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CHINA CITIC BANK

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2019

CHINA CITIC BANK  
CORPORATION LIMITED  
SUSTAINABILITY REPORT



## Chairperson's Letter to Shareholders



Dear Shareholders,

In 2019, the Bank earnestly implemented the spirit of the 19<sup>th</sup> National Congress of the Communist Party of China. Through the theme education of "Never forget the original mind and remember the mission", we should enhance "Four Consciousness", strengthen "Four Self-confidence" and achieve "Two Maintenance". To face with the new situation, new changes and new requirements, the Bank maintained strategic focus, resolutely deepened the transformation, withstood the test of the market. Overall development of the Bank continued to improve.

Li Qingping  
Chairperson and Executive Director  
March 26<sup>th</sup>, 2020

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

The Bank's management and performance in sustainable development will directly affect investors' confidence in the Bank. Therefore, in accordance with the regulatory provisions stipulated by the China Banking and Insurance Regulatory Commission (CBIRC) and the Stock Exchange of Hong Kong (SEHK), the Bank actively took the social and environmental responsibility, disclosed social responsibility information, and made decisions on the budget of external donations. In the meantime, the Board of Directors had increased discussions and proposals on topics relating to sustainable development management, which efficiently played an instructive role to the development of the Bank.

Following the mindsets of inheritance and development, the Bank has developed a three-year development plan (2018-2020), which has put forward the development vision of "becoming a responsible, humane, unique and dignified enterprise with best integrated financial services". In addition, the Bank has continued to put forward the mission of "creating value for customers, working for employees' happiness, generating benefits for shareholders and fulfilling responsibilities for the society" and introduced the concept of sustainable development in all aspects of corporate culture.

The Bank has showed the interest to the *Paris Agreement* signed by the Chinese government and its policy orientation. Starting with ourself, the Bank has included all 1,410 outlets into "carbon footprint" management and established a workflow and indicator system in accordance with the standard ISO14064-1. The calculation results obtained by the Bank in accordance with the *2006 IPCC Guidelines for National Greenhouse Gas Inventories 2019 revision* show that the total greenhouse gas emissions throughout the year were 162,600 tons, which decreased 12.52% from the previous year, and the greenhouse gas emission was 2.85 tons per capita, down 13.37% from the previous year. In the meantime, the Bank has enhanced assessment of suppliers' environmental and social risks and rejected high-polluting, high-consuming manufacturers and products.

"Customer-Centric" is the core value of the Bank. In 2019 the Bank waived about 6.8889 million transactions of service charges for personal RMB accounts, reducing service value about RMB2.813 billion. In the meanwhile, the Bank also continuously improves service capabilities, and put the personal safety, capital security and information security of customers at the first priority of the service, and continuously optimize the service channels and service processes. The customer complaint rate was 2.12 in

ten thousand, a year-on-year decrease of 0.41 ten thousand percent.

The Bank is always committed to offering a comfortable, safe, secured, and development-friendly working environment in which employees feel happy and be respected. It protects employees' legal rights and interests according to law, eliminates child labor and forced labor, strictly implements equal pay for equal work, ensures employees' rights of speech freedom, respects privacy, prohibits discrimination, improves labor unions, protects female workers' rights and interests, and focuses on retired employees and injured or sick employees. In addition, to help employees improve the awareness of value of career, in 2019 the Bank invested RMB160,449,900 to improve employees' professional skills and qualities, which led to an increase of 47.74% from the previous year.

The Bank gives back to society in accordance with the *Charity Law of the People's Republic of China* and other relevant laws and regulations and makes donations to the most needed localities and individuals. In 2019, the Bank made total donations of RMB31.6586 million in local and foreign currencies, which were mainly used for poverty alleviation, student grant, disaster relief and financial aid to minorities. According to the statistical scope of the Shanghai Stock Exchange, the Bank's social contribution per share was RMB4.96, which led to an increase of 6.00%. To lift more people out of poverty, the Bank sent 67 employees to be stationed in villages and carry out poverty alleviation work,

In the future, the Board of Directors and senior management of the Bank will continue to deepen the concept of sustainable development, actively advance the practices of sustainable development and make unremitting efforts to achieve long-term benefits for stakeholders.

and donated poverty alleviation funds of RMB24.2687 million to Xinjiang, Tibet, Gansu, etc., which led to an increase of 25.81% from the previous year. The beneficiary included more than 40,000 people from 1.45 impoverished households, 6,099 people from 1,888 households were lifted out of poverty. In addition, beneficiaries also included 9,288 students from primary and secondary schools and 1,002 college students were lifted out of poverty, and 229 children from poor families with congenital heart disease, kidney stones, biliary atresia, peritonitis, hernia and other diseases. In 2019, donations made by the employees of the Bank in their own names were RMB1.1828 million.

Since the outbreak of COVID-19, employees of the Bank overcame various difficulties to ensure the financial service stability and play a positive role of financial services during epidemic prevention and control. The Bank supported the government and hospitals in giving priority with their financial services, and supported enterprises especially small and micro enterprises in work resumption, and supported individual customers' reasonable demands during the special period. On behalf of the board of directors of the bank, I would like to express my heartfelt thanks to tens of thousands of employees who stick to their posts, to public and private customers who are willing to help each other, and to all shareholders who share weal and woe, and to Square Mile, the Chinese and foreign media and all sectors from society for their support.

## President's Letter to Shareholders



Dear Shareholders,

2019 was the second year of the Bank's three-year development plan (2018-2020). We adhered to the general principle of "pursuing progress while ensuring stability", insisted on value creation, reformed with keen determination, and sought improvement in stability. As a result, the Bank maintained a good development momentum on the whole. In the year, we realized total profit of RMB565.45 hundred million, up 4.08%; operating income of RMB1,875.84 hundred million, up 13.79%; and NPL ratio and provision coverage of 1.65% and 175.25% respectively.

方合英

Fang Heying  
Executive Director and President

March 26<sup>th</sup>, 2020

In the meanwhile, behind the economic performance is the Board of Directors' close attention to the sustainable development of the Bank and stakeholders. To follow the Board' strategic guidelines, in the process of operation management, the senior management of the Bank has actively organized the implementation efforts. Some achievements have been made in inclusive finance, protection of consumer rights and interests, green credit loans, e-banking, China Western Development, internal control and compliance, and poverty alleviation with financial means.

**Development of inclusive finance facilitated the increase of minority people's income.** Sticking to the fundamental direction of returning to the basics of banks and serving the real economy, the Bank has offered quality financial services to minorities, actively responded to policies on inclusive finance, set up Inclusive Finance Department at the Head Office, improved process efficiency and improved risk control measures. As of the end of the year, the balance of loans to inclusive small and micro businesses stood at RMB204,255 million, up 49.80%; the number of loan customers was 113,300, up 37.83%.

**Protection of consumer rights promoted the building of a more mature financial ecology.** In accordance with the requirements of the CBIRC, the Bank actively promoted local branches to improve consumer rights protection management system. We organized the financial knowledge spreading campaign called "Financial Knowledge Entering Millions of Households". We went to communities, enterprises, CBDs and villages and publicized financial knowledge about bank card safety, telecom and internet scams, illegal fundraising and illegal campus loans mainly to elderly people, people with disabilities and students in crowded areas. Throughout the year, we carried out 3,273 sessions of the campaign, distributed about 440,200 paper brochures and attracted about 1.1486 million people.

**Green loans offered financial leverage for the improvement of natural environment.** The Bank requires that the growth in the loans for the 12 types of energy conservation and environmental protection and service items included in the statistical scope of *Statistical System of Green Loans* must be higher than that in all loans of the Bank, and denies access to customers who fail to meet requirements. As of the end of the year, the balance of green loans stood at RMB65.148 billion, which led to an increase of 3.51%. The Bank has implemented differentiated policies for high-polluting, high-emission and severe overcapacity industries, and gave them differentiated treatments through measures such as "supporting, maintaining, compressing and exit". As of the end of the year, the balance of loans to high-polluting, high-emission and severe overcapacity industries stood at RMB46.530 billion, which led to a reduction of 6.31%.

**Development of e-banking boosted transformation and upgrading of business models.** In the era of internet finance, we believe opportunities and challenges coexist. The development of e-banking concerns not only about the transformation and upgrading of banking business models but also about reducing customers' travel times so as to reduce total carbon emissions. As of the end of the year, the transaction amount of mobile

banking recorded RMB8,721.228 billion, which results in an increase of 38.66%, and the substitution rate of transactions by e-banking was about 99.37%, up 0.34 percentage point from the previous year.

**China Western Development promoted reasonable allocation of economic and technological resources.** Increasing the policy support to the western regions will balance the developmental differences between east and west, which is also the critical move of sustainable development philosophy. In 2019, the Bank continued to invest in the China Western Development strategy. The balance of loans to western regions stood at RMB473.273 billion, up 9.26%, accounting for 12.54%. There were 254 outlets in western regions, which is same with previous year, and 7,281 employees, accounting for 13.56%, down 0.12 percent from the previous year.

**Internal control and compliance facilitated safe and healthy development of the Bank.** Under the background of the violent economic and financial environment domestically and internationally, risk cases and non-performing loans have a significant negative impact on the safe and healthy development of Banks. To practice the managerial philosophy announced by Chairperson Li Qingping, the Bank established a complete risk compliance culture system. In the meantime,

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

we have continued to strengthen comprehensive risk management as well as management of liquidity risk and interest rate risk, and enhanced the management concept of business continuity. In the year, the Bank revised or added 86 mechanisms, improved 15 systems, refined 5 processes, formulated and issued 31 normative notice documents, completed 4,708 compliance reviews and implemented 145 economic responsibility audits, which accumulatively recovered a total of investment was 21,976 person-days, and issued 7 *audit reports* and 15 *copies of audit tips*.

**Poverty alleviation through financial means was promoted comprehensively with fruitful results.** Credit granting and financing services can effectively solve the difficulty in initiating poverty alleviation projects due to insufficient funds, and complement poverty alleviation donations. In this year, the Bank has targeted the financial needs of key poverty alleviation projects and regions, the financial needs of featured industries, the employment and education needs of the poor, and the Bank also opened a green channel to give priority to the approval of poverty alleviation loans or projects. As of the end of the year, the precision poverty alleviation loans to individuals stood at RMB2.160 billion, up 28.92%, and the precision poverty alleviation loans to entities was RMB5.358 billion, up 39.02%.

## The Group's Profile

Founded in 1987, the Bank is one of the earliest emerging commercial banks established during China's reform and opening up and also China's first commercial bank participating in financing at both domestic and international financial markets, and has been a keen contributor to China's economic development. In April 2007, the Group listed its A + H shares at the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited. The Bank aspires to become "a unique and responsible enterprise offering the best comprehensive financial services with dignity and a human touch" and undertakes the mission of "to create value for customers, seek happiness for employees, make profit for shareholders and perform responsibility for the society". To attain this development vision, it holds firm to its core values of "customer orientation, integrity, innovation,

coordination and excellence" and adheres to the business concept of "safe CITIC Bank, compliant operation, science and technology for growth, serving the real economy, market orientation and value creation". To corporate customers and institutional customers, the Group offers integrated financial solutions such as corporate banking business, international business, financial markets business, institutional banking business, investment banking business, factoring business and custody business. For individual customers, the Group provides diversified financial products and services in retail banking, credit card, consumer finance, wealth management, private banking, going abroad finance and e-banking. Therefore, the Bank satisfies all-round financial service needs of corporate, institutional and individual customers.

Thriving through over 30 years' growth and expansion, the Group has become a financial conglomerate with strong comprehensive competitiveness and powerful brand influence, registering more than RMB6 trillion total assets and nearly 60,000 employees. As at the end of December 2019, the Bank had 1,401 outlets in 151 large and medium-sized cities in China. In 2019, *The Banker* magazine of the United Kingdom rated the Bank the 19<sup>th</sup> on the list of the "Top 500 Global Bank Brands", the 26<sup>th</sup> on the list of the "Top 1000 World Banks" in terms of tier-one capital.



## Key Performance Indicators <sup>4</sup>

Key Performance Indicators	Unit	2019	2018
Total assets	in RMB hundred million	67,504.33	60,667.14
Total profit	in RMB hundred million	565.45	543.26
Value of social contribution per share	in RMB	4.96	4.68
Loan balance of small and micro enterprises*	in RMB hundred million	2,042.55	1,363.53
Loan balance of green credit*	in RMB hundred million	651.48	629.37
Counter-to-e-banking transaction substitution rate*	%	99.37	99.03
Purchased electricity	in MWh	244,955.36	257,528.57
Outlets*	in number	1,401	1,410
Self-service terminals*	in number	6,243	7,053
Total employees*	in person	53,703	53,100
Total donations	in RMB ten thousand	3,165.86	2,626.74
Volunteer activities	in number	253	207

4. Except for those ended with "\*\*", all the figures in this table are under the scope of the Group.

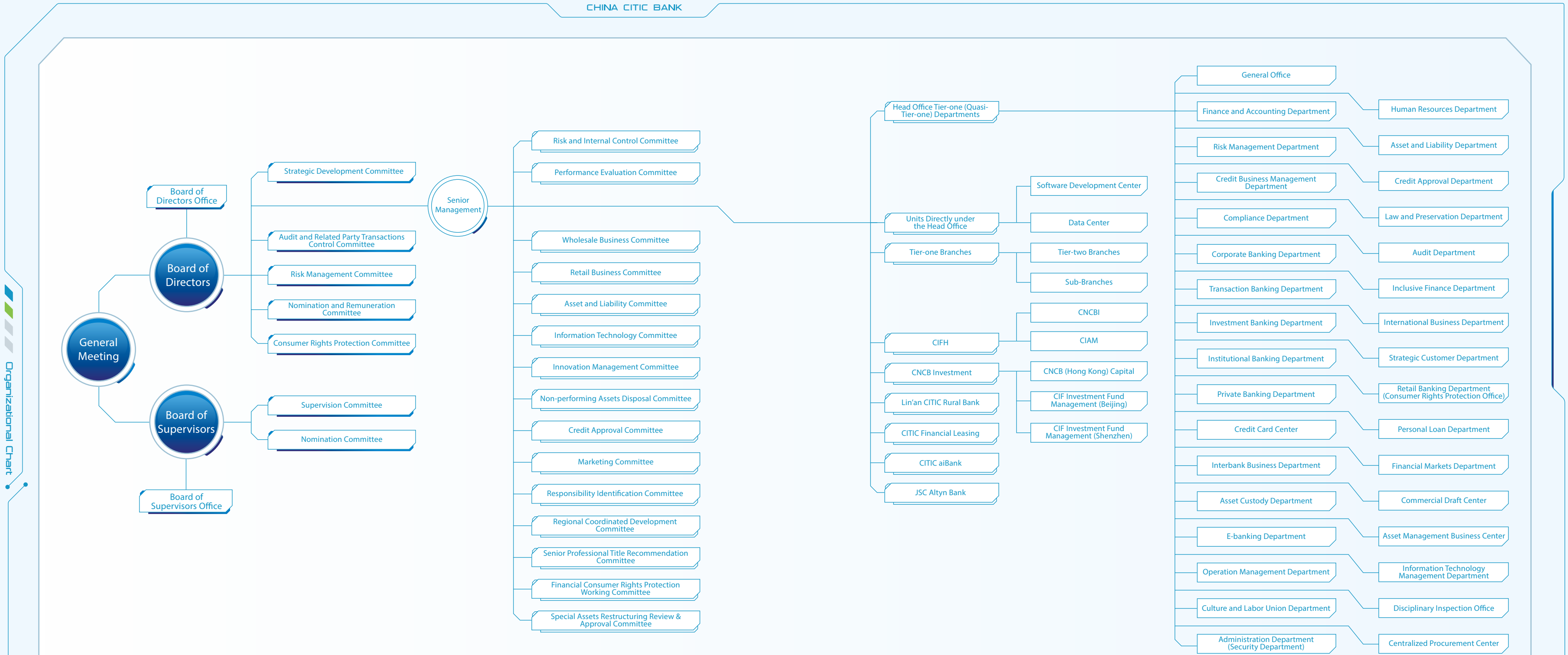


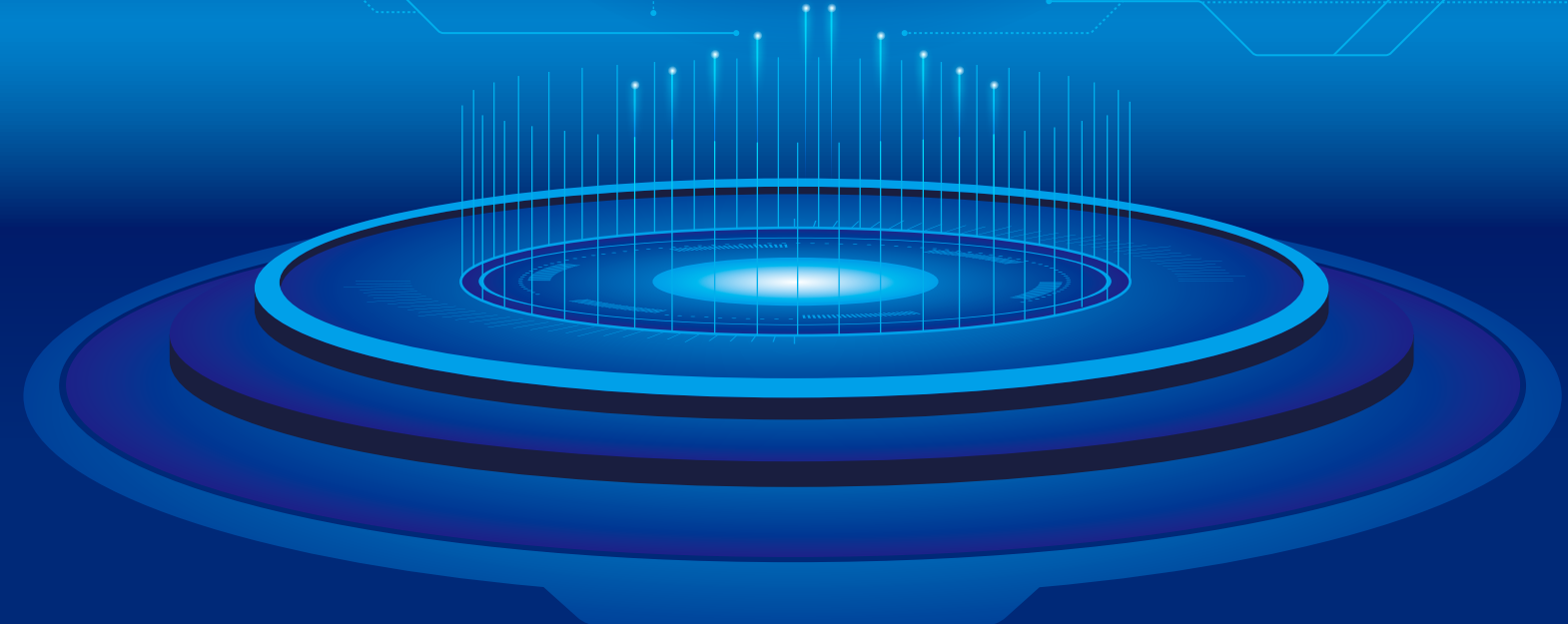
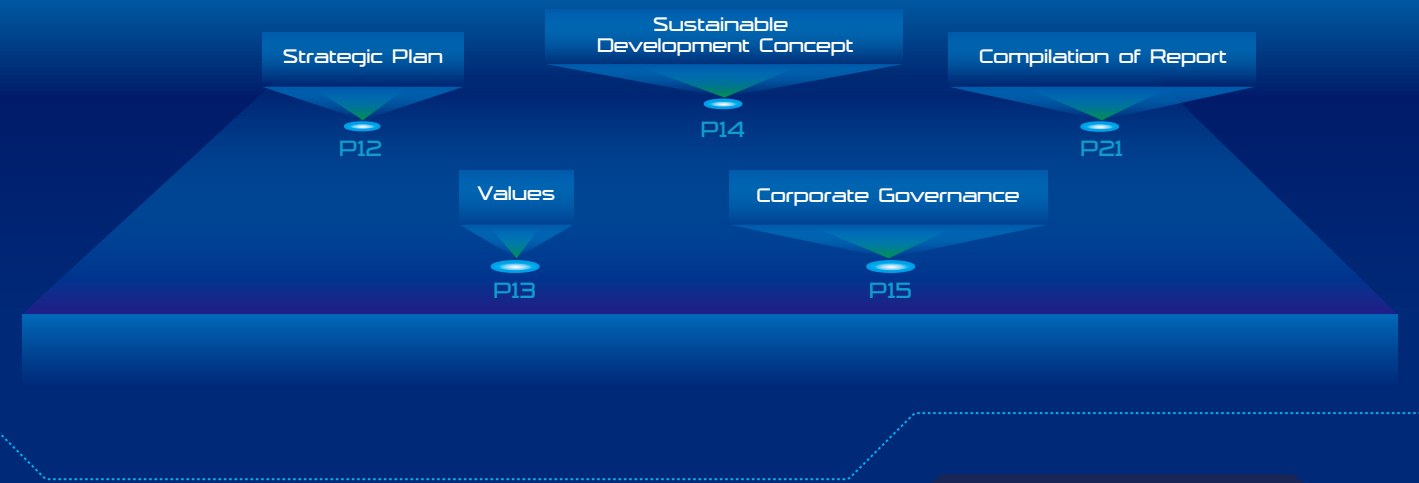
Figure 1: Organizational Structure of the Bank

2019

Strategy and Governance



Sub-contents



## Section I Strategic Plan

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

### Business Position

Transforming from "One Body with Two Wings" to "Troika".

### Vision

To become a unique and responsible enterprise offering the best comprehensive financial services with dignity and a human touch.

### Regional Position

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

### Industrial Position

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

### Customer Positioning

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

### Product Positioning

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

### Channel Positioning

Adopt four types of channels: online, offline, customer service and crossover channels. Regarding online channels, we focus on improving customer experience, speed up optimization and upgrading and resource sharing of personal e-banking, "Transaction +" and "Interbank +", and set up an intelligent online service platform. Regarding offline channels, we focus on improving capacity, promote transformation

of outlets from focusing on product sales to comprehensive services, and enhance the intelligence of outlets. Regarding customer service channels, we focus on improving service added value, build a "Smart +" customer service center, and develop new service models for customer experience marketing. Regarding crossover cooperation, and build a joint, sharing, open customer acquisition platform. Regarding scene-based customer acquisition, develop

### Implementation of Strategies

The Group established the leading group and working group for implementation of bank-wide plans. After soliciting opinions widely, the leading group and working group broke down the development plan into "eight major projects" and "100 major tasks", formed "8100 Project" task list and roadmap, and prepared 16 supporting implementation schemes for the development plan. All branches and subsidiaries developed a sub-plan. In 2019, the Bank continued to promote the implementation of the "8100 project", actively promoted "eight major projects" and made good progress, and the completion rate of "100 major tasks" reached 97.6%.

