About This Report

Reporting Scope

Reporting Period: Unless otherwise stated, the report covers the period between January 1 to December 31, 2021.
Organizational Boundary: The report discloses the information of the Head Office and all branches and sub-branches of Hua Xia Bank.
Release Cycle: This is an annual report. The most recent report was issued on April 30, 2021.

Preparation Basis

The report was prepared in accordance with the Guidelines on Environmental Information Disclosure for Financial Institutions issued by the People’s Bank of China, the Opinions on Strengthening the Corporate Social Responsibility of Banking Institutions issued by former Banking Regulatory Commission (CBRC), the Guidelines on the Corporate Social Responsibility of Banking Institutions of China released by the China Banking Association, and Notice on Strengthening the Social Responsibility of Listed Companies and Issuing the Guidelines for Environmental Information Disclosure of Listed Companies on the Shanghai Stock Exchange and the Notice on Further Improving the Information Disclosures of Listed Companies: Poverty Alleviation Contribution by Shanghai Stock Exchange (SSE), and referred to the Principles for Responsible Banking issued by United Nations Environment Programme, Guidance on Social Responsibility (ISO 26000:2010) issued by International Organization for Standardization (ISO), and GRI Sustainability Reporting Standards (GRI Standards).

Reference

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

Data Sources

The financial data in the report come from the audited Annual Report 2021 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

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

Formats

The report is available in both printed and electronic formats. The electronic version can be downloaded at our official website (http://www.hxb.com.cn).

Contact Information

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In 2021, standing at the historical junction of the ‘Two Centenary Goals’ and the beginning of China’s 14th Five-Year Plan, Hua Xia Bank closely followed the CPC Central Committee with Comrade Xi Jinping at its core and set out our own development plans and mission in the context of national development and the new development paradigm. We work harder to live up to our aspirations and fulfill the political, economic, and social responsibilities of a state-owned financial enterprise, striving to become a modern financial group that is “large and strong with stable and excellent performance.” By doing so, we make new contributions to the Second Centenary Goal.

We gave play to the leading role of Party building, from which we draw the strength to go ahead. We upheld the overall Party leadership over financial work and lead high-quality development with sound Party building. We promoted Party history education and carried out the activity of “Serve the People with Concrete Action” to ensure that employees can practice what they have learned. We held a wide range of activities to celebrate the centenary of the CPC, for example, commending outstanding Party members, Party affairs workers, and primary-level Party organizations and organizing a staging of plays dedicated to the Party’s history under the theme of “Looking Back on the Party’s 100-Year History. Embarking on a New Journey” and the theme exhibition of ‘red stars shining in China’. We gave commemorative medal to a Party member to mark the latter’s 50-year Party membership. Together, we created a vibrant atmosphere to celebrate the centenary of the CPC in the whole bank and fully integrated Party building into business development.

We remained true to our original aspirations as a financial player to serve the real economy. In the face of complexities and the arduous task of pursuing reform, development, and stability at home, we showed strong resilience and improved the quality and efficiency of serving the real economy. Headquartered in Beijing, we ramped up financial support for building Beijing into the national political, cultural, international communication and technological innovation centers. We served key projects such as the Beijing Municipal Administrative Center, the Beijing 2022 Winter Olympics. Focusing on key regions such as the Beijing-Tianjin-Hebei region, Yangtze River Delta, Guangdong, Hong Kong, and Macao, we fully supported major projects to contribute to national strategies and coordinated regional development. Through financial services, we advanced industrial and technological transformation, supported new infrastructure, advanced manufacturing, and strategic emerging industries, and served China’s opening-up to the outside world and the dual circulation development paradigm.

We improved inclusive finance to contribute to common prosperity. Positioned as a “financial service provider for SMEs”, we brought out new inclusive financial products and services and offered targeted support to private micro- and small-sized enterprises and the people’s livelihood. As a result, we introduced financial resources to the key areas and weak links. Meanwhile, we responded to the national rural vitalization strategy, promoted common prosperity, and strictly implemented “four remaining” principle to see that poverty alleviation can inure rural China.

We accelerated digital transformation to foster new growth drivers. Confronted with the new round of technological and industrial transformation, we explored how to give financial support to the digital industry and digitalized industrial development and realize in-depth integration of finance and technology. New progress had been achieved in the digital financial business for industries, key platforms, and data governance. We created a unique digital consumption ecosystem, which goes hand in hand with digital finance for industries, to form a financial service system that serves both companies and consumers. We also trained digital talent, created a culture of innovation, and activated digitalized innovation factories to create an agile organization.

We went deep into green finance to serve China’s 30·60 Decarbonization Goal. Seizing the opportunity of China to enhance ecological civilization and realize green transition for its economic and social development, we provided financial services for carbon-peak and carbon neutrality to create new features and advantages in green financial development. New green financial products and services were offered, and the investment and financing structure was optimized. In 2021, the share of our green credit outperformed other joint-stock banks and we met the “two no less than” goals set by the People’s Bank of China and the “two no less than” goals set by the People’s Bank of China for green credit. Aiming to build a “climate-friendly bank”, we achieved new breakthroughs in carbon financial service innovation and international cooperation projects.

The wealth of a country is measured by the abundance of its people. Looking ahead, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, Hua Xia Bank will place high-quality financial development as an important guarantee for common prosperity. Drawing on the wisdom and strength from the Party’s glorious past, we will forge ahead with revolutionary spirits. We will move faster towards a modern financial group that is “large and strong with stable and excellent performance” to make unremitting efforts to realize the great rejuvenation of the Chinese nation.

Li Minji
Party Secretary and Chairman of Hua Xia Bank
Hua Xia Bank Co., Limited 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 2021, the Bank had a total asset of RMB 3,676.287 billion, 44 Tier-1 branches, 79 Tier-2 branches, 1,008 outlets in 122 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 1,196 agencies in and out of China, covering 316 cities in 96 countries on all five continents of the world. Its settlement network covers all major trade areas in the world.

The Bank implements the concept of sustainability in corporate governance and advances a modernized corporate governance. We have established a corporate governance structure mainly comprising of the Shareholders’ Meeting, the Board of Directors (the Board), the Board of Supervisors, and the senior management. The Shareholders’ Meeting is the governing body, the Board is the decision-maker, the Board of Supervisors serves supervision functions, and the senior management is in charge of execution. We enhance the legal status of Party organizations in the corporate governance structure, coordinate the Party Committee, the Shareholders’ Meeting, the Board of Directors (the Board), the Board of Supervisors, and the senior management, and integrate Party leadership into all aspects of corporate governance to make Party leadership go together with corporate governance.

As of the end of 2021

There were

17 Directors in the Board among them
5 ExecutiveDirectors
5 Non-executiveDirectors
7 Independent Directors

There were

7 Supervisors in the Board among them
1 Shareholder Supervisor
3 External Supervisors
3 Employee Supervisors

In 2021

1 Shareholders’ Meetings were held with
9 Board Meetings were held with
7 Board of Supervisors Meetings were held with

21 resolutions adopted
62 resolutions adopted
32 resolutions adopted
Organizational Structure

Investor Relations

To strengthen investor relations management, the Bank strictly implements the Working Measures of Hua Xia Bank Co., Ltd. on Investor Relations, and designated a dedicated investor relations manager under the Office of the Board of Directors to take charge of relevant work.

The Bank has promoted interactions and exchanges with investors through multiple channels and in many ways. In 2021, the Bank organized meetings and activities such as Shareholders’ Meeting, performance briefing, investor reception day and special research, and carefully answered the questions posted on SSE E-interactive platform and from investor hotline to enable investors to have a better understanding of the Bank. The Bank also won the Best Digital Investor Relations Award in the Fourth China Excellent IR Selection and the Institutional Friendly Communication Award in the Panoramic Investor Relations Gold Award.

Information Disclosure

The Bank attaches great importance to transparent operation, closely monitors regulations, and strictly complies with the regulations to improve the timeliness, effectiveness of information disclosure, and standardize the information disclosure and reporting processes. We have fulfilled information disclosure obligations and enhanced transparency via channels like China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily, Shanghai Stock Exchange website, the official website of Hua Xia Bank, etc.

CSR Management

CSR Philosophy

We aspire to develop into a modern financial group that is large and strong with stable and excellent performance, and the CSR concept is embodied in our corporate DNA. In 2021, the brand concept of “Sustainability for a better future” was proposed, which echoes with the vision of “Harmony brings a bright future and Hua Xia continues with its public spirit”, leading the whole Bank to have solid CSR performance. We continuously improve our CSR management and steadily push ahead CSR practices. As one of the first signatories to the Principles for Responsible Banking issued by United Nations Environment Programme and a supporter of the Task Force on Climate-related Financial Disclosures (TCFD), we continue to improve CSR management and practice and create comprehensive economic, social, and environmental values to contribute to UN SDGs.

We strive to develop into a modern financial group that is large and strong with stable and excellent performance, and the CSR concept is embodied in our corporate DNA. In 2021, the brand concept of “Sustainability for a better future” was proposed, which echoes with the vision of “Harmony brings a bright future and Hua Xia continues with its public spirit”, leading the whole Bank to have solid CSR performance. We continuously improve our CSR management and steadily push ahead CSR practices. As one of the first signatories to the Principles for Responsible Banking issued by United Nations Environment Programme and a supporter of the Task Force on Climate-related Financial Disclosures (TCFD), we continue to improve CSR management and practice and create comprehensive economic, social, and environmental values to contribute to UN SDGs.

CSR goals

Maximizing comprehensive value, Contributing to a harmonious society

CSR practices


CSR principles

Openness and transparency, Cross-over thinking, Resource integration, Stakeholder Communication

CSR priorities

Serving the real economy, Practicing inclusive finance, Promoting ecological progress, Pursuing safe and steady development, Empowering through FinTech, Putting people first
Materiality Analysis

The Bank has collected the concerns of stakeholders by soliciting suggestions from the senior management of the Head Office as well as internal and external stakeholders, and prioritized the topics based on “importance to the sustainable development of Hua Xia Bank” and “importance to stakeholders.”

Contribution to UN SDGs

In September 2015, the United Nations Sustainable Development Summit adopted the 2030 Agenda for Sustainable Development. The agenda covers 17 Sustainable Development Goals (SDGs), pointing out the direction for countries and enterprises globally to promote sustainable development. Focusing on the vision of building a modern financial group that is large and strong with stable and excellent performance, the Bank evaluates from two dimensions of materiality and importance, distinguishes core goals and related goals, and devotes resources to core targets to realize sustainable development goals.

Materiality Matrix

Stakeholder Communication

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Core Expectations</th>
<th>Main Responses</th>
</tr>
</thead>
</table>
| **Government** | - Serving the real economy  
- Supporting national strategy  
- Developing inclusive finance  
- Supporting rural vitalization  
- Paying tax in full according to law | - Serving coordinated regional development  
- Supporting the growth of private micro- and small-sized enterprises  
- Supporting China’s opening-up  
- Advancing rural vitalization  
- Paying taxes in full |
| **Regulatory authorities** | Compliance  
- Strict risk management | Implementing regulatory policies  
Receiving supervision  
Strengthening risk prevention |
| **Shareholders and investors** | - Improving corporate governance  
- Ensuring sustained and stable return  
- Protecting shareholders’ rights and interests  
- Achieving transparent operation | - Improving corporate governance  
Realizing stable operation  
Creating values for shareholders  
Strengthening information disclosure |
| **Environment** | Focusing on climate change  
- Facilitating green development | Developing green finance  
Promoting green offices  
Participating in eco-friendly public activities |
| **Customers** | - Safeguarding customer rights  
- Improving customer experience  
- Accelerating product innovation  | - Strengthening the protection of consumer rights  
- Providing high-quality and efficient services  
- Enhancing financial innovation  
- Advancing digital transformation |
| **Partners** | Fairness and transparency  
- Contract fulfillment with integrity  
Win-win cooperation | Strengthening exchanges and cooperation  
Improving procurement management |
| **Employees** | - Protection of rights and interests  
- Remuneration and benefits  
- Working environment  
- Career development | - Protecting the basic rights and interests of employees  
- Facilitating career development channels  
- Providing job skills training  
- Carrying out diverse cultural and sports activities |
| **Communities** | - Financial knowledge popularization  
- Support for community development  
- Engagement in public welfare undertakings | Publicizing financial knowledge  
Participating in charitable activities |
CSR Performance

Economic

<table>
<thead>
<tr>
<th>Total asset</th>
<th>Unit: RMB billion</th>
<th>Operating revenue</th>
<th>Unit: RMB billion</th>
<th>Total profit</th>
<th>Unit: RMB billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,020.789</td>
<td>2019</td>
<td>96.870</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3,399.816</td>
<td>2020</td>
<td>95.309</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3,676.287</td>
<td>2021</td>
<td>95.743</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>27.563</td>
<td>2019</td>
<td>27.153</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>31.493</td>
<td>2020</td>
<td>31.143</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>31.143</td>
<td>2021</td>
<td>31.143</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Net profit

<table>
<thead>
<tr>
<th>Net profit</th>
<th>Unit: RMB billion</th>
<th>Total deposits</th>
<th>Unit: RMB billion</th>
<th>Total loans</th>
<th>Unit: RMB billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>22.115</td>
<td>2019</td>
<td>1,656.489</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21.568</td>
<td>2020</td>
<td>1,872.602</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23.903</td>
<td>2021</td>
<td>2,108.993</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>27.563</td>
<td>2019</td>
<td>21.568</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>31.493</td>
<td>2020</td>
<td>31.143</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>31.143</td>
<td>2021</td>
<td>31.143</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Balance of loans to MSEs

<table>
<thead>
<tr>
<th>Balance of loans to MSEs</th>
<th>Unit: RMB billion</th>
<th>Growth of loans to MSEs</th>
<th>Unit: RMB billion</th>
<th>Balance of loans in support of strategic emerging industries</th>
<th>Unit: RMB billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>396.387</td>
<td>2019</td>
<td>39.062</td>
<td>34.337</td>
<td>81.229</td>
<td></td>
</tr>
<tr>
<td>456.412</td>
<td>2020</td>
<td>60.024</td>
<td>79.689</td>
<td>97.321</td>
<td></td>
</tr>
<tr>
<td>490.749</td>
<td>2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year</td>
<td>Balance of loans in support of manufacturing industry</td>
<td>Balance of agriculture-related loans</td>
<td>ROA</td>
<td>ROE</td>
<td></td>
</tr>
<tr>
<td>------</td>
<td>------------------------------------------------------</td>
<td>-------------------------------------</td>
<td>-----</td>
<td>-----</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>190.969</td>
<td>239.078</td>
<td>0.78</td>
<td>10.61</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>192.254</td>
<td>248.421</td>
<td>0.67</td>
<td>8.64</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>190.744</td>
<td>255.980</td>
<td>0.67</td>
<td>9.04</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>International settlement</th>
<th>RMB cross-border settlement</th>
<th>Shareholder equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>135.125</td>
<td>44.243</td>
<td>269.337</td>
</tr>
<tr>
<td>2020</td>
<td>142.855</td>
<td>46.314</td>
<td>282.655</td>
</tr>
<tr>
<td>2021</td>
<td>164.667</td>
<td>70.134</td>
<td>300.702</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>CAR</th>
<th>Allowance-to-NPL ratio</th>
<th>ROA</th>
<th>ROE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>13.89</td>
<td>141.82</td>
<td>0.78</td>
<td>10.61</td>
</tr>
<tr>
<td>2020</td>
<td>13.08</td>
<td>147.22</td>
<td>0.67</td>
<td>8.64</td>
</tr>
<tr>
<td>2021</td>
<td>12.82</td>
<td>150.99</td>
<td>0.67</td>
<td>9.04</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Balance of green loans</th>
<th>Number of ETC card users</th>
<th>Number of ETC cards</th>
<th>Number of e-transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>180.043</td>
<td>227.07</td>
<td>312.75</td>
<td>123,005.62</td>
</tr>
<tr>
<td>2020</td>
<td>208.477</td>
<td>244.01</td>
<td>325.62</td>
<td>114,719.26</td>
</tr>
<tr>
<td>2021</td>
<td>254.81</td>
<td>254.81</td>
<td>327.74</td>
<td>254.81</td>
</tr>
</tbody>
</table>

