

# **China CITIC Bank Corporation Limited**

## **2020 Sustainability Report**

March 25<sup>th</sup>, 2021

## Preparation Explanation

### Reporting Scope

The *2020 Sustainability Report of China CITIC Bank Corporation Limited* is hereinafter referred to as “the Report”.

Unless otherwise specified, for the purpose of the Report, “the Bank” refers to China CITIC Bank Corporation Limited, “the Group” refers to China CITIC Bank Corporation Limited and its subsidiaries. The subsidiaries of China CITIC Bank Corporation Limited include: Zhejiang Lin'an CITIC Rural Bank Co., Ltd., CITIC Financial Leasing Co., Ltd., CITIC International Financial Holdings Limited, and CNBC (Hong Kong) Investment Limited (formerly known as “China Investment and Finance Limited”), excluding CITIC aiBank Corporation Limited and JSC Altyn Bank.

### Preparation Basis

The present report is prepared on the principle of responding to the United Nations’ Sustainable Development Goals.

The basis for preparation of the Report includes the *Opinions on Strengthening Social Responsibilities of Banking Financial Institutions* promulgated by the China Banking Regulatory Commission (“CBRC” hereinafter), the *SSE Guidelines on Environmental Information Disclosure of Listed Companies*, the *Guidelines on Preparation of Report on Company’s Fulfillment of Social Responsibilities* and relevant notifications released by the SSE, as well as Appendix 27 *Environmental, Social and Governance Reporting Guide*<sup>1</sup> (hereinafter referred to as the “ESG Guide”) to the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*.

The Report was prepared in accordance with the Core option of the *Sustainability Reporting Standards (2016)*<sup>2</sup> issued by the Global Reporting Initiative (“GRI Standards” hereinafter). For the purpose of the Report, the quantification of greenhouse gas emissions was based on ISO14064-1:2006<sup>3</sup>.

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

### Preparation Method

The work process related to preparation of the Report was based on the *Measures for Management of Sustainable Development Reporting of China CITIC Bank*. Methodologies for collection of data, statements and cases disclosed in the Report are made through the Information Management System for Sustainable Development of the Bank.

Information about the Board of Directors, the Board of Supervisors, corporate governance and risk management information and financial data in the Report were sourced from the *2020 Annual Report (A Share) of China CITIC Bank Corporation Limited*.

Unless otherwise specified, for the purpose of the Report, denomination currency is “Renminbi” and “as at the end of the year” refers to “as at December 31st, 2020”. “Over the

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<sup>1</sup>The traditional Chinese version shall prevail.

<sup>2</sup>The English version shall prevail.

<sup>3</sup>The English version shall prevail.

“previous year” refers to “data over the same period of the previous year”.

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

### **Preparer of the Report**

The Report was prepared by the Culture and Labor Union Department of China CITIC Bank Corporation Limited located in Building No. 1, 10 Guanghua Road, Chaoyang District, Beijing .

### **Reporting Period**

This report is an annual report. The disclosure date of the Bank’s previous report is March 26th, 2020. Unless otherwise specified, the reporting period, as covered by the Report, ranges from January 1st, 2020 to December 31st, 2020. Unless otherwise specified, the time ranges of the statistics regarding the statements, data and cases as mentioned in the Report coincide with those of the Report. All data mentioned in the Report relating to the previous reporting period are basically consistent with those data disclosed in the previous report of the Bank.

### **Responsibility of the Report**

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

### **Assurance of the Report**

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

### **Publication of the Report**

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

The Group has officially published its social responsibility information in the form of independent social responsibility report once a year as of 2008. The Report is the 3rd sustainable development information officially published by the Group in the form of independent report and after independent assurance by a third party. The Report is both the 13th social responsibility information officially published by the Group in the form of independent social responsibility report and the 12th social responsibility information officially published by the Group after independent assurance by a third party.

## Contents

President's Letter to Shareholders.....	P5
The Group's Profile .....	P8
Key Performance Indicators.....	P9
Chapter I Strategy and Governance.....	P10
Full and Strict Party Self-governance    Strategic Plan    Values    Sustainable Development Concept    Corporate Governance    Compilation of Report	
Chapter II Development and Internal Control.....	P32
National Strategies    Financial Supervision    Internal Control and Management	
Chapter III Green Banking and Environmental Protection.....	P45
Green Credit    FinTech    Carbon Footprint	
Chapter IV Employees and Society.....	P56
Customer Service    Employee Development    Community Development	
Independent Assurance Report.....	P79
Annexes.....	P84
Honors & Awards    Corporate Culture Stories    GRI Index    ESG Index	
Figures, Tables and Cases    Feedback Questionnaire	

## President's Letter to Shareholders

Dear Shareholders,

2020 was the closing year of the Bank's three-year development plan (2018-2020). The Bank adhered to the general principle of "pursuing progress while ensuring stability", insisted on value creation, reform with keen determination, and seek improvement in stability. As a result, the Bank maintained a good development momentum on the whole. In the year, the Group realized total profit of RMB578.57 hundred million, up 2.32%; operating income of RMB1,947.31 hundred million, up 3.81%; and NPL ratio decreased to 1.64% and provision coverage was 171.68%.

In recent years, the Bank has paid close attention to the sustainable development of stakeholders, integrating the sustainable development concept 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" into strategy and culture. The bank continuously refines its sustainable development management system, actively making efforts and achieving positive results in inclusive finance, internal control and compliance, green credit loans, "Carbon Footprint" Management, customer services, employee development, poverty alleviation and epidemic prevention and control. Under the guidance of the United Nations Sustainable Development Goals (SDGs), the Bank fully demonstrates its actions and performance in economic, environmental and social responsibilities to the social public.

**Development of inclusive finance facilitated the increase of small and micro enterprises' 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 small and micro enterprises, actively responded to policies on inclusive finance, 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 RMB302.494 billion, up 48.10%, an increase of nearly 50% for two consecutive years; the number of small and micro enterprises customers was 163,400, up 44.22%

**Internal control and compliance facilitated safe and healthy development of the Bank.** The Bank established a complete risk compliance management system. In the meantime, we have continued to strengthen comprehensive risk management as well as management of liquidity risk and interest rate risk, and enhanced the management concept of business continuity. In 2020, the Bank revised or added 507 mechanisms, issued 60 normative notice documents, improved 53 system functions and dynamically adjusted business authorization 102 times. In addition, the Bank has completed 104 economic responsibilities, 46 comprehensive and special audit projects, and issued 22 *audit reports* and 20 copies of *audit tips*.

**Green loans offered financial leverage for the improvement of natural environment.** The Bank continued to implement national industrial policies and included green finance into its strategic plan. It formulated green finance credit policies and accelerated the structural adjustment of green credit. We explored enlarged credit input into low-carbon economy, circular economy, transformation, upgrade and technical renovation of enterprises engaged in energy saving and environmental protection, and green ecology, and increased the proportion of the green finance business. The Bank implemented different policies and adopted

differentiated measures (such as “supporting, maintaining, reducing and exiting”) to industries with heavy pollution, high emissions and severe overcapacity.

As at the end of the year, the Bank recorded a balance of green loans of RMB66.195 billion, up 1.61%.

**Strengthen management of "Carbon footprint" accounting and control to promote the realization of "carbon peak".** The Bank has showed the interest to the *Paris Agreement* signed by the Chinese government and its policy orientation. The Bank has included all 1,405 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 148,200 tons, which decreased 8.86% from the previous year, and the greenhouse gas emission was 2.52 tons per capita, down 11.58% 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 product, continuously promote software legal legalization management.

**Comprehensive improvement of customer service and implementation of the core values of " Customer-Centric "** In 2020, the Bank exempted service charges worth about RMB2.496 billion for approximately 5.6147 million transactions via personal RMB accounts. 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. In 2020, the Bank received and handled 227,334 customer complaints, and customer satisfaction about complaint handling was 95.54%. The Bank actively promoted domestic branches to improve consumer rights protection management system, 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 illegal fundraising, telecom and internet scams, bank card safety and epidemic-related financial fraud traps, etc. to people with disabilities and students in crowded areas. In 2020, we organized a total of 28,357 public education and publicity events, handed out 6,618,200 copies of publicity materials, and covered over 42,844,500 people.

**Resolutely guarantee the rights of employees to realize the overall development of employees.** 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 focus on retired employees and injured or sick employees. In addition, to help employees improve the awareness of value of career, in 2020 the Bank invested RMB116,097,600 to improve employees’ professional skills and qualities, which led to a decrease of 27.64% from the previous year.

**Increase investment in poverty alleviation to facilitate poverty alleviation come to an end.** 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 2020, the Bank made total donations of RMB78.1564 million in local and foreign currencies, which were mainly used for anti-epidemic, 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 RMB5.25, which led to an increase of 5.92%. In 2020, the Bank implemented 129 poverty alleviation projects and donated RMB23.9319 million, which supported industry, infrastructure, education and medical care. We dispatched 75 full- and part-time management personnel, organized employee volunteer poverty alleviation activities for approximately 6,900 person-times. It benefited over 50,000 people and left 27,600 people out of poverty. As at the end of 2020, the Bank registered a loan balance for poverty alleviation through financial services of RMB29.191 billion, an increase of 31.64%. The employees of the Group donated RMB3.8328 million, an increase of 224.04%.

**Integrate multiple forces to support epidemic prevention and control and resumption of work and production.** During the prevention and control of the COVID-19, employees of the Bank overcame various difficulties, actively participated in various work in the fight against the epidemic, ensuring the financial service stability and playing a positive role of financial services during epidemic prevention and control. At the beginning of 2020, the Bank responded to the call as soon as possible and donated 50 million yuan for the purpose of carrying out epidemic prevention and control, patient treatment, and protection of medical staff in Wuhan, Hubei Province and the whole country. The Bank has formulated a series of measures to support the government and hospitals in giving priority with their financial services, to support enterprises especially small and micro enterprises in work resumption, and to support individual customers' reasonable demands during the special period. The Bank cumulatively granted RMB195.92 billion anti-epidemic loans to corporate customers, and underwrote 38 anti-epidemic bonds, with the value of financing reaching RMB26.8 billion. The Bank accumulatively reduced and exempted RMB24.1271 million of handling fees for the acquiring business of small and micro merchants. 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 the Chinese and foreign media and all sectors from society for their support.

In the future, the senior management of the Bank will, under the strategic guidelines of the Board of Directors, enhance the management concept of sustainable development, improve the ability and level of sustainable development management, 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.

Executive Director and President

Fang Heying

March 25<sup>th</sup>, 2021

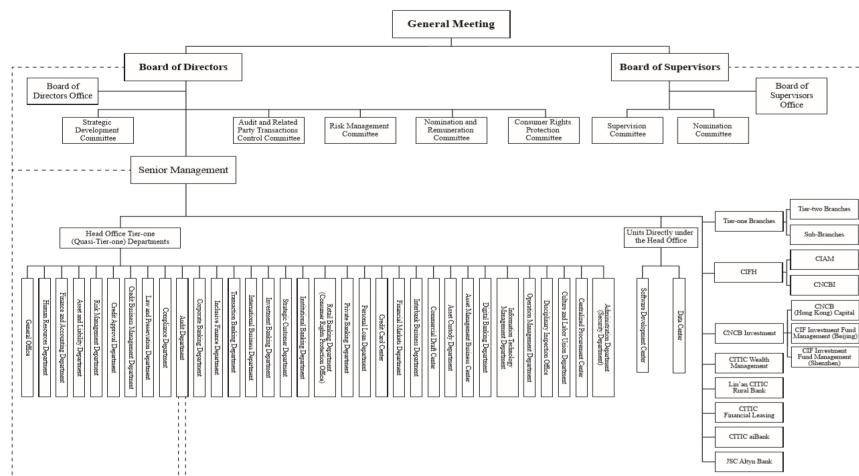
## The Group's Profile

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

The Group aspires to become a unique and responsible enterprise offering the best comprehensive financial services with value and a human touch. To attain this development vision, the Group fully leverages on the unique competitive advantages of integrating financial and non-financial businesses, and at the same time holds firm to customer orientation and the business concept of “safe CITIC Bank, compliant operation, science and technology for growth, serving the real economy, market orientation and value creation”. For corporate customers and institutional customers, the Group offers integrated financial solutions in corporate banking business, international business, financial markets business, institutional banking business, investment banking business, transaction banking 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. By doing so, the Group satisfies the needs of corporate, institutional and individual customers for comprehensive financial services on all fronts.

As at the end of 2020, the Group had 1,405 outlets in 153 large and medium-sized cities in China and 7 affiliates at home and abroad including CITIC International Financial Holdings Limited, CNCB (Hong Kong) Investment Co., Ltd., CITIC Financial Leasing Co., Ltd., Zhejiang Lin'an CITIC Rural Bank Co., Ltd., CITIC aiBank Corporation Limited, JSC Altyn Bank and CITIC Wealth Management Corporation Limited.

The Group has persevered in serving the real economy, engaging in stable and healthy business operation and keeping abreast with the times. 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 RMB7 trillion total assets and over 50,000 employees. In 2020, *The Banker* magazine of the United Kingdom rated the Group the 21st on its list of the "Top 500 Global Bank Brands" and the 24th on its list of the "Top 1,000 World Banks" in terms of tier-one capital.



**Figure 1: Organizational Chart of the Bank**

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

Key Performance Indicators	Unit	2020	2019
Total assets	in RMB hundred million	75,111.61	67,504.33
Total profit	in RMB hundred million	578.57	565.45
Value of social contribution per share	in RMB	5.25	4.96
Loan balance of inclusive micro and small businesses※	in RMB hundred million	3,024.94	2,042.55
Loan balance of green credit※	in RMB hundred million	661.95	651.48
Substitution rate for personal e-banking transaction volume※	%	99.54	99.37
Purchased electricity	in MWh	235,628.41	244,955.36
Outlets※	in number	1,405	1,401
Self-service terminals※	in number	5,687	6,243
Total employees※	in person	55,154	53,703
Total donations	in RMB ten thousand	7,815.64	3,165.86
Voluntary activities	in number	226	253

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

## Chapter I Strategy and Governance

### *The United Nations Sustainable Development Goals*

**16** PEACE, JUSTICE  
AND STRONG  
INSTITUTIONS



**17** PARTNERSHIPS  
FOR THE GOALS



Full and Strict Party Self-governance .....	P11
Strategic Plan.....	P13
Values.....	P14
Sustainable Development Concept.....	P16
Corporate Governance.....	P17
Compilation of Report.....	P24

## Section I Full and Strict Party Self-governance

In 2020, the Party Committee of China CITIC Bank took Xi Jinping Thought on Socialism with Chinese Characteristics for A New Era as a guide for action and relied on high-quality Party building to promote its own high-quality development. With the primary responsibility fulfilled completely, it exercised the full and strict Party governance at great depth, to ensure that all decisions and plans made by the CPC Central Committee and the Party Committee of the Group take root at China CITIC Bank, thus laying a solid foundation for the bank-wide transformation and development.

**Fulfilling the primary responsibility for the full and strict Party governance:** The Party Committee of China CITIC Bank asked Party members in positions of leadership to assume political responsibility for governance over the Party as one of their most fundamental political responsibilities. To be specific, it ensured responsibility could be fulfilled properly and pressure be conducted level by level by cross-referring to the *Regulations for Party Committees (Leading Party Groups) to Fulfill the Primary Responsibility for the Full and Strict Governance over the Party*. At the same time, it sought to plan for, arrange, carry out and appraise Party building and business development in parallel. With political building as an overarching mission, it pushed forward the full and strict governance over the Party at great depth to the grassroots level. First, a sound Party work leadership mechanism was put in place, and a Party building leadership group was established to propel the Party Committee towards normative operation. Second, the accountability mechanism was improved by assembling a list of duties assigned to the leadership and members of the Party Committee, to urge them to perform these duties on a regular basis. Third, the responsibility appraisal mechanism was improved where Party building and operation management were evaluated simultaneously.

**Bringing COVID-19 under efficient control:** In the face of the abrupt epidemic, the Party Committee of China CITIC Bank asserted the leadership of Party building, and answered to the call of the CPC Central Committee immediately to set up a bank-wide epidemic control and reporting mechanism. Immediately after the outbreak of the coronavirus, it donated RMB50 million to China Charity Federation. At the same time, it mobilized its organizations of the Party, Youth League and trade unions at all levels to take action with the appropriated Party membership dues and union funds. Additionally, it opened up a green channel and launched a series of measures to foreign trade stable in support of epidemic control and resumption of work/production.

**Fostering a political environment in favor of the full and strict governance over the Party:** The Party Committee of China CITIC Bank always puts political building in the first place, takes the rigor in the political activities and the enhancement of political supervision as a starting point, strengthens its ability to purify, improve, reform, and excel itself. It continues to improve and purify the political environment, and leads Party members and leaders in enhancing “Four Consciousnesses” (consciousness of the need to maintain political integrity, think in terms of the big picture, follow the leadership core, and keep in alignment with the central Party leadership), shoring up the “Four Confidences” (full confidence in the path, theory, system, and culture of socialism with Chinese characteristics), and ensuring “Two Upholds” (upholding General Secretary Xi Jinping’s core position on the Party Central Committee and in the Party as a whole, and upholding the Party Central Committee’s authority and its centralized, unified leadership). First, it took a firm grip on the intra-Party political activities. Second, to conduct political supervision in a solid, meticulous way, it carried out in-depth surveys on political supervision, formulated and distributed political supervision policies and documents, stepped up efforts to oversee epidemic control, and

rolled out various types of special inspections.

**Laying a solid ideological foundation for the full and strict governance over the Party:**

The Party Committee of China CITIC Bank always takes Xi Jinping Thought on Socialism with Chinese characteristics for A New Era as the “first item on the agenda”. It continues to arm its mind with the Party’s innovative theories, and adopts concreted measures to help Party members develop firm ideals and convictions and strengthen their Party consciousness. To form an ideological stronghold, it teaches and guides Party members across the Bank to instill the “Four Consciousnesses”, shore up the “Four Confidences”, and ensure “Two Upholds”. First, it carried out learning sessions on policies. A timely tracking and regular organization mechanism was established to give full play to the role of the Central Group of the Party Committee in leading and supervising learning activities across the Bank. Second, it promoted learning by rolling out various activities. Centralized training programs and professional competitions were organized where all Party members of the Bank attend training in turn, making full use of the online Party school. Third, it worked hard to make sure ideological responsibility could be fulfilled properly and the corporate culture could play a leading role.

**Building a team of high-caliber talents:** The Party Committee of China CITIC Bank is committed to the leadership of the Party over leaders and talents at the Bank. It resolutely followed the Party’s organizational line in the new era, acted on the core messages delivered at the national organizational work conference, implemented the strategy of “founding the Bank on talents”, and adhered to a personnel policy of attaching equal importance to strict management and attentive care as well as incentives and constraints, so that teams of talents and leaders could act responsibly. First, it continued to build teams of talents and leaders with intensified efforts in the new era, by putting political standards in the first place, optimizing assessment and evaluation measures, giving full play to incentives and constraints, refining the leader supervision system, and improving the job rotation and exchange mechanism. Second, it continued to push forward with the talent-oriented strategy at greater depth: high-level business and management personnel tapped their potential to the fullest and high-quality international talents grew to a certain scale, thus forming an increasingly personnel training system at the Bank.

**Constructing a grassroots fortress for the full and strict governance over the Party:** The Party Committee of China CITIC Bank always deems the development of grassroots Party organizations as a top priority. Referring to the *Regulations on the Work of the Communist Party of China for its Grassroots Organizations at State-owned Enterprises (Trial)*, it has built a three-level organizational structure that consists of grassroots Party committees, organ-based Party committees and Party branches up to standard, so that Party members are further encouraged to work as role models, young staff forms the backbone, and the majority of employees remain as the mainstay. On this basis, it shores up organizational strength on all fronts, highlights political functions, and promotes the in-depth integration of Party building with business development. First, it allowed grassroots Party organizations to fully play their role as strongholds, asked grassroots Party committees to get their work done in a standardized way, promoted the building of model organs at greater depth, improved the quality of standardized operation of Party branches, with a view to driving business development with the “Party building+” initiative. Second, it worked harder to build strong teams of Party members, young people and employees, engaged in personnel training by rigid standards, played a better role in demonstration and guidance, showed more care to employees, and organized more diversified forms of staff activities.

**Carrying out the full and strict governance over the Party at greater depth:** The Party

Committee of China CITIC Bank endeavored to thoroughly implement the core message conveyed by the 19th Central Commission for Discipline Inspection on its Fourth Plenary Session, and unequivocally supported the Commission for Discipline Inspection of the Bank in performing its duties. The Discipline Inspection Commission firmly grasped the keynote of “strictness”, focuses on political supervision, performs detailed daily supervision, and strictly enforces discipline and accountability. We took steady steps to build working bodies and professional teams, so as to reach a new horizon in every respect.

