanism, manage their own funds, and deliver satisfactory performance. Leaders of the Bank took the

lead in organizing trade unions to visit sick employees and those in difficulties and to support trade unions of the branches to provide good services and tangible benefits to their employees.

The trade unions of the branches of the Bank actively organized various sport and cultural activities. The Chongqing Branch organized the 2017 Spring Staff Games, the Tianjin Branch organized the "Hangqing (Celebration) Cup" table tennis game, the Shenyang Branch held the "Celebration the 30th Anniversary of the Bank" 6th Staff Games, the Urumqi Branch held the "Celebration the 30th Anniversary of the Bank" 3rd Staff Mien Competition, and the Guiyang Branch held the "Celebration the 30th Anniversary of the Bank" Second Five-man Football Match.



The atlas of sport and culture activities organized by the branches of the Bank



Chapter 6 Public Benefit and Charity

- Enthusiastic Return to the Society
- Implementing Precision Poverty alleviation through Finance
- Enhancing Efforts in Targeted Poverty Alleviation
- Providing Considerate Financial Services
- Promoting Financial Literacy
- Organizing Employee Volunteer Activities

15,177,700

The Bank donated RMB 15,177,700 mainly for agriculture, capital construction, education and charity for poverty alleviation, which benefited around 100,000 poverty-stricken people

4,225

Loan balance of the Bank for financial precision poverty alleviation reached RMB 4,225 million, up 50.62%

The Group organized 164 employee volunteer activities, involving approximately 3,100 person-times of employee volunteers

↓ 33.23%

3,100	2017
4,600	2016

Enthusiastic Return to the Society

The Group strictly observed the newly promulgated *Charity Law of the People's Republic of China* and other laws and regulations, pro-actively repaid society, and mainly donated money to the neediest areas. By the end of the year, the Group donated RMB 27.6849 million and HKD 2.4522 million, equivalent to a total of²⁵ RMB 29.7430 million, up 30.15% primarily for poverty alleviation, disaster relief, assisting poor students and aiding social disadvantaged groups. Employees of the Group donated RMB 1,311,200, down by 56.62%. Taxes paid by the Group²⁶ totaled RMB 24,232 million, down by 6.63%. Social contribution per share of the Group²⁷ stood at RMB 4.37, up 7.86% than that at the end of the previous year.

The group donated a equivalent to a total of RMB 29.7430 million

↑ 30.15%

29.7430	2017
22.8533	2016

1,311,200

Employees of the Group donated RMB 1,311,200, down by 56.62%

Taxes paid by the Group totaled RMB 24,232 million

↓ 6.63%

24,232	2017
25,952	2016

Social contribution per share of the Group stood at RMB 4.37

↑ 7.86%

4.37	2017
4.07	2016

²⁵ Calculated based on the announcement on the RMB central parity rate released by the China Foreign Exchange Trade System (CFETS) on 31 December 2017, i.e. 1 HK dollar = 0.8359 yuan.

²⁶ In 2017, the Bank paid taxes by law as always and incurred no tax dispute or penalty.

²⁷ Social contribution per share = (annual tax paid + staff salaries paid + loan interest paid to creditors + total outbound donations + other social costs as a result of environmental pollution) ÷ total share capital + basic earnings per share.

Greeting Primary School Students at the End of the Year

In December 2017, Chairperson Li Qingping, Vice President Guo Danghui, Vice President Yang Yu and Secretary of Disciplinary Inspection Committee Mo Yue of the Bank travelled to Qinghai, Jiangsu and Fujian one after another to visit Qinglin Country School in Datong County, Gusu Special Education School in Suzhou City and Yunlong Houlong Primary School in Minqing County, offering students in the impoverished areas down coat and other warmth supplies valued RMB 220,000 in the bitter winter.



- ① Chairperson Li Qingping travelled to Qinghai to visit the students impoverished of Qinglin Country School in Datong County
- ② Vice President Yang Yu travelled to Jiangsu to visit the students of the Gusu Special Education School in Suzhou city
- ③ Secretary of Disciplinary Inspection Committee Mo Yue of the Bank travelled to Fujian to visit the students of Yunlong Houlong Primary School



Making Achievements in the "China CITIC Bank – New Great Wall High School Student Self-improvement Classes" Program for Education Poverty Alleviation

Starting from 2013, following the guiding principle of "standardized operation, focus on actual effect", the Bank launched the program of "China CITIC Bank-New Great Wall High School Student Self-improvement Classes" (hereinafter referred to as "New Great Wall Self-improvement Classes") together with the China Foundation for Poverty Alleviation (CFPA). With 50 under-privileged high school students in each "New Great Wall Self-improvement Class" and 17 Classes run in total, the number of students totaled 850 (all from national-level impoverished counties; including 501 female students that accounted for 58.94%; including 231 students from 11 minority ethnic groups such as Bouycai, Dai, Dong, Hani, Hui, Manchu, Mongol, Miao, Yao, Yi and Zhuang, accounting for 27.18%) and the number over the past three years amounted to 2,550. Over the three years, the Bank donated RMB 5.1 million to provide each student with RMB 1,800 in cash each year for tuition fees and living expense subsidies. Employees from 17 branches offered assistance to help them finish study in high school, enter higher education institutions, improve social competitiveness and get lifted out of poverty.

During the program, the Bank maintained routine exchanges with the school and students. It established basic contact with the students by attending inauguration ceremony of the 17 "Self-improvement Classes", regularly collected their archives such as growth reports and transcripts, raised fund through charity sale, regularly attended their themed class meetings and offered featured lessons such as popularization of financial knowledge to help them build up the value of "knowledge changes one's fate". The Bank also organized summer camp for the students to visit outlets of the Bank, museums and higher education institutions during summer vacation. Representatives of youth employees that graduated from top higher education institutions constituted volunteer teams to share their experience in study and exam preparation, which was warmly welcome among the students.

Among students in the 2013 "Self-improvement Class", 360 were recruited by undergraduate colleges, accounting for 72%, and 42 recruited by universities under 985 Program and 211 Program and those directly under ministries and commissions of the central government for undergraduate and above courses, accounting for 8.4%. Among students in the 2014 "Self-improvement Class", 173 were recruited by undergraduate colleges, accounting for 49.43%, and 35 recruited by universities under 985 Program and 211 Program and those directly under ministries and commissions of the central government for undergraduate and above courses, accounting for 10%.

In 2017, the Bank signed an agreement with CFPA to donate RMB 6 million in total to 20 "Self-improvement Classes" nationwide in the next three years, which will cover 1,000 students. RMB 1,800 cash will be provided to each student annually as tuition fees and living expense subsidy and 20 branches will offer support to designated classes. The Bank will continue to tighten contact with the schools, maintain routine exchanges with the students and organize more popular joint construction activities to help them perform better in the National Higher Education Entrance Examination.



Implementing Precision Poverty alleviation through Finance

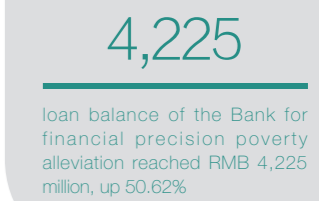
The Bank set up a leading group for financial poverty alleviation and formulated the *Work Plan of China CITIC Bank for Financial Poverty Alleviation in the 13th Five-Year Plan Period and the 2017 Financial Poverty Alleviation Work Plan of China CITIC Bank*. In credit policies, it supported infrastructure projects in transport, water conservancy, power, energy and ecological environment in impoverished areas and basic public service projects in culture, medical care and health. The Bank also supported projects that offered jobs to registered destitute households and drove their income growth, developed featured industries based on resource endowment and supported the households' loan demand for production, start-up and education and payment service demand. By the end of the year, loan balance of the Bank for financial precision poverty alleviation reached RMB 4,225 million, up 50.62%, including RMB 2,780 million personal loans, up 24.67%, and RMB 1,444 million corporate loans, up 151.34%.