The data of green loan balance in 2020 was based on the Special Statistics System of Green Loan revised by the People’s Bank of China in December 2019.
# Social

## Number of outlets

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit</td>
<td>1,025</td>
<td>1,022</td>
<td>1,008</td>
</tr>
</tbody>
</table>

## Number of rural outlets

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit</td>
<td>106</td>
<td>107</td>
<td>109</td>
</tr>
</tbody>
</table>

## Settlement rate of complaints lodged through 95577 customer service center

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>

## 95577 call-backs

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit</td>
<td>42,604</td>
<td>130,559</td>
<td>130,637</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit</td>
<td>81</td>
<td>81</td>
<td>82</td>
</tr>
</tbody>
</table>

## Number of rural outlets in old revolutionary base areas, areas inhabited by ethnic minority groups, remote and border areas and poverty-stricken areas

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit</td>
<td>4,892.58</td>
<td>3,018.07</td>
<td>2,759.33</td>
</tr>
</tbody>
</table>

## Complaints and problems solved through the joint handling mechanism of the 95577 customer service center

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit</td>
<td>2,012</td>
<td>13,126</td>
<td>14,931</td>
</tr>
</tbody>
</table>

## Number of employee training sessions

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit</td>
<td>3,988</td>
<td>4,965</td>
<td>5,200</td>
</tr>
</tbody>
</table>

## Number of participants of employee training sessions

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit</td>
<td>261,106</td>
<td>370,748</td>
<td>531,553</td>
</tr>
<tr>
<td></td>
<td>Unit:</td>
<td>2019</td>
<td>2020</td>
</tr>
<tr>
<td>---------------------------</td>
<td>-------</td>
<td>-------</td>
<td>-------</td>
</tr>
<tr>
<td><strong>Total number of employees</strong></td>
<td>F</td>
<td>38,639</td>
<td>39,284</td>
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<td><strong>Total number of employees from ethnic minority groups</strong></td>
<td></td>
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<td><strong>Percentage of female employees</strong></td>
<td>%</td>
<td>51.46</td>
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<td><strong>Total charitable donations</strong></td>
<td>RMB 10,000</td>
<td>1,825.6</td>
<td>1,491.5</td>
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<td><strong>Number of legal training sessions</strong></td>
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<td>190</td>
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<td><strong>Number of AML training sessions</strong></td>
<td></td>
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<td><strong>Number of participants of legal training sessions</strong></td>
<td></td>
<td>19,595</td>
<td>28,005</td>
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<tr>
<td><strong>Number of participants of AML training sessions</strong></td>
<td></td>
<td>49,855</td>
<td>98,710</td>
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Spotlight

Continuing the Hard Work of the Past Century and Embarking on a Great New Journey

Learning Party History to Remind our Aspirations

Over the past hundred years of struggle, the Communist Party of China (CPC) has carried forward its great founding spirit. We have thoroughly studied and implemented the guiding principles of the 19th CPC National Congress and plenary sessions of the 19th CPC Central Committee and built education and training platforms for CPC members. New ways of Party history learning have been created through celebration activities for the 100th anniversary of the Party, such as visiting old revolutionary bases, holding knowledge quizzes about Party history, and organizing the Party Day events. CPC members and other staff of the whole bank are inspired and stimulated with the wisdom and strength draw from Party history learning and education to write a new chapter in the 14th Five-Year Plan period.

In 2021, we organized a staging of plays dedicated to the Party’s history under the theme of “Looking Back on the Party’s 100-Year History, Embarking on a New Journey”. The plays vividly depicted the glorious 100-year history of the Party and its great achievements and valuable experience. Nearly 600 Party members from 42 primary-level Party committees of the Bank participated in the event. The performances attracted more than 4 million views and more than 3.88 million votes online. Party members and other employees reinforced their sense of responsibility, patriotism, and displayed the image imbued with vigor and vitality while learning the Party’s history and bringing it alive.

We organized the mini-lecture contest with the theme of “Praising the Party’s Achievements and Promoting Development” to select and disseminate inspiring and intriguing mini-lectures to attract and unite more employees to the study of the Party history.

We commended 100 outstanding Party members, 50 outstanding Party affairs workers, and 50 excellent primary-level Party organizations across the Bank. The Party Committee of the Beijing Branch was rated as an advanced grass-roots Party organization in Beijing. Three grass-roots Party organizations, four Communist Party members, and three Party affairs employees were rated as "outstanding organizations and individuals" in the Beijing SASAC system. Their examples appealed to all employees to learn from them.

Recalling red memories – Celebrating the CPC centenary in various forms

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Harbin Branch carries out learning party history activity

The Head Office holds the theme exhibition “Red Star Shines in China – Hua Xia Bank Celebrates the 100th Anniversary of the Founding of the CPC”

Wenzhou Branch goes to Gutian for rotation training activities for Party branch secretaries

Nanchang Branch holds a drama performance – Writing Down Your Name

Guangzhou Branch carries out the Yan’an special training

CASE

Studying Party history while staying true to the original aspiration, intensifying education on the Party spirit and carrying forward the Party’s fine traditions and conduct

The Bank has set up an education and training platform for Party members, and held seven training sessions for 600 participants. The Head Office organized two CPC member training sessions for 120 Party members, covering Party history, professional expertise and skills, the essence of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the glorious history of the CPC over the past century, the campaign to exercise full and strict Party discipline, improve Party conduct and build a clean government, etc. Through lectures, field visits, seminars, competitions, etc., the trainees gained a better understanding of the Party’s history and spirit, learned about current politics and situations, integrated Party building with their daily responsibilities, shared information and communicated with others more smoothly, and improved their competence and ability, contributing to high-quality development.

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Acting for People to Fulfill our Promises

In 2021

We paid visits to Party members in need and front-line cadres, bringing with us the warmth and care from the Party organizations we visited a total of 765 Party members and cadres, gave them RMB 605,000 in allowance.

The Bank’s 4,509 Party members and employees actively participated in fundraising activities and donated a total of RMB 697,451.32.

While applying the new development philosophy, the Bank launched the “Serve the People with Concrete Action” campaign to serve first-line employees, fulfill social responsibility, and care for employees by solving their most pressing and immediate concerns.

Focusing on employee care and addressing customer concerns in practice, the Standing Committee of the Party Committee of the Head Office has clarified five tasks of practical value, including caring for employees’ mental and physical health, popularizing financial knowledge, and organizing thematic education activities. All primary-level Party committees have integrated the “Serve the People with Concrete Action” campaign with improving the financial-service capacity, fulfilling the social responsibility as a state-owned enterprise (SOE), and helping employees in need, aiming to promote the implementation on an item-by-item basis.

Exercising Strict Governance over the Party to Promote Development

Strengthening ideological and political building to foster a healthy political atmosphere

We always put the Party’s political building first, and arm ourselves with the Party’s theories. We fully study and implement the guiding principles of the 19th National Party Congress and the plenary sessions of the 19th CPC Central Committee, and earnestly follow Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as well as Xi’s latest important speeches and instructions. We champion the Party’s decision to establish Comrade Xi Jinping’s core position on the Party Central Committee and in the Party as a whole, and define the guiding role of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. We are deeply conscious of the need to maintain political integrity, think in big-picture terms, follow the leadership core, and keep in alignment with the central Party leadership. We have always stayed confident in the path, theory, system and culture of socialism with Chinese characteristics; and upheld the core position of Xi Jinping on the Party Central Committee and in the Party as a whole, and upheld the Central Committee’s authority and its centralized, unified leadership.

We strengthened the accountability system for ideological work and continued to implement the “1+1+N” system for ideological and publicity work. We conscientiously implemented the rules and policies on consultation–based judgment, situation reporting, risk prevention and control, supervision and assessment, etc., and supervise and report the progress on ideological work.

Strengthening the organizational system to create a solid base

We uphold the principle of “universal standards for the Head Office and branches, consistent requirements inside and outside Beijing, and the same pace throughout the whole system”. We closely followed the general election of grass-roots Party organizations, and standardized Party organizations. We coordinate the centralized training for Party organization secretaries, grass-roots Party affairs employees, new Party members, and ordinary Party members to promote the overall progress of grass-roots Party building.

Building a talent team to lay a foundation for development

We have formulated the Three-Year Action Plan for Strengthening the Top Leadership and Management Team (2021–2022), to train and select outstanding young managers, and improve market-based competitive selection. We have accelerated the building of professional teams, and optimized the career development path of professionals, to guide employees to further develop their skills.

Stepping up efforts to improve Party conduct, uphold integrity and combat corruption

In strict compliance with the central Party leadership’s eight-point decision on improving work conduct and requirements of the Municipal Party Committee, we strengthened education on integrity and the Party’s discipline by holding education conferences to disseminate real-life anti-corruption cases and continue to crack down on the practice of formalities sake, bureaucratization, hedonism, and extravagance. In 2021, we comprehensively rectified the problems identified by the superior Party Committees and Disciplinary Committees in their assessment, striving to address root causes to avoid repeating the same mistakes. Meanwhile, we conducted self-investigation into overseas corruption cases, drew lessons, and strengthened the regulation over overseas assets to guard against cross-border corruption risks.

Improving the policy framework to exercise effective Party self-governance

The Bank has formulated and implemented the List of Major Issues for and Procedures of Advance Discussion by the Communist Party Committee of Hua Xia Bank Co., Limited, revised the Working Rules of the Communist Party Committee of Hua Xia Bank Co., Limited; and the Hua Xia Bank Implementation Measures for Decision-Making on Major Issues, Appointment and Dismissal of Important Officials, Investment Decisions on Major Projects, and the Use of Large Amounts of Funds. We have also implemented the Implementation Measures for the Communist Party Committee of Hua Xia Bank to Report Major Matters to the Municipal SASAC,Party Committee for Instructions (Trial), and the Sample Text of Working Rules for Party Committees of Branches (Trial). The policy framework is better.
Guided by national strategies, Hua Xia Bank actively shoulder the financial mission under the new development paradigm, promotes regional integration and development, drives transformation and upgrade across industries, contributing to China’s opening-up and a high-quality real economy.

Sustainability practices

- Aligning with China’s regional development strategies and supporting the coordinated development of key regions
- Serving the efforts to build Beijing into the national political, cultural, international communication and technological innovation centers with more financial support
- Supporting industrial transformation and strengthening credit, investment, and financing policies
- Contributing to China’s opening-up to the outside world and improving the cross-border financial system

As of the end of 2021
The balance of loans in the Beijing–Tianjin–Hebei Region has exceeded RMB 569.5 billion
The balance of loans in the Yangtze River Delta has exceeded RMB 617.1 billion
The balance of loans in Guangdong, Hong Kong, and Macau has exceeded RMB 219 billion

In 2021
Hua Xia Bank provided a total of RMB 261.9 billion of investment and financing services for Beijing.

As of the end of 2021
The balance of loans to strategic emerging industries had exceeded RMB 97.3 billion
The Bank had opened 630 correspondent banks in BRI markets.
Serving China’s Regional Strategies

In 2021, our investment and financing in Beijing amounted to RMB 261.9 billion. the Bank had signed strategic cooperation agreements with 8 SOEs, 1 government agency and 1 private enterprise in Beijing.

Guided by major regional development strategies, the Bank has formulated the overall strategy of ‘Three Zones, Two Lines, Multiple Outlets’ and taken multiple measures to promote the coordinated development of the Beijing-Tianjin-Hebei Region, the integrated development of the Yangtze River Delta, and the Guangdong-Hong Kong-Macao Greater Bay Area, accelerating the effective implementation of these strategies.

Serving the overall development of the capital

Headquartered in Beijing, we formulated the Work Plan on Serving the Economic Development of the Capital and the Coordinated Development of the Beijing-Tianjin-Hebei Region. Focusing on building Beijing into the national political, cultural, international communication and technological innovation centers, we channel financial resources to such fields as scientific and technological development, cultural prosperity, and international exchanges to boost the city’s high-quality development.

Supporting economic development

We developed new products and battled the service model to strengthen the key areas in the city’s economy. We took the initiative to reach out to major enterprises and projects and provide targeted support for MSEs.

- We introduced the Hua Xia Bank High-Level Management Marketing Plan for Central SOEs (Trial) and implemented the Central SOE Marketing Action Plan, through which strengthened financial support for key central SOEs in Beijing. Several bond underwriting, fundraising supervision, cash management and other businesses were implemented.

- We responded to the financing needs of the “Three Hundred” projects (including 100 key technological innovation and high-tech industrial projects, 100 key infrastructure projects, and 100 projects vital to public well-being), prepared a list of key projects and enhanced comprehensive financial services for these projects by combining commercial banking and investment banking.

- We strengthened financial support for municipal-level SOEs in Beijing, especially Shougang Group, Beijing State-owned Capital Operation and Management Company Limited, Beijing Electronic Zone High-tech Group Co., Ltd., and Beijing Capital Agriculture & Foods Group. By the end of 2021, our financial services had reached almost all SOEs in Beijing.

Serving MSEs and farmers

- The Bank assists the industrial upgrading in the western part of Beijing.

We launched Heart Warming Loan (Nuan Xin Loan), Farmer and Commerce Loan (Hui Nong Xing Shang Loan), Homestay Loan (Mıu Yu Loan) to support the development of agriculture, rural areas and farmers in the capital.

- Based on the decision engines of small enterprises, we developed Inclusive Farmer Loan to provide targeted financial support for farmers.

Served China’s Regional Strategies

In 2021, we invested and financed nearly RMB 38 billion in key projects in Beijing, including industrial parks, infrastructure projects and environmental facilities.

We underwrote RMB 14.5 billion of bonds issued by the Beijing government.

The Bank lent RMB 33.2 billion to MSEs in Beijing.

Enhancing initial loan services

We moved into the Beijing Initial Loan Service Center, and launched exclusive credit loan products to expand the coverage of inclusive finance.

Designing innovative products

To increase MSEs’ access to loans at a lower cost, Beijing Branch developed the Gold Credit Loan (Jin Xin Loan) on the Innovation Credit and Finance platform, effectively meeting the financing needs of light-assist and collateral-free MSEs. Gold Credit Loan’s product design, system development, and post-testing took only one month.

In 2021, we underwrote RMB 14.5 billion of bonds issued by the Beijing government.

The Bank assists the industrial upgrading in the western part of Beijing.
In 2021, the Bank invested and financed nearly RMB 35 billion in 445 tech companies in Beijing, financed RMB 20.6 billion for 388 companies from the top 10 high-tech industries in the city.

**Supporting technological innovation**

To build Beijing into an international science, technology and innovation (STI) center, we earnestly improve the top-level design, strengthen product innovation, and constantly improve our financial services for high-tech enterprises and talents in the capital, to make Beijing a global leader in technological innovation.

- The Bank joined the ChinaMaker Eco Alliance and became a vice-chairman member of the Zhongguancun Digital Economic Industry Alliance.
- The Bank signed strategic cooperation agreements with China Electronic Corporation and other enterprises.
- Huaxia Wealth Management Co., Ltd. signed an agreement with Beijing Zhongguancun Capital Fund Management Co., Ltd.
- Hua Xia Bank launched the first relay fund exclusively for pre-IPO companies on the Beijing Stock Exchange – BSTIG-Hua Xia Longying Technological Investment Relay Fund, to make equity investment in private companies engaged in such high-tech industries. As of the end of 2021, the fund had exceeded RMB 200 million in size.
- The Bank rolled out a financial service package for tech enterprises in the capital to provide integrated financial services for them.
- The Bank rolled out a financial service package for tech specialists and promoted multiple characteristic products and services for them, including the Tech Elite (Ke Chuang Jing Ying) debit card and the Tech Elite Loan (Ke Chuang Jing Ying Loan) to serve people in the high-tech industry in Beijing.