## Section II Strategic Plan

The Group released the *2021-2023 Development Plan of China CITIC Bank* on January 28th, 2021. The strategic plan, which defines the Group’s development direction such as vision, objectives and market positions for the next three years, is a guideline for the Group in the next three years.

### I. Guidelines

To become a responsible, humane, unique and dignified enterprise with best integrated financial services

To attain high-quality and sustainable business development

To create value and realize a higher market capitalization

### II. Basic Principles

Uphold the Party leadership

Pursue a customer-oriented approach

Rely on reforms as the source of driving forces

Make the Bank thriving through science and technology

Stick to asset-light development

Keep on compliant operation

Hinge on talent to grow stronger

### III. Positioning and Objectives

Guided by the vision to “become a unique and responsible enterprise offering the best comprehensive financial services with value and a human touch”, the Bank will fully leverage the Group’s advantages as a comprehensive platform integrating financial and non-financial businesses, strive to become an integrated financing organizer and service provider, and switch the focus of its work from “operating products” to “operating customers” at a faster pace. With three to five year of hard work, the Bank is expected to attain the following: improving its asset quality remarkably, consolidating its customer base greatly, and expanding its business size continuously, optimizing its income structure significantly, and enhancing its profitability sharply. With its operation management and market competitiveness both lifted to a new height, it will grow into a respectable, well-recognized bank excelling in value creation.

### IV. Implementation Paths

To attain the aforesaid objectives, the Group will forge a new development pattern fit for the new era by following a path that is summarized as “breakthroughs in reform, transformation

and critical battles, multi-thronged measures in operation, management and building”, also known as “one reform, two transformations, three critical battles and eight measures”.

### Section III Values

In February 2018, the *China CITIC Bank Corporate Culture Manual (Version 2.0)* 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 is a summary and sublimation of the cultural heritage of China CITIC Bank fostered during its thirty-year development, and 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.

#### I. Mission

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

#### II. Core Values

Customer orientation, integrity, innovation, coordination and excellence

#### III. Management Philosophy

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

#### IV. Code of Conduct

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

#### V. Motto

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

#### VI. Logo



#### VII. Brand Slogan

Achieve the Great Goal through Integrity and Intelligence

#### VIII. Corporate Culture Building

In 2020, the Group pressed ahead with its corporate culture building in every respect, with the China CITIC Bank Corporate Culture Festival at the center. As to top-level design, the Group reviewed and appraised what had been achieved in the process of corporate culture building. It evaluated the status quo of and future expectations for the corporate culture by analyzing a total of 26,000 questionnaires collected. Besides, a set of specific indicators and a two-tier appraisal mechanism were introduced to measure corporate culture building. Regarding publicity and training, the Group continued to launch a publicity campaign called “Bringing Corporate Culture Courses to the Community Level”. Under the campaign, 940 lectures were given to publicize the corporate culture of the Group, which received 36,654 attendances in total. With respect to cultural activities, the Group unveiled the first China CITIC Bank Corporate Culture Festival where it exhibited the results the Bank had achieved in corporate culture building (2015-2020), organized the China CITIC Bank · Stories (Season 5) activity, and published the *China CITIC Bank People (Volume 5)*. The first Symposium on Corporate Culture Building was hosted on the theme of “Corporate Culture and Corporate Development”. A total of 274 cultural activities were organized across the Bank, attracting 31,660 attendances. As for vertical cultural building, the Group promoted the formation of a compliance culture, and virtually completed the building of a distinctive culture at five branches, that is, Fuzhou, Hangzhou, Hefei, Shanghai and Changchun Branches.

### **Case 1: A Full Summary of Results Achieved in Corporate Culture Building over the Past Three Years**

Over the three years from 2018 to 2020, the Bank always complied with the following five principles in its corporate culture building: combination of uniform leadership and all-employee participation, balance between overall coordination and clear-cut highlights, equal importance to fine traditions and innovative features, mutual promotion between cultural building and strategy implementation, and joint growth between the employer and employees. Consequently, it basically put in place a unique corporate culture building regime that consisted of six major parts: management mechanism, talent team, publicity platform, unique brand, cultural demonstration and formation of special cultures. After the three-year period, the Bank’s corporate culture building efforts manifested the effects of cultural top-level design, enhanced the cultural leadership and execution, ensured the high recognition of a cultural identify, enabled the corporate culture to play a demonstrating role, enhanced the sense of cultural enrichment, diversified the channels and carriers of cultural transmission, and made progress in cultural consolidation and management. According to the survey findings, the Bank did quite well in the three cultural values: “people orientation, management, and society”. This indicated that the Bank embedded corporate culture ideas in every aspect of operation and management. The corporate culture, therefore, gave a big boost to many fields such as customer service, internal control, team building and brand shaping.

## **Case 2: The “Corporate Culture and Corporate Development” Symposium was Held**

On November 11th, 2020, Chairman of the Board of Supervisors Liu Cheng attended and addressed the “Corporate Culture and Corporate Development” Symposium where staff members from three Head Office departments and two domestic branches as well as three experts and scholars from China Corporate Culture Institute, Tsinghua University and Peking University exchanged their views and put forth their suggestions. At this symposium, the Group shared the practices and typical experiences in improving the corporate culture system and building the corporate culture since 2015, and introduced the explorations and reflections it had made on how to put a culture in place. At the same time, it adequately heard the opinions and suggestions from external experts. These inputs made the Group further open-minded and well-informed, thus providing inspirations and references for its formulation of a new three-year corporate culture building plan. As pointed out by Chairman of the Board of Supervisors Liu Cheng, China CITIC Bank, in its future work, would be keenly aware of the laws underlying culture, committed to strengthening corporate culture building, and steer the corporate culture on the right track. With these actions, it would upgrade its existing corporate culture, forge the corporate culture into a unique brand, and put in place an overarching corporate culture.

## Section IV Sustainable Development Concept

“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 society” stated in the mission are an epitome of the Group’s sustainable development concept. The Group continued the sustainable development goal of “aiming to become a green bank, a people-oriented bank, a charitable bank, a trustworthy bank, a value creator and a bank with a great brand”.

**I. A humane 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”.

**II. 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.

**III. 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.

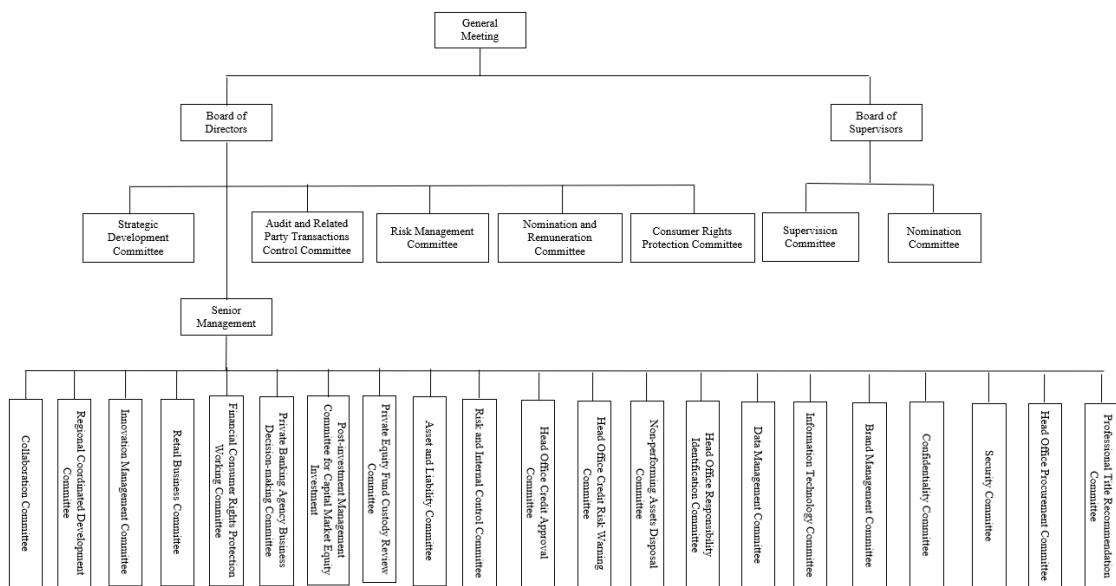
**IV. Making Profit for Shareholders:** The Group upholds its traits as a group with the strongest modern enterprise awareness since the reform and opening-up, has a strong awareness of serving and giving back to shareholders, attaches great importance to shareholders' requirements of value added returns. It pursues maximum profit and maximum benefit, shares corporate development goals with shareholders, jointly draws the blueprint for the Group's future and gives back to shareholders with continuous, efficient and quality growth.

**V. 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, thoroughly implemented new development philosophy, 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 V Corporate Governance

### I. Overview of Corporate Governance

In 2020, 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.



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

**General meetings:** The Bank convened 1 annual general meeting of shareholders, 2 extraordinary general meeting of shareholders, 1 A shareholders class meeting, 1 H shareholders class meeting, where 20 proposals were adopted after deliberation. The Bank convened 20 meetings of the Board of Directors (including 9 on-site meetings), 12 meetings of the Board of Supervisors (including 10 on-site meetings), and 32 meetings of the specialized committees under the Board of Directors.

**Chairperson and President:** In 2020, Ms. Li Qingping was Chairperson and Executive Director of the Bank, 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 Executive Director and President 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.

**Communication with minority shareholders:** During the reporting period, the Bank continued to strengthen its communication and interactions with minority shareholders, and intensified relations management with minority investors, so as to safeguard the rights and interests of minority shareholders. It rolled out innovative ways to communicate with minority shareholders. The investor open day activity was held, so that investors could gain a better understanding and experience of the Bank's business. In addition to the official Internet portal, the Bank continued to optimize the investor relations sub-site, by making the site link more visible, integrating the mix of columns, and providing investors with a more convenient access to information. The use of many other channels such as hotline, email and SSE E-interactive enabled the Bank to keep frequent, efficient communication with minority investors and answer their questions in a timely manner.

**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.

## II. Inclusion of Party Building into the Articles of Association

The Party leadership has been incorporated into the corporate governance. Following the principle of "dual-way entry, cross appointment", the Bank ensured the Party Committee could steer the way forward, manage the overall situation and guarantee the implementation, and got Party leadership integrated in every step of corporate governance. During the reporting period, the Bank implemented the procedures which put discussion by the Party Committee earlier in the decision-making process and strictly complied with the collective decision-making regime for "major issues, appointment and dismissal of important managerial members, major project investment and use of large-amount funds". In the year, the Party Committee of the Head Office convened 51 meetings where 169 topics were discussed. Besides, the Bank continued to include the overall requirements for Party building into the Articles of Association, get related work done in a well-regulated way, and guide all subsidiaries to realize the aforesaid inclusion.

## III. Board of Directors

**Composition of the Board of Directors:** The term of office of the Fifth 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 9 members, namely, 2 executive directors, 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: Month of Birth and Gender Information of Members of the Board of Directors**

<b>Members of the Board of Directors</b>	<b>Month of Birth</b>	<b>Gender</b>	<b>Members of the Board of Directors</b>	<b>Month of Birth</b>	<b>Gender</b>
Fang Heying	1966.06	Male	He Cao	1955.09	Male
Cao Guoqiang	1964.12	Male	Chen Lihua	1962.09	Female
Guo Danghuai	1964.05	Male	Qian Jun	1970.07	Male
Huang Fang	1973.05	Female	Yan Lap Kei Isaac	1960.10	Male
Wan Liming	1966.05	Male			

**Changes in the Board of Directors:** On October 30, 2020, the Bank's 2020 second extraordinary general meeting elected Mr. Wang Yankang as a non-executive director of the fifth board of directors, he would take up the post after the regulatory authority approves the qualifications. In March 2021, due to work arrangements, Ms. Li Qingping resigned as Chairman, Executive Director, and Chairman and Member of the Strategic Development Committee of the Board of Directors. Ms. Li Qingping's resignation took effect on March 15, 2021. In order to ensure the normal operation of the board of directors, in accordance with the *Company Law of the People's Republic of China* and other laws and regulations and the provisions of the bank's articles of association, the board of directors agreed to appoint executive director Fang Heying to perform the duties of the bank's chairman of the board, beginning on the date and ending on the day when the new chairman of the board of directors formally takes office. On 15 March 2021, the 43rd meeting of the 5th Session of the Board of Directors of the Bank reviewed and approved relevant proposals, nominating Mr. Zhu Hexin as non-executive director candidate of the Bank, electing Mr. Zhu Hexin as Chairman of the 5th Session of the Board of Directors, electing Mr. Fang Heying as the Vice Chairman of the 5th Session of the Board of Directors. Mr. Zhu Hexin will take office as non-executive director after the general meeting of the Bank elects him to serve as a non-executive director of the Bank and the regulatory authority approves his qualifications for the Bank's non-executive director, and take office as Chairman after the general meeting of the Bank elects him to serve as a non-executive director of the Bank and the regulator approves his qualifications for the Bank's non-executive director and Chairman. Mr. Fang Heying will take office after the regulatory authority approves his qualifications for the Bank's Vice Chairman.

**Diversity of the Board of Directors:** The Board of Directors of the Bank had directors dispatched by substantial shareholders including China CITIC Group, Xinhua Zhongbao and China Tobacco, thus ensuring the participation of stakeholders. The Board of Directors of the Group 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 social responsibility and environmental responsibility. As of the disclosure date of the report, the Board of Directors of the Bank had 9 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:** The policy on allowances for directors under each term of the Board of Directors shall be drafted by the Nomination and Remuneration Committee under the Board of directors, and given independent opinions by all independent non-executive directors of the Board of Directors. The policy shall be submitted to the general meeting for voting purpose, after it is considered and adopted by the Board of Directors (a director shall abstain from voting if the policy on allowances is designed for the type of directors he or she falls into).

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 plans to adjust the composition of the remuneration paid to independent directors into the following three parts: basic remuneration, floating remuneration linked to performance and allowance. To be specific, the basic remuneration comes in a fixed amount, that is, RMB240,000 before tax per person a year, which is RMB60,000 lower than the previous amount and paid on a monthly basis. Floating remuneration comes in a pre-tax amount up to RMB100,000 per person a year, which is linked to the annual duty performance evaluation results. Independent directors rated as "competent", "basically competent" and "incompetent" are paid with 100%, 60% and 0% of the floating remuneration, respectively. Such remuneration shall be disbursed in late March every year after the annual duty performance evaluation results are verified and finalized by the Board of Supervisors as per the corporate governance rules. Independent directors who hold positions at the specialized committees shall be paid with a certain amount of allowances. For those serving as the chairpersons and members of the Risk Management Committee and the Audit and Related Party Transactions Control Committee under the Board of Directors, the allowance rates are suggested as RMB30,000 and RMB20,000 per person a year, respectively. For those serving chairpersons and members of other specialized committee under the Board of Directors, the allowance rates shall be RMB20,000 and RMB10,000 per person a year, respectively. If independent directors hold positions at more than one specialized committees at the same time, allowances shall be calculated cumulatively. The aforesaid allowances for independent directors shall be disbursed on a monthly basis.

**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 and 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. When the Board of Directors were discussing proposals, directors who had a conflict of interest with proposals all abstained from voting. As at 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.

#### IV. Board of Supervisors

**Composition of the Board of Supervisors:** As at 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, namely Ms. Li Rong and 3 external supervisors, Mr. Jia Xiangsen, Mr. Zheng Wei and Mr. Wei Guobin.

**Table 2: Month of Birth and Gender Information of Members of the Board of Supervisors**

Members of the Board of Supervisors	Month of Birth	Gender	Members of the Board of Supervisors	Month of Birth	Gender
Liu Cheng	1967.12	Male	Li Rong <sup>5</sup>	1968.04	Female
Jia Xiangsen	1955.04	Male	Li Gang	1969.03	Male
Zheng Wei	1974.03	Male	Chen Panwu	1964.01	Male
Wei Guobin	1959.03	Male	Zeng Yufang	1970.12	Female

**Changes in the Board of Supervisors:** In January 2020, Ms. Wang Xiuhong resigned as external supervisor of the Bank, and chairperson of the Nomination Committee of the Board of Supervisors of the Bank after completing her six years' term as external supervisor of the Bank. In order to ensure the Board of Supervisors of the Bank meets the requirement that the proportion of external supervisors is no less than one third of the number of supervisors, Ms. Wang Xiuhong's resignation took effect on 20 May 2020 namely when the new external supervisor elected by the 2019 Annual General Meeting of the Bank took office. On 20 May 2020, the 2019 Annual General Meeting elected Mr. Wei Guobin as an external supervisor of the 5th Session of the Board of Supervisors of the Bank. On 22 May 2020, as considered and approved at the 22nd meeting of the 5th Session of the Board of Supervisors, the Bank elected supervisor Mr. Wei Guobin as a member of the Nomination Committee of the 5th Session of the Board of Supervisors of the Bank, and supervisor Mr. Zheng Wei as a member of the Nomination Committee of the 5th Session of the Board of Supervisors of the Bank. On 29 May 2020, as considered at the 5th meeting of the Nomination Committee of the 5th Session of the Board of Supervisors, Mr. Wei Guobin was elected to serve as Chairman of the Nomination Committee of the 5th Session of the Board of Supervisors of the Bank. In December 2020, the Bank's shareholder representative supervisor Mr. Deng Changqing resigned as the Bank's shareholder representative supervisor and member of the Nomination Committee of the Board of Supervisors due to work rearrangement, with effect from 1 December 2020. On 14 January 2021, upon the review and approval at the 1st Extraordinary General Meeting of 2021, Ms. Li Rong serves as a shareholder representative supervisor of the 5th Session of the Board of Supervisors of the Bank. On 27 January 2021, the 30th meeting of the 5th Session of the Board of Supervisors of the Bank approved relevant proposal and elected Ms. Li Rong as a member of the Nomination Committee of the Board of

<sup>5</sup> Ms. Li Rong formally serves as the shareholder representative supervisor of the 5th Board of Supervisors of the Bank starting from January 14, 2021, and will serve until the expiration of the 5th Board of Supervisors.

Supervisors.

**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 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 actively explored innovative working methods and broadened the channels for supervision and performance of duties, 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 12 meetings of the Board of Supervisors, five meetings of the Supervision Committee and four meetings of the Nomination Committee throughout the year, where 49 proposals were reviewed and 43 reports were heard. Covering 8 branches and subsidiaries, the Bank's Board of Supervisors conducted surveys on the operation and management and corporate governance of subsidiaries, rectification of problems found in internal and external inspections, asset quality and case risk prevention and control. Through scientific planning of research topics, continuous optimization of research models, and strengthening of research value transformation, the Board of Supervisors further improved the effectiveness of the research work, formed a special report on the universality, tendency and other major issues found in the research, putting forward systematic and targeted opinions and suggestions for the reference of the party committee, board of directors and management.

## V. Senior Management

**Composition of the 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 position, risk profile, business outlooks and significant events. The remuneration distribution plan for the Senior Management shall be determined by the Board of Directors. As at the end of the year, the Senior Management of the Bank comprised 10 members, including Mr. Fang Heying, Mr. Guo Danghuai, Mr. Hu Gang, Mr. Xie Zhibin, Mr. Xiao Huan, Mr. Lu Wei, Mr. Lu Jin'gen, Mr. Lyu Tiangui, Ms. Zhang Qing and Mr. Liu Honghua.

**Table 3: Month of Birth and Gender Information of Members of the Senior Management**

Members of the Senior Management	Month of Birth	Gender	Members of the Senior Management	Month of Birth	Gender
Fang Heying	1966.06	Male	Lu Wei	1971.10	Male
Guo Danghuai	1964.05	Male	Lyu Tian'gui	1972.10	Male
Hu Gang	1967.03	Male	Lu Jin'gen	1969.06	Male
Xie Zhibin	1969.05	Male	Zhang Qing	1968.08	Female

Xiao Huan	1972.07	Male	Liu Honghua	1964.05	Male
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**Changes in the Senior Management:** In September 2020, Mr. Yang Yu resigned from the position of Vice President of the Bank due to work adjustments. Mr. Yang Yu's resignation took effect on September 22, 2020. On November 24, 2020, the 36<sup>th</sup> meeting of the fifth board of directors of the Bank deliberated and approved a proposal to appoint Mr. Lu Wei and Mr. Lu Tiangui as vice presidents of the Bank, and they would formally take office from the date when the China Banking and Insurance Regulatory Commission approved their qualifications.

