

China CITIC Bank Co., Ltd. **CSR**
2014 Corporate Social Responsibility Report



中信银行
CHINA CITIC BANK



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Chairman's Statement

In 2014, China entered the "new normal" of economic transformation, ecological governance, and social transition on all fronts. Under the "new normal", the Group, as a state-owned listed company, is not only charged with the arduous task of adapting to the changes brought along by economic transformation, safeguarding value preservation and appreciation of state-owned assets, and supporting effective implementation of government strategies, but also need exert more practical efforts to protect consumer rights and interests, promote holistic staff development, and participate in the public benefit and charity cause. Moreover, the Group should make more appropriate use of financial instruments for major progress of the whole society in energy conservation, emission reduction and environmental governance, and thereby perform its economic, social and environmental responsibilities.

Thanks to its constant efforts to construct and improve corporate governance system, the board of directors of the Bank has been able to elevate corporate governance to an even higher level. 2014 witnessed further refinement and development of relevant administrative measures of the Bank which helped standardize performance evaluation and rules of procedures of the board of directors, directors and senior management members, and promoted the performance of due diligence by board members.

The Bank published regular reports and announcements according to law and ensured truthfulness, accuracy, completeness, fairness and timelessness of its information disclosure to protect legitimate rights and interests of all stakeholders. In addition, the Bank developed a new program for reform of the risk management system to further improve its risk management system in an all-round, uniform, independent and professional manner.

The Group carried forward its efforts to strengthen strategic and cultural design at the top for greater core competitiveness of the Bank. In 2014, the Bank formulated the *2015-2017 Development Strategy of China CITIC Bank*, and put forward the guiding philosophy of "becoming the bank of best

integrated financial services that is a forerunner in key regions with unique business, outstanding profitability and sound asset quality, that upholds customer focus and orientation towards value creation and lean development, that drives forth development with reform and innovation, and that insists upon coordinated development of profit, quality and scale". In addition, the Bank developed its corporate culture with more intensive efforts. Among others, the Bank prepared the corporate culture handbook, and defined the vision "to become the bank of best integrated financial services", and the mission "to support customer growth, create employee happiness, increase shareholder value and become a responsible corporate citizen". With the core values of "trust, innovation, coordination, and excellence", the Bank endeavored to create a green bank, a people's bank, a bank of love, a trustworthy bank, a bank of value and a bank with a great brand, and boost harmonious and sustainable economic, social and environment development.

Looking forward to 2015, the Group will continue to closely follow the government pace in deepening reform and adjusting economic structure, proactively adapt itself to the "new normal" of economic development, establish environment-friendly concepts, practice vigorous energy conservation and emission reduction, increase support to environmental protection and pollution control, construct a green bank, and make more contribution to the development of an ecological civilization in China.



Chang Zhenming
Chairman
March 20, 2015



President's Statement

In 2014, in face with the complexity of economic situation, environmental pressure and social demand under the "new normal", the Group developed the *2015-2017 Development Strategy of China CITIC Bank*, and, with its CSR goals at the core, integrated its CSR philosophy and its corporate culture. Above all, the Group resolved to become a responsible corporate citizen that communicates closely with all stakeholders, commits itself to public benefits, and contributes love and care to the society. In the

meantime, the Group worked hard to become "the bank of best integrated financial services", in the hope of promoting harmonious and sustainable economic, social and environment development.

As a proactive response to government strategies, the Group took the initiative to serve economic development in China. In 2014, the Group formulated the plan on synergized development in the Beijing-Tianjin-Hebei region, participated in the development of the Shanghai Free Trade Zone, increased support to "Going

International" of Chinese enterprises, helped small and micro enterprises to access finance, and promoted upgrading of industrial structure and development of strategic emerging industries and the cultural industry in China. At the same time, the Group became an active driving force in the development of the banking industry and safeguarding of a stable financial order, and exerted more intensive efforts to fight against corruption, promote clean governance, toughen internal control, intensify compliance management, and strictly control money laundering risk. As at the end of 2014, the Group recorded net profit attributable to the Bank's shareholders of more than RMB 40.00 billion, total assets of over RMB 4 trillion, a capital adequacy ratio of 12.33%, a provision coverage ratio of 181.26% and an NPL ratio of 1.30%.

The Group made continuing efforts to build its customer service capacity and protect consumer rights and interests. In 2014, the Group registered more effective safety management of customer information and customer funds, and protected operation safety of self-service terminals and banking safety at outlets. In addition, the Bank managed service quality in better ways, improved service deficiencies conveyed in customer feedback, exempted fee charges for nearly one hundred service items, added the new service channel of WeChat banking, and created the "flagship" customer service model. At the same time, the Bank upheld the human center philosophy and the principle of equal pay for equal work, cared for physical and mental health of employees, safeguarded essential rights and interests of its staff, planned career development for employees, and devoted itself to creation of employee happiness.

With its enthusiasm to pay back to the society, the Group actively participated in charity events and public benefit activities. In 2014, when coastal China was hit by Typhoon Rammasun and Yunnan Province by the Zhaotong Earthquake, the Group made timely donations to relieve the disasters. It also increased financial support to the "China CITIC Bank – New Great Wall High School Student Self Improvement Classes". Throughout the Bank youth volunteer organizations were established and employee volunteers mobilized to participate in voluntary teaching, caring for sick children and other vulnerable groups, planting trees, donating blood, advocating traffic compliance, raising funds for disaster relief by organizing charity bazaars, and other voluntary initiatives. As at the end of 2014, social contribution per share of the Group stood at RMB 4.19, up 25.45% over the end of previous year; and outbound donations by the Group summed up to around RMB 14.62 million, including nearly RMB 10million donations from employees, who on their part participated in voluntary activities by about 2,450 person-times.

In parallel with the conduct of green credit business, the Group placed tougher control on credit grant to heavy-pollution high-energy-consumption and overcapacity industries, and practiced energy conservation and emission reduction to create a green bank. In 2014, the Bank implemented the green credit concept

throughout the process of dissolving overcapacity. Among others, the Bank exited from loans to enterprises that were low in production capacity, high in energy-consumption and backward in processes and technologies, made sure that credit was granted to areas compliant with requirements of technological upgrading, constraints on carbon emission and green standards, and rendered strong support to development of green economy, circular economy and low-carbon economy. Meanwhile, the Bank tried to use the level of carbon emission for measurement of the capacity for energy conservation and emission reduction, laying a foundation for target setting on carbon emission management and control. As at the end of 2014, the Bank's balance of loans to the high-energy-consumption heavy-pollution industries stood at RMB 49.219 billion, a decline of 22.30%, and the share of such loans in total corporate loans of the Bank went down by 1.12 percentage points over the end of the previous year.

The Group boosted communication with its stakeholders and enthusiastically responded to their demands and wishes. In 2014, in addition to face-to-face communication with government organizations, the Group also hosted meetings with investors, and organized promotions, lectures and fitness activities for customers. In the meantime, the Group disclosed announcements and regular reports on the SSE and SEHK websites, published business and product news and reportage on national media, and released dynamic news and wealth management product announcements on its official website. Moreover, the Group innovatively developed and online operated the APP version of *The 2013 Social Responsibility Report of China CITIC Bank Corporation Limited*, which not only enhanced its interaction with stakeholders, but also enabled it a more express understanding of its CSR performance.

Looking forward to 2015, the Group will closely follow the *2015-2017 Development Strategy of China CITIC Bank* against the backdrop of a new market environment in the overall sense. With greater efforts to uphold its CSR culture and philosophy, reinforce its CSR management, timely understand and respond to concerns and demands of all stakeholders, enthusiastically promote green credit, and actively participate in the public benefit cause, the Group will effectively perform its economic, social and environment responsibilities as a banking financial institution.



Li Qingping
Executive Director and President
March 20, 2015



Introduction about the Group

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

As one of the strongest domestic commercial banks in terms of capital base, the Bank has grown rapidly in the wave of economic development in China. With simultaneous listing of A + H shares (SH601998, HK0998) in 2007, the Bank has gone both public and international and become a national commercial bank with strong comprehensive competitive edges. In July 2014, the Group ranked 37th in terms of tier-one capital and 48th in terms of total assets among the "Top 1,000 World Banks" published by *The Banker* magazine of the United Kingdom, ranking among the best of all Chinese commercial banks. In May 2014, the Group ranked 134th among the "Top 2,000 Global Enterprises" published by the *Forbes* magazine.

The Group provides corporate customers with integrated financial solutions in corporate banking business, international business, financial market business, institutional banking business, investment banking business and factoring business, and offers individual customers diversified financial products and services covering retail banking, credit card, consumer finance, safe deposit box, wealth management, private banking and going abroad finance. For both corporate and individual customers, the Group provides all-round financial services in wealth management, online banking, small & micro enterprise finance, and custody business.

As at the end of 2014, CITIC Limited was the controlling shareholder of the Bank, holding 67.13% of the Bank's total issued and outstanding shares. The Bank had 1,230 outlets in 121 large and medium cities in mainland China, which were mainly distributed in coastal areas in eastern China and economically developed cities in central and western China, and employed over 50,000 employees nationwide. There were three subsidiaries under the Group, namely, Zhejiang Lin'an CITIC Rural Bank in mainland China, and CITIC International Financial Holdings Limited (CIFHL), and China Investment and Finance Limited (CIFL) in Hong Kong, and an office in London. China CITIC Bank International (CNCBI), a subsidiary of CIFHL, had over 1,800 employees and more than 40 business outlets in Hong Kong, Macao, New York, Los Angeles, Singapore and mainland China.

Key Performance Indicators¹

Economic Performance

Key Performance Indicators	Unit	2014	2013
Operating income	RMB 100million	1,247.16	1,045.58
Total profit	RMB 100million	545.74	525.49
Net profit attributable to shareholders of the Bank	RMB 100million	406.92	391.75
Basic earnings per share	RMB Yuan	0.87	0.84
Return on average assets (ROAA)	%	1.07	1.20
Return on weighted average equity	%	16.84	18.48
Total assets	RMB 100million	41,388.15	36,411.93
Total liabilities	RMB 100million	38,714.69	34,104.68
NPL ratio	%	1.30	1.03
Provision coverage ratio	%	181.26	206.62
Capital adequacy ratio	%	12.33	11.24

Environmental Performance

Key Performance Indicators	Unit	2014	2013
Loan balance of green credit*	RMB 100million	271.25	207.64
Transaction value of personal internet banking*	RMB 100million	89,652.25	53,635.94
Transaction value of corporate internet banking*	RMB 100million	381,072.41	282,843.43
Per capita urban power consumption*	KwH	4,423	4,074
Per capita urban water consumption*	Tons	31.5	27.0
Per capita Xerox paper purchase volume*	Pack	7.8	7.4
Total number of account statements*	10,000 envelopes	9,530	7,427
Consumption of hardcopy account statements*	10,000 envelopes	3,323	2,985
Hardcopy-to-e-statement substitution rate*	%	65.13	59.81
Video conferences*	In number	Approximately 3,300	Approximately 4,200

¹ Indicators marked with “*” in the table are data of the Bank and those without the “*” mark are data of the Group.

Social Performance

Key Performance Indicators	Unit	2014	2013
Taxes paid ²	RMB 100million	231.49	215.55 ³
Total donation	0.01 million	1,461.60	1,661.60
Value of social contribution per share	RMB Yuan	4.19	3.34
Business outlets*	In number	1,230	1,073
Self-service terminals*	In number	11,128	8,433
Total number of staff*	Person	50,735	46,822
Including: Male staff*	Person	23,959	22,160
Female staff*	Person	26,776	24,662
Ethnic-minority staff*	Person	1,966	1,631
Turnover rate of staff (under labor contracts with the Bank)*	%	4.63	4.86
Total training input*	0.01 million	7,812.97	8,558.88
Including: training of senior staff*	0.01 million	282.20	140.15
Training of medium-level staff*	0.01 million	2,300.58	2,036.16
Training of grassroots staff*	0.01 million	5,230.19	6,382.57
Number of voluntary activities*	In number	64	34
Number of voluntary participants*	Person-time	Approximately 2,450	Approximately 1,770

² Data source: "Cash Flow Statement – Taxes Paid" in the annual financial report.

³ Restatement of data about total taxes paid for FY 2013 in accordance with "Taxes Paid" in the 2013 annual financial report.



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Voluntary Activities
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Enhancement of Customer Experience
Promotion of financial literacy
Basic Staff Welfare Programs
Provision of financial assistance to high school
Smiling service
Reduction of energy consumption in logistics
HINA CITIC BANK CO., LTD.

Strategy and Management

- Formulation of Development Strategy
- Definition of CSR Goals
- Improvement of CSR Philosophy
- Enhancement of CSR Communication
- Promotion of CSR Management

1.1 Formulation of Development Strategy

In 2014, on the basis of reviewing its existing development strategy, and analyzing its development situation as well as opportunities and challenges, the Group formulated the *2015-2017 Development Strategy of China CITIC Bank*, which was deliberated and adopted by the 34th meeting of the 3rd Board of Directors of the Bank in 2015.

Vision

To become the bank of best integrated financial services.

Mission

To support customer growth, create employee happiness, increase shareholder value and become a responsible corporate citizen.

Guiding philosophy

To become the bank of best integrated financial services that is a forerunner in key regions with unique business, outstanding profitability and sound asset quality, that upholds customer focus and orientation towards value creation and lean development, that drives forth development with reform and innovation, and that insists upon coordinated development of profit, quality and scale.

1.2 Definition of CSR goals

In 2014, the Group further boosted development of its corporate culture. With the preparation of its corporate culture handbook and definition of its corporate social responsibility ("CSR") goals, the Group kept incorporating CSR management into its business management.

CSR goals

effectively perform the Bank's economic, social and environment responsibilities as a banking financial institution; create a green bank, a people's bank, a bank of love, a trustworthy bank, a bank of value and a bank with a great brand; and boost harmonious and sustainable economic, social and environment development.

1.3 Improvement of CSR Philosophy

In 2014, under the guidance of the *2015-2017 Development Strategy of China CITIC Bank* and centering around its CSR goals, the Group integrated its CSR philosophy and its corporate culture and refined its CSR philosophy to be "performance of social responsibility and pursuit of sustainable development".

Performance of social responsibility

To be a responsible enterprise, to effectively fulfill economic, social and environment responsibilities, to connect closely with all stakeholders, to be committed to public benefits with love and care, and to become a responsible corporate citizen.

CSR Philosophy

Pursuit of sustainable development

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

1.4 Enhancement of CSR Communication

1.4.1 Sincere response to stakeholders

In 2014, the Group reinforced communication with stakeholders and adopted effective measures to respond to stakeholder wishes and demands in a timely and sincere manner, thereby promoting harmonious sustainable development of both itself and the stakeholders. The stakeholders recognized by the Group mainly include:

Stakeholder



Government

Expectations as Understood by the Bank: 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;

Forms of Communication: 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;

Response Measures: Answered government calls; Implemented regulatory policies; Participated in development of industrial standards and norms; Improved operating and management results; Accepted regulatory evaluation;

Performance: 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

Expectations as Understood by the Bank: Standard corporate governance; Higher return to shareholders; Higher profitability; Higher corporate value; Sustainable development;

Forms of Communication: Shareholders' Meetings; Periodical announcements; Communication and exchanges with investors; Road shows; Results releases;

Response Measures: Formulated and implemented development strategies; Refined corp. governance; Reinforced risk prevention; Increased transparency of information disclosure;

Performance: Better CSR management; Higher social contribution value per share; Lasting brand value and honors; Better operating results; Internal regulatory ratings, etc..



Customer

Expectations as Understood by the Bank: Provision of high-quality financial services; Provision of high-quality financial products; Provision of complete, truthful and accurate product and service information; Safeguarding information safety;

Forms of Communication: Business outlets; E-banking; Marketing activities; Salons and lectures; Market surveys; Result evaluation;

Response Measures: Provided convenient express financial services; Diversified financial products; Timely launch product & market announcements; Understood customer comments and suggestions; Strengthened safety and security of business outlets;

Performance: Survey of customer satisfaction and demand; Better service quality; Better customer experience; Safeguarding customer rights and interests, etc..



Employee

Expectations as Understood by the Bank: Creation of jobs; Reasonable remuneration and welfare; Satisfactory work environment; Smooth communication mechanisms; Admirable room for personal career development;

Forms of Communication: Employee representatives' congresses; Trade unions; Intranet emails and forums; Internal meetings;

Response Measures: 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;

Performance: Realizing the role of the trade union; Staff performance evaluation for promotion purpose; Health inspections and psychological counseling for employees; Diversified professional training sessions; Employees arranged to go on all types of leaves; Symposiums with employees.



Supplier

Expectations as Understood by the Bank: Compliance with commercial ethics; Open, equitable and fair procurement; Mutual benefit, win-win and common development;

Forms of Communication: Publicly available procurement information; Negotiations and exchanges; Cooperation contracts and agreements;

Response Measures: Set up and improved the supplier management mechanism; Established and maintained a supplier database; Reinforced communication and contact with suppliers;

Performance: Establishment of concentrated procurement center; Formulation of relevant rules and regulations on concentrated procurement management; Establishment of partnership with suppliers.



Community

Expectations as Understood by the Bank: Care for vulnerable groups; Public benefit activities; Financial literacy;

Forms of Communication: Field surveys and visits; Visit to public benefit organizations;

Response Measures: Made outbound donations; Assisted vulnerable groups; Promoted financial literacy; Organized public benefit activities;

Performance: More outbound donations; Organization of diversified public benefit and charity activities; Participation in voluntary activities, etc..

1.4.2 Communication with stakeholders

Active visits: In 2014 President Li Qingping of the Bank led teams to visit provinces, autonomous regions and municipalities directly under the central government. Their visits strengthened the Bank's communication with leaders of the party committees and provincial governments of Zhejiang, Hebei, Jilin, Jiangsu, Guangxi and Fujian as well as party committees and municipal (district) governments of Shenzhen, Qingdao, Baoding and some districts in Beijing. In their visits, sufficient communications and exchanges were carried out with 17 government organizations for continuous improvement of the Group's work in various aspects and enhancement of the Group's capacity and competence in serving the real economy.

Announcements and road shows: In 2014, the Group successfully held 3 results releases, namely, on-site release of the 2013 annual results, on-site release of the 2014 interim results and conference-call release of the 2014 Q3 results, organized road shows of annual results in Hong Kong, USA, Europe and the Middle East, and introduced its business situation to its individual and institutional shareholders and important potential investors. In addition, the Group published 92 interim announcements and 4 regular reports on the SSE website, timely disclosing to the market such important information as financial performance of the Bank, incremental shareholding by the Bank's controlling shareholder, issuance of bonds, and additional share issuance to designated partners. During the reporting period, the Group hosted more than 70 investor meetings with attendance of more than 400 person-times, and attended 9 large investor forums as invited. Moreover, the Group took the initiative to organize promotions for POS online loans, and invited relevant institutions from home and abroad for exchanges and communication.

Marketing events: The Group organized about 3,579 bank-wide or regional marketing events for its corporate customers, with nearly 80,000 person-time employees providing professional financial services to over 1.83 million person-time customers. These events included content publicity of products, product promotion, door-to-door service provision, care for customer activities, friendship celebrations with customers, and education and communication on financial policies and knowledge.

Internal communication: The Group made timely release of various information on its intranet, created the "Management of Social Responsibility" column on its intranet, reinforced communication with employees, and set up the President's Mail Box to listen to comments and suggestions from employees at all levels at any time. As at the end of 2014, the Group recorded 9.60 million person-time visits of its intranet.

Media publication: The Group created the "Social Responsibility Reporting" column on its official website to disclose its CSR

information to the general public. In 2014, via various national (and local) media, the Group published over 42,000 pieces of media coverage, a growth of about 40%; on its official website, the Bank published over 1,300 pieces of news, and released more than 3,000 announcements on wealth management products. The summary of the *2013 Social Responsibility Report of China CITIC Bank Corporation Limited* was published on 4 presses, namely, *China Business News*, *The Economic Daily*, *The Securities Times* and *The Economic References*.

Interview exchanges: In 2014, the Group had close exchanges with international rating agencies. In addition to one interview with Moody's and Fitch Rating each, the Bank also assisted CITIC Group to complete the latter's annual interviews with S&P and R&I. The Group took the initiative to invite rating agencies to its results releases and provided them with dynamic openly available information to promote mutual understanding.

Innovative experiences: In 2014, for the first time in its history the Group developed and online operated the APP version of its 2013 Social Responsibility Report, which innovated its ways of communication with stakeholders. In addition, the APP version was placed on the official website, official WeChat, and official Microblog of the Group with rolling advertisement broadcasted at more than 1,000 outlets of the Bank, which improved readability of its social responsibility report and convenience of customer experience.



Community services sponsored by Jimei Sub-branch



North-America Overseas Study Forum

1.5 Promotion of CSR Management

Improvement of organizational structure: In 2014, the Group introduced a human resources organizational structure and job responsibility consulting services for CSR management. Per requirements of job description relating to social responsibility positions, the Bank is suggested to establish the "Corporate Culture Section" under the Supervisory Department at the Head Office to take charge of social responsibility management. As at the end of 2014, the Bank had 73 social responsibility staffs, including 2 full-time managerial persons, 40 persons working at corresponding social responsibility positions at the branches, and 31 persons that work concurrently at other Head Office departments. The Group organized a special training on management of social responsibility for those working on specialized social responsibility positions at the branches, further building up capacity of these specialized persons for social responsibility work.

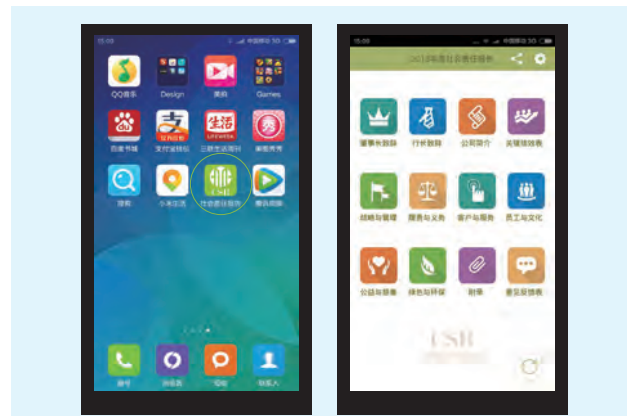
Setting CSR performance evaluation indicators: The Group earnestly performed its social responsibility in the reporting period. For the first time in its history, the Group incorporated "social responsibility" into the performance evaluation indicators of its branches. The "social responsibility" indicator includes two sub-indicators, namely, service quality and the "two minimums" for small and micro enterprises. The "service quality" sub-indicator evaluates retail banking service quality of branches and aims at better evaluation guidance for higher service quality. It covers two components, namely, "third-party mysterious customer monitoring" and "number of outlets placed on the list of 1,000 Best Role Model Units". Loans to small and micro enterprises should meet the "two minimums" requirement, i.e., growth rate being no lower than the average growth rate of all loans, and incremental amount being no less than that of the previous year. The indicators focus on guiding branches to increase their credit support to small and micro enterprises.

