

CONFIDENTIAL

# **2018 Corporate Social Responsibility Report of China Everbright Bank Company Limited**

March 2019

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## **Chairman's message**

A year of efforts heralds a good harvest. 2018 had witnessed a fruitful year with firm steps taken. Facing complicated and severe external environment and stable yet changing economic situation, we actively implemented the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, adhered to the bottom line, made progress while maintaining stability, and forged ahead despite all the difficulties. We continued supporting the private sector of the economy, developed inclusive finance, rewarded the customers with sincerity, promoted targeted poverty alleviation, and strengthened efforts of environmental protection. Through all these concrete efforts, we promoted sustainable economic and social development and fulfilled our corporate social responsibilities.

In the past year, we kept in mind our original aspiration, dedicated to rewarding the country. Leveraging our financial resources, we innovated new financial products and services and gave more support to national strategies, including the Belt and Road Initiative, Beijing-Tianjin-Hebei integrated development and the Yangtze Economic Belt. We took an active part in urbanization and engaged in regional development strategies, such as the rise of the central region, the revitalization of old industrial bases in the northeast region and the grand western development drive. Focusing on our main business, we strongly supported the development of private economy and strived hard to promote inclusive finance, in order to facilitate financing for private enterprises and SMEs.

In the past year, we upheld our missions and fostered our values. With Party-building leading the way, by means of management and technology, we took concrete steps to tap internal potential and integrate external resources, and pushed forward transformation through the strategy of “agility, technology and eco-sphere.” The purpose is to lay a solid foundation for realizing the “Everbright Dream” of building a first-class wealth management bank.

In the past year, we rewarded our customers with sincere services. In light of the requirement of “outstanding products, targeted customer acquisition, refined management and detailed services,” we worked hard to foster the “spirit of embroidery” and “spirit of craftsmanship”, enhanced service innovation and improved customer experience. We kept creating greater value for customers and achieved mutual benefits and win-win development with them.

In the past year, we promoted inclusive, mutually beneficial and shared development. We focused on fostering homeland culture, building CEB a warm home of harmony,

synergy and unity, where all the CEB staff can not only achieve growth, pursue career development and chasing after their dreams, but also uphold the spirit of “helping the community when we ourselves are better off”, to fulfill our responsibilities of environmental protection, poverty alleviation and the community building, and spread the warmth of CEB homeland to all stakeholders.

Facing strong winds and tumbling waves, we shall sail forward courageously. Shouldering heavy responsibilities on this long journey, we shall march ahead with more strenuous efforts. In 2019, committed to the strategic vision of “building a first-class wealth management bank”, we will overcome difficulties through united efforts and celebrate the 70th anniversary of the founding of the People’s Republic of China with excellent performance.

## **President's message**

2018 was the first year of CEB implementing the strategy of “building a first-class wealth management bank”. During this year, we pursued progress while maintaining stability, placed equal emphasis on quality and efficiency, and achieved coordinated development in scale, quality and profitability, as well as stable, safe and orderly operation and management with a positive momentum. While creating values for the shareholders, we fulfilled our CSR as a state-owned enterprise in all respects. We supported the private sector of the economy, served national strategies, rewarded customers, shared development results, and realized sustainable economic, social and ecological development.

We focused on our main business and fulfilled the responsibilities as a state-owned enterprise. We actively supported regional development strategies, such as the Belt and Road Initiative, Beijing-Tianjin-Hebei integrated development and the Yangtze Economic Belt. Last year, we launched more than 200 projects and nearly RMB41 billion of loans for those regional development strategies. We actively responded to the national strategy of New Urbanization by granting RMB34,847 million of loans. We strongly supported the development of private enterprises with the loan balance to them recording RMB405,677 million by the end of 2018, an increase of RMB64,657 million from the beginning of the year and accounting for 43.41% of CEB's loan increment. We accelerated our pace to establish a sustainable multi-layer rural financial system with wide coverage, with bank-wide agriculture-related loans standing at RMB310,289 million, an increase of RMB17,107 million from the beginning of the year.

We stayed true to our missions and created values by promoting pro-business culture. We resolutely implemented the major guidelines, policies, decisions and plans made by the CPC Central Committee concerning Party-building in financial enterprises. Centering closely on the three major tasks of “serving the real economy, preventing financial risks, and deepening financial reforms”, we focused on key business, stepped up capacity building for high-quality development, and accelerated the transformation through the strategy of “agility, technology and eco-sphere.” We steadfastly marched towards the goal of “building a first-class wealth management bank” and registered a net profit of RMB33,721 million last year.

We rewarded customers with sincere “Sunshine” services. Following the philosophy of “services create value”, we perfected the leading group of “Sunshine” service program. We intensified institutional and mechanism establishment, improved service quality, fully safeguarded customers' rights and interests, bettered their experience, and created renowned products, branches and staff with both good reputation and advantages. 44 CEB outlets were honored as “Top 1000 Outlets with

Considerate and Standard Services in 2018” among all the Chinese banking institutions.

We built a sweet, inclusive home of mutual benefits. We took care of our staff, protected their basic rights and interests, including their development rights, and pursued common growth and progress with our 44,982 employees. In implementing targeted poverty alleviation, we maintained paired relations with assisted developing counties even after poverty alleviation tasks were accomplished, and created new models and approaches to achieve that goal. The donation we made to paired counties amounted to RMB38.39 million. Regarding environmental protection, we promoted green credit, and gave stronger support to green economy, low-carbon economy and recycling economy, with the green credit balance standing at RMB78.4 billion. Upholding the voluntary spirit of “dedication, friendliness, mutual help and progress”, we carried out all kinds of volunteer services and assistance activities to contribute to the community, and the volunteer services our employees provided amounted to 3,162 hours.

History never lacks victories. Only those who are able to conquer themselves can be regarded as true heroes. In 2019, we will maintain stability and work in a practical way with innovative approaches to achieve progress. We will join hands with relevant stakeholders to create a community with a shared future, transform from the expansion of scale to the creation of value in an orderly and effective manner, and advance high-quality development across the Bank.

## **About us**

### **i. Introduction to CEB**

#### **1. Company profile**

China Everbright Bank (hereinafter referred to as “CEB” or “the Bank”), 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 (PBOC). The Bank was listed on the Shanghai Stock Exchange (SSE) in August 2010 (stock code 601818) and Hong Kong Exchanges and Clearing Limited (HKEX) in December 2013 (stock code 6818).

With continuous reform and innovation in improving its product design, channel development and service models, CEB forged a strong competitive edge in its major product and business lines such as asset management, investment banking, e-banking and credit card. Therefore, the Bank has achieved a balanced growth of all business lines, with improved risk management and enhanced innovation capabilities.

As at the end of the report period, the Bank has established 1,252 branches and outlets nationwide, which managed to cover all provincial administrative regions and extended its business reach to 136 economic center cities across the country. Closely following up with the Belt and Road Initiative and expanding its international presence at a faster pace, the Bank put Hong Kong Branch, Seoul Branch, CEB International Investment Corporation Limited, CEB (Europe) S.A., and Luxembourg Branch into operation successively. At the same time, its long-term sponsorship for “Water Cellar for Mothers,” a public welfare program, demonstrated CEB’s ever-growing commitment to its social responsibilities, which was well recognized by the Chinese society. The Bank was ranked No.39 in the “Top 1,000 World Banks” by *The Banker*, a U.K. magazine, in 2018, up 10 place from the previous year.

Over the years, along with the evolution of Chinese economy and the growth of financial sector, the Bank managed to improve its brand image and market value continuously. While rendering its customers and the public with quality financial services, the Bank also secured a good business performance and is now an influential listed bank with sound compliance.

#### **2. Corporate governance**

##### **(1) Refining the governance structure**

The Bank has continuously improved its modern corporate governance structure consisting of the Shareholders’ General Meeting, the Board of Directors, the Board of Supervisors and the Senior Management, refined the scientific and efficient mechanism of decision-making, supervision and execution, and strengthened



incentives, constraints and standardized operation. All the governance bodies are operating independently with mutual check and effective coordination, which steadily enhanced governance capability.

As at the end of 2018, the Board of Directors consisted of 13 directors, including 7 non-executive directors and 6 independent directors; the Board of Supervisors consisted of 9 supervisors, including 3 shareholder supervisors, 3 external supervisors and 3 employee supervisors, which realized a diversified and specialized structure of the Boards.

- Shareholders' General Meeting

The Bank convened 3 Shareholders' General Meetings, reviewing and approving 17 proposals on work reports of the Board of Directors and the Board of Supervisors, profit distribution plan, establishment of an independent legal entity for asset management, amendments to the *Articles of Association* and election of directors, and hearing 2 reports.

- Board of Directors

The Board of Directors convened 16 meetings, reviewing 96 proposals and hearing 16 reports; the special committees under the Board of Directors held 35 meetings, reviewing 77 proposals and hearing 25 reports.

- Board of Supervisors

The Board of Supervisors convened 6 meetings, reviewing 19 proposals and hearing 9 reports; the special committees under the Board of Supervisors held 7 meetings, reviewing 13 proposals.

## **(2) Strengthening corporate governance**

The Board of Directors paid close attention to strategic management and development strategy improvement, reviewed and approved the *Med-to-Long-term Development Strategy (2018-2027)*, which clarified the development direction and path for the future. It made further amendments to the *Articles of Association* in line with the regulatory requirements, and supported the Management in applying for the establishment of an asset management subsidiary following the requirements of the new asset management regulations. It improved the inclusive finance system by setting up the Inclusive Finance Department, and the newly-established Inclusive Finance Development Committee and Consumer Rights and Interests Protection Committee was put into operation. Besides, the Bank made dedicated efforts to meet the relevant requirements specified in the *Interim Measures for the Equity Management of Commercial Banks*, strengthened the management of related-party transactions and strict reviews on major related-party transactions and urged the Management to set up a sound and effective internal control mechanism and exert effective internal control to ensure compliant and steady operation of the Bank. In the 14<sup>th</sup> Golden Round Table Award for Board of Directors of Chinese listed companies sponsored by the *Directors & Boards*, the Bank won the Special Contribution

Award for Board Governance.

The Board of Supervisors kept improving the modes of supervision to intensify its supervision on the duty performance of the Board of Directors, the Board of Supervisors, the Senior Management and their members, exerted rigorous financial supervision, strengthened supervision on the Bank's internal control, risk, strategy and remuneration, conducted well-targeted surveys, offered opinions and suggestions on the Bank's major operation and management issues to the Board of Directors and the Senior Management as references to decision-making, thereby improving the effectiveness of its supervision.

### **(3) Regulating information disclosure**

The Bank prepared regular reports in an earnest manner, strictly controlled the quality of those reports, and completed the disclosure to the public of 2017 Annual Report, the First Quarterly Report of 2018, the 2018 Interim Report and the Third Quarterly Report of 2018 on time. Meanwhile, in light of requirements of both domestic and overseas regulators, the Bank improved the compliance and timeliness of its information disclosure, and continuously announced material events.

As at the end of 2018, 115 provisional announcements on A-share and 146 on H-share were released, effectively increasing the transparency of operation management. In 2018, according to the evaluation on the information disclosure of listed companies conducted by the Shanghai Stock Exchange, the Bank was evaluated "A" as a result.

### **(4) Protecting the rights and interests of minority shareholders**

The Bank effectively protected the rights and interests of its shareholders, especially minority shareholders through institutional arrangements and procedural guarantee.

Independent directors delivered objective, impartial and independent opinions on issues related to the interest of minority shareholders such as the profit distribution plan, remuneration of the Senior Management and material related-party transactions.

As required by the regulators, the Shareholders' General Meetings were convened in the form of on-site meeting combined with online voting on major issues concerning the interest of minority shareholders. Votes cast by minority shareholders were separately counted and the voting result was disclosed.

## **ii. CSR management**

### **1. CSR strategy**

To implement the former CBRC's requirements in the *Opinions on Strengthening Social Responsibility of Banking Financial Institutions* and the *Guidelines on Corporate Social Responsibility of China Banking Financial Institutions* issued by the China Banking Association, the Bank, guided by its *2016-2020 CSR Development Plan*, continuously enhanced its CSR management, strived to

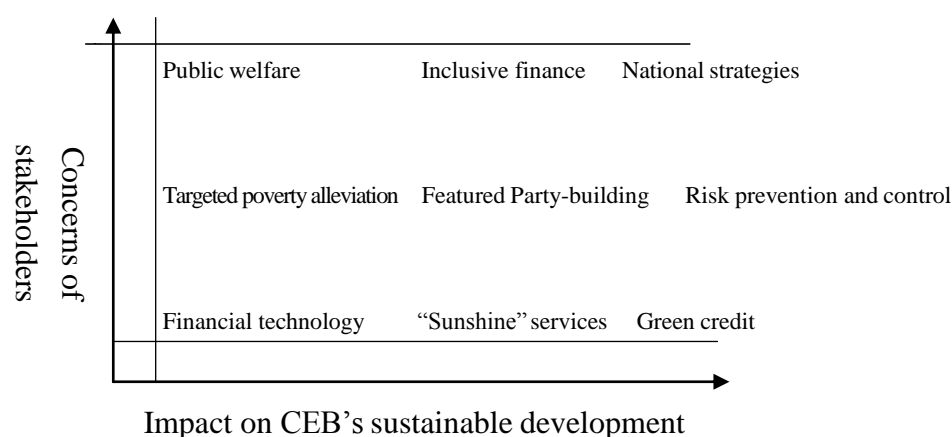
incorporate CSR into all sections of operation and development, and pressed for sustainable and steady development.

In 2017, the Bank set up Inclusive Finance Development Committee and Consumer Rights and Interests Protection Committee and the Leading Group for Sunshine Service Facilitation and refined the targeted poverty alleviation system.

In 2018, the Bank improved its internal CSR management system, improved the Leading Group for Sunshine Service Facilitation in the Head Office and branches and stepped up efforts in targeted poverty alleviation.

In 2019, the Bank shall promote targeted poverty alleviation, further improve the customer service management system and continue to build Everbright Supermarket “Bank-yi”.