**Contributing to building Beijing into an international STI center**

At the 2021 ZGC Forum, the Bank signed a strategic cooperation agreement with ZGC Group. The two sides will strengthen cooperation in the fields of industrial park construction, investment in industrial development, science and technology services, TechFin, FinTech, and the development of the ZGC Forum, and jointly support Beijing’s drive to build an international STI center.
In 2021, the Bank provided RMB 20.6 billion of financing services for cultural and creative enterprises in the capital.

Boosting cultural development

To build Beijing into a national cultural center, the Bank actively responded to the financial needs of cultural and creative enterprises in the capital, and continued to improve and upgrade financial products and services for the cultural and creative sectors to empower high-quality cultural development of Beijing.

The Huaxia Craftsmanship (Hua Xia Jiang Pin) series of products provided comprehensive financial services covering payment and settlement, cash management, investment and financing for enterprises of time-honored brands, aiming to promote the culture of Beijing’s time-honored brands and carry forward the craftsmanship.

In 2021, the Bank participated in Beijing’s First Patent-Licensed Intellectual Property Securitization Project that involved an investment of RMB 1 billion, the first securitization product with patents as underlying assets in the city.

Supporting the capital’s technological innovation

Continuing to Implement the Time-Honored Brand Action Plan

Deepening innovation in intellectual property financing models

Serving key digital economy projects

Enhancing FinTech development

Strengthening FinTech cooperation

We participated in the construction of scenarios surrounding the Beijing Big Data Action Plan and the 100 Villages Poverty Alleviation Project.

We promoted online, digital and intelligent supply chain financing and consumer financing.

We deepened cooperation with FinTech companies in Beijing to steadily promote syndicated loans.

Through cooperation with prestigious universities such as Tsinghua University, we explored the construction of new ecosystems and new scenarios for the application of new technologies.

We promoted the application of quantum AI algorithms in precision marketing, AI-enabled risk control, AI-enabled asset management, and other processes, and explore the commercialization of new technologies.

The digital RMB system has been launched and put into production. In particular, the digital RMB ticket payment project for the Winter Olympic Games was named a demonstration project for applying FinTech in providing financial support in Beijing.

We independently developed the industrial digital FinTech platform to empower digital customer acquisition, credit extension, and financing.

Focusing on scenarios such as warehousing and logistics, industrial parks, smart cultural tourism, we strengthened business innovation and diversified two types of digital products: financing and settlement.

We provided financial services to Beijing time-honored enterprises.

The digital RMB system has been launched and put into production.

The Huaxia Craftsmanship (Hua Xia Jiang Pin) series of products provided comprehensive financial services covering payment and settlement, cash management, investment and financing for enterprises of time-honored brands, aiming to promote the culture of Beijing’s time-honored brands and carry forward the craftsmanship.

The Bank becomes a strategic partner of the 2021 ZGC Forum.
In response to the call for building Beijing into an international exchange center, we have gradually improved cross-border products and services and enhanced our financial service capacity, to help local enterprises “go global.”

- The Bank has opened the Sub-Branch of the International Business Service Area of the China (Beijing) Pilot Free Trade Zone and the Sub-Branch of the Daxing Airport Area of Hebei Pilot Free Trade Zone.
- We offered development financing services and undertook the overseas debt business of multiple other enterprises based in Beijing, helping them “go global.”
- Based on digital financial means, the Bank has launched the online business of non-recourse factoring to empower the development of MSEMs and created the “scenario plus platform” financial service model for supply chains.
- In response to the policy of facilitating foreign exchange income payments under capital accounts throughout Beijing, we improved cross-border trade and investment services. We connected our system with the “Single Counter” project of the National Port Administration Office to realize one-click access to one-stop services.

As of the end of 2021, the Bank had extended over RMB 19.8 billion credits to the development of Beijing Municipal Administrative Center.

- The Bank supports the construction of Beijing Municipal Administrative Center.
- The Bank supports the construction of Universal Beijing Resort.
- The Bank provided nearly RMB 4 billion of investment and financing services for key enterprises in Tongzhou.

Supporting key enterprises
Supporting the development of Beijing Municipal Administrative Center
Improving housing conditions

Supporting the development of Universal Beijing Resort

The Universal Beijing Resort project is a national key tourism project and a model project of green and energy-saving construction in the Beijing Municipal Administrative Center. Our Beijing Branch mobilized internal resources and provided a syndicated loan of RMB 600 million for the project, effectively promoting the transformation and upgrading of the capital’s tourism industry and the development of low-carbon economy.
Facilitating the coordinated development of the Beijing–Tianjin–Hebei Region

The Hua Xia Bank Action Plan for the Development of the Beijing–Tianjin–Hebei Region 2021–2025 was formulated. Positioned to be “a major financial service provider for the Beijing–Tianjin–Hebei region”, we continue to increase financial support for the coordinated development of the Beijing–Tianjin–Hebei region, especially for key projects, key customers and key areas.

Supporting the development of Xiongan New Area

We have continued to strengthen collaboration with construction entities such as China Xiongan Group and lent support to such projects as the “Technology Free Port” and “Smart Xiongan”, thereby contributing to building a digital, intelligent and integrated Xiongan.

Empowering the development of key functional zones

Focusing on the construction of the “2+4+N” functional zones for strategic cooperation and platforms for accommodating relocated businesses, we have provided investment and financing support for construction entities and operating companies of platforms for accommodating the relocated businesses in Tianjin, Cangzhou, Handan, etc.

Meeting the needs of platforms for accommodating relocated businesses

In the forms of traditional credit loans and investments, Tianjin Branch has provided RMB 6 billion for districts in Tianjin, effectively supporting the development of 12 platforms accommodating relocated businesses, including the Tianjin Economic–Technological Development Area, Tianjin Binhai New Area Airport Industrial Zone, Tianjin Beichen High-end Equipment Manufacturing Park, and Wuqing Beijing–Tianjin Industrial New City.

In 2021 the Bank provided RMB 67 billion of financing services for key projects related to the coordinated development of the Beijing–Tianjin–Hebei region.

As of the end of 2021 the balance of loans in the Beijing–Tianjin–Hebei Region had exceeded RMB 569.5 billion, a year-on-year increase of 5.9%.

the Bank had opened 159 banking outlets in the Beijing–Tianjin–Hebei region.

Supporting integrated transportation

With a variety of financial tools, we provide financial support for highway, subway as well as road and bridge enterprises in Tianjin and Hebei, thereby facilitating transport connectivity in the Beijing–Tianjin–Hebei region. At the same time, we continue to promote the debit card themed on the coordinated development of the Beijing–Tianjin–Hebei region and the Hua Xia Express (Hua Xia Su Tong) card and provide financial services to support Beijing–Tianjin–Hebei integrated transportation.

Supporting marine environmental protection in the Beijing–Tianjin–Hebei region

Tianjin Branch granted a loan of RMB 912 million to Tianjin Lingang Construction Development Co., Ltd. for comprehensive improvement of sea areas, coastal zones and islands, strongly supporting the latter in improving the regional marine environment.

Promoting the transformation and upgrade of heat supply projects in the Beijing–Tianjin–Hebei region

In response to the government call for air pollution control, Shijiazhuang Branch provided nearly RMB 300 million for the centralized heat supply peak-sharing boiler room and pipe network renovation project in the southern area of Luquan, Shijiazhuang, easing the pressure of heat supply and contributing to local environmental protection.

As the end of 2021 the Bank had issued 2.53 million debit cards themed on the coordinated development of the Beijing–Tianjin–Hebei region and 1.93 million ETC cards in the region.

As of the end of 2021 the green loan balance of our branches in the Beijing–Tianjin–Hebei region was close to RMB 32.1 billion.
Supporting the integration of the Yangtze River Delta region

We coordinate branches in the Yangtze River Delta region so that they can provide financial support for key areas such as public services and infrastructure construction, environmental protection, and industrial transformation to help build the “Oriental Pearl” in China’s high-quality economic development.

The Hua Xia Bank Action Plan for the Development of the Yangtze River Delta Region 2021–2025 was formulated. Focusing on the two keywords of “integration” and “high-quality,” it proposes 45 measures, and laying out the top-level scheme for the development of regional branches in the new planning period.

The deposit balance had reached RMB 569.6 billion, up 6.7%.

As of the end of 2021 the balance of loans of our branches in the Yangtze River Delta region had reached RMB 617.1 billion, a year-on-year increase of 6.4%.

We authorized local branches to develop special products for the Yangtze River Delta region and launched innovative services including the digital supply chain and digital factoring, based on our product pools, effectively improving the service quality and efficiency.

We strengthened the collaboration and coordination among local branches in project marketing, credit line approval, risk control, etc., to promote their integrated development.

Developing new financial products
Supporting the integration of the Yangtze River Delta region
Enhancing the top-level design
Improving service mechanisms

Shanghai Branch: Serving the development of the “five new towns”
Shanghai Branch invested RMB 350 million in the corporate bond issued by an urban development investment group in Shanghai to finance municipal development and city operations, the development of Shanghai’s “five new towns,” namely Jiading, Qingpu, Songjiang, Fengxian and Nanhui, and facilitates the development of city clusters in the Yangtze River Delta.

Hefei Branch: Serving high-tech industries
Hefei Branch has tailor-made a High-Tech Loan product for Hefei High-tech Industrial Development Zone to boost the development of high-tech industries. This product focuses on high-tech micro- and small-sized customers invested or to be invested by a high-tech construction investment company in Hefei and a high-tech industry investment company in Anhui. The Branch provides them with credit or “new-type government-bank guaranteed” credit guarantee services, with the credit cap reaching RMB 10 million.

Nanjing Branch: Supporting key projects in the Yangtze River Delta region
Responding to the call for the integration of the Yangtze River Delta region and Nanjing’s four action plans to boost infrastructure construction, consumption, industry upgrade and urban development, Hua Xia Bank had made every effort to support major projects for promoting local transportation connectivity and new-type infrastructure construction, developing strategic emerging industries, advancing urbanization, meeting people’s basic needs, and protecting the environment, etc. As of the end of 2021, the Bank had accumulatively provided RMB 10 billion to finance such key projects as the expansion of the Eastern Route of the South-to-North Water Diversion Project and the construction of supporting projects along the route, the Lianyungang-Zhenjiang high-speed railway project, the rail transit project in the Nanjing metropolitan region, and the ecological restoration project of Dazu Lake.

Hangzhou Branch: Providing credit support for the construction of Hangzhou West EMU Depot
Yuhang Sub-Branch, Hangzhou, provided a fixed-asset loan of RMB 1 billion to a local transportation hub development company for the construction of the roof cover project of Hangzhou West EMU Depot. As China’s first super TOD cluster project that covers both subway and railway lines and led by the high-speed rail, the EMU depot will play a key role in guaranteeing smooth transportation services for the 2022 Asian Games and set a model for the integrated development of the Yangtze River Delta region.
Focusing on key areas, such as infrastructure construction and industry transformation and upgrade, we introduced new service models, increased the financial supply, and urged local branches to form synergy with overseas branches and upgrade the cross-border financial service system, with an aim to help build the Guangdong-Hong Kong-Macao Greater Bay Area into a world-class bay area and city cluster.

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

Hong Kong Branch obtained Type 1 and Type 4 licenses issued by the Securities and Futures Commission, becoming a direct clearing member of OTC Clearing Hong Kong Limited established by Hong Kong Exchanges and Clearing Limited (HKEx).

Guangzhou Branch and Shenzhen Branch continued to enhance comprehensive financial services and developed characteristic investment banking services.
Keeping up with the latest development of the Yangtze River Economic Belt, we continue to provide high-quality financial services for infrastructure construction, industry transformation and upgrade, and environmental protection, so as to facilitate the high-quality development of the region.

**Serving the development of the Yangtze River Economic Belt**

An industrial investment group in Hubei is regarded as a provincial-level AAA investment and financing entity in ecological protection and green development of the Hubei Yangtze River Economic Belt. Its focuses on support to strategic emerging industries and key industries in the Yangtze River Economic Belt and the construction of port infrastructure in the "Golden Waterway" of the Yangtze River. Wuhan Branch signed a bank-enterprise strategic cooperation agreement with the group and provided credit worth RMB 2.73 billion. By the end of 2021, the branch had delivered loans reaching RMB 820 million to serve the construction of the Yangtze River Economic Belt.

Chengdu Branch actively undertakes local government special-purpose bond projects. It has successfully issued bonds for a series of significant projects, including the new engineering construction project (Phase I) of Jiujiang Wastewater Treatment Plant, the comprehensive ecotourism resource development project along the Yangtze River in Nanxi District, Yibin City, etc., providing strong financial support for environmental governance and protection in the Yangtze River Economic Belt.

**Supporting infrastructure construction in the Greater Bay Area**

Hong Kong Branch issued a loan of HKD 400 million to a Shenzhen company to support the construction of the most influential complex, also a new urban landmark, on the west bank of the Greater Bay Area, thereby supporting infrastructure construction in the region.

As of the end of 2021, the balance of loans for the Guangdong-Hong Kong-Macao Greater Bay Area had exceeded RMB 219 billion, a year-on-year increase of 10.3%.
Accelerating Industry Transformation and Upgrade

The Hua Xia Bank Credit, Investment and Financing Policies 2021 was formulated in accordance with the National Catalogue for Guiding Industry Restructuring. We moved faster to optimize our investment portfolio and increased financial support in key areas such as new-type infrastructure construction, advanced manufacturing, and strategic emerging industries to accelerate industry transformation and upgrade.

Accelerating infrastructure construction

Based on regional development strategies and city-cluster positioning, we reached out to key customers and provided credit loans and investment & financing support for major projects related to transportation and water conservancy, striving to advance new-type urbanization.

Closely following the regional development strategy and key infrastructure projects, we identify key customers, deepen the 'commercial banking and investment banking' service model, and diversify products to improve service quality and efficiency.

Supporting the development of the memory manufacturing

A memory company, one of our clients, is one of the major implementation platforms for the National Memory Base Project. It is specialized in the manufacturing of NAND flash memory, has already taken the lead at home and is catching up with the world’s best. Wuhan Branch actively provides it with financial services such as syndicated loans, trade financing and letter of guarantee, supporting its R&D projects, and contributing to the development of China’s flash memory manufacturing industry.

As of the end of 2021

the balance of loans to advanced manufacturing had reached RMB 190.744 billion

the balance of loans to strategic emerging industries had exceeded RMB 97.3 billion

Promoting the development of emerging industries

With a variety of financial tools, such as credit, investment and financing, and letter of guarantee, we keep improving the quality and efficiency of financial services, and provide substantial support for the transformation and upgrade of traditional industries, such as manufacturing and agriculture. We also drive the rapid development of strategic emerging industries, such as chip and integrated circuit manufacturing, industrial internet, and artificial intelligence by serving a large number of leading companies in these industries, such as a leading integrated circuit producer in Beijing, a large precision component manufacturer in Shenzhen, and a leading software developer.

Supporting the development of the chip industry

A Suzhou-based semiconductor manufacturer that produces third-generation gallium nitride (GaN) and its finished products is the world’s only manufacturer capable of mass-producing low-voltage and high-voltage GaN chips. Suzhou Branch supported the company’s chip production capacity expansion project with an RMB 60 million credit line. The project, once completed, will make the company the world’s largest 8-inch silicon-based GaN producer and will effectively promote the development of the domestic chip industry.

Supporting regional transportation

In 2021, Changsha Branch made the third issue of medium-term notes for an expressway construction group in Hunan Province, with a size of RMB 2 billion, including RMB 300 million contributed by the bank. The issuance has effectively reduced the financing cost of the expressway company and supported the construction of regional transportation facilities.

