

2016 Corporate Social Responsibility Report of China Everbright Bank Company Limited

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Notes

I. Coverage

Organizations: The Corporate Social Responsibility Report (“CSR Report” or “the Report”) covers the Head Office of China Everbright Bank, its domestic and overseas branches, sub-branches and subsidiaries.

Reporting period: January 1, 2016 to December 31, 2016 (some contents may not fall into the aforesaid reporting period).

Reporting cycle: Annual report.

II. Basis

The Report complies with relevant requirements in the *Opinions on Strengthening Social Responsibility of Banking Financial Institutions* issued by the China Banking Regulatory Commission, the *Guidelines on Corporate Social Responsibility of China Banking Financial Institutions* issued by the China Banking Association, the *Guidelines on Environmental Information Disclosure by Companies Listed on the Shanghai Stock Exchange* issued by the Shanghai Stock Exchange (“SSE”) and the latest edition of the *Environmental, Social and Governance Reporting Guide* issued by the Hong Kong Exchanges and Clearing Limited (“HKEX”). The Report is prepared in accordance with the *Preparation Guide to Corporate Social Responsibility Report of Chinese Enterprises (CASS – CSR3.0)* issued by the Chinese Academy of Social Sciences, the *Sustainability Reporting Guidelines (G4)* of the Global Reporting Initiative (“GRI”), the *ISO26000 2010 Guidance on Social Responsibility* and the *AA1000 Assurance Standard* of the International Organization for Standardization (“ISO”). For the disclosure of the indicators and indexes defined by these standards, please refer to the end of the Report.

III. Notes on Data

The financial data in the Report comes from the 2016 Financial Report, mainly of 2016, while some of the previous years. All monetary amounts stated in the Report are expressed in Renminbi/RMB, unless otherwise specified.

In the Report, “We/we”, “the Bank” and “CEB” all refer to “China Everbright Bank Company Limited”.

IV. Reporting Quality Assurance

To assure the authenticity and reliability of the Report, Ernst & Young Hua Ming LLP has performed limited assurance for key data disclosed in the Report and issued an independent assurance report in accordance with the *International Standard on Assurance Engagements 3000: Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

IV. Preparation Process

1. Strengthening organization and leadership

The Leading Team for Consumer Protection and Social Responsibility supervised daily management of social responsibility and ESG affairs and set up the Leading Team for Poverty

Alleviation for better organization, planning and coordination.

2. Identifying material social responsibility/ESG issues and measurable KPIs

Being benchmarked against best practice of counterparts in the industry and combined with the development strategy and planning of CEB, the Bank analyzed international and domestic CSR standards, policies of the government and CSR indicators of the China Banking Association and clarified the business scope and identified stakeholders by interviewing stakeholders to figure out their expectations and requirements. Material issues were determined by the Senior Management to make the final list of material issues.

3. Daily management and data collection of CSR/ESG information

In the establishment of the internal control system, the Bank evaluated the status quo of material issues, identified the departments responsible for related issues, determined the management scope of the departments for the issues, made the indicators list of information disclosure, assessed and analyzed related management systems and determined major functions of the departments based on disclosure requirements. The Bank established the CSR/ESG data collection system, whereby CSR liaisons could submit related information at regular intervals.

4. Report preparation and assurance

From January to February 2017, the Bank started preparation of the Report. The relevant ESG information was contained in CSR Report. Ernst & Young Hua Ming LLP provided review and assurance for the data involved in the Report.

5. Improvement plan

On completion of the Report, the Bank submitted it to the Board of Directors for decision reference, reviewed the CSR/ESG performance over the year and made plans to improve the CSR/ESG management system.

6. Release of the Report

VI. Form of Release

The Report is released in both printed version and electronic edition. The printed version is available at the General Office of the Bank for inquiry by shareholders and stakeholders, and the electronic edition is available on the website of the Bank (www.cebbank.com).

VII. Contact Information

General Office of China Everbright Bank Company Limited

Address: China Everbright Center, No.25 Taipingqiao Avenue, Xicheng District, Beijing

Post Code: 100033

Tel: 86-10-63636363

Fax: 86-10-63639066, 63639088

Message from the Chairman

Corporate social responsibility has been frequently mentioned nowadays.

As a state-owned financial conglomerate, China Everbright Group shall take up the national mission and fulfill its social responsibility. China Everbright Group has been committed to assisting those in need and always doing things helpful even if it might be trivial.

China Everbright Group's sense of social responsibility grew as it experienced twists and turns. One may recall that the Group was once mired in insolvency and on the brink of bankruptcy. It was the state that timely offered a helping hand along with so much understanding and assistance from all parts of society, without which the Group might have fallen apart. Nowadays, China Everbright Group is a real financial conglomerate, ranking 313th among Fortune Global 500. The Group not only belongs to the men and women who have worked here, but also belongs to the state and the society, to which the Group feels so indebted.

It is said that an enlightened person usually has a sense of mission. China Everbright Bank, as a pillar subsidiary of China Everbright Group, has always had a sense of responsibility and felt obligated to fulfill its social responsibility. Social responsibility for China Everbright Group is something that it has been and will forever be committed to.

Tang Shuangning

March 2017

Message from the President

In 2016, corporate social responsibility has been endowed with new values of the era. Upholding the principle of balancing justice and profit and combining virtue and deed, China Everbright Bank Company Limited (“CEB”) kept up with the time, further implemented the concept of “innovation, harmonization, green, openness and sharing” and took a new step forward in promoting comprehensive, coordinated and sustainable development of the economy, society and environment.

CEB was dedicated to targeted poverty alleviation and spared no effort in the alleviation program. Guided by the spirits of a series of speeches of General-Secretary Xi Jinping on winning the decisive war against poverty and insisting on the combination of “financial poverty alleviation” with “philanthropic poverty alleviation”, CEB gave full play of its advantages on the basis of actual conditions and furthered its innovation in a new mode of poverty alleviation by creating new service patterns of “finance + life” and “finance + production” in order to help the economic development of under-developed regions and the poverty alleviation and income growth of the impoverished population.

CEB promoted economic development and served national strategies. In actively carrying out the national macro-economic policies, CEB conscientiously supported the implementation of national strategies such as the “Belt and Road Initiative”, “Beijing-Tianjin-Hebei Integrated Development”, “Yangtze River Economic Belt”. CEB worked hard in product innovation and channel establishment of small & micro enterprise finance, expanded the credit factory mode and attained the objectives of “three no-less indicators” for loans granted to small & micro enterprise up to the national standard. CEB delivered a full spectrum of financial services to material projects through multiple channels to promote coordinated development of regional economy.

CEB carried forward reform and innovation and accelerated strategic transformation. CEB strengthened innovation incentive and guidance, focused on the strategic transformation towards the direction of “universal, personalized, light-asset and smart”. Upholding the principle of development guided by superior concepts, driven by advanced technology and promoted by good measures, CEB highlighted the innovation in key areas and implementation of material innovation projects so as to deliver services with more safety, convenience and efficiency by means of innovative management, technology and mode.

CEB deepened green finance to preserve eco-environmental protection. CEB continued to push forward green credit from the strategic perspective and integrated the green credit concept into the entire process of credit business and credit risk management. While restricting and reducing credit resources allocated to the projects violating environmental laws or provisions and not up to the regulated standards and the overcapacity industries with high pollution and high energy consumption, CEB continued its support for green economy, low-carbon economy and circular economy, strengthened the innovation of products, modes and services in green credit, optimized the credit structure and improved the credit service to assure sustainable development with stable profiting mode and risk control and improve its own environmental and social performance.

CEB deepened group collaboration and encouraged comprehensive operation. Having the advantage of a full range of financial licenses of China Everbright Group, CEB refined the group collaboration mechanism and actively interacted and cooperated with industry partners. Oriented by

customer demand, CEB made full use of its channel resources to integrate traditional credit with asset management, inter-bank business, investment banking, leasing and treasury. Meanwhile, CEB actively explored new ways of mutual development between domestic and overseas institutions and kept improving its comprehensive financial service.

CEB was devoted to the philanthropy cause to share a harmonious society with all stakeholders. CEB continuously carried forward the “Talent Project” and the “Popularity Project” and explored new training modes to enhance staff’s quality, keep career path open and facilitate staff development. With the advantage in core business, CEB launched various philanthropic projects concerning poverty alleviation, education and relief for the disabled and also built staff volunteer team to participate in social philanthropy activities through useful measures including charity donation, pairing aid and project aid.

In 2017, CEB will stay true to the mission and stride ahead in the implementation of five development concepts and further enhance the performance of its political, economic and social responsibilities as a state-owned enterprise. CEB will be ready to support national strategies, serve the real economy and make accomplishment in stable growth, reform deepening, structure readjustments, people’s livelihood benefits and risk prevention. CEB will cement the development foundation without cease, unleash new impetus for development and improve the quality of development to reward the society with better achievements.

Zhang Jinliang

March 2017

Corporate social responsibility Highlight: Exploring the new direction of “finance + targeted poverty alleviation”

The “Thirteenth Five-year Plan” is decisive to alleviate poverty in an all-round manner. In order to achieve the goal, the Central Committee of the CPC and the State Council have explicitly defined the strategy and made arrangements for the present and over certain period in the future. In 2016, the Bank did a better job to help alleviate and eradicate poverty and explored the new direction of corporate social responsibility by shaping the service modes featuring “finance + life” and “finance + production” and emphasizing on practices, advantages, improvement and innovation.

i. Derived from responsibility and enabled by management

The Bank set up the Leading Group for Poverty Alleviation headed by President Mr. Zhang Jinliang and composed of the general managers of the General Office, Risk Management Department, Small and Micro Finance Business Department and other major departments to make research and decisions on material matters related to poverty alleviation.

The Bank selected high-caliber and responsible cadres to work at villages and help poor communities out of poverty. They earnestly carried out the poverty alleviation plan of the Bank, surveyed local communities on site in depth and figured out production and living needs of local communities. The Bank strengthened the implementation, management, supervision and inspection of poverty alleviation projects and funds so as to identify poverty with all care, alleviate poverty with love and mitigate poverty with every effort.

The branches, which were motivated by the Bank, spared no effort in identifying the “cause of poverty” and digging out the “root of poverty” so as to bring real benefits and changes to the impoverished people.

“Five Principles” of China Everbright Bank for Poverty Alleviation

1. Unifying thought, improving understanding and clarifying responsibility

The Bank should undertake the social responsibility and align the thought with significant decisions and arrangements of the Central Committee of the CPC and the Party Committee of China Everbright Group.

2. Cooperating with every effort, closely collaborating and working hard

The Bank should strengthen leadership and positively support and actively accomplish political tasks assigned by the State Council and China Everbright Group in a move to fulfill new requirements and new arrangements of the Central Committee of the CPC for poverty alleviation during the new period.

3. Clarifying task, acting fast and pursuing achievements

Poverty alleviation features tough task, tight schedule and high requirement. Therefore, the Bank should value actions and concrete results rather than empty talks.

4. Expanding ideas, innovating forms and taking targeted measures in poverty alleviation

The Bank should stress investigation and research, broaden the way of thinking and find innovative ways to improve the quality of poverty alleviation.

5. Combining centralization and decentralization, strengthening guidance and cooperation

The Bank should improve organizational leadership and well balance centralization and decentralization. The Bank should strengthen the guidance to the branches for poverty alleviation, encourage them to use respective advantages and distinguish themselves from the others in poverty alleviation.

ii. Forging a new financial poverty alleviation mode combining finance and production

The Bank actively carried out the *Opinions on Implementation of Finance-assisted Poverty Alleviation* issued by seven ministries including the People's Bank of China and supported poverty alleviation with financial services by formulating the *Financial Poverty Alleviation Plan of China Everbright Bank for the Thirteenth Five-year Plan*.

The Bank gradually refined the financial poverty alleviation service system and introduced the *Interim Measures for the Pilot Program of the Loans Secured against the Management Right of Contracted Rural Land* and the *Interim Measures for the Pilot Program of Granting Mortgage Loans Secured with Farmers' Housing Property Rights* of China Everbright Bank and carried out the work step by step. With those measures, the Bank eliminated the weak points in financial services and promoted the coordinated development of urban and rural area. The Bank launched the *2016 Credit Orientation Guidelines of China Everbright Bank* to support and guide the financial service for poverty alleviation. The Bank made the work plan to carry out the *Opinions on Implementation of Finance-assisted Poverty Alleviation* issued by seven ministries, including the People's Bank of China and strengthened the guidance to the branches in the work of alleviating poverty with financial services. By introducing the Internet thinking and considering industrial characteristics, the Bank forged the service mode of "finance + production" and found a new way to mitigate poverty with financial services.

Case: "Yunnan CEB Mall", the first domestic e-commerce platform featuring three-party cooperation among government, bank and enterprises

Following the "Internet+" policies, the Bank teamed up with the People's Government of Yunnan Province to launch the "Yunnan CEB Mall", which was the first e-commerce platform featuring the cooperation among bank, government and enterprises in China, in order to stimulate the economic development of Yunnan Province.

The e-commerce platform which is rooted in agricultural product enterprises, helped medium, small and micro enterprises improve credit rankings and helped local branded and quality products be sold nationwide by means of internet datamation pattern. The e-commerce platform promoted industrial development by bridging major merchants with upstream and downstream suppliers in the impoverished regions and provided sales opportunities to high quality agricultural products, finally realized targeted poverty alleviation and helped enterprises increase profits.

In another attempt of establishing its own e-commerce platform "CEB Mall" on the same basis, the Bank cooperated with Guzhang County and Xintian County of Hunan Province as well

as Luanping County of Hebei Province and opened the “Prospering Hunan, Thriving Hebei” channel to sell Guzhang Maojian Tea, Scutellaria baicalensis healthy tea and other characteristic agricultural products. Meanwhile, the Bank cooperated with the People's Government of Lankao County and launched the “Targeted Poverty Alleviation at Lankao” campaign to sell genuine yam and other agricultural products originating from Lankao County.



Case: Financial poverty alleviation promoting vitality and inclusive finance bringing profit to Jinxiang County

In 2016, the Bank cooperated with insurance institutions to develop a loan project for garlic trading enterprises and further processing enterprises in Jinxiang County, the largest garlic planting and trading base in China. The project helped impoverished regions create about 3,300 jobs and earn over RMB15 million. In the future, the Bank will focus on serving characteristic agricultural industries and leading enterprises, expanding the scope of financial service to ambient households, agricultural product processing enterprises as well as distribution enterprises in order to effectively implement financial poverty alleviation.



A garlic harvest in Jinxiang County

Case: Exploring a new way to implement targeted poverty alleviation

With the innovative idea to cooperate with large insurers, Wuhan Branch created a targeted finance-assisted poverty relief mode combining government, bank, insurance company, market entity and farmers by extending a loan of RMB15 million to Hubei Huanggang Dongpo Oil Group Co., Ltd. With the loan, the company built a 30,000-mu (1mu=0.0667 hectares) efficient rice cultivation base with 22 specialized farmer cooperatives and helped 3,000 impoverished households increase their income by RMB3,000 per household.

iii. Rewarding the society through philanthropic poverty alleviation

The Bank valued justice and benefit as well as virtue and deed. The Bank took initiative to establish supporting relations with impoverished regions, gave full play to the initiative and creativity of the impoverished population and carried out poverty alleviation projects and campaigns at different levels and in various forms. The Bank continuously enlarged the connotation of philanthropic poverty alleviation and actively fulfilled the social responsibility.

Case: Aiding families of sacrificed, injured and disabled police

On December 19, 2016, the Ministry of Public Security hosted a ceremony of donation from three institutions, including the Bank, to the China Police Martyrs and Heroes Foundation. The Bank donated RMB2 million to support the Aid Campaign for Families of Police Martyrs and Heroes and contributed to alleviate the difficulty in preferential treatment for the police's families.

In the future, the Bank would carry forward supporting the foundation to console police martyrs and aid impoverished police families. The Bank would do its utmost in assisting public security sector in maintaining national security and social stability.



The Bank has consecutively sponsored the public welfare program named “Water Cellar for Mothers” for twelve years. By the end of 2016, the Bank had supported building 8,593 water cellars, 68 small water conservancy projects and implemented “Drinking Safe Water” projects at 6 schools. These projects had benefited 23,855 families and 111,228 people.

Case: CEB’s setting sail of the philanthropy boat

--- The Sixth National Youth Talent Exhibition & Water Cellar for Mothers Welfare Ceremony

Since the launch in 2011, the “CEB’s Setting Sail of the Philanthropy Boat & The Sixth National Youth Talent Exhibition & Water Cellar for Mothers Welfare Ceremony” has grown into a philanthropy brand of the Bank and a youth art event with the highest level, the largest in scale and the broadest in influence. In May 2016, the event started in Nanning, spreading major cities across Beijing, Shenzhen and Shanghai. Participants created programs on environmental protection, charity and other themes in the purpose of calling upon more people to participate in charity and bringing hope to more families in water-deficient areas.