In light of the Bank’s development strategies and plans and by bench-marking against practices of leading CSR performers in the industry, the Bank sorted out a list of general topics about CSR performance through analyzing international and domestic mainstream CSR standards, governments’ policy requirements and CSR indicators of the banking sector. The Bank also discussed with the stakeholders to collect their opinions and suggestions on the topics and built a two-dimensional matrix of “concerns of stakeholders” and “impacts on CEB’s sustainable development” before finalizing the core CSR topics for 2018.



## 2. CSR governance

Responsible for daily management of CSR, the Leading Group for Poverty Alleviation and CSR, improved the CSR working mechanism, enhanced the leadership and coordination for poverty alleviation, and kept carrying out CSR related work. The Inclusive Finance Development Committee was established to coordinate and advance the management and development of the Bank’s inclusive finance business. The Leading Group for Sunshine Service Facilitation was

established at the Head Office and branch levels to press for improvement of service and customer experience.

### 3. CSR communication

The Bank attached great importance to internal and external communication on CSR issues, continuously broadened communication channels, increased the frequency of communication, and enriched communication contents so as to keep the stakeholders informed of its CSR practices and results in a timely and all-round manner.

- The *CEB Home* magazine, CEB intranet website, CEB WeChat official account and other channels served as internal platforms for communication on CSR issues;
- The Bank has released annual CSR reports in Chinese for eight consecutive years since 2010 and publicized English version of the report since 2017;
- The Bank participated in regular news releases for the banking sector hosted by the CBIRC;
- The Bank participated in the launch for the *Blue Book of Corporate Social Responsibility (2018)* hosted by the China Social Responsibility 100 Forum;
- The Bank participated in CSR sharing and appraisal activities hosted by mainstream media such as *People.cn*, *Xinhuanet*, *Southern Weekly* and *Jiemian.com*.

Stakeholder	Response to expectations and requirements
Government	The Bank implemented the national macro regulation policy, supported economic restructuring, transformation and upgrading, and served the development of the real economy.
Regulators	The Bank conducted operation in a legal, compliant and prudent manner, maintained sound internal control, upheld moral ethics, and ensured security of financial assets through risk prevention.
Shareholders	The Bank improved the corporate governance structure, timely and accurately disclosed information, and operated business with integrity so as to create long-term values.
Creditors	The Bank realized preservation and appreciation of assets, timely and accurately disclosed information, and improved corporate governance.
Clients	The Bank stepped up technology innovation and offered a wide range of “online + offline” comprehensive financial services that are safe, convenient

Staff	The Bank created a comfortable and harmonious working atmosphere, provided a diversified career development platform with complete occupational training, and continuously improved the staff's sense of
Suppliers and partners	The Bank cooperated with suppliers and partners on fair terms, performed contracts with integrity, achieved mutual benefits, and established long-term
The public	The Bank performed responsibilities and made contributions to the society to build a beautiful community.
Environment	The Bank promoted green finance, practiced green operation and carried out environment-friendly welfare programs.

#### 4. CSR performance capability

Experts and scholars were invited to give lectures on CSR for directors of departments and branches so as to enhance the sense of responsibility and performance capability of the CSR thereby improve the Bank's CSR management.



On July 3, the Bank won the Award for Most Socially Responsible Financial Institution from the China Banking Association.



On December 28, the Bank won the Social Responsibility Charity Award by Xinhuanet.

## Significant Events

1. Mr. Li Xiaopeng was appointed Chairman of CEB, marking the beginning of a new journey toward the goal of “building a first-class wealth management bank”;
2. Mr. Ge Haijiao, member of the CPC Committee of China Everbright Group., also serving as member and Deputy Secretary of the CPC Committee of CEB, was appointed Executive Director and President of CEB;
3. CEB launched a campaign to collect opinions and suggestions to improve the strategy, and developed a new strategy to build a first class wealth management bank;
4. CEB’s operation management and overall strength was well recognized. We were among the top of joint-stock banks in the central bank’s rating of financial institutions; Moody’s lifted our rating outlook from “stable” to “positive”; and we were up 10 places to the 39<sup>th</sup> in the ranking of “Top 1000 World Banks”.
5. In 2018, CEB put special efforts into the work of Party building by conducting a series of themed programs such as “three forces”, “three voices”, “five actions” and “five doubles”, and led the construction of a first-class bank with first-class Party building, which proved very fruitful;
6. According to Chairman Li Xiaopeng’s requirement for “four indiscriminations” and “three advocates”, the Head Office and all branches took active and effective measures to assist in the development of private economy. They also cooperated in and supported the nation’s development strategies and performed their social responsibilities as the “national team” in the financial sector;
7. CEB energetically promoted the transformation of retail business and primarily integrated such aspects as customers, products, marketing, channels and technology. Obvious progress was made in the transformation of wealth management business, outlets and personal loan;
8. CEB returned to its principal business of asset management and created a new-generation of net-value product system to facilitate economic upgrade and development and tried to take the lead in wealth management transformation;
9. CEB set up the Cloud Fee Payment Center at the Head Office, took new steps in reforming the institution and mechanism, and promoted leap-forward development of the industry;
10. A new situation of Sunshine service was formed, with service quality steadily improved and service efficiency resulted thanks to effective management. An integrated service architecture primarily took shape across the Bank.

## 2018 in numbers

Indicator	Unit	2018
Total assets	RMB100 million	43,573.32
Operating income	RMB100 million	1,102.44
Net profit	RMB100 million	337.21
Balance of on-and-off-balance-sheet credit to the central and western regions of China	RMB100 million	7,788.4
Loan balance for urbanization	RMB100 million	1,632.24
Loan balance for private enterprises	RMB100 million	4,056.77
Balance of agro-loans	RMB100 million	3,102.89
Innovative projects incubated from the technology innovation lab	Project	11
Transactions per minute via cloud fee payment	Deal	3,500
Accumulated donations to the targeted poverty alleviation counties of China Everbright Group	RMB10,000	3,839
Total public welfare donations of the Head Office	RMB10,000	1,213
Accumulated volunteer working hours of staff	Hours	3,162
Total income of Sunshine Care Fund of the Head Office	RMB10,000	421.41
Number of trained employees	Person times	453,201
Green credit balance	RMB100 million	784

## **I. Responsibility culture ▪ Staying true to our original aspiration to serve the country**

### **CSR Story: Accompanying 15 years of development and creating new glory in the new era**

“As we press ahead with economic development, we have to continuously improve the environment for private economy, help it solve difficulties and support its reform and development. We should turn pressure into driving force and give full play to the innovations and creativity of private economy.”

- Speech by Xi Jinping at the symposium of private entrepreneurs

CEB and BYD have had a 15-year-long cooperation, during which they stood by each other through weal and woe and jointly wrote a chapter defined by responsibilities, superior services, professionalism and trust. Their cooperation is a vivid practice of financial institutions strongly supporting private enterprises.

#### **Responsibilities**

After BYD, with a total equity of only RMB540 million, purchased Xi'an Qinchuan Automobile Co., Ltd. in 2003, it ran into cash-flow problems, and other banks refused to grant it additional credit facility because they were not optimistic about the acquisition. In this case, CEB Shenzhen Branch provided it with an opportune general credit line of RMB50 million, not only fulfilling its responsibility as an SOE, but also supporting the real economy and giving BYD a strong impetus. This marked their primary cooperation.

#### **Superior services**

From 2003, tellers and customer managers at Bagualing Sub-branch of CEB Shenzhen Branch began to provide door-to-door services for three BYD plants in Pingshan, Kuichong and Huizhou, where they offered package financial services for BYD employees. This practice had been carried on for 15 years regardless of scorching summer or freezing winter, typhoon or rainstorm, and won unanimous applause across BYD. Most employees at the three plants applied for CEB cards, which were the best evidence to the diligence and sincerity of CEB employees at the sub-branch.

*Due to typhoon Ewiniar, Shenzhen was hit by severe rainstorm on June 6 and 7, 2018, when the city roads were seriously waterlogged and many companies stopped working. We suggested the staff at the sub-branch not going to the plants, but the customer manager and the teller still came on time despite the wind and rain and started working immediately. Looking at their wet hair and uniform, our employees were deeply moved.*

- Wang Jing, Capital Director of BYD



## **Professionalism**

In 2007, BYD dealers were distributed all over China thanks to the automaker's long years of efforts, but financing for those dealers began to become a bottleneck that curbed BYD's network expansion. As one of its most important financial partners, CEB designed a customized business plan for BYD under "automobile full link" product, which resolved the pressing difficulty of the company and its dealers, and gave a strong boost to BYD's dealership expansion.

In 2010, to enhance customer experience, CEB designed the "one-on-many" service model in specific consideration for BYD's features and demands. It designated one outlet to provide financial services for all BYD dealers nationwide, thus lowering the communication cost and raising the working efficiency. It also launched the online financing module that enabled customers to issue the bills by performing all procedures online without leaving the office, thus gaining their trust.

## **Trust**

"Cloud track" was an important business for BYD, but it's hard to promote it as a new traffic vehicle at present, and the pilot track of the Shantou cloud track project encountered capital shortage. Based on the trust built over long years of cooperation, CEB approved up to RMB1.2 billion of credit to BYD through structured financing product, creating a precedent in the industry.

The CEB-BYD cooperation evolved from the initial RMB50 million credit line to the current RMB15 billion, from working capital loans to a package of financial services, from business for BYD Head Office to comprehensive cooperation covering BYD's upstream-downstream industrial chain, and from corporate business to both corporate and retail business now. The two sides achieved mutual benefits and win-win cooperation through mutual trust and candid collaboration.

As President Xi Jinping said at the symposium of private entrepreneurs on November 1, "Private economy is the inherent element of our economic system. Private enterprises and private entrepreneurs are our own people."- CEB illustrated this statement with concrete actions. It went through wind and weather with private enterprises, always kept their needs in mind and committed to a shared future.

2018 was the first year of comprehensively implementing the spirit of the 19<sup>th</sup> CPC National Congress. In face of the complicated and severe external environment and the stable yet changing economic situation, CEB held to the bottom-line thinking and pursued progress amid stability. It reinforced its main business, supported national strategies, fulfilled its mission and made progress on inclusive finance.

## **i. Focusing on main business to support national strategies**

### **1. Commitment to three national strategies**

By leveraging financial resources, perfecting the distribution of credit facilities and creating new financial products and services, CEB actively supported the Belt and

Road Initiative, Beijing-Tianjin-Hebei integrated development and the Yangtze River Economic Belt. As of the end of 2018, CEB granted loans for over 200 projects under those strategies for the year and over 600 projects accumulatively; and granted nearly RMB41 billion loans in 2018 and nearly RMB190 billion accumulatively.

### **(1) Belt and Road construction**

CEB actively supported infrastructure construction along the Belt and Road, including important ports, traffic hubs and logistics bases. The Bank created new financial products, such as debt financing instruments and overseas bond, to support the construction of Belt and Road projects and development of mass entrepreneurship and innovation.

#### **Case: Supporting Belt and Road construction with cross-border financial services**

Located on the China-Pakistan Economic Corridor, the Sahiwal power plant is an important project along the Belt and Road. Being a green and environmentally friendly coal power station, it will produce more than 9,000GWh electricity annually that's expected to meet the power demand of the 10-million local population. But the project had limited operating capital due to the large investment in the construction period.

In view of the characteristics of power plant's capital demand, CEB Qingdao Branch studied the foreign exchange regulations, supported the true and rules-based overseas trade and investment by "Going Global" enterprises, and designed an overall plan for cross-border financing service. In March, it successfully issued a Letter of Guarantee of USD66 million, which solved the customer's financing difficulty, helped the power plant to start business operation, and consequently laid the energy foundation for local economic development.



**Sahiwal power plant**

### **(2) Beijing-Tianjin-Hebei integrated development**

CEB established a coordination mechanism between Head Office, Beijing Branch,

Tianjin Branch and Shijiazhuang Branch to hold regular meetings on promoting projects of Beijing-Tianjin-Hebei integrated development and straighten out the mechanisms of cross-regional financial services. It perfected the organizational setup and formed tier-2 branches in Binhai New Area, Langfang and Zhangjiakou to cement service foundation and raise service efficiency. It also stepped up support for the Xiongan New Area and obtained the approval from Hebei Office of China Banking and Insurance Regulatory Commission (CBIRC) for preparing the Xiongan Branch.

**Case: Being a pioneer in building Xiongan New Area**

CEB actively participated in the construction of Xiongan New Area and assisted China Everbright Group's Preparatory Office of Xiongan New Area in completing the *Work Plan of China Everbright Group for Serving the Xiongan New Area*. It regularly summarized the work progress on serving the Xiongan New Area, coordinated to solve problems in promoting branch business, and consistently advanced business in Beijing, Tianjin, Hebei and Xiongan New Area.

**(3) Yangtze Economic Belt**

CEB put all projects under holistic management concerning the Yangtze Economic Belt, including infrastructure, innovative industries and strategic emerging industries. It held regular meetings on key projects to solve problems during project execution and expedite their progress.

**Case: Issuing bonds for railway construction**

In October, CEB Hefei Branch issued the first phase of RMB1 billion (total registration of RMB2 billion) of 18 Anhui Railway Fund MTN001 as an independent lead underwriter, the first of its kind issued by similar enterprises in China. The fund created a new channel of railway financing, ensured capital for railway construction, and facilitated the integration and connectivity of the Yangtze River Delta. It contributed to the implementation of major national projects under the "eight horizontal, eight vertical" high-speed railway network, including the Shangqiu-Hefei-Hangzhou line, Hefei-Anqing-Jiujiang line and Zhengzhou-Fuyang line.



**Hefei Branch supported the construction of Lujiang-Tongling railway.**

## 2. Building a new type of urbanization

In response to the national strategy of new-type urbanization, CEB carried out all-round process management of relevant business, with special support to the construction of characteristic towns, shanty-town renovation, construction of settlement buildings, comprehensive land renovation and urban infrastructure construction. It worked out corresponding credit policies and business management methods to raise the approving efficiency. As at the end of 2018, CEB's urbanization loan balance stood at RMB163,224 million, an increase of RMB34,847 million from the beginning of the year.