Supporting the development of the high-tech industry

The Huanqiu Innovation Smart Manufacturing Hybrid Fund has completed subscription, raising RMB 232 million from a variety of channels. The fund will target growth companies in high-end manufacturing, new materials, 5G, photovoltaic energy, new energy vehicles, etc. The Bank will serve as the custodian bank of the fund to support its high-quality operation and promote the rapid development of domestic high-tech industries.

Supporting agricultural modernization

Nanning Branch has provided nearly RMB 1.5 billion for a large machinery group in Guangxi Province. The loans have strongly supported the company’s modern agricultural machinery and robotic system projects, and given impetus to the development of its new business in areas including the development of aerial work platforms, environmental protection, and forestry machinery.

We provide financial services for the transformation of a bearing shell company in Zhejiang.
We actively serve the formation of the new development pattern of “dual circulation,” and constantly improve our cross-border financial services to support the development of free trade zones, the Belt and Road Initiative, and Chinese enterprises seeking to expand overseas presence, thus helping China open up at a higher level.

Serving China’s Opening-up

As of the end of 2021, the Bank had opened 630 correspondent banks in BRI markets.

Supporting the Belt and Road Initiative

Hua Xia Bank continues to optimize its correspondent bank network in BRI partner countries, continues to develop new trade finance products, debt instruments and inter-bank investment services, and expands overseas business to effectively support the BRI implementation.

CASE: Serving major BRI projects

While supporting the construction of transportation hubs, water conservancy projects and agricultural irrigation projects in core regions along the Silk Road Economic Belt, Urumqi Branch has exploited its product innovation capability in business lines such as investment banking, financial market and asset management, and applied a range of new financial instruments, including non-financial corporate debt-financing instruments, structured finance, industry funds, debt for equity swaps, and active investment.

CASE: Supporting major BRI projects

The Suolongsi-Mengzi Expressway financed by Kunming Branch

Launched the foreign exchange swaps. Diversified cross-border financial services through capital financing and other means. Promoted R&D of innovative products, such as interest-rate swaps and foreign exchange swaps for customers, to enrich the trade finance product portfolio to improve trade financial services.

Supporting the development of free trade zones

We improve the institutions and supporting financial services in free trade zones and provide financial support for a new highland of opening up to the outside world. We give full play to the advantages of free trade accounts, promote supporting financial services based on free trade accounts, and meet the financing needs of multinational enterprises, overseas institutions, and Chinese enterprises to go global.

CASE: Supporting cross-border financing of enterprises in free trade zones

Haikou Branch has assisted a large state-owned agricultural reclamation group in Hainan in issuing overseas bond as a cornerstone investor, helping the company to raise funds at low costs through multiple channels. It was the first overseas bond issued by a state-owned enterprise in the Hainan Free Trade Port, and also by an agricultural reclamation enterprise in China.

CASE: Supporting cross-border financing of enterprises in free trade zones

Shanghai Branch has supported a local private high-tech enterprise with the issuance of the free trade zone (FTZ) USD bond, with an investment of USD 40 million. This was the first FTZ USD bond issued by a Chinese private enterprise, expanding the financing channels for private enterprises in the FTZ.
The Bank accelerated the expansion of online and offline service channels to support the internationalization of Rmb. Meanwhile, the Bank has continued to build an all-dimensional, tiered cross-border comprehensive financial service system to provide convenient, efficient financial services for Chinese enterprises “going global.”

Optimizing cross-border transactions

The Bank accelerated the construction of overseas branches by starting the application and preparation for opening the representative office in Europe. The Bank promoted the development of domestic and overseas correspondent bank networks to offer customers integrated international financial services in RMB and foreign currencies. The Bank offered international services through online channels such as online banking and mobile banking, and optimized functions such as batch remittance to improve the customer experience. The Bank upgraded the e-banking’s batch outward remittance service to foreign exchange purchase plus remittance, and allowed corporate clients to transmit images while making batch outward remittance on the online banking channel to improve the online service capability of cross-border payment and settlement services.

In 2021, the Bank handled RMB 70.1 billion of cross-border RMB transactions completed USD 164.7 billion of international settlements.

As of the end of 2021, the Bank had set up 1,196 correspondent banks in 316 cities in 96 countries and regions across the world.

Innovative trade finance products
- Provided integrated financial services for cross-border enterprises and introduced the “bill-certificate-capital-integrated” scheme
- Launched the Salary Pass (Xin Zi Tong) cross-border financial service scheme to make cross-border wage payments in a more efficient and convenient manner

Expanding global service channels
- Accelerated the construction of overseas branches by starting the application and preparation for opening the representative office in Europe
- Promoted the development of domestic and overseas correspondent bank networks to offer customers integrated international financial services in RMB and foreign currencies

Supporting Rmb internationalization
- Vigorously promoted convenient cross-border RMB settlement and improved services for new formats of international trade
- Offered international services through online channels such as online banking and mobile banking, and optimized functions such as batch remittance to improve the customer experience
- Upgraded the e-banking’s batch outward remittance service to foreign exchange purchase plus remittance, and allowed corporate clients to transmit images while making batch outward remittance on the online banking channel to improve the online service capability of cross-border payment and settlement services

Expanding offshore funding channels for a private company in Chongqing

With the innovative one-stop comprehensive offshore bond service solution, Chongqing Branch has assisted a Chongqing-based industry group in taking out a 4-million-euro overseas loan under domestic guarantees, effectively expanding the client’s financing channels.

Supporting MSEs in “going global”

Wenzhou Branch held the meeting of “exchange rate hedging and cross-border RMB business online promotion” to analyze COVID-19-induced obstacles for more than 30 foreign trade enterprises. It aimed to meet the needs of foreign trade enterprises through four customized exchange rate hedging products with differentiated and dynamic services.

Supporting MSEs in guarding against foreign-exchange risks
- Enhanced micro, small and medium-sized enterprises’ awareness of foreign exchange risks through more efforts in publicity
- Offered customized, whole-process foreign currency hedging solutions involving multiple foreign currencies and foreign exchange policy consulting service

Reducing hedging costs for MSEs
- Provided forward foreign exchange settlement inquiry services for micro, small and medium-sized enterprises to reduce their hedging costs
- Offered inquiry services of spot exchange settlement and sale business in batches for some micro, small and medium-sized enterprises to tailor to their foreign-exchange transactions of “small amount and high frequency”

Effectively improving service quality and efficiency
- Stepped up efforts to promote forfaiting and two-factor export factoring in view of the relatively weak financial strength of private SMEs and their lack of collaterals
- Strengthened the application of the cross-border financing blockchain platform of the State Administration of Foreign Exchange and enriched business scenarios to improve the efficiency of trade finance after export shipment
We have been making ceaseless efforts to deepen financial services for small and medium enterprises (SMEs) and create a characteristic inclusive financial system. Through these efforts, we aim to solve SMEs’ difficulties in financing, facilitate healthy development of the private sector, support rural vitalization, and go all out to improve public wellbeing.

Sustainability practices

- Creating a characteristic inclusive finance system and diversified product lines to make financing easier and cheaper for MSEs and facilitate healthy development of the private sector
- Improving services for agriculture, rural areas, and farmers’ to contribute to rural vitalization
- Creating new convenient lifestyle services to the people and going all out to serve public wellbeing

As of the end of 2021

The balance of loans for MSEs reached RMB 490.749 billion, an increase of RMB 34.337 billion compared with the year before.

The number of customers who received loans to MSEs with no more than RMB 10 million each reached 634,700.

The balance of loans to MSEs with no more than RMB 10 million reached RMB 138.039 billion.

The balance of personal consumption loans was RMB 471.047 billion.
Supporting MSEs

As of the end of 2021, the balance of loans for MSEs was RMB 490.749 billion, an increase of RMB 34.337 billion accounting for 23.68% of the total balance of all types of loans issued by the Bank.

Through innovation in products, business models and management, the Bank provides professional, characteristic and inclusive financial services for micro, small, and medium-sized enterprises and other private enterprises, continuously improving the quality and efficiency of financial services.

The Bank upgraded its flagship products, such as House Loan Express, launched the dedicated WeChat official account, expanded online service channels, introduced functions such as online mortgage and intelligent post-loan management, and developed financial services targeting MSEs.

The Bank promoted the “credit factory” model, continuously optimized the whole process of credit loans, and applied the small-business credit decision engine platform for intelligent decision making and post-loan management.

The Bank actively explored new models for online lending and enriched financial products and services for MSEs to ease their financing pressure.

The Head Office recruited more professionals and the branches set up special teams to build a high-quality and high-caliber team of professionals.

Following national policies supporting tech companies, strategic emerging industries, and manufacturing enterprises, the Bank expanded financial services for key enterprises in the supply chain.

Improving the quality and efficiency of services

We strengthened the empowering role of technology, optimized financial products and expanded service channels. We lowered fees while improving the quality and efficiency of services, to support the financing and development of MSEs.

We launched online channels and moved related services online. We introduced online credit evaluation, and used big data to realize automatic post-loan management, thus comprehensively improving the service efficiency and customer experience.

The “Hua Xia Bank Smart Loan for MSEs” series of products were upgraded with such functions as online loan application, approval, contract signing, and withdrawal, making the products more high-tech.
The Bank strengthened the customer system, improved the integration of online financing, fund supervision and cash management, and gradually moved more services online.

Building a more powerful app for MSE finance

Creating an integrated customer acquisition channel for MSE finance

Improving online interaction of businesses

Exploring customer demands in diverse scenarios

By optimizing the risk control model through iterative methods and improving the efficiency of approval and response, the Bank managed to meet customers’ needs for convenient and fast loans and improve the customer experience.

By strengthening technology cooperation, the Bank better aligned users’ financial needs with business scenarios of leading platforms and optimized the customer experience.

As of the end of 2021

- the number of products targeting MSEs had reached 25
- the balance of online business loans for MSEs had reached RMB 19.772 billion
- the number of MSE customers of online business loans had reached 569,500
- the number of outlets providing inclusive financial services for MSEs had reached 29

Supporting MSEs with convenient payment service

In response to the state’s call for supporting MSEs and the real economy and in line with the principle of “payment for the people,” we have launched the Hua Xia e-Cashier, a digital financial product. By putting “scenario-based services before financial services,” it allows merchants to collect payments conveniently through various mainstream payment methods, and manage their finances and operations on the digital management platform, thereby effectively improving business performance.

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- the number of outlets providing inclusive financial services for MSEs had reached 29
To "ensure stability on six key fronts and maintain security in six key areas" and follow the regulatory requirements, we made great efforts to provide financial services for enterprises in resuming production and work during local outbreaks of COVID-19 cases. We formulated differentiated financial service schemes, implemented a package of favorable policies targeting MSEs, including delayed payment of principal and interest, reached consumers through online platforms, and moved services online to provide contact-less services, supporting the MSEs amid routine COVID-19 control.

Tackling obstacles in development

To "ensure stability on six key fronts and maintain security in six key areas" and follow the regulatory requirements, we made great efforts to provide financial services for enterprises in resuming production and work during local outbreaks of COVID-19 cases. We formulated differentiated financial service schemes, implemented a package of favorable policies targeting MSEs, including delayed payment of principal and interest, reached consumers through online platforms, and moved services online to provide contact-less services, supporting the MSEs amid routine COVID-19 control.

As of the end of 2021, the balance of loans to MSEs with no more than RMB 10 million each increased by 23.69% from the beginning of the year.

19.81 percentage points higher than the average growth rate for all loans of the Bank.

Xiamen Branch, in accordance with the business characteristics of agricultural enterprises, launched the House Loan Express inclusive finance product, with one scheme for one client. By the end of 2021, it had granted RMB 9.4 million of loans to six farmers, easing their shortage of operating funds and effectively boosting rural economic development.

Hangzhou Branch has provided quality services for building a digital and smart Hangzhou and remained true to its strategic positioning as "a financial service provider for SMEs." It launched the High-Tech Loan, a customized product for high-tech enterprises. As of the end of 2021, the branch had issued a total of RMB 19 million of credit lines, strongly supporting the sustainable development of micro and small high-tech enterprises.

POS-E Loan helps POS merchants stabilize business and employment

To solve the problems faced by POS merchants, including the red tape of financing, difficulties in submitting materials during COVID-19, and unsecured, costly and inefficient microloans, Chengdu Branch upgraded traditional POS lending to the high-tech POS-E Loan.

Long Shang Loan meets the diverse financial demand of enterprises

Shenzhen Branch launched its version of Long Shang Loan, and built a new O2O online financial service model that serves the financial needs of self-employed businesses and MSEs. As of the end of 2021, the branch had issued RMB 1.36 billion of such loans to 14,400 MSEs.

Enlarging the group of first-time loan borrowers

Wenzhou Branch took the initiative to communicate with the local market regulation bureau and other relevant departments and served first-time loan borrowers, effectively addressing the financing problem facing SMEs. As of the end of 2021, Wenzhou Branch had counted 91 MSEs among first-time loan borrowers, accounting for 46.68% of the total.

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Supporting Rural Vitalization

Actively responding to the national rural vitalization strategy, we have established a service mechanism that supports the vitalization work, and consolidated our achievements in poverty alleviation while advancing rural vitalization. We have continued to serve “agriculture, rural areas and farmers” with enhanced depth and breadth to facilitate high-quality rural vitalization.

As of the end of 2021

- The balance of loans to rural vitalization projects was RMB 255.98 billion, and the balance of inclusive loans to them RMB 16.736 billion, an increase of RMB 3.049 billion from the start of the year, up by 22.28% and 18.4% percentage points higher than the average loan growth rate of the Bank.
- We had opened 109 rural outlets, we had opened 82 outlets in old revolutionary base areas, areas inhabited by ethnic minority groups, remote and border areas, and poverty-stricken areas.

In 2021

- The Bank newly opened 2 county-level sub-branches and 2 outlets in central and western China.
- The Bank installed “smart vending machines for products from poor areas” at outlets.

Improving the top-level design

We set up a rural vitalization leading group headed by the Li Minji, Party Secretary and Chairman of the Bank to clarify the responsibilities of each member unit of the rural vitalization working group and coordinate overall rural vitalization work of the Bank. The Hua Xia Bank Implementation Plan for Comprehensively Promoting Rural Vitalization in 2021 was issued to ensure effective implementation of related measures.

Consolidating the achievements in poverty elimination

Strictly implementing the “four remainings (responsibility, policies, assistance teams, and oversight remaining in areas out of poverty)” requirement, we introduced innovative assistance models and continued to provide assistance with a focus on areas receiving paired assistance from Beijing to advance high-quality rural development, improve the quality and efficiency of rural vitalization.

As of the end of 2021

- In poverty-stricken counties and districts in Inner Mongolia, Xinjiang, Qinghai, among others, receiving paired assistance from Beijing, we had accumulatively provided RMB 5.238 billion of loans, including RMB 1.131 billion in 2021 alone, and had offered 25,000 job opportunities for locals.
- Through direct purchases, on-demand purchases and online purchases, we had purchased over RMB 10 millions of agricultural and sideline products from targeted poor areas.
We have set up special lines of credit to support the development of industries in areas receiving paired assistance from Beijing.

We increased direct purchase of agricultural products produced in Inner Mongolia as well as in Xinjiang, Qinghai, and Tibet. We launched an e-mall on our banking app to sell products from poor areas, a new way to boost the sales of specialty agricultural products from poor areas.

We continued to track the progress of existing assistance projects to ensure the effect of our poverty alleviation efforts. Besides, we have launched new public-welfare programs to further consolidate our achievements in guaranteeing that rural poor people are free from worries over food and clothing and have access to compulsory education, basic medical services and safe housing.

Consolidating the effect of poverty alleviation by boosting consumption of products from poor areas

We selected and sent cadres to villages in state-level key counties for rural vitalization to work as resident anti-poverty officials. They collaborate with all levels of local governments, key enterprises and credit enhancement institutions in poverty-stricken areas to support local businesses with credit funds, improve employment and encourage business startups by developing local industries, and thus increase local income.