Corporate business. The Bank offered great support to railway, road, rural power grid upgrade and water conservancy projects in poverty-stricken areas and actively facilitated livelihood projects such as comfortable housing and municipal work to help the areas improve development conditions. It supported new-type urbanization projects such as ease of poverty alleviation and relocation and meanwhile pro-actively explored application of new-type financial products and service modes in financial poverty alleviation such as PPP-based industrial or project fund, eco-compensation, emission trading and green

bond. The Bank also stepped up support for characteristic agriculture and tourism in impoverished areas. It actively assisted with development of education, medical care and other public services in under-privileged areas and supported their infrastructure and information-based construction. The Bank proactively communicated with local government and explored the mode of industrial fund for poverty alleviation.

Personal business. The Bank actively explored mortgage loans against management right of rural contracted land (farmland) and housing property right of farmers and tracked progress in trading platform establishment, evaluation and collateral disposal by superiors in pilot areas to promote the business development at proper times. It fully utilized upper- and down-stream cluster projects across the supply chain to realize precision poverty alleviation. The Bank actively cooperated with guarantee companies and innovated in financial service mode for "agriculture, rural areas and farmers". It continued to offer greater support for student loans, so as to help address tuition fees, accommodation fee and basic living expenses of under-privileged students at school.

Inter-bank business. The Bank continued to promote building of bank-bank cooperation platform, extended business to impoverished counties and broad rural areas and improved financial services for enterprises in areas in poverty and registered destitute households. It prioritized arrangement of position for projects in impoverished areas or poverty alleviation projects and actively supported financing demand of poverty alleviation enterprises.



Supporting Personal Start-up

Mr. Li, the Bank's personal loan customer, ran a hotpot restaurant and intended to open a branch to expand the business scale, but was baffled by floating capital strain. He was fully aware of high cost and high risk of private lending and worried about high threshold, complex procedure and slow pace of bank loans. Having learnt about his need, Chongqing Branch of the Bank proactively contacted him and recommended a loan product against housing mortgage, which featured fast pace in loan approval and extension, reasonable interest rate and multiple repayment methods. Mr. Li then applied for the loan with a credit line of RMB 560,000 for a term of 20 years, during which repeated withdrawals were available. With his fund shortage addressed, Mr. Li now ran his business stably and felt grateful for the capital support of the Bank.





Supporting Green Poverty Alleviation Projects

In 2017, the Bank's subsidiary CITIC Financial Leasing Co., Ltd. signed a strategic cooperation agreement with some monocrystalline silicon company to financially support its photovoltaic poverty alleviation project. The project, located in Guantou Village, Yanshuiguan Town, Yanchuan County in Yan'an City, Shaanxi Province, was planned for a scale of 15MW and total investment of RMB 100 million. It was one of the first-group PV poverty alleviation projects approved by National Energy Administration and the State Council Leading Group Office of Poverty Alleviation and Development and also a demonstration project for combination between PV power station for poverty alleviation and financial leasing.

The project was put into operation on 30 June 2017 with an annual power generation of around 16.42 million kWh. Through power generation, it created RMB 3,000 income per person per year for 600 local destitute farmers, which would last for 20 years. Power generated could save 5,300 tons of standard coal and reduce emission of 17,000 tons of carbon dioxide, 246.4 tons of nitrogen oxides, 492.8 tons of sulfur dioxide and 4,500 tons of dust per year on average, generating admirable economic, social and environmental benefits.

Enhancing Efforts in Targeted Poverty Alleviation

15,177,700

The Bank donated RMB 15,177,700 mainly for agriculture, capital construction, education and charity for poverty alleviation, which benefited around 100,000 poverty-stricken people

The Bank donated RMB 7 million to continue to support the poverty alleviation in Xaitongmoin County (Tibet Autonomous Region), Zhaoyuhe Village, Rushu Village and Poli Village of Dangchang County (Gansu Province) and Kuoshituogelake Village of Yiganqi Town (Aksu City in Xinjiang Uygur Autonomous Region). The Bank also dispatched managers to the poverty-stricken areas to help the poverty-

stricken people get rid of poverty and inject vitality into local economy. By the end of the year, the Bank donated RMB 15,177,700 mainly for agriculture, capital construction, education and charity for poverty alleviation, which benefited around 100,000 poverty-stricken people. It dispatched 41 managers to the areas, including 5 people as temporary deputy county chief and 6 as temporary village secretary.

Implementing Targeted Poverty Alleviation in Tibet

2017 was the second year for the Bank to conduct poverty alleviation work in Tibet. It continued to donate RMB 4 million to Xaitongmoin County, Tibet for local farmland water conservancy projects and education poverty alleviation. Mr. Li Qingtao of Zhengzhou Branch was dispatched to the County as executive deputy head to support the work.

In 2017, with a total investment of RMB 3,007,000, the "CITIC Bank Canals" were located in Garuchong Village and Xugui Village of Danada Town, Kaga Village of Kaga Town and Longxia Village of Rongma Town, covering a total length of 5.5km and involving 7 agricultural bridges, 10 dividing gates and 1 water diversion aqueduct. After the completion of the project, the yield per *mu* (1 *mu* equals to 666.67 square meters) of farmland in the project area will increase from 420 *jin* (1 *jin* equals to 500 grams) to 470 *jin*, up 50 *jin* per *mu*. The annual increase of yield will be about 308,000 *jin*, bringing in an income of RMB 616,000. The income per capita will increase by RMB 425. Over the past two years, the Bank also donated RMB 2 million to set up "CITIC Bank Education Development Foundation", offering subsidy to 580 person-times of undergraduate/junior college students, secondary school students and students that were recruited by inland Tibetan Class.

Implementing Targeted Poverty Alleviation in Gansu

2017 was the second year for the Bank to conduct poverty alleviation work in Gansu. It continued to donate RMB 2 million to Tanchang County, Gansu for new countryside construction and education poverty alleviation. Mr. Zhang Qi was dispatched to the County as deputy head to support poverty alleviation work.

The Bank donated fund to connect the road in Poli Village and Guanjie Village for a total length of 3.5km, which addressed inaccessibility of field roads and unavailability of agricultural mechanical equipment in poverty-stricken areas and helped improve local development conditions. The Bank donated to build a fitness square and purchased cultural and sport facilities in Poli Village and Zhaoyuhe Village respectively, finished yard hardening for 100 square meters of the service center and built 43m walls in Poli Village, built CITIC culture square in Pingtao Commune of Rushu Village, and repaired 2km drinking water facilities for human and animals, dug ditches and laid pipes for 2.5 kilometers in Xixilu Commune, Wangjiashan Commune and Pingtao Commune in Rushu Village. The Bank also actively contacted a guarantee company in Longnan City and communicated with some financial institutions in Tanchang County, with a plan to grant RMB 70 million loans to provide fund security for the poverty alleviation work in the county.



Providing Considerate Financial Services

Joining "The Convoy Plan". "The Convoy Plan" was a national large-scope public benefit program initiated by China Children and Teenagers' Fund, an industrial chain eco-system for overseas study integrating national registration system for students studying overseas, one-stop service platform and offline industrial cluster and a national security project for the students. In December 2017, the Bank donated RMB 10 million to the Plan. As the sole

participating bank, it provided minor students studying overseas with exclusive banking service, cultural identity cultivation service and safety & rescue service, so as to improve their cultural awareness and cultural confidence.