## VI. Management of Related Party Transactions

The Group has established a relatively complete related party transaction management architecture. In accordance with the principle of “vertical, professional, and comprehensive management”, a related party transaction management structure has come in place, which consists of the General Meeting, the Board of Directors, the Board of Supervisors, the Senior Management, the Head Office, branches and subsidiaries. Within the framework, there are clearly-divided responsibilities and management processes.

During the reporting period, the Group improved the namelist-based related party management system. According to the rules of the four regulators, that is, Shanghai Stock Exchange (SSE), The Stock Exchange of Hong Kong Limited (SEHK), the CBIRC, and the Ministry of Finance of China, it identified the substantial shareholders including CITIC Group, Xinhua Zhongbao and China Tobacco as well as related legal entities where related natural persons invested or held posts, and increased the frequency of updating the list of legal persons to nearly 30 times a year. At the same time, a list of related natural persons, including directors and supervisors, senior executives at all levels, members of specialized committees engaged in credit approval, non-performing asset disposal and other aspects of work, was assembled. The Group took the initiative to issue more reporting reminders and updated the list of related natural persons on an ongoing basis.

The Group optimized the quota management model for related party transactions. For credit related party transactions, the corporate and personal loan credit business systems were used to realize the effective control over the credit balance of related parties. As to non-credit related party transactions, the estimated transactions were surveyed annually based on actual business conditions, and submitted to the Board of Directors for deliberation.

The Group further specified the contents to be reviewed in major related-party transaction reports, and emphasized the depth, breadth and precision of such reporting, two moves that helped the Audit and Related Party Transactions Control Committee and the Board of Directors better control the authenticity of needs for related party transactions, assess the reasonableness and fairness of such transactions, and effectively prevent the tunneling risks in the disguise of related party transactions.

The Group moved faster to realize the automatic collection of information on related parties and related party transactions. With the second phase of the related transaction management system developed, it could achieve the automatic gathering of information on related natural persons and raised the automation rate of related party transaction data collection step by step. As at the end of 2020, the Bank had 5,335 related legal persons and 17,832 related natural persons.

**Credit related party transactions:** As at the end of 2020, under the SSE regulatory criteria, the balance of credit that the Group extended to all related enterprises amounted to RMB35.826 billion; under the CBIRC regulatory criteria, the balance of credit that the Bank

extended to all related parties reached to RMB75.198 billion<sup>6</sup>. Such credit extensions to related enterprises were of good quality in general, with one substandard facility (RMB63 million), one doubtful facility (RMB339 million) and one loss facility (RMB920 million), and all other being performing facilities. In terms of transaction quantity, structure and quality, these credit extension didn't exert material impacts on the normal operation of the Bank.

**Non-credit related party transactions:** As of the end of 2020, the actual amount of non-credit related party transactions between the Bank and CITIC Group, Xinhua Zhongbao, China Tobacco, Poly Group and their associates amounted to RMB31.57 billion, including RMB24.77 billion for asset related party transactions and RMB6.80 billion for expense related party transactions. All kinds of non-credit related party transactions between the Bank and the above-mentioned substantial shareholders and their related parties did not exceed the annual cap and conformed to the regulatory requirements.

In accordance with the regulatory rules of the SSE 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 would timely review or disclose in accordance with regulatory regulations. As at the end of 2020, the Bank simultaneously issued 34 interim announcements concerning related party transactions at home and abroad to effectively protect shareholders' right to be informed and safeguard their interests.

## Section VI Compilation of Report

### I. Identification of Stakeholders

An enterprise's perception of its purpose, meaning and value of existence is its mission. The mission of the Bank is "to create value for customers, seek happiness for employees, make profit for shareholders and perform responsibility for 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 joining 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	Expectations as Understood by the Bank	Forms of Communication	Response Measures	Performance

<sup>6</sup>Mr. Deng Changqing formally resigned as a supervisor of the Bank on December 1, 2020. As of that date, Poly Group no longer constitutes a major shareholder of the Bank under the CBIRC's supervision, and Poly Group and its related parties no longer constitute related parties of the Bank under the CBIRC's supervision. The Bank's credit balance to Poly Group and its related parties under the supervision of the CBRC is as of November 30, 2020.

<b>Government</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>✓ 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>✓ Answered government calls</li> <li>✓ Implemented regulatory policies</li> <li>✓ Participated in development of industrial standards and norms</li> <li>✓ Improved operating management results</li> <li>✓ Accepted regulatory evaluation</li> </ul>	<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>
<b>Shareholders</b>	<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>✓ 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>✓ 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>✓ Better CSR management</li> <li>✓ Higher social contribution value per share</li> <li>✓ Lasting brand value</li> <li>✓ Better operating development</li> <li>✓ Internal regulatory ratings, etc.</li> </ul>
<b>Customers</b>	<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</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>✓ Provided convenient express financial services</li> <li>✓ Diversified financial products</li> <li>✓ Timely launched product &amp; marketing announcements</li> <li>✓ Understood</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</li> </ul>

	information ✓ Safeguarding information safety		customer comments and suggestions ✓ Strengthened safety and security of business outlets	and interests, etc.
Supplier	✓ Compliance with commercial ethics ✓ Open, equitable and fair procurement ✓ Mutual benefit, win-win and common development	✓ Publicly available procurement information ✓ Negotiations and exchanges ✓ Cooperation agreements and contracts	✓ Set up and improved the supplier management mechanism ✓ Established and maintained a supplier database ✓ Reinforced communication and contact with suppliers	✓ Establishment of a centralized procurement center at the Head Office ✓ Formulation of relevant rules and regulations on centralized procurement management ✓ Establishment of partnership with suppliers
Employees	✓ Creation of jobs ✓ Reasonable remuneration and welfare ✓ Satisfactory work environment ✓ Smooth communication mechanisms ✓ Admirable room for personal career development	✓ Employee representatives' congresses ✓ Trade unions ✓ Intranet emails and forums ✓ Internal meetings	✓ Uniformly recruited employees ✓ Upheld equal pay for equal work ✓ Safeguarded staff health and safety ✓ Organized cultural and sports activities ✓ Protected essential rights and interests of staff ✓ Provided on-job skill training ✓ Listened to employee viewpoints	✓ Realizing the role of trade union ✓ Staff performance evaluation for promotion purpose ✓ Health examination and psychological counseling for employees ✓ Diversified professional training sessions ✓ Employees arranged to go on all types of leaves ✓ Symposia with young employees, etc.

<b>Community</b>	<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>	<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>	<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>	<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>
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## II. Communication with Stakeholders

**Communication with government:** Chairperson Li Qingping and President Fang Heying of the Bank led teams to visit the governments of Tibet Autonomous Region, Zhejiang Province, Tianjin Municipality, etc. They had full communication and exchanged ideas extensively. The Bank continued to improve work and enhance the capability to serve the real economy.

**Information disclosure and management of insider information:** During the reporting period, strictly following the principles of truthfulness, accuracy, completeness, timeliness and fairness, abiding by laws and regulations, and considering the information needs of investors, the Bank published over 400 periodic reports, interim announcements and other documents at the SSE and the SEHK. The Bank kept improving the framework and contents of its periodic reports to make it more concise and easier to understand, increased disclosures regarding market concerns, constantly improved the pertinence and effectiveness of information disclosure, and provided investors with timely, sufficient and effective information to effectively protect investors' right to know.

During the reporting period, the Bank kept pace with regulatory developments to develop internal policies and procedures in line with the latest regulatory rules. Pursuant to the new *Securities Law (Revised in 2019)*, the *Guidelines of Shanghai Stock Exchange on Reporting of Insiders of Listed Companies* and other relevant laws and regulations, the Bank revised nine policies including the *Administrative Measures for Information Disclosure* and its supporting rules, further fortifying the compliance foundation for information disclosure. At the same time, the Bank kept improving its management mechanism for insider information, actively carried out relevant training, raised the compliance awareness of insiders, and properly registered insider information and insiders at critical time points, so as to prevent the risks of insider information divulgence and insider trading. During the reporting period, through self-investigation, the Bank was not aware of any circumstance where any insider traded the Bank's shares by virtue of insider information.

**Disclosing administrative 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 for Intranet Management of China CITIC Bank*, and promptly released important news about the Bank's operation and management on the premise of ensuring the security of confidential information. As at the end of the year, the Bank released over 120,000 pieces of information

on the intranet, a figure basically on par with that in the previous year, and earned about 14.52 million visits.

**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 "Open Day" mechanism, "President's Mailbox" "Listen to You" 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.

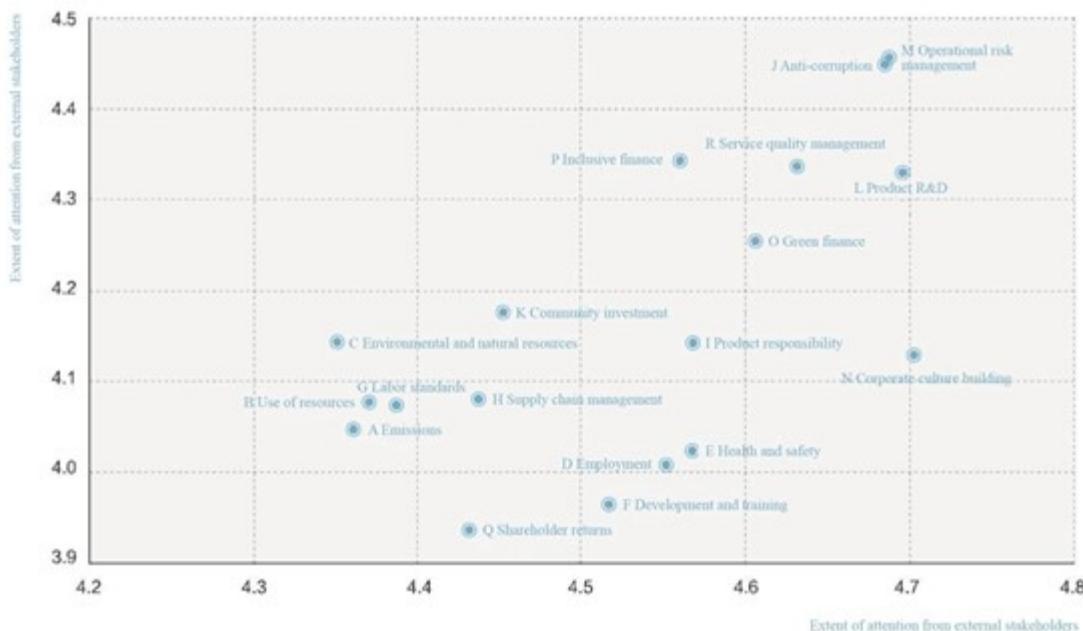
**Media release:** The Bank actively developed cooperation with media and disclosed the true news of the Bank to the public responsibly. As at the end of the year, the Bank released 75,394 pieces of relevant positive public opinions, up 49.11% compared with that in the previous year, including 3,525 pieces on print media, 62,650 pieces on online media, 628 pieces on radio and television media, 8,533 pieces on new media and 58 pieces on paper media.

**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 Intellectual Property of China CITIC Bank* and the *Management Measures for Advertising of China CITIC Bank*, continuously standardized the management and use of trademark, carried out daily monitoring of trademarks and domains and made timely trademark opposition against similar trademarks, to safeguard trademark rights and interests in accordance with the law. The Bank clearly stipulated 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 continued to intensify exchanges between its Senior Management and the market. Given the globally sweeping COVID-19, it held interim and annual results releases and road shows online, which offered a full account of the Group's business results and received positive feedback from investors. The Group maintained intensive communication with the capital market, communicated with investors and analysts through investment banking forum, strategy meeting, research and reception and other channels, and carried out reverse surveys with market investment research institutions and important corporate shareholders. In other words, it listened to the voices from the capital market and shareholders, and provided useful information and reference for the internal decision-making process through research reports. During the reporting period, the Group interacted with investors in creative ways, and opened up smooth communication channels with minority investors. Investor relations e-mail account, investor hotline and SSE E-interactive platform were used to communicate with investors and respond to matters of their concern promptly.

### III. Identification of Key Topics

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



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

#### IV. Management Performance

**Participation of the Board of Directors:** According to relevant rules of procedure, the topics of social and environmental responsibilities submitted by the Senior Management of the Group should be submitted to the Board of Directors for deliberation after a preliminary review by the Strategic Development Committee under the Board of Directors of the Group. Regarding the advice and suggestions put forward by the Board of Directors, the Senior Management should strengthen their implementation and give feedback to the Board of Directors. According to the Articles of Association and the applicable rules of procedures, when it is necessitated to hold an extraordinary meeting in case of an emergency, the Board of Directors can send a meeting notice on the phone or in other oral forms at any time. The Board of Directors of the Group evaluates the Bank's fulfillment of social responsibilities through reviewing and approving the annual report and annual sustainable development report according to regulatory requirements and relevant laws and regulations.

On March 26th, the 4th meeting of the Strategic Development Committee under the Fifth Board of Directors and the 12th meeting of the Fifth Board of Directors reviewed and adopted the *2019 Sustainable Development Report of China CITIC Bank*. According to relevant rules of procedure, the topics of social and environmental responsibilities submitted by the Senior Management of the Bank were submitted to the Board of Directors for deliberation after a preliminary review by the Strategic Development Committee of the Board of Directors. Regarding the advice and suggestions put forward by the Board of Directors,

relevant departments strengthened their implementation and gave feedback to the Board of Directors.

On October 8th, the Bank formulated the *Management Measures for Post-evaluation of Equity Investment Projects of China CITIC Bank Corporation Limited*, setting out that the post-evaluation of equity investment projects mainly involves the evaluation of social benefits and environmental impacts.

### **Case 3: A Board Meeting Convened Urgently to Decide on Donations for COVID-19 Response**

On January 26th, 2020, the Group urgently convened the 21st meeting of the Fifth Board of Directors, notifying directors of and reviewed and adopted the *Proposal for Donating to China Charity Federation in Support of its COVID-19 Prevention and Control Efforts*. The Board meeting agreed in the form of voting via phone call to donate RMB50 million to China Charity Federation for controlling the spread of the epidemic, treating the patients infected with the coronavirus, and protecting medical staff on the frontline of the fight.

**Evaluation mechanism:** The Bank continued to include “key topics of sustainable development” into the scope of performance evaluation indicators. These indicators include inclusive finance, financing for private businesses, green credit, poverty alleviation with financial services, service quality, consumer protection and public education, sustainable development data reporting<sup>7</sup>, completion of poverty alleviation and public benefit tasks<sup>8</sup>, etc.

**Information management:** The Group 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 Group 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 Group has engaged a third-party assurance institution to provide independent limited assurance over all important statements and key data in the Group’s social responsibility report and give advice and suggestions on social responsibility management to the Group. In 2020, PricewaterhouseCoopers Zhong Tian LLP made independent limited assurance over the *2019 Sustainable Development Report of China CITIC Bank Corporation Limited* and gave five key suggestions in two aspects to the Group. The Group 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 Group after finishing the assurance work.

**Awards:** The awards granted to the Bank in the reporting period include: “the People’s Corporate Social Responsibility Award: Model Poverty Fighter of the Year” by the website people.cn; “the Socially Responsible Enterprise of China in 2020” by the website

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<sup>7</sup>Sustainable development data reporting is designed to evaluate the passing rate of the social responsibility data reported by branches quarterly.

<sup>8</sup>Completion of poverty alleviation and public benefit tasks are designed to evaluate the direction, project initiation, examination, approval and compliance of external donations implemented by branches and budget execution rate.

xinhuanet.com; “One of the Top 100 Socially Responsible Enterprises Selected from the Chinese Banking Industry in 2019: Achievements in Helping Fight against the ‘Three Critical Battles’” by the China Banking Association; “the Outstanding Enterprise in Social Responsibility for 2020” by the *China Investment Network*; “the Excellent CSR Projects of China in 2020” by the *China Philanthropy Times*; “the Excellent CSR Projects of China in 2020” by *The Economic Observer*; and the “Social Responsibility Pioneer Bank in 2020” by the website hexun.com.

## Chapter II Development and Internal Control

### *The United Nations Sustainable Development Goals*



Key Performance Indicators	Unit	2020	2019
Total assets	in RMB hundred million	75,111.61	67,504.33
Total profit	in RMB hundred million	578.57	565.45
Value of social contribution per share	in RMB	5.25	4.96
Loan balance of micro and small enterprises	in RMB hundred million	3,024.94	2,042.55

National Strategies.....	P33
Financial Supervision.....	P38
Internal Control and Management.....	P41

In 2020, the Bank's total assets, loans and proprietary deposits all maintained growth. The total assets reached RMB75,111.61 hundred million, an increase of 11.27%; the total profit recorded at RMB578.57 hundred million, an increase of 2.32%; the operating income was RMB1,947.31 hundred million, an increase of 3.81%; the non-performing loan (NPL) ratio and provision coverage ratio were 1.64% and 171.68%, respectively.

## Section I National Strategies

### I. Responding to the Belt and Road Initiative

The Belt and Road Initiative (BRI) is advancing at greater depth and becoming more influential in the international community. The Bank intensified the implementation of differentiated regional strategies, and continued to improve the competitiveness of branches in key regions. On the premise of ensuring the authenticity of trade background, it expanded the traditional trade financing business with high-quality import and export enterprises, and gave priority to supporting the engineering letter of guarantee, export credit, and other cross-border investment and financing business needs under the under the BRI.

#### **Case 4: Support was Given to A Mainland Enterprise Going Global**

A Jiangxi-based enterprise is mainly engaged in non-ferrous metals production and processing. Its cathode copper output ranks the first in China and the second in the world. The company also comes at the forefront of the country by the output of gold and silver. In addition, its rare, precious, dissipated metals such as selenium, tellurium, rhenium, arsenic oxide as well as other products including lead and zinc and rare earth ore concentrate occupy a quite large market share in China. In 2019, the company launched the Pangu Project to acquire the 100% equity of an overseas firm. The Bank took the lead in forming a USD700 million-worth cross-border M&A syndicated loan for it. The Bank's share in the M&A loan was USD175 million and the actual drawdown amount reached USD167 million. Up to now, the company has completed the M&A deal, which enabled it to go global and have a greater say in the international market.

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

The Bank formulated the credit policy for the Beijing-Tianjin-Hebei region, which pointed out the directions in which credit resources would go. It actively implemented the *Outline for the Coordinated Development Plan of the Beijing-Tianjin-Hebei Region* and the *2018-2020 Development Plan of China CITIC Bank*. Seizing the strategic opportunities brought about by the coordinated development of Beijing, Tianjin and Hebei, the Bank increased credit supply, weighted more resource towards the region, strengthened coordination and cooperation, explored innovative models, controlled project risks, and extended credit accurately. At the same time, it tapped the most valuable customer groups, preferentially increased the support for emerging industries that were aligned with national strategies and regional industrial upgrading and transfer. Moreover, it resolutely phased out the customers lacking competitive edges and development prospects in the industries with overcapacity.

### **Case 5: Tianjin Branch Supported the Integrated Development of Beijing, Tianjin and Hebei**

The key Beijing-Tianjin-Hebei projects undertaken by Tianjin Branch were mainly distributed in the following fields: urban infrastructure construction, reconstruction of shantytowns in core areas, regional water conservancy, area reconstruction, urban rail transit construction, capital function dispersal and hidden debt swap. As at the end of the year, Tianjin Branch implemented 41 key projects with a total value of RMB29.5 billion. Of these, there were 13 loan projects with a total amount of RMB3.62 billion, most of which involved urban (park) infrastructure, integrated transportation, SOE mixed ownership reform, and energy supply; and 13 were investment banking projects totaling RMB18.06 billion, most of which were owned by the key enterprises undertaking infrastructure construction and rail transit projects in the coordinated development drive of the Beijing-Tianjin-Hebei region as well as the core subsidiaries of some central enterprises in Tianjin. Besides, the branch teamed up with CITIC Securities, China Securities and member units within the Group to form a CITIC consortium, underwriting local debts of Tianjin totaling RMB7.8 billion.

### **III. Support for the Construction of Yangtze Economic Belt**

Centered on the strategy of the state to build the Yangtze River Delta into a “region with the strongest comprehensive strength in China”, the Bank took root in the local market, exerted its advantages in coordination, and strove to become the best comprehensive financial service provider in the region. Branches in the region seized the good opportunities arising from the region’s drive of building the integrated transportation networks, to increase support for infrastructure construction. The priority of their support was given to the infrastructure construction of the four nets (land, water, air, and information). Meanwhile, they worked to snatch the high-quality assets in mid-to-long term, and improved the asset stability and profitability. They selected quality projects strictly to give cooperation in accordance with the principles of “seeking compliant and orderly operation, full coverage of cash flow, risk-based pricing, and reasonable income level”. With attention focused on meeting people’s basic needs, they actively supported the health, education, medical care and other fields that were important to people’s well-being.