Uniformed management of donations: The Bank reinforced uniformed management of outbound donations in line with the *Measures of China CITIC Bank for Management of Outbound Donations* and the implementation rules. In 2014, and continuous implementation of uniformed budgetary management of outbound donations. The Bank further standardized outbound donations bank-wide. In 2014, the Bank approved 11 outbound donation projects, and rejected 3 donation application that do not meet the Bank's requirement.

Full coverage data collection: The Group further reinforced management of social responsibility. For the first time in its history, the Group collected data on social responsibility reports from all branches, sub-branches and affiliates. In accordance with the *Measures of China CITIC Bank for Management of Social Responsibility Reporting*, the Group further optimized channel management, statistical definition and process



Publicity Day for Prevention of Economic Crimes



《China CITIC Bank Co., Ltd. 2013 CSR Report》APP

management of social responsibility, and institutionalized and normalized the model of having branches and sub-branches submit social responsibility data to the Head Office on a quarterly basis. These improved truthfulness and traceability of the Group's social responsibility data.

Insistence on third-party assurance: Since 2009, the Group has disclosed its CSR reports on a regular basis, and has engaged KPMG Huazhen (Special General Partnership) to conduct independent limited assurance of the reports, review the truthfulness of important statements and key data in the reports, and produce opinions and recommendations regarding the Group's management of social responsibility. In 2014, KPMG Huazhen (Special General Partnership) put forward 16 opinions and recommendations regarding the Group's management of social responsibility all of which have been remedied or responded to by the Group in its ordinary and usual course of work.

Participation in rating: For four consecutive years since 2010, the Group has engaged the Headquarters of the Global Reporting Initiative (GRI) to rate its social responsibility reports, gaining one B+ and three A+ ratings.



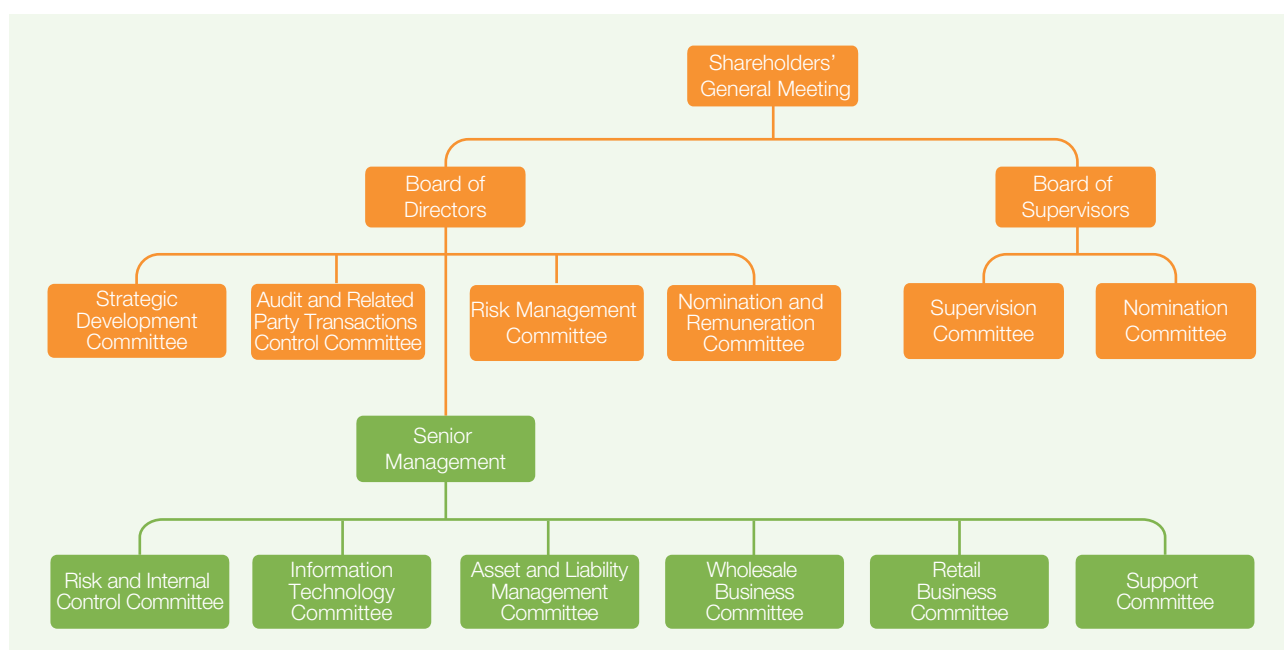
02

Corporate Governance and Risk Control

- Improvement of Corporate Governance
- More Intensive Risk Management

2.1 Improvement of Corporate Governance

2.1.1 Corporate governance structure



2.1.2 Overall profile of corporate governance

In 2014, the Bank made continuing efforts to refine its modern corporate governance structure in line with domestic and overseas regulatory requirements and in consideration of its own realities. There is no discrepancy between the Bank's institutional structure and operation of corporate governance and the corresponding requirements of the CSRC and the SEHK.

The Bank released over 90 regular reports and interim announcements in accordance with the law and ensured truthfulness, accuracy, completeness, fairness and timeliness of information disclosure, which in turn safeguarded the legitimate rights and interests of investors and other stakeholders. In 2014, the Bank convened 1 annual shareholders' general

meeting, 4 extraordinary shareholders' general meetings, 13 meetings of the Board of Directors and 11 meetings of the Board of Supervisors, all of which were held in compliance with the procedures specified in the Articles of Association.

The chairman and president of the Bank hold their positions separately. In 2014, Mr. Chang Zhenming was Chairman of the Bank, responsible for presiding over shareholders' general meetings, convening and presiding over the Board of Directors' meetings and examining implementation of the resolutions of the Board of Directors; and Ms. Li Qingping was President of the Bank, responsible for implementing the Board of Directors' resolutions, and leading operation and management of the Bank.

2.1.3 Board of Directors

The Board of Directors consistently attaches great importance to the establishment and improvement of its internal corporate governance systems. In 2014, according to regulatory

requirements, the Bank formulated a series of policies and regulations in this regard, including the *Measures of the Board of Directors on Performance Evaluation of Directors and Senior*

Management, Implementation Rules for the Measures of the Board of Directors on Performance Evaluation of Directors and Detailed Working Principles for the Secretary to the Board of Directors, thereby further improving regulatory requirements on the Board of Directors and independent non-executive directors and upgrading the Bank's corporate governance while enhancing performance of due diligence by board directors. The Board of Directors has reviewed the report and holds no objection thereto.

Composition and responsibilities of the Board of Directors:

The Board of Directors is the decision-making body of the Bank. As at the disclosure date of this Report, the Board of Directors of the Bank consists of 11 members, including 2 executive directors, namely, Ms. Li Qingping and Mr. Sun Deshun; 5 non-executive directors, namely, Mr. Chang Zhenming, Mr. Zhu Xiaohuang, Mr. Dou Jianzhong, Mr. Zhang Xiaowei and Mr. Gonzalo José Toraño Vallina; and 4 independent non-executive directors, namely, Mr. Li Zheping, Ms. Wu Xiaoqing, Mr. Wong Luen Cheung Andrew and Mr. Yuan Ming.

Meetings of the Board of Directors: In 2014, the Board of Directors convened 13 meetings (including 5 votings by correspondence) whereby 81 proposals were deliberated and adopted, including the proposals on the Bank's four regular reports and the plan on private offering of A shares. In addition, the Board of Directors listened to the work reports of the senior management regarding business operation, implementation of

the new capital management methods, as well as management of related party transactions.

Independence of independent non-executive directors and their performance of duties: The independent non-executive directors of the Bank have no business or financial interests in the Bank or its subsidiaries, nor do they assume any management positions in the Bank. Therefore, their independence is well guaranteed. For the year 2014, the Bank has received an annual confirmation letter from each and every independent non-executive director confirming his / her independence, and has recognized his / her independence as such. The independent non-executive directors of the Bank, by attending the shareholders' general meetings, meetings of the Board of Directors and of the specialized committees under the Board of Directors, have effectively discharged their duties.

Specialized committees under the Board of Directors:

There are four specialized committees under the Board of Directors, namely the Strategic Development Committee, the Audit and Related Party Transactions Control Committee, the Risk Management Committee and the Nomination and Remuneration Committee. In 2014, the Bank convened 5 meetings of the Strategic Development Committee, 11 meetings of the Audit and Related Party Transactions Control Committee, 5 meetings of the Risk Management Committee, and 6 meetings of the Nomination and Remuneration Committee.

2.1.4 Board of Supervisors

The Board of Supervisors is the supervisory body of the Bank reporting to the shareholders' general meeting. As at the disclosure date of this report, the Board of Supervisors consists of 6 members, including Dr. Ou-Yang Qian, Mr. Zheng Xuexue, Ms. Wang Xiuhong, Mr. Li Gang, Mr. Deng Yuwen and Ms. Wen Shuping, among whom two are shareholder representative

supervisors, one is an external supervisor, and the other three are employee representative supervisors. In 2014, the Board of Supervisors held 11 meetings whereby 16 proposals were deliberated and adopted. The Board of Supervisors supervised the Bank's operation and management by attending meetings of the Board of Directors as non-voting delegates.

2.1.5 Senior management

The senior management is the executive body of the Bank reporting to the Board of Directors. In 2014, the senior management of the Bank consisted of 10 members, namely, Ms. Li Qingping, Mr. Sun Deshun, Mr. Su Guoxin, Mr. Cao Guoqing, Mr. Zhang Qiang, Mr. Wang Lianfu, Mr. Zhu Jialin, Mr. Fang Heying, Mr. Guo Danghuai, and Mr. Li Xin. There is strict division of duties and separation of power between the Bank's senior management and the Board of Directors. As authorized by the Board of Directors, the senior management manages and makes decisions on business operation within its mandate. The Board of Directors evaluates the performance of the senior

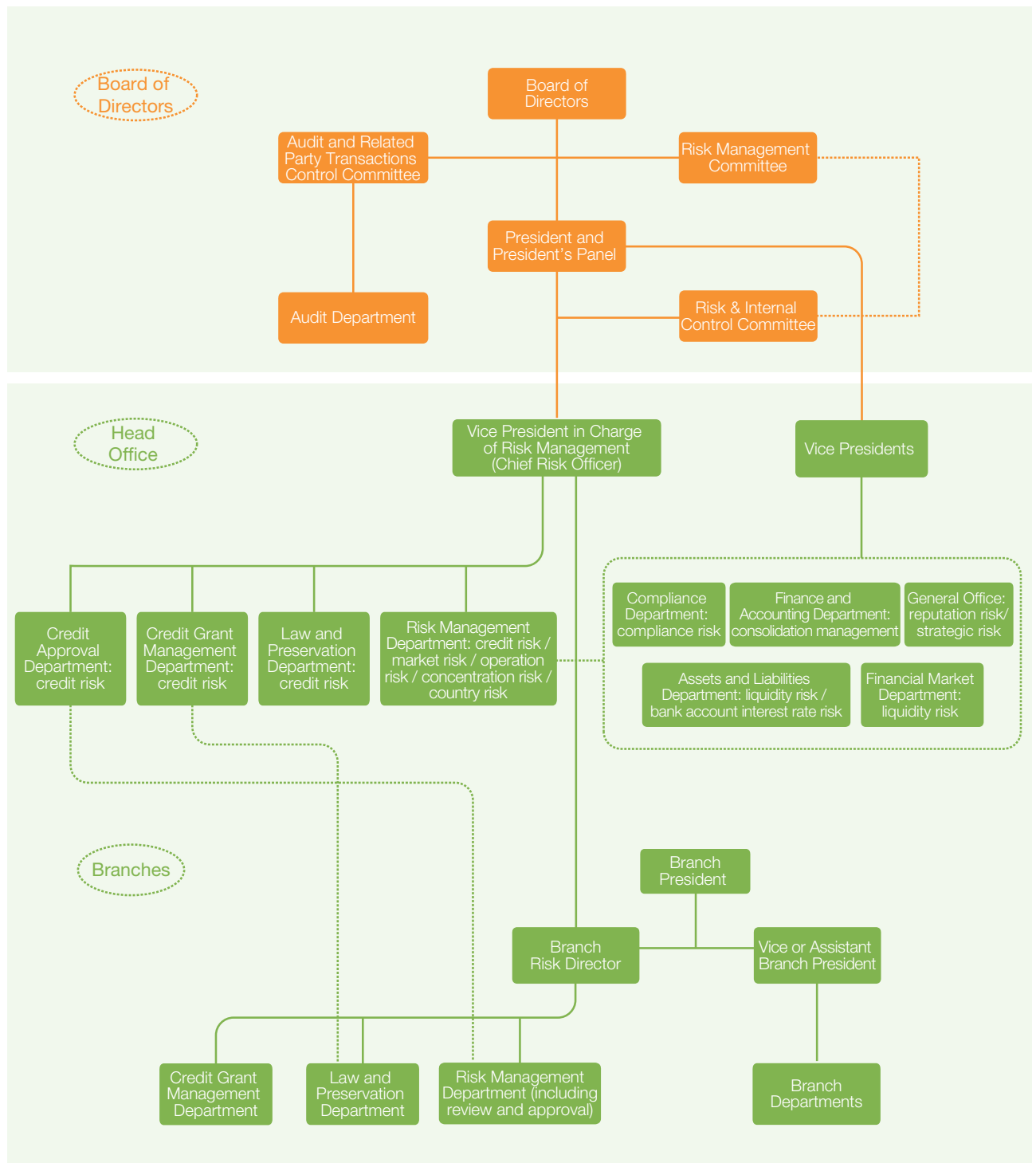
management, the results of which shall be used as the basis for determining remunerations and other incentive arrangements for the senior management.

The Bank has set up its mechanism for annual performance evaluation of the senior management. The 2014 annual performance evaluation covered the completion of business indicators as well as behavior and capacity of duty discharge, the results of which shall be used as the basis for verifying and determining remuneration, appointment and removal, adjustment, exchange and training of senior management members.

2.2 More Intensive Risk Management

2.2.1 Risk management structure

Total Risk Management Organizational Structure of CITIC Bank



2.2.2 Risk management system

In 2014, for better design of risk management at the top and with approval from the board of directors, the Bank issued a new program for reform of the risk management system ("the reform program") to further improve its risk management system in an all-round, uniform, independent and professional manner. The reform program determined risk management responsibilities for the board of directors, the board of supervisors and the senior management, defined the main parties responsible for risk management at its different-level outlets, and set up "three defense lines" for management of major risks, namely, the mechanism for assessment of

risk management capability of the branches, qualification management of risk managers, and improvement of both the chief risk officer incentive / constraint mechanism and the mechanism for pursuit of NPL responsibilities. The reform program is conducive to the clarification of division of duties for risk management, enhancement of the Bank's risk management capability, and development of all-round, independent and professional risk management, thereby providing a strong guarantee for further development of the Bank. In 2015, the Bank will make proactive efforts to push forward early implementation of the reform program.

2.2.3 Risk management techniques

In 2014, in line with the status quo vis-à-vis its implementation of the New Basel Capital Accord, the Bank re-planned the application targets and compliance road map for implementation of the accord, systematically combed the follow-up projects for such implementation, and is making progress thereof as planned. As at the end of 2014, the Bank completed optimization of the corporate customer

rating model and the retail application scorecard, with the rating results used in review and approval of loan applications and policy making process. Meanwhile, the market risk internal model approach project is in orderly progress, and the results of market risk measurement such as risk value and stress test are applied in daily risk management.



03

Duty Performance and Obligations

- Response to Government Strategies
- Participation in Development of the Banking Sector
- Anti-Corruption and Clean Governance
- Stronger Internal Control and Compliance Management
- Safeguarding Financial Order

3.1 Response to Government Strategies

3.1.1 Formulation of the plan on synergized development of the Bank in the Beijing-Tianjin-Hebei region

The Bank closely followed the policy orientation of the government on synergized development of Beijing, Tianjin and Hebei. Based on careful analysis of the future development environment of the Beijing-Tianjin-Hebei region and after sufficient survey and demonstration, the Group formulated the *Plan on Synergized Development of China CITIC Bank in the Beijing-Tianjin-Hebei Region (3-5 Years)*. The plan puts forward the strategic goal of the Bank, i.e., "realize higher than bank average scale growth, profit level and asset quality in the Beijing-Tianjin-Hebei region, increase the share of the Beijing-Tianjin-Hebei region in the Bank's business and profit, and build the Beijing-Tianjin-Hebei region into an important profit zone and growth point of the Bank".

In 2014, the Head Office of the Group established a leading group and an office for synergized development in the Beijing-Tianjin-Hebei region. The President's Work Meeting at the Head office became the leading group for synergized development, and the Wholesale Business Committee of the Head Office was merged with the office for synergized development to jointly conduct relevant work. The Head

Office distributed the list of the first group of key projects for synergized development of the Bank in the Beijing-Tianjin-Hebei region, established a project-specific marketing group with interaction between the three levels (Head Office, branches and sub-branches), took charge of organization, coordination and promotion of the key projects, and released relevant rules and policies on marketing promotion, income evaluation and resource allocation. Focusing on transport integration and urbanization of the Beijing-Tianjin-Hebei region, the Business Department of the Head Office pushed forward multiple projects including the Gu'an Dachang Urbanization Project. Tianjin Branch closely followed policy orientation of the local government in synergizing development of Beijing, Tianjin and Hebei. Prioritizing industry transfer, Tianjin Branch has reported several projects including the Tianjin Binhai New Area Project. Shijiazhuang Branch paced up its layout of business outlets, established its Baigou Sub-branch, and made active efforts to facilitate numerous projects including the renovation and expansion of the Beijing – Tianjin Rim express way.

3.1.2 Greater support to enterprises in the Shanghai Free Trade Zone ("FTZ")

In 2014, the Group enthusiastically promoted and vigorously supported development of the real economy and increased financial support to cross-border investment and trade in

the Shanghai Free Trade Zone ("FTZ"). Over the year, with dedicated instructions from the Head Office, Shanghai Branch of the Bank has harvested periodical achievements, including completion of system development, institutional construction, and personnel training, provision of key innovative products and services to customers such as FTZ Renminbi overseas borrowing and Renminbi two-way fund pool, cross-border Renminbi direct investment by enterprises in the FTZ, intentional foreign exchange settlement of capital funds by foreign-invested enterprises in the FTZ, and cross-border settlement and transaction under separate management of FT accounts.

In June 2014, pursuant to the *Notification of the Shanghai Headquarters of the People's Bank of China on Printing and Distributing the Interim Implementing Rules on Separate Management of FT Accounts in the China (Shanghai) Pilot Free Trade Zone and the Interim Implementing Rules on Prudent Management of Business Risks in Separate Management of FT Accounts in the China (Shanghai) Pilot Free Trade Zone*,



the Group established a special working group for separate management of FT accounts in the FTZ under which a leading coordination team and a work implementation team was set up to enhance communication and coordination between corresponding departments of the Head Office and the branches and fulfill specialized FTZ tasks of the departments. In August 2014, after development and testing of the business system, the Group's system for separate management of FT accounts successfully passed the risk prudence assessment

by the PBC Shanghai Headquarters and thereafter completed system connection and acceptance. Thus, the Group became one of the commercial banks qualified for FT account separate management business. In September, the Group officially initiated its FT account separate management business; and its Shanghai Branch opened the first group of FT accounts for its FTZ customers, enjoying a successful start in this particular line of business. In December, the FTZ Branch of the Group (a tier-two branch) was officially opened for business.

Successful Inspection and Acceptance of the FTZ Business System

Since the launch of the Shanghai Free Trade Zone ("FTZ") on 29 September 2013, Shanghai Branch of the Bank has, as led and supported by the Head Office, attached great importance to the development of the FTZ business system. The branch formulated the *Program of China CITIC Bank on Preliminary Renovation of the FT Account Separate Management System*, and completed the renovation, testing and online operation of the system by the end of February 2014. In line with the regulatory requirements of "separate labeling, separate management, separate production of statements, ear-marked reporting, and respective efforts for balance" of FT accounts, the Group completed in just over one month's time all-round upgrading and renovation of the business system including the

core system and the international business system and satisfied PBC requirements on system development for submission of business data relating to separate management of FT accounts. On 15 August, the FT account separate management system of Shanghai Branch was inspected and successfully accepted by the PBC on site. By then, Shanghai Branch, with the input of over 8 months and more than 100 person-time engineers, completed the construction of 2 key systems including the FT account separate management system and the FTZMIS data submission system, plus more than 10 newly built or renovated periphery systems, and thereby laid a solid technology foundation for rapid expansion of business in the SHFTZ.

3.1.3 Support to "going international" of enterprises

In 2014, the Group further enhanced its support to trade in service and "going international" of enterprises. Among others, it took the lead in the Chinese banking industry to launch cross-border concentrated operation of Renminbi capital for multinational group companies and realized RMB 378.1 billion cross-border Renminbi foreign exchange receipts and payments. In addition, the Bank strengthened its cooperation with Sinasure in the research of export finance under special insurance programs, thus rendering strong financing support to going international of core enterprises that were engaged in export of complete devices and foreign project contracting, and assisting these enterprises to expand their international markets. By fully leveraging its competitive edges in the organic integration of trade finance and foreign exchange funds, the Bank reinforced portfolio product design and promotion, launching such portfolios as Rong Hui Bao ("Financing and Foreign Exchange All in One"), Bao Hui Tong ("Factoring and Foreign Exchange All in One"), Rong Zu Tong ("Financing and Leasing All in One"), Bao Dai Tong ("Factoring and Lending All in One"), and Bao Fu Tong ("Factoring and Payment All in One") in succession.