Paying Greater Attention to Details in Serving the Visually Impaired. All outlets of the Bank were equipped with wheelchair ramps, sidewalks for the blind, service guides in Braille, convenience cards for

10

In December 2017, the Bank donated RMB 10 million to the Plan



the visually impaired, Braille keyboards, voice-cued ATMs, emergency call buttons, courtesy seats and courtesy windows and offered wheelchairs to customers with difficulty in mobility. Some outlets were equipped with low-height online banking machines to provide special customers with more considerate and convenient services.

Offering Considerate Services to the Handicapped. All outlets of the Bank were equipped with access and service signs

for the handicapped to improve service facilities for the customer group and improve their convenience and safety. In order to offer the customers considerate and natural services, the Bank hired senior teachers in special education to offer sign language training and psychological education guidance to outlet hall staff, who would truly understand need of the handicapped, pay attention to sensitive issues when offering them services and avoid unintentional harm to the customers.



Offering Warm Service with Love

On 6 November 2017, a special customer, who was deaf-mute, arrived at Xining Branch Banking Department of the Bank for confirmation of credit card. Besides providing ID card, bank card and confirmation form for credit card, the customer need answer three questions correctly, namely address of his affiliation, home address and name of emergency contact. As he was deaf-mute, the teller first greeted him with simple sign language, signaled him to sit down and wrote the three questions on paper with a pen for him to fill out slowly. After the business was handled, the customer wrote on paper: "Thank you. CITIC has the best service attitude!"

Rendering Thoughtful Services to the Elderly. The Bank equipped its outlets with bus cue cards, walking sticks, wheelchairs and courtesy seats with arm rest to facilitate and guide elderly customers that waited and walked around at outlet. Reading glasses at four diopters and super-large stand magnifiers were put on the form filling desk to help the elderly read and write. Mobile phones for the elderly in the service cabinet could be used for free to aid the elderly in need.

Newspapers, periodicals and magazines for the elderly were always available at the newspaper section and mobile form-filling desks were customized to offer "at-door" service to elderly customers with difficulty in mobility. Besides, the Bank regularly organized activities in elderly communities to popularize knowledge on financial investment and anti-telecom fraud, so as to enhance the elderly's awareness of anti-fraud, especially anti-telecom fraud.



Warming the Elderly at Ordinary Work

One day in May 2017, the hall manager of Shijiazhuang Branch of the Bank received two customers aged over 80. Having learnt that they were here to consult about renewal of US visa, he led the two to sit in the rest area first. Later, he learnt that they used to be rejected the visa before and thus were worried about the visa this time. After looking through their visa record, with his years of experience in serving going-abroad financial customers, the hall manager explained in details to the elderly the process of applying for US visa, listed with a pen materials to be prepared and told them his own mobile phone number for contact in the future. After the materials were ready, the hall manager helped the two elderly customers send them out. Ten working days later, passports of the two were sent back with US visa. Ordinary moves like this were seen at the Bank's outlets repeatedly every day. The ordinary staff members of the Bank, with their cozy service and precious persistence, built up the Bank's reputation of sincere and warm service.

Taking Care of Special Customer Groups. The Bank opened courtesy windows for special customers and required hall ushers to patiently ask about special need of the customers in details and arrange green channel for the group. For special customers such as

the elderly, weak, sick and disabled that could not come to the counter, at-door service can be provided. In doing so, the Bank strived to improve the ability and level of serving special customers and boost the customers' satisfaction with services of the Bank.

Proactively Serving the Sick at Door

On the morning of 20 October, Ms. Liu aged over 70 came to Chongqing Branch of the Bank for withdrawal, with a bank card of his husband in hand, but was denied by the machine because wrong password was input three times in a row. Card owner had to come to the counter to unlock the card before withdrawal can be made successfully. Having learnt that her husband was severely ill and struggling at sickbed, the hall manager immediately inquired related rules on providing at-door service, finished corresponding approval procedure, consigned the accounting superior to bring related vouchers and visited the hospital of the patient to learn about actual situation and ask the patient to authorize his wife for the business in the written form. On the afternoon of the same day, Ms. Liu came to the Bank again and made withdrawal successfully, with grateful tear in her eyes.

Promoting Financial Literacy

In line with related regulatory requirements, the Bank actively carried out three public financial education campaigns including "Financial Literacy Promotion", "Month of Financial Knowledge Promotion" and "Promoting Financial Knowledge". All the campaigns were deployed by the Head Office, organized by branches and implemented by outlets. Outstanding employees were

selected to visit schools, communities and shopping centers to promote financial knowledge and anti-risk skills necessary for financial consumers in daily life. Besides, the Bank integrated commercial channels to promote financial knowledge for public benefit and promoted publicity at both traditional media such as Beijing News, Xinhua Net and people.net and its WeChat platform.



"Financial Literacy Promotion"

“Financial Literacy Promotion” Campaign

According to requirements of CBRC, the Bank carried out the “Financial Literacy Promotion” campaign in September 2017 as hosted by the Head Office and co-organized by branches. During the campaign, subsidiaries of the Bank followed unified schedule to organize rich promotion activities in schools and communities with outlets as base. Literacy promoted included Renminbi, deposits and loans, payment and settlement, credit checking, deposit insurance, wealth management, foreign exchange, digital financial service, anti-illegal fund raising, anti-telecom fraud, safe use of bank card and protection against bad Internet lending at campus. A total of 1,846 activities of various types were organized and over 920,000 copies of publicity materials were handed out, covering around 1.05 million person-times of customers.

At Zhengzhou Branch, Nongye Road Sub-branch visited the commodity market near the railway station to publicize intelligent payment and payment collection to merchants; Zhongyuan Road Sub-branch went to an athletic chain club to promote digital financial service to young consumers; Jiaozuo New District Sub-branch and Anyang Linzhou Sub-branch arrived at a construction site to promote basic financial knowledge to migrant workers; Jiaozuo Branch visited a traditional Chinese medical hospital to publicize safe use of bank cards; Anyang Branch came to the grass-roots to popularize how to distinguish authentic RMB banknotes from counterfeit money; Nanyang Branch visited a car dealer to promote knowledge on loans and insurance as well as protection against telecom frauds.

At Banking Department of the Head Office, Beijing Zhichun Road Sub-branch visited the Cuiwei Campus of RDFZ to promote among teachers financial knowledge on safe use of bank cards, prevention skills against telecom frauds, e-banking financial knowledge and anti-counterfeit mark of the fifth set of Renminbi; Beijing Cuiwei Road Sub-branch arrived at Haihang Kindergarten to give the kids a vivid lesson themed “World Money”, introducing currencies of some countries, teaching tips on how to tell authentic RMB from counterfeits and inviting the kids to try on stage.

“Financial Literacy Promotion”

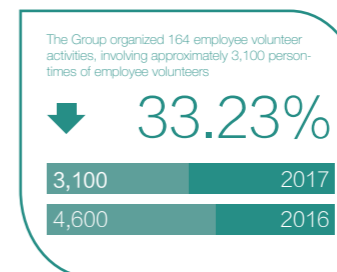


Organizing Employee Volunteer Activities

The Bank established the CITIC Bank Youth Volunteer Association in 2014. The association works for the following purposes: to practice the voluntary spirit, disseminate advanced cultures, and contribute to the construction of a harmonious society characterized by unity and mutual help, equality and fraternity, and common advancement. Volunteers of the Bank have made the following solemn commitments: “Help others and serve the society to our best capacity irrespective of remunerations”.

Under the leadership of volunteer organizations, employee volunteers of the Group participated in various voluntary service activities, including but not limited to voluntary teaching, caring for the elderly, caring for children suffering from diseases as well as other vulnerable groups, donating

to disaster-stricken areas, providing warmth and caring to sanitation workers, advocating the Lei Feng Spirit, donating blood, advocating traffic compliance and raising funds for disaster relief by organizing charity bazaars etc. By the end of 2017, the Group organized 164 employee volunteer activities, involving approximately 3,100 person-times of employee volunteers, down by 33.23%.