CEB provided superior overall financial services for characteristic towns, integrated investment banking and commercial banking business, and developed innovative financing solutions with coordinated actions and comprehensive services. As at the end of 2018, CEB had approved 17 characteristic town projects with total credit line of RMB8,496 million, of which RMB5,490 million had already been placed in 14 such projects.

### **Case: Building characteristic town with “Sunshine” services**

Yangshan town was one of the second batch of characteristic towns in China positioned as a destination of cultural tourism. It needed a total investment of RMB1,435 million, including about RMB435 million self-raised capital and RMB1 billion bank loan. CEB Wuxi Branch quickly worked out a credit plan suitable for the construction of characteristic towns, and became the cooperative bank for the Peach characteristic town project in Yangshan and facilitated the project in terms of duration, interest rate and mode of capital use. As at the end of 2018, RMB500 million had been granted, which gave a positive push to accelerating the project construction, upscaling the tourism industry and fostering a tourism brand for south Suzhou.



**Street view of Yangshan town**

## 3. Promoting regional coordination

CEB implemented the policies on coordinated regional development and took an active part in regional development strategies such as the Revitalization of the Northeast, Rise of the Central Region, and Grand Western Development Drive. It set

up more financial institutions in those regions, enhanced their service ability and strengthened regional financial capacity. As at the end of 2018, the balance of on-and-off-balance sheet credit to the central and western regions stood at RMB778.84 billion.

#### **Case: Assisting in the development of Gansu Province**

In 2018, Gansu Province accelerated the development of cultural tourism as a priority industry and made special efforts to foster the brand of “Silk Road in Symphony, Gansu in harmony”. CEB Lanzhou Branch, based on its advantages in the linkage between China Everbright Group affiliated enterprises, worked out supportive financial policies for infrastructure connectivity, enhancing the city’s bearing capacity and perfecting its spatial layout. By comprehensively strengthening the cooperation with Gansu Provincial Highway, Aviation, Tourism Investment Group Co., Ltd. and Gansu Civil Aviation Airport Group Co., Ltd., the branch strongly sponsored the construction of tourism and traffic infrastructure. As at the end of 2018, more than RMB5 billion was loaned to urban infrastructure.

### **ii. Developing inclusive finance to benefit all**

#### **1. Serving private enterprises**

CEB actively implemented the decisions and deployments made by the CPC Central Committee and the State Council on supporting the development of private economy. It put forth the “four indiscriminations” and “three advocates”, and guided financial resources to flow to private economy based on its characteristic business and full-licensed advantage, with a view to enhancing the healthy and stable development of private enterprises.

CEB increased credit input, deepened product innovation and broadened financing channels. It advanced “capability improvement” in five aspects and reinforced “implementation” in six aspects, carried out targeted treatment, and intensified services for small and micro finance and inclusive finance, in a bid to make financing less difficult and less expensive for private enterprises.

**“Four indiscriminations”:** indiscrimination in credit policy; indiscrimination in service efficiency; indiscrimination in incentive and restraint; indiscrimination in product innovation.

**“Three advocates”:** advocate door-to-door service proactively, advocate offering solutions proactively, and advocate responding to hot topics proactively.

**“Capability improvement” in five aspects:** improve the capability of comprehensive service, precise calculations, risk management, resource assurance and assessment management.

**“Implementation” in six aspects:** implement establishment of specialized units, implement promotion of credit factory, implement innovation on products and

services, implement reduction and exemption of fees for enterprises, implement allocation and assurance of resources, and implement internal assessment and incentive.

As of the end of 2018, CEB's loan balance to private enterprises stood at RMB405,677 million, an increase of RMB64,657 million from the beginning of the year, which accounted for 43.41% of CEB's loan increment, and its 18.96% growth rate was higher than the Bank's average. Meanwhile, the number of small and micro enterprises that were granted loans was 17.06% more than the beginning of the year, taking up 62.30% of corporate customers. From January to December, new on-and-off-balance sheet credit to private enterprises stood at RMB930.8 billion across the Bank, taking up 47.10% of CEB's total on-and-off-balance sheet credit increment.



October 25, Li Xiaopeng, Secretary of the Party Committee and Chairman of CEB, presided over the symposium on supporting the development of private economy.



November 23, CEB Beijing Branch held the forum of "Serving Private Enterprises, Promoting Private Economy" in Beijing, at which it launched the "E Online Loan" program targeting private enterprises engaged in the service industry.



### **Case: Offering timely assistance through “Sunshine” services**

To transform its production pattern, Guizhou Guangxiu Eco-food Co., Ltd. spent a huge amount of money on purchasing assembly lines, introducing foreign management standards and opening online sales channels in a short period of time. As a result, the company had a capital shortage, and its operation was in difficulty.

After receiving the loan application, CEB Guizhou Branch carefully investigated the company’s production, operation and sales situation, collected materials and conducted credit investigations. Only half a month later, CEB Guizhou Branch granted RMB13 million loans to the company, which filled its shortage of working capital and laid the foundation for its long-term development. Today Guizhou Guangxiu Eco-food is the only company in southwest China engaged in the full chain of chestnut deep processing.



**Daily production at Guizhou Guangxiu Eco-food**

*“I’m grateful for CEB for its timely help when we were in the most difficult time. It gave us the ray of hope in a desperate situation and helped us move toward a new stage of operation and management.”*

*- Zeng Guangxiu, General Manager*

### **Case: Solving problems of bond financing with risk mitigation warrant**

Wego Holding Company Limited is a high-tech enterprise specializing in medical equipment and medicine. As its scale expanding in recent years, Wego had more professional financing needs and turned to direct financing represented by bond, but private enterprises encountered hard and expensive financing situation in the bond market.



### **Wego Group**

In November, CEB took the initiative action in joint-stock banks to create the risk mitigation warrant independently, which helped private enterprises in bond financing. On December 5, “18 CEB CRMW003”, the first credit risk mitigation warrant in Weihai District, and the “18 Wego SCP004” with CEB being the exclusive lead underwriter were successfully issued. RMB250 million warrants and RMB500 million bonds were issued, with 50% warrant coverage rate and 5.98% coupon rate, saving RMB2.63 million of financial cost for the company.

*“With CEB’s help and company, we have more confidence to take Wego to a new height and to contribute more to the country and the people.”*

*- Chen Xueli, Chairman of the Board of Directors,  
Wego International Medical Supplies*

## **2. Supporting small and micro enterprises**

### **(1) Creative new service models**

CEB set up the Inclusive Finance Department, guided 39 branches to set up the Inclusive Finance Management Committee and Inclusive Finance Department, and increased the EVA coefficient of inclusive finance by 1.2 times and its proportion in assessment. It implemented the “credit factory” approval model, straightened out the business procedures related to small and micro enterprises and made such business more efficient.

Leveraging the existing outlets and professional teams, CEB set sub-branches specifically handling inclusive finance business, focused on loans less than RMB10 million for small, micro and private enterprises. On the principle of “overall planning at Head Office, promotion of qualified projects at branches”, CEB promoted the management model featuring “professional business, dedicated personnel, and earmarked resources”.



**Case: Ganjianglu Sub-branch of CEB Suzhou Branch officially designated as “Specialized Sub-branch of Inclusive Finance”**

On November 14, the Ganjianglu Sub-branch of CEB Suzhou Branch, which was CEB’s first outlet specializing in inclusive finance, was officially inaugurated. Also inaugurated as such were nine other outlets, namely the Xizhimen Sub-branch in Beijing, Dadaozhong Sub-branch in Guangzhou, Dongguan Houjie Sub-branch in Guangzhou, Business Department of Hefei Branch, Nanmen Sub-branch in Fuzhou, Dongxihu Sub-branch in Wuhan, Jiangbei Sub-branch in Chongqing, Dalian Economic and Technological Development Zone Sub-branch, and Business Department of Jinan Branch.



**Inauguration ceremony of “Specialized Sub-branch of Inclusive Finance” at Ganjianglu Sub-branch of CEB Suzhou Branch**



**Inauguration of “Specialized Sub-branch of Inclusive Finance” at the Business Department of Jinan Branch**

As of the end of 2018, the balance of national standard small and micro loans stood at RMB452,133 million across the Bank, an increase of RMB51,855 million or 12.95% from the beginning of the year. As at the end of the report period, the Bank fulfilled all the regulatory indicators of “Two Increases, Two Controls”. The balance of small and micro enterprises loans, with credit line per company not more than RMB10 million, stood at RMB128,176 million, a 30.74% year-on-year growth, and the number of small and micro enterprises with loan balance was 308,900, an increase of 51,600 from the end of last year.

Indicators	Unit	2018	2017	2016
Balance of small and micro enterprise loans	RMB100 million	4,521.33	4,002.78	3,409.70
Proportion of small and micro enterprise loans to total loans <sup>1</sup>	%	19.27	20.23	19.45
Number of customers of small and micro enterprise loan	Enterprise	313,281	261,144	249,894

## (2) Developing small and micro products

CEB developed a string of “Easy Loan” products, including “Easy Cheque”, “Easy Commercial Bill”, “Easy Mortgage”, “Easy Tax Loan”, “Easy Government Procurement” and “Easy Online Loans” to meet small and micro enterprises’ financing demands in production and operation, energy-saving service and government procurement. With internet thinking, it created the “Sunshine e-Microloan” online inclusive finance product to provide low-cost financing services for high-quality small and micro enterprises with less collateral due to information asymmetry.

### Case: Helping small and micro enterprises with IPR pledge

In cooperation with the relevant local government departments and insurance companies, CEB Wuhan Branch launched the “IPR pledged loan” product to provide credit facilities for IPR exemplary enterprises and high-tech companies.

Wuhan Shengyu Drainage System Co., Ltd was a high-tech enterprise committed to water pollution treatment and ecological restoration. With more than 800 patent technologies, it was an industrial leader in the treatment of black and odorous water bodies. However, the company had difficulty in getting more loans due to the lack of additional collateral, which impeded its further expansion. Having heard about CEB’s

<sup>1</sup> “Proportion of small and micro enterprise loans to total loans” adopts data under the regulatory criteria of CBIRC.

“IPR pledged loan” product, the company pledged its two patents to CEB Wuhan Branch in exchange for RMB3 million loans, well solving its shortage of working capital.



**Products of Shengyu Drainage System Co., Ltd**

### **(3) Developing chained finance**

Based on core enterprises, CEB provided upstream and downstream enterprises with full-chain capital services, including cash management, payment and settlement, trade finance and factoring, through supply chain finance business, so as to, mitigate those enterprises' liquidity tension caused by receivables and prepayments and meet their demands for capital management.

#### **Case: “Fueling” farmers through supply chain finance**

Fujian Aonong Bio-tech Group Co., Ltd. mainly dealt with feed productions animal health products, pig breeding, trade of raw material and agricultural networks. With its businesses distributed all over China, the company grown into one of the major pig feedstuff producers in the country. CEB Xiamen Branch carried out strategic cooperation with Aonong, set up the supply chain “platform finance” and created the “CEB Aonong Loan” model. It visited Aonong's downstream customers located in more than 10 provinces, including Henan, Hebei and Jiangsu, and granted RMB99.26 million loans within two months, benefiting tens of small and micro pig breeding enterprises.



**CEB Xiamen Branch supported Aonong Group through supply chain finance.**

#### **(4) Opening green channel**

Aiming at “agility”, CEB streamlined business procedures and adopted measures concerning institution and mechanism to lower the financial cost of small and micro enterprises. It concentrated on professionalization and convenience for credit review and approval by setting up the small and micro credit management center and opening a green channel to small and micro enterprises.

#### **Case: Serving small and micro enterprises at “light” speed**

Xiaxing Electronics Technology Co., Ltd is a new high-tech small and micro enterprise specializing in electronic circuits design for controllers in smart appliances. The company encountered great financing difficulties due to its plants at the approval stage and its equipments on financial lease. In light of its capital demands, operating status and competitiveness, CEB Hangzhou Branch customized a credit plan and granted it RMB7.5 million loans by working on the spot. Such high efficiency was highly praised by the company.



**Employees from CEB Hangzhou Branch brought credit support to Xiaxing Electronics.**

*“Time and efficiency are the most important things for many Small and micro enterprises like us. CEB provides convenient and efficient loan services. We are very grateful.”*

*- Wang Weiqing, General Manager of Xiaxing Electronics*

**Case: Solving problems for small and micro enterprises more quickly through green channel**

The Hengfeng Grain & Oil Co., Ltd. in Xintian county had a 1,000-mu organic rice demonstration base in Jicun town and mobilized the local farmers to grow rice by placing orders with them. As October was the time for grain purchase, the company was in urgent need of money to pay the farmers, but it was unable to secure bank loans because its plants, which had not fulfilled the formalities of property right registration yet, could not be used as collaterals. CEB Changsha Branch formed an emergency response team and opened a green channel as soon as it learned about Hengfeng’s financing demands. The employees from the branch provided on-site work to assist the company in completing the registration procedures and timely granted RMB3.4 million loans that solved their emergency.





**Chairman Li Xiaopeng asked Deng Xiaojun about financing difficulties.**

*“CEB is really great. It helped us solve the problem within a week that we didn’t manage to solve for over half a year.”*

*Deng Xiaojun, General Manager of Hengfeng Grain & Oil Co., Ltd.*

### **3. Supporting agricultural development**

#### **(1) Increasing agricultural credits**

CEB attached great importance to serving agro-enterprises and took technical approaches to build a sustainable, wide-covered, and multi-level rural financial system to provide agriculture-supporting financial services. CEB proactively adjusted the credit structure, consistently supported agro-projects and increased the grant of agro-loans, ensuring financial services for agricultural development with multiple product combinations. As of the end of 2018, the balance of agro-loans was RMB310,289 million across the Bank, an increase of RMB17,107 million from the beginning of the year.