13.3%

the Bank's off-balance sheet balance of letters of guarantee for foreign financing purpose recorded RMB 40.8 billion

19.8%

that of letters of guarantee for foreign non-financing purpose stood at RMB 13.3 billion

In addition, the Group boosted product innovation. Through research and development of sea freight finance products, the Group provided sea freight receivables finance for importers

or transportation enterprises, which was a positive promotion to development of trade in services. Letters of guarantee for financing purpose not only provided overseas branches of its corporate customers with credit upgrading to facilitate their local financing activities, but also provided guarantee for overseas financing of foreign-invested investment and financial lease companies in China. On the other hand, letters of guarantee for non-financing purpose provided bank credit guarantee for enterprises in their overseas infrastructure projects and large equipment export and helped the enterprises to win overseas projects. For instance, the Bank financed USD250 million cross-border syndicated loans with the use of on-shore guarantee for off-shore loans for a

telecommunication technology company in Beijing who then acquired 80% equity of a Cambodian telecommunication company in the form of additional capital input. The Bank also granted USD 200million loan to a subsidiary of an energy company in China in the form of foreign exchange reserve entrusted loan for the latter's construction and operation of the PT.GHEMM Indonesia project for integrated production of coal and power. As at the end of 2014, the Bank's off-balance sheet balance of letters of guarantee for foreign financing purpose recorded RMB 40.8 billion, a growth of 13.3%, and that of letters of guarantee for foreign non-financing purpose stood at RMB 13.3 billion, a growth of 19.8%.

Tailor-made "Going International" Solutions for Enterprises

A textile company in China covers multiple areas in its core business, e.g., import and export of textile machinery, textile technology, textile products, apparels, and raw textile materials. The complete textile equipment it produces and assembles enjoys indigenous intellectual property. The company has always regarded branding of textile machinery made in China as its major target and expansion into the Southeast Asia market as its main development plan. In 2014, the company concluded a more than ten million US dollar textile machinery export contract with an Indonesian importer, and thereby became the largest trade partner of the latter. At that time,

however, the company was very tight in monetary funds due to the concentration of receivables, hence in urgent need of bank finance for procurement and production. With the service concept of supporting enterprises to go international and increasing international influence of national brands, the Bank tailor made a receivables factoring solution for the customer. With such timely financing services, the Bank rendered strong support to the company's penetration into the Indonesian market, expansion of influence in Southeast Asia, and grasp of the strategic opportunities available from the government's "One Belt, One Road" policy.

3.1.4 Strict control of loans to high-risk industries

In 2014, the Bank rendered strong support to credit needs compliant with the requirements of government industrial policies, industrial standards, technological upgrading, and optimization of product mix and regional layout, actively supported the development of green economy, circular economy and low-carbon economy, and supported credit needs for merger, acquisition and re-engineering of leading enterprises.

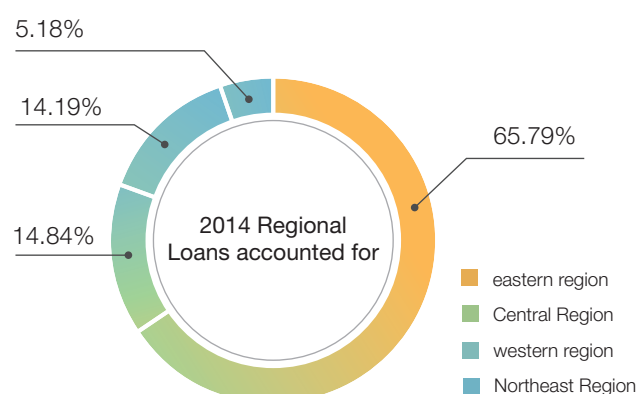
In accordance with the *CBRC Guiding Opinions on Supporting Industrial Restructuring and Dissolving Overcapacity*, the Bank reinforced institutional development by establishing leading groups, defining departmental division of duties, and adopting specific measures for effective implementation of the opinions. As a result, the Group not only developed a clear picture of the credit risk of overcapacity industries, but also practiced quota management of credit grant to five industries suffering severe overcapacity, namely, iron and steel, cement, flat glass, aluminum and shipbuilding.

Meanwhile, the Group compressed and exited from non-compliant high-risk existing customers and projects that were irregular in operation, backward in capacity and non-compliant with energy conservation and environmental protection standards. In its efforts to toughen its credit review and approval criteria, the Group placed strict control on incremental credit grant to the five industries suffering severe overcapacity by concentrating the mandate for credit review and approval at the Head office. On the overall principle of "recovering, restructuring, transferring or writing off" loans, the Bank supported reasonable credit needs of overcapacity industries to effectively facilitate industrial restructuring and optimization. As at the end of 2014, the Bank's balance of loans to the manufacturing sector recorded RMB 377.992 billion, down RMB 28.734 billion from the end of the previous year, and the share of such loans in the Bank's total corporate loans stood at 25.80%, a decline of 4.18 percentage points over the end of the previous year.

Sector	31 December 2014		31 December 2013	
	Loan balance (RMB 100 million)	Share (%)	Loan balance (RMB 100 million)	Share (%)
Manufacturing	3,779.92	25.80	4,067.26	29.98
Transportation, warehousing and postal service	1,363.45	9.31	1,340.02	9.88
Production and supply of power, gas and water	514.68	3.51	564.19	4.16
Wholesale and retail	2,759.63	18.84	2,870.87	21.16
Real estate development	1,608.21	10.98	1,167.35	8.61
Water conservancy, environment and public utility management	1,114.66	7.61	717.22	5.29
Leasing and commercial services	835.14	5.70	674.28	4.97
Construction	1,004.56	6.86	810.48	5.97
Public and social organizations	193.04	1.32	169.92	1.25
Others	1,477.49	10.08	1,183.68	8.73
Total corporate loans	14,650.78	100.00	13,565.27	100.00

3.1.5 Supporting optimization of regional economic structure

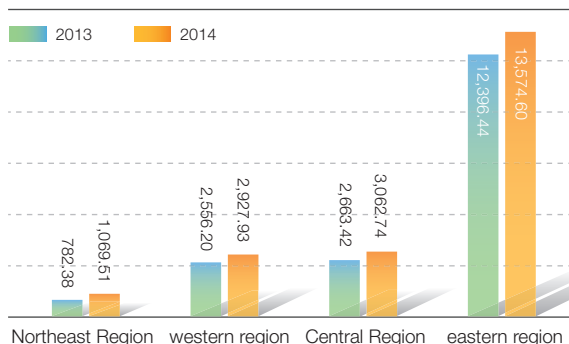
In 2014, in its credit policy the Bank prioritized promotion of the Going West strategy, optimization of economic structure in the eastern region, and facilitation of the emergence of the central region. As at the end of 2014, the Bank's loans to the western region totaled RMB 292.793 billion, representing a growth of RMB 37.173 billion or 14.54%, and the share of loans to the western region in the Bank's total loans increased from 13.89% to 14.19% up 0.30 percentage point; the share of loans to the eastern region in the Bank's total loans decreased from 67.38% to 65.79%, down 1.59 percentage points; the share of loans to the central region in the Bank's total loans increased from 14.48% to 14.84%, up 0.36 percentage point. During the reporting period, the Bank had 214 outlets in the western region, an increase of 41 outlets or 23.70%, accounting for 17.40% of the Bank's total outlets, installed 1,919 ATM terminals in the western region, 17.24% of the bank total, and employed 6,990 people in the western region, 13.36% of its total staff. In 2014, the Bank officially set up the preparation group for establishment of Lasa Branch.



Note: "Eastern region" herein corresponds to the "Yangtze River Delta", "Bohai Rim (including the Head Office)" and "Pearl River Delta and West Strait" as mentioned in the annual report of the Bank (except for

Dalian Branch); "central region" refers to the following areas where tier-1 branches of the Bank are located: Taiyuan, Hefei, Nanchang, Zhengzhou, Changsha, and Wuhan; "western region" refers to the following areas where tier-1 branches of the Bank are located: Chengdu, Chongqing, Xi'an, Kunming, Nanning, Hohhot, Urumqi, Guiyang, Lanzhou, Xining and Yinchuan; and "northeastern region" includes "Northeastern region" as mentioned in the annual report plus Dalian Branch.

2013 to 2014 Area Loans | One hundred million yuan



3.1.6 Support to industrial restructuring in China

In 2014, the Group actively promoted adjustment and upgrading of industrial structure in China pursuant to government policies and through arrangement of credit funds. Among others, the Group focused its credit grant on high-tech high-value-added energy conservation and environmental protection areas that were encouraged by the government industrial policy and enjoyed bright market prospects, vigorously supported financing needs of traditional industries for dissolution of backward capacity, technological innovation, and merger / acquisition and re-engineering, banned participation in projects that were restricted and / or eliminated by the government industrial policy, and paced up exit from existing loans to such projects.

The Group adopted the policy of prioritizing support to priority business areas and promoted innovation of financial products targeting the service sector in accordance with regional economic and industrial differences. In coastal economically developed regions, the Group provided financial services for the headquarters economy, plus retail banking services, small and medium enterprises ("SME") and supply chain finance services, investment banking services, and financial market services. In central and western regions, the Group focused on serving strategic corporate customers and supported competitive industries and industry leaders. In environmental protection areas, the Group highlighted the efficiency and effectiveness of green credit, and increased services to sectors and areas advocated by the government such as clean energy and circular economy.

To actively support urbanization, the Group practiced a regionally differentiated credit policy and made tailored choice of regions or projects for priority support. In terms of regions, the Group rendered priority support to old town renovation projects in tier-one cities and central cities of economically developed regions including the Yangtze River Delta, the Pearl River Delta and the West Strait, and urbanization projects in

both metropolitan circles and the "Top 100 Counties". In terms of projects, the Group focused its support on infrastructure projects in the production and supply of water, electricity and natural gas and land reserve projects that enjoyed abundant cash flows, and centered around consumer finance and the tertiary industry that were driven forward by the new-style urbanization, providing them with mature financial services such as personal consumer finance and wealth management.

Support to Optimization and Upgrading of the Coal Industry

A coal liquefaction & chemicals company rapidly expanded its production scale and grabbed market share with the use of its competitive edges in mature direct liquefaction technology. The company commissioned its production lines in Inner Mongolia and Xinjiang Uygur Autonomous Regions at the same time, the scale of which must reach ten million metric tons within three years. The company was in urgent need of funding to acquire market competitiveness. With its active credit support, the Business Department at the Head Office of the Bank helped the company to transform from coal production to coal liquefaction. To facilitate the company's transformation from the labor-intensive industry to the capital-intensive industry, from primary production to advanced processing, and from extensive to intensive development, and to promote transformation and development of the entire Chinese coal industry, the Business Department at the Head Office of the Bank provided the company with large-scale long-term flexible financial services with the use of factoring jointly provided by the Bank and a leasing company, leveraging the decline of interest expense due to the deduction of VAT, and on the basis of the company's large-scale procurement of equipment. As at the end of 2014, the Bank granted RMB 4.5 billion loans to the company to support its purchase of equipment for the Xinjiang production line.

3.1.7 Support to development of strategic emerging industries and the cultural industry

To promote upgrading of the industrial structure and accelerate transformation of the economic growth model, the government decided to pace up the cultivation and development of strategic emerging industries so that these industries will become pioneering pillars of the country and take up about 8% of GDP by 2015 and 15% of GDP by 2020. Always following the government industry policy, the Group actively guided its loan funds to flow towards strategic emerging industries, especially high-end equipment, satellite communication, energy conservation and emission reduction, and information technology.

In 2014, in accordance with the government policy on promoting the cultural industry to become a pillar industry of the national economy and encouraging banking financial institutions to support cultural and creative industries, the Bank required in its credit policy full access to the modern service sector at a faster pace, active support to enterprises engaged in press, publication, broadcasting and television that are controllable in risk and sustainable in development, and higher-than-bank-average growth rate of loan services to the tertiary industry. As at the end of 2014, the Bank's balance of loans to the cultural industry⁴ recorded RMB 9.544 billion.

Support to the Take-off of BeiDou (COMPASS) Navigation Satellite System

For the recent years, China has made vigorous efforts to develop strategic emerging industries such as satellite communication. A telecom group company in Guangzhou is a leading supplier of wireless communication and Beidou navigation devices in China, and one of the few large high-tech enterprise that own a full industrial chain in Beidou navigation, i.e., chips – modules – antennas – complete machines – systems – operational services. In 2014, the company planned to further expand its high-end communication service capacity via equity acquisition. Upon knowledge of the information, the Bank put itself in the customer's shoes and designed an integrated financial service program "M&A loan + issuance of debt financing tools", i.e., granting the company RMB 252 million M&A loan in the first place to address the latter's fund gap and concurrently registering RMB 3.4 billion short-term commercial papers and mid-term notes for the company to provide the latter with follow-up current fund support. In August, the company successfully issued RMB 800 million Phase I mid-term notes at the lowest interest rate available at the market for issuers of the same rating in the same period, which effectively reduced comprehensive financing cost of the company and supported business development of the company in communication equipment and the industrial chain of Beidou navigation.

Support to the Biological Nano Technology Park

A biological company in Suzhou Industrial Park is an enterprise directly affiliated to the Suzhou Industrial Park Management Committee. The company is responsible for the development, construction, attraction of investment, and operation of the Biological Nano Technology Park within the Suzhou Industrial Park. At present, the Biological Nano Technology Park has introduced more than 400 innovative start-up enterprises, and guided / helped enterprises to apply for 3,245 patents cumulatively. In 2014, the Group underwrote RMB 2 billion mid-term notes issued by Suzhou Industrial Park State-owned Assets Controlling Development Co., Ltd., and granted RMB 100 million loan to Suzhou Industrial Park Biological Industry Development Co., Ltd., to help construct the project on manufacturing of customized plants, the largest production line compliant with US and European standards, and an international-standard biological industrial base, and provide

a platform of processes and technologies for biological R&D companies within the industrial park.



⁴ Statistical caliber covers balances of all items under Category R "Culture, Sports and Entertainment Industries" of Industry Classification of the National Economy (GB/T 4754 - 2011).

3.1.8 Innovative services for small and micro enterprises



Services for micro and small enterprises provided by the Business Department of Guangzhou Branch

In 2014, the Group resolutely followed the development philosophy of leaning towards "small and micro enterprises". As per the business mindset of "focusing on small and micro enterprises, and retail enterprises" in small enterprise finance, the Group prioritized support to small and micro enterprises each receiving no more than RMB 5 million loans from the Group, centered around consumption areas such as "clothing, food, housing and mobility" to determine its service targets, expanded its service scope, and built up its service capacity. Based on the provision of unique services to small and micro enterprises, the Group further promoted the development of sub-branches excelling in serving small and micro enterprises, with the number of such sub-branches increasing from 15 to 67. As at the end of 2014, the Group registered RMB 349.947 billion balance of loans to small and micro enterprises, a growth of 25.33% over the end of the previous year; of which the balance of loans to small enterprises stood at RMB 303.067

billion, an increase of 27.69%; and the balance of loans to micro enterprises stood at RMB 46.88 billion, an increase of 11.91%.

In 2014, the Bank reformed the system and process of its small and micro enterprise business and created the "credit factory" model to handle small enterprise finance. The model was similar to "a production line" in a factory, i.e., the operation model of process-based operation, specialized division of duties and standard management was practiced for the entire business process ranging from loan application, review and approval of application, loan disbursement to loan management. The "credit factory" greatly improved business efficiency and catered to the business features of small enterprises. In addition, the Bank constructed a unique "finance + settlement" system of integrated financial products for small and micro enterprises, and launched four major product categories, namely, "CITIC Express Loan", "Finance Aid Loan"⁵, "Trader Loan" and "POS Loan" to meet the financing needs of small enterprises and reduce their financing cost. As required by the regulators, the Bank rapidly released the function of "loan extension without repayment of principal", i.e., upon maturity of loans, small and micro enterprises may have their loans extended by just repaying the loan interest instead of repaying both principal and interest and by submitting prior extension applications to the Bank, which relieves the customers of the pressure of financing for principal repayment. In addition, the Bank launched the "Happy Business Card", which, by integrating functions such as financing facilitation, settlement facilitation, capital appreciation, and platinum services, provides settlement services to small enterprise customers.

Online Loans to Traders with a POS Terminal

On 19 October 2013, the Bank officially launched its "online loans to traders with a POS terminal", a novel online financing service model for small and micro enterprises. The customers may record their sales revenues via the POS terminal and access this unsecured loan with the full process completed online. The maximum credit line for a borrower was RMB 500,000, the better the business operation, the higher the credit line available. The loan application was reviewed and approved real-time online; loan interest was calculated on a daily basis; and the customer may borrow and repay a loan at any time with very low financing cost. "Efficient, express and flexible", "online loans to traders with a POS terminal" enabled customers to "borrow and repay loans any time anywhere" and therefore greatly enhanced customer experience of small and micro enterprises and effectively addressed difficult access

to finance for such enterprises. As at the end of 2014, the Bank disbursed over RMB 12.5 billion cumulative online loans to traders with a POS terminal, benefiting nearly 10,000 traders cumulatively.



⁵ Referred to as "Seed Loan" in last year's report

	31 December 2014	31 December 2013	Change
Balance of loans to small and micro enterprises	349.947 billion	279.231 billion	25.33%
Balance of loans to small enterprises	303.067 billion	237.342 billion	27.69%
Balance of loans to micro enterprises	46.88 billion	41.889 billion	11.91%

3.2 Participation in Development of the Banking Sector

In 2014, the Bank, an enthusiastic participant of trade association development, was actively engaged in daily activities of the China Banking Association and the latter's five specialized committees, namely, the Standing Self-Regulation Work Committee, Consumer Protection High-level Steering Committee, Custody Business Committee, Pension Business Committee, and Factoring Committee, and in academic exchanges of 167 civil-society organizations including the China Institute of Internal Audit, Financial Services Procurement Committee of the China Financial Society, Board of the Inter-

bank Market Traders Association, Standing Board of the China Treasury Bond Association, China Securities Investment Fund Industry Association, Enterprise Annuity Sub-committee of the China Social Insurance Society, and China Financial Standardization Technical Committee. As such, the Bank made its due contribution to development of the banking sector. In addition, the Group held vice chairmanship of the Joint Association for Reputation Risk Management of the China Banking Sector and participated in the compilation of textbooks on professional practice in reputation risk management.

3.3 Anti-Corruption and Clean Governance

3.3.1 More intensive institutional development

In 2014, in order to reinforce internal management, punish irregularities and prevent financial risk, the Bank revised the *Measures of China CITIC Bank on Handling Irregularities of Employees*. The revision provided more detailed guidelines for employees bank-wide to regulate their behavior, more specific basis for standardization of business operation and punishment of persons responsible for irregularities, and a strong institutional guarantee for prevention of operation risk and ethical risk of the whole bank. In addition, the Bank revised its *Measures on Implementation of the Accountability System for Clean Governance and its Evaluation Measures Regarding Implementation of the Accountability System for Clean Governance*, which further reinforced the construction of clean governance and defined division of duties for leadership teams and managers at all levels in the Bank.

The Bank constructed a complaint system and a system for protection of whistle blowers, established various complaint channels such as the complaint hot-line and complaint mailbox, and defined procedures, time frame and settlement requirements for handling of complaints. In addition, the Bank encouraged employees to self-consciously participate in its internal control management and lodge whistle blows about irregularities. The disciplinary inspection and oversight departments accepted employee complaints, designated full-time staffs to handle the cases, and provided adequate protection to the whistle blowers. As at the end of 2014, the Head Office processed 130 complaint letters concerning 79 issues, 6 letters and 9 issues fewer than that of the previous year, respectively. The Group did not identify any significant internal control deficiencies in the course of its internal control self assessment.

3.3.2 Practice of strict economy and combat against waste

In 2014, in accordance with the *Rules of Party and Government Bodies on the Practice of Strict Economy and Combat against Waste* and the *Measures of CITIC Group on the Practice of Strict Economy and Combat against Waste* and in combination with its own realities, the Bank formulated the *Implementation Measures of China CITIC Bank on the Practice of Strict Economy and Combat against Waste*. These measures specify requirements for various areas including but not limited to management of operating funds, domestic and overseas business travel, business reception, business use of vehicles and organization of conferences on the principles of stricter cost control, simpler arrangements, compliance with laws and regulations, total quantity control, being realistic and pragmatic, being open and transparent,

and deepening reform.

The Group required wider application of energy-saving technologies and products, elimination of high-energy-consumption devices and equipment, focus on more extensive use of new energy and renewable energy, active use of water-saving utensils and construction of a role model water-saving employer. In addition, the Group required concentrated recycling of waste items such as non-classified waste paper and electronic wastes to promote their reuse, destruction of classified waste items pursuant to relevant confidentiality regulations, and active use of information technology including paperless office and less consumption of disposable office supplies.

3.4 Stronger Internal Control and Compliance Management

In 2014, in line with the *Basic Standards on Internal Control of Enterprises*, *Guidelines on Enterprise Internal Control Assessment*, *Guidelines on Internal Control of Commercial Banks*, and *PRC Internal Audit Standards* and according to relevant requirements of the Bank's internal control management and operation systems, the internal audit department, as authorized by the board of directors of

the Group, self assessed effectiveness of the design and operation of the Group's internal controls and issued the *2014 Internal Control Self Assessment Report of China CITIC Bank Corporation Limited*.

The Group created its *Internal Control Compliance Monthly* and compiled and printed the *Employee Compliance Handbook* to



further develop a culture of internal control and compliance. By interpreting new regulatory requirements, exchanging work experiences, and analyzing risk cases, the *Internal Control Compliance Monthly* guided employees bank-wide to firmly establish the awareness of compliance with law, strictly observe internal regulations, diligently perform duties and responsibilities, intensify professional self-regulation and routine behavioral constraint, and provide strong support to the prevention of operation risk and ethical risk. The *Employee Compliance Handbook* systematically stated the basic concepts of the Group in compliance management, clarified basic standards on behavioral compliance, reiterated the basic attitude of "punishment for all irregularities", disseminated the corporate culture of compliance by all employees, and standardized employee behavior in duty discharge.

The Bank reinforced compliance management of tier-two

branches, putting forward internal control and compliance management requirements from the perspectives of case prevention, operation risk control, anti-money laundering, as well as duty discharge, code of conduct, performance evaluation and accountability of its personnel, and specifying the standards and principles for job set-up and initial staffing of compliance departments at newly established branches and sub-branches. Moreover, the Group kept optimizing its off-site audit approaches, became increasingly mature in the research and development and application of audit models, and revised / developed 36 rules and policies on audit. As a result, off-site audit approaches have become an important effective tool for detection of frauds. As at the end of 2014, the Head Office pushed the whole bank to recover loans from 21 accounts ahead of schedule, involving a total amount of RMB 1.288 billion.