Caring for Autistic Children

On the morning of 8 July, volunteers of Zhengzhou Branch of the Bank visited Kangda Ability Training Center to organize a campaign for care for autistic children. Senior language trainer of the Center offered basic training to the volunteers first. Later, the volunteers presented gifts to the autistic children in training and accompanied them for rehabilitation exercise. In order to arouse social attention to the children and promote knowledge on autism rehabilitation, Zhengzhou Branch Banking Department set up a dedicated publicity board.

Joining the “Green Finance • Youth First” Campaign

On 12 March, the 39th Chinese Tree Planting Day, Xiamen Branch of the Bank actively got engaged in the “Green Finance•Youth First” public benefit activity. Under the guidance of gardeners, volunteers of the Bank collaborated with orderly work division to dig holes, plant seedlings, backfill soil and water the seedlings and hang cards of good wishes in the trees. In the following 2km walkathon, the volunteers cleared garbage along the route in a bid to advocate urban environmental sustainability.

- ①
- ②

- ① Zhengzhou Branch of the Bank organized a campaign for care for autistic children.
- ② Xiamen Branch of the Bank actively got engaged in the “Green Finance•Youth First” public benefit activity.



Chapter 7 Green Banking and Environmental Protection

Influence of Climate Change

Support for Green Credit

Promotion of E-banking Transactions

The Practice of Energy Conservation and Emission Reduction

Per capita urban power consumption (Kwh)

↑ 3.96%

4,965.37	2017
4,776.08	2016

Per capita urban water consumption (Ton)

↓ 1.55%

39.34	2017
38.74	2016

13,000

By the end of the year, the Group disposed around 13,000 electronic devices, an increase of 4.04%

During the “12th Five-Year Plan” period, China promulgated a series of laws and regulations on building “resource-conserving” and “environmentally friendly” society and changing the previous extensive mode of economic development. The State Council also reiterated its determination to vigorously develop the environmental protection industry, and has established the National Energy Commission. Such moves will not only promote the shift of China’s economic model from “high carbon” to “low carbon”, but also significantly fuel the development of carbon finance. The Bank strictly follows

the requirements of laws and regulations such as *Environmental Protection Law of the People’s Republic of China* and *Energy Conservation Law of the People’s Republic of China*, and the *2015-2017 Strategic Plan of China CITIC Bank* defines the Bank’s industry positioning in the future, namely, adhering to putting the new economy and service industries as well as strategic emerging industries represented by energy conservation and environmental protection, new energy, new-generation information technology, biology and high-end equipment manufacturing as the key supporting areas.

Influence of Climate Change

The extreme weather and natural disasters caused by climate change will, on the one hand, lead to increased government spending on the response to natural disasters and special subsidies for energy conservation and emission

reduction, new energy development and afforestation. On the other hand, it will pose a serious threat to the health of social groups, and a challenge to the supporting capacity of existing social system and social security fund.

Support for Green Credit

Participation in Green Credit

Defining credit policy. The Bank formulated the *2017 Policy on Credit Extension of China CITIC Bank Corporation Limited* and identified its credit extension policy on green credit. Following the spirit of the *Opinions of the CPC Central Committee and the State Council on Accelerating the Construction of Ecological Civilization* and the *Integrated Reform Plan for Promoting Ecological Progress*, the Bank observed the development philosophy of innovation, collaboration, green, openness and sharing, strictly carried out related

regulatory requirements and constructed a green financial management system to step up support for green economy, low-carbon economy and circular economy, prevent environmental and social risk and improve its environmental and social performance. Meanwhile, it optimized the credit structure and bettered services to promote transformation of the development mode. The Policy clarified main support sectors of the Bank’s green credit and raised requirements for construction of the green financial management system.

Building a Green Leasing Brand

In September 2017, the Bank's subsidiary CITIC Financial Leasing Co., Ltd. worked with China Development Bank Leasing, Industrial Bank Financial Leasing and Hengxin Financial Leasing to set up China's first green leasing development community. A "symbiotic" platform of consensus and connectivity that realized mutual benefit and common growth through customer sharing and asset transaction with peers and financial institutions was built up. So far, over 100 financial institutions have joined the community.



²⁸ Statistical caliber is based on the *Green Credit Guidelines and Statistics of Energy Saving and Environmental Protection Projects and Service Loans* issued by CBRC.

²⁹ Statistical caliber includes 21 categories as per the *Industry Classification of the National Economy (GB/T 4754-2011)*.

Issuing green bonds. In active response to regulatory guidance, the Bank guided issued debt funds to flow to key sectors, major areas and weak spots encouraged by government to realize precision support of debt market funds for real economy. It guided issuers to register and issue green bonds and promoted implementation of green bond projects. Presently, credit line of registered projects totaled over RMB 10 billion and the raised funds were mainly used in construction of green projects and purchase of raw materials and parts for wind generator sets. The projects were China's first green panda bond issued by China Power International New Energy

and the country's first green short-time financing bond issued by Tianjin SDIC Jinneng Electric Power.

More green loans. The Bank's green credit was mainly granted to projects for green transport, renewable and clean energies, energy conservation and environmental protection services, waste disposal, and pollution prevention and control. By the end of the year, the balance of loans to green credit projects under the new statistical caliber²⁸ stood at RMB 60.358 billion, an increase of 52.15% compared with the end of the previous year, and the loan balance under the old statistical caliber²⁹ was RMB 27.487 billion, an increase of 7.88%.

Supporting Development of Coal Deep-Processing

The Coal deep-processing industry boasts higher utilization efficiency of energy and resources and lower pollutant emissions and is a main approach for clean and efficient utilization of coal. An Inner Mongolia-based group is a major large-sized coal enterprise in China that keeps expanding the coal conversion sector and now making full efforts to develop a 1,200,000t/y fine chemicals project. The project is the practice of industrialized clean and effective technologies such as coal gasification, purification and Fischer-Tropsch synthesis that have been proved successful. In 2017, the Bank offered RMB 2 billion financial support in the form of equity investment with wealth management funds and RMB 6 billion financial support in the form of project loans.

60.358

The balance of loans to green credit projects under the new statistical caliber stood at RMB 60.358 billion, an increase of 52.15% compared with the end of the previous year

27.487

The loan balance under the old statistical caliber was RMB 27.487 billion, an increase of 7.88%

Supporting Renewable Energy

Distributed rooftop photovoltaic power generation project developed by a Hebei-based new energy company adopted clean and environmental-friendly solar energy to build grid-connected photovoltaic power station. Relying on photovoltaic modules located on the rooftop of workshops, the project fully utilized land resource, realized power generation with clean and green solar energy, reduced environmental pollution and eased power shortage in North China. Compared with thermal power with same generation, solar photovoltaic power generation could save 1,777 tons of standard coal and reduce around 36 tons of sulfur dioxide emission and 12.34 tons of nitrogen oxides emission annually. In 2017, the Bank offered the company RMB 60 million credit line in fixed assets to develop the distributed rooftop photovoltaic power generation project, which basically met the project's loan demand.



Stringent Risk Control of "High Pollution, High Energy Consumption and Over-capacity"³⁰

The Bank ramped up on gradual tightening and exiting of industries of "high energy consumption, high pollution and over-capacity" and adopted differentiated policies towards enterprises in the industries. What will be supported are those excellent leading enterprises with high technology, high efficiency, huge potential and broad market prospect. As for other companies, the Bank formulated plans in time for their gradual tightening and exiting. For enterprises that cannot

be tightened and exit in a short time, on the premise that their interests are well protected, the Bank adopted the policy that credit granting is maintained and tightening and exiting will be carried out at an opportune time. The Bank practiced list-based management among the industries. By the end of the year, the Bank's balance of loans to the industries stood at RMB 45.71 billion, up 4.49%, and the share of such loans in total corporate loans of the Bank went down by 0.05 percentage point.

