



Hua Xia Bank Co., Limited

2019 Social Responsibility Report

2019

HUA XIA BANK CO., LIMITED
Social Responsibility Report



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About This Report

Reporting Scope

Reporting Period: Unless otherwise stated, the report covers the period between January 1 to December 31, 2019.

Organizational Boundary : The report discloses the information of the Head Office and all branches and sub-branches of Hua Xia Bank.

Reporting Cycle: The report is an annual report. The most recent report was issued on April 19, 2019.

Compilation Conformance

The report was prepared in accordance with the *Opinions on Strengthening the Corporate Social Responsibility of Banking Institutions* issued by former China Banking Regulatory Commission (CBRC), the *Guidelines on the Corporate Social Responsibility of Banking Institutions of China* released by the China Banking Association, and the *Notice on Strengthening Listed Companies' Assumption of Social Responsibility* and *Guideline on Environmental Information Disclosure by Listed Companies* released by Shanghai Stock Exchange (SSE), and referred to the *Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR 4.0)* issued by the Research Center for Corporate Social Responsibility of the Chinese Academy of Social Sciences, *Guidance on Social Responsibility (ISO 26000:2010)* issued by International Organization for Standardization (ISO), *GRI Sustainability Reporting Standards (GRI Standards)* and *GRI Financial Service Sector Supplemental Guidelines* issued by Global Sustainability Standard Board (GSSB), and the *Environmental, Social and Governance Reporting Guide (HK-ESG)* issued by Hong Kong Exchanges and Clearing Limited (HKEx).

Reference

For better readability, “Hua Xia Bank Co., Limited” is referred to as “Hua Xia Bank” or “The Bank” in the report.

Data Sources

The financial data in the report come from the audited *Annual Report 2019 of Hua Xia Bank Co., Limited* and other data come from internal documents and statistics of Hua Xia Bank. Some contents and data can be traced back to previous years.

Languages of the Report

The report is available in simplified Chinese and English versions. In case of any discrepancy, the simplified Chinese version shall prevail.

Formats of the Report

The report is available in both print and electronic formats. The electronic format of the report can be downloaded at our official website (<http://www.hxb.com.cn>).

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Message from Chairman

The year 2019 was a critical year for realizing the first centenary goal of building a moderately prosperous society in all respects and marked the 70th anniversary of the founding of the People's Republic of China. In 2019, we remained true to our original aspiration, adhered to craftsmanship, and maintained perseverance in pursuing our goals. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, we strengthened and improved Party leadership throughout the process of our reform and development, aligned Hua Xia's Dream with the Chinese Dream, made concerted efforts to build the Bank into a "large and strong, stable and excellent" modern financial group, and contributed to the sustainable development of the economy, society, and environment.

We persevered in serving the real economy. Making active efforts to join the economic mainstream, we shouldered the responsibility of providing sound services for the coordinated development of the Beijing-Tianjin-Hebei region, the integration of the Yangtze River Delta, and the construction of the Guangdong-Hong Kong-Macao Greater Bay Area and other national development strategies. By constantly strengthening our support for key areas of the real economy, such as industrial transformation and upgrading, consumption, and the private sector, we helped create powerful new drivers for the high-quality development of the real economy.

Based in Beijing, we contributed to regional development. Adhering to our position as a "bank for Beijing", we worked harder to establish the Bank as a major financial service provider for the Beijing-Tianjin-Hebei region. We went all out to help promote the economic and social development of Beijing and the coordinated development of the Beijing-Tianjin-Hebei region so that Beijing can better fulfill its major tasks according to the strategy of building Beijing into the political center, cultural center, international communication center, and technology innovation center of China, relocating its non-capital functions, and doing a better job in the construction of its sub-center.

We made concerted efforts to promote inclusive finance. Devoted to serving SMEs, we pursued "professional services, branded business lines, featured operation, and refined management", created a professional, exclusive and targeted organizational structure, and vigorously endeavored to "become a financial service provider for SMEs". At the same time, we thoroughly implemented the CPC Central Committee's decisions on the decisive battle against poverty and continued to promote precision poverty alleviation in the financial sector, and have launched supporting credit policies based on our widely distributed outlets, and innovative comprehensive financial products and services, striving to contribute to winning the decisive battle against poverty.

We made green finance our calling card. We took the initiative to integrate green development into our business operations, developed new models for business management and financial service delivery, and strengthened international cooperation. We stepped up our efforts to promote integration between finance and various other industries and offered more support to industries related to energy conservation, environmental protection, clean energy, and ecological governance. Thus, we created the financial brand of



"Green Growth for a Better Hua Xia", contributing our financial expertise to China's pursuit of lucid waters and lush mountains.

Driven by innovations, we embraced FinTech. Based on our resource endowments and development foundation, we promoted the overall digital transformation and innovations in online banking. Through the application of FinTech, we fostered differentiated competitive edges and created the brand of Smart Finance and Digital Hua Xia for its blueprint for faster innovation-driven development.

We remained prudent to control financial risks. Adhering to law-based operations and compliance, we kept to strict risk management measures. By continuously improving internal control and compliance management and building up the comprehensive risk management system, we kept our focus on risk prevention and control and completed all tasks properly to guard against and defuse financial risks.

A journey of ten thousand miles is ahead of us and we will forge ahead with important tasks on our shoulders despite all challenges. As a people-oriented and responsible state-owned financial institution, Hua Xia Bank, under the strong leadership of the CPC Central Committee with Comrade Xi Jinping at the core, has the confidence and determination to implement the decisions and requirements of deepening the supply-side structural reform of the financial sector. We will make sure to reinforce our sense of political responsibility and shoulder our historical missions, press ahead in our reform and development resolutely despite all difficulties, and contribute to the realization of the Chinese Dream and the great rejuvenation of the Chinese nation.

Party Secretary and Chairman of Hua Xia Bank

Message from President

Under the leadership of the Party, the People's Republic of China has gone through 70 extraordinary years. Especially since the launch of the reform and opening up, China has made great changes and greatly improved people's living standards. Born out of the reform and opening-up, Hua Xia Bank rode the tide of the times, advanced together with the nation, and witnessed and played its part in the development of China's financial sector with a customer-centric service philosophy and a prudent approach towards corporate development.

In 2019, we focused on improving overall operations and promoted corporate development with all-out efforts. Fully implementing the new development plan, we pursued breakthroughs in the six major strategic priorities, achieved business expansion and further built up our capital strength. Our business structure and asset quality have improved and compliance management has strengthened. In 2019, we realized a net profit of RMB 22.115 billion, an average return on equity (ROE) of 10.61% and a capital adequacy ratio of 13.89%.

In 2019, we adhered to the principle of serving the real economy and endeavored to increase investments in key areas such as the coordinated development of the Beijing-Tianjin-Hebei region, the transformation and upgrading of industries, environmental protection and governance, and the relocation of Beijing's non-capital functions. Throughout the year, we provided a total of nearly RMB 80 billion of financing services for key projects related to the coordinated development of the Beijing-Tianjin-Hebei region. We proactively aligned our businesses to major national development strategies for the Yangtze River Economic Belt and the Guangdong-Hong Kong-Macao Greater Bay Area, promoted the transformation and upgrading of industrial structures, supported the country's opening up to the outside world, made every effort to improve people's living standards and well-being, and facilitated the development of the private sector and micro and small enterprises (MSEs). As of the end of 2019, the balances of loans for strategic emerging industries and MSEs were RMB 81,229 million and RMB 396,387 million respectively.

In 2019, we pursued green development, green finance, and innovations in green products. Through cooperation with the World Bank, we promoted the largest single financing innovation project in China for air pollution prevention in the Beijing-Tianjin-Hebei region, advanced the China Renewable Energy and Battery Energy Storage Promotion Project, and further built the financial brand of "Green Growth for a Better Hua Xia". As of the end of 2019, the Bank's balance of green credit reached RMB 79,844 million, an increase of RMB 23,145 million from the previous year, up by 40.82% year on year. On March 19, 2019, the Asset Management Department of Hua Xia Bank joined the United Nations (UN)-supported Principles for Responsible Investment (PRI) and became the first asset management institution of a commercial bank in China to join that organization. Following that, the Bank launched its environmental, social and governance (ESG) strategy and integrated social responsibility into its investment decisions to contribute to the high-quality development of the financial sector.

In 2019, we stayed people-oriented and safeguarded employees' legit-



imate rights and interests. To broaden their career development paths and strengthen capacity building for them, we organized various cultural and sports activities, which facilitated full integration of employee growth with corporate development. In 2019, the Bank carried out 3,986 training sessions with around 260,000 participants. As an active participant in public welfare undertakings, we organized many employee volunteer activities to bring benefits to those in need. In 2019, we organized a total of 1,977 volunteer service activities with 28,681 employee participants, contributing 21,741.9 hours of volunteer services in total.

Looking into the future, socialism with Chinese characteristics is advancing into a new era. The banking industry has started major transformations and reforms, and Hua Xia Bank is marching towards a critical period in its strategic transformation. Standing at a new starting point, we will adhere to the corporate culture of "integrity, standardization, efficiency, and enterprise", and strive to do a better job in serving the real economy, guarding against financial risks, and improving quality and efficiency. We will remain true to our original aspiration, keep our missions firmly in mind, carry forward all business operations with concrete efforts, and contribute to the realization of the Chinese Dream and the great rejuvenation of the Chinese nation.

张建华

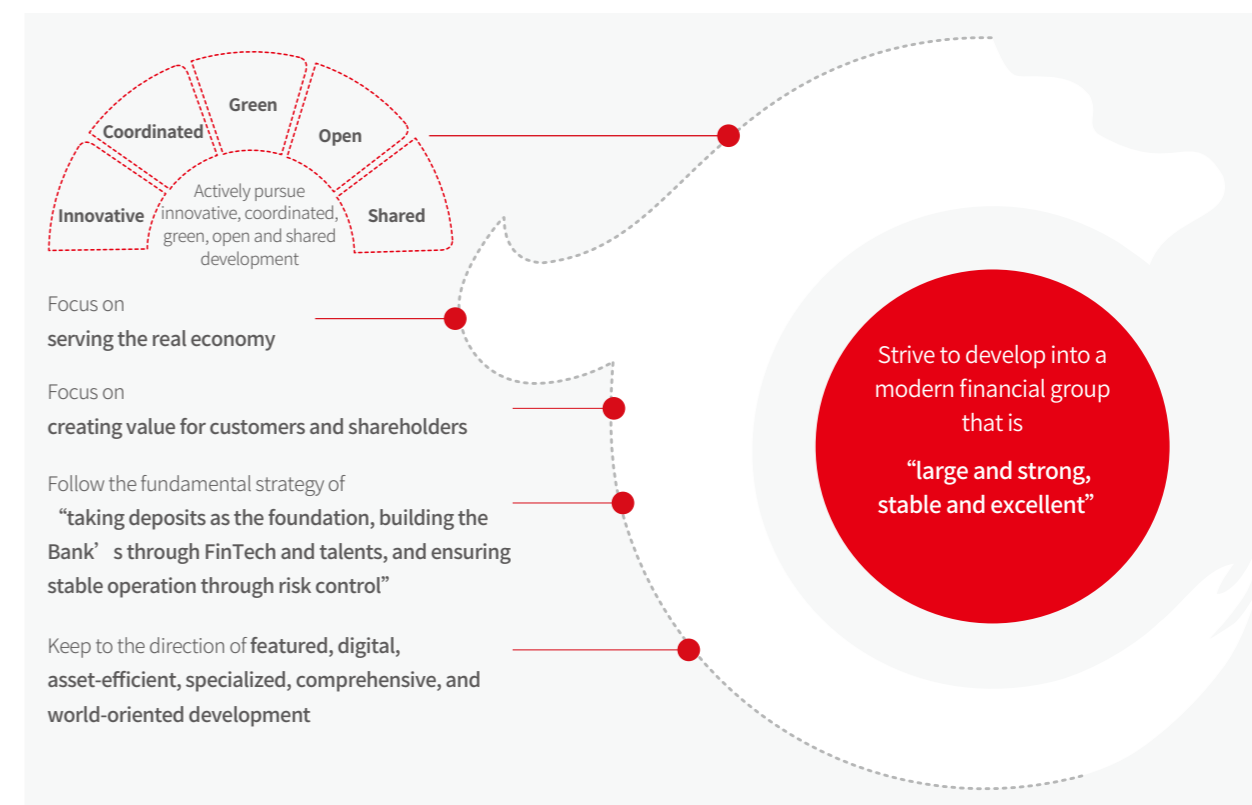
Deputy Party Secretary and President of Hua Xia Bank

About Us

Hua Xia Bank was founded in Beijing in October 1992 and became a national joint-stock commercial bank after restructuring in March 1995. On September 12, 2003, the Bank went public on Shanghai Stock Exchange (Stock Code: 600015), with registered capital of RMB 15.387 billion.

Since its inauguration, the Bank has been forging ahead and made great achievements despite all difficulties. By the end of 2019, the Bank had a total asset of RMB 3,020,789 million, 42 Tier-1 branches, 73 Tier-2 branches, 1,025 outlets in 116 cities at or above the prefectural level nationwide, and nearly 40,000 employees, which had formed an institutional system of building presence in developed cities and reaching out to the whole country. The Bank has set up Hong Kong branch as its first overseas branch, and 1,221 agencies in and out of China, covering 380 cities in 116 countries on all five continents of the world. Its settlement network covers all major trade areas in the world.

In *The Banker's* Top 1000 world banks published in July 2019, Hua Xia Bank ranked 56th by Tier-1 capital and 67th by total asset, respectively nine places and three places higher than the previous year. In the Forbes Global 2000 of 2019, the Bank ranked 265th, 24 places higher than the previous year.





A Brilliant Hua Xia for Value Creation

Hua Xia Bank strives to create the maximal comprehensive value in economic, social, and environmental aspects and pursue sustainable development together with all stakeholders by improving corporate governance, enhancing corporate social responsibility (CSR) management, strengthening communication and cooperation with stakeholders, and developing green finance in a distinctive and differentiated way.

SDG Practices

- Improving corporate governance and promoting transparency in operations
- Building CSR awareness, and enhancing CSR management system
- Strengthening international communication and cooperation and establishing a distinctive and differentiated green finance brand



In 2019

Held **2** Shareholders' General Meetings and adopted **18** resolutions

Supported **194** environmental protection projects

As of the end of 2019

Balance of green credit: RMB **79.844** billion

Issued **3,127,500** ETC cards

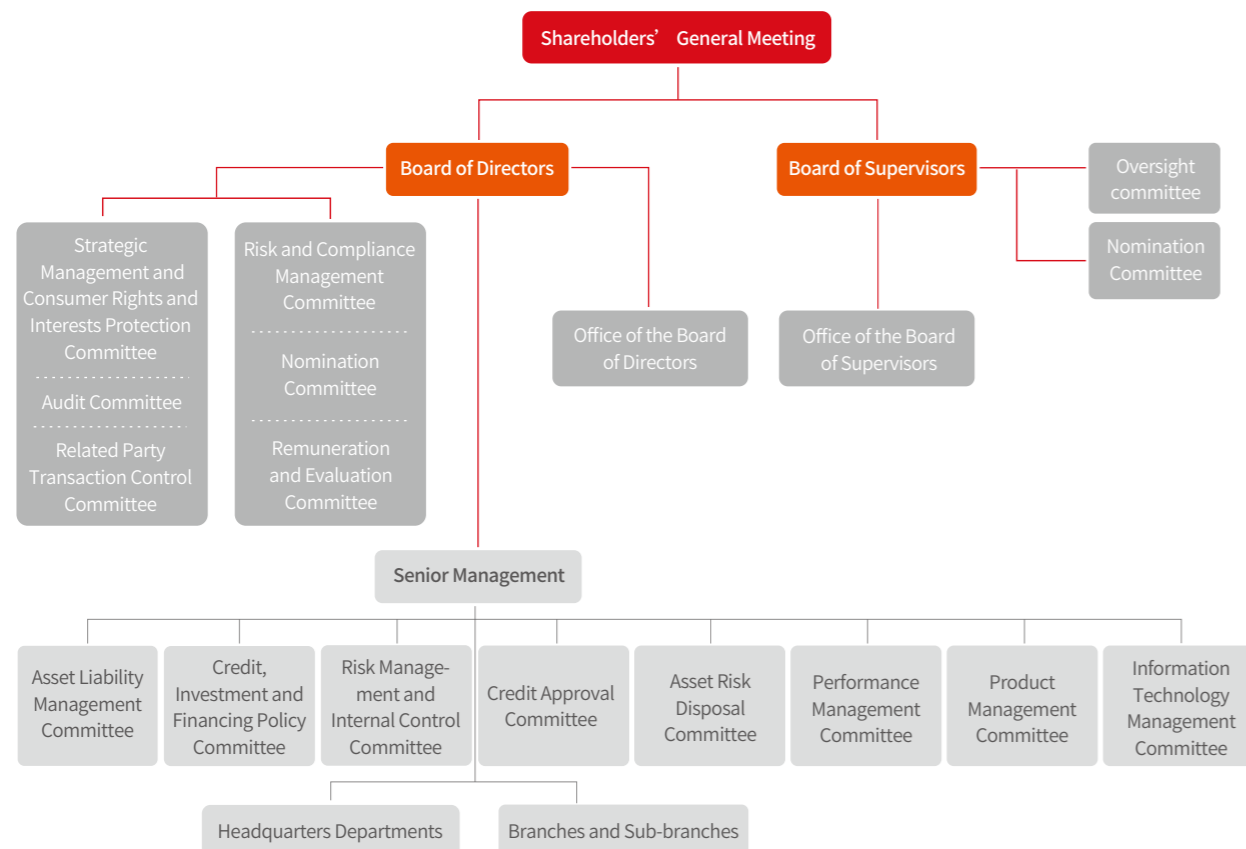
Corporate Governance

The Bank has established a corporate governance structure mainly comprising of the Shareholders' General Meeting, the Board of Directors, the Board of Supervisors, and the senior management. The Shareholders' General Meeting is the governing body, the Board of Directors is the decision-maker, the Board of Supervisors serves supervision functions, and the senior management is in charge of execution.

The Bank has strengthened the statutory position of Party organizations in the corporate governance structure, coordinated well between the Party committee and the above three parts of the corporate government structure, and incorporated Party leadership in all parts of corporate governance, lending strong momentum to the reform and development of the Bank.

As of the end of 2019	In 2019
there were 15 directors in the Board of Directors including 6 Independent Directors and 4 Executive Directors	2 Shareholders' General Meetings were held
there were 10 Supervisors in the Board of Supervisors including 4 External Supervisors and 4 Employee Supervisors	7 Board of Directors Meetings were held
	5 Board of Supervisors Meetings were held
	18 resolutions adopted
	68 resolutions adopted
	19 resolutions adopted

Governance structure



Following the lead of Party building

The Bank has always remained true to its original aspiration and forged ahead despite all difficulties. In 2019, we strengthened Party building and fully exercised strict governance over the Party under the guidance of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era. Besides, we have integrated Party leadership in the whole process of the reform and development of the whole Bank, and accelerated its move towards a modern financial group that is "large and strong, stable and excellent".

In 2019

100% of leaders throughout the Bank at all levels signed letters of commitment for Party conduct and clean governance

Holding high the banner and strengthening theoretical and political buildup

The Bank has conscientiously studied Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and carried out education activities with the theme of "Remaining True to Our Original Aspiration and Keeping our Mission Firmly in Mind". We formulated the *Implementation Plan of Hua Xia Bank on Holding Themed Education Activities of "Remaining True to Our Original Aspiration and Keeping our Mission Firmly in Mind" in the Whole Bank*, and held various education activities such as seminars, reading the original works, visiting and learning. We enhanced our ideological work, and established a framework of "1+1+N" ideology and publicity regulation systems.

Consolidating the foundation through organizational construction

The Bank has always adhered to Party leadership, resolutely shouldered its responsibility for strengthening Party discipline, achieved full coverage of Party organization and Party work, and given full play to the crucial role of basic-level Party organizations. The Fourth CPC Congress of The Bank was held to identify the guiding thought, goals and work priorities for the next five years, and elect a new term of Party Committee, Standing Committee and Discipline Inspection Committee of the Head Office. The regular renewal of primary-level Party organizations was promoted to make sure that all elections were completed at the expiration of office terms. The Bank carried out primary-level research and inspection work, and implemented the "Three Meetings and One Lesson" system, Thematic Party Day activities, lectures from the general secretary of Party organizations, Party member education and training, etc. The Conference of Celebrating the 98th Anniversary of the Founding of the Communist Party of China and the "Two Excellent and One Advanced" Commendation were held, in an effort to select typical figures and cases and act as an outstanding example of entrepreneurship.

Improving Party conduct and discipline to create a clean environment

The Bank enforced full and strict discipline over the Party and implemented unwaveringly the system of accountability for Party conduct and clean governance. Based on the guiding principles of the CPC Central Committee's eight-point decision on improving Party and government conduct and the action against formalities performed for formalities' sake, bureaucratism, hedonism, and extravagance, we formulated the *Measures of Hua Xia Bank on Implementation the Eight Rules and Enforcement Regulations*, and revised the *Measures of Hua Xia Bank on Implementing Decisions and Regulations of Major Issues, Major Officials Appointment, Major Project Arrangements, and Use of Large-Volume Capital*. The Bank organized a series of bank-wide inspection and evaluation activities on Party conduct and clean governance and a warning and education conference themed on "drawing lessons from and promoting rectification with typical cases". The Leading Group of Hua Xia Bank for Strict Governance over the Party and its office were set up. An annual task list for full and strict discipline was formulated over the Party. The Bank organized Party organizations at all levels to draw up their own task lists accordingly, signed letters of commitment for full and strict discipline over the Party, and fulfill the commitments.