#### **Case: Fostering “Green Food” by increasing agro-loans**

In July, CEB Kunming Branch and Yunnan State Farms Group Co., Ltd. signed the Strategic Cooperation Agreement, under which the former increased the credit line to help the latter create a trading center of plateau agricultural products, including rubber, tea, coffee, fruits, vegetables and wild fungus. The speedy and convenient operation based on integrated online and offline channels made substantial contributions to establishing a “green food” brand of Yunnan. As of the end of 2018, CEB had granted RMB400 million credit line for the company.



**The Rubber plantation of Yunnan State Farms Group**

CEB actively implemented industrial policies concerning agriculture, rural areas and farmers. The Bank stepped up the support for agro-projects, and perfected a string of agro-business models such as the “Sunshine Easy Loan”, “Agricultural Guarantee” and “Sunshine E-Grain-Loan”, which made great contributions to the development of agriculture, rural areas and farmers in China.

**Case: Assisting agro-enterprises with “Sunshine E-Grain-Loan”**

As the only credit cooperation bank of National Grain Trade & Coordination Center (the Center) under the State Administration of Grain, CEB assisted in reducing excess inventory of 126 million ton policy grain in 2018, generating the transaction volume of RMB474.7 billion. It also provided settlement and credit services for the 28,000 agro-enterprises on that platform in the process. In view of the short-term financing demand of small and micro enterprises in order to purchase reserve grain, CEB kept improving the “Sunshine E-Grain-Loan” product and provided loan services that were “free of mortgage, free of guarantee and fully online” for the Center’s small and micro members. As of the end of 2018, the deposit balance of state grain projects stood at RMB9,233 million, and CEB accumulatively granted 3,412 loans totaling RMB10,352 million.

**Case: Supporting the development of Great Northern Wilderness through “Sunshine” services**

CEB Heilongjiang Branch focused on issues of agriculture, rural area and farmers in the new era and gave special support to big agriculture and big agricultural reclamation. Considering the large areas of agricultural reclamation, the large pieces of per capita land and the large capital demand in the local area, the branch creatively rolled out the new model of “bank + insurance + rural households”, whereby it granted loans to support rural households’ grain planting through banking-insurance projects. As of the end of 2018, CEB Heilongjiang Branch had provided RMB47,905,000 loans for 329 rural households, making them truly benefit from inclusive finance.

## (2) Building village banks

Observing its position to “serve agriculture, rural areas and farmers and serve county economy”, CEB used financial leverage to drive agro-development. The Bank set up a new type of rural financial institutions with a certain scale, superior asset quality, good economic benefit and fine social image, and cleared the last mile of rural finance.

### **Case: Shaoshan Everbright Village Bank: a bank for Shaoshan people**

Aimed to “serve agriculture, rural areas and farmers and serve Shaoshan”, Shaoshan Everbright Village Bank granted loans for farmers to help them start business and get rich. According to the financial needs of rural households, it developed a series of micro loan products such as “agro-joint guarantee” and “agro-practical guarantee” to effectively solve the problem that rural households had no guarantee or mortgage, filling the “blank” of rural finance. Its customer managers travelled from village to village and visited potential customers for 150,000 person-times. As a result, they developed about 20 corporate loanees including leading companies in agricultural industrialization, more than 300 personal loanees and more than 14,000 personal depositors.



**“Sunshine” services at**

**Shaoshan Everbright Village Bank**



**Staff at**

**Shaoshan Everbright Village Bank**



### **iii. Forging ahead to further explore international market**

#### **1. Advancing the establishment of overseas institutions**

CEB advanced the deployments of overseas institutions in a proper way and issued the *Notice on Clarifying the Compliance and Risk Reporting Mechanism of Overseas Institutions* to strengthen their compliance operation and management. The establishment of overseas service platforms comprehensively enhanced CEB's competitiveness.

CEB created the "turn-key" model in building overseas institutions. The Head Office took the lead in conducting necessary applications and preparations, coordinated H.O. departments and the preparatory team, directly communicated with domestic and overseas regulators, and advanced the establishment of overseas institutions in the whole process with all respects. CEB's application to set up the Sydney branch was approved by CBIRC on October 26 and by Australian Prudential Regulation Authority on December 20.

#### **2. Enhancing service capability**

CEB continuously improved the localized service capability of its overseas institutions, provided a series of superior services including syndicated loan, project financing, trade finance and international settlement, and steadily carried out emerging business such as cross-border RMB business, fund and trust. CEB Hong Kong Branch was selected a member of the Asia Bond Syndicate Forum for the first time, CEB Seoul Branch was granted the OTC license, and CEB Luxembourg Branch's application for waiver for large risk exposure limit was approved. They were able to provide more comprehensive and integrated financial services for enterprises.



**CEB (Europe) S.A. & Luxembourg Branch**

### **Case: CEB Hong Kong Branch included in Asia Bond Syndicate Forum**

In November, CEB Hong Kong Branch was selected a member of the Asia Bond Syndicate Forum of International Capital Market Association for the first time for its good reputation and remarkable bond underwriting capability. The committee members included 27 investment banks, and CEB Hong Kong Branch was the only Chinese joint-stock commercial bank.

### **Case: CEB Seoul Branch granted OTC license**

On June 27, the Financial Supervisory Service (FSS) of South Korea officially approved CEB Seoul Branch's application for OTC license. The branch could gradually carry out derivative investment and trade business focused on basic products such as foreign exchange forwards and swaps, currency swaps and interest rate swaps, as well as traditional banking services. It would strive to provide superior and comprehensive financial services for both Chinese and South Korean customers. Besides, taking advantage of the diversity and flexibility of currency and interest rate derivatives, CEB Seoul Branch would further intensify liquidity management to ensure compliance operation and sound development.



**CEB Seoul Branch**

## II. Pro-business culture ▪ Fostering value with our mission in mind

### CSR Story: “Bank-yi”

“Bank-yi” sounds like “banking”, means a supermarket-like business mode that provides customers with easy access to banking services.

Under the guiding principle of “coordinated development of industrial and financial segmentssectors”, China Everbright Bank madekes full use of the “Everbright” brand to promote integrated and coordinated development of different segments sectors and entities within the China Everbright Group. The Bank worked hard to build an “Everbright Supermarket”, a program piloted at Financial Street Fengsheng Sub-branch of Beijing Branch, in an effort to explore an innovative marketing mode that exhibitsing and selling the Group’s banking and non-banking products together at banking outlets. On June 19, 2018, the pilot program on of “Bank-yi” Everbright Supermarket called “Bank-yi” officially started construction. After 114 days of research and design and 34 days of efficient construction, “Bank-yi” Everbright Supermarket was formally completed on November 15.

Under the Group’s vision of “Everbright Forever” and E-SBU synergies strategy, China Everbright Bank endeavored to build a comprehensive ecosphere of outlet services to realize shared resources, win-win benefits, shared risks, exchange of reward points, mutual recognition of customers and connectivity of products. By building an “Everbright Supermarket”, China Everbright Bank aimed to improve its five capabilities of customer sharing, scenario integration, service innovation, data driving and resource integration within the Group, and to continuously improve the customer experience and comprehensive service ability.

“Bank-yi” upholds the philosophy of “agility, technology and eco-sphere” and integrates the four themes of “Easy Wealth”, “Global Companion”, “Customer Life” and “E-shopping”, which covers China Everbright Group’s major business fields in financial and industrial sectors. It showcases China Everbright Group’s achievements in the six strategic business units namely wealth management, asset management, investment banking, comprehensive environmental protection, integrated tourism and inclusive healthcare, to foster a E-SBU enterprise ecosphere.

“Easy Wealth” involves three E-SBUs: “Wealth Management”, “Asset Management” and “Investment Banking”. It showcases the superior products of the Group’s banking, securities, insurance, financial holding and trust subsidiaries, providing customers with one-stop diverse financial services to meet their financial needs in different markets and different regions.

“Global Companion” involves three E-SBUs: “Integrated Tourism”, “Comprehensive Environmental Protection” and “Inclusive Healthcare”. It showcases China CYTS Tours Holding’s premier tour routes, Everbright International’s waste-to-energy incinerator projects. It builds a viable ecosphere and advocates green life, manifesting a good image of caring for the natural environment and fulfilling social responsibility.

“Customer Life” introduces fashion elements such as Book Bar, Overseas Finance and Sunshine E-coffee to provide customers with convenient and diverse value-added services. In addition, the embedded smart speakers also provide customers with cutting-edge FinTech services, enabling customers to fully enjoy the comfort brought by the Group’s “agility, technology and eco-sphere” transformation in this zone.

“E-shopping” is guided by “exchange of reward points, mutual recognition of customers and connectivity of products”. Based on redemption of credit card reward points, the Bank created partial product connectivity with China CYTS Tours Holding, representing the first step toward integration of reward points and products. In addition, the “Go Brilliant” high-quality commodities under the poverty relief program distributed in the region greatly enriched the offline commodity display, enabling customers to fulfill their social responsibility together with China Everbright Bank while enjoying quality upgrading.

In 2018, guided by Party building and powered by management and technology, China Everbright Bank worked hard to tap deep into its internal potential, integrated external resources, made every effort for “agility, technology, eco-sphere” strategic transformation and worked relentlessly to realize the “Everbright Dream” of developing into a first-class wealth management bank.

#### **i. Fostering centripetal force through Party-building**

The Bank implemented the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, conveyed and studied the important decisions and documented guiding principles of the CPC Central Committee and the State Council without any reservation. Based on its practices, the Bank upheld the “Four Consciousnesses” (maintain political integrity, think in big-picture terms, uphold the leadership core, and keep in alignment), shore up the “Four Confidences” (full confidence in the socialist path, theories, system, and culture with Chinese characteristics), upheld the authority of the Party Central Committee with Comrade Xi Jinping at its core and its centralized, unified leadership and gave full play to the Party’s role of core leadership.

#### **1. Strengthening Party political building**

The Bank resolutely implemented the CPC Central Committee’s major policies, decisions and plans regarding Party building in financial enterprises, and sought to make it regular practice and an institutionalized requirement for all Party members to gain a good understanding of the Party Constitution, Party regulations, and related major policy addresses and to meet Party standards. Pursuant to the Group’s requirements, the Bank formulated relevant work plans to implement the *Opinions on Strengthening the Group’s Party Building Work System*, the *Opinions on Further Strengthening the Party Building in Promoting the Reform and Development of the Group* and the *100-point Guidance on Fully Implementing the Five Double Requirements for Strengthening the Party Building Work of Primary-level Party Committees*.

The Bank adhered to democratic centralism, resolutely implemented the decision-making system for the “Three Importances and One Greatness”, reviewed the *Measures for Implementing the Decision-making System for “Three Importances and One Greatness” of China Everbright Bank*, *Rules for the Work of the China Everbright Bank Committee of the Communist Party of China* and *Rules for the Work of the President’s Executive Meeting of China Everbright Bank* to ensure scientific, democratic and standardized decision-making. As of the end of 2018, the Bank held 26 Party committee’s meetings, at which 111 agenda items were considered and 36 major decisions were made.

## **2. Strengthening ideological construction**

### **(1) Standardizing the central group study of the Party Committee**

The Bank formulated and issued the *Implementing Rules for the Central Group Study for Theoretical Study of the Party Committee of China Everbright Bank* to institutionalize and standardize the central group study for the Party Committee’s theoretical study. The Bank kept exploring innovative study methods, organized eight group study sessions and defined study priorities and themes. Members of the Party Committee made important remarks based on the work and study practices and conducted in-depth group discussions and exchanges. The effectiveness of study was increasingly boosted.

### **(2) Regular study events**

The Bank carried out educational events such as 30 lectures on Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the 100-question test on the 19<sup>th</sup> CPC National Congress. Branches carried out regular ideological education in a variety of forms, including Party classes, special lectures, knowledge competitions, keynote speeches and rotation training of Party members.



**On June 25, Party Secretary and Chairman Li Xiaopeng gave a Party class to Party members in Beijing and reviewed the Party Oath.**



**Party Secretary of CEB Guangzhou Branch gave a Party class to Party members.**



**All Party members in CEB Zhengzhou Branch attending the Party Class**

The Bank held a series of events in celebration of the 97<sup>th</sup> anniversary of the founding of the Communist Party of China and the 40<sup>th</sup> anniversary of the Reform and Opening-up, organized bank-wide thematic Party Day events and film watching and visited and offered assistance to Party members in difficulties. The Bank provided case-study-based education and organized employee visits to anti-corruption education bases. It organized the excellence competition and collected outstanding cases of primary-level Party building, calling on all Party organizations of the Bank to learn from best-performing organizations and Party members and draw upon good Party building practices.





**CEB Kunming Branch organized Party members to Watch *Example 3*.**

### **Case: Organizing Party affairs training to enhance the Party building ability**

The Bank provided professional training for Party and Youth League cadres bank-wide to enhance their capabilities of Party building. Party organizations at all levels provided training to Party members through transfer training, Party school refresher courses, special training, and online learning, etc. 16,935 persons have been trained via the online Party school, and 21,614 person-times have received offline training from the Bank's Party organizations at various levels.



**The training of Party cadres**

## **3. Strengthening the building of Party organizations**

### **(1) Improving the network of primary-level Party organizations**

Efforts were made to build outlets and Party organizations simultaneously to ensure that each operating entity has at least one Party member on its leadership, so as to keep subordinate institutions guided by its Party organization and Party work and

enhance the “energy to fight, ability to influence and power to unite” in the Party building work.

The Bank had a total of 15,697 Party members, 134 Party committees at all levels, 14 Party general branches and 1,872 Party branches. The Bank held 43,880 activities of primary-level Party organizations, including 8,059 Party class sessions, 10,742 Party members’ meetings, 10,031 Party branch committee’s meetings (Party group meetings), 10,741 educational and training sessions, and 470 charity activities. A total of 484 Party members were recruited, a completion rate of 97.2% of the plan target.

## **(2) Strictly managing the regular activity of primary-level Party organizations**

The Bank duly implemented the “Three Meetings, One Class” system to ensure well-organized democratic and organizational meetings bank-wide. All Party branches actively introduced innovative forms of organizational life, made the organizational life up-to-date and enabled in-depth integration of the Party building work and day-to-day activity of the Bank.