## Section II Values

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

### Mission

To create value for customers, seek happiness for employees, make profit for shareholders and perform responsibility for the society

### Core Values

Customer orientation, integrity, innovation, coordination and excellence

### Management Philosophy

Safe CITIC Bank, compliant operation, science and technology for growth, serving the real economy, market orientation and value creation

### Code of Conduct

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

### Motto

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

### Brand Slogan

Achieve the Great Goal through Integrity and Intelligence

### Logo



中信銀行  
CHINA CITIC BANK



### Corporate Culture Building

In 2019, focusing on the building of the special culture at the Head Office and the characteristic culture at the branches, the Bank deepened the top-level design of the cultural system and further improved

the top-level design of corporate culture. At present, the Bank has completed the establishment of retail culture at the Head Office and the characteristic culture of Nanjing Branch, Zhengzhou

Branch, Chongqing Branch and Kunming Branch. At the same time, it continued to promote the publicizing and implementation of understanding and recognition of culture, and held 11 face-to-

face sessions of training on corporate culture for new employees, on-the-job employees and foreign employees of the Head Office and the branches, covering more than 1,000 employees. The Bank continued to launch branding corporate culture activities. It carried out the "Ode to the Motherland" singing competition across the Bank, collected more than 300 excellent cultural stories and heroic deeds, completed the compilation of China CITIC Bank · Stories (Season 4), and organized the publicity activity China CITIC Bank · Stories (Season 4) that is well received by the employees of the Bank.

### Case 1: China CITIC Bank · Stories (Season 4) Held

The Bank held the activity China CITIC Bank · Stories (Season 4) on December 19<sup>th</sup>, 2019. Retail business customer managers from Changchun Branch and Nanning Branch shared their growth experience from new employees to business

backbones; a corporate business customer manager from Hefei Branch shared his experience of transforming from a technical personnel to a business backbone; a middle-level manager from Beijing Branch who has been serving China CITIC Bank for nearly 30 years shared his career experience and reflections on life; the stability and poverty alleviation team from Urumqi Branch shared their touching stories of taking root

in south Xinjiang Uygur Autonomous Region, leading the Uighur people to find ways to get rid of poverty, and thus being welcomed and loved by the local people and promoting national unity. On the day of the activity, nearly 8,000 people attended on the scene, via video conferencing and mobile phones.

## Section III Sustainable Development Concept

In the new three-year strategic plan and the framework of corporate culture 2.0, "unique and responsible enterprise with dignity and a human touch" as stated in the Group's vision

and "to create value for customers, seek happiness for employees, make profit for shareholders and perform responsibility for the society" stated in the mission are an epitome of the

Group's sustainable development concept. The Group continued the sustainable development goal of "aiming to become a green bank, a people-oriented bank, a charitable

bank, a trustworthy bank, a value creator and a bank with a great brand".

### A Humane Touch

Starting with love, spreading love, showing gratitude for society and giving back to society are the Group's commitments. In the reporting year, the Group focused on social demands,

fulfilled economic, social and environmental responsibilities, actively participated in poverty alleviation and public benefit projects and showed care to employees, striving to become a financial enterprise with "big love".

### Dignity

The Group aspires to build a first-rate bank brand with first-rate corporate culture, first-rate banking services, first-rate business performance and first-rate development quality, improve

the Bank's market value and be an enterprise that the market recognizes, customers approve, shareholders trust and employees rely on.

### Creating Value for Customers

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

### Making Profit for Shareholders

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

### Seeking Happiness for Employees

The Group is not only a platform on which employees obtain compensation but also a stage on which employees gain self-confidence, dignity, honors and happiness, and realize their value and dreams and

more importantly. It is a home to employees. The Group thanks employees for their hard work, cares for their growth, and strives to improve employee satisfaction in terms of working environment, career development and

balance between work and life, and create a harmonious, learning, team-like and caring home where employees can enjoy work and life and chase their dreams with the Group.

### Performing Responsibility for the Society

During the reporting period, the Group upheld the fundamental direction of returning to the basics of the Bank and serving the real economy, undertook economic, environmental and social

responsibilities, deepened and implemented new development concepts, built an inclusive finance system and implemented precision poverty alleviation. Adhering to giving back to society, the

Group actively participated in public benefit activities, helped vulnerable groups in various fields including poverty alleviation, education, environmental protection and health care, and prospered with society.

## Section IV Corporate Governance

### Overview of Corporate Governance

In 2019, the Bank carried out corporate governance and operation management strictly in accordance with the *Company Law of the People's Republic of China*, *Law of the People's Republic of China on Commercial Banks*, *Law of the People's Republic of China on Regulation and Supervision over the Banking Industry*, *Securities Law of the People's Republic of China* and other relevant laws and regulations.

#### General meetings

The Bank convened 1 annual general meeting of shareholders, 1 extraordinary general meeting of shareholders, 1 A-class shareholders class meeting, 1 H-class shareholders class meeting, 11 meetings of the Board of Directors (including 9 on-site meetings and 2 meetings for voting by correspondence), 11 meetings of the Board of Supervisors, 28 meetings of the

specialized committees under the Board of Directors, and 6 meetings of the specialized committees under the Board of Supervisors.

#### Chairperson and president

During the reporting period, Ms. Li Qingping was Chairperson and Executive Director of the Bank and concurrently Party Committee Secretary, responsible for presiding over the general meeting,

convening and presiding over meetings of the Board of Directors and examining the implementation of Board resolutions and other relevant matters. Mr. Fang Heying was President and Executive Director of the Bank, responsible for implementing Board resolutions and leading the Bank in its business operation and management and other relevant matters. The division of duties between the Chairperson

and President of the Bank was clearly defined and in compliance with the Hong Kong Listing Rules. As of the end of the year, there's no change in the governance structure of the Bank.

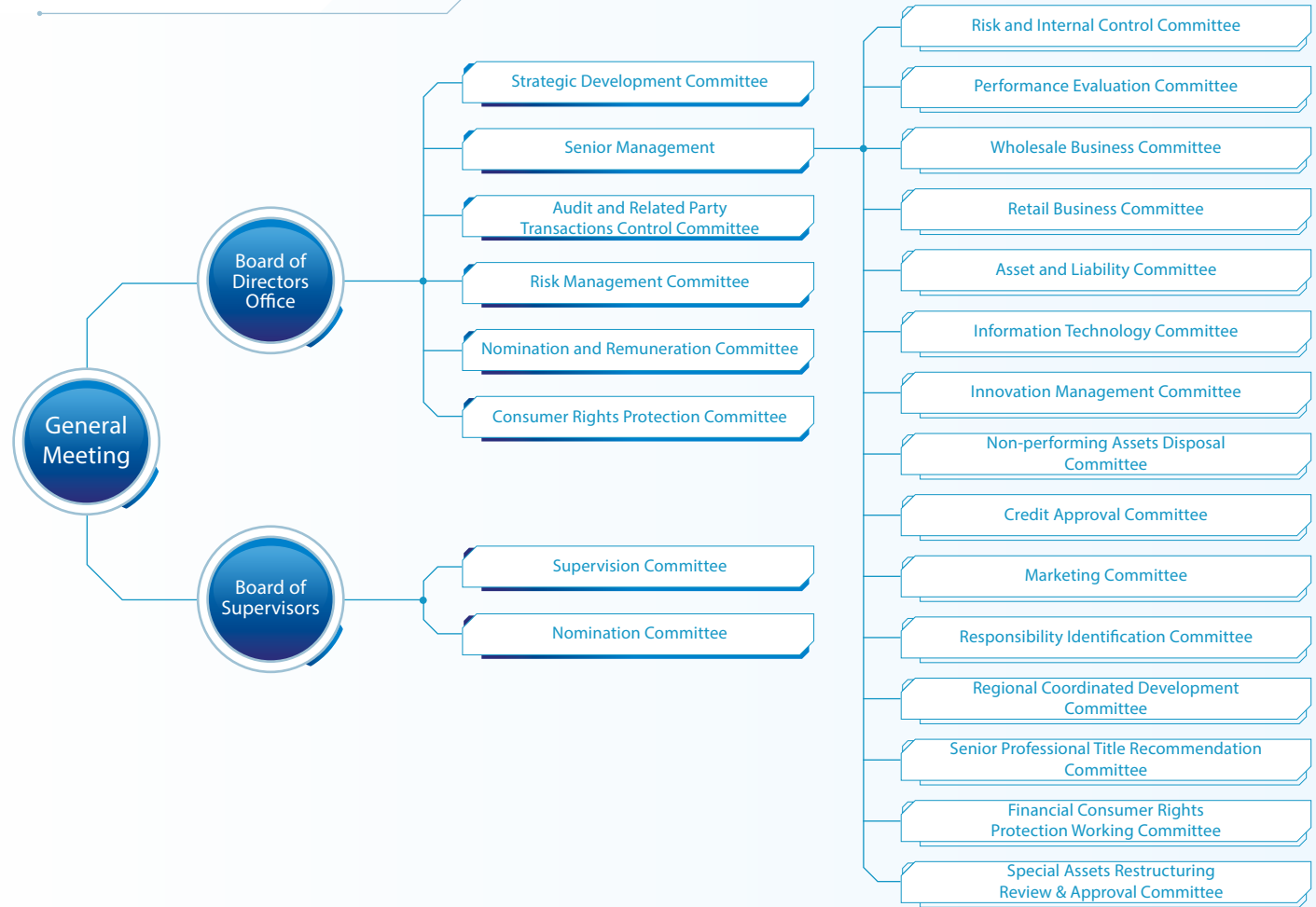
**Stock price**

The Bank assigned special personnel to monitor stock price movements and major events in the capital market and make daily records. If a big fluctuation in stock price or relevant abnormal

situations occurred, the personnel would report it and start response procedures at the earliest possible time. The Bank monitored market public opinion, promptly screened public opinion early warnings relating

to stock price and investors, and responded promptly to market concerns. As of the end of the year, there was no abnormal stock price fluctuation in the Bank that requires public notification or clarification.

**Figure 2: Corporate Governance Structure of the Bank**



**Party Building Inclusion**

The Bank abides by the policy that secretary of the Party Committee and deputy secretary of the Party Committee serve as chairman and executive director respectively, members of the Party Committee serve as chairman of the Board of Supervisors and senior executives. On the basis of "including the Party building into the Articles of Association", the Bank further streamlined the

decision-making mechanism of the "General Meeting, the Board of Directors, the Board of Supervisors and the Senior Management" and ensured that the Party Committee reviews the major issues of the Board of Directors in advance. Throughout the year, the Party Committee of the Head Office held 38 meetings and reviewed 154 topics to study and implement major issues related to the overall situation,

such as macroeconomic policies and work arrangements of the CPC and the Country, strict discipline over the Party and the Bank, management of managerial personnel and talents, and digital transformation, and give full play to the role of the Party Committee of the Head Office in grasping the way forward, managing the overall situation and ensuring the implementation.

**Board of Directors**

**Composition of the Board of Directors**

The term of office of the 5<sup>th</sup> session of the Board of Directors will expire on the day of annual general meeting in May 2021. As of the end of the year, the Board of Directors of the Bank had 10 members, namely, 3 executive directors, Ms. Li Qingping, Mr. Fang Heying and Mr. Guo Danghuai; 3 non-executive directors, Mr. Cao Guoqiang, Ms. Huang Fang and Mr. Wan Liming; and 4 independent non-executive directors, Mr. He Cao, Ms. Chen Lihua, Mr. Qian Jun and Mr. Yan Lap Kei Isaac.

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

Member of the Board of Directors	Date of Birth	Gender	Ethnic Group	Member of the Board of Directors	Date of Birth	Gender	Ethnic Group
Li Qingping	Oct. 1962	Female	Han	Wan Liming	May 1966	Male	Han
Cao Guoqiang	Dec. 1964	Male	Han	He Cao	Sep. 1955	Male	Han
Fang Heying	Jun. 1966	Male	Han	Chen Lihua	Sep. 1962	Female	Han
Guo Danghuai	May 1964	Male	Han	Qian Jun	Jul. 1970	Male	Han
Huang Fang	May 1973	Female	Han	Yan Lap Kei Isaac	Oct. 1960	Male	Han

**Changes in the Board of Directors**

On February 26<sup>th</sup>, Mr. Sun Deshun no longer held his positions at the Bank, including executive director of the Bank, chairman and member of the Risk Management Committee of the

Board of Directors and member of the Strategic Development Committee of the Board of Directors, with effect from February 26<sup>th</sup>, 2019. At the 2018 Annual General Meeting convened on May 24<sup>th</sup>, 2019, the Bank elected Mr. Guo Danghuai as an executive

director of the 5<sup>th</sup> Session of the Board of Directors. Upon approval by the CBIRC, as of September 16<sup>th</sup>, 2019, Mr. Guo Danghuai officially serves as executive director of the Board of Directors of the Bank.

**Diversity of the Board of Directors**

The Board of Directors had directors dispatched by substantial shareholders including China CITIC Group, Xinhua Zhongbao

and China Tobacco, thus ensuring the participation of stakeholders. It formulated the *Policy on Membership Diversity of the Board of Directors* to ensure participation of stakeholders. The Board of Directors of the Bank comprised members of different gender, age, culture, education background and professional experience such as economic, financial, accounting, legal and audit education background and experience, who have expertise and experience in items related to sustainable development, social responsibility and environmental responsibility. At the end of the year, the 5<sup>th</sup> Session of the Board of Directors of the Bank had 10 members, of which 4 were independent non-executive directors. The number of independent directors of the Board of Directors exceeded one third of the total number of Board members.

**Allowances for directors**

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

**Internal communication of the Board of Directors**

The Board of Directors of the Bank carried out work strictly according to the Articles of Association, Rules of Procedures of the General Meeting, Rules of Procedures of the Board of Directors, etc., and strengthened policy formulation. The Board of Directors upheld an all-inclusive governance mechanism and culture. When listening to reports, having a discussion and deliberating relevant matters, directors spoke freely and independently passed resolutions by voting. The Board of Directors suspended voting on matters objected by independent

directors, provided support to independent directors in their surveys, and enhanced their knowledge of the operation management of the Bank so they could better fulfill their responsibilities. As of the end of the year, there was no conflict of interest in the Bank. In the event of a conflict of interest, the Board of Directors of the Bank would, according to disclosure requirements, clearly write down the specific numbers of affirmative votes, dissenting votes and abstention votes in the Voting Results column of the resolution deliberated at the meeting of the Board of Directors, and state relevant information as the case may be.

**Board of Supervisors**

**Composition of the Board of Supervisors**

As of the end of the year, the Board of Supervisors of the Bank

comprised 8 members, namely, 4 employee representative supervisors, Mr. Liu Cheng, Mr. Li Gang, Mr. Chen Panwu and Ms. Zeng Yufang, with Mr. Liu Cheng as Chairperson of the

Board of Supervisors; 1 shareholder representative supervisor, Mr. Deng Changqing; and 3 external supervisors, Ms. Wang Xiuhong, Mr. Jia Xiangsen and Mr. Zheng Wei.

**Table 2: Age, Gender and Ethnic Information of Members of the Board of Supervisors**

Member of the Board of Supervisors	Date of Birth	Gender	Ethnic Group	Member of the Board of Supervisors	Date of Birth	Gender	Ethnic Group
Liu Cheng	Dec. 1967	Male	Han	Zheng Wei	Mar. 1974	Male	Han
Deng Changqing	Apr. 1973	Male	Han	Li Gang	Mar. 1969	Male	Han
Wang Xiuhong	Oct. 1946	Female	Han	Chen Panwu	Jan. 1964	Male	Han
Jia Xiangsen	Apr. 1955	Male	Han	Zeng Yufang	Dec. 1970	Female	Han

**Changes in the Board of Supervisors**

In May 2019, Mr. Cheng Pusheng resigned his positions as employee representative supervisor, and member of the Supervision Committee of the Board of Supervisors of the Bank due to work rearrangements, with effect from May 24<sup>th</sup>, 2019. On August 16<sup>th</sup>, 2019, the Employee Representative Assembly of the Bank elected Mr. Li Gang as employee representative supervisor of the 5<sup>th</sup> Session of the Board of Supervisors of the Bank, who took office on August 16<sup>th</sup>,

2019. In January 2020, Ms. Wang Xiuhong resigned as external supervisor, and chairman of the Nomination Committee of the Board of Supervisors of the Bank after six years as external supervisor of the Bank. In order to ensure the Board of Supervisors of the Bank meets the regulatory requirement, Ms. Wang's resignation will take effect after the new external supervisor elected by the general meeting of the Bank takes office. During this period, Ms. Wang Xiuhong will continue to perform her duties in accordance with relevant laws, regulations and

the *Articles of Association* of the Bank.

**Performance of the Board of Supervisors**

In accordance with relevant laws, regulations, regulatory requirements and the *Articles of Association* of the Bank, the Board of Supervisors, centering on the *2018-2020 Development Plan* and the priorities of the Bank, earnestly performed its supervisory responsibilities based on its legal status, legal responsibilities and legal obligations. The Board of

Supervisors steadily pushed forward various work, effectively exerted its functions, promoted the improvement of corporate governance and effectively safeguarded the interests of the Bank, shareholders and employees. The Board of Supervisors held 11 meetings of the Board of Supervisors, four meetings of the Supervision Committee and two meetings of the Nomination Committee throughout the year, where 41 proposals were reviewed and 43 reports were heard. The Board of Supervisors conducted thematic surveys on credit authorization management, internal control and compliance of overseas institutions, case prevention and employee behavior management, covering eight branches and subsidiaries. The Board of Supervisors conducted the first inquiry on credit asset quality and write-off of non-performing assets in the year, and prepared a special inquiry report, contributing wisdom to the Bank's high-quality sustainable development.

**Senior Management**

**Composition of senior management**

The senior management is the executive arm of the Bank accountable to the Board of Directors. The senior management should truthfully report to the Board of Directors or the Board of Supervisors, on a regular basis or as

required by the Board of Directors or the Board of Supervisors, information regarding the Bank's business performance, important contracts, financial positions, risk profiles, business outlooks and significant events. The remuneration distribution plan for the senior management shall be determined

by the Board of Directors. As of the end of the year, the senior management of the Bank comprised 11 members, including Mr. Fang Heying, Mr. Guo Danghuai, Mr. Yang Yu, Mr. Hu Gang, Mr. Xie Zhibin, Mr. Xiao Huan, Mr. Lu Wei, Mr. Lu Jin'gen, Mr. Lu Tianguai, Ms. Zhang Qing and Mr. Liu Honghua.

**Table 3: Age, Gender and Ethnic Information of Members of the Senior Management**

Member of the Senior Management	Date of Birth	Gender	Ethnic Group	Member of the Senior Management	Date of Birth	Gender	Ethnic Group
Fang Heying	Jun. 1966	Male	Han	Lu Wei	Oct. 1971	Male	Han
Guo Danghuai	May 1964	Male	Han	Lu Jin'gen	Jun. 1969	Male	Han

**Table 3: Age, Gender and Ethnic Information of Members of the Senior Management (Continued)**

Members of the Senior Management	Date of Birth	Gender	Ethnic Group	Members of the Senior Management	Date of Birth	Gender	Ethnic Group
Yang Yu	Dec. 1962	Male	Han	Lyu Tianguai	Oct. 1972	Male	Han
Hu Gang	Mar. 1967	Male	Han	Zhang Qing	Aug. 1968	Female	Han
Xie Zhibin	May 1969	Male	Han	Liu Honghua	May 1964	Male	Han
Xiao Huan	Jul. 1972	Male	Han				

**Changes in senior management**

In February 2019, Mr. Sun Deshun no longer served President of the Bank, with effect from February 26<sup>th</sup>, 2019. On February 26<sup>th</sup>, 2019, the Board of Director meeting reviewed and adopted related proposals giving the consent that Mr. Fang Heying would serve as President of the Bank, who officially took office as of March 29<sup>th</sup>, 2019 upon approval by the CBIRC. The Board of Directors meeting on March 26<sup>th</sup>, 2019 reviewed and adopted related proposals on engaging Mr. Xie Zhibin to be

Vice President of the Bank, who officially took office as of June 18<sup>th</sup>, 2019 upon approval by the CBIRC. On March 26<sup>th</sup>, 2019, the Board of Director meeting reviewed and adopted related proposals giving the consent that Ms. Zhang Qing would serve as Secretary to the Board of Directors, Company Secretary and other relevant position of the Bank, who officially took office on July 1<sup>st</sup>, 2019 upon approval by the CBIRC. On March 26<sup>th</sup>, 2019, the Board of Director meeting reviewed and adopted related proposals giving

the consent that Mr. Liu Honghua would serve as Business Officer of the Bank, who officially took office on August 5<sup>th</sup>, 2019 upon approval by CBIRC. On April 25<sup>th</sup>, 2019, the Board of Director meeting reviewed and adopted related proposals giving the consent that Mr. Lu Wei would serve as Business Officer of the Bank and cease to serve as Secretary to the Board of Directors, Company Secretary and other relevant position of the Bank, who officially took the post of Secretary to the Board of Directors of the Bank

on July 1<sup>st</sup>, 2019. On November 28<sup>th</sup>, 2019, the Board of Directors meeting appointed Mr. Hu Gang to concurrently serve as Chief Risk Director of the Bank who officially took office on the date of approval by the Board of Directors, and Mr. Yao Ming ceased to serve as Chief Risk Director of the Bank due to his work needs. In December 2019, Mr. Xiao Huan was appointed as Secretary of the Committee for Disciplinary Inspection of the Bank and began to perform his duties in January 2020.

**Management of Related Party Transactions**

In the light of the changes in regulatory policies, and in view of the questions in the regulatory policies on related party transactions and the practical difficulties in management, the Bank actively promoted communication with and asked for

instructions from the regulators, and sought guidance and opinions from the CBIRC through consultation and reporting, so as to make sure that the management of related party transactions of the Bank meets the regulatory requirements and adheres

to the original purpose of regulation. During the review of proposals, the Bank strengthened the breadth, depth and detail of the proposal reporting, which helps the directors to better understand the authenticity of the transaction demand and

the fairness of the transaction conditions. The Bank reinforced the communication and cooperation mechanism for the identification of related parties of substantial shareholders, and on the basis of obtaining information about their

equity and related parties from substantial shareholders on a quarterly basis, the Bank also verified and confirmed with substantial shareholders in a timely manner for suspected related parties identified in the course of business development, to ensure the information accuracy of the identification of related parties. As of the end of 2019, the Bank had 4,885 related legal persons and 15,794 related natural persons.

**Credit extensions related party transactions**

As of the end of 2019, under the Shanghai Stock Exchange regulatory criteria, the balance of credit that the Group extended to all related enterprises amounted to RMB40.355 billion; under the CBIRC regulatory criteria, the balance of credit that the Bank extended to all related parties reached to RMB73.271 billion. Such credit extensions to related enterprises were of good quality in general, with one transaction being a special mention facility (RMB 1.044 billion) and two being substandard facilities (RMB983 million), and all other being performing facilities.

As such, these credit extension transactions will not exert material impacts on the normal operation of the Bank.

**Non-credit extensions related party transactions**

As of the end of 2019, the actual amount of non-credit extension transactions between the Bank and CITIC Group, Xinhua Zhongbao, China Tobacco, Poly Group and their associates amounted to RMB77.996 billion, including RMB72.022 billion for asset related party transactions and RMB5.974 billion for expense related party transactions. All kinds of non-credit extension transactions



between the Bank and the above-mentioned substantial shareholders and their related parties do not exceed the annual cap and conform to the regulatory requirements.

In accordance with the regulatory rules of the Shanghai Stock Exchange and the SEHK, the Bank strictly controlled the related party transactions within the limit that have applied for annual cap, and managed and monitored those that have not applied for the annual cap. Once the disclosure requirements are triggered, the Bank timely reviewed or disclosed in accordance with regulatory regulations. As of the end of 2019, the Bank simultaneously issued 26 interim announcements concerning related party transactions at home and abroad to effectively protect shareholders' right to be informed and safeguard their interests.