### **IV. 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 RMB3,098.64 hundred million, an increase of 22.61%, which accounted for 15.69% of corporate loans, up by 1.45 percentage points from the end of previous year.

**Table 5: The Bank’s Loans by Sector**

<b>Industry</b>	<b>2020</b>		<b>2019</b>	
	<b>Loan balance (in RMB hundred)</b>	<b>Proportion of loans (%)</b>	<b>Loan balance (in RMB hundred)</b>	<b>Proportion of loans (%)</b>

	<b>million)</b>		<b>million)</b>	
Manufacturing	3,098.64	15.69	2,527.23	14.24
Transportation, warehousing and postal services	1,273.33	6.45	1,393.39	7.85
Production and supply of power, gas and water	600.12	3.04	406.72	2.29
Wholesale and retail	1,480.20	7.49	1,454.77	8.20
Real estate development	2,655.49	13.45	2,700.69	15.22
Water conservancy, environment and public utility management	3,366.67	17.05	2,636.37	14.86
Leasing and business services	4,122.10	20.87	3,397.04	19.14
Construction	979.97	4.96	939.06	5.29
Public and social organizations	106.28	0.54	125.88	0.71
Others	2,067.19	10.47	2,165.30	12.20
Total corporate loans	19,749.99	100.00 <sup>9</sup>	17,746.45	100.00

## V. Support for Industrial Development in the Key Areas Concerning Agriculture, Rural Area and Farmers

The Bank requires an active implementation of the Party Central Committee's decision-making and deployment and strictly implements regulatory policy requirements. Focused on the agricultural, rural areas and farmers (hereinafter referred to as "Sannong"), it adopted measures such as improving working mechanisms, strengthening institutional guarantees, and increasing credit supply, in a bid to support the industrial development in the key Sannong areas and create a good environment for the development of Sannong-related finance.

The Bank subsidized agriculture-related loans; formulated credit increment plans and made sure operating entities could fulfill their primary responsibilities as prescribed; included agriculture-related loans into the comprehensive performance appraisal of branches; further lifted the tolerance of agriculture-related loans; and distributed relevant management measures, which included the policy that those who have fulfilled their duties are not held accountable, so as to boost the initiative of frontline personnel in business development.

<sup>9</sup> Due to the "rounding off", the total of the above-mentioned "proportion of loans" exceeds 100%, this data shall prevail.

### **Case 6: Zhejiang Lin'an CITIC Rural Bank Co., Ltd. Supported Sannong Development with its Unique Advantages**

Since its commencement for business, Zhejiang Lin'an CITIC Rural Bank Co., Ltd. has always adhered to the market positioning of “supporting agriculture and small businesses”. In terms of credit supply, it channeled most of its loans to local customers, including farmer households, community residents, micro and small businesses, and self-employed individuals. As at the end of the year, its balance of agriculture-related loans reached RMB940 million, an increase of RMB158 million or 20.22% over the previous year; and its balance of loans to micro and small businesses stood at RMB1.227 billion, an increase of RMB239 million or 24.15% over the previous year.

Since the outbreak of COVID-19, the bank has formulated a number of policies, and adopted five major measures, that is, time-limited exemption for loan defaults, fee cut to give more to other sectors, opening of green credit channel, relaxed conditions for loans renewals without repayment of principal and allocation of special credit funds. These steps were aimed to vigorously support epidemic control and resumption of work and production. As at the end of the year, 536 existing customers were granted with loan interest deductions, which totaled RMB11.6448 million, with an average interest reduction per household posting RMB21,700. Consequently, the loan yield was 7.25%, 106 BPs lower than that at the beginning of the year. There were 369 loan renewals without repayment of principal, which amounted to RMB424 million. New loans to micro and small businesses amounted to RMB999 million, of which new credit loans totaled RMB219 million.

Considering that rural enterprises and micro and small businesses often have few fixed assets and poor guarantee capacity, the Bank gave full play to the competitive advantages of “chain finance” as a large-scale single product. With credit circulated along the supply chain, the coverage of agriculture-related poverty alleviation credit was expanded. The Bank promoted the banking-guarantee cooperation, by teaming up with the National Financing Guarantee Fund and accelerating the access of provincial financing guarantee institutions. The Bank moved faster to optimize business processes, and put standard products under list-based application, table-based investigation and standardized approval, with a view to unifying risk preference, reducing manual intervention and improving business efficiency. The Bank set up 176 county outlets nationwide, accounting for 12.5% of its total, which greatly supported the economic development at counties. As at the end of 2020, the balance of agriculture-related loans of the Bank stood at RMB338.752 billion, an increase of RMB36.867 billion compared with the beginning of the previous year.

### **Case 7: Supporting A Hog Production Enterprise**

A Qingdao-based enterprise planned to build a professional hog production project that would integrate feed processing, hog farming, slaughtering, segmentation, sales and transportation throughout the entire industrial chain. Based on the information gathered about the company and its support for the hog production industry, the Bank extended a comprehensive credit line of RMB110 million and a low-risk credit line of RMB20 million to the hog producer, and issued to it a working capital loan worth RMB100 million in two deals, which would be used for purchasing raw materials needed along the live pig production industry chain.

## VI. Actively Supporting the Construction of Major State Transportation and Water Conservancy Projects

In response to the policy for launching new infrastructure and new urbanization initiatives as well as major projects, the Bank actively supported the construction of projects in the fields of transportation and water conservancy, by offering credit financing and helping local governments issue bonds, for example. As at the end of the year, Kunming Branch and Changchun Branch of the Bank successfully assisted local governments in issuing special transportation bonds that covered railways, toll roads, rail transit projects, airports, etc., thus supporting infrastructure construction in the transportation field.

According to the plans for major water conservancy projects of the Ministry of Water Resources, the Bank formulated related project marketing guidelines, and instructed branches to provide water conservancy projects with comprehensive government and financial services. Fuzhou Branch, Zhengzhou Branch, Wuhan Branch, and others assisted local governments in issuing special water conservancy bonds, which covered reservoir and irrigation engineering, comprehensive improvement of river basins, water ecology restoration, urban sewage treatment, and other aspects, effectively supporting the infrastructure construction in the field of water conservancy.

## VII. Refinement of Loan Structure of Regional Economies<sup>10</sup>

As at the end of the year, the balance of loans granted by the Bank to the western region was RMB5,452.38 hundred million, an increase of 15.21%, accounting for 12.88%; the balance of loans to the eastern region was RMB29,598.86 hundred million, an increase of 11.08%, accounting for 69.90%; the loans to the northeast region amounted to RMB1,106.50 hundred million, an increase of 11.60%, accounting for 2.61%; and the balance of loans to the central region was RMB6,127.38 hundred million, an increase of 14.56%, accounting for 14.47%.

At the end of the year, the Bank had set up 256 outlets in the western region, which accounted for 18.22%, up 0.09 percentage point over the previous year. There were two new outlets, representing a growth rate of 0.79%. A total of 951 self-service machines were deployed, accounting for 16.72%, down 1.73 percentage points from last year. In the western region, the Bank had 7,911 employees, accounting for 14.34%, up 0.78 percentage point from the previous year.

**Table 6: The Bank's Loans by Region**

Region	2020	2019
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<sup>10</sup>Geographically, the “eastern region” specified herein corresponds to the “Yangtze River Delta”, “Bohai Rim Area (including the Headquaters)” 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.

	<b>Loan balance (in RMB hundred million)</b>	<b>Proportion of loans (%)</b>	<b>Loan balance (in RMB hundred million)</b>	<b>Proportion of loans (%)</b>
Eastern region	29,598.86	69.90	26,647.55	70.60
Central region	6,127.38	14.47	5,348.66	14.17
Western region	5,452.38	12.88	4,732.73	12.54
Northeastern region	1,106.50	2.61	991.53	2.63
Overseas	59.41	0.14	24.58	0.07
Total loans	42,344.53	100.00	37,745.05	100.00 <sup>11</sup>

### **Case 8: Supporting the Infrastructures Construction in the Western Region**

A Shaanxi-based enterprise is engaged in state-owned transportation infrastructure investment and operation in the province, mainly responsible for the construction, operation and management of provincial expressways and the development of road-related industries. As at the end of September 2019, the enterprise operated and managed 37 toll expressway projects with a total mileage of 2,878.80 km, accounting for more than 50% of the province's total expressway mileage. In 2020, the Bank extended to the enterprise a working capital loan worth RMB300 million.

## Section II Financial Supervision

### **I. Anti-money Laundering (AML)**

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 (PBOC) and the *Administrative Measures for Anti-money Laundering and Counter-terrorist Financing of Financial Institutions in the Banking Sector* of the 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

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

performance of responsibilities for the Bank's money laundering risk management.

The Bank continued to standardize the AML authorization system dynamically, changed the AML authority in a timely manner, promoted the close combination of authorization management, risk control, business development and operation efficiency, and organized branches to carry out self-inspection of AML authorization management. It revised six existing AML policies and formulated five new AML policies, further improving the AML systems. Meanwhile, it also further optimized the AML risk management system, added a "business and technology" double review mechanism, and renovated four types of system functions involving a total of 219 functional nodes. All these steps enabled the information system to better support business operations.

The Bank continued to carry out the AML audit against "new products, new businesses/channels, new requests for system construction and supporting systems" to get the AML requirements embedded more efficiently. A total of more than 350 AML audits were completed and more than 1,100 AML audit opinions were issued. The Bank promptly forwarded various resolutions made by the Ministry of Foreign Affairs of China and the UN Security Council.

The Bank continued to improve the quality of suspicious transaction reports, organized the Bank to strengthen the monitoring, identification and reporting of suspicious transactions, and gave full play to the centralized operation mode of the Head Office's AML monitoring center.

The Bank vigorously publicized AML and consumer protection, and continued to include AML into the bank-wide publicity campaign of consumer protection. Publicity leaflets, posters and video clips were produced. Over 20 multi-level AML training programs were conducted or attended in an orderly way, which included training organized by external organizations or regulators, internal onsite or video training, and WeChat classroom training, among other forms.

## **II. Anti-counterfeit Money**

The Bank examined and refined the counterfeit banknote identification, seizure and verification procedures, thus regulating the entire life cycle of counterfeit banknote management. The measures they had adopted included preparing anti-counterfeit money publicity materials, organizing awareness enhancement activities at places with large population flows such as business outlets, marketplaces and public transport hubs, and pushing the online knowledge quiz of the PBOC via the WeChat platform. These moves enabled the Bank to publicize the information on anti-counterfeit money and raise the anti-counterfeit money awareness among the public effectively. As at the end of the year, the Bank confiscated 7,463 counterfeit RMB, a decrease of 38.80% from the previous year; the total amount of counterfeit banknotes confiscated was RMB616,509, down 40.02% from the previous year.

## **III. Inclusive Finance**

The Bank actively supported the development of inclusive finance business, maintained the growth rate of inclusive loans, and enhanced the support for first loan customers, credit loans, manufacturing loans, and mid-to-long-term loans. The Bank prudently carried out inclusive finance credit granted to micro and small businesses, and stayed away from the enterprises that engaged in extensive operation, were keen on blind business expansion, deviated from the principal business in the pursuit of diversified operation, or had the problem of over-indebtedness.

**Table 7: List of the Bank's Inclusive Micro and Small Business Loans<sup>12</sup>**

	<b>2020</b>	<b>2019</b>
Balance of inclusive micro and small business loans (in hundred million yuan)	3,024.94	2,042.55
Number of inclusive micro and small business customers (in ten thousand person)	16.34	11.33

The Bank actively supported the development of micro and small businesses, took “developing inclusive finance and serving micro and small businesses” as one of its major strategies, and adopted gradual steps to establish an efficient service provision mechanism of being confident, willing and able to grant loans, which greatly alleviated the problem of difficult and unaffordable financing for micro and small businesses.

The Bank gave full play to the “baton” role of resource allocation, performance appraisal and incentive. All the dividends generated from a series of favorable policies such as targeted cut to required reserve ratio (RRR) and exemption from VAT were channeled to benefit micro and small businesses. At the same time, the Bank actively implemented a host of policy requirements such as making sure those who have fulfilled their duties are not held accountable, increasing risk tolerance and allowing deferred repayment on loan principal and interest, so as to ensure business “develop steadily”.

The Bank continued providing better financial services to micro and small businesses with the help of FinTech. Underpinned by such FinTech means such as blockchain, cloud computing, and facial recognition, it integrated big data in many domains including “micro and small businesses + micro and small business owners” and “basic data + behavioral data + transaction data” to build a “CITIC Easy Loan” product lineup with basic products, industrial chain finance and personalized products at the core. The Bank actively promoted the online operation of customer service channels, where mobile banking, online banking, portal, WeChat banking constituted as the mainstay. At the same time, it automated its business flows, and developed the digital marketing system, self-service loan application system, automatic loan approval system, intelligent post-loan management system and self-support loan disbursement system. All of these systems were aimed to solve the problems under the traditional mode, so that micro and small businesses could apply for loans and draw funds conveniently and business personnel could approve and manage loan applications effortlessly.

The Bank continued to increase support for key links and weak areas such as first-time loans, credit loans, loan renewals without repayment of principal, manufacturing loans and financial poverty alleviation loans. It actively optimized the business structure of inclusive finance, serving micro and small businesses with quality and efficiency further assured. The Bank developed online credit loan products such as “Logistics e-loan”, “Banking-taxation e-loan”

<sup>12</sup>According to the statistical caliber of the CBIRC, the loans mean micro and small business loans and those issued to privately owned businesses and micro and small business owners with a total credit limit for a single account of below RMB10 million (inclusive).

and “Tariff e-loan”, all of which supported full-process online operation. At the same time, it carried out rigid assessment, by linking inclusive finance indicators to persons-in-charge of operating entities. The move, thus, achieved good results.

The Bank constructed a distinctive risk management system, which could increase the sustainability of business development following the market-based, lawful principle. The Head Office-level uniformity was realized on six fronts, that is, policy, process, product, system, risk and brand, and the branch-level concentration was achieved in four stages of loan, that is, review, approval, disbursement and post-lending management. This design could not only bring risks under efficient control, but also improve business efficiency significantly.

### **Case 9: Supporting the Development of Small Enterprises**

A Huizhou-based catering enterprise operates a seafood restaurant that is quite famous among local people. Since recent years, the restaurant has operated well with business blooming. On the eve of the 2020 Chinese Spring Festival, it hoarded a large amount of seafood and other ingredients for the upcoming peak reason, as it had done in previous years. However, the abrupt outbreak of COVID-19 completely suspended the restaurant from business. As a result, the huge seafood could not be sold or consumed in time, which caused great losses to the enterprise and sent it into a liquidity crunch. Informed of the situation, the Bank immediately formulated a comprehensive credit plan to provide the restaurant with a working capital loan worth RMB2 million. Furthermore, the customer was also exempted from the mortgage registration and evaluation fees, a move that effectively reduced its comprehensive financing cost.

## Section III Internal Control and Management

### **I. Comprehensive Risk Management**

During the reporting period, the Bank vigorously built a sound risk compliance culture, continuously improved the comprehensive risk management system, enhanced risk management policies and systems, and did well in optimizing credit business flows and exercising uniform risk control. It started to establish a principal responsible person mechanism, an accountability system where responsibilities would be made clear in advance and persons responsible be held accountable after risk events occurred, and a responsibility management mechanism where duties, powers and interests could match with each other and customer operation and risk management remain consistent. The Bank improved the credit approval procedures, reinforced risk forewarning management, improved the comprehensive evaluation system of risk management, strengthened cross-financial risk management, and properly handled market fluctuations.

**Overall plan:** The objective of risk management is to create value 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. The Bank is dedicated to establishing a comprehensive, uniform, independent, professional risk management system. 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, performed the duties of “three lines of defense”, 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 steady improvement of risk management in terms of quality and efficiency.

**New capital management:** The Bank made sure the new capital management could meet the overall objective of “complying with the regulatory requirements for the implementation of new capital management measures and raising the comprehensive risk management standards significantly”. 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 accord. It constantly regulated the structure of comprehensive risk management, improved 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 of risk management. As a result, the overall performance of risk management was improved systematically.

**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, improving 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 actively promoted the first line of defense to perform its duties better and the second and third lines of defense to operate coordinately. It sorted out and optimized the standardized procedures, looked for the weakness of the current procedures 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 continuously improved its technology risk management policies, by revising two related policies in 2020. It undertook on-site inspection and rectification of problems. The Bank conducted on-site information security inspections on branches and onsite inspections on the Head Office, thus identifying and improving the weaknesses in the information technology management. The Bank finished screening special risks to guarantee wireless network security and application system information security, and wrapped up the annual graded protection evaluation. It conducted the annual information technology risk evaluation and the specific evaluation on information technology outsourcing risks, with an aim to raise risk forestalling standards continuously.

**Liquidity risk management:** The Bank maintained liquidity risks at a moderate level, implemented prudent and coordinated liquidity risk management strategies, continued to optimize the total assets and liabilities and maturity structure, and actively responded to market fluctuations, effectively ensuring the liquidity safety across the board.

**Interest risk management:** The Bank closely followed up with the changes in monetary policy and fiscal policy, strengthened the prediction of market interest rate trends and the

simulation analysis of customer behavior changes, and made forward-looking adjustments to countermeasures. Comprehensively using gap analysis, sensitivity analysis, stress testing and other methods, it monitored the risk exposure levels and changes from many dimensions such as repricing gap, maturity, net interest income fluctuations and economic value fluctuations. The Bank flexibly employed price guidance, maturity management, size limit and other management tools to ensure the interest rate risk exposure in the banking book could remain overall stable.

**Intellectual property protection:** The Bank attached high importance to the use of legal office software, and consistently enhanced the management of legal software. The Bank revised the *Management Measures for Outsourced Software Products of China CITIC Bank* to further specify the organizational division of labor, job duties and working processes of software legalization, and indicate the person in charge of software legalization at each branch or institution. It refined the requirements for the whole life cycle management of commercial software products, including introduction management, check & acceptance and release management, software use management and technical support, upgrade management and exit management. In terms of free software management, the Bank promoted the compilation of black and white lists, implemented terminal control measures, promoted the construction of unified media distribution channels, and explored how to bolster weak links in software licensing by promoting the use of self-developed and open source software. Besides, it regularly carried out legal software publicity and training, including legal software training into the orientation of new employees, and continuing to offer in-service employees legal software training.

## II. Internal Compliance

The Bank always follows the overarching principle of pursuing progress while ensuring stability. It keeps strengthening the internal control and compliance management mechanism, and endeavors to fulfill the management objective of “Safe CITIC Bank” by enhancing the capability of compliance risk management, cementing the foundation for compliance governance and boosting the efficiency of compliance governance. During the reporting period, the Bank emphasized the management requirements for a tier-one legal person across the board. It put the annual authorization under the further “differentiated, science-based and meticulous” management, and further advocated granting of differentiated authorization to branches located in three major regions. It revised authorization rules, established and improved the review mechanism for exercise of delegated powers at Head Office and branch levels, refined the rules for exercise of power and discharge of duties, strengthened the responsibility for follow-up supervision over the exercise of delegated power, and clarified the authorization management mechanism for subsidiaries and continued to improve the authorization management rules. It also brought discipline to authorization management at all levels of institutions and made timely and dynamic adjustment to authorization to further standardize management and increase business efficiency.

The Bank organized all employees to find out problems in policies and put forward governance suggestions, and urged the Head Office departments to assess suggestions and examine policies in line with the requirements of deepening compliance, controlling risks, optimizing processes, strengthening connection and facilitating implementation. As a result, it effectively prevented and controlled risks at the source. Meanwhile, the Bank continuously improved the fraud case prevention and behavior management system. In line with regulatory requirements and risk priorities, the Bank revised and issued a number of policies on case prevention and employee behavior management, released risk alerts for problems identified in internal and external inspections, and conducted regular investigation and monitoring of

unusual employee behaviors. The Bank cooperated with all business lines and departments to carry out bank-wide warning education, and continuously standardized and deepened the fraud case prevention and employee behavior management across the board. As at the end of the year, the Bank revised or release 507 policies, issued 60 normative documents, optimized 53 system functions, and dynamically adjusted business authorization for 102 times.

