

China CITIC Bank Corporation Limited

2018 Sustainability Report

29th April 2019

Preparation Explanation

Reporting Scope

The *2018 Sustainability Report of China CITIC Bank Corporation Limited* is hereinafter referred to as “the Report”.

Unless otherwise specified, for the purpose of the Report, “the Bank” refers to China CITIC Bank Corporation Limited, “the Group” refers to China CITIC Bank Corporation Limited and its subsidiaries. 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, and China CITIC Bank (Hong Kong) Investment Limited (formerly known as “China Investment and Finance Limited”), excluding CITIC aiBank Corporation Limited and Altyn Bank.

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*, the *Guidelines on Preparation of Report on Company’s Fulfillment of Social Responsibilities* and relevant notifications released by the SSE, as well as Appendix 27 *Environmental, Social and Governance Reporting Guide*¹ (hereinafter referred to as the “ESG Guide”) to the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*.

The Report was prepared in accordance with the Core option of the *Sustainability Reporting Standards (2016)*² issued by the Global Reporting Initiative (“GRI Standards” hereinafter). For the purpose of the Report, the quantification of greenhouse gas emissions was based on ISO14064-1: 2006³.

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*. Methodologies for collection of data, statements and cases disclosed in the Report are made through the Information Management System for Sustainable Development 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 *2018 Annual Report (A Share) of China CITIC Bank Corporation Limited*.

¹ The traditional Chinese version shall prevail.

² The English version shall prevail.

³ The English version shall prevail.

Unless otherwise specified, for the purpose of the Report, denomination currency is “Renminbi” and “as at the end of the year” refers to “as at 31 December 2018”. “Over the previous year” refers to “data over the same period of the previous year”.

The Report was written in the Simplified Chinese. The Traditional Chinese version and the English version were 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 Party’s Affair Department of China CITIC Bank Corporation Limited located in No.9 Chaoyangmen Beidajie, Dongcheng District, Beijing.

Reporting Period

This report is an annual report. The disclosure date of the Bank's previous report is March 26th, 2018. Unless otherwise specified, the reporting period, as covered by the Report, ranges from January 1st, 2018 to December 31th, 2018. The time ranges of the statistics regarding the statements, data and cases as mentioned in the Report coincide with those of the Report. All data mentioned in the Report relating to the previous reporting period are basically consistent with those data disclosed in the previous report of the Bank.

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 record, 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 interim announcement edition is released at SSE. Hardcopies are distributed to the public via outlets in Chinese mainland of the Bank, by postal service or at related events. The PDF electronic edition is made available on the official website of the Bank (<http://www.citicbank.com/>). The Traditional Chinese version of the Report is released in the two forms of interim announcement and PDF electronic edition. The interim announcement edition is released on The Stock Exchange of Hong Kong Limited. The PDF electronic edition is made available on the official website of the Bank. The English version of the Report is made available on the official website of the Bank in the form of PDF electronic edition.

The Bank has officially published its social responsibility information in the form of independent social responsibility report once a year as of 2008. The Report is both the

11th social responsibility information officially published by the Bank in the form of independent social responsibility report and the 10th social responsibility information officially published by the Bank after independent assurance by a third party. The Report is the 1st sustainable development information officially published by the Bank in the form of independent report and after independent assurance by a third party.

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Chairperson's Letter to Shareholders

Dear Shareholders,

2018 was the inaugural year for the implementation of the blueprint charted at the 19th National Congress of the Communist Party of China. A new era has arrived, and the Bank has embarked on a new journey. In 2018, facing a new situation, new changes and new requirements, the Bank, maintaining its strategic focus and standing firm in deepening transformation, stood the test of the market and saw continued positive development on the whole.

In recent years, the Board of Directors has attached great importance to sustainable development of the Bank. Information disclosure was conducted under the guidance of the United Nations Sustainable Development Goals (SDGs). On the one hand, it is a concrete practice of the concept of sustainable development advocated by the Board of Directors; on the other hand, it is an action and performance aiming to demonstrate more fully the Bank's fulfillment of economic, environmental and social responsibilities to the social public, and can urge the Bank to continuously refine its sustainable development management system to better meet the needs of stakeholders.

The Bank's management and performance in sustainable development will directly affect investors' confidence in the Bank. Therefore, in accordance with the regulatory provisions stipulated by the China Banking and Insurance Regulatory Commission (CBIRC) and the Stock Exchange of Hong Kong (SEHK), the Board of Directors has taken the initiative to undertake environmental and social responsibilities and passed resolutions on information disclosure concerning social responsibilities and budget for external donations. In the meantime, the Board of Directors has increased discussions and proposals on topics relating to sustainable development management, which efficiently plays an instructive role to the development of the Bank. Following the mindsets of inheritance and development, the Bank has developed a new three-year development plan (2018-2020), which has put forward the development vision of "becoming a responsible, humane, unique and dignified enterprise with best integrated financial services". In addition, the Bank has revised and improved the corporate culture system, put forward the mission of "creating value for customers, working for employees' happiness, generating benefits for shareholders and fulfilling responsibilities for the society" and introduced the concept of sustainable development in all aspects of corporate culture.

The Bank has showed the interest to the *Paris Agreement* signed by the Chinese government and its policy orientation. Starting with itself, the Bank has included all its 1,410 outlets into "carbon footprint" management and established a workflow and indicator system in accordance with the standard ISO14064-1. The calculation results obtained by the Bank in accordance with the *IPCC Guidelines for National Greenhouse Gas Inventories* show that the total greenhouse gas emissions throughout the year were 185,800 tons, which decreased 5.13% from the previous year, and the greenhouse gas emission was 3.29 tons per capita, down 4.64% from the previous year. In the meantime, the Bank has enhanced assessment of suppliers' environmental and social risks and rejected high-polluting, high-consuming manufacturers and products.

“Customer-Centric” is the core value of the Bank. In 2018 the Bank waived about 1.8121 million transactions of service charges for personal RMB accounts, reducing service value about RMB1,245 million. The finance products launched by the Bank created direct earnings of RMB70,526 million for customers, which leads to an increase of 54.47%. Our hard work throughout the year has brought tangible earnings for our customers, which made us very proud of it. Certainly, the Bank has continued to enhance service capability, placing the customer personal safety protection, fund security and information security above other services. In the meantime, the Bank has continued to refine service channels and service process. In 2018, customer complaint rate was 2.53 in ten thousand, which reduced 0.0031 percentage point year on year.

The Bank is committed to offering a comfortable, safe, secured, and development-friendly working environment in which employees feel happy and be respected. It protects employees’ legal rights and interests according to law, eliminates child labor and forced labor, strictly implements equal pay for equal work, ensures employees’ rights of speech freedom, respects privacy, prohibits discrimination, improves labor unions, protects female workers’ rights and interests, and focus on retired employees and injured or sick employees. In addition, to help employees improve the awareness of value of career, in 2018 the Bank invested RMB108,602,000 to improve employees’ professional skills and qualities, which led to an increase of 28.31% from the previous year.

The Bank gives back to society in accordance with the *Charity Law of the People’s Republic of China* and other relevant laws and regulations and makes donations to the most needed localities and individuals. In 2018, the Bank made total donations of RMB26.2674 million in local and foreign currencies, which were mainly used for poverty alleviation, student grant, disaster relief and financial aid to the vulnerable groups. According to the statistical scope of the Shanghai Stock Exchange, the Bank’s social contribution per share was RMB4.68, which led to an increase of 7.07%. To lift more people out of poverty, the Bank sent 56 employees to be stationed in villages and carry out poverty alleviation work, and donated poverty alleviation funds of RMB19.2906 million to Xinjiang, Tibet, Gansu, etc., which led to an increase of 27.10% from the previous year. In 2018, donations made by the employees of the Bank in their own names were RMB1.3607 million.

In pursuing long-term sustainable development of the Bank and stakeholders, it requires us not only to have a broader long-term vision but also to work assiduously and perseveringly. The Board of Directors and senior management of the Bank will continue to deepen the concept of sustainable development, actively advance the practices of sustainable development and make unremitting efforts to achieve long-term benefits for stakeholders.

Li Qingping

Chairperson and Executive Director

29th April 2019

President's Letter to Shareholders

Dear Shareholders,

2018 was the opening year of the Bank's new three-year development plan (2018-2020). We adhered to the general principle of "pursuing progress while ensuring stability", insist on value creation, reform with keen determination, and seek improvement in stability. As a result, the Bank maintained a good development momentum on the whole. In the year, we realized total profit of RMB54.326 billion, up 3.92%, the highest growth in five years; operating income of RMB164.854 billion, up 5.20%; and NPL ratio and provision coverage of 1.77% and 157.98% respectively. Behind the economic performance is the Board of Directors' close attention to the sustainable development of the Bank and stakeholders. To follow the Board's strategic guidelines, in the process of operation management, the senior management of the Bank has actively organized the implementation efforts. Some achievements have been made in inclusive finance, protection of consumer rights and interests, green credit loans, e-banking, China Western Development, internal control and compliance, and poverty alleviation with financial means.

Development of inclusive finance facilitated the increase of minority people's income. Sticking to the fundamental direction of returning to the basics of banks and serving the real economy, the Bank has offered quality financial services to vulnerable groups, actively responded to policies on inclusive finance, set up Inclusive Finance Department at the Head Office, improved process efficiency and improved risk control measures. As of the end of the year, the balance of loans to inclusive small and micro businesses stood at RMB136.353 billion, up 48.45%, a growth that is 35-percentage-point higher than that of overall loans; the number of loan customers was 82,200, up 37.23%; and the interest rate was 6.10%, down 0.22 percentage point from the previous year.

Protection of consumer rights promoted the building of a more mature financial ecology. In accordance with the requirements of the CBIRC, the Bank actively promoted local branches to improve consumer rights protection management system. We organized the financial knowledge spreading campaign called "Financial Knowledge Entering Millions of Households". We went to communities, enterprises, CBDs and villages and publicized financial knowledge about bank card safety, telecom and internet scams, illegal fundraising and illegal campus loans mainly to elderly people, people with disabilities and students in crowded areas. Throughout the year, we carried out 2,050 sessions of the campaign, distributed about 2.52 million paper brochures and attracted about 1.3954 million people.

Green loans offered financial leverage for the improvement of natural environment. The Bank requires that the growth in the loans for the 12 energy conservation and environmental protection and service items included in the statistical scope of *Statistical System of Green Loans* must be higher than that in all loans of the Bank, and denies access to customers who fail to meet requirements. As of the end of the year, the balance of green loans stood at RMB62.937 billion, which led to an increase of 4.27%. The Bank has implemented differentiated policies for high-polluting, high-emission and severe overcapacity industries, and gave them

differentiated treatments through measures such as “supporting, maintaining, compressing and exit”. As of the end of the year, the balance of loans to high-polluting, high-emission and severe overcapacity industries stood at RMB43.77 billion, which led to a reduction of 4.24%.

Development of e-banking boosted transformation and upgrading of business models. In the era of internet finance, we believe opportunities and challenges coexist. The development of e-banking concerns not only about the transformation and upgrading of banking business models but also about reducing customers’ travel times so as to reduce total carbon emissions. We should pay more attention to it from both economic and environmental perspectives. In the year, we launched personal online banking V7.0 and mobile banking V5.0. As of the end of the year, the transaction amount of mobile banking recorded RMB6,289.72 billion, which results in an increase of 48.61%, and the substitution rate of transactions by e-banking was about 99.03%, up 0.07 percentage point from the previous year.

China Western Development promoted reasonable allocation of economic and technological resources. Increasing the policy support to the western regions will help developed regions in the east transfer technology and funds to underdeveloped regions in the west and balance the development difference between the western and eastern regions. It is an important measure to practice the concept of sustainable development. In 2018, the Bank continued to invest in the China Western Development strategy. The balance of loans to western regions stood at RMB433.143 billion, up 11.30%, accounting for 12.84%. There were 254 outlets in western regions, accounting for 18.01%, and 7,264 employees, accounting for 13.68%.

Internal control and compliance facilitated safe and healthy development of the Bank. Banks are enterprises that deal with risks. Both fraud cases and NPLs have significant impact on their safe and healthy development. To practice the management concept of “governing the Bank through culture” proposed by Chairperson Li Qingping, we have established a complete risk compliance culture system. In the meantime, we have continued to strengthen comprehensive risk management as well as management of liquidity risk and interest rate risk, and enhanced the management concept of business continuity. In the year, the Bank revised and added 40 mechanisms, improved 31 systems, refined 17 processes, completed 1,680 compliance reviews and issued 51 audit reports. The internal audit recovered a total of RMB782 million principals and interest of risky loans, and RMB292 million from payment of cash deposits, supplement of pledge of stock rights and regulatory accounts.

Poverty alleviation through financial means was promoted comprehensively with fruitful results. Credit granting and financing services can effectively solve the difficulty in initiating poverty alleviation projects due to insufficient funds, and complement poverty alleviation donations. The Bank has rolled out targeted projects to meet the financial demands of key poverty alleviation projects and areas, characteristics industries and poverty-stricken population who needs jobs or needs to go to school, and opened green channels that give priority to examination and approval of poverty alleviation loans or projects. As of the end of the year, the precision poverty alleviation loans to individuals stood at RMB3.039 billion, up 9.30%, and the precision poverty alleviation loans to entities was RMB3.854 billion, up 166.80%.

The senior management of the Bank will, under the strategic guidelines of the Board of Directors, establish and enhance the management concept of sustainable development, fulfill China CITIC Bank's economic, environmental and social responsibilities, and, guided by shared values, make joint efforts with stakeholders to achieve the common sustainable development goal.

Fang Heying

Executive Director and President

29th April 2019

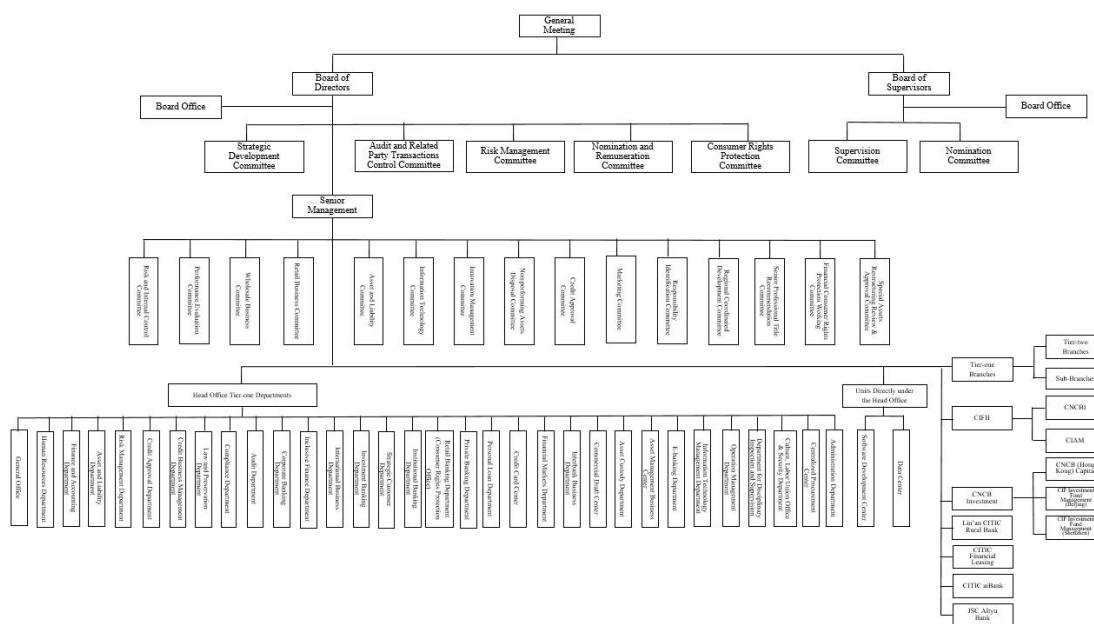
The Group's Profile

Founded in 1987, the Group is one of the earliest emerging commercial banks established during China's reform and opening up and also China's first commercial bank participating in financing at both domestic and international financial markets. A keen contributor to China's economic development, the Group is renowned at home and abroad for brushing numerous track records in the modern Chinese financial history. In April 2007, the Group listed its A + H shares at the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited.

The Group aspires to become "the enterprise offering the best comprehensive financial services". To attain this development vision, it fully leverages on its unique competitive advantages in placing financial and industry businesses on an equal footing, and at the same time holds firm to its core values of "Customer Focus, Trust, Innovation, Collaboration, Excellence" and adheres to the business concept of "safe CITIC Bank, compliant operation, science and technology for growth, serving the real economy, market orientation and value creation". To corporate customers and institutional customers, the Group offers corporate banking business, international business, financial markets business, institutional banking business, investment banking business, factoring business and custody business. For individual customers, the Group provides comprehensive financial services which is responsible, warm, characteristic and has dignity in retail banking, credit card, consumer finance, wealth management, private banking, going abroad finance and e-banking.



As at the end of 2018, the Group had 1,410 outlets in 146 large and medium-sized cities in China and 6 affiliated institutions including CITIC International Financial Holdings Corporation Limited ("CIFH"), CNCB (Hong Kong) Investment Co., Ltd.,



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Key Performance Indicators⁴

Key Performance Indicators	Unit	2018	2017
Total assets	RMB100 million	60,667.14	56,776.91
Total profit	RMB100 million	543.26	522.76
Value of social contribution per share	RMB Yuan	4.68	4.37
Balance of loans to small and micro enterprises※	RMB100 million	1,363.53	918.50
Loan balance of green credit※	RMB100 million	629.37	603.58
Counter-to-e-banking transaction substitution rate※	%	99.03	98.96
Purchased electricity	MWh	257,528.57	270,738.96
Outlets※	In number	1,410	1,435
Self-service terminals※	In number	7,053	9,295
Total Employees※	Person	53,100	53,346
Total donations	RMB10 thousand	2,626.74	2,974.30
Voluntary activities	In number	207	164

⁴ Except for those ended with “※”, all the figures in this table are under the scope of the Group.

Chapter I Strategy and Governance

The United Nations Sustainable Development Goals

16 PEACE, JUSTICE
AND STRONG
INSTITUTIONS



17 PARTNERSHIPS
FOR THE GOALS



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Section I Strategic Plan

The Group has released the *2018-2020 Development Plan of China CITIC Bank*. The strategic plan, which has defined the Group's development direction such as vision, goals and market positions for the next three years, is a guideline for the Group in the next three years.

I. Vision

Becoming a responsible, humane, characteristic, dignified enterprise offering the best comprehensive financial services.

II. Business Position

Transforming from “One Body with Two Wings” to “Troika”.

III. Regional Position

Sticking to differentiated, layered development. Defining “Beijing, Shanghai, Guangzhou, Shenzhen, Ningbo and Hangzhou” as the Bank's strategic pivots, and branches in those areas as “core profit poles”; defining 14 provinces and municipalities including Tianjin, Hebei and Jiangsu as the Bank's key areas, and the branches in those areas as “main forces for profit growth”; and defining 15 provinces and municipalities including Shanxi, Inner Mongolia and Liaoning as the Bank's potential areas, and the branches in those areas as “leading profit outlets”.

IV. Industrial Position

Supporting certain industries and also withdraw support from certain industries. We should actively expand industries with light economic cycle. As for traditional industries, we should seek quality customers in mainstream industries, and explore the most valuable customer groups. We should resolutely reduce support to customers who lack competitive edges and development potential in industries with overcapacity. As for emerging sector, we should enhance support to emerging industries that conform to national strategic orientation, and increase credit loans granted to the “three-high, three-big and three-new” fields (i.e. high-tech and internet, high-end manufacturing and high-quality services and consumption; big culture, big health, and big environmental protection; new energy, new materials and new pattern).

V. Customer Position

Attaching equal importance to high-value customer returns and inclusive services. In corporate business, we should deepen the customer positioning of focusing on big industries, big customers, big projects and high-end customers, pay attention to both big and small customers, establish brand by serving big customers, expand influence by serving new customers, grow together with small and medium customers, and consolidate corporate customer foundation. In retail business, we should expand basic customers, focus on medium and high-end customers, and explore in depth characteristic customers groups such as the elderly, female, young, and overseas financial customers. In financial market business, with leaders in the financial industry as the core, we should focus on development of medium and large national commercial banks, local commercial banks and mainstream non-banking institutions.

VI. Product Position

Attaching equal importance to “consolidating the old” and “enhancing the new”. “Consolidating the old” means making advantaged traditional business bigger and stronger, to become a market leader in some areas that are consistent with future development trend. “Enhancing the new” means seizing trends and market opportunities and developing new markets for business development and new engines for profit growth.

VII. Channel Position

Adopt four types of channels: online, offline, customer service and crossover channels. Regarding online channels, we focus on improving customer experience, speed up optimization and upgrading and resource sharing of personal e-banking, “Transaction +” and “Interbank +”, and set up an intelligent online service platform. Regarding offline channels, we focus on improving capacity, promote transformation of outlets from focusing on product sales to comprehensive services, and enhance the intelligence of outlets. Regarding customer service channels, we focus on improving service added value, build a “Smart +” customer service center, and develop new service models for customer experience marketing. Regarding crossover channels, we focus on scene-based customer acquisition, develop crossover cooperation, and build a joint, sharing, open customer acquisition platform.

VIII. Implementation of Strategies

The Group established the leading group and working group for implementation of bank-wide plans. After soliciting opinions widely, the leading group and working group broke down the development plan into “eight major projects” and “100 major tasks”, formed “8100 Project” task list and roadmap, and prepared 16 supporting implementation schemes for the development plan. All branches and subsidiaries developed a sub-plan. As of the end of the year, the Bank met the progress requirements of all of the 100 major tasks.

Section II Values

In February 2018, the *China CITIC Bank Corporate Culture Manual (V2.0)* was officially released, marking further improvement of the corporate culture system by the Group, with values, code of conduct and standard image that are suitable for the Group’s development needs. It comes from the Bank’s cultural gene that it has accumulated in thirty years’ development. It is a set of universally recognized terms bank-wide that should be observed in operation management. It is a guideline that China CITIC Bank people follow spontaneously. And it is a code of conduct that China CITIC Bank people adopt in pursuing their dreams.