3.5 Safeguarding Financial Order

3.5.1 Strict control of money laundering risks

In 2014, the Bank developed the *Measures of China CITIC Bank on Customer ID identification and Storage / Management of Customer ID Information and Transaction Records*, defined division of duties among the Head Office, branches and sub-branches in customer ID identification, improved the basic standards for customer ID identification and data storage / management, and implemented the PBC "risk focus" regulatory requirements. Starting from the rules on core system transaction codes, the Bank reviewed and analyzed transaction records compliant with the PBC rules on exemption of the transaction code reporting obligation, and filtered and removed the system automatic early warning data about 8 transaction codes including the purchase of wealth management products from identically named accounts, thereby further improving the quality of reporting on large-sum suspicious transactions.

In addition, the Group developed the *Notification on Defining the Requirements on Anti-money Laundering Manual Identification and Analysis of Suspicious Transactions*, standardized the processes and methods for manual identification and analysis, organized employees engaged in anti-money laundering work at all levels in the Bank as well as customer managers and teller representatives of sub-branches to participate in special training courses on "identification and analysis of suspicious money laundering transactions", and effectively addressed problems such as information errors in the reporting of suspicious transactions and failure to leave trails of identification in a few branches. Branches and sub-branches

of the Bank organized monitoring and screening of terrorist financing transactions, paying close attention to and reinforcing monitoring of terrorist financing transactions.

The Group intensified risk monitoring and management of key business areas. In consideration of the potential money laundering risk that may result from account opening and fund transfer by customers of other banks with the use of forged identifications and from other crimes such as telecommunication frauds, the Group reminded the entire Bank to pay attention to the characteristics of abnormal account transactions, reinforced customer ID identification, intensified due diligence in the process of account opening, and successfully produced reminders on frauds. For businesses such as cross-border clearing, online account opening, and large-amount deposit certificates, the Group combed the money laundering risk points in key business lines such as online banking and personal foreign exchange settlement and sales to reinforce money laundering risk management. Shanghai Branch of the Bank exerted active efforts to develop anti-money laundering rules and regulations in the Shanghai Free Trade Zone, and define internal control requirements on anti-money laundering and anti-terrorist financing and the three rules on business conduct (i.e., on the basis of "understanding your customers, understanding your business and due diligence", banks in the Shanghai Free Trade Zone may directly handle relevant business transactions upon personal or institutional order of receipt and / or payment).

3.5.2 Prevention of fake money circulation

In 2014, in addition to comprehensive implementation of full-amount sorting as well as serial number recording and retrieval of outbound cash payment, the Bank also adopted multiple measures such as standardizing business management, intensifying training on cash business, and reinforcing publicity against counterfeit money. As a result, the Bank successfully attained its anti-counterfeit money targets. As at the end 2014, the Bank confiscated 21,584 fake notes and handed them over to competent authorities, an increase of 19.12% over the end of the previous year; coupon value of the confiscated fake notes totaled RMB 1,827,710, an increase of 16.80% over the end of the previous year.



Dissemination of knowledge about fake notes in Wolong Community of Huangwu Neighborhood

3.5.3 Duty discharge in crime prevention and control

In 2014, the Group diligently prevented and controlled crimes by further improving security regulations, intensifying employee training and education and organizing drilling on prevention and control of various crimes when and where appropriate. Its system for fraud prevention, consisting of publicity of alerting signs, active consulting, and standard operation, was

further improved during the reporting period. Through layers of reminding and layers of control in business operation for customers, and by setting up an interaction mechanism with business regulators and public security authorities, this system effectively prevented external frauds and assisted with the combat against crimes.

Successful Interception of Money Transfer for Illegal Financing Purpose

Around 11:00 am on the morning of 21 April 2014, an elderly lady, accompanied by a young man, walked into the business lobby of a sub-branch of Hangzhou Branch, and requested to transfer RMB 50,000 at the counter. After she filled in the money transfer vouchers, the teller discovered that the transaction was for transfer of money to an account with a different holder name, and thereafter immediately reminded the customer of the potential risk. Up to that point, the customer had insisted that she knew the recipient. Aware of the recent frequent occurrence of telecom frauds and out of a strong sense of responsibility, the teller, however, once again inquired the purpose of the money transfer, why it was for purchase of wealth management products, and whether the recipient was the accompanying young man, despite the fact that the elderly customer was accompanied to the sub-branch and was already reminded of the potential risk from the Bank's perspective. At that time, the young man could not help himself from answering that their company was doing P2P, that the recipient was their chairman, and that they would uniformly make investment after pooling funds from individual

investors. Then the teller continued to remind the elderly lady of the potential risk with great patience, "Auntie, although you have got a wealth management agreement, the agreement was signed with the investment company. And now you are transferring money to an individual. Are you sure you really know the recipient? Or is it the investment company that wanted you to transfer the money to this person?" Upon that the elderly lady asked the young man in return: "The bank reasons well. Why is that I signed the agreement with the company and must transfer money to the chairman? I do not know your chairman at all." By then, the situation was clarified. The teller told the elderly lady firmly: "Since you do not know the recipient, for your fund safety we will not process the money transfer. We hope you will buy wealth management products from official channels." At these words, the elderly lady said that she would cancel the transfer request and refrain from buying the wealth management product. She left the sub-branch with gratitude. Afterward, relevant staff of the sub-branch reported the situation to the local police station.



04

Customers and Services

- Protection of Customer Rights and Interests
- Improvement of Service Quality
- Enhancement of Customer Experience
- More Intensive Management of Suppliers
- Protection of Intellectual Property Rights

4.1 Protection of Customer Rights and Interests

4.1.1 Protection of consumer rights and interests

Improvement of institutional development: In 2014, the Group established a functional department for protection of consumer rights and interests, staffed it with full-time personnel capable of such protection with professional competency and comprehensive competence, and had the department conduct daily operation in accordance with the *Interim Measures for Work Evaluation of the Protection of Consumer Rights and Interests at Banking Financial Institutions*. In addition, the Group formulated its *Program of Action for Better Protection of Consumer Rights and Interests and Higher Quality of Customer Service* to guide the whole bank to intensify education of the public in general, protect safety of customer personal information, standardize the service price management system, upgrade service capacity of outlets, and improve efficiency of handling customer complaints. In terms of product sales, the Group further developed quantitative assessment methods for agency sale partners and agency sold products whereby such partners and products are assessed on a regular basis and products are organized for sales pursuant to the wealth management product sales management system, so as to protect consumer rights and interests.

More intensive service quality management: In 2014, the branches and sub-branches of the Group developed implementing rules of their service standards with reference made to the *Handbook of China CITIC Bank on Service Quality Management*, formulated examination methods in accordance with *Measures of China CITIC Bank for Examination of Service Marketing at Business Outlets*, developed service training plans targeting both old and new employees on different job positions, and conducted such examination of service provision at the outlets via multiple channels. In addition, the Group released the *Notification on Further Standardizing China CITIC Bank's Information Disclosure of Wealth Management Products*, further refined the *Service Price Catalog of China CITIC Bank*, and combed relevant rules and regulations on protection of consumer rights and interests promulgated by the regulators and the Group over the years to compile collections of documents thereof.

In its sales of wealth management products, the Group adopted the following measures to protect proper and legitimate rights and interests of consumers:

- Only bank staffs with qualifications in wealth management, fund and insurance may sell wealth management products;
- When selling wealth management products, bank staffs



Publicity on protection of consumer rights

must assess investors' risk tolerance level;

- When selling wealth management products, bank staffs must make full disclosure of the products' benefits and risks to customers;
- When selling wealth management products, bank staffs must examine and distinguish qualified investors for products with higher risks;
- Bank staffs must attach importance to and properly handle complaints from each and every customer.

Insistence on customer focus: In 2014, the Group required that the principle of proximity be followed for selection of new sites when planning relocation of business outlets, i.e., new sites should be located within the radiation scope of customer groups to reduce impacts on customer's banking experience and customers should be informed of relevant progress before and after the relocation. For instance, the Group required that relocation announcements be put up in distinctive places at the lobby of the concerned outlet at least 1 month prior to the relocation, that bank staffs make proactive reminders to customers, that traffic guidance be issued to customers, that customers be contacted via SMS messages or WeChat notices, and that customer service knowledge base and relevant information of the official website be updated in a timely manner after the relocation, so as to achieve steady transit of work and protect customer rights and interests in the course of relocation. In addition, the Group attached great attention to

the "Voluntary Accessible Services to the Disabled" initiative, which further improved the construction of accessible facilities at the outlets, built up staff awareness and capacity for serving

disabled customers, and organized regular training courses for employees on the methods and techniques of accessible service provision.

4.1.2 Protection of customer information safety

Development of standard rules and mechanisms for information technology: In 2014, the Group established a fairly complete system of rules and policies on information technology risk management, which, with the development of nearly 200 information technology management rules and technical standards, covers all aspects of information technology risk management including but not limited to development of applications, quality control, system operation, emergency response management, network management, safety management and third-party management. The Group established a fairly complete information technology management process, defining mechanisms for division of duties, supervision and review of key points and priority stages such as development, operation, testing, network and procurement, and laying down detailed requirements and routes for reporting of information security incidents. In addition, the Group established a fairly comprehensive system for risk monitoring of information technology and constructed the framework for automatic

concentrated monitoring of production system, fully covering operation systems, databases, application systems and network systems. Security monitoring systems covering virus, IDS and network communication were also deployed.

Tougher technical monitoring of information systems: In 2014, the Group stringently implemented safety requirements of regulatory and industrial standards, formulated the *Measures of China CITIC Bank for Safety Management of Customer Information in the Information System*, and strengthened technical protection vis-à-vis the collection, transmission, storage and use of customer personal information. By organizing safety checks on a regular basis, and continuously conducting safety penetration tests, the Group proactively screened, detected and eliminated risk points resulting from non-standard data management and utilization, prevented hacker attacks to its systems as a result of technology loopholes, and improved safety of its information systems.

4.1.3 Protection of customer fund safety



Yangzhou Branch escorts customers that have withdrawn large amount of cash

Protection of customer payment safety in e-banking: In 2014, the Group used the online banking certificates issued by an independent third-party accreditation authority (the China Financial Certification Authority, or CFCA in abbreviation) to guarantee ID authenticity of the parties involved in information transmission as well as confidentiality and completeness of information in the course of online information transmission,

and adopted the independent customer information backup mechanism to prevent customer information loss caused by system failures. In addition, the Group placed special emphasis on standard management of customer information and files through the establishment of the three-layer (Head Office, branch and sub-branch) process of contract conclusion and review / approval, and the two-person cross-review / approval mechanism, and conducted regular inspection of such process to ensure customer fund safety in online banking.

For its e-banking system the Group used the transaction risk early warning system which included multiple channels real-time and non-real-time risk early warnings for online banking, telephone banking and ATM terminals, and provided business operation personnel with uniform functions including early warning rule making, risk information early warning, processing of early warning information, and management of risk cases, which built up capacity for identification of e-banking risk incidents and addressing concerned issues before, during and after the incidents. To prevent attacks such as hackers hitting databases, black listing of devices and IP addresses was added to channels such as mobile banking, "CyberPayment" and NFC; and bank card calibration rules were added to payment

and transfer to mitigate cross-bank online billing risk on "CyberPayment", which ensured safety of transaction via the customer end of "CyberPayment" with the use of debit and credit cards issued by other banks.

Safety protection of third-party payment: In April 2014, the CBRC and PBC jointly issued the *Notification on Reinforcing Management of Cooperation between Commercial Banks and Third-Party*

Payment Institutions. After analyzing relevant issues according to specific provisions of the notification, the Group formulated its rectification plan to better manage cooperation between itself and third-party payment institutions. To ensure customer fund safety, the Group also reinforced confirmation of customer ID, prevention of fake cards and frauds, immediate notification of fund movements and issuance of risk reminders to customers.

4.1.4 Safety protection of self-service terminals

In 2014, the Group adopted approaches such as standardizing the processes for operation and maintenance of self-service terminals, conducting more frequent touring inspection of self-service terminals, and organizing hardware and software safety checks of self-service terminals bank-wide to reduce potential risks and enhance total management of self-service terminals. With regard to self-service card machines, the Group adopted a series of risk prevention and control measures. For example, when a customer was applying for a bank card on a self-service card machine, the self-service system would conduct

real-name verification, and the on-site teller would check on the premise whether the customer was the genuine holder of the ID document; there was also a ceiling set on the number of bank cards to be applied for by any one customer on a self-service card machine to effectively control the risk of self-service application for bank cards. As at the end of the year, the Group was free of both safety incidents relating to self-service terminals and cases of "crimes that involved the application for a large number of debit cards on self-service card machines".

4.1.5 Protection of banking safety at outlets

In 2014, in order to ensure banking safety at the business outlets of the Group, some branches offered security-guard escort services to customers that withdrew large amounts of cash, and some others purchased and installed additional anti-terrorist devices and required their security personnel to increase awareness of risk prevention. For instance, after the terrorist attack at Kunming

Railway Station, Nanning Branch equipped security staffs at all of its 14 outlets with anti-terrorist devices including anti-riot suits, anti-riot shields, steel sticks and steel forks, and required them to defend and counter attack for protection of customers and bank staffs where and when necessary, so as to safeguard safety of life and property of customers and bank staffs.

Anti-terrorist Emergency Response Drilling

In 2014, with frequent occurrence of violent terrorist attacks, Xinjiang Uygur Autonomous Region faced a very severe safety situation. In order to further reinforce its anti-terrorist emergency responses and build up employee capacity for emergency response and violence prevention, on 12 August 2014, Xinjiang Branch of the Bank invited instructors from SWAT Team No.8 to train 46 persons of the branch, including the branch's anti-violence sub-team, outlet managers, lobby managers and security guards, in anti-terrorist emergency responses, and guided its business department to drill in anti-terrorist attacks. The instructors provided theoretical instructions from multiple perspectives, such as characteristics

and methods of terrorist attacks, how to respond to violent terrorist attacks, and how to help oneself and help others, and organized operational exercises with the use of shields, anti-riot sticks and steel forks in combination with the real environment at the business premise of the branch. Afterward, the branch's business department organized drilling in anti-terrorist attacks, with the SWAT instructors providing face-to-face guidance on preparation of plans, grouping of personnel and arrangement of on-site drilling, and putting forward corresponding improvement suggestions. Outlets of the branch re-trained their employees based on the training course and drilling at the branch.

4.1.6 Improvement of the emergency response management mechanism

Better institutional development for emergency response planning: In 2014, the Group formulated the *Master Plan*

of China CITIC Bank on Business Continuity and Emergency Response, defining the process of emergency response and

mechanism for emergency notification and announcement, and laying down specialized emergency response plans for all important business lines. In addition, the Bank formulated the *Measures of China CITIC Bank for Emergency Response Management of Production Incidents in Information Systems*, which specified the organizational structure, handling process, disposal plan, termination, assessment, and summary of emergency responses as well as management of emergency response drilling and documentation. According to these measures, the Group has set up its monitoring and early warning mechanisms, information communication and reporting mechanisms, decision making and coordination mechanisms, as well as layered responsibility systems and answering mechanisms for emergency response, so as to rationally mobilize resources and improve the quality of command and decision making on emergency response. An emergency response plan involving 15 items of safety protection work was prepared by the Bank, covering anti-terrorism, prevention of violence, robberies, thefts, frauds,

runs on the bank, traffic accidents, fires and earthquakes, and emergencies relating to the business database vault and the vault of safe-deposit boxes.

More intensive risk prevention of information systems: In 2014, the Bank conducted 7*24 real-time monitoring of credit card transactions with the use of the credit card fraud detection system, and was capable of shortly responding to suspicious risk incidents. As the end of the year, the Bank sorted out, reviewed and adopted 49 complicated emergency response plans that involved multiple systems, supplemented more than 150 emergency response scenarios and standard processing steps, and organized 13 times of IT emergency drills, covering over 90 information systems of the Head Office and the branches and all physical networks of the Bank. As such, the Group transformed its management of emergency response planning from the single-system simple-scenario summary model to the model characterized by complicated scenarios and coordination of multiple systems.

Desk-top Drilling in Business Continuity Emergency Response

In December 2014, for the first time in its history the Head Office conducted a drilling in business continuity emergency response throughout the Bank. The first vice president of the Bank commanded the drilling in person; leaders of 10 departments and the Business Department of the Head Office attended the on-site drilling; and leaders of other departments of the Head Office and heads of risk management units of 40 branches watched the drilling on site.

The drilling, carried out in the form of desk-top demonstration, simulated the full process of emergency response of the departments under the scenario of a core system failure. The participating departments conducted desk-top drilling

of various work mechanisms including emergency response communication, classification of emergency incidents, organization of emergency responses, business arrangement, and reporting of emergency responses, by the three stages of initial occurrence of the emergency incident, response to the emergency incident and business arrangements thereof, and lifting of the emergency status and recovery of business. The drilling effectively verified the preliminary results of the Group's efforts in developing its business continuity management system, and enhanced awareness of business continuity management throughout the Bank.

4.2 Improvement of Service Quality

4.2.1 Better management of service quality

Greater capacity for handling of complaints: In 2014, the Group revised the *Measures of China CITIC Bank on Management of Credit Card Service Quality*, thereby further defining departmental responsibilities, processes and time frames for handling of customer complaints. By organizing training courses for all service channels on how to respond to complaints, the Group improved service awareness and complaint handling capacity of staffs in all service channels. All these efforts aimed at higher customer satisfaction by efficient handling of and proper solution to customer complaints from

the perspectives of law, logic, and personal feelings. As at the end of 2014, the customer service telephone system of the Bank received 80,185 credit card customer complaints, achieving a customer satisfaction rate of 97.09% regarding the handling of customer complaints; and the 95558 Hot-line of the Bank received 8,840 customer complaints, achieving a customer satisfaction rate of 97.78% regarding the handling of customer complaints.

Higher customer service level: In 2014, the Group enthusiastically responded to the CBRC financial literacy

initiative, intensified training of service personnel at its business outlets in financial knowledge, and helped the public better understand financial knowledge and practical skills, thereby creating a high-quality financial atmosphere. 43 sub-branches of the Bank were honored "Five-Star Outlets in Provision

of Standard High-quality Services" by the CBA and 39 sub-branches were placed on the CBA list of "1,000 Best Role Model Units". Moreover, the Bank won the CBA "Award for Outstanding Contribution to Standard High-quality Services of the Chinese Banking Sector in 2014".

4.2.2 Assessment of customer satisfaction

In 2014, by assessing customer satisfaction nationwide, the Bank gained a further understanding of customer satisfaction with the Bank and problems in its service provision, and kept improving the problematic areas. Its Customer Service Hot-line and online customer service achieved a customer satisfaction rate of 97.08% and 88.03% respectively, up 0.17 and 1.96 percentage point year-on-year respectively, indicating sound

maintenance of overall customer satisfaction. In addition, Bank surveyed customer satisfaction of multiple service items via active outbound customer calls, which indicated universal customer acceptance of the services as its review and approval services at outlets and distribution of ordinary and gold bank cards got a customer satisfaction rate of 95.1% and 94.19%, respectively.

4.2.3 Proactive improvement of service deficiencies

In 2014, the Bank made corresponding improvements to the problems relating to service channels and processes that were conveyed in the 2013 survey of customer satisfaction. Particulars are the following:

With regard to service channels, optimization of SMS, WeChat and "Mobile Card Space" were initiated simultaneously. Amounts due for the current-period were added to debt service SMS messages and "Mobile Card Space", and real-time reminders on available credit lines were sent for WeChat transactions. All of these met customer need for timely understanding of their account movements. In terms of service processes, the Bank improved customer experience mainly from two aspects of credit line adjustment, namely, service efficiency and success rate of credit line increase. By simplifying the judgment process from 9 to 4 steps, the Bank not only reduced error rate of staffs but also improved timeliness of feeding

back credit line adjustment results to customers. In addition, the Bank promoted its proprietary overseas credit lines to meet customer need for overseas consumption.

In 2014, the Bank collected 9,668 customer and employee comments and suggestions via various channels including its customer service hot-line, online customer service, website and "Mobile Card Space", an increase of 34.04% over the previous year. These included 217 suggestions on optimization of business, 99 suggestions on working process, 85 suggestions on software system, and 5 suggestions on personnel respectively. For instance, upon customer feedback and after process optimization, the Bank greatly reduced the time frame for handling debt service disputes, and addressed inaccurate display of rights information on the rights inquiry platform of "Mobile Card Space".

4.3 Enhancement of Customer Experience

4.3.1 Reduction of service charge items

2014 witnessed the Bank constantly standardizing its service charges and successively producing a series of management measures to reduce service charges and surrendering part of its profit to customers. For the whole year, the Bank exempted fees for 97 service items, an increase of 63 items over the previous year. Pursuant to the CBRC guiding requirements on

"standardizing service charges of banks", the Bank adjusted the items of service charges applicable to SMEs, emphasizing the exemption (and restricted charging) of fees for 21 service items relating to commitments and consulting services for small and micro enterprises. In addition, the Bank bore the regulatory fees for financing backed with the pledge of chattel

and the registration fee for property mortgage according to the principle of "the commissioning party pays", thereby reducing financing cost of customers. As at the end of 2014, the Bank exempted service fees for 309,000 transactions of personal Renminbi accounts in its credit-card business, an increase of 10,000 transactions over the end of the previous year, with service fees exempted and reduced totaling RMB 160 million, RMB 45 million more than that of the previous year.

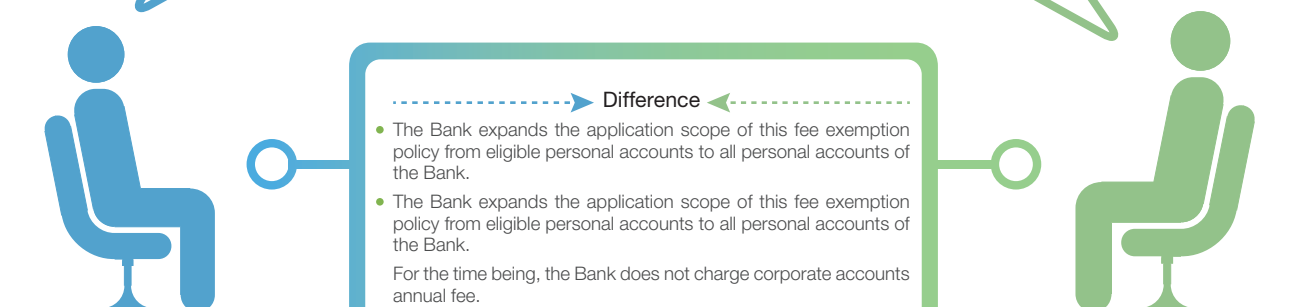


Government regulation on fee exemption

- A commercial bank should exempt personal basic pension (including retirement pay) accounts that social insurance agencies open with the bank after conclusion of relevant agreements from fees for cash withdrawal at out-of-town outlets (including counters and ATMs) of the bank for the first two transactions every month with each transaction being no more than RMB 2,500 (inclusive).
- For a customer account (excluding credit card account) not yet exempted from account administration fee and annual fee, a commercial bank should provide the customer with an account (excluding credit card and VIP accounts) exempted from such account administration fee (including administration fee for micro accounts) and annual fee in accordance with customer application for such exemption.