Information disclosure

The Bank strictly complies with the regulations on information disclosure and standardizes the information disclosure and reporting processes. We actively fulfilled information disclosure obligations and continued to enhance transparency via channels like *China Securities Journal*, *Shanghai Securities News*, *Securities Times*, Shanghai Stock Exchange website, the official website of Hua Xia Bank, etc.

Investor relations

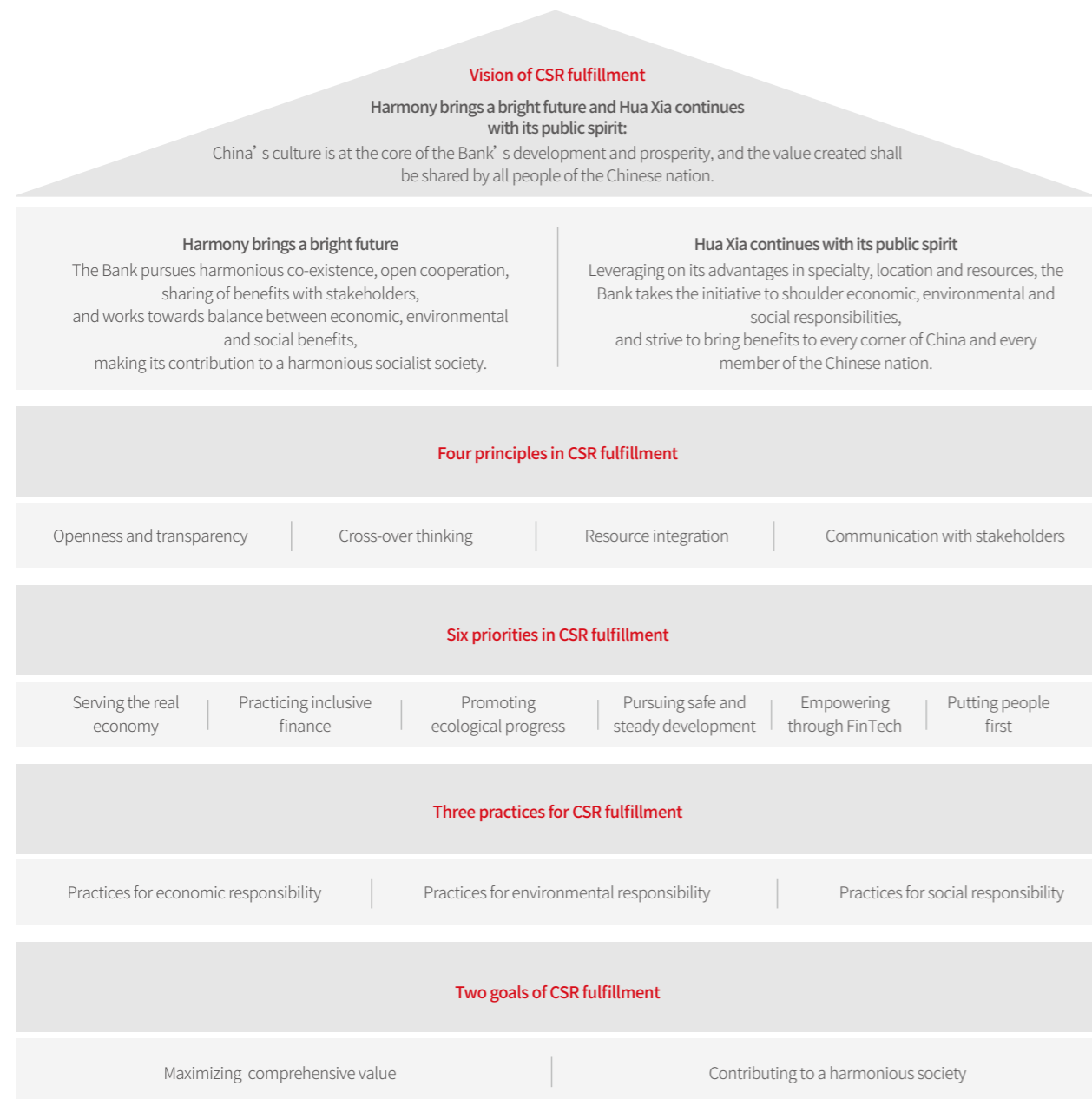
The Bank attaches great importance to investor relations and strictly implements the *Working Measures of Hua Xia Bank Co., Ltd. on Investor Relations*, having a dedicated investor relations manager under the Office of the Board of Directors to take charge of relevant work.

The Bank worked to promote interactions and exchanges with investors through multiple channels and in many ways, so as to disseminate the Bank's culture and values. In 2019, the Bank organized shareholders' general meetings, meetings for investors and analysts, online briefing on cash bonus, open day of investor groups, themed seminars and other activities, made conscientious efforts to receive investors who would like to visit, and answered questions carefully on the SSE online platform and through investor service hotline and mailbox.

CSR Management

Bearing in mind the vision of building a modern financial group that is “large and strong, stable and excellent”, the Bank worked to incorporate social responsibility into every part of its work and its corporate culture, made constant efforts to improve its CSR management, steadily advanced its CSR practices, and did all it could to create the maximal comprehensive value in economic, social and environmental aspects.

CSR philosophy



CSR management

With an improved CSR management system, the Bank made it clear that the General Office of the Head Office is in charge of coordinated CSR management and daily work related to CSR fulfillment across the board. The Bank also formulated CSR-related policies such as the *Guideline of Hua Xia Bank for Compiling Corporate Social Responsibility Reports* and the *Corporate Social Responsibility Management Measures of Hua Xia Bank* to facilitate standardized CSR management.

Striving to be a responsible bank and pursuing sustainable development

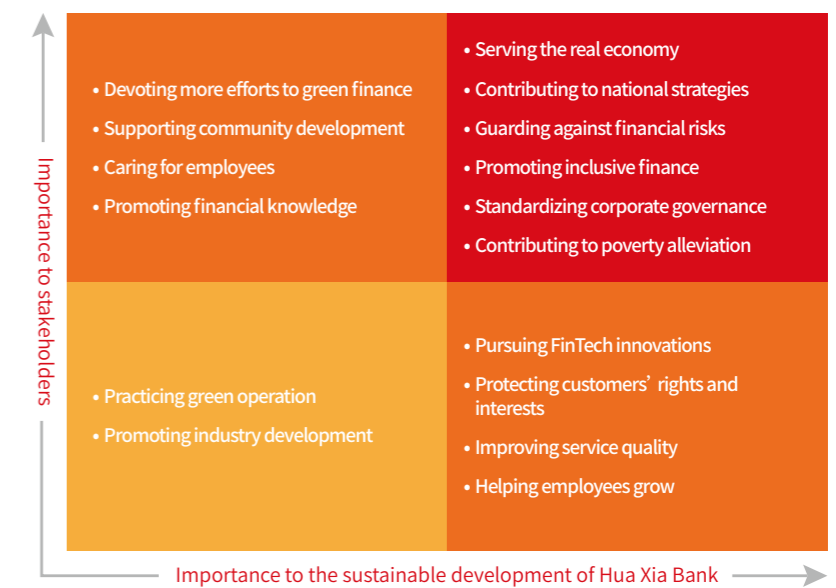
In September 2019, the United Nations Environment Programme published the *Principles for Responsible Banking*, launching the most important partnership ever between banks around the world and the United Nations. Around 130 banks across the world signed document and Hua Xia Bank was one of them.

For quite some time, the Bank, while pursuing high-quality development for itself, has been striving to make its contribution to a kind of development that brings balanced benefits to the economy, environment and society. As one of the first banks to sign the *Principles for Responsible Banking* and a financial institution committed to fulfilling corporate social responsibility, the Bank made the commitment that it would align its corporate strategies and operations with the Sustainable Development Goals and the *Paris Agreement* and it would fulfill this commitment through effective corporate governance and responsible management practices, starting a new journey of high-quality and sustainable development.

Analysis of material topics

Attaching great importance to the concerns of stakeholders, the Bank collected material topics through multiple channels and prioritized the topics based on how important they are to the sustainable development of Hua Xia Bank and how important they are to stakeholders. Only those topics that were important for both the Bank and stakeholders were included in the final matrix of material topics.

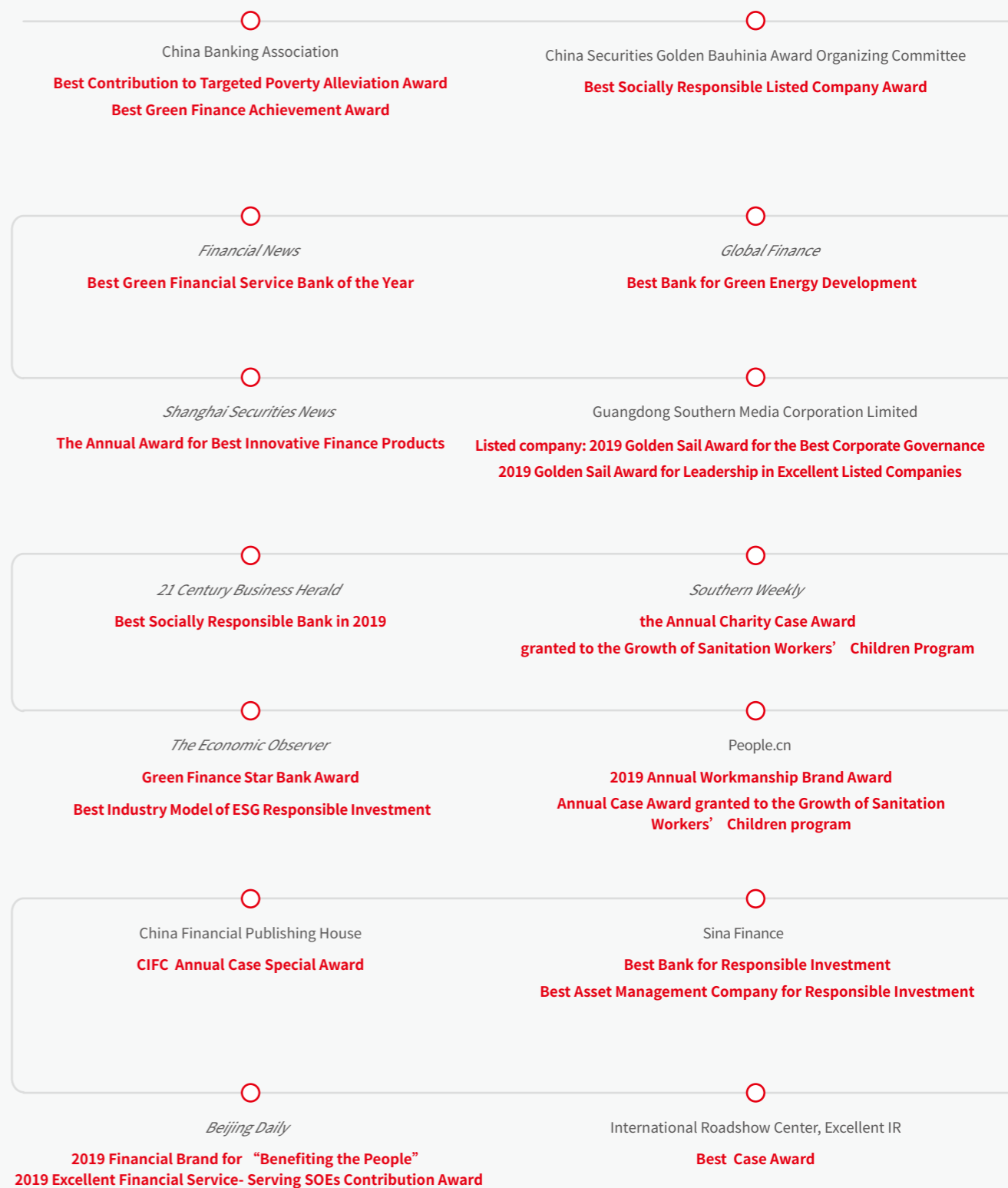
Matrix of material topics



Stakeholders management

Stakeholder	Expectations and requirements	Ways of communication
 Government	Serving the development of the real economy Promoting social progress Paying taxes according to law Targeted poverty alleviation	Daily communication Meetings Information reporting
 Regulatory authorities	Compliance management Standardizing corporate governance Tightening risk management	Reporting on a regular basis Holding special meetings Information reporting
 Shareholders and investors	Guaranteeing outstanding performance Offering continuous and stable returns Transparent operation	Holding meetings with shareholders Reporting and announcements Daily communication
 Environment	Promoting green credit Supporting environmental protection Supporting energy saving and emission reduction Green offices	Maintaining close communication Advocating environmental protection concepts
 Customers	Asset preservation and appreciation Providing innovative products Quality and efficient service	Opening the 95577 service hotline Customer satisfaction surveys Customer interviews Regular visits
 Partners	Cooperation on a wider scope Experience sharing Fair procurement Transparency Integrity	Dedicated meetings Daily communication Sound procurement policies Strict tendering procedures
 Employees	Protection of rights and interests Remuneration and benefits Working environment Career development	Employees' congress Seminars Collection of opinions and suggestions Visits
 Communities	Financial knowledge Support for community development Participation in public welfare activities	Financial services delivered in communities Participation in community activities Participation in public welfare activities
 Media	Regular information disclosure Reports on major events	Regular reports Press conferences Multi-channel communication

CSR awards and honors



CSR Performance

Economic performance

Indicator	Unit	2017	2018	2019
Total asset	RMB 100 million	25,089.27	26,805.80	30,207.89
Operating revenue	RMB 100 million	663.84	722.27	847.34
Total profit	RMB 100 million	262.53	267.83	275.63
Net profit	RMB 100 million	199.33	209.86	221.15
Total deposits	RMB 100 million	14,339.07	14,924.92	16,564.89
Balance of loans to MSEs	RMB 100 million	3,142.7	3,573.26	3,963.87
Growth of loans to MSEs	RMB 100 million	428.51	430.56	390.62
Number of countries and regions with Hua Xia agencies	/	115	103	116
Number of cities with Hua Xia agencies	/	384	344	380
RMB cross-border settlement	RMB 100 million	440.9	371	442.4
ROA	%	0.82	0.81	0.78
Allowance-to-NPL ratio	%	156.51	158.59	141.92
CAR	%	12.37	13.19	13.89
Shareholder equity	RMB 100 million	1,694.98	2,187.15	2,693.37
ROE	%	13.54	12.67	10.61
Total loans	RMB 100 million	13,940.82	16,135.16	18,726.02
Balance of loans in support of strategic emerging industries	RMB 100 million	308.71	300.04	812.29
Balance of loans in support of cultural industries	RMB 100 million	199.11	267.53	464.99
Share of loans in support of cultural industries in the total balance of loans	%	1.49	1.74	2.62

Environmental performance

Indicator	Unit	2017	2018	2019
Balance of green credit	RMB 100 million	532.48	566.99	798.44
Loans to energy conservation and environmental protection projects	RMB 100 million	446.46	494.92	668.16
Number of ETC cards	10 thousand	237.48	262.4	312.75
Number of ETC card users	10 thousand	145.29	170.34	227.07
Total number of one-stop ETC service outlets	/	319	382	820
Number of e-transactions	10 thousand	66,363.72	96,584.10	123,005.62
Estimated carbon emissions reduction through e-transactions	10 thousand ton	132.73	193.17	246.01

Social performance

Indicator	Unit	2017	2018	2019
Number of outlets	/	968	1,022	1,025
Number of rural outlets	/	85	102	106
Number of outlets in old revolutionary base areas, areas inhabited by ethnic minority groups, remote and border areas and poverty-stricken areas	/	72	79	81
Number of community sub-branches	/	193	192	177
Number of online corporate banking transactions	10 thousand	2,529.4	3,649.77	4,692.58
Number of online personal banking transactions	10 thousand	4,071.04	4,538.94	3,682.81
Complaints and problems solved through the joint handling mechanism of the 95577 customer service center	/	2,378	1,876	2,012
Settlement rate of complaints lodged through 95577 customer service center	%	100.00	100.00	100.00
Customer satisfaction rate for 95577 customer service center	%	99.29	97.11	99.56
95577 call-backs	/	39,961	69,411	42,604
Total number of employees	/	42,358	40,997	38,639
Total number of employees from ethnic minority groups	/	1,854	1,750	1,683
Share of female employees	%	50.39	50.55	51.46
Number of employee training sessions	/	3,675	3,889	3,986
Number of participants of employee training sessions	/	210,652	224,911	261,106
Number of AML training sessions	/	2,962	3,145	3,046
Number of participants of AML training sessions	/	34,941	37,046	49,855
Number of legal training sessions	/	176	186	213
Participants of legal training sessions	/	14,340	16,317	19,595
Total charitable donations	RMB 10 thousand	972.6	1,234	1,825.6

Green Development

The Bank regards green finance as a major move to serve the green development of China and promote the high-quality development of itself. While actively encouraging innovations in business management and financial service models, we also support green travel, green transactions and green operations, thereby contributing to green, low-carbon, and circular economic development.

Dedication to green finance

As green finance is one of its six strategic priorities, the Bank has constantly increased green actions in its business processes by building a green financial service system covering the entire industry chain through internal business structuring and product innovation efforts. By launching international partnerships, business training and key projects, we have been pushing forward the pilot program for featured green finance business operation and have accumulated replicable experience and widely applicable practices which can be helpful to the full launch of the green finance business, opening up a path towards featured green finance development that meet the actual needs.

- The Head Office**
The Head Office established the Green Finance Management Committee to coordinate and manage green finance-related businesses and lead the whole bank in relevant aspects. It also established the Green Finance Center to promote green finance business.
- Branches**
Branches of the Bank set up green finance leading groups and professional teams headed by members of the top leadership of each branch to do relevant coordination work and promote the business.
- Sub-branches**
For sub-branches, dedicated green finance branches and marketing departments were set up with designated personnel responsible for green finance-related work in some regions.

Enhancing credit management

The Bank has successively formulated a number of special green credit regulations, including *Measures for the Management of Green Credit of Hua Xia Bank* and *Guiding Opinions on Green Finance of Hua Xia Bank*, to channel more credit, investment, and financial leasing resources to green finance; formed a green credit system covering management regulations, business policies, green products, statistics rules, supporting IT systems, performance-based incentives, internal audit, and dedicated training programs.

In 2019

the Bank supported **194** environmental protection projects

As of the end of 2019

the Bank's balance of green credit reached RMB **79.844** billion

an increase of RMB **23.145** billion or **40.82%** over the beginning of the year

this is equivalent to saving **1,130,900** tons of standard coal

cutting CO₂ emissions by **2,714,200** tons

and reducing water use by **5,714,200** tons

the balance of loans for energy conservation and environmental protection projects was RMB **66.816** billion, a year-on-year increase of **35%**



Focusing on product innovation

Targeting the four areas of energy efficiency financing, clean energy financing, environmental protection financing, and green equipment supply chain, the Bank continued to improve its green financial product portfolio and diversify its green service solutions. We have created a product portfolio covering green credit, green leasing, green investment, and green debt financing tool underwriting. A series of featured products covering the refinancing of international financial organizations, collective financing of green projects, comprehensive services for the energy sector, photovoltaic loans, emission pledge financing, carbon financing, and energy performance contracting financing, have been developed to provide differentiated and diversified green financial services for the green development of the real economy.

As of the end of 2019

the Bank's balance of green investment was

RMB **7,745** million, including:

RMB **1,600** million of industrial investment funds

RMB **3,043** million of green finance bonds

RMB **151** million of green asset-backed securities

RMB **2,951** million of green credit bonds



Supporting China's largest non-interference geothermal heating project

In 2019, the Bank provided RMB 505 million of 12-year credit loan for a Shaanxi-based energy development company to build a medium-depth non-interference geothermal heating system. As the largest of its kind in China, the heating system can meet the energy needs of Xi'an Jiaotong University's 23 state-level laboratories, 25,000 researchers and 10,000 faculty members. Compared with conventional heating, it cuts annual energy consumption by 2,754.8 tons of standard coal, 36.01% of the total.

Supporting procurement and operation of new energy buses

In 2019, the Bank put part of its wealth management fund into a special green asset support plan for Zhangzhou Changyun Group Co., Ltd.'s public transport operation based on fare collection rights, RMB 27 million in total value. It was the first green bond fund targeting non-financial institutions issued in Fujian Province. It was mainly used for the construction of bus stations and the procurement and operation of new energy buses. Replacing traditional diesel-powered buses with electric ones can reduce noise, energy consumption, air pollution, and greenhouse gas emissions in the city. Meanwhile, the buses can be charged during non-peak hours of electricity consumption such as late in the night, thereby improving the overall efficiency of the power grid.





Wind power project supported by the Bank

Polishing our image through green finance

The Bank had active exchanges and cooperation with the World Bank, the Asian Development Bank and other international institutions in an effort to bring in low-cost international funds and green finance experience, and to make green finance a calling card, hallmark and widely upheld philosophy of the Bank, polishing the green finance brand of "Green Growth for a Better Hua Xia".

Undertaking the World Bank's largest energy storage project worldwide

In 2019, the Bank cooperated with the World Bank for the world's largest energy storage project—China Renewable Energy and Battery Storage Promotion Project. This is the largest single project of the World Bank in East Asia in the fiscal year 2019, and it is also the first financial product in China dedicated to energy storage projects. The total project investment amounted to USD 750 million, of which USD 300 million was provided by the World Bank, and the rest came from the Bank through an 18-year RMB-denominated credit loan. The project funds large-scale energy storage systems, especially battery storage systems, and supports innovative projects for the utilization of renewable energy to facilitate the development of China's energy storage industry.