I. Mission

Creating value for customers, working for employees’ happiness, generating benefits for shareholders and fulfilling responsibilities for the society

II. Core Values

Customer first, credibility, innovation, collaboration, excellence

III. Management Philosophy

Pursuing safe and compliant operation, relying on technology for growth, serving the real economy, focusing on market demands and creating value

IV. Code of Conduct

Love for the motherland, loyalty to the bank, devotion, professionalism, efficient execution, cooperation, mutual help, observation of law, integrity, gratitude, and dedication

V. Motto

Customer orientation, employees as foundation, credibility, compliance, team work, professionalism, innovation, value creation

VI. Logo



VII. Brand Slogan

Achieve the Great Goal through Integrity and Intelligence

VIII. Corporate Culture Building

In 2018, in corporate culture building, the Group carried out relevant work centering on top-level design, promotion, and foundation building of culture. In the top-level design work of culture, the Group formulated the *2018-2020 China CITIC Bank Implementation Plan for Corporate Culture Building*, conducted an annual corporate culture building evaluation and included it in branches' annual comprehensive performance evaluation results. In the promotion of culture, the Group organized all employees in both head office and branches to learn Corporate Culture 2.0 Online Courses at the "networking academy", organized the whole bank to seek and collect cultural stories among employees, edited a collection of cultural stories titled *China CITIC Bank People (Vol. III)*, organized the publicity activity "China CITIC Bank · Stories (Season 3)", and revised 72 culture logotypes and 64 culture posters. In the cultural foundation building work, the Group held a special training class on corporate culture building targeting nearly 150 corporate culture building personnel, to carry out corporate culture training mainly for new employees so they can blend into the culture of the Group as soon as possible.

Case 1: Bank Anthem Singing Activity

From April to June 2018, the Bank held a bank-wide bank anthem singing activity. During the activity that lasted more than 70 days, thousands of employees actively participated. After preliminary contests of various forms, the final was held on June 25th. The lyrics of the anthem of the Bank contain the values of the Bank such as vision, mission and core values. By singing the anthem and remembering the lyrics, employees across the Bank have remembered the values of the Bank. The activity helped employees learn about the corporate culture, laying a foundation for all employees to practice the corporate culture.

Section III Sustainable Development Concept

In the new three-year strategic plan and the framework of corporate culture 2.0, “to be a humane, dignified enterprise ” as stated in the Group’s vision and “creating value for customers, working for employees’ happiness, generating benefits for shareholders and fulfilling responsibilities for the society” stated in the mission are an epitome of the Group’s sustainable development concept. The Group continued the sustainable development goal of “aiming to become a green bank, a people-oriented bank, a charitable bank, a trustworthy bank, a value creator and a bank with a great brand”.

I. A humane Enterprise: Starting with love, spreading love, showing gratitude for society and giving back to society are the Group’s commitments. In the reporting year, the Group focused on social demands, fulfilled economic, social and environmental responsibilities, actively participated in poverty alleviation and public benefit projects and showed care to employees, striving to become a financial enterprise with “big love”.

II. A dignified Enterprise: The Group aspires to build a first-rate bank brand with first-rate corporate culture, first-rate banking services, first-rate business performance and first-rate development quality, improve the Bank’s market value and be an enterprise that the market recognizes, customers approve, shareholders trust and employees rely on.

III. Creating Value for Customers: Customers are the center for the operation and development of the Group. Continuing to improve customer value is the most important mission of the Group. In the reporting year, the Group returned to the basics of banking services, listened to customers’ expectations, thought about customers’ urgent demands, offered the best services to customers and joined hands and grew together with customers.

IV. Pursuing to Maximize Employees’ Happiness: The Group is not only a platform on which employees obtain compensation but also a stage on which employees gain self-confidence, dignity, honors and happiness, and realize their value and dreams and more importantly, it is a home to employees. The Group thanks employees for their hard work, cares for their growth, and strives to improve employee satisfaction in terms of working environment, career development and balance between work and life, and create a harmonious, learning, team-like and caring home where employees can enjoy work and life and chase their dreams with the Group.

V. Generating Benefits for Shareholders: The Group upholds its traits as a group with the strongest modern enterprise awareness since the reform and opening-up, having a strong sense of serving and giving back to shareholders, attaching great importance to shareholders’ requirements of value added returns, pursuing maximum profit and maximum benefit, sharing corporate development goals with shareholders, jointly drawing the blueprint for the Group’s future and giving back to shareholders with continuous, efficient and quality growth.

VI. Be Responsible for the Society: During the reporting period, the Group upheld the fundamental direction of returning to the basics of the Bank and serving the real economy, undertook economic, environmental and social responsibilities, deepened and implemented new development concepts, built an inclusive finance system and implemented precision poverty alleviation. Adhering to giving back to society, the Group actively participated in public benefit activities, helped vulnerable groups in

various fields including poverty alleviation, education, environmental protection and health care, and prospered with society.

Section IV Corporate Governance

I. Overview of Corporate Governance

In 2018, the Bank carried out corporate governance and operation management strictly in accordance with the *Company Law of the People's Republic of China*, *Law of the People's Republic of China on Commercial Banks*, *Law of the People's Republic of China on Regulation and Supervision over the Banking Industry*, *Securities Law of the People's Republic of China* and other relevant laws and regulations.

General meetings: The Bank convened 1 annual general meeting of shareholders, 2 extraordinary general meetings of shareholders, 1 A-class shareholders class meeting, 1 H-class shareholders class meeting, 12 meetings of the Board of Directors (including 10 on-site meetings and 2 meetings for voting by correspondence), 11 meetings of the Board of Supervisors (including 10 on-site meetings and 1 meeting for voting by correspondence), 36 meetings of the specialized committees under the Board of Directors, and 6 meetings of the specialized committees under the Board of Supervisors.

Chairperson and president: During the reporting period, Ms. Li Qingping was Chairperson and Executive Director of the Bank and concurrently Party Committee Secretary, responsible for presiding over the general meeting, convening and presiding over meetings of the Board of Directors and examining the implementation of Board resolutions and other relevant matters. Mr. Sun Deshun was President and Executive Director of the Bank, responsible for implementing Board resolutions and leading the Bank in its business operation and management and other relevant matters. The division of duties between the Chairperson and President of the Bank was clearly defined and in compliance with the Hong Kong Listing Rules. As of the end of the year, there's no change in the governance structure of the Bank.

Stock price: The Bank assigned special personnel to monitor stock price movements and major events in the capital market and make daily records. If a big fluctuation in stock price or relevant abnormal situations occurred, the personnel would report it and start response procedures at the earliest possible time. The Bank monitored market public opinion, promptly screened public opinion early warnings relating to stock price and investors, and responded promptly to market concerns. As of the end of the year, there was no abnormal stock price fluctuation in the Bank that requires public notification or clarification.

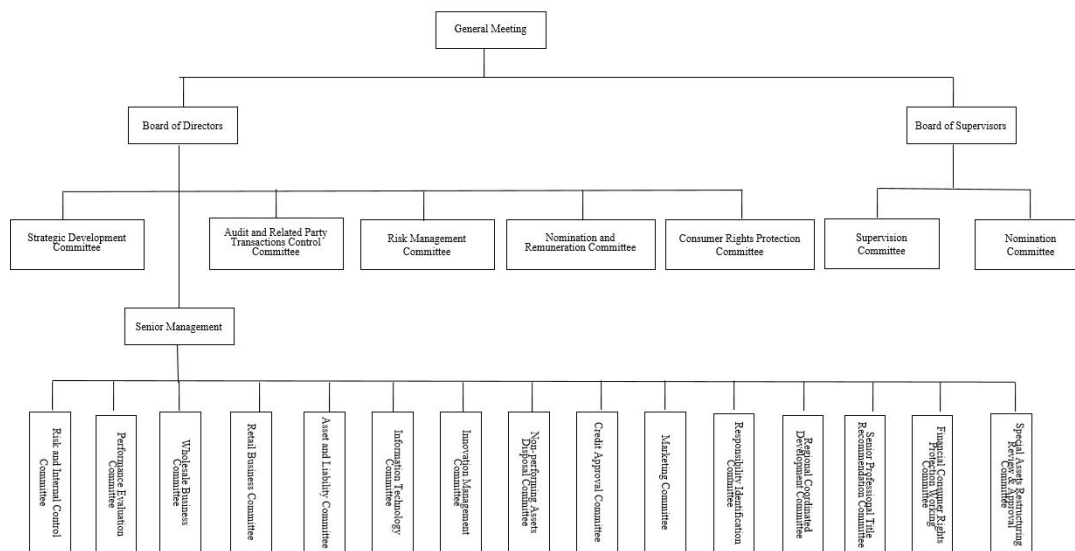


Figure 3: Corporate Governance Structure of the Bank

II. Board of Directors

To ensure a smooth transition of the session of the Board of Directors and steady operation of corporate governance and taking into account the membership diversity of the Board of Directors, the fourth session of the Board of Directors of the Bank nominated the candidates for members of the fifth session of the Board of Directors according to corporate governance rules. After deliberation and approval by the Board meeting and the general meeting, the fifth session of the Board of Directors was elected by voting. Newly appointed directors officially took office after the decision was reported to and approved by the CBIRC.

Composition of the Board of Directors: On May 25th, 2018, according to corporate governance rules, the Bank elected the fifth session of the Board of Directors by voting, and the term of office will expire on the day of annual general meeting in May 2021. As of the disclosure date of the report, the Board of Directors of the Bank had 9 members, including 2 executive directors, Ms. Li Qingping and Mr. Fang Heying; 3 non-executive directors, Mr. Cao Guoqiang, Ms. Huang Fang and Ms. Wan Liming; and 4 independent non-executive directors, Mr. He Cao, Ms. Chen Lihua, Mr. Qian Jun and Mr. Yan Lap Kei Isaac.

Member of the Board of Directors	Age	Gender	Ethnic group	Member of the Board of Directors	Age	Gender	Ethnic group
Li Qingping	56	Female	Han	He Cao	63	Male	Han
Cao Guoqiang	54	Male	Han	Chen Lihua	56	Female	Han
Fang Heying	52	Male	Han	Qian Jun	48	Male	Han
Huang Fang	45	Female	Han	Yan Lap Kei Isaac	58	Male	Han
Wan Liming	52	Male	Han				

Table 1: Age, Gender and Ethnic Information of Members of the Board of Directors

Changes in the Board of Directors: On January 5th, 2018, Mr. Chang Zhenming resigned from his position as non-executive director of the Bank due to work

rearrangements. On September 18th, Mr. Fang Heying and Mr. Yan Lap Kei Isaac officially took office as executive director and independent non-executive director of the Bank respectively after approval by the regulator. On September 25th, Mr. Cao Guoqiang officially took office as non-executive director of the Bank after approval by the regulator. Independent non-executive directors Ms. Wu Xiaoqing and Mr. Wong Luen Cheung Andrew officially left their posts on September 18th, 2018 according to regulatory requirements and the resolution of the Board of Directors of the Bank, because they had served in their posts in the Bank for nearly six consecutive years. On September 28th, Mr. Zhu Gaoming resigned from his position as non-executive director of the Bank due to changes in job responsibilities. In February 2019, Mr. Sun Deshun no longer served as executive director of the Bank due to age.

Diversity of the Board of Directors: The Board of Directors formulated the *Policy on Membership Diversity of the Board of Directors* to ensure participation of stakeholders. The Board of Directors of the Bank comprised members of different gender, age, culture, education background and professional experience such as economic, financial, accounting, legal and audit education background and experience, who have expertise and experience in social responsibility and environmental responsibility. The number of independent directors of the Board of Directors was less than one third of the total number of Board members, in compliance with regulatory requirements.

Allowances for directors: According to the policy on allowances for directors approved at the general meeting, the Bank does not pay any directors' allowance to executive directors of the Bank, but pays remunerations corresponding to their posts according to relevant regulations. The Bank does not pay any directors' allowance to non-executive directors (excluding independent non-executive directors) of the Bank. The Bank pays RMB300,000 (before tax) of directors' allowance to each independent non-executive director every year.

Internal communication of the Board of Directors: The Board of Directors of the Bank carried out work strictly according to the Articles of Association, Rules of Procedures of the General Meeting, Rules of Procedures of the Board of Directors, etc. The Board of Directors upheld an all-inclusive governance mechanism and culture. When listening to reports, having a discussion and deliberating relevant matters, the Board of Directors encouraged directors to speak freely and deliberated and passed resolutions by voting according to the Rules of Procedures. The Board of Directors supported independent directors in actively playing their role, earnestly provided support to independent directors in their surveys, and enhanced independent directors' knowledge of the operation management work of the Bank so they could better fulfill their responsibilities. As of the end of the year, there was no conflict of interest in the Bank. In the event of a conflict of interest, the Board of Directors of the Bank would, according to disclosure requirements, clearly write down the specific numbers of affirmative votes, dissenting votes and abstention votes in the Voting Results column of the resolution deliberated at the meeting of the Board of Directors, and state relevant information as the case may be.

III. Board of Supervisors

Composition of the Board of Supervisors: The Board of Supervisors is the supervisory body of the Bank accountable to the General Meeting. As of the end of the year, the Board of Supervisors of the Bank comprised 8 members, including 4

employee representative supervisors, Mr. Liu Cheng, Mr. Cheng Pusheng, Mr. Chen Panwu and Ms. Zeng Yufang, with Mr. Liu Cheng as Chairperson of the Board of Supervisors; 1 shareholder representative supervisor, Mr. Deng Changqing; and 3 external supervisors, Ms. Wang Xiuhong, Mr. Jia Xiangsen and Mr. Zheng Wei.

Member of the Board of Supervisors	Age	Gender	Ethnic group	Member of the Board of Supervisors	Age	Gender	Ethnic group
Liu Cheng	52	Male	Han	Zheng Wei	45	Male	Han
Deng Changqing	46	Male	Han	Cheng Pusheng	51	Male	Han
Wang Xiuhong	73	Female	Han	Chen Panwu	55	Male	Han
Jia Xiangsen	64	Male	Han	Zeng Yufang	49	Female	Han

Table 1: Age, Gender and Ethnic Information of Members of the Board of Supervisors

Changes in the Board of Supervisors: In February 2018, Mr. Shu Yang resigned from his position as supervisor of the Bank due to work rearrangements, with effect from February 27th. In March, Mr. Cao Guoqiang resigned from his position as Chairperson and supervisor of the Board of Supervisors of the Bank due to work rearrangements, with effect from March 23th. On April 20th, Mr. Liu Cheng was elected employee representative supervisor of the fourth session of the Board of Supervisors based on voting by all employee representatives at the Bank's employee representative assembly. On April 23rd, Mr. Liu Cheng was elected Chairperson of the fourth session of the Board of Supervisors of the Bank at the 27th meeting of the fourth session of the Board of Supervisors. On May 25th, 2018, the Bank held its 2017 annual meeting of shareholders, Mr. Liu Cheng was appointed Chairperson of the fifth session of the Board of Supervisors of the Bank; Mr. Deng Changqing was appointed shareholder representative supervisor of the fifth session of the Board of Supervisors of the Bank; Ms. Wang Xiuhong, Mr. Jia Xiangsen and Mr. Zheng Wei were appointed external supervisors of the fifth session of the Board of Supervisors of the Bank; Mr. Cheng Pusheng, Mr. Chen Panwu and Mr. Zeng Yufang were appointed employee representative supervisors of the fifth session of the Board of Supervisors of the Bank.

The Board of Supervisors of the Bank organized 4 collective surveys, involving 6 branches and 2 other banks. The board of supervisors shall conduct in-depth discussions on the universality, tendency and other major issues found in the survey, form opinions and suggestions, and effectively convey them to the board of directors and the management, promoting the transformation of the research results.

IV. Senior Management

Composition of senior management: The senior management is the executive arm of the Bank accountable to the Board of Directors. The senior management should truthfully report to the Board of Directors or the Board of Supervisors, on a regular basis or as required by the Board of Directors or the Board of Supervisors, information regarding the Bank's business performance, important contracts, financial positions, risk profiles, business outlooks and significant events. As of the disclosure date of the report, the senior management of the Bank comprised 10 members, including Mr. Fang Heying, Mr. Guo Danghuai, Mr. Yang Yu, Mr. Mo Yue, Mr. Hu Gang, Mr. Xie Zhibin, Mr. Yao Ming, Mr. Lu Wei, Mr. Lu Jin'gen and Mr. Lv

Tianguì.

Changes in senior management: In 2018 Mr. Zhang Qiang resigned his vice presidency of the Bank due to work rearrangements; Mr. Lu Jin'gen and Mr. Lv Tianguì took office as Business Directors of the Bank. In February 26th, 2019, Mr. Sun Deshun resigned from his presidency of the Bank due to age; Mr. Fang Heying was appointed president of the Bank; in March, Mr. Xie Zhibin was appointed vice president of the Bank.

V. Management of Related Party Transactions

Institution building: The Bank implemented relevant content on related party transactions as specified in the *Interim Measures for Equity Management of Commercial Banks* of the CBIRC, and included major shareholders and their affiliated parties in the management scope of related parties. After the internal credit extension business system went alive, the Bank revised the *Administrative Measures of China CITIC Bank for Limits of Credit Extension to Related Parties*, which defined the management responsibilities of credit extension to related parties and refined the management requirements on limits of related party transactions. The Bank issued the *Notice on Implementing Regulatory Requirements and Proper Reporting and Day-to-day Management of Related Natural Persons*, which expanded the identification scope of related natural persons and further defined the division of labor and requirements regarding reporting of related natural persons.

System building: The Bank has established a related party transaction management system, which has realized functions such as acquisition of related parties' information and statistics and release of the related party list. In terms of corporate credit extension, the Bank has realized automatic synchronization with the legal person list of the related party transaction management system, as well as examination and approval process and limit control of corporate related party credit extension through the internal credit extension system. In terms of personal credit extension, the Bank has launched the related natural person control function of personal credit system. The system strictly controls loans to related natural persons through the list access system to ensure the compliance of loan granting.

Improvement of management measures: Through active communication with the regulatory department, the Bank changed the limit management method of credit extension to related parties from credit limit to credit balance, further optimizing the related credit granting management mechanism. Moreover, the Bank conducted comprehensive self-inspection of related party transaction management. Regarding the problems found from the inspection, the Bank analyzed the reasons and made corrections. It also enhanced post-management evaluation to facilitate continued improvement in related party transaction management.

Section V Compilation of Report

I. Identification of Stakeholders

An enterprise's perception of its purpose, meaning and value of existence is its mission. The mission of the Bank is "creating value for customers, working for employees' happiness, generating benefits for shareholders and fulfilling responsibilities for the society". Based on that, the Bank has defined important

stakeholders as customers, staff, shareholders and society (communities). Because of the particularity of the financial industry and the stricter supervision by the government in recent years, government has been identified as one of the important stakeholders of the Bank. As there are in fact a lot of procurement relations and the Bank is in a relatively advantaged position in negotiation, in line with the concept of join hands with all sectors of society to realize sustainable development, the Bank has identified suppliers as important stakeholders.

The stakeholders identified and recognized by the Bank include government, shareholders, customers, suppliers, staff and communities. As environment does not belong to certain organization or individual, it is not included as stakeholders and is only identified as an important object and topic of sustainable development.

Table 1: Identification Table of Stakeholders of 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 ✓ 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 	<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 	<ul style="list-style-type: none"> ✓ Survey of customer satisfaction and demand ✓ Better service quality ✓ Better customer experience ✓ Safeguarding customer rights and interests, etc.

	✓ Safeguarding information safety		suggestions ✓ Strengthened safety and security of business outlets	
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 a centralized procurement center at the Head Office ✓ Formulation of relevant rules and regulations on centralized procurement management ✓ Establishment of partnership with suppliers
Staff	<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.

II. Communication with Stakeholders

Communication with government: Chairperson Li Qingping and President Sun Deshun of the Bank led teams to proactively visit the governments of Guangxi Zhuang Autonomous Region, Hebei, Sichuan, the Xinjiang Uygur Autonomous Region, Gansu, etc. They had full communication and exchanged ideas. The Bank continued to improve work to enhance the capability to serve the real economy.

Information disclosure: The Bank attached great importance information disclosure and insider information management, strictly followed local laws and regulations on information disclosure, and released periodical reports and interim announcements

according to law. The Bank released over 340 documents including periodical reports and interim announcements at the Shanghai Stock Exchange and the SEHK. In the meantime, the Bank further improved the initiative and transparency of information disclosure, promptly released annual preliminary earnings estimates, reasonably guided market expectations, and continued to enhance disclosure of hot topics among investors in periodical reports, providing investors with timely, adequate and effective information.

Disclosing public government affairs: To enable employees to know better about the Bank's development strategy and business development plan, the Bank maintained an information announcement mechanism on the intranet, continued to implement the *Measures of CITIC Bank for Intranet Management*, and promptly released important news about the Bank's operation and management on the premise of ensuring the security of confidential information. As of the end of the year, the Bank released over 95,000 pieces of information on the intranet, down about 1.55%, attracting about 13.0966 million visits, down about 0.93%.

Communication with customers: The Group carried out such customer communication activities as product content communication, product promotion, door-to-door service, customer care activities, customer networking activities and publicity of financial policies and financial knowledge. The Bank's telephone banking conducted customer surveys and customer care and handled services by calling out. The Bank's telephone banking made 34,893,214 calls to customers, up 49.86%.

Internal communications: The Bank established communication channels with primary-level employees through the senior management "Reception Day" system, "President's Mailbox" "Head Office Listens" and opinion-seeking symposiums, encouraged employees to actively give advice on and jointly supervise business development and internal management, and established complete internal and external feedback mechanisms and reasonable suggestion collection channels.