### **III. Internal Audit**

While engaging in internal audits, the Bank focused on supervising the implementation of major decisions, important plans, key tasks, and important systems. The priority of its audit work went to the implementation of real estate regulation and pro-manufacturing policies. Followed up with and examined the latest requirements of the PBOC, the CBIRC, the State Administration of Foreign Exchange (SAFE), and other regulatory agencies, the Bank conducted "Regulatory focus". The major purposes of internal audits were set to forestall and mitigate material risks, increase audits on key risk fields, keep a close eye on asset quality, overall risk deviation, and large-amount risk exposure, closely track risks arising from key businesses and products, and intensify audit on centralized procurement business. As at the end of the year, the Bank completed 104 economic responsibility audits and 46 comprehensive and special audits, and issued 22 audit reports and 20 audit tips.

### **IV. Integrity and Anti-corruption**

The Bank revised the *Management Measures for Employee Violations of China CITIC Bank*, with reference to the *Law of the People's Republic of China on Administrative Discipline for Public Officials*. 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 continued to strengthen regular warning education, by circulating typical cases, reporting typical cases of violation of discipline and law, developing training courseware, and taking other ways. The Bank paid close attention to discipline and accountability, continued to strengthen the fear to be corrupt, and further improved the inspection tour work mechanism towards regular, up-to-standard, and vertical operation.

## Chapter III Green Banking and Environmental Protection

### *The United Nations Sustainable Development Goals*



Key Performance Indicators	Unit	2020	2019
Balance of green credit loans	in RMB hundred million	661.95	651.48
Substitution rate for personal e-banking transaction volume	%	99.54	99.37
Purchased electricity	in MWh	235,628.41	244,955.36

Green Credit.....P46

FinTech.....P49

Carbon Footprint.....P50

The Bank has attached great importance to the signing of the *Paris Agreement* by the Chinese government and its policy orientation, realized that climate change has begun to bring about both risks and opportunities to the development of the banking industry, and identified environmental and social risks related to energy consumption, pollution and climate change.

## Section I Green Credit

### I. Identifying Environmental Risks

The Bank formulated the *Measures for Categorized Management of Environmental and Social Risks of China CITIC Bank Corporation Limited*, comprehensively launching the classification of environmental and social risks of credit customers and projects, and conducting dynamic assessment of such risks. For category-A and category-B customers with relatively high risks, it was required to strengthen full process management, including pre-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 environmental and social 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, and reducing loans to existing customers that did poorly in implementing environmental and social policies.

### II. Green Credit

The Bank continued to implement national industrial policies and included green finance into its strategic plan. It formulated green finance credit policies and identified the direction and objectives of the green finance business. In 2020, the Bank carried out related industrial policies and regulatory requirements and accelerated the structural adjustment of green credit; meanwhile, it explored innovative green business models, enlarged credit input into

low-carbon economy, circular economy, transformation, upgrade and technical renovation of enterprises engaged in energy saving and environmental protection, and green ecology, and increased the proportion of the green finance business. As at the end of the year, the Bank recorded a balance of green loans<sup>13</sup> of RMB66.195 billion, up 1.61%.

### **Case 10: The Bank Supported a Waste Treatment Enterprise**

A waste-to-power enterprise based in Sichuan was engaged in providing safe, stable and economic services in urban domestic waste treatment for medium and small cities, so as to improve comprehensive resource utilization, promote energy saving and emission reduction, and develop circular economy. The Bank offered it a RMB350 million fixed-asset credit line for development of Neijiang power generation project through urban domestic waste incineration. Upon completion, the project would treat 1,400 tons of waste daily.

### **Case 11: The Bank Supported a Mine Environmental Remediation Project**

A Shandong-based enterprise in comprehensive treatment and environmental remediation of mines is currently engaged in treatment of abandoned mining pits in mountain areas in southern Linzi District. The project is mainly about cleaning and leveling of abandoned mining pits in a chemical area and local geological environmental treatment and remediation until satisfaction of conditions for pure land transfer. The Bank offered the project a RMB50 million credit line and processed the withdrawal, providing effective financing support for the environmental improvement and ecological remediation in Linzi.

### **III. Industries Featuring “Heavy Pollution, High Energy Consumption and Overcapacity”<sup>14</sup>**

The Bank strictly controlled loans granted to sectors featuring “heavy pollution, high energy consumption and overcapacity”, offered differentiated support for premium enterprises with superior technology, high efficiency, growth potential and market, resolutely implemented the “veto” system in the environmental protection so as to guide credit resources further towards industries and enterprises of low energy and resources consumption, low pollution and low emission, and increased the proportion of the balance of such credit. The Bank implemented different policies and adopted differentiated measures (such as “supporting, maintaining, reducing and exiting”) to industries with heavy pollution, high emissions and severe overcapacity. It continued to support premium enterprises with superior technology, high efficiency, growth potential and market, and formulated plans as soon as possible to gradually reduce loans to and even exit from other enterprises. For enterprises which the Bank found it difficult to reduce loans to and exit from in the short term, it took methods such as maintaining the existing credit or increasing mitigation, and exited when appropriate.

<sup>13</sup> 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.

<sup>14</sup> Statistical scope is based on the category names as per the *Industry Classification of the National Economy (GB/T 4754-2011)*.

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

“Heavy pollution, high energy consumption and overcapacity” industries	2020		2019	
	Loan balance (in RMB hundred million)	Share in corporate loans (%)	Loan balance (in RMB hundred million)	Share in corporate loans (%)
Steel <sup>15</sup>	247.24	1.25	206.31	1.16
Cement <sup>16</sup>	72.73	0.37	31.70	0.18
Coke	1.81	0.01	4.57	0.03
Copper smelting	15.40	0.08	9.93	0.06
Aluminum smelting	112.44	0.57	101.18	0.57
Lead and zinc smelting	3.06	0.02	3.80	0.02
Thermal power generation	114.89	0.58	107.81	0.61
Total	567.57	2.87 <sup>17</sup>	465.30	2.6218

**Case 12: The Bank Supported Technical Renovation of a Heavily Polluting Enterprise**

A Jiangsu-based steel enterprise invested RMB8.5 billion in five technical renovation projects such as improving desulfurization and denitration technology. Jiangsu Branch, as a participation bank with the largest share in parallel, participated with RMB800 million loans, RMB150 million of which had already been granted. The project is helpful for improving local air environment, and after renovation, SO<sub>2</sub> emission will be cut by 24,263 t/y, NO<sub>x</sub> emission reduced by 33,794 t/y, and dust emission decreased by 3,689 t/y.

**Case 13: The Bank Supported a Steel Enterprise for Normal Operation**

Kunming Branch practiced differentiated treatment and combined support and control for risk management over industries featuring heavy pollution, high energy consumption and overcapacity, actively offered financial services for “reducing excessive capacity”, established the name-list system, tightened post-loan management, and broadened the coverage of risk warning. It extended a Kunming-based steel enterprise a general credit line of RMB300 million. Since 2016, the enterprise has shut down three iron-making blast furnaces and four steel-making converters, and reduced pig iron capacity by 1.25 million tons and crude steel capacity by 2.8 million tones, fulfilling the task of phasing out excessive capacity four years ahead of schedule.

<sup>15</sup> Steel industries include: iron making, steelmaking, non-ferrous metal casting, steel rolling and ferroalloy smelting.

<sup>16</sup> Cement industries include: cement manufacturing and cement products manufacturing.

<sup>17</sup> Due to the "rounding off", the total of the above "proportion in company loans" exceeds 2.87%, this data shall prevail..

<sup>18</sup> 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.

## Section II FinTech

The Bank strived to reduce the number of printed paper vouchers and visits made by customers through Internet finance while providing customers with convenient financial services. Its 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. In 2020, the Bank continued to make its online banking system more user-friendly, activated the new input function that supported rarely used characters, added the log-in information for mobile banking, completed the upgrade for full compatibility with the new browser of Macs, and rendered refined USB Key upgrading service. By the end of the year, the number of personal online banking customers reached 52.9977 million, up 12.66%; the amount of personal online banking transactions stood at RMB7,071.144 billion, down 19.70%; the number of personal mobile banking customers and the amount of relevant transactions reached 51.8751 million and RMB10,523.453 billion, up 13.19% and 20.66% respectively; the substitution rate for personal e-banking transaction volume was around 99.54%, up 0.17 percentage point over the previous year.

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

	2020	2019	Change(%)
<b>Personal e-banking business</b>			
Number of personal online banking customers (in ten thousand people)	5,299.77	4,704.38	12.66
Amount of personal online banking transactions (in RMB hundred million)	70,711.44	88,062.60	-19.70
Number of personal mobile banking customers (in ten thousand accounts)	5,187.51	4,582.87	13.19
Amount of personal mobile banking transactions (in RMB hundred million)	105,234.53	87,212.28	20.66
Number of personal mobile banking transactions (in ten thousand)	24,781.15	23,602.15	5.00
<b>Corporate e-banking business</b>			
Amount of corporate online banking transactions (in RMB hundred million)	1,071,801.37	646,990.31	65.66
Number of corporate online banking transactions (in ten thousand)	13,281.30	9,721.17	36.62

The Bank developed the mobile banking version 7.0 and launched the new model of “1+5” exclusive services, which, on the basis of the standard version, provided particular visual effect, distinctive services and new scenario experience for the five customer groups of financial customers going overseas, elderly customers, high-net-worth customers, micro and small business owners and foreigners.

The Bank innovatively launched the Target Profit product that automatically took profit,

offered individualized online wealth experience and asset allocation services for affluent customers, realized fully online sales of products of its wealth management subsidiary, enabled appointment for best-selling products, and launched the Weekly Deposit product.

Centered on customer demand, the Bank opened ecological construction and realized rapid docking and scene integration with hundreds of partners through Open Bank. The Bank made efforts to explore service upgrading in model, quality and ecosystem.

The Bank coordinated personal loans on all the fronts, realized online design of multiple scenarios including credit, pledge and mortgage, pre-credit and pre-approval, marketing support, personal loan scenarios in life and video interviews, and promoted the whole-process and closed-loop operation of mini apps and mobile banking.

It launched an app for micro and small businesses and supported use by de facto controllers of enterprises, legal persons of merchants and individuals. The app consisted of four sections including homepage, loans, wealth management and operation, covered five scenarios such as collection and payment, tax and social security, offline service, cross-border service and salary slip inquiry, and enabled such exclusive services as commercial paper e-Loan, authorization for personal credit investigation and maximum-deposit contract signing.

The Bank provided a total of 96 localized services, such as provident fund payment, social security and medical insurance services, and regionally distinctive campaigns of discount, for customers in 150 cities, including the majority of tier-one and tier-two cities nationwide.

It listened to feedback of customers and community-level outlets in various channels and solved 203 pain points for online customers in total. By promoting the ultimate experience design for products and services, it developed satisfactory and enjoyable experience for customers.

### 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 has always advocated "green office" and formulated relevant rules and regulations to reduce resource consumption and emissions.

#### I. Disposal of Hazardous Wastes

The Bank continued to standardize the scrapping and disposal of electronic office equipment. It stuck to the principle of disposal in compliance and introduced unified disposal service suppliers through public bidding. "Unified disposal standards, environmental protection

standards and disposal procedures” were strictly practiced across the Bank. Lead-acid batteries were recycled by environmentally qualified suppliers, and hard disks were scrapped and recycled after demagnetization or physical disruption.

## **II. Disposal of Harmless Wastes**

For the disposal of domestic/kitchen wastes, the canteens of the Bank provided reusable plates, and classified and recycled relevant wastes. Scrapped electronic and electrical products were recycled by professional service suppliers with related environmental protection qualifications.

## **III. Advocacy of Green Office**

**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 ever-lasting lamps, 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 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.

**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 record; implemented the vehicle operation approval system, which required that official vehicles should not stay at personal residences overnight or be used for private purposes during festivals, public holidays, or after work on weekdays. Moreover, the Bank prohibited speeding during driving, and required that reasonable plans be made according to the number of passengers, routes to destination and weather conditions to ensure routes were rational and information was accurate and free from errors, and that vehicles be checked before driving to ensure they were in good conditions.

**Advocating gas saving:** The Bank regularly checked natural gas pipelines to prevent leaks and handled defective pipelines promptly.

## **IV. Green Procurement**

The Bank’s credit cards recovered from customers accounted for around 3.57% of all the

cards issued by the Bank. The current paper business cards used by the Bank were made with environmentally friendly paper.

## V. Protection of Biodiversity

The Bank established one outlet (with an area of 1,160 square meters) in Hangzhou Bay New Zone (a national wetland reserve), Ningbo, Zhejiang Province, Xikou Subbranch (with an area of 345 square meters) in Xikou Town (national 5A scenic spot) in Fenghua, Ningbo, Zhejiang Province, and one outlet (with an area of 600 square meters) in Boshan District (a provincial-level nature reserve) in Zibo, Shandong Province.

### **Case 14: The Bank Supported An Alligator Sinensis Protection Project**

An Anhui-based enterprise launched a lake water environmental improvement project for alligator sinensis in Xuancheng, which was located to the south of Shuiyangjiang Road and east of Xunhua Road in downtown Xuancheng and covered a water area of 80 hectares. The project, mainly consisting of water body improvement, water replenishment and waterfront construction, would comprehensively optimize the water body and help the national endangered species alligator sinensis reproduce and survive sustainably. CITIC Ma'anshan Branch granted the enterprise RMB30 million fixed asset loans to assist with the environmental protection and pollution treatment

## VI. Environment-friendly Decoration

The Bank required branches to pay attention to environmental protection, health protection and comfort, and safety and compliance in design and material selection, enhance the quality awareness, set up control mechanisms and effectively reduce dust and noise, so as to minimize the negative impacts of relocation and renovation of their outlets on the environment.

### **Case 15: The Bank Performed Environmental Responsibilities in Decoration**

CITIC Suzhou Branch signed an agreement with its constructor on environmental and social responsibilities for decoration in the construction project. According to the agreement, the contractor shall specify the measures for environmental protection in the construction organization design, and adopt feasible precautions against possible air, water, noise and solid waste pollution during the decoration. The constructor shall bear tort damages in environmental pollution caused for its own reasons. In the case of complaints due to failing measures in dust and noise reduction, the employer shall request the contractor to take rectification measures and the contractor shall pay liquidated damages. Before acceptance, the contractor shall clean the site to meet the requirements of the supervisor and the employer, and assume the losses and penalties incurred by violation of related rules.

## VII. Key Performance

**Purchased electricity:** Purchased electricity was the biggest carbon emission source of the

Bank. As at the end of the year, the Group purchased 235,628.41MWh electricity, down 3.81% from the previous year, converted to emissions of around 142,200 tons CO<sub>2</sub> equivalents, accounting for approximately 95.99% of the Bank's total carbon footprint. Per capita electricity purchased was around 4.00 MWh, down 6.80% from the previous year.

**Fuel consumption of official vehicles:** By the end of the year, the Group purchased around 1.6706 million liters of gasoline for all its official vehicles, down 10.84%, converted to emissions of around 3,547.13 tons CO<sub>2</sub> equivalents.

**Discharge of wastes:** By the end of the year, total hazardous wastes and harmless wastes discharged by the Group were 320.60 tons and 1,237.31 tons, up 4.39% and down 0.15%, respectively.

**Table 10: Statistics on Discharged Environment Pollutants**

Data on Discharged Pollutants		
Performance Indicators	2020	2019
Sulphur dioxide (in ton) <sup>19</sup>	0.02	0.03
Nitrogen oxides (in ton) <sup>20</sup>	0.60	0.73
Total greenhouse gas emissions (in ton) <sup>21</sup> (Category I and Category II)	148,155.81	162,564.21 <sup>22</sup>
Per capita greenhouse gas emissions (in ton/person)	2.52	2.85
Greenhouse gas emissions per square meter of floor area (in ton/square meter)	0.06	0.07
Greenhouse gas emissions per RMB hundred million income (in ton/RMB hundred million)	76.08	86.66
Direct greenhouse gas emissions (Category I) (in ton) <sup>23</sup>	5,939.02	7,118.49
Fuel consumption of official vehicles	3,547.13	3,978.44
Diesel for facilities	38.52	16.45
Natural gas	1,768.75	2,876.84
Gas	45.08	37.63
Liquefied petroleum gas	539.54	209.13
Indirect greenhouse gas emissions (Category II) (in ton) <sup>24</sup>	142,216.79	155,445.73

<sup>19</sup> 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.

<sup>20</sup> 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.

<sup>21</sup> 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).

<sup>22</sup> 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.

<sup>23</sup> Direct greenhouse gas emissions recorded herein were calculated according to the *2006 IPCC Guidelines for National Greenhouse Gas Inventories (2019 Revision)* released by the Intergovernmental Panel on Climate Change (IPCC).

<sup>24</sup> Indirect greenhouse gas emissions were calculated according to the *Grid Baseline Emission Factor for China of Emission Reduction Project of 2019* 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 or the UK, and the data of Lhasa Branch and London Branch about purchased electricity had little impact and was of relatively low importance, the purchased electricity of the branches was not included in the statistics on greenhouse gas emissions.

Purchased electricity	142,216.79	155,445.73
Total hazardous wastes (in ton) <sup>25</sup>	320.60	307.11
Per capita hazardous wastes (in ton/person)	0.0054	0.0054
Total hazardous wastes per square meter of floor area (in ton/square meter)	0.00013	0.00014
Total hazardous wastes per RMB hundred million income (in ton/RMB hundred million)	0.16	0.16
Total harmless wastes (in ton) <sup>26</sup>	1,237.31	1,239.14
Per capita harmless wastes (in ton/person)	0.021	0.022
Total harmless wastes per square meter of floor area (in ton/square meter)	0.0005	0.0006
Total harmless wastes per RMB hundred million income (in ton/RMB hundred million)	0.64	0.66

**Table 11: Statistics on Energy Consumption**

Energy Consumption Data		
Performance Indicators	2020	2019
Total energy consumption (in MWh) <sup>27</sup>	262,078.40	277,205.23
Per capita energy consumption (in MWh/person)	4.45	4.86
Energy consumption per square meter of floor area (in MWh/square meter)	0.11	0.12
Energy consumption per RMB hundred million income (in MWh/RMB100 million)	134.58	147.78
Direct energy consumption (in MWh) <sup>28</sup>	26,449.99	32,249.87
Fuel consumption of official vehicles	14,490.08	16,251.99
Diesel for facilities <sup>29</sup>	146.51	62.56
Natural gas	9,045.65	14,712.55
Gas	335.37	279.96
Liquefied petroleum gas	2,432.38	942.81
Indirect energy consumption (in MWh) <sup>30</sup>	235,628.41	244,955.36
Purchased electricity	235,628.41	244,955.36

<sup>25</sup> 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.

<sup>26</sup> The harmless wastes mentioned herein were all handed over to recycling companies for disposal, mainly including scrapped office paper and scrapped hard disks.

<sup>27</sup> Total energy consumption mentioned herein includes direct and indirect energy consumption.

<sup>28</sup> The data on direct energy consumption in this report was 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.

<sup>29</sup> Diesel for facilities refers to the diesel consumed by standby generators and a small number of stoves.

<sup>30</sup> 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**

Data on Other Resource Consumption		
Performance Indicator	2020	2019
Tap water consumption (in ton)	2,578,514.34	2,448,094.84
Per capita tap water consumption (in ton/person)	43.79	42.92
Tap water consumption per square meter of floor area (in ton/square meter)	1.05	1.09
Tap water consumption per RMB hundred million income (in ton/RMB hundred million)	1,324.14	1,305.07
Total packing materials used by finished products (in ton) <sup>31</sup>	49.52	215.31
Total packing materials used by finished products per RMB hundred million income (in ton/RMB hundred million)	0.03	0.11

### VIII. Other Performance

**A4 copy paper:** By the end of the year, the Group purchased a total of 534,300 packs of A4 copy paper, up 0.78%, converted to emissions<sup>32</sup> of around 1,276.97-ton CO<sub>2</sub> equivalents; per capita A4 copy paper purchased was around 9.07packs, down 2.32%.

**Paper statements:** By the end of the year, the Bank issued a total of 424 million credit card statements, up 9.41%; the substitution rate for paper statements was 99.98%, up 0.42 percentage point over the previous year, which equaled to a decrease in issued paper statements of 423 million, converted to 8,469-ton paper equivalents<sup>33</sup>. Among that, the number of paper statements totaled 97,000, converted to emissions of around 2-ton CO<sub>2</sub> equivalents, down around 99%.

**Municipal water consumption:** By the end of the year, municipal water consumption by the Group reached around 2,578,500 tons, up 5.33%; per capita municipal water consumption was around 43.79 tons, up 2.04%.

**Video conferencing:** By the end of the year, the Bank held 4,974 video conferences in total, down 6.08%; the duration of these conferences totaled 16,847.19 hours, up 1.05%. Among that, 711 were convened at the Head Office, up 11.97%, and the duration of such conferences totaled 1,846.24 hours, up 6.27%. 4,263 were held by branches, down 8.54%, and the duration of such conferences totaled 15,000.95 hours, up 0.44%.