As of the end of 2019, the Bank had

introduced a total of USD **1** billion of foreign capital through on-lending programs

issued RMB **10.2** billion of credit loans in home and foreign currencies

provided financing services for **90** projects in 17 provinces, municipalities and autonomous regions across the country

saving **3.47** million tons of standard coal annually

cutting CO₂ emissions annually by **8.47** million tons

cutting SO₂ emissions annually by **28,300** tons

cutting NO_x emissions annually by **28,000** tons



Steadily pressing ahead with the Innovative Financing Project for Air Pollution Control in the Beijing-Tianjin-Hebei Region

The Innovative Financing Project for Air Pollution Control in the Beijing-Tianjin-Hebei Region is the largest pollution control project of the World Bank in China in terms of the capital involved, and the Bank partnered with the World Bank for it. As of the end of 2019, 27 sub-projects had been launched, with a total investment of EUR 184,373,200 and supporting funds of RMB 2,911 million. The project achieved all its targeted results ahead of schedule and passed the World Bank's mid-term review with a rating of "satisfactory". It has also made outstanding contributions to the improvement of air quality in the Beijing-Tianjin-Hebei region.

Awards and Honors



In 2019, the Bank earned for itself a range of honors and awards with outstanding performance in supporting clean energy development through green finance. We won titles such as Best Green Finance Contribution Award from the China Banking Association, Star Bank for Green Finance from *The Economic Observer*, Best Green Financial Service Bank of the Year of Gold Medal Award of Chinese Financial Institutions - The Golden Dragon Award from Financial News (for the third time in a row), and Best Bank for Green Energy Development, a world-renowned award presented by *Global Finance*.



Photovoltaic project supported by the Bank

Services for green lifestyles

Supporting green travel

The Bank actively cooperated with expressway management companies and enterprises in the automotive service industry to promote ETC services which offered both economic gains and convenience to users, and encourage more people to travel in environment-friendly ways.

As of the end of 2019

the Bank issued a total of **3,127,500** ETC cards

the Bank had **2,270,700** contracted ETC service users

an increase of **503,500** or **19.19%** over the beginning of the year

an increase of **567,300** over the end of the previous year



Compared with manual toll collection, for an ordinary light vehicle, ETC reduces NOx emissions by 16.4%, CFCs by 71.2%, CO by 71.3% and CO₂ by 48.9%.

Launching ETC cooperation with the Highway Monitoring & Response Center of the Ministry of Transport

On July 24, 2019, the Bank and the Highway Monitoring & Response Center of the Ministry of Transport signed a memorandum for ETC business cooperation to support the building of an ETC card issuance platform. On August 8, 2019, the ETC business jointly provided by the two parties was officially launched and the Bank became the first joint-stock commercial bank to launch such business.

Hua Xia ETC cards promoting green travel

In 2019, the Bank launched Hua Xia virtual ETC card for car owners who would like to use ETC service. Without a physical card, an application for such a card can be approved in real-time and issued very soon. Simplified application procedures pushed up service efficiency. The whole process from application, agreement signing, card issuance and connection with a Hua Xia credit card can be completed within 30 minutes. Besides, all users of this card are exempted from annual fees and loss reporting fees for their credit cards and can enjoy a 5% discount on their toll payment. New customers can also get an ETC e-tag for free and enjoy other benefits.

Promoting green transactions

The Bank actively promoted the construction of channels for electronic and green transactions, streamlined e-banking procedures, and guided its customers to get used to mobile financial transactions.

As of the end of 2019

the total number of e-transactions reached **1,230,056,200**

cutting carbon emissions by **2,460,100** tons

up by **264,215,200** or **27.36%** year on year

e-transactions accounted for **98.52%** of the total



Paperless businesses processing at the counter

Centering on promoting the use of electronic vouchers, the Bank advanced the restructuring of its over-the-counter business processes and offered vouchers, customer signatures and bank seals in electronic forms to reduce paper use. No paper is used throughout the business processes at the counter unless customers require documents in printed forms. As of the end of 2019, 75% of our outlets have realized paperless operations.

Green operations

Green office

Devoted to integrating the concept of green development into the Bank's daily operations and management, we have taken a series of practical green office measures to reduce energy consumption and create a low-carbon and green working environment. No environmental law or regulation has a significant influence on the Bank due to the nature of its businesses.

Electricity consumption of the Head Office (kWh)

2017	34,894,453.0
2018	37,985,485.3
2019	43,626,786.8

Paper consumption of the Head Office (Million pieces)

2017	6.67
2018	6.72
2019	4.92

Fuel consumption of office cars of the Head Office (Liter)

2017	51,534.49
2018	39,812.63
2019	30,149.86

Water consumption of the Head Office (Ton)

2017	42,073.8
2018	41,410.6
2019	40,809.6

Online office

An online office system was used to avoid unnecessary resource consumption.

Green procurement

Centralized procurement was carried out to effectively reduce the consumption of office supplies.

Lower energy consumption

Smart lighting systems were used to reduce energy consumption and carbon emissions of offices.

Water conservation

The Bank advocated water conservation by putting up signs reminding employees to turn off the tap after using and report all cases of water leakage from the tap.

Protecting the environment

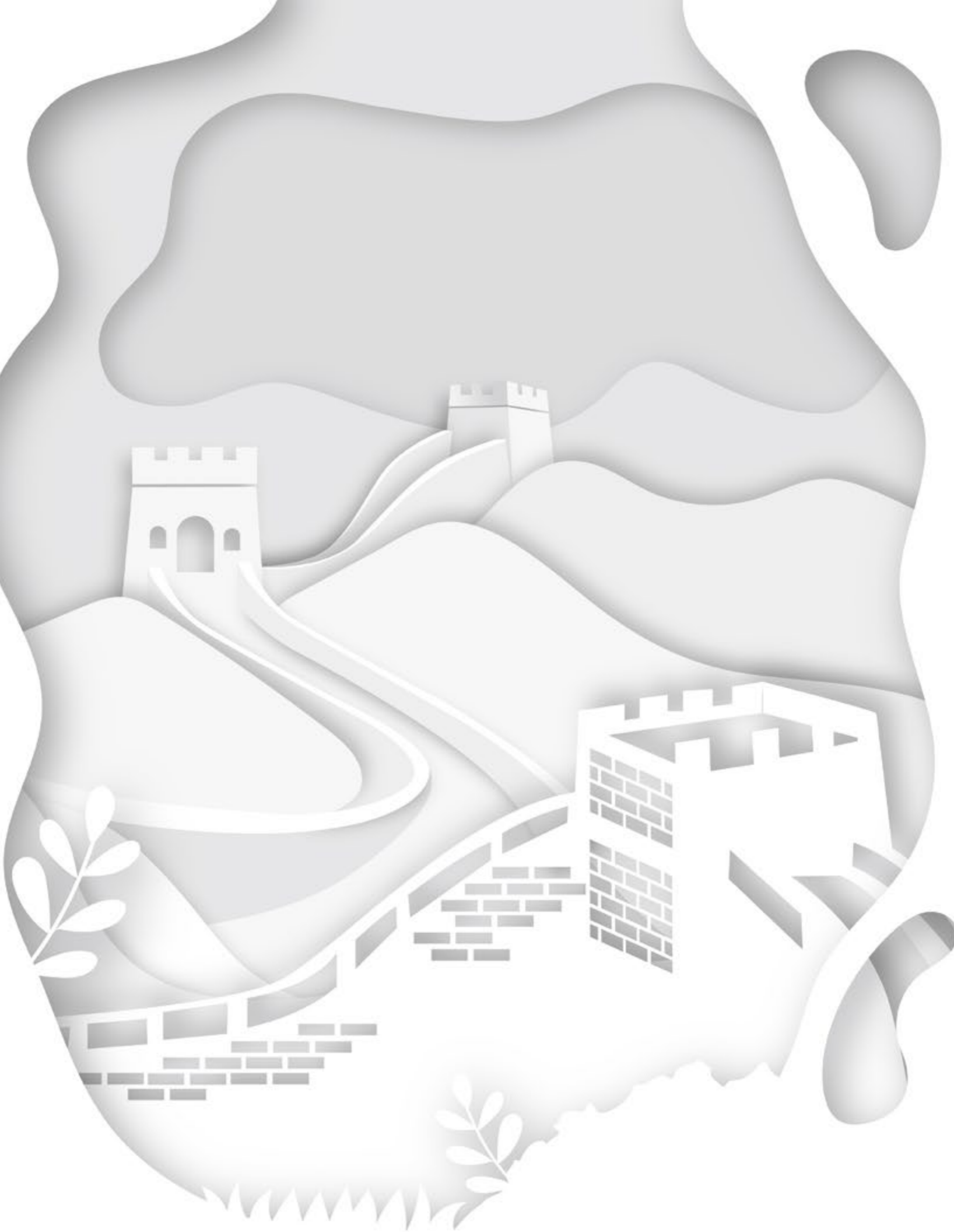
The Bank encouraged employees to participate in environmental protection activities, such as tree planting and low-carbon travel, and guides employees to embrace energy-saving, low-carbon, green, responsible and healthy life and work styles starting from the little things, thus contributing to environmental protection and ecological progress.



Xiamen Branch's public welfare long walk to promote low-carbon and environment-friendly lifestyles



Changzhou Branch's tree planting trip themed "Embracing the Beautiful Spring and Spreading the Seeds of a Green Lifestyle"



A Dedicated Hua Xia with Craftsmanship

Hua Xia Bank actively engages in mainstream economic forms and responds to major national strategies. With a focus on coordinated regional development, we have promoted industrial transformation and upgrading, supported the development of the private sector and MSEs, and enhanced financial support for targeted poverty alleviation, so as to better meet the development of the real economy and the diversified financial needs of the people.

SDG Practices

- Enhancing financing services for the development of Beijing as the capital and promoting the coordinated development of the Beijing-Tianjin-Hebei region
- Promoting innovation in management mechanisms, products and services, and supporting the development of the private sector and MSEs
- Improving resource allocation and enhancing supporting services to boost the development and transformation of the real economy in multiple dimensions
- Enhancing preferential policies for poverty alleviation through industrial development to help win the critical battle against poverty



In 2019

Nearly RMB **80** billion of financing services granted to key projects for the coordinated development of the Beijing-Tianjin-Hebei region

Fund for targeted poverty alleviation:
RMB **4,309,677,100**
(including credit funds and donations)

As of the end of 2019

Balance of loans in support of strategic emerging industries:
RMB **81.229** billion

Balance of loans to MSEs:
RMB **396.387** billion

Spotlight

Providing Financial Support for the Fight Against Poverty

In line with the requirements set in the poverty alleviation plan for the 13th Five-Year Plan period (2016–2020) released by the State Council, the Bank focused on key provinces and autonomous regions in Beijing's poverty alleviation strategy, such as Inner Mongolia, Hebei, Tibet, Xinjiang, and Qinghai, to develop its credit policies and launch integrated financial products and services, so as to provide financial support for the country's fight against poverty.

The Bank's Party Committee took the lead in making donations and called upon all employees of the Bank join the Social Participation in Poverty Alleviation and Development of China program. By the end of 2019, nearly 30,000 employees had followed the WeChat official account of the program, and donated RMB 1.5 million.

In 2019, the Bank

provided RMB **4,309,677,100** for targeted poverty alleviation (including credits and donations)

provided financial services to a total of **54,769** registered low-income people

granted loans totaling RMB **2,876,014,800** to support **57** projects of industrial development for poverty alleviation

provided RMB **366,355,000** of personal loans

issued credit card with a total credit line of RMB **134,952,300**

Empowering poverty alleviation with a positive mindset

- The Bank has always taken poverty alleviation as a major political task, and strove to strengthen top-level design for poverty alleviation through finance, and formulated *Hua Xia Bank Poverty Alleviation Implementation Plan and Work Plan 2019* in accordance with actual conditions.

Good mechanisms maintain focus on poverty alleviation and facilitate progress

- Coordination mechanism: The Bank established a leading group for poverty alleviation through finance to make plans for and promote poverty alleviation tasks in a coordinated way, and to set clear requirements, priorities and steps for targeted poverty alleviation.
- Collaboration mechanism: In line with the poverty alleviation policies of the state and regulatory authorities, the Bank divided relevant tasks between various departments and ensure connection and collaboration so that they could work in synergy.
- Cooperation mechanism: The Bank brought in government risk compensation funds, fiscal funds for emergency mutual aids, and policy-based guarantee companies to combine the overall planning of financial poverty alleviation with the actual situation of poverty-stricken villages.
- Support mechanism: The Bank incorporated poverty alleviation into the Party building evaluation system and set political discipline as the most important and fundamental discipline in targeted poverty alleviation, so as to achieve transparent and clean poverty alleviation.

Industrial development ensures effectiveness of poverty alleviation

- Industrial development projects for poverty alleviation: Hohhot Branch introduced the industrialized meat sheep breeding demonstration project of Inner Mongolia Little Lamb Husbandry Company to Ar Horqin Banner according to local conditions.
- Microcredit programs for poverty alleviation: The Bank increased support for registered poor households, targeted micro loans precisely at projects that help poor households develop production or at featured and advantaged industries that can effectively lift poor households out of poverty. It took overall credit conditions and capacity to repay the loans as the main criteria for granting micro loans and took a prudent approach towards the renewal of loans without repayment of principal.

As of the end of 2019

the balance of loans to regions that partnered with Beijing for poverty alleviation reached RMB **4,118** million

an increase of RMB **1,451** million from the beginning of the year

created **9,230** jobs for the local area

up **546** from the beginning of the year

helped secure jobs for **944** registered low-income people in five relevant provinces and autonomous regions

- Pairing up with poor households: The Bank dispatched 20 outstanding officials to work as first secretary of villagers' committees in 14 poor villages and underdeveloped villages in 11 provinces, municipalities and autonomous regions and they played important roles in strengthening village Party organizations, promoting income growth, serving the people, and improving local governance.

- Poverty alleviation in partner village assigned by Beijing municipal authorities: The Bank earnestly implemented the policy of the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality on pairing up each enterprise with one village for poverty alleviation, and signed assistance agreement with Xinwangzhuang Village, Xitiangezhuang Town, Miyun District. Following the logic of "funds for industrial development, industrial development for employment, and employment for more income", the Bank helped all local low-income households out of poverty.

- Advanced technology to overcome difficulties in providing financial services: The Bank launched e-commerce credit, an online credit product, to solve problems such as delayed acquisition of market information and low distribution efficiency in the operation of agri-businesses.

Public welfare programs keep people motivated and educated

- Donations to help people build confidence in poverty alleviation: Hohhot Branch provided RMB 100,000 for five "love supermarkets" located in Baolige Village, Bayanhua Town, and Nantuguri Gegacha, Balaqirude Sumu in Ar Horqin Banner, and other places and established a point-based reward system to benefit the local poor population.

- Poverty alleviation through education: the Bank provided RMB 3.5 million for the improvement of education infrastructure in Hotan, Xinjiang, supported the children of migrant workers in Dandelion Middle School in Daxing District, Beijing, through the China Foundation for Development of Financial Education, and made more donations to left-behind children in poverty-stricken areas.

Accurate statistics support poverty alleviation evaluation

- A precise statistics system for targeted poverty alleviation: Through the establishment of a complete and clear statistics system, the Bank designated responsible entities for industrial development, employment, consumption, and public welfare activities for poverty alleviation, and they kept records of the number of poor people assisted by loan borrowers (including employment), and filed the recruitment of people from impoverished backgrounds and the number of people lifted out of poverty by poverty alleviation efforts through public welfare initiatives and consumption, in order to guarantee the targeted financial services.
- Poverty alleviation loan supervision and monitoring: The Bank strengthened the monitoring and analysis of credit granting and loan repayment to prevent excessive financing in the name of poverty alleviation.



- The **Best Contribution Award for Targeted Poverty Alleviation** at the Award Ceremony for Top 100 Performers of Social Responsibility held by China Banking Association.

- Fixed-pointed poverty alleviation effort carried out by Urumqi Branch was rated "Good" in the assessment by the Leading Group for Poverty Alleviation and Development of the Xinjiang Uygur Autonomous Region.

- Shijiazhuang Branch's village-based poverty alleviation team was rated "Excellent" by the Organization Department of the Hebei Provincial Committee of the CPC; Song Xiyuan won the title of **Excellent First Secretary** of the village-based poverty alleviation team, and Gao Wenfeng was selected as **Excellent Member** of the team.

- Zhao Yongjun, an employee of Haikou Branch, was presented with the 2019 **Excellent Individual for Poverty Alleviation from Hainan Financial Sector** by the Hainan Provincial Office of Poverty Alleviation and the Hainan Provincial Financial Supervision and Administration Bureau.

- Chengdu Branch was presented with the award of **Ten Best Branches in Targeted Poverty Alleviation** by Modern Bankers in 2019.



Lanzhou Branch donated tractors to Dingxi Poverty Alleviation Office

Poverty alleviation through industrial development: Truly enabling people to bail themselves out of poverty

- Urumqi Branch assisted in initiating the establishment of the “Huaxia Farmer Agricultural Cooperative in Arele, Hotan City”, using its own advantages to help villagers increase their income. 18 poor villagers have bought shares with small loans in the cooperative, totaling RMB 680,000.
- Lanzhou Branch reached out to cooperatives to help local farmers in Dingxi, Gansu Province, grow potatoes. At the same time, it also reached out to a local leading company in deep processing of agricultural products for the purchase of potatoes from poor households at prices higher than the market level. This formed a new model of financial poverty alleviation featuring “government + bank + enterprise + cooperatives + farmers” which ensured the supply of raw materials for the purchasing enterprise, protected the interests of local poor households and cooperatives, and promoted industrial development, corporate operation efficiency, and farmers’ income.



A modern chicken farm built in a fixed-point poverty alleviation village with the support from Haikou Branch

Poverty alleviation through ecological development: Turning lucid waters and lush mountains into invaluable assets

- Haikou Branch adopted the “company + cooperative + poor households” model based on cooperation with relevant companies to build a 498.75-kilowatt distributed photovoltaic power station in Puzai Village. Once the project is completed and connected to the power grid, it will bring more than RMB 4,000 for each poor household in the village every year.



The Bank donated RMB 3.5 million to Hotan City for the expansion of Arele Primary School



The village work team of Urumqi Branch donated clothing to local residents to bring them love and warmth



The Bank was presented with The Best Contribution Award for Targeted Poverty Alleviation by China Banking Association



Residents of Yunan Village preparing apples purchased by Xi’an Branch

Poverty alleviation through education: Securing a good starting line for poverty-stricken children

- Xi’an Branch bought 15 computers and five 60-inch flat-screen TVs for Donggou Elementary School and helped install these devices to ensure that the students can enjoy multimedia education as soon as possible.
- Xining Branch donated RMB 100,000 to Shangbatang Village, Yushu Prefecture, which was mainly used to purchase five tons of coal for heating at the village elementary school, 146 pieces of winter clothing for students and teachers, 136 sets of school bags and school supplies, school canteen supplies and some items of basic living needs for some poor families in the village.



The “love supermarket” of Taiyuan Bank opened

Poverty alleviation through consumption: Engaging more people in poverty alleviation through purchases instead of donations

- Taiyuan Branch purchased RMB 15,000 worth of agricultural products from the village which was paired up with for poverty alleviation and donated them to sanitation workers of Taiyuan, and village poverty alleviation team members dispatched by the branch helped local poor households sell RMB 31,700 of millet, eggs and corn grits.
- On the National Poverty Relief Day, employees from Shijiazhuang Branch, visited Jinpo Village, Angezhuang Township, Yi County to purchase homegrown agricultural products such as peanuts, sweet potatoes, persimmons and eggs, helping villagers create wealth for themselves through labor.

Supporting for the Coordinated Development of the Beijing-Tianjin-Hebei Region

Positioned as the bank for Beijing, the Bank contributed to Beijing's efforts to build itself into the political center, cultural center, international communication center, and technology innovation center of China, supported the construction of the city's sub-center and the Xiongan New Area, and helped with the relocation of Beijing's non-capital functions, thus promoting the coordinated development of the Beijing-Tianjin-Hebei region.

Focusing on the construction of the capital city

Guided by Beijing's development blueprint, the Bank continued to enhance the financing support for the capital's economic development and influence in technological innovation and cultural spheres. Through such efforts, we contributed to the economic transformation and development of the capital.

In 2019
the bank provided RMB **229.56** billion of loans for the Beijing area
including RMB **30,305** million for high-tech enterprises, RMB **21,742** million for cultural and creative enterprises, and RMB **24,836** million for MSEs
the Bank's financing services covered **84.91%** of SOEs at the municipal and district levels in Beijing

Supporting technological innovation

Centering on the innovation-driven development strategy, the Bank leveraged on its advantages in FinTech and Internet Plus initiatives, established dedicated organizations to provide services for technology-centered enterprises. Its Zhongguancun Management Department supported the development of relevant technology companies intending to help create new FinTech business forms at Zhongguancun National Innovation Demonstration Park.

In 2019, together with guarantee institutions, venture capital institutions, and innovation incubators active in the Zhongguancun area, the Bank launched special products such as the easy loan for start-ups, easy loan for high-tech companies, intellectual property loan, and investment linkage loan. The products provided financial support for several original innovations with great influence in areas such as integrated circuits, new energy, biomedicine, advanced manufacturing, and helped cultivate a batch of innovative enterprises with great potential and industry-leading enterprises.