Ceremony Scene

Case: Actively participating in targeted poverty alleviation work of China Everbright Group

In 2016, the Bank donated RMB2.40 million to support targeted poverty alleviation in the designated poverty counties of China Everbright Group (Xinhua County, Guzhang County and Xintian County in Hunan Province).

“Support intelligence before alleviating poverty, cure ignorance before eradicating poverty”. The employees of the Bank took initiative to aid 175 students from impoverished families and built a bridge for the children to learn and to broaden horizon.



Chairman Mr. Tang Shuangning on-site visited “China Everbright Group Tea Farm under Industrial Poverty Alleviation Project” in Shangmei Town, Xinhua County, Hunan Province.

CEB Today

i. Corporate profile

China Everbright Bank (“CEB”), which was established in August 1992 and headquartered in Beijing, is a national joint-stock commercial bank approved by the State Council of China and the People’s Bank of China. The Bank was listed on the Shanghai Stock Exchange (SSE) in August 2010 (stock code 601818) and the Hong Kong Exchanges and Clearing Limited (“HKEX”) in December 2013 (stock code 6818).

As at the end of 2016, the Bank has formed a nationwide business network with its 1,119 branches and outlets covering 115 economic center cities of 30 provinces, autonomous regions and municipalities. The Bank adhered to the “going global” strategy and accelerated the pace to establish overseas institutions. To date, the Bank has established Hong Kong Branch, Seoul Branch and CEB International Investment Corporation Limited and is preparing for CEB Europe and Luxembourg Branch. Its long term sponsorship for “Water Cellar for Mothers”, a public welfare program, has demonstrated CEB’s commitment to its social responsibility, which has been well recognized in China and has a positive impact on the society. The Bank was ranked No.46 in the “Top 1000 World Banks” by *The Banker*, a U.K. magazine, in 2016, representing a rise of 11 over the previous year.

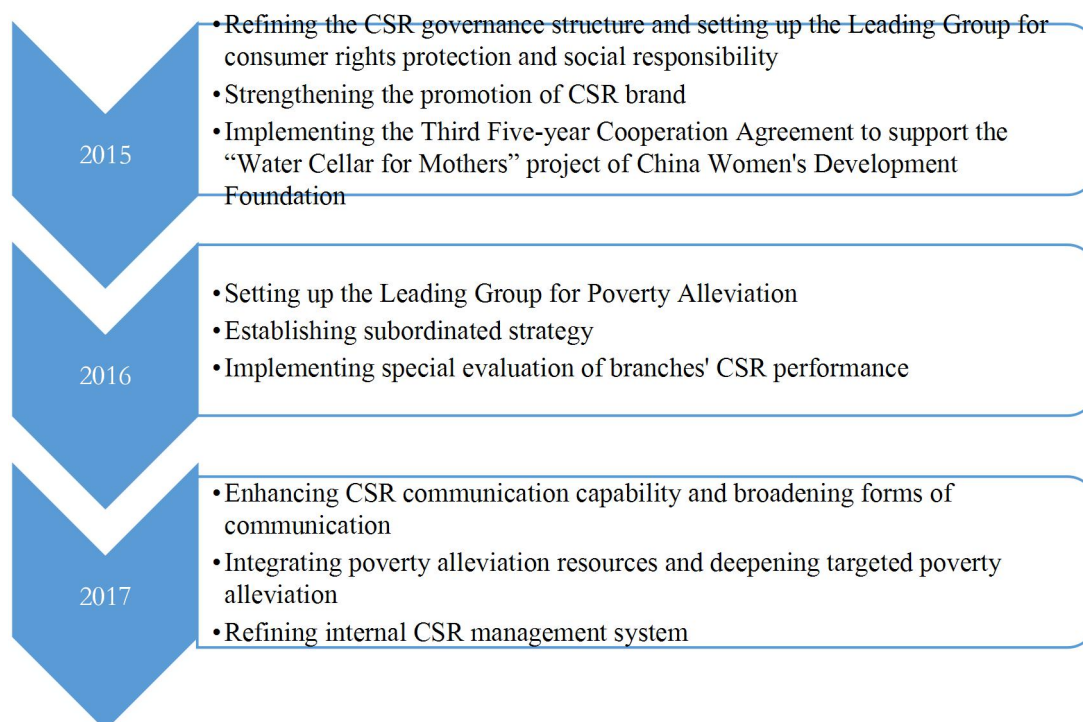
With continuous reform and innovation in optimizing its product, channel and service modes improvement, the Bank forged a strong market competitive edge in its comprehensive operation and major product and business lines such as asset management, investment banking, e-banking and credit card business, etc. Therefore, the Bank has achieved a balanced growth of all business lines with improved risk management and enhanced innovation capabilities.

Over the years, along with the evolution of Chinese economy and the growth of Chinese financial sector, the brand image and market value of the Bank has been continuously enhanced. The Bank has achieved a good performance while providing high quality financial services, and is now a well recognized listed bank with sound compliance.

ii. Corporate social responsibility management

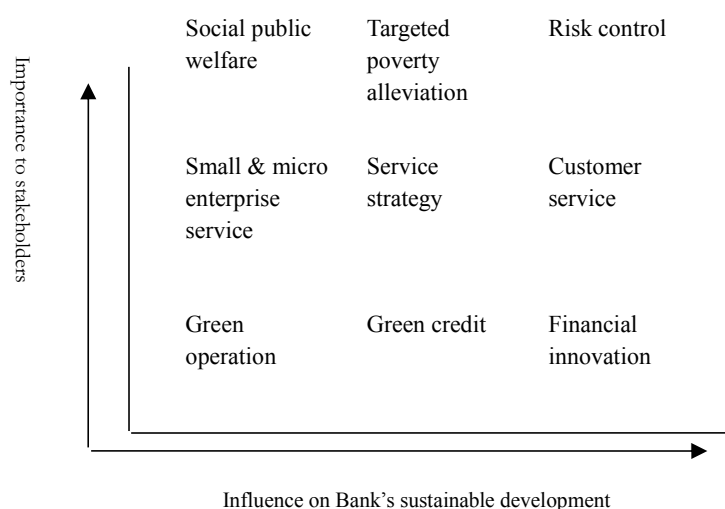
1. CSR strategy

In 2016, the Bank incorporated the CSR strategy into the new version of the overall strategy as well as the 2016-2020 development plan, implemented the *Opinions on Strengthening Social Responsibility of Banking Financial Institutions* issued by the China Banking Regulatory Commission and the *Guidelines on Corporate Social Responsibility of China Banking Financial Institutions* issued by the China Banking Association. The Bank continuously upgraded the level of CSR management and earnestly integrated the corporate operating with CSR so as to realize sustainable development of the Bank.



The Bank firstly identified general CSR issues by analyzing both domestic and international mainstream standards of CSR, the government policies and CSR index of banking industry, as well as comparing with advanced counterparts in this area. Following that, the Bank interviewed stakeholders to collect their opinions and suggestions about the issues, established the two-dimension matrix consisting of “importance to stakeholder” and “influence on CEB” and finally determined core issues in 2016.

[Two-dimension matrix]



2. CSR governance

The Office of the Leading Group for Consumer Rights Protection and Social Responsibility supervised daily management of social responsibility affairs and set up the Leading Group for Poverty Alleviation to strengthen and improve the leadership and coordination in the course of poverty alleviation. The Bank strengthened the CSR performance evaluation by designing the “CSR performance evaluation” item on the balancing score card for the tier-one branches and effectively propelled the implementation of CSR.

3. CSR communication

The Bank attached great importance to the communication with internal and external stakeholders on CSR affairs, continuously expanded communication channels, increased the frequency of exchange and enriched the contents of communication. In these ways, the Bank allowed stakeholders to perceive the Bank's CSR practice and performance in a more effective and comprehensive manner.

- The Bank published the internal publication of *Everbright Home* to build an internal communication platform;
- The Bank has disclosed the CSR report for six consecutive years since 2010;
- The Bank invited mainstream media to make field inspections on CSR performance;
- The Bank attended the regular banking press conference hosted by the CBRC;
- The Bank participated in the “The First Meeting of China Social Responsibility 100 Forum” and other events hosted by the Chinese Academy of Social Sciences;
- The Bank participated in the CSR sharing and rating events hosted by *People.cn*, *Xinhuanet*, *Southern Weekly* and other mainstream media.



The Bank published *Everbright Home* monthly.



The Bank has consecutively disclosed the CSR Report.

Stakeholder	Response to expectations
Government	The Bank closely aligned with national macro-economic policies, supported economic restructuring, transformation and upgrading and served real economy development.
Regulator	The Bank worked in compliance with laws and regulations, maintained stable operation, effective internal control, moral integrity, risk prevention and assured security of financial asset.
Shareholder	The Bank refined corporate governance structure, disclosed information in a timely and accurate manner and created long-term returns through honest operation.
Creditor	The Bank protected assets from inflation, sought appreciation of assets, disclosed information timely and accurately and perfected corporate governance.
Customer	The Bank continuously strengthened IT innovation and delivered a full spectrum of safe, convenient, efficient financial services online and offline.
Employee	The Bank created a comfortable, harmonious working environment, provided sound occupational training and diversified career platforms and continuously improved the happiness of employees.

Supplier and partner	The Bank adhered to fair cooperation and complied contracts in good faith and mutual benefit in order to establish long-term cooperation.
The public	The Bank undertook social responsibility, rewarded the society and built a beautiful community.
Environment	The Bank developed green finance, practiced green operation and conducted green philanthropy.

4. CSR capacity

Over the past years, the Bank regularly invited CSR experts to train the CSR officers and liaisons of the Head Office and branches so as to continuously strengthen their CSR awareness and improved their performance capacity, through which the CSR awareness and management level were enhanced bank-wide. In 2016, the Bank took an active part in external CSR training, strengthened the effort to learn CSR theories, followed the trend and made the CSR working more forward-looking and scientific.

5. CSR honors

In June 2016, the Bank won awards of “Best Bank for Green Finance of Social Responsibility for the Year” at the CSR Commendation Meeting and the Release of the *2015 China Banking Corporate Social Responsibility Report* held by the China Banking Association.

In November 2016, the Bank was awarded the Most Respected Enterprises in China at the “2016 14th China Most Respected Enterprises Rankings” hosted by *Economic Observer*.

In November 2016, the Bank ranked the second by the CSR Index in the banking sector, a rise as compared to 2015, in the *Blue Book of Corporate Social Responsibility (2016)* published by the Chinese Academy of Social Sciences.

In December 2016, the Bank won the Award for Poverty Alleviation for the Year at the Ceremony of Eleventh People’s Corporate Social Responsibility Award hosted by *People.cn*.

In December 2016, the Chinese Academy of Social Sciences published the *Blue Book of Corporate Philanthropy (2016)*, in which the Bank ranked the second by the corporate philanthropy development Index in the banking sector. And the “Water Cellar for Mothers”, a welfare project the Bank has sponsored for 12 consecutive years like one day, was included in the top 50 brand project library.

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The Bank won the Award for Poverty Alleviation for the Year granted by *People.cn*.

iii. Corporate governance

1. Improving corporate governance

(1) Optimizing governance structure

The Bank optimized the modern corporate governance structure consisting of the Shareholders' General Meeting, the Board of Directors, the Board of Supervisors and the Senior Management. All governance subjects followed the principle of independent operation, effective counterbalance and coordinative operation to establish a reasonable incentive and restraint mechanism and perform effective and scientific decision-making, implementation and supervision. As at the end of 2016, the Board of Directors had a total of 15 members, including 3 Executive Directors, 6 Non-Executive Directors and 6 Independent Directors. The Board of Supervisors was comprised of 10 members, including 3 Shareholder Supervisors, 4 External Supervisors and 3 Employee Supervisors.

Opening of meetings of the Shareholders' General Meeting, the Board of Directors and Board of Supervisors in 2016

Shareholders' General Meeting

The Bank held two Shareholders' General Meetings, which examined and approved a total of 22 proposals, including the work report of the Board of Directors, the work report of the Board of Supervisors, the profit distribution plan, the plan of issuing A-share convertible bonds and the listing on the SSE and the revision of the Methods on Authorization by the Shareholders' General Meeting to the Board of Directors.

Board of Directors

The Board of Directors held a total of 11 meetings, reviewed a total of 85 proposals and heard 18 reports. It held a total of 39 meetings of its special committees, reviewed 69 proposals and heard 28 reports.

Board of Supervisors

The Board of Supervisors held a total of 7 meetings, reviewed a total of 19 proposals and heard 2 reports. It held a total of 7 meetings of its special committees and reviewed 14 proposals.

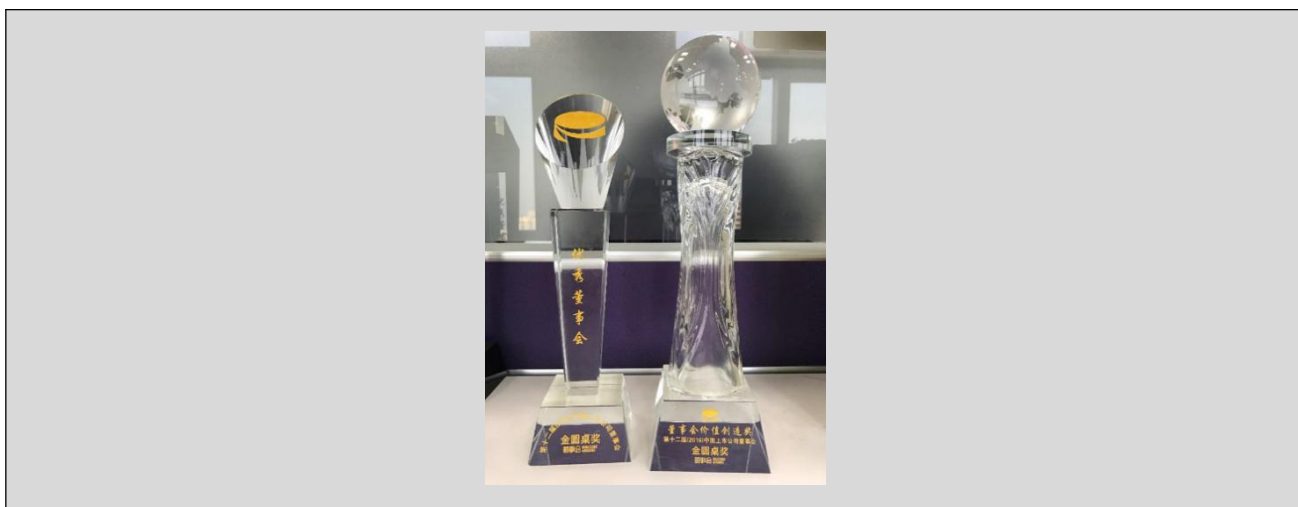
(2) Refining governance mechanism

The Bank revised and improved the rules of procedures of the special committees under the Board of Directors, *the Methods on Authorization by the Shareholders' General Meeting to the Board of Directors*, *the Methods on Authorization by the Board of Directors to the President*, *the Management Measures on Authorization by the Board of Directors to the President*, *the Management Measures on Related Party Transactions* as well as other rules and further revised the Articles of Association.

The Board of Directors of the Bank continuously improved the capital management system to consolidate the capital foundation, successfully completed the issuance of 10 billion preference shares (the second tranche of the first issuance), considered and approved 2016-2020 Report on Capital Planning and its review report and the proposal of public issuance and the listing of A shares convertible bonds, the proposal in respect of the issuance of qualified tier-2 capital instruments and non-public issuance of preference shares (second issuance) and other capital replenishment proposals. It effectively implemented internal control and constantly improved the standard of refined management of related party transactions.

The Board of Supervisors continuously improved their duty performance, facilitated the effective duty performance of the Board of Directors, the Senior Management and their members, conducted targeted financial supervision and enhanced the supervision on the risk management, internal control, strategies management and remuneration management. Based on its investigations and studies on the Bank's business development, the Board of Supervisors provided relevant recommendations to the Board of Directors and Senior Management for decision-making.

In December 2016, the Bank won the Excellent Board of Directors Prize and was granted the "Award for Creating Value of the Board" in the Twelfth Gold Round Table Forum for Boards of China Listed Companies held in Beijing by *the Directors & Boards Magazine*.