Case 2: Sponsoring China Open

China Open is the highest-level tennis tournament in Asia, having great informational influence. The Bank has been a sponsor of the event for 12 years since 2007. In 2018, the Bank renewed the contract for another 5 years. By naming the ACE Program and China Open Junior Tour, the Bank expanded China Open programs into brand marketing activities that cover the whole country, last throughout the year and radiate across the Bank, which offered marketing on all sides from brand, business to services to retail banking, private banking, e-banking and credit card customers. The marketing themed by "Humane CITIC" produced good customer marketing results.

Media release: The Bank actively developed cooperation with media and disclosed the true news of the Bank to the public responsibly. As of the end of the year, the Bank released over 40,000 media reports on various national (local) media, a number basically equal to the number in the previous year. The Bank released over 1,500 news articles on its official website, basically equal to that in the previous year. On 29 August, a media interview team visited the Bank's subsidiary aiBank and surveyed

the new model of inclusive financial services in the tide of fintech.

Interviews and communication: The Bank realized about 250 effective off-site communication sessions with small and medium investors via channels like hotline telephone, email, SSE e-Interaction, etc., and nearly 20 on-site communication sessions with minority shareholders between the annual and extraordinary meetings and visit to general legal person shareholders and so on.

III. Identification of Key Topics

With the support of third party institutions, based on relevant articles of GRI and ESG criteria, the Bank developed 18 key topics on sustainable development, and evaluated the importance of the topics through a questionnaire survey conducted among external stakeholders such as government, shareholders, individual customers, corporate customers, interbank customers, suppliers, media and public benefit representatives as well as internal stakeholders including employees at all levels of the Bank. In this Report, there was no significant change in the substantive topics and their boundaries involved in the report of the previous period.

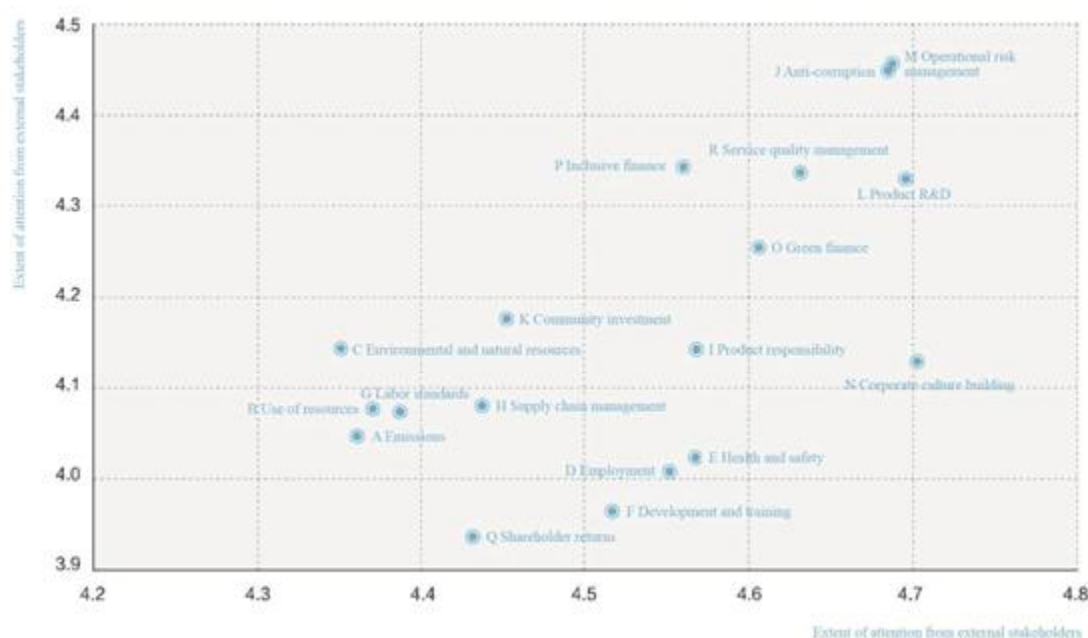


Figure 2: Distribution of Importance of Major Topics on Sustainable Development of the Bank

IV. Management Performance

Participation of the Board of Directors: In 2018, the Board of Directors of the Bank deliberated the *2017 Social Responsibility Report of China CITIC Bank Corporation Limited* and the *2017 Environmental, Social and Governance Report of China CITIC Bank Corporation Limited*. Independent directors suggested senior management pay more attention to employees' leave and continue to increase employees' leave rate and enhance their happiness. Chairperson Li Qingping instructed senior management to implement as required. The Board of Directors of the Bank evaluated the Bank's fulfillment of social responsibilities, and undertook environmental and social

responsibilities according to the CBIRC's *Guidelines for Corporate Governance of Commercial Banks*, the SEHK's *Environmental, Social and Governance Reporting Guide* and other regulatory regulations. According to the rules of procedure, the topics of social and environmental responsibilities submitted by the senior management of the Bank were submitted to the Board of Directors for deliberation after a preliminary review by the Strategic Development Committee of the Board of Directors. Regarding the advice and suggestions put forward by the Board of Directors, the senior management should strengthen their implementation and give feedback to the Board of Directors. In 2018 the Board of Directors of the Bank made a resolution on the *Budget Plan of China CITIC Bank for External Donations for 2018*, and authorized the senior management to examine, approve and manage the plan.

Case 3: Independent Directors Visited an Elementary School in Poverty-stricken Areas

From November 26th to 30th, four independent directors, He Cao, Chen Lihua, Qian Jun and Yan Lap Kei Isaac, visited Qijiang Huangsha Elementary School, an elementary school in poverty-stricken areas that the Bank has been long helping, during their survey in Chongqing Branch. The four independent directors required the Bank to improve the quality and effect of poverty alleviation work, and on the basis of doing well in the existing poverty alleviation and education support to Huangsha Elementary School, pay attention to introduction of public benefit educational courses via the internet, allowing the children to receive the latest educational mode and content. In the meantime, they suggested the Bank invite students who graduated from Huangsha Elementary School and were admitted to college and volunteer teachers to talk about their growth stories so as to increase the children's self-confidence and encourage them to change their lives through hard work.

Senior management's liabilities: If a major environmental or social problem occurs during the operation of the Bank and that leads to serious consequences, members of the senior management will receive remuneration-related punishments. The specific results will be determined by the Board of Directors.

Evaluation mechanism: The Bank continued to include "social responsibility" as one of branches' comprehensive performance evaluation indicators. The indicator includes five specific indicators, those are, serving consumer protection and public education⁵, small and micro enterprises⁶"two growths"⁷, financial poverty alleviation, social

⁵ Service quality is designed to evaluate branches' retail service quality. The evaluation of the indicator aims to improve customer service quality. The indicator includes two sub-indicators: "third party mystery customer monitoring" and "quantity of awards of 1,000 Demonstration Outlets".

⁶ The Bank's definition and statistical scope of small and micro enterprises are subjected to the *Specification for Classification of Small and Medium-sized Enterprises* issued by the Ministry of Industry and Information of the People's Republic of China.

⁷ Small and micro enterprises' two growths mean that the year-on-year growth of the loans to the small and micro enterprises with a total single credit line below RMB10 million (included) is no lower than the year-on-year growth of total loans, and the number of accounts with loan balance is no lower than that in the same period last year.

responsibility data reporting⁸ and completion results of external donations⁹. The inclusion of the indicator aims to increase employees' awareness of social responsibility and prompt them to actively fulfill social responsibilities.

Information management: The Bank continued to disclose sustainable development information with the “China CITIC Bank information management system for sustainable development report” as the main tool, and improve its sustainable development management indicator system. All the units of the Bank reported quarterly and annually via the system. The system has been provided with relatively complete informant, administrator and approver system to ensure the reliability, completeness and traceability of collected statements, data and cases.

Third party assurance: Since 2009, the Bank has engaged a third party assurance institution to provide independent limited assurance over all important statements and key data in the Bank's social responsibility report and give advice and suggestions on social responsibility management to the Bank. In 2018, PwC (Special General Partnership) made independent limited assurance over the *2017 Social Responsibility Report of China CITIC Bank Corporation Limited* and gave six key suggestions in three aspects to the Bank. The Bank already made improvements and responded to those suggestions in day-to-day work. The assurance of the Report will also be provided by PwC (Special General Partnership). PwC will provide independent limited assurance over the important statements and key data in the Report and give further advice and suggestions for improvement to the Bank after finishing the assurance work.

⁸ Social responsibility data reporting is designed to evaluate the passing rate of the social responsibility data reported by branches quarterly.

⁹ Completion results of external donations are designed to evaluate the direction, project initiation, examination, approval and compliance of external donations implemented by branches and budget execution rate.

Chapter II Development and Internal Control

The United Nations Sustainable Development Goals



KPI	Unit:	2018	2017
Total assets	RMB100 million	60,667.14	56,776.91
Total profit	RMB100 million	543.26	522.76
Social contribution per share	RMB	4.68	4.37
Balance of micro and small business loans	RMB100 million	1,363.53	918.50

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The year 2018 was the beginning of the Bank's new three-year planning. The Bank's total assets, loans and proprietary deposits all maintained growth. The total assets reached RMB6,066.714 billion, an increase of 6.85%; the total profit was recorded at RMB54.326 billion, an increase of 3.92% and the highest growth rate in the past five years; the operating income was RMB164.854 billion, an increase of 5.20%; the non-performing loan (NPL) ratio and provision coverage ratio were 1.77% and 157.98% respectively.

Case 4: Studying the Instructions of the 19th CPC National Congress

The Party Committee of the Bank formulated the *Work Plan for Studying and Implementing the Instructions of the 19th CPC National Congress*, clarifying nine key tasks of four categories; the officials and Party members of the Bank were organized to conduct special lectures for 557 times, and all Party members of the Bank were organized to write more than 1,100 essays on the theme of “never forgetting the initial dream, and furthering study with sincere conduct”; 19 special courses concerning the 19th CPC National Congress were launched in the online college, and the Party members of the whole bank volunteered to study for 1.039 million person-times, with the duration of study reaching 1.945 million hours. In the year, the Party organizations of the Bank carried out more than 1,700 activities for the Party Day with the theme of “never forgetting the initial dream, keeping our mission in mind, and proceeding to advance bravely”. After two months of preparation, the exhibition of achievements of the 19th CPC National Congress was successfully held, to fully demonstrate the learning achievements, work practices, business promotion and mental attitude of the primary-level Party organizations and Party members in the implementation of the 19th CPC National Congress instructions, and more than 3,000 Party members in Beijing attended the exhibition.

Section I National Strategies

I. Responding to the Belt and Road Initiative

Under the background of industrial restructuring and upgrading carried out by the state through the Belt and Road Initiative, the Bank focused on supporting the business areas and customers in five major industries such as high-end manufacturing, construction, energy, energy conservation and environmental protection and modern agriculture, by providing the “on-balance sheet + off-balance sheet”, “big deal”, “great synergy” and integrated financing services.

Case 5: The Bank's Control over Altyn Bank

On April 24th, 2018, the Bank, in cooperation with Shuangwei Investment Co., Ltd., completed the acquisition of a 60% stake in Kazakhstan's Altyn Bank. The latter's first shareholders' meeting was successfully held in June, marking the successful completion of acquisition project that lasted two years.

After the acquisition, the Bank became the first Chinese bank to acquire bank equities in the countries along the Belt and Road, which would speed up the implementation of the Bank's overseas development strategy and layout, and propel CITIC Group's business expansion in the Belt and Road countries including

Kazakhstan and even the entire central Asia. It has created a new model and platform for Sino-Kazakhstan financial cooperation and played a role in granting financial aid, thus comprehensively promoting the pragmatic cooperation and in-depth development in various fields between the two countries.

Supported industries: with the focus on the Belt and Road Initiative, the Bank shored up key areas such as new materials, new energy, information network, integrated circuit, aero engine, large gas turbine, biomedicine, and high-end equipment manufacturing. Support was given to the construction fields, including large-scale construction contractors for the railway, transportation and municipal infrastructure projects. The oil, natural gas, electric power and related upstream and downstream industries were also supported, such as oil and gas trade, oil and gas exploration and development, oil and gas pipeline network, port terminal, power investment, engineering equipment export and cross-border interconnection of power grids. Besides, the Bank propped up the development of energy-saving and environmental protection industries, gas, water and soil pollution control fields, as well as the quality projects with certain industrial scale in the modern agriculture.

Case 6: Nanjing Branch's Support for the Development of Belt and Road Enterprises

An enterprise in Jiangsu acquired related overseas companies in Germany in respect of the amphibious aircraft project, and planned to carry out lots of related technological researches and developments. Nanjing Branch of the Bank guaranteed the enterprise a credit facility of RMB150 million, for the purpose of solving its liquidity needs. In 2018, the enterprise drew EUR19 million accumulatively, equivalent to about RMB150 million, and it was assisted to successfully issue EUR150 million of privately raised bonds in Hong Kong, to solve its R&D funding needs at a lower capital cost.

Provided products: The Bank supported its customers to grow stronger and “go global”. It provided integrated financing products to support domestic Belt and Road infrastructure construction financing business, and rendered L/G, factoring financing and financial leasing factoring services under the contraction projects to large construction enterprises. By virtue of the customer service mode of “settlement + financing + transaction”, the Bank provided integrated financing services including international settlement, trade finance, medium and long-term project financing and foreign exchange risk aversion. Through a variety of products such as bond underwriting, syndicated loans, M&A loans, export credit and equity investment funds, the diversified financing needs of selected key Belt and Road projects have been met.

II. Support for the Coordinated Development of Beijing, Tianjin and Hebei

In 2018, the Bank strengthened the guidance of the Beijing-Tianjin-Hebei Coordination Leading Group, and clarified the scope and highlights of Beijing-Tianjin-Hebei coordination as well as the coordination mechanism, responsibilities, work priorities and implementation strategies. During the year, the branches in the three regions signed the *Memorandum of Cooperation*, which focused on promoting the mutual recommendation of customers and the business connection in Xiong'an New Area. In addition, the research on more than 200 main enterprises in

Xiong'an New Area was accomplished.

Case 7: Support of Shijiazhuang Branch for the Construction of Xiong'an New Area

The Bank boosted its credit work with Xiong'an Group as the core customer. Based on the completion of RMB200 billion credit approval at the beginning of the year, the Bank actively promoted the business development in the area. So far, the daily average deposit balance of Xiong'an New Area in the Bank has reached nearly RMB200 million. Hence the Bank has become the first commercial bank granting loans to Xiong'an Group and the first cooperative bank of the latter in terms of "deposits and loans". Moreover, CITIC Group will conduct further cooperation with the group in the future REITs business.

III. Support for the Construction of Yangtze Economic Belt

The Yangtze Economic Belt covers 11 provinces and cities such as Shanghai, Jiangsu, Zhejiang, Anhui, Jiangxi, Hubei, Hunan, Chongqing, Sichuan, Yunnan and Guizhou. Relying on the Yangtze River golden waterway, both the population and economic aggregate have exceeded 40%, covering the Yangtze River Delta, the Yangtze River mid-stream urban agglomeration and the Chengdu-Chongqing urban agglomeration. Relevant branches in this area occupy a relatively high share in the Bank's asset distribution, indicating great development potential. Focusing on the industrial layout of Yangtze Economic Belt, the Bank primarily propped up strategic emerging industries, modern service industries, new urbanization and green economy in line with the principles of ecological priority and green development. In the infrastructure construction industry, it bolstered some key projects regarding ports, railways and highways and participated in the integration and upgrading of traditional industries.

IV. Support for Emerging Industries and the Upgrading of the Manufacturing Industry

The Bank actively shored up strategic emerging industries with development potential and granted loans to the "three-high, three-big and three-new" fields (i.e. high-tech and internet, high-end manufacturing and high-quality services and consumption; big culture, big health, and big environmental protection; new energy, new materials and new pattern), and made more efforts to the research and marketing of emerging industries, to increase the proportion of credit support to these industries. It positively supported the transformation, upgrading and technological innovation of leading enterprises in the traditional industries such as ports, railways and highway construction, and backed up the active merger and reorganization business carried out in the process of de-capacity and deleveraging. For the leading enterprises with technology and market potential meeting the direction of industrial development in industries with temporary difficulties, appropriate incremental support was duly given through comprehensive financing and debt restructuring.

Case 8: Wuhan Branch's Support for the Development of High-tech Enterprise

BOE Technology Group is the world's leading provider of semiconductor display technology, products and services. Its subsidiary Wuhan BOE Optoelectronics

Technology Co., Ltd. specializes in the construction of TFT-LCD super-large display technology production line. With the successive release of new asset management regulations and wealth management rules, the project was in line with the “trust plan + transferee’s equity usufruct” mode, and the RMB3.3 billion equity usufruct project of Wuhan BOE Optoelectronics Technology Co., Ltd. initiated by Wuhan Branch of the Bank was successfully completed with the Bank’s wealth management funds, which satisfied the financing needs of customers and promoted the development of high-tech enterprises.

Case 9: Zhengzhou Branch’s Support for the Transformation and Upgrading of Traditional Steel Enterprise

With the intensified environmental protection and control of the state, Anyang Iron and Steel Group Co., Ltd. strived to seize the opportunity in the crisis and complete the transformation and upgrading through green development, energy conservation and environmental protection. According to the demand of Angang Group, Zhengzhou Branch of the Bank granted it unsecured loans of RMB500 million for its key enhancement projects in environmental protection such as flue gas desulfurization and denitrification and raw material field closure, so that the company could be assisted to rebuild a brand-new green Angang. After a series of upgrading and transformation, the air pollutant emissions of all processes of Angang Group have been far below the national special emission limit requirements, reaching the world-class and domestic leading level, thus laying a foundation for the group’s subsequent development.

V. Support for the Development of Cultural Industries

The Bank was actively involved in the cultural industries with a sound market, relatively mature business development mode, stable cash flows from enterprises or projects and great growth potential in the future, including radio and television network operation, broadcasting and journalism. Prior support was given to the cinema lines, cultural performance theatres, national and provincial key cultural industrial cluster bases with sound operation, standardized management, financial health and high market share. For the industries including film and television production, cultural performance, animation, online game, mobile multimedia, digital publishing and cultural creativity, the key projects inheriting Chinese traditional culture and disseminating positive energy in line with the Bank’s core values were selected for support.

Case 10: Supporting the Development of Tencent’s Music Culture Industry

The Bank granted Tencent Music Entertainment Technology (Shenzhen) Co., Ltd. an integrated credit line of RMB1 billion to meet its funding needs for the purchase of music copyrights. The loan not only shored up the development of the cultural industry, but also indirectly maintained and promoted the intellectual property/copyright protection in China.

VI. Support for Social Undertakings and the Cause of People’s Livelihood

The Bank actively supported the construction of projects concerning urbanization, shantytown reconstruction, affordable housing and infrastructure. For the purpose of bolstering public utilities and infrastructure operation enterprises, the securitization business was utilized to solve their financial needs. At the same time, active support was given to the leading enterprises with obvious competitive advantages in the industries such as medical and health care and educational services.

Case 11: Jinan Branch's Supports for Shantytown Reconstruction Project

The shantytown reconstruction project of the Xianni River north railway area in the Lanshan District of Linyi City has a total reallocation land area of about 1,985 mu, and the planned resettlement land covers an area of 195 mu, with the remaining land area of 1,790 mu. The method of new construction is adopted for the shantytown reconstruction project. The whole reconstruction process includes three stages, namely, demolition of houses, housing construction, and housing resettlement. Based on the business mode and financing scale, Jinan Branch of the Bank gave the project a credit facility of RMB1.2 billion, which was specially used for the shantytown reconstruction project in the Xianni River north railway area. By the end of the year, the balance of project loan to the customer stood at RMB250 million.

Case 12: Chengdu Branch's Support for the Development of Public Transportation

Chengdu Rail Transit Group Co., Ltd. is responsible for the construction and operation management of Chengdu Urban Rail Transit System. At present, Metro Lines 1, 2, 4, 3, 10 and 7 have been put into operation, with a mileage of 192.03 kilometers and an average daily passenger flow of about 1.06 million person-times. Metro Line 5, 6, 8, 9, 11, 17 and 18 are currently under construction, with a designed mileage of 358.92 kilometers. The Bank successfully issued its first issue of medium-term notes with the size of RMB2 billion in the interbank market, which was also the first green debt financing instrument in Sichuan Province. The issue rate was the lowest compared to the five-year medium-term notes issued in the province in 2018 (40bps lower compared with the second lowest issue rate), the lowest compared to the green medium-term notes of the same maturity issued by local state-owned enterprises in the market, and the second lowest compared to the green medium-term notes of the same maturity issued in same year (secondary to that of the central enterprise, the Three Gorges Group), hence providing a strong financial support for the development of urban rail transit in Chengdu.

VII. Support for the Real Economy

On the basis of compliance with national macroeconomic policies, industrial policies and regulatory requirements, the Bank gives more support to the industries such as manufacturing, leasing, commercial services and real estate development. As at the end of the year, the balance of loans granted by the Bank to the manufacturing industry was RMB277.756 billion, a decrease of 8.40%, which accounted for 16.57% of corporate loans, down 1.70 percentage points from the end of previous year.