The Bank's fee exemption policy

- The Bank applies this fee exemption to all personal accounts (including both term and demand deposit accounts) opened with the Bank.
- The Bank exempts personal customers (excluding credit card customers) from small-amount account administration fee and annual fee (except for an isolated number of geographic areas).
For the time being, the Bank exempts corporate customers from annual fee of corporate accounts, provides each corporate customer with an account exempted from the account administration fee (including administration fee for micro accounts) in accordance with customer application for such exemption.



4.3.2 New service channels



In 2014, the Bank newly set up 157 outlets, up 14.63% over the previous year, including 5 tier-2 branches and 152 sub-branches; and newly installed 2,695 self-service terminals, up 31.96% over the previous year. As at the end of 2014, the Bank had 1,230 outlets in 121 large and medium cities in Mainland China, including 40 tier-1 branches, 76 tier-2 branches and 1,114 sub-branches.

The Group launched its WeChat banking services with multiple functions including but not limited to application for bank cards, progress inquiry, card activation, account inquiry and repayment of debts, real-time transaction reminder, and WeChat billing reminder. In addition, the Group further optimized IVR self-service voice services, adjusted and refined

the IVR structure and router stratification, and added new functions such as first-stratum verification, self-service loss reporting, express account inquiry, line-busy guidance and

identity identification. As a result, customer experience of the Bank's financial services was further enhanced.

Official Online Operation of WeChat Banking

On 27 November 2014, the Group officially online operated WeChat banking, another milestone in its innovation of online financial services. By adding public WeChat account "CNCB" and successfully bundling one or more bank cards via the WeChat user terminal, any customer of the Bank may enjoy express "readily available" services anywhere anytime. In addition to conventional functions such as asset inquiry, reminder of account movement, introduction about financial services, customer remarks, and credit card

application, WeChat banking of the Group also provides unique services such as pension management and going-abroad financial services whereby the customer may enjoy free-of-charge intelligent services including online inquiry of visa progress, dynamic visa reminder, and 7*24 customer services. In combination with the new generation mobile banking, the Group will realize more mobile financial services and consequently benefit customers with more personalized convenient services.

4.3.3 Improvement of the customer service process

In 2014, the Group not only optimized the customer operation process of money transfer on mobile banking by consolidating various transfer processes to have the system automatically choose the remittance route, but also optimized fuzzy search under the detail inquiry function whereby the scope of inquiry was expanded and customers found it more convenient to operate. With the completion of standard design for the overall style of ATM self-service banking transaction interface, the Group integrated interfaces of the entire transaction process, simplified operation steps of customer transaction and added new express choices in the course of transaction, which effectively improved business efficiency. Through in-depth analysis of the debt-card and credit-card application processes, plus full integration of operation steps including information filling and review / approval, the Group developed a comprehensive application form for both debt and credit cards, which simplified the contents to be filled in by customers, optimized the process, and reduced business processing time.

For simple counter services, the Group set up the "express service window" whereby the service standards of "standing

up to welcome customers, presenting documents to customers with both hands, providing services with high efficiency, reminding customers of potential risks, and watching customers leave" were strictly observed and customer waiting time effectively shortened. Moreover, the Group further refined its service announcement system. Business hours, fee schedules, deposit and loan interest rates, and foreign exchange rates were openly displayed and repetitively broadcasted on the LED screens of all outlets, with revisions made to the previous versions and English translations added. In strict accordance with regulatory requirements, all outlets of the Group displayed relevant contents such as the "7 Not Allows" and "4 announcements"⁶ as a gesture to welcome public supervision.

The Group prioritized improvement of its complaint handling mechanism. Among others, the definition on quality incidents was clarified. The Group no longer judged such incidents exclusively according to customer complaints. Instead, the affected number of customers and affected amount of transactions were both taken into consideration to fix accountability and promote continuous enhancement of service quality.

4.3.4 Enhancement of e-banking services

In 2014, the Bank actively promoted two-way development of "internet-based financial services" and "finance-based internet business", accelerated the construction of an e-channel

"Express Way", and boosted innovation of technology and products for better customer experience and higher quality customer services. Among others, the Bank launched WeChat

6 "7 Not Allows": Banks are not allowed to convert loans to deposits, not allowed to require deposit before the grant of loans, not allowed to charge customers for unreasonable intermediary and other financial services, not allowed to up float interest rate in disguised forms, not allowed to bundle loans with the sales of products, not allowed to up float loan interest rates to the ceilings, and not allowed to transfer operation cost to customers. "4 announcements": Banks must make the following information announcements: their service charge items, their service quality and prices, their preferential policies, and the purposes and functions of their products, services and systems.

banking and the new-version mobile banking. In the meantime, its personal internet banking attained new functions such as Xinjinbao, inquiry of personal credit records, conclusion of contracts for purchase of bulk consumer goods, and bank / futures-company margin depository system, and optimized existing modules for wealth management, fund, money transfer and payment. In addition, self-service terminals including ATM upgraded interfaces and processes, which simplified cash withdrawal procedure from 9 to 4 steps and inquiry procedure from 7 to 3 steps, and reduced average transaction time by 5 seconds, thereby leading to markedly higher use efficiency.

In December 2014, the Group's new version of mobile banking went alive online. The new version met the need for different customer experiences in the mobile internet era. In terms of functions, the new version provided customers with convenient services such as money transfer and purchase of wealth management products based on mobile phone numbers, and added new functions including the SMS verification code mechanism and the security mechanism with disorder password keyboard. With these substantial improvements to customer account safety, customer experience was markedly enhanced. Specific improvements include the following:

- Compatible with Android 4.0 and above systems, and self adapted to large-screen mobile handsets;
- Additional intelligent voice search function; ceiling of money transfer raised to RMB 500,000;
- Additional function of money transfer based on mobile phone numbers; intelligent identification of money transfers by mobile phone owners within the Bank and between CNCB and other banks;
- Open-shelf browsing of wealth management products; self-service registration for running of standard-version mobile banking;



- Capable of customizing your own home-page functionality module;
- Sliding sidebar for all-menu navigation;
- Additional function of free-form gestures as passwords;
- Possible to transfer money and purchase wealth management products by scanning the QR Code.

4.3.5 Innovation of customer service approaches

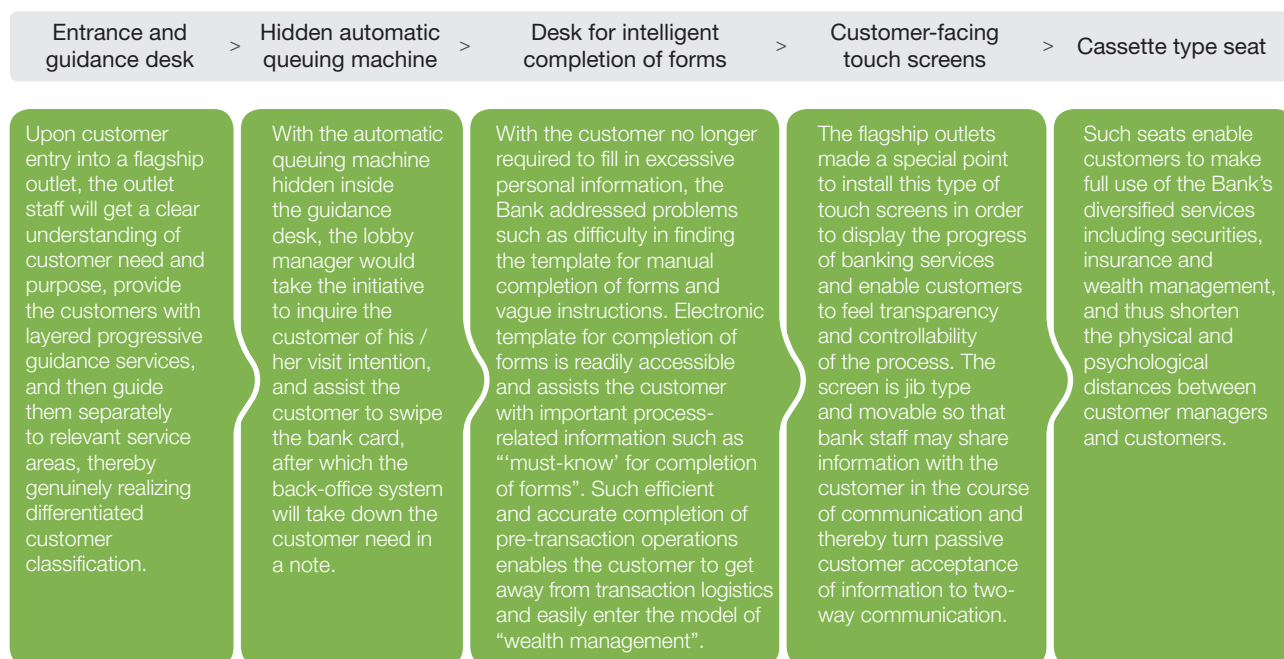
In 2014, flagship outlets of the Bank adopted the "concentrated inquiry followed by separate guidance" approach to serve customers under the guidance of "new

concept, new technology and new process". Major innovative experiences include the following: (see the picture next page)

4.4 More Intensive Management of Suppliers

In 2014, the Bank followed the principles of "centralization, independence, competition, and applicability" in its centralized procurement, and acquired goods with comparative advantages in a centralized uniform manner according to the principle of "separating procurement from management". 2014 was

a year in which procurement of the Bank was gradually concentrated at the Head Office with procurement rules, processes and standards gradually unified bank-wide. The centralized procurement department of the Bank operated independently according to the Bank's procurement rules



and processes and ensured open, fair and equitable work in procurement. The competition principle adopted by the Bank was of positive implications to "local procurement" and "procurement from places of origin", both of which enjoyed greater cost advantages as they reduced intermediary stages and transportation cost of the supply chain and made it easier for relevant suppliers to stand out and get chosen in a fully competitive environment.

In 2014, the Bank evaluated contract performance of suppliers under centralized procurement on a quarterly, half-yearly and annual basis, with both excellent and good suppliers taking up more than 95% of the total. For suppliers scoring lower or suffering problems, the Bank provided them with mentoring services to help them improve and enhance their contract performance capacity.



Bidding scene

4.5 Protection of Intellectual Property Rights ("IPR")

In 2014, the Bank renewed its enterprise agreement ("EA") with Microsoft, signed enterprise licensing agreement ("ELA") with IBM, concluded bank-wide software authorization, upgrading and maintenance agreements with Kingsoft and Trend, and required pre-installation of copyrighted operation

systems to all procured equipment. As such the Group ensured its use of copyrighted office software and application software, resisted software piracy, and achieved respect to and protection of IPR.



05

Staff and Culture

- Basic Profile of Employees ●
- Basic Staff Welfare Programs ●
- Equal Pay for Equal Work ●
- Care for Physical and Mental Health of Staff ●
- Career Planning for Employees ●
- Protection of Rights and Interests of Employees ●
- More Intensive Professional Training of Staff ●

5.1 Basic Profile of Employees

Continuing expansion of the Bank in 2014 brought along growth in the total number of employees. As at the end of the reporting period, the Bank had 50,735 employees, a growth rate of 8.36%, of which 43,424 were under labor contracts with the Bank, 85.59% of the total, up 2.72 percentage points

over the end of the previous year; the proportion of female and male employees in total staff stood at 52.78% and 47.22% respectively, with the proportion of female employees going up by 0.11 percentage point over the end of the previous year; the proportion of ethnic-minority employees stood at 3.88%, up

Total number of staff | person ↗ 8.36%



Ethnic-minority staff | person ↗ 20.54%



Staff under labor contracts with the Bank | person ↗ 11.91%



Grassroots staff | person ↗ 8.66%



Staff dispatched to the Bank or hired with letters of engagement | person ↘ -8.83%



Branch managerial staff⁷ | person ↗ 5.92%



Male staff | person ↗ 8.12%



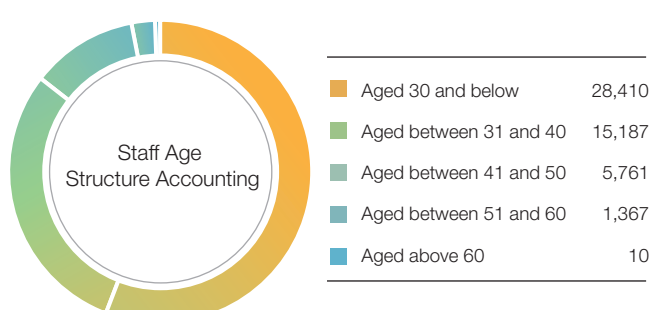
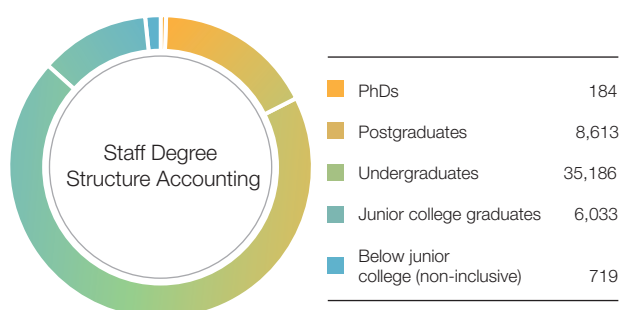
Head Office managerial staff⁸ | person ↗ 4.14%



Female staff | person ↗ 8.57%



Staff (under labor contracts) turnover rate | % ↘ -0.23%



7 Including assistant general managers at tier-one departments of the branches, assistant general managers of sub-branches (inclusive), and above.

8 Including assistant general managers (inclusive) at tier-two departments of the Head Office and above.

20.54%; and grassroots employees, branch managerial staff, and Head Office managerial staff took up 89.51%, 9.80% and 0.69% of the total respectively. Of all the employees, 86.69% held bachelor's degrees or above, up 3.81 percentage points over the end of the previous year; turnover rate of employees under labor contracts with the Bank recorded 4.63%, down 0.23 percentage point over the end of the previous year.

5.2 Basic Staff Welfare Programs

In 2014, the Bank administered its pension and welfare programs for staffs with labor contracts in accordance with local government regulations. These staffs were covered by 5 social insurance programs, including basic pension insurance, basic medical-care insurance, unemployment insurance, work injury insurance and maternity insurance.

In order to safeguard and raise the living standards of retirees, the Bank established a corporate annuity scheme, i.e., on the

In accordance with government regulations on dispatched labor, the Bank reinforced the management of dispatched staff and gradually reduced its proportion in total staff. As at the end of 2014, the proportion of staffs that were dispatched to the Bank or hired with letters of engagement stood at 14.41%, down 2.72 percentage points over the end of the previous year.

principle of voluntary and equal consultation, post-probation staffs with labor contracts could voluntarily participate in the corporate annuity scheme of the Bank. For dispatched labor, the pension and welfare programs should be established by the dispatching companies, who, when selected by the Bank, were required by the latter to establish pension and welfare programs for their dispatched labor in accordance with relevant national and local policies.

5.3 Equal Pay for Equal Work

In 2014, the Bank fully observed the principle of equal pay for equal work, with no gender-specific differences in its remuneration standards, and met local minimum pay requirements with regard to its minimum remunerations.

The Bank employed all staff in strict accordance with relevant provisions set out in the *PRC Labor Law* and *PRC Labor Contract Law*. There was no employment of child labor.

5.4 Care for Physical and Mental Health of Staff

In 2014, out of its great care for physical and mental health of staff, the Bank organized health training courses and lectures for its staff, covering extensive areas, such as how to keep fit with the use of traditional Chinese medicine (TCM), tips on the health of female staff members, health-care of infants and young children, prevention and treatment of middle to old-age diseases (coronary heart disease, hypertension, and diabetes, etc.), psychological knowledge, and emergency self-rescue and first aid. All these helped employees to understand their bodies, improve their work habits and develop self-consciousness of disease prevention. As at the end of 2014, the Bank had organized 75 health-related training courses and lectures, attracting participation of over 6,900 employees, nearly 800 more than that at the end of the previous year.

In order to help its staffs maintain top form, the Group organized routine physical check-ups for its staffs on a regular



Organize lectures on parenthood under the "Care for Female Employees" initiative

basis, with more items checked for staffs aged 45 and above, and some branches organized special physical check-ups for female employees. As at the end of 2014, staff voluntary

participation in physical check-ups recorded 40,400 person-times, up 4,500 person-times over the end of the previous year.

5.5 Career Planning for Employees



In 2014, the Bank further highlighted its human resource philosophy, and incorporated it into the operation and management concepts of its corporate culture. Such philosophy was mainly conveyed in its selection, utilization and promotion of talents, i.e., pay equal attention to ability and integrity but prioritize integrity in promotion, select the best from the

elites, apply the principle of survival of the fittest, and take full advantage of the talents pool, put the right candidates to the right positions, and motivate employees with a sound incentives mechanism, thereby tapping into the full potential of talents.

The Bank continued to implement the *Measures of China CITIC Bank for Management of Internal Staff Hierarchy* and the *Measures of China CITIC Bank for Management of Categories of Technical Functions*, with the three functions, namely, managerial, technical and expert, corresponding to 14 different position levels, and the 26 categories of the technical functions corresponding to the career promotion ladders of junior, intermediate, advanced and senior positions. This provided a scientific promotion path for career development of all employees. The Bank also strengthened the exchange program for managers working in the Head Office and at the branches. Through horizontal and vertical exchange programs between the Head Office and the branches, more managers accumulated managerial experiences at the grassroots level and in the frontline of the market and were thereby able to grow up quickly. The management positions in the Bank were determined through competition, and a back-up management talent pool for the Head Office and branches was established, which made the selection and appointment of management staff more open, fair and equitable, expanded the perspectives of the candidates, widened the selection channel, enabled the selection of high-caliber well-recognized cadres with outstanding performance, and helped to strengthen the selection, cultivation and performance evaluation of young business backbones and reserve cadres.

5.6 Protection of Rights and Interests of Employees

5.6.1 Protection of employee right to make claims

In 2014, the Bank set up the President's Mail Box on the intranet of the Head Office and the branches whereby employees may directly communicate with the senior management of the Group. At the same time, intranets of the Head Office and the branches opened special columns such as "Employee Forum" and "Home of Trade Union".

Employees of the Group may communicate with leaders at different levels about issues of interest and make comments and suggestions in the forms of face-to-face visit, telephone call, correspondence, and email. All these effectively guided employees group-wide to express their claims by sensible, rational and legitimate means.

5.6.2 Protection of employee right to work and rest

In 2014, the Bank fully safeguarded staff right to work and rest according to law, clearly defined the working hours, breaks and leaves, labor protection and working conditions of its employees in the labor contracts, and rigorously implemented the *Administrative Measures of China CITIC Bank on Staff Attendance and Administrative Measures of the Head Office of China CITIC Bank on Staff Overtime*, as well as other relevant

rules and regulations. As at the end of 2014, the Bank recorded a sum of approximately 233,000 days of maternal leave taken by 2,385 female employees, or approximately 98 days per person, slightly higher than that at the end of the previous year, and an average 7.5 days per person of annual leave, marital leave, personal leave and sick leave, up 2.3 days over the end of previous year.

5.6.3 Protection of employee rights as trade union members

In 2014, the Head Office and branches of the Bank all had trade unions in place and budgeted operating funds for trade unions in full amounts to ensure extensive organization of trade union activities. The Bank convened employee representatives' congresses in line with statutory procedures to discuss important issues, ensure extensive participation in democratic assessment, and review various welfare programs. As at the end of 2014, the Bank achieved 100% trade union membership rate among employees with labor contracts; employee representatives' congresses were already in place at the

Head Office and the Credit Card Center and 40 branches; 37 branches signed *Special Collective Contract of China CITIC Bank for Protecting the Rights & Interests of Female Staff*, an increase of 13 branches over the end of the previous year; for the whole year the Bank convened 40 employee representatives' congresses at different levels, 8 congresses more than that at the end of previous year, deliberated over 170 items, and recorded about 4,200 participants in total, up 40% over the end of the previous year.

The First Bank-wide Employee Representatives' Congress

In October 2014, the Bank convened the first Employee Representatives' Congress of China CITIC Bank, with the attendance of 182 employee representatives. The congress deliberated and adopted the *Implementing Measures of China CITIC Bank on Employee Representatives' Congress*, *Measures of China CITIC Bank on Handling Irregularities of Employees*, and *CITIC Bank Employee Compliance Handbook*, and made proposals for the implementation of the above-mentioned rules and regulations. In addition, the *Collective Contract of CITIC Bank* and *Special Collective Contract of CITIC Bank for Protecting the Rights and Interests of Female Staff* were signed during the Congress. Out of a high political awareness and a

strong sense of responsibility, the employee representatives actively offered many valuable comments and suggestions with regard to business operation and management, democratic construction and trade union work of the Bank. The convening of the congress played a positive role in improving institutional development of the bank-wide employee representatives' congress, enhancing the level of democratic management, disciplining employee irregularities, reinforcing business compliance, preventing financial risk, regulating staff behavior, facilitating the construction of a compliance culture, and promoting sustained and sound business development of the Bank.

5.6.4 Protection of employee right to work safety

In 2014, the Group provided employees with a clean quiet working environment, as well as auxiliary facilities including libraries, chess and poker rooms, staff canteens, and shower rooms. Employees were routinely reminded to pay attention to their personal safety during the work days and public holidays. Senior management members of the Bank paid courtesy visits to retirees on a regular basis and called on sick employees. As at the end of 2014, 38 employees of the Bank were injured at work. For these injury incidents, the Group made active efforts

to apply to local authorities of human resources and social security on verifying the injuries as work-related ones, and, in the event that the decisions were made otherwise, the Group would actively provide material and spiritual compensations to the concerned employees, and made sure that the latter would focus on regaining health and returning to their jobs thereafter.

The Bank formulated and implemented the *Contingency Plan of China CITIC Bank on Gas Leakage*, *Contingency Plan of China CITIC Bank on Flood Prevention*, *Contingency Plan of*



China CITIC Bank on Food Poisoning, Air Defense Contingency Plan of the Property Management Company for Emergency Material Support, Contingency Plan of China CITIC Bank on Power Supply, Contingency Plan of the Engineering Department on Emergency Support, and China CITIC Bank Second Floor Computer Room Contingency Testing Plan, to effectively protect the safety of employees.