In 2018, each Party branch held an average of two organizational meetings, 5.4 branch committee’s meetings (Party group meetings) and 4.3 Party classes.



**Democratic Party meetings**

## **(3) Strengthening guidance on the primary-level Party building**

In accordance with the requirements of the *Regulations on the Work of Branches of the Communist Party of China (Provisional)* and the Group’s *50-point Guidance on Fully Implementing “Five Double” Requirements and Promoting the Standardized Building of Party Branches*, the Bank standardized the basic work of primary-level Party branches to achieve complete organizational structure, adequate staffing, regular activities and effective work. Party building liaisons were appointed to a few operating entities that had no separate Party organizations due to objective restrictions. In the year, a total of 49 Party building liaisons were appointed to facilitate the



primary-level Party building work.

Primary-level Party organizations and Party members have played a key and model role in various posts. One entity and one individual won the National Excellence Award in the ideological and political work in the financial sector, and two individuals won the National Award for Outstanding Corporate Culture Research Achievement in the ideological and political work in the financial sector. Four works were included in the top 100 micro-video clips for innovative Party building in the new era in the national financial sector.

#### **4. Improving the Party conduct**

The Bank strengthened the Party organizations' awareness of "Two Responsibilities" for improving Party conduct and upholding integrity, reviewed and refined the contents of the letter of responsibility for improving Party conduct and upholding integrity, and further clarified the political responsibilities, individual responsibilities, supervisory responsibilities and anti-corruption responsibilities that Party committees, discipline inspection committees and their members must bear. The contents were clearer and the requirements were stricter. In 2018, the Bank signed a total of 6,592 letters of responsibility, including 284 at the Head Office and 6,308 at branches.

In 2018, the Bank followed the implementing rules for the CPC Central Committee's eight-point decision on improving Party conduct and conducted self-examination and correction of "Four Misconducts" on an ongoing basis, with 46 items examined and 51 problems identified.

#### **ii. Enhancing cohesion through refined management**

"We should continue with the prudent operation and firmly forestall regional and systemic risks. We should persist in comprehensive management that runs throughout all processes and involves all personnel, so as to prevent not only invisible "black swans" but also visible "grey rhinoceros".

*-Remarks by Chairman Li Xiaopeng at the 2018 Work Conference*

#### **1. Ensuring compliance, improving internal control**

The Bank upheld the principle of "strict prevention, stringent real-time control and severe punishment". It achieved the compliance objective of "zero material or serious case, zero large fine and zero large compensation" by strengthening supervision and inspection, deepening controls and improving the organizational structure.

The Bank conducted unannounced inspections characterized by "quick investigation, quick punishment and targeted hit", improved the routine unannounced inspection mechanism and basically formed an unannounced inspection system allowing joint prevention and control among "points, lines, planes and blocks". It gave full play to its advantage in quick investigation and quick punishment to boost the deterrent effect

of unannounced inspections. As of the end of 2018, the Bank's legal and compliance functional Dept. conducted a total of 1,497 unannounced inspections on tier-one and tier-two branches and their sub-branches and community banking offices.

Taking the opportunity of setting up legal and compliance departments at tier-two branches, the Bank enhanced primary outlets' effectiveness and capability of internal control management, improved the legal and compliance management evaluation system and realized the inventory-based management of the legal and compliance management of branches. A total of 91 tier-two branches had independent legal and compliance departments.

In accordance with the requirements of *Anti-money Laundering Law of the People's Republic of China*, *Measures on Anti-money Laundering and Anti-Terrorist Financing of China Everbright Bank*, the Bank actively took the responsibility of anti-money laundering (AML) and promoted "centralized processing" for AML on all fronts. 36 branches set up AML monitoring centers. The Bank achieved an AML staffing rate of 100%.

	Unit	2018	2017	2016
Number of AML training sessions	Sessions	273	255	230
AML training attendees	person-times	35,800	30,125	27,547

#### **Case: CEB Taiyuan Branch launched an AML awareness campaign**

On July 17, CEB Taiyuan Branch launched the AML Awareness Monthly Campaign under the theme of "comprehensively popularizing AML, counter-terrorist financing (CTF) and anti-tax evasion (ATE) knowledge, strengthening AML supervision, identifying beneficial owners and improving account management".

The 31 outlets of the Branch acted in concert, making full use of the LED screens, poster display frames, promotional leaflets and fans of outlets for AML publicity. Employees distributed promotional materials and shared cases in crowded public spaces, such as streets, shopping malls, parks and bus stops. The campaign boosted the public awareness of basic AML knowledge, AML/CTF/ATE mechanism and identification of beneficiaries, fostered a good AML atmosphere in the community.



**CEB Taiyuan Branch's employee explained AML knowledge to customers.**

The Bank attached great importance to the protection of intellectual property rights (IPRs). In accordance with the rules of *Patent Law of the People's Republic of China*, *Trademark Law of the People's Republic of China*, *Copyright Law of the People's Republic of China*, the Bank formulated *Measures for the Management of IPRs of China Everbright Bank*, specified the overseeing department for IPRs and hired IPR advisors to safeguard the Bank's IPRs, , actively protecting the intellectual property rights of the Bank. As at the end of 2018, the Bank had 61 registered trademarks and 169 patents. In the meantime, the Bank focused on brand protection, followed the regulations of *Outlet of VIS Image Recognition System of China Everbright Bank*, showing our customers and the community an unified, outstanding and featured outlook.

## **2. Anti-corruption and strict discipline management**

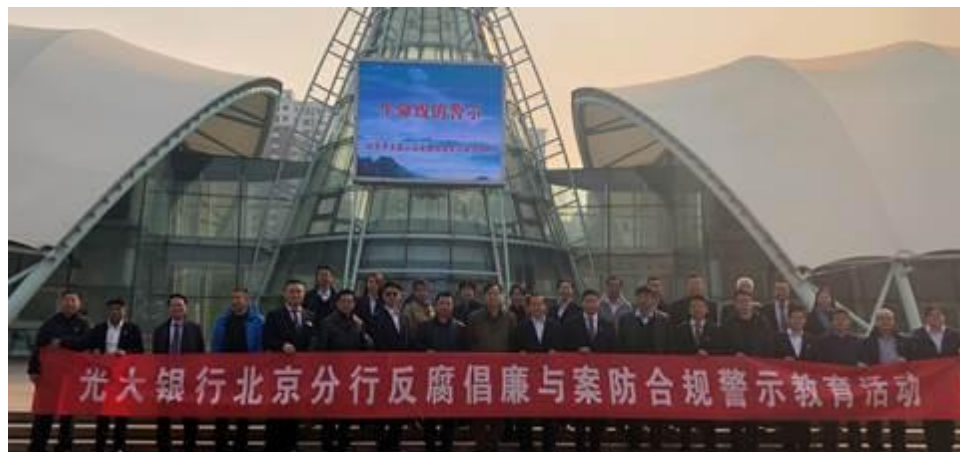
### **(1) Integrity management**

The Bank formulated the *Interim Measures for the Management of Personal Integrity Files of Leaders of China Everbright Bank*. Personal integrity files of leaders were created to include the letter of responsibility for improving Party conduct and upholding integrity, interview records, clues to problems, punishment documents of leaders, providing an important basis for strengthening the supervision and management of leaders. In 2018, the Bank established a total of 7,398 personal integrity files for leaders, including 579 for the Head Office and 6,819 for branches.

The Bank formulated the *Measures for Accountability of China Everbright Bank*, unified the accountability policies, rules and standards across the Bank, planned and organized bank-wide study and signed the *Notice of Measures for Accountability of China Everbright Bank* to achieve strict Party governance as well as strict, law-based governance of the Bank.



**On February 6, the Bank held the 2018 work meeting on discipline inspection.**



**CEB Beijing Branch’s case-based publicity program on anti-corruption, prevention and compliance.**



**CEB Tianjin Branch’s case-based integrity education program on “staying true to our mission”**

The Bank had 129 discipline inspection committees and 42 discipline inspection departments. The Bank had 254 employees engaging in discipline inspections, coupled by 423 members of discipline inspection committees and 1,793 members of Party branches (Party general branches) at all levels.

## **(2) Anti-corruption management**

The Bank had strictly abided by the *Constitution*, *Supervision Law*, *Criminal Law*, *Criminal Procedure Law* and relevant laws and regulations of the State, focused on corruption in the financial credit sector, deepened the case review mechanism and promoted discipline enhancement. The Bank strictly implemented *Constitution of the Communist Party of China*, *Regulations on Disciplinary Punishment of the Communist Party of China*, *Accountability Regulations of the Communist Party of China* and relevant regulations, continued to investigate and punish all kinds of irregularities and discipline violations, including corruption, bribery and breach of six disciplines, typical cases of violating the Central Party Committee's eight-point decisions and major financial cases. The Bank established a long-term mechanism that all members do not dare to corrupt, cannot corrupt, and do not want to corrupt, in order to promote depth development of the building of good conduct and political integrity and fighting corruption.

## **3. Strengthening risk management to defend the bottom line**

### **(1) Improving the risk control system**

The Bank deepened the comprehensive risk management reform, pushed forward the transformation of risk management, solidly constructed “three lines and four firewalls” (three lines including marketing, internal control approval, comprehensive supervision, four firewalls including strategy, mechanism, system and information), achieved the goal of “managing individuals, supervising money and securing the firewall”, and created value by managing risks.

Guarding against the bottom line of risk, the Bank stepped up efforts to prevent and resolve risks, and strictly control the quality of assets. As at the end of 2018, the Bank had a non-performing loan (NPL) balance of RMB38.421 billion, representing an NPL ratio of 1.59%, same as the ratio at the beginning of the year. The Bank had a provision coverage ratio of 176.16%, 17.89% higher than the ratio at the beginning of the year. The Bank successfully kept the overall risk on asset quality under control.

### **(2) Improving risk prevention and control ability**

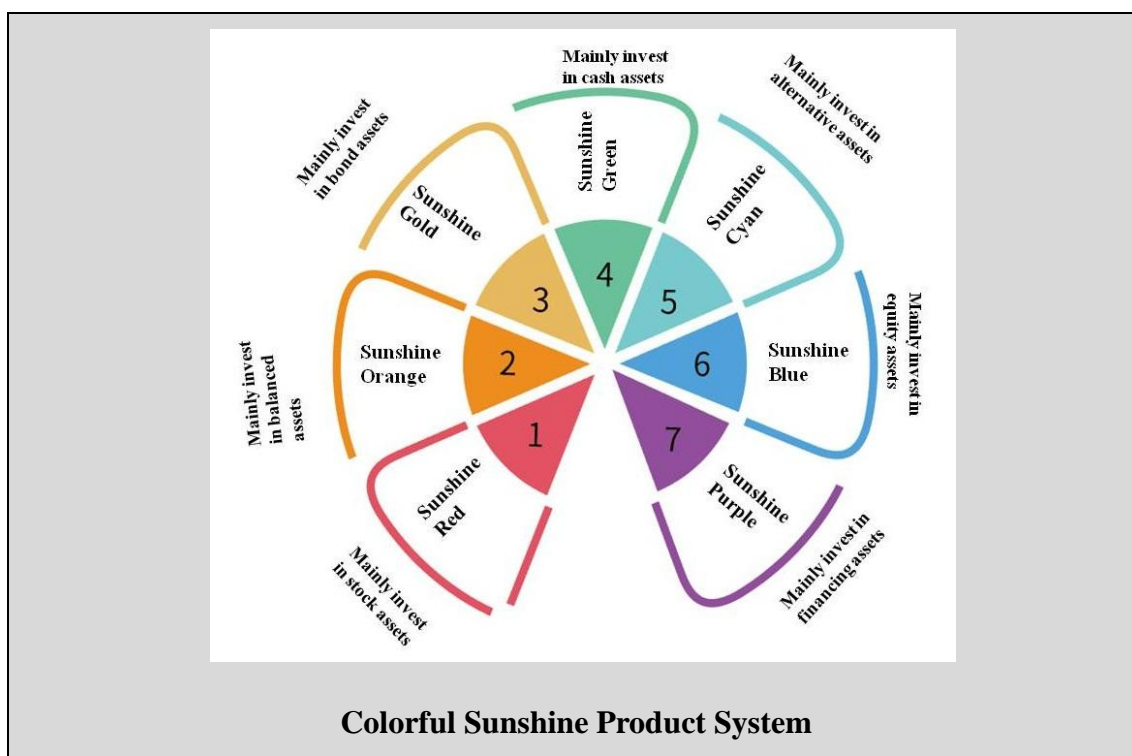
The Bank adjusted and optimized the credit structure, enhanced risk resistance capability of asset portfolio, and strengthened unified credit management and full-process credit management. By establishing “positive list” and “negative list” mechanism, the Bank continuously committed to optimize the credit policy structure. The Bank strengthened the capability of pre-warning of the risk, set up an intelligent

risk control center, and enhanced the risk management ability of branches and subsidiaries.

The Bank improved the organizational structure for cyber-security, set up a leading group on cyber-security and information technology, established a bank-wide integrated mechanism for security monitoring, real-time reporting and pre-warning, strengthened the management and analysis of security incidents and improved the contingency plan for information security. In addition, the Bank conducted crackdown actions, unannounced inspections and special assessments on cyber-security, comprehensively examined 215 internet and mobile application systems, screened over 2,500 security risk points and took corrective actions to ensure compliance with rules for the protection of sensitive customer information.

### (3) Developing net-asset-value (NAV) products

Staying true to its founding mission of serving the real economy, the Bank actively promoted the transformation of asset management and worked hard to develop the NAV product system and related policies. It established the “Colorful Sunshine” NAV product system immediately after the relevant regulatory guidance was released. The product system involved a variety of asset allocation and investment modes. Sunshine Gold Daily Profit Boost, Sunshine Orange Optimal Allocation and Sunshine Green Institutional Profit all set the industry’s debut records.