Launching more charity programs

Based on local resource endowments and industries, we have innovated in our product and service models and developed credit products catering to local needs, thereby supporting the development of local specialty industries.

Developing more paired-up assistance

We have set up taskforces to develop business systems and apps for promoting the household PV system and improving the income of farmers. We integrated traditional planting techniques with PV generation and piloted the use of PV systems in agriculture, to support green agricultural production in rural areas.

We applied the differentiated credit allocation policy for loans supporting rural vitalization and granted more such loans. In accordance with the characteristics and needs of customers, we designed personalized service schemes to support enterprises in raising funds through various channels.

Offering diverse financing channels for businesses

Through cooperation with key enterprises engaged in businesses for rural vitalization, we gave full play to the exemplary role of business entities, connected upstream and downstream customers, and engaged more small farmers in agricultural modernization.

Enhancing the application of FinTech

Diversifying financial products and services for rural vitalization

We have developed targeted and characteristic products and refined financial services for “agriculture, rural areas and farmers” to better meet the diverse and multi-layered financial needs of rural vitalization, and channel financial liquidity to serve rural vitalization.

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To solve the high threshold of, difficult access to and red tape involved in rural loans, Beijing Branch rolled out the Inclusive Agricultural Loan (Pu Hui Zhu Nong Loan) for MSEs in rural areas and farmers. As of the end of 2021, the loan had been granted to nearly 20,000 rural customers with a balance of RMB 1.27 billion, significantly helping consolidate the Bank’s poverty alleviation achievements.

On October 21, the Chengfang Fintech Forum and Global Fintech Summit hosted by the People’s Bank of China and the Beijing Municipal Government was held in the New Actuation Fintech Center. The Bank was invited to participate in the launch ceremony as one of the editors of the Research Report on Rural Vitalization Empowered by Fintech.

Closely following the national new energy plan, Wuxi Branch, capitalizing on the strengths of Wuxi’s solar PV industry, launched the Solar PV Loan (Guang Fu Loan) for farmers to buy distributed PV power plants.

Nanning Branch, as the lead underwriter, successfully launched the fifth debt financing scheme, worth RMB 300 million and with a term of 33 months, of Guangxi State Farms Group Co., Ltd. in 2021 on Beijing Financial Assets Exchange. This is the first debt financing scheme specially for rural vitalization underwritten by the Bank.

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The launch ceremony of Research Report on Rural Vitalization Empowered by Fintech
Kunming Branch promotes the characteristic Flower Grower Loan in the Kunming International Flora Auction Trading Center.

**Flower Grower Loan (Hua Hui Loan) meeting the financial demands of floriculture**

In February 2021, Kunming Branch, based on the flower transaction data from the Cloud Flowers Big Data Sharing Platform of the Kunming International Flower Auction and Trading Center, built a financial service engine for the floriculture industry. The Flower Grower Loan (Hua Hui Loan) was launched on its WeChat Official Account for flower growers.

To solve financing difficulties in the rural collective economy, Hangzhou Branch launched a financial product for the construction of beautiful villages in Jiaxing City in the new era. Through targeted credit support, cooperation with the village committee and Party branches, and information sharing, Hangzhou Branch delivered high-quality financial services on the ground to support villages in developing their specialty industries and products and improving the rural environment, so as to build villages with thriving industries, well-off farmers, and a beautiful environment.

By deepening cooperation with key enterprises engaged in agriculture and aquaculture feed in Xinjiang, Urumqi Branch has built a model for serving agricultural enterprises through joint efforts with local credit guarantee companies and agricultural development companies. The branch provides upstream and downstream farmers with Breeding Loan (Yang Zhi Loan) and Cotton Grower Loan (Mian Nong Zhong Zhi Loan) to finance their modern agricultural and high-tech agricultural projects to advance agricultural science and technology, develop the modern seed industry, and manufacture agricultural machinery and equipment.

**Diversifying the channels of rural financial services**

The Bank continuously improves the coverage of basic financial services and the availability of loans in rural areas and drives high-quality rural development.

- **Expanding the coverage of digital terminals**
- **Improving the financial services of resident work teams in villages**

In towns, villages and other rural areas not covered by our banking outlets, we distribute service terminals at partner stores to provide farmers with services such as cash withdrawal and transfer, cash remittance, fee payment, etc. This practice helps promote inclusive finance in rural areas while expanding the coverage and accessibility of convenient financial services.

We set up a permanent consultation office at the premise of resident work teams at the premise of resident work teams to popularize financial policies and knowledge related to consumer rights protection, promote financial products and services and enhance financial literacy in rural areas.
Innovating in Financial Services to Benefit People

Hua Xia Bank goes all out to serve people’s wellbeing. Dedicated to enhancing people’s sense of security, gain and happiness, we have reformed the way of running business and providing financial services that are safe, professional and considerate to meet people’s aspiration for a better life.

Serving personal consumption

We have upgraded our consumer financial products, to boost the supply of consumer goods and consumption in areas vital to people’s living standards. Focusing on the “consumption-scenario-ecosystem” model and taking into account residents’ core consumption needs for food, clothing, housing, daily necessities and transportation, we have established a consumer finance ecosystem covering online and offline scenarios to increase financial support for small-amount personal consumptions.

Supporting consumption upgrading

As of the end of 2021, the balance of personal consumption loans was RMB 471.047 billion.

- Hua Xia e Loan
- Elite E Loan (Jing Ying E Loan)
- Decoration Loan (Zhuang Xiu Loan)
- Parking Space Loan (Che Wei Loan)

Benefiting more customers through optimized functions, diverse withdrawal verification methods, extended withdrawal validity period and differentiated credit line granting.

Integrating scenarios of home decoration and parking space into consumer credit services through digital technologies to provide customers with more convenient and higher-quality consumer financial services.

Improving the customer experience by bringing account opening, contract signing, loan granting and repayment to the online platform.

CASE
Two brands of wealth management and private banking released

On October 15, 2021, the Bank launched two brands of wealth management and private banking. Under the theme of “Serving a New Era and Building a New Hua Xia Bank”, the Bank improved the efficiency of wealth management by putting in place an open wealth management ecosystem. We established the new “olive-type” customer service model and adapted to overall transformation of the big wealth market. Through the innovation of the customer service model, we aimed to add more values for ordinary customers and offer targeted personalized financial services to middle-class and high-end customers.

CASE
The third-generation social security card benefiting local residents

In Shenzhen and Xining, we offered comprehensive financial services through the Bank’s third-generation social security cards for local residents. The cardholders are exempt from the card production fee or the handling fees.

CASE
Providing integrated services for residents in the Beijing-Tianjin-Hebei Region

We continuously improve the functions of the debit card themed on the coordinated development of the Beijing-Tianjin-Hebei region, and provide local cardholders the same access to integrated outlet services, rate discounts, wealth management services, VIP services, loan and financing services, group card use, and convenient payment services.

CASE
The Healthcare Loan (Yi Bao Loan) enhancing health security

Through great efforts in the development of innovative digital inclusive financial products and services, Dalian Branch had built a bank-medical institution credit information sharing mechanism. Based on the medical insurance billing data of designated pharmacies and clinics, the Bank developed the Healthcare Loan (Yi Bao Loan), which is connected with the medical insurance data sharing platform to provide health service loans for clients.

CASE
Heart Warming Loan (Nuan Xin Loan) to heat supply companies

Based on a comprehensive understanding of residents’ heating demand and the operation of heat supply companies, the Bank launched the Heart Warming Loan (Nuan Xin Loan) for micro and small heating enterprises, including private ones, with fast application review and credit line granting, thereby helping ensure stable heating supply during winter.

Supporting projects vital to people’s wellbeing

By developing products and services around the third-generation social security card and the debit card themed on the coordinated development of the Beijing-Tianjin-Hebei region, Hua Xia Bank provides customers with a package of affordable and convenient financial and lifestyle services through flexible and diverse business models.
In 2021

As of the end of 2021

the mobile banking app handled
80,078,600 million transactions

the Bank organized
16,743 public financial education
and publicity activities

As of the end of 2021

the Bank had set up priority
counters for vulnerable groups at
921 outlets

the Bank had put in place
accessible facilities at
918 outlets

Smarter

Accelerating Digital Transformation
and Upgrading Financial Services

Sustainability practices

- Facilitating the digital transformation and promoting the
development of the digital economy
- Creating an industry-wide digital ecosystem, building an online–
offline integrated service model, enhancing product and service
innovation
- Protecting customer privacy and other rights and interests, actively
serving elderly customers and other special customer
groups, and continuing to carry out financial knowledge publicity
and education activities

Always pursuing innovation-driven development and being
oriented toward customer demand, we keep promoting the digital
transformation and strive to realize the leap from digital value to
digital credit. In order to improve the efficiency of financial services
and improve customer experience, we keep expanding online
and offline service channels. Through the organization of financial
knowledge publicity and education activities, we firmly guarantee
the legitimate rights and interests of customers.
Promoting Digital Transformation

At the 2021 Global Digital Economy Industry Conference, Hua Xia Bank’s industry-specific digital finance project was selected as one of the top ten cases of digital transformation of enterprises in China.

At the 2021 Banking Digital Momentum and Financial Innovation Summit and the 17th Publicity Year Annual Ceremony co-hosted by the China Financial Certification Authority (CFCA) and the China Joint E-Banking Promotion Year, the Bank was awarded the FinTech Innovation Award and the Digital Finance Innovation Award.

The Bank pursues innovation-driven development and strengthens the empowering role of FinTech. Driven by the industry-wide digital ecosystem and the consumption digital ecosystem, we strive to deepen digital transformation and provide customers with mobile, digital and intelligent financial service.

Improving the top-level structure

The Hua Xia Bank 2021-2025 Digital Transformation Action Plan was formulated, defining the priorities for digital transformation in the next five years. We built six platforms with six themes, namely the open ecosystem, precision marketing, smart operation, smart risk control, legal compliance, and value management. The platforms will connect various business lines and subsidiaries horizontally and the Head Office and all branches vertically better preparing the whole bank to go digital. We defined 120 key tasks under 40 themes in ten areas, formulated action plans for the digitization of 22 business lines, and advanced the in-depth implementation of key tasks.

At the planning level At the business application level

- The Bank has set up two groups and two committees, namely the digital transformation leading group, the Yuzhi Project leading group, the innovation committee, and the adjudication committee.
- The digital transformation promotion office headed by the Vice President takes charge to advance the digital transformation tasks across the bank.
- The Bank has appointed 801 data officers and data management specialists in the Head Office, branches and subsidiaries to coordinate data management across the bank.
- We also established the Industry-Specific Digital Finance Department responsible for innovation in the field.

Pay attention to talent training

Launching a thousand-people pilot program for digital talents and developing new courses and training systems for digital talents in innovation areas, carrying out basic training for data analysts, and organizing special training camps in modeling to improve the data analysis and modeling capabilities of business personnel.

Creating a pro-innovation atmosphere

We have opened digital innovation workshops, introduced the horse racing mechanism, and mobilized digital research and innovation resources of the bank to support digital innovation projects.

Building innovation platforms

We have increased support for digital innovation, set up innovation incubation funds and innovation risk reserves, and created a favorable innovation atmosphere that encourages trials and is fault-tolerant.

Strengthening digital governance

At the 2021 Global Digital Economy Industry Conference, Hua Xia Bank’s industry-specific digital finance project was selected as one of the top ten cases of digital transformation of enterprises in China.

We vigorously advanced the Yuzhi Project, our top digital technology project, deepened data governance and digital asset management, facilitated the release of data value and empowered our business with data.

Reshaping the three-tiered pyramid organizational structure of data governance, establishing the accountability mechanism for data governance, and clarifying 1,659 pieces of basic data and 291 indicator departments.

Building a data asset management system, and rapidly implementing pilot projects around the four major data application themes including precision marketing, intelligent risk control, regulatory compliance, and intelligent management.

Promoting construction of the "two warehouses and two lakes", building an corporate-level data technology foundation based on the data lake, virtual lake, graph technology, and blockchain for the establishment of a corporate-level data center; aggregating internal and external data and breaking down data silos with the "four horizontal and two vertical" data architecture.

At the 2021 Banking Digital Momentum and Financial Innovation Summit and the 17th Publicity Year Annual Ceremony co-hosted by the China Financial Certification Authority (CFCA) and the China Joint E-Banking Promotion Year, the Bank was awarded the FinTech Innovation Award and the Digital Finance Innovation Award.

Optimizing resource allocation

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At the planning level At the business application level

- We have increased support for digital innovation, set up innovation incubation funds and innovation risk reserves, and created a favorable innovation atmosphere that encourages trials and is fault-tolerant.
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- We have increased support for digital innovation, set up innovation incubation funds and innovation risk reserves, and created a favorable innovation atmosphere that encourages trials and is fault-tolerant.

Granted the “2021 Outstanding Data Contributor” issued by the People’s Bank of China

Listed by the China Banking and Insurance Regulatory Commission as a “Member of the Data Governance Senior Expert Guidance and Coordination Committee”
Building a win-win ecosystem

Hua Xia Bank has strengthened communication with partners such as upstream and downstream customers of the industry chain and research institutions, and carried out technology cooperation to promote the R&D and commercialization of R&D results.

Through cooperation with partners from manufacturing, energy, logistics and other state-level key strategic industries, developing a number of industry-specific ecosystem service solutions, such as the development of vertical industrial-chain ecosystem based on core enterprises and the development of horizontally interwoven ecosystem based on the energy internet platforms.

Guarding against technology risks

We strengthen FinTech risk management and technology support to protect customer privacy and property. In 2021, the overall availability rate of important information systems during main business hours reached 100%.

Improving the operation and maintenance management system to keep risks in operation and maintenance under control; eliminating hidden risks and enhancing the ability to continuously ensure business stability through practical exercises.

Building a work environment based on the full-stack cloud platform to offer basic cloud services on computing, network, storage, database, container, etc.

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Establishing joint innovation laboratories with leading high-tech companies such as Huawei and Tencent to promote the R&D and application of key technologies.

Cooperating with well-known universities such as Tsinghua University and the University of Science and Technology Beijing to build the ecosystem and application scenarios for new technologies.

Building an innovation laboratory with leading high-tech companies such as Huawei and Tencent to promote the R&D and application of key technologies.

Participating in the China Cybersecurity Week campaign, offering special training for all employees through multiple channels.

Establishing joint innovation laboratories with leading high-tech companies such as Huawei and Tencent to promote the R&D and application of key technologies.

Continuing to strengthen data protection for remote working, terminal authentication management and terminal security control, and cleaning up sensitive information in time.
The Bank has deepened the integration of finance and technology, promoted the transformation and upgrading of models for offering corporate banking services, and innovated in products and services according to transaction scenarios in the upstream and downstream of the industry chain, thereby creating an interconnected business ecosystem.

### Improving Corporate Banking Services

#### Building service platforms

In order to meet the demand for remote working, the Bank has launched a series of online corporate banking services, such as account opening by appointment, issuance of certificates of deposit, and payment through code scanning. By the end of 2021, we had signed a total of 134,100 accounts, an increase of 28,400 or 26.89% year on year.

It had served more than 600 enterprises in more than a dozen industries, such as transportation, wholesale, retail, and foreign trade.

After restructuring based on the cloud native development platform, we issue letters of confirmation online.

#### Pursuing product innovation

Focusing on national strategic industries, such as advanced manufacturing, new energy, and smart logistics, we have developed industry-specific digital finance solutions in vertical domains of the ecosystem. Meanwhile, centering on transaction scenarios in the upstream and downstream of the industry chain, we have enriched digital product lines for financing and settlement purposes, so as to enhance the ability to provide follow-up services for capital transactions and the comprehensive coverage of opportunistic services, and better serve the real economy.

We have launched the digital product pool, digital factoring, pledge loan against warehouse receipt, and digital logistics loans. By the end of 2021, we had granted more than RMB 2.8 billion to more than 120 enterprises.