**Section V Compilation of Report**

**Identification of Stakeholders**

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

customers, staff, shareholders and society (communities). Because of the particularity of the financial industry and the stricter supervision by the government in recent years, government has been identified as one of the important stakeholders of the Bank. As there are in fact a lot of procurement relations and the Bank is in a relatively advantaged

position in negotiation, in line with the concept of join hands with all sectors of society to realize sustainable development, the Bank has identified suppliers as important stakeholders.

The stakeholders identified and recognized by the Bank include

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

Table 4: Identification Table of Stakeholders of the Bank

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

Communication with Stakeholders

Communication with government

Chairperson Li Qingping and President Fang Heying of the Bank led teams to proactively visit the governments of Xinjiang Uygur Autonomous Region, Liaoning Province, Jiangsu Province, Fujian Province etc. They had full communication and exchanged ideas. The Bank continued to improve work to enhance the capability to serve the real economy.

Information disclosure

The Bank attached great importance information disclosure and insider information management, strictly followed local laws and regulations on information disclosure, and released periodical reports and interim announcements according to law. The Bank released over 300 documents including periodical reports and interim announcements at the Shanghai Stock Exchange and the SEHK. In the meantime, the Bank further improved the initiative and transparency of information disclosure, promptly released annual preliminary

earnings estimates, reasonably guided market expectations, and continued to enhance disclosure of hot topics among investors in periodical reports, providing investors with timely, adequate and effective information.

Disclosing public government affairs

To enable employees to know better about the Bank's development strategy and business development plan, the Bank maintained an information announcement mechanism on the intranet, continued to implement the *Measures of CITIC Bank for Intranet Management*, and promptly released



important news about the Bank's operation and management on the premise of ensuring the security of confidential information. As of the end of the year, the Bank released over 120,000 pieces of information on the intranet, up about 28.21%, attracting about 16.02 million visits, up about 22.28%.

Communication with customers

The Group carried out such customer communication activities as product content communication, product promotion, door-to-door service, customer care activities, customer networking activities and publicity of financial policies and financial knowledge. The Bank's telephone banking conducted customer surveys and customer care and handled services by calling out.

Internal communications

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

Media release

The Bank actively developed cooperation with media and disclosed the true news of the Bank to the public responsibly. As of the end of the year, the Bank released over 50,564 pieces of relevant positive public opinions, including 3,657 pieces on print media, 41,633 pieces on online media, 1,108 pieces on radio and television media and 4,166 pieces on new media.

Case 2: Results Releases

On March 27<sup>th</sup>, the Bank held the 2018 Results Release in Beijing, including 40 minutes of media Q&As. Journalists from Xinhua News Agency and other newspaper offices actively raised questions on the Bank's operation such as the implementation of development strategy, plan on its wealth management subsidiary, service to private and small and micro businesses, transformation of retail banking business and asset quality management. More than 40 journalists from domestic media such as CCTV,

China News Service, *21st Century Business Herald*, *Caijing*, People's Daily Online and Xinhuanet, and overseas media such as Reuters, *Wall Street Journal* and *Hong Kong Wen Wei Po* attended the release. On August 28<sup>th</sup>, the Bank held the 2019 Interim Results Release in Beijing, including 40 minutes of media Q&As. The media actively asked questions about the Bank's operation highlights, stock valuation, plans on convertible bonds, asset quality, retail banking layout, inclusive finance

and management strategies for LPR. The release was in order and warm atmosphere, and in which the Bank conveyed the media the result highlights of the Bank that it planned to release to the outside world. More than 50 journalists from domestic media such as CCTV, China News Service, *21st Century Business Herald*, *Caijing*, People's Daily Online and Xinhuanet, and overseas media such as *Wall Street Journal*, *Bloomberg News* and *Hong Kong Commercial Daily* attended the release.

Brand protection

The Bank publicized and managed its brand in strict compliance with the laws and regulations such as the *Advertising Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, the *Contract Law of the People's Republic of China* and the *Commercial Bank Law of the People's Republic of China*, and in accordance with the relevant provisions and requirements of the Trademark Office of the National Intellectual Property Administration.

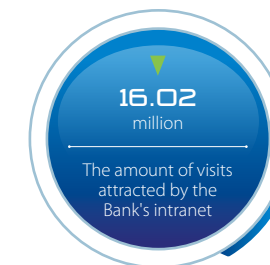
The bank formulated the *Management Measures for the Citic Bank of Intellectual Property* and *Management Measures for the Citic Bank of Advertising*, continuously standardized the management and use of trademark, carried out daily monitoring of trademarks and domains and made timely trademark opposition or invalidation of similar trademarks, to safeguard trademark rights and interests in accordance with the law. The Bank clearly stipulates that the production of advertising materials shall meet

the requirements of the Bank's VI specifications and not infringe the rights and interests of third parties.



Interview and exchange

The Bank actively carried out exchanges between senior management and the market. It held annual results releases and road shows in Beijing and Hong Kong, and held interim results releases through Internet broadcast, which received positive feedback from investors. It maintained intensive communication with the capital market, communicated with over 1,600 investors and analysts through investment banking forums, research and reception and other channels, and actively listened to the voices from market investment research institutions and important corporate shareholders. The Bank held the annual online briefing on cash dividend distribution to explain the Bank's operation and management philosophy and dividend policy considerations in depth for small and medium-sized investors in the capital market.



Case 3: Voluntary Disclosure

On November 28<sup>th</sup>, the Bank held the regular banking press conference on the theme of "implementing national strategies and building a full-life-cycle pension finance service system of China CITIC Bank" in the press room of the CBIRC. 50 media including Xinhua News Agency, *Financial Times*, *21st Century Business Herald*, *Caixin Weekly*, QQ.com, Hexun.com, CNBC Asia

Pacific and others attended the release. China Economic Net broadcasted live the release on the Internet. In addition, the Bank also organized media including Xinhua News Agency to visit private enterprise customers of the Bank, to understand the specific measures taken by the Bank to assist enterprises in overseas investment and financing, to

jointly build the Belt and Road Initiative projects, to promote the development of the "vegetable basket" project in Beijing, to provide timely help to the private economy, to promote the high-quality development of the real economy, and to support the development of small and micro businesses.

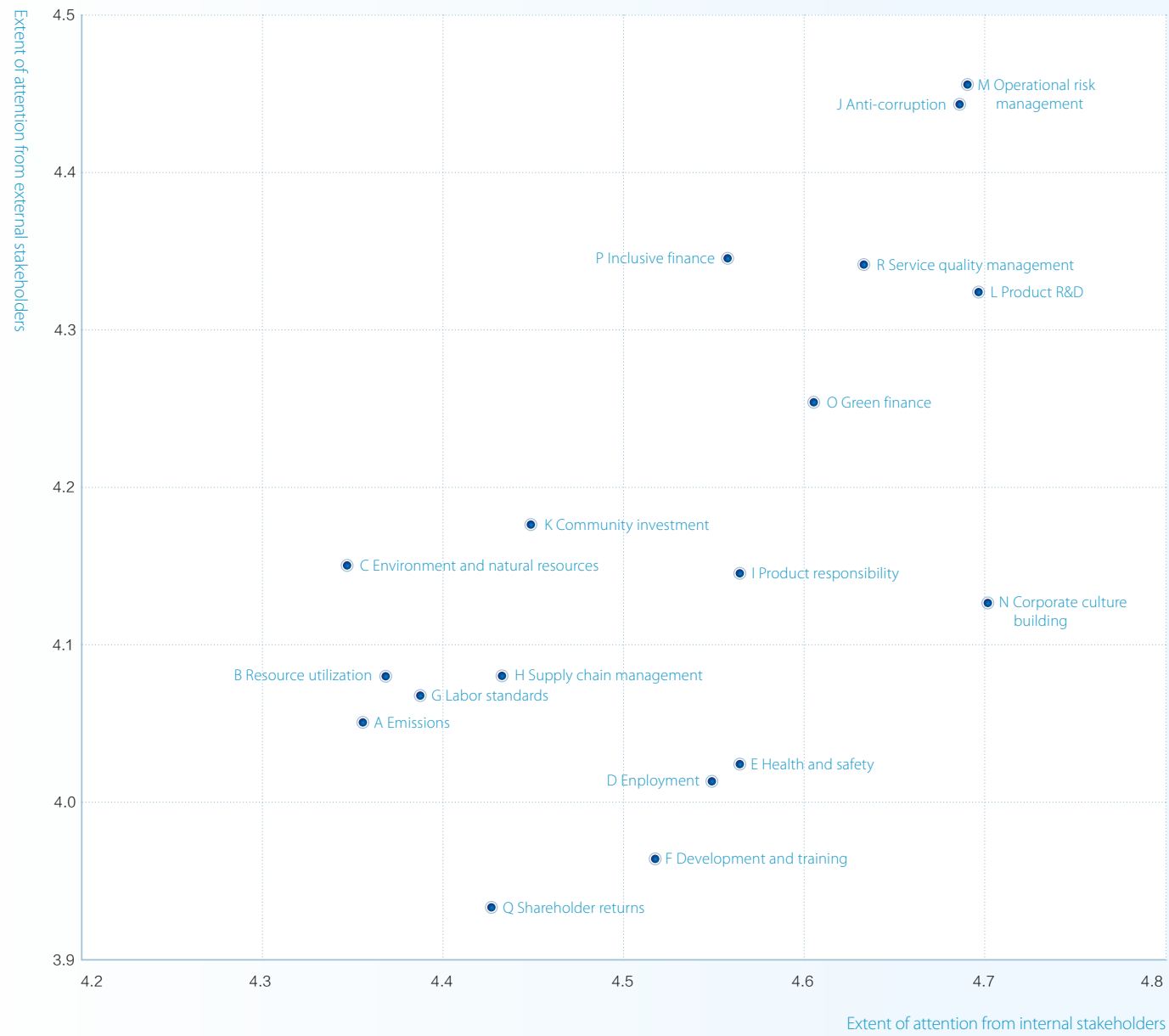
Identification of Key Topics

With the support of third party institutions, based on relevant articles of GRI and ESG criteria, the Bank developed 18 key topics on sustainable development, and evaluated the importance of the topics through a questionnaire

survey conducted among external stakeholders such as government, shareholders, individual customers, corporate customers, interbank customers, suppliers, media and public benefit representatives as well as internal stakeholders

including employees at all levels of the Bank. In this Report, there was no significant change in the substantive topics and their boundaries involved in the report of the previous period.

Figure 3: Distribution of Importance of Major Topics on Sustainable Development of the Bank



Management Performance

Participation of the Board of Directors

The Board of Directors of the Bank reviewed and approved the annual report and sustainable development report and evaluated the Bank's fulfillment of social responsibilities according to regulatory requirements and relevant laws and regulations. On March 26<sup>th</sup>, the 4<sup>th</sup> meeting of the Strategic Development Committee of the 5<sup>th</sup> Session of the Board of Directors and the 12<sup>th</sup> meeting of the 5<sup>th</sup> Session of the Board of Directors reviewed and approved the 2018 Sustainable Development Report of CITIC Bank. According

Evaluation mechanism

The Bank continued to include "key topics of sustainable development" as one of branches' comprehensive performance evaluation indicators. The indicator includes nine specific indicators, namely, "two no-less-than and two control" for inclusive MSE loans, inclusive finance agriculture-related loans, foreign exchange business management, green credit, poverty alleviation with financial services, service quality, consumer protection, sustainable development data

reporting<sup>5</sup> and external donations<sup>6</sup>. The inclusion of the indicator aims to increase employees' awareness of sustainable development.

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

Information management

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

Third party assurance

Since 2009, the Bank has engaged a third-party assurance institution

to provide independent limited assurance over all important statements and key data in the Bank's social responsibility report and give advice and suggestions on social responsibility management to the Bank. In 2019, PricewaterhouseCoopers Zhong Tian LLP made independent limited assurance over the 2018 Sustainable Development Report of China CITIC Bank Corporation Limited and gave five key suggestions in two aspects to the Bank. The Bank already made improvements and responded to those suggestions in day-to-day work. The assurance of the Report will also be provided by PricewaterhouseCoopers Zhong Tian LLP, who will provide independent limited assurance over the important statements and key data in the Report and give further advice and suggestions for improvement to the Bank after finishing the assurance work.

5. Sustainability data reporting is designed to evaluate the passing rate of the sustainability data reported by branches quarterly.

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

2019

Development and Internal Control

02

National Strategies / P30

Financial Supervision / P36

Development and Internal Control

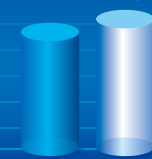
Internal Control and Management / P38

Loan balance of micro and small enterprises (in RMB hundred million)  
 1,363.53 / 2,042.55

Total assets (in RMB hundred million)  
 60,667.14 / 67,504.33

Social contribution per share (in RMB)  
4.68 / 4.96

Total profit (in RMB hundred million)  
543.26 / 565.45



Key performance indicators

2018 2019





In 2019, the Bank's total assets, loans and proprietary deposits all maintained growth. The total assets reached RMB67,504.33 hundred million, an increase of 11.27%; the total profit recorded at RMB565.45 hundred million, an increase of 4.08%; the operating income was RMB1,875.84 hundred million, an increase of 13.79%; the non-performing loan (NPL) ratio and provision coverage ratio were 1.65% and 175.25% respectively.

The Bank earnestly implemented the decisions of the CPC Central Committee and the CITIC Group, launched thematic education campaigns in two sessions which lasted for 6 months from the beginning of

#### Case 4: Carrying out the Thematic Education Campaign of "Staying True to the Founding Mission"

June based on the requirements of "keeping original aspiration in mind, undertaking the mission, finding out the gaps and focusing on the implementation", to make sure the work on awareness, inspection, rectification and organization are "put in place", and the thematic education achieve robust outcomes.

During the thematic education campaign, the Bank made timely and thorough arrangement and farsighted plans to ensure timely study, establishment of work plans and organization. Under precise and robust guidance and with high-standard supervision and full-fledged workforce, the Bank set up 303 steering groups consist of 828 members; established the working mechanism; realized full coverage of supervision and guided 23 branches to attend the workshops of the Central Steering Group; reviewed nearly 500 work plans and 260 analytic documents under

strict supervision; conduct 2,645 field instructions of steering groups at all levels with efficient scheduling. The Bank undertook various types of research and studies with a higher vision to grasp the fundamentals, hold focused discussions, actively follow up and enrich the topics. It held nearly 5,300 times of intensive studies within the whole bank. The Bank made solid investigation by in-depth and extensive research and high-quality inquiry and examination, created the "Jinyun model" to hold the Party workshops and widely establish grassroots focal points. It made over 2,100 investigations, organized over 810 workshops and established 216 grassroots focal points. The Bank undertook in-depth inspection, dug into problems with high standards, solicited comments and suggestions, listened to opinions face to face, examined and analyzed the situation, focused on grassroots problem. In the end, it collected 6,202 questionnaires and over 5,600 pieces of comments and advices. The Bank implemented the rectification in a solid

and orderly way with high standards, conducted education and rectification in parallel, focused on special rectification and created new ideas, and held activities of the Party organization. The Bank took multidimensional promotional measures, created a warm atmosphere, published briefings, built the forefront for publicizing activities and facilitated a series of achievements.

After the thematic education campaign, the Bank has created a better environment for theoretic studies, improved the staff's political awareness, expressed strong aspiration of turning responsibilities into impetus, showed more conscience of serving the public, and notably improved its work ethics. However, problems such as unbalanced thematic education, uneven outcomes of study, and detailed and prolonged consolidation of achievements still exist and need to be solved in the future.

## Section I National Strategies

#### Responding to the Belt and Road Initiative

The Bank actively supported the infrastructure construction of the Belt and Road Initiative, grasped the enterprises' demand for foreign exchange products. It also supported

the industries of railway, transportation, engineering equipment export related with the infrastructure; the development of environmental protection, supported gas, water and soil pollution control

and energy conservation fields. In terms of risk control, under the precondition of strictly reviewing country risk, technology risk, market risk, operational risk, legal risk, etc., and strictly preventing

credit risk, the Bank actively explored and reasonably used credit products, prioritized overseas financing for premium enterprises.

#### Case 5: Support for the Green Development of the Belt and Road Countries

A company from Henan Province has successfully completed over 400 engineering projects under international contracts in more than 20 countries and regions in Asia and Africa, covering industrial and civil buildings,

roads and bridges, water conservancy and irrigation, electricity, geological exploration, drilling and urban public facilities. It has been selected as one of the "Top 250 International Contractors" from 2002 till now.

The Bank participated in the export buyer's credit syndicated loan for the second phase of water supply and sewage project in Nkana, Copperbelt Province, Zambia, with the shares of USD50 million. The aim of the project

is to upgrade the water treatment system, distribution system and sewage system in Copperbelt, Zambia, to provide hygienic drinking water around the clock for the local residents and improve their sanitation.

#### Support for the Coordinated Development of Beijing, Tianjin and Hebei

The Bank actively supported transportation infrastructure construction, ecological environment construction, and industrial upgrading and transition within the region. Firstly, it focused on the construction of Tongzhou sub-civic center, the new Beijing airport and auxiliary transport facilities in Beijing; the construction of industrial transition projects that Binhai New District took over from Beijing in Tianjin; and the construction of Xiongan New Area, and Beijing 2022 Games facilities and auxiliary industries and services in Zhangjiakou, Hebei Province. Secondly, the Bank strongly supported the development of green economy, circular

economy and low-carbon economy, and conduct business around strategic customers and major projects of strategic customers such as special equipment manufacturing for environmental protection, water pollution treatment and air pollution treatment. Thirdly, the Bank supported the upgrading of traditional industries that reflected the functional positioning of the three places, and supported environmental relocation industry, modern service industry, high-end manufacturing industry, and strategic emerging industries, in combination with the industrial decentralization of Beijing and the unified layout policy of the three places.

#### Case 6: Support for the Coordinated Development of the Beijing-Tianjin-Hebei Region with Credit

The Bank's Beijing Branch gave credit support to seven projects in Beijing, Tianjin and Hebei in the areas of transportation integration, ecological and environmental protection, shantytown renovation, with the financing balance totaled RMB9.844 billion. In which, the Bank provided RMB1.132 billion for the shantytown renovation of Yushu Village, with a cumulative lending of almost RMB4 billion; RMB2.53 billion for the shantytown renovation in Yangfang Village, Fengtai District; RMB21 million for the construction of roads and utility tunnels of Qingli Road, Beijing Daxing International Airport.

#### Support for the Construction of Yangtze Economic Belt

The Yangtze Economic Belt covers 11 provinces and cities such as Shanghai, Jiangsu, Zhejiang, Anhui, Jiangxi, Hubei, Hunan, Chongqing, Sichuan, Yunnan and Guizhou. Relying on the Yangtze River golden waterway, both the population and economic aggregate have exceeded 40%. The Bank's branches in this area occupy a relatively high share in the Bank's asset distribution and

interest contribution. In this area, the Bank primarily propped up strategic emerging industries, modern service industries, new urbanization and green economy. In the infrastructure construction industry, it bolstered some key projects regarding ports, railways and highways, and participated in the integration and upgrading of traditional industries.

#### Case 7: Nanchang Branch's Support for the Development of the Yangtze Economic Belt

The Bank has provided RMB1 billion in credit for the key projects in the Yangtze Economic Belt in the recent years, in which RMB200 million to a road and bridge company and RMB800 million for a bridge company in Jiangxi Province, dedicated to the construction and operation of Jiujiang Yangtze River Bridge. At the same time, considering that no qualified collateral could be provided

because of the lengthy construction of the projects, the Bank took a fresh approach to credit guarantee and accepted toll collection rights as the collateral which not only provided support for the real economy, but also met the requirements for compliance and risk control. As at the end of the year, the outstanding loans of the two companies totaled RMB517 million.

### Support for Emerging Industries and the Upgrading of the Manufacturing Industry

The Bank actively shored up strategic emerging industries with development potential and granted loans to the "three-high, three-big and three-new" fields (i.e. high-tech and internet, high-end manufacturing and high-quality services and consumption; big culture, big health,

and big environmental protection; new energy, new materials and new pattern), and made more efforts to the research and marketing of emerging industries, to increase the proportion of credit support to these industries. It positively supported the credit needs of integration and upgrading

of traditional industries, paid special attention to the active merger and reorganization business carried out in the process of de-capacity and deleveraging, and actively supported the leading manufacturers with mature markets, clear technical road maps, key technologies and leading

positions. For the leading enterprises with technology and market potential meeting the direction of industrial development in industries with temporary difficulties, appropriate incremental support was duly given through comprehensive financing and debt restructuring.

### Case 8: Ningbo Branch's Support for the Emerging Industries

A company in Ningbo is specialized in the development, production and process of NdFeB, the new generation of permanent magnet material. It is widely used in computer, industrial automation, telecommunications, transportation, medicine, aeronautical engineering, and wind power generation.

The company was certified to ISO14001 and ISO9001 standards, and it has been playing a leading role in NdFeB surface treatment technology in China. The Bank has provided RMB59.5 million liquidity loans in total to support its daily operation.

### Case 9: Shenzhen Branch's Support for Emerging Industries

A Shenzhen company specialized in the development and production of the sixth generation flexible displays started the first phase of building the world's first fully flexible display assembly line. It is estimated its annual production capacity after the completion will be 50 million displays. The Bank launched the project of syndicated loans in 2017 and gave the company a credit facility of RMB3.64 billion.

### Support for the Development of Cultural Industries

The Bank took various measures in different sectors, followed up the policy, made arduous efforts, involved in competitive enterprises, encouraged innovation and strengthened risk control to encourage the development of cultural industries. The Bank was actively involved in the cultural industries with a sound market, relatively mature business development mode, stable cash flows from enterprises or projects and great growth potential in the future, including radio and television network operation, broadcasting and journalism. Prior support was given to the cinemas, cultural performance theatres, national and provincial key cultural industrial

cluster bases with sound operation, standardized management, healthy finance and high market share. For the industries which focus on creativity rather than assets or belong to emerging cultural industries with great growth potential in the future and immature business mode or large fluctuations in profit, including film and television production, cultural performance, animation, online game, mobile multimedia, digital publishing and cultural creativity, the Bank examined the industry trends and financing models, enhanced business and product innovation, prioritized the support to premium clients and the key projects disseminating positive energy.

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

Active support was given to major infrastructure construction projects, which contributed to the local economic growth in Xiongan New Area, Guangdong-Hong Kong-Macao Greater Bay Area and the place where the infrastructure was located. For the pillar service industry, the Bank actively supported the local leading companies with promising prospects and advantages of industry segmentation, boosting the development of local economy. The Bank actively bolstered up long-term lease housing projects

with strong shareholders and standardized procedures and affordable housing projects such as shared ownership houses, and strictly controlled the development and financing for commercial building projects. It provided funds for major infrastructure construction, such as shantytown renovation and the construction of roads and public facilities through PPP projects to improve the local livelihood and boost economic development. The Head Office approved RMB72.731 billion funds in support of 91 projects.

### Case 10: Jinan Branch's Support for Livelihood Industries

With water and heating supply, sewage treatment and reclaimed water recycling as its main business, a company in Shandong has a comprehensive business scope which combines the design and construction of municipal administration and water supply projects, modern service industry and high-

tech industry. It was granted the franchise rights of urban water supply and sewage treatment. Domestic sewage, industrial sewage, rainwater and other sewage, after harmless treatment, were discharged into rivers when meeting national environmental protection standards or used for agricultural irrigation, gardening

and greening, and industrial, domestic and municipal usage after deepened treatment, with sewage treatment capacity at 880,000 m<sup>3</sup> per day. At the same time, it has 200 heat exchange stations, over 600km of urban heat supply network, serving nearly 98,000 households in an area of over 1.5 million m<sup>2</sup> to provide heated

steam for residential and industrial usage. The Bank guaranteed the company a credit facility of RMB120 million, the balance of the loans stood at RMB120 million, mainly used for water supply, sewage treatment and heating upgrading.