Table 2: The Bank's Loans by Sector

Industry	2018		2017	
	Balance of loans (RMB100 million)	Proportion of loans (%)	Balance of loans (RMB100 million)	Proportion of loans (%)
Manufacturing	2,777.56	16.57	3,032.18	18.27
Transportation, warehousing and postal services	1,456.46	8.69	1,465.74	8.83
Production and supply of power gas and water	460.80	2.75	457.72	2.76
Wholesale and retail	1,429.81	8.53	1,775.26	10.70
Real estate development	2,897.50	17.28	2,920.55	17.60
Water conservancy, environment and public utility management	2,016.32	12.03	1,702.35	10.26
Leasing and business services	2,796.00	16.68	2,184.12	13.16
Construction	784.31	4.68	762.82	4.60
Public and social organizations	131.16	0.78	181.73	1.09
Others	2,017.05	12.03	2,114.51	12.74
Total corporate loans	16,766.95	100.00 ¹⁰	16,596.98	100.00 ¹¹

VIII. Prudential Support for the Real Estate Industry and Government Financing Business

Real estate industry: The Bank continued to implement the full-scale risk limit management in and off balance sheet for the real estate business, and strengthened the limit management for the credit scale of single-group customers. By adhering to the “dual-core” standard of high-quality customers and projects, the quality enterprises with good brands and Head Office-level strategic customers as well as the ordinary houses under rigid demand and residential projects for first-time housing improvement with better location, controllable cost, reasonable household planning and small sales risk were selected. By prudently assessing regional, customer and project risks, the access standards were further improved, with the optimization of regional, customer and project structure. Moreover, the financing leverage ratio was strictly controlled, and mortgage was insisted, to strengthen the closed post-loan management and ensure the recovery of sales funds and repayment of loans according to the sales schedule. In addition, close attention was paid to the overall fund allocation and credit status of single-group customers.

Government financing business: The Bank actively supported project financing needs with quality subject, project compliance and process compliance, avoided the government financing business in the high-risk areas and regions based on the principle of “substance over form” and implemented a series of documentary requirements specified by the State Council, to provide government financing services in accordance with laws and regulations. The Bank strictly executed the full-scope total limit management policy and rigidly distinguished between government debts

¹⁰ Due to the “rounding off”, the aggregate of “proportion of loans” for the items above exceeds 100%, and this figure shall prevail.

¹¹ Due to the “rounding off”, the aggregate of “proportion of loans” for the items above exceeds 100%, and this figure shall prevail.

and non-government debt. The cooperation on PPP projects has been included in the integrated PPP information platform project management library of the Ministry of Finance, priority was given to the existing projects, and the government-paid projects were carried out prudently. Besides, the business regarding the services procured by the government must comply with laws, regulations and relevant requirements of government budget management system.

IX. Refinement of Loan Structure of Regional Economies¹²

As at the end of the year, the balance of loans granted by the Bank to the western region was RMB433.143 billion, an increase of 11.30%, accounting for 12.84%; the balance of loans to the eastern region was RMB2,381.486 billion, an increase of 15.31%, accounting for 70.57%; the loans to the northeast region amounted to RMB96.699 billion, a decrease of 3.00%, accounting for 2.87%; and the balance of loans to the central region was RMB463.10 billion, an increase of 9.96%, accounting for 13.72%.

At the end of the year, the Bank had set up 254 outlets in the western region, a decrease of 3 from the previous year, which accounted for 18.01%, up 0.1 percentage point over the previous year; a total of 1,372 ATM machines were deployed, accounting for 19.45%, down 1.96 percentage points from the last year. In the western region, the Bank had 7,264 employees, accounting for 13.68%, down 0.27 percentage point from the previous year.

Table 3: The Bank's Loans by Region

Region	2018		2017	
	Balance of loans (RMB100 million)	Proportion of loans (%)	Balance of loans (RMB100 million)	Proportion of loans (%)
Eastern region	23,814.86	70.57	20,652.70	69.41
Central region	4,631.00	13.72	4,211.60	14.16
Western region	4,331.43	12.84	3,891.52	13.08
Northeastern region	966.99	2.87	996.93	3.35
Total loans	33,744.28	100.00	29,752.75	100.00

Case 13: Supporting the Economic Rise in the Central Region

The Xinzheng Airport managed by Henan Province Airport Group is one of the eight regional hub airports in the country and a national first-class airport, of which the capacity can meet the annual passenger throughput of 40 million person-times and the cargo throughput of 700,000 tons, with the designated ports for the import of six special commodities including fruits, chilled aquatic products, edible aquatic animals, chilled meat, Australian live cattle and international mail transfer. It has

¹² Geographically, the “eastern region” specified herein corresponds to the “Yangtze River Delta”, “Bohai Rim Area (including the Head Office)” and “Pearl River Delta and economic zone on the both sides of Taiwan 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.

become an important open gateway in the central region to integrate the Belt and Road Initiative and served as an air economic corridor that provides services to the country and the world based on its leading position in the region. On November 16, the Bank granted a credit facility of RMB11 billion to Henan Province Airport Group, for the latter to improve service capacity.

Case 14: Supporting a New Round of Western Development

The Bank granted Sichuan Energy Investment Group an integrated credit facility of RMB500 million, aiming to actively driving a new round of Western Development and vigorously developing and constructing hydropower projects, wind power projects and distributed energy projects in the western region with financial assistance. By the end of the year, the construction of some projects was completed, including the Panzhihua Jinsha Hydropower Station, Santai Dongguashan Avionics Project, Shuangliu Southwest Airport Economic Development Zone Distributed Energy Project, Huidong Lvyangtang Wind Farm Project, Huidong Snow Mountain Wind Farm Project, and Yanbian Damianshan Phase III Wind Farm Project.

Section II Financial Supervision

I. Meeting Liquidity Indicator Requirements

The Bank attached great importance to the compliance of liquidity indicator requirements, and effectively combined related regulatory requirements with the Bank's asset and liability arrangements. It strengthened the liquidity indicator limit management and included the "5+9" supervision and monitoring indicator system into its internal liquidity indicator management system according to the new liquidity regulations. Besides, it reinforced the daily monitoring and management of indicators, and made advance predictions and corresponding arrangements, to ensure that liquidity indicators could always meet regulatory requirements.

II. Implementing the "No. 3 Ordinance"

The Bank strictly implemented the regulatory requirements of "No. 3 Ordinance", tightened up the data standards and quality management for large-value transaction reports, improved and transformed source data system, and sorted out the reporting-free business scenarios, to determine the scope of large-value transactions exempted from reporting. In addition to the preparation of emergency plans, it loaded the return receipts and re-recorded large-value transactions in a timely manner, clarified the responsible departments and intensified the anti-money laundering accountability management.

III. Implementing the "No. 235" and "No. 164" Documents

Based on the new regulations including the "No. 235" and "No. 164" documents, the Bank strengthened the identification of beneficial owners and unified deployment, and formulated work plans according to the working thoughts of "rigid regulation, strict requirements, good planning, powerful reinforcement, and enhanced implementation". Relying on external data, customers were managed in a hierarchical

manner, and regular notification and supervision was carried out; such means as linking to performance appraisal were adopted, to “maintain existing customers and focus on new ones”, and solidly promote the implementation of the “No. 235” and “No. 164” documents.

IV. Anti-money Laundering Management

The Bank clarified the anti-money laundering management responsibilities of the Board of Directors, the Board of Supervisors and the senior management, and incorporated the money laundering risk management into the Bank’s authorization system. The Board of Directors of the Bank authorized its Risk Management Committee to perform part of the responsibilities for money laundering risk management, authorized the President to undertake money laundering risk management, and strengthened the decision-making role of the Head Office’s anti-money laundering leading group. All departments of the Head Office were included as the members of anti-money laundering leading group, to practically guarantee the performance of responsibilities for the Bank’s money laundering risk management. According to the latest regulatory requirements, the Bank revised and introduced the top-level regulations such as basic anti-money laundering rules and money laundering risk management policies, as well as some special rules concerning large-value and suspicious transaction reports, customer money laundering risk assessment and classification, and customer identifications. It also released internal rules on anti-money laundering products/business money laundering risk assessment, transaction monitoring, business management in sanctioned countries, overseas institution management, and appraisal and evaluation.

V. Anti-counterfeit Money Management

The Bank has invested a lot of manpower and material resources to prevent the circulation of counterfeit currency and maintain the stability of the country’s financial order. As at the end of the year, the Bank confiscated 16,825 counterfeit RMB banknotes, a decrease of 17.02% from the previous year; the total amount of counterfeit banknotes confiscated was approximately RMB1.337 million, down 13.74% from the previous year.

Anti-counterfeit money training: The Bank conducted anti-counterfeit training for cash operation personnel of the whole bank, and invited senior cash business experts in the Business Department of the Head Office to explain in detail the anti-counterfeiting features and identification points of RMB and major foreign currency banknotes. According to the requirements of the Head Office and local offices of the People’s Bank of China (PBOC), all branches organized their cash operation personnel to participate in various anti-counterfeit trainings on an annual basis, and supervised the cash operation personnel to comprehensively and accurately grasp the anti-counterfeiting features of RMB and major foreign currency banknotes, to effectively improve the ability to identify counterfeit money.

Anti-counterfeit money publicity: According to the unified arrangements of the Head Office and in combination with the work arrangements of local offices of PBOC, branches actively organized the work for the month of anti-counterfeit money publicity. The Bank launched anti-counterfeit money publicity activities in business outlets, bazaars, bus hubs and other crowded areas, distributed anti-counterfeit money publicity materials, and pushed PBOC’s online Q&A publicity on anti-counterfeit money on the WeChat platform, to enhance people’s awareness of anti-counterfeit

money.

VI. Personal Cross-border Business

The Bank, through active cooperation with regulatory authorities in maintaining macroeconomic stability and normal financial order, implemented various foreign exchange control regulations and self-discipline requirements in an in-depth manner, and earnestly executed the “three principles of business development”, to ensure that the Bank could healthily develop its foreign exchange business in compliance with regulations. In order to improve the professional capabilities of the Bank’s business personnel in basic foreign exchange business and foreign exchange investment business, the Bank issued the *Notice on Setting up a Professional Team for Personal Foreign Exchange Business*, aiming to form a professional team for personal foreign exchange business within the Bank.

VII. Inclusive Finance

In July, the Bank established the Inclusive Finance Department at the Head Office level, and formulated the *Implementation Opinions on Accelerating the Development of Corporate Business of Inclusive Small and Micro Enterprises*, to sort out the concepts on corporate business development of inclusive small and micro enterprises, and clarify the business development objectives and direction. The Bank improved its product system, developed eight standardized products such as “two notes and two chains” with the focus on key areas including “chain, policy, innovation and internet”, and innovated its credit extension process, limit occupation and risk control logic, to enhance process efficiency, improve risk control measures, and initially build an inclusive finance product system. The Bank also upgraded its system support capacity, set up an exclusive customer management module, and put into operation the operating system available for online operation in the entire process.

As at the end of the year, the balance of loans granted by the Bank to inclusive small and micro enterprises¹³ stood at RMB136.353 billion according to the requirements of “two increases and two controls” specified by CBIRC, an increase of 48.45%, and 35-percentage-point higher than the growth rate of various loans; the number of loan customers was 82,200, up 37.23%; the lending rate was 6.10%, down 0.22 percentage point from the previous year.

Case 15: Nanjing Branch’s Support for the Development of Small and Micro Enterprises

A female proprietor of a small and micro company engaging in garment production and trade came to an outlet of Nanjing Branch to consult loans. It turned out that the woman’s company urgently needed funds to purchase raw materials and expand production. If the company failed to complete the order, it would suffer losses. Understanding the situation of the company, the account manager of the Bank

¹³According to the *Circular of the General Office of China Banking Regulatory Commission on Promoting the High-quality Development of Financial Services for Small and Micro Enterprises in the Banking Industry in 2018*, from 2018, the disclose scope for the Bank’s outstanding small and micro business loans would be changed to “the balance of small and micro business loans with the single credit amount totalling RMB10 million or less, including the balance of small and micro business loans, individual business loans, and small and micro business owner loans, instead of “the balance of small business loans, micro business loans, individual business operating loans, and small and micro business owner operating loans”.

immediately introduced her the “property mortgage business loan” product, and explained the product policy, lending rate and business cycle in detail. “Such a nice product,” the woman exclaimed after listening to the introduction. Upon her consent, the account manager conducted a field survey in the company, to investigate the authenticity of the company’s demand for loans and the actual value of the mortgaged property. After completing the preliminary investigation, the account manager timely submitted the collected loan application materials for approval, and finished the approval process within two working days. After that, the mortgage and loan disbursement was successfully completed. It only took two weeks to complete the entire process from interview, contract signing, loan approval, and mortgage to the final disbursement. “I always thought that bank loans were difficult to get and the process was slow, and never expected China CITIC Bank’s property mortgage business loan to be so fast. Now I have purchased the raw materials and finished the order in time. This year’s turnover will double definitely!”

Table 4: List of the Bank’s Small and Micro Business Loans

	2018	2017
Balance of small and micro business loans (RMB100 million)	1,363.53	918.50
Number of small and micro business customers (10,000)	8.22	5.99
Lending rate (%)	6.10	6.32

Section III Industry Development

The Bank joined China Banking Association and its five professional committees, China Society for Finance and Banking, China Institute of Internal Audit, National Internet Finance Association of China, China Financial Standardization Technical Committee and its IT Infrastructure Standards Working Group, and China Computer User Association.

As the lead institution, the Bank drafted the *Financial IT Infrastructure Data Center Leasing Guide* and *Key Technical Requirements for Financial IT Infrastructure Data Center Energy and Environmental Protection*. As the participating institution, it participated in the formulation of industry standards such as the *Key Technical Requirements for Financial IT Infrastructure Modular-based Data Center* and *Financial IT Infrastructure Financial Industry Data Center Energy Conservation and Environmental Protection Testing Requirements*. The Bank also participated in the compilation of industry research reports as the participating institution such as the *Blue Book of China Data Center Development* and *Overview of China’s Fintech Development (2017)*, and drafted the work rules, planning, outlines and technical specifications of some associations/social organizations. In addition, the Bank completed the project initiation, review, approval and feedback for 29 batches and 59 financial standards of China Financial Standardization Technical Committee.

Section IV Internal Control and Compliance

I. Comprehensive Risk Management System

Risk compliance culture: With the core concept of “adhering to the bottom line, strengthening responsibility, focusing on execution, active management, and creating value”, the Bank has established a sound risk compliance culture system, striving to create a cultural atmosphere of no violation against regulations throughout the Bank. In 2018, the Bank continuously highlighted the theme of “Safe CITIC” in the development of risk compliance culture and integrated it into the business management process. The Bank organized a bank-wide “warning education”, conducted 48 sessions of WeChat studies, carried out 2 on-site trainings and 4 policy interpretation sessions in the year.

Comprehensive risk management: Through the establishment of rules, systems and processes, the Bank kept improving its comprehensive risk management system, built a risk management organization system with definite governance, and implemented the risk management responsibilities of “three lines of defense”. It continuously ameliorated the comprehensive evaluation system for the risk management of branches, cemented the building of risk management teams, and strengthened the awareness of operating institutions for risk prevention and control, to enhance the application of risk quantification in a constant manner, promote the information-based and intelligent risk management, and propel the improvement of professional management of various risks. Therefore, the efficiency and quality of risk management have been improved steadily.

New capital management The Bank executed planning in accordance with the new capital management regulations, to further consolidate the implementation results of new regulations. It also improved the new-generation credit business system and applied the internal credit rating system in an in-depth manner, to drive the organic integration of risk measurement tools and credit business management.

Market risk management: The Bank continuously refined the market risk management system to expand and improve the risk measurement scope and model market parameters.

Operational risk management: The Bank defined the job responsibilities and business rules for each link in the process, re-examined the key risk indicators of the whole bank, and strengthened daily monitoring of indicators, to enhance operational risk monitoring during the event. In addition to the in-depth investigation, analysis, reporting and treatment of risk events, it supervised and urged relevant departments to carry out rectification. Typical risk case analysis, warning and training were conducted, with 217 issues of risk information released in total.

Technology risk management: The Bank incessantly improved its technology risk management system by formulating and revising three rules and five standards. It organized and carried out internal control activities including the “three violations, three arbitrages, four improper activities, and ten chaos” series of special governance actions of CBIRC, annual case prevention and risk compliance culture building. On-site inspection and rectification of problems were conducted constantly during the year, such as joint inspection of branches, on-site inspection of information security of branches and on-site inspection of the Head Office, to identify and improve the weak links in the information technology management. The Bank completed special risk investigations such as wireless network security, remote desktop service security, payment security and important information system transactions as well as the 2018

e-banking security assessment. By means of online and process-based information technology risk management, the Bank actively promoted the building of technology risk management system, to achieve automation, centralization, standardization and visualization, thus filling the gap of lacking technical support in technology risk management and constantly improving the level of risk prevention. Besides, the Bank carried out the transformation of backbone network and construction of inter-city disaster recovery computer room for branches, to ensure the safe and stable operation of branches' computer room and infrastructure.

Liquidity risk management: By insisting on a sound and prudent liquidity management strategy, the Bank further enhanced the forward-looking and proactive nature of liquidity management, to prevent its own liquidity risk, and ensure the whole bank's liquidity security. Besides, it could flexibly adjust the active liability strategy and supplement the sources of liabilities through multiple products such as central bank borrowing, NCD issuance and interbank deposits.

Interest rate risk management: Though PBOC's benchmark interest rates on deposits and loans remained unchanged, it would be more difficult for financial institutions to perform benchmark risk management due to the intensified volatility of market interest rate, and CBIRC also strengthened the supervision over interest rate risk. Moreover, the Bank proactively completed the upgrading, reconstruction, trial operation and tuning of relevant risk management system, with the focus on improving the dynamic simulation and automatic data collection of the system. In the first half of the year, the first round of data management was completed according to the latest regulatory requirements. As at the end of the year, the Bank basically tallied with the regulatory requirements on system functions, measurement framework and institutional structure. By the continuous and comprehensive use of interest rate sensitivity gap, net interest income sensitivity analysis, stress testing and other methods, various risks were measured, regular analysis and net interest income forecasting were conducted, and attempts were made to accurately manage bank book interest rate risk, so as to keep enhancing the market-based, independent and differentiated pricing capability, rationally arrange the product and term structure for assets and liabilities portfolio, and control the bank book interest rate risk within the Bank's risk tolerance scope.

Other risk management: The Bank further improved the internal capital adequacy assessment process (ICAAP) and refined the capital stress testing coverage, tools and methods under ICAAP. The outsourcing risk management system was improved to further standardize the daily outsourcing risk management, and meanwhile the assessment of information technology risk and special assessment on information technology outsourcing risk were performed. Besides, the Bank disclosed the *2017 Capital Adequacy Report*, to enhance the transparency of capital management.

Protection of intellectual property rights and individual portrait rights: The Bank attached great importance to the software legalization. With continuous adherence to the strategy of focus on domestic office software, it actively promoted domestic office software in the whole bank, and strictly used foreign office software within the scope of license. At the same time, it achieved normal management of software legalization, and had no case of infringing the trademark rights of other companies or individual portrait rights.

Business continuity: The Bank formulated the *Measures for Business Continuity*

Management of China CITIC Bank, guiding 12 branches to amend the implementation rules for business continuity management, and it organized subsidiaries such as Lin'an CITIC Rural Bank and CITIC Financial Leasing to respectively establish business continuity management measures applicable to them. Through video and on-site trainings, the Bank continued to popularize the basic concept of business continuity management and strengthened such concept in all institutions. The branches of the Bank revised and improved 1,557 contingency plans with reference to the template issued by the Head Office.

II. Compliance Audit

System improvement: The Bank combed the rules and systems of branches in an all-around manner. It combed 14,227 existing rules, abolished 3,963 redundant rules, adjusted the attribution of 615 rules, revised 656 existing rules, added 769 blank rules, and cleared up some zombie rules, to eliminate the grey zone and plug up institutional risk loopholes.

Internalization of external regulations: The Bank refined the main responsibility mechanism and compliance supervision mechanism for internalization of external regulations. It pushed the internalization of 90 regulatory requirements for data management, large-value risk exposure and liquidity risk management, with revising and adding 40 new rules, improving 31 systems, refining 17 processes and training more than 14,000 person-times.

Improvement of systems and rules: The Bank newly established or revised 17 basic rules concerning employee behavior management, rectification, accountability and anti-money laundering, to ensure that internal control and compliance management could keep up with the latest operational needs. Besides, a compliance review case library was set up, 40 typical cases were published, more than 1,680 compliance cases were reviewed, and over 4,200 pieces of compliance opinions were proposed.

Authorization management: The Bank improved its matrix authorization system. For the first time, it established a clear-cut and standardized credit approval and authorization system in a combination of basic authorization and operational manual, and issued 78 letters of authorization, which elevated the authoritativeness, timeliness and seriousness of authorizations. In 2018, the Bank adjusted the authorization in a dynamic and timely manner, making dynamic adjustments for 47 times, and training and authorizing key management personnel for 800 person-times.

Case 16: Carrying out the “413 Compliance Actions”

In view of the problems such as weak awareness of risk culture among some primary-level employees, inadequate rectification of some institutions and repeated violations in spite of repetitive investigations, the Bank adhered to the principles of “addressing both the symptoms and root causes, focusing on reinforcement of foundation, adopting punishment and precaution, and laying emphasis on prevention”, carried out the “413 Compliance Actions” by launching four special actions and introducing 13 specific work initiatives, including the “Escort Action” with the emphasis on system implementation, the “Mine Removal Action” that emphasized behavior management, the “Brave Sword Action” that focused on chaos governance, and the “Governance Action” that stressed on governance and investigation of violations occurred repeatedly. By the adoption of various measures,

such as strengthened system construction, problem rectification and enhanced accountability for non-compliance, the Bank intensified compliance management and achieved steady development.

Audit results: The Bank's internal auditors accumulatively input 23,934 person-days and completed 55 audit projects, including comprehensive audits in 26 branches, with a plan completion rate of 112%. A total of 2,988 person-days were used to conduct the audits on economic responsibilities of 103 leaders and management personnel, an increase of about 60% compared with last year. Internal auditors issued a total of 51 audit reports of different types, including the *Special Audit Special Report*, *Audit Tips* and *Letter of Audit Warning*, which reflected the internal control and compliance problems in the business management and revealed the trends and signs of risks, thus playing a good role in the audit supervision. As at the end of the year, the Bank's internal auditors supervised and urged to recover RMB782 million of risky loan principal and interest, and urged to collect an amount of RMB 292 million from margin call, additional stock pledge and managed accounts.