### (4) Strengthening supply chain management

Pursuant to the *Administrative Measures for Procurement of China Everbright Bank (Revised in 2018)*, following the principles of openness, fairness, impartiality, democratic decision-making, compliance with laws, energy saving and environmental

protection, the Bank included social and environmental risk control in the supplier access standards, exercised strict supplier access, review and due diligence. In the procurement bidding process, social and environmental requirements and evaluation standards were set for relevant products and services.

#### **4. Realizing democratic management via internal advice and suggestions**

The Bank tapped deep into internal potential by encouraging the wide airing of views, drawing on the wisdom of all employees and creating an unobstructed mechanism for participation. Employees could communicate their advice and suggestions directly to Chairman and the Management via WeChat, email and intranet messages. The Bank collected opinions by a creative combination of “peer-to-peer” and “face-to-face” methods, opening a variety of online and offline channels for advising.

##### **Case: “Advice and suggestions”**

The Bank carried out an “advice and suggestions” campaign to unblock channels, collect pearls of wisdoms broadly and take improvement actions in a timely manner, forming a mechanism for turning advice into real benefits. It sorted nearly 4,000 pieces of advice into more than 2,400 effective inputs, which were categorized to form a list of problems and a list of corrective actions. The Bank designated the lead departments for correction, specified corrective actions and time limits for each problem and gave feedback on correction to employees through the “Echo Wall” module on the intranet.

#### **iii. Technology-enabled enhancement of ability**

The Bank stepped up strategy transformation of “agility, technology and eco-sphere”, in line with the characteristics of the “Internet Plus” era, striving to build a first-class technology-driven bank.

##### **1. Improving innovation management**

The Bank actively introduced external partners for technological upgrading to achieve mutual benefit and win-win results. It set up the “Everbright-Tencent FinTech Innovation Laboratory” in partnership with Tencent Group, explored to establish the “Data Co-creation Laboratory” jointly with Ant Financial Services, signed strategic partnership agreements with JD.com and UnionPay and entered into comprehensive business cooperation with Xiaomi, Suning, Baidu, ByteDance, Didi Finance and 360. The Bank pushed forward the development of big data-based risk control models, completed the setup of a technological platform framework for anti-fraud models and completed products development for Jiebei, Huabei, Xiaomi Joint Loan and JD Baitiao.

### **“1453” Development Strategy:**

- Building one smart financial brain;
- Focusing on four key channels (i.e. mobile banking, intelligent equipment, direct banking and remote banking) to create a “renowned digital store”;
- Fostering strategic business and creating five “famous internet products”: cloud fee payment, cloud payment, online supply chain finance, personal online finance and intelligent investment advisory service;
- Cultivating three kinds of “outstanding staff” in service, innovation and technology.



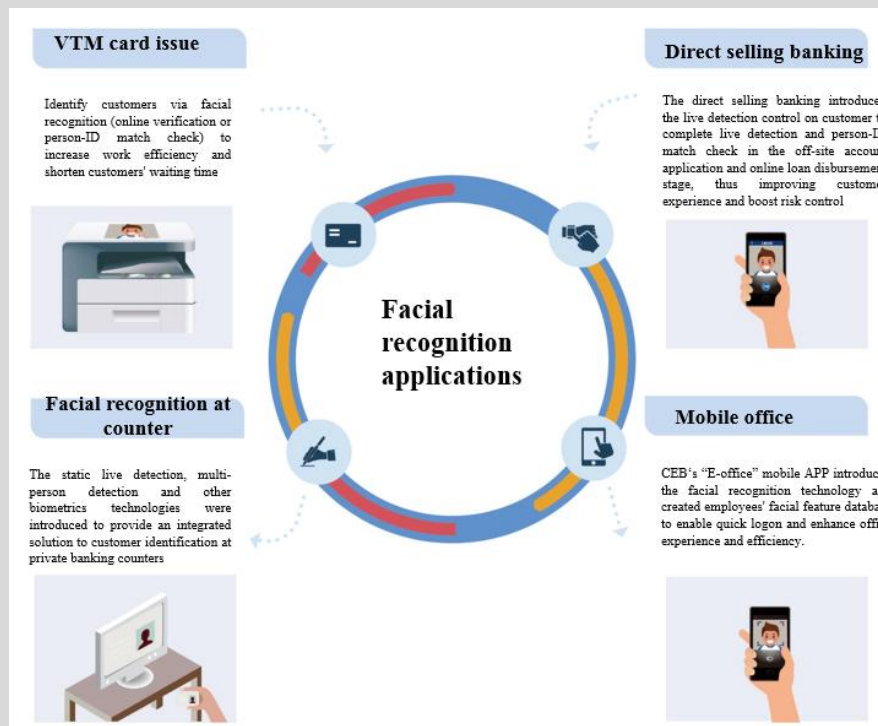
**The “Automated Operation and Maintenance Program” won the Award for Innovative Industry Practices of the Ministry of Industry and Information Technology.**

## **2. Promoting innovative applications**

Through the Working Group on FinTech Application and Research Promotion, the Bank strengthened the tracking and introduction of new technologies, continued to explore and make practice in the fields of big data, cloud computing, blockchain, biometrics, artificial intelligence, mobile internet and worked hard to build a smart financial brain to help banking transformation from traditional to intelligent and digital orientations.



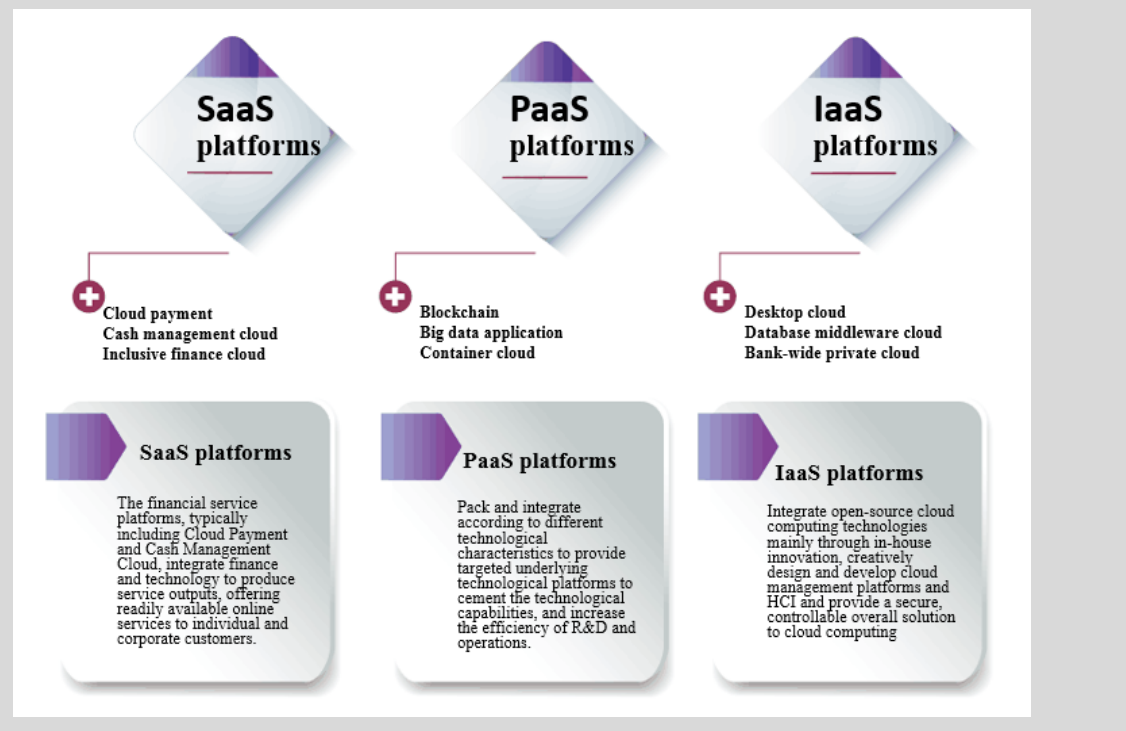
## Case: Facial recognition application



## Case: Smart customer service

1. Intelligent voice navigation. Voice recognition and speech synthesis are employed to accomplish customer's speech conversion and semantic understanding, thus enabling voice-based menu navigation in telephone banking.
2. Intelligent outgoing call. Business scenarios are designed to automate outgoing calls for such purposes as customer identification, debt collection, deal notification, satisfaction survey and product marketing.
3. Intelligent customer service robot. The natural language processing and machine learning technologies are employed to improve the frontend textual customer service and the back-end knowledge base.
4. Intelligent assistance. Customer questions are identified through voice recognition and natural language understanding technologies. Recommended answers are displayed to agents for reference.

## Case: Application of cloud computing technology



### III. Sunshine ▪ Providing customers with sincere services

#### CSR Story: Sunshine services with Everbright

1,116 outlets have a common name - China Everbright Bank; have the same signature product - Sunshine Service; pursue the same goal - Civilized Service Model Units in Chinese Banking Sector; and share one dream - build a first-class wealth management bank.

In one minute, a teller makes 6 etiquette gestures, counts 251 banknotes, inputs 156 Chinese characters and finishes 33 sets of keypad strokes. In one minute, the customer seat tilts slightly at 45 degrees, and the lobby manager dog-ears 12 vouchers - **efficient, sunshine-like service.**

In one minute, the smart ATM issues a new card and enrolls a new mobile banking user. In one minute, the Bank issues RMB123,015 of loans on average to support private enterprises and completes 3,500 fee payment transactions on the cloud fee payment platform - **innovative, sunshine-like service.**

In one minute, a customer is identified by at least two of the following authentication factors: facial recognition, fingerprint verification, transaction password, and Sunshine token. In one minute, the electronic transaction risk monitoring system warns, prevents, controls and blocks suspicious or risky transactions; the dual-mode camera executes ID verification against person to ensure operational security - **secure, sunshine-like service.**

In one minute, the barrier-free facility provides vulnerable population with direct access to the special service counter, and an expectant mother enjoys a cup of milk. In one minute, a female sanitation worker receives a cup of warm ginger soup in winter, and a bike courier takes a sip of cool herbal tea in summer - **considerate, sunshine-like service.**

Minute after minute, we think in the shoes of customers to address their concerns and urgent needs, warm their heart with a smile, boost their satisfaction with a little more care, and touch them with a little more passion.

Minute after minute, we always stay true to our founding mission and provide Sunshine service to our customers with meticulous ingenuity, steadfast passion and constant sincerity. Customer recognition is the best reward for our hard work.

In 2018, CEB was named “Outstanding Contributor to Civilized Service Work in Chinese Banking Sector in 2018” by China Banking Association. 44 outlets of the Bank entered the list of “Top 1000 Civilized Service Model Units in Chinese Banking Sector in 2018”. This is recognition, but also encouragement. In the future, we will take honors as the starting line and value as the finish line, and forge ahead unrelentingly to make CEB’s “Sunshine Service” brighter.

In 2018, we endeavored to foster the spirit of “embroidery fineness” and “quality workmanship” under the requirements of “exquisite products, targeted customer

acquisition, refined management and detail-oriented services”. We would strive to strengthen service innovation, enhance customer experience, continuously create greater value for customers and realize mutual benefit and win-win cooperation with customers.

## **i. Highly-efficient services to improve customer experience**

### **1. Improving service management**

According to the philosophy that “service creates value”, the Sunshine Service Facilitation Leading Group was improved. The leading groups at all levels, headed by President of the Head Office and general managers of branches, form an integrated service framework featuring strong leadership, clear responsibilities, clear division of labor and orderly operation. The Bank strengthened the building of systems and mechanisms, improved the service quality and fully safeguarded the rights and interests of customers to create “renowned stores, famous products and outstanding staff” with good reputation and advantages to improve customer experience.

### **2. Improving products and services**

The Bank sped up the innovation in products, channels and service modes to cater for customer needs. It created a batch of “famous products” under the Sunshine brand, including “Sunshine Gold Steward”, “Easy Retirement Life”, “Sunshine Government Financial Service”, “Sunshine Corporate Deposit” and “Sunshine Smart Deposit”, to effectively meet the complex and constantly changing wealth management needs of customers.

Under the “know your customer (KYC)” principle, the Bank improved the account opening process and reasonably designed the customer service workflow for actual scenarios to increase the efficiency of account opening. On April 27, the Bank launched the new corporate account opening process on its website. The new process perfectly matched the new model for corporate account opening. It took only 40 minutes to open a corporate account using the new process for the first time. In June, the WeChat-based account application booking function went live. In August, the remote banking center launched the verification of account application, and the robot-based process of account applicant eligibility examination was debuted. By the end of 2018, the Bank opened 147,910 corporate accounts, an increase of 80,679 or 120% over the previous year.

#### **Case: The Everbright speed of corporate account opening**

CEB Chongqing Branch optimized the process of corporate account opening for higher efficiency. On April 27, it took 52 minutes to open the first account after optimization. On May 10, it took only 28 minutes as the shortest time to open an account. 24 accounts were opened on May 16, taking an average of 52 minutes. 18 accounts were opened on May 17, taking an average of 48 minutes. 36 accounts were opened on May 22, taking an average of 44 minutes ... These figures demonstrated the Bank’s action to fulfill our solemn commitment to optimizing the corporate account

opening service and improving business environment.



**CEB Chongqing Branch provided corporate account opening services.**

### **3. Improving service skills**

The Bank provided functional training, coupled with working competition, skill training, trainer selection and job qualification exam, and fostered a group of professional experts and service “stars” to continuously improve service skills. In 2018, the Bank added 139 first-rate service experts, an increase of 50 people or 56% over the previous year, and 602 second-rate service experts, up 244 people or 68% from the previous year.

#### **Case: Selection of in-house “Star” trainers for Sunshine Service**

A series of competition events for selection of Sunshine Service in-house “Star” trainers were carried out, in a bid to cultivate a team of professional, skilled and good at teaching in-house trainers. The 160 in-house trainers recommended by branches used PPT presentation, case analysis, scenario simulation, interactive simulation and other teaching methods to fully demonstrate their solid professional skills, nice personal style and excellent on-the-spot adaptability. After rounds of selection, 20 trainees standing out from the competition were recognized the first Sunshine Service in-house “Star” trainers. They would act as seeders, publicity team and proclamation to communicate the ideas, essence and practices of Sunshine Service broadly across branches and sub-branches.