### Support for the Real Economy

On the basis of compliance with national macroeconomic policies, industrial policies and regulatory requirements, the Bank gives more support to the industries such as manufacturing, leasing, commercial services and real estate development. As at the end of the year, the balance

of loans granted by the Bank to the manufacturing industry was RMB252.723 billion, a decrease of 9.01%, which accounted for 14.24% of corporate loans, down by 2.32 percentage points from the end of previous year.



Table 5: The Bank's Loans by Sector

Industry	2019		2018	
	Balance of loans (in RMB hundred million)	Proportion of loans (%)	Balance of loans (in RMB hundred million)	Proportion of loans (%)
Manufacturing	2,527.23	14.24	2,777.56	16.57
Transportation, warehousing and postal services	1,393.39	7.85	1,456.46	8.69
Production and supply of power gas and water	406.72	2.29	460.80	2.75
Wholesale and retail	1,454.77	8.20	1,429.81	8.53
Real estate development	2,700.69	15.22	2,897.50	17.28

Table 5: The Bank's Loans by Sector (Continued)

Industry	2019		2018	
	Balance of loans (in RMB hundred million)	Proportion of loans (%)	Balance of loans (in RMB hundred million)	Proportion of loans (%)
Water conservancy, environment and public utility management	2,636.37	14.86	2,016.32	12.03
Leasing and business services	3,397.04	19.14	2,796.00	16.68
Construction	939.06	5.29	784.31	4.68
Public and social organizations	125.88	0.71	131.16	0.78
Others	2,165.30	12.20	2,017.05	12.03
Total corporate loans	17,746.45	100.00	16,766.95	100.00 <sup>7</sup>

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

### Prudential Support for the Real Estate Industry and Government Financing Business

The Bank continued to implement prudent real estate credit policies by adhering to the principles of "aggregate control, dual-core standard, optimized investment and strengthened management". It continued to implement the full-scale risk limit management on- and off-balance sheet, strengthened the limit

management for the credit scale of single-group customers, and lowered the concentration of single-group customers. The flow of funds was guided to shantytown renovation and affordable housing projects. It followed national differentiated housing credit policies, strictly implemented real estate regulation and control

policies issued by the central and local governments, and supported the reasonable needs of home buyers for their own living. As at the end of the year, the balance of loans granted by the Bank to real estate companies was RMB395.3 billion, an increase of 3.62%, lower than the growth rate of outstanding corporate loans.

Based on the overarching principle of "regulated development, optimized structure and categorized management" for government financing business, the Bank actively involved in the implementation of major national strategies and the construction of major engineering

projects, actively supported project financing needs with quality subject, compliant project and process, avoided the government financing business in the high-risk areas and regions, dealt with economic risk and project feasibility in terms of comprehensive financial capacity and liability, balance of project income and expenditure, capital flow and ways of guarantee. It adhered to the bottom line of policy compliance and conducted legitimate business operation. As at the end of the year, the balance of loans to government platforms was RMB92.637 billion, an increase of 0.90%, lower than the growth rate of outstanding corporate loans.

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

### Refinement of Loan Structure of Regional<sup>8</sup> Economies

As at the end of the year, the balance of loans granted by the Bank to the western region was RMB473.273 billion, an increase of 9.26%, accounting for 12.54%; the balance of loans to the eastern region was RMB2,664.755 billion, an increase of 11.89%,

accounting for 70.60%; the loans to the northeast region amounted to RMB99.153 billion, a decrease of 2.54%, accounting for 2.63%; and the balance of loans to the central region was RMB534.866 billion, an increase of 15.50%, accounting for 14.17%.

At the end of the year, the Bank had set up 254 outlets in the western region, the same as that of last year, which accounted for 18.13%, up 0.12 percentage point over the previous year; a total of 1,152 self-service machines were deployed, accounting for 18.45%,

down 1 percentage point from last year. In the western region, the Bank had 7,281 employees, accounting for 13.56%, down 0.12 percentage point from the previous year.

#### Case 11: Yinchuan Branch's Support for the Development of the Western Region

With a registered capital of RMB20 billion, a company in Ningxia focuses on coal mining, washing and coal deep processing, and mainly supplies products to the power, metallurgy and petrochemical industries. It has formed 9 modern coal chemical projects and reached the annual production capacity of 3.5 million tons of methanol, 2 million tons of polyolefin,

2.73 million tons of automotive diesel fuel and chemical products, and 410,000 tons of liquefied petroleum gas. The Bank provided RMB3 billion financial support to the company and lowered the benchmark interest rate by 10% to maintain good operation of the company, thus promoting the economic development in the western region.

#### Case 12: Nanchang Branch's Support for the Rise of Central China

The PPP project of building a sponge city in Pingxiang is a key project in Jiangxi Province. Relying on the sound ecological environment of "mountain, water, forest, field and city", it strives to build a green project which combines the scientific industries of sponge city, waterfront travel, sightseeing, health tourism, leisure and sports. It will become a national demonstration project of sponge city engineering after the completion. The Bank guaranteed the enterprise a credit facility of RMB1.3 billion, the balance of the loan stood at RMB0.47 billion.

Table 6: The Bank's Loans by Region

Region	2019		2018	
	Balance of loans (in RMB hundred million)	Proportion of loans (%)	Balance of loans (in RMB hundred million)	Proportion of loans (%)
Eastern region	26,647.55	70.60	23,814.86	70.57
Central region	5,348.66	14.17	4,631.00	13.72
Western region	4,732.73	12.54	4,331.43	12.84
Northeastern region	991.53	2.63	966.99	2.87
Overseas	24.58	0.07	—	—
Total loans	37,745.05	100.00 <sup>9</sup>	33,744.28	100.00

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

## Section II Financial Supervision

### Anti-money Laundering

The Bank, with the *Guidelines for the Management of Money Laundering and Terrorist Financing Risks for Corporate Financial Institutions (for Trial Implementation)* of the People's Bank of China and the *Administrative Measures for Anti-money Laundering and Counter-terrorist Financing of Financial Institutions in the Banking Sector* of the China Banking and Insurance Regulatory Commission (CBIRC) as the guidance, clarified the anti-money laundering management responsibilities of the Board of Directors, the Board of Supervisors and the senior management, and incorporated the money laundering risk management into the Bank's authorization system. The Board of Directors of the Bank authorized its Risk Management Committee to perform part of the responsibilities for money laundering risk management, authorized the President to undertake money laundering risk management, and strengthened the decision-making role of the Head Office's anti-money laundering leading group. All departments of the Head Office were included as the members of anti-money laundering leading group, to practically guarantee the performance of responsibilities for the Bank's money laundering risk management.

The Bank improved the anti-money laundry governance structure, set up a special department to perform six responsibilities including money laundry risk management, added five responsibilities of concentrated

treatment of suspicious transaction monitoring, and adjusted six responsibilities of money laundry internal management. The Bank established Anti-money Laundry Monitoring Center, developed

operational procedures, collected concentrated monitoring reports of suspicious transaction from 12 branches in batches, and improved specific abilities of monitoring and comprehensive risk prevention and control. The Bank included anti-money laundry authorization into its authorization management system for the first time, clarified anti-money laundry authorities at different levels to realize full coverage management, and established and revised seven anti-money laundry management provisions. The Bank carried out regional differentiated transaction

In 2019, the Bank successfully completed the interface switch of the second generation anti-money laundry monitoring and analyzing system, raising the on time rate of large-value transaction reporting to about 97%. It held multi-level anti-money laundry training sessions, effectively covering directors, supervisors, the senior management members and staff in all professional lines at the Head Office and branches, totaling about 30,000 trainees.

monitoring projects, expanded the definition of money laundry and predicate crimes such as underground banks, terrorism financing, drugs, illegal fund-raising, and reported drug-related research results to China Anti-money Laundering Monitoring and Analysis Center. As at the end of the year, it submitted over 17,100 suspicious transaction reports in the whole year, and 12 branches provided leads of suspicious transactions and assisted the public security department in investigating upstream crimes of money laundering and were praised by local governments or regulators.

### Anti-counterfeit Money

The Bank has invested a lot of manpower and material resources to prevent the circulation of counterfeit currency and maintain the stability of the country's financial order. The Head Office organized thematic training on cash operation for cash operation personnel across the Bank, and invited cash business experts from People's Bank of China to explain in detail the anti-counterfeiting features and identification points of 2019 edition RMB banknotes. Branches organized cash operation personnel to hold various anti-counterfeit trainings and campaigns to improve anti-counterfeit money awareness of the public. As at the end of the year, the Bank confiscated 12,194 counterfeit RMB, a decrease of 27.52% from the previous year; the total amount of counterfeit banknotes confiscated was approximately RMB 1,027,800, down 23.13% from the previous year.

### Inclusive Finance

The Bank further implemented the development strategy of inclusive finance. It adhered to top-level planning, focused on "six uniforms" at the Head Office (i.e. uniform regulations, uniform processes, uniform products, uniform systems, uniform risks and uniform brands) and "four concentrations" at the branches (i.e. concentrated review and concentrated approval of loan applications, concentrated loan disbursement and concentrated post-lending management). It initially established a long-acting mechanism which can build the confidence, willingness and capability of customers to borrow good

loans, provide facilities and remove barriers as well, and facilitated the formation of a good development situation for inclusive finance business featuring "growth in scale, increase in accounts and improvement in quality".

The Bank made efforts to solve the problem that inclusive finance was not provided. It established and improved the institutional mechanism, established the operational model of "top-level planning at the Head Office, concentrated operation at branches and wide coverage of clients at sub-branches" following the concept of "experimental units first, incremental

progress", and built a "quasi-multidimensional structure" which has "vertical structure and tiered arrangements, under the cooperation between central and local offices and concerted efforts within the whole bank". It increased the staffing of inclusive finance personnel with over 200 newly recruited managers, and built direct sales teams and hired special customer managers and approvers at the same time.

Efforts were made to solve of problem of "not knowing how to do it". By holding firm to its "customer orientation", based on real scenarios and real uses, the Bank developed a series of standardized products such as supply chain finance, customized small and

micro-enterprise debit card, and cash management and finance products such as Epay. The Bank launched businesses such as "borrow and repay at any time" and "loan renewal without principal repayment", customized the product system of mid and long term

loans, revolving credit and installment payment, to lower the costs of "bridge loan" and "borrowing new loans to repay the old" caused by the mismatch between financing duration and operation period. The automatic approval model was developed to realize instant approval and lending for standardized products. For example, it took only five minutes from application to receipt of the fund with the "Logistics e-loan" product initiated by the Bank in the industry. The Bank

strengthened the leadership of Party building, developed the "Party building + inclusiveness" integration plan, gave policy dividends to small and micro enterprises, deployed awards, fees and subsidiaries, continued to increase the weight of performance evaluation and actively supported business development.

The Bank focused on the problem of "not easy to do it". It widely applied technological solutions to speed up business process. It streamlined pricing management, post-loan management and business procedure, optimized customer rating, scale control and project approval process. Centered on "mobile and convenient financial services", the Bank launched the mobile banking enterprise cloud office function online, which offers 24/7 online payment and transfer, payroll credit, expenditure reimbursement, receipt query and other services to enterprises. In the meantime, the Bank established an online customer system consists of mobile banking, online banking, portals and WeChat banking. It is measured that the business operation is two times faster than before.

The Bank focused on the problem of "not dare to do it". Based on the supervision requirements and its actual situation, it created a specialized risk management system and Inclusive Finance Risk Evaluation Committee, and centralized the "review, approval, loan disbursement and post-loan management" processes to the branches, which effectively controlled risks and increased work efficiency as well. The Bank increased its tolerance to non-performing loans by following the principle of "no liability for no loss, due diligence and liability exemption for losses".

### Case 13: Helping a Cleaning Company to Tide over Difficulties

In 2019, Ms. Tong, business owner of a cleaning company in Zhenjiang, Jiangsu Province, came to the Bank and anxiously talked about the difficulties of her company with the customer managers, hoping to get assistance from the Bank. Her company provides cleaning service for a large real estate company. As the Spring Festival was approaching, her employees were waiting to get paid and go home to celebrate the holiday. The upstream company just gave her a commercial acceptance bill worth of RMB510,000,

but the problem was how to convert it into cash? She was worried about not being able to pay her employees as there was not much working capital in her company. She noticed the commercial bill loan offered by the Bank by chance, which could help small and micro-enterprises to convert commercial bills into cash. Facing the urgent needs of the customer, customer managers told Ms. Tong they will do everything to help her. The Bank decided to open green channel for her and arranged fast approval. Ms. Tong was very excited to read the message of money transfer and took the money

out to pay her employees right away. She said, "I did not expect that CITIC Bank would pay so much attention to small businesses like mine, and worked so hard so I can get the money. I am very grateful; they helped to meet my urgent needs and saved my company." It is CITIC Bank's original aspiration to help small and micro-enterprises alleviate their financial hardships with its inclusive finance business to boost the healthy development of national economy.

Table 7: List of the Bank's Small and Micro Business Loans<sup>10</sup>



10. According to the statistical caliber of the China Banking and Insurance Regulatory Commission, the loans mean small and micro business loans and those issued to privately owned businesses and small and micro business owners with a total credit limit for a single account of below RMB10 million (inclusive).

## Section III Internal Control and Management

### Comprehensive Risk Management

In 2019, under the complicated economic and financial circumstances at home and abroad, the Bank actively strengthened its prejudgment on the economic and financial situation, striving to prevent all kinds of risks. It promoted a sound risk compliance culture, continuously improved the comprehensive risk management system, enhanced risk management policies and systems, and improved credit approval procedure. Meanwhile, the Bank reinforced risk warning management, improved the comprehensive evaluation system of risk management, and properly handled market fluctuations.

#### Overall plan

The objective of risk management is to create values for the Bank and its shareholders, and achieve sustainable development within the scope of acceptable risks, based on the strategic requirements of the Bank and risk management strategies and appetite. All the employees are asked to strictly comply with all the policies and systems, any violation or act which exceeds one's authority for any reason or in any manner should not be allowed. The Bank continuously ameliorated the comprehensive evaluation system for risk management, cemented the building of risk management teams, and strengthened the awareness of operating institutions for risk prevention and control, to enhance the application of risk quantification in a constant manner, promote the IT-based and intelligent risk management, and propel the improvement of professional management of various risks.

#### New capital management

In accordance with the supervisory requirements in the revised final framework of Basel III, the Bank enhanced its risk management

infrastructure, upgraded the quality of basic data, improved the information system, increased the risk forecast effectiveness of econometric models, and reinforced the application of risk measurement results. As at the end of the year, it had built a comprehensive risk management system which consists of the identification, measurement, monitoring, control and reporting of all major risks and meets the three pillars requirements of the new capital agreement, to regulate the structure of comprehensive risk management, improve the formation and transmission mechanism of risk appetite, and continuously deepen the policy system, management procedure, modeling technology, information system and application of risk management.

#### Market risk management

The Bank actively studied and responded to market fluctuations to improve the foresight of market analysis. The Bank established a three-tier market risk quota system for the banking group, legal person of the bank and business departments, dynamically adjusted the market risk quota, and continuously carried out risk monitoring and warning. The Bank

continuously revised and improved the market risk policy system, improve the level of meticulous market risk management. Under the premise of controllable risks, the Bank strongly supported the development of financial market related business.

#### Operational risk management

The Bank defined the key elements of operational risk management, strengthened the coordination of the three lines of operational risk management and continuously improved the level of operational risk management. The Bank sorted out and optimized the standardized procedure, looked for the weakness of the current procedure and the links with higher risks, continued to improve risk indicator monitoring, lost data collection and tiered reporting management, and improved the awareness of operational risk prevention.

#### Technology risk management

The Bank revised five provisions of information management, undertook on-site inspection and rectification of problems, identified and improved the weakness in the information technology

#### Interest rate risk management

Taking the formal implementation of the new supervisory regulation on the management of the bank book interest rate as an opportunity, the Bank updated its risk management system, and supervision, reporting and risk indicator system. At the same time, it continued to undertake regular analysis and net interest income forecasting, made structural analysis on the interest rate risk sources of stock key products and new business products and offered special advises and guidance, rationally arranged the product and term structure for assets and liabilities portfolio, in order to control the bank book interest rate risk within the Bank's risk tolerance scope.

management. It conducted information technology risk evaluation and specific evaluation on information technology outsourcing risks. The management of remote disaster recovery computer room was improved to increase the operation and maintenance capacity of the whole bank.

#### Liquidity risk management

By insisting on a sound and prudent liquidity management strategy and the bottom line of liquidity risk, the Bank further enhanced the liquidity risk management system to improve the identification, measurement, monitoring and control of liquidity risk, reinforce the monitoring and control of liquidity risk limit, and ensure the compliance of supervisory indicators and the overall safety of liquidity. RMB 40 billion of A share convertible bonds and RMB 40 billion of perpetual bonds were issued to supplement long term stable capital. As at the end of the year, the Bank's LCR and NSFR stood at 139.67% and 105.03%, and the liquidity ratio was 63.21%, higher than regulation standards, an increase of 33.74, 1.75 and 12.61 percentage points than the previous year, respectively.

### Legal risk management

The Group undertook operational and management activities according to the laws of host countries. In Chinese mainland, as at the end of the year, the Bank finished 49,136 legal reviews in relation to 67,393 contractual documents. There was an increase in lawsuit cases on the management of the Bank, 82,000 cases were closed in the year, with the compensation of RMB32.933 billion,

and the ratio of winning the lawsuit as the complaint was 99.98%. At the same time, 163 cases in which the Bank was the defendant were dealt with, avoiding direct economic loss of RMB242 million.

#### IPR risk management

The Bank strictly abided by the *Patent Law of the People's Republic of China*, and improved and formulated the *Measures of China CITIC Bank for Management of Intellectual Property*,

which specified patent filing process and requirements. The Bank attached great importance to the software legalization. With continuous adherence to the strategy of focusing on legal office software, it consistently enhanced the management of legal software to meet the needs of business development. It conducted regular inspections on the use of legal office software, and undertook management and control on the installation and operation of unauthorized software with the

means of terminal management, to avoid the risk of unauthorized terminal usage of business software. The record of legal software was established to ensure legal authorization, rational distribution and regulated usage of business software licenses. The Bank assigned a special department to review relevant legal documents, and engaged professionals in technology, patent agency, law, etc. to provide consulting service when necessary, so as to ensure legitimate use of patents.

### Compliance Audit

#### Internal compliance

The Bank focused on the weakness in policies management and revised the *Measures for Policies Management of China CITIC Bank*, to improve the closed-loop life-cycle management, and ensure the policies are effective and efficiently implemented in terms of the whole process of formulation, training, implementation and re-examination.

It revised the *Management Measures on Compliance Review of China CITIC Bank*, clarified the positioning and scope of compliance review, established the two-level review system, and increased the capacity of preventing compliance risks. It refined the main responsibility mechanism and compliance supervision mechanism for internalization of external regulations. It conducted the internalization of 80 regulatory requirements, added or revised

86 new policies and measures, upgraded and improved 15 systems, combed 5 business processes, produced and distributed 31 regulatory notifications to facilitate the implementation of supervisory requirements, and organized the training of custody business and small and micro-enterprises finance for over 18,100 person-times. As at the end of the year, 4,708 pieces of compliance opinions were proposed. According to the principle of differentiated treatment and classified management, the Bank implemented differentiated credit policies, adjusted the authorization in a dynamic manner based on the actual situation, effectively regulated the implementation of authority, and provided the guarantee for risk management and control and efficiency improvement. As at the end of the year, it made dynamic adjustments of business authorization for 101 times, and trained and authorized key management personnel for 1,100 person-times.

#### Internal audit

The Bank continuously expanded the coverage of audit, and finished the audits on asset management, private equity investment funds custody and consolidated financial statements management to meet the mandatory requirements of the full coverage of supervision. It conducted audits on CITIC Bank International Limited and targeted audits on sub-branches in Changzhou and Weifang, and expanded the coverage of audit. It conducted 145 economic responsibility audits (including the ongoing audits),

covering 38 institutions (including subsidiaries), and 24 departments at the Head Office. It finished 12 institutional audits (including subsidiaries), 25 specific audits, 2 audit investigations, input 21,976 person-days, and issued 7 *Special Audit Reports and 15 Audit Tips*. The Bank continued to improve employee anti-fraud audit means, expanded the application of external industrial and commercial data, information system operation log and other data, strengthened continuous audit and monitoring of key posts, and checked high-risk employees with suspicious data on the site.

### Integrity and Anti-corruption

The Bank improved its work style, reaffirmed the requirements of "eight prohibitions", compiled and distributed typical cases of information forwarding of discipline inspection with 6 series and forwarded typical cases, and requested the Party officials to hold the bottom line of conducts and take the lead in abiding by the rules, and disciplinary case presentations and training module development. The Bank enhanced its supervision and examination on key areas and positions, and strictly carried out the work of ensuring honesty before selecting and appointing persons to evaluate their merits. The Bank continues to strengthen warning education, taking typical cases reporting typical cases of violation of discipline and law to publicize the development of training courseware and other ways to carry out regular warning and education. The Bank pays close attention to discipline and accountability, continues to strengthen the fear to be corrupt to furtherly improve the inspection work mechanism, normalizing the vertical deepening direction of development.

2019

Green Banking and Environmental Protection

03

Green Credit / P42

Fintech / P45

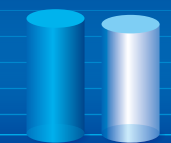
Green Banking and Environmental Protection

Carbon Footprint / P46

Substitution rate for personal e-banking transaction volume (%)  
99.03 / 99.37

Balance of green credit loans (in RMB hundred million)  
629.37 / 651.48

Purchased electricity (in MWh)  
257,528.57 / 244,955.36



Key performance indicators

2018 2019



The United Nations Sustainable Development Goal



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

## Section I Green Credit

### Identifying Environmental Risks

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

protection and management of sustainable natural resources, respect for minority cultures and customs, protection of cultural heritages, and environmental and social risks along the supply chain, among others.

In accordance with the *Measures for Categorized Management of Environmental and Social Risks of China CITIC Bank Corporation Limited*, the Bank standardized the management of green credit business, provided rule-backed

bases for its employees to effectively prevent credit losses or adverse impacts incurred by environmental and social risks, and to avoid hazards and related risks that may arise from construction, production and operating activities, and ensured the legitimacy and compliance of relevant project financing business. Furthermore, the Bank set specific contents in the project investigation and review template for credit approval, requiring employees to

give a description of environmental protection and other related aspects of credit applicants. Meanwhile, the Bank required employees to look into the implementation status of environmental protection and social policies by enterprises in terms of credit customer access, barring those that failed to meet relevant requirements, reducing loans to and exiting existing customers that did poorly in implementing environmental and social policies.

### Green Credit

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

transformation of its customer structure according to the business orientation of green finance. As at the end of the year, the Bank recorded a balance of green loans<sup>11</sup> of RMB 65.148 billion, up 3.51%.

#### Green transformation of the credit structure

The Bank gave prior support to credit extensions to strategic emerging industries, high-end manufacturing, transformation, upgrading and technological renovation of

enterprises, and the areas of energy saving, emissions reduction, circular economy, clean energy and green ecology; and strictly controlled credit grants to sectors featuring "high energy consumption, high pollution and overcapacity".