Audit management: The Bank has revised the *Internal Audit Charter of China CITIC Bank* according to the *Regulations on National Audit Office on Internal Audit*, clarifying that the internal audit department works under the direct leadership of the Party Committee of the Head Office and the Board of Directors. Hence, the independence of auditors has been further enhanced. The Bank cultivated auditors in a positive way, organized the "Audit Rotation Lecture" and thematic trainings for over 50 times, and carried out the professional level assessment of auditors for the first time. In the active cooperation with the National Audit Office, the Bank provided relevant materials timely, accurately and comprehensively as required by the former. 136 pieces of auditing requirements in total were provided, the extended on-site audits for five branches were coordinated and arranged, 45 issues of reports on relevant information were promptly submitted, and related reports were prepared to remind the senior management and management departments of the issues concerned. The Bank also intensified the audit exchange with other banks. It held the "Symposium for Internal Audit Departments in the Financial Industry" in the first quarter, and actively participated in various activities organized by industry associations, to share and exchange experience.

III. Integrity and Anti-corruption

Anti-corruption: The Bank formulated the *Measures for Dealing with the Violations of Employees of China CITIC Bank* and established a long-standing mechanism. With the focus on key nodes and important points in time, it clearly stated "eight prohibitions", for example, prohibiting accepting and giving presents and gift money. It carried out special governance work on corruption and work style in the area of poverty alleviation, and conducted self-inspection and self-correction at two levels of the Head Office and branches. Meanwhile, the Bank launched warning educations in a normalized way by briefing typical cases and case presentations.

Remediation of corruption: The Bank resolutely curbed corruption and strictly guarded against the problems such as eating and drinking with public funds, receiving presents and gift money, and using official vehicles illegally. In accordance with the requirements of superior management departments, it timely adjusted and improved its management system, to solve such problems as lack of system, unclear standards and weak rigidity, and push forward the normalization and institutionalization of

anti-corruption.

Anti-corruption effects: A staff member of the Bank was suspected of accepting bribes by making use of his influence, and other four persons were suspected of accepting bribes, who had not yet been convicted at the end of the year.

Chapter III Green Banking and Environmental Protection

The United Nations Sustainable Development Goals



KPI	Unit	2018	2017
Balance of green credit loans	RMB100 million	629.37	603.58
Substitution rate for personal e-banking transaction volume	%	99.03	98.96
Purchased electricity	MWh	257,528.57	270,738.96

Green Credit	P49
Fintech	P51
Carbon Footprint	P53

The Bank has attached great importance to the signing of the *Paris Agreement* by the Chinese government and its policy orientation, and realized that climate change has begun to bring about both risks and opportunities to the development of the banking industry. Relevant risks mainly include loan risks associated with some agricultural enterprises and those in related areas, and potential risk of business termination that may arise from hidden security hazards to the outlets of the Bank.

Section I Green Credit

I. Identifying Environmental Risks

The Bank formulated the *Measures for Categorized Management of Environmental and Social Risks of China CITIC Bank Corporation Limited*, comprehensively launching the classification of environmental and social risks of credit customers and projects, and conducting dynamic assessment of such risks. For category-A and category-B customers with relatively high risks, it was required to strengthen full process management, including pre-extension investigation, review and approval, contract management, credit use review and post-extension management, to effectively control environmental and social risks. The assessment of environmental and social risks shall focus on investigating and reviewing the assessment of credit customers' environmental and social risks, management system, labor and working conditions, pollution prevention and control, among other aspects. Moreover, based on the characteristics of specific customers, attention could also be paid to the management of explosives and chemicals, pollution prevention and control, community health and security, land appropriation and involuntary resettlement, biodiversity protection and management of sustainable natural resources, respect for minority cultures and customs, protection of cultural heritages, and environmental and social risks along the supply chain, among others.

In accordance with the *Measures for Categorized Management of Environmental and Social Risks of China CITIC Bank Corporation Limited*, the Bank standardized the management of green credit business, provided rule-backed bases for its employees to effectively prevent credit losses or adverse impacts incurred by environmental and social risks, and to avoid hazards and related risks that may arise from construction, production and operating activities, and ensured the legitimacy and compliance of relevant project financing business. Furthermore, the Bank set specific contents in the project investigation and review template for credit approval, requiring employees to give a description of environmental protection and other related aspects of credit applicants. Meanwhile, the Bank required employees to look into the implementation status of environmental protection and social policies by enterprises in terms of credit customer access, barring those that failed to meet relevant requirements, reducing loans to and exiting existing customers that did poorly in implementing environmental and social policies.

II. Green Credit

The Bank proactively implemented relevant regulatory requirements, stepped up support of green economy, low-carbon economy and circular economy, prevented environmental and social risks, and enhanced its environmental and social performance. By doing so, it further refined its credit structure, boosted service levels and promoted the transformation of growth model. Under the condition of risk control and commercial sustainability, the Bank gradually realized the green transformation of its customer structure according to the business orientation of green finance. As at

the end of the year, the Bank recorded a balance of green loans¹⁴ of RMB62.937 billion, up 4.27%.

Green Transformation of the Credit Structure: The Bank gave prior support to credit extensions to strategic emerging industries, high-end manufacturing, transformation, upgrading and technological renovation of enterprises, and the areas of energy saving, emissions reduction, circular economy, clean energy and green ecology; and strictly controlled credit grants to sectors featuring “high energy consumption, high pollution and overcapacity”.

Setting Green Finance Development Objectives: The Bank’s objectives for green finance were to lay a solid foundation for the development of green finance, facilitate the establishment of a green finance development support system, and raise the awareness of environmental and social risks prevention and control bank-wide. Moreover, the Bank required that the increase rate of loans to twelve categories of energy saving and environmental protection and related service projects covered under the *Statistical Rules on Green Credit* should be higher than that of loans bank-wide.

Case 17: Dalian Branch Supported Waste Disposal Enterprise

Equipped with a 12MW air-cooling generator set, Dalian Taida Environmental Protection Co., Ltd. won the bid for the city’s domestic waste incineration BOT investment project. Dalian Branch provided the company a credit line of RMB60 million to support its day-to-day operation. The company now has 4 large waste-based power generation projects and 3 landfill projects running steadily, and has completed pollution-free disposal of 326,600-ton waste in total. Now it is running six waste incineration and power generation projects in Gaoyou, Huangshan, Yangzhou, Taihuan, Shuanggang and Dalian.

Case 18: Zhengzhou Branch Supported Ecological Management Project

The Bank’s Zhengzhou Branch offered a credit line of RMB4.733 billion to Henan Chengtou Ecological and Environmental Management Co., Ltd., including fixed-asset loans of RMB4.683 billion, which were dedicated to the building of a comprehensive ecological and greening PPP project for Jialu River in Zhengzhou. The project is 60.37-kilometer long, and covers a total area of around 1,023.9 hectares. As the biggest river in the city, Jialu River passes through many districts and counties, and is of great significance to maintaining the habitats and biodiversity inside and outside the riverway.

III. Industries Featuring “High Energy Consumption, High Pollution and Overcapacity”¹⁵

¹⁴The figures are based on the statistical scope of the *Green Credit Guidelines* and *Statistics of Energy Saving and Environmental Protection Projects and Service Loans* issued by the CBRC.

¹⁵Statistical scope is based on the balances of items with the category names as per the *Industry Classification of the National Economy* (GB/T 4754-2011).

The Bank implemented different policies and adopted differentiated measures (such as “support, maintain, reduce and exit”) to industries featuring “high energy consumption, high pollution and severe overcapacity”. The Bank could continue to support premium enterprises with superior technology, high efficiency, growth potential and market; and should formulate plans as soon as possible to gradually reduce loans to and exit other enterprises. For enterprises which the Bank found it difficult to reduce loans to and exit in the short term, it was required to maintain the existing credit and take the reduction and exit approach as and when appropriate under the precondition of preserving relevant rights and interests. The Bank strengthened risk management over high-pollution and high-emission industries, implemented rigorous credit access standards, stepped up investigation and audit of environmental and social risks in terms of compliance, site selection, production process, resources consumption and pollutant discharge, as well as post-lending monitoring.

Moreover, the Bank reinforced management of enterprises involving major environmental and security risks. And for enterprises in default of environmental protection or production safety laws and regulations, involved in outdated capacity or substandard prevention and control measures for occupational diseases, and having not completed rectifications yet, the Bank urged them to perform their environmental and social obligations through supervision over rectification, loan reduction and exit, collection and disposal.

The Bank required that the increase rate of loans extended to industries featuring “high energy consumption, high pollution and overcapacity” should be lower than that of loans bank-wide.

Table 9: Statistics on Loans to Industries Featuring “High Pollution, High Energy Consumption and Overcapacity”

“High pollution, high energy consumption and overcapacity” industries	2018		2017	
	Loan balance (RMB100 million)	Share in corporate loans (%)	Loan balance (RMB100 million)	Share in corporate loans (%) ¹⁶
Steel ¹⁷	225.15	1.34	181.09	1.09
Cement ¹⁸	18.57	0.11	36.58	0.22
Coke	0	0	28.01	0.17
Copper smelting	4.46	0.03	10.95	0.07
Aluminum smelting	81.02	0.48	89.20	0.54
Lead and zinc smelting	3.45	0.02	10.68	0.06
Thermal power generation	105.05	0.63	100.59	0.61
Total	437.70	2.61	457.10	2.75 ¹⁹

¹⁶As per data restatement, the share of loans extended to the above-said industries in corporate loans for 2017 is changed to 2.75%.

¹⁷Steel industries include: iron making, steelmaking, non-ferrous metal casting, steel rolling and ferroalloy smelting.

¹⁸Cement industries include: cement manufacturing and cement products manufacturing.

¹⁹Due to round-up of data, sum total of “share in corporate loans” of the items listed above is higher than 2.59%. This data shall prevail.

Section II Fintech

The Bank strived to reduce the number of printed paper vouchers and visits made by customers through internet finance while providing them convenient financial services so as to achieve the effect of cutting total social carbon emissions. The Bank's mobile banking provided customers with one-stop services including online transfers, purchase of wealth management products and redemption of collected credit points and other interests, replacing OTC services and paper documents with online services and electronic vouchers respectively. The Bank's overseas financial services platform provided customers such services as online application and fee payment for "CITIC Bank Global Visas", online personal information registration, online query of visa approval progress and online issuance of certificates of deposit. By the end of the year, the number of personal online banking customers reached 38.0489 million, up 38.31%; the amount of personal online banking transactions stood at RMB11,131.065 billion, down 10.06%; the number of personal mobile banking customers and the amount of relevant transactions reached 36.6997 million and RMB6,289.723 billion, up 34.30% and 48.61% respectively; the substitution rate for e-banking transaction volume was around 99.03%, up 0.07 percentage point over last year.

Table 10: Statistics on E-banking Business of the Bank

	2018	2017	Change
Personal e-banking business			
Number of personal online banking customers (10,000)	3,804.89	2,750.95	38.31%
Amount of personal online banking transactions (RMB100 million)	111,310.65	123,758.07	-10.06%
Number of personal mobile banking customers (10,000)	3,669.97	2,732.63	34.30%
Amount of personal mobile banking transactions (RMB100 million)	62,897.23	42,323.68	48.61%
Corporate e-banking business			
Amount of corporate online banking transactions (RMB100 million)	784,195.42	695,965.67	12.68%
Number of corporate online banking transactions (10,000)	7,556.79	7,547.54	0.12%

Case 19: Officially Launching Personal Online Banking V7.0

The new version of personal online banking was upgraded in terms of availability, convenience and user-friendliness. In terms of availability, it simplified the installation process for online banking partner, realized the installation of online banking controls with one key, and expanded more browser support. In terms of convenience, it refined the process of high-frequency transactions, say, a user could complete a fund transfer by filling in at minimum three items of data. In terms of user-friendliness, it fulfilled a clearer navigation bar, more concise visual design, higher-quality interactive experience and smoother user operations.

Case 20: Officially Rolling Out Mobile Banking V5.0

Aimed to provide customers intelligent, convenient and ultimate experience, the new version of mobile banking fulfilled the intelligent voice function (allowing customers to complete such financial transactions as transfer, query, wealth management and purchase of “Xinjin Bao” with one spoken sentence) and intelligent recommendation function, accurately recommending the most suitable product to customers. Mobile Banking V5.0 refined a total of 111 user experience issues, making the process faster and interface fresher. Meanwhile, with the setup of a Bluetooth Key, customers could make ultra-large-value transfers securely and conveniently. The Bluetooth Key function could substantially boost the security of mobile banking, and further expand high security-level functions, such as making ultra-large-value transfers, modifying secure mobile numbers or transaction passwords, and setting credible payees.

Case 21: Online Payment Platform for Party Membership Dues

As an automated application platform for the payment and collection of party membership dues established by the Bank for party organizations at all levels and party members, “Dang Fei Tong” fulfilled such functions as the payment of party membership dues by party members in various forms, real-time management of party membership dues by party organizations, payment of dues and education of party members, solved the difficulty in collecting party membership dues under the existing manual model, integrated the Bank’s “Payment All in One” function, and supported cross-bank payment, online banking, mobile banking and payment by third parties. Moreover, the platform added the function of real-time payment and dynamic query of party membership dues and ensured party members could actively pay their dues through this platform.

Section III Carbon Footprint

The Bank earnestly identified and complied with the requirements of the *Environmental Protection Law of the People’s Republic of China* and the *Energy Conservation Law of the People’s Republic of China*, implemented relevant requirements of energy saving and environmental protection policies of the PRC, vigorously pushed ahead with measures for green operations, and strived to reduce resource consumption and pollutant discharge.

The impact of the Bank’s operating activities on natural resources and the environment mainly involved the emissions of nitrogen oxides, sulfur dioxide and greenhouse gases due to the use of official vehicles and power consumption, as well as the hazardous and harmless wastes generated from the office process. The Bank always advocated “green office” and formulated relevant rules and regulations to reduce resource consumption and emissions.

I. Disposal of Hazardous Wastes

For used toner, toner cartridges and ink boxes, the Bank replaced them with new ones by collecting them in cartons to be recycled by qualified suppliers. For UPS batteries,

the Bank engaged manufacturers with environmental protection qualifications to recycle them.

II. Disposal of Harmless Wastes

The Bank had scrapped office furniture recycled by suppliers; let vendors demagnetize and destroy scrapped production hard disks for recycling, and asked equipment suppliers to recycle faulty hard disks that were still within the warranty period. For the disposal of domestic/kitchen wastes, the canteens of the Bank provided reusable plates, classified and recycled relevant wastes. For IT facilities, the Bank required that they should be recycled by professional dealers in electronic scraps with the “qualification certificate for disposal of scrapped electronic and electrical products” authorized by environmental protection agencies.

III. Advocacy of Green Office

The Bank advocated green office/living bank-wide in line with its original purpose of reducing the occupancy of natural resources and pollutant discharge.

Advocating recycling: The Bank promoted the continuous utilization of old but still usable office furniture whose service time had expired, and called for employees to clean their plates and reduce waste on the dinner table.

Advocating paper saving: The Bank proposed replacing reading in print with reading on the internet, printing on both sides of paper, using one-sided printed paper as scratch paper, replacing faxes and paper statements with emails and e-statements.

Advocating power saving: The Bank required that all employees should turn off lighting energy when appropriate according to the lighting condition, avoid using incandescent lights, turn off the light when leaving, and use energy-saving lamps; switch on air-conditioners when the room temperature was above 26℃ in summer or below 18℃ in winter (which varied with different branches), switch off air-conditioners when there was nobody in a room, and close the window when the air-conditioner is on; power off the display when leaving office or being absent for a long time to reduce standby power consumption; properly adjust the power-on time of luminous characters and LED screens in office buildings.

Advocating water saving: The Bank required that all employees should avoid turning up the tap when using water to reduce water flow, and turn off the tap after using water; regularly check concealed pipes and internal water supply systems, and repair water ware in time.

Advocating fuel saving: The Bank complied with the equipment and procurement standards for official vehicles and controlled fuel consumption by vehicles at the source of emissions; strictly implemented the rules on refueling at specified gas stations, strengthened management of statistics about fuel consumption by official vehicles, and established a uniform journal; implemented the vehicle operation approval system, which required that official vehicles should not stay at personal residences overnight or be used for private purposes during festivals, public holidays, or after work on weekdays. Moreover, the Bank prohibited speeding during driving, and required that reasonable plans be made according to the number of passengers, routes to destination and weather conditions to ensure routes were rational and information was accurate and free from errors, and that vehicles be checked before driving to ensure they were in good conditions.

Advocating gas saving: The Bank established a joint control mechanism with natural gas suppliers, and exercised dynamic monitoring to balance gas consumption; regularly checked natural gas pipelines to prevent leaks and handled defective pipelines promptly.

IV. Green Purchasing

The Bank's credit cards were all made of recyclable materials, and the credit cards recovered from customers accounted for around 5% of all the cards issued by the Bank.

V. Protection of Biodiversity

The Bank established an outlet (with an area of 1,160 square meters) in Hangzhou Bay New Zone (a national wetland reserve), Ningbo, Zhejiang, and one (with an area of 600 square meters) in Boshan District (a provincial-level nature reserve), Zibo, Shandong. The two outlets are both located in urban areas.

VI. Environment-friendly Decoration

The Bank took various measures to minimize the impacts of relocation, renovation and decoration of its outlets on the surrounding natural environment and dwelling environment, such as controlling the operation hours with noises, setting up construction fences, purchasing eco-friendly building materials, and engaging professionals to dispose of construction wastes.

VII. Key Performance

Purchased electricity: Purchased electricity was the biggest carbon emission source of the Bank. As at the end of the year, the Group as purchased 257,528.57MWh electricity, down 4.88% from the previous year, equivalent to emissions of around 178,400-ton CO₂ of equivalent, accounting for approximately 95.98% of the Bank's total carbon footprint. Per capita electricity purchased was around 4.56MWh, down 4.30% from the previous year.

Fuel consumption of official vehicles: By the end of the year, the Group purchased around 2.1114-million-liter gasoline for all its official vehicles, up 1.50%, equivalent to emissions of around 4,483.29-ton CO₂ of equivalent.

Discharge of wastes: By the end of the year, total hazardous wastes and harmless wastes discharged by the Group were 348.57 tons and 1,279.09 tons respectively.

Table 9: Statistics on Discharged Environment Pollutants

Data on Discharged Pollutants ²⁰		
Performance Indicator	2018	2017
Sulphur dioxide (ton) ²¹	0.03	0.03
Nitrogen oxides (ton) ²²	1.05	1.23

²⁰The data on discharged pollutants in this report is based on the Group's statistical scope, namely, China CITIC Bank Corporation Limited and its subsidiaries.

²¹Sulphur dioxide emissions recorded herein mainly came from fuel consumption of official vehicles, with relevant data calculated according to the *Technical Guide for the Preparation of the List of Air Pollutant Emissions by Road Vehicles (for Trial Implementation)* released by the Ministry of Environmental Protection of the PRC.

²²Nitrogen dioxides emissions recorded herein mainly came from fuel consumption of official vehicles, with

Total greenhouse gas emissions (ton) ²³ (Category I and Category II)	185,831.22	195,871.79
Per capita greenhouse gas emissions (ton/person)	3.29	3.45
Greenhouse gas emissions per square meter of floor area (ton/square meter)	0.08	0.06
Greenhouse gas emissions per RMB100 million income (ton/RMB100 million)	112.72	124.99
Direct greenhouse gas emissions (Category I) (ton) ²⁴	7,474.59	7,350.59
Fuel consumption of official vehicles	4,483.29	4,423.86
Diesel for facilities	36.13	153.56
Natural gas	2,619.20	2,018.72
Gas	50.74	44.04
Liquefied petroleum gas	285.23	710.41
Indirect greenhouse gas emissions (Category II) (ton) ²⁵	178,356.63	188,521.20
Purchased electricity	178,356.63	188,521.20
Total hazardous wastes (ton) ²⁶	348.57	137.85
Per capita hazardous wastes (ton/person)	0.0062	0.0024
Total hazardous wastes per square meter of floor area (ton/square meter)	0.00014	0.00005
Total hazardous wastes per RMB100 million income (ton/RMB100 million)	0.21	0.09
Total harmless wastes (ton) ²⁷	1,279.09	1,434.72
Per capita harmless wastes (ton/person)	0.023	0.025
Total harmless wastes per square meter of floor area (ton/square meter)	0.0005	0.0005
Total harmless wastes per RMB100 million income (ton/RMB100 million)	0.78	0.92

Table 10: Statistics on Energy Consumption

Energy Consumption Data ²⁸		
Performance Indicator	2018	2017
Total energy consumption (MWh) ²⁹	291,038.66	301,869.79
Per capita energy consumption (MWh/person)	5.16	5.32
Energy consumption per square meter of floor area	0.12	0.10

relevant data calculated according to the *Technical Guide for the Preparation of the List of Air Pollutant Emissions by Road Vehicles (for Trial Implementation)* released by the Ministry of Environmental Protection of the PRC.

²³The list of greenhouse gases in the report includes carbon dioxide, methane and nitrous oxide, mainly coming from purchased electricity and fuel, and presented according to carbon dioxide equivalents, including direct (Category I) and indirect emissions (Category II).

²⁴Direct greenhouse gas emissions recorded herein are calculated according to the *2006 IPCC Guidelines for National Greenhouse Gas Inventories* released by the Intergovernmental Panel on Climate Change (IPCC).

²⁵Indirect greenhouse gas emissions were calculated according to the *Grid Baseline Emission Factor for China in 2015* issued by the National Development and Reform Commission. As there was no baseline emission factor for the power grid in Tibet, and the data of Lhasa Branch about purchased electricity had little impact and was of relatively low importance, the purchased electricity of the branch was not included in the statistics on greenhouse gas emissions.

²⁶The hazardous wastes mentioned herein were handed over to qualified and specialized companies for disposal, mainly including scrapped lead-acid batteries, scrapped ink boxes, toner cartridges, carbon powder and ribbons of printers.