To provide clearing and settlement services for business entities conducting spot commodity transactions, Hua Xia Bank has cooperated with the Shanghai Clearing House in launching the commodity “Clearing Pass” (Qing Suan Tong) service. By the end of 2021, it had completed more than 18,000 transactions for over 150 clients, with the unilateral trading volume close to RMB 24 billion.

### Deepening strategic cooperation

We continued to support the reform and development of large central SOEs and local SOEs, increased our efforts to serve listed companies, leaders in emerging industries and growth enterprises, and strengthened strategic cooperation with them. In 2021, we implemented the Action Plan for the Development of Central SOE Clients in accordance with the Three-year Action Plan for SOE Reform. We held talks with more than 20 central SOEs and actively provided diversified financial services for them. We signed strategic cooperation agreements with two large central SOEs and four provincial (municipal) governments.

In December 2021, Nanjing Branch underwrote a central SOE Jangou energy company’s 42nd tranche of super & short-term commercial paper (for guaranteeing energy supply) in 2021, with an issue size of RMB 600 million. This was the first bond for energy supply security issued in the year by the client and underwritten by the Bank.

Hua Xia Bank, as one of the first cooperative banks, and the Shanghai Clearing House have jointly launched the commodity “Clearing Pass” (Qing Suan Tong) service.
Improving Customer Services

Committed to providing customer-centric financial services, we continued to optimize online and offline service channels, collect and respond to customer feedback, and improve the overall availability of financial services.

Expanding service channels

We continued to optimize the distribution of banking outlets, deepened their upgrading, and made online services more convenient and user-friendly.

According to the Hua Xia Bank Work Plan for Outlet Transformation and Upgrading formulated, we built modern, intelligent, scenario-based outlets that offer a smooth, convenient customer experience. As of the end of 2021, eight branches had started to upgrade their banking outlets, and Beijing Branch, Shenzhen Branch and four others had completed the upgrade of 15 outlets.

We have upgraded to the new-generation self-service banking machines and reconstructed the new-generation self-service banking system with big data and smart technologies, to improve the equipment performance and customer interaction performance. The self-service banking system has significantly improved the customer experience by shortening the average duration of self-service transactions by 40%, increasing operational efficiency by 35%, and can handle more than 80% of personal banking services.

Expanding service channels

As of the end of 2021, the Bank had 1,008 branches in total covering all provincial capitals (except for Tibet) and 122 cities above prefecture-level across the country.

1,042 self-service banking facilities

In 2021, the Bank opened 12 new banking outlets.

In 2021, the Bank had installed 2,736 self-service banking machines in total.

with 2.71 self-service banking machines per outlet

In 2021, the monthly active users of our personal banking app increased by 36.35% from the previous year.

We always put customers first and continue to provide mobile banking services that are “fast, user-friendly, appealing, economical, and enjoyable.”
**Improving the service quality and efficiency**

We take multiple measures to continuously improve the service quality and efficiency, and enhance customer satisfaction and social influence.

**Optimizing service performance**

We improved the service management system, strengthened employee training, and supervised and checked the delivery of services, to provide better financial services. Twenty-four of our banking outlets were awarded the title of Top 1,000 Banking Outlets for Customer Friendly and Standardized Services of 2021.

- **We improved the service management system.**
- **We strengthened employee training.**
- **We supervised and checked the delivery of services.**

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**Building model outlets**

- **Strengthening supervision and improvement**
- **Carrying out special training**
- **Measures for service improvement**
- **Optimizing publicity methods**

*The "library bank" opened by Beijing Branch*
Customer satisfaction management

With a scientific and systematic questionnaire design, tracking and analysis mechanism, we are able to carry out systematic customer satisfaction surveys, and ensure ongoing effective collection, analysis and evaluation of customer feedback. This has allowed us to grasp the changes in customer demand, continuously strengthen customer experience management, and respond to customer concerns and the market demand more quickly, thereby enhancing customer satisfaction and our brand image. In 2021, customer satisfaction with the Bank’s 95577 hotline was 99.66%.

Serving customers with special needs

The Bank provides considerate services, both online and offline, for customers with special needs, including the elderly, military personnel and veterans, and rural migrant workers.

In 2021, the Bank had 5,353,800 elderly clients, an increase of 610,000 or 12.86% from the beginning of the year.

- Set up priority counters for vulnerable groups at 921 outlets.
- Put in place accessible facilities at 918 outlets.

expanding service channels

We have launched a more user-friendly version of the mobile banking app that offers special financial services through large fonts, voice service, etc.

We have promoted the construction of banking outlets, and improved accessible passages and other facilities to provide convenient financial services for elderly customers.

We select various wealth management products such as fund of funds (FOF) for senior care.

We offer customers diversified insurance products and high-quality pension services.

Through a variety of educational activities, we publicize financial basics among elderly customers and help them with the use of smart devices, thereby closing the digital gap for the elderly.
Protecting Consumer Rights and Interests

Attaching great importance to consumer rights protection, the Bank is committed to providing consumers with safer and higher-quality financial services.

Strengthening basic management

Putting people first, we continued to step up comprehensive consumer rights protection by engaging all employees in all business lines and processes, and improve the consumer rights protection mechanism. We exert the positive impact of consumer rights protection on corporate governance, business development, financial services, and the building of corporate culture and brand, so that we can provide consumers with better financial services.

The Board of Directors, the Board of Supervisors, and the senior management strengthened overall coordination, research, and guidance for consumer rights protection. Relevant strategic goals of consumer rights protection were written in the 2021-2025 Corporate Development Plan.

The Bank optimized the management system, and continued to build teams for consumer rights protection in all relevant business lines of the Head Office and the branches, so as to offer independent, authoritative and professional protection of consumer rights and interests.

The Bank enhanced political stance, enabled employees to think in big-picture terms and holistically, and developed a fair and honest culture and concepts of consumer rights protection to realize the integration and mutual promotion of consumer rights protection and business development.

The Bank improved the supervision and inspection of the protection of consumer rights and interests, and combined problem identification with internal control to improve the quality and efficiency of rectification, thus promoting the penetration of consumer rights protection into business management and operations.

To promote the institutionalization, normalization and diversification of education and publicity on consumer rights protection, the Bank created an education and publicity network online and offline, consisting of intense group study sessions and education and publicity bases.

By the end of 2021, the Bank had invested RMB 5,567,500 in public education on finance: held 16,743 activities and reached an audience of 38 million. In total, the Bank distributed 3,280,800 copies of brochures and leaflets.

The Bank actively participated in financial education activities organized by the People’s Bank of China, China Banking and Insurance Regulatory Commission, Ministry of Public Security, China Banking Association, and Payment & Clearing Association of China for consumers. A long-term financial education mechanism is established to improve financial literacy by means of extensive and targeted education activities online and offline to raise consumers’ awareness of financial risks.

**Public education on finance**

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Hua Xia Bank is committed to promoting green and low-carbon economic and social development through financial services. Guided by the strategic goal of “making every effort to develop green finance as a new characteristic,” the Bank continues to deepen international cooperation, optimizes the investment and financing structure, and continuously introduces new green financial products. The Bank strives to achieve carbon neutrality while building itself into a “climate-friendly bank in China” and works for “Green Growth for a Better Hua Xia.”

Sustainability practices

- Developing green finance, strengthening international cooperation, adopting the ESG investment philosophy, actively responding to environmental risks, and building a green financial brand with Hua Xia Bank’s own characteristics
- Supporting green transportation, and promoting green transactions
- Carrying out responsible sourcing, practicing green operation, and engaging in environmental protection public-interest activities

As of the end of 2021

- Balance of green loans: RMB 208.477 billion
- Balance of climate-related financing business: RMB 206.567 billion
- The accumulative value of ESG-themed assets under management: RMB 26.338 billion
- ETC cards issued: 3,277,400
Over the years, the Bank has highly valued the development of green finance, and actively promoted green development. In our latest corporate development plan, we put forward the strategic goal of “making every effort to develop green finance as a new characteristic,” and propose to transform the credit structure, launch new green financial products and services, promote international cooperation and support biodiversity conservation. After years of exploration, a green finance development mechanism with controllable risks and commercial sustainability has taken shape. The Bank will continue to deepen the green finance development strategy and strive to develop green finance as a new characteristic and a new edge.

Developing Green Finance

To achieve the carbon peak and neutrality goals, we continued to raise the proportion of green credit business. While strictly controlling credit granting to industries with high pollution, high energy consumption, and overcapacity, we ramped up financing for green and low-carbon industries and built a greener credit structure. Launch new green financial products and services, promote international cooperation and support biodiversity conservation. After years of exploration, a green finance development mechanism with controllable risks and commercial sustainability has taken shape. The Bank will continue to deepen the green finance development strategy and strive to develop green finance as a new characteristic and a new edge.

Focusing on green credit

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As of the end of 2021

The balance of green credit had amounted to RMB 208.477 billion, an increase of RMB 28.434 billion or 15.79% over the beginning of the year, equivalent to saving 1.327.200 TCEs, and the emissions of 3,111,100 tons of CO2, and saving 11,137,200 tons of water.

Developing Green Finance

The Head Office Branches

The Green Finance Management Committee is set up to coordinate the development of green finance across the Bank, and the Green Finance Center to promote green finance business.

The Green Finance Department is set up in 15 branches including the Beijing and Nanjing Branches, responsible for green finance management and risk control. Another 12 institutions are selected to pilot green finance business, with pioneering practices encouraged in institutional building, business management, specialization, and capacity building.

As of the end of 2021

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Offering financial support to an onshore wind power project

Urumqi Branch granted a RMB 320 million credit line to a 49.5 MW wind power project constructed by a wind power limited liability company in Mulei Kazakh Autonomous County. After completion, the project is expected to transmit 130,456.3 MWh of electricity to the power grid annually. Compared with thermal power plants of the same scale, the project is expected to save about 59,400 tons of coal equivalent (TCE), and reduce about 37.9 tons, 26.1 tons, 52.2 tons, and 173,500 tons of smoke and dust emissions, sulfur dioxide emissions, ammonia dioxide emissions, and carbon dioxide emissions, respectively.

Supporting a hazardous-waste treatment project

Hangzhou Branch granted a eight-year loan of RMB 45 million to a hazardous-waste landfill project undertaken by a Zhejiang environmental technology company, which is the first rigid landfill in the province. Compared to a flexible landfill, the rigid landfill can more effectively isolate leakage and reduce soil and water pollution. As of the end of 2021, Hangzhou Branch had issued RMB 38.5 million. After put into operation, the project is expected to treat 2,800 tons of hazardous waste for the local area every year, helping improve the local environment.

Improving the mining environment

Nanjing Branch issued a green loan of RMB 217 million to an environmental governance company in Zhejiang City, to improve the environment of the local mining area that was severely damaged due to disorderly mining, restore the local water environment, solve stagnant water pollution, and better the production and living environment near the mining area.
Launching new green products

Serving the key areas for China’s carbon peak and neutrality, the Bank has improved the comprehensive service scheme for green finance and implemented the national guidelines and policies for promoting the healthy development of the renewable energy industry. We actively develop green leasing and continue to introduce new climate-related financial products and service models. The Bank has launched a series of carbon-related financial products. On the day the carbon market was unveiled, the Bank launched the first carbon-related forward transaction LIF product in the banking industry, becoming one of the first settlement banks in the carbon market.

As of the end of 2021

The Bank’s green investments had reached RMB 14.263 billion, including

- RMB 3.33 billion in funds of green-themed bond special accounts
- RMB 1 billion in green industry funds
- RMB 7.167 billion in green bonds
- USD 1.110 million of foreign-currency bonds
- RMB 2.062 billion in green bonds issued by financial institutions
- RMB 30 million in asset-backed securities

ESG practices

The Bank has incorporated ESG concepts into the core investment and financing strategies, and completed the comprehensive integration of ESG into the wealth management and asset management systems based on the entire investment process management framework. We have also independently developed ESG evaluation and data systems to score all types of assets.

As a signatory to the UN Principles for Responsible Investment Association (PRI), the Bank independently assessed and reported responsible investment status in 2020 to the PRI. In 2021, our practices were shared in both Chinese and English, in the “Signatory Story” column on the PRI official website and WeChat official account, showing to the global market a Chinese asset management institution’s practices of responsible investment.

In 2021

- the Bank issued 11 ESG-themed wealth management products and raised RMB 7.543 billion

As of the end of 2021

- the cumulative value of ESG-themed wealth products under management amounted to RMB 26.338 billion

Deepening international cooperation

Focusing on areas such as climate investment and financing, the Bank continues to deepen international cooperation in green finance by actively engaging with international organizations such as the World Bank and AFD, thus steadily raising its global influence. In 2021, through the Small Grants Program of the Global Environment Facility (GEF), the Bank completed the environmental stress testing and carried out research on multiple topics such as the opportunities facing the regional smart energy and energy efficiency market in the new situation as well as the plan for building information systems of green finance.

As of the end of 2021

- the Bank’s sub-loan projects had introduced USD 1 billion of foreign capital
- provided financing services for 98 projects in 18 provincial regions across the country
- saved 3.73 million tons of standards coal every year from the portfolio projects
- reduced 9.12 million tons of carbon dioxide
- and reduced 28,300 tons of nitrogen oxide

China Renewable Energy and Battery Storage Promotion Project supports clean energy development

China Renewable Energy and Battery Energy Storage Promotion Project is the World Bank’s largest energy storage project and China’s first financial project dedicated to energy storage. Its sub-projects have been implemented in Hefei, Guangzhou, Nanning, and Hubei. Starting with the project and the ongoing Innovative Financing Project for Air Pollution Control in the Beijing-Tianjin-Hebei Region, the Bank has extended financial support from the production to the storage, transportation, and innovative utilization of clean energy, effectively providing financial services for the entire industry chain and building a financial service platform that supports the development of clean energy, thus contributing to building a clean, low-carbon, safe and efficient energy mix in China.
Building a green culture

Branding: The Bank has launched green finance brands, registered the slogan “Green Growth for a Better Hua Xia” and five trademarks, updated and released the Hua Xia Bank Handbook for the Visual Identity System of Green Finance, and prepared a new green finance comprehensive service scheme as well as key visuals to strengthen its brand communication capabilities.

Training: The Bank held three training sessions on green finance in 2021, covering policy interpretation, carbon emissions reduction tools, environmental and social risk management, to 3,000 participants including green finance professionals, credit granting professionals, and account managers.

Supporting biodiversity conservation

In the future, we will act upon the Initiative, tighten control over biodiversity risks, guide biodiversity investment, and increase biodiversity investment and innovation. We will also promote biodiversity publicity and cooperation to mobilize more financial resources for biodiversity conservation.

Addressing Environmental Risks

In line with the Guidelines for Establishing the Green Financial System and the Green Credit Guidelines jointly issued by the People’s Bank of China and the China Banking and Insurance Regulatory Commission, etc., the Bank has strengthened environmental and social risk management, and improved the ability to identify, measure, monitor and control environmental and social risks in its credit business. Relevant policies and process management are improved and a sound environmental and social risk management framework is in place.

Following the principles of blanket coverage, classified management, and dynamic control, the Bank made a list of accounts vulnerable to environmental and social risks and provided corresponding account management services.

The Bank prudently controlled risks in credit investigation, credit review and approval, contract signing, granting, and post-issuance services.

In order to better identify and respond to opportunities risks facing the economic system in the process of climate change, the Financial Stability Board which includes the central banks of major countries around the world, established the Task Force on Climate-related Financial Disclosures (TCFD) in December 2015 to assist companies in climate-related financial information disclosure.

Aiming to become a “climate-friendly bank”, the Bank became a TCFD supporter in August 2021. In the future, from the four aspects of governance, strategy, risk management, indicators, and goals, the Bank will clarify the impact of climate-related risks and opportunities on the Bank’s business, strategies, and financial planning at the strategic level, improve the business process and disclosure methods for climate risk management, better environmental information disclosure and comprehensive risk management, and build up the brand of green finance.
Shenzhen Branch is one of the first in China to launch the pilot climate investment and financing reform in Shenzhen.