As of the end of 2019

the Bank provided financing services for **282** technology companies in Beijing

and issued a total of RMB **8,776** million of loans



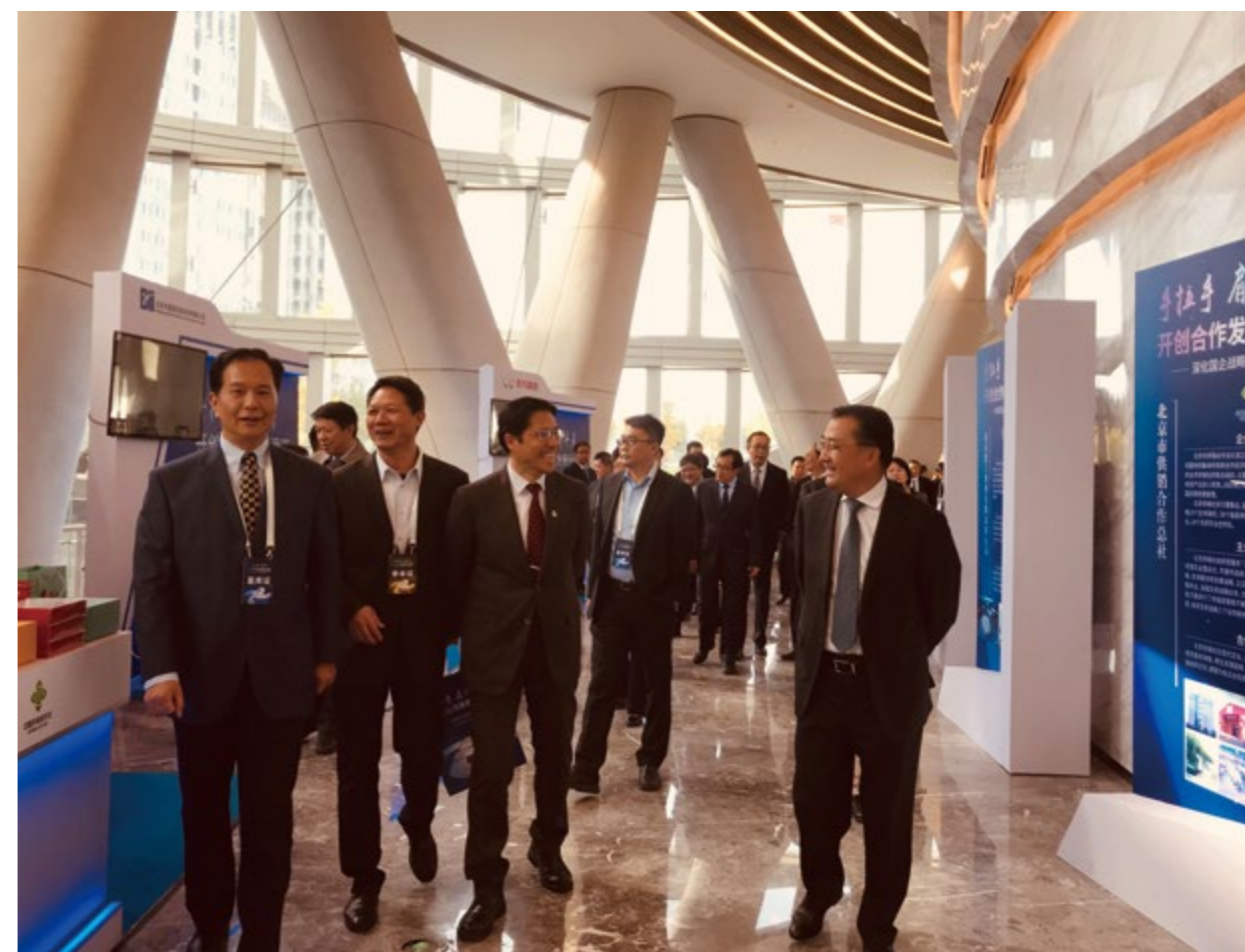
Contributing to cultural prosperity

Focusing on building Beijing into the cultural center of China, the Bank established the Center of Cultural and Creative Industries and the Beijing Cultural and Creative Industries Management Department under its Head Office to speed up the development of related mechanisms and promote product innovation. By actively responding to the financial needs of cultural and creative companies, we contributed to the cultural prosperity and development in the capital city.

As of the end of 2019

the Bank provided financing services for **404** cultural and creative companies in Beijing

the balance of credit loans for such companies was RMB **10,783** million



The Bank signed the *Strategic Cooperation Agreement on Promoting the Time-Honored Brand of Beijing* with Tong Ren Tang, Gongmei Cloisonne, Beijing Fashion and Xianglong Group

Helping polish time-honored brands to carry forward and develop traditional Chinese culture

The Bank launched its Time-Honored Brand Action Plan focusing on seven market segments including renowned catering brands, traditional food, health care, traditional folk costumes, cultural heritage, publishing and media, and craftsmanship. The Bank carried out all-round cooperation with Tong Ren Tang, Gongmei Cloisonne, Donglaishun, Red Star, Arctic Ocean, Wangzhihe, Wuyutai, and many other time-honored brands to facilitate innovation-driven development of China's outstanding traditional culture. As of the end of 2019, the Bank had established partnerships with 31 time-honored brands in Beijing and delivered all-round customized financial service packages for 12 of them as the first batch.

All-round customized financial service packages for each brand

Based on the characteristics of each brand, the Bank customized all-round financial service packages and extended its services to the upstream and downstream sections of the relevant industry chain.

Policy support for the Time-Honored Brand Action Plan

The Bank developed preferential policies for these time-honored brands, offering them loans with longer periods, more suitable repayment methods and preferential prices. Besides, green channels were opened for them to expedite loan approval.

More comprehensive services as a way to shoulder responsibilities

The Bank carried out joint Party building, public welfare and brand building activities with time-honored brands, provided consulting services with its rich resources and information, and cooperated with high-quality brands within the industry to build resource sharing platforms.

Supporting a series of winter sporting events

In 2019, the Bank became one of the diamond partners of Experience Beijing – a series of winter sporting events, making its contribution to the high-quality development of the sports and cultural industry in Beijing. In the future, the Bank will continue to provide all-round and high-quality financial services for the development and promotion of ice and snow sports in China.



Promoting economic development

The Bank deepened its strategic cooperation with the authorities of various districts and counties, as well as many state-owned enterprises in Beijing. By proactively learning about and identifying their specific financial needs, we established a service platform featuring connection and coordination between the Head Office, branches and sub-branches to better work with key enterprises and promote the rapid and steady economic development of Beijing. Such partnerships formed a synergy with the headquarters economy in Beijing, bringing benefits for all parties involved.

In 2019, the Bank formulated the *Plan of Hua Xia Bank for Delivering Good Financial Services for the Economic Development of the Capital to Have a Good Start*. According to the plan, the Bank strengthened services for district-level state-owned assets management centers, financial affairs offices, and platform companies. More financial support was offered to key areas such as Daxing, Chaoyang and Haidian districts and major local companies such as BAIC Group, Beijing Investment Group Co., Ltd., State-owned Capital Operation and Management Center of Beijing, Beijing Capital Highway Development Group Co., Ltd., and BBMG Corporation Ltd.

In 2019, the Bank

provided RMB **34.3** billion of credit loans to the headquarters and subsidiaries of municipal enterprises

signed strategic cooperation agreements with **16** municipal enterprises, **2** government departments, and **1** private enterprise

supported **70** municipal key credit projects with over

RMB **30** billion of funds



Signing strategic cooperation agreements with enterprises to contribute to the economic development of the capital city

On March 29, 2019, the Bank signed strategic partnership agreements with nine key enterprises under the administration of Beijing's municipal government, including the State-owned Capital Operation and Management Center of Beijing, Beijing Infrastructure Investment Co., Ltd., Beijing Investment Group Co., Ltd., Beijing Huanwei, Beijing Capital Agribusiness & Food Group, Beijing Capital Highway Development Group Co., Ltd., Beijing Municipal Road & Bridge Group Co., Ltd. (BMRB), Beijing Uni.-Construction Group Co., Ltd. and Beijing Orient Electronics Group Co., Ltd. (BOE) under Beijing Electronic Holding Co., Ltd. Based on these agreements, the Bank provided quality financial services for key projects, enterprises, fields, and areas in the capital.

"The strategic partnership between Hua Xia Bank and nine municipal enterprises of Beijing is a major move that will promote the integrated development of municipal financial institutions and municipal enterprises, give full play to the leading role of state-owned capital and enterprises in Beijing's economic development, and lend momentum to the construction of the capital city and the coordinated development of the Beijing-Tianjin-Hebei region."

Zhang Guilin, Party Secretary and Director of the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality

Support for the balanced development of Beijing's sub-center and Xiongan New Area

The Bank offered strong support to the construction of Beijing's sub-center and Xiongan New Area as the two wings for Beijing's overall development. This helps with the relocation of the non-capital functions of Beijing and contributes to the coordinated development of the Beijing-Tianjin-Hebei region.

Supporting the construction of the sub-center of Beijing

The Bank made active efforts to channel high-quality financial resources to the sub-center of Beijing. In line with the development plan for the new urban area in Tongzhou District, the Bank approved and granted loans to more construction projects in Tongzhou, effectively facilitating the orderly relocation of the non-capital functions of Beijing.

Establishing more outlets

The Bank set up three sub-branches and outlets and put in place more than 40 smart counters and other self-service machines. The Bank has also received approval for opening its Tongzhou Branch from Beijing Bureau of China Banking and Insurance Regulatory Commission, and the branch will be the second Tier-1 branch in the sub-center once it opens its door.

Providing support for relocation

The Bank took an active part in supporting the relocation of municipal authorities and public institutions to the sub-center and launched special financial products including Hua Xia Elite Loan, Hua Xia Express Card, and Global Elite Credit Card for the more than 50,000 employees of 118 organizations directly affiliated to the municipal government.

Enhancing cooperation with platform enterprises

The Bank granted nearly RMB 10 billion in credit to Beijing Investment Group Co., Ltd. to support the construction of 52 infrastructure projects related to the construction of the Tongzhou New Town and the demolition and reconstruction work of Taihu Town and its surrounding areas.

Allocating more resources

Since 2015, the Bank has provided more than RMB 37.3 billion of credit and financing for the development of Tongzhou District, which was used to support key projects of the district, including the demolition and reconstruction of the cultural tourism zone, Tongzhou Yunduan Industrial Park, Universal Studios Beijing, and shanty town reconstruction project in Lucheng Town.

Supporting the construction of Xiongan New Area

Based on the needs of Xiongan New Area, the Bank developed special preferential policies, and set high targets for the development and delivery of products and services, as well as for relevant innovation efforts and work efficiency, making its contribution to the construction of Xiongan New Area. In 2019, the Bank received approval to start preparation for Xiongan Branch.

Becoming the first to join a blockchain project management platform of Xiongan New Area

The Bank is the first national joint-stock bank to join the blockchain project management platform of Xiongan New Area. The Bank moved its cash management products into the platform to provide transfer and payment, review and authorization and financing services on it. This enabled authorities of Xiongan New Area to manage contracts and contract fulfillment, allocate fund and monitor fund use for various construction projects. It has served 21 enterprises, including China Xiongan Group Co., Ltd., and projects involved included the Millennium Forest project, Tanghe Sewage Reservoir project, and other key projects in the area.

Contribution to the coordinated development of the Beijing-Tianjin-Hebei region

To be a major financial service provider for the Beijing-Tianjin-Hebei region, the Bank set up a dedicated working group for the coordinated development of the Beijing-Tianjin-Hebei region, which was headed by the President. The goal is to build a dedicated financial service platform for the region by establishing relevant systems, mechanisms and launching relevant businesses and products. By doing so, the Bank will contribute to the coordinated development of the Beijing-Tianjin-Hebei region with its advantages in financial innovation.

In 2019, focusing on transportation integration, ecological environment protection, industrial transfer, and upgrading and other key fields, the Bank provided strong support for projects such as the Daxing Airport Express, the city sub-center museum, the Tongzhou organic matter resource ecological treatment station, the infrastructure project of Caofeidian Coordinated Development Demonstration Zone, Baiyangdian water pollution control and blockchain fund management platform. With approval received successively for its Tongzhou Branch and Xiongan Branch, the Bank basically formed an outlet network covering all key areas for the coordinated development of the Beijing-Tianjin-Hebei region.

In 2019, the Bank

provided nearly RMB **80** billion of financing services for key projects related to the coordinated development of the Beijing-Tianjin-Hebei region

had a total of **159** outlets in the Beijing-Tianjin-Hebei region



Supporting the integration of public services in the Beijing-Tianjin-Hebei region

To build a financial service circle for the greater Beijing area, the Bank has launched special products, including Hua Xia Elite Loan, Fund Loan, and Foreclosure Loan to meet the financial needs of residents in Beijing, Tianjin and Hebei in consumption, travel, relocation, decoration, and so on. The Bank issued the first debit card in the banking industry with the coordinated development of the Beijing-Tianjin-Hebei region as the theme, which provides a significant platform for the Bank to serve customers, develop businesses, and increase market share in the region, thus driving the development of public services.

As of the end of 2019

the Bank had issued a total of **2,139,600** cards themed on the coordinated development of the Beijing-Tianjin-Hebei region

an increase of **369,300** or **20.86%** from the end of the previous year



Supporting transportation integration in the Beijing-Tianjin-Hebei region

In light of the transportation development plan for the Beijing-Tianjin-Hebei region, which features four vertical lines, four horizontal lines, and a loop line, the Bank increased support for projects critical to transportation integration in the Beijing-Tianjin-Hebei region, including rail transit, highway, port and transportation hub projects, based on considerations of both economic and social benefits, promoting convenient inter-city connections in the region.

Supporting the construction of Daxing Airport Express

In 2019, Beijing Daxing International Airport was put into use, which further improved the transportation system of the Beijing-Tianjin-Hebei region. Beijing Branch actively supported the construction of the Daxing Airport Express, which was key to a modern rapid transit system and helped transform how people travel in the local area. Beijing Branch had granted a total of RMB 565 million of credit loans to the project.



Supporting ecological environment governance in the Beijing-Tianjin-Hebei region

The Bank continued to enhance cooperation with international financial organizations such as the World Bank to provide financial support for key projects related to air pollution control, water pollution control, and clean energy development, as well as energy conservation and environmental protection enterprises. In 2019, the Bank funded the distributed photovoltaic power generation projects at Qinghe wastewater treatment plant, Huanghua Huanan wind farm, and some other high-quality energy-saving, environmental protection and clean energy projects.

As of the end of 2019

the Beijing-Tianjin-Hebei region joined hands with the World Bank for the Innovative Financing for Air Pollution Control in Beijing-Tianjin-Hebei Program, under which **6** sub-projects were already launched

In 2019

the Bank provided nearly RMB **14** billion of loans to green development projects in the Beijing-Tianjin-Hebei region



Launching strategic cooperation with Zhangjiakou for green and innovation-driven development

To promote the construction of Zhangjiakou as the water source conservation area and the ecological buffer zone of Beijing, the Bank signed a strategic cooperation agreement with the municipal government of Zhangjiakou to pursue innovation in green finance and promote the development of green industries in the city. By the end of 2019, through the Innovative Financing for Air Pollution Control in Beijing-Tianjin-Hebei Program and other green financial products, the Bank had provided a total of RMB 520 million of green financial products for Zhangjiakou, effectively promoting green, low-carbon and environment-friendly development of the city.

Serving the Real Economy

Continuing to give priority to serving the real economy, the Bank actively aligned its businesses to national development strategies and regional development plans, promoted the transformation and upgrading of the industrial structure, fully supported the improvement of people's living standards and well-being, and provided efficient, convenient and all-round financial services to support China's opening up.

Supporting national regional development strategy

Based on its expertise, the Bank launched credit, investment, and financing policies to fully align its businesses to major national strategies for regional development.

Boosting the development of the Yangtze River Economic Belt

Paying close attention to the development of the Yangtze River Economic Belt, the Bank provided continuous and high-quality financial services for related infrastructure construction projects, industrial transformation and upgrading efforts and new urbanization initiatives, making its contribution to the development of Yangtze River Economic Belt.

Supporting the development of the Yangtze River Economic Belt

In strict accordance with the Yangtze River Golden Channel Development Plan, Hefei Branch strengthened support for industrial transformation and upgrading initiatives, as well as enterprises and projects engaged in environmental protection and innovation. The Branch worked to play its part in meeting the financial needs of the integrated multidimensional transportation corridor along the Yangtze River Economic Belt and selected and supported outstanding projects related to regional industrial upgrading and transfer. Starting from demonstration zones for industrial relocation, such as Wanjiang Economic Zone, Anhui, Hefei Branch provided financial services for promising transferred companies and projects that met the requirements set in its credit, investment and financing policies, and thus offered strong support for the development of the Yangtze River Economic Belt. As of the end of 2019, Hefei Branch's balance of loans in support of the development of the Yangtze River Economic Belt was RMB 19,978 million, and a total of 476 customers had benefited from these loans.

Boosting the development of Ganjiang New Area

As a state-level new area, Ganjiang New Area is of great significance to the economic development of the Yangtze River Economic Belt, the rise of central China, and the development and opening-up of inland areas of China. Nanchang Branch established the Ganjiang New Area Sub-Branch to provide high-quality financial services for local economic development. By the end of 2019, a total of RMB 1,645 million of loans had been provided to enterprises in the Ganjiang New Area.

Supporting the development of the Guangdong- Hong Kong-Macao Greater Bay Area

The Bank improved its organizational structure and mechanism to better support the construction of the Guangdong-Hong Kong-Macao Greater Bay Area and helped accelerate integrated development.

Establishing Hong Kong Branch to provide financial services for the development of the Guangdong- Hong Kong-Macao Greater Bay Area

On September 26, 2019, the Bank's Hong Kong Branch Preparation Team received a banking license from the Hong Kong Monetary Authority and the Hong Kong Branch was officially established. In the future, it will actively respond to national strategies, continue to provide modern financial services with the characteristics of Hua Xia Bank to support the construction of the Guangdong-Hong Kong-Macao Greater Bay Area.

Infusing vitality to the development of the Guangdong-Hong Kong-Macao Greater Bay Area

Guangzhou Branch joined hands with various parties in society to create a livable, business-friendly and tourist-friendly life circle and world-class city cluster in the Greater Bay Area.

It provided low-cost financing services for key local construction projects in the forms of project loans, syndicated loans, funds, etc.

It paid attention to urban renewal projects and provided high-quality financial services for real estate companies for the renovation of old towns, factories, and villages.

It launched featured consumer financial products and provided special services for retail customers in the Greater Bay Area.

Based on the rapid transport network consisted of high-speed railways, inter-city rails, and high-grade highways, it launched ETC services for Class-II accounts to contribute to the connectivity of the Greater Bay Area.

Supporting the development of Free Trade Zones

The Bank made strategic attempts at financial services free trade zones (FTZs). By continuously improving its service models and mechanisms, the Bank infused lasting vitality to the financial reform of FTZs.

The Bank actively promoted the establishment of various organizations in FTZs, with 17 branches setting up 30 organizations as of the end of 2019.

The Bank built professional teams and established a dedicated expert panel to vigorously promote steady business development in FTZs.

Based on the "commercial banking + investment banking" service model, the Bank continuously pushed up the share of FTZ customers in its customer base and the proportion of capital financial services in all services. It built its own characteristics, and delivered differentiated services in FTZs.

The Bank continued to improve the working mechanism for its organizations within FTZs and establish sound communication mechanisms for them. It collected information on regulatory policies, the latest trends in the industry, and product innovations monthly, shared the information among institutions within FTZs, and facilitated mutual learning.

Developing the blockchain technology to serve the construction of Tianjin Free Trade Zone

Through cooperation with the first blockchain cross-border trading platform of China, i.e. the TCB Trade Express Platform jointly built by Tianjin Customs and Tianjin Bureau of Commerce, Tianjin Branch provided customized financial products for the sound development of cross-border trade enterprises in Tianjin. As of the end of 2019, Tianjin Branch, with the help of the blockchain technology, realized cross-validation of data on cargo flow. The Branch completed cross-border payments totaling USD 5.5 million. The platform enabled whole-process cargo monitoring and exchange of data on cross-border capital transactions and contributed to a close-loop business ecology that improved itself constantly.

Promoting industrial transformation and upgrading

In line with national policies on industrial upgrading, the Bank used financial instruments to guide and support the transformation of traditional industries, the development of strategic emerging industries, and the modernization of agriculture. Through such efforts, the Bank contributed to the shift towards more sustainable economic growth.

Supporting the transformation of traditional industries

Guided by relevant industrial policies and the distribution of various industries, the Bank stepped up its support for the creation new economic drivers, helped with strict control over and the elimination of backward production capacities, and promoted the mutually beneficial and integrated development of the financial industry and traditional industries, thus facilitating the transformation and upgrading of traditional industries.



In 2019, the Bank issued RMB 40 billion of perpetual bonds to add to its Tier-1 capital, further enhancing its ability and potential to enhance supply-side structural reforms of the financial sector.

Boosting the transformation and development of the blue economy

Shandong Jiejing Group Corporation is the oldest company in the integrated algae products processing business in China and a leader in the industry. In recent years, Qingdao Branch has actively provided credit support to this company to help it transform from a traditional production and processing enterprise to a new enterprise featuring high-caliber talents, advanced technologies and excellent products, contributing to the high-quality development of the blue economy.

Supporting strategic emerging industries

The Bank actively responds to national strategies for supporting the development of strategic emerging industries, and has increased financial support for key industries and areas. By the end of 2019, the balance of loans for supporting strategic emerging industries was RMB 81.229 billion.