#### Setting green finance development objectives

The Bank's objectives for green finance were to lay a solid foundation for the development of green finance, facilitate the establishment

of a green finance development support system, and raise the awareness of environmental and social risks prevention and control bank-wide. Moreover, the Bank required that the increase rate of loans to twelve categories of energy saving and environmental protection and related service projects covered under the *Statistical Rules on Green Credit* should be higher than that of loans bank-wide.

### Case 14: Zhengzhou Branch Supports a Biomass Power Generation Enterprise

A Henan biomass power generation enterprise has generator sets that each of them is 1X30MW. The fuel used in the enterprise is mainly crop straw purchased from local farmers. This effectively reduces the pollution

caused by the burning of straw by local farmers and increases the income of farmers at the same time. At present, the Bank provides a working capital loan of RMB30 million to the enterprise for the purchase of crop straw,

peanut shells, corncobs, bark and other biomass power generation materials needed for power generation.

### Case 15: Beijing Branch Supports the Construction of Beijing Subway Line 6

Beijing Subway Line 6 is an arterial rail transit line running through the central urban area of Beijing from east to west, which mainly carries the passenger flow in the east-west direction of Beijing. It is the first all-underground subway express line with a speed of 100 m/hr in

Beijing. A third-party assessment report shows that, the average NOx reduction per kilometer of subway lines in Beijing is about 10.52 tons per year, as the total length of Subway Line 6 is about 53 kilometers, then the total NOx reduction of this line is about 557.56 tons. So

far, the Bank has granted a credit line of RMB2 billion to the operator of Beijing Subway Line 6, with a loan balance of RMB1.933 billion.

### Industries Featuring "High Energy Consumption, High Pollution and Overcapacity"<sup>12</sup>

The Bank implemented different policies and adopted differentiated measures (such as "support, maintain, reduce and exit") to industries featuring "high energy consumption, high pollution and severe overcapacity". The Bank could continue to support premium enterprises with superior technology, high efficiency, growth potential

and market; and should formulate plans as soon as possible to gradually reduce loans to and exit other enterprises. For enterprises which the Bank found it difficult to reduce loans to and exit in the short term, the Bank took methods such as maintaining the existing credit or increasing mitigation and exit when appropriate.

The Bank resolutely implemented the national macro-control policy and industrial policies, differentiated the customers engaged in industries featuring high pollution, high energy consumption and overcapacity, reduced the corporate credit balance, and increased the credit support for leading enterprises. The Bank strengthened risk management

over high-pollution and high-emission industries, implemented rigorous credit access standards, stepped up investigation and audit of environmental and social risks in terms of compliance, site selection, production process, resources consumption and pollutant discharge, as well as post-lending monitoring.

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

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

## Section II Fintech

Table 8: Statistics on Loans to Industries Featuring “High Pollution, High Energy Consumption and Overcapacity”

“High pollution, high energy consumption and overcapacity” industries	2019		2018	
	Loan balance (in RMB hundred million)	Share in corporate loans (%)	Loan balance (in RMB hundred million)	Share in corporate loans (%)
Steel <sup>13</sup>	206.31	1.16	225.15	1.34
Cement <sup>14</sup>	31.70	0.18	18.57	0.11
Coke	4.57	0.03	0	0
Copper smelting	9.93	0.06	4.46	0.03
Aluminum smelting	101.18	0.57	81.02	0.48
Lead and zinc smelting	3.80	0.02	3.45	0.02
Thermal power generation	107.81	0.61	105.05	0.63
Total	465.30	2.62 <sup>15</sup>	437.70	2.61

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

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

15. Due to round-up of data, sum total of “share in corporate loans” of the items listed above is higher than 2.62%. This data shall prevail.

The Bank strived to reduce the number of printed paper vouchers and visits made by customers through internet finance while providing them convenient financial services so as to achieve the effect of cutting total social carbon emissions. The Bank’s mobile banking provided customers with one-stop services including online transfers, purchase

of wealth management products and redemption of collected credit points and other interests, replacing OTC services and paper documents with online services and electronic vouchers respectively. The Bank’s overseas financial services platform provided customers such services as online application and fee payment for “CITIC Bank Global Visas”, online

personal information registration, online query of visa approval progress and online issuance of certificates of deposit. By the end of the year, the number of personal online banking customers reached 47,0438 million, up 23.64%; the amount of personal online banking transactions stood at RMB8,806.260 billion, down 20.89%; the number of personal mobile

banking customers and the amount of relevant transactions reached 45.8287 million and RMB8,721.228 billion, up 24.87% and 38.66% respectively; the substitution rate for e-banking transaction volume was around 99.37%, up 0.34 percentage point over last year.

Table 9: Statistics on E-banking Business of the Bank

	2019	2018	Change
<b>Personal e-banking business</b>			
Number of personal online banking customers (in ten thousand person)	4,704.38	3,804.89	23.64%
Amount of personal online banking transactions (in RMB hundred million)	88,062.60	111,310.65	-20.89%
Number of personal mobile banking customers (in ten thousand accounts)	4,582.87	3,669.97	24.87%
Amount of personal mobile banking transactions (in RMB hundred million)	87,212.28	62,897.23	38.66%
<b>Corporate e-banking business</b>			
Amount of corporate online banking transactions (in RMB hundred million)	646,990.31	784,195.42	-17.50%
Number of corporate online banking transactions (in ten thousand)	9,721.17	7,556.79	28.64%



## Section III Carbon Footprint

The Bank earnestly identified and complied with the requirements of the *Environmental Protection Law of the People's Republic of China* and the *Energy Conservation Law of the People's Republic of China*, implemented relevant

requirements of energy saving and environmental protection policies of the PRC, vigorously pushed ahead with measures for green operations, and strived to reduce resource consumption and pollutant discharge.

The impact of the Bank's operating activities on natural resources and the environment mainly involved the emissions of nitrogen oxides, sulfur dioxide and greenhouse gases due to the use of official vehicles and power consumption, energy

and water consumption, as well as the hazardous and harmless wastes generated from the office process. The Bank always advocated "green office" and formulated relevant rules and regulations to reduce resource consumption and emissions.

### Disposal of Hazardous Wastes

Used toner, toner cartridges and ink boxes were recycled by qualified suppliers. For UPS batteries, the Bank engaged manufacturers with environmental protection qualifications to recycle them.

### Disposal of Harmless Wastes

The Bank let vendors demagnetize and destroy scrapped production hard disks for recycling, and asked equipment suppliers to recycle faulty hard disks that were still within the warranty period. For the disposal of domestic/kitchen wastes, the canteens of the Bank provided reusable plates, classified

and recycled relevant wastes. For IT facilities, the Bank required that they should be recycled by professional dealers in electronic scraps with the "qualification certificate for disposal of scrapped electronic and electrical products" authorized by environmental protection agencies.

### Advocacy of Green Office

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

#### Advocating recycling

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

#### Advocating paper saving

The Bank proposed replacing reading in print with reading on the internet, printing on both sides of paper, using one-sided printed paper as scratch paper, replacing faxes and

paper statements with emails and e-statements.

#### Advocating power saving

The Bank required that all employees should turn off lighting energy when appropriate according to the lighting condition, avoid using incandescent lights, turn off the light when leaving, and use energy-saving lamps; switch on air-conditioners when the room temperature was no lower than 26°C in summer and no higher than 20°C in winter, switch off air-conditioners

when the weather was fine; power off the display when leaving office or being absent for a long time to reduce standby power consumption; properly adjust the power-on time of luminous characters and LED screens in office buildings.

#### Advocating fuel saving

The Bank complied with the equipment and procurement standards for official vehicles and controlled fuel consumption by vehicles at the source of emissions; strictly implemented the rules on refueling at specified gas stations, strengthened management of statistics about fuel consumption by official vehicles, and established a uniform journal; implemented the vehicle operation approval system, which required that official vehicles should not stay at personal residences overnight or be used for private purposes during festivals, public holidays, or

#### Advocating water saving

The Bank required that all employees should avoid turning up the tap when using water to reduce water flow, and turn off the tap after using water.

after work on weekdays. Moreover, the Bank prohibited speeding during driving, and required that reasonable plans be made according to the number of passengers, routes to destination and weather conditions to ensure routes were rational and information was accurate and free from errors, and that vehicles be checked before driving to

ensure they were in good conditions.

#### Advocating gas saving

The Bank established a joint control mechanism with natural gas suppliers, and exercised dynamic monitoring to balance

gas consumption; regularly checked natural gas pipelines to prevent leaks and handled defective pipelines promptly.

### Green Purchasing

The Bank's most credit cards were all made of recyclable materials, and the credit cards recovered from customers accounted for around 5% of all the cards issued by the Bank. The current paper business cards used by the Bank made with environmentally friendly paper.

### Protection of Biodiversity

The Bank established an outlet (with an area of 1,160 square meters) in Hangzhou Bay New Zone (a national wetland reserve), Ningbo, Zhejiang Province, set up Xikou Sub-branch (with an area of 345 square

meters) in Xikou Town (national 5A scenic spot), Fenghua, Ningbo, Zhejiang Province, and one outlet (with an area of 600 square meters) in Boshan District (a provincial-level nature reserve), Zibo, Shandong Province.

### Environment-friendly Decoration

The Bank required branches to pay attention to green, environmental protection, healthy and comfortable in design, construction and material selection to minimize the negative impacts of relocation and renovation of their outlets on the environment.

### Case 16: Care for the Health of Employees and Build Green Office Area

The Bank put the health of employees first, and carried out the whole-process and all-round environmental monitoring management of CITIC Mansion, the new office area. During the construction of the office area, the Bank strictly controlled the material standards, and tried not to use a piece of unqualified material. After

the completion of the office area, the Bank accurately monitored the air quality and tried not to ignore a pollution source. In addition, the Bank also set up a real-time environmental monitoring system to make environmental data visible and understandable.

### Key Performance<sup>16</sup>

#### Purchased electricity

Purchased electricity was the biggest carbon emission source of the Bank. As at the end of the year, the Group as purchased 244,955.36MWh electricity, down 4.88% from the previous year, equivalent to emissions of around 155,400-ton CO<sub>2</sub> of equivalent, accounting for approximately 95.62% of the Bank's

total carbon footprint. Per capita electricity purchased was around 4.29MWh, down 5.83% from the previous year.

#### Fuel consumption of official vehicles

By the end of the year, the Group purchased around 1.8737-million-liter gasoline for all its official



vehicles, down 11.26%, equivalent to emissions of around 3,978.44-ton CO<sub>2</sub> of equivalent.

#### Discharge of wastes

By the end of the year, total hazardous wastes and harmless wastes discharged by the Group were 307.11 tons and 1,239.14 tons respectively, down 11.89% and 3.12%.

16. Data of "the Group" under this section does not include London Branch and Sydney Representative Office.

Table 10: Statistics on Discharged Environment Pollutants

Performance Indicator	Data on Discharged Pollutants	
	2019	2018
Sulphur dioxide (in ton) <sup>17</sup>	0.03	0.03
Nitrogen oxides (in ton) <sup>18</sup>	0.73	1.05
Total greenhouse gas emissions (in ton) <sup>19</sup> (Category I and Category II)	162,564.21 <sup>20</sup>	185,831.22
• Per capita greenhouse gas emissions (in ton/person)	2.85	3.29
• Greenhouse gas emissions per square meter of floor area (in ton/square meter)	0.07	0.08
• Greenhouse gas emissions per RMB hundred million income (in ton/RMB hundred million)	86.66	112.72
Direct greenhouse gas emissions (Category I) (in ton) <sup>21</sup>	7,118.49	7,474.59
• Fuel consumption of official vehicles	3,978.44	4,483.29
• Diesel for facilities	16.45	36.13
• Natural gas	2,876.84	2,619.20
• Gas	37.63	50.74
• Liquefied petroleum gas	209.13	285.23
Indirect greenhouse gas emissions (Category II) (in ton) <sup>22</sup>	155,445.73	178,356.63
• Purchased electricity	155,445.73	178,356.63
Total hazardous wastes (in ton) <sup>23</sup>	307.11	348.57
• Per capita hazardous wastes (in ton/person)	0.0054	0.0062

Table 10: Statistics on Discharged Environment Pollutants (Continued)

Performance Indicator	Data on Discharged Pollutants	
	2019	2018
• Total hazardous wastes per square meter of floor area (in ton square meter)	0.00014	0.00014
• Total hazardous wastes per RMB hundred million income (in ton/RMB hundred million)	0.16	0.21
Total harmless wastes (in ton) <sup>24</sup>	1,239.14	1,279.09
• Per capita harmless wastes (in ton/person)	0.022	0.023
• Total harmless wastes per square meter of floor area (in ton square meter)	0.0006	0.0005
• Total harmless wastes per RMB hundred million income (in ton/RMB hundred million)	0.66	0.78

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

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

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

20. Due to round-up of data, sum total of Category I and Category II is 162,564.22 tons, 0.01 ton higher than the figure.

21. Direct greenhouse gas emissions recorded herein are calculated according to the *2006 IPCC Guidelines for National Greenhouse Gas Inventories (2019 Revision)* released by the Intergovernmental Panel on Climate Change (IPCC).

22. Indirect greenhouse gas emissions were calculated according to the *Grid Baseline Emission Factor for China of Emission Reduction Project of 2017* issued by the Ministry of Ecology and Environment of the People's Republic of China. As there was no baseline emission factor for the power grid in Tibet, and the data of Lhasa Branch about purchased electricity had little impact and was of relatively low importance, the purchased electricity of the branch was not included in the statistics on greenhouse gas emissions.

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

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

Table 11: Statistics on Energy Consumption

Energy Consumption Data

Performance Indicator	2019	2018
Total energy consumption (in MWh) <sup>25</sup>	277,205.23	291,038.66
• Per capita energy consumption (in MWh/person)	4.86	5.16
• Energy consumption per square meter of floor area (in MWh/square meter)	0.12	0.12
• Energy consumption per RMB hundred million income (in MWh/RMB hundred million)	147.78	176.54
Direct energy consumption (in MWh) <sup>26</sup>	32,249.87	33,510.09
• Fuel consumption of official vehicles	16,251.99	18,314.30
• Diesel for facilities <sup>27</sup>	62.56	137.42
• Natural gas	14,712.55	13,394.97
• Gas	279.96	377.50
• Liquefied petroleum gas	942.81	1,285.90
Indirect energy consumption (in MWh) <sup>28</sup>	244,955.36	257,528.57
• Purchased electricity	244,955.36	257,528.57

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

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

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

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

Table 12: Statistics on Other Resources Consumption

Other Resources Consumption Data

Performance Indicator	2019	2018
Tap water consumption (in ton)	2,448,094.84	2,203,528.41
• Per capita tap water consumption (in ton/person)	42.92	39.06
• Tap water consumption per square meter of floor area (in ton/square meter)	1.09	0.91
• Tap water consumption per RMB hundred million income (in ton/RMB hundred million)	1,305.07	1,336.65
Total packing materials used by finished products (in ton) <sup>29</sup>	215.31	240.26
• Total packing materials used by finished products per RMB hundred million income (in ton/RMB hundred million)	0.11	0.15

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

### Other Performance

#### A4 copy paper

By the end of the year, the Group purchased a total of 530,200 packs of A4 copy paper, down 2.95%, equivalent to emissions<sup>30</sup> of around 1,267.12-ton CO<sub>2</sub> of equivalent; per capita A4 copy paper purchased was around 9.29 packs, down 4.03%.

#### Paper statements

By the end of the year, the Bank issued a total of 387 million credit card statements, up 25.36%. The substitution rate for paper statements

was 99.56%, up 3.47 percentage points over the previous year, which equaled to a decrease in issued paper statements of 385 million, equivalent to 7,709-ton paper<sup>31</sup> equivalent.



Among which, the number of paper statements totaled 1.69 million, equivalent to emissions of around 32.31-ton CO<sub>2</sub> of equivalent, down around 86.02%.

#### Municipal water consumption

By the end of the year, municipal water consumption by the Group reached around 2,448,100 tons, up 11.10%; per capita municipal water consumption was around 42.92, up 9.88%.

#### Videoconferencing

By the end of the year, the Bank held 5,296 video conferences in total, up 12.39%; the duration of these conferences totaled 16,671.93 hours, up 6.34%. Among which, 635 were convened at the Head Office, up 23.78%, and the duration of such conferences totaled 1,737.35 hours, up 22.62%. 4,661 were held by branches, up 11.00%, and the duration of such conferences totaled 14,934.58 hours.

30. The full lifecycle CO<sub>2</sub> emission factor for paper is 956kg CO<sub>2</sub>e/ton. Data source: Department for Environment, Food and Rural Affairs of the United Kingdom (DEFRA) 2014.

31. Calculation standard: Each paper statement weighed 20g.

2019

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The United Nations Sustainable Development Goal



## Section I Customer Service

### Service Capacity

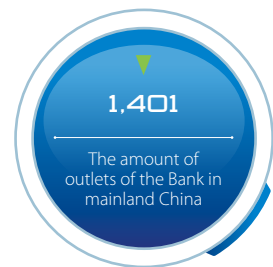
#### Service channels

In 2019, the Bank had 1,401 outlets in 151 large and mid-sized cities of mainland China, a decrease of 9, or 0.64%, compared with the previous year; the number of self-service terminals decreased 11.48% to 6,243, covering all provincial-level regions. Through these outlets and self-service terminals, the Bank enriches the local financial ecosystem, meets the financial needs of local residents, and supports local economic development.

Moreover, in consideration of various factors such as regional economic status and financial resources, customer distribution and outlet capacity, and dedicated to the principles of getting close to customers and communities and providing customers with convenient services, the Bank keeps optimizing the model of regional total outlets and adopts third-party information collection and microsite selection model to relocate 58 outlets, making the outlet layout more scientific and reasonable. The Bank continues to reduce outlet area according to outlet capacity, staffing and visits of customers, so as to promote light-weight development of outlets and improve actual effect of resource allocation.

#### Customer personal safety

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



#### Customer information security

The Bank strictly followed the *Cybersecurity Law of the People's Republic of China*, improved and formulated relevant regulations and measures on information security such as the *Measures of China CITIC Bank for Security Management of Electronic Data*, the *Measures of China CITIC Bank for Management of Outsourcing of Information Technology*, etc., defined the responsibilities, authorities and obligations of internal and external personnel accessing to data, implemented information security management, and established a scientific, effective information security and protection management system, to ensure information storage and use security on all levels.

#### Customer asset protection

As a responsible bank, we put customers' asset safety at the first place, continuously improve the asset protection mechanism, and adopt innovative methods to ensure asset safety and make our customers assured. All outlets outsource cash-in-transit services to specialized armored transportation agencies to fully protect customers' asset safety.

When handling the business of the bank in the Internet banking and mobile banking login interface joined the risk prompt page, in the wisdom of the counter transfer key trading links, such as joining the risk warning

The Bank combined various measures to strengthen protection of customer information, and strictly isolated business network environment from non-business network environment to prevent illegal access to data. The Bank properly encrypted sensitive customer information, imposed strict management and access control over the business system, prevented data leakage in the process of internal flow and use through process examination and approval and data masking, and forestalled the risk of external leakage of data possibly caused by improper daily operations through such measures as mobile media management and control, networking behavior restrictions, check of outgoing emails and screen watermarking and so on.

statements, prompting transaction information content in face recognition. Risk warning me SMS notification service, posted in the site for more than 300 yuan account transactions, has corresponding tips. Besides, the Bank calls the principal to check authenticity when an agent is opening a personal account, and contacts the legal representative for verification when a non-legal representative is opening a settlement account.

In terms of technical support, the Bank continues to improve the information security system, and newly establishes or revises eight information security regulations. Meanwhile, it actively

popularizes ciphers among corporate banking customers to protect customers' fund security with more advanced and effective measures. All self-service kiosks are equipped with video surveillance systems connected to higher-level surveillance centers for remote monitoring 24 hours a day. Once any suspicious person is found placing illegal card readers or committing violence, the surveillance center will immediately notify the security personnel patrolling nearby, and report the case to the "110" police service center. The Bank inspects the facilities at the self-service bank outlets on a regular basis, and will remove and destroy any suspicious card readers once they are found.

#### "Ten Ones" service procedures

The Bank integrated service standards and processes of reception managers and tellers by considering such factors as customer-moving line, pain points of customer experience, and banking business standards, and formed the "Ten Ones" for reception service process and the "Seven-Steps" counter service process. The reception staff is required to follow the "Ten Ones" service procedures including "one greeting, one smile, one inquiry, one guidance, one piece of reminder, one instruction, one care, one beverage, one diversion and one goodbye" to save customers'

time and provide efficient and satisfactory service. The Bank requires the tellers to provide accurate and instant services and care for customers through conforming to the "Seven-Steps" standard including "welcoming with hands raised, greeting with smiles, treating in polite manners, handling business at once, caring for customers with enthusiasm, delivering bills with reminder, and seeing off customers with eye contact." As at the end of the year, the "Ten Ones" and "Seven-Steps" standards were posted at conspicuous positions at all outlets of the Bank.

#### "6S" management for outlets

The Bank has adopted the "6S" methodology of "Sorting, Reorganizing, Sweeping, Cleaning, Safety and Quality" at all outlets to meet growing customer demand and improve customer experience. At the same time, the Bank urges every employee to develop good habits, and work according to rules. "Sorting, Reorganizing, Sweeping and Cleaning": Outlets are required

to make good and full use of spaces, keep the environment clean, form good habits, and create a relaxing, peasant, safe and free environment for customers, so that they can have a good mood and a truly enjoyable mental experience throughout the services. "Safety and Quality": Outlets are required to protect the personal safety and property safety of customers while providing quality services.



### Customer Relationship Management

#### Customer relationship management

Adhering to the core value of "customer orientation", the Bank endeavors to build an innovative customer service culture and customer experience mode, and embed the concept of customer relationship management and the awareness of consumer protection into products and services.

#### Customer complaint management

The Bank attaches great importance to the management of consumer complaints. It formulated the *Specifications of the Customer Service Department of CITIC Credit Card Center on Handling Complaints* and the *Measures of CITIC Credit Card Center for Service Quality Assurance*, revised the *Measures of CITIC Credit*

*Card Center for Consumer Rights and Interests Protection*, and established a closed-loop complaint management system and accountability, feedback and notification mechanism. The Bank also set up dedicated teams for handling complaints and established a rapid response mechanism to efficiently solve problems of customers.

#### Customers can call the 4008895558 customer service center for complaints

Once receiving the complaints, the Bank will contact the customers first to check information and identify corresponding business and responsible departments, and then corresponding departments will verify the situation and give

feedback on handling result to the customers. As at the end of 2019, the Bank received and handled 105,285 customer complaints, up 5.78% year on year, and the customer complaint rate was 0.0212%, down 0.0041 percentage point year on year; customer satisfaction about complaint handling was 96.81%, down 0.14 percentage point.

Customers can make complaints to the headquarters and subsidiaries of regulators. Upon receiving the complaints forwarded from the regulators, the Bank will handle them according to its internal procedures and then give feedback to the regulators in time. As at the end of 2019, the Bank received 245 complaints directly forwarded from the headquarters of regulators and 3,796 complaints forwarded from regulator subsidiaries.