**“Sunshine Service” In-house Trainer Selection**



**CEB Changchun Branch held the final of premier financial planners competition of “7 Dreamers striving for first-class”.**

#### **4. Strengthening complaint handling**

The Bank actively implemented the industry standards and related requirements for complaint classification jointly issued by the People’s Bank of China and the CBIRC, explored the establishment of a clear, smooth and efficient management framework and fostered an awareness of complaint risks and a big-picture sense in complaint management. According to the *Measures for Management of External Customer Complaints of China Everbright Bank*, the Bank standardized the types and processes of complaint handling, with emphasis on service attitude and quality improvement and bank card complaints. The Bank implemented a “listening plan” to boost the efficiency of complaint handling, effectively reduce complaints and enhance customer satisfaction.

In 2018, the Bank received a total of 13,550 customer complaints, with a completion rate of 100% and a customer satisfaction rate of 99.8%. No major complaint emergency occurred.

#### **ii. Innovative services to lead the industry future**

##### **1. Innovation in inclusive finance**

Through the reform and innovation of systems and mechanisms, the Bank made every effort to build an inclusive ecosphere of “finance + life + service” by creating a two-platform development model featured in mutually complementary and joint efforts.

The Bank successively set up the Cloud Fee Payment Business Center of the Head Office to consolidate its platform service foundation and operating capability, extending the inclusive finance services from utility bill payments such as water, electricity and gas to government platforms, industry customers and Hong Kong regions. The Bank successively launched Non-tax Cloud, Property Management Cloud, Party Cloud, Rental Cloud, National Transportation Penalty Payment and other convenient-for-life fee payment services.

By the end of 2018, the cloud fee payment platform offered over 4,000 payment items,

with 253 million platform users in more than 300 major cities in the country. The annual settlement amount exceeded RMB200 billion, averaging more than RMB500 million a day.



In 2018, the cloud fee payment platform won such awards as “Most Influential APP” from *Xinhuanet*, “Best Inclusive Finance Service Platform of the Year” from *Financial Times*, “Inclusive Finance Pioneer in 2018” from *Investment Times* and “Best Inclusive Finance Services” from *Biz China* .

#### **Case: Non-tax Cloud Fee Payment facilitating the Smart Inner Mongolia drive**

Inner Mongolia’s 12123 Transport Confiscation Project was the first provincial project to regulate the non-tax governmental revenue collection system pursuant to the requirements of Finance Dept. and Public Security Dept. of Inner Mongolia Autonomous Region. It fully supported WeChat and Alipay payments. Through the cloud fee payment platform connected to the 12123 Transport Confiscation Platform, it realized the slogan of “Finance Embracing Internet”, facilitating more than 7 million drivers in the region making fee payments through smartphones, WeChat and Alipay, which provided great convenience to the local people, especially those in rural and pastoral areas and ethnic minorities. It solved the problem of queuing and waiting for fee payment at public security offices or bank outlets, bringing real convenience and benefits to the public.





**CEB Hohhot Branch cooperated in cloud fee payment with the Transport Administration Bureau of Inner Mongolia Public Security Department.**

### **Case: Smart hospital service making life easier**

CEB Suzhou Branch developed the “Sunshine Healthcare APP” jointly with major hospitals in Suzhou City to solve the problems of medical care and slow access to hospital services. All steps including patient registration, taking number, bill payment, medicine taking and medical report issuance could be completed on a smartphone. It greatly reduced the queuing time in every step, and was therefore widely applauded among customers.



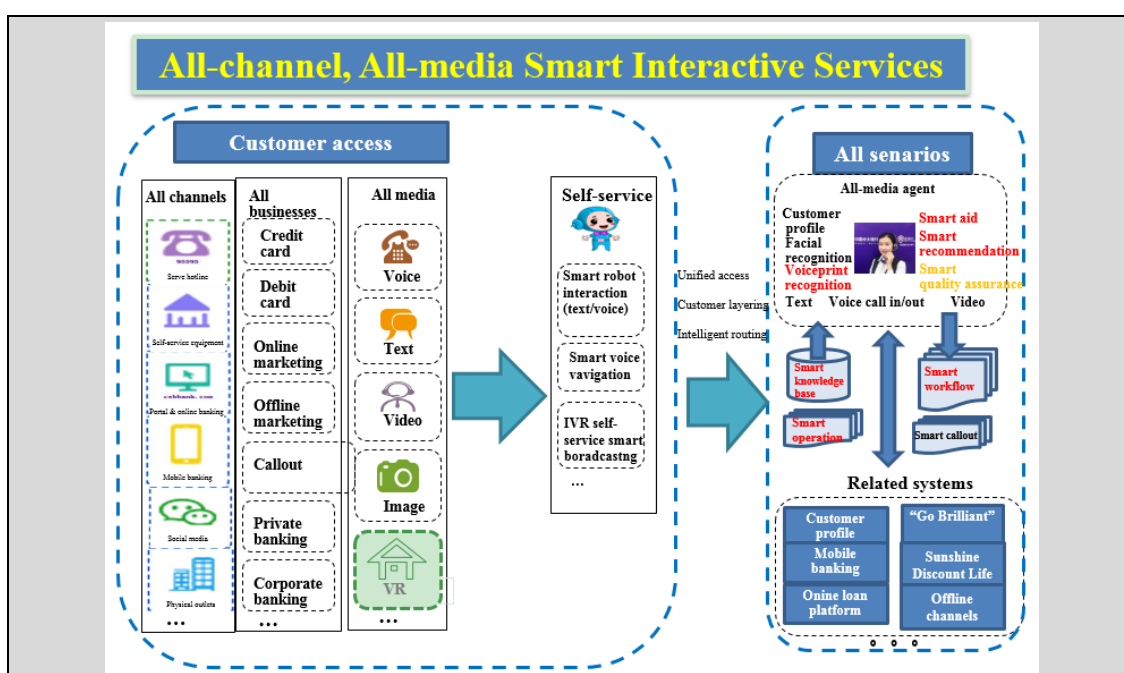
**Sunshine Healthcare APP**

## **2. Innovation in intelligent applications**

The Bank actively implemented the idea that “one item of equipment acting as a bank outlet”. It continued to improve equipment functions, promoted the integration of intelligent equipment and online channels, covering the 40 most frequently used service items at retail counters. By the end of 2018, the Bank had installed 8,028 intelligent equipments and 5,380 self-service cash equipments. Online banking, mobile banking, WeChat banking and other electronic channels replaced 97.91% of over-the-counter services in an effort to continuous outlet extension services.



The smart counters developed independently by the Bank were put into use at all the 39 branches. Thanks to first-of-its-kind innovative functions such as “card replacement without changing card number” and “card issuance with optional numbers”, the overall service efficiency increased by 40% compared with manual services, facilitating the functional transformation of outlets from “transaction settlement center” to “integrated sales center”. By the end of 2018, the Bank had equipped 2,393 smart counters, with an outlet coverage rate of 100%. In December, the smart counters handled more than 250,000 transactions per day, representing over 38% of outlets transaction volume, and becoming an important outlet service channel of the Bank.



### 3. Innovation in mobile banking

Under the philosophy of “happy life at your fingertips”, the Bank implemented “one phone, one bank” strategy for mobile finance development. With mobile banking at the core, the Bank created connectivity among online banking, self-service equipment, WeChat banking and remote banking to form a new mobile finance ecosphere that covered all high-frequency service items, such as wealth management products, online loans, transfer and credit cards. User experience was greatly improved. By the end of 2018, the number of bank customers was close to 50 million.

#### Eight functions of mobile banking:

Unique user profile, smart search, facial recognition login, online opening for Class II/III accounts, monthly bank statement, transfer receipts, outlet queue ticketing and QR code cash withdrawal.

### **Case: Healthcare, food, accommodation and transport: enjoy everyday happy life at fingertips**

The Bank continuously enriched the everyday life components of mobile banking to ensure full coverage of healthcare, food, accommodation and transport services, so as to meet the daily life needs of customers. The health panel enabled the user to make an appointment with doctor at home. The utility payment panel allowed payment of water, electricity, gas, communication and other utility bills anytime and anywhere. The “bill reminder” feature was added to keep users informed of bill updates. The shopping panel offered a wide variety of seasonal commodities.

### **4. Innovation in internet finance**

The Bank developed the “Sunshine Reassuring Loan” on the basis of Internet big data risk control, artificial intelligence and other financial technologies integrated into consumption scenarios to meet the daily financing needs of consumers, enabling inclusive finance services to take root.

“Sunshine Reassuring Loan” simplified the lending process to greatly improve user experience. Featuring micro amounts and short terms, “Sunshine Reassuring Loan” provided customers with convenient, quick access to smart online inclusive finance services. Currently, this innovative function offered three types of products, namely, data, insurance and joint products. As at the end of 2018, “Sunshine Reassuring Loan” registered a balance of over RMB63 billion, with nearly RMB250 billion of new loans issued in the year to more than 23 million customers.

In 2018, “Sunshine Reassuring Loan” was awarded the “Excellent Innovative FinTech Application Case” and “Excellent Financial Innovation Case in China 2018” successively.



### **iii. Secure services to win the trust of customers**

#### **1. Carrying out security education**

The Bank established a mechanism for collaborative regular security publicity under the “customer-oriented” service philosophy and utilized new media channels to carry out customer security education. It paid special attention to risk education for investors, raising public awareness of risk prevention and protecting the legitimate rights and interests of investors. The Bank actively carried out security publicity campaigns under the themes of “Month of Financial Knowledge Popularization”, “Financial Knowledge into Community” and “Enhance Financial Literacy” to build a secure firewall.

In 2018, the Bank’s financial knowledge popularization events involved a total of 1,504 outlets (including some community sub-branches) and 27,644 employees. In total, the Bank provided centralized publicity for 12,400 times and distributed over 3.766 million copies of publicity materials to about 10.88 million customers, which were covered by 6,441 media reports.



**CEB Ningbo Branch launched the program of “Inclusive Finance, Campus Enlightenment” at Yuyao Hualong Primary School in an effort to popularize financial knowledge on campus.**



**CEB Nanjing Branch launched the campaign of “Hand in Hand: Financial Knowledge into Primary School”.**



**CEB Shenyang Branch launched the experience activity of “Small Bankers: Elite Practice Base”.**



**CEB Xining Branch popularized financial knowledge in the local community.**

### **Case: Anti-counterfeiting awareness program underway**

In September, CEB Xi'an Branch carried out the anti-fake currency program in various forms, including guiding customers to install anti-counterfeit APP and distributing more than 6,500 copies of printouts, with 8,000 people targeted and 3,100 people answered anti-counterfeit questions. This program popularized anti-counterfeit knowledge among the public, enhanced their ability to identify counterfeit currency and boosted the public awareness of the harm the fake money would do to the society.



**CEB Xi'an Branch's anti-counterfeiting awareness program**

## **2. Cementing the technological foundation**

The Bank introduced cutting-edge “high-definition camera + infrared camera”, coupled with new technologies such as face tracking, to effectively control the operational risk in manually checking the consistency between customers and identity documents, which improved service efficiency. By the end of 2018, the new customer identification method had been applied at all outlets of 39 branches. The successful identification rate exceeded 96% under more than 120 common scenarios. 2.95 million customer identification transactions were reviewed and 120,000 transactions authorized by the system instead of tellers each month.

**Case: The monitoring system showing great power**

Various risk control policies and rules were set to enable real-time warning, prevention, control and blocking of suspicious risk transactions. For example, the risk control system could immediately identify any customer identification abnormality, modification of sensitive information and unusual transfer or payment transactions notify and check with customers in a timely manner and block the transactions of blacklisted accounts in real time. In 2018, the Bank successfully blocked 70 risky transactions through manual outbound calls, thus recovering a total of RMB4.6 million of losses for customers.

**iv. Considerate service to bring warmth to customers' hearts****1. Improving the service standard**

According to the *Sunshine Service Handbook of China Everbright Bank*, the Bank developed a concise service standard system for customer service positions, in a bid to provide customers with visual unity and consistent good experience. The Bank organized participation in the competition for model service entities in Chinese banking sector, formulated an annual plan for relevant work, ordered branches to set up working groups on model services and further improved the service level of outlets. In 2018, 44 branches of the Bank were awarded the honorary title "Top 1000 Banking Service Entities in 2018" by China Banking Association.

**2. Expanding the scope of services**

The Bank increased the coverage of outlets, improved service penetration and offered differentiating products to meet customers' demand for financial services to high standards and enhance customer experience. As at the end of 2018, the Bank had 1,116 outlets (excluding community outlets), boasting presence in all domestic provincial or equivalent administrative regions.

The Bank paid due attention to key areas with weaker financial services. Self-service banking equipment and other infrastructure were improved to address the unbalanced and inadequate presence of financial institutions in developing areas, help villagers in remote mountainous areas to solve difficulties and provide strong support for social and economic development in rural and county areas.

**Case: One-stop ETC service to reduce traffic congestion**

With the Sanjiangkou Bridge in Fuzhou City put into service, traffic congestion from Mawei and Cangshan in the Sanjiangkou area to the urban area was greatly alleviated. Local drivers holding the MIN Expressway Card would receive a beneficial allowance of RMB10 per travel through the Sanjiangkou Bridge toll station of the Airport Expressway. However, there were only 15 outlets issuing MIN Expressway



Card in Fuzhou. For the convenience of local drivers, CEB Fuzhou Branch's 42 outlets in urban areas provided drivers with onsite services to accept MIN Expressway Card applications and install ETC devices, allowing drivers to enter the expressway immediately after card issuance.



**MIN Expressway Card**

### **Case: Serving vulnerable population**

The Bank formulated the *Outlet Service Standards for Vulnerable Population* under the principle of being “Convenient, Careful and Considerate”, taking into account specific difficulties and actual needs of vulnerable population. It worked out service solutions for customers with physical disabilities or sensory impairments and specified service measures under specific scenarios covering the entire business process. The service philosophy of special care was integrated into action to comprehensively enhance the service level for disadvantaged population.