A customer manager of Shaoxing Branch visited the construction site of Shaoxing Metro to see what the customer needed

Supporting the development of China's manufacturing industry

According to the *Made in China 2025 Implementation Plan of Shaoxing* and the characteristics of the advanced equipment manufacturing industry in Shaoxing, Shaoxing Branch provided financial services mainly for key leading enterprises supported by the municipal government, listed companies and their core subsidiaries, companies about to go public, or equipment manufacturing companies with advanced technologies, clear competitive edges, and good business performance. In the first half of 2019, the branch extended a total of RMB 940 million of credit to 10 equipment manufacturing companies.

Supporting the modern agriculture

Through differentiated credit management, financial product innovation, service model innovation and other approaches, the Bank promoted the healthy development of agriculture-related enterprises and the supply-side structural reform of agriculture sector.

Providing better targeted, stronger, and more reliable financial services for agricultural projects

Kulongtai Vegetable Wholesale Market in Beizhen City, Liaoning Province, is one of the first leading enterprises of China for agricultural industrialization, a state-level central wholesale market, and a key part under the Non-Staple Food Project in Jinzhou City. To help the market solve a series of problems, including difficulties in collecting receivables, completing settlements, making payments, and conducting reconciliation, Shenyang Branch carried out in-depth cooperation with the market on fund settlement, digital financial platform building, and innovation in agriculture-related financial products. Specifically, it helped the market launch an account system that combined dedicated deposit accounts and internal bookkeeping, and realized multiple functions such as the deposit and management of funds, fund flow monitoring, payment, internal bookkeeping and interest calculation. Since the launch of the system in August 2019, 140,000 transactions had been completed through the system, involving a total value of RMB 300 million. The branch's excellent performance was highly praised by related enterprises.



Supporting private enterprises

The Bank earnestly implemented the major decisions and arrangements of the CPC Central Committee and the State Council on supporting private enterprises and the private sector, and came up with a series of measures, including allocating dedicated credit resources, shortening the financing chains for enterprises, and lowering the financing costs for private enterprises and MSEs, to provide strong financial support for the development of private enterprises.

Launching inclusive financial products for private enterprises to solve their financing difficulties

Given that private enterprises and MSEs usually borrow short-term small loans frequently and urgently, the Bank created a dedicated financial service package for them, that is Hua Xia inclusive package for private enterprises. The package includes three series of products, namely Rongyitong, Ronghuitong, and Rongjietong, and they together provide private enterprises and MSEs with well-targeted financial service solutions, to meet their differentiated needs and help them solve financing difficulties in three aspects, three major problems that pushing up their financing costs, and three sore points in using financial services.



Working with Shenzhen High-tech Investment to promote the implementation of the “Four Hundred Billion” plan

To offer more support to the implementation of the “Four Hundred Billion” plan of Shenzhen to promote the healthy development of the private sector, on July 17, 2019, Shenzhen Branch signed the *Strategic Cooperation Agreement on Financing Support for Private Enterprises in Shenzhen* with Shenzhen High-tech Investment & Guaranty Co., Ltd. (Shenzhen High-tech Investment), and introduced more powerful, targeted, and practical measures to fuel the development of the private sector of Shenzhen.



Shenzhen Branch cooperated with Shenzhen High-tech Investment to provide subsidy loans and government procurement loans for 300 private enterprises that have received government tax cuts, and provided them with relevant fee reductions.

Shenzhen Branch provided no less than RMB 30 billion of special credit loans to private enterprises in Shenzhen.

By increasing the credit line for Shenzhen High-tech Investment, Shenzhen Branch issued no less than RMB 30 billion to support private enterprises in Shenzhen to issue bonds. By applying products in the underwriting pool of the Head Office, Shenzhen branch provided high-quality private enterprises with full-amount bond underwriting services.

Through in-depth cooperation in the fields of cloud computing, big data, and artificial intelligence, Shenzhen Branch provided 30,000 MSE owners in Shenzhen with a total of RMB 300,000 in credit loans through its mobile banking platform where lending can be approved immediately.

Supporting China's opening-up

In line with the trend of economic globalization and the basic national policy of opening-up to the outside world, the Bank actively expanded its overseas business, built international presence with steady steps, and provided support for the Belt and Road Initiative and the going global campaign of Chinese enterprises.

Supporting the Belt and Road Initiative

The Bank actively expanded its financial network and opened up financial service channels to improve the quality and efficiency of financial services in support of the Belt and Road Initiative.

As of the end of 2019

the Bank had established **645** correspondent banks along the Belt and Road

accounting for **53** % of all correspondent banks of the Bank

more than **50** % of the correspondent banks established in 2019 were located along the Belt and Road

Helping build Sihanoukville Special Economic Zone into a win-win project of the Belt and Road Initiative

Hodo Group is one of the 120 pilot enterprises for deepening reform designated by the State Council, and it is also a demonstration enterprise for the implementation of the trademark strategy as approved by the State Administration for Industry & Commerce. It took the lead in the development of the Sihanoukville Special Economic Zone in Cambodia, and thus contributed to deepening China-Cambodia economic and trade cooperation under the Belt and Road Initiative. Wuxi Branch provided a credit line of RMB 630 million for the Group, of which RMB 430 million had been used. Such financial support helped accelerate the construction of the Sihanoukville Special Economic Zone and made the project an excellent example of win-win cooperation and friendship along the Belt and Road.

Serving the going global campaign of Chinese enterprises

The Bank continued to build its overseas presence, strengthen international cooperation, create innovative products for the international market, and support the internationalization of Renminbi, providing reliable financial support for the going global campaign of Chinese enterprises.

Expanding channels for global service delivery

The Bank actively developed correspondent banks at home and abroad, so as to provide customers with fully integrated financial services at home and abroad. By the end of 2019, the Bank had set up 1,221 correspondent banks at home and abroad in 380 cities of 116 countries and regions on all five continents of the world.

Creating innovative products for the international market

Through the R&D of secondary market risk participation forfaiting products and payment guarantee forfaiting products, the Bank further enriched its trade and financial product portfolio, application scenarios, and business channels. As of the end of 2019, the Bank had completed transactions RMB 1.44 billion in total value for secondary market risk participation forfaiting products and RMB 100 million for payment guarantee forfaiting products.

The Bank also worked to build up its RMB-foreign exchange derivatives series, and promoted the launch of RMB-foreign currency swap products. As of the end of 2019, the Bank had signed contracts for over USD 109.81 million of RMB-foreign currency swap products.

Supporting Renminbi internationalization

The Bank continued to contribute to the internationalization of Renminbi by forming the four product systems of cross-border account services, cross-border settlement products, cross-border financing products, and capital projects. These product systems cover traditional products, such as remittances and letters of credit, as well as innovative products such as cross-border two-way RMB fund pools. With these products, the Bank aims to help customers carry out cross-border settlement and financing businesses using Renminbi. By the end of 2019, the Bank had handled RMB 44.24 billion of cross-border RMB transactions.

Contributing to the improvement of people's living standards

Based on its strengths in coordinating financial resources, the Bank worked to serve people's pursuit for a better life through measures such as launching more financial products, creating innovative service models, and conducting differentiated credit management.

Optimizing personal financial service system

Expanding the consumer credit business

- Based on customers' needs, the Bank vigorously promoted consumption loans for different consumption scenarios.
- In accordance with related national policies and the principle of market-based pricing, the Bank took targeted measures according to the characteristics of each city and selected high-quality projects to accelerate the granting of personal housing loans.
- With the support of FinTech, the Bank actively developed online loans by enhancing innovation and cooperation with head platforms.
- The Bank explored personal loan securitization, successively issuing Longju personal housing mortgage loan ABS products and personal loan NPAS products.

Strengthening wealth management

- The Bank improved its six-tier wealth management customer classification system, dividing wealth management customers into inclusive, basic, VIP, wealth, high-value, and private banking customer groups, and continuously optimized its business structure in accordance with regulatory requirements for asset management businesses.

Improving payment and acquiring businesses

- The Bank vigorously expanded its ETC business and implemented the demonstration project of mobile payment for the convenience of the people. The Bank promoted the integration of FinTech with retail business, made payment and acquiring business more scenario-based, and pursued more innovations in payment.



The Bank organized the marketing day activities themed "One Hundred Cities and Ten Thousand Households" (I)



The Bank organized the marketing day activities themed “One Hundred Cities and Ten Thousand Households” (II)

Anju Leye e-Life for a better life

The Bank provided comprehensive, multi-level, specialized financial products and services to meet customers' different needs related to basic life, entrepreneurship and employment, healthcare and elderly care, and tourism and recreation. By creating and upgrading the personal loan brand of Anju Leye e-Life, the Bank endeavored to strengthen its support for consumption upgrading.

As of the end of 2019

the Bank's balance of personal consumption loans was RMB **270.4** billion

an increase of RMB **60** billion, or **28.51%** from the beginning of the year

Anju (literally “happy life”)

- This part of the portfolio gives priority to the credit needs of home buyers, i.e. those who purchase ordinary commercial residential units, first-time home buyers and upgraders.
- In line with the national development strategy of developing the Guangdong-Hong Kong-Macau Greater Bay Area, the Bank launched dedicated housing loan products for the Greater Bay Area so as to make it easier for Hong Kong and Macao residents to purchase housing in mainland cities in the Greater Bay Area.

- As of the end of 2019, the Bank's balance of personal housing loans reached RMB 185.9 billion, an increase of RMB 39.3 billion over the beginning of the year.

Leye (literally “satisfactory job”)

- This part of the portfolio provides loans for the purchase of business premises and construction machinery and vehicles by individuals so as to help start-ups.

- As of the end of 2019, the Bank's balance of personal business premise purchasing loans totaled RMB 28.5 billion, with 59,000 customers.

E-Life

- The Bank gradually extended its loans to cover comprehensive personal consumption for home furnishing, tourism, healthcare, etc., providing more support to people's spending in new hotspots of consumption.

- The Bank upgraded its Elite E-Loan and Hua Xia E Loan products to align its financial products better to customers' needs and provide customers with efficient and convenient consumer financial services.

- Adhering to technological innovation, the Bank stepped up its efforts to provide financial services in the field of auto finance, and worked with PICC P&C to create Hua Xia Cheyidai, providing customers with innovative, convenient, and intelligent auto financial services along the whole chain.

- As of the end of 2019, the Bank's balance of comprehensive consumption loans reached RMB 56.1 billion.

Developing Inclusive Finance

Strengthening business management

To meet the financial needs of SMEs, the Bank persevered in providing specialized services, building brands, fostering special features in operation, and continuously refining its management. By continuously improving top-level design, enhancing organizational structure and management mechanism, pursuing better resource allocation, and strengthening risk control, the Bank continuously improved its inclusive financial services, aiming to be “a financial service provider for SMEs”. It has fulfilled all MSE-related regulatory indicators for ten consecutive years since 2010.

Towards featured inclusive finance

Action plans to support private enterprises and MSEs

- The Bank developed action plans to comprehensively strengthen and improve financial services for private enterprises and MSEs. Concerted efforts were made across the whole bank to promote financial services for MSEs.

A better organizational structure to accommodate dedicated inclusive financial service institutions

- The Bank restructured the Inclusive Finance Department, established the retail and inclusive finance division, completed the inclusive finance restructuring at the branch level, and enhanced collaboration between all business lines of the bank to jointly provide services for MSEs.

Better mechanisms for a culture daring and willing to lend

- A better performance evaluation mechanism: The Bank included MSE business target fulfillment and implementation of relevant regulatory policies in the performance evaluation and promotion of branch and sub-branch leaders, so as to motivate leaders to do a better job in serving MSEs.
- A better NPL tolerance evaluation mechanism: The Bank followed relevant regulatory requirements of China Banking and Insurance Regulatory Commission in performance evaluation related to the tolerance for non-performing loans for MSEs.
- A sound mechanism for exemption from accountability based on due diligence: The Bank formulated *Hua Xia Bank Credit, Investment, and Financing Policy for 2019* and *Hua Xia Bank Standards for Due Diligence on Credit Granting*.

Better resource allocation for enhanced support for private enterprises and MSEs

- The Bank worked harder to ensure sufficient credit resources and gave priority to MSEs in credit granting.
- The Bank formulated more preferential policies for internal funds transfer pricing, and counted the value-added tax exempted for interest income on eligible loans to MSEs as part of branches' profits in relevant performance evaluations.
- The Bank allocated more funds for MSEs as it successfully issued RMB 40 billion of perpetual bonds.

Sound risk control with featured control models

- The Bank strengthened the guiding role of risk management and strictly adhered to rigid rules in relevant policies, steered loan granting in accordance with the trends of industrial restructuring, the economic mainstream, and the direction of industrial development, and worked hard to guide customer classification and industry-based management.
- The Bank stepped up its efforts to expand its MSE customer base in areas with a more developed private sector, devoted more resources to the Beijing-Tianjin-Hebei region, the Yangtze River Delta and the Pearl River Delta, did more to analyze credit customers with high default rates, and improved credit customer classification and eligibility requirements.
- Based on the overall economic development and credit environment in each specific region, the Bank established a differentiated authorization mechanism based on total amount control, level-based management, and dynamic monitoring, so as to guard against region-specific risks.
- The Bank set and improved key points for risk control regarding FinTech innovations, and strengthened the dedicated review and approval teams with continuous efforts.

Assistance to help private enterprises and MSEs out of difficulties

- Outstanding loan renewal service: The Bank went all out to promote the annual review system for loans, actively renewed loans without repayment of principal, and vigorously promoted Yongxu Express loans.
- Assistance to help enterprises out of difficulties: For MSEs who were in temporary difficulties but had marketable products and a good prospect, the Bank did not stop lending, withdraw loans, or cut off credit supply blindly, but worked to help them out. The Bank implemented a series of measures to lower interest rates and service charges and improve the efficiency of review and approval, thus shortening the financing chain, improving financing efficiency, and reducing financing costs.

As of the end of 2019

balance of loans in support of MSEs:
RMB **396.387** billion

loans to MSEs increased by
RMB **39.062** billion

the balance of loans to MSEs accounted for
22.36% of the total loans of the Bank



Hefei Branch gave a presentation on MSE-related products and services to some MSEs

Intensifying efforts in inclusive finance, demonstrating a great sense of responsibility

In 2019, working towards the targets regarding increasing credits to MSEs and serving more MSE customers, Changzhou Branch made targeted efforts in inclusive finance, showing a great sense of responsibility.

Guiding operations with improved performance evaluation mechanisms

- For business units, the balance of eligible loans and the increase of relevant accounts were taken as indicators in the performance evaluation for bonuses.
- For the leadership of the branch, these indicators were included in the performance evaluation and linked to the salary of the president.
- For customer managers, eligible loans had a coefficient of 3 instead of 1.5 in management evaluation, and the weight of relevant indicators increased from 70% to 80% in KPI evaluation.
- Time-bound competitions were held to guide business units and customer managers to work in accordance with the decisions and arrangements of the branch. Rewards were offered to those who worked hard and achieved greatly, while those with poor performance were punished.

Strengthening services with enhanced management to support the development of inclusive finance

- The Branch formulated detailed rules on inclusive finance management to clarify the work mechanisms at each level and had designated personnel for follow-up and progress monitoring.
- The Branch required daily monitoring, monthly reports, and quarterly evaluations to ensure attainment targets regarding MSE loans and accounts and promote the growth of eligible loans.
- The Branch integrated into local economic development through activities, such as 100 Banks Entering 10,000 Enterprises, and targeted poverty alleviation, to enhance the marketing effect in areas under the strong support of the branch.

Launching innovative and featured products and services

The Bank continued to strengthen product and service innovation, built a service system that combines online and offline delivery, and provided financing services in more flexible and efficient ways to facilitate the development of private enterprises and MSEs.

In 2019

featured products for MSEs:
24

As of the end of 2019

balance of loans for online businesses of MSEs:
RMB **12.244** billion

number of MSE customers of online businesses:
54,705



Changzhou Branch visited the self-employed business owners in Changzhou Knitting City

Online loan product series

The Bank launched innovative online loan products, including the Long Business Loan and Invoice Loan series relying on big data for risk control, the Long Concessional Loan series for key enterprises, the Long e Loan provided jointly with insurance companies, etc.

Scenario-based and business form-specific services

The Bank adopted internet-based means to improve services for MSEs and increase efficiency. It developed innovative cash management products, such as Finance Pass, Bidding Pass and Underwriting Pass, to provide complete personalized fund management services to 165 private enterprises and MSEs. Given that private enterprise and MSE owners are generally more accustomed to working on mobile devices, the Bank developed a mobile corporate banking system which encompasses service functions such as payment and settlement, inquiry and account checking, and wealth management, as well as feature functions for business management such as clocking-in, meeting management, and risk reporting.

Online: Empowered by FinTech

Offline: Rolling out more featured products and services

Speed

The Bank improved its House Loan Express, launched Hua Xia Express Loan, and carried out online collateral evaluation and e-contract signing on the basis of centralized online credit record keeping.

Covenience

The Bank upgraded annually reviewed loans, launched Yongxu Express based loan renewal without repayment of principal to extend terms of loans for eligible lenders, providing more convenience for MSEs in regard to re-lending and loan renewal. The Bank also improved the procedures for MSE credit extension and built a MSE credit factory to deliver services to MSEs with higher efficiency.

Targeting sore points

The Bank launched Private Enterprise Express and MSE card to provide featured services for private enterprises and MSEs.

Launching MSE Card to help customers out of “growing pains”

On August 9, 2019, Hua Xia Bank launched Hua Xia Inclusive Corporate Financial Card for MSEs in Shaoxing, Zhejiang. At the event, the Bank launched the MSE card to provide an array of featured services, such as cash deposit and withdrawal, transfer, settlement, payment, financing, insurance, legal consulting, etc., meeting the diverse financial needs of the self-employed individuals, small business owners and legal representatives of small businesses.

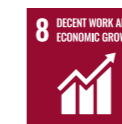


A Digital Hua Xia Driven by Innovations

Hua Xia Bank adhered to innovation-driven reform and development, pursued in-depth integration between information technology and finance, and strove for high-quality development while giving more play to the guiding role of ESG. Thus, it has embarked on a new journey towards high-quality and sustainable development.

SDG Practices

- Enhancing FinTech innovation, building platforms for developing FinTech and expanding the application scenario of FinTech
- Improving the service capability of financial institutions and building a service model that combines online and offline service delivery so as to make financial services readily available to the public
- Joining the Principles for Responsible Investment, launching ESG-themed wealth management products, and advancing climate actions and sustainable development



In 2019

Technology patents of the Bank: **2**

Issued **11** series of ESG thematic wealth management products

Information emergency drills: **75**

Raised RMB **10.068** billion of funds

FinTech Development

Making concrete progress in FinTech platform building

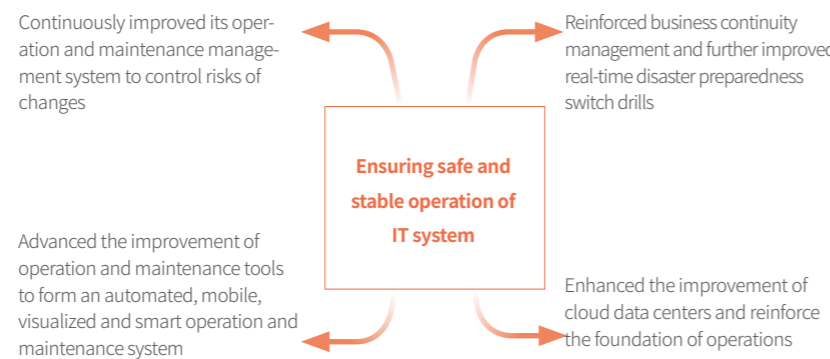
The Bank implemented its digitalization strategy and fully launched 15 key FinTech projects, covering cash management, payment integration, targeted marketing, digital credit and other fields. As of the end of 2019, 88% of these key projects had achieved preliminary results and 13 technology platforms had been put into use, pushing the Bank into the forefront of the industry in this respect.



Preventing FinTech-related risks

While launching new businesses and applying new technologies, the Bank made all-out efforts to prevent systemic financial risks. It continued to improve its FinTech risk management system, and use technologies to identify and eliminate hazards, ensuring secure and highly efficient use of FinTech.

The Bank worked to improve its system security management framework, financial network security emergency response system and disaster preparedness system, and enhanced the continuity of the financial IT system. It built instrumental platforms for better situation awareness, risk perception across the board, risk prediction and early warning, improved the Bank's ability to respond to major cyber threats, disasters and emergencies, thus ensuring the safe and stable operation of its IT systems.



The Bank intensified financial information security protection. It formulated regulations and standards for whole-lifecycle financial information management and conducted regular checks at points prone to information leakage, so as to protect financial data assets and prevent risks of financial information leakage.

Guard against user privacy risks

- **Intensifying production data management**
The Bank revised the *Detailed Rules for Management of Production Data of Information System*, proposing rigorous requirements on operations and downloading involving sensitive data so as to prevent unauthorized data retrieval, tampering, disclosure and damage.
- **Carrying out inspections on personal information protection**
Inspections were carried out on personal information protection across the Bank to detect hidden risks of information leakage.
- **Enhancing cybersecurity protection and ensuring data integrity**
The Bank worked to identify and fix system security vulnerabilities, enhanced system security monitoring and proactive prevention and control, intensified end security management and control, required regular disposal of downloaded production data, and checked for weak passwords for terminals and production key backup, etc.
- **Strictly controlling data use to ensure security related to data flow and transfer**
The Bank took vigorous measures to control the scope of data processing, keep the computer network, telecommunications network and broadcasting network separate, analyze production problems within production and quasi-production environments, and gradually realize the closed-loop management of sensitive data. It also enhanced production data operation management and deployed the audit system to achieve recording, auditing and tracing of system operations.