#### Standardization of wealth management product sales

Before selling wealth management products, the employees are required to validate customer identity, introduce the sales process and charging standards and methods, understand customer risk tolerance, investment period and liquidity requirements, remind customers to read the sales documents, especially content about risk disclosure and customer rights and interests, and confirm that customers have copied the risk reminder sentences as required. When marketing wealth management products, the Bank requires the employees to make a detailed product introduction to customers, including the time limit, investment destinations, and return on investment in various scenarios, fully disclose the risk of wealth management products in



plain language, explain the worst scenarios and investment results, and make sure that customers get a full and accurate understanding. The employees may not conduct untruthful marketing, make any promise on principals and returns, or force or mislead customers to purchase any product. They are strictly prohibited from subscribing, purchasing and redeeming financial products on behalf of customers, keeping documents, USBKey or other media for customers, or making any promise on gains or losses.

#### Risk disclosure

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

▶ Customer managers must ensure truthfulness when promoting products and related services to

customers, without any exaggeration or partiality, conform to established standards and norms, and may not make misleading and deceptive explanations.

▶ During sales of wealth management products, the Bank requires wealth management managers with sales credentials to guide customers to wealth management areas with distinct signs on wealth management product information, risk disclosure notices and display of marketing credentials for product introduction and promotion. The managers shall explain in details related elements of product instructions and possible financial risks.

▶ For purchasing wealth management products, customers are required by the Bank to fill in a risk rating questionnaire in person and the rating result must be higher than risk level of the target products, so that the products could be purchased.

▶ For purchasing wealth management products, customers are required by the Bank to take audio and visual recordings with the help of wealth management managers and to confirm in person that they are well aware of risk characteristics of the products and related elements one by one.

▶ All the contents on credit card application forms to be filled in by the applicants should be completed by them, including applicant signature (electronic signature and

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

written signature) and copying "applicant declaration".

▶ The e-banking user agreement contains special clauses reminding customers of common risks and proper countermeasures when using e-banking services, and customers need to read and agree to relevant terms before opening e-banking business.

▶ For key transactions such as insurance, fund and wealth management via e-channels, the Bank discloses risks and reminds customers of matters needing attention through documents such as Product Instructions, Matters to Note and Risk Reminders as well as information on risk level matching and customer tips. Customers need to read and agree to relevant provisions before continuing with the transactions.

▶ On the e-banking transfer page, the Bank reminds customers to guard against frauds through prompts such as "You may be deceived if you transfer money to unfamiliar accounts. Please be cautious" and "Do not trust inducing investment and wealth management recommendations from strangers. Beware of frauds".

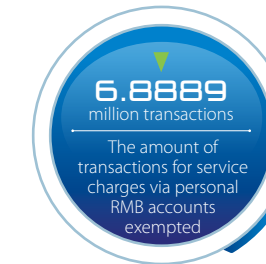
▶ On the e-banking investment and wealth management page, the Bank reminds customers of the uncertainties and risks that may occur in the process of investment through tooltip.

#### Reduction and exemption of service charges<sup>32</sup>

The Bank strictly followed the provisions of CBIRC on fee exemption for 34 items in 11 categories of services for personal RMB accounts; and strictly implemented its policy of "two prohibitions and two restrictions" for small and micro enterprises, that is, prohibitions of charging commitment fees and fund management fees except

online banking, and cut fees for cross-regional RMB deposit and transfer services for individual customers. In strict accordance with relevant provisions, the Bank canceled charges for cross-regional RMB cash withdrawal at counters for individual customers, and suspended six kinds of charges for notes and bank drafts like handling fees, loss reporting fees, and material charges. At the same time, the Bank further expanded the scope of fee exemptions, and exempted

for syndicated loans, and strict restrictions on financial advisor fees and consulting fees. The Bank strictly conformed to the government-set and government-guided price catalogues, and forbade units at all levels from charging a price higher than the price ceiling. In response to the inclusive finance policy, the Bank expanded the scope of free-of-charge transfer services via mobile banking and domestic



all customers from account management fees (including small account management fees) and annual fees (excluding credit cards). The Bank implemented a long-term fee exemption policy for 58 service items in addition to the 11 categories of fee exemption for personal RMB accounts stipulated by the CBIRC, and also adopted a long-term preferential policy on 54 of the 145 paid service items for specific customers. As at the end of 2019, service charges worth about RMB2.813 billion for approximately 6.8889 million transactions via personal RMB accounts had been exempted.

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

#### Supplier Management

In accordance with the Labor Law of the People's Republic of China, and the Environmental Protection Law of the People's Republic of China, the Bank requires suppliers to include their performance of environmental and social responsibilities in their documents in the phase of supplier qualification assessment. It collects information on environmental and social risks of all suppliers such as compliance of laws and regulations, social responsibilities, major changes

and legal disputes through third-party organizations, includes them into the overall supplier evaluation, and guides suppliers to fulfill their due environmental and social responsibilities. The Bank advocates green procurement, priority purchases energy-saving and environmental protection products. Besides, the Bank requires suppliers to provide documentary evidences of paying tax and social security funds by law for three consecutive

months in the past six months in their tendering documents and provide certifications on performing social responsibilities as required by projects, such as ISO9000 quality system certification, ISO14000 certifications and ISO27001 certification.

No suppliers are found to have significant negative impacts on the environment or society, use forced or compulsory labor, or be involved

in any incidents that may have a significant impact on the Bank. If they are found to do so, the Bank will take measures such as warning, prohibition and termination of cooperation in accordance with internal regulations. As at the end of 2019, all of the 347 new registered suppliers had submitted relevant documents.

Coordinated Business Management

Coordinated business management is a development strategy of CITIC Group and also one of the Bank's unique core competitiveness. The Bank remains committed to the Group's strategy and to serving the real economy, shares and jointly creates new possibilities with customers, and develops CITIC one-stop financial service solutions to meet diversified demand of customers. The Bank works with its subsidiaries and subsidiaries of CITIC Group to provide integrated financial services for customers, advancing to a new level in business collaboration across the Group. As at the end of 2019, the Bank and financial subsidiaries of the Group implemented 557 projects, providing customers with co-financing services such as bond underwriting, equity investment, trust programs and financial leasing that were accumulatively valued over RMB640 billion.

Inter-regional collaboration

Resorting to the advantage of the Group in collaboration, the Bank actively got engaged in development of major projects in Beijing-Tianjin-Hebei Region, the Yangtze River Delta and the Guangdong-Hong Kong-Macao Greater Bay Area. It won the bid for the first custodian of Hebei Xiongan Industrial Investment Guidance Fund, launched the development fund blockchain of Xiongan New Area, won the bid for "City of Chip" Scientific Innovation Base PPP

Project in Nanjing Jiangbei New Area Industrial Technology Research and Innovation Park, became a candidate for the first-group cooperative banks with Guangdong-Macao Cooperation & Development Fund, and participated in major infrastructure projects such as Hong Kong-Zhuhai-Macao Bridge and Huizhou-Dayawan Highway.

Cross-border collaboration

During the 12<sup>th</sup> Astana Economic Forum held in Kazakhstan, the Bank held the China-Kazakhstan High-

tech Enterprise Forum, which helped bring about memorandums of understanding for business cooperation among 10 Chinese and Kazakhstan enterprises. After the forum, the Bank promoted enterprises participating in the forum to import agricultural products from Kazakhstan and export Chinese technology products. The Bank closely follows the overseas development pace of CITIC Group and puts into play the resource

Parent-subsidiary collaboration

CITIC Financial Leasing ploughs in depth the sector of green leasing continues to develop professional advantage in financial leasing for clean energy, and greatly supports the development of private enterprises, playing an important role in supporting the real economy. As at the end of 2019, CITIC Financial Leasing had input over RMB100 billion funds in total. CITIC aiBank, as the first independent legal entity practicing direct banking in China, cooperated with branches of Beijing, Hefei, Ningbo, Qingdao, Changsha and Chongqing in such areas as online financing for automobile dealers, fund management for online lending platforms and online consumer finance and realized parent-subsidiary advantage complementation. JSC Altyn Bank, in its explorations for domestic and overseas parent-subsidiary collaboration, carried out cross-border Renminbi borrowing business, connected cross-border Renminbi financing channels and carried out the first cross-border Renminbi Syndicated loan.

advantage of overseas platforms to satisfy customers' demand for diversified financial services through cross-border business collaboration and mutual recommendation of domestic and foreign customers. As at the end of 2019, branches of the Bank, along with China CITIC Bank International Limited and CNCB Investment, carried out 93 major cross-border collaboration projects and provided an equivalent of RMB161.7 billion in total financing.

Section II Employee Development

Basic Profile of Employees

General information

As at the end of 2019, the Group registered a total of 57,045 employees, an increase of 1.12%; and the Bank had a total of 53,703 employees, an

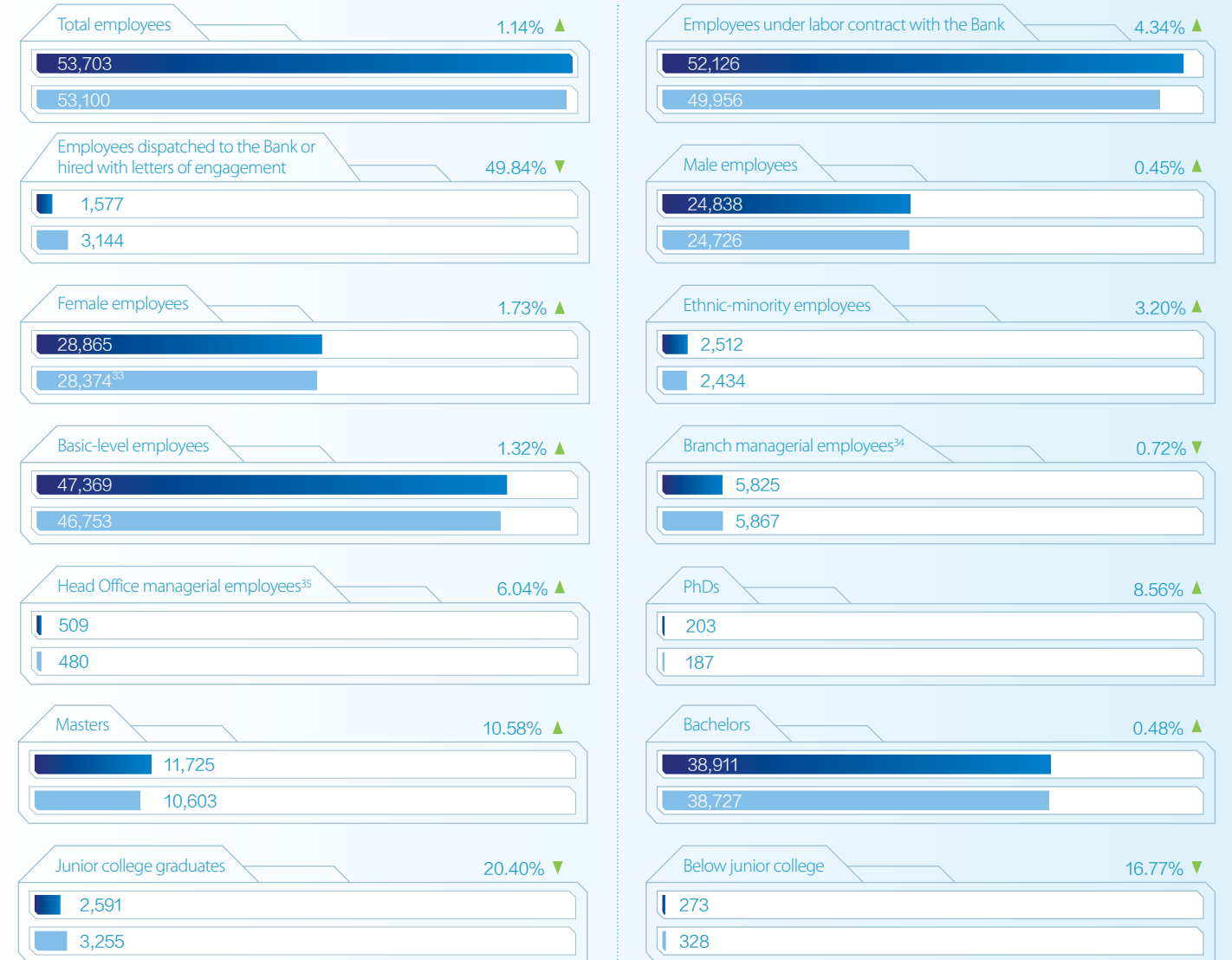
increase of 1.14%. Among them, the number of employees with labor contract was 52,126, accounting for 97.06%, up 4.34% over the end of the previous year. The subsidiaries of

the Bank registered a total of 3,342 employees, an increase of 0.81%. Specifically, 55 were employed by Zhejiang Lin'an CITIC Rural Bank Limited, 93 by CITIC Financial Leasing

Co., Ltd., 2,286 by CITIC International Financial Holdings Limited, and 908 by CNCB (Hong Kong) Investment Co., Ltd. (formerly known as "China Investment and Finance Limited").

Table 13: Statistics on Employees of the Bank

2019 2018

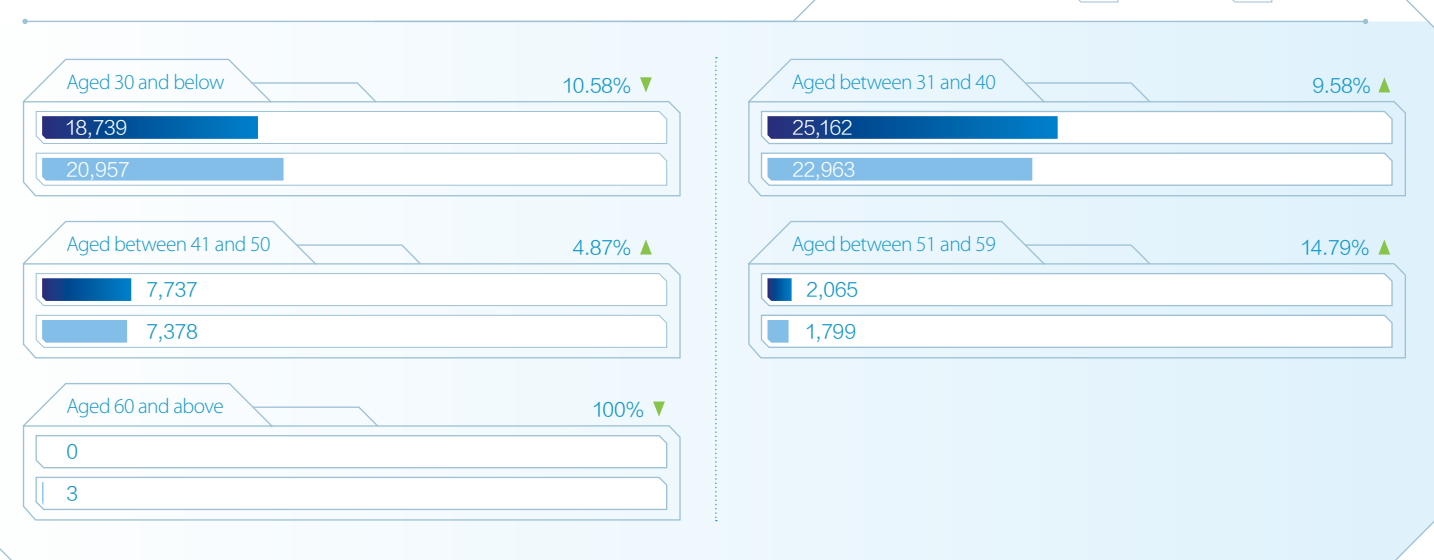


33. Through data restatement, the data in 2018 is subject to this.

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

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

Table 13: Statistics on Employees of the Bank (Continued)



**Dispatched staff**

In accordance with government regulations on dispatched labor, the Bank reinforced the management of dispatched staff, and gradually reduced the number and proportion of dispatched employees. As at the end of the year, the number of dispatched employees was 1,575, down 49.66% over the end of the previous year, and



they accounted for 2.93% of the Bank's staff, down 2.96 percentage points over the previous year.

**Foreign staff**

As at the end of 2019, overseas subsidiaries of the Group had 673 foreign employees. Among them, CITIC International Financial Holdings Limited and its subsidiary China CITIC

Bank International Limited employed 113, accounting for 4.94%; CNCB (Hong Kong) Investment Limited (including domestic institutions) employed 1, accounting for 0.11%; London Branch employed 11, accounting for 44%; Sydney Representative Office employed 0, accounting for 0%; JSC Altyn Bank employed 548, accounting for 99.28%.

**Employee Management**

**Management systems**

The Bank formulated and revised human resources systems on management of performance evaluation of employees and leadership members, laying a basis

for further improvement of human resources management.

**Employee satisfaction**

The Bank conducted human resources

satisfaction surveys at the branch level, in which about 51.74% employees of the branches participated, up 5.22 percentage points over the previous year. Among the respondents, about

89.41% were "satisfied" or "very satisfied" with human resources management, about 9.71% chose "partly satisfied", and about 0.88% "not satisfied".

**Protection of Basic Rights and Interests**

**Staff welfare**

The Bank pays social security schemes and housing provident funds, and provides enterprise annuities and supplementary medical insurance for employees under labor contract, and pays social security schemes and housing provident funds for eligible dispatched employees. The Bank has established a multi-pillar old-age security system such as the enterprise annuity plan, in which, in addition to the basic old-age pension, regular employees who have completed the probation period can join voluntarily through equal consultation.

According to the *Measures for the Management of Enterprise Annuities*, individual employees contributed 4% of their average monthly salaries to the enterprise annuity plan, and the Bank contributed no more than 5% of gross payroll of the previous year. The dispatching companies are responsible for the old-age pension of employees dispatched to the Bank.

The Bank continued to advance the construction of the differentiated remuneration system, regulated and improved the remuneration and welfare distribution system, and formulated relevant guidelines and

management measures that reflect the principle of equal pay for equal work and ensure employees' equal rights for promotion, remuneration and welfare regardless of gender, nationality, political party, etc.

**Workplace safety**

The Bank takes a variety of measures to create a safe work environment for employees, such as installing bullet-proof glasses and interlocking safety doors up to national standards at the cash business area of outlets, and equipping each counter with the emergency reporting system connected to the local "110" police service center, enabling the employees to call the police with just a single click. There are security personnel at outlets and office spaces, and the video surveillance system

of outlets is connected to higher-level surveillance centers for remote monitoring 24 hours a day. The Bank strictly conforms to the identification and compensation standards for work-related injuries and deaths stipulated in the *Regulations on Work-related Injury Insurance* and relevant modification and supplementary articles. As at the end of 2019, there was 1 work-related death, and 51 cases of work-related injuries in sports, in the workplace, and during commutes or business trips<sup>36</sup>, a decrease of 5 cases over the previous year, and they took a total of 2,059 days off work because of work-related injuries. When employees are accidentally injured, the Bank will take the initiative to apply to local human resources and social security departments to identify work-related injuries.

**Case 17: Employee Assistance Program (EAP)**

Employee Assistance Program continued to offer employees 24/7 counseling service to help them and their families solve daily-life confusions and problems at source. Throughout 2019, it accumulatively provided psychological counseling for 205 person-times of employees at the Head

Office and their families. Through EAP counseling, average degree of psychological perplexity of employees dropped from 6.13 points before the counseling to 4 points. Besides, the Bank also provided psychological reading and training to help improve employees' daily psychological capital.

**Employee rights to work and rest**

The Bank formulated the *Measures for the Management of Labor Contract of China CITIC Bank* according to the *Labor Law of the People's Republic of China*, and followed regulations on working hours, breaks and leaves and labor protection to safeguard employee right to work and rest. If employees need to work overtime, they should fill in application forms voluntarily, and submit

them to the department head for review and approval. In 2019, the Group registered total overtime<sup>37</sup> of about 2,074,800 hours or 36.37 hours per employee, a decrease of 5.68% and 2.62 hours, respectively. The employees took 290,800 days of annual leave, accounting for 63.10% of the 460,900 days of annual leave

they were entitled to. Other leave including marital leave, personal leave, sick leave and funeral leave of the Group totaled 223,300 days, or 3.91 days per employee, a decrease of 0.18 day.

**Health checkups**

The Bank organizes physical

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

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



examinations for employees on a regular basis, and some institutions provide more checkup items for employees aged above 35 and special checkups for female employees, so as to help employees stay healthy. As at the end of 2019,

about 51,000 person-times in the Group had voluntarily taken health checkups, and about 50,700 person-times in the Bank had voluntarily taken health checkups, a decrease of 0.98% over the previous year.

**Care for retired employees**

The Head Office organized annual activities for retired employees in according to their needs, such as walking campaigns in spring, visits to Grand Epoch City, anti-fraud financial lectures, and health checkups, and continued to extend New Year greetings and greetings to the sick to show care to the retirees, which shows the cares for retired employees.

**Employee Development**

The position system building of the Bank is based on the value creation-oriented performance management system and releases the innovation vitality of organizations and personnel. The Bank adopts the OKR management tool for performance assessment of employees, organizes employees to make personal performance plans according to

strategies, annual major tasks and their own position responsibilities, assesses the process of plan implementation, offers follow-up tutorship, and assesses the plan fulfillment at the end of each year. Meanwhile, it uses multi-dimensional scales to evaluate capacity and performance of employees and eventually rates their annual performance in combination with the result of department assessment.

**Protection of Legitimate Rights and Interests**

**Employee right to speak**

The employees can report problems and put forward opinions and suggestions to the senior management through three main communication channels, namely, "President's Mailbox", "Leaders' Open Day" and "Listen to You". All employees

can send real-name or anonymous emails directly to the "President's Mailbox", fully reflect the problems, and put forward opinions and suggestions. The President will give feedback on repeated problems and deal with them. The "Listen to You" section is on the homepage of the

Bank's internal management system. 12 opinions and suggestions were collected and handled throughout the year. The "Leaders' Open Day", held on a monthly basis, is intended for the senior management to receive employees, and is a communication channel between the Head Office Party Committee and employees.

As at the end of the year, 29 Tier-1 branches convened employee representatives' congresses.

**Female employee rights and interests**

The Bank signed the *Special Collective Contract for Protecting the Rights & Interests of Female*



**Employee rights as trade union members**

In accordance with the requirements of the *Trade Union Law of the People's Republic of China*, the Head Office and branches of the Bank all have trade unions and withdraw operating funds for trade unions in full amounts to ensure extensive organization of trade union activities.

Employees, and actively carried out activities showing care to female employees. For example, the Head Office continued to organize the "Smooth Pregnancy" activity, and distributed more than 2,000 radiation-proof clothes to pregnant employees at the branches.

**Child labor**

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

**Discriminations**

The Bank's remuneration system is based on the value of posts, employee performance, and employee competence, and the salaries and benefits of employees are

linked to their posts and capabilities. The remuneration system does not involve any factors regarding gender, ethnic group, political party, religion or cultural backgrounds. The employee promotion policy treats the employees equally regardless of their gender, ethnic group, political party, religion and cultural backgrounds.

**Forced or compulsory labor**

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

protects the legitimate rights and interests of employees.

**Protection of personal privacy**

The Bank ensures safe and stable operation of the human resources

system, and protects personal information and privacy of employees by strengthening user management, standard operation, division of responsibility and layered authorization. Before internal invoking employee

information, the relevant department or individual of the Bank must make formal applications for approval, and promise to keep the information confidential and protect employee privacy. The Bank adopts the salary

secrecy policy, and makes salaries known to only employees themselves. The Bank keeps the information of job applicants confidential, and no leakage of personal information or privacy of applicants occurred.