²⁷The harmless wastes mentioned herein were all handed over to recycling companies for disposal, mainly including scrapped office paper and production hard disks.

²⁸The energy consumption data is based on the Group's statistical scope.

²⁹Total energy consumption mentioned herein includes direct and indirect energy consumption.

(MWh/square meter)		
Energy consumption per RMB100 million income (MWh/RMB100 million)	176.54	192.63
Direct energy consumption (MWh) ³⁰	33,510.09	31,130.83
Fuel consumption of official vehicles	18,314.30	18,069.57
Diesel for facilities ³¹	137.42	584.02
Natural gas	13,394.97	10,324.05
Gas	377.50	327.66
Liquefied petroleum gas	1,285.90	1,825.53
Indirect energy consumption (MWh) ³²	257,528.57	270,738.96
Purchased electricity	257,528.57	270,738.96

Table 11: Statistics on Other Resources Consumption

Other Resources Consumption Data ³³		
Performance Indicator	2018	2017
Tap water consumption (ton)	2,203,528.41	2,102,507.09
Per capita tap water consumption (ton/person)	39.06	37.07
Tap water consumption per square meter of floor area (ton/square meter)	0.91	0.70
Tap water consumption per RMB100 million income (ton/RMB100 million)	1,336.65	1,341.67
Total packing materials used by finished products (ton) ³⁴	240.26	30.85
Total packing materials used by finished products per RMB100 million income (ton/RMB100 million)	0.15	0.02

VIII. Other Performance

A4 copy paper: By the end of the year, the Group purchased a total of 546,300 packs of A4 copy paper, equivalent to emissions of around 1,305.76-ton CO₂ of equivalent; per capita A4 copy paper purchased was around 9.68 packs. By the end of the year, the Bank purchased a total of 507,500 packs of A4 copy paper, up 0.38%, equivalent to emissions of around 1,212.88-ton CO₂ of equivalent; per capita A4 copy paper purchased was around 9.56 packs, up 0.81%.

Paper statements: By the end of the year, the Bank issued a total of 309 million credit card statements, up 44.39%; the substitution rate for paper statements was 96.09%, up 5.84 percentage points over the previous year, which equaled to a

³⁰The data on direct energy consumption in this report is calculated according to the amount of fuel consumed and relevant conversion factors provided in the *General Rules on Calculating Comprehensive Energy Consumption (GB/T 2589-2008)*, a national standard of the PRC. Relevant energy includes natural gas, gas, diesel for facilities, liquefied petroleum gas and fuel consumed by official vehicles.

³¹Diesel for facilities refers to the diesel consumed by standby generators and a small number of stoves.

³²The data on indirect energy consumption in this report is calculated according to the amount of electricity consumed and relevant conversion factors provided in the *General Rules on Calculating Comprehensive Energy Consumption (GB/T 2589-2008)*.

³³The energy consumption data is based on the Group's statistical scope.

³⁴Packing materials mentioned herein mainly include paper cash bags and paper envelopes.

decrease in issued paper statements of 297 million, equivalent to 5,935-ton paper³⁵ and emissions³⁶ of around 5,674-ton CO₂ of equivalent. Among which, the number of paper statements totaled 12.08 million, down around 42.09%, equivalent to emissions of around 229-ton CO₂ of equivalent.

Municipal water consumption: By the end of the year, municipal water consumption by the Group reached around 2,203,500 tons; per capita municipal water consumption was around 39.06 tons. Municipal water consumption by the Bank stood at around 2,200,900 tons; per capita municipal water consumption was around 41.45 tons, up 5.36%.

Videoconferencing: By the end of the year, the Bank held 4,712 video conferences in total, down 8.65%; the duration of these conferences totaled 15,678.5 hours, down 3.48%. Among which, 513 were convened at the Head Office, up 1.58%, and the duration of such conferences totaled 1,416.89 hours, up 0.28%. 4,199 were held by branches, down 9.75%.

³⁵Calculation standard: Each paper statement weighed 20g.

³⁶The full lifecycle CO₂ emission factor for paper is 956kg CO₂e/ton. Data source: Department for Environment, Food and Rural Affairs of the United Kingdom (DEFRA) 2014.

Chapter IV Employees and Society

The United Nations Sustainable Development Goals



KPI	Unit	2018	2017
Outlets		1,410	1,435
Self-service terminals	Set	7,053	9,295
Total employees	Person	53,100	53,346
Donations	RMB10,000	2,626.74	2,974.30
Volunteer activities	Time	207	164

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Section I Customer Service

I. Service Capacity

Service channels: In 2018, the Bank had 1,410 outlets in 146 large and mid-sized cities of the Chinese mainland, a decrease of 25, or 1.74%, compared with the previous year; the number of self-service terminals decreased 24.12% to 7,053, covering all provincial-level regions. Through these outlets and self-service terminals, the Bank enriches the local financial ecosystem, meets the financial needs of local residents, and supports local economic development.

Customer personal safety: To protect the personal safety of customers, every outlet of the Bank is staffed with at least two security guards. All outlets are equipped with the anti-attack system which can directly contact the local “110” police service center with just one click, and with anti-terrorism protective appliances in preparation for emergencies. They all have fire alert and sprinkler systems, and evacuation passages, so they can timely report to the local fire protection center and guide customers to evacuate in the event of fire. There are video surveillance systems monitoring all corners of the outlets and connected to higher-level surveillance centers, and the videos are kept for at least 30 days. All outlets have contingency plans for all kinds of emergencies, and organize emergency drills for employees. In the case of an emergency, the employees and security personnel at the outlets will act in accordance with the contingency plans, work with the police organs when necessary, and provide them with any useful clues to properly deal with the situations.

Customer asset protection: As a responsible bank, we put customers’ asset safety at the first place, continuously improve the asset protection mechanism, and adopt innovative methods to ensure asset safety and make our customers assured.

- Identity authentication through safety medium such as USBKey;
- Raising the security level of mobile banking through the “Bluetooth Key” function, and giving mobile banking users access to security authentication service at the same level as USBKey on a PC;
- Adding such features as smart security lock activation, modification and deactivation to mobile banking;
- Limit the amount of a single transfer, daily transfers and annual transfers of corporate bank accounts;
- Developing the multi-level review mechanism including notifying customers of large-amount payment and transfer, and allowing customers to define the scope of beneficiaries, and manage their payment and transfer settings.

In addition, all outlets outsource cash-in-transit services to specialized armored transportation agencies to fully protect customers’ asset safety.

Customer information security: The Bank continued to improve the information security system, and newly established or revised eight information security regulations including the *Administrative Measures for Computer Terminals*, *China CITIC Bank Regulations on Application Security Demand*, and *Specifications on Network Security Management*. All self-service kiosks inside or outside the outlets are equipped with video surveillance systems connected to higher-level surveillance

centers for remote monitoring 24 hours a day. Once any suspicious person is found placing illegal card readers or committing violence, the surveillance center will immediately notify the security personnel patrolling nearby, and report the case to the “110” police service center. The Bank inspects the facilities at the self-service bank outlets on a regular basis, and will remove and destroy any suspicious card readers once they are found.

“Ten Ones” service procedures: The Bank integrated service standards and processes of reception managers and tellers by considering such factors as customer-moving line, pain points of customer experience, and banking business standards, and formed the “Ten Ones” for reception service process and the “Seven-Steps” counter service process. The reception staff is required to follow the “Ten Ones” service procedures including “one greeting, one smile, one inquiry, one guidance, one piece of reminder, one instruction, one care, one beverage, one diversion and one goodbye” to save customers’ time and provide efficient and satisfactory service. The Bank requires the tellers to provide accurate and instant services and care for customers through conforming to the “Seven-Steps” standard 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.” As at the end of the year, the “Ten Ones” and “Seven-Steps” standards were posted at conspicuous positions at all outlets of the Bank.

“6-point” methodology: The Bank has adopted the “6-point” methodology of “Sorting, Reorganizing, Sweeping, Cleaning, Safety and Quality” at all outlets to meet growing customer demand and improve customer experience. At the same time, the Bank urges every employee to develop good habits, and work according to rules. “Sorting, Reorganizing, Sweeping and Cleaning”: Outlets are required to make good and full use of spaces, keep the environment clean, form good habits, and create a relaxing, pleasant, safe and free environment for customers, so that they can have a good mood and a truly enjoyable mental experience throughout the enjoying of the services. “Safety and Quality”: Outlets are required to protect the personal safety and property safety of customers while providing quality services.

II. Customer Relationship Management

Customer relationship management: Adhering to the customer-first principle, the Bank endeavors to build an innovative customer service culture and customer experience mode, and embed the concept of customer relationship management and the awareness of consumer protection into products and services. To this end, the Bank formulated seven systems in public education, handling principles and procedures, handling efficiency, and other aspects.

Customer complaint management: The Bank attaches great importance to the management of consumer complaints. It formulated the *Specifications of the Customer Service Department of CITIC Credit Card on Handling Complaints* and the *Measures of CITIC Credit Card Center for Service Quality Assurance*, revised the *Measures of CITIC Credit Card Center for Consumer Rights and Interests Protection*, and established a closed-loop complaint management system, and accountability, feedback and notification mechanism. As at the end of 2018, the Bank received and handled 99,531 customer complaints, up 17.86% year on year, and the customer complaint rate was 0.0253%, down 0.0031 percentage point year on year; customer

satisfaction about complaint handling reached 96.95%, up 0.06 percentage point.

Standardization of wealth management product sales: Before selling wealth management products, the employees are required to validate customer identity, introduce the sales process and charging standards and methods, understand customer risk tolerance, investment period and liquidity requirements, remind customers to read the sales documents, especially content about risk disclosure and customer rights and interests, and confirm that customers have copied the risk reminder sentences as required. When marketing wealth management products, the Bank requires the employees to make a detailed product introduction to customers, including the time limit, investment destinations, and return on investment in various scenarios, fully disclose the risk of wealth management products in plain language, explain the worst scenarios and investment results, and make sure that customers get a full and accurate understanding. The employees may not conduct untruthful marketing, make any promise on principals and returns, or force or mislead customers to purchase any product. They are strictly prohibited from subscribing, purchasing and redeeming financial products on behalf of customers, keeping documents, USBKey or other media for customers, or making any promise on gains or losses. As at the end of 2018, the Bank's wealth management products had brought in a direct income of RMB70.526 billion to customers, an increase of 54.47%.

Risk disclosure: In the process of communication with customers, the Bank places great emphasis on risk transparency and information symmetry, and fulfills the obligation to fully disclose the potential risks of financial products to customers.

- Customer managers must ensure truthfulness when promoting products and related services to customers, without any exaggeration or partiality, conform to established standards and norms, and may not make misleading and deceptive explanations.
- All the contents on credit card application forms to be filled in by the applicants should be completed by them, including applicant signature (electronic signature and written signature) and copying “applicant declaration”.
- The e-banking user agreement contains special clauses reminding customers of common risks and proper countermeasures when using e-banking services, and customers need to read and agree to relevant terms before opening e-banking business.
- For key transactions such as insurance, fund and wealth management, the Bank discloses risks and reminds customers of matters needing attention through documents such as *Product Instructions*, *Matters to Note*, and *Risk Reminders*, and customers need to read and agree to relevant provisions before continuing with the transactions.
- On the e-banking transfer page, the Bank reminds customers to guard against frauds through prompts such as “You may be deceived if you transfer money to unfamiliar accounts. Please be cautious” and “Do not trust inducing investment and wealth management recommendations from strangers. Beware of frauds”.
- On the e-banking investment and wealth management page, the Bank reminds customers of the uncertainties and risks that may occur in the process of investment through tooltip.

- The Bank informs customers of recent risk events in the form of announcements.

Reduction and exemption of service charges³⁷: The Bank strictly followed the provisions of CBIRC on fee exemption for 34 items in 11 categories of services for personal RMB accounts; and strictly implemented its policy of “two prohibitions and two restrictions” for small and micro-enterprises, that is, prohibitions of charging commitment fees and fund management fees except for syndicated loans, and strict restrictions on financial advisor fees and consulting fees. The Bank strictly conformed to the government-set and government-guided price catalogues, and forbade units at all levels from charging a price higher than the price ceiling. In response to the inclusive finance policy, the Bank expanded the scope of free-of-charge transfer services via mobile banking and domestic online banking, and cut fees for cross-regional RMB deposit and transfer services for individual customers. In strict accordance with relevant provisions, the Bank canceled charges for cross-regional RMB cash withdrawal at counters for individual customers, and suspended six kinds of charges for notes and bank drafts like handling fees, loss reporting fees, and material charges. At the same time, the Bank further expanded the scope of fee exemptions, and exempted all customers from account management fees (including small account management fees) and annual fees (excluding credit cards). The Bank implemented a long-term fee exemption policy for 58 service items in addition to the 11 categories of fee exemption for personal RMB accounts stipulated by the CBIRC, and also adopted a long-term preferential policy on 54 of the 145 paid service items for specific customers. As at the end of 2018, service charges worth about RMB1.254 billion for approximately 1.8121 million transactions via personal RMB accounts had been exempted.

III. Supplier Management

In accordance with the *Labor Law* and the *Environmental Protection Law*, the Bank collects information on environmental and social risks of all suppliers through third-party organizations, includes them into the overall supplier evaluation, rejects manufacturers and products with high pollution and energy consumption, and guides suppliers to fulfill their social responsibilities. No suppliers are found to have significant negative impacts on the environment or society, use forced or compulsory labor, or be involved in any incidents that may have a significant impact on the Bank. If they are found to do so, the Bank will take measures such as warning, prohibition and termination of cooperation in accordance with internal regulations. In the phase of supplier qualification assessment, the Bank requires suppliers to include their performance of environmental and social responsibilities in their documents. As at the end of 2018, all of the 223 new registered suppliers had submitted relevant documents.

The basic requirements for qualified suppliers and candidate suppliers include but are not limited to: (1) the ability to independently bear civil liability; (2) good reputation and sound financial and accounting systems; (3) the basic financial strength, professional competence, service channels and industry experience needed to perform the contract; (4) no record of major violations in the last three years, or record of bad behavior concerning social responsibility; and (5) other special requirements related

³⁷ The Bank has posted policies at conspicuous locations of the outlets and on the official website. Information on service charges is displayed on LED screens and multimedia terminals and can be inquired through computers at outlets where conditions permit to fully protect customers' right to know and to choose. Customers can make an inquiry via our “95558” hotline.

to the provision of goods and services. At the end of 2018, the Bank had 38 main suppliers in the Chinese mainland³⁸.

IV. Coordinated Business Management

Coordinated business management is a development strategy of CITIC Group. The Bank remains committed to the Group's strategy and to serving the real economy. In 2018, the Bank worked with its subsidiaries and subsidiaries of CITIC Group to provide integrated financial services for customers, advancing to a new level in inter-regional collaboration, cross-border collaboration, group-wide collaboration, and parent-subsidiary collaboration.

Inter-regional collaboration: The Bank firmly implements national strategies such as the Belt and Road Initiative, coordinated development of the Beijing-Tianjin-Hebei region, regional integration in the Yangtze River Delta, and the Guangdong-Hong Kong-Macao Greater Bay Area, closely follows the development path of the Group, and strengthens top-level design in an effort to promote regional coordinated development. The Bank set up the Regional Coordination Committee, and three regional coordination leading groups for the Beijing-Tianjin-Hebei region, the Jiangsu-Zhejiang-Shanghai region, and the Greater Bay Area.

Cross-border collaboration: The Bank actively responds to the Belt and Road Initiative, closely follows the overseas development pace of CITIC Group, and effectively integrates the international licensing and resources of China CITIC Bank International and CNCB Investment to jointly provide financial services for customers through cross-border business collaboration and mutual recommendation of domestic and foreign customers. In 2018, domestic branches of the Bank, along with China CITIC Bank International and CNCB Investment, provided an equivalent of RMB 221.279 billion in project financing for customers.

Group-wide collaboration: Capitalizing on the "full license" of CITIC Group, the Bank worked with CITIC Securities, China Securities, CITIC Trust and other subsidiaries of the Group to provide integrated financing services with an amount of about RMB625.8 billion in 2018. The Bank collaborated with China Securities, China International Economic Consultants, CITIC Urban Development & Operation, CITIC Envirotech and others subsidiaries of CITIC Group to constitute a "CITIC consortium" to sign strategic cooperation agreements with local governments, participate in major fields such as new city planning and development, comprehensive environmental management, development of key industries and infrastructure investment, and provide integrated financial and industrial services for customers.

Parent-subsidiary collaboration: Committed to serving the real economy and protecting clear waters and lush mountains, CITIC Financial Leasing strives to build a first-class green financial leasing company in China. In 2018, it provided comprehensive financing and leasing services with the Bank's branches of Nanjing, Jinan, Zhengzhou, Changsha, Guangzhou, Chengdu and Urumqi, and carried out 13 financing projects with a total amount of about RMB5 billion. CITIC aiBank takes "providing wealth management and financing services for the masses, and developing inclusive finance through intelligent technology" as its mission, and collaborates with the Head Office and the branches of Tianjin, Shijiazhuang, Shanghai, Ningbo, Wuhan, Changsha and Guangzhou in such areas as automobile finance, fund management for

³⁸ Main suppliers refer to suppliers with which the Bank has signed contracts worth more than RMB20 million.

online lending platforms, and consumer finance. In 2018, it provided about RMB690 million in financing.

Case 22: AiBank Serves over 12 Million Customers its First Year

In its first entire year of operation, AiBank saw its assets exceed RMB35 billion, general deposits exceed RMB13 billion, and the number of customers surpass 12 million. It gradually formed the “aiBank model” based on experience, and achieved rapid and high-quality development through continuous explorations in institutional innovation, mode innovation, and technological innovation in less than one year. The “aiBank model” of internet-based banking was unveiled at a press conference of the CBIRC, drawing wide attention.

Section II Employee Development

I. Basic Profile of Employees

General information: As at the end of 2018, the Group registered a total of 56,415 employees, a decrease of 0.54%; and the Bank had a total of 53,100 employees, a decrease of 0.46%. Among them, the number of employees with labor contract was 49,956, accounting for 94.08%, up 1.42% over the end of the previous year. The subsidiaries of the Bank registered a total of 3,315 employees, a decrease of 1.87%. Specifically, 55 were employed by Zhejiang Lin'an CITIC Rural Bank, 91 by CITIC Financial Leasing Co., Ltd., 2,145 by CITIC International Financial Holdings Limited, and 1,024 by China CITIC Bank (Hong Kong) Investment Limited (formerly known as “China Investment and Finance Limited”).

	2018	2017	Changes
Headcount	53,100	53,346	-0.46%
Employees under labor contract with the Bank	49,956	49,257	1.42%
Employees dispatched to the Bank or hired with letters of engagement	3,144	4,089	-23.11%
Male employees	24,726	25,030	-1.21%
Female employees	28,347	28,316	0.20%
Ethnic-minority employees	2,434	2,433	0.04%
Basic-level employees	46,753	47,905	-2.40%
Branch managerial employees ³⁹	5,867	4,952	18.48%
Head Office managerial	480	489	-1.84%

³⁹ Employees at and above the level of assistant manager of the departments of branches, and assistant to vice head of sub-branches.

employees ⁴⁰			
PhDs	187	203	-7.88%
Masters	10,603	10,422	1.74%
Bachelors	38,727	38,485	0.63%
Junior college graduates	3,255	3,849	-15.43%
Below junior college	328	387	-15.25%
Aged 30 and below	20,957	23,689	-11.53%
Aged between 31 and 40	22,963	20,876	10.00%
Aged between 41 and 50	7,378	7,003	5.35%
Aged between 51 and 59	1,799	1,776	1.30%
Aged 60 and above	3	2	50%

Dispatched staff: In accordance with government regulations on dispatched labor, the Bank reinforced the management of dispatched staff, and gradually reduced the number and proportion of dispatched employees. As at the end of the year, the number of dispatched employees was 3,129, down 1.78 percentage points over the end of the previous year, and they accounted for 5.89% of the Bank's staff, below the 10% limit set by the country.

II. Employee Management

Management systems: The Bank formulated and revised human resources systems such as the *Head Office Annual Performance Evaluation Measures*, and the *Supplemental Provisions on the Management of Executives Appointment and Termination*, laying a basis for further improvement of human resources management.

Employee satisfaction: The Bank conducted human resources satisfaction surveys at the branch level, in which about 46.52% employees of the branches participated. Among the respondents, about 87.67% were "satisfied" or "very satisfied" with human resources management, about 11.02% chose "partly satisfied", and about 1.31% "not satisfied".

III. Protection of Basic Rights and Interests

Staff welfare: The Bank pays social security schemes and housing provident funds, and provides enterprise annuities and supplementary medical insurance for employees under labor contract, and pays social security schemes and housing provident funds for eligible dispatch employees. In addition to the basic old-age pension, the Bank has established a multi-pillar old-age security system such as the enterprise annuity plan, in which regular employees who have completed the probation period can join voluntarily. According to the *Measures for the Management of Enterprise Annuities*, individual employees contributed 4% of their average monthly salaries to the enterprise annuity plan, and the Bank contributed no more than 5% of gross payroll of the previous year. The dispatching companies are responsible for the old-age pension of employees dispatched to the Bank.

Workplace safety: The Bank takes a variety of measures to create a safe work environment for employees, such as installing bullet-proof glasses and interlocking

⁴⁰ Employees at and above the level of assistant to division chief of the Head Office departments.

safety doors up to national standards at the cash business area of outlets, and equipping each counter with the emergency reporting system connected to the local “110” police service center, enabling the employees to call the police with just a single click. There are security personnel at outlets and office spaces, and the video surveillance system of outlets is connected to higher-level surveillance centers for remote monitoring 24 hours a day. The Bank strictly conforms to the identification and compensation standards for work-related injuries and deaths stipulated in the *Regulations on Work-related Injury Insurance*. As at the end of 2018, there was one occupational fatality, and 56 cases of work-related injuries in sports, in the workplace, and during commutes or business trips⁴¹, an increase of 22 cases over the previous year, and they took a total of 2,562.5 days off work because of work-related injuries. When employees are accidentally injured, the Bank will take the initiative to apply to local human resources and social security departments to identify work-related injuries.