Facilitating upgrading of the industrial Internet through integration of industries and finance

The Bank actively promoted exchanges and cooperation with peers on FinTech. It cooperated with Internet companies, FinTech companies and Internet banks to develop scenario-based business solutions, moved ahead towards digitalization and intelligentization, and worked to create a new model of value creation featuring integration, connectivity and strategic planning.

Joining hands with Huawei "Kunpeng" to build an open bank platform

In 2019, the Bank cooperated with Huawei Innovation Lab to make an overall strategic plan for the transformation of its information system architecture and design the IT architecture of an open banking platform. This is the first open banking platform based on stack cloud built on Kunpeng processor with safe and open basic components. This cooperation ensured business security and stable operation for the Bank, and enhanced its control in various related aspects.

Signing an agreement with Hundsun Electronics to create a new growth driver

Hundsun Electronics is the first technology company in China to provide commercial banks' wealth management subsidiaries with integrated solutions in response to the new regulations on assets management. The company rolled out complete solutions for personal wealth management, corporate assets management, and institutional assets management. In 2019, the Bank signed the *Agreement of Comprehensive Cooperation on Assets Management Technology* with Hundsun. According to the agreement, both parties would cooperate in all aspects of assets management technology and the Bank would be able to improve its customer services, investment management, and operation support.

Smart Applications for Better Business Development

Moving ahead with retail digitalization with technology

The Bank continued to increase resource investment in FinTech development, made active efforts to create a customer-centered, data-enabled, and technology-driven smart retail business system, so as to promote the digitalization and upgrading of retailing and realize sustained, robust, and high-quality development of retailing business.

“Smile to Pay” builds new ecology of smart payment

“Smile to Pay” face recognition payment is the Bank’s featured new technological product created on the basis of biometrics. It enables customers to make payments in a safe, well-regulated, convenient and efficient way. After registration on the Bank’s mobile banking app or on mobile QuickPass, users can pay at designated merchants such as supermarkets, restaurants, gas stations, convenience stores, etc. simply through face recognition and a password, needing no physical bank card. This greatly improved user’s experience.



Accelerating the building of online loan platforms

The mobile marketing platform for personal loans allows users to apply for and get loans on a tablet, helps the Bank improve marketing and service capabilities, efficiency, and customer experience.

Building an independent risk control model for personal online loans

The digital credit risk control system enables effective prevention and control of high-risk frauds and credit risks related to personal online loans.

Advancing mobile payment

The Bank launched basic financial through the mobile QuickPass app, continuously improved the card-binding verification elements and improve mobile payment quality, and adjusted the transaction limit to improve settlement efficiency in collaboration with UnionPay. Meanwhile, the Bank successively launched mobile QuickPass products on mobile devices, such as Samsung Watch, Oppo Pay, Vivo Pay and Mi Band, further enriching its mobile payment product system.

Launching robo-adviser system and private banking and wealth management system

The robo-adviser system changes the traditional sales model for wealth management products. With cloud computing, big data analytics and other technologies, the system produces user persona and automatically generate advice on an investor’s assets portfolio, delivering customized investment adviser service that combines active and passive investment strategies. The private banking system contributes to smart private banking, helps the Bank manage VIP private banking customers in a hierarchical way, present products in shelf style, and provide private banking and wealth management customers with investment advice and planning services.



Using FinTech to better serve SMEs

With FinTech, the Bank created new service models and streamlined the lending procedure to better serve small and medium-sized enterprises (SMEs). It used technologies to solve the problem of risk assessment for SMEs, reduced financial risks and improved financial service accessibility.

Digital small business service platform improves service capability

The digital small business credit service platform allows small businesses to register as new customers of the Bank, apply for loans and receive them after review and approval, and manage the loan afterwards. All these can be done online and this helps solving financing difficulties for SMEs and considerably improves SME financing efficiency.

Procedures

Identification technology verifies users’ identity and enhances loan security; the Internet, big data and other technologies support online analysis and automatic generation of various documents, significantly increasing efficiency.

Data

The system takes internal and external data as the basis of online credit application review and approval, and post-loan monitoring. Analysis results are automatically generated to provide strong support for multiple business models and better risk control.

Long Business Loan: a new model of inclusive finance

Hua Xia Bank’s “Long Business Loan” is a featured financial product developed in cooperation with Tencent. Based on cutting-edge technologies such as cloud computing, big data and artificial intelligence, the product contains key technological modules for customer ID verification, biometrics, OCR, and big data-based risk control, building a highly efficient system that put together functions such as marketing, risk control, and loan granting. This product ensures the security of users’ funds and information, and realizes the whole-process automated online operation, bringing more diverse financial services and more efficient and convenient financial experiences to customers.

Online auto financing delivers services across regions

To meet the growing demand customers in Tier-3 and Tier-4 cities for auto financing, Shanghai Branch cooperated with Shengshi Dalian Financial Leasing (Shanghai) Co., Ltd. to break geographical limits with technologies and provide convenient online financing services for customers in need of auto financial leasing.

This product allows for automated online review and approval, credit granting and loan delivery, breaking the barriers of time and space. While providing highly efficient and convenient financing services for car owners-to-be nationwide, the Bank used Internet technologies to bring more customers to brick-and-mortar auto service outlets, securing benefits for multiple parties.

ESG Investment Philosophy

The Bank fulfilled responsibility and earnestly implemented an ESG investment philosophy and aligned its overall strategy for assets management to this philosophy. The Asset Management Department of the Bank joined the United Nations-supported Principles for Responsible Investment (PRI), and promoted the ESG philosophy through strategic research, ESG database building, themed wealth management products, and themed activities. Besides, the Bank held the first ESG Investing Forum for Asset Management in China.

Joining PRI

In March 2019, the Bank's Assets Management Department joined the United Nations-supported Principles for Responsible Investment (PRI) and became the first asset management institution of a commercial bank in China to join the organization.

PRI

Principles for Responsible Investment (PRI) is a United Nations-supported international non-profit organization jointly initiated by the UNEP FI and the UN Global Compact. In early 2005, the former United Nations Secretary-General Kofi Annan invited a group of the world's largest institutional investors and stakeholders to develop the Principles for Responsible Investment. The Principles were launched in 2006 at the New York Stock Exchange. It works to help investors understand the investment implications of environmental, social and governance (ESG) factors and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate.

Developing ESG investment strategies

To advance ESG strategy research and promotion and to disseminate the ESG investment principles in China's asset management industry, the Bank developed the guidelines for implementation of ESG strategies in wealth management and investment, active and passive ESG strategies, and clarified internal and external evaluation standards. It also established an ESG strategy research team to conduct in-depth research on ESG investment practices and underlying assets.



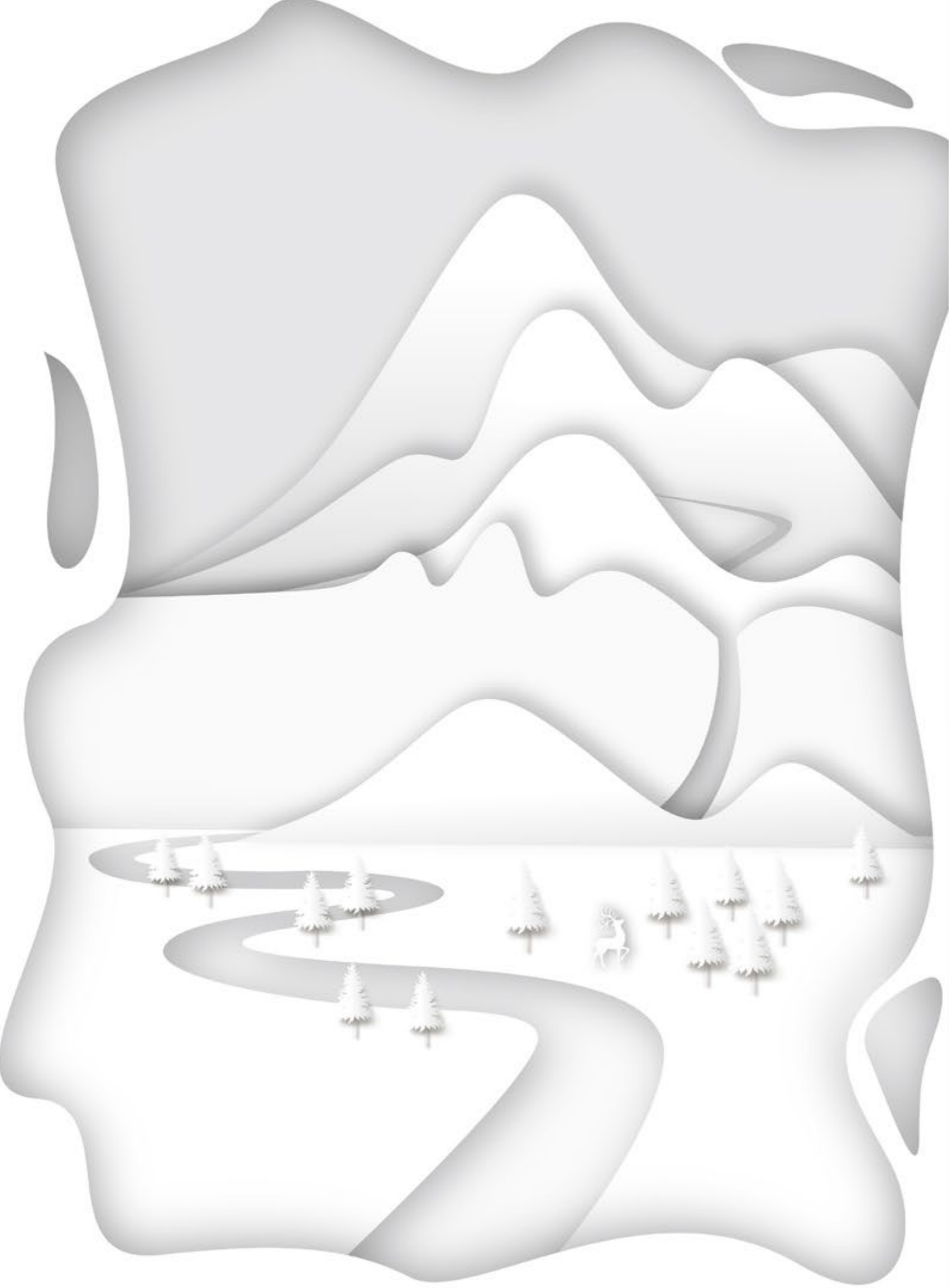
Launching ESG-themed wealth management products

In 2019, the Assets Management Department of the Bank launched ESG-themed net-value-oriented wealth management products centering on beautiful China with lucid waters and lush mountains and CSR performance for a better life for the people. Since the first of these was launch on April 15, the Bank had issued 11 of them in total and raised RMB 10.068 billion of funds.

Holding the 1st ESG Investing Forum for Asset Management in China and releasing ESG Index

On December 14, 2019, the Bank held the first ESG Investing Forum for Asset Management in China. At the forum, participants from the Bank and representatives of associations and financial institutions shared their opinions and insights on topics such as "ESG Investment and Development Vision" and "Financing for Sustainable Development". The CSI Hua Xia Bank ESG Index that the Bank launched jointly with China Securities Index Co. Ltd. (CSI), was also released on the event.





A Prudent Hua Xia with Compliance

Hua Xia Bank has fully implemented the decisions and arrangements of the CPC Central Committee and the State Council on financial work, and taken tough steps to forestall and defuse financial risks. It has worked to turn external compliance requirements into motivations for internal control, comprehensively advanced the building of a long-term compliance management system, and earnestly guarded against risks, so as to maintain sound operations and ensure financial security and stability of the Bank.

SDG Practices

- Adhering to compliance in operation according to law, improving the internal control system, and fostering a culture of law-based governance
- Earnestly safeguarding the bottom line of risks, improving comprehensive risk management, and fulfilling risk prevention and control responsibilities



In 2019

Compliance education sessions:

3,636

Anti-money laundering(AML) training
sessions: **3,046**

As of the end of 2019

Non-performing loan (NPL) ratio:

1.83%

Allowance-to-NPL ratio:

141.92%

Full Compliance in Operations

The Bank adhered to fully law-based and compliance operation, constantly improved its internal control and compliance management system, promoted law-based governance across the board, improved business management processes and systems, gave play to the role of money laundering risk management and case risk prevention and control, ensured full compliance with all regulatory requirements for all business and management activities, and saw no major negative incident.

In 2019

compliance education sessions: 3,636	participants in the compliance education: 163,222	training sessions or lectures on anti-financial crimes: 635
participants in the training sessions or lectures on anti-financial crimes: 21,444	training sessions on anti-money laundering: 3,046	participants in the training sessions on anti-money laundering: 49,855



Launching a campaign to reinforce good market order and boost compliance

The Bank actively implemented the requirements of the China Banking and Insurance Regulatory Commission (CBIRC), launched the campaign to reinforce good market order and boost compliance cum the Year of Compliance Management Promotion, sorted out and improved its internal control system, and organized the self-inspection and self-rectification activities within departments as well as random on-site inspection along business lines, focusing on key points of problem rectification in key areas. The Bank thus found and eliminated all kinds of hidden risks in time, and truly realized fully law-based operation.

Improving internal control system

The Bank continued to strengthen its internal control system by promoting professional inspections, rectification of identified problems, and compliance audit. It also worked hard to restore good order on the financial market, and comprehensively improved internal control and compliance management, providing strong support for the Bank's lean management and high-quality development.

The Bank revised the *Articles of Association of Hua Xia Bank Co., Limited* to strengthen Party building and equity management. The Bank also established the *List of Compliance Matters for the Board of Directors of Listed Banks*, aiming to strengthen the compliance mechanisms for the Board of Directors to perform its duties.

Improving corporate governance structure

The Internal Control and Compliance Department and the Department of Legal Affairs were merged to form the Legal Compliance Department and shoulder six more items of responsibilities including due diligence for non-compliance credit granting.

Adjusting the organizational framework for management

Improving the mechanism of rectifying problems

The *Administrative Measures for the Problem Rectification Work of Internal and External Inspection of Hua Xia Bank* was revised to streamline the workflow of problem rectification and clarify relevant responsibilities. All business sectors of the Bank worked in an all-round way to identify existing problems, analyze the fundamental causes of the problems, and develop targeted countermeasures through a cycle of inspection, rectification and verification.

Unifying criteria for non-compliance accountability

The Bank revised the *Administrative Measures for Employee Errors and Non-compliance Points of Hua Xia Bank*, unified the standards for employee errors and non-compliance points in all branches and business sectors, and intensified investigation and punishment for violations of laws and regulations, especially repeated violations.

Promoting law-based governance bank-wide

The Bank stepped up its efforts to promote law-based governance, implemented the *2017-2020 Implementation Plan of Hua Xia Bank for Developing Rule of Law*, actively improved legal risk management and continuously strengthened legal review to guide the identification and control of legal risks in a systematic manner and ensure business operation with full compliance. In addition, it took various measures to improve publicity and education on the rule of law, worked hard to foster a culture of compliance with laws, regulations and disciplines, and nurture a healthy atmosphere of integrity within the Bank.

Strengthening the culture of the rule of law

- Five sessions of Hua Xia Bank Lectures on the Rule of Law were organized. In view of the areas prone to legal risks, the Bank disseminated legal knowledge to raise employees' awareness and build their capacity to comply with the law. Over 8,000 people across the Bank participated.
- Throughout the year, a total of 208 training sessions on the rule of law were organized, covering leaders at all levels, employees across business sectors, as well as legal professionals.
- In its legal affairs management system, the Bank opened columns on legal interpretation and rule of law, providing 14 legal interpretations and typical cases and 319 legal work trends to share experience in the rule of law and legal risk management across the Bank.
- The Bank also organized employees to watch publicity videos of the Constitution and the rule of law-themed films and review the oath of allegiance to the Constitution. Employees were encouraged to participate in online legal knowledge competitions and stage art shows, do knowledge quizzes, and visit correctional facilities, to cultivate a favorable atmosphere for legal awareness raising across the Bank.

Intensifying legal risk control

- By improving its legal affairs management system with information technologies, the Bank constantly pushed up the efficiency of and standardized legal affairs management in all aspects, including contracts, authorization, litigation, counsel services, intellectual property rights, law publicity and education, etc.
- The Bank formulated guidelines on contracts of asset management and trusteeship, and issued contract templates covering financial management, retail, corporate business, international business, bond underwriting, advertising and other businesses. These efforts solved, once and for all, problems in contract drafting and quality, and efficiency in related business areas, and systematically enhanced the capacity of legal risk prevention and control.



The Bank held the "Year of Promotion of Compliance Management" theme activity

Strengthening AML management

The Bank continued to improve its AML-related internal control system and operating mechanisms by upgrading the AML information system, strengthening control over high-risk businesses, and launching AML publicity activities. These pushed up the quality and efficiency of the Bank's AML work in an all-round way.

Conducting in-depth AML publicity and training

- The Bank carried out a series of AML publicity activities to raise public awareness of AML. Special posters were distributed among the public and employees, and four consecutive AML publicity cartoons were released on our WeChat official account and viewed for 65,000 times.
- The Bank also strengthened AML team building by organizing multiple levels of AML training sessions for directors, supervisors, senior management members, employees and branches, reaching 49,000 times.



Jinan Branch launched the AML publicity campaign



Zhengzhou Branch's AML publicity campaign themed on Cracking down on the Money Laundering Crime to Safeguard Financial Security

Continuing to improve the mechanism

- The Bank revised the *Administrative Measures for Anti-Money Laundering of Hua Xia Bank*, the *Administrative Measures for Customer Identification and the Preservation of Customer Identity Data and Transaction Records of Hua Xia Bank*, the *Working Rules of the Leading Group on Anti-Money Laundering of Hua Xia Bank*, the *Administrative Measures for Reporting Large and Suspicious Transactions of Hua Xia Bank*, and the *Business Process of Reporting Large and Suspicious Transactions of Hua Xia Bank*, with a view to clarifying AML standards across the Bank.
- The risk management system against money laundering was further improved and institutional money laundering risk assessment was launched to achieve well-targeted and effective identification and control of money laundering risks.

Giving full play to technologies

- The Bank developed or improved its suspicious transaction monitoring models for tax crime, export tax rebate fraud, gambling, telecommunications fraud, etc., to cover all types of money laundering crimes.
- Attempts were made at the application of AI in AML to improve the accuracy and effectiveness of suspicious transaction monitoring.

Strengthening case risk prevention and control

The Bank maintained a tough stance against case risks. The Bank carried out in-depth case-based warning and education, and increased checks for case risks and employees with abnormal behaviors with an aim to resolutely forestall risks related to financial crime cases.

Implementing regulatory requirements and strengthening risk checks

The Bank implemented the requirements of the *Circular of CBIRC General Office on Conducting Investigation and Rectification Activities Against Illegal Fund-Raising Risk by Insurance Institutions*, the *Circular of CBIRC on Launching the Special Campaign Against Gang Crimes by Banking and Insurance Institutions*, and the *Circular of CBIRC General Office on Preventing and Combating Illegal Fund-Raising, Illegal Loan Granting and Financial Fraud by Banking and Insurance Institutions*, formulated dedicated work plans to fight against gang crimes and illegal activities across the bank. The Bank also enhanced risk investigation, reported relevant clues as required, and imposed controls in a timely manner.

Continuing to conduct external publicity activities to maintain a harmonious and stable financial environment

The Bank launched dedicated campaigns to crack down on illegal fund-raising, illegal loan granting, and financial fraud so as to strengthen publicity and education for the general public and the staff, and to enhance public awareness and capability to understand and resist illegal financial activities.

Strengthening case risk prevention training to consolidate the foundation of compliance operation

The Bank clarified the contents and requirements of case risk prevention training, and guided and supervised various departments to carry out such training and education activities. Various branches organized relevant activities in a wide range of form including compliance and case risk prevention knowledge competitions, compliance-themed lectures, etc. to foster a culture of sound internal control.

Formulating code of conduct for employees to better ensure compliance

The Bank formulated the *Code of Conduct for Employees of Hua Xia Bank* and the *Conduct Ban for Employees of Hua Xia Bank*, and incorporated them into the daily training for employees and the orientation training for new recruits. The Bank also required all staff members to put in practice the corporate culture of integrity, standardization, efficiency and progress.

Clarifying duties on case risk prevention consolidate the achievements in this regard

The *Target-based Responsibility List for Case Risk Prevention of Hua Xia Bank* was revised and signed by employees bank-wide. The Bank also organized tests on the content of the list, so as to ensure that employees were fully aware of the responsibility for case risk prevention for each position and the detailed rules to follow to maintain professionalism.

Protecting intellectual property rights effectively

The Bank strictly abides by the relevant laws and regulations on intellectual property right (IPR) protection. It has put in place the prevention and management mechanisms, behavior control mechanism, and coordination and handling mechanisms for IPR infringement and relevant disputes, as well as punishment and accountability mechanisms. In addition, the Bank also provide tools and methods for right holder verification so as to systematically standardize employees' behavior of using intellectual properties in the possession of others.

Strengthening Risk Management

The Bank improved its risk management system and went all out to cultivate a risk management culture in the Bank, in a bid to provide reliable support for the sound, balanced, sustained and rapid development of all businesses of the Bank.

Improving the risk management system

The Bank steadily moved forward with the reform of its comprehensive risk management system, actively advanced the implementation of various regulatory systems and regulations, and constantly improved the risk management procedures to ensure that utmost management effectiveness.