Clean tidy staff canteens with specialty chefs were available in the Head Office and some branches and sub-branches, relieving employees of dining worries during working hours. Branches unable to establish canteens made arrangements with third-party suppliers to make timely meal delivery to the employees, another reason for employees to feel joyful and happy in their work.

Creation of a Green Work Environment

In 2014, in order to create a green and healthy work environment, and to make sure that the air quality of the new office building for the Head Office was up to standard, the Bank exercised full-process control over the green decoration project. Rigorous criteria on decorative materials were communicated prior to the commencement of the decoration project, and surprise inspections on the decoration materials were carried out when decoration was in progress, so as to ensure that environment-friendly materials were put to the best use. Upon completion of the decoration project, professional third-party agencies were commissioned to sample test the concentration levels of pollutants including formaldehyde, ammonia, benzene, TVOC, and radon,

focusing on areas that suffered most due to poor ventilation ("the dead corners"). The testing results were all compliant with the requirements of *Indoor Environmental Pollution Control Specifications for Civil Building Projects* issued by the Beijing Municipal Government. Before the Head Office moved into the new building, accurate calculations on the coverage of purified air were conducted, and multiple rounds of air quality monitoring were organized to make sure no dead corners were left uncovered. Thanks to the concern and care from the Bank leaders, a large number of air purifiers and air quality monitors were purchased and installed, turning such care and concern from the leadership to real welfare for the employees.

5.7 More Intensive Professional Training of Staff

In 2014, the Bank re-sorted the organizational structure and job descriptions of the Head Office in line with its operation and management needs, and developed corresponding examination outlines and question database in accordance with its job qualification criteria. Since 2010, bank-wide examinations have been organized twice every year. As at the end of 2014, the Bank recorded 14,000 person-times participation in these exams, with the cumulative figure thereof rising to 43,000 person-times. As such, these training courses and exams played an active role in promoting job skills and quality of employees, and facilitating career development of employees.

The Bank continuously reinforced the construction of the job qualification training system for its employees. In addition to the existing CCRM certification training system, the Bank comprehensively launched the job qualification training system



for employees in corporate finance and retail finance, while planning and constructing job qualification training systems for other lines of business in good order. As at the end of 2014, 41 sessions of job qualification training were organized, and 1,453 staffs obtained the relevant qualifications following the training courses and examinations. As such, the Bank achieved interaction between training, examination, certification and promotion.

The Bank further intensified online training and reinforced the application of online-platforms in the learning process of its employees. Substantial renovation and performance

improvements were made to the official training functions including online learning and examinations. Community-based learning modules were launched online, which included zones for questions and answers and collection of e-articles, etc. These remarkably improved both the software and hardware environments and effectively supported online training needs of the entire bank. As at the end of 2014, the Bank was able to offer nearly 800 online courses, recording more than 900,000 person-times and one million hours of staff online learning in accumulation; and about 400 online examination items, registering cumulative participation of 26,000 person-times.

	2014	2013	Changes
Total training input (RMB 10,000)	7,812.97	8,558.88	-745.91
Senior employees	282.20	140.15	142.05
Medium-level employees	2,300.58	2,036.16	264.42
Grassroots employees	5,230.19	6,382.57	-1,152.38
Total training attendance (person-time)	411,385	406,853	4,532
Senior employees	210	40	170
Medium-level employees	25,248	19,561	5,687
Grassroots employees	385,927	387,252	-1,325
Training duration (days)	7,902	9,013	-1,111
Senior employees	31	10	21
Medium-level employees	700.5	650	50.5
Grassroots employees	7,170.5	8,353	-1,182.5



06

Public Benefit and Charity

- Enthusiastic Return to the Society
- Engagement in Public Benefit Undertakings
- Staff Voluntary Activities

6.1 Enthusiastic Return to the Society

In 2014, the Group enthusiastically paid back to the society and donated charity funds to the areas most in need. As at the end of 2014, the Group donated RMB 12.509 million and HK Dollar 2,633,754 to 29 donation projects, equivalent to a sum of⁹ RMB 14.616 million, primarily for poverty reduction, disaster relief, assisting poor students and aiding vulnerable

groups. Employees of the Group donated RMB 9,585,335.14 and HK dollar 37,890, equivalent to a sum of RMB 9,615,647, of which over RMB 7.77 million was donated to areas affected by the Zhaotong Earthquake in Yunnan. Social contribution per share¹⁰ of the Group stood at RMB 4.19, up RMB 0.85 per share or 25.45% over the end of the previous year.

Assistance to the Rescue of a Preterm inf

On the evening of 8 December 2014, a strong reaction was triggered following a message calling for help posted in the WeChat group of Chongqing Branch entitled "Together We Build a Peaceful CITIC". The message roughly read the following: "The wife of the captain of security team at Xiyong Sub-branch, gave birth to a preterm infant while she was hospitalized in Chongqing Child's Hospital. Suffering from hypoplasia, the baby is extremely weak, only weighs 1000 grams, and is struggling for his very life in a special baby incubator. The medication process seems indefinitely long and costs up to RMB 4,000 per day, far beyond the means of the security captain." Once the news was out, the security staffs of the whole branch jumped into action and made donations to save the baby's life. Thanks to the generosity of the branch's security department and its staff, RMB 23,550 was raised within 10 hours. When the news reached the management team of the branch, including the branch president, they also enthusiastically participated in the donation, and called on the whole branch to lend a helping hand to him and his family. As of 31 December 2014, Chongqing Branch had raised RMB 215,811 in total for the new baby.

At birth, the life of the baby was hanging by a thread. For he and his family, it was like the end of the world. Care and love from his colleagues in Chongqing Branch, however, gave the struggling family new hope. In the WeChat group, he posted the following message: "From the bottom of my heart and my family, we can't thank the branch leaders and colleagues enough for your care and love to my baby. Thank you so much for all your efforts for my baby. I have received the full amount of the donations from my leaders and colleagues. In this most difficult period of my life, and when I worried sick about the poor health of the baby and the exorbitant medical bills, I was at loss as to what I should do next. I could neither eat nor sleep. It was your support and care that helped me tide through this rough patch. I got so much warmth and love from the big family of CITIC Bank. The baby can't leave the incubator yet, but his conditions are improving. How I wish to ask him to get better as soon as possible because so many uncles and aunties are cheering for him! Once again, I sincerely thank you all, and thank CITIC Bank, our big family."

6.2 Engagement in Public Benefit Undertakings

6.2.1 Proactive provision of financial service

In 2014, the Bank improved the efficiency of fund management and optimized fund management for charity organizations by means of settlement services such as cash concentration and electronic reconciliation. Its plan on value preservation and appreciation of assets helped increase fund operation income for the charity organizations while ensuring safety and liquidity of customer assets. As at the end of 2014, the Bank cumulatively provided financial services to 330 foundations and charity federations.

In 2014, the Bank further optimized the provision of loving

services by launching dedicated channels and pathways for the disabled, opening of loving service windows, producing "Braille Financial Transaction Cards", and making public announcement of all the special loving service items.

More attention to details in serving the visually disabled: All outlets of the Bank were equipped with Braille keyboards, guidelines on how to serve the visually impaired customers, dedicated seats and fast track windows. Among others, "Braille Financial Transaction Cards" printed with Braille reminders

⁹ The RMB to HK dollar exchange rate of 0.8 was applied; similarly hereafter.

¹⁰ (Annual tax paid + staff salaries paid + loan interest paid to creditors + total outbound donations + other social costs as a result of environmental pollution, etc ÷ total share capital + basic earnings per share). Growth in social contribution per share in the reporting period was mainly the result of increase in payment of staff salaries and interest expense.



Braille card for identification of coins / notes

were available at the outlets. The cards were kept by the lobby manager and offered to the visually disabled when they came for services. Made of semi-transparent hard plastics, the card had multiple functions such as assisting the visually disabled to identify the notes and coins of the 5th Set of Renminbi, and confirming the places for signatures and fingerprints. The Business Department of the Head Office organized two sign language training sessions covering all the outlets and at present each outlet has a full-time sign language service

person. During the Third Beijing Sign Language Contest, our contestants out-performed their rivals and won the Award for Excellence in Organization.

Thoughtful services to the elderly: The Bank tailor launched the "Xingfunianhua" Card (literally meaning Card for "happy years") for the elderly customer group, organized training sessions for the card holders on financial knowledge and how to detect counterfeit bank notes and prevent frauds, and invited health experts to lecture on scientific approaches in preserving health. At the outlets, the elderly customers could access amenities such as wheelchairs and dedicated seats for the elderly. Value-added services were provided to "Xingfunianhua" card holders, such as organizing classes for the elderly on how to prevent financial frauds in residential communities, inviting elderly customers to participate in Taiji courses and lectures on how to preserve health with tips borrowed from Traditional Chinese Medicine, organizing square dance contests for elderly dancing fans, and inviting eligible "Xingfunianhua" customers to participate in CNCB classes for the elderly, etc. All these helped the elderly to better enjoy a happy life at their latter stage of life and experience the Bank's caring services to the elderly customer group.

6.2.2 Provision of financial assistance to high school students in poverty stricken areas

On top of the 2013 donation program that funded the 10 "New Great Wall High School Student Self Improvement Classes", the Bank further increased its funding assistance by donating RMB 2.1 million in 2014 to cover 350 students in 7 schools in Hunan, Hubei, Xinjiang, Heilongjiang, Anhui, Ningxia and Qinghai provinces (autonomous regions). By the end of November 2014, nearly 40 representatives from 7 branches of the Bank paid visits to the 7 schools, attending their class opening ceremonies, and visiting families of the recipient students. The Head Office also sent representatives to Yanchi Senior High School in Ningxia to attend the class opening ceremony, and visit families of the recipient students. As at the end of 2014, in accumulation, 17 High School Self Improvement Classes were established with funding support from the Bank, providing assistance to 850 high school students from impoverished families of 12 ethnic backgrounds in 21 counties (prefectures), making the Bank become the donor that opened the largest number of standard classes, benefited the largest number of students, and covered the most extensive geographic area in the history of the "New Great Wall High School Student Self Improvement Class", a program created by the China Foundation for Poverty Alleviation (CFPA). In March 2014, the CFPA honored the Bank "Loving Ambassador of Poverty Reduction".

In 2014, the Bank developed the *Guidance on the Work of "China CITIC Bank – New Great Wall High School Student Self Improvement Class"*, with "perform duties, provide relief

to the poor, and put charity funds to the best use" as the guiding philosophy, and requested all branches to effectively apply the limited poverty relief funds to the most needed groups, maximize social benefits of the funds, fully motivate and engage the staffs, and thereby not only make schooling affordable to the recipient students, but also help them to overcome difficulties and achieve better performance at school with firm beliefs and greater confidence. As at the end of 2014, representatives from 6 branches, namely, Shijiazhuang, Taiyuan, Nanning, Chengdu, Nanchang, and Guiyang Branches, paid visits to the schools and engaged in various interactive activities with the recipient students.



The group donated students in under-developed areas

Observations by Recipient Students and Their Parents

"I am so fortunate to become a member of the New Great Wall Self Improvement Class. I would like to thank CITIC Bank for providing the assistance. From now on, I will be ready for the new journey and work real hard upon the firing of the starting gun. Maybe I am not the best student, but I will be the most diligent student for sure. I will do my best to get admitted by a good university, to be worthy of your assistance and to pay back your kindness".

— Remarks by Luo Ting, a recipient student in Ningxia Yangchi Senior High School

"Although it is almost impossible for us to provide them with a favorable learning environment or facilities, we still hope that, just like other students at the same age, our kids could devote themselves to learning, grow healthy and strong under the thoughtful guidance of their teachers. Despite their poverty and tough living conditions, our kids are no different from others'. They also want to do well in school. But it is beyond our means to help them fulfill such a simple wish. Every time our kids get top grades in school, we are so proud of them, and at the same time it is killing us inside for not being able to provide more for them. Today, on their journey for continuous learning, at the most difficult juncture of their lives, it is CITIC Bank that provides the most needed assistance. Thanks to that, they are able to return to their classes and continue their study in school. You have brought us the most profound love, for which we will remain grateful forever, and we will do our best to work with the school, help cultivate them to become knowledgeable, ambitious and ethical citizens useful to the society."

— Remarks by the parent of Huang Xuemei, a recipient student in No.2 Middle School of Qitai County, Xingjiang Uygur Autonomous Region

Voluntary Teaching Program

In May 2014, Chengdu Branch telephoned its partner school and expressed its wish to exchange with the students. The school, however, declined the offer, citing heavy academic pressure on the students as the excuse; as they were concerned that the donor might just want to put up a show to enhance their public image. The enthusiasm of Chengdu Branch was not dampened by the negative response from the school; instead it was more determined to offer substantive assistance to the students. Since the beginning of June 2014, the branch recruited staff volunteers extensively. After nearly two weeks of screenings, group discussions and preparation of materials, 4 young staff members, all being graduates from prestigious domestic universities, were successfully chosen. They immersed themselves in the high school students from poor families, shared with the students their personal experiences in overcoming academic difficulties, and provided the students with tips on how to do well in school. In the study group sessions, each group formed a circle with desks, and engaged itself in one-on-one tutoring with the volunteer teachers. Liu Qian helped her study group with

English reading comprehension; Wu Xueqin focused on English writing; Deng Wenhao started with how to calculate interest income, and went on to explain the application of function limits in mathematics; and Zeng Yue selected a lot of interesting mathematics cases to guide the students towards learning mathematics with fun and established a clear mathematics logic framework for the students. Through group teaching, the volunteer teachers and students were engaged in more in-depth interactions, and shared jokes and anecdotes about their school years, all of which inspired student interest in learning, and narrowed the distance between the volunteer teachers and the students. As such, the program became extremely popular among the students. Upon completion of the program, the school made numerous calls to the Bank, inviting the Bank to organize more similar tutoring courses that could effectively help students become better learners, and expressing the intention to expand the program to the whole school. The school claimed that they had experienced first hand how serious and "truly unique" the Bank was in working for the public good.

6.2.3 Promotion of financial literacy

In 2014, the Bank vigorously engaged itself in events and activities for promotion of financial literacy, such as disseminating general banking knowledge and educating the general public on how to detect counterfeit bank notes, how to prevent telecom frauds, and how to use credit cards, etc. As at the end of 2014, the branches of the Bank organized over 1,600 events and activities in various communities whereby 16,000 person-time staffs disseminated financial knowledge to 2.17 million public audiences.

The Bank actively participated in the "Financial Knowledge Advocacy" campaign initiated by the CBRC, focusing in particular on protection of consumer rights and interests, cultivation of risk prevention awareness, and dissemination of knowledge on banking products (including bank cards, wealth management products, financial services for going abroad, credit cards for overseas students, personal loans, personal internet banking, mobile banking, CyberPayment and agency sales), etc. As at the

end of 2014, more than 1,000 outlets of the Bank participated in this campaign. They sent out nearly 8,800 person-time staff volunteers, organized 1,322 events and activities for promotion of financial literacy, distributed 770,000 promotional materials, and reached 1.8 million person-times of targeted audiences.

The "Financial Knowledge Advocacy" Campaign

On 1 September 2014, the Business Department of the Head Office kick started the "Financial Knowledge Advocacy" campaign on all fronts. Targeting the youth group, the department organized large out-door events in local communities and schools to disseminate knowledge and information on consumer rights protection, raise awareness of risk prevention, spread knowledge on banking products (including bank cards, wealth management products, financial services for going abroad, credit cards for overseas students, personal loans, personal internet banking, mobile banking, CyberPayment and agency sales), and have dedicated volunteers to offer explanations and services to the audience.

The Business Department of the Head Office produced promotional materials and came up with uniform promotional slogans for the "Financial Knowledge Advocacy" campaign; sub-branches synchronized updates of promotional information on the electronic roller-ups and multimedia devices of their outlets, and selected high-caliber employees to serve as public advocacy volunteers that actively engaged the audience through introductions and presentations, thereby creating a favorable environment for the advocacy.

Shijingshan Sub-branch under the Business Department of the Head Office put up promotional display racks and banners prominently in its business hall, exhibited the campaign slogans, and focused on disseminating knowledge on preventing risks associated with cross-bank transfers, general application of



Financial literacy campaign on campus

internet banking and mobile banking, and protocols on the use of bank cards, thereby fully demonstrating the importance of preventing common risks, such as security of bank card usage, anti-counterfeit money, prevention of telecom frauds, and caution against illegal fund raising. The citizens were very interested in issues relate to financial frauds and illegal fund raising, raised a lot of questions and actively participated in discussions.

Fuhua Sub-branch under the Business Department of the Head Office targeted teenagers for introduction of financial knowledge. After contacting the nearby schools, the sub-branch organized promotional events for students, parents and residents in the neighborhood of Shuguang Primary School, Fuxue Experimental Primary School, and No.55 Middle School. These on-site events focused on introducing to the teenagers basic knowledge on banking and wealth management, guiding the teenagers to make scientific and rational use of banking products and services, and enhancing their awareness and capability in safeguarding assets and properties.

The Business Department of the Head Office was honored "Role Model Unit" and won the "Award for Organizational Excellence" in the 2014 "Financial Knowledge Advocacy" campaign.

6.3 Staff Voluntary Activities



Staff voluntary visited schools and students in under-developed areas

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

Under the leadership of volunteer organizations established at the Head Office, branches and sub-branches, staff volunteers of the Bank participated in various voluntary activities, including voluntary teaching, tree planting, caring for the elderly, caring

for children suffering from diseases as well as other vulnerable groups, donating to disaster-stricken areas, providing warmth and care to sanitation workers, advocating the Lei Feng Spirit, donating blood, advocating traffic compliance, raising funds for disaster relief by organizing charity bazaars, and distributing Spring Festival couplets, etc. As at the end of 2014, the Bank

established 44 youth volunteer organizations at the branch level (including volunteer associations and voluntary service teams), 203 youth volunteer organizations at the sub-branch level (including voluntary service teams), and recruited 6,403 young volunteers in total. The Group organized 64 staff volunteers' events, involving approximately 2,450 person-times of staff volunteers.

Book Donation under the "Financial Services for the People" Campaign

In 2014, by joining hands with the China Financial Education Development Foundation ("CFEDF"), the Bank mobilized staff of the Head Office to donate second-hand books for the "Financial Services for the People" campaign. All donated books would be delivered to rural grassroots officials and farmers in poverty-stricken counties in central and western China via CFEDF. When the campaign was launched at the end of July, the Head Office published the initiative on book donation through a pop-up window on the homepage of its

intranet, calling on its staff to actively participate in the initiative and jointly contribute to poverty alleviation through financial education. As at the end of November, in nearly 4 months, the staff of the Head Office had donated over 1,500 books to the campaign, priced at RMB 48,000 in total. Altogether, the Bank organized 18 rounds of voluntary services, recording staff volunteer participation of 46 person-times and over 50 service hours. CFEDF has issued a Book Donation Certificate to the Bank.

The "Shower in 5 Minutes" Campaign for Water Conservation & Carbon Reduction

For 3 consecutive years, CNCBI provided full support to the "Shower in 5 Minutes" campaign, the first large-scale water conservation & carbon reduction campaign organized by the "Green Force" in Hong Kong. The campaign calls on citizens to complete showers in 5 minutes and thereby helps more people recognize the importance of water conservation and carbon reduction. By supporting the campaign, CNCBI hopes to raise awareness of carbon reduction among Hong Kong citizens in general and its staff in particular, and advocate a green life style in the whole society. In 2014, the campaign engaged Ms. Ivana Wong, a local singer & songwriter, to serve as the ambassador of the campaign, who wrote and sang the theme

song "Shower Song", and Fire Lee to direct an MV for the song, which attracted over 16,400 citizens to make the pledge of showering in less than 5 minutes, up 80% over the previous year. As such, the campaign greatly increased its visibility. As at the end of 2014, over 42,000 students completed the "Challenge to Shower in 5 Minutes", i.e., replaced baths or long showers with 5-minute showers for 21 days in a row, doubling the number of participants in the previous year, which, calculated at five minutes less in shower per person on average, was equivalent to reduction of CO₂ emission by 26,535kg, or to annual CO₂ absorption by 2,211 trees¹¹, 106% more than that of the previous year.

Hematopoietic Stem Cell Donation

On 5 December 2014, the International Volunteer's Day, the Shanghai Municipal Red Cross Society organized a brief ceremony outside the wards of No.1 People's Hospital to present the Medal of Honor from China Bone Marrow Program, the Certificate of Honor from Shanghai Municipal Red Cross Society, and the Medal of Charity from Shanghai Municipal Red Cross Society to Mr. Chen, an employee of the Bank. At the same ceremony, the Youth League of Shanghai Municipality presented Mr. Chen the Excellent Young Volunteer Certificate, and Shanghai Branch of the Bank honored him "Loving Ambassador" of Shanghai Branch along with some monetary reward. Mr. Chen, a young man born in 1990,

voluntarily joined the China Bone Marrow Program four years ago when he was still in college. This time, he donated his hematopoietic stem cell to a stranger leukemia patient in a distant place. The staff from the Red Cross Society said: "When we communicated with him following the successful match of bone marrow types, we did not have to explain the medical theory to him, as he had learned about it long time ago. What's more, he has full support from his mother and understanding from his employer". This selfless act of Mr. Chen saved the life of another person, which fully demonstrates the courage of the Bank's young staff in performing their social responsibility.

¹¹ Estimation figures are from the "Green Force", including the following information: water consumption at 10 liters per person per minute; CO₂ emission at 0.596 gram per liter of water consumption; and CO₂ absorption at 12kg per tree per year on average.

The "Ai-Xin-Hui" Public Benefit Platform



"Ai-Xin-Hui" (literally meaning "pooling of love and credit") is a public benefit platform. With support from staff of the Bank, the project encourages the general public to apply for the CNCB Public Benefit Credit Card and donate the points accumulated through card use for shared participation in public benefit activities. The Credit Card Center of the Bank is the organizer and promoter of the "Ai-Xin-Hui" public benefit platform, and CNCB credit card holders the real contributors and supervisors. The platform includes four sub-programs, namely "Points for Dreams", "Interviewer Initiative", "Dream to Go on a Journey for Voluntary Teaching", and "Public Benefit Summer Camp". In the early days of "Ai-Xin-Hui" in 2011, the Credit Card Center of the Bank chose One-dream Charitable Foundation for cooperation. By setting up "Dream Centers" in various localities and organizing quality education courses including those on wealth management, the project helped children in poor areas to pioneer into a future with "self confidence, easiness and dignity".