(3) Compliant information disclosure

The Bank revised and issued the *Rules on Affairs of Information Disclosure (2016 Revision)*. Regarding the disclosure through regular reports, the Bank complied with the regulatory requirements, readjusted and refined the patterns and contents, enriched disclosure contents, enhanced the reference of information and improved the readability of the overall report, properly completed the preparation and the disclosure of the 2015 annual report (A+H shares), the 2016 interim reports, first quarterly report and third quarterly report. In accordance with the disclosure requirements of material matters, the Bank made compliant disclosure on refinancing projects such as convertible bonds, coordinated the increasing of the shareholdings by major shareholders with suspension and resumption arrangement of trading of shares. During the year, the Bank published 94 A share ad hoc announcements and 136 H share ad hoc announcements, thus effectively improving operational transparency.

In September 2016, the Bank was granted an assessment result of A during the Shanghai Stock Exchange's annual assessment of information disclosure of listed companies in 2015.

(4) Protection for minority shareholders' rights and interests

The Bank used proper system and procedures to assure effective protection for shareholders' rights and interests, particularly minority shareholders.

- The Independent Directors expressed their independent opinions on all issues involving the interests of minority shareholders, such as profit distribution plans, remuneration of Senior Management, major related party transactions.
- Pursuant to related regulatory requirements, at the general meetings, both on-site voting and online voting were adopted, when material matters concerning the interests of medium and small investors were involved. The votes made by medium and small investors were counted and disclosed separately.
- The Bank also proposed some substantial related party transactions to the general meetings and the class meetings, where related shareholders abstained from voting on relevant proposals. Before the meeting, the Bank appointed an independent financial advisor for their professional opinions on whether related party transactions were well justified and in the interest of the Bank and shareholders as a whole.

(5) Strengthening the investor relations management

In 2016, the Bank actively managed investor relationships through various activities so as to enhance its communication with investors. The Bank held the 2015 financial results (A+H shares) announcement and press conference in Hong Kong. Over 120 institutional investors, banking industry analysts and media correspondents at home and abroad participated in the communication events. 45 visits and on-site investigations were arranged for 266 domestic and overseas investors and analysts. The management and staff of the Bank participated in the strategy seminars by investment institutions and attended over 10 on-site group meetings. The Bank answered more than 600 phone calls from investors and replied to over 210 emails from investors. The contents of the Bank's website in both Chinese and English versions were updated in a timely manner to inform investors about the Company. At the Shareholders' Meeting, the Bank actively interacted with the shareholders, particularly minority shareholders, and answered their questions.

2. Reinforcing risk prevention and control

(1) Refining the risk management system

The Bank clearly drew the boundaries of risk management and did its utmost to achieve “full range, whole process and all staff control” risk management. The Bank mainly strengthened three lines of defense in business, compliance risk management and internal audit by reinforcing the responsibility and accountability of the first line of defense, reinforcing the coordinating, supervising and reviewing function of the second line of defense, and reinforcing the independence, professionalism and authoritativeness of the third line of defense.

The Bank strengthened asset quality control, established the non-performing loans and non-performing loans ratio control mechanism, and spared no effort to improve asset quality. The Bank reinforced evaluation and management of asset quality, tried to realize full process, full procedure and full coverage evaluation and management. The Bank strengthened the write-off and package disposal of NPLs and innovated disposal channels. With the emphasis on disposal of risky loans, the financial restructuring and transformation of non-performing loans were pushed forward in accordance with the market and law.

As at the end of the reporting period, the Bank’s non-performing loans were RMB28,702 million, representing an increase of RMB4,327 million as compared to the beginning of the year. Non-performing loan ratio was 1.60%, down by 0.01 percentage point as compared to the beginning of the year. Provision coverage ratio was 152.02%.

(2) Solidifying internal control

The Bank strengthened internal control, compliance and operational risk management. In virtue of an inspection called “Looking Back” of “Two Acts of both Reinforcement and Containment” launched by the CBRC, the Bank strengthened the checking of key and weak areas and promoted the effective rectification of problems. The Bank established the publication system of sales of wealth management products in outlets and met CBRC’s requirement of “Dual Record” to practically prevent illegal product selling and ensure strict compliance with laws and regulations.

To improve internal control management, the Bank reorganized key internal control points by formulating the *Thirty-Sixth Article on the Internal Control of Sub-branches*. To prevent and control operational risk in the counter business, the Bank promoted the use of electronic seals and accomplished the standardization of the counter business.

(3) Conducting legality and compliance education

The Bank actively organized the compliance warning and education campaign among employees and infused occupational ethics training into employees’ capacity enhancement training project, new employees’ training project, counter manager training project of the Operation Management Department, “combat illegal sales and advocate compliance” workshop of the Retail Banking Department and other activities. The Bank organized special training in relation to operational risk, anti-money laundering, legal review, internal control, compliance and other areas in order to improve employees’ theoretical learning and system application in different working areas and improved their occupational capability.

Case: Vowing to combat illegal sales and advocate compliance

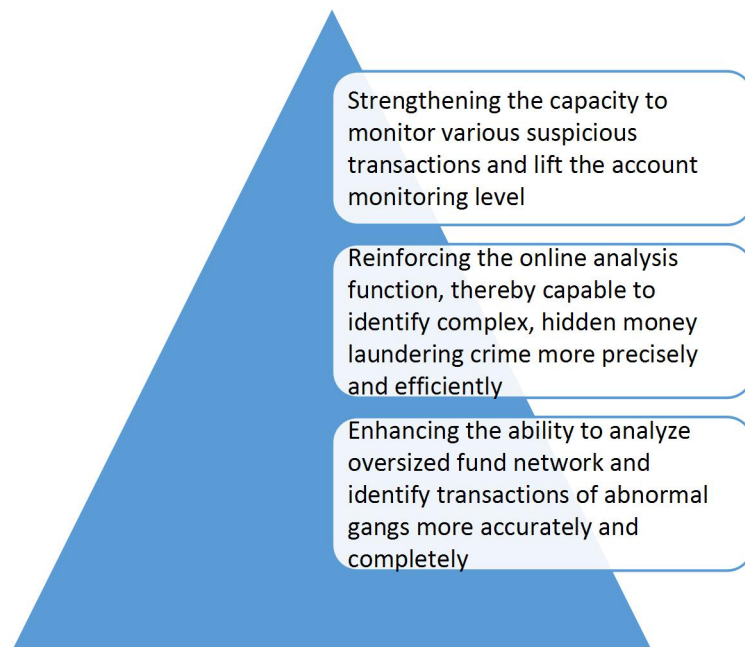
On May 4, 2016, the Communist Youth League of the Bank and the business departments co-organized the event of “Vowing to Combat Illegal Sales and Advocate Compliance” to stress the risk awareness of young employees and effectively prevent the unauthorized sales risk. More than 50 employees from 37 branches and the Head Office departments, including Secretaries of the Communist Youth Leagues participated in the training, which covered every branch and triggered a surge of compliance across the Bank.



“Vow to combat illegal sales and advocate compliance”

(4) Implementing anti-money Laundering

In June 2016, the Bank launched the new anti-money laundering system, and optimized the AML monitoring mode, processing flow, monitoring scope, application function and other elements of the system pursuant to the “risk-oriented” regulatory requirement.



Upgraded Functions of the new-generation AML system

Case: Preventing money laundering activities and combating money laundering crime

The year of 2016 marked the tenth anniversary of the promulgation of *Anti-money Laundering Law*. Beijing Branch of the Bank and the Operations Office of the People's Bank of China co-organized the campaign of “preventing money laundering activities, combating money laundering crime and safeguarding financial order” to improve the public awareness of safeguarding their fund and personal information, contribute to anti-money laundering and achieve harmonious financial environment.



(5) Strengthening supply chain management

The Bank introduced the social and environmental risk control concepts to the supplier admission standard, implemented stringent supplier admission review and due diligence standard pursuant to the *Procurement Management Policy of China Everbright Bank* and also set social and environmental requirements and assessment standards for specific products and services during bidding stages.

3. Promoting anti-corruption and good governance initiatives

In 2016, the Bank learned the spirit of a series of important speeches by General Secretary Xi Jinping and fully implemented the Guiding Principles of the Sixth Plenary Session of the Eighteenth National Congress of the CPC, the national meeting on the Party construction in state-owned enterprises and the Seventh Plenary Session of the Eighteenth Meeting of the Discipline Inspection Committee of the Central Committee of the CPC. The Bank enhanced the political integrity, kept in mind the overall situation, followed the core leadership of the CPC Central Committee and acted consistently with CPC Central Committee Policy. Meanwhile, the Bank laid stress on entity responsibility, strictly regulated the political activities within the Party and strengthened the political disciplines and political rules. The Bank adhered to tight unity between strict governance of the Party and strict governance of the Bank and incorporated rigorous requirements into the operation and management of the Bank. The Bank established the evaluation system for Party construction at first time and integrated the work of Party construction and discipline inspection with business development of the Bank in depth.

The Bank organized the leading cadres to sign the letter of responsibility for strictly enforcing Party discipline, improved for the “Three Material and One Significant” decision-making mechanisms, established the management measures of duty performance and operation expenses regarding the leaders of the Bank and continuously refined the policy system against corruption. The leading cadres of the Bank transmitted the pressure level by level and achieved the level-by-level supervision, management and practice through reporting, supervision, inspection, interview and other forms.



Mr. Zhang Jinliang, Deputy Secretary of the Party Committee and President of the Bank, attended the discipline inspection and supervision meeting of the Bank and gave an important speech.

Statistic Table on Anti-Corruption Education Campaigns in 2016

Indicators	Unit	2016
“Two Studies and One Action” learning and education including learning the Constitution and rules of the Party, the <i>Clean Practice and Self-discipline Rules of the Communist Party of China</i> , the <i>Regulation of the Communist Party of China on Disciplinary Actions</i> and a series of speeches	Person-time	48,547
Accountability Regulation of the Communist Party of China	Person-time	17,120
Spirits of the Sixth Plenary Session of the Eighteenth National Congress of the Party, including the learning of the <i>Internal Supervision Regulation of the Communist Party of China</i> and <i>Several Standards for the Political Life inside the Party under the New Situation</i>	Person-time	18,313
Watching the documentary of <i>Always on the Way</i>	Person-time	27,913
Other educational events	Person-time	51,692

I. Deepening reform and performing innovative development

“All good principles should adapt to changing times to remain relevant.”

--- *The Book of Changes • The Symbol of Goodness*

In 2016, the Bank set forth requirements for deepening reform in innovative institution and mechanism, reinforced the innovation-drive development and stimulated the innovation vitality. The Bank evolved towards the strategic vision of “universal, personalized, light-asset and smart” and twisted every effort to build a first-class joint-stock commercial bank highlighting “scientific management, excellent service, good profitability, active market and distinctive feature” in China.

i. Strengthening innovation management

The Bank thoroughly implemented the *Reform Plan of China Everbright Bank for Product and Service Innovation Mechanism*, adhered to guiding development with advanced concepts, driving development with advanced technologies and promoting development with advanced modes. Meanwhile, the Bank strengthened innovation incentive guidance and continuously enhanced the innovation capacity.

1. Forging organizational support for innovation

● Innovation Committee

The Innovation Committee of the Head Office consisting of 24 member departments undertook the mission to lead, organize, propel and coordinate the bank-wide work of innovation, foster an innovation culture and ensure a pro-innovation institutional environment.

● Office of Innovative Committee

The Office of Innovative Committee was in charge of the day-to-day management of Innovation Committee, the implementation of financial innovation strategy and risk management policy of the Bank and organizing innovation activities bank-wide.

The Office of Innovative Committee played the role as the “intelligence station” for innovation. In 2016, it published 17 issues of the *Innovation Dynamics*, updating the Bank with internal innovation information, interpretation of regulatory policies and innovation dynamics of peers as well as new trends and new concepts of banking reform and development. It relied on the *Everbright Home*, innovation platform and “WeChat” to publish innovation dynamics of the Bank, promoted innovation achievements, enlarged the influence of innovation work and created a pro-innovation environment bank-wide.

● Business departments of the Head Office

They played the role as the innovation subjects, led the product and service innovation of respective lines, shouldered the responsibility to innovate products, market and services and promoted innovation results.

● Innovation liaison

Case: An innovation workshop

In July 2016, the Bank organized the 2016 innovation liaison workshop, and the innovation liaisons from 24 member departments of the Innovation Committee of the Head Office and all branches assembled to trigger an innovation brainstorm.



The Bank hosted an innovation liaison workshop

2. Refining support to innovation mechanism

The Bank explored and optimized the working mechanisms of innovation value assessment, problem coordination, decision-making, incubation and landing of creative ideas, post-innovation assessment, etc. The Bank actively proceeded with the work to build the policy framework for innovation incentive, refined the innovation incentive mechanism covering the entire flow and stimulated the innovation vitality.

Case: Innovation came from every inspiration

From April 2016 to October 2016, the Office of Innovation Committee of the Head Office teamed up with the Communist Youth League Committee of the Bank to initiate an excellent creative ideas collection and rating campaign under the theme of “Golden Ideas” relating to product and service innovation.

- **Stage 1: Collecting “golden ideas”**

The Bank collected a total of 654 “golden ideas”.

- **Stage 2: Rating “golden ideas”**

The Head Office and the branches repeatedly sifted “golden ideas” and recommended excellent creative ideas to compete for “Golden Idea Award”.

- **Stage 3: The Finals of “Golden Idea Award”**

After two rounds of rigorous selection, the Bank finally singled out 30 most innovative “golden ideas” at the Head Office level and granted awards to these ideas. Also, the Bank provided corresponding rules and resources to materialize these ideas and promote the landing of excellent ideas.

3. Carrying forward key innovation projects

The Bank formulated the *Management Measures of China Everbright Bank for Key Innovation Projects (Provisional)* and set up a special fund to award core members of project development teams and propel major innovation projects. In March 2016, the Bank identified “asset securitization”, “Sunshine Bank - Sunshine Direct Bank” and other projects as the first major innovation projects from the perspectives of strategic orientation, market competition, expecting return, expected size and innovativeness, which energetically propelled innovative development of the Bank.

Case: Opening “a door” to acquire online clients of Internet finance – Sunshine Bank

Based on the electronic account system, the Sunshine Bank made time, space and affiliation of bank cards no longer a barrier, but successfully delivered investment, wealth management, housing provident fund loan, financial services and solutions for overseas travel, utility bill payment and other life scenario services to Internet customers. The platform cumulatively attracted more than 4.50 million customers since its launching one year ago.



“Sunshine Bank” application and brochure

Case: The Bank backed the Wuhan Housing Provident Fund to issue personal housing loan asset-backed securities (ABS)

On March 10, 2016, the Bank successfully issued the “2016 First Personal Housing Loan Asset-backed Securities of Wuhan Housing Provident Fund” in the inter-bank bond market. It was the second of its kind nationwide and involved a total amount of RMB2,041 million, including RMB1,760 million under the preferred tranche and RMB281 million under the substandard tranche. The preferred tranche was rated at AAA.



ii. Accelerating IT innovation

1. Optimizing IT management

The Bank explored the governance system for the IT section, actively prepared for an IT subsidiary and set up the Qingdao IT R&D Center directly under the control of Information Technology Department of the Head Office to improve the independent R&D and product innovation capabilities.

Case: Setting up Qingdao IT R&D Center

The Qingdao IT R&D Center of the Bank mainly focused on emerging technologies such as “big data”, cloud computing and other new technologies and featured business areas, including custody, “Broad Asset Management”, overseas banking and internal comprehensive service.



Opening ceremony of Qingdao IT R&D Center of China Everbright Bank

2. Accelerating IT innovation

The Information Technology Innovation Lab closely collaborated with the Innovation Committee, actively researched innovative applications and completed the incubation of several projects under the working mode of “direct channel of creative ideas, closed-loop operation and result orientation”. In 2016, the lab held two meetings of the IT Innovation Team and approved the introduction and incubation of 7 innovation projects. Besides, the lab tracked the incubation progress of these projects and launched 4 new projects, including Face Reorganization VTM Application, CEB Insiht System from management, staff palm pilot and Suzhou Health Insurance Mobile Payment Platform.

In 2016, the Bank earmarked the IT spending of RMB2,049,352,800, passed the certification of two product quality management systems and gained one more patent.

Honors and Achievements

In 2016, the Bank was recognized by the PBC, the CBRC and other regulators for the Bank’s IT performance. 7 IT achievements of the Bank won one first prize, two second prizes and four third prizes respectively at the IT development awards hosted by the PBC. In particular, the *Private Cloud Construction & Practice Project of China Everbright Bank Based on Bank-wide Resource Pool Management* claimed the first prize for application projects, representing the best record of the kind granted to the joint-stock commercial banks in history. In 2016, three projects of the Bank won the first, second and third prizes respectively, including the *Research and Practice: of IT Knowledge Management in Safe Operation of Banks* that won the first achievement prize, during the assessment of the IT risk management projects of the banking sector. Besides, the Bank also won the “2016 Application Pioneer” for the *Measurement Standard for Software Research and Development Cost*, an industrial standard established by the Ministry of Industry and Information Technology.