As of the end of 2019

the NPL ratio amounted to **1.83%**

the Allowance-to-NPL ratio reached **141.92%**

- The Bank evaluated and updated its risk preference and formulated its risk management strategy accordingly, so as to clearly define risk control objectives and approaches for the year.
- The Bank adjusted the organizational structure and departmental responsibilities according to the *Reform Plan of Comprehensive Risk Management System*, and strove for a professional, refined, flexible and responsible risk control mechanism.
- The Bank enabled its Risk Management and Internal Control Committee, Credit, Investment and Financing Policy Committee, and Asset Risk Disposal Committee to fully play their roles to improve the quality and efficiency of their review and decision-making processes.
- The Bank focused on comprehensive risk evaluation at branches, performance evaluation for regional chief risk officers, and the assessment of implementation of credit, investment and financing policies, to continue to improve risk management of the Bank.

Optimizing “eight mechanisms” to improve the risk management model

Shanghai Branch put “process management, inelastic planning, goal achievement and compliance supervision” to every risk management post, every business link and every credit business customer, in order to hold firm to the red line of major risk events and the lifeline of asset quality.



Strengthening comprehensive risk management

The Bank continued to enhance its capacity to identify, measure, monitor, control and report all kinds of risks in its business operations, in a bid to eliminate hidden dangers in key business areas and links and ensure effective risk management throughout the process of decision-making, execution to supervision.

Credit risk management

- The Bank formulated the *Credit, Investment and Financing Policy of Hua Xia Bank in 2019*, in which environmental protection and poverty alleviation projects were given priorities for investment, in order to offer more support to eco-friendly enterprises, and better meet the financing needs of poverty-stricken areas.

Operational risk management

- The Bank strengthened the identification of operational risks to prevent such risks from the source.
- The Bank enhanced the monitoring and analysis of operational risks, improved its key risk indicator system, did more to analyze the indicators and give reminders and early warning when necessary.
- Self-evaluation was carried out throughout the Bank, covering all main business sectors, the Head Office and various branches to produce maps of operational risks for each key business process.
- The Bank revised the *Compilation Manual of Important Operational Risks and Preventive Measures of Hua Xia Bank*, issued the *Collection of Typical Operational Risk Cases (2019)*, and organized a competition for operational risk management identification.

Market risk management

- Based on the risk management strategy of the year, the Bank strictly implemented its set market risk preference, and kept track of and analyzed the impact of major events on the market risks of relevant businesses of the Bank, so as to strengthen risk-based quota management, themed analysis of key businesses and early warning for risks.

Business continuity management

- The Bank completed 59 business continuity drills and carried out 100% of its drill plans.
- The drills were done with emphasis given to manual business handling in emergency, switch to standby operation sites, featuring coordination between technological and business divisions, and cooperation between the Head Office and branches. This made the drills all the more realistic.



A Sincere Hua Xia with Quality Services

Hua Xia Bank spares no efforts to protect customers' rights and interests, broaden service channels, improve customer experience in all aspects, and launch strategic cooperation with various partners to benefit financial customers with diverse and quality financial services.

SDG Practices

- Protecting the legitimate rights and interests of financial consumers and working to popularize financial knowledge
- Strengthening product innovation, broadening service channels and improving customer experience to better meet the diverse demands of customers



In 2019

Invested RMB **3,493,800**
in public education

Complaint handling satisfaction rate:
99.90%

100% of customer complaints settled

As of the end of 2019

106 outlets in rural areas

81 outlets in old revolutionary base areas, areas inhabited by ethnic minority groups, remote and border areas and poverty-stricken areas

Protection of Customers' Rights and Interests

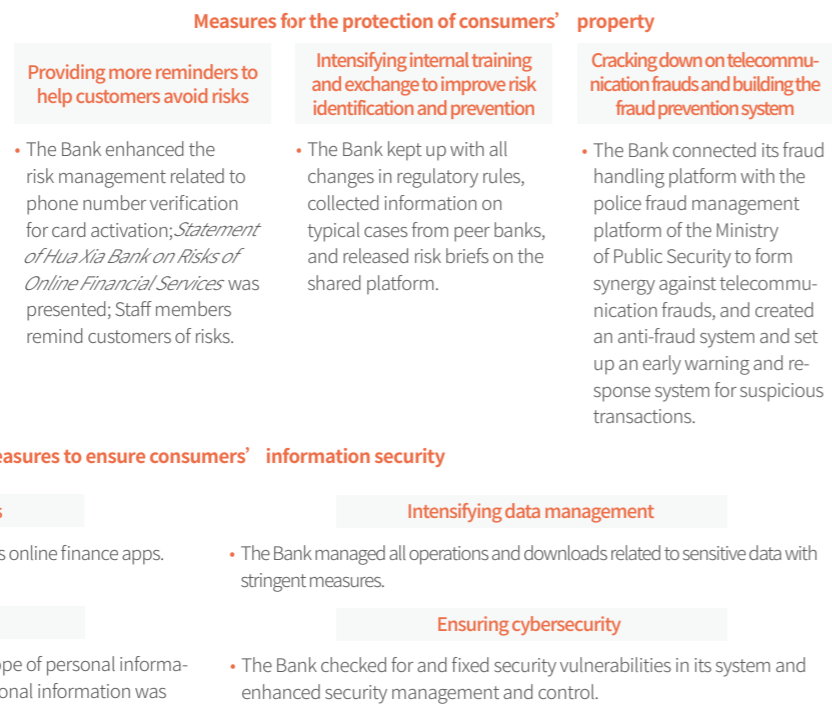
Intensifying management of consumer rights and interests protection

The Bank resolutely implements the requirements of regulatory authorities and incorporate the protection of consumers' rights and interests into its corporate governance system and corporate strategies. We keep improving our organizational structure and working mechanism, with more efforts on personnel training, and carry out whole-process supervision and special inspections. By taking active steps to enhance institutional, implementation and regulatory efforts, we have protected consumers' rights and interests in all respects.



Ensuring financial safety

Giving high priority to keeping customers' funds and information safe, the Bank strictly implements various supervision requirements, and adopts rigorous measures such as enhanced business risk warning and technologies upgrading to prevent information leakage, strengthen safety protection, and guide customers to avoid risks, safeguarding customers' financial safety.



Disseminating financial knowledge

As a response to social concerns and financial service issues, the Bank conducted educational campaigns to popularize financial knowledge and enhanced consumers' understanding of financial products, services and their safety awareness through interaction with the public in schools, CBDs and communities, creating a sound financial ecology and serving as a disseminator of financial knowledge.

In 2019, the Bank

invested around RMB **3,493,800** in public education service

organized **21,021** public education activities

covered over **9,993,700** people with its public education efforts

handed out approximately **3,551,300** copies of publicity materials to the public

engaged over **51,945** of its employees in these activities



Major measures

Active participation in the consumer education campaigns organized by the People's Bank of China and China Banking and Insurance Regulatory Commission

The Bank organized consumer education activities such as "3·15" consumer education week, education against illegal fundraising, "Financial Knowledge for Safety of your 'Pocket'" awareness raising event, "Great Journey for Popularizing Financial Knowledge", "Financial Knowledge Popularization Month, Financial Knowledge Entering Thousands of Families, Striving to be Rational Investors, Striving to be Good Financial Netizens" and other educational campaigns.

Campaigns to popularize financial knowledge initiated and held by the Bank

The Bank carried out special publicity activities themed on the 70th anniversary of the founding of the People's Republic of China, the new RMB banknotes, the fight against frauds, the smart bank counter, etc.

Main channels

Offline channels

Outlets disseminated financial knowledge with big screens in the lobby, flyers on counters, face-to-face communication at information desks, dedicated public education areas, etc. We also reached out to communities, school campuses and business districts and other sites to further disseminate financial knowledge.

Online channels

The Bank provided financial knowledge in reader-friendly ways via its official website, WeChat public account, Weibo, Douyin, SMS, etc. On the official website, there is a dedicated column for security alerts to release information on typical risks and countermeasures. The Bank also released anti-fraud tips on a dedicated "Prevention of Fraud" WeChat official account.



Kunming Branch held a publicity activity under the theme of "Putting Consumer First and Improving Services"



Yinchuan Branch's Financial Knowledge Publicity Month campaign



Beijing Branch carried out educational campaign to popularize financial knowledge in a school

Knowledge contest on the new Law on the Protection of Consumer Rights and Interests

In March 2019, “the Finals and Awarding Ceremony of 2018–2019 Hua Xia Bank Cup Knowledge Contest on the Law on the Protection of Consumer Rights and Interests” was successfully held, with the Bank as the exclusive title sponsor. Zhang Jianhua, President of the Bank, made a speech and expressed the Bank’s dedication to protecting financial consumers’ legitimate rights and interests, and safeguarding a prosper and stable financial market and financial safety. The contestants gained a better understanding of the new law on consumer rights and interests protection and knew more about consumer rights protection. With the influence of the Contest and the “3·15” consumer rights and interests protection week, we joined hands with the organizers to carry out offline activities on campuses and launch online follow-up activities, so as to further disseminate relevant knowledge of consumer rights protection and integrate the knowledge into daily life.



Zhang Jianhua, President of the Bank, delivered a speech at the finals and awarding ceremony of the contest

Better Customer Experience

Expanding service channels

The Bank made active efforts to improve its outlet network and promote the transformation towards smart outlets. In response to the national urbanization and new countryside construction campaigns, the Bank improved its network at the county level to provide better financial services for less-developed areas, delivering quality services to more people.

As of the end of 2019

1,025 outlets in total

31 outlets were opened in 2019

covering all provincial capitals and


116 large and medium-sized cities across the country (except Lhasa)

106 outlets in rural areas

81 outlets in old revolutionary base areas, areas inhabited by ethnic minority groups, remote and border areas and poverty-stricken areas

In 2019

4 new branches and sub-branches opened in Central, West and Northeast China

4 county-level sub-branches opened 



Shanghai Branch’s lobby



Zhengzhou Branch created nice-looking lobby to deliver thoughtful services to customers



Exploring intelligent finance on the Opening Day of SOEs

Measures to develop smart counters

More convenience

More convenience: Smart counters took over many frequently used personal banking procedures and delivered the services in a scenario-based manner with standardized processes, improving both service delivery efficiency and customer experience.

Enhanced security

Enhanced security: Facial recognition was required for transactions at smart counters to ensure security.

The Bank continuously improved its online service channels and added diverse functions to its online banking products such as mobile banking, personal online banking and telephone banking, providing customers with better and convenient financial services.

Personal online banking

Business processes were improved. Longying robo-advisor service and phone number-based payment were launched to produce smart investment strategies and improve customers' online payment experience.

Telephone banking

AI customer service robot "i Xiaoxia" was introduced to provide services including scenario-based transaction assistance, function navigation and business consultation, further improving customer experience by making self-service easier for them.

Mobile banking 5.0 provides smart, pleasant, high-tech and secure services

In 2019, the Bank developed its Mobile Banking 5.0 to deliver all-round smart financial services to users with a nice design, high technology, and a leading security system. Based on Mobile Banking 5.0, a set of urban service ecosystems were built, covering Taobao Group Purchase, food delivery, entertainment, online campus payment, financial services for overseas students, etc.



Smart

Mobile Banking 5.0 provides customers with smart financial services with six smart functions: smart recommendations, smart customer assistants, smart prompts, smart transfer, smart wealth management and smart ecosystem.

Pleasant

Visualization, color blocks, customizable function combinations, and ads-free options provides more satisfactory customer experience through details the of the design.

High-tech

Mobile Banking 5.0 is firmly based on biometrics, big data analysis, machine learning and other technologies, as well as an advanced homegrown mobile development platform to achieve higher efficiency and better user experience.

Secure

Mobile Banking 5.0 contains a first-of-its-kind security mechanism to help customers guard against risks related to large-sum transfers and electronic pickpocket. A special sequence prompts warnings and initiates fraud block in real time, fully protecting customers' assets.

Innovating financial products

The Bank made innovations in its financial products and services to meet the diverse financial demands of personal banking customers for consumption transformation and upgrading, assets preservation and value creation. The Bank also promoted innovations in technologies, products and procedures, and optimized products operation, scenario ecology and customer experience to provide customized financial products, delivering outstanding customer experience in the industry.

Online Elite Loan 2.0

Online Elite Loan 2.0 allows users to use their credits online in a recycling manner and transfer funds across banks automatically, and it also has functions such as credit review, e-signature, etc., providing customers with a wide variety of convenient services.

Hua Xia e-Loan 2.0

Hua Xia e-Loan was improved into version 2.0 adding to it a white list function. Customers on the white list can apply for loans via mobile banking and the smart review and approval system will complete the review and grant loans based on a differentiated model.

ETC services for easier travelling

Customer can link WeChat mini program "Hua Xia E-Transport" with Hua Xia credit cards and then apply for an ETC e-tag on the program. After receiving, putting in place, and activating the e-tag by themselves, users can use the ETC services wherever they go.

Online automobile purchase loan

Credit service is embedded into the auto consumption scenario. The auto loan application, review and approval are completed online, which improves efficiency and simplifies customers' auto loan application process.

Support for consumption upgrading

Services for car owners

Assets preservation and value creation

Convenient payment

Personal large-sum deposit 3.0

The new version incorporated more functions, especially a white list function and a printed deposit certificate function. Special products could be launched for special target customer groups so that customers can have more options.

Three-in-One Code of Hua Xia e-cashier counter

The Bank Developed the integrated payment product "Hua Xia e-cashier counter" to put together the three payment channels of Union-Pay, AliPay, and WeChat Payment and improve customers' payment experience.

Co-branded credit card with Toutiao.com creating personalized financial service experience

As the younger generation became the mainstay of the consumer population, plain credit card designs could no longer meet customers' demand for personalized experience. The Bank collaborated with Toutiao.com to issue the "IN City" co-branded credit card. With the 3D card making technology, the card design featured landmarks, cultural and historic sites, representative flora, and impressionist symbols of ten most popular cities in China to present the beauty and charm of Chinese cities and offer users personalized experience.

Improving service quality and efficiency

Raising service standards

While improving service delivery channels, we also upgraded its service management system, strengthened training for employees, and carried out supervision and inspection activities, so as to provide customers with better services.



In 2019

71 star-rated outlets

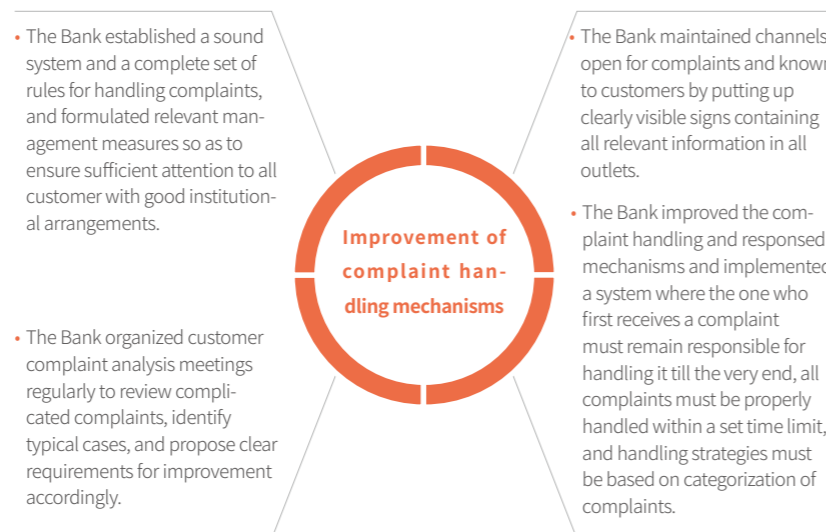
including **13** three-star outlets, **36** four-star outlets, and **22** five-star outlets

2 Top 100 model outlets



Valuing customers' opinions

The Bank paid high attention to customer complaints. We improved customer satisfaction by smoothening channels for lodging complaints, improving mechanisms for handling complaints, conducting complaint analysis, and truly solving problems for customers. In 2019, the Bank received 19,751 complaints and suggestions and 100% were properly handled, with a customer satisfaction rate of 99.90%. No dispute arose throughout the year due to refusal to handle or delayed handling of complaints.



In 2019, the 95577 Customer Service Center

initiated the service coordination mechanism for **2,012** complicated cases

properly handled **100%** of the customer complaints

and made **42,604** call-backs to customers



Providing quality services for customers

Serving special customer groups

The Bank fully considered the actual needs of different groups at the community level and provided well-targeted, convenient and thoughtful financial services for the elderly, servicemen and veterans, migrant workers, and various other special customer groups.

Huacai Life service brand for the elderly

- The Bank endeavored to build its the financial product series specially designed for the elderly. Based on elderly customers' demand for security, liquidity and profitability, the Bank created financial product packages for them by putting together government bonds, anti-cancer insurance policies and other suitable products.
- The Bank provided convenient services for Huacai Life card holders. There were reserved counters for them at outlets and some frequently used supplies were available free of charge.
- The Bank organized activities for the elderly in communities. With a wide variety of training courses, customers can learn financial knowledge and other skills to better enjoy their lives.

As of the end of 2019, the Bank

had **4,029,700** elderly customers,

an increase of **702,600** or **21%**, over the beginning of the year

set up reserved counters at **918** outlets

put in place accessible entrances at **949** outlets



The Bank created a payroll credit mechanism for migrant workers

- In response to the demands of different parties such as regulators, construction companies and migrant workers, the Bank proposed a payroll credit plan for the payment of migrant workers' wages. By connecting to governmental platforms, the Bank launched payroll credit service, as well as fund monitoring, and payment data submission to government authorities. This helped tackle problems such as delayed wage payment to migrant workers and repurposing of relevant funds.

The Bank provided dedicated financial service scheme for veterans

- The Bank provided Huaxia Veteran debit card for veterans, offered various fee discounts and exemptions for holders and provided customized financial services such as deposits, wealth management and start-up loans. Huaxia Veteran Card was issued in Shanghai, Jinan, Hangzhou and some other places, winning high praise from customers.

The Bank provided services outside of its own premises for customers with mobility difficulties

- The Bank launched special service delivery plans for in-patients and other customers with mobility difficulties to help them complete urgently needed transactions.

Improvement in Corporate Banking Services

Creating new service models

The Bank worked to reinforce the position of corporate financial services as a pillar business division and set up service platforms to create a well-connected business environment. For customers in different sectors, we provided customized products and services, created a corporate financial service system that covers assets management, investment banking and large-sum transactions in their broader senses, and worked to pool resources from various channels for better financial services.

Launching Platform Express Pal to meet the diverse demands of customers

In 2019, Guangzhou Branch cooperated with Foshan UCA Supply Chain Service Co., Ltd. (UCA) to launch Platform Express Pal. The system is linked with UCA's fund depository and management system, to provide a convenient payment channel for platforms and their users. The system boasts account functions such as management, settlement, clearing and statistics analysis, offering more standardized and effective trade fund management. Besides, Guangzhou Branch also launched the same service in collaboration with Guangdong Equity Exchange and two other enterprises to effectively meet customers' demands for fund management, clearing and settlement.

Service platform building

Mobile corporate banking

The mobile corporate banking platform provides functions such as transfer, account checking and mobile authorization, as well as platform-based and tool-based services such as administration and interaction with specific business districts.

- It delivers enterprises' messages to specific parties. The platform allows users to check business research reports from external contributors, look for quality business partners, and identify risks of their partner enterprises, solving important problems for SMEs.
- It serves as a mobile assistant for entrepreneurs. Wherever they are, entrepreneurs can complete authorization for financial affairs on the platform. Mobile office apps may be embedded to put financial affairs together with administrative work.
- It works as a financial risk control officer on the go. When bound up with a terminal, the platform offers a diversity of ways to ensure utmost security.
- It can be used to manage services across Multiple channels. The app is well-connected to the online banking system with accounts, verification and authorization systems all shared, so customers may feel relaxed and reassured to use it.

Online corporate banking

- The Bank continuously improved the basic functions of its online corporate banking system, developed standardized service interfaces for transfer and payroll services, and largely reduced the development workload of enterprises. The system is connected with the non-tax central finance system to simplify non-tax payment procedures, providing more convenient and efficient online banking services for customers.

Platform Express Pal

- Platform Express Pal provides financial services such as online payment, cash settlement, separate account accounting and online financing. The platform is built for diverse business scenarios and creates an interconnected business ecosystem for enterprises. It had provided financial services for 138 enterprises and merchants.

Qiyue finance and asset management platform for cash management

- The platform provides highly efficient whole-process integrated account and fund management services to solve problems such as complex operations, unorganized account checking and management difficulties for enterprises. There are Zhi · Hui Cash Sweep, Financial Account Express, Tendering Express and other specific products on the platform to meet the needs of different categories of customers. The platform had covered 223 core enterprises and over 2,300 accounts.

Taking multiple measures to ensure wage payment to migrant workers

Nanning Branch actively provided support for the Department of Housing and Urban-Rural Development of Guangxi to secure wage payment for migrant workers. The branch joined banks with its partner bank to issue the Guijiantong wage card for migrant workers in the construction industry. Companies who use these cards to pay the wages are exempted from relevant commissions and charges. The functions of the card was designed based on the model of existing cash management products to meet the needs of construction enterprises. The Bank also offered Jiangongbao for construction project sub-contractors to help solve problems when relevant labor companies fail to make timely payments. As of the end of 2019, a total of 29,100 Guijiantong wage cards had been issued and 49 payroll credit accounts had been established.

Smart community ecosystem delivering better services to communities

The Bank is committed to meeting the financial service demands of common residents in communities. Focusing on merchant services, property management services, and convenience services for community residents, we brought together a number of relevant functions on Hua Xia e-community app to build a closed-loop service network for a smart community ecosystem. As of the end of 2019, the Bank had 1.08 million active users in its smart community ecosystem.