The Bank participated in the climate risk stress testing organized by the People’s Bank of China to evaluate the potential impact of the low-carbon transition on our credit assets.

The Bank launched environmental stress testing in key industries. By quantifying the impact of environmental stress factors on the operating costs of sampled industries, an environmental stress transmission data model was built to estimate enterprises’ stress and risk tolerance, thereby enhancing the Bank’s ability to deal with environmental changes. In 2021, the environmental stress testing report was completed, marking that the Bank’s environmental risk management capability was leading the industry.

Serving a Green Life

Facilitating green travel

Keeping up with national policies, the Bank issues ETC cards which allow cardholders fast pass through toll gates without stopping, reducing exhaust emissions and contributing to the building of a low-carbon society.

As of the end of 2021

- The Bank had signed 2,548,100 ETC users, an increase of 108,000 over the end of the previous year.
- Issued 3,277,400 ETC cards, an increase of 21,200 or 0.65% over the beginning of the year.
- It’s estimated that for ordinary light vehicles, the use of ETC cards can reduce the emission of nitrogen oxides by 16.4%, carbides by 71.2%, carbon monoxide by 71.3%, and carbon dioxide by 48.9%, respectively.

Promoting green transactions

The Bank has achieved paperless counter services, continued to integrate counter transactions, and advocated green and low-carbon financial services. In 2021, using the big data-based path analysis algorithm, the Bank consolidated 252 over-the-counter transactions and realized 177 video front-end transaction scenarios. By the end of 2021, 97% of over-the-counter transactions were made paperless, reducing paper consumption and improving the service efficiency and customer experience.

As of the end of 2021

- The Bank processed 3,226,559,800 electronic transactions, up by 2,079,367,200 over the beginning of the year.
- 98.34% of the services were handled via the main e-channels.

The Bank has achieved paperless counter services, continued to integrate counter transactions, and advocated green and low-carbon financial services. In 2021, using the big data-based path analysis algorithm, the Bank consolidated 252 over-the-counter transactions and realized 177 video front-end transaction scenarios. By the end of 2021, 97% of over-the-counter transactions were made paperless, reducing paper consumption and improving the service efficiency and customer experience.
In early 2021, the Bank formally proposed the goal of achieving its carbon neutrality by 2025, becoming the first bank in China to propose such a target. As of the end of 2021, we had a clear picture of our carbon emissions status. Next we will make science-based prediction of the trend of carbon emissions changes during the 14th Five-Year Plan period and the medium and long term based on our development goals, formulate our own carbon neutrality goals and roadmap, and decarbonize by employing low-carbon technologies, creating a low-carbon workplace, implementing the offset mechanisms, and afforestation.

### Green office

We champion environmental protection, are conscious of our environmental impact, practice frugality and raise employees’ awareness of resource conservation. We fully embrace green offices, intensify efforts in energy conservation and emissions reduction, and reduce the emission of environmentally harmful substances in response to relevant policies on energy conservation and environmental protection, continuing to promote low-carbon and zero-carbon operations.

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total office water consumption of the Head Office (ton)</td>
<td>40,809.6</td>
<td>33,193.13</td>
<td>34,423.6</td>
</tr>
<tr>
<td>Total office power consumption of the Head Office (kWh)</td>
<td>47,169,874.84</td>
<td>51,340,078.62</td>
<td>60,577,508.3</td>
</tr>
<tr>
<td>Total fuel consumption of company-financed vehicles at the Head Office (liter)</td>
<td>30,149.86</td>
<td>24,607.26</td>
<td>27,808.22</td>
</tr>
<tr>
<td>Total office paper used at the Head Office (ton)</td>
<td>20.52</td>
<td>20.83</td>
<td>20.89</td>
</tr>
</tbody>
</table>

1. The main reason for the increase in the total water consumption of the Head Office in 2021 compared with 2020 is that there were fewer people working on site during COVID-19 in 2020.
2. The main reason for the increase in the total power consumption of the Head Office in 2021 compared with 2020 is the addition of 1,820 pieces of equipment and three new office spaces.
3. The main reason for the increase in the total fuel consumption of company-financed vehicles of the Head Office in 2021 compared with 2020 is that there were less rides during the COVID-19 epidemic in 2020.

### Green procurement

The Bank has formulated more than ten policies such as Administrative Measures for Centralized Procurement, Administrative Measures for Tenders, Building and Procurement and Working Rules of the Centralized Procurement Committee. We have incorporated environmental performance and CSR performance into the criteria for selecting suppliers, and made clear that suppliers who have been named and shamed for failing to fulfill social responsibilities shall be excluded from the supplier database. In 2021, one of the priorities was to build an online procurement platform and make procurement open, transparent, and well-regulated, contributing to low-carbon and zero-carbon operations.

### Environmental protection activities

In 2021, the Bank put up more than 200 posters and distributed more than 4,000 copies of leaflets, of which the Head Office set up 147 waste sorting bins.

- 100% employees signed the Commitment on Domestic Waste Sorting
- 2,710 employees based in Beijing, including 1,432 Party members, volunteered to assist in waste sorting by the bins on weekends
- The Bank reduced kitchen waste from the source such as food procurement and preparation in restaurants and encouraged employees not to take more than needed and reduce food waste
- An organizational structure was established and the Head Office set up a task force to advance relevant work
- The Bank improved the mechanism of domestic waste sorting and reduction and assigned responsibilities to specific individuals
- The Bank organized themed information sessions, training sessions, and online tests on waste sorting
- The Beijing SASAC inspection team guides the Bank’s domestic waste sorting efforts

The Bank organized non-profit environmental protection activities to effectively improve the environment and promote the green and low-carbon lifestyle. We promote waste sorting to help build a green and beautiful living environment. As of the end of 2021, the Head Office and the Beijing Branch were designated as model units for household waste sorting, with a total completion rate of 79%
Managing Compliance Risks to Secure Long-Term Stability and Development

We stick to prudent operation, and continue to strengthen internal control and compliance management to consolidate the foundation for compliance operations. Having made it a top priority to guard against systemic financial risks, we continue to elevate our risk management, always think about worst-case scenarios, and solidify the defense lines of risk control.

Sustainability practices

- Ensuring compliance in operations while following laws and regulations, improving the internal control and compliance management mechanism, and building the culture of rule of law across the Bank.
- Cementing the bottom line of risk control, improving the long-term risk management mechanism, and pursuing professional risk management.

In 2021

- **3,877** training sessions on compliance
- **4,722** anti-money laundering (AML) training sessions

As of the end of 2021

- the non-performing loan (NPL) ratio **1.77%**
- provision coverage ratio (PCR) **150.99%**
Ensuring Compliance

In 2021, the Bank held 3,877 training sessions on compliance attracting 133,130 participants, organized 666 lectures and training sessions on anti-financial crimes involving 41,047 participants, held 4,722 AML training sessions engaging 135,000 participants, conducted 227 legal training sessions attracting 31,803 participants.

Improving the internal control and compliance system

We ensure compliance in operations, integrate external compliance requirements into internal management, and build a long-term mechanism for compliance management to work for stable operation and maintain financial security and stability.

Establishing the policy framework

With the Hua Xia Bank Compliance Policy, the Bank optimized the top-level design of internal control governance, and established a compliance management framework system at the group level for the first time.

The Notice on Strengthening the Supervision and Inspection Management of Branches was issued to effectively improve the quality and efficiency of work in this regard and shored up the weakness in daily management and risk control of the “first and second lines of defense” of the branches.

Enhancing employee conduct management

The Code of Conduct for Employees of Hua Xia Bank was revised to refine the code of conduct, strengthen management, and guide employees to maintain good professional ethics and help build up a clean financial culture.

The Hua Xia Bank Administrative Measures for Online Loan Due Diligence and Hua Xia Bank Administrative Measures for Complaint Handling in Credit Granting Due Diligence were formulated to better regulate online business due diligence and the due diligence complaint handling procedures, and improve the credit responsibility determination system.

Improving the mechanism of credit responsibility determination

The Code of Conduct for Employees of Hua Xia Bank was revised to refine the code of conduct, strengthen management, and guide employees to maintain good professional ethics and help build up a clean financial culture.

We warned employees of the consequences of non-compliance according to the compliance situation, and with violation cases, and pursued accountability seriously. We emphasized the need to build a long-term compliance mechanism, and built a compliance culture.

The Year of Improving Internal Control and Compliance Management campaign

To thoroughly implement the decisions and policies made by the CPC Central Committee and the State Council on finance, the Bank consolidated and expanded the rectification outcomes, strengthened internal control and compliance management, and built up a culture of sound and prudent operation. According to the Notice of the China Banking and Insurance Regulatory Commission on Carrying out the “Year of Improving Internal Control and Compliance Management” Campaign in the Banking and Insurance Industry, the Bank organized related activities from June to December 2021.
Strengthening the rule of law

The Bank promotes the rule of law and consolidates the foundation for it. We strengthen active management, guard against legal risks, and carry out publicity and education on the rule of law in an orderly manner to build a workplace of integrity and ensure compliance.

- The Bank improved the legal-risk management system, optimized the management process, and specified the management requirements to strengthen the collaborative management of legal risks, keep risks under control, and strengthen rights protection.
- The Bank launched the pilot program of legal counseling professionals, and established a training and incentive mechanism for legal professionals.
- The Bank optimized the legal affairs system to make it more efficient, versatile, and high-tech.
- The Bank organized legal education and training for all employees to enhance all employees’ awareness of compliance and their ability to guard against legal risks.
- The Bank also popularized the law to the general public in various forms. We created an atmosphere encouraging law learning, and improved the public’s awareness of the rule of law through a variety of multimedia platforms.

Enhancing AML management

The Bank continues to ramp up investment in anti-money laundering (AML) to strengthen the communication of AML risks and carry out publicity and training activities to achieve better AML effects.

- The Bank set up an AML center, and allocated more manpower and other input to make AML management more professional.
- The Bank launched the publicity works competition to guard against money-laundering risks.
- The Bank organized AML training for directors and supervisors, to enhance the awareness of money-laundering risks.
- The Bank watched closely money laundering risks in key businesses, and gave prompts. We analyzed and summarized typical AML problems, and AML dynamics at home and abroad and typical cases, to better guard against risks.
- The Bank advanced AML data governance, developed transaction monitoring models for new businesses, improved the money-laundering risk assessment model for customers, and expanded the coverage of transaction monitoring to more accurately identify and warn against money-laundering risks.
- We carried out comprehensive rectification and improvement, and clarified and shaped up the weak links in AML management to enhance risk management capabilities.
We always take a hard line against crime risks, and severely crack down on illegal financial activities. We stepped up efforts to investigate employees’ abnormal conduct, and deterred employees from committing any financial crime with accountability pursuit and punishment, to resolutely guard against financial-crime risks.

Ramping up to guard against crime risks

We always take a hard line against crime risks, and severely crack down on illegal financial activities. We stepped up efforts to investigate employees’ abnormal conduct, and deterred employees from committing any financial crime with accountability pursuit and punishment, to resolutely guard against financial-crime risks.

- The Hua Xia Bank Letter of Responsibility for Fulfilling the Crime Risk Control Target was revised and signed by all employees to strengthen the duty performance at all levels.
- The Bank defined four dimensions of crime risk prevention and control, issued two crime briefings and five risk warnings, and kept an eye on key areas vulnerable to financial crimes to curb risks.
- The Bank set up and conferred the Award for Stopping Financial Crimes and Handling Risk Events to encourage employees to stop and defuse crime risks.

Guarding against crime risks

- The Hua Xia Bank Administrative Measures for Investigations on Employees’ Abnormal Conduct was revised to better regulate the investigation, handling, and supervision mechanism concerning employees’ abnormal conduct.
- A stricter routine investigation mechanism is in place for abnormal conduct of personnel in important positions to improve the quality and efficiency of such investigations.
- The Bank strengthened the closed-loop management of abnormal conduct investigation, established abnormal-conduct records, pursued accountability, and summarized typical cases to strengthen the effect of deterrence.

Cracking down on illegal financial activities

- The Bank released the Notice on Further Strengthening Accountability Pursuit and Guidelines on Accountability Pursuit to refine accountability standards and standardize and strengthen accountability pursuit.
- The Bank strictly and quickly held serious violations accountable to create an atmosphere of rigorous accountability pursuit in the entire bank.
- The Bank forwarded the China Banking Association’s Administrative Measures for the Information on Law and Rule Violations of Banking Practitioners (Trial), established a mechanism for submitting a “blacklist” of practitioners to the Association, and urged employees to abide by the professional ethics and code of conduct.

- The Bank carried out a special campaign targeting financial crimes. We assisted local governments, public security, judicial, disciplinary inspection, and supervision agencies to recover stolen money and losses, look deep into existing crime risks, and clear the backlog of cases.
- The Bank cracked down on gang crimes on an ongoing basis to effectively support its intensive rectification of financial chaos and defusing of major financial risks.
- The Bank launched a month-long information campaign to enhance the awareness of the public and employees about illegal fundraising and protect them from the risk of illegal fundraising.

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Strengthening Risk Management

Focusing on deepening the reform of the risk management system and improving the risk governance system, we strengthen risk prevention and control in key areas and links, improve the professional management for individual risks and the long-term risk management mechanism, and make risk management more “comprehensive, professional, and forward-looking.”

Optimizing the management system

The Bank has formulated the five-year risk management action plan to make strategic adjustments to the risk management system and mechanism during the new period. Hua Xia Bank strengthened the asset life-cycle management covering the “three stages” of scientific and effective allocation of new assets, strict prevention of the deterioration of normal stock assets, and orderly addressing of existing risks.

The Bank vigorously promoted the construction of the “four long-term mechanisms” for risk management, including the mechanism for risk preference and policy transmission and implementation, the mechanism for division of labor and cooperation between business lines and institutions, the business and product risk management and control mechanism, and the risk-cost-benefit balance mechanism.

The Bank determined to implement the “five projects,” including empowering through technology, retail business, corporate finance, market-oriented business, and strengthening of environmental and social risk management.

Credit risk management

The Bank improved the counterparty credit risk management system, optimized relevant policies, and strengthened counterparty credit risk control.

Market risk management

The Bank explored the establishment of a risk-adjusted return on capital (RAROC) system to provide a basis for rationally setting quotas.

Business continuity management

The Business Continuity Plan of Hua Xia Bank was revised. We updated the list of business priorities and sub-priorities according to the latest comprehensive business impact analysis results, and specified the deadline for business recovery, business recovery point targets, and the scope of various key resources.

Intelligent risk control to guard against business risks dynamically

In order to improve the efficiency and accuracy of risk control, the Bank built the big data risk identification and early warning system which comprehensively integrates internal and external risk data; meanwhile, we developed the enterprise risk database, risk view, as well as risk control rules and models using technologies such as big data and knowledge maps.

Strengthening risk prevention and control

We strengthen the management of key areas and major risks, apply digital technologies and upgraded the tools for risk control, and consolidate the foundation for guarding against systemic risks.

- The Bank analyzed the economic situation, implemented the economic and financial policies and regulatory requirements by the central government, and made credit, investment, and financing policies more forward-looking and adaptable.
- The Bank strengthened the asset quality control, optimized the structure of newly added assets, handled troubled stock assets, strengthened the management of credit extension of stock assets, and ensured stable asset quality.
- The Bank employed various tools such as the bottom line for access, classified management, lists and quota control to better identify and manage credit business risks and guard against risk transformation.
- The Bank strengthened risk mitigation, maintained the “first source of repayment” as the rationale for credit granting, enhanced collateral value evaluation management, and strictly controlled guarantee risks.
- The Bank carried out concentration risk limit control from multiple dimensions such as industry, region, customer, and risk mitigation, refined the internal management of large exposures, and improved the management of concentration risks.
- The Bank optimized the market risk limit management system and strengthened dynamic adjustment.
- The Bank strengthened the management of emergency drills to make them better regulated, routine and practical. A total of 44 drills were carried out throughout the year, covering 8 scenarios, improving the emergency response capability.