"Points for Dreams" aims at mobilizing CNCB credit card holders to donate their credit card points for participation in public benefit activities. For every 100 million points donated, the Bank would construct a "Dream Center" multimedia library classroom in the name of "Ai-Xin-Hui". As at the end of 2014, a total of 412,993,979 points were donated by more than 60,000 credit card holders of the Bank. These donated points will be converted into books at an equivalent value of RMB 420,000, enough to build 42 "Dream Centers" and benefit 4,000 teachers and students.

The "Interviewer Initiative" is a program that helps the Bank recruit reserve talents for the "Dream to Go on a Journey for Voluntary Teaching" program. Every April, One-dream Charitable Foundation visits universities to recruit candidates for the voluntary teaching program. Through group discussions and individual interviews, potential volunteers are observed and evaluated; the successful candidates will be exposed to pertinent training courses, before they officially join the voluntary teaching program. As at the end of 2014, the staff of the Bank registered 616 hours of public benefit services in total.

"Dream to Go on a Journey for Voluntary Teaching" is a training program tailored for rural village teachers working at grassroots level in "Dream Center" schools. Volunteers selected by the "Interviewer Initiative" would penetrate into the villages and engage in face-to-face exchanges with the local teachers during the summer vacation to pass on the "dream courses" concept, demonstrate teaching methods for the courses, and elevate the overall level of rural teachers. The Bank also invited credit card holders to take charge of team building and emergency response in the voluntary teaching groups as corporate observers. As at the end of 2014, the Bank recorded over 70 person-times of staff participation and 5,067 cumulative hours of public benefit services in this program, covering 17 provinces / autonomous regions and spanning over 20,000 kilometers.

"To the Beyond Public Benefit Summer Camp": Under this program the Bank invited kids from the Dream Centers to join children of CNCB credit card holders in theme summer camps. Every August, the program helps kids to "fulfill a small dream, and build a big dream", which means that the credit card holders fulfill their own dreams while helping others to build a future and thereby jointly create a better life with others. As at the end of 2014, the Bank had successfully organized 5 theme summer camps. In particular, "Dream in My Heart", a giant painting produced by kids in the summer camps, fetched RMB 530,000 in an auction, which was used for successful construction of Dream Centers in 5 schools, benefiting about 5,000 kids.

"AiXin Account" (literally meaning "credit account of love") is a public benefit app that the Bank developed for mobile phones in 2014. It helps public benefit organizations expedite their receipt of public donations, and enables the "Ai-Xin-Hui" public benefit platform to receive all kinds of donations, on top of the donation of credit card points, thereby inspiring customers to not only engage themselves in public benefit activities, but also attract their children and friends into events for the public good. Within 14 days since the launch of the crowd funding initiative, the "AiXin Account" already covered 28 million followers of the Post Bar on Public Benefit Stories of Baidu.com, with average daily coverage reaching 326,000 person-times.





07

Green Banking and Environmental Protection

- Support to Green Credit ●
- Growth of E-banking Transactions ●
- The Practice of Energy Conservation and Emission Reduction ●

7.1 Support to Green Credit

7.1.1 Participation in green credit

Leaning of credit policy: In 2014, the Bank upheld the concept of green credit, emphasized and paid close attention to sustainable development of areas such as environment pollution control, resource conservation and utilization, and ecological protection, and put forward the credit policy of "practicing green credit and strictly controlling financing needs of overcapacity industries" whereby the concept of green credit was incorporated into the entire process of dissolving overcapacity to ensure that credit was granted to areas compliant with requirements of technological upgrading, constraints on carbon emission and green standards. The Bank rendered strong support to development of green economy, circular economy and low-carbon economy. For instance, from May 2013 onward, the Bank granted RMB 330 million comprehensive loans to an environmental protection company that was an industry leader professionally engaged in waste management and environmental services. In 2014, with full support of the Bank, the company successfully completed the Shenzhen Fuyong sludge treatment project, expanded its capacity for disassembling and disposal of waste electronic equipment and appliances in Qingyuan, and won the bid for the waster water treatment project in Chengnan of Heyuan City, all of which effectively promoted pollution control capacity building in cities, and markedly improved the urban environment.

Tougher review and approval of credit grant: In 2014, when accepting loan applications involving environmentally risky projects, the Bank required the applicants to produce corresponding-level environmental impact assessment ("EIA") reports, judged environmental risk of the projects based on the EIA reports and regarded the reports as an important basis for

decision making on loan approval. For instance, XX Aluminum Plastic Company in Ninghai County is a small business customer of the Bank's Ningbo Branch. Its business is aluminum smelting. In the pre-lending investigation, a customer manager of the branch found that this customer was a small family-run workshop severely polluting the environment and that the nearby villagers were very frustrated with the company. With comprehensive consideration of the company's potential risks as a result of the environmental requirements, the customer manager insisted that the borrowing enterprise must comply with environmental standards and eventually rejected the company's loan application, thereby stopping credit grant to such heavily-polluting workshops.

More green loans: In 2014, the Bank rendered active support to projects that were consistent with green credit criteria and therefore were encouraged by the government, prioritized financial support to premium green project loans, green auto finance, green property and construction, and green credit card, and made steady efforts to explore innovation of emerging businesses such as green credit intermediary business. With better business communication with the Fund Management Center of the China Clean Development Mechanism, the Bank enthusiastically cooperated with the latter in relevant energy conservation and environmental protection projects. As at the end of 2014, the Bank's green credit was mainly granted to projects for green transport, renewable and clean energies, services for energy conservation and environmental protection, garbage disposal, and pollution control, with the balance of loans to energy conservation and environmental protection projects¹² standing at RMB 27.125 billion.

12 Statistical caliber is based on the balances of items with the following category names as per the Industry Classification of the National Economy (GB/T 4754-2011): 1. Water pollution control; 2. Control of hazardous wastes; 3. Control of other pollutants; 4. Manufacturing of biological and chemical pesticides and micro biological pesticides; 5. Manufacturing of materials for specialized environmental pollution control agents; 6. Manufacturing of regenerative rubber; 7. Processing and disposal of metal scraps and wastes; 8. Processing and disposal of non-metal scraps and wastes; 9. Wastewater processing and recycling; 10. Process, utilization and distribution of other types of water; 11. Recycling and wholesale of regenerative materials; 12. Hydro power generation; 13. Nuclear power generation; 14. Other power production; 15. Monitoring of environmental protection; 16. Wildlife protection; 17. Wild plant protection; 18. Greenery management; 19. Other nature protection; 20. Manufacturing of specialized devices for environmental protection; and 21. Manufacturing of specialized devices and meters for environmental monitoring.

The Bank Provided Integrated Financial Services to a Pollution Control Company

A Guangxi Environmental Technology Company Limited was incorporated in 1999. It is a key high and new-tech enterprise included in the Torch Plan of the Ministry of Scientific and Technology ("MOST"), a backbone enterprise under the China Environmental Protection Industry Association, and an enterprise with an outstanding national brand in environmental protection. Its core business includes water treatment and use of water as a resource, clean production, disposal and recycling of solid wastes, de-SOX of tail gas, control of heavy metal pollution and ecological recovery. Its service scope covers the entire industrial chain of environmental protection including but not limited to project consulting and design, research and development, equipment manufacturing, project construction, facility operation, and BOT, etc. In 2014, Nanning Branch of the Bank signed a strategic cooperation agreement with the company, granting the latter RMB 250 million comprehensive loans as an indication of its strong support to the company's efforts in energy conservation and emission reduction, green circular economy and ecological construction. As per the



agreement, the Bank would provide the company with all-round financial services including lending, investment banking, cash management, e-banking and financial consulting services. The company used the loans for further expansion of production, and increase of its share in the environmental protection market. As such, the Bank not only addressed the company's pressing fund shortage but also helped with the company's re-financing.

7.1.2 Stringent risk control of overcapacity industries

In 2014, the Bank continued with its tougher control of credit grant to heavy-pollution high-energy-consumption and overcapacity industries ("two-high overcapacity industries"), paid close attention to the orientation of government policies, and further intensified credit risk management of overcapacity industries, namely, iron and steel, non-ferrous, shipbuilding and PV. In line with its credit policy, the Bank adopted a prudent attitude towards the two-high overcapacity industries, toughened credit review and approval criteria for these industries, provided loan support selectively to premium enterprises in these industries, gradually but resolutely compressed and exited from loans to enterprises that were low in production capacity, high in energy-consumption and backward in processes and technologies, and denied such enterprises of any incremental loans. As at the end of 2014, the Bank's balance of loans to high-energy-consumption heavy-pollution industries¹³ stood at RMB 49.219 billion, down RMB 14.125 billion or 22.30% over the previous year; and the share of such loans in total corporate loans of the Bank went down by 1.12 percentage points over the previous year.

The Bank resolutely controlled credit grant to heavy-pollution high-energy-consumption industries, and practiced the mechanism of gradual exit from a group of overcapacity steel manufacturers that were excluded from the government's

access list. For instance, a subsidiary of a group company was a customer of the Bank's Shenyang Branch. It was engaged in ferroalloy smelting and chemical business with its credit line peaking at RMB 220 million in 2012. After learning the fact that the enterprise was ordered by the government environmental authority to rectify its emission of pollutants within a prescribed time limit, the branch paid close attention to the company's efforts and input in pollution control and the government environmental authority's handling of the situation, and compressed loans to the company year by year, i.e., annually reducing credit support to the company by at least 30% of the existing credit line, and planning to completely exit from credit grant to the enterprise in 2015. A customer of the Bank's Xiamen Branch was a steel company producing steel products, hot rolled steel (including billet steel), and steel-pipe furniture. In January 2013, the company got RMB 30 million credit line from the branch. In its post-lending management, the branch paid great attention to environmental issues of the customer, finding that the company was a heavy polluter of dust and noise in its production process, affected the living environment of the nearby villagers, and had been ordered for rectification by the municipal environmental authority. As a result, the branch discontinued its lending to the company and exited from all existing loans to the company in 2014.

¹³ Statistical caliber is based on the balances of items with the following category names as per the Industry Classification of the National Economy (GB/T 4754 - 2011): iron smelting, steel smelting, black metal casting, steel rolling processing, ferroalloy smelting, cement manufacturing, cement product manufacturing, coking, copper smelting, aluminum smelting, lead and zinc smelting; and thermal power generation.

High energy consumption & heavy pollution industries	31 December 2014		31 December 2013	
	Loan balance (RMB 100 million)	Share in total corporate loans (%)	Loan balance (RMB 100 million)	Share in total corporate loans (%)
Iron and Steel	228.12	1.56	275.69	1.95
Cement	60.69	0.41	75.13	0.53
Coke	31.58	0.22	32.89	0.23
Copper smelting	13.45	0.09	23.31	0.16
Aluminum smelting	31.78	0.22	42.34	0.30
Lead and zinc smelting	6.12	0.04	12.71	0.09
Thermal power generation	120.46	0.82	171.38	1.21
Total	492.19	3.36	633.45	4.48

7.1.3 Development of green credit intermediary business

Green credit intermediary business of the Bank in 2014 means the following: the Ministry of Finance ("MOF") concluded a foreign currency denominated loan contract with an overseas financing bank, whereby the MOF borrowed foreign currency funds and entrusted the Bank to invest the funds in eligible energy conservation and emission reduction projects, and the Bank guaranteed to MOF that it would repay both principals and interests to the overseas financing bank in a timely manner.

In its green credit intermediary business, the Bank made investments mainly to finance projects for reduction of GHG emission relating to urban buildings, energy, transportation, water supply and wasted-water treatment. Specific project

areas included but were not limited to: PV power generation and solar water heating system; small-scale hybrid thermal power plants; energy-saving public buildings; energy-saving water supply pumps and wasted-water treatment systems; low-energy-consumption urban lighting systems powered by renewables; garbage control and recycling; power generation with combustible gas and waste heat from recycled garbage and wasted-water; energy-saving public transport, urban transport powered by alternative energy (such as hybrid buses) and transport management systems. As at the end of 2014, the Bank's balance of loans in green credit intermediary business recorded 5,993,556.93 euros, the same as that at the end of the previous year.

On-lending Services to a Wetland Conservation Project

Wolong Lake National Nature Reserve is the largest nature reserve of inland natural wetland and an important biological diversity reserve in Liaoning Province holding more than 828 varieties of species. In 2014, a branch of the Bank in the province on-lent EU15 million loans to the project on biological diversity and wetland protection in Wolong Lake National Nature Reserve, Kangping County, Liaoning Province. In the course of project operation, the branch effectively safeguarded the project from the financial perspective. Among others, the Bank proactively communicated with relevant government authorities, addressed many difficulties and problems of the

project, ensured timely production of commitments on debt service of the project, pushed forward local fiscal review and approval at all levels, patiently communicated for progress in recovery of project deposit, and initiated a green corridor for project approval and for conclusion of the onlending agreement.

The project was for sustainable development and ecological safety of the reserve. By increasing wetland area, improving water environment of the wetland, preserving and developing biological diversity, and actively conducting scientific research and rational utilization, the project aimed at constructing

a comprehensive protection system that would integrate protection, scientific research, communication and education, and development and utilization of biological diversity, enhancing community and public awareness of natural resource conservation, and establishing a friendly reciprocal relationship between the nature reserve and the surrounding communities. With a total land area of 258 hectares, the project will focus

on biological diversity protection, wetland water body and biological system protection, ecological tourism development, wetland communication / education and capacity building of the Wolong Lake. Investment of the project totaled EU18 million, including EU15 million loans from the French Development Agency, and EU3 million matching fund from Shenyang Municipal People's Government and Kangping County People's Government.

7.2 Growth of E-banking Transactions

In 2014, the Bank's personal e-banking business continued to enjoy rapid development, further replacing traditional channels and playing an increasingly important role in upgrading service efficiency and customer experience. As at the end of the year, the Bank's substitution rate of personal e-banking transaction number recorded 93.16%, up 1.68%; customer account number, transaction amount and transaction number of personal internet banking all achieved higher than 30% growth; and transaction number and transaction amount of personal mobile banking achieved 236.78% and 586.52% growth respectively, maintaining high-rate growth for two consecutive years. (see the table next page)

In 2014, in order to respond to climatic change and answer the call of the government for development of low-carbon

economy and low-carbon finance, the Bank developed multiple innovative financial products in succession, including the cross-border cash management system, enterprise total-process business services, and the electronic tendering and bidding system, and gradually constructed a complete corporate e-banking service channel that covered cash management, bank-enterprise direct link, mobile banking and telephone banking, so as to provide greener electronic financial products and services to enterprises. Capable of replacing traditional hard-copy versions, the prevailing electronic commercial papers of the Bank are conducive to environmental protection and reduction of carbon emission as they omit the traffic exchanges required by manual transmission and inquiry in the circulation of hard-copy versions.

7.3 The Practice of Energy Conservation and Emission Reduction

7.3.1 Advocacy of video conferences

In 2014, the Bank vigorously advocated video conferences and tried hard to control the number of on-site meetings. As at the end of 2014, the Bank organized over 3,300 video conferences and training sessions, of which, the Head Office organized 237

video conferences and training sessions, an increase of 41.92% over the previous year; and the branches organized more than 3,100 video conferences and training sessions, a slight decrease over the previous year.

7.3.2 Use of energy-saving environment-friendly products

In 2014, the Bank increased procurement of energy-saving environment-friendly products¹⁴, with purchase amount thereof totaling RMB 23.53 million. Among others, the Bank purchased about 75,000 LED lights at a total cost of RMB 2.1

million, about 3,300 units of energy-saving office equipment at a total cost of RMB 15.86 million, plus RMB 10,000 energy-saving sensor switches, RMB 0.25 million water-saving toilet seats, and RMB 5.31 million other energy-saving devices.

¹⁴ Refer to Government Procurement List of Energy Conservation Products (Issue No.15) for definition of energy conservation and emission reduction products.

All name cards of the Bank were printed with recycled paper. The use of recycled paper reduces tree cutting and emits fewer pollutants to the atmospheric and water environments in the process of pulping, and thereby effectively protects the terrestrial environment and saves resources. As at the end of

2014, the Bank printed 49,470 boxes of name cards, equivalent to reduction of tree cutting by 10.4 tons, reduction of garbage and waste discharge by 6.4 tons, reduction of CO₂e and GHG emission by 0.95 tons, and saving water by 173.36 tons.¹⁵

	2014	2013	Change
Personal E-Banking			
Customer number of personal internet banking (10,000 accounts)	1,390.52	1,031.14	34.85%
Transaction amount of personal internet banking (RMB 100 million)	89,652.25	53,635.94	67.15%
Transaction number of personal internet banking (10,000 transactions)	18,838.29	12,173.70	54.75%
Customer number of personal mobile banking (account)	6,452,400	3,418,788	88.73%
Transaction amount of personal mobile banking (RMB 100 million)	1,161.45	169.18	586.52%
Transaction number of personal mobile banking (transaction)	3,565,642	1,058,754	236.78%
Business number replacement rate of personal electronic banking	93.16%	91.62%	1.68%
Corporate E-Banking¹⁶			
Transaction amount of corporate internet banking (RMB 100 million)	381,072.41	282,843.43	34.73%
Transaction number of corporate internet banking (10,000 transactions)	4,509.78	2,992.90	50.68%

Campaign for Energy Conservation and Emission Reduction

In 2014, the Head Office of the Bank launched an initiative on energy conservation and emission reduction, calling on all branches and sub-branches to perform their environmental responsibility with real actions.

Integration of energy conservation concepts into outlet design: Some branches incorporated more energy conservation concepts into the preliminary designs of their newly constructed outlets. For instance, higher-level environment-friendly products

were chosen for main construction materials such as wall and floor marbles, paint, and lumber cores, and environment-friendly products were used as much as possible for auxiliary materials to ensure green, standard and civilized construction.

Purchase of renewable materials: Some branches purchased disposable bags and other daily necessities made from regenerative materials, and distributed proposals to call for the use of hand driers in toilets to reduce the consumption of paper towels.

¹⁵ Data source: The above data was automatically calculated on the official website of the suppliers. Please refer to <http://www.arjowigginsgraphic.com/> for details.

¹⁶ Due to change of statistical caliber, the substitution rate of corporate internet banking transaction amount and that of corporate internet banking transaction number for the reporting period are not disclosed in this report for the time being.

Clean plate initiative: Some branches implemented the "clean plate" initiative branch-wide to reduce waste on dining tables.

Purchase of products with energy-saving certifications: Some branches only allowed the purchase of energy-consuming devices labeled at energy efficiency level II and above or products with indications of energy-saving certification.

Reuse of office supplies: Some branches paid great attention to the recycling and reuse of office supplies. For instance, binder clips and paper clips were recovered from departments with large accumulation of used stuff and placed in departments in charge of distribution of office supplies so that such used stuff could be redistributed for proper use.

Reduced use of high energy-consumption transport in business travels: Some branches required their staffs to maximize the use of express trains in their business travels where and when possible.

Use of natural gas boilers: Some branches invested several hundred thousand Renminbi to upgrade and renovate their boilers, converting the long-used diesel boilers into natural gas ones, which effectively addressed diesel boiler problems such as insufficient combustion, generation of black smoke and negative impacts on the environment.

Participation in meeting with your own mugs: Some branches advocated participants bringing their own mugs to meetings instead of distributing disposal paper cups during the meetings.

7.3.3 Advocacy for less use of Xerox paper

In 2014, the bank encouraged employees to reduce the use of Xerox paper and the printing of hard copies of regular reports and conference materials. The Bank purchased 395,000 packs of A4 Xerox paper (equivalent to 944 tons of CO₂e¹⁷),

an increase of 14.2% over the previous year, with per capita purchase thereof being 7.80 packets, an increase of 5.4% over the previous year.

Measures for Reducing Office Use of Paper

In 2014, Ningbo Branch of the Bank vigorously promoted e-office with various measures and starting from the trivial.

Replacing hard-copy reading with e-reading: The branch guided its employees to develop the habit of computer reading instead of reading printed versions.

Two-sided printing: The branch encouraged its employees to use both sides of the paper. Except for official documents, all internally circulated documents were printed on both sides, unless the paper carried important information such as financial, personal or communication data and therefore may not be reused, under which circumstance the paper was timely shredded.

Printing more on every single piece of paper: When printing internal documents, the branch advocated the use of smaller Size 4 font and narrower margins to print more contents on each piece of paper.

Reduction of erroneous printing: Prior to printing, the branch advocated careful review to ensure the document was free of errors and thereby avoided unnecessary waste; and required the setting of print area (for Excel tables in particular), preview of the print layout, and confirmation of error-free status of the document before printing.

Higher use efficiency of waste paper: The branch required its employees to use non-printable waste paper with one-blank side as scratch paper instead of simply discarding such waste paper.

Reduction of hard-copy materials: The branch required that meetings should maximize the use of multi-media for presentations to reduce the use of hard copies, and that employees should maximize the use of emails to reduce the use of facsimile paper, or scan hard-copy facsimiles and email the electronic versions thereof.

7.3.4 Tougher management of business vehicles

In 2014, 3.264 million liters of gasoline was purchased for business vehicles of the Bank, equivalent to 7,745 tons of CO₂e¹⁸.

17 Each pack of A4 Xerox paper is of the 500-piece standard specification and weighs 2.5kg; CO₂ emission factor for the entire life cycle of paper is 956kg CO₂e/ton. Data source is DEFRA 2014.

18 Average fuel consumption intensity of business vehicles is calculated at 0.731kg/l. Data source is DEFRA 2014. CO₂ emission factor is 3.25 CO₂e/ton. Data sources include IPCC Guidelines for National Listing of GHG Emissions and China Energy Statistics Year Book 2012.

Measures for Management of Business Vehicles

In 2014, some branches of the Bank intensified uniform management of business vehicles to improve efficiency of vehicle use. Specific measures include the following:

Uniform purchase of fuel cards: practice centralized purchase of fuel cards for business vehicles, e.g., "one fuel card for one vehicle", regular quantitative fuel charging, and uniform management;

Regular maintenance: maintain business vehicles on a regular basis at designated places, and link frequency of vehicle maintenance with mileage;

Vehicle use registration: Register the use of business vehicles, detailing vehicle user, vehicle use time, work assignment,

destination, mileage and fuel consumption, strictly follow the review and approval procedures, and put the relevant information on a ledger.