Longying · IP Express revitalizing IP of cultural enterprises

In August 2019, the Bank unveiled Longying · IP Express. Patents, copyrights, trademarks and other intellectual properties were treated as bottom assets. The Bank provided financial support for cultural enterprises, either by investing in securitized products of such assets as an underwriter or investor, or by providing funds for them as a lender. A whole range of financial services in the “commercial bank + investment banking” model was offered. At present, the Bank has invested in the first IP-based financial leasing ABC project and the first IP shelf offering ABS project of China.

Jiangsu Tech Loan fueling intelligent manufacturing in China

Jiangsu Tech Loan is targeted at high-tech MSEs in Jiangsu Province, with the provincial government providing some guarantee fund while Nanjing Branch issues liquidity loans. The Branch It learned through prior investigation that Nanjing Lvjinren Rubber and Plastic High-tech Co., Ltd., who entered a stage of rapid development, was in need of financial support. In response, the sub-branch helped the company communicate with Nanjing High-tech Zone Production Promotion Center and immediately granted RMB 3 million after confirming the company's eligibility to “Jiangsu Tech Loan”, offering strong support for intelligent manufacturing of China.

Long Concessional Loan supporting enterprises

Long Concessional Loan project is the first 100% online project launched by Hangzhou Branch for MSEs. The project adopted the loan processing model where all procedures were completed online, automated, smart and efficient. It built risk identification models to serve as the basis of credit granting and set the credit line. Based on MSEs' financing demands and habits, the branch launched options for borrowers such as average principal plus interest repayment, revolving credit, one-off credit, etc. Users of Long Concessional Loan come from different provinces of the country and from different industries and sectors. As of the end of 2019, loans had been approved for 5,997 MSEs with RMB 1,782 million of loans granted and a loan balance of RMB 800 million.



Shenzhen Branch visited Apptonics

The potentials of high-tech start-ups were released by active efforts

In 2019, Apptonics, as a world-leading high-tech laser display company, became one of the first companies listed on the science and technology innovation board. The company opened its fund-raising regulatory account in Shenzhen Branch and RMB 330 million of funds raised has been collected to the account. Shenzhen Branch has been actively supporting high-tech start-ups. It established cooperation with the company in 2015. The branch issued loans, increased the credit line, and provided the bank's acceptance bill service for Apptonics. Shenzhen Branch had served 354 high-tech start-ups. In the past three years, the branch provided credit support worth over RMB 30 billion for high-tech start-ups.

Carrying out strategic cooperation

The Bank attached high importance to key sectors and key enterprises that are strategic pillars to the national economy in its business operations. It accelerated the building of a “3-3-1” service system for strategic and key customer groups and adhered to the principle of being firmly market-based, real economy-oriented and mainstream.

As of the end of 2019

the Bank had around **567,300** corporate clients

around **36,600** of which were new clients served in 2019

In 2019

the Bank has signed the “HQ to HQ” strategic cooperation agreements with **29** customers

Securing cooperation with Beijing Infrastructure Investment to foster bank-enterprise industry-finance collaboration

In 2019, the Bank signed a strategic cooperation agreement with Beijing Infrastructure Investment Co., Ltd. According to the agreement, Beijing Infrastructure Investment will serve as a major private investor for the construction of Shaoxing Urban Rail Transit Line 1. For this project, the Bank provided full play on the basis of the advantages as a national joint-stock commercial bank and through effective and efficient coordination between its Head Office and relevant branches. To meet the demand of Beijing Infrastructure Investment, the Bank provided a high-quality integrated financial service package, highly efficient services and a replicable model, earning high praise from both Jingtou Investment and the public-private partnership (PPP) project company in Shaoxing. The project cemented the Bank's strategic partnership with Beijing Infrastructure Investment with effective business collaboration that brought benefits to all parties involved.

including:

6 government authorities

17 local SOEs including Beijing Infrastructure Investment Co., LTD, and the Northern Investment Group Co., Ltd.

2 central SOEs including State Grid Corporation of China and China General Technology

4 private enterprises including Suning Holdings Group



A People-Centered Hua Xia Pursuing Happiness for All

Hua Xia Bank always puts people first. It protects the legitimate rights and interests of employees with concrete efforts, comprehensively supports their growth and development, and cares for them wholeheartedly. The Bank also actively supports social welfare undertakings and seeks to contribute to harmonious society will all-out efforts.

SDG Practices

- Providing healthcare insurance for all and ensuring that everyone has access to quality basic healthcare services
- Providing work-related skill training for employees
- Ensuring decent employment and equal pay for equal work for male and female employees



In 2019

51.46% of the staff were female employees

1,683 employees from ethnic minority groups

3,986 training sessions

Total charitable donations:
RMB **18.256** million

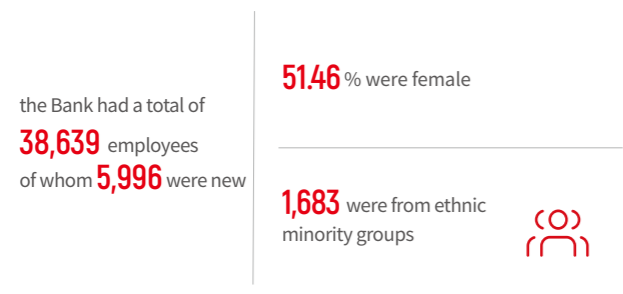
Protecting Fundamental Rights and Interests of Employees

In strict accordance with relevant laws and regulations including the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China*, the Bank constantly improved its employment systems and safeguarded the legitimate rights and interests of employees for harmonious and stable labor relations.

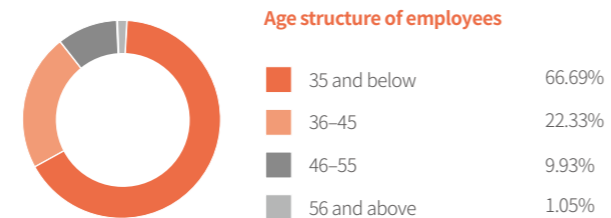
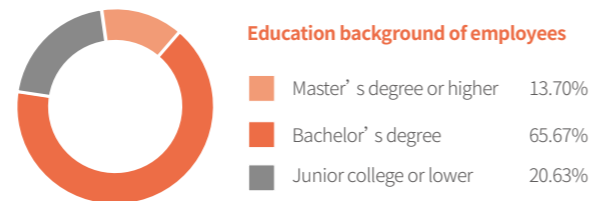
Adhering to equal employment

The Bank strictly prohibits all forms of employment discrimination and forced labor. It is committed to equal treatment for all employees regardless of their ethnicity, gender and cultural backgrounds. At the same time, The Bank continuously improved paid leave system, strictly implemented regulations on maternity leave and breastfeeding breaks for female employees, protecting the legitimate rights of employees.

In 2019



In 2019

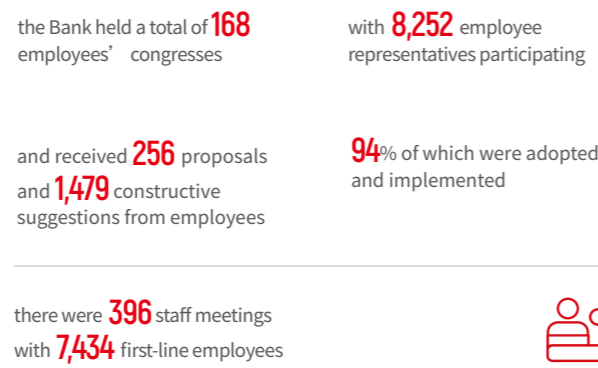


Promoting democratic management

The Bank constantly improved its democratic corporate management system based on the Employees' Congress, and ensured that employees can exercise their rights concerning democratic management in accordance with the law. By holding meetings with staff members, soliciting constructive suggestions from employees, and having an email box for opinions from employees, the Bank maintained smooth information exchange and communication channels with staff members.

The Bank held the 2019 Employees' Congress on June 11, 2019, and participants adopted proposals related to salary and labor contracts, such as the *Measures of Rank-based Remuneration of Hua Xia Bank* and the *Revised Plan of Enterprise Annuity of Hua Xia Bank*. These proposals were also explained and publicized among all employees so that they enjoy the rights to know, participate, express their opinions, and supervise.

In 2019



Supporting Employee Development

Attaching great importance to build the overall capabilities of employees, the Bank made continuous efforts to improve its employee training system tailored to the needs of the Bank's business development and management.

By organizing training programs at all levels and for all business sectors, The Bank has provided employees with opportunities to learn, broaden their horizons, and improved their professional skills in various aspects.

In 2019

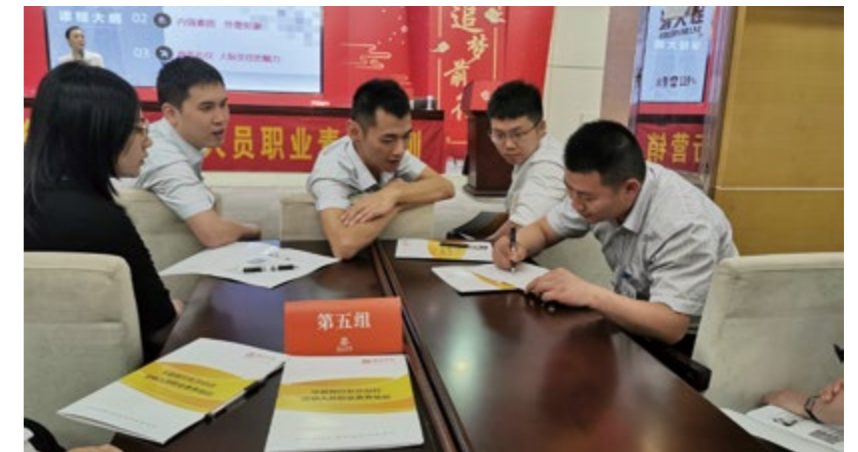


Employee training

Working harder to develop the Bank's training courses: Customer managers' manuals and collection of corporate banking marketing cases were compiled as training materials to accumulate good practices and valuable experience, and helped employees solve problems by combining theories and practices.

Offering more online training opportunities: The Bank sped up the dissemination of knowledge through live streaming of training courses, online micro-courses, contests and examinations, all delivered on the mobile app Hua Xia Academy. It launched and improved a new column titled "Wealth Management Knowledge Center", held the Second Micro Course Design Contest, and purchased the courseware Blockchain Technology and Its Application in the Financial Sector to enrich the content of the online training system.

Updating professional financial knowledge: Through training delivered by leaders in various fields, overseas training courses, lectures, rotation training for customer manager and various other forms of training, the Bank kept up with the latest macroeconomic and industrial policies, as well as trends in FinTech development and digital transformation, Internet finance and asset management, and helped employees update knowledge promptly.



Professional marketing skills training



The Bank held the Brand Management Training Course

Caring for Employees

Organizing cultural and sports activities

The Bank always advocating work-life balance, organized a wide range of sports and cultural activities, and created favorable and healthy environment for employees. By forming interest groups such as badminton, tennis and dance, and organizing competitions and other events, The Bank enriches the spiritual and cultural life of employees, encourage interactions, thus boost employees' energy for work.



Employee basketball and table tennis match



"Me and My Motherland" Award Conference for Model Workers and Final of the First Singing Contest in Celebration of the 70th Anniversary of the Founding of the People's Republic of China



"Singing on the Party's Day" of Xiamen Branch



Singing contest of Hohhot Branch

Building Home of Employees

The Bank continued to build its Home of Employees. The aim is to create spaces where employees can learn, seek entrepreneurship opportunities, exercise their democratic rights and feel happy and cared for. The Home of Employees has fitness equipment, TV sets, reading space, lounges, etc. It is a place where employees can do some exercise, read books, and rest up. In 2019, there were a total of 920 such spaces across the Bank and 59 of them were named model Homes of Employees.



Staffs arranged the Home of Employees to be warm and creative

Helping employees in need

Besides a sound medical assistance system for employees, the Bank also allocated funds to help employees in need. On special occasions, representatives of the Bank would also visit employees in difficulties and bring them care. These are the manifestation of the Bank's people-oriented philosophy.

In 2019

the Bank helped **596** needy employees

with RMB **348** million of living allowances

and RMB **457,700** of medical subsidies



Nanning Branch donated medical expenses for employees who suffer from acute leukemia



Building a Better Society with Concerted Efforts

Celebrating the 70th anniversary of the founding of the People's Republic of China

Since its inauguration in 1992, the Bank has been growing together with our motherland and played important roles in China's economic development. On the occasion of the 70th anniversary of the founding of the People's Republic of China in 2019, the Bank held celebrations and offered every possible support to all commemoration activities in society.

Participating in National Day parade

On October 1, 2019, after over three months of basic training, joint rehearsals and field rehearsals, 170 employees of the Bank fulfilled their tasks as part of the National Day parade with great success. Their performance received wide attention and was highly acclaimed by the media and the general public alike.



Scan the QR code to read the article about the staff and customer representatives of the Bank gathered at the Great Wall to celebrate the 70th anniversary of the founding of the People's Republic of China



Participating in public welfare activities

To serve and give back to society, the Bank organized all kinds of public welfare and volunteer activities, including blood donation, care for the elderly, student aid and visits to veterans and vulnerable groups.



Volunteers from Zhengzhou Branch visited a welfare home



Dalian Branch launched a campaign to help children with autism



The Environmental lecture for children of sanitation workers



Summer Camp for children of sanitation workers was successfully concluded

Volunteer service at Beijing Dandelion School

In January 2019, volunteers of the Bank visited Beijing Dandelion School in Daxing District and presented writing brushes, ink, calligraphy paper, ink stones, penholders, and other stationery items to the students as gifts. The hope is to open up a path for the kids to try their hands at arts and live an enriched life.

Besides, the Bank had made donations to the school through China Foundation for Development of Financial Education for two consecutive years, providing special support for teachers to participate in R&D and learning programs to improve the teaching skills.

Summer Camp for Children of Sanitation Workers

In 2014, the Bank cooperated with Beijing Women & Children's Development Foundation to establish the Hua Xia Bank Foundation for the Growth of Children of Sanitation Workers. The Foundation provides financial support for children of poor sanitation workers so that they can afford education, and has organized a series of public welfare activities to build the capacities and care for the growth of children of sanitation workers. Over the past six years, the Bank's donation totaled RMB 7.5 million.

In July 2019, a summer camp for these children opened at Shijia Hutong Museum under the theme of Hua Xia Bank's Efforts to Safeguard Our Future: 2019 Growth Program for Children of Sanitation Workers. Participants visited a waste collection station in Beijing and China Meteorological Administration to understand the impact of waste on the environment. They shot garbage classification videos, learned experts' views on it, and spread the knowledge they learned, becoming real practitioners of environmental protection.



Outlook

The year 2020 is the year to achieve the first centenary goal of building a moderately prosperous society in all respects and the last year of the 13th Five-year Plan. It is also the last year of Hua Xia Bank's four-year development plan and the year for a plan for the next years. Adhering to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, we will seize every minute to make progress with innovation, assume economic, social and environmental responsibilities, and open up new prospects for the development of Hua Xia Bank.

Serving the real economy

- Focusing on the strategy of building Beijing into four centers, we will support the release of Beijing's noncapital functions, contribute to the construction of the capital sub-center, and promote the collaborated development of Beijing-Tianjin-Hebei region, thus serving the socio-economic development of Beijing.
- Keeping up with national strategies on regional development and focusing on deepening the supply-side structural reform, we will earnestly serve and support the restructuring of key areas.
- We endeavor to expand financial services concerning the private sector, consumption and people's livelihoods.

Practicing inclusive finance

- As a move to strengthen our role as a "provider of financial services for SMEs", we will improve our financial services for micro and small enterprises with wider coverage and better satisfaction.
- We will deepen the implementation of the targeted poverty alleviation strategy and enhance targeted poverty alleviation through financial services.

Supporting ecological progress

- We will improve the green finance service system, increase our support for green, low-carbon, and circular economy, strengthen international cooperation in green finance, and boost the influence of the green finance brand of "Green Growth for a Better Hua Xia".
- We will launch special green travel products and promote the establishment of green transaction channels.
- We will strengthen green operations, promote green purchase, and engage in green public welfare.

Guaranteeing safe and stable development

- We will promote the construction of a long-term mechanism for compliance management, strictly prevent risks, and maintain financial security and stability.

Empowering finance with technologies

- We will accelerate the construction of 15 key FinTech projects for the establishment of an information technology platform.
- We will innovate in our financial service models, striving to realize the corporate vision of A "Smart Finance, Digital Hua Xia".

Staying people-oriented

- We will comprehensively safeguard the rights and interests of employees and help employees grow in multiple aspects.
- We will pay attention to employee care and enrich their inner life.
- We will strengthen the education and publicity on financial knowledge and improve the public's financial literacy.
- We will actively participate in public welfare undertakings and work with the people to create a better life.

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Independent Assurance Report

Deloitte.

德勤

独立鉴证报告

华夏银行股份有限公司董事会（以下简称“董事会”）：

我们受华夏银行股份有限公司（以下简称“华夏银行”）董事会的委托，对华夏银行编制的自2019年1月1日起至2019年12月31日止的《华夏银行股份有限公司2019年社会责任报告》（简称为“社会责任报告”）中的关键社会责任指标实施有限保证鉴证程序。

董事会的责任

董事会负责根据原中国银行业监督管理委员会《关于加强银行业金融机构社会责任的意见》、中国银行业协会《中国银行业金融机构企业社会责任指引》以及上海证券交易所发布的有关指引的披露建议编制社会责任报告，并对其中的表述（包括报告准则、报告局限性及报告所载的信息和认定）负责。

董事会有确定企业社会责任绩效表现和报告的目标，包括识别利益相关方以及确定利益相关方所关注的重大问题，负责建立和维护适当的社会责任绩效表现管理系统和用于生成社会责任报告中披露的绩效表现信息的内部控制系统，以及负责保留足够的记录的责任。

我们的责任

根据与华夏银行的约定，我们负责实施有限保证鉴证工作，对社会责任报告中的关键社会责任指标（详见社会责任报告第14、15页“责任绩效”）进行有限保证鉴证，除此以外，并没有其他责任。我们不会就我们的工作或本独立有限保证鉴证报告的内容，对任何第三方承担任何责任。

我们的独立性和质量控制

我们遵守国际会计师职业道德准则理事会《国际会计师职业道德守则》（“Code of Ethics for Professional Accountants”）对独立性和其他道德的要求。我们的质量控制采用《国际质量控制准则第一号》（“International standard on Quality Control 1”）。

鉴证工作的基础

我们按照《国际鉴证业务准则第3000号：历史财务信息审计或审阅以外的鉴证业务》（“International Standard on Assurance Engagements 3000”）执行有限保证鉴证工作。我们在策划和执行有限保证鉴证工作时，均以取得一切我们认为必需的信息和解释为目标，使我们能获得充分的凭证作出结论。

工作程序、范围及局限性

社会责任报告独立有限保证鉴证工作的内容包括与主要负责社会责任报告信息编制工作的人员进行询问，并恰当地实施分析和其他证据收集程序。我们所实施的工作包括：

- 与华夏银行负责收集、整理和披露信息的管理层和员工进行访谈，以了解在识别利益相关方、确定关键利益相关方所关注的重大问题方面的程序，以及编制社会责任报告流程的有关控制；
- 通过访谈、查阅相关支持性文件，了解华夏银行与利益相关方的沟通机制，利益相关方的期望和需求，华夏银行如何落实并回应这些期望和需求；
- 与华夏银行确立2019年社会责任报告独立有限保证鉴证工作所包括的关键社会责任指标及相关的评价标准；
- 抽样测试华夏银行2019年度关键社会责任指标与我们的工作成果一致性及其编制社会责任报告流程的有关控制。

鉴证工作的局限性

有限保证鉴证为获取有限保证而实施的程序旨在确认信息的可信性，该程序的范围会小于为获取合理保证所实施的程序的范围。我们的工作和独立有限保证鉴证报告并不会就银行系统和程序的有效性及其绩效信息发表意见。

此次有限保证鉴证工作的范围为华夏银行总行本部。华夏银行的其他分支机构及子公司信息不包括在本次有限保证鉴证工作的范围内，且不会访问外部利益相关方。历史比较数据也不在本次有限保证鉴证工作范围内。

同时，有限保证鉴证的范围不包括对华夏银行社会责任报告中披露的关键社会责任指标（详见社会责任报告第14页、15页“责任绩效”）以外的其他信息。

结论

- 根据我们上述的有限保证鉴证工作，我们并没有注意到任何重大事项，使我们相信在社会责任报告中披露的关键社会责任指标存在重大错报。

独立有限保证鉴证报告的使用

本独立有限保证鉴证报告仅是为董事会编制社会责任报告之用，并不适合及不能用作其他用途。



2020年4月15日

Feedback Form

Thank you for reading the *Hua Xia Bank Co., Limited 2019 Social Responsibility Report*. In order to provide you and other stakeholders with more valuable information and improve our ability and level of CSR fulfillment, we would love for you to share your comments on this report and send your feedback as follows:

Tel: 010-85237056

Fax: 010-85239000

Email: zhshzr@hxb.com.cn

Postal code: 100005

Address: Hua Xia Bank Mansion, 22 Jianguomennei Street, Dongcheng District, Beijing

1. What kind of stakeholders do you belong to?

The Government Regulatory authority Shareholder and investor Customer Employee

Partner The Environment Community Media Other (_____)

2. Do you think the Report completely covers your expectation of Hua Xia Bank?

Yes No, what else would you like to know (_____)

3. What do you think of the readability in terms of the content arrangement and layout design of the Report?

Good Average Bad

4. What other comments and suggestions do you have on our social responsibility work and our report?