Case: “Sunshine Health Insurance” created new online payment mode for health insurance

The Bank set up the “Internet + Medical” innovative mobile payment platform of “Sunshine Health Insurance” to achieve the online docking mobile payment of health insurance accounts and bank accounts. Connecting systems of the Bank, the social insurance and the hospital, the platform allowed the user to use such function as online registration, online payment, online inquiry about examination report and personal health file management on the mobile phone. Supporting the payment integrating the health insurance account and the bank account, it created a new mode of online payment combining the two accounts in the domestic medical area and effectively solved the problems of offline registration, offline payment, difficulty in medical data inquiry, etc.



Case: Everbright ETC helped residents realize green commutes

The Bank exerted its resource advantage and took an initiative to participate in the application and promotion of the ETC project. In 2015, the Bank started implementing the ETC service as a strategic fundamental project. In 2016, the Bank kept increasing the input and enlarged the service. At present, 15 branches nationwide launched the co-brand ETC cards and cumulatively served over 620,000 customers, thereby helping solve the traffic jam at the toll gate and helping residents realize green commutes.



Case: Carrying forward the “Smart Branch Campaign”

The Bank hold “Smart Branch Campaign” to improve the data analysis capacity of the branches. In 2016, 18 new branches were connected to the open data platform, which signifying the completion of connecting all branches. The open data platform completed the migration deployment of private cloud.

By this way, the autonomous data service capability of the branches was evidently improved.

In 2016, the data service satisfaction of the branches was as high as 97.60%, thereby attaining the expected goals.

3. Advancing IT support

(1) Paying attention to IT risk and ensuring safe operation

The Bank improved the computer room infrastructure, continuously upgraded the network and the disaster recovery system, strengthened system replacement and upgrading and completed infrastructure construction and upgrading.

The Bank build up a standardized, normalized and synergized monitoring management system and continuously refined mechanism by making and implementing the hierarchical operation and maintenance plan, thoroughly implementing quantitative management, refining operation and maintenance flows, perfecting operation and maintenance policies and re-certification the ISO20000 system again. The Bank built and upgraded a host of operation and maintenance tools, including automatic network operation platform, system configuration management platform, configuration management platform and automatic batch platform to further lift the level of automatic operation and maintenance, strengthen integrated management and improve the standardization of production delivery, operation and maintenance.

In 2016, the information systems of the Bank maintained steady operation, with all the KPIs meeting the targets. As at the end of 2016, the Bank maintained an overall system availability rate of 99.999%, outperforming the rate of 99.998% one year ago, incurred no risk events at level 3 and

above and kept zero major IT risk event record for five consecutive years.

(2) Conducting comprehensive risk management to protect customers' information security

Adhering to the Banks' safety mechanism, the Bank carried out the total IT risk management, mainly reinforced the vulnerable links and initiated special campaign to reinforce security at the branch level. The Bank organized the bank-wide data security check and data clearing on the development, test and production terminals to improve the data security capacity. The Bank upgraded the Chinese encryption algorithm, the inter-bank payment system of China UnionPay, the encryption device management system to further enhance customers' information security.

The Bank defined stringent strategy for customer information protection, issued the data security policy and specified various security management requirements for different steps of the data lifecycle. Also, the Bank built up the capacity to safeguard customer information and their legitimate interests by building the protection mechanism, reinforcing data security management and fostering the protection capacity.

Collaborating with the police and other external institutions, the Bank introduced big data, cloud computing and other advanced information technologies to refine the risk information system, reinforced channel risk management to realize comprehensive protection of customers' financial information and continuously improve customers' experience of financial security.

Case: Taking multi-faceted measures to assure effective risk prevention

In 2016, the Bank embarked on the certification of the ISO27001 standard, which enhanced the management capacity of information security. The Bank selected controllable base software using the fundamental IT platform. The Bank released the Data Security Management Measures, constructed data security system, conducted critical data identification and focused on critical data security management to realize comprehensive security management. The Bank synchronously implemented the security management project for customer data in office to effectively prevent the leakage risk involving customers' sensitive data.

iii. Practicing innovative service

1. Convenient service making a quality life

(1) "Internet + Finance", a transboundary integration, providing more efficient service

Through continuous exploration, the Bank gradually established an open Internet finance strategy system consisting of "one door, two clouds and three Es" in the purpose of removing barriers to the availability of financial services by providing various e-channels and intelligent services and continuously improving customers' financial service experience. Upholding the "open, cooperation and win-win" concepts, the Bank utilized internet thinking and applied science and technology in the traditional financial business. Through the transboundary cooperation, positive innovation and practice of inclusive finance and service to the society, the Bank won the award of "Best Bank for Service Innovation" for two consecutive years.

Open Internet finance strategy

One door: Sunshine Bank

Two clouds: Cloud Fee Payment and Cloud Payment

Three Es: E-Financing, E-Wealth Management and E-Commerce.



The Bank won the Award of Best Bank for Service Innovation for two consecutive years.

Case: Continuously building the biggest open-ended online fee payment platform in China

The Cloud Fee Payment platform, taking a leading role in open type fee payment industry, provided over 1,000 fee payment business, including water, power, gas, heating, traffic fines, expressway ETC, fuel card, test fee and property fee, and also offered the fee payment service to nearly 200 enterprises including the famous payment firms, large e-commerce companies, commercial banks and other business partners.

In 2016, transactions of the platform exceeded RMB40 billion, increasing by 85% over the previous year, and number of transactions exceeded 200 million, increasing by 77%. The platform became the biggest open-ended online fee payment platform in China.

Committing to innovation: Issuing two sub-products

Fee custody platform: Charging units could directly charge online without developing a system.

General fee application: The application and official account carriers could offer fee payment service to customers without developing a system.

Having depth: Publishing industry research monographs

On 16 June 2016, the Bank hosted the “Sharing a World in the Cloud” 2016 China Convenience Payment White Paper & the Cloud Fee Strategic Product Promotion press conference, announcing the upgrading of “product, platform and cooperation”, including three sectors of the “Cloud Fee Payment” platform. At the conference, the Bank released the Convenience Payment White Paper again, further consolidating the position as the standard setter and leader in the open type fee payment industry.



“Sharing a World in the Cloud” 2016 China Convenience Payment White Paper & the Cloud Fee Strategic Product Promotion press conference

Being professional: Offering specialized and standardized service

Parameterized service access: All business were accessed by following the unified interface pattern and parameters setting, allowing merchants to get a one-time access to all services provided by “Cloud Fee Payment” Platform and reducing repeated development.

Standardized merchant access: The platform dealt with merchant access with standardized process, thereby shortened the access time.

Intelligent fund settlement: The platform provided intelligent and automatic profit distribution service based on different plans and ratio and also supported the settlement after manual reconciliation based on merchants or charging units’ request.

Systematic production operation: Transactions were responded promptly and problems were solved through standard operating policies and systematic operational mechanism.

Gaining recognition: A new start, a new drive

The Cloud Fee Payment platform won such achievements as the Award for Top Ten Internet Finance Innovation, the Award for Most Welcomed Internet Finance Platform in China, the Award of 2016 Financial Technology Innovation Case and the Award for Outstanding Contribution to Product Innovation in Financial Industry in 2016 and gained extensive social recognition.



(2) Playing advantages and innovating in financial services

The Bank fully leveraged its resource advantages, deepened innovation of products and services, rendered integrated financial services with higher quality, higher efficiency and more convenience and continuously improved customer experience.

Case: Launching the inter-provincial traffic fines payment business

In 2016, the inter-provincial traffic fines payment service was launched nationwide. According to the requirements of three ministries for the business, the Bank did its best to provide high-quality, accurate, efficient and convenient service to vehicle drivers. In 2017, the Bank plans to integrate the business to the Cloud Fee Payment platform.

Case: Creating “One-Stop Service for Renovation of shanty Towns ”Project

The Bank created “One-Stop Service for Renovation of shanty Towns” project, designed an integrated financial product package centering on improvement in renovation of shanty towns and different stages of removal, and delivered standard and systematic financial services. In 2016, the Bank accumulatively handed out RMB40,911 million compensation to 178 shanty town renovation projects and served nearly 100,000 residents. The Bank leveraged its resource advantage, delivered financial products and services with high quality, convenience and efficiency to the public.

2. Safety service to safeguard customers’ rights and interests

(1) Strengthening management and protecting customers’ capital security

The Bank strengthened the security management of financial accounts and environment of card usage. The Bank persisted in quarterly reconciliation with enterprises and promoted the use of payment cipher devices. The Bank reminded customers to upgrade simple account passwords, allowed customers to adjust withdrawal and transfer limits at their own discretion and replaced magnetic stripe cards to higher-security IC chip cards for free.

The Bank strengthened online transaction security management, established Internet finance insurance mechanism to improve financial security of customers. The Bank effectively integrated the internal system and the intelligent customer behavior model, initiated the real-time verification service through the call center in due course, when customers were trading through online banking. In the full year, the Bank helped customers reduce over RMB1,318,200 of loss by this service.

(2) Communicating honestly and effectively handling customer complaints

Adhering to the “customer-center” philosophy, the Bank established customer satisfaction survey mechanism and perfected the long-term service supervision mechanism. The Bank drew up the customer complaint handling procedure and major emergency treatment process, designated particular persons to receive visits and calls from customers, assuring the availability of complaint channel, settlement mechanism and feedback. By the end of 2016, the Bank received 768 external customer complaints in total, of which 100% effectively handled and 100% customer satisfaction with complaint handling.

Case: A story from complaining to acknowledgment

In early 2016, Grandma Dai, a resident in Shanghai, couldn’t withdraw her relocation compensation of RMB20,000 from our branch personally due to old age and authorized Aunt Zhang, her younger daughter, to handle it. As a rule, the agent should submit supporting documents signed by the guardian. Aunt Zhang went to the local community, the residents’ committee and the police office but failed. Finally she made a complaint. Understanding the situation, the staff made a home service plan, recorded the entire service process and successfully solved the problem. The customer satisfied with the Bank’s sincere service and gave a special

call to say thank you. The Bank was also praised and acknowledged by Shanghai Banking Association and media.



(3) Popularizing knowledge and raising financial awareness

Financial 3.15, CEB on the move

According to related documents of the General Office of the State Council and the CBRC, the Bank organized promotion and education events with rich contents and diversified forms, actively carried out financial consumer protection and public education, performed the responsibility for consumer rights protection and created a harmonious environment of financial consumption .



The Bank's brochure for the Financial Consumer Protection Day

Case: Security into life

Shijiazhuang Branch launched the “Financial Consumer Rights Protection Day” campaign under the theme of “Right, Responsibility and Risk”. The branch introduced Eight Rights and safeguard channels for financial consumers, enlarged the audience coverage with the WeChat platform, promoted knowledge about consumer protection and raised their financial consumption awareness through handing out brochures, participating activity and Q&A interaction.



Financial knowledge promotion event of Shijiazhuang Branch

Case: Integrating finance into entertainment

On September 10, Beijing Branch launched “Financial Knowledge Into Everyone’s Home” activity. 300 residents and the staff held entertainment programs together and integrated banking knowledge and pleasure, which was warmly welcomed by the local community.



“Financial Knowledge Into Everyone’s Home” event of Beijing Branch

(4) Strengthening prevention and blocking telecom fraud

The Bank implemented the *Notice on Strengthening Payment Management and Preventing New Telecom and Network Crimes* and effectively blocked illegal crime in telecom network by various means, including: implementing the real name policy for accounts, blocking major channels for illegal funds transfer, strengthening the protection of personal payment information and establishing a long-term mechanism for personal financial security.

The Bank actively assisted the Criminal Investigation Department of the Ministry of Public Security to build the telecom fraud management platform. The Bank was one of the first three banks that had accessed the management platform for new telecom illegal transaction built by the Criminal Investigation Department of the Ministry of Public Security and the PBOC, which was highly praised by PBOC. During the full year, the Bank successfully blocked 1,191 deals, totaling RMB420,000, frozen 213 deals, totaling RMB1.21 million, and completed 6,520 transaction details inquiries by using the platform function.

Case: Successfully fighting against telecom fraud

On the afternoon of March 13, 2016, Mr. Zhang rushed to Kunming Jingdian Sub-branch to open a debit card, due to a text from the so-called “95595” call center of the Bank. The text was about getting in touch with the number to apply for a credit card with high limit of credit. The customer planned to open a debit card and deposited RMB50,000 after subsequent notice.

The teller identified that the customer had received a fake text, which was a telecom fraud. To help the customer recognize the fact, the teller explained the procedure and requirement for applying a credit card of the bank, and reminded him to do it through official channels. Finally the customer detected the fraud and successfully avoided loss.

3. Professional service with sunshine

(1) Offering compliant service and promoting the craftsmen spirit

The Bank initiated the operating procedure compliance campaign at the branches, implemented uniform operating standard and inspection method for the counter service and required the outlets to comply with the standard by level and by stage in order to realize standardization and compliance of counter services and urge the outlets to strengthen management and improve services.

The Bank actively organized the position-based service training for people of the operation line for the purpose of continuously improving their service skill level and delivering more professional and efficient services to customers with sincerity. In 2016, the Bank organized a total of 1,796 training with 92,000 participants and 3,555 examinations with 110,000 person-times of participants.

Case: Refining skill, exhibiting features and inheriting craftsman spirit

In 2016, the Bank hosted an all-round skill and business knowledge competition, which was successfully included in the Occupational Skill Instant Award Project of the Chinese Financial Workers’ Union. Two winners of the Bank were granted the “National Financial May Day Labor Medals”, which was the first time for the Bank.

The competition lasted for half a year and triggered a surge of “refining skill, exhibiting features and inheriting craftsman spirit” across the operation line. The Bank organized a total of 196 training and qualification games, and a total of 6,000 people from the operation line participated in the competition. As a result, the tellers’ vocational skills were significantly improved. In 2016, the Bank selected 53 first-level experts and 310 second-level service experts and the manual banknote counting broke the historical record.



A message from the winner

Perseverance makes success

--- By Zhang Muhua from Guangzhou Branch

the “National Financial May Day Labor Medal”

the “Financial May Day Labor Medal in Guangdong Province”

The First Prize at the Banks’ Manual Skill Competition organized by the Financial Workers’ Union in Guangdong Province.

The First Prize of the Personal All-round Competition at the 2016 Skill & Business Knowledge All-round Competition of China Everbright Bank

“Perseverance makes success” is always my motto. The busy counter work didn’t weaken my desire to improve skills or cool down my enthusiasm for hard practice. The aches of my arms accompanied the breaking of the record. I had increased the input speed from 398 Chinese characters to 875 characters every five minutes, shortened the time of printing 100 vouchers from 250 seconds to 123 seconds and enhanced the one-finger banknote counting record from 13 bundles to 26 bundles every 10 minutes. As long as I hold on and work hard, I will always have a good harvest!

However, my achievement is just the beginning, I will dedicate myself to work with greater enthusiasm and constantly strive for excellence at work to provide more convenient, more attentive and satisfactory services to customers.



Pains and gains

--- By Fang Yubei from Guangzhou Branch

the “National Financial May Day Labor Medal”

the First Prize of the Personal All-round Competition at the 2016 Skill & Business Knowledge All-round Competition of China Everbright Bank

During the skill practice, I had a chance to interact with like-minded partners. We always encouraged one another when feeling tired of the boring practice. The way to improve skills was tortuous and full of blood, sweat and tears. To practice bundling banknotes, we got injured on the fingers with numerous cuts. To improve the speed, we kept practicing and were sweating bullets. To break the bottleneck, we dashed away the tears and ignited morale again.

The competition has successfully concluded, but I am just on my way. I will stay true to where I started out and continue going forward as a workman to “inherit the experience of predecessors and pursue the perfection”.



(2) Paving the last mile with care

Community finance is a concrete reflection of “inclusive finance” and a concrete practice to implement the mass root principle of the Party in the banking sector. In 2016, the Bank continued to expand the community bank network and cumulatively opened 618 outlets in total. Community banks delivered a broad range of services facilitating the local community, including services avoiding peak hours, door-to-door service, self-help service, wealth management service, agency fee payment service and free wireless Internet service. They built integrated service platforms through cross-industry alliance and provided more services and benefits for community residents under different life scenarios. They organized various activities such as health salon, children financial IQ education and elite practice event and organized a diversity of workshops on risk prevention, anti-counterfeit money to spread financial knowledge, prevent financial fraud and safeguard financial stability at the community level. In the full year, these community banks cumulatively hosted 5,837 customer events covering community residents of different levels, ages and groups.