Employee rights to work and rest: The Bank formulated the *Measures for the Management of Labor Contract of China CITIC Bank* according to the *Labor Law*, and followed regulations on working hours, breaks and leaves and labor protection to safeguard employee right to work and rest. If employees need to work overtime, they should fill in application forms voluntarily, and submit them to the department head for review and approval. In 2018, the Group registered total overtime⁴² of about 2,199,700 hours or 38.99 hours per employee, a decrease of 20.28% and 9.65 hours, respectively. The employees took 285,800 days of annual leave, accounting for 63.07% of the 453,200 days of annual leave they were entitled to. Other leave including marital leave, personal leave, sick leave and funeral leave of the Group totaled 230,500 days, or 4.09 days per employee, a decrease of 1.41 days.

Health checkups: The Bank organizes physical examinations for employees on a regular basis, and some institutions provide more checkup items for employees aged above 45 and special checkups for female employees, so as to help employees stay healthy. As at the end of 2018, about 51,200 person-times had voluntarily taken health checkups, an increase of 7.47% over the end of the previous year. According to the high-risk disease statistics in the health checkup results of the Head Office, thyroid disorders, hyperlipidemia and overweight were the top three health problems among employees.

Care for retired employees: The Head Office organized monthly indoor and outdoor activities good for the physical and mental health of retired employees according to different seasons, such as walking campaigns in spring and autumn, visits to retirement homes, regimen lectures, and health checkups, and continued to extend New Year greetings to show care to the retirees.

IV. Employee Development

Career development path: The Bank formulated the *Measures for the Management*

⁴¹ The identification and compensation standards of the Bank are based on the Regulations on Work-related Injury Insurance (Decree No. 375 by the State Council), the Decisions of the State Council on Revising the Regulations on Work-related Injury Insurance (Decree No. 586 by the State Council), and relevant regulations of local governments.

⁴² Including working overtime after work, on weekends, and on holidays.

of *IT Sequence Posts of China CITIC Bank*, improved the career development path for the IT sequence, and established a sound incentive and constraint mechanism for IT personnel. The Bank developed the *Administrative Measures for High-level Management Team*, advanced the “Two Hundreds, Two Thousands” talent program, and sped up the building of high-level management team.

Performance assessment: The Bank has a value creation-oriented performance management system. At the beginning of every year, on the basis of the key performance indicators specified in the post description, the Head office organizes the employees to make annual performance plans to guide the works of all posts. In the process of implementation, the superiors follow up and give feedback on the performance of employees under them, and provide necessary support so that they can complete performance tasks on time. At the end of every year, the Head Office organizes a bank-wide performance assessment to evaluate employees’ completion of performance plans through multiple approaches such as performance evaluation and duty-execution evaluation, and gives out annual assessment results.

V. Protection of Legitimate Rights and Interests

Employee right to speak: The employees can report problems and put forward opinions and suggestions to the senior management through three main communication channels, namely, “President’s Mailbox”, “Leaders’ Open Day” and “Listen to You”. All employees can send real-name or anonymous emails directly to the “President’s Mailbox”, fully reflect the problems, put forward opinions and suggestions. The President will give feedback on repeated problems and deal with them. The “Listen to You” section is on the homepage of the Bank’s internal management system. More than 40 opinions were proposed to the section, all of which had been handled by relevant departments. The “Leaders’ Open Day”, held on a monthly basis and totaling 12 within the year, is intended for the senior management to receive employees, and is a communication channel between the Head Office Party Committee and employees.

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 have trade unions and withdraw operating funds for trade unions in full amounts to ensure extensive organization of trade union activities. As at the end of the year, 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*, the same as that in the previous year. The Bank convened 71 employee representatives’ congresses at different levels during the year, an increase of 9 compared with the previous year, and deliberated over 329 items. The Bank encourages employees to participate in all kinds of activities organized by trade unions.

Case 23: “Work on the Left, Children on the Right” Family Education Lecture

On March 13rd, 2018, the Bank’s trade union and CITIC Press jointly held the “Work on the left, children on the right” child education lecture. More than 4,700 employees of 40 units of the Bank attended the lecture through video. They got a higher understanding of the importance of family education to accomplishments in

Female employee rights and interests: The Bank signed the *Special Collective Contract for Protecting the Rights & Interests of Female Employees*, and actively carried out activities showing care to female employees. For example, the Head Office continued to organize the “Smooth Pregnancy” activity, and distributed more than 1,700 radiation-proof clothes to pregnant employees at the branches.

Child labor: The Bank employs labor according to the *Labor Law* and *Labor Contract Law*, and does not use child labor.

Discriminations: The Bank’s remuneration system is based on the value of posts, employee performance, and employee competence, and the salaries and benefits of employees are linked to their posts and capabilities. The remuneration system does not involve any factors regarding gender, ethnic group, political party, religion or cultural backgrounds, and adheres to the principle of equal pay for equal work. The employee promotion policy treats the employees equally regardless of their gender, ethnic group, political party, religion and cultural backgrounds.

Forced or compulsory labor: According to the *Measures of Labor Contract Management in China CITIC Bank* and the *Measures of China CITIC Bank for Employee Attendance Management*, the Bank follows national regulations on working hours, breaks and leaves and labor protection, forbids forced or compulsory labor in any form, and protects the legitimate rights and interests of employees.

Protection of personal privacy: The Bank ensures safe and stable operation of the human resources system, and protects personal information and privacy of employees by strengthening user management, standard operation, division of responsibility and layered authorization. Before internal invoking employee information, the relevant department or individual of the Bank must make formal applications for approval, and promise to keep the information confidential and protect employee privacy. The Bank adopts the salary secrecy policy, and makes salaries known to only employees themselves. The Bank keeps the information of job applicants confidential, and no leakage of personal information or privacy of applicants occurred.

VI. Employee Training

The Bank strengthened the top-level design of employee training, improved the tiered and classified training system covering all employees, and formed a new training roadmap. It customized training programs for senior executives (“Pilot Program”), vice-layer senior executives (“Voyage Program”), and middle management (“Faith Program” and “Integrity Program”). It launched training on post certification covering 55 categories in ten sectors, established learning modules and test outlines, set up a dedicated post certification training section at the online college, and held the first bank-wide post certification test on October 21st, 2018. The Bank selected and trained the first batch of 112 internal trainers at the Head Office level, and held 5,309 training

sessions with a total of 603,100 person-times participants (online training excluded), of which the Head Office organized 295 training sessions with 59,494 person-times participants (online training excluded). The three digital learning platforms available to all employees were visited 2.3714 million person-times in the year, with a total of 5.6477 million learning hours. In addition, the Head Office held 14 sessions of “CITIC Auditorium” and 22 sessions of “Skills Improvement Station”.

Case 24: The “Two Hundreds, Two Thousands” Talent Program

The “Two Hundreds, Two Thousands” talent program was launched to meet the insistent needs of the Bank for high-level management talents, high-caliber international talents, high-level professionals and high-potential young talents. At present, the Bank had completed the first training session of the “Pilot Program” for 17 vice-layer senior executives, and been steadily advancing training for the second batch of 15 executives; and completed selection and collective training of the third batch of high-caliber international talents. The first batch of high-level professionals and high-potential young talents had been selected, and the first round of collective training had been under way.

Table 13 Training Statistics

	2018	2017	Changes
Total training cost (RMB10,000)	10,860.20	8,464.19	28.31%
Training cost per capita (RMB1)	2,045.23	1,586.66	28.90%
Total number of participants (person-time)	603,093	600,533	0.43%
Times of training per employee (person-time)	11.36	12.34	-7.96%

VII. Employee Care

The Bank encouraged the trade unions of the branches to care for employees, and pay courtesy visits to employees with serious illness and their families. The senior management also paid visits to retirees on a regular basis, called on employees with illness, and visited employees working on year-end accounting. As at the end of 2018, the Bank’s trade union had allocated a total of RMB1.245 million for courtesy. The Bank supported the outlets in improving their working conditions and creating a comfortable and pleasant environment for employees. The Bank’s trade union allocated special funds for the construction of “Five Smalls”, namely small canteens, small activity rooms, small reading rooms, small changerooms and small tea break areas, and mother’s rooms at the outlets.

The trade unions organized a variety of cultural and sports activities to enrich the employees’ lives, such as the fourth bank-wide staff table tennis mixed team competition, cooking competition, and fun sports meeting held by the Head Office trade union, the mooncake making activity by the trade union of Qingdao Branch, the ninth gas volleyball competition by the trade union of Wuhan Branch, and the artistic performance celebrating the 40th anniversary of China’s reform and opening up by the trade union of Shijiazhuang Branch.

Section III Community Development

I. Overview of Donations

The Group strictly observed the *Charity Law of the People's Republic of China* and other laws and regulations, actively gave back to society, and made donations to where most needed. As at the end of the year, the Group donated RMB22.378 million, HKD3.7519 million⁴³ and USD20,000⁴⁴, equivalent to a total of RMB26.2674 million, primarily for poverty alleviation, student aid, disaster relief, and support for disadvantaged groups. The employees of the Group donated RMB1.3607 million. Taxes paid by the Group⁴⁵ totaled RMB27.301 billion, up 12.67%. Social contribution per share of the Group⁴⁶ reached RMB4.68, up 7.07%.

II. Poverty Alleviation through Finance

As explicitly required in its *Credit Policy 2018*, the Bank made efforts to meet the financial needs of key projects and key areas in the poverty alleviation initiative, meet the financial needs of specialty industries, and meet the financial needs of the poor population for education and employment. Meanwhile, the Bank continued to strengthen the construction of the system of precision poverty alleviation through finance, made innovations in poverty alleviation modes, developed diversified credit services and financing modes, and established green channels for loans or projects supporting poverty alleviation. As at the end of the year, the Bank's outstanding loans to precision poverty alleviation through finance amounted to RMB6.893 billion, an increase of 63.15%, of which outstanding loans to individuals and entities were RMB3.039 billion and RMB3.854 billion, an increase of 9.30% and 166.80%, respectively.

⁴³ Calculated based on the RMB central parity published by the China Foreign Exchange Trade System (CFETS) on 31 December 2018, i.e. HKD1= RMB0.8762.

⁴⁴ Calculated based on the RMB central parity published by the China Foreign Exchange Trade System (CFETS) on 31 December 2018, i.e. USD1= RMB6.8778.

⁴⁵ The Bank paid taxes by law as always and incurred no tax dispute or penalty.

⁴⁶ 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

Case 25: The “Convoy Plan”

In December 2017, the Bank donated RMB10 million to the “Convoy Plan” initiated by China Children and Teenagers’ Fund, and as the only participating bank, would provide customized banking services and cultural identity courses for underage overseas students, so as to boost their cultural consciousness and confidence when studying abroad. This program was officially launched in April 2018, and had been carried out at the High School Affiliated to Renmin University of China, Chen Jinglun High School, High School Affiliated to Beijing Normal University, Beijing Middle School, Shijiazhuang No. 1 Middle School, Shijiazhuang No. 42 Middle School, and Shijiazhuang Foreign Language School. The courses cover a wide range of topics such as international student safety, psychology, cross-cultural understanding, and academic and career planning. The program invited experts and institutions such as the Center for Consular Assistance and Protection of the Ministry of Foreign Affairs, Payment & Clearing Association of China, Peking University, Renmin University of China, and Beijing Normal University. Chairperson Li Qingping of the Bank, the Business Department of the Head Office, and Shijiazhuang Branch deeply involved in this public welfare project and communicated with the students and their parents on site. The total number of participating students and parents reached 5,000.

Case 26: Xi’an Branch Supports Poverty Alleviation through Tourism

Dashuichuan International Tourism Resort is a key tourism against poverty project jointly developed by the government of Chencang District of Baoji City and Yucai Group in 2015. Its development model of “tourism + poverty alleviation + ecology + industry” sets an example for other parts of the country, and facilitates the shift of poverty alleviation approach from “blood-transfusion” to “blood-making” in the western mountainous areas of Baoji. To support the development of the project and help lift the people out of poverty as soon as possible, Xi’an Branch granted loans of RMB125 million to the project. So far, the resort has created jobs for 2,800 people, of which assistance to registered poor households includes: engaging 100 poor households in agritourism, relocating 118 households, encouraging 140 households to hold shares for dividends, employing 600 people, and providing free driver’s license training for 789 people.

Corporate banking: In 2018, the Bank actively supported infrastructure construction in poverty-stricken areas, with an emphasis on railway, road, rural power grid upgrade and water conservancy projects, and we actively support projects to improve people's wellbeing such as comfortable housing projects and public works projects, improving their development conditions. It supported new-type urbanization projects in poverty-stricken areas, mainly supporting new-type urbanization projects (such as poverty alleviation and relocation in different places), comfortable housing projects and public works projects, helping improve basic urban projects and the living environment. The Bank also actively support characteristic industries in poor areas, doubled down support for distinctive agriculture and tourism in impoverished areas. It provided active support for education, healthcare and other public services, including

public services infrastructure construction and IT application in under-privileged areas. The Bank creatively launched industrial funds for poverty alleviation, actively communicated with local governments, and experimented with the mode of industrial funds for poverty alleviation.

Personal banking: The Bank made innovations in the business of mortgages on management right of rural contracted land (farmland) and rural house property right, and kept track of the establishment, evaluation and collateral disposal of trading platforms in pilot areas in order to prompt business development at the proper time. It supported precision poverty alleviation for individuals based on supply chains, and upstream and downstream cluster projects along the supply chain. The Bank actively cooperated with guarantee companies and innovated in financial service modes for “agriculture, rural areas and farmers”. It increased the scale of student loans to help underprivileged students pay tuitions, accommodation fees and basic living expenses.

Interbank business: The Bank strengthened cooperation with financial institutions in poor areas, advanced the construction of the interbank cooperation platform, extended business to poor countries and rural areas, and improved financial services for enterprises and registered poor households in poverty-stricken areas. The Bank actively carried out interbank business in poor areas, and gave priority position to meeting the financing needs of projects in poor areas or enterprises engaging in poverty alleviation within the framework of credit approval. The Bank is taking steps to promote the registration and issuance of special poverty alleviation bills, which will be used for the construction of precision poverty alleviation projects, loan repayment, or addition to working capital of such projects.

III. Fixed-point Poverty Alleviation

The Bank provided RMB9.5 million in funds for fixed-point poverty alleviation in Xietongmen County of Tibet, Zhangjiashan Village of Hongchang Country of Gansu, and three villages of Xinjiang, and dispatched management personnel to the designated poor areas to help them shake off poverty and develop local economy. As at the end of the year, the Bank had donated RMB19.2906 million, an increase of 27.10% compared with the previous year, mainly to support agriculture, infrastructure construction, education and charity. It sent 56 management personnel to the poor villages, including 21 first village secretaries and three management personnel at the county level and above.

Case 27: “Ai You Young Heart Program”

The Bank donated RMB2.5 million to the “Ai You Young Heart Program” launched by Ai You Foundation to provide treatment for poor children with congenital heart defects in poor areas. As of the disclosure date of this report, the program had helped 212 children, of whom about 59% had simple congenital heart disease such as ventricular septal defect, atrial septal defect, patent ductus arteriosus and pulmonary stenosis, and 41% had compound and complex congenital heart disease like Tetralogy of Fallot, pulmonary atresia and severe pulmonary hypertension. Most of the children were young; girls accounted for 58% and boys 42%. Among the children, 94 were from Yunnan, 34 from Qinghai, 18 from Hunan, 17 from Hubei, 10 from Henan, 8 from Hebei, 8 from Anhui, 5 from Ningxia, 3 from both Shanxi and Shaanxi, 2 from both Jiangxi and Guizhou, and 1 each from Inner Mongolia and the other six provincial-level regions. Thanks to the program, the children have fully recovered and are as healthy as other

IV. Financial Services for Special Groups

Services for visually impaired customers: All outlets of the Bank are equipped with wheelchair ramps, tactile sidewalks, service guides in Braille, convenience cards for the visually impaired, Braille keyboards, voice-cued ATMs, emergency buttons, courtesy seat and courtesy windows, as well as wheelchairs for customers with mobility difficulties, so as to bring more humanized and convenient services to customers with special needs.

Services for people with disabilities: There are accessible trails and guiding signs in the front of each outlet. The Bank attaches great importance to the convenience and safety of customers with disabilities when improving accessible facilities. To provide more considerate and pleasant services for them, the Bank invited teachers with years of experience in special education to provide “barrier-free communication” sign language training and psychology training for frontline employees of the outlets, so that they can have a grasp of the points needing attention when providing services for people with disabilities, understand their needs and avoid any unintended harm to them.

Case 28: Business Department of the Head Office Standardizes Accessible Facilities

To provide indiscriminate and convenient services for customers with disabilities, the Business Department of the Head Office carried out self-inspections on accessible environment and services. All of the 73 outlets in Beijing were equipped with accessible entrances and exits and passages; 46 had public parking lots, of which 38 offered accessible parking spaces. All outlets had service guides in Braille, convenience cards for the visually impaired, number calling systems, Braille keyboards, voice-cued ATMs, and number-calling screens. All outlets had at least one priority window and two to four priority seats to meet the special needs of customers with disabilities.

Services for the elderly: At the outlets of the Bank there are bus cue cards, walking sticks, wheelchairs and courtesy seats with arms to facilitate and guide the waiting

and movement of elderly customers at the outlets. Reading glasses at four diopters and super-large stand magnifiers on the form filling desks can help the elderly read and write. Mobile phones for the elderly in the service cabinet can be used for free, helping the elderly in need. Newspapers and magazines on elderly health and regimen are available to the elderly at the outlets, and mobile form filling desks can be brought to elderly customers with mobility difficulties. Besides, the Bank regularly organizes activities in elderly communities to popularize knowledge on investment and anti-telecom fraud, so as to increase their awareness of anti-fraud, especially anti-telecom fraud.

Case 29: Zhengzhou Branch Brings Service to Customer at ICU

Zhongmu Branch of the Bank in Zhengzhou deal with the “door-to-door” service for ICU intensive care customers in Zhongmou County Traditional Chinese Medicine Hospital, solving the customer's urgent problem of large medical expenses. A customer surnamed Ma of Zhongmou Branch of Zhengzhou was brought to the emergency department of Zhongmou County Traditional Chinese Medicine Hospital because of an acute illness. Later he was transferred to the ICU and could only live on the ventilator and medication. He had been in deep coma, without any consciousness. Mr. Ma had four certificates of deposits at Zhongmou Branch, and his wife badly needed the money to pay his huge medical bills. After learning of her request, the teller immediately notified the accounting manager. Upon knowing that the customer had limited capacity for civil conduct, the accounting manager, together with the teller, went to the hospital to verify the situation, took photos as evidence for business operation, and asked the hospital to provide relevant certificates. In coordination with his wife, they handled the operation on the spot and successfully transferred some of the term deposits to the hospital's account. By delivering “door-to-door” service, the sub-branch helped to address the urgent need of the customer.

Services for special customer groups: The Bank has courtesy windows for special customer groups and requires hall ushers to patiently ask about their special needs in detail and arrange green channels for special and urgent events. For special customers such as the elderly, the weak, people with illness and people with disabilities unable to come to the counter, the Bank can provide door to-door services. The Bank also works to improve the capacity and raise the level of services for special customers to boost customer satisfaction.

V. Protection of Customer Rights and Interests

According to the requirements of the CBIRC, the Bank actively promoted the branches to establish the management system for customer rights and interests protection, and allocate a certain proportion of managerial and service personnel for this purpose based on the number of customers. As at the end of the year, all of the 35 tier-1 branches in the Chinese mainland had established the customer rights and interests protection department. The Bank strengthened inspection over customer rights and interests protection, carried out inspections in the form of secret visits, on-site checks, video surveillance checks and inter-branch checks on the quality of customer rights and interests protection at the outlets and the construction of the branches' customer rights and interests protection system (including measures, training, checks, evaluation and announcement), and gave scores to the inspection

results. The Bank implemented performance assessment on customer rights and interests protection in all aspects, and the assessment indicators included: institutional improvement, complaint handling, training on customer rights and interests protection, promotion and public education, and product and service management. From January 2018 to January 2019, the Bank audited the work of 8 Head Office departments and 24 branches on customer rights and interests protection, and developed the *China CITIC Bank Audit Report on Customer Rights and Interests Protection 2018*, pointing out 48 problems in this regard and putting forward four audit recommendations. The Bank gave full play to the training and guidance functions of the customer rights and interests protection departments, and regularly organized training on customer rights and interests protection for all employees. Based on data available, 38 branches of the Bank provided more than 160 training sessions for outlet heads in charge, business managers, wealth management managers and hall managers, covering such topics as assessment of service quality management, financial knowledge popularization, prevention and control of financial risk, and compliant marketing of investment and wealth management products.

VI. Promoting Financial Literacy

The Bank organized a total of 2,050 “Financial Literacy Promotion” campaigns in the Chinese mainland, and distributed more than 2.52 million copies of promotional materials, with an audience of about 1,395,400.

Case 30: The Head Office Popularizes Financial Knowledge through Purchasing a lot of Media Resources

The Business Department of the Head Office put up posters on the side of 210 self-service machines at subway stations; publicized the “Financial Literacy Promotion” campaigns through media outlets such as Beijing Morning Post, Beijing Youth Daily, Toutiao, xinhua.net, and people.cn; contacted the Financial Management program of Beijing Television Financial and Economic Channel to show videos against illegal fundraising; organized all sub-branches under its jurisdiction to produce short videos on the fight against illegal fundraising and anti-fraud, and upload them to the Tik Tok platform to promote customer rights and interests protection; put up public-interest advertisement of the slogan “Beware of promised high-return investments, and keep away from illegal fundraising” through five channels of Radio Beijing; and pushed articles on customer rights and interests protection to more than 680,000 customers through the WeChat platform, and the articles were read tens of thousands of times each.