<sup>31</sup> Packing materials mentioned herein mainly include paper cash bags and paper envelopes.

<sup>32</sup> 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.

<sup>33</sup> Calculation standard: Each paper statement weighed 20g.

## Chapter IV Employees and Society

### *The United Nations Sustainable Development Goals*



Key Performance Indicators	Unit	2020	2019
Outlets	in number	1,405	1,401
Self-service terminals	in set	5,687	6,243
Total employees	in person	55,154	53,703
Donations	in RMB ten thousand	7,815.64	3,165.86
Volunteer activities	in number of times	226	253

Customer Service.....P57

Employee Development.....P63

Community Development.....P68

## Section I Customer Service

### I. Service Capacity

**Service channels:** In 2020, the Bank had 1,405 outlets in 153 large and mid-sized cities of China's mainland, an increase of 4 outlets, or 0.29%, compared with the previous year; the number of self-service terminals decreased by 8.91% to 5,687, covering all the provincial-level regions. Through these outlets and self-service terminals, the Bank enriched the local financial ecosystem, met the financial needs of local residents, and supported 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 kept optimizing the model of regional total outlets, adopted third-party information collection and microsite selection model, and took into full consideration neighboring residents, office workers, commercial facilities and traffic status to relocate 64 outlets, making the outlet layout more scientific and reasonable. The Bank continued 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 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 orderly 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 continued to improve the information security systems and revised related specifications such as the *Management Measures for Information Security* and the *Measures for Security Management of Electronic Data of China CITIC Bank*. It kept tightening measures in cybersecurity and application security, implemented multiple risk investigation programs such as cybersecurity self-inspection, information security investigation in application systems and risk screening for data security, and actively rectified the problems and potential hazards detected.

The Bank took various measures to enhance protection of customer information, such as desensitizing customers' personal information, asset information, account balance and other sensitive information. We have increased prevention and control measures on network boundaries and key nodes, deployed multi-layer network security equipment. Also, we strengthened control of employees' office computers to prevent illegal access and data

copying. Based on the principles of "business needs" and "least privileges", we authorized users' application system and data management. Besides, we continue to carry out sensitive data screening and information security risk investigation to improve the effectiveness of customer information protection measures.

**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 business, the Bank has risk warning statements prompted at major transaction steps such as transfer over smart counters, and has risk reminders posted at outlets. 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 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 24/7 remote monitoring. Filed and off-field patrols are conducted regularly, and once any suspicious person, device or situation is detected, the surveillance center will immediately notify the security personnel patrolling nearby, and report the case to the "110" police service center.

#### Case 16: The Bank Helped a Customer Recover an Overseas Remittance

On May 14<sup>th</sup>, 2020, China CITIC Bank Wuxi Branch successfully helped a customer recover an overseas remittance valued EUR77,000 out of a telecom fraud, and managed to save customer the loss. On May 11<sup>th</sup>, the customer submitted an outward remittance application and finished the outward procedure on the afternoon of the day. Later that night, the customer called to claim the remittance a telecom fraud and asked to terminate the payment urgently and recover the fund. As the international business system was already closed that late on the day, it was impossible to ask the accounting bank to terminate the payment urgently. The Branch immediately activated the collaboration between the Head Office and branches and proactively communicated with the European accounting bank and the U.S. beneficiary's bank for urgent termination. For two days in a row, the Head Office and the Branch kept close contact with the overseas banks, paid great attention to the progress, and eventually recovered the remittance on May 14<sup>th</sup>, which was highly recognized by the customer.

**"Ten Ones" service procedures:** In consideration of customers' moving line, pain points of their experience and banking business standards, the Bank integrates the service standards and processes of reception managers and tellers, and develops the "Ten Ones" reception service process and the "Seven-Steps" counter service process. Reception staff is required to

follow the “Ten Ones” service process 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 time for customers and provide efficient and satisfactory service. Tellers are required to provide accurate and instant services and care for customers by 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.”

**“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 the rules. “Sorting, Reorganizing, Sweeping and Cleaning”: Outlets are required to make good and full use of spaces, keep the environment clean, form good habits, and create a relaxing, pleasant, safe and free environment for customers, so that they can have a good mood and a truly enjoyable experience throughout the process. “Safety and Quality”: Outlets are required to protect the personal safety and property safety of customers while providing quality services.

## II. Customer Relationship

**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:** Attaching great importance to the management of consumer complaints, the Bank formulated *the Consumer Complaints Management Measures of China CITIC Bank*, *the Measures for Consumer Complaint Management of China CITIC Bank Credit Card Center* and *the Specifications of the Customer Service Department of CITIC Credit Card Center on Handling Complaints*, and established the complaint preventing and solving mechanism covering pre-complaint prevention, during-complaint control and post-complaint management. It also set up dedicated teams for handling complaints, which followed up customer appeals in time once receiving the complaints and coordinated business departments to properly address the complaints. As at the end of 2020, the Bank received and handled 227,334 customer complaints, and customer satisfaction about complaint handling was 95.54%.

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 2020, the Bank received 367 complaints directly forwarded from the headquarters of regulators and 13,813 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 customers’ 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 term, 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 shall not conduct untruthful marketing, make any promise on principals or 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, USB Key or other media for customers, or making any promise on gains or assuming losses.

**Financial 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 shall not make misleading or 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 can 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 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.
- The Bank informs customers of recent risk events in the form of announcements.

**Reduction and exemption of service charges<sup>34</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 micro and small businesses, that is, prohibitions of charging commitment fees and fund management fees except for syndicated loans, and strict restrictions on financial advisor fees and consulting fees. The Bank strictly conformed to the government-set and government-guided price catalogues, and forbade units at all levels from charging a price higher than the price ceiling. In response to the inclusive finance policy, the Bank expanded the scope of free-of-charge transfer services via mobile banking and domestic online banking, and cut fees for cross-regional RMB deposit and transfer services for individual customers. In strict accordance with relevant provisions, the Bank canceled charges for cross-regional RMB cash withdrawal at counters for individual customers, and suspended six kinds of charges for notes and bank drafts like handling fees, loss reporting fees, and material charges. At the same time, the Bank further expanded the scope of fee exemptions, and exempted all customers from account management fees (including small account management fees) and annual fees (excluding credit cards). The Bank adopted preferential reduction and exemption in various forms, implemented a long-term fee exemption policy for 51 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 51 of the 143 paid service items for specific customers. As at the end of 2020, service charges worth about RMB2.496 billion for approximately 5.6147 million transactions via personal RMB accounts had been exempted.

### III. Supplier Management

The Bank categorizes registered suppliers into important suppliers and general ones according to the importance of goods in nature for the Bank’s operating activities, and practices differentiated management in registration, candidate supplier preparation, dynamic maintenance and assessment. The suppliers shall be qualified in the following areas. They shall be capable of independently assuming civil liabilities; they shall have basic financial

<sup>34</sup> 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.

strength, expertise, support ability for service channels and industrial experience required by performance; no major legal violation incident in their operating activities is recorded and no negative information on breaching social responsibilities emerges in recent three years; other special conditions related to the goods provided are met. During the review, the Bank can arrange for field investigation over the suppliers if it believes necessary. In 2020, the Bank assessed the centralized procurement suppliers over their performance during the first half of 2019. According to the result, the suppliers of the Head Office were in sound quality in a general stable trend.

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 conducts risk screening, including environmental impact, of 1,288 suppliers of the Head Office through third-party institutions, collects information on environmental and social risks of all signed suppliers such as compliance of laws and regulations, social responsibilities, major changes and legal disputes, includes them into the overall supplier evaluation, and guides suppliers to fulfill their due environmental and social responsibilities. The Bank advocates green procurement, and procures energy-saving and environmental-friendly products in priority. 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 IS09000 quality management certification, ISO14000 environmental management certification and ISO18000 occupational health and safety management certification.

As at the end of 2020, no signed supplier of the Bank was found to have major negative environmental or social impact, and no signed supplier was found to employ child labor aged below 16 or minors aged below 18 to engage in dangerous work and consequently pose major negative impact on the Bank. Once any supplier is found to do so, the Bank will take measures such as warning, prohibition and termination of cooperation in accordance with internal regulations.

#### IV. Business Coordination

Remaining customer-centered, the Bank resolutely practiced the “execution for actual effects” principle for coordination, and adhered to the development philosophy of “benefits for others to realize win-win result” to work with financial and industrial subsidiaries of the Group and deepen the “universal coordination” business model. In line with the general idea of the “Five Ones” coordination program, it accelerated the light-capital transformation and developed core competitive advantages to grow with customers, share development results with shareholders and fulfill each other with partners.

**Top-level design:** The Bank set up a coordination committee, included coordination into its development plan to align with the 14<sup>th</sup> Five-year Plan of the Group, and kept making innovations and explorations in organizational security, benefit sharing, assessment and incentives, project alignment and talent exchange to deepen the coordination system and mechanism reform.

**Group coordination:** The Bank joint hands with CITIC Securities, China Securities, CITIC Trust, CITIC-Prudential Life Insurance and other financial companies in the Group to provide corporate customers with joint financing services, fully displaying the powerful ability of the CITIC fleet in integrated financial services.

**Regional coordination:** The Bank closely followed national regional development strategies to formulate its top-level plans arranged by region and practice regionally differentiated development strategies. In Beijing-Tianjin-Hebei Region, it relied on the Group and worked with local government to support development of such major projects as Beijing Municipal Administrative Center, Xiongan New Area and new airport, with customer access and fund input in the projects prioritized. Xiongan Branch was set up, and the blockchain platform for fiscal construction fund payment in Xiongan New Area was landed to serve the trillion-level construction funds in the area. In the Yangtze River Delta area, the Bank continued to optimize its organizational security mechanism. Shanghai Financial Market Center and its wholly-owned subsidiary CITIC Wealth Management were both landed in Shanghai to work in collaboration with the free trade zone platform. In Guangdong-Hong Kong-Macao Greater Bay Area, the Bank developed the *Plan on the Integrated Development in Guangdong-Hong Kong-Macao Greater Bay Area*, and connected cross-border channels through the two subsidiaries in Hong Kong, namely China CITIC Bank International and CNCB Investment, to effectively integrate domestic and overseas financial resources.

**Risk prevention and control:** The Bank advocated coordination in both business and risk control. It worked with think tanks of CITIC Securities and China Securities to jointly step up industrial researches, share information on regions, market, customer risks in time, provide consulting advices on major projects, and regularly organize coordinated think tank trainings.

## Section II Employee Development

### I. Basic Profile of Employees

**General information:** As at the end of 2020, the Group registered a total of 58,879 employees, an increase of 3.22%. The Bank had a total of 55,154 employees, an increase of 2.70%. Among them, the number of employees with labor contract was 54,002, accounting for 97.91%, up 3.60% over the end of the previous year. The subsidiaries of the Bank registered a total of 3,725 employees, an increase of 11.46%. Specifically, 53 were employed by Zhejiang Lin'an CITIC Rural Bank Co., Ltd., 102 by CITIC Financial Leasing Co., Ltd., 313 by CITIC Wealth Management Co., Ltd., 2,442 by CITIC International Financial Holdings Limited, and 815 by CNCB (Hong Kong) Investment Co., Ltd.

**Table 13: Statistics on Employees of the Bank**

	2020	2019	Changes (%)
Total employees	55,154	53,703	2.70
Employees under labor contract with the Bank	54,002	52,126	3.60
Employees dispatched to the Bank or hired with letters of	1,152	1,577	-26.95

engagement			
Male employees	25,268	24,838	1.73
Female employees	29,886	28,865	3.54
Ethnic-minority employees	2,664	2,512	6.05
Primary-level employees	48,571	47,369	2.54
Branch managerial employees <sup>35</sup>	6,019	5,825	3.33
Head Office managerial employees <sup>36</sup>	564	509	10.81
PhDs	209	203	2.96
Masters	13,341	11,725	13.78
Bachelors	39,111	38,911	0.51
Junior college graduates	2,254	2,591	-13.01
Below junior college	239	273	-12.45
Aged 30 and below	17,204	18,739	-8.19
Aged between 31 and 40	27,538	25,162	9.44
Aged between 41 and 50	8,086	7,737	4.51
Aged between 51 and 59	2,326	2,065	12.64
Aged 60 and above	0	0	0

**Dispatched staff:** The Bank strictly implemented the *Labor Law*, the *Labor Contract Law* and the *Interim Provisions on Labor Dispatch*, and further lowered the ratio of dispatched employees. It reinforced the management of dispatched staff and gradually reduced the number and proportion of dispatched employees year by year. As at the end of 2020, the number of dispatched employees of the Bank was 1,150, down 26.98% over the end of the previous year, and they accounted for 2.09% of the Bank's staff, down 0.84 percentage point over the previous year, lower than the requirement of 10% in the *Interim Provisions on Labor Dispatch*.

**Localization of staff in overseas institutions:** As at the end of 2020, China CITIC Bank International Limited had 2,442 employees, including 2,134 local ones, with localization rate reported at 87%. CNCB (Hong Kong) Investment Limited had 815 employees, including 30 local ones, with localization rate standing at 4%. London Branch had 30 employees, including 21 local ones, with localization rate reaching 70%. Sydney Representative Office had six employees, none of whom was local people, with localization rate standing at 0%.

## II. Enhanced 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 satisfaction surveys on human resources

<sup>35</sup> Employees at and above the level of assistant manager of the departments of branches, and assistant to vice head of sub-branches.

<sup>36</sup> Employees at and above the level of assistant to division chief of the Head Office departments.

management at the branch level, in which about 68.26% employees of the branches participated, up 16.52 percentage points over the previous year. Among the respondents, about 88.42% were “very satisfied” or “satisfied” with human resources management, down 0.99 percentage point over the previous year, about 10.75% “partly satisfied”, up 1.04 percentage points over the previous year, and about 0.83% “not satisfied”, down 0.05 percentage point over the previous year.

### **III. Protection of Basic Rights and Interests**

**Staff wage:** Minimum wage standards of the Bank in different areas refer to local minimum wage that is determined by local government and varies according to local economic level.

**Staff welfare:** The Bank offers employees under labor contract social security schemes (basic endowment insurance, basic medical insurance, unemployment insurance, work-related injury insurance and maternity insurance), housing provident funds, enterprise annuities and supplementary medical insurance, and pays social security schemes and housing provident funds for eligible dispatched employees. The dispatching companies are responsible for formulating old-age pension policy for employees dispatched to the Bank. Offering the employees that they dispatch the old-age pension by law is one of the conditions for the Bank in choosing dispatching companies.

The Bank has established a multi-pillar old-age security system, in which, in addition to the basic endowment insurance, employees under labor contract who have completed the probation period can join the enterprise annuity scheme voluntarily. According to the *Measures for Management of Enterprise Annuities of China CITIC Bank*, individual employees shall contribute 4% of their monthly average salary of the previous year to the enterprise annuity scheme, and the Bank shall contribute no more than 8% of gross payroll of the previous year.

**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 2020, there were 48 cases of work-related injuries in sports, in the workplace, and during commutes or business trips<sup>37</sup>, a decrease of 3 cases over the previous year, and they took a total of 2,483.5 days off work because of work-related injuries. When employees are accidentally injured, the Bank will take the initiative to apply to local human resources and social security departments to identify work-related injuries.

**Employees' rights to work and rest:** The Bank formulated the *Measures for Labor Contract*

<sup>37</sup> 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.

*Management of China CITIC Bank* according to the *Labor Law of the People's Republic of China* to fully safeguard employees' rights to work and rest and prohibit forced labor. If employees need to work overtime, they should fill in application forms voluntarily, and submit them to the department head for review and approval. As at the end of 2020, the Group registered total overtime<sup>38</sup> of about 1,773,000 hours or 30.11 hours per capita, a decrease of 14.55% and 6.26 hours respectively. The employees of the Group took 252,800 days of annual leave, accounting for 53.75% of the 470,400 days of annual leave they were entitled to. Other leave including marital leave, personal leave, sick leave and funeral leave of the Group totaled 214,000 days, or 3.65 days per capita, a decrease of 0.28 day.

**Health checkups:** The Bank organizes physical examinations for employees on a regular basis to help employees stay healthy. As at the end of 2020, about 41,900 persons in the Group had voluntarily taken health checkups, a decrease of 17.78% over the previous year.

**Care for retired employees:** The Head Office organized annual activities for retired employees in accordance to their needs, such as health checkups, EAP psychological counseling and distribution of anti-epidemic supplies, which showed the care for the retired employees.

#### **IV. Employee Development**

The Bank constructs the value creation-oriented performance management system that is based on the Bank's strategies and centered on job responsibilities. It highlights the leading role of Party building and strategic orientation, and releases the innovation vitality of organizations and personnel to improve employees' value and performance contribution.

#### **V. Protection of Legitimate Rights and Interests**

**Protection of employees' 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 emails directly to the "President's Mailbox" to fully reflect 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. 30 opinions and suggestions were collected and handled throughout 2020. 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.

**Protection of employees' 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 established trade unions and withdrawn operating funds for trade unions in full amounts to ensure extensive organization of trade union activities.

**Protection of female employees' rights and interests:** The Bank signed the *Special Collective Contract for Protecting the Rights & Interests of Female Employees*, and actively carried out activities showing care to female employees. During the epidemic, trade unions of

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<sup>38</sup> Including working overtime after work, on weekends, and on holidays.

the Bank arranged for female employees in pregnancy and lactation to work from home through negotiation, launched online events in celebration of the International Women's Day, and continued to organize the “Smooth Pregnancy” activity, in which they distributed radiation-proof clothes to pregnant employees across the Bank.

**Anti-discrimination clauses:** The Bank continues to promote differentiated remuneration policies, standardizes and improves the remuneration and welfare distribution systems, and formulates related guidelines and management measures that reflect the principle of equal pay for equal work, ensuring employees entitlement to equal promotion, remuneration and welfare and preventing differentiated treatment due to differences in gender, nationality or political party. Meanwhile, the Bank clearly specifies that recruitment shall strictly abide by national laws and regulations and shall not practice employment discrimination or set any discriminative clause (including, but not limited to nationality, race, gender and religious belief). In the reporting period, no incidence of discrimination was reported in the Bank.

**Anti-child labor clauses:** The Bank employs labor according to the *Labor Law* and the *Labor Contract Law*. In the *Management Measures for Employee Recruitment of China CITIC Bank (Version 3.0, 2020)* revised in 2020, it is specified that recruitment shall strictly abide by national laws and regulations and that labor not to be employed as required by national laws and regulations (including, but not limited to child labor) shall not be recruited.

**Anti-forced labor:** According to the *Management Measures for Labor Contract of China CITIC Bank* and the *Management Measures for Employee Attendance of China CITIC Bank*, the Bank provides for working hours, breaks and leave, labor protection and working conditions, and forbids forced or compulsory labor in any form to protect 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 internally 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 for privacy protection. It keeps the information of job applicants confidential, and no leakage of personal information or privacy of applicants has occurred.

## VI. Employee Training

The Bank strengthened the top-level design of employee training, improved the tiered and classified training system covering all employees, and formed a new training roadmap. It customized training programs for senior executives (“Pilot Program”), vice senior executives (“Voyage Program”), and middle management members (“Faith Program” and “Integrity Program”), and also implemented the “Sailing Program” for internationalized talents, the “Bacon Program” for professionals, and the “Star Program” for young backbones in a centralized manner. In 2020, the Bank launched over 200 online training courses, enriched the test library with another over 10,000 questions, and managed to organize 10,602 people to

complete the centralized test in 66 cities nationwide despite the adverse impact of the epidemic. It organized 3,411 sessions of training on business, products and rules for professional employees, attracting 550,200 attendances (online training excluded). The Bank launched the “Let’s Read” campaign, where 4,669 people across the Bank participated, 15,222 viewers watched the live streaming, and 4,795 people interacted via live streaming.

**Table 14: Training Statistics**

	2020	2019	Changes (%)
Total training cost (in RMB ten thousand)	11,609.76	16,044.99	-27.64
Training cost per capita (in RMB)	2,104.97	2,987.73	-29.55
Total number of participants (in person-time)	550,166	696,866	-21.05
Times of training per employee (in times)	9.98	12.98	-23.11

## VII. Employee Care

The Bank encouraged the trade unions of the branches to care for employees and pay courtesy visits to employees with serious illness and their families. As at the end of the year, the Bank’s representatives visited a total of 340 employees in difficulties, and RMB2.072 million was allocated for courtesy. 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 15 Head Office departments and outlets in Beijing to send greetings to employees working on year-end accounting during the festival. The Bank supported the trade unions for the standardized building of “Complete Labor Unions in Six Aspects” 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. RMB5,000 was earmarked for each traditional sub-branch, with the total value reaching RMB7.35 million.