**Employee Training**

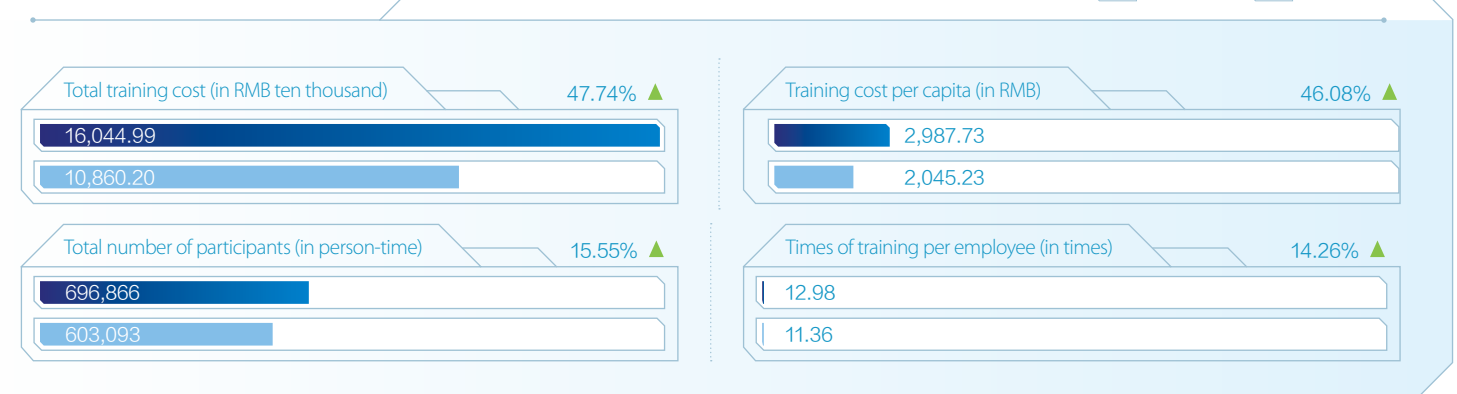
The Bank strengthened the top-level design of employee training, improved the tiered and classified training system covering all employees, and formed a new training roadmap. It customized training programs for senior executives ("Pilot Program"), vice-layer senior executives ("Voyage Program"), and middle management ("Faith Program" and "Integrity Program"). In the meantime, following the talent work mechanism of "collaboration under the lead of the Head Office, level-by-level implementation and specific responsibilities to specific personnel", the Bank steadily advanced the Talent Team Building & "Double

Hundred and Double Thousand" project, and implemented the Voyage Program for senior executives, the "Sailing Program" for international talents, the "Bacon Program" for professionals, and the "Star Program" for young officials in a centralized manner. As at the end of 2019, the Bank held 5,274 training sessions with a total of 696,900 participants (online training excluded). 5,606,100 participants learned on digital learning platforms of the Bank for a total of 3,790,200 hours. In addition, the Head Office held 17 sessions of "CITIC Auditorium" and 21 sessions of "Skills Improvement Station".

**Employee Care**

The Bank encouraged the trade unions of the branches to care for employees and pay courtesy visits to employees with serious illness and their families. Around the New Year of 2020, Chairman Li Qingping, President Fang Heying, Chairman Liu Cheng of the Board of Supervisors and Vice President Guo Danghuai, Yang Yu, Hu Gang and Xie Zhibin visited 28 Head Office departments and outlets in Fuzhou, Chengdu, Qingdao, Kunming, Ningbo and Beijing to send greetings to employees working on year-end accounting during the festival and over 30 employees in difficulties. A total of RMB1.893 million was allocated for courtesy. The Bank supported the trade unions for

Table 14: Training Statistics



38. "Complete Labor Unions in Six Aspects" refers to labor unions with legally elected chairman, independent and complete organizational structure, activity carriers for serving employees, sound and complete systems and mechanisms, operating funds under independent management and work performance to the satisfaction of labor union members.

the standardized construction of "Complete Labor Unions in Six Aspects"<sup>38</sup> and the construction of "Five Smalls", namely small canteens, small activity rooms, small reading

rooms, small changing rooms and small tea break areas, at the outlets. RMB10,000 was earmarked for each traditional sub-branch, with the total value reaching RMB14.58 million.

The trade unions organized a variety of cultural and sports activities to enrich the employees' lives, such as the 2019 fun sports meeting held by the trade union of Ningbo Branch, the evening

party in celebration of the 10<sup>th</sup> anniversary of Changchun Branch organized by its trade union, and the 7<sup>th</sup> table tennis championship held by the trade union of Zhengzhou Branch.

#### Case 18: The 4<sup>th</sup> Employees' Badminton Game

On June 20-21, the 4<sup>th</sup> Employees' Group Badminton Game of the Bank was held in Changchun, with 160 players from the mainland participating. Credit Card Center came first, and the branches of

Wuhan, Guangzhou, Beijing, Shijiazhuang, Shenzhen, Dalian and Nanning came second to eighth respectively. Zeng Yi from Beijing Branch, Wu Di from Chuangchun Branch, Yuan Jing from Fuzhou Branch,

Cai Xi'an from Changsha Branch, Li Haogeng from Guangzhou Branch, Liu Weichong from Credit Card Center, Xu Rongrong from Shijiazhuang Branch, Zhou Cong from Wuhan Branch, Liu Han from

Nanchang Branch, Lai Yuexiang from Yinchuan Branch, Cui Li from Dalian Branch and Fan Chang from Nanning Branch won the award of Outstanding Players.

## Section III Community Development

### Overview of Donations

The Group strictly observed the *Charity Law of the People's Republic of China* and other laws and regulations, actively gave back to society, and made donations to where most needed. As at the end of the year, the Group donated



RMB26.3502 million, HKD5.7726 million<sup>39</sup> and USD20,000<sup>40</sup>, equivalent to a total of RMB31.6586 million, an increase of 20.52%, primarily for poverty alleviation, student aid, disaster relief, and support for disadvantaged groups. The

employees of the Group donated RMB1.1828 million, a decrease of 13.07%. Taxes paid by the Group<sup>41</sup> totaled RMB253.80 hundred million, down 7.04%. Social contribution per share of the Group<sup>42</sup> reached RMB4.96, up 6.00%.

### Fight against the COVID-19<sup>43</sup>

Since December 2019, COVID-19 hit the mainland with Wuhan, Hubei especially hardest. In order to enhance COVID-19 prevention and control, patient rescue and treatment and

protection of medical workers, perform its due social responsibility of state-owned enterprises and practice the vision of becoming a "humane" bank, on January 26<sup>th</sup>, 2020, with the

approval of the Board of Directors, the Bank donated RMB50 million to China Charity Federation for preventing and controlling COVID-19, rescuing patients and protecting medical workers

nationwide. Meanwhile, the employees overcame multiple difficulties and ensured stable operation of financial business, playing a positive role in the anti-COVID-19 battle with financial

service. The Bank prioritized government and hospitals for financial business transactions, supported enterprises, especially small and micro ones, to resume work and production, and supported personal customers for their reasonable appeals during this special period. Representative events are selected and reported as follows.

#### Chairman and other leadership members inspected the work on the epidemic prevention and control

Chairman Li Qingping, President Fang Heying and Chairman of the Board of Supervisors Liu Cheng inspected the body temperature check at F1 and B1 entrance of the Head Office building and the anti-epidemic work and services in the staff canteen and convenient store one after another. They instructed to offer greater care and service to employees for their work and life while ensuring the efforts against the epidemic, being both "strict" in preventing and controlling the epidemic and "caring" for employees.

#### Risk policies facilitated enterprises to resume work and production

Following the requirements of such regulators as the People's Bank of China, China Banking and Insurance Regulatory Commission and China Securities Regulatory Commission, the Bank formulated a series of

policy measures and proactively took actions to ease financial difficulties for enterprises. On January 28<sup>th</sup>, the Bank issued four basic measures for supporting input into major sectors in the special period, including delegation of approval authority for customer access to lower levels, loan subsidy, support for precision marketing and extension of existing loans. On February 6<sup>th</sup>, it further promulgated five specific measures. The first was to implement policies by category, proactively investigate, contact and serve major enterprises fighting the epidemic, feed financing demand in full amount, offer support to enterprises in need and support such sectors as new-type medical service, online office and smart city. The second was to lower loan interest rate and carry out preferential policies on the rate for front-line major enterprises directly engaged in the anti-epidemic battle such as epidemic prevention, emergency response and life security as well as enterprises with interim difficulties under the impact of the



epidemic. The third was to open green channels, "handle special issues with special methods and handle emergencies in priority", support enterprises in the fight against the epidemic as priority and respond to corporate demand for financing rapidly. The fourth was to further optimize business processes, streamline offline operations and fully utilize online and offline channels

#### Retail business enhanced protection of consumers' rights and interests.

The Bank actively implemented the regulatory requirements, took the initiative, the first time to summarize the eight categories of the epidemic area 49 types of customer's needs, timely feedback to solve the strategy, the formation of the whole bank response measures to promote, to

such as online banking, emails and WeChat under the precondition of compliance, so as to improve time-effectiveness of business handling. The fifth was to not call in loans in advance or suspend loans, and change the repayment schedule and extend maturity of loans for enterprises already in cooperation with the Bank yet with interim operation difficulties. From February 6<sup>th</sup> to March 10<sup>th</sup>, the Bank has handled 18 customer accounts that were exempted from being downgraded due to the epidemic, involving RMB1.426 billion, and decided not to report bad records of 355 accounts to the Credit Reference Center of the People's Bank of China due to the epidemic, which involved RMB1.014 billion.

ensure smooth financial services, effectively protect the legitimate rights and interests of consumers. Six specifically measures were adopted to make customers feel at ease. Firstly, publicizing the disinfection situation of facilities and equipment of outlets and the operating arrangements of outlets within its jurisdiction. The second is to visit the branch customers to strictly implement the epidemic prevention measures, to measure the temperature of the guests to wear masks. Thirdly, the counter and their auxiliary equipment for disinfection and posted disinfection tips. Fourthly, accurately explain the exemption and exemption policy of RMB deposit, withdrawal and transfer fees for

39. Calculated based on the RMB central parity published by the China Foreign Exchange Trade System (CFETS) on 31 December 2019, i.e. HKD1=RMB0.8958.

40. According to trading prices at Chinese inter-bank foreign exchange market at 16:30 on 31 December 2019, trading price is calculated as (buying price + selling price)/2, i.e. USD1=RMB6.9668.

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

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

43. Reporting period in this part lasts until the day of disclosure of the report, and all the dates involved in this part are in 2020, unless specified otherwise.

individual customers during the epidemic period. Fifth, quickly deal with customer complaints, for the customer service center to transfer urgent work orders and pre-upgrade complaints, requirements within 24 hours to complete the processing. Sixth, do not exaggerate financial products by the epidemic situation.



**International business ensured stable operation of cross-border business**

International business of the Bank was in stable operation and offered green channels for importing epidemic protective materials and

collecting cross-border donations. As of March 13<sup>th</sup>, the Bank accumulatively handled more than 120,000 international settlement transactions, and the amount of international balance of receipts and payments was 42.9 billion dollars.

**Inclusive finance eased difficulties for small and micro businesses.**

The Bank ensured the sources of inclusive financial loan funds, actively bore collateral appraisal fees and mortgage registration fees incurred in the financing process,

actively adjusted the “two prohibitions and two restrictions” policy for small and micro businesses to “four prohibitions”, waived the account opening fee, material charges and handling charge for online transfer for small and micro businesses who open a new account, and significantly reduced customers’ comprehensive financing costs. The Bank set up green channels for small and micro businesses, streamlined approval processes and followed the principle of “handle special issues with special methods and handle emergencies in priority” to handle business in areas hit hard by the epidemic and for the epidemic prevention-related projects. The Bank proactively conducted surveys on customers, and for small and micro businesses with interim difficulties under the impact of the epidemic, it ensured not to call in loans in advance or suspend loans and adopted the “one policy for one account” to give them preferential interest rates, extended loan renewal and credit protection. For inclusive small and micro businesses in Hubei Province, the Bank set a special credit scale.

**Trade unions actively protected life and health of employees.**

In order to cope with the outbreak of new pneumonia, the head office trade union allocated a special prevention and control fund of 17.03605 million yuan to each lower level trade union, which was used for the purchase of masks, infrared thermometer, forehead thermometer, mercury thermometer, disinfection of alcohol and alcohol spray (disinfection sheet), hand sanitizer, and etc.

**Case 19: The Head Office Built a Safety Shield**

To ensure the health of employees, the Head Office installed prevention and control equipment such as non-contact imaging body thermometers, strengthened access control of personnel and vehicles, took the temperature of personnel entering workplaces,

disinfected shoe soles, and strictly registered personnel and vehicles. The Head Office adopted strict cleaning and disinfection measures, such as wiping and disinfecting halls, receptions, gate machines, meal selling platforms, heating platforms, canteen tables and chairs

and elevator buttons every day, spraying disinfectant in halls, canteens, security rooms, changing rooms, washing rooms, elevator halls, lift cars, etc., putting tissue paper for pressing buttons in lift cars, and putting up disinfection signs and notes in key positions.

**Case 20: Wuhan Branch Performed the Mission at the Critical and Difficult Moment**

Wuhan Branch is located in the city hit hardest by the epidemic and encountered with travel difficulties under local anti-epidemic control measures. However, in order to put into full play the power of finance in the fight against the epidemic, employees of Wuhan Branch overcame multiple

difficulties and fulfilled the mission of the times for financial practitioners at a fast pace of response. As of March 6<sup>th</sup>, Wuhan Branch accumulatively financed RMB700 million in total for medical-related enterprises. As of the day, it handled RMB5 million cash withdrawal for Wuhan Municipal Construction

Group Co., Ltd. for payment of wages. As at the end of January, it provided credit support for over 20 small and micro businesses, extending nearly RMB300 million loans. On February 3<sup>rd</sup>, it granted RMB130 million loans to a logistics enterprise to help ensure daily-life supplies in Wuhan on lockdown.

**Case 21: Beijing Branch Opened a Green Donation Channel for Red Cross Society of China**

The Bank was the receiving bank of overseas donations for Red Cross Society of China. After the Society raised the business demand of receiving overseas donations, the Bank immediately organized business backbones and

with the guidance of Beijing Branch of the State Administration of Foreign Exchange, concisely and efficiently handled overseas donations accounting business, as of January 31<sup>st</sup>, the amount is about USD170,000.

**Case 22: Beijing Branch Fully Secured Financial Emergency Payment**

Beijing Branch set up a financial emergency payment group to ensure prioritized appropriation of the epidemic prevention and control funds by financial departments and budget units at various levels and prioritized handling of financial businesses.

**Case 23: Fuzhou Branch Appropriated Medical Financial Funds in One Hour**

On February 4<sup>th</sup>, Fuzhou Branch received a phone call from a subsidiary of Fujian Provincial Department of Finance, which expressed its urgent need of appropriating medical funds to hospitals to secure related anti-epidemic expenditure. In order to ensure rapid appropriation of the financial funds, the Bank immediately opened a green channel and managed to appropriate RMB17 million medical funds to 15 hospitals across Fujian Province within one hour.

**Case 24: Hangzhou Branch Offered Free-of-charge Insurance to Medical Staff**

Hangzhou Branch of the Bank and Zhejiang Branch of Taikang Pension & Insurance Co., Ltd. offered special insurance with RMB200,000 insured amount free of charge to each medical worker fighting the epidemic in two hospitals, totaled 2,871 in number and RMB570 million in insured amount. Yiwu

Branch of the Bank and Zhejiang Branch of Taikang Pension & Insurance Co., Ltd. provided special insurance with RMB200,000 insured amount free of charge to each medical worker in seven units of Yiwu Center for Disease Control, totaled 6,116 in number and RMB1.223 billion in insured amount.

**Case 25: Nanjing Branch Ensured Online Ticket Refunding of an Enterprise**

One online bus ticket selling platform encountered the problem of massive information and complex procedure when refunding travelers and exempting them from service fees according to

national policies. Having learnt the information, Nanjing Branch used the Bank’s “Payment All in One” platform that integrated mainstream barcode payment products such as UnionPay QR code,

WeChat payment, Alipay and QQ Wallet, substantially simplifying the refunding process and shortening the time taken for refunding. As of February 20<sup>th</sup>, 18,500 travelers finished refunding and 193,800

travelers realized ticket purchase, pointing to the fact that the service helped ease difficulties of the enterprise and served demand of the society.

**Case 26: Shijiazhuang Branch Granted RMB150 Million Emergency Loans to a Pharmaceutical Enterprise**

Shijiazhuang Branch learned about the financing demand of a Hebei-based chemical pharmaceutical enterprise and took only 10 hours to grant RMB150 million working capital loans to the enterprise, effectively supporting it to expand capacity. The enterprise especially sent a letter of gratitude to the Bank.

**Case 27: Zhengzhou Branch Finished RMB500 Million Notes Financing for a Protective Supplies Manufacturer**

A Henan-based chemical enterprise was authorized to produce 84 disinfectant, but faced heavy financial pressure as its financing was getting matured one after another in January 2020. Having learnt about its urgent

financing need in order to produce protective supplies, Zhengzhou Branch took only four hours to finish RMB500 million notes financing for the enterprise, effectively alleviating its capital pressure.

**Case 28: Shenzhen Branch Subscribed to Epidemic Prevention and Control Bonds**

An enterprise-affiliated integrated building company was one of the builders assisting the construction of Huoshenshan Hospital and Leishenshan Hospital in Wuhan and now has undertaken the task of building over 2,000 container houses to be used in quarantine hospitals and medical observation centers nationwide. The enterprise-affiliated logistics company provided such services as road freight transit service, liaison support for drivers, protection against the virus and sterilization. The enterprise announced to issue RMB300 million super & short-term commercial paper on February 5<sup>th</sup>, and RMB200 million of them would be used for preventing and controlling the epidemic. Shenzhen Branch of the Bank immediately launched the green channel and subscribed to RMB90 million epidemic prevention and control bonds at the upper limit of investment proportion.

**Case 29: Credit Card Center Provided 24/7 Services**

Credit Card Center of the Bank proactively provided credit protection, flexibly adjusted repayment schedule and took the initiative to reduce/exempt interests and fees for front-line workers in the anti-epidemic battle and customers in hospital or in home quarantine. The Bank opened green channels of credit card service to serve customers in Hubei in priority and receive inbound calls from Hubei in priority.

**Poverty Alleviation through Finance**

The Bank takes precision poverty alleviation through finance as the important political responsibility, social responsibility and historical mission of the whole Bank, continues to improve the precision of poverty alleviation, attaches importance to the long-term effect of aid, and increases support to poverty alleviation by including the poverty alleviation work in evaluation and tilting resources and so on. As at the end of 2019, the Bank registered a loan balance for precision poverty alleviation through finance of RMB7.518 billion, an increase of 9.07%. Among that, balance of loans to individuals was RMB2.160 billion, a decrease of 28.92%, and balance of loans to entities was RMB5.358 billion, an increase of 39.02%.

**Case 30: Guangzhou Branch Provided Emergency Loans to Small and Micro Enterprises Relating to the Epidemic Prevention and Control**

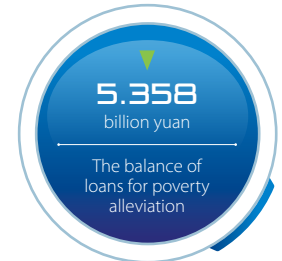
A small enterprise in the catering industry in Guangdong, which provided 24-hour emergency catering service for local frontline medical workers, needed to increase material purchase to meet service demands. Due to the impact of the holiday and the epidemic, the prices of food ingredients and labor costs increased substantially, the business was faced with a funding gap. CITIC Guangzhou Branch immediately launched a rapid credit review and approval channel and urgently provided the enterprise with a credit facility of RMB10 million to support its epidemic prevention and control service and pull through the difficult time.

**Case 31: Lin'an CITIC Rural Bank Joint Hands with Customers through the Difficulties**

The Bank's subsidiary Lin'an CITIC Rural Bank proactively responded to needs of individually-owned businesses and small and micro enterprises, and adopted measures such as allocating special increment credit, practicing preferential loan pricing and opening green channels for loan approval to meet reasonable financing demand of manufacturers of medical relief-related supplies. It newly granted RMB3 million loans to a small enterprise to ensure its normal production. Meanwhile, according to production and operation status of small and micro enterprises, Lin'an CITIC Rural Bank will launch RMB100,000-RMB300,000 work resumption credit loans for farmer households and individually-owned business and RMB500,000-RMB2,000,000 work resumption credit loans for small and micro enterprises at proper times.

The Bank precisely responded to financial demand of key projects and key areas in poverty alleviation, supported the construction of infrastructure such as transport, water conservancy, power, energy and ecological environment and basic public service projects such as culture, healthcare, health and information technology in poverty-stricken areas, and supported standardized relocation projects for remote poverty alleviation, new urbanization projects, comfortable housing projects, municipal projects and other projects concerning the people's livelihood. In precise response to the financial demand of characteristic industries, the Bank, based on resource endowment and industrial characteristics in poverty-stricken areas, supported the development of characteristic industries that could provide jobs to registered poverty-stricken households and help the poor increase income, supported the production and operation of registered poverty-stricken households in the upstream

and downstream of leading enterprises, and improved the endogenous development dynamic of poverty-stricken households to get rid of poverty. Meanwhile, the Bank precisely responded to financial demand of those in poverty for employment and education, and supported borrowing need and payment service need of registered poverty-stricken households for production, start-up and education.



**Poverty Alleviation through Donations**

The Bank continues to conduct targeted poverty alleviation in Xietongmen County in Tibet, Zhangjiashan Village of Hongchang County in Gansu and three villages in Xinjiang to help lift poverty-stricken population out of poverty and support local areas for fulfilling poverty alleviation tasks, and dispatches management personnel to the designated poor areas. As at the end of 2019, the Bank implemented 150 poverty alleviation projects and donated RMB24.2687 million, an increase of 25.81% compared with the previous year, mainly to support agriculture, infrastructure, education and charity,

benefiting over 40,000 people. It dispatched 67 full- and part-time management personnel to 37 poverty-stricken villages in total. **Targeted poverty alleviation**  
On the basis of the poverty alleviation achievement made in the past few years, the Bank continued to input

RMB8 million to targeted poverty alleviation in Xietongmen County in Tibet, Zhangjiashan Village of Hongchang County in Gansu and three villages in Xinjiang.

**Case 32: Targeted Poverty Alleviation in Xietongmen County in Tibet**

The Bank donated RMB4 million to continue with targeted poverty alleviation in Xietongmen County in Tibet, among which RMB3 million was used in "CITIC Bank Canal" irrigation project and RMB1 million in education support. "CITIC Bank Canal" finished construction and acceptance of canals in four villages in three towns, building 4.4km canals and 11 auxiliary facilities, covering 1,316 people in 239 households and effectively solving the irrigation difficulties for 159.67 hectares of arable land, and was expected to increase farmland yield per unit area by 450kg/hectare, increase grain production by 71,850kg per year and generate RMB287,400 economic benefits. So far since 2016, the "CITIC Bank Canal" has effectively solved the irrigation problem over 1,093.33 hectares of land and

benefited 6,954 people in 1,464 households from 23 administrative villages in 6 towns (townships). It fundamentally improved the current weak farmland water conservancy infrastructure, realized stable economic growth in the project area, promoted efficient agriculture development and generated over RMB2.5 million economic benefits annually. During the construction, the project solved the employment problem for some households in poverty by hiring local migrant workers. The Bank also donated RMB1 million to support students admitted by junior or senior technical schools and colleges in the county (293 person in total), granted allowance to 100 local students in poverty and purchased preschool educational products for 14 kindergartens in Xietongmen and neighboring counties.