Comprehensive vehicle assignment: assign vehicles with comprehensive consideration, pool vehicles for business travel to reduce the frequency of vehicle use, maximize the use of public transport for short-distance business trips, and uniformly arrange vehicles for collective participation in business events.

Uniform parking: park all business vehicles in garages on non-working days and beyond business hours except for business need of vehicle usage so as to reduce the number of vehicles in use and control unauthorized use of business vehicles.

7.3.5 Reduction of energy consumption in logistics

In 2014, the Bank delivered 1,127,000 couriers by piece, an increase of 41.2% over the previous year, or 314,000 kilos of couriers by weight, an increase of 166% over the previous year,

with the corresponding per capita figures being 22.2 pieces or 6.2 kilos, an increase of 30.6% and 146% over the previous year, respectively.

7.3.6 Reduction of power and water consumption

In 2014, the Bank consumed 224.41 million Kwh of power (equivalent to 156,000 tons of CO₂e¹⁹), 17.7% higher than the previous year; and per capita power consumption recorded 4,423 Kwh, 8.6% higher than the previous year. In 2014, the

Bank consumed 1.598 million tons of water, up 26.2% over the previous year, with per capita amount thereof being around 31.5 tons, 16.7% higher than the previous year.

Measures for Saving Electricity

In 2014, Wuxi Branch of the Bank adopted multiple measures to cultivate the good habit of saving electricity. Specific requirements included the following: set temperature of air conditioning systems at business and office premises between 25°C and 28°C in summer and turn on air conditioners in winter only when the outdoor temperature falls below 10°C; close windows and pull down blinds during daytime with air conditioners in operation; turn off air conditioners and ventilators at business and office premises immediately after work; reduce standby time of office electronic devices to reduce standby-mode energy consumption of main computers, Xerox machines, printers, drinking water

machines, and shredders, and turn off power when the devices are not in use for a long time; switch off lights upon departure to ensure no light is on when there is nobody in office; turn off the lights during lunch break and after work; minimize the use of electric lights in sunny days and make full use of natural light to minimize energy consumption of lighting devices; strictly abide by the rules on safe use of electricity, and stringently ban random non-authorized connection to power, irregular use of electrical appliances and overloading of power circuits; and change all lighting devices in the headquarters of the branch to LED lights for energy saving purpose.

19 The CO₂ emission factor was sourced from the 2012 data in *2011 and 2012 Average CO₂ Emission Factors of Grids in the China Region*.

7.3.7 Reduction of hardcopy account statements

In 2014, the Bank reinforced efforts to cultivate awareness of energy conservation and environmental protection, guiding customers to shift from hardcopy to electronic account statements with the use of multiple channels such as its official website, account statements and SMS text messages, intercepting customers requesting hardcopy statements after two consecutive letter returns, and sending email / Wechat statements instead of hardcopies to customers that only used the Bank services to repay debts and accumulate credit points thereof. As at the end of 2014, annual number of credit

card account statements of the Bank totaled 95.30 million, representing a hardcopy-to-e-statement substitution rate of 65.13%, up 5.32 percentage points over the end of the previous year, which was equivalent to a reduction of 62.07 million hardcopies, or a reduction of paper use by approximately 1,241 tons²⁰, equivalent to a reduction of 1,187 tons of CO₂e. The aforementioned number of credit card account statements included 33.23 million hardcopies of enveloped statements, an increase of 11.3%, which was equivalent to 635 tons of CO₂e²¹.

7.3.8 Proper disposal of wastes

In 2014, the Bank disposed more than 10,000 electronic devices (including personal computers, displays, printers, fax machines, MFPs, laptops, servers, projectors, video cameras, cameras, burners, racks, terminals, telephone sets, drinking water machines, queuing machines, cash registers electronic

screens and dashboards), decommissioned over 40,000 items of office consumables (including but not limited to printer ink boxes, cartridges, keyboards and mice), and disposed about 43,000 batteries of all types.

7.3.9 Advocacy of green procurement

In 2014, the Bank vigorously promoted "electronic review and approval" and development of the procurement information system at the concentrated procurement center of the Head Office. Information technology was made full use of to standardize review and approval of procurement projects,

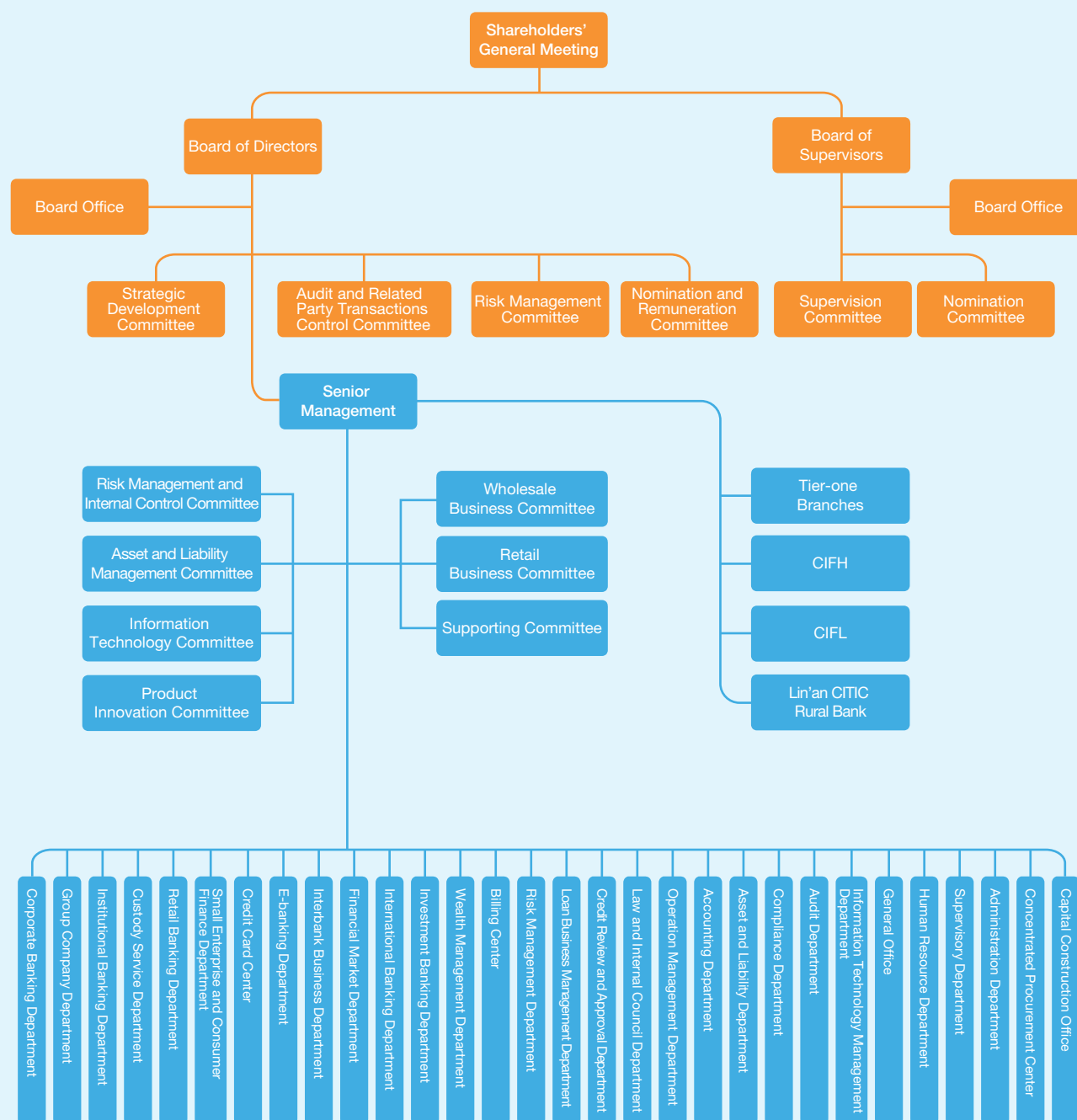
improve work efficiency and substantially streamline written response materials. By intensifying management of supplier access and assessment of suppliers and rejecting high-energy-consumption and heavy-pollution suppliers and products, the Bank guided suppliers to perform their due social responsibility.

20 Calculation criteria: hardcopy statements weigh 20g/envelope.

21 CO₂ emission factor for the entire life cycle of paper is 956kg CO₂e/ton. Data source is DEFRA 2014.

Annexes

Corporate Structure



Outlet Map



Honors



In March 2014, CITIC Bank ranked 72nd in the "Top 500 Global Bank Brands" published by *The Banker* magazine of the United Kingdom, with total brand value of USD3.044 billion.



In March 2014, the China Foreign Exchange Trade System (CFETS) awarded CITIC Bank multiple honors, namely, "The Best Market-Maker", "The Best Foreign Currency Market-Maker", "The Best Trader", "The Best Spot Trader", "The Best Foreign Currency Trader", and "The Most Popular Spot Market-Maker" of the 2013 inter-bank foreign exchange market.



In March 2014, the China Foundation for Poverty Alleviation ("CFPA") named the Bank "Ambassador of the Year 2013 for Poverty Reduction".



In April 2014, in the "2014 China Awards Initiative" sponsored by *The Asian Banker* magazine, the Credit Center of the Bank won two awards, namely, "Award for Best Customer Relation Management" and "Award for Best Data Analysis Project".



In April 2014, *The Securities Times* newspaper named the Bank "The Most Influential Bank in Investment Banking in the China Region in 2014".



In April 2014, the Bank was rated "The 2013-2014 Best CCCS Call Center in China" by the International Customer Management Institute (China) and CCCS Committee.



In May 2014, the Bank ranked 134th among the "Top 2,000 Global Companies" published by the *Forbes* magazine.



In June 2014, the People's Bank of China ("PBC") awarded CITIC Bank the "Copper Medal for Development of Banking Technologies (corporate CRM system)", "Silver Medal for Development of Banking Technologies (self-service voice system based on voice recognition)", "Copper Medal for Development of Banking Technologies (comprehensive management system of private banking)", and "Copper Medal for Development of Banking Technologies (the CNCB mobile office system)".



In June 2014, CITIC Bank won from the China Banking Association (CBA) the "2013 Award for Excellent Contribution to Public Benefit and Charity".



In June 2014, the China Banking Association (CBA) named CITIC Bank "Outlets of the Year 2013 for Special Contribution to Social Responsibility".



In July 2014, CITIC Bank ranked 37th in terms of tier-one capital and 48th in terms of total assets out of the "Top 1,000 World Banks" published by *The Banker* magazine of the United Kingdom.



In July 2014, the *China Securities Daily* rated CITIC Bank "No.69 of the Golden Ox Top 100 Listed Companies in China in 2013".



In 2014, ChinaHR.com placed CITIC Bank on the list of "Top 10 Employers among All National Banks" when electing the "Best Employers in the Eye of Chinese University Students".



In September 2014, *The 21st Century Business Herald* named CITIC Bank "Bank of the Year for Excellence in Asset Custody – the 7th Golden Shell Award for Excellent Asset Management in the 21st Century".



In September 2014, in "FX POLL 2014", the *Asia Money* magazine rated CITIC Bank "No.1 (Overall) Best Foreign Exchange Service Provider in China", "No.1 Provider of Best Foreign Exchange Products and Services in China", "No.1 Best Foreign Exchange Option Provider in China", and "No.1 in Best Foreign Exchange Research and Market Coverage in China".



In November 2014, *The Securities Daily* granted CITIC Bank the "Jinding Award of the Annual China Securities Market Conference".



In December 2014, CITIC Bank won the "2014 Award for Best Customer Experience of Online Banking in China" from China Financial Certification Authority ("CFCA").



In December 2014, CITIC Bank was named "Excellent Bank for Strategic Innovation" by *The Economic Observer*.



In December 2014, CITIC Bank was named "The Best Bank for Asset Custody in 2014" by J.R.J.



In January 2015, hexun.com rated CITIC Bank "The Most Influential National Bank of the Year 2014".

Independent Limited Assurance Report



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Independent Limited Assurance Report

To the Board of Directors of China CITIC Bank Corporation Limited

We were engaged by the Board of Directors of China CITIC Bank Corporation Limited ("CITIC Bank") to provide limited assurance on the 2014 Social Responsibility Report of CITIC Bank for the year ended 31 December 2014 ("the SR Report").

Responsibilities of the Board of Directors

The Board of Directors of CITIC Bank is solely responsible for the preparation and presentation of the SR Report, including the information and assertions contained within it, in accordance with the Global Reporting Initiative ("GRI")'s Sustainability Reporting Guidelines (G3.1) and with reference to disclosure recommendations of the following guidelines:

- Shanghai Stock Exchange(SSE) Guidelines on Environmental Information Disclosure of Listed Companies;
- SSE Guidelines on Compilation of Report on Company's Fulfillment of Social Responsibilities;
- The Stock Exchange of Hong Kong (SEHK) Guidelines for Environmental, Social and Governance Reporting;
- 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
- ISO26000
- Chinese Academy of Social Sciences (CASS) CSR 3.0 Disclosure System released by the Chinese Academy of Social Sciences.

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

Responsibilities of KPMG

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our work in accordance with International Standard on Assurance Engagements 3000: *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board.

That standard requires that we comply with the ethical requirements, including independence requirements of the IFAC (International Federation of Accountants) Code of Ethics for Professional Accountants, and plan and perform the engagement to obtain limited assurance about whether the SR Report, in the form and context in which it appears taken as a whole, is free from material misstatement, in so far as the information contained in the SR Report is not inconsistent with information made available to us at CITIC Bank's Head Office.

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

Summary of work performed

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

- Inquiries of management to gain an understanding of CITIC Bank's processes for determining the material issues for CITIC Bank's key stakeholders;
- Interviews with management and relevant staff at group level and selected business unit level concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- Interviews with relevant staff at corporate and business unit level responsible for providing the information in the SR Report;
- A media analysis and an internet search for references to CITIC Bank during the reporting period;
- Inquiries about the design and implementation of the systems and methods used to collect and process the information reported, including the aggregation of data into information as presented in the SR Report;
- Visits to a site operating in Beijing, selected on the basis of a risk analysis including the consideration of both quantitative and qualitative criteria;
- Comparing the information presented in the SR Report to corresponding information in the relevant underlying sources to determine whether key information contained in such underlying sources has been included in the SR Report;
- Reconcile key financial data and figures with the audited financial statements;
- An assessment of the reasonableness of the assumptions underlying the forward-looking statements set out in the SR Report; and
- Reading the information presented in the SR Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of CITIC Bank.

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

Conclusions

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the SR Report of CITIC Bank for the year ended 31 December 2014 is not presented fairly, in all material respects, in accordance with the GRI's Sustainability Reporting Guidelines (G3.1) and on the basis of disclosure recommendations of the SSE and SEHK Guidelines.



KPMG Huazhen (Special General Partnership)

Beijing

20 March, 2015

Index for GRI²² Indicators

Profile	Location of disclosure	Profile	Location of disclosure	Profile	Location of disclosure
1. Strategy and Analysis		3.10	P12-13	FS3	P35
1.1	P2-5, P5-6	3.11	P3	FS4	P16-17
1.2	P2-5, P5-6	3.12	Inside cover page	FS5	P43, P46
2. Organization		3.13	P4	FS15	P40, P58
2.1	Inside cover page	4. Governance, Commitments, and Engagement		FS6	P24-27, P29-32
2.2	P6	4.1	P15-17	FS7	P35-42
2.3	P6	4.2	P15-17	FS8	P60-61
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2.5	P6	4.4	P19-26	FS10	P23
2.6	P6	4.5	P15-17	FS11	0
2.7	P6	4.6	P15-17	FS12	2011 CSR report
2.8	P6-7	4.7	2014 Annual Report	EC1	P7-8
2.9	Does not exist	4.8	P11	EC2	P7-8
2.10	P66-67	4.9	P15-17, P19-26	EC3	P35
3. Report Parameters		4.10	P20	EC4	Proprietary information
3.1	Inside cover page	4.11	P15-19	EC5	P40
3.2	Does not exist	4.12	P6-8, P51-58	EC6	P36
3.3	Inside cover page	4.13	P24	EC7	Proprietary information
3.4	Inside cover page	4.14	P10-11	EC8	P5, P13, P44-46
3.5	Inside cover page	4.15	P10-11, 2011 CSR report	EC9	P45-48
3.6	Inside cover page	4.16	P10-11	EN1	P7
3.7	Inside cover page	4.17	P10-11	EN2	Not material
3.8	Inside cover page	FS1	P22-23, P35-36	EN3	P56-58
3.9	Inside cover page	FS2	P30, P35-36	EN4	P58-59

22 GRI stands for Global Reporting Initiative.

Profile	Location of disclosure	Profile	Location of disclosure	Profile	Location of disclosure
EN5	Not available	EN30	Not material	HR10	Not applicable
EN6	P52	LA1	P8, P40-41	HR11	Not applicable
EN7	P58-59	LA2	P40-41	SO1 (FSSS)	P26, P48-50
EN8	P7, P51	LA3	P40-41	SO1 (G3.1)	P26, P48-50
EN9	Not applicable	LA15	Not applicable	FS13	P26-27, P57-59
EN10	Not material	LA4	P42-43	FS14	P57-59
EN11	Not material	LA5	P42-43	SO9	P45-47
EN12	Not material	LA6	Not applicable	SO10	P45-47
EN13	Not material	LA7	P42-43	SO2	P31
EN14	Not material	LA8	P42-43	SO3	P31-32
EN15	Not applicable	LA9	P42-43	SO4	P31-32
EN16	P56	LA10	P44	SO5	P15, P22-23
EN17	Not applicable	LA11	P44	SO6	Not applicable
EN18	P56	LA12	P50, P52-53	SO7	Proprietary information
EN19	Not material	LA13	P19-20, 2014 Annual Report	SO8	Proprietary information
EN20	Not applicable	LA14	P36-37	PR1	Not material
EN21	Not material	HR1	Not applicable	PR2	Not material
EN22	P56, 2012 CSR report	HR2	Not applicable	PR3	P9, 2014 Annual Report
EN23	Not applicable	HR3	Not applicable	PR4	Not material
EN24	Not applicable	HR4	P30-31, P46	PR5	P56
EN25	Not applicable	HR5	P48-49	FS16	P35-36
EN26	P56-57	HR6	P48-49	PR6	P14, P16, P57-59
EN27	Not applicable	HR7	P48-49	PR7	Proprietary information
EN28	Not applicable	HR8	Not applicable	PR8	Not available
EN29	Not material	HR9	Not applicable	PR9	Proprietary information

Index for ESG²³ Indicators

Content	Pages
A. Workplace quality	
A1 Working conditions	
General disclosure: Information on: (a) the policies; and (b) compliance and material non-compliance with relevant standards, rules and regulations on compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity and other benefits and welfare.	P36-39
A1.1 Total workforce by employment type, age group and geographical region.	P36-39
A1.2 Employee turnover rate by age group and geographical region.	P8, P36-39
A2 Health and safety	
General disclosure: Information on: (a) the policies; and (b) compliance and material non-compliance with relevant standards, rules and regulations on providing a safe working environment and protecting employees from occupational hazards.	P46-47, P48-49
A2.1 Number and rate of work-related fatalities.	P46
A2.2 Lost days due to work injury.	Not disclosed
A2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	P46-47
A3 Development and training	
General disclosure: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Training refers to vocational training. It may include internal and external courses paid by the employer.	P47, P49-50
A3.1 The percentage of employees trained by employee category (e.g. senior management, middle management, etc.).	P49-50
A3.2 The average training hours completed per employee by employee category.	P49-50
A4 Labour standards	
General disclosure: Information on: (a) the policies; and (b) compliance and material non-compliance with relevant standards, rules and regulations on preventing child or forced labor.	P40
A4.1 Description of measures to review employment practices to avoid child and forced labor.	P40
A4.2 Description of steps taken to eliminate such practices when discovered.	P40
B. Environmental protection	
B1 Emissions	
General disclosure: Information on: (a) the policies; and (b) compliance and material non-compliance with relevant standards, rules and regulations on air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous wastes, etc. Air emissions include NOX, SOX, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	P55-56
B1.1 The types of emissions and respective emissions data.	P55-56
B1.2 Greenhouse gas emissions in total (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	P55-56
B1.3 Total hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	Not applicable
B1.4 Total non-hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	P55-56
B1.5 Description of measures to mitigate emissions and results achieved.	P55-56
B1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	P55-56
B2 Use of resources	

23 ESG stands for Environmental, Social and Corporate Governance.

Content	Pages
General disclosure: Policies on efficient use of resources including energy, water and other raw materials. Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	P7, P54
B2.1 Direct and / or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kwh in '000s) and intensity (e.g. per unit of production volume, per facility).	P7
B2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P7
B2.3 Description of energy use efficiency initiatives and results achieved.	Not disclosed
B2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Not applicable
B2.5 Total packaging material used for finished products (in tonnes), and if applicable, with reference to per unit produced.	Not applicable
B3 The environment and natural resources	
General disclosure: Policies on minimizing the operation's significant impact on the environment and natural resources.	P55-57
B3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P55-57
C. Operating practices	
C1 Supply chain management	
General disclosure: Policies on managing environmental and social risks of supply chain.	P40, P47-48
C1.1 Number of suppliers by geographical region.	Not disclosed
C1.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Not disclosed
C2 Product responsibility	
General disclosure: Information on: (a) the policies; and (b) compliance and material non-compliance with relevant standards, rules and regulations on health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	P14, P33-39
C2.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable
C2.2 Number of products and service related complaints received and how they are dealt with.	P38
C2.3 Description of practices relating to observing and protecting intellectual property rights.	P43
C2.4 Description of quality assurance process and recall procedures.	Not applicable
C2.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	P35
C3 Anti-corruption	
General disclosure: Information on: (a) the policies; and (b) compliance and material non-compliance with relevant standards, rules and regulations on bribery, extortion, fraud and money laundering.	P30-33
C3.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during	P31
C3.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	P31
D. Community involvement	
D1 Community investment	
General disclosure: Policies on community engagement to understand the community's needs where it operates and to ensure its activities take into consideration communities' interests.	P26-27
D1.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	P26-27, P56-58
D1.2 Resources contributed (e.g. money or time) to the focus area.	P26-27, P56-58

Feedback Questionnaire

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

Postal Address: Supervisory Department, Head Office, China CITIC Bank, Oriental Culture Mansion, No.9 Chaoyangmen Beidajie, Dongcheng District, Beijing

Postal Code: 100010

What is your overall view of the Report?

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

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

Do you think the Report is of the right length?

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

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

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

Your Information

Name

Work unit

Position

Telephone

Fax

Email



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