³⁰ Statistical caliber is based on the balances of items with the category names as per the *Industry Classification of the National Economy (GB/T 4754-2011)*.

³¹ Iron and steel industry includes iron making, steel making, ferrous metal casting, steel rolling and processing and ferroalloy smelting.

³² Cement industry includes cement manufacturing and cement product manufacturing.

³³ Due to round-up of data, sum total of "share in corporate loans" of the items listed above exceeds 2.59%. This data shall prevail.

³⁴ Due to round-up of data, sum total of "share in corporate loans" of the items listed above is lower than 2.64%. This data shall prevail.

Statistics on Loans to Industries of "High Pollution, High Energy Consumption and Over-capacity"

"High pollution, high energy consumption and over-capacity" industries	2017		2016	
	Loan balance (RMB 100 million)	Share in corporate loans (%)	Loan balance (RMB 100 million)	Share in corporate loans (%)
Iron and steel ³¹	181.09	1.03	219.63	1.31
Cement ³²	36.58	0.21	54.08	0.31
Coke	28.01	0.16	29.25	0.19
Copper smelting	10.95	0.06	12.85	0.07
Aluminum smelting	89.20	0.51	23.17	0.14
Lead and zinc smelting	10.68	0.06	4.21	0.02
Thermal power generation	100.59	0.57	94.26	0.57
Total	457.10	2.59 ³³	437.45	2.64 ³⁴

Identification of Environmental Risk

The Bank formulated *the Methods of Categorized Management for Environmental and Social Risk of China CITIC Bank Corporation Limited*. Based on seriousness degree of their environmental and social risk, corporate credit clients or projects were categorized into type A, B, and C. For type-A or B clients and projects, their progress in environmental and social risk was subject to dynamic evaluation during credit application, review and approval and post-extension management

and what was evaluated included the clients' management status of the risks, performance status and communication status with the outside. The evaluation result would be regarded as important basis for client access, management and exist and the clients' environmental and social risk management was integrated into business processes such as pre-extension investigation, review and approval, contract management, credit use review and post-extension management.

Supervising Clients for Performance of Contracted Environmental and Social Responsibilities

In 2017, Dongguan Branch of the Bank joint hands with China Securities to underwrite the first-series "green finance bond" of Bank of Dongguan and ensured use of funds raised by the green finance bond in green projects as agreed in contract. Before issuance, the Bank requested the client to add information on management of green project funds and information disclosure in the offering circular. It also hired an independent third-party institution with qualification and experience in green project authentication for green authentication to ensure that the funds raised will be entirely input into green projects, that related decision-making process and capital management are up to related standards and that environmental benefit and social influence of the selected project comply with investors' expectation.

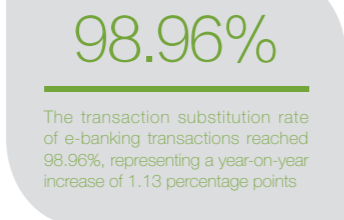
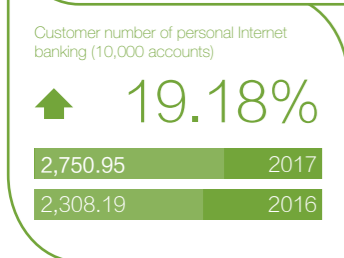
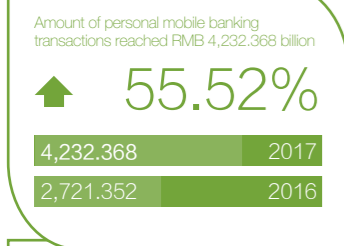
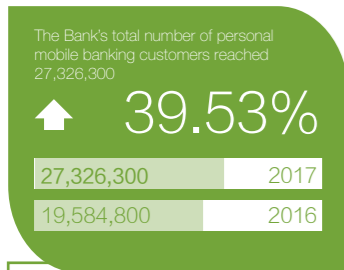
Exiting from Loans to High-pollution Industries

In 2017, Suzhou Branch of the Bank had a customer that was a printing and dyeing company with heavy pollution. Customer manager of the Bank tracked the company for a long time and talked with its legal person, requesting the company to control production sewage to meet environmental requirements. The company actively renovated its production process and sewage discharge technologically and all indicators of its environmental impact assessment turned out up to standard. The Bank will continue to pay attention to the company's performance in environmental protection and determine whether to continue with its financial support according to its sewage discharge performance.

Promotion of E-banking Transactions

With Internet finance as the breakthrough point, the Bank mainly focused on mobile finance, and e-banking business achieved

rapid development. By the end of the year, the Bank's total number of personal mobile banking customers reached 27,326,300, up by 39.53%. Amount of personal mobile banking transactions reached RMB 4,232.368 billion, up by 55.52%. Personal online banking business was growing steadily, with existing subscribers reaching 27,509,500, up by 19.18% from a year earlier. The transaction substitution rate of e-banking transactions reached 98.96%, representing a year-on-year increase of 1.13 percentage points.



Statistics on E-banking Business of the Bank

	2017	2016	Changes
Personal E-banking			
Customer number of personal Internet banking (10,000 accounts)	2,750.95	2,308.19	19.18%
Transaction amount of personal Internet banking ³⁵ (RMB 100 million)	123,758.07	114,705.39	7.89%
Customer number of personal mobile banking (10,000 accounts)	2,732.63	1,958.48	39.53%
Transaction amount of personal mobile banking (RMB 100 million)	42,323.68	27,213.52	55.52%
Corporate E-banking			
Transaction amount of corporate Internet banking (RMB 100 million)	695,965.67	661,236.60	5.25%
Transaction number of corporate Internet banking (10,000 transactions)	7,547.54	5,222.41	44.52%

³⁵ Transaction amount of personal Internet banking refers to sum of transaction amount of personal Internet banking, B2C online payment and third-party express payment.

The Practice of Energy Conservation and Emission Reduction

Video Conferences

By the end of the year, the Bank held about 4,818 video meetings, up by 11.45%, including 499 at the Head Office

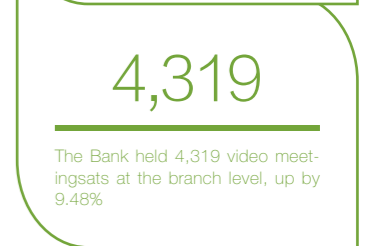
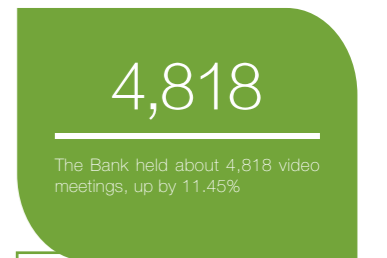
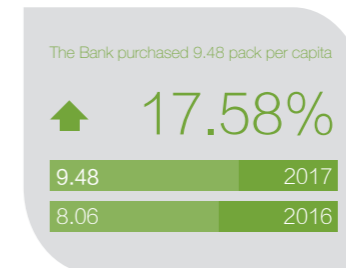
level, up by 32.01%, and 4,319 at the branch level, up by 9.48%.

A4 Copy Paper

By the end of 2017, the Group purchased approximately 548,200 packs of A4 copy paper (equivalent to approximately 1,310.28 tons of CO₂ emissions)³⁶, with per capita purchase thereof 9.66 packs.

By the end of the year, the Bank pur-

chased approximately 505,500 packs of A4 copy paper (an increase of 14.87%, equivalent to approximately 1,208.26 tons of CO₂ emissions)³⁷, with per capita purchase thereof 9.48 packs, an increase of 17.58%.