The community bank of Kunming Branch provided free umbrella and service box for community residents.

(3) Highlighting CEB's features with personalized services

The Bank kept enriching service contents and scope in a move to satisfy diversified and personalized customer demands with better products and services.

Case: Upgrading Sunshine Wealth Management

The Sunshine Wealth Management of the Bank focused on lifting the investment research level, reinforced the capacity to allocate class assets and persisted in optimization of the double F product mode and dumbbell portfolio. The business line captured the opportunity to enlarge the business size, further optimized the asset and fund structures and established specialized business model and brand features. As at the end of 2016, the Bank realized an investment income of RMB58,268 million for customers with wealth management products.

Case: The Elite Practice Base forging innovative “finance + education” mode

The Elite Practice Base was an innovative project with the Bank's attempt to combine finance and education as Chinese students going abroad were getting younger and younger. The project delivered one-stop services, including financial practice and overseas learning finance, to students and their parents having the plan to learn overseas. At the same time, it also reflected the Bank's attention to education and people's livelihood.

The base realized the standardization of courses, faculty, brand logo and business flow and implemented the approval mechanism in order to assure quality, ensure students to achieve something from learning, help them apply for overseas

learning and assist their future selection of subjects. To date, the Bank opened the base at 35 branches and teamed up with the international classes, international schools and overseas student training schools of nearly 100 major high schools.



Case: White Collar E-loan – Credit bringing quality life

The White Collar E-loan, one of the consumer credit products tailored for the salaried class, was highly acknowledged due to distinctive features and suitability. For example, when recruiting interns from the vocational technical school, Guangzhou Branch noticed the consumer financing demand of teachers of the school for decoration and furniture purchase and then turned to the labor union of the school to grant personal loans to teachers. The branch successively cooperated with other educational institutions after establishing good word of mouth. Now, the loan has grown into one of the first-choice consumer financing products for the staff of local educational institutions and helped the faculty to improve their living quality with professional financial services.



Case: Service guiding life

Based on the big data analysis technology and personal credit card, the Bank associated the tax credit and contribution of a taxpayer closely with his personal credit and launched the innovative financial service of converting “tax credit” into “line of credit”.



II. Serving the economy and conducting coordinated development

“When the great way prevails, the world is equally shared by all.”

--- Extracted from the *Destiny of Rites·Book of Rites*

In 2016, the Bank took the initiative to implement the macro-economic policies of the state, furthered credit support and supported implementation of national strategies. The Bank helped the development of small & micro enterprises and “agriculture, rural areas and farmers” and served the real economy with full strength.

i. Supporting implementation of national strategies

1. Supporting three national strategies

The Bank supported the implementation of the “Belt and Road Initiative”, the “Beijing-Tianjin-Hebei Integrated Development”, the “Yangtze River Economic Belt” and other national strategies with a firm mind and put in practice the *Notice on Implementing Significant National Strategies and Promoting Optimization and Adjustment of Credit Structure*. The Bank integrated internal resources, played the role of the big asset platform to deliver comprehensive financial services, supported significant national projects of the state in major areas and promoted sustainable and healthy economic and social development. In the full year, the Bank cumulatively approved a total line of credit of RMB1,016.1 billion and granted RMB374.4 billion in relation to the national strategies.

Line of Credit and Loan Granting of China Everbright Bank under Three National Strategies in 2016

Item	Approved credit amount	Granted credit amount	Increase in the year
Belt and Road Initiative	4,721	1,542	788
Beijing-Tianjin-Hebei Integrated Development	1,214	535	406
Yangtze River Economic Belt	4,226	1,667	1,064
Total	10,161	3,744	2,258

Case: Supporting Zhangjiakou City in preparing for the Winter Olympics

In response to the Beijing-Tianjin-Hebei Integrated Development strategy, the Bank launched the Urban Infrastructure Construction Fund to help Zhangjiakou City prepare for the Winter Olympics. On July 26, 2016, the fund granted an initial amount of RMB1.5 billion, which effectively resolved the financing gap of Zhangjiakou City for early land treatment and infrastructure construction in core areas and brought up further development of related industries there.



The Bank supported infrastructure construction projects of Zhangjiakou City for Winter Olympics.

2. Supporting coordinated development of key regions

The Bank energetically supported the overall regional development strategies, including "Western Region Development, Revitalization of the Northeastern Region, Rise of the Central Region and Priority to the Eastern Region", practiced financial services and promoted coordinated development of different regions by furthering credit support and practicing financial services. As at the end of 2016, the Bank recorded a credit balance of about RMB240 billion to Jiangxi, Yunnan, Guiyang, Shanxi, Shaanxi, Gansu, Xinjiang and other regions, which took a share of 22.83%.

Case: Supporting the construction of the Jinsha Hydropower Station

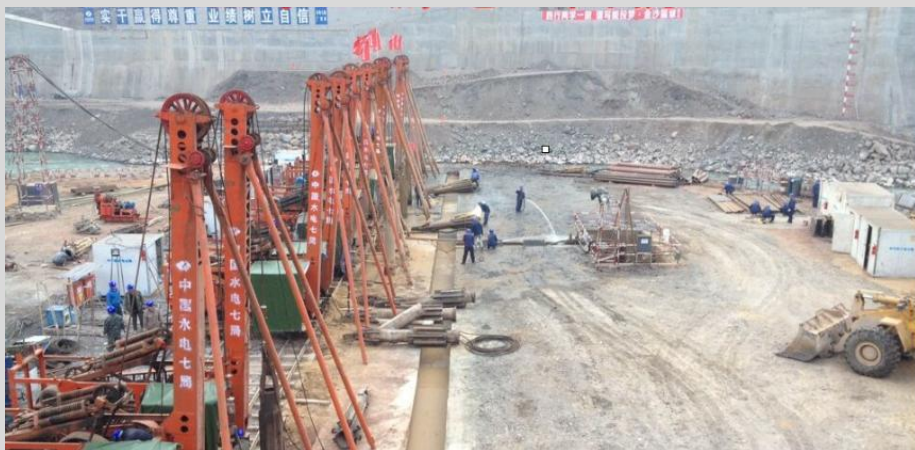
To actively support comprehensive utilization and development of water resources in the central and western regions, Chengdu Branch took an initiative to grant a line of credit to Sichuan Panzhihua Hydropower Development Co., Ltd., which would use the 25-year project loan in an total amount of RMB1.0 billion to build the Jinsha Hydropower Station in order. Upon completion, the station will deliver a positive influence on water supply to local residents, life improvement, economic development and ecological conservation in Sichuan Province and even the entire southwestern region.



Construction site of Jinsha Hydropower Station

Case: Supporting development of traffic and water resource industries in the southwestern region

In support of the national strategy of building the “Yangtze River Economic Belt”, the Bank energetically supported and boosted traffic, water resource and other large infrastructure projects in the southwestern region according to the national and regional development planning for railway, road, power, energy and other industries. In 2016, the Bank supported more than 40 corporate customers engaged in the business of traffic and water resources, approved over RMB30 billion and cumulatively granted RMB10.6 billion.



Case: Supporting the construction of “Xi’an Metro Line 1 Phase 2”

To actively support the urban traffic construction in the western region, Xi’an Branch took an initiative to provide a 24-year project loan in an amount of RMB1.75 billion to Xi’an-Xianyang New District Rail Traffic Investment and Construction Co., Ltd., which would use the fund only to build the Xi’an Metro Line 1 Phase 2. So far, the branch had granted RMB304 million based on the project progress.



Construction site of Xi’an Metro Line 1 Phase 2

3. Facilitating new urbanization process

The Bank integrated existing products and resources and established associated strategic management guidelines, credit policies and implementation mechanism. On this basis, the Bank entered into strategic partnership with the governments of different provinces and major cities, actively explored to support urbanization funds, PPP and other innovative service modes with wealth management funds and mainly supported projects in four areas during urbanization, including old city reconstruction, makeshift house building, comprehensive land treatment and urban infrastructure construction. In 2016, the Bank granted RMB63.7 billion to the urbanization projects and recorded a financing balance of more than RMB100 billion.

Case: Supporting the “Thousand Enterprises and Thousand Towns Project” with full strength

On January 8, 2017, the ceremony was held to launch of “2017 China New Urbanization Forum & Thousand Enterprises and Thousand Towns Project” in Beijing. President Mr. Zhang Jinliang of the Bank attended the ceremony and delivered a theme speech. In the future, the Bank will actively integrate resources of different parties, improve the collaborative channel between traditional business and innovative business and back the implementation of the Thousand Enterprises and Thousand Towns Project in all aspects through direct financing and indirect financing as well as online-offline integration.



President Mr. Zhang Jinliang attended the launching ceremony for the 2017 China New Urbanization Forum & Thousand Enterprises and Thousand Towns Project and delivered a theme speech.

Case: Supporting reconstruction of No. 2 Water Plant Dormitory and ambient shanty town in Yunlong District, Xuzhou City

The No.2 Water Plant Dormitory and ambient shanty town in Yunlong District, Xuzhou City, Jiangsu Province ailed from outdated public supporting facilities and municipal infrastructures as well as old buildings and was obviously “dirty, chaotic and poor”. On March 24, 2016, Nanjing Branch extended a project loan of RMB800 million to Xuzhou Xinsheng Construction, Development and Investment Co., Ltd., which will use the fund to reconstruct No. 2 Water Plant Dormitory and neighboring shanty town.



Reconstruction site of Shanty Town

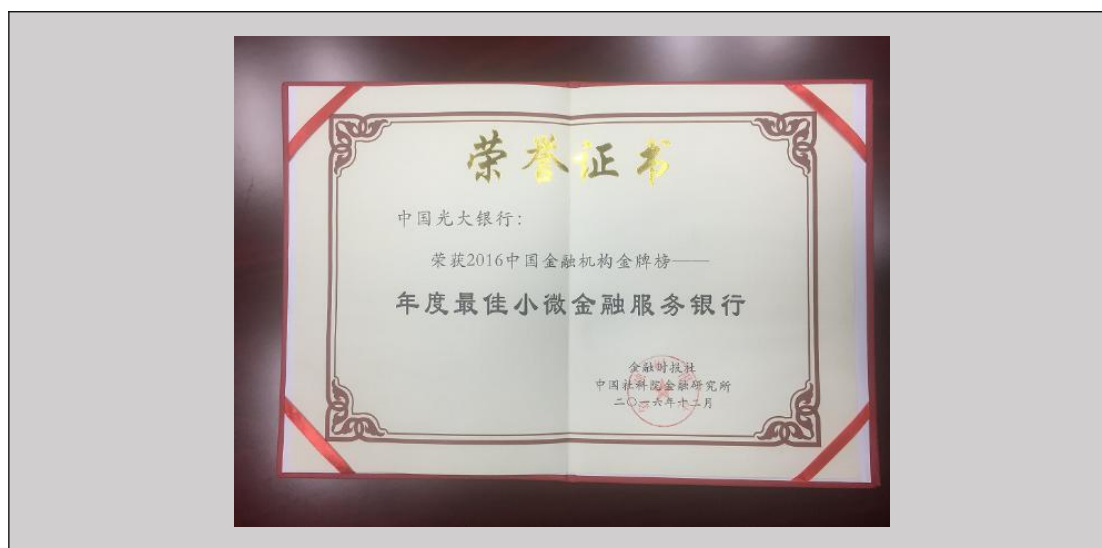
ii. Serving the development of real economy

1. Supporting the development of small and micro enterprises

The Bank explored ways to improve the system and mechanism for small and micro enterprises finance and continuously accelerated innovation in products and developed channels. In addition, it expanded the pilot project's scope of credit factory mode and actively pushed forward technology finance to promote sustainable and sound development of small and micro enterprises.

The balance of the Bank's small and micro enterprises loans amounted to RMB340,970 million, representing an increase of RMB52,535 million as compared with the end of the previous year. The number and successful application rate of small and micro enterprises had both exceeded the figures of the previous year, which successfully reached the preset objectives. The Bank ranked among the top of joint-stock banks and was honored with the "2016 Best Bank for Small and Micro Finance Service" by *Financial Times* and the Financial Institute of the Chinese Academy of Social Sciences.

Indicator	Unit	2016	2015	2014
Balance for SME loans	RMB100 million	3,409.70	2,884.35	2,464.85
Proportion of loan balance for SME in the total loan balance ¹	%	19.45	19.33	19.18
Number of customers with loan for SME	household	249,894	172,669	88,482



¹ The indicator "Proportion of loan balance for small & micro enterprise in the total loan balance" here is based on regulatory data of the CBRC.

(1) Accelerating innovation in products and services

The Bank developed the upgraded version of online E-loan product to make it more convenient for customers. It strengthened innovation in financial products and launched a series of “Micro E-loan” products to small and micro enterprises with line of credit less than RMB 5 million, which could better promote their development with multiple innovative products and services.

Case: Pushing forward the development of small and micro enterprises by bank-taxation bureau collaboration

The Bank launched two types of financial products (“Shui Dai Yi” and “Shui Yin Card”) based on tax information of enterprises, complying with the policy of “jointly promoting bank-taxation bureau collaboration and pushing forward the development of small and micro enterprises” by the State Administration of Taxation and the CBRC.

“Shui Dai Yi”

Belonging to financing businesses of small and micro enterprises, it was an innovative product that combined tax credit with bank credit of taxpaying enterprises, providing loans and financing for taxpayers of small and micro enterprises on the basis of core information such as tax scale and rating.



“Shui Yin Card”

It was a credit card the Bank provided to natural persons with certain repayment abilities for their personal consumption. As at the end of 2016, the Bank cumulatively attracted 9,358 enterprise owners, granted loans at an amount of RMB4,613 million and recorded a time point amount of RMB985 million with the average line of credit up to RMB100,000 per customer.

Case: Small and Micro Enterprise Settlement Card

The card was an exclusive settlement instrument tailored for small and micro enterprises. The product reversed the traditional corporate settlement concept, balanced security and convenience, saved the trouble of filling business forms and reserving specimen seals and allowed the customer to execute daily settlement business with password, making corporate settlement simple and convenient. At the same time, the card also offered the short-term financing function and creatively combined settlement and financing functions together, thereby allowing the enterprise to manage its financial assets with more flexibility.



(2) Supporting development of technology finance

The Bank launched the “Thousand Enterprises Growth Plan”, meaning 1,000 technology-oriented small and micro enterprises with great potential selected and fostered as major target customers by the Bank every year. The Bank teamed up with government agencies, insurance companies and other institutions to establish a mechanism for risk management and benefit sharing and greatly support their development.

The Bank launched a score card pilot project for technology-oriented enterprises, promoted a new access criteria and improved the availability of these enterprises.

Case: The story behind TG-2

On the evening of the Mid-Autumn Festival of 2016, China successfully launched TG-2 space lab, opening the door to the time of Chinese space station. Suzhou Dongling Vibration Experimental Devices Company Ltd. provided the “vibration check” for the spacecraft.

As a private high-tech enterprise, the company once faced the financing problem. At the critical moment of its development, Suzhou Branch provided the intellectual property pledge financing service and successfully extended RMB30

million “patent pledged” loan to help develop electric vibration test system, which was the largest in the world. The loan was the first pure patent financing loan in Suzhou High-tech Zone and also the largest granted loan to a single enterprise in Suzhou City.



TG-2 roaming in the sky

2. Serving “Agriculture, rural areas and Farmers”

The Bank conscientiously implemented the *Opinions on Financial Services for “Agriculture, Rural Areas and Farmers”* Development of General Office of the State Council and actively adapted to the new situations, trends and requirements, including moderate agricultural management and urban-rural integration. The Bank reinforced the responsibility to serve “agriculture, rural areas and farmers”, continuously optimized the allocation of credit resources and effectively strengthened financial support to leading enterprises in agricultural industrialization, resulting in an increase of the total amount of agriculture-related loans. As at the end of 2016, the Bank’s agriculture-related loan balance reached RMB265,682 million, representing an increase of RMB29,254 million or 12.37% as compared to that in the beginning of the year.

Case: Serving with love

Shaoshan Everbright Village Bank visited the rural areas and developed the “Nong Lian Bao”, “Nong Gan Bao” and other micro-credit loan products, which effectively solved farmers’ problem of no guarantee and mortgage. Since its establishment 7 years ago, the Bank had cumulatively extended RMB2.6 billion loans for small and micro enterprises and supported technical upgrading and expansion of 144 enterprises.

In 2016, the Party branch of the village bank won the Award of National Excellent Party Organization at the Community Level granted by the Central Committee of the CPC, and the bank was the only rural bank that won the award.