Campaign organization: The Bank carried out the campaigns with a view to “improving customer experience and creating value with services”. The branches developed innovative contents for the activities according to the themes and objectives in different phases, and made the contents better suited to local customers to maximize the effects of the campaigns. The Head Office designed and produced posters and leaflets so that the campaigns could have a unified image. The branches actively integrated promotional channels, and disseminated financial knowledge through promotional methods such as slogans, posters, leaflets, LED screens, multi-media machines, self-service terminals and LCD TV, and media channels such as WeChat, Weibo, SMS, newspapers, TV, radio, and H5.

Outlet halls: The Bank displayed financial knowledge on LED screens on a rotary

basis, placed leaflets, manuals and posters at the halls of the outlets, and made full use of multi-media players, self-service areas, customer waiting areas, counters, and public education areas, so that customers could have timely access to financial knowledge about bank card safety, anti-fraud, illegal fundraising, malicious campus loans, payments and settlements, RMB, deposits and loans, credit reference, wealth management and the like, and enhance their sense of safety. To normalize financial knowledge popularization and financial literacy education, the Bank set up dedicated areas for the promotion of financial knowledge, and assigned experienced employees to disseminate financial knowledge by distributing leaflets, giving lectures, and holding finance micro-classes at the halls, and answer customers' questions on site. The Bank set up e-banking experience zones, and disseminated financial consumer rights and interests protection concepts in a targeted manner through such channels as mobile banking, online banking, and WeChat public account. To prevent middle-aged and elderly customers from being taken in by identity theft short messages, hall specialists were arranged to teach customers how to check their account transaction details via online banking and mobile banking, and guide them to read relevant articles on the WeChat public account of the branches, so that customers can deal with frauds properly. In response to the phenomenon that young customers like to open multiple accounts, hall specialists would inform them of the risk of information theft, and help them cancel unnecessary accounts to mitigate the risk.

Promotion at community level: The Bank held lectures, set up desks, together with posters or boards, and distributed promotional materials at communities, enterprises, business districts and villages to spread financial knowledge on bank card safety, telecom frauds, illegal fundraising, illegal campus loans and so on among financial consumers, especially the elderly, people with disabilities, students, farmers and migrant workers. The Bank ensured the contents were suitable for a wide range of groups, and were easy to learn, to understand and to remember, so as to effectively improve people's financial literacy.

Case 31: Representative Promoting at Communities

Suanyuanqiao Sub-branch of the Head Office went to Maizidian Community and Zaoyingbeili Community to disseminate knowledge about anti-telecom fraud, and remind the residents to take good care of their property. Jinan Shizhong Sub-branch went to parks where many residents do exercises in the morning to popularize payment safety knowledge like real-name account management, maximum amount of transfer and third-party payments, and improve people's financial literacy. Taiyuan Dayingpan Sub-branch went to the No. 3 Public Bus Company and Xinhua Business City to give lectures on card safety in combination with business characteristics of credit card, WeChat Pay, and mobile banking. Guangzhou Sanshui Sub-branch set up desks at the Villagers' Committee of Bihu Village to popularize financial knowledge about new-type fraud practices, bank card identity theft, and illegal fundraising.

Promotion on campus: The Bank carried out youth financial education on campus at the beginning of each semester, and developed diversified promotional programs based on the financial needs and characteristics of college students, middle school students, pupils and children. The Bank focused on popularizing knowledge about illegal campus loans, illegal fundraising and telecom frauds among college students,

especially freshmen, and helped middle school and primary school students to develop the awareness of financial risk from a young age.

Case 32: Representative Promoting on Campus

Cuiwei Road Sub-branch of the Business Department of the Head Office held financial classes for more than one thousand students at No. 1 Campus of Beijing National Day School, and explained to them the rules on safe use of bank cards, anti-telecom fraud skills, and e-banking knowledge through vivid PPT and cartoons, winning wide applause from the teachers and students. Chengdu Branch put up posters and desks or held lectures at Polus International College and the Primary School Affiliated to Chengdu No. 7 Middle School at the beginning of the semester, and assigned key employees of the sub-branches as to “give the first class” to the students by popularizing knowledge about illegal campus loans, illegal fundraising and telecom frauds to keep the students away from them.

VII. Volunteer Activities

The Bank established the Youth Volunteer Association in 2014. The association works for the following purposes: to practice volunteerism, disseminate advanced concepts, and contribute to a harmonious society characterized by unity and mutual help, equality and fraternity, and common progress. The volunteers vow to “put aside our own benefits and do our best to help others and serve the society”.

Case 33: The Head Office Holds Charity Sale

In May, 2018, the volunteers of the Head Office organized a charity sale, and donated all funds raised to the child soothing fund of New Sunshine Charity Foundation. In preparation for the sale, the employees of the Head Office donated nearly 600 items in 17 categories such as books, crafts, accessories, electronic products, toys, children’s goods, and sporting goods. A team of more than 40 young volunteers was responsible for sorting out and labeling the donations, and organizing the sale. On May 26th, when the sale was held, the foundation brought over 40 pictures drawn by the children of the soothing program. Chairperson Li Qingping of the Bank and Chairman Liu Cheng of the Board of Supervisor went to the charity sale, and bought some of the drawings. The sale lasted nearly two hours, and raised a total of RMB40,000.

Under the leadership of volunteer organizations, the Group’s volunteers participated in various volunteer activities, such as teaching, caring for the elderly, caring for children with illness and disadvantaged groups, donating to disaster-stricken areas, bringing warmth to sanitation workers, advocating the Lei Feng Spirit, donating blood, promoting compliance with road rules, and raising funds for disaster relief by organizing charity bazaars. As at the end of the year, the Group had organized 207 volunteer activities, an increase of 26.22% over the previous year, and about 5,300 person-times participated in these activities, an increase of about 69.86% over the previous year.

Case 34: Volunteers of Xi'an Branch Visit Welfare Center

On December 2nd, 2018, ten volunteers of Xi'an Dianzicheng Sub-branch went to Xianyang Welfare Center. A week earlier, the employees of the sub-branch made donations of more than RMB3,000, and purchased diapers, wipes, detergents and other items for the children. The Agape Community Care Association in Xianyang Welfare Center is committed to looking after 0 to 6-year-old children with disabilities, and has taken care of 312 infants and young children in total, of whom 255 have been adopted. The volunteers of the Bank not only brought money and other material donations to the children, but also played games with them, spending a memorable morning together.

Independent Assurance Report

2019/SH-0174

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English Translation for Reference Only

Independent practitioner's assurance report

To the Board of Directors of China CITIC Bank Corporation Limited

We have been engaged to perform a limited assurance engagement on the 2018 Sustainability Report ("Sustainability report") of China CITIC Bank Corporation Limited ("the CITIC Bank").

Responsibilities of the Board of Directors

The Board of Directors of CITIC Bank is responsible for the preparation of the Sustainability report based on "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 Hong Kong Exchange and Clearing Limited ("HKEx")'s "Environmental, Social and Governance Reporting Guide" ("ESG Reporting Guide"), and with reference to Global Reporting Initiative ("GRI")'s "Sustainability Reporting Standards" ("GRI Standards"), "Opinions on Strengthening Social Responsibilities of Banking Financial Institutions" promulgated by the China Banking Regulatory Commission, "Guidelines on Corporate Social Responsibilities of Banking Financial Institutions" promulgated by the China Banking Association, ISO 26000, and GB/T36001-2015 Guidance on Social Responsibility Reporting. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the Sustainability report so that it is free from material misstatement, whether due to fraud or error.

The Board of Directors is also responsible for setting the Bank's objectives in respect of sustainability 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 requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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 Sustainability report based on a 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 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 Sustainability report. Our work involves assessing the risks of material misstatement in the Sustainability 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.

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

The procedures we performed comprised:

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

Our assurance was with respect to the year ended 31 December 2018 information only and we have not performed any procedures with respect to earlier periods or any other elements included in the Sustainability report.

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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 Sustainability report is not prepared, in all material respects, based on the SSE Guidelines and the ESG Reporting Guide and with reference to GRI Standards.

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

March 26th, 2019

Annexes

I. Honors & Awards

Overseas Institutions

The Bank ranked 24th among the “Top 500 Global Bank Brands” published by the British magazine *The Banker*.

The Bank ranked 85th among the “Top 2,000 Global Companies” published by the *Forbes* magazine.

The Bank ranked 27th on tier-one capital among the “Top 1,000 World Banks” published by the British magazine *The Banker*.

The Bank was granted the “Best National Private Bank” award by *Asiamoney*.

The Bank stood out with five trophies at *The Asian Banker* Financial Markets Awards 2018 – “Compliance Risk Technology Implementation of the Year”, “Financial Markets Technology Implementation of the Year – Interbank Financial Services Platform Implementation for 2018”, “Best Blockchain Initiative, Application or Program”, “Best CRM Project in China” and “Best Custodian System Implementation in China”.

The Bank was honored “China Loan House” by *IFR Asia*.

The Bank won as “Award for the Private Bank Making the Greatest Progress in China” by *The Asian Banker*.

Domestic Media Outlets

The Bank won the “Trade Finance Innovation Award” selected by www.caishiv.com.

The Bank was honored “Outstanding Private Bank of the Year” by the *Economic Observer*.

The Bank made the list of “Top 50 Employers for University Students” and “Top 15 Employers in Financial Industry” released by ChinaHR.com.

The Bank was recognized as “Bank of the Year in Supply Chain Finance” by *Caijing* magazine.

The Bank was accorded the “Bank for Inclusive Finance” and “Excellent Bank for Major Customers” awards by 21st Century Business Herald.

Other Domestic Institutions

The Bank was honored the “Core Dealer”, “Outstanding Interbank Deposit Issuer”, and “Outstanding Money Market Dealer” by China Foreign Exchange Trade System & National Interbank Funding Center (CFETS).

The Bank was honored “Outstanding Comprehensive Market Maker” by the National

Association of Financial Market Institutional Investors.

The Bank's "domestic letter of credit information transmission system based on blockchain" was granted the "2017 China Fintech Innovation Award" by the organizing committee of China Fintech Entrepreneurship Innovation Program.

The Bank won the "2017 Outstanding Contribution Award" from China Foundation for Poverty Alleviation.

The Bank was accorded the 2017 awards of "Best Market Maker", "Best Dealer", "Best Forward Swap Market Maker", "Most Welcome Forward Swap Market Maker", "Best Market Maker for Technology", "Best Share Option Member", and "Most Hopeful Options Market Maker" by CFETS.

The Bank won the "Best Contributor Award in Intermediate Business Income", "Special Contribution Award of Intermediate Business Committee", "Top Green Finance Award", "Best Social Responsibility Manager Award", "Best International Settlement Bank", and "Best Performance Award in Syndicated Loans" selected by China Banking Association.

The Bank was honored "Outstanding Comprehensive Market Maker" for the interbank bond market by the National Association of Financial Market Institutional Investors.

The Bank was honored "2017 Outstanding Financial Member" and "Outstanding Interbank Inquiry Market Maker" by Shanghai Gold Exchange.

The Bank was rated "A" in the 2017-2018 information disclosure evaluation by Shanghai Stock Exchange.

The Bank was granted the "2018 Internet Finance Innovation Award" and "Best Bank Award for Online Corporate Banking" by China Financial Certification Authority (CFCA). The Bank's mobile banking was selected as "Outstanding Solution of Internet Finance Innovation Application" by CFCA.

The Bank was honored "2018 China Innovative Enterprise for Auto Financial Services" by China Automobile Dealers Association.

The Bank was honored "Outstanding Bond Issuer" and "Outstanding ABS Issuing Institution" by China Central Depository & Clearing Co., Ltd. (CCDC).

II. GRI⁴⁷ Benchmarking

Disclosure Items		Section	Disclosure Items		Section
1. Organizational Profile	102-1	P2		102-29	P19-24
	102-2	P11-12		102-30	P39、P42-47
	102-3	P88		102-31	P28-30
	102-4	P11-12		102-32	P28-30
	102-5	P11-12		102-33	P28-30
	102-6	P11-12		102-34	P28-30
	102-7	P11-12、P60		102-35	P29
	102-8	P64-65		102-36	P29
	102-9	P63		102-37	Undisclosed
	102-10	P11-12、P60、P63		102-38	Undisclosed
	102-11	P45-47		102-39	Undisclosed
	102-12	P42		102-40	P24-26
	102-13	P42		102-41	P66-69
2. Strategy	102-14	P6-7	5. Stakeholder Engagement	102-42	P24-P25
	102-15	P49		102-43	P24-28
3. Ethics and Integrity	102-16	P16-17		102-44	P24-28
	102-17	P26-28、P46-47、P61、P75		102-45	P11-12
	102-18	P19-24	6. Reporting Practice	102-46	P2-4
	102-19	P28-30		102-47	P13
	102-20	P28-30		102-48	Not applicable
	102-21	P27-28		102-49	P13
	102-22	P19-24		102-50	P3-4
	102-23	P19-24		102-51	P3-4
	102-24	P19-24		102-52	P3-4
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	102-27	P19-24		102-55	P82-84
	102-28	Undisclosed		102-56	P30、P79
GRI 201	GRI 103	Economic Performance Management Approach	P32-39		
	Topic-specific disclosures	201-1	P32		
		201-2	P49		
		201-3	P66		
GRI 202	GRI 103	Market Presence Management Approach	Undisclosed		
GRI 203	GRI 103	Indirect Economic Impacts Management Approach	P32-39		
	Topic-specific disclosures	203-1	P32-39		
		203-2	P32-39		
GRI 204	GRI 103	Procurement Practice Management Approach	P63		
GRI 205	GRI 103	Anti-corruption Management Approach	P46		
	Topic-specific disclosures	205-3	P46		
GRI 206	GRI 103	Anti-competitive Behavior Management Approach	Undisclosed		
GRI 301	GRI 103	Materials Management Approach	P55		

⁴⁷ GRI stands for Global Reporting Initiative.

	Topic-specific disclosures	301-1	P57
		301-3	P55
GRI 302	GRI 103	Energy Management Approach	P55-58
	Topic-specific disclosures	302-1	P55-58
		302-3	P55-58
GRI 303	GRI 103	Water Management Approach	P57
	Topic-specific disclosures	303-1	P57
GRI 304	GRI 103	Biodiversity Management Approach	P55
	Topic-specific disclosures	304-1	P55
GRI 305	GRI 103	Emissions Management Approach	P53-58
	Topic-specific disclosures	305-1	P54-58
		305-2	P54-58
		305-3	Not applicable
		305-4	P54-58
		305-5	P54-58
		305-6	Not applicable
		305-7	P54-58
GRI 306	GRI 103	Effluents and Waste Management Approach	P53-58
	Topic-specific disclosures	306-2	P57-58
GRI 307	GRI 103	Environmental Compliance Management Approach	P53
GRI 308	GRI 103	Supplier Environmental Assessment Management Approach	P63
	Topic-specific disclosures	308-2	P63
GRI 401	GRI 103	Employment Management Approach	P65-70
	Topic-specific disclosures	401-2	P66-67
GRI 402	GRI 103	Labor Management Relations Management Approach	P65-70
GRI 403	GRI 103	Occupational Health and Safety Management Approach	P66-67
	Topic-specific disclosures	403-2	P66-67
GRI 404	GRI 103	Training and Education Management Approach	P67-68
	Topic-specific disclosures	404-2	P67-68
GRI 405	GRI 103	Diversity and Equal Opportunity Management Approach	P69
	Topic-specific disclosures	405-2	P69
GRI 406	GRI 103	Non-discrimination Management Approach	P69
	Topic-specific disclosures	406-1	P69
GRI 407	GRI 103	Freedom of Association and Collective Bargaining Management Approach	P68-69
GRI 408	GRI 103	Child Labor Management Approach	P68
GRI 409	GRI 103	Forced or Compulsory Labor Management Approach	P69
GRI 410	GRI 103	Security Practices Management	P60、P66

		Approach	
GRI 411	GRI 103	Rights of Indigenous Peoples Management Approach	Not applicable
GRI 412	GRI 103	Human Rights Assessment Management Approach	P68-69
GRI 413	GRI 103	Local Communities Management Approach	P70-78
GRI 414	GRI 103	Supplier Social Assessment Management Approach	P63
		414-2	P63
GRI 415	GRI 103	Public Policy Management Approach	Not applicable
GRI 416	GRI 103	Customer Health and Safety Management Approach	P60
GRI 417	GRI 103	Marketing and Labeling Management Approach	Undisclosed
GRI 418	GRI 103	Customer Privacy Management Approach	P60-61
GRI 419	GRI 103	Socioeconomic Compliance Management Approach	P45-47
	Topic-specific disclosures	419-1	P45-47

III. ESG⁴⁸ Benchmarking

Category	Aspect	Indicator	Pages
Environment	A1 Emissions	General disclosure	P53-55
		A1.1	P55-56
		A1.2	P55-56
		A1.3	P55-56
		A1.4	P55-56
		A1.5	P53-55
		A1.6	P53-55
	A2 Use of resources	General disclosure	P53-55
		A2.1	P56-57
		A2.2	P56-57
		A2.3	P53-55
		A2.4	P54
		A2.5	P55
	A3 The Environment and Natural Resources	General disclosure	P53-55
		A3.1	P53-58
Society	B1 Employment	General disclosure	P66-70
		B1.1	P65-66
		B1.2	Undisclosed
	B2 Health and Safety	General disclosure	P66-67
		B2.1	P67
		B2.2	P67
		B2.3	P66-67
	B3 Development and Training	General disclosure	P67-68
		B3.1	Undisclosed
		B3.2	Undisclosed
	B4 Labor Standards	General disclosure	P68-69
		B4.1	Undisclosed
		B4.2	Undisclosed
	B5 Supply Chain Management	General disclosure	P63
		B5.1	Undisclosed
		B5.2	P63
	B6 Product Responsibility	General disclosure	P60-63
		B6.1	Not applicable
		B6.2	P61
		B6.3	P44

⁴⁸ ESG stands for Environmental, Social and Governance.

		B6.4	Not applicable
		B6.5	P60-61
	B7 Anti-corruption	General disclosure	P40、P45-47
		B7.1	Undisclosed
		B7.2	P45-47
	B8 Community Investment	General disclosure	P70-78
		B8.1	P70-78
		B8.2	P70、72、P77-78

IV. Figures, Tables and Cases

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Figure 3: Corporate Governance Structure of the Bank

Figure 4: Distribution of Importance of Major Topics on Sustainable Development of the Bank

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Table 5: The Bank's Loans by Region

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Table 8: Statistics on E-banking Business of the Bank

Table 9: Statistics on Discharged Environment Pollutants

Table 10: Statistics on Energy Consumption

Table 11: Statistics on Other Resources Consumption

Table 12: Employee Statistics

Table 13: Training Statistics

iii. Cases

Case 1: Bank Anthem Singing Activity

Case 2: Sponsoring China Open

Case 3: Independent Directors Visited an Elementary School in Poverty-stricken Areas

Case 4: Studying the Instructions of the 19th CPC National Congress

Case 5: The Bank's Control over Altyn Bank

Case 6: Nanjing Branch's Support for the Development of Belt and Road Enterprises

Case 7: Support of Shijiazhuang Branch for the Construction of Xiongan New Area

Case 8: Wuhan Branch's Support for the Development of High-tech Enterprise

Case 9: Zhengzhou Branch's Support for the Transformation and Upgrading of Traditional Steel Enterprise

- Case 10: Supporting the Development of Tencent's Music Culture Industry
- Case 11: Jinan Branch's Supports for Shantytown Reconstruction Project
- Case 12: Supports for Development of Public Transportation
- Case 13: Supporting the Economic Rise in the Central Region
- Case 14: Supporting a New Round of Western Development
- Case 15: Nanjing Branch's Support for the Development of Small and Micro Enterprises
- Case 16: Carrying out the "413 Compliance Actions"
- Case 17: Dalian Branch Supported Waste Disposal Enterprise
- Case 18: Zhengzhou Branch Supported Ecological Management Project
- Case 19: Officially Launching Personal Online Banking V7.0
- Case 20: Officially Rolling Out Mobile Banking V5.0
- Case 21: Online Payment Platform for Party Membership Dues
- Case 22: AiBank Serves over 12 Million Customers in the First Year
- Case 23: "Work on the Left, Children on the Right" Family Education Lecture
- Case 24: The "Two Hundreds, Two Thousands" Talent Program
- Case 25: The "Convoy Plan"
- Case 26: Xi'an Branch Supports Poverty Alleviation through Tourism
- Case 27: "Ai You Young Heart Program"
- Case 28: Business Department of the Head Office Standardizes Accessible Facilities
- Case 29: Zhengzhou Branch Brings Service to Customer at ICU
- Case 30: The Head Office Popularizes Financial Knowledge through Purchasing a lot of Media Resources
- Case 31: Representative Promoting at Communities
- Case 32: Representative Promoting on Campus
- Case 33: The Head Office Holds Charity Sale
- Case 34: Volunteers of Xi'an Branch Visit Welfare Center

V. Feedback Questionnaire

To help us better understand your needs, improve the quality of the CSR report and provide you and other stakeholders with more valuable information, we would like to invite you to fill in the Feedback Questionnaire and send it back to us either by facsimile or by mail delivery (please kindly indicate “Feedback Questionnaire about China CITIC Bank CSR Report” on the envelope if you choose mail delivery).

Tel.: 010-89936232 Postal Code: 100010 Email: csr@citicbank.com

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

What is your overall view of the Report?

Do you think the Report fully discloses what you hope to understand about China CITIC Bank’s performance of Environmental, Social and Governance?

What further information do you hope to be disclosed in Environmental, Social and Governance 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 Environmental, Social and Governance Report?

Your Information	
Name	Work unit
Position	Telephone
Fax	Email