**Case 33: Targeted Poverty Alleviation in Xinjiang**

The Bank continued to help Kuoshi Tuogelake Village, Yiganqi Town in Aksu City for poverty alleviation through the program of "Fanghuiju" in form of dispatching personnel to the villages. It completed the "Courtyard Breeding for Poverty-stricken Households" project, offering Duolang lamb, tup ram and concentrated corn feed to 19 poverty-stricken households and realizing an income growth of nearly RMB6,000 for each household in the year. It continued to donate RMB2 million to the two villages in poverty in Jiashi County, Kashgar City. Specifically, RMB1 million was input into construction of Jiashi sheep farms in Kezilekumu Village, Jiashi County on the basis of 2018, with modernized covered pens being adopted to raise 500 Jiashi sheeps and further increase income for local households. Another RMB1 million was invested into precision support for cash crop planting and livestock breeding in Tanglaiqiaputi Village, Yudaikelike Town, Jiashi County as well as infrastructure renovation and building of "Satellite Factory", benefiting 578 poverty-stricken villagers in 156 households.

### Poverty Alleviation through medical service

The Bank donated RMB4 million to poverty alleviation through medical and health care in poverty-stricken areas nationwide, and especially paid attention to poverty-stricken children with congenital heart disease and poverty-stricken sick children in the “three regions and three prefectures”<sup>44</sup> for rescue and support.

### Case 34: PV Power Station Built in Hongchang County in Gansu

The Bank donated RMB8.9 million to build a PV power station in Hongchang County. Located at 33°55'15.80" N and 104°34'50.27" E, the project sat by Wangbu Village, Lichuan Town in Hongchang County, Longnan City in Gansu Province and covered an area of 4.87 hectares. The area was a class II solar energy resource area with over 1,100 hours of sunshine annually. The project was intended to build a village-

level PV power station with an installed capacity of 1,500KW and include 3,708 modules of 405Wp PV, 206 sets of PV support brackets, 12 136kW inverters and one 1,600kVA box-type substation. With a designed service life of 25 years, the project was planned to generate 1.54 million kWh power annually on average and realize an annual average income of RMB1.15 million. Its completion will bring lasting benefits to 127 registered

households in poverty in Zhangjiashan Village and also benefit 167 households in poverty in three poverty-stricken villages in neighboring Ganjiangtuo Town, realizing the transformation of poverty alleviation mode from “blood transfusion” to “blood making”. At 15:36 on December 20<sup>th</sup>, the PV power station was connected to power grid and generated 1,590kWh power on the day.

### Case 35: Support for Rescue and Treatment of Children with Congenital Heart Disease

The Bank continued to cooperate with Ai You Foundation and donated RMB2.5 million for free surgical treatment and rehabilitation of children with congenital heart disease in poverty-stricken areas nationwide. As at the end of January 2020, the program had successfully rescued 149 children from 19 provinces, municipalities and autonomous regions, all of whom were from registered poverty-stricken households and aged 0-14, with girls accounting for 52% and boys 48%. 100% of them were successfully rescued. After treatment, they had all fully recovered to normal life.

### Case 36: Support for Poverty-Stricken Sick Children in the “Three Regions and Three Prefectures”

The Bank donated RMB1.5 million to multi-disease medical rescue for poverty-stricken children in the “three regions and three prefectures”, covering over ten diseases such as renal calculus in children, biliary atresia, peritonitis and diaphragmatic hernia occurring frequently among local children. The rescue

was conducted mainly in the way of reimbursing expenses aside from the part covered by basic medical insurance for children from poverty-stricken families that “borrowed money for medical treatment” and practically solved the problem of leading or sliding back to poverty because of disease for some families. As at the

end of February 2020, the program had successfully rescued 58 children from Liangshan Yi Autonomous Prefecture in Sichuan, Linxia Hui Autonomous Prefecture in Gansu, Yushu Tibetan Autonomous Prefecture in Qinghai and Kashgar in Xinjiang, with 54 of them being ethnic minorities.

### Poverty alleviation through education

The Bank continues to support 1,000 poverty-stricken high school students in 20 classes from 20 provinces, municipalities and autonomous regions nationwide to finish schoolwork in grade two (including 390 boys, accounting

for 39%, and 610 girls, accounting for 61%). From July to September, the Bank hosted a summer camp themed with “sending knowledge to villages” in the summer vacation, inviting renowned teachers to offer tutorship on compulsory subjects in the national college entrance exam to Self-reliant Classes, and organizing

employee volunteers to pay greeting visits, exchange opinions and donate learning and teaching supplies, so as to help the students improve grades, broaden horizon and boost confidence. Besides, 28 branches of the Bank launched 48 poverty alleviation and charity activities such as student aid and voluntary

teaching in the mainland, donating RMB3.0684 million in total and benefiting 10,290 students, including 9,288 primary and secondary school students, accounting 90.26% of the total, and 1,002 college students, accounting 9.74% of the total.

## Financial Services for Special Groups

### Services for visually impaired customers

The Bank requests in the *Service Standards Manual of China CITIC Bank* to provide facilities for visually and hearing impaired customers in hall services, and designs and presents copies of *Common Business Overview of China CITIC Bank* in Braille at information desks of outlets to provide visually impaired customers with more convenient financial services. All outlets of the Bank are equipped with wheelchair ramps, tactile sidewalks, service guides in Braille, convenience cards for the visually impaired, Braille keyboards, voice-cued ATMs, emergency buttons, courtesy seats and courtesy windows, as well as wheelchairs for customers with mobility difficulties, so as to bring more humanized and convenient services to customers with special needs.

### Services for people with disabilities

There are accessible trails and guiding signs in the front of each outlet. The Bank attaches great importance to the convenience and safety of customers with disabilities when improving accessible facilities. To provide more considerate and pleasant services for them, the Bank invited teachers

with years of experience in special education to provide “barrier-free communication” sign language training and psychology training for frontline employees of the outlets, so that they can have a grasp of the points to pay attention to when providing services for people with disabilities, understand their needs and avoid any unintended harm to them.

### Services for the elderly

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

### Services for special customer groups

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

## Protection of Customer Rights and Interests

According to the requirements of the CBIRC, the Bank actively promotes the branches to establish the management system for customer rights and interests protection and allocate a certain proportion of managerial and service personnel for this purpose based on the number of customers. It continues to enhance

the building of mechanisms and systems on customer rights and interests protection by setting up dedicated offices under Office of Consumer Rights and Interests Protection and increasing staffing. The Bank revised seven policies such as *Measures for the Management of Consumer Rights and Interests*

*Protection of China CITIC Bank*. It also integrated the protection work into corporate governance and strengthened related mechanisms on decision-making and execution, supervision, review and information disclosure, so as to ensure effective protection of consumers. As at the end of 2019, all of the tier-1

branches in the Chinese mainland had established the customer rights and interests protection department. Besides, the Bank audited the work of the Head Office departments and 15 branches on customer rights and interests protection and audited the Head Office departments and 12 branches on inclusive finance.

<sup>44</sup> The “three regions” refers to Tibet, four prefectures of southern Xinjiang—Hotan, Aksu, Kashi and the Kirgiz Autonomous Prefecture of Kizilsu, and the areas of Sichuan, Yunnan, Gansu, and Qinghai provinces with large Tibetan populations; the “three prefectures” are Liangshan in Sichuan, Nujiang in Yunnan, and Linxia in Gansu. These areas are poor in natural conditions and weak in economic foundation and are areas of extreme poverty at the national level.

### Promoting Financial Literacy

The Bank organized a total of 3,273 "Financial Literacy Promotion" campaigns in the Chinese mainland, distributed more than 440,200 copies of promotional materials, and recorded 134,200 views of WeChat pushes, with an audience of about 1,148,600.

#### Campaign organization

The Head Office is responsible for coordinating and arranging financial literacy promotion campaigns throughout the Bank, designing posters, leaflets and other publicity materials, and collecting statistics and achievements on publicity and promotion of the Bank. The branches are responsible for promoting specific work, making annual work plans on financial literacy promotion according to related work plans of the Head Office, and designating personnel to guide and supervise daily publicity and promotion in the outlets. The Bank launched such campaigns as "3-15 Financial Consumer Rights Day", public promotion against illegal fund-raising, "Promoting Financial Literacy and Keeping the Wallet Safe" campaign and "Financial Knowledge Promotion" campaign, achieving favorable promotion effect and winning wide recognition of the public.

#### Outlet halls

With outlets as traditional venue for publicity, the Bank integrated content of cybersecurity education into daily business operation and fully utilized outlet facilities to

place leaflets and posters, display publicity slogans on LED screens on a rotary basis and play videos on TV. Meanwhile, employees proficient in business skills were designated to introduce and explain cybersecurity financial knowledge to customers to enhance their cybersecurity awareness.



#### Promotion at community level

The Bank required all the outlets to organize teams to launch field trainings and promotion for various social groups in the communities, so as to cover more citizens. The employees initiated targeted financial literacy promotion activities in the communities, schools, enterprises and shopping malls, used typical cases to introduce characteristics, forms and common approaches of financial fraud, and explained cybersecurity knowledge on the site for the broad financial consumers by setting information desks, placing display boards and handing out publicity materials. For the elder financial consumers and

students, the Bank conducted "face-to-face" promotion, mainly covering basic financial literacy, skills in risk prevention, prevention of campus financial traps, voluntary resistance to online financial rumors and co-contribution to a harmonious cyber environment. On December 20<sup>th</sup>, 2019, the Bank, together with the Chinese association on aging, went into the xinglong home community, chaoyang district, Beijing, with the financial knowledge reader for the elderly jointly published by the two sides, to explain the financial knowledge for the elderly and prevent financial fraud courses for nearly 100 elderly residents in the community. Meanwhile, the Bank

#### Case 37: Credit Card Center Integrated Online and Offline Modes to Promote Financial Literacy

Credit Card Center of the Bank integrated online promotion platforms on protecting consumers' rights, including Weibo, Baidu Tieba, Alipay and Tencent Game Center, and innovatively launched publicity and promotion through Tik Tok animation. Based on the 100 million-level exposure of CITIC Credit Card on Tik Tok, the number of its fans surpassed 1 million. Meanwhile, the Bank built up the cartoon image of Little Guard for credit card consumers' rights and relied

on the platform of Tik Tok to launch "Micro Class" and "CITIC Theatre" for financial literacy promotion with a vivid and lovely image and in simple and understandable language. In doing so, it further explored new scenarios of publicity and promotion and promoted customers to fully understand financial knowledge and safeguard their own legitimate rights and interests. Moreover, the Bank actively cooperated with regulators and other banks offline and initiated rich financial literacy

promotion activities such as "Shenzhen Finance Class", "Barrier-free Financial Service" trainings in Shenzhen, "Month of Financial Literacy Promotion" campaign and March 15 debates on financial consumer protection. The Bank integrated financial publicity on consumer protection into lectures, musicals and debates, which helped promote the financial literacy of the public in an entertaining and subtle way.

persisted that content of publicity should be easy to learn, understand and remember, so that financial literacy can be concretely promoted.

#### Online promotion

The Bank proactively promoted financial literacy online via WeChat official account and newspaper media, sent SMS prompts against

financial risks to customers via SMS platforms, and explained financial knowledge in the form of short videos, so as to help customers better understand financial

knowledge and enhance their risk prevention awareness.

### Volunteer Activities

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

serve the society".

Under the leadership of volunteer organizations, the Group's volunteers participated in various volunteer activities, such as teaching, caring for the elderly, caring for children with illness and disadvantaged groups, donating to disaster-stricken areas, bringing warmth to sanitation workers, advocating the Lei Feng Spirit, donating blood, promoting



compliance with road rules, and raising funds for disaster relief by organizing charity bazaars. As at the end of the year, the Group had organized 253 volunteer activities, an increase of 22.22% over the previous year, and about 10,500 person-times participation in these activities, an increase of about 98.11% over the previous year.

#### Case 38: Shanghai Branch Participated in a Charity Sale

On May 19<sup>th</sup>, Shanghai Branch organized youth volunteers to participate in the "Care for Autistic Children" charity sale on the Oriental Pearl square, the third time for the volunteers of Shanghai Branch to join this public service activity sponsored by

Chinese Volunteer Federation.

Prior to the event, employees of Shanghai Branch donated 237 articles to the sale and some even hand-made handicrafts for donation to show their sincerity. On the day of the sale, the volunteers arrived at

the square early in the morning to receive visitors from all over the world. In order to sell the donated goods, they racked their brains on placement and pricing of the goods, and the dancing group of the Branch also joined them, presenting an

energetic performance of dance. Shanghai Branch raised RMB2,498.5 in total in the charity sale and donated it all to the fund for supporting autistic children.

## Independent Practitioner's Assurance Report



2020/SH-0172

2020/SH-0172

English Translation for Reference Only

### Independent practitioner's assurance report To the Board of Directors of China CITIC Bank Corporation Limited

We have been engaged to perform a limited assurance engagement on the 2019 Sustainability Report ("Sustainability Report") of China CITIC Bank Corporation Limited (the "Bank").

#### The Board of Directors' Responsibilities

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

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

#### Our Independence and Quality Control

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

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

#### Practitioner's Responsibilities

It is our responsibility to express a conclusion on whether we are aware of any matter that would materially affect the Sustainability Report prepared based on the SSE Guidelines and the ESG Reporting Guide and with reference to GRI Standards based on our work.

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

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

Within the scope of our work, we have performed the following procedures in the Head Office of the Bank and Xi'an Branch:

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

Our assurance was with respect to the year ended 31 December 2019 information only and we have not performed any procedures with respect to earlier periods or any other elements included in the Sustainability Report.

#### Inherent Limitation

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

#### Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, based on the SSE Guidelines and the ESG Reporting Guide and with reference to GRI Standards.

#### Restriction on Use

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

PricewaterhouseCoopers Zhong Tian LLP

Shanghai, China

March 26, 2020

## Annexes

## Honors &amp; Awards

## Overseas Institutions

- The Bank ranked 19<sup>th</sup> among the “Top 500 Global Bank Brands” published by the British magazine *The Banker*.
- The Bank won the first place in the comprehensive RMB market outlook of Refinitiv.
- The Bank was awarded the “Annual Custody Bank Award” and “Best Block Chain Application Award” and recognized as the “Best Financial Institution Innovation Center” by *The Asian Banker*.
- The Bank ranked 26<sup>th</sup> on tier-one capital among the “Top 1,000 World Banks” published by the British magazine *The Banker*.
- The Bank was granted the “Award for Project with Best Productivity, Efficiency and Automation” by *The Asian Banker*.
- The Bank received the “2019 China Private Banking Value-added Service Award” and named as the “2019 Private Bank with Greatest Development Potential in China” by *The Asian Banker*.

## Domestic Media Outlets

- The Bank won the “Gamma Award for Credit Card” by *Securities Times*.
- The Bank was listed as the “Favorite Employer among Chinese College Students” by the website 51job.com.
- The Bank was awarded the “Best Automotive Financial Service Bank” by the *21<sup>st</sup> Century Business Herald*.
- The Bank was awarded the “Gold Award for Brand Marketing” by the *Advertiser* magazine.
- The Bank’s Going Abroad Financial Ecosystem platform won the “2019 People’s Craftsmanship Product Award” by the website people.cn.
- The Bank was realized as the “2019 Excellent Supply Chain Finance Innovation Bank” by *The Economic Observer*.
- The Bank was realized as the “Best International Business Service Innovation Bank” by CBN.
- The Bank won the honor of “2019 Top 100 Financial Services” by the website ce.cn.
- The Bank was listed among the “Top 10 of New Media Influence of China’s Banking Industry”.
- The Bank was recognized as the “2019 Brand Building Bank” by *China Times*.

## Other Domestic Institutions

- The Bank was granted “Gold Industry Service Award” and “Market Progress Award” by Shanghai Futures Exchange.
- The Bank was granted the “Core Dealer in Interbank Local Currency Market”, “Innovation Award for Interbank Local Currency Market Trading Mechanism – X-Swap”, “Excellent Money Market Dealer in Interbank Local Currency Market” and “Excellent Derivatives Market Dealer in Interbank Local Currency Market” by National Interbank Funding Center.
- The Bank was granted the “Best Spot Matchmaking Institution Award”, “Best Spot Market Making Institution Award”, “Most Popular Spot Matchmaking Institution Award” and “Most Popular Spot Market Making Institution Award” by China Foreign Exchange Trade System.
- The Bank was granted the “Excellent International Business Member”, “Inquiry Market Liquidity Contribution Award”, “Best Market Maker in Interbank Inquiry Market” and the second prize of “Excellent Financial Member” by Shanghai Futures Exchange.
- The Bank was granted the “Excellent Foreign Exchange Self-operated Clearing Award”, “Excellent Settlement Member” and “Excellent Clearing Member” by Shanghai Clearing House.
- The Bank was awarded “Excellent Member Institution”, “Excellent Discounting Institution” and “Best Service Award” by Shanghai Commercial Paper Exchange Corporation Ltd.
- The Bank’s online banking and outlet services were named “Pioneers of Enterprise Standards” by National Internet Finance Association of China.
- In the 14<sup>th</sup> People’s Corporate Social Responsibility Award selection organized by the website people.cn, the Bank won the “Green Development Award”.
- The Bank’s designated poverty alleviation program in Xietongmen County of Tibet was awarded the “2019 Excellent Case of Precision Poverty Alleviation in China” in the 21<sup>th</sup> Century Financial Competitiveness Selection.



GRI<sup>45</sup> Benchmarking

Disclosure Items	Section	Disclosure Items	Section
102-1	Inside front cover	102-29	P15-21
102-2	P6	102-30	P38-39
102-3	Inside back cover	102-31	P25-26
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Disclosure Items

Section

Disclosure Items	Section
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GRI 202	Market Presence Management Approach
	Indirect Economic Impacts Management Approach
GRI 203	203-1
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GRI 204	Procurement Practice Management Approach
GRI 205	Anti-corruption Management Approach
GRI 206	Anti-competitive Behavior Management Approach
GRI 301	Materials Management Approach
	301-1
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GRI 302	Energy Management Approach
	301-1
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GRI 303	Water Management Approach
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GRI 304	Biodiversity Management Approach
	304-1
GRI 305	Emissions Management Approach
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45. GRI stands for Global Reporting Initiative.

Disclosure Items

Section

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GRI 307	GRI 103	Environmental Compliance Management Approach	P46
GRI 308	GRI 103	Supplier Environmental Assessment Management Approach	P57
	Topic-specific disclosures	308-2	P57
GRI 401	GRI 103	Employment Management Approach	P58-64
	Topic-specific disclosures	401-2	P61
GRI 402	GRI 103	Labor Management Relations Management Approach	P60-61
GRI 403	GRI 103	Occupational Health and Safety Management Approach	P61-62
	Topic-specific disclosures	403-2	P61
GRI 404	GRI 103	Training and Education Management Approach	P63
	Topic-specific disclosures	404-2	P63
GRI 405	GRI 103	Diversity and Equal Opportunity Management Approach	P62-63
	Topic-specific disclosures	405-2	P62-63
GRI 406	GRI 103	Non-discrimination Management Approach	P62-63
	Topic-specific disclosures	406-1	P62-63
GRI 407	GRI 103	Freedom of Association and Collective Bargaining Management Approach	P62-63
GRI 408	GRI 103	Child Labor Management Approach	P62
GRI 409	GRI 103	Forced or Compulsory Labor Management Approach	P62
GRI 410	GRI 103	Security Practices Management Approach	P54/P61
GRI 411	GRI 103	Rights of Indigenous Peoples Management Approach	Not applicable
GRI 412	GRI 103	Human Rights Assessment Management Approach	P62
GRI 413	GRI 103	Local Communities Management Approach	P64-73
GRI 414	GRI 103	Supplier Social Assessment Management Approach	P57
	Topic-specific disclosures	414-2	P57
GRI 415	GRI 103	Public Policy Management Approach	Not applicable
GRI 416	GRI 103	Customer Health and Safety Management Approach	P54
GRI 417	GRI 103	Marketing and Labeling Management Approach	P25
GRI 418	GRI 103	Customer Privacy Management Approach	P54
GRI 419	GRI 103	Socioeconomic Compliance Management Approach	P39
	Topic-specific disclosures	419-1	P39

ESG<sup>46</sup> Benchmarking

Category	Aspect	Indicator	Pages	
Environment	A1 Emissions	General disclosure	P46-51	
		A1.1	P48-49	
		A1.2	P48-49	
		A1.3	P48-49	
		A1.4	P48-49	
		A1.5	P46-51	
	A2 Use of Resources	General disclosure	P46-51	
		A2.1	P50-51	
		A2.2	P50-51	
		A2.3	P46-51	
		A2.4	P46-51	
		A2.5	P50-51	
	A3 The Environment and Natural Resources	General disclosure	P42-43/P46-51	
		A3.1	P42-43/P46-51	
	Society	B1 Employment	General disclosure	P58-64
			B1.1	P58-60
		B1.2	Undisclosed	
		B2 Health and Safety	General disclosure	P61-62
B2.1			P61	
B2.2		P61		
B3 Development and Training	General disclosure	P61-62		
	B3.1	Undisclosed		
B3.2	Undisclosed			

46. ESG stands for Environmental, Social and Governance.

Category	Aspect	Indicator	Pages
Society	B4 Labor Standards	General disclosure	P62
		B4.1	Undisclosed
		B4.2	Undisclosed
	B5 Supply Chain Management	General disclosure	P57
		B5.1	Undisclosed
		B5.2	P57
	B6 Product Responsibility	General disclosure	P25/P39/P54-57
		B6.1	Not applicable
		B6.2	P55-56
		B6.3	P37
		B6.4	Not applicable
		B6.5	P54
	B7 Anti-corruption	General disclosure	P36/P39
		B7.1	Undisclosed
		B7.2	P39
	B8 Community Investment	General disclosure	P64-70/P73
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		B8.2	P64-70/P73

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### Cases

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Case 4: Carrying out the Thematic Education Campaign of "Staying True to the Founding Mission"  
Case 5: Support for the Green Development of the Belt and Road Countries  
Case 6: Support for the Coordinated Development of the Beijing-Tianjin-Hebei Region with Credit  
Case 7: Nanchang Branch's Support for the Development of the Yangtze Economic Belt  
Case 8: Ningbo Branch's Support for the Emerging Industries  
Case 9: Shenzhen Branch's Support for Emerging Industries  
Case 10: Jinan Branch's Support for Livelihood Industries  
Case 11: Yinchuan Branch's Support for the Development of the Western Region  
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Case 17: Employee Assistance Program (EAP)  
Case 18: The 4<sup>th</sup> Employees' Badminton Game  
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Case 22: Beijing Branch Fully Secured Financial Emergency Payment  
Case 23: Fuzhou Branch Appropriated Medical Financial Funds in One Hour  
Case 24: Hangzhou Branch Offered Free-of-charge Insurance to Medical Staff  
Case 25: Nanjing Branch Ensured Online Ticket Refunding of an Enterprise  
Case 26: Shijiazhuang Branch Granted RMB150 Million Emergency Loans to a Pharmaceutical Enterprise  
Case 27: Zhengzhou Branch Finished RMB500 Million Notes Financing for a Protective Supplies Manufacturer  
Case 28: Shenzhen Branch Subscribed to Epidemic Prevention and Control Bonds  
Case 29: Credit Card Center Provided 24/7 Services  
Case 30: Guangzhou Branch Provided Emergency Loans to Small and Micro Enterprises Relating to the Epidemic Prevention and Control  
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Case 32: Targeted Poverty Alleviation in Xietongmen County in Tibet  
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