Case: Supporting modern agriculture with innovative financial products

Shaanxi Qinbao Animal Husbandry Co., Ltd., a major medium and high-end beef supplier in China, was under a huge funding pressure due to long cow-breeding cycle. Breaking the limitation of traditional credit, the Bank granted a loan of RMB5 million at maximum with a term of 3 years at the longest to cow-breeding farmers who signed an agreement with the company, matching the cow breeding period. At the same time, in collaboration with an insurance company, the Bank shortened the processing time within not more than 5 days, thereby effectively solving the funding demand of farmers and meeting the continuous purchasing demand of the company.



Cow-breeding base of Qinbao Company

iii. Supporting industrial restructuring

The Bank actively followed the government requirements to develop tourism, pension and other emerging or livelihood industries and provided financing services to support their development.

Case: Supporting tourism upgrading with financial innovation

Jiangxi Province had abundant tourism resources, including seven 5A-rating destinations. Nanchang Branch took the initiative to step up credit support for the tourism pillar industry.

In 2016, the branch designed an innovative financing mode – “high-quality wealth management plus government purchasing service plus acquisition of tourism resources” and granted a line of credit of RMB2.5 billion to Shangrao Investment Holding Group in purchasing and integrating tourism resources of three destinations, including Sanqing Mountain, Maoyuan and Guifeng.

The project effectively improved the local tourism environment, upgraded the tourism taste, drove the development for the scenic spots and effectively supported the upgrading of tourism industry in Jiangxi Province.



Sanqing Mountain



Guifeng

Case: Enjoying a carefree retirement life

In order to support the pension industry, Shijiazhuang Branch extended a 10-year project loan in an amount of RMB300 million to Sanhe Yanda Golden Time Health & Care Center to build the second phase of the center, through the mode of interbank holding to maturity.

Upon completion of more than 10,000 beds, the center will effectively alleviate the shortage of pension beds in Beijing, help Sanhe City play a pilot role in the development of the big health and pension industry in the Beijing-Tianjin-Hebei Region and set an example of combining medical service and pension nationwide.



Construction site of Sanhe Yanda Golden Time Health & Care Center

III. Contributing to eco-environmental protection and implementing green development

“All things live in harmony and grow with nourishment. ”

--- Extracted from *Xun Zi • On the Heaven*, by Xun Kuang during the Warring States Period

In 2016, the Bank continued to promote the green credit from a strategic perspective, restricted and reduced the credit to projects and customers with illegal or substandard environmental activity as well as high energy consumption and pollution. The Bank continuously stepped up support for green economy, low-carbon economy and circular economy, strengthened the innovation for product, mode and service in this area, improved its own environmental and social performance. The Bank optimized the credit structure, improved service level and promoted the transformation of development pattern.

i. Developing green credit

At the end of 2016, the Bank's loan balances for green credit was RMB49,376 billion, increasing by 27.55% compared to the beginning of the year, equal to an environmental profit of 420,400 tons of standard coal, 1,043,200 tons of carbon dioxide and 16,119,000 tons of water.

1. Strengthening green finance policy guidance

Combined with its reality, the Bank made clear green credit management framework and division of responsibility, integrated the concept with the entire flow of credit operation and credit risk management.

The Bank strengthened green credit planning and guidance, actively supported ecosystem construction and conservation, including energy saving, emission reduction, environmental pollution treatment, material water supply and saving projects, farmland water-conservancy facilities, soil conservation facilities, garden recycling reconstruction, green building and other projects. The Bank defined the environmental standard for customers in key industries, separated high environmental risk industries into “green credit requirement” chapter, and specified the environmental standard and procedure for new customers from related industries. The Bank vetoed any project that failed to meet environmental requirements and might deliver a material adverse impact on the environment. It also specified typical illegal activities related to environmental protection and work safety regulations.

Supplementary information: Supporting measures for green credit

- The Bank provided priority for green credit projects falling into five environment-friendly types, including satisfying the line of credit after approval and arranging credit extension in priority.

- The Bank actively followed national policy and implemented the differentiated and dynamic credit policies for industries with over-capacity.
- The Bank adopted the policy of “controlling the total quantity and seeking deduction while maintaining stability” for industries with severe over-capacity and other not-so-severe industries and reinforced the risk inspection over customers of industry mentioned above.
- The Bank immediately tightened credit and withdrew projects with serious risks and hidden dangers.

2. Improving green finance modes

The Bank continuously improved green finance modes, innovated ways of guarantee and granted mortgage by pollutant emission right, charging right, and franchise. It supported the development of green enterprises by pledging loans based on the expected income right from water supply, heat supply, power generation, sewage/garbage treatment and other projects, including the “Photosynthetic Power” green finance service package, the Energy Saving Financing (contract energy management), clean development mechanism and green equity pledge.

Case: Resolving funding problem of environmental protection enterprises

N Company mainly took professional green lighting, energy saving service and distributed photo-voltaic systems as their core business. After gaining a better understanding of the company's financial demand in payment and capital in daily operation, the Bank quickly identified it as a key customer and arranged several on-the-spot investigation. Finally, the Bank designed a 3-year energy saving financing solution, amounting to RMB4 million for the company, which solved the capital problem and supported its project implementation.



3. Accelerating credit restructuring

The Bank accelerated its space to adjust credit structure in traditional industries, readjusted and withdrew loans for steel, cement, flat glass, nonferrous metals, coal and other severe over-capacity industries as well as related trade industries. As at the end of 2016, the Bank kept credit limits to ten over-capacity industries under control, and the financing for these customers declined by RMB25,841 million, down by 20.28% from the beginning of the year, including 19.06% decline in steel and steel trading industry and 26.29% in coal and coal trading industry.

ii. Carrying forward green operation

1. Emissions

The Bank was a financial institution serving as a credit intermediary by means of deposit, loan, exchange, saving and other business. During its operation, the Bank mainly had an environmental impact due to credit extension and daily office without generating any related waste gas, or emissions to water and soil or any hazardous waste.

The Bank discharged greenhouse gas mainly in daily office activities such as business vehicles, business travels and usage of high-power equipment. However, the Bank initiated green philanthropy activities with every effort and created carbon sequestration through tree planting. In 2016, the Bank collected data about total gasoline consumption of business vehicles and other greenhouse gas emission indicators. The next step will further improve the conversion and statistical range of these indicators.

In 2016, the Bank disposed about 200 waste devices (fax machines, multi-functional machines and compact discs containing confidential data), abandoned about 500 consumables (including printing ink boxes and toner cartridges) and destroyed 10 tons of paper through authorized channel.

2. Resources usage

In daily operation, the Bank actively advocated green office concept, strengthened green operation management and strictly carried out the *Measures on Implementation of China Everbright Bank for Strict Saving and against Waste*. The Bank replaced leaking taps in time to reduce the water leakage, used LED energy-saving lamps and guided employees to turn off lamps when leaving and shut off the power supply of office equipment after work. It also shortened the working time of the air-conditioning unit, replaced old energy-consuming products in time and saved energy in details. The Bank implemented IT-based office, reduced the use of paper materials and other resources, specified the meeting procedure and advocated video conferences with great effort. The Bank strived to use recyclable, degradable and environment-friendly products in work, reduced energy consumption and pollution. The Bank also advocated water saving, energy saving and deduction of garbage among all employees and took various innovative measures to build a “green bank”.

Indicator	Unit	2016	2015	2014
Total water consumption of Head Office	Ton	57,086	53,419	64,993
Water consumption of office staff per capita	Ton/ person	25.97	26.02	28.26
Total power consumption of Head Office	kWh	7,889,342	7,564,823	7,981,280
Power consumption of office staff per capita	kWh/ person	3,589.33	3,684.77	3,800.00
Total fuel consumption of business vehicles	Liter	8,435.30	10,468.24	11,067.00
Fuel consumption of business vehicles per capita	Liter/ person	3.84	4.81	4.81
Total quantity of paper consumption	10,000 pieces	323.10	317.50	325.30
Paper consumption of office staff per capita	10,000 pieces/ person	0.15	0.15	0.15
Coverage ratio of video equipment	%	100	100	100
Number of video conferences	Time	339	157	210
Proportion of number of video conferences in the total number of meetings	%	97	96	95



iii. Practicing green philanthropy

The Bank actively advocated environmental protection culture, organized green welfare practice, conveyed the ecological and environmental protection concept to the social public with actual actions and promoted sustainable development of the society.

Case: Drawing a Green Dream and Building a Beautiful Home

From June to October 2016, Shanghai Branch held an environmental protection drawing competition with the theme of “Drawing a Green Dream, Building a Beautiful Home” and received a total number of 1,332 pictures. Finally, the branch selected 12 works with the highest votes through the WeChat platform. Winners were awarded the Little Environmental Protection Expert Badge of the Bank, encouraging more people to practice the environmental protection concept and create a good life.





Shijiazhuang Branch organized the “Walking and Planting” event.



Nanning Branch organized charity tree planting activity.

IV. Promoting domestic-overseas cooperation and continuing open development

The going is difficult when doing it alone, the going becomes easier when doing it with many others.

--- Extracted from *Mo Gu • Governance Eight*, by Wei Yuan of the Qing Dynasty

In 2016, the Bank pushed forward overseas development, strengthened domestic-overseas collaboration and provided a wide-range of financial support to those Chinese enterprises in “going global”.

i. Steadily pushing forward overseas development

The Bank aimed to set up an international network across time zones by establishing institutions in Asia, Europe and the Americas so as to enter major global markets and participate in the operation of international market. In 2016, the Bank opened its first overseas subsidiary (CEB International Investment Corporation Limited) and the first overseas branch (Seoul Branch) and had been granted approval by CBRC to open CEB International (Europe) and Luxembourg Branch.

Case: Opening the Bank's first overseas subsidiary: CEB International Investment Corporation Limited

As an important step of providing comprehensive financial services and implementing international strategies, CEB International Investment Corporation Limited was opened in Hong Kong on January 25, 2016. It signaled that the Bank successfully established the platform for overseas investment banking business. The Bank facilitated service channels to link domestic customers to overseas capital market, which also marked a new progress for realizing the globalization of the Bank.



Case: Opening the Bank's first overseas branch: Seoul Branch

In April 2016, The Bank opened its first overseas branch, Seoul Branch. After operation of more than half of a year, the branch had 27 employees, including 21 local employees, and reached a rate of 77.78% for localization. As at the end of 2016, the branch completed 51 collaboration transactions and reached an amount of over USD1,088 million with a total of 18 branches. The branch provided a variety of services, covering agency payment, loan business and bonds investment under collaboration.



Opening Seoul Branch

Case: The opening of CEB International (Europe) and Luxembourg Branch was approved.

In December 2016, the Bank was granted approval by CBRC to open CEB International (Europe) and Luxembourg Branch. Up to now, the Bank finished the overall structure of the preparatory teaming Luxembourg Branch. Other tasks such as IT system construction and decoration were orderly under progress.

ii. Deepening domestic-overseas collaboration

The Bank took incentive measures to encourage domestic-overseas collaboration and issued the *Management Measures for Authorization Transfer of Credit Line of Strategic Customers to Customers of Overseas Institutions* for further resources sharing. In order to meet customers' demands, domestic and overseas branches took advantage of their channel resources to promote coordinated development and improve comprehensive financial services.

Case: Hong Kong Branch and Shanghai Branch collaborating to develop cross-border business

On July 6, 2016, Shanghai Branch got a cash infusion at an amount of RMB100 million from Hong Kong Branch, providing an FT working capital loan with a preferential interest rate to an enterprise registered in the China (Shanghai) Free Trade Pilot Zone, and completed the first overseas financing business under separated accounting.

Case: The Bank and Everbright Environmental Energy Ltd. collaborating to support environment-friendly industry

The Bank cooperated with Everbright Environmental Energy Ltd. to implement Waste-to-energy Project in Sanya. The company reutilized waste using the technology learned from developed countries and met the requirement for utilization of renewable resources and industrialization of renewable energy technologies. The project processed 700 tons of domestic waste per day in the first phase and would increase the capacity to 1,050 tons in the future. It relieved the pressure of waste treatment and protected the environment of Sanya.



Phase 1 of Waste-to-energy Project in Sanya

iii. Supporting Chinese enterprises in “going global”

The Bank supported enterprises in “going global” to meet their financing demands and promote their overseas markets. In addition, the Bank provided comprehensive services to help domestic enterprises obtain first-hand information about overseas markets.

Case: CEB International Investment Corporation Limited assisting Zhuzhou City Construction Development Group successfully issuing US dollar bonds

In October 2016, CEB International assisted Zhuzhou City Construction Development Group successfully issuing US dollar bonds. It was the first time that the local enterprise issued bonds overseas and attracted global orders for more than USD1.8 billion and finally set the rate at 2.98%, hitting a lowest record. CEB International would spare no effort to build an international standard investment bank by improving services and expanding business of investment banking so as to support domestic enterprises in “going global”.



Case: Expanding financing channels and realizing win-win cooperation

The wholly-owned overseas subsidiary of an important state-owned enterprise, supervised by the State-owned Assets Supervision and Administration Commission of the State Council, had expanded business scale and kept profit growth in recent years and also had rich experience in industry operation and management. With the policy advantage of the China (Shanghai) Free Trade Pilot Zone, Shanghai Branch provided financing services to its overseas subsidiary by FTN account and simplified the process of granting credit based on risk management. Meanwhile, Shanghai Branch expanded financing channels by overseas financing under separated accounting of settlement unit to realize a win-win cooperation and enhanced the capacity of supporting enterprises in “going global”.



V. Preserving social harmony and sharing development

“Thank the tree when picking fruits and appreciate the source when diverting the brook.”

--- Extracted from *Zheng Diao Song*, by Yu Xin during the Southern and Northern Dynasties

In 2016, the Bank continued to persist in “Popularity Project” and “Talent Project” to cultivate a good corporate culture and allowed employees to grow together with the enterprise. The Bank encouraged all employees to take part in public undertakings, such as poverty alleviation, education, aid for the disabled, etc.

i. Growing together with employees

1. Nurturing talents and improving staff’s capacity

(1) Improving staff’s quality and building a learning organization

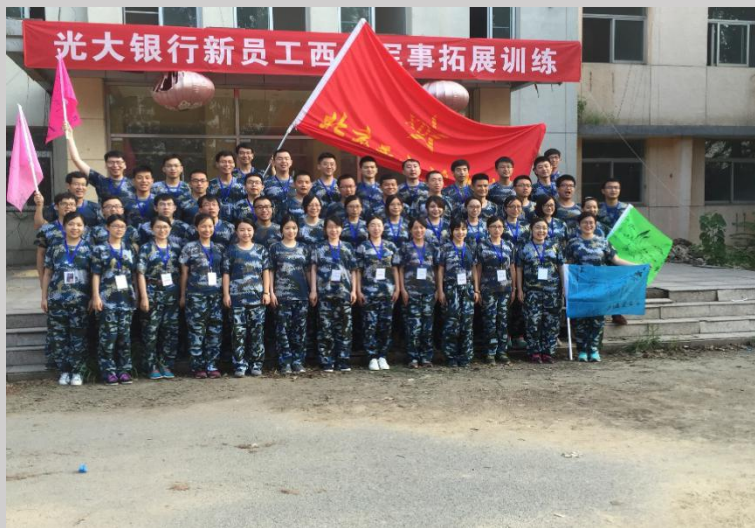
With a focus on the development strategy and annual major task, the Bank established an all-round, all-dimensional and personalized learning platform, matched employees’ capacity with job requirements and encouraged employees to grow with the Bank by designing career development plans.

The Bank actively explored and implemented new training modes, and employees could realize “flexible learning” in different ways, such as internal & external training and online & offline training. The Bank encouraged employees to improve the efficiency by participating in training in their fragmented time and build a learning organization.

The Bank continuously paid attention to talent development and cultivation and organized tailored-training for all kinds of employees. As at the end of 2016, the Bank held a total of 6,686 learning sessions/courses involving 372,561 person-times in total.

Case: Organizing orientation program for new employees recruited at campus

The Bank made special plans of orientation program for new employees to quickly master the basic knowledge and working process related to the front, middle and back office operation. We carried out diversified and periodical training programs for new employees, such as concentrated training, job-rotation training, special-position training in different locations and at multiple levels, which accelerated their transition from “elite graduates” to “CEB professionals”.



The Head Office organized orientation program for new employees recruited at campus in 2016.

Case: Retail capacity enhancement training for branches and outlets all bank-wide

In 2016, the Bank first initiated the retail capacity enhancement training for branches and outlets at four levels to boost business development. The curriculum included wealth management, private banking, agency and other major business segments, which combined online and offline mode and set the presentation part to improve the training effect and enhance the retailing capacity.