³⁶ Each pack of A4 copy paper is of the 500-piece standard specification and weighs 2.5 kg; CO₂ emission factor for the entire life cycle of paper is 956kg CO₂ emission/ton. Data source is DEFRA 2014.

³⁷ Each pack of A4 copy paper is of the 500-piece standard specification and weighs 2.5 kg; CO₂ emission factor for the entire life cycle of paper is 956kg CO₂ emission/ton. Data source is DEFRA 2014.

Measures of Paper Management

- Advocating paperless office, reducing storage of paper documents, implementing electronic document management;
- Printing on both sides of paper as much as possible and collecting used paper with printing on one side for re-use;
- Using electronic documents, e-mail or WeChat as much as possible in daily document transfer;
- Adopting integrated purchase, management, application and collection approval for copy paper, which shall be circulated regularly;
- Checking and previewing documents before printing to avoid waste of paper;
- Prohibiting printing or copying of personal documents;
- Strengthening monitoring over paper-using equipment and introducing use monitor software for printers and copiers;
- Promoting publicity and education to enhance employees' awareness of saving paper.

Purchase of Gasoline for Business Vehicles

By the end of the year, the Group consumed approximately 2,080,200 liters of gasoline for business vehicles, a decrease of 10.98% and equivalent to 4,416.84 tons of CO₂ emissions³⁸.

Measures of Business Vehicle Management

- Adopting integrated and centralized management of business vehicles and establishing archives of business vehicles;
- Practicing configuration and purchase standard for business vehicles and controlling gasoline expenditure of the vehicles at the source of engine displacement;
- Filling gasoline with one card designated to one vehicle and establishing a complete electronic ledger for car use and fuel filling;
- Prohibiting car use for personal purpose. Business vehicles cannot be left at any staff's home overnight or used for personal purpose in holidays, weekends or after work in workdays;
- Advocating green travel and travel in non-rush hours and encouraging employees to take public transport means.

Energy Consumption in Logistics

By the end of the year, the Group delivered approximately 1,368,800 pieces of couriers, an increase of approximately 7.26% than the previous year, or approximately 1,313,600 kilogram of couriers by weight, an increase of 37.37%. The corresponding per capita figure was 24.13 pieces of couriers and 23.16 kilogram by weight, an increase of 9.69% and an increase of 32.25% than the previous year, respectively.

Electricity and Water Consumption

By the end of the year, the Group consumed 270,739,000 kWh of power, equivalent to 188,500³⁹ of CO₂ emissions) and the per capita power consumption was recorded 4,772.92 kWh. The Bank consumed about 2,102,500 tons of municipal water, with per capita amount of about 37.07 tons.

By the end of the year, the Bank consumed

264,882,400 kWh of power (equivalent to 184,800⁴⁰ of CO₂ emissions), 1.54% higher than the previous year. The per capita power consumption was recorded 4,965.37 kWh, 3.96% higher than the previous year. The Bank consumed about 2,098,700 tons of municipal water, with per capita amount of about 39.34 tons, approximately 1.55% higher than the previous year.

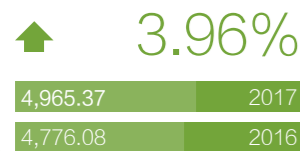
2,080,200

The Group consumed approximately 2,080,200 liters of gasoline for business vehicles, a decrease of 10.98%

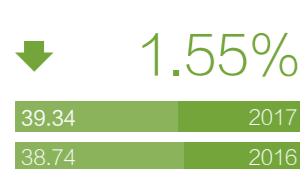
1.368,800

the Group delivered approximately 1,368,800 pieces of couriers, an increase of approximately 7.26% than the previous year

Per capita urban power consumption (kWh)



Per capita urban water consumption (Ton)



Management Measures of Power Saving

- Popularizing knowledge on power saving to enhance the awareness;
- Putting into effect systems on saving power, which shall be subject to supervision and inspection for civilized office;
- Irregularly patrolling the office area to inspect if power-consuming equipment is powered off after working hours and eradicate "ever-bright light";
- Powering off all the power-consuming equipment off work;
- Choosing energy-saving lamps with lower power when purchasing lighting appliances under the premise of satisfying the need of work and life;
- Enhancing management of illumination system and using natural light for illumination in office area as much as possible;
- Prohibiting use and carry-over of high-power electrical appliances by employees;
- Shortening standby time of office electronics and electrical appliances. If kept idle for a long time, they should be turned to standby or hibernate;
- Strictly practicing use approval, responsibility taken by dedicated personnel and time limit for heavy-power-consuming equipment;
- Reasonably adjusting hours when luminous words in office buildings and LED screens are powered on.

Hardcopy Account Statements

The Bank reinforced efforts to cultivate awareness of energy conservation and environmental protection, guiding customers to shift from hardcopy to electronic account statements with the use of multiple channels such as its official website, account statements, SMS text messages and Internet platform. It also intercepted hardcopy account statements that were returned twice, transformed hardcopy statements of customers of pure repayment and pure credit point collection to email statements and provided only electronic account statements for new customers that applied for card via online channels. The Bank constantly upgraded and optimized account statement service of WeChat and official APP to improve

customer experience in electronic account statements. By the end of the year, annual number of credit card account statements of the Bank was 214 million with an increase of 33.25%. The hardcopy-to-e-statement substitution rate was 90.25%, up 10.71 percentage points compared with the previous year. It was equivalent to a reduction of 193 million hardcopies, a reduction of paper use by approximately 3,863 tons⁴¹ and a reduction of 3,693 tons of CO₂ emissions. The aforementioned number of credit card account statements included 20.87 million hardcopies of enveloped statements, a decrease of 36.49%, which was equivalent to 399 tons of CO₂ emissions⁴².

Waste Disposals

By the end of the year, the Group disposed around 13,000 electronic devices (including personal computers, displays, printers, fax machines, MFPs, laptops, servers, projectors, video cameras, cameras, recorders, video capture cards, racks, terminals, telephone sets, water dispensers, queuing machines, cash registers, electronic screens and dashboards), an increase of 4.04%. Decommissioned office consumables were approximately 48,400 items (including printer ink boxes, cartridges, keyboards and mice), an increase of 2.40%. About 52,700 batteries

of all types were disposed, an increase of 10.44%. The total paper destroyed through formal channels weighed 131.85 tons, a decrease of 20.72%.

13,000

By the end of the year, the Group disposed around 13,000 electronic devices, an increase of 4.04%

3,693

It was equivalent to a reduction of paper use by approximately 3,863 tons and a reduction of 3,693 tons of CO₂ emissions.

³⁸ Data source is IPCC Guidelines for National Listing of GHG Emissions and average gasoline consumption intensity is calculated at 0.725kg/l.

³⁹ CO₂ emission factors were specified in the 2015 Regional Grid Benchmark Emission Factors in China issued by the National Development and Reform Commission. As no benchmark emission factors existed in Tibet's grid, the data did not include the carbon emission data of the power consumption in Tibet Branch of the Bank.