The trade unions organized a variety of cultural and sports activities to enrich employees’ life, such as the 5<sup>th</sup> table tennis championship organized by the trade union of the Head Office, the online Fast Walking Month hosted by the trade union of the Head Office departments, the 6<sup>th</sup> fun sports meeting held by the trade union of Kunming Branch, the 11<sup>th</sup> balloon volleyball game sponsored by the trade union of Wuhan Branch, and the reading club initiated by the trade union of Yinchuan Branch.

## Section III Community Development

### I. Overview of External Donations

The Group strictly observed the *Charity Law of the People’s Republic of China*, the *Welfare Donations 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 RMB78.1564 million, an increase of 146.87%, primarily for the fight against COVID-19, poverty alleviation, student aid, disaster relief, and support for vulnerable groups. Among that, donations in cash and kind to Hubei and other areas across the country for the anti-COVID-19 fight at the beginning of the year totaled RMB50.1515 million. The employees of the Group donated RMB3.8328 million, an increase of 224.04%. Taxes paid by the Group totaled RMB33.893 hundred million, up 33.54%. Social contribution per share of

the Group reached RMB5.25, up 5.92%.

## II. Fight against COVID-19

Since the outbreak of COVID-19, the Bank firmly carried out national decisions, arrangements and regulatory requirements, set up the leading group for epidemic prevention and control immediately, and put into play the distinctive advantage in the integration of Party building and business to offer targeted financial services and coordinate resources swiftly, in its efforts to assist enterprises engaged in the fight against the epidemic and help them resume work and production. The Bank took support for corporate work resumption, development of private enterprises and micro, small and medium enterprises, manufacturing and inclusive finance as key social responsibilities. During the epidemic, it released over 60 notices in total, which covered the epidemic prevention and control, policy support, work resumption of enterprises, financial service security and work in compliance during the epidemic. The Bank cumulatively granted RMB195.920 billion anti-epidemic loans to corporate customers, and underwrote 38 anti-epidemic bonds, with the value of financing reaching RMB26.8 billion. The Bank accumulatively reduced and exempted RMB24.1271 million of handling fees for the acquiring business of small and micro merchants.

**Offering special support to the victim areas:** The Bank subsidized loans granted to pharmaceutical and medical industries or loans related to the anti-epidemic fight. Working with its Internet-based banking subsidiary AIBANK to upgrade the “settlement + AIBANK financing” product, it activated green channels for micro and small importers/exporters and approved a special credit scale and preferential interest rates for inclusive micro and small businesses in Hubei. Given the violently fluctuating crude oil price under the impact of the epidemic, the Bank tapped into its traditional advantage of expertise in foreign exchange to provide enterprises with rich exchange rate and interest rate risk management instruments such as forward, swap and option on the one hand, and offer them 24/7 online consulting services in global market analysis, product portfolio design and foreign exchange policies on the other hand, to effectively help enterprises improve the operation efficiency and manage the foreign exchange risk.

**Innovating in online services for customers:** The Bank launched the “Cloud Banking Department” via online banking and other e-channels to provide loan-related consulting service anytime. It enriched online service functions, optimized online account-opening procedures for enterprises, and launched the cloud office module via mobile banking, offering enterprises such 24/7 services as payment, transfer and agency payroll online. Development and promotion of online credit loans such as “Logistics e-Loan” and “Banking-taxation e-Loan” were accelerated to realize instant online financing service for enterprises.

**Optimizing processes and creating green channels:** The Bank put into place anti-epidemic green channels and practiced the whitelist system for projects submitted from areas most affected by the epidemic, making sure processing of the projects must be concluded the same day. Credit extension for anti-epidemic projects and customers must be concluded within a specified period. In consideration of the fund settlement demand of foreign trade enterprises, the Bank optimized online service processes and made off-site and paperless business more convenient for customers. In areas where pilot policies were implemented, quality customers of the Bank were enabled to submit instructions for cross-border settlement and transaction via the Bank's online banking system with scanned copies of foreign trade contracts and invoices. In its deeper cooperation with customs and port offices in various areas, the Bank provided foreign trade enterprises with convenient cross-border settlement service online through China International Trade Single Window. Meanwhile, in full use of its advantage in overseas institutions and correspondent banks distributed worldwide, it launched "Baiguo Changhui" to offer more efficient service in minor currency settlement, ensuring global trade channels for anti-epidemic suppliers of customers were convenient and smooth.

#### **Case 17: The Bank Supported Women to Resume Work and Production**

The Bank's Tianjin Branch greatly developed inclusive finance and paid close attention to work resumption by self-employed females. Ms. Han ran a dairy-selling business, but encountered slowed recovery of funds and strained working capital due to prolonged freight cycle under the epidemic. She contacted the Bank for loans by housing mortgage and reached the intent of loans preliminarily. Due to particularity of the business and the fact that what was agreed in the contract involved international L/C and multiple extensions of loans, the Bank swiftly acted to understand the background and conditions of the contract, and assisted the customer in finishing translation of the main contract and the international L/C, ensuring that the loans were granted on time.

**Reducing and exempting fees to ease corporate burdens:** During the epidemic, the Bank significantly reduced and exempted cross-border remittance charges, telegram charges and postage for businesses related to the epidemic prevention and control, and further lowered price for foreign currency loans and exchange settlement in pharmaceutical and medical industries or those related to anti-epidemic fight. It took the initiative to cut loan interest rates, proactively assumed intermediate fees such as registration fee for housing mortgage and collateral evaluation fee, exempted micro and small businesses that newly opened accounts of account-opening fee and material charge, and exempted cost of payment and transfer.

**Practicing list management and extending loans for micro and small businesses:** The Bank issued the detailed rules for implementation of periodically extended payment of principal and interest for micro, small and medium enterprises, and drew up the "whitelist of enterprises most impacted by COVID-19". For the customers on the list, it ensured not to call in loans in advance or suspend loans, followed the principle of "extending loans for the entitled as much as possible", and adopted "one policy for one account" to give them preferential interest rates, extended loan renewal and credit protection.

### **Case 18: The Bank Joined Hands with Employees in the Anti-epidemic Fight**

On December 28th, 2020, as affected by the outbreak of COVID-19, a building in Beijing was subject to closed-off management, all-round disinfection, and suspended personnel access. As a result, an office area of the Bank's Customer Service Center was temporarily shut and a sub-branch suspended business. In the face of the closure, some employees of the Customer Service Center and the sub-branch volunteered to stay at the post until the closure was lifted on January 12th, 2021. During the closure of the building, the Bank provided those staying at the post with sufficient daily necessities, offered psychological counseling and arranged for reasonable shifts, ensuring the health of the employees.

**Offering financial support to fight the epidemic:** During the epidemic, the Bank handed out in time 6.96 million masks and other anti-epidemic supplies including alcohol sprays, hand sanitizers, disposable gloves, protective goggles, forehead thermometers, alcohol wipes, protective suits and disinfectors, allocated RMB10.13 million Party membership dues and earmarked RMB17 million trade union funds, and employees voluntarily donated RMB2.995 million, offering adequate financial and material support for the virus prevention and control.

### **Case 19: The Bank Employees Actively Volunteered to Fight against COVID-19**

During the epidemic prevention and control, employees of the Bank's Xiamen Branch actively participated in the public service campaign "Financial Youths in Action against COVID-19" and voluntarily donated RMB33,500. Also, 34 employees donated blood in the voluntary blood donation event for employees themed with "Holding onto the Human Touch by Dedication with Gratitude", making personal contribution to the battle against the coronavirus.

## **III. Poverty Alleviation through Financial Services**

Focused on the fight against poverty for special groups in key areas, the Bank continued to step up support for poverty alleviation through financial services with greater precision. By taking eight measures such as improving the working mechanism, enhancing institutional security and enlarging credit extension, it strived to assist registered poverty-stricken population, meet financial demand of areas in deep poverty, and support poverty alleviation enterprises affected by the epidemic. As at the end of 2020, the Bank registered a loan balance for poverty alleviation through financial services of RMB29.191 billion, an increase of 31.64%.

In precise response to financial demand of key projects and key areas for poverty alleviation, the Bank supported standardized relocation projects for poverty alleviation in poverty-stricken areas, and supported eco-environmental improvement, infrastructure construction, traffic facilities construction, and upgrade of water conservancy facilities and rural power grid in such areas. It facilitated basic public service projects in education, medical care and health, and facilitated standardized projects of linking newly-added

cropland quotas with the amount of land used for construction in poor areas. The Bank assisted local characteristic industries with great market prospect, and enlarged credit extension to leading enterprises playing an outstanding role in poverty alleviation, so as to help lift poverty-stricken households along the upper- and down-stream industrial chains out of poverty. It actively promoted supply chain finance, drove the development of characteristic planting and breeding industry and agricultural product processing, and offered support in priority to major projects and featured industries that effectively drove the development of households in poverty. The Bank supported matchmaking and collaboration projects between eastern and western areas for poverty alleviation and supported poverty-stricken areas in undertaking transferred industries. It also supported industrial development in resettlement areas.

The Bank supported the loan demand of registered poverty-stricken households for production, business start-up and school education. Its poverty alleviation microfinance precisely aimed at such households with potential for employment and startup and necessary skills, took credit level and repayment capacity as main indicators, and took into full consideration borrowers' personal conditions, use of loans and risk compensation mechanisms. The loans were specifically used in production of poverty-stricken households, and could not be used for non-productive expenditure, government financing platforms or production and operation enterprises. Under the premise of poverty-stricken households participating in the production and operation voluntarily, cooperative development could be practiced and the funds might be used in featured advantageous industries that effectively helped lift those in need out of poverty.

#### **IV. Poverty Alleviation through Donations**

The Bank continued to conduct targeted poverty alleviation in Xietongmen County in Tibet, Zhangjiashan Village of Tanchang 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 dispatched management personnel to the designated poor areas. As at the end of 2020, the Bank implemented 129 poverty alleviation projects and donated RMB23.9319 million, a decrease of 1.39% compared with the previous year, mainly to support industry, infrastructure, education and medical care, benefiting over 50,000 people and lifting 27,600 people out of poverty. It dispatched 75 full- and part-time management personnel to 37 poverty-stricken villages in five poverty-stricken counties.

**Targeted poverty alleviation:** On the basis of the poverty alleviation achievements made in the past few years, the Bank continued to input RMB9.9 million to targeted poverty alleviation in Xietongmen County in Tibet, Zhangjiashan Village of Tanchang Country in Gansu and three villages in Xinjiang. As at the end of 2020, the efforts benefited a total of 16,700 registered poverty-stricken households, or around 50,000 people nationwide, and helped 8,427 households, or 27,554 people get out of poverty.

### Case 20: The Bank Summarized the Work in Poverty Alleviation since 2012

Inheriting the cultural gene of CITIC Group, the Bank remains dedicated to poverty alleviation, charity and public welfare undertakings, prioritizes its performance of social responsibilities, and integrates its own development into the development of the country, striving to contribute to a stronger country, a happier life of people and rejuvenation of the nation in the capacity of a responsible state-owned enterprise.

Since the 18<sup>th</sup> National Congress of the CPC was held in 2012, the Bank has earnestly carried out the strategic arrangements of the Central Committee of the CPC and the State Council on enhancing efforts in poverty alleviation, securing the victory against poverty and completing a moderately prosperous society in all respects, and managed the poverty alleviation work as a major task. Under the leadership of the Party Committee of the Head Office, the Bank followed the philosophy of “helping those in poverty and delivering genuine outcomes” to develop the precise poverty alleviation brand “100, 1,000, 10,000”, which annually assisted 100 sick children in poverty, 1,000 students in poverty and lifted 10,000 people out of poverty, and the new model of “Party building + poverty alleviation”, gradually shaping a systematic, standardized and featured poverty alleviation system with its own brand. It launched targeted poverty alleviation, poverty alleviation through education and that through medical service, and actively supported local efforts against poverty, with focuses on genuine outcomes, prudence in project initiation, implementation and delicacy management. Over the past eight years, the Bank cumulatively supported 124 poverty-stricken villages nationwide, donated over RMB150 million funds for poverty alleviation, dispatched 144 officials to villages, organized over 112,000 employee volunteers for poverty alleviation activities, benefited around 120,300 households or 169,400 people in poverty in total, and helped lift 20,400 households or 63,100 people out of poverty. The Bank practiced its social responsibilities amid its efforts to help fight poverty and showed the commitments to its mission of a state-owned financial enterprise!

**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” for rescue and support.

**Poverty alleviation through education:** The Bank supported 1,000 poverty-stricken high school students of senior year in 20 classes from 20 provinces, municipalities and autonomous regions nationwide to finish schoolwork and join the national college entrance examination in 2020 (including 390 boys, accounting for 39%, and 610 girls, accounting for

61%). According to statistics, around 78.15% of the students were enrolled into college, and 39.71% of them were enrolled into the first batch of universities. Quite a few of them were admitted by reputed universities such as Renmin University of China, Nankai University, Tongji University and Fudan University.

Besides, 32 branches of the Bank launched 26 poverty alleviation and charity activities such as student aid and voluntary teaching in the mainland, donating RMB4.381 million in total, directly benefiting 4,463 students, including 3,519 primary and secondary school students, accounting for 78.85% of the total, and 944 college students, 21.15% of the total.

## V. 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.

### Case 21: The Bank Provided Exclusive Services for the Elderly

The Bank upgraded the “Happiness 1+6” service system for the elderly customers and rendered services in the six areas of wealth, health, college, discount, travel and stage to meet their financial and non-financial demands. It launched deposit and wealth management products for a term of 3-5 years, cooperated with Hua Insurance to launch the elderly accident injury insurance covering those aged 50-70, and provided health services including family doctor, appointment and company in seeing a doctor, home testing for hypertension, diabetes and gastric diseases, and chronic disease management. It also put into effect the “Happiness Hotline” that called manual customer service with one click, and launched remote health counseling to offer 24/7 consultation on common diseases among the elderly. For scenarios of high-frequency consumption around the elderly customers, the Bank offered them price reduction or exemption in shopping malls and supermarkets nearby within three kilometers range.

**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.

#### **Case 22: The Bank Offered Service to a Special Customer via a Non-routine Process**

A customer of a China CITIC Bank sub-branch lost the wage card, but the cardholder was being hospitalized in ICU, forgot the password, and was unable to report the loss or withdraw money at the Bank. The sub-branch general manager, wealth management manager, accounting manager and tellers closely coordinated to seek solutions. At last, the accounting manager and wealth management manager visited the hospital ICU at their break under the arrangement of the customer family, and went through the formalities to help the customer report the loss of the card and replace it.

## **VI. Protection of Consumer Rights and Interests**

In 2020, the Bank paid great attention to protection of consumer rights and interests, and proactively carried out consumer protection from the aspects of refining related systems and mechanisms, deepening whole-process control, enhancing protection of personal financial information, strengthening supervision, inspection, auditing and rectification, comprehensively implementing targeted assessment, organizing employee trainings, promoting financial literacy and improving financial service experience, in a bid to step onto a higher level in the protection work and substantially safeguard the legitimate rights and interests of consumers.

**Refining related systems and mechanisms:** The Bank included protection of rights and interests of financial consumers into its strategic plan, corporate culture development and corporate governance. It set up the Consumer Rights Protection Committee under the Board of Directors, identified Retail Banking Department as leading department for consumer protection, and established underneath it an independent consumer protection service office for dedicated consumer protection management. The Head Office and branches were all staffed with full- and part-time consumer protection personnel, and dedicated funds were earmarked. The Bank further improved consumer protection management policies, including one fundamental policy, 11 special policies and one procedural policy.

**Enhancing the whole-process control of consumer protection:** The Bank kept reinforcing the whole-process control of consumer protection covering pre-event coordination, mid-process management and post-event supervision. For pre-event coordination, it intensified independent review, proposed the six principles of “review by law, independent review, pre-event review, consumer protection first, hierarchical responsibility, review at two levels”, and launched the consumer protection review system for new products and services. As at the end of 2020, the Head Office cumulatively reviewed 280 consumer protection businesses in five business types such as charging and pricing, agreement articles and publicity texts. For mid-process management, the Bank focused on sales compliance management, enhanced financial marketing and publicity management, standardized behavior management in the process of sales, and strengthened information disclosure. For post-event supervision, it remained problem-oriented, made adjustments for improvement in time, included protection of rights and interests of financial consumers into compliance and auditing. It also kept a close eye on regulatory notification, organized self-inspection, reinforced closed-loop complaint management, and detected problems frequently complained by consumers for rectification and improvement.

**Strengthening protection of personal financial information:** At the 32<sup>nd</sup> meeting of the Fifth Board of Directors on August 27th, 2020 and the 24<sup>th</sup> meeting of the Fifth Board of Supervisors on August 20th, 2020, the Board of Directors and the Board of Supervisors of the Bank put forward opinions on protection of personal financial information and requested the Senior Management to include consumer protection into daily operation management as a major matter. The Bank took various measures such as technical screening and user and access management to strictly prevent the leakage risk of sensitive information and properly safeguard the financial information of consumers.

## VII. Promoting Financial Literacy

**Organizing centralized literacy promotion campaigns:** In active response to regulatory requirements, the Bank launched multiple campaigns such as “3·15 Financial Consumer Rights Week”, “Promoting Financial Literacy and Keeping the Wallet Safe”, “Financial Literacy Promotion” and “Financial Knowledge Promotion”. As at the end of 2020, it organized a total of 28,357 public education and publicity events, handed out 6,618,200 copies of publicity materials, and covered over 42,844,500 people.

**Launching regular consumer protection promotion campaigns:** The Bank mainly adopted “non-contact” ways to promote financial literacy against illegal fundraising, telecom frauds, fraudulent use of bank cards and epidemic-related financial frauds, so as to guide consumers away from illegal financial activities and keep them from irrational investment and impulse transactions. Actively innovating in ways of publicity, the Bank produced and pushed materials acceptably to consumers in the form of combined graphics and contexts, micro-animation and video clips. On the basis of publicity in graphics and context, the Bank enlarged fund input and newly activated such modules as consumer protection cards and posters, and regularly organized the entire Bank to send them in a unified way via social platforms such as WeChat Moments to shape an atmosphere of active publicity. As at the end of 2020, the Head Office produced 59 consumer protection knowledge cards and 63 posters,

issued 25 original articles on promoting financial literacy, and cumulatively covered over 10 million customers.

**Innovating in promotion models:** The Bank constructed the “Happiness +” service system for the elderly customers, launched financial readings for the group, and developed a systematic and continuous financial literacy promotion model in compliance with characteristics of the elderly. It initiated the investor education campaign tour themed with “China CITIC Bank Wealth Management Healthy Investor”, and recently worked with Shanghai Branch, Haikou Branch and Nanchang Branch to promote industry policies, industry research updates, wealth management and financial knowledge and product interpretation among investors and consumers, setting a precedent for financial literacy promotion for investors. Regarding forms of events, the Bank actively guided the branches to establish financial education bases offline. For instance, the Financial Education Demonstration Base at Guizhou Elderly University built up by Guiyang Branch in 2020 was named by the PBOC “Guizhou Provincial Demonstration Base for Financial Education”. The base was opened to the public free of charge for visit and study, and extensively recognized by regulators and the public.

### VIII. Volunteer Activities

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

#### Case 23: Continuous Efforts Made to Volunteer in Education

Under the theme of “Fostering Dreams for A Decade · Love in Huangsha”, Chongqing Branch offered aid to students in Huangsha Primary School by donating milk, books and stationery and providing scholarship and grants. Over the past decade, Chongqing Branch had organized over 400 employees for voluntary teaching, who had travelled for 35,000 kilometers on round trips and gave classes for 12,000 hours. The Branch donated over 200,000 cartons of milk, set up “CITIC Reading Room”, launched “CITIC Lectures”, and kept enriching the content of student aids, playing a concrete role in helping children broaden horizon, get inspired, improve qualities and move towards a better future.

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 226 volunteer activities, a decrease of 10.67% over the previous year, with about 6,900 participants, a decrease of about 34.29% over the previous year.

#### **Case 24: “1 Paper” Charity Program**

The Bank organized employees of Beijing-based institutions to make contributions for poverty-stricken children with diseases in the “1 Paper” charity program, and collected around 1,700 kg used paper, books, magazines, clothes and toys in total, all of which were donated to China Charity Federation. In action, the Bank contributed to the support for poverty-stricken children with diseases of ethnic minorities in frontier areas.