Training program for retail capacity enhancement for branches and outlets

Case: Innovation and exploration – Staff WeChat Classroom

The Bank actively pushed forward the innovation of training modes by opening “Sunshine E-classroom”, building a tailored and user-friendly platform for knowledge sharing for employees based on Wechat public account. This innovative training mode facilitated employees’ learning at any time of their convenience, not only reducing time and expense but also improving working efficiency.



Sunshine E-classroom of the Head Office

(2) Promoting career development for employees and releasing new impetus for operation

The Bank respected personality traits and growth process of talent and expanded employee career development channels following the principle of “Talent Liberation and Cultivation”.

In 2016, the Bank started the reform of optimizing the grading structure of employees’ position and strengthening the competitiveness of core talent and expanding employee career development channels. The Bank established dual channels (managerial talent and professionals) for back-up cadre team building. We implemented recommendation and selection program for back-up cadres at the Head Office and branches, following the principle of “both ability and moral integrity, integrity first, public recognition, outstanding performance, broad vision and insight into future”. The Bank established performance-oriented evaluation system and mainly improved the performance evaluation of branches, departments and individuals. In particular, the Bank improved the evaluation system over individuals (including members of the Senior Management and employees) and applied evaluation results to career development, talent team building and other aspects. It carried out a series of reforms to realize comprehensive improvement and release new impetus for operation.

2. Sticking to the principle of people-orientation and protecting employees' rights and interests

(1) Protecting basic rights and interests of employees

The Bank established an unified remuneration system with the principle of “giving priority to efficiency with due consideration to fairness”. The staff remuneration consists of the basic wage, position salary, performance-related salary and fringe benefits. The Bank continued to gear towards the frontline operation to attract and motivate key and core employees.

The Bank strived to promote sound business development, continuously created more jobs for the society and stuck to reasonable standards for selecting and placing professionals. It provided fair opportunities for women, ethnic minorities and disabled persons and fully protected their rights. In 2016, the Bank recruited about 4,100 employees (under labor contract system) and recruited more than 1,700 fresh graduates (under labor contract system).

The Bank strictly obeyed rules and regulations of *the Labor Law*, *the Labor Contract Law*, as well as standard working hour policy and vacation policy. The Head Office and branch institutions at different levels all strictly forbade the employment of minors and forced labor, resulting in no case incurred in 2016.

During the best employer survey of the 2016 Randstad Award, the Bank won “Randstad Award of Top 10 Domestic enterprises” according to the votes of respondents.

Indicator	Unit	2016
Number of ethnic minority employees	Person	1,188
Number of foreign employees	Person	148
Number of staff training projects	-	6,730
Staff training expense	RMB10,000	11,769.29
Rate of employment contract signing	%	100
Coverage of social insurance	%	100

Total employees by gender

Indicator	Unit	2016
Number of male employees	Person	18,793
Number of female employees	Person	23,457
Total employees	Person	42,250

Case: Caring for retired employees

Heilongjiang Branch is the earliest branch of the Bank with the largest number of retired employees. The branch paid great attention to the life of retired employees and often organized various events such as outing, fruit-picking and fun-sports meeting for them. Every year, the branch also holds a meeting of retired employees, hearing the voice from them and making them fully feel the warmth of the Bank.



Holding a meeting of retired employees

Organizing retired employees for an outing to a lavender garden

Case: Good time to feel the spring and appreciate flowers

On the “Women’s Day” in 2016, Nanning Branch organized a spring outing and flower appreciation activity to enrich the cultural life of female employees after work. Beautiful scenery and pretty female employees together made a beautiful picture.



ii. Dedication to the society

1. The poor alleviated with love and good example set

The Bank worked hard to alleviate poverty and strived to solve production and life problems of the people in need. At the same time, the branches also actively worked in the same alleviation cause and contributed to local economic and social development.

Case: Thinking about difficulties of people and giving people what they need

Chengdu Branch spent RMB440,000 in participating the construction of a village activity center with the function of rural hotel and pot square, which has effectively improved the infrastructure in Dongpojia Village, Daofu County, Ganzi Prefecture, Sichuan Province. In addition, the branch donated RMB270,000 building a yak breeding greenhouse to help develop the breeding business.



Village activity center in Dongpojia Village, Daofu County, Ganzi Prefecture, Sichuan Province aided by Chengdu Branch

Case: One road making traffic convenient and people rich

Erdaozhangzi Village in Sanjiazi Town, Chaoyang City, Liaoning Province used to have a muddy road blowing high dust when vehicles passed, which became muddy when it rained or snowed and made villagers very hard to travel. Moreover, it was inconvenient at night without streetlight. To enable villagers have access to convenient traffic, the poverty alleviation working group of Shenyang Branch regarded the road construction as the priority job to help them after arriving at the village. It was a hard job to build a road in the village which lies in the mountainous area. The working group traced the entire process, worked with all villagers to build the road and install street lamps. After the road open to public, it has made people's life more convenient there.



The poverty alleviation working group working with villagers to build the road

2. Supporting education and lighting up the lamp of hope

The Bank continuously participated in cultural and educational poverty alleviation and donated teaching materials to the regions with poor educational conditions. The Bank set up a scholarship to aid students from poor families, which improved the educational environment in the impoverished regions and lit up the lamp of hope for children there.

Case: Sunshine Student Aid, a moving story for ten years

In 2006, Ningbo Branch first launched the “Sunshine Student Aid” pair activity at Zhangting Town Middle School, Yuyao City. Since then, the activity has attracted the attention and support from more and more employees. By the end of 2016, 200 employees of Ningbo Branch had participated in the aid program and helped over 250 students. They had cumulatively aided 900 students with a total amount of RMB534,200.



“Sunshine Student Aid” site

Case: CEB delivering love to mountainous region

Nanning Branch worked with several partners and called for employees to donate books and stationery to children in the impoverished mountainous region and satisfy children’s need to go to school. The branch collected more than 1,000 books and over 650 items of stationery.



Books collected on site

Case: Sunshine lunch, a call of love

In 2016, Dalian Branch continued the “Sunshine Lunch” donation project and raised RMB136,000 from employees to improve the schooling and living conditions of children in the mountainous region.



Children benefiting from the “Sunshine Lunch” project



Qingdao Branch fulfilling little wishes of poor students

3. Aiding the weak and the disabled and promoting traditional virtue

The Bank continuously delivers a broad range of services from both business operation and philanthropy practice. The Bank encourages employees to uphold CEB’s spirit, promote traditional virtue, made it into practice and contribute to the construction of a harmonious society.

Case: Soundless love for deaf children

On March 30, 2016, Beijing Branch organized some employees to console the deaf children at Tianyun Hearing & Language Rehabilitation Center of Haidian District and brought them daily necessities and sports goods. The employees played games and basketball happily with children there.



Employees of Beijing Branch and children of the rehabilitation center

Case: Spreading love and warming the old

Yantai Branch regularly organized employees to go to the nursing room and comfort the old there. They brought gifts to the widowed, chatted with them and did the cleaning. The employees treated these old people with support like family members and make them feel at home.



Employees of Yantai Branch visiting the 100-year-old grandma



Jinan Branch helping autistic children build a little room of love



The Director of Henan Bo'ai Children's Rehabilitation Center presenting a thank-you banner to Zhengzhou Branch

4. Conveying the sense of responsibility with volunteer service

The Bank further improved the volunteer management mechanism, built the volunteer service team and actively encouraged staff volunteers to do voluntary work in respecting the old, helping the poor, planting trees, donating blood and so on. The Bank kept expanding volunteer service and conveyed the spirit of the time. In 2016, the volunteer service of the Bank added up to 495 hours, representing an increase of 46% over 2015.

Case: Voluntary educational support making the dream come true

In 2016, the Sunshine Volunteer Service Team of the Credit Card Center aided Hua'ao Migrant Workers' Children School and Shijingshan Peizhi School in teaching more than 1,000 students with a total of 370 class hours. In addition, the team also donated stationery to students there.



Hua'ao Migrant Workers' Children School presenting a thank-you banner to the CEB volunteer representative

Case: Care always with you in civilized traffic

Youth volunteers of Haikou Branch participated in the traffic volunteer campaign with the theme of “giving way to zebra crossing, respecting traffic lights” and helped traffic police officers to maintain the traffic order, stop uncivilized behaviors, which made care always accompany traffic.



Civilized traffic volunteer campaign of Haikou Branch

Case: Selfless contribution to the society

Hohhot Branch organized the employees to participate in voluntary blood donation and cumulatively donated 8,600ml of blood. Many employee volunteers have participated in the project for several times and practiced the CEB selfless spirit with individual contribution.



A group picture of employee volunteers of Hohhot Branch donating blood

CEB's shining future

Marking the opening of the CPC's Nineteenth National Congress, the year 2017 is a vital stage of the implementation of China's "Thirteenth Five-Year Plan", a mark of the deepening of the supply-side structural reform and also an essential period for the compliant, innovative development and transformation of the Bank. The Bank will stay confident, advance with the trend of the time, and uphold the basic principle of seeking progress while maintaining stability by means of steady growth, structural adjustment, risk prevention and profit increase. The Bank will cement the management foundation, accelerate operational transformation, effectively enhance the capacity to serve the real economy and continuously improve market competitiveness.

- Targeted poverty alleviation

Further integrating poverty alleviation resources

Deepening targeted poverty alleviation with e-commerce

- Risk prevention and control

Refining risk management framework and perfecting risk governance system

Continuously optimizing risk assessment system

Strengthening asset and liability management and ensuring liquidity risk prevention

Stabilizing asset quality

Enhancing internal control, compliance management and operational risk prevention

- Inclusive finance

Building service mode of "finance + life" and "finance + production"

Continuing innovate products and services to support the real economy

Actively supporting material national strategies and people's livelihood projects

Implementing overseas development strategy and supporting Chinese enterprises "go global"

- Innovative service

Cultivating new income growth points and improving core competitiveness in market

Deepening reform and development and foster product and service innovative projects

Promoting networking, mobility, convenience and lifestyle of financial service

Strengthening operational service management

- Staff development

Conscientiously implementing "Popularity Project" and "Talent Project"

Adhering to performance orientation and continuing the optimization of performance management

Promoting development with reform and carrying forward position sequence reform positively and prudentially

Insisting on market direction and innovating talent selection, application and retention mechanism

Continuously strengthening employee training

- Low carbon and environmental protection

Strengthening green credit input

Further refining organizational system and policy framework of green finance

Continuing to promote the concept of green and environmental protection

- Philanthropy support

Consistently supporting the “Water Cellar for Mothers” philanthropy project

Enlarging social philanthropy areas

Expanding the volunteer team

Appendix

Appendix 1 Key Performance Indicators

Economic performance	Unit	2016	2015	2014
Total assets	RMB1 trillion	4.02	3.17	2.74
Operating revenue	RMB100 million	940.37	931.59	785.31
Net profit	RMB100 million	303.88	295.77	289.28
Balance of small & micro enterprise loans	RMB100 million	3,409.70	2,884.35	2,464.85
Return on average total assets	%	0.85	1.00	1.12
Return on average net assets	%	13.80	15.50	17.36
Non-performing loan ratio	%	1.60	1.61	1.19
Capital adequacy ratio	%	10.80	11.87	11.21
Social performance	Unit	2016	2015	2014
Total workforce	Person	42,250	40,319	39,015
Female percentage	%	55.52	55.17	54.80
Employee satisfaction	%	96.06	98.80	97.25
Substantiated customer complaints	Piece	768	880	881
Philanthropic donation amount of Head Office	RMB10,000	633.25	613.11	934.00
Environmental performance	Unit	2016	2015	2014

Balance of green credit	RMB100 million	493.76	387.00	347.61
Comprehensive teller substitution rate of electronic channel	%	95.21	93.97	92.03
Total water consumption of Head Office Building	Ton	57,086	53,419	64,993
Total power consumption of Head Office Building	kWh	7,889,342	7,564,823	7,981,280

Appendix 2 Key Performance Indicators for Targeted Poverty Alleviation

Indicator	Unit	Quantity and status
I. Overview		
Including: 1. Fund	RMB10,000	197,530.06
2. Amount equivalent to materials value	RMB10,000	127.93
3. Number of filed poverty alleviation population	Person	1,686
II. Breakdown input		
1. Poverty alleviation by industry		
Including: 1.1 Types of industrial poverty alleviation projects	/	<input checked="" type="checkbox"/> Agriculture <input checked="" type="checkbox"/> Tourism <input checked="" type="checkbox"/> E-commerce <input type="checkbox"/> Return on asset <input checked="" type="checkbox"/> Science and technology <input checked="" type="checkbox"/> Others
1.2 Number of industrial poverty alleviation projects	-	32
1.3 Investment of industrial poverty alleviation projects	RMB10,000	228,280.10
1.4. Number of filed poverty alleviation population	Person	1,521
2. Poverty alleviation by employment shift		
Including: 2.1 Investment in occupational training	RMB10,000	40.8
2.2 Number of occupational trainees	Person/time	473
2.3. Number of filed impoverished population under employment	Person	34
3. Poverty alleviation by relocation		
Including: 3.1 Number of people aided to relocate	Person	0

4. Educational poverty alleviation		
Including: 4.1 Investment of aid for poor student	RMB10,000	77.52
4.2 Number of poor students aided	Person	444
4.3 Investment in improving educational resources in impoverished region	RMB10,000	61,558.48
5. Poverty alleviation in health		
Including: 5.1 Investment of medical and sanitary resources in impoverished region	RMB10,000	3.4
6. Poverty alleviation in ecological conservation		
Including: 6.1 Project name	/	<input type="checkbox"/> Ecological conservation and construction <input type="checkbox"/> Ecological conservation compensation <input type="checkbox"/> Ecological philanthropy position <input checked="" type="checkbox"/> Others
6.2 Investment	RMB10,000	12
7. Poverty alleviation with minimum subsistence		
Including: 7.1 Investment in helping children, women and the old “left behind”	RMB10,000	5.51
7.2 Number of “left-behind “people aided	Person	130
7.3 Investment in helping the impoverished disabled people	RMB10,000	12
7.4 Number of the impoverished disabled people aided	Person	107
8. Social poverty alleviation		
Including: 8.1 Investment of east-west collaborative poverty alleviation	RMB10,000	0

8.2 Investment of targeted poverty alleviation	RMB10,000	84.78
8.3 Poverty alleviation charity fund	RMB10,000	6
9. Other items		
Including: 9.1 Quantity of projects	-	14
9.2 Investment	RMB10,000	277.40
9.3. Number of filed poverty alleviation population	Person	154
9.4 Description of other items	/	
III. Awards (content and level)		
In December 2016, the Bank won the Annual Poverty alleviation Award at the Eleventh People's Corporate Social Responsibility Award Ceremony held by <i>People.cn</i> .		
The Bank won the Popularity Award, a provincial award, issued by Double Collaboration Action & External-provincial Organization in Targeted Poverty Alleviation of Gansu Province.		