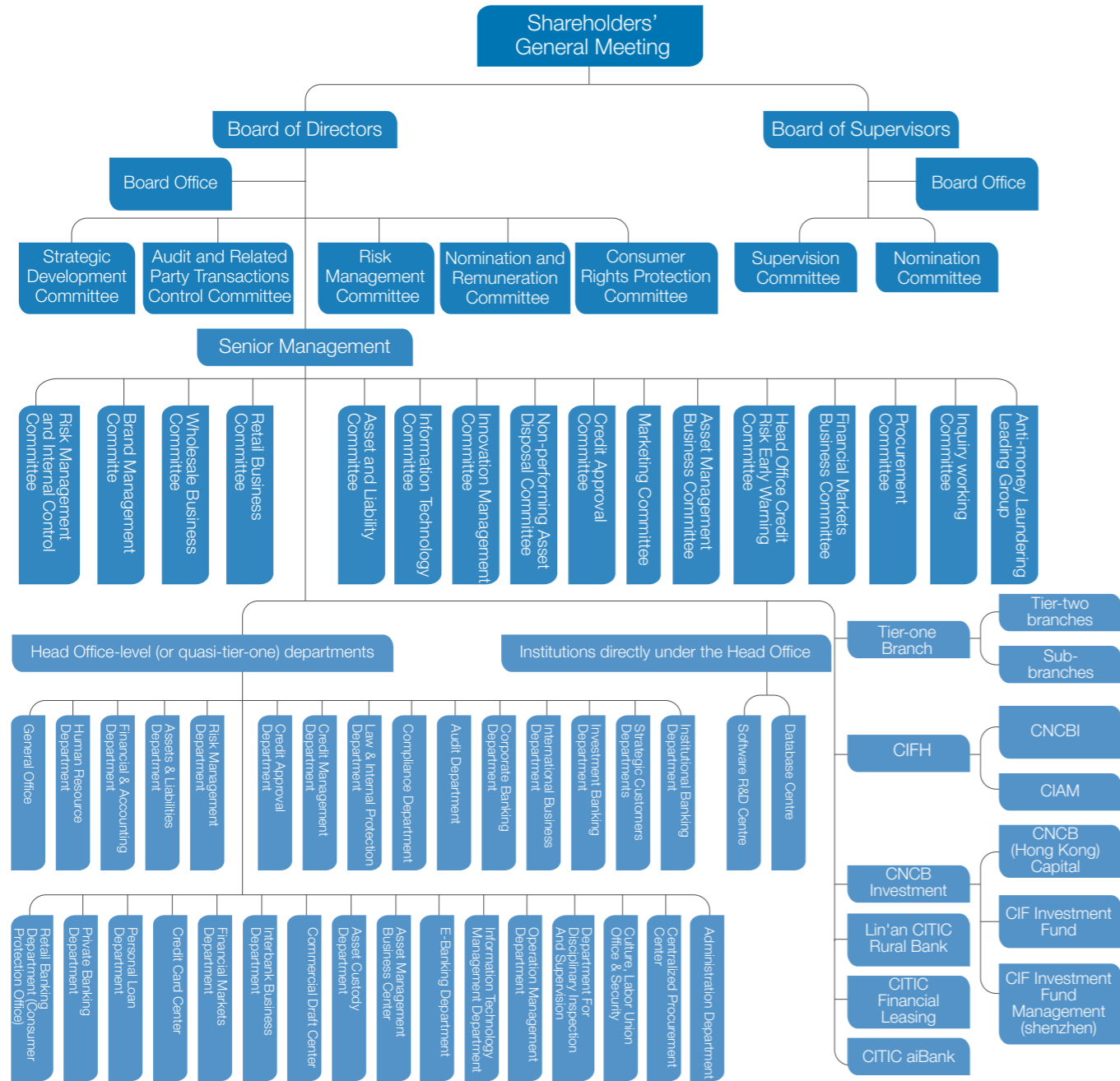
⁴⁰ CO₂ emission factors were specified in the 2015 Regional Grid Benchmark Emission Factors in China issued by the National Development and Reform Commission. As no benchmark emission factors existed in Tibet's grid, the data did not include the carbon emission data of the power consumption in Tibet Branch of the Bank.

⁴¹ Calculation criteria: Hardcopy statements weigh 20g/envelope.

⁴² CO₂ emission factor for the entire life cycle of paper is 956kg CO₂ emission/ton. Data source is DEFRA 2014.

Annexes

Corporate Structure



Outlet Map



In 10 January 2017, the Bank's Head Office established the Private Banking Department; on 19 March, the Group Customers Department of the Bank's Head Office was renamed as the Strategic Customers Department of the Head Office, and the Institutional Business Department renamed as Institution Customers Department of the Head Office; in February 2018, the Board Office of the Bank's Head Office was divided into the Board of Directors' Office of the Head Office and the Board of Supervisors' Office of the Head Office.

Honors

Overseas Institutions

1. The Bank was honored "Bank of The Year China" in the 2017 competition hosted by the British magazine *The Banker*.
2. The Bank ranked 22nd among the "Top 500 Global Bank Brands" published by the British magazine *The Banker*.
3. The Bank won the "Best Boutique Private Bank for 2016" award in the competition for "Private Bank Awards in China" hosted by *the Asiamoney* magazine.
4. The Bank won the "Best Leveraged Buyout Financing Project in Asia Pacific" and "Best Syndicated Project in Asia Pacific" awards from the Asia Pacific Loan Market Association (APLMA).
5. The Bank ranked 78th among the "Top 2,000 Global Companies" published by *the Forbes* magazine.
6. The Bank ranked the 25th in terms of tier-one capital among the "Top 1,000 World Banks" published by the British magazine *The Banker*.
7. The Bank won the "Best Corporate and Investment Bank" award in the competition for Best Banks in China 2017 hosted by *Asiamoney*.
8. In the competition for the 2017 "Retail Banks of Excellent Financial Services" hosted by *The Asian Banker*, the Bank won the "Award for the Retail Bank Making the Greatest Progress in China and Asia Pacific".
9. The Bank won the "Best Private Wealth Service Quality Award in China" from *The Asian Banker* magazine.



Domestic Media Outlets

10. The Bank won the "Outstanding Financial Brand Communication Award of the Year" in the competition for "Outstanding Financial Brands in China 2016" hosted by *Financial News*.
11. In the competition for the "Seventh Financial Money Golden Pixiu Awards" hosted by *Financial Money*, the Bank was honored the "Gold Retail Bank of the Year", with its overseas financial services honored the "Gold Market Influence Financial Product of the Year".
12. The Bank won the "Best Private Bank in China - Best Asset Management Award" in the competition for "Jin Zhen Awards" hosted by *the Wealth Plus* magazine.
13. The Bank won the "Outstanding Mobile Banking" award in the competition for "Golden Tripod Awards" hosted by *National Business Daily*.
14. The Bank won the "Best Corporate Auto Financial Service Bank 2017" awards in the competition for "China Auto Golden Engine Awards" hosted by *21st Century Business Herald*.
15. The Bank won the "Overseas Financial Service Bank with Outstanding Competitiveness in 2017" award from *China Business Journal*.
16. The Bank was honored "Outstanding Commercial Bank in Asia 2017" and "Outstanding Financing Service Bank for VIP Customers 2017" awards in the competition of "21st Century Financial Competitiveness in Asia" hosted by *21st Century Business Herald*.
17. The Bank won the "Best Brand Value Bank of the Year" and "Best VIP Service Innovation Bank of the Year" in the competition for "Top Chinese Financial Institutions - Golden Dragon Awards 2017" hosted by *Financial News*.
18. The Bank won the "China Social Responsibility Poverty Alleviation Award 2017" in the competition of "China Social Responsibility and Public Welfare 2017" co-hosted by *xinhuanet.com* and the CSR Research Center, Chinese Academy of Social Sciences.
19. The Bank was honored "Outstanding Private Bank of the Year" and "Outstanding Overseas Financial Service Bank of the Year" in the competition for "China Outstanding Financial Awards" hosted by *The Economic Observer* in 2017.