- The Bank optimized the market risk limit management system and strengthened dynamic adjustment.
- The Bank strengthened reputational risk management at the source. The Bank intensified training and assessment, exhorting employees to perform their responsibilities for reputational risk management more proactively.
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Always being people-centered, the Bank protects the rights and interests of employees, actively responds to their concerns, and cares about their career development and wellbeing. We actively involved in promoting community welfare, combating COVID-19, and disaster relief, to enhance the sense of happiness among local residents.

Sustainability practices

- Earnestly safeguard the rights and interests of employees, adhering to equal employment and democratic management
- Providing job skills training for employees
- Creating a warm and welcoming working environment for employees
- Promoting community welfare and helping improve people’s wellbeing

In 2021 the Bank organized 5,200 employee training sessions

sent assistance to 457 employees in need

made charitable donations worth RMB 14.515 million.
Safeguarding Employees Rights

Strictly abiding by the Labor Law, Labor Contract Law and other relevant laws and regulations, the Bank has established a complete human resources management system covering recruitment, employment, performance evaluation, salary and benefits to protect employee rights and build a harmonious and stable labor relationship.

As of the end of 2021
the labor contract signing rate was 100%.
the social insurance coverage rate was 100%.

Promoting equal employment

Strictly abiding by relevant laws and regulations such as the Employment Promotion Law and the Law on the Protection of Women’s Rights and Interests, the Bank provides equal employment opportunities to workers and says no to discrimination based on nationality, race, region, age, gender, or disability.

As of the end of 2021
the Bank had 39,175 employees, 51.43% of whom were female, including 7,220 new recruits and 1,912 ethnic minorities.
Regarding the educational background, 14.06% of the employees held the master’s degree or above, 64.01% the bachelor’s degree, and 21.93% the associate degree or below.
Regarding the age structure, 58.77% of them were aged 35 and below, 28.94% aged 36-45, 10.60% aged 46-55, and 1.69% aged 55 and above.
The Bank sets no gender or ethnicity restrictions in recruitment and bans discrimination and unfair behavior.
The Bank treats every employee fairly and provides employees with equal training and development opportunities.
Advancing democratic management

We promote democratic management which takes the basic form of the Employees’ Congress. We disclose information and communicate with employees via various channels such as the Employees’ Congress, the Homes of Employees, the bulletin boards of Party and administrative affairs, the President’s mailbox, and the President Day, and address the most common and concerned problems. We move faster to form a democratic management system that is under the leadership of the Party committee and jointly run by the Party and administrative organs, with labor unions playing an active role, support from relevant departments, and extensive participation of employees.

In 2021, the Bank received 1,524 constructive suggestions, adopted and implemented 97.63% of them. The Bank held 103 Employees’ Congress meetings, with 4,996 participants, and received 207 proposals, and 100% of them were handled.

The Bank held 109 staff meetings, with 1,774 participants working on the ground. It opened 82 e-mail addresses for soliciting opinions and employed 46 supervisors.

Empowering Career Growth

In 2021, the Bank held 5,200 employee training sessions for 531,553 participants including 842 training sessions on CSR, with 73,877 participants, and 147 training sessions on environmental protection, with 10,540 participants.

Valuing the improvement of job skills and abilities, the Bank continues to invest high-quality resources, optimize the training system and instructor team, and build a well-rounded and multi-level training system to provide a platform for employees at different levels and positions to enable them to grow with the Bank.

In order to make our employees more competent, we launched various forms of training programs for employees from different professional fields at all levels of the Head Office, branches and sub-branches. The training covered all business lines and personnel at all levels of the Head Office and branches to support the development of each employee.

The training was conducted both online and offline. We provided more training opportunities through live-streaming, mini-lectures, knowledge competitions, etc., enabling employees to acquire knowledge more conveniently.

The Bank continued to train the internal trainers to build a more competent training team. The Bank has in place clearly-defined criteria and procedures for becoming internal trainers and designates internal trainers on a yearly basis. The Bank continued to enrich the training content by inviting senior experts to give lectures and organizing competitions.

The Bank has in place clearly-defined criteria and procedures for becoming internal trainers. The training was conducted both online and offline.

The Bank conducted collective negotiations on employee career development, labor protection, labor remuneration, etc. The Bank formulated the Interim Provisions of Hua Xia Bank on Labor Dispute Negotiation and Mediation, and set up mediation committees responsible for publicizing laws, regulations and policies governing labor relations.

We piloted business information disclosure in the four branches of Changshun, Hohhot, Wuhan, and Kunming.

The Bank held the Employees Congress to review policies or major matters concerning the interests of employees, and encouraged employees to involve in democratic management and supervision.

The Bank continued to invest high-quality resources, optimize the training system and instructor team, and build a well-rounded and multi-level training system to provide a platform for employees at different levels and positions to enable them to grow with the Bank.

Internal trainers receiving training at Nanjing Branch

A competition of internal trainers at Shanghuiyang Branch
We care about the physical and mental health and quality of life of employees. A variety of cultural and sports activities are organized to enrich their after-work life. The Home of Employees is upgraded. We offered sympathy and aid to employees in need. All this is to create a caring workplace.

Promoting Work-Life Balance

Caring about retired employees

We pay attention to the care of retired employees, carry out extensive condolence activities, and convey the warmth to the hearts of every employee.

The farewell party held by the Head Office for employees who retired in 2021

Organizing cultural and sports activities

We organize a variety of cultural and sports activities, build a platform for employees to show their talents, and advocate a healthy lifestyle.

Caring about female employees

The Bank attaches great importance to the health and career development of female employees, and organizes activities of various themes for them, taking care of females with practical actions.

The cake-making party held by Chengdu Branch on Women’s Day

Female employees of Guiyang branch try batik on Women’s Day

The Head Office organizes a creative painting activity themed “sustainability for a better future” for employees.
Building the Home of Employees

The Bank continues to upgrade the Home of Employees. Branches and outlets equipped theirs with fitness equipment, TV sets, reading rooms, lounges, etc. so that employees can do exercises and relax there. The Home of Employees is positioned to be a place for learning, for business startups, a place that is democratic, happy, and caring.

In 2021

the Bank had opened a total of 811 Homes of Employees,
627 of which had passed the review and 87 acknowledged as model ones.

Helping employees in need

The Bank sets up an employee relief fund and sends employees in need sympathy and assistance on major festivals. We offer unimpeded channels to deliver aid to employees in need and help solve their biggest and most pressing concerns to improve their sense of gain, happiness, and security.

In 2021

the Bank helped 457 employees in need
distributed RMB 1.2409 million of living allowances
RMB 2.1749 million of medical subsidies
RMB 830,500 of disaster relief subsidies

Building a Harmonious Society Through Joint Efforts

Focusing on what society needs, we actively engage in various forms of charitable activities for COVID-19 control, disaster relief, special education, elderly care, and donations to give back to society and improve people’s well-being.

Pooling strength for COVID-19 control and disaster relief

We actively participated in COVID-19 control and disaster relief and supported epidemic control and post-disaster reconstruction with donations, volunteer services and blood donations. We stood with the people hit by the epidemic and natural disasters and did our best to tide them over.

In 2021

the Bank organized 2,355 volunteer activities, involving 14,789 employees and 20,890 hours of volunteer activities.

Supporting COVID-19 prevention and control

In December 2021, Shaoxing was hit by a sudden wave of COVID-19 cases and decided to do a city-wide nucleic acid testing. At this critical moment, Shaoxing Branch quickly set up a volunteer team and sent them to the testing sites to help maintain the order, take people’s temperature, check their travel history, record their personal information, and transport the testing samples, contributing to the city’s fight against COVID-19.
Conducting charitable and cultural activities

With strong enthusiasm, the Bank continues to carry out charitable activities such as donations and volunteer services with the support of like-minded employees, customers and people from all walks of life. We are committed to Beijing’s cultural undertakings, helping pass on traditional Chinese culture.

Hua Xia Bank launched the camp themed on green and sustainable development, as part of the 2021 Plan for the Growth of Children of Sanitation Workers, at the Shougang Park, the seat of the Beijing Organising Committee for the 2022 Olympic and Paralympic Winter Games. This year, the camp would lead the children into the world of green energy, bring them lectures on winter sports, and teach them figure skating, to broaden their horizons and show them the meaning of sustainable development. As of the end of 2021, the ‘Plan for the Growth of Children of Sanitation Workers’ had been carried out for 7 years, with a total donation of RMB 9 million.

CASE Supporting the Central Axis of Beijing to apply for the World Heritage Status

As the sole title sponsor of the reality show Singing for the Central Axis of Beijing, a program of BTV, the Bank fully supported Beijing in applying for the World Heritage Status for its Central Axis to promote the development of the capital’s cultural industry and carry forward traditional Chinese culture.

CASE Promoting the popularization of the Civil Code

Having become the sole title sponsor of Interpretation of the Civil Code, a TV program of the Science and Education Channel of Beijing Radio and Television Station, the Bank has played its part in promoting the popularization of the Civil Code for raising the public awareness of the rule of law, fostering the spirit of the rule of law, and promoting law-based governance of the country.

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As the sole title sponsor of the reality show Singing for the Central Axis of Beijing, a program of BTV, the Bank fully supported Beijing in applying for the World Heritage Status for its Central Axis to promote the development of the capital’s cultural industry and carry forward traditional Chinese culture.
As the title sponsor of the Miyun Eco Marathon 2021, the Bank participated in the whole process of event organization. The Credit Card Center and Beijing Branch jointly set up a cheerleading team of 100 employees and sent 20 staff members to serve the event, spread the idea of ecological and environmental protection and inspire more people to protect the environment.

To prepare for the Beijing 2022 Winter Olympics, the Bank responded to the call of the Beijing Municipal Committee of Communist Youth League and organized young employees in Beijing to help maintain order at zebra crossings, guide vehicles and pedestrians to cross the crossings at the sign of the traffic lights, enhancing road safety in Beijing. In 2021, more than 100 employees volunteered for this service.
Outlook

In 2022, the 20th CPC National Congress will be held. It is a crucial year for China to continue with the 14th Five-Year Plan. This year 2022 will also mark the 30th anniversary of the inception of Hua Xia Bank. Over the past 30 years, we have focused on reform, innovation, transformation and development. We have forged ahead and achieved fruitful results. In the future, we will continue to apply the philosophy of sustainability, seize strategic opportunities, and serve the real economy. We will continue to explore inclusive finance and green finance, advance rural revitalization, and contribute to China’s 30·60 Decarbonization Goal. At the same time, we will vigorously undertake CSR initiatives, and work with all parties to pursue a path of sustainable development and build a better future.
### Reporting Practices

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<td>Principles for Responsible Banking</td>
<td>Reporting and Self-Assessment Requirements</td>
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<td><strong>Principle 1: Alignment</strong></td>
<td><strong>Reporting and Self-Assessment Requirements</strong></td>
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<tr>
<td>1.1 Describe (high-level) your bank’s business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant, the technologies funnelled across the main geographies in which your bank has operations or provides products and services.</td>
<td>P24-4, P9-11, P27, P51, P49, P85, P97, P107</td>
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<td>1.2 Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (as defined), their scale and, where possible, the results achieved.</td>
<td>P24-47, P14-93</td>
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<td><strong>2. Impact Analysis</strong></td>
<td><strong>2.1 Impact Analysis</strong></td>
<td><strong>Page</strong></td>
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<td>Show that your bank has identified the areas in which it has its most significant and regional frameworks.</td>
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<td>P84-95</td>
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<td>Show that the bank has identified a baseline (assessed against a particular year) and have set targets against this baseline.</td>
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<td>P9-11</td>
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<td>Show that the bank has implemented actions it had previously defined to meet the set targets. Definitions of key performance indicators, any changes in these definitions, and any leaking of baselines should be transparent.</td>
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<td>P56-70</td>
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<td>Show that your bank has defined actions and milestones to meet the set targets.</td>
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<td>P9-11, P90, P92-95, P111</td>
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<td><strong>2.2 Target Setting</strong></td>
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<td>Show that your bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified “areas of most significant impact” resulting from the bank’s activities and provision of products and services.</td>
<td>P9-12, P15, P23, P46-49</td>
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<td>Show that the bank has identified relevant stakeholders and what issues were addressed/results achieved.</td>
<td>P9-11, P90, P92-95, P111</td>
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<td>Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.</td>
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<td>P9-11, P90, P92-95, P111</td>
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<td><strong>2.3 Plans for Target Implementation and Monitoring</strong></td>
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<td>Show that your bank has implemented actions, if it had previously defined to meet the set target. Or explain why actions could not be implemented needed to be changed and how your bank is adapting its plan to meet it target.</td>
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<td>P9-11, P90, P92-95, P111</td>
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<td>For each target separately. Show that your bank has implemented the actions it had previously defined to meet the set target. Or explain why actions could not be implemented needed to be changed and how your bank is adapting its plan to meet it target.</td>
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<td>P9-11, P90, P92-95, P111</td>
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<tr>
<td>Report on your bank’s progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in.</td>
<td>Showed in this report and Annex 7 of HUA Xia Bank Co., Limited</td>
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Independent Assurance Report

HUA XIA BANK CO., LIMITED
Social Responsibility Report 2021

Independent Assurance Report

EY
Ernst & Young Hua Ming LLP
Level 16, Ernst & Young Tower
688 Kaifu Road
Shanghai, China 200120

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社会保障报告独立验证报告

安永（2022）专业第0468757_A03号
华亚银行股份有限公司董事

安永华明（2022）专业第0468757_A03号
华亚银行股份有限公司

举行了鉴证工作。给AE3000要求我们计划实施鉴证工作，以对《社会责任报告》中选定的2021年关键社会绩效结果信息在所有重大方面提供信息保证，包括整体的报告和相关的信息。我们按设定的程序进行了鉴证工作，以对《社会责任报告》中选定的2021年关键社会绩效结果信息在所有重大方面提供信息保证。我们按设定的程序进行了鉴证工作，以对《社会责任报告》中选定的2021年关键社会绩效结果信息在所有重大方面提供信息保证。

一、选点绩效信息

华亚银行股份有限公司

2021年关键社会绩效结果信息（包括《社会责任报告》）中选定的2021年关键社会绩效结果信息。《社会责任报告》所报告的其他信息，2021年及其以前年度信息均在我们的工作范围内。

二、华亚银行适用的标准

华亚银行编制《社会责任报告》社会保障绩效结果信息所采用的标准列于本报告“编制说明”的“编制依据”（以下简称“编制依据”）。

三、董事会的责任

选用合适的编制依据，并按照编制依据的要求编制《社会责任报告》中选定的2021年关键社会绩效结果信息。我们按设定的程序进行了鉴证工作，以对《社会责任报告》中选定的2021年关键社会绩效结果信息进行了鉴证工作。我们按设定的程序进行了鉴证工作，以对《社会责任报告》中选定的2021年关键社会绩效结果信息进行了鉴证工作。
Thank you for reading the Hua Xia Bank Co., Limited Social Responsibility Report 2021. In order to provide you and other stakeholders with more valuable information and improve our CSR fulfillment, we sincerely invite 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: 22 Jianguomennei Street, Dongcheng District, Beijing

What kind of stakeholders do you belong to?
☐ The Government  ☐ Regulatory authority  ☐ Shareholder and investor  ☐ Customer  ☐ Employee
☐ Partner  ☐ The Environment  ☐ Community  ☐ Media  ☐ Other

Do you think the Report completely covers your expectation of Hua Xia Bank?
☐ Yes  ☐ No, what else would you like to know,

What do you think of the readability in terms of the content arrangement and layout design of the Report?
☐ Good  ☐ Average  ☐ Bad

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