Appendix 3 Honors and Awards

Name	Assessment event and organization	Time
Financial Institution with the Best Public Image	China Securities Market Research and Design Center, <i>Hexun.com</i>	January 2016
Award of Retailing Bank for the Year	2016 Innovation & Development Forum of financial wealth management & the Ceremony of the Sixth Golden Pixiu Award held by <i>Financial Money</i>	January 2016
The “Water Cellar for Mothers” won the Annual Case Award	“2015 Force of Responsibility” at the 10 th People’s Corporate Social Responsibility Award held by <i>People.cn</i>	January 2016
2015 Annual Philanthropic Communication Award	The Fifth China Charity Festival	January 2016
Consumer Satisfaction Award: Service Channel	2016 China Retailing Industry Summit & the Ceremony of 7th 360° Bank Rankings	January 2016
Award of Excellence in Protection of Financial Rights of Consumers	Financial Consumer Rights Protection Summit held by <i>Xinhuanet</i>	March 2016
Bank of Best Public Image for the Year, Bank of Best Service for the Year	2015 Golden Phoenix Annual Selection hosted by <i>iFeng.com</i>	March 2016
Annual Pension Business Innovation Award	Annual Selection by the Special Committee for Pension Business of China Banking Association	March 2016
Excellent State-owned Bank, Excellent Bank for Innovative Financial Services, Excellent Green Bank, Excellent Bank for Innovative Internet Services, Excellent Bank for Overseas Traveling Financial Services, Excellent Bank for Wealth Management Innovative Platform	The Release of 2015 Wisemoney Financial Wealth Management Rankings held by <i>Wisemoney</i>	March 2016

for People Benefits, Excellent Mobile Bank, Excellent WeChat Bank and Excellent Bank for Card Service Innovation		
Randstad Award of Top 10 Domestic enterprises	<i>Randstad</i>	April 2016
Award for Best Comprehensive Wealth Management Ability, Best Profit Award, Best Innovation Award, Best Compliance Award, Best Social Contribution Award, Best Product Transformation Award	2015 Assessment of Commercial Bank Wealth Management Products and its Issuers held by China Banking Association	May 2016
The “Sunshine Optimal and Quantitative Combo Wealth Management Product”(MOM) won the Award for Top 10 Wealth Management Innovation, the “Cloud Fee Payment” won the Award for Top Ten Internet Finance Innovation	2016 China Financial Innovation Forum & Ceremony of 2016 China Financial Innovation Award held by <i>The Banker</i>	May 2016
China’s Best Brand for Public Satisfaction in Credit Card Industry, the Award for Outstanding Innovative Enterprise in Development of China’s Credit Card Industry	The Selection of the Golden Award at the Sixth Ceremony of Witness of Brand Power held by the Organizing Committee of the National Special Survey on Public Satisfaction of Service Industry	May 2016
Best Bank for Green Finance of Social Responsibility for the Year	<i>The Release of 2015 Social Responsibility Report of China’s Banking Sector</i> and CSR Commendation Meeting held by China Banking Association	June 2016
2016 Annual CSR Case Award won by the Credit Card	China Corporate Social Responsibility Annual Conference held by <i>Southern Weekly</i>	July 2016
Award of Innovative E-banking	2016 China Banking Sector Development Forum & the Ceremony of the Fourth Comprehensive Selection held by <i>Sina.com</i>	July 2016

Best Wealth Management Brand in China for 2016, Best Bank for Private Banking in China for 2016, Best Innovative Banking Wealth Management Product in China for 2016, the “Cloud Fee Payment” won the Award for Most Welcomed Internet Finance Platform.	2016 China Wealth Management Summit held by <i>Securities Times</i>	July 2016
Best Asset Custodian Bank Award for 2016	The Ninth China Asset Management Annual Conference & the Ceremony of Golden Shell Award held by <i>the 21st Century Business Herald</i>	July 2016
The Integrated Financial Cloud Platform of the Bank won the Award for 2016 Best Innovation Project in China’s Financial Industry.	IDC 2016 China Financial Industry Transformation & Innovation Summit and Ceremony	July 2016
Award for the Most Welcomed Internet Finance Platform in China for 2016	2016 China Wealth Management Summit hosted by <i>Securities Times</i>	July 2016
Best Enterprise Annuity Service Award	The Bank won the award again in the selection of the 2016 Chinese CFO’s Most Trusted banks hosted by the <i>CFO</i> , which is the only domestic commercial bank that has won the award for eight consecutive years.	September 2016
Best Service Innovation Brand Bank Award	China Financial Value Ranking Ceremony hosted by <i>China Business Network</i>	November 2016
Most Respected Enterprises in China	2016 14 th China Most Respected Enterprises Ranking hosted by <i>Economic Observer</i>	November 2016
Award for Social Responsibility, Outstanding Wealth Management Award, Outstanding E-banking Award, Outstanding Custodian Bank Award, Outstanding Credit Card Innovation Award	The First Smart Finance International Forum & “Navigating China” Annual Ceremony hosted by <i>JRJ.com</i>	December 2016

Award for Poverty Alleviation for the Year	The Ceremony of the 11 th People's Corporate Social Responsibility Award hosted by <i>People.cn</i>	December 2016
Best Credit Card Brand	Wealth Management Forum & the Ceremony of 2016 China Ding Rankings held by <i>China.com.cn</i>	December 2016
2016 Best Bank for Electronic Banking and 2016 Best Bank for Direct Marketing	The 12 th China Electronic Banking Annual Conference	December 2016
Excellent Bank for Contribution to Micro-finance for the Year and Excellent Credit Card Service Bank for the Year	2015-2016 China Excellent Finance Award hosted by <i>Economic Observer</i>	December 2016
Top 10 Internet Finance Innovative Company, Best Bank for Small and Micro Finance Service for the Year	2016 China Financial Institution Gold Medal Rankings hosted by <i>Financial Times</i>	December 2016
2016 Excellent Bank in Competitive Product Innovation, 2016 Excellent Pension Service Bank	2016 Excellent Competitiveness Financial Institution Rankings hosted by <i>China Business Journal</i>	December 2016
JD Baitiao Co-brand Credit card and the Micro Quick Loan with Insurance Company's Guarantee won the Award for Innovative Product of Commercial Bank. E-banking won the Award for Customer Satisfaction of Commercial Bank.	The Ceremony of the 14 th Financial Champion Award hosted by <i>Hexun.com</i>	December 2016
Philanthropy & Charity Award	The Second CSR Sharing Annual Conference hosted by The China CSR 100 Persons' Forum and the CSR Research Center under the Economics Department of Chinese Academy of Social Sciences	January 2017

Appendix 4 Assurance Report



Ernst & Young Hua Ming LLP
Level 16, Ernst & Young Tower
Oriental Plaza
No. 1 East Chang An Avenue
Dong Cheng District
Beijing, China 100738

安永华明会计师事务所（特殊普通合伙）
中国北京市东城区东长安街1号
东方广场安永大楼16层
邮政编码: 100738

Tel 电话: +86 10 5815 3000
Fax 传真: +86 10 8518 8298
ey.com

China Everbright Bank 2016 Social Responsibility Report Independent Assurance Report

安永华明（2017）专字第 61238341_A01 号

To the Board of Directors of China Everbright Bank
Co., Ltd:

I. Scope of Our Engagement

The 2016 Social Responsibility Report (the "Report") of China Everbright Bank Co., Ltd has been prepared by the Company. The management of the Company is responsible for the collection and presentation of information within the Report referring to the China Banking Regulatory Commission "Opinions on Strengthening Social Responsibility of Banking Financial Institutions", China Banking Association "Guidelines on Corporate Social Responsibility of China Banking Institutions", Shanghai Stock Exchange "Guidelines for Environmental Information Disclosure of Shanghai Stock Exchange Listed Companies, and Stock Exchange of Hong Kong Limited ("HKEX") Listing Rules - Appendix 27 Environmental, Social and Governance Reporting Guide, and for maintaining adequate records and internal controls that are designed to support the corporate social responsibility reporting process.

Our responsibility is to carry out limited assurance procedures required by the International Standard on Assurance Engagements 3000 ("ISAE3000"): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the International Federation of Accountants and issue the assurance statement for the year ended 31 December 2016 in accordance with the Management's instructions.

Our work was limited to these stated above and our report is made solely to you, as a body, and for no other purpose. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. Any reliance any such third party may place on the Report is entirely as its own risk.

II. Work Performed

Our review has been planned and performed in accordance with ISAE3000. In order to form our conclusions, we carried out the following procedures: According to the Management's instructions, we performed limited assurance procedures only in Headquarters:

- Balance of loans to small and micro businesses
- Total number of employees
- Proportion of female employees
- Proportion of effective complaint completion
- Amount of donations
- benefits of wealth management products to customers
- Balance of loans to green credit
- Integrated rate of counter replacement by electronic channel
- Total water consuming of headquarters building
- Total electricity consuming of headquarters building
- Total gasoline consuming of business vehicles
- Amounts of paper consuming
- Numbers of video meetings

The limited assurance procedures performed included:

- Interviewing the Company's management and staffs responsible for the selected key performance information;
- Performing analytical review procedures;
- Performing sample inspection on the selected key performance information;
- Performing recalculation procedures on the selected key performance information;
- Other procedures we considered necessary



安永华明（2017）专字第 61238341_A01 号

III. Limitations of Our Scope

Our scope of work did not include:

- Assessing the accuracy or fairness of the information (including financial information) other than the selected key performance information;
- Reviewing the forward-looking statements made by the Management;
- Reviewing and consequently providing assurance on historical data.

IV. Level of Assurance

Our evidence gathering procedures, have been designed to obtain a limited level of assurance on which to base our conclusion. The procedures conducted do not provide all the evidence that would be required in a reasonable assurance engagement. While we considered the effectiveness of the Management's internal controls when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

V. Our Conclusions

Subject to the limitations of scope and based on the procedures specified above for this 'limited level' assurance engagement, we provided the following conclusions:

Nothing has come to our attention that causes us to believe that the selected indicators were not presented fairly in all material respects in the 2016 Social Responsibility Report.

VI. Our Independence

We are in compliance with the Ernst & Young Global Independence Policy which was designed to comply with the requirements of the IFAC Codes of Ethics for Professional Accountants (the IFAC Code). We believe that there were no events or prohibited services provided which could impair our independence.

VII. Our Assurance Team

Our assurance team has been drawn from our sustainability assurance service network, which undertakes similar engagements to this with a number of domestic or international businesses. We have the required competencies and experience to conduct this assurance engagement.


Ernst & Young Hua Ming LLP
Ernst & Young Hua Ming LLP
Beijing PRC
15th, March 2017

Appendix 5 Indicators

Contents		CASS-CSR3.0 indicators	Position in the report
Notes		P1.1-P1.5,P2.1-P2.3	
Message from the Chairman		P3.1-P3.2	
Message from the President		P3.1-P3.2	
Corporate social responsibility highlight: Exploring the new direction of “finance + targeted poverty alleviation”	Derived from responsibility and enabled by management	S1.6	
	Forging a new financial poverty alleviation mode by combining finance and production	S1.6	
	Rewarding the society through philanthropic poverty alleviation	S1.6	
CEB Today	Company Profile	P4.1-P4.5,P4.7,S1.4,S1.7	
	Corporate social responsibility management	G1.1-G1.4,G2.1-G2.5,G3.1,G4.1-G4.3,G5.1-G5.6,G6.4,P5.1-P5.3	
	Corporate governance	S1.1-S1.4,M1.1-M1.3,M1.5-M1.6,M3.8,S1.1-S1.3	
Deepening reform, and performing innovative development	Strengthening innovative management	M2.7	

	Accelerating IT innovation	M2.3,M2.5,M2.8,M2.10,M2.12, S1.5,	
	Practicing innovative service	M2.1-M2.4, M2.14,	
Serving the economy and conducting coordinated development	Supporting the implementation of national strategies	S1.6,	
	Serving the development of real economy	S1.6	
	Pushing ahead readjustments of industrial structure	S1.6	
Contributing to eco-environmental protection and implementing green development	Developing green credit	S1.5,E2.13, E3.4	
	Carrying forward green operation	M3.8,E1.10-E1.12,E1.8,E2.15,E2.2-E2.3	
	Implementing green philanthropy	E4.5	
Promoting domestic-overseas cooperation and continuing open development	Keeping pushing forward overseas development	S1.6	
	Deepening domestic-overseas collaboration	S1.6	
	Supporting Chinese enterprises in “going global”	S1.6, M3.1	
Preserving social harmony and sharing development	Growing together with employees	S1.7,S1.8,S2.1-S2.4,S2.12,S2.14,S2.17,S2.21,S2.24-S2.30,S2.9,S3.3	

	Dedication to the society	S4.9,S4.13-S4.14	
CEB's shining future		A1	
Appendix 1 Key Performance Indicators		P4.5,S2.30,S4.12,M2.14,E2.2,	
Appendix 2 Key Performance Indicators for Targeted Poverty Alleviation		S4.9	
Appendix 3 Honors and Awards		P5.3	
Appendix 4 Assurance Report		A2	
Appendix 5 Indicators		A3	
Appendix 6 ESG Index		A3	
Appendix 7 Feedback		A4	

Appendix 6 ESG Index

The Report is prepared in accordance with the *Environmental, Social and Governance Reporting Guide* issued by Hong Kong Exchanges and Clearing Limited (“HKEX”). In 2016, the Report applied general disclosure of 11 aspects and 17 key performance indicators stated in the *ESG Reporting Guide*.

Scope, aspects, general disclosure and KPIs		Index	Notes
A. Environment			
Aspect A1	Emissions		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations on emissions including waste gas, GHG, emissions to water and earth, harmful and harmless waste, which has a significant impact on the issuer	Carrying forward green operation	/
A1.1	The type of emissions and related data.	/	Still unavailable for statistics, to be adopted in the future
A1.2	Total GHG emissions(in tons) and, if applicable, its intensity (per unit-of-production or facility)	/	Still unavailable for statistics, to be adopted in the future
A1.3	The total amount of harmful waste generated (in tons) and, if applicable, its density(per unit-of-production or facility)	/	Still unavailable for statistics, to be adopted in the future
A1.4	The total amount of harmless waste generated (in tons) and, if applicable, its density (per unit-of-production or facility)	/	Still unavailable for statistics, to be adopted in the future

A1.5	The initiatives in reducing emissions and related results	Carrying forward green operation	/
A1.6	The initiatives in reducing harmful and harmless waste, the amount and related results	Developing green credit and carrying forward green operation	/
Aspect A2	Use of Resources		
General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Carrying forward green operation	/
A2.1	Categories of energy consumption according to direct/indirect energy(e.g. electricity, gas or oil), total consumption volume (in kilowatt in '000s) and intensity (per unit-of-production or facility).	Carrying forward green operation	/
A2.2	Total water consumption volume and intensity (per unit-of-production or facility) .	Carrying forward green operation	/
A2.3	The energy efficiency and achieved results	Carrying forward green operation	/
A2.4	The problem that Company dealt with during proper water sourcing and the plan to improve efficiency and its results	Carrying forward green operation	/
A2.5	Total packaging materials used for finished products (in tons) and, if applicable, with reference to per unit produced	Not applicable	/
Aspect A3	The Environment and Natural Resources		
General disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources	Developing green credit	/

A3.1	Activities of significant impact on environment and natural resources and the initiative in managing the activity	Developing green credit	/
B. Society			
Aspect B1	Employment		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations on compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare, which has a significant impact on the issuer	Growing together with employees	/
B1.1	Total number of employees by gender, employment type, age group and geographical region	Growing together with employees	/
B1.2	Employee turnover rate by gender, age group and geographical region	/	Still unavailable for statistics, to be adopted in the future
Aspect B2	Health and Safety		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations on providing a safe working environment and protecting employees from occupational hazards, which has a significant impact on the issuer	Growing together with employees	/

B2.1	Number and rate of work-related fatalities	/	Still unavailable for statistics, to be adopted in the future
B2.2	Number of lost days due to work injury	/	Still unavailable for statistics, to be adopted in the future
B2.3	Description of occupational health and safety measures adopted how they are implemented and monitored.	Growing together with employees	/
Aspect B3	Development and Training		
General disclosure	<p>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</p> <p>Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</p>	Growing together with employees	/
B3.1	Ratio of trained employees by gender and employment category (Senior Management level, middle management level, etc.)	/	Still unavailable for statistics, to be adopted in the future
B3.2	Average hours of training per employee by gender and employment category	/	Still unavailable for statistics, to be adopted in the future
Aspect B4	Labor Standards		

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations on preventing child and forced labor, which has a significant impact on the issuer	Growing together with employees	/
B4.1	Description of measures to review employment practices to avoid child and forced labor	Growing together with employees	/
B4.2	Description of steps taken to eliminate such practices when discovered	/	Not applicable
Aspect B5	Supply Chain Management		
General disclosure	Policies on managing environmental and social risks of supply chain	Corporate governance	/
B5.1	Number of suppliers by geographical region	/	Still unavailable for statistics, to be adopted in the future
B5.2	Description of practices related to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	/	Still unavailable for statistics, to be adopted in the future
Aspect B6	Product Responsibility		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations on health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress, which has a significant impact on the issuer	Practicing innovative service	/

B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	/	Not applicable
B6.2	Number of products and service related to complaints received and how they are dealt with	Practicing innovative service	/
B6.3	Description of practices related to observing and protecting intellectual property rights	Strengthening innovative management and accelerating IT innovation	/
B6.4	Description of quality assurance process and recall procedures	/	Not applicable
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Accelerating IT innovation and practicing innovative service	/
Aspect B7	Anti-corruption		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations on bribery, extortion, fraud and money laundering, which has a significant impact on the issuer	Corporate governance	/
B7.1	Reported public legal cases regarding corruption brought against the issuer or its employees during the reporting period and the outcomes of the cases	/	Not applicable
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Corporate governance	/

Aspect B8	Community Investment		
General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Dedication to the society	/
B8.1	The focus areas (e.g. education, environmental concerns, labor needs, health, culture and sport) to which resources contributed	Dedication to the society	/
B8.2	Resources contributed(e.g. money or time) to the focus areas	Dedication to the society	/

Appendix 7 Feedback

Dear Reader,

We really appreciate your reading the *2016 Corporate Social Responsibility Report of China Everbright Bank Company Limited*. In order to improve our report, please kindly give your comments on this report and feedback to us in case of any omission.

Thank you!

China Everbright Bank Company Limited

March 2017

China Everbright Bank is concerned about your opinion on this report. Please kindly answer the following questions and give us a timely feedback:

1. What is your overall impression of this report?

2. Which part of this report are you most interested in?