2021/SH-0191

(Page1/4)

*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 2020 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.

2021/SH-0191

(Page2/4)

### **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.

2021/SH-0191

(Page3/4)

Within the scope of our work, we have performed the following procedures in the Head Office of the Bank and Changchun 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 procedures of Key Performance Indicators (“KPIs”) in the Sustainability Report, based on which we carried out sampling and recalculations 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 Changchun Branch;
- 7) Other procedures deemed necessary.

Our assurance was with respect to the year ended 31 December 2020 information only and we have not performed any procedures with respect to earlier periods or any other elements included in the Sustainability Report.

2021/SH-0191

(Page4/4)

### **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 25, 2021

## Annexes

### I. Honors & Awards

#### Overseas Institutions

The Bank was granted the “Carte Blanche and Independent Investment Management Award in 2019” by the *Asian Private Banker*.

The Bank was awarded the “China Private Banking Awards – Best Private Bank for Product Development 2020” by the *Asiamoney*.

The Bank was rated the “FX House of the Year China” by the influential magazine *FX Markets*.

#### Domestic Media Outlets

The Bank was presented the “Gamma Award for Pension Financial Service Bank”, “Gamma Award for Universal Bank in Investment Banking Business”, and “Gamma Award for Bond Underwriting Bank” in 2020 by the *Securities Times*.

The Bank was rated the “Best Credit Bond Underwriter of 2019: Excellent Bank Award”, “Best ABN Underwriter of 2019”, “Best Bond Underwriter of 2019”, and “Best Interbank Underwriter of Debt Financing Instruments in 2019” by Wind Info.

The Bank was awarded the “Excellent Cooperation Agency for the Procurement Work in the Chinese Financial System in 2020” by cfcpn.com and the *China Finance* magazine.

The Bank was granted the “Excellence Award for Pension Financial Service in Mega Health Industry” by *The Economic Observer*.

The Bank was rated the “2020 Gold Medal Bank-Insurance Business Collaboration Award” and “2020 Gold Medal Bank-Insurance Growth Potential Award” by YIQUCAIJING.

The Bank was presented the “2019-2020 Outstanding Brand Marketing Award” and “2020 Leading Enterprise in Bank Innovation” by *The Economic Observer* and the Hong Kong Management Association.

The Bank was recognized as the “2020 Commercial Bank with the Most Investment Value” by Investor China.

The Bank was rated the “2020 Excellent Blockchain Financial Service Bank” by the *China Investment Network*.

The Bank was awarded the “Best Automotive Financial Service Bank”, “Inclusive Finance Business Bank”, and “Excellent Case of Brand Reshaping” in 2020 by the *21st Century Business Herald*.

The Bank was presented the “China ESG Golden Awards 2020: Best Corporate Governance Award” by sina.com.cn.

The Bank was recognized as the “Inclusive Finance Practicing Bank with Excellent Competitiveness in 2020” by the *China Business Journal*.

The Bank was awarded the “2020 Bank for Ensuring Stability on Six Fronts and Maintaining Security in Six Areas” by the *Financial News*.

The Bank was rated the “Best Financial Technology Innovation Institution” by the *CBN*.

The Bank was named the “Best Supply Chain Finance Bank” and “Best International Business Bank” by the *Trade Finance* magazine, sinotf.com, and the Organizing Committee of the Annual Conference of China Transaction Banking.

The Bank was rated the “Outstanding Financial Services for Micro and Small Businesses” by JRJ.com.

The Bank was presented the “Innovative Practice Award in Inclusive Finance of 2020” by hexun.com.

The Bank was awarded the “Best Digital Application of 2020” by analysys.cn.

The Bank was granted the “2020 China E-Banking Gold List Award: Most Favorite Mobile Banking Award” by the China Financial Certification Authority (CFCA) and cebnet.com.cn.

### **Other Domestic Institutions**

The Bank was granted the “Core Dealer”, “Excellent Money Market Dealer”, and “Excellent Issuer of Negotiable Certificates of Deposit” by the National Interbank Funding Center.

The Bank was named the “Top 100 Settlement Companies in 2019: Outstanding Proprietors”, “2019 Excellent Market-making and Settlement Institution for Government Bonds”, and “2019 Excellent Policy Bank Bond Market Maker” and “2019 Excellent Market-making and Settlement Institution for Local Government Bonds” by the China Central Depository & Clearing Co., Ltd.

The Bank was granted the “Excellent Settlement Member”, “Excellent Clearing Member”, and “Excellent Foreign Exchange Self-operated Clearing Award” in 2019 by the Shanghai Clearing House.

The Bank was awarded the “Third Prize for Outstanding Financial Membership in 2019” and “Best Business Innovation Member in 2019” by the Shanghai Gold Exchange.

The Bank was granted the “Best Performance Award for Domestic Private Bank in 2020” by Hurun Report.

The Bank was presented the “Hooxiao Award – Brand of the Year” by the organizing committee of Hooxiao Award.

The Bank was named the “Best Spot Market Maker” and “Most Popular Spot Market Maker” by the China Foreign Exchange Trade System.

The Bank was honored the “Best Standing Committee Member of the Second Interest Rate Working Committee” by the China Banking Association.

The Bank was recognized the “Outstanding Organization Award for the ‘My Motherland and Me’ Senior Citizen-oriented Culture and Art Competition” by the China National Commission on Aging.

The Bank was presented the “Innovative Auto Finance Service Enterprise” by the China Automobile Dealers Association.

The Bank was granted the “Special Contribution Award for UnionPay Card Risk Prevention and Control” by China UnionPay.

The Bank was awarded the “Best Mobile Marketing Service Platform of 2020” at the 7th TMA Mobile Marketing Summit.

The Bank was rated the “Excellent Chinese Enterprise in Corporate Culture Building during 13th Five-Year Plan Period” by the China Corporate Culture Institute.

The Bank was also granted the “Best Mobile Banking Operation Award” by the China Financial Certification Authority (CFCA).

The Bank was presented the “Outstanding New Media Innovation Award” by Vanguard China.

The Bank was presented the “Innovation Award of Big Data Technology Communication Award” by the China Society for Science and Technology Journalism.

## II. Corporate Culture Stories

### Story 1: Warmhearted Epidemic Control

At the beginning of 2020, COVID-19 hit China with Wuhan, Hubei especially hardest. In response, the Party Committee of CITIC Wuhan Branch promptly forwarded instructions from superiors and put prevention and control measures in place. The “Jiangcheng Bingbing” volunteer team, initiated by branch employees, helped deliver and distribute a large amount of epidemic control supplies that arrived in Wuhan from all over the country. This move managed to relieve the pressure on the local hospitals to a certain extent. All of the 10 branch employees infected with the coronavirus were finally cured.

With proper epidemic control measures put in place, Wuhan Branch strove to protect its business from interruption. As at the end of July, the Branch helped hundreds of customers change their repayment method as instructed by the policy for allowing micro, small, and medium enterprises to defer repayment on loan principal and interest. It implemented the Head Office’s policies for fighting against the epidemic spread with auto finance. The bailout bank draft swaps were offered to many auto dealers. Advances were made to support car dealers in paying matured bank acceptance bills.

From 0:00 on April 8th, 2020, Wuhan, the former epicenter of the coronavirus outbreak in China, finally reopened after the 76-day lockdown. In the face of this unprecedented disaster, China CITIC Bank withstood the severe test, demonstrating itself as a socially responsible company with a human touch. The catastrophic public health crisis made the Bank grow more confident and powerful.

### Story 2: Compliance Guardian

The unannounced inspection team of CITIC Nanjing Branch ever found a large envelope containing many debit cards from the drawer of a corporate account manager. The investigation findings showed that these cards had been opened for the agency payroll service, but they were ultimately left unused since the funds of the employer did not come in. After a long period of time, the customer manager forgot about this situation. The negligence frightened members of the inspection team. At its request, these cards were destroyed without any delay. This unintentional mistake might put the Branch into grave danger.

Anti-money laundering (AML) was another important task of the compliance department of Nanjing Branch. Feeling doubts about the account opening process of a company called “Shouyetang”, the AML team analyzed the company’s transactions based on the details of its account opening, and inferred that the company was a gang suspected of illegal fund-raising. In view that this was a very valuable clue, the Head Office of the PBOC asked all financial institutions to conduct a nationwide screening campaign.

At the very outset of the epidemic in 2020, the entire country was faced up with the scarce epidemic control supplies. The leader of the AML team received an urgent call from the International Business Department, informed that the provincial government requested an audit on a foreign trade company engaged in importing medical protective suits. Due to the epidemic lockdown, the office building of the AML team was still closed at that time. In the rooms not air conditioned, the team worked from morning till night. Thanks to its timely audit, payment was made to the order of supplies smoothly.

China CITIC Bank always puts “proactive prevention and mitigation of risks” as the top priority, and strives to further boost its risk resistance, by taking a multi-pronged approach that covers risk culture building, joint prevention and control of the three lines of defense,

credit structure adjustment, disposal of non-performing assets, internal control and compliance management, and other aspects.

### **Story 3: Supporting A Rice Farmer with Inclusive Finance**

Dong Weiling, an employee of Wanping Road Sub-branch of CITIC Shanghai Branch, learned from the Shanghai Committee of China National Democratic Construction Association that an enterprise engaged in smart technology-enabled agriculture needed inclusive finance support. However, the company's initial communication with the sub-branch was not going well. The owner of the business was surnamed Huang. Mr. Huang and his wife were both leading figures in the modern agriculture of Shanghai. Mr. Huang frankly told Dong that he somewhat resisted cooperating with banks, after other banks that didn't gain a full understanding of his enterprise or its real needs jumped to a conclusion that his business was the same as ordinary agricultural enterprises. A field visit to Mr. Huang's farm let Dong Weiling realize that Mr. Huang's business was not limited to farming; instead, he tried to marry agriculture with cultural implications and modern technologies, giving agriculture more added value. The process of mutual understanding, therefore, dissolved the displeasure harbored by the customer.

However, when discussing loan terms, Mr. Huang voiced his concerns. He still wanted to use the credit as a guarantee instead of the real estate. With the strong support of the bank policy, Dong Weiling's team made flexible adjustments given the particularity of Mr. Huang's enterprise, and gave him the most concessional offer, which eventually won Huang's consent. Dong and his team rapidly handled all required formalities including mortgage procedures. Thanks to the support of China CITIC Bank's inclusive finance, Mr. Huang's farm also had a bumper harvest, which attested to the high speed at which the Bank conducted inclusive finance business. For a state-owned commercial bank like China CITIC Bank, developing inclusive finance is not only to fulfill its social responsibilities, but also to adapt to changes in the external environment and seek long-term development.

### III. GRI<sup>39</sup> Index

	<b>Disclosure Items</b>	<b>Pages</b>		<b>Disclosure Items</b>	<b>Pages</b>
1.Organizational Profile	102-1	P2-3	4. Governance	102-29	P17-24
	102-2	P8		102-30	P41-43
	102-3	P99		102-31	P28-29
	102-4	P8		102-32	P29-31
	102-5	P8		102-33	P27-28
	102-6	P8		102-34	P28-29
	102-7	P8, P57		102-35	P29-31
	102-8	P63-68		102-36	P29-31
	102-9	P61-62		102-37	Undisclosed
	102-10	P8, P57, P61-62		102-38	Undisclosed
	102-11	P43-44		102-39	Undisclosed
	102-12	P2-3		102-40	P28-29
	102-13	Undisclosed		102-41	P63-68
2. Strategy	102-14	P5-7	5.Stakeholder Engagement	102-42	P24-27
	102-15	P41-43, P46		102-43	P27-29
3. Ethics and Integrity	102-16	P14-16		102-44	P27-28
	102-17	P27-29, P59		102-45	P8
4. Governance	102-18	P17-24	6. Reporting Practice	102-46	P2-3
	102-19	P29-31		102-47	P9, P28-29
	102-20	P29-31		102-48	Not applicable
	102-21	P27-29		102-49	P2-3
	102-22	P17-24		102-50	P2-3
	102-23	P17-24		102-51	P2-3
	102-24	P17-24		102-52	P2-3
	102-25	P17-24		102-53	P2-3, P99
	102-26	P17-24		102-54	P2-3
	102-27	P17-24		102-55	P89-93
	102-28	Undisclosed		102-56	P29-31, P79-83
	GRI 103	Economic Performance Management Approach			P33-38, P46-55
GRI 201	Topic-specific disclosures	201-1			P29
		201-2			P46
		201-3			P65-66
GRI 202	GRI 103	Market Presence Management Approach			P65
GRI 203	GRI 103	Indirect Economic Impacts			P33-38

<sup>39</sup>GRI stands for Global Reporting Initiative.

		Management Approach	
Topic-specific disclosures	203-1	P33-38	
	203-2	P33-38	
GRI 204	GRI 103	Procurement Practice Management Approach	P61-62
GRI 205	GRI 103	Anti-corruption Management Approach	P44
GRI 206	GRI 103	Anti-competitive Behavior Management Approach	Undisclosed
GRI 301	GRI 103	Materials Management Approach	P50-55
	Topic-specific disclosures	301-1	P55
		301-3	P51-52
GRI 302	GRI 103	Energy Management Approach	P50-55
	Topic-specific disclosures	302-1	P50-55
		302-3	P50-55
GRI 303	GRI 103	Management approach for water and effluents	P51-55
	Topic-specific disclosures	303-3	P51-55
		303-5	P51-55
GRI 304	GRI 103	Biodiversity Management Approach	P52
	Topic-specific disclosures	304-1	P52
GRI 305	GRI 103	Emissions Management Approach	P50-55
	Topic-specific disclosures	305-1	P53-55
		305-2	P53-55
		305-3	Not applicable
		305-4	P53-55
		305-5	P53-55
		305-6	Not applicable
		305-7	P53-55
GRI 306	GRI 103	Waste Management Approach	P50-55
	Topic-specific disclosures	306-2	P53-55
GRI 307	GRI 103	Environmental Compliance Management Approach	P50-55
GRI 308	GRI 103	Supplier Environmental Assessment Management Approach	P61-62
	Topic-specific disclosures	308-2	P61-62
GRI 401	GRI 103	Employment Management Approach	P63-68
	Topic-specific disclosures	401-2	P65-66
GRI 402	GRI 103	Labor Management Relations Management Approach	P63-68
GRI 403	GRI 103	Occupational Health and Safety Management Approach	P65-66
	Topic-specific	403-2	P65-66

	disclosures		
GRI 404	GRI 103	Training and Education Management Approach	P67-68
	Topic-specific disclosures	404-2	P67-68
GRI 405	GRI 103	Diversity and Equal Opportunity Management Approach	P65-66
	Topic-specific disclosures	405-2	P65-66
GRI 406	GRI 103	Non-discrimination Management Approach	P65-66
	Topic-specific disclosures	406-1	P65-66
GRI 407	GRI 103	Freedom of Association and Collective Bargaining Management Approach	P65-66
GRI 408	GRI 103	Child Labor Management Approach	P66
GRI 409	GRI 103	Forced or Compulsory Labor Management Approach	P66
GRI 410	GRI 103	Security Practices Management Approach	P57-58, P65-66
GRI 411	GRI 103	Rights of Indigenous Peoples Management Approach	Not applicable
GRI 412	GRI 103	Human Rights Assessment Management Approach	P65-66
GRI 413	GRI 103	Local Communities Management Approach	P68-78
GRI 414	GRI 103	Supplier Social Assessment Management Approach	P61-62
	Topic-specific disclosures	414-2	P61-62
GRI 415	GRI 103	Public Policy Management Approach	Not applicable
GRI 416	GRI 103	Customer Health and Safety Management Approach	P57-58
GRI 417	GRI 103	Marketing and Labeling Management Approach	Undisclosed
GRI 418	GRI 103	Customer Privacy Management Approach	P57-58
GRI 419	GRI 103	Socioeconomic Compliance Management Approach	P43-44
	Topic-specific disclosures	419-1	P43-44

#### IV. ESG<sup>40</sup> Index

Category	Aspect	Indicator	Pages
Environment	A1 Emissions	General disclosure	P50-55
		A1.1	P53-55
		A1.2	P53-55
		A1.3	P53-55
		A1.4	P53-55
		A1.5	P50-55
		A1.6	P50-55
	A2 Use of resources	General disclosure	P50-55
		A2.1	P53-55
		A2.2	P53-55
		A2.3	P50-55
		A2.4	P50-55
		A2.5	P53-55
Society	A3 The Environment and Natural Resources	General disclosure	P50-55
		A3.1	P50-55
		General disclosure	P63-68
	B1 Employment	B1.1	P63-64
		B1.2	Undisclosed
		General disclosure	P65-66
	B2 Health and Safety	B2.1	P65-66
		B2.2	P65-66
		B2.3	P65-66
	B3 Development and Training	General disclosure	P67-68
		B3.1	Undisclosed
		B3.2	Undisclosed
	B4 Labor Standards	General disclosure	P67
		B4.1	P67
		B4.2	Undisclosed
	B5 Supply Chain Management	General disclosure	P61-62
		B5.1	Undisclosed
		B5.2	P61-62
	B6 Product Responsibility	General disclosure	P28, P43, P57-61
		B6.1	Not applicable
		B6.2	P59-61

<sup>40</sup>ESG stands for Environmental, Social and Governance.

	B6.3	P43
	B6.4	Not applicable
	B6.5	P57-58
B7 Anti-corruption	General disclosure	P38-39, P44
	B7.1	Undisclosed
	B7.2	P44
B8 Community Investment	General disclosure	P68-74, P76-78
	B8.1	P68-78
	B8.2	P76-78

## V Figures, Tables and Cases

### Figures

Figure 1: Organizational Chart of the Bank

Figure 2: Corporate Governance Structure of the Bank

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

### Tables

Table 1: Month of birth and Gender Information of Members of the Board of Directors

Table 2: Month of Birth and Gender Information of Members of the Board of Supervisors

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

Table 4: Identification Table of Stakeholders of the Bank

Table 5: The Bank's Loans by Sector

Table 6: The Bank's Loans by Region

Table 7: List of the Bank's Inclusive Micro and Small Business Loans

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

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

Table 10: Statistics on Discharged Environment Pollutants

Table 11: Statistics on Energy Consumption

Table 12: Statistics on Other Resources Consumption

Table 13: Statistics on Employees of the Bank

Table 14: Training Statistics

### Cases

Case 1: A Full Summary of Results Achieved in Corporate Culture Building over the Past Three Years

Case 2: The "Corporate Culture and Corporate Development" Symposium was Held

Case 3: A Board Meeting Convened Urgently to Decide on Donations for COVID-19 Response

Case 4: Support was Given to A Mainland Enterprise Going Global

Case 5: Tianjin Branch Supported the Integrated Development of Beijing, Tianjin and Hebei

Case 6: Zhejiang Lin'an CITIC Rural Bank Co., Ltd. Supported Sannong Development with its Unique Advantages

Case 7: Supporting A Hog Production Enterprise

Case 8: Supporting the Infrastructures Construction in the Western Region

Case 9: Supporting the Development of Small Enterprises

Case 10: The Bank Supported a Waste Treatment Enterprise

Case 11: The Bank Supported a Mine Environmental Remediation Project

Case 12: The Bank Supported Technical Renovation of a Heavily Polluting Enterprise

Case 13: The Bank Supported a Steel Enterprise for Normal Operation

Case 14: The Bank Supported An Alligator Sinensis Protection Project

Case 15: The Bank Performed Environmental Responsibilities in Decoration

Case 16: The Bank Helped a Customer Recover an Overseas Remittance

Case 17: The Bank Supported Women to Resume Work and Production

Case 18: The Bank Joined Hands with Employees in the Anti-epidemic Fight

Case 19: The Bank Employees Actively Volunteered to Fight against COVID-19

Case 20: The Bank Summarized the Work in Poverty Alleviation since 2012

Case 21: The Bank Provided Exclusive Services for the Elderly

Case 22: The Bank Offered Service to a Special Customer via a Non-routine Process

Case 23: Continuous Efforts Made to Volunteer in Education

Case 24: “1 Paper” Charity Program

## VI. Feedback Questionnaire

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

Tel.: 010-66637789

Email: [csr@citicbank.com](mailto:csr@citicbank.com)

Address: Head Office of China CITIC Bank, Building No. 1, 10 Guanghua Road, Chaoyang District, Beijing What is your overall view of the Report?

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

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

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Do you think the Report is of the right length?

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

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

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What are your other suggestions regarding Environmental, Social and Governance Report?

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### Your Information

Name	Employer
Position	Telephone
Fax	Email

Contact information for the Report

Address: Building No. 1, 10 Guanghua Road, Chaoyang District, Beijing

Telephone: 010-66637789