Other Domestic Institutions

20. The Bank was honored "National Advanced Internal Audit Collective in 2014-2016" by the China Institute of Internal Audit.
21. The Bank received the "Outstanding Unit for Corporate Culture Construction in 2012-2017" from the China Corporate Culture Institute.
22. The Bank received the "Deal of the Year", "Best Market Maker", "Best Forex Transaction Award", "Best Forward/Swap Trading Award" and "Best Spot Trading Award" from the China Foreign Exchange Trade System in 2016.
23. The Bank received the "Poverty Alleviation Star Award 2016" from the China Foundation for Poverty Alleviation.
24. The Bank was honored "Best Enterprise for Supply Chain Finance" by the organizing committee of the China Supply Chain Finance Annual Conference.
25. The Bank received the "Best International Settlement Bank", "Industry Contribution Award for Pension Service", "Best Private Bank", "Best Family Wealth Manager", "Best Non-financial Value-added Service Award" and "Best Customer Experience Award" from the China Banking Association.



Independent Assurance Report



PricewaterhouseCoopers

English Translation for Reference Only

Independent practitioner's assurance report

To: Board of Directors of China CITIC Bank Co., Ltd.

We have been engaged to perform a limited engagement on the 2017 Corporate Social Responsibility Report ("CSR report") of China CITIC Bank Co., Ltd. ("the CITIC Bank").

Responsibilities of the Board of Directors

The Board of Directors of the CITIC Bank is responsible for the preparation of the CSR report based on *the Guidelines on Environmental Information Disclosure by Companies Listed on the Shanghai Stock Exchange ("SSE")* and *Guidelines on Preparation of 'Corporate Report on Performance of Social Responsibilities'* (collectively known as the "SSE Guidelines"), and with reference to Global Reporting Initiative ("GRI")'s *Sustainability Reporting Guidelines ("G4")*, *Opinions on Strengthening Social Responsibilities of Banking Financial Institutions* promulgated by the CBRC, *Guidelines on Corporate Social Responsibilities of Banking Financial Institutions* promulgated by the China Banking Association, ISO 26000, and GB/T36001-2015 *Guide on the Preparation of Social Responsibilities Report*. This responsibility include designing, implementing and maintaining internal control relevant to the preparation of the CSR report that is free from material misstatement, whether due to fraud or error.

The Bank's Board of Directors is also responsible for setting the objectives in respect of social responsibility performance and reporting, including identification of stakeholders and material issues that are relevant to these stakeholders.

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibilities

It is our responsibility to express a conclusion on whether we are aware of any matter that would materially affect the CSR report based on limited assurance engagement.

We conducted our work in accordance with *the International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information"*. This standard requires that we plan and perform our work to form the conclusion.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion on any matter that would materially affect the CSR report. Our work involves assessing the risks of material misstatement in the SR report whether due to fraud or error, and responding to the assessed risks. The extent of procedures selected depends on our judgment and assessment of the engagement risk.

Within the scope of our work, we have performed the following procedures in the Head office and Zhengzhou Branch of the CITIC Bank.

The procedures we performed comprised:

- 1) Interview with the management in terms of the strategy and policy of CSR report, to inquire the formulation and implementation of CRS-related strategy and policy;
- 2) Interviews with departments in charge of CSR report and departments involved in providing performance information for inclusion in the CSR report, to inquire the design and operation of CSR report information collection and summary procedures;
- 3) Consistency comparison between key financial performance data in the CSR report with related data in financial report;
- 4) Analytical procedure of KPIs in the CSR report, based on which we carried out sampling and recalculation of selected KPIs;
- 5) For information other than KPIs, selecting samples for comparison and check with related internal documentation or public information;
- 6) On-site interviews with Tianjin Branch;
- 7) Other procedures deemed necessary.

Our assurance was with respect to the year ended 31 December 2017 information only and we have not performed any procedures with respect to earlier periods or any other elements included in the CSR report.

Inherent Limitation

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the CSR report is not prepared, in all material respects, based on the SSE Guidelines and with reference to *GRI's Sustainability Reporting Guidelines ("G4")*.

Restriction on Use

Our report has been prepared for and only for the board of directors of the CITIC Bank and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

PricewaterhouseCoopers Zhong Tian LLP
Shanghai, China
26 March 2018

Index for GRI⁴³ Indicators

Profile	Location of disclosure	Profile	Location of disclosure	Profile	Location of disclosure
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G4-1	P2-6	G4-26	P18-20	G4-52	2017 Annual report
G4-2	P2-6	G4-27	P18-20	G4-53	Undisclosed
2. Organizational Profile		5. Report Profile		G4-54	Undisclosed
G4-3	Inside Cover	G4-28	Inside Cover	G4-55	Undisclosed
G4-4	P6	G4-29	Inside Cover	7. Ethics and Integrity	
G4-5	P92	G4-30	Inside Cover	G4-56	Undisclosed
G4-6	P6	G4-31	Inside Cover	G4-57	P62-63
G4-7	P6	G4-32	P88-89	G4-58	P62-63
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G4-11	P60-61	G4-35	2017 Annual report	G4-EC4	Proprietary information
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3. Identified Material Aspects and Boundaries		G4-40	2017 Annual report	G4-EC9	Undisclosed
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G4-22	Not applicable	G4-47	Undisclosed	G4-EN7	P81-83
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4. Stakeholder Engagement		G4-49	P20-21	G4-EN9	Not applicable
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Profile	Location of disclosure	Profile	Location of disclosure	Profile	Location of disclosure
G4-EN11	Undisclosed	G4-LA1	P59-60	G4-HR9	Undisclosed
G4-EN12	Not applicable	G4-LA2	P60-65	G4-HR10	Undisclosed
G4-EN13	Not applicable	G4-LA3	P63	G4-HR11	Undisclosed
G4-EN14	Not applicable	G4-LA4	Undisclosed	G4-HR12	Undisclosed
G4-EN15	P81-83	G4-LA5	P61-62	G4-SO1	Undisclosed
G4-EN16	P81-83	G4-LA6	P62	G4-SO2	Undisclosed
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G4-EN20	Not applicable	G4-LA10	P64	G4-SO6	Not applicable
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G4-EN25	Not applicable	G4-LA15	Not applicable	G4-SO11	Undisclosed
G4-EN26	Not applicable	G4-LA16	Undisclosed	G4-PR1	Not applicable
G4-EN27	Not applicable	G4-HR1	Not applicable	G4-PR2	Not applicable
G4-EN28	Not applicable	G4-HR2	Not applicable	G4-PR3	Not applicable
G4-EN29	Undisclosed	G4-HR3	Undisclosed	G4-PR4	Not applicable
G4-EN30	Not applicable	G4-HR4	Undisclosed	G4-PR5	P52
G4-EN31	Undisclosed	G4-HR5	Undisclosed	G4-PR6	Not applicable
G4-EN32	P57	G4-HR6	Undisclosed	G4-PR7	Proprietary information
G4-EN33	P57	G4-HR7	Undisclosed	G4-PR8	Undisclosed
G4-EN34	Not applicable	G4-HR8	Not applicable	G4-PR9	Proprietary information

⁴³ GRI stands for Global Reporting Initiative.

Feedback Questionnaire

To better understand your needs, improve quality of CITIC Bank's social responsibility report and provide you and other stakeholders with more valuable information, we would like to invite you to answer relevant questions in the Feedback Questionnaire and send your response to us either by facsimile or by mail delivery (please kindly indicate "Feedback Questionnaire about CITIC Bank's Social Responsibility Report" on the envelope if you choose mail delivery).

 Head Office, China CITIC Bank, No.9 Chaoyangmen Beidajie, Dongcheng District, Beijing

 010-89936232

 csr@citicbank.com

 100010



What is your overall view of the Report?

Do you think the Report fully discloses what you hope to understand about CITIC Bank's performance of social responsibility?

What further information do you hope to be disclosed in CITIC Bank's social responsibility report?

Do you think the Report is of the right length?

Do you think the Report is of a reasonable structure? How can we make further improvement?

Are you satisfied with the design style of the Report? How can we make further improvement?

What are your other suggestions regarding CITIC Bank's social responsibility report?

Your Information

Name

Work unit

Position

Telephone

Fax

Email



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