**Special care service**

### **Case: The first village outlet opened**

On October 29, Chairman Li Xiaopeng, during a survey tour in Xintian County, Hunan Province, learned that the Menlouxia Yao Minority Village was located in a remote, poorly accessible mountain where villagers suffered great inconvenience in money deposit and withdrawal. He immediately offered to help local villagers solve this problem. CEB Changsha Branch took immediate action and cooperated with all parties to facilitate the implementation. It took only 27 working days to build China Everbright Bank's first village outlet: the Menlouxia Yao Minority Village Self-service Banking and Cash Withdrawal Spot for rural people. The villagers said goodbye to the days of inconvenient cash deposits and withdrawals.



**The opening ceremony of Menlouxia Yao Minority Village Self-service Banking and Cash Withdrawal Spot for rural people**



#### IV. Homeland Culture · Inclusive and shared development for common benefits

##### CSR Story: Everbright's sincere efforts giving rise to successful orange business

*"CEB has been giving a helping hand to fruit farmers struggling with life. Its kind act brings hope to many people in desperation, and we are lucky to be one of them."*

—— Wei Qunying

I am Wei Qunying. After working in Shenzhen for 13 years, I returned to my hometown to start my own business. "Unaccustomed to local conditions", however, my business failed one after another, leaving me deep in debt in less than two years. Moreover, my father's traffic accident and my grandmother's missing and death came as terrible blows to us. My husband and I struggled to support our family by selling local oranges. The original inartificial favor of those "natural oranges", which we call "Suyan Orange", sets them apart from ordinary oranges. Because of lack of funds and a good platform to sell the fresh fruits, we could barely turn profit, so we were stuck in poverty and could find no way out.

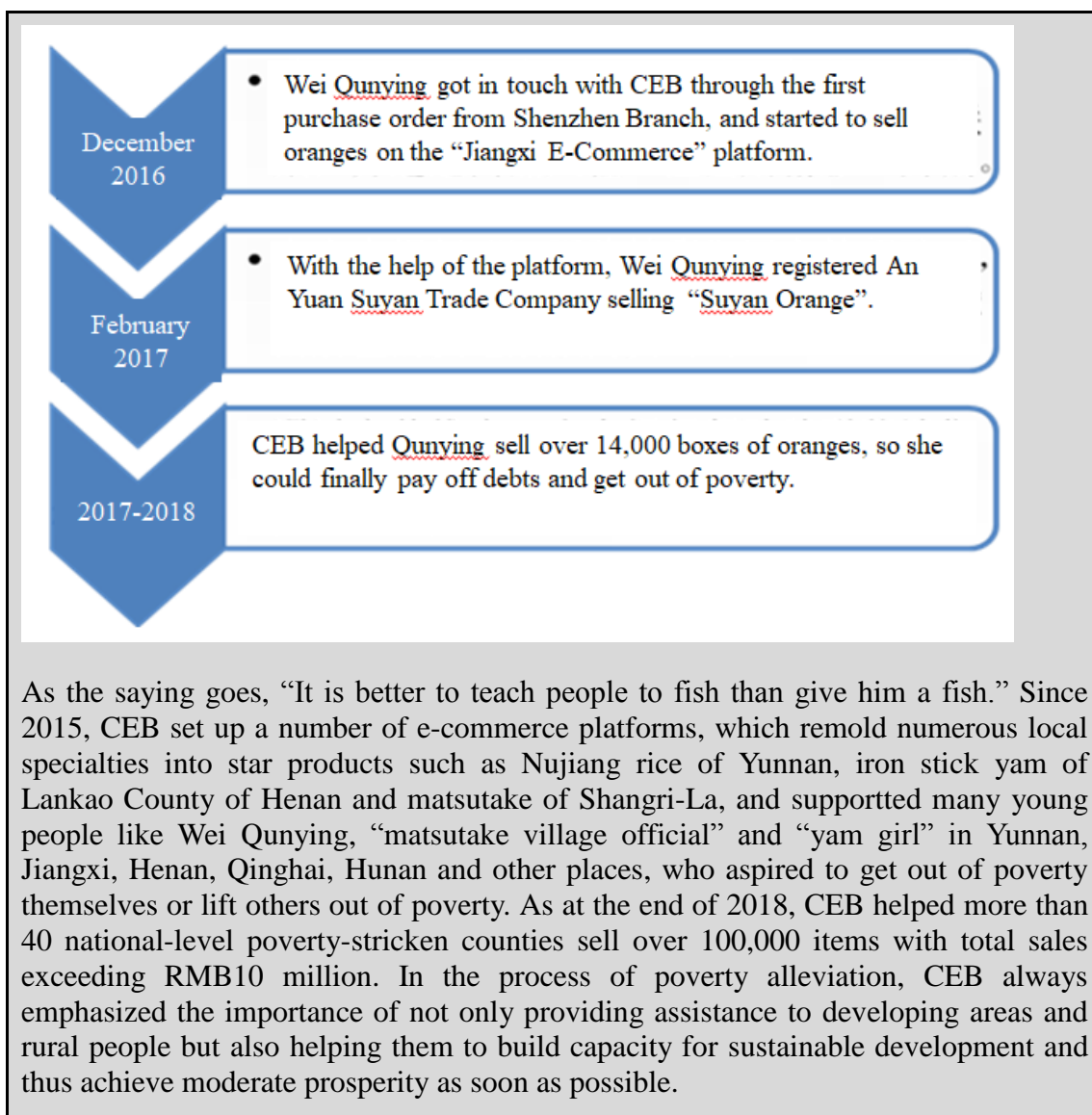
In December 2016, "Suyan Orange" finally had its first "encounter" with CEB. Shenzhen Branch first purchased 1,485 boxes of oranges, opening up a market for our products. After four years and 10 months of struggles, the branch in my second hometown, Shenzhen, gave us new hope. From then on, "Suyan Orange" has been closely bound up with CEB.

The second encounter with CEB came in February 2017. With the help of CEB Nanchang Branch, I registered the trademark "Suyan•Orange" and started to sell oranges on the branch's "Jiangxi Go Brilliant E-Commerce" platform. CEB employees worked day and night to assist me in reviewing materials, creating graphics and detailed drawings, planning marketing activities, coordinating with logistic companies, and helping with packaging. Although I have never met them in person, what they had done for me brought me home-like warmth, and I was touched to tears.

Our joint efforts paid off. More than 14,000 boxes of oranges were sold, with sales of more than RMB1.15 million. I was completely lifted out of debts and poverty, and more than 400 jobs were provided to my fellow villagers. The sales volume of "Suyan Orange" is now breaking a record day by day. CEB has not only helped me overcome the setbacks in life, but also rekindled my hope and restored my confidence in entrepreneurship. "A bit of fragrance clings to the hand that gives flowers." I will follow CEB's spirit of giving, and do all I can to help fruit farmers in my hometown to get out of poverty.

*"The beautiful encounter with 'Suyan Orange' is also an encouragement and a driving force for us. We hope you can help more farmers get out of poverty and live better lives, and let the taste of 'Suyan Orange' linger forever."*

—— A reply from CEB to Wei Qunying



In 2018, we focused on fostering a homeland culture and building CEB to be a warm home of harmony, synergy and unity, where all the CEB staff can not only achieve growth, pursue career development and chasing after their dreams, but also uphold the spirit of “helping the community when we ourselves are better off”, to fulfill our responsibilities of poverty alleviation, environmental protection and the community building, and spread the warmth of CEB homeland to all stakeholders.

#### **i. Jointly building a happy home through targeted poverty alleviation**

“The fight against poverty still faces great difficulties and challenges, and there are still many outstanding problems to be solved. ...Half of the people who have embarked on a one hundred mile journey may fall by the way side. We must make persistent efforts, give full play to our fine style of continuous fighting and get ready to meet all kinds of difficulties and challenges.”

—— Remarks delivered by Xi Jinping at the Seminar on Winning the Fight against Targeted Poverty

In 2018, we continued to maintain paired relations with assisted developing counties even after poverty alleviation tasks were accomplished and contribute to the building of a moderately prosperous society in all aspects. We not only helped them address immediate problems but also build capacity for sustainable development, and focused on delivering economic benefits as well as political and social benefits. We also experimented with new poverty alleviation modes and methods to improve the effects of targeted poverty alleviation.

### **1. Strengthening leadership and organizational guarantee**

The Leading Group for Poverty Alleviation and Social Responsibility was set up, mainly responsible for studying and deciding on major issues related to poverty alleviation, and improving rules and regulations on targeted poverty alleviation to make the effort more professional and standardized. The leadership of the Party committee paid visits to the designated developing areas many times to investigate and follow up on the implementation of poverty alleviation projects, with a focus on project input and output, future planning and effects of poverty alleviation. The Bank also advanced efforts in poverty elimination through education and industrial development.

#### **Case: Li Xiaopeng, Party Committee Secretary and Chairman of China Everbright Group, paid a visit to Group's targeted poverty alleviation county.**

On March 25, Li Xiaopeng, Party Committee Secretary and Chairman of China Everbright Group paid a visit to Group's targeted poverty alleviation county, Xinhua county in Hunan province, to carry out the field survey on the Everbright public healthcare center in Shuiche town, Ziquejie Terraces and Zhenglong village cultural tourism project supported by CEG. He had productive discussions with the village cadres, a few impoverished households and the employees delegated by CEB to work there. On October 29, Chairman Li Xiaopeng made a special trip to visit Xintian county, the Group's targeted poverty alleviation county again for investigation. According to the Xintian county's application for getting rid of the title "poverty" at the end of the year, he indicated that CEB should continuously consolidate and expand the fruitful achievements accomplished in poverty alleviation, and more efforts should be made to help Xintian county draft a new chapter of countryside boost in new era.



**Chairman Li Xiaopeng paid a visit to Xinhua County.**



**Chairman Li Xiaopeng paid a visit to Xintian County.**

The Bank's tier-1 branches actively undertook the poverty alleviation tasks assigned by local governments, and according to local unified deployment, sent young and middle-aged cadres with professional competence and moral integrity to help the designated developing areas.



**CEB Lhasa Branch maintaining paired relations with Damu Village, Motuo County, Linzhi City of Tibet for providing help**

#### **Case: Stationed CEB employee lifting village out of poverty**

Chen Jixiang, an employee of Danzhou Sub-branch of CEB Haikou Branch, familiar with local conditions, was selected as First Secretary of Songmen Village of Nanfeng Town.

Over the past two years, he had visited every household, kept records of impoverished households, and finally got a true understanding of the poverty status. He obtained RMB3.4 million in funds to harden a 6.01km road leading up to Songmen Village, facilitating access to the village. He coordinated the funds of RMB2.4664 million to develop the Chinese bamboo rat breeding industry, guided 329 villagers from 94 impoverished households to raise bamboo rats, and guaranteed sales by signing contract, which brought a three-year dividend of RMB14,500 to each impoverished household.

After two years of efforts, 576 people from 144 households in Songmen Village shook off poverty by the end of 2018, meeting the target to lift the village out of poverty.



**Chen Jixiang visiting an impoverished household**

## 2. Increasing financial supports

In 2018, CEB stepped up efforts to set up new institutions in developing areas and directed more funds to support their development. The Bank successively established a tier-2 branch in Yongzhou and Loudi of Hunan Provinces, and opened a sub-branch in Xintian County on March 26 and a sub-branch in Xinhua County on August 16. As at the end of 2018, Yongzhou Branch had a general deposit balance of RMB1,395 million and outstanding loans of RMB1,169 million; Loudi Branch had a balance of general deposits of RMB2,238 million and outstanding loans of RMB794 million.

Relying on its advantages, CEB made innovation in financial products and services for poverty alleviation according to local conditions, and extended loans to drive the economic development of poverty-stricken areas.

### **Case: Photovoltaic(PV) power generation helping to reduce poverty**

The 40MW centralized PV power plant in Shanglin County was the first pilot PV poverty alleviation project in Guangxi Province. By laying solar panels in mountainous areas not suitable for cultivation, farmers could receive land rent and also a dividend from the power plant. The project covered an area of about 1,000 mu, with a total investment of RMB236 million. CEB Nanning Branch was the only bank to support the project, providing RMB165 million in total. The project, when completed, would help lift 1,333 impoverished households out of poverty. As at the end of 2018, a capacity of 21MW had been connected to the grid, and the power plant was expected to be completed in the first quarter of 2019.



**The 40MW centralized PV power plant in Shanglin County**

## 3. Stimulating endogenous impetus through mass participation

CEB strengthened training for primary-level cadres and technicians in developing areas and provided skills training for surplus labor force relying on farmers' evening schools and vocational and technical training schools. The Bank sought job opportunities for impoverished people through various channels, including strengthening their collaborations with local enterprises.

### **Case: “Satellite factory” for poverty alleviation**

CEB Urumqi Branch took the initiative to help Kelatereke Village of Yarkant County of Kashgar Prefecture, Xinjiang get a 500m<sup>2</sup> workshop project with a total investment of RMB1 million. The Bank also introduced the “central kitchen” catering project, provided a free employment platform and skills training for villagers, helped transform their opinions of job, and encouraged them to find job or start their own business, so that at least one person of every impoverished household had a job.





**“Central kitchen” catering project**

#### **4. Improving the effects of poverty alleviation through innovative models**

Relying on its resource advantages, CEB launched the “Go Brilliant E-Commerce” platforms as an innovative mode of targeted poverty alleviation. The Bank creatively took a market-based approach to poverty alleviation by helping developing areas build capacity for sustainable development, implemented the preferential policy of “three fee exemptions and collaborative marketing” for products in poverty-stricken areas, and opened up a new path of targeted poverty alleviation through e-commerce.

CEB set up targeted poverty alleviation columns such as “Prospering Hunan & Hebei” and “Targeted Poverty alleviation in Lankao” on online platforms, assisted Lankao County of Henan in getting rid of poverty, and provided inspirational examples through typical cases such as “yam girl” and “Suyan Orange”. In December, through the “Go Brilliant E-Commerce” platform, CEB placed several products from the Group’s targeted poverty alleviation counties in “Bank-yi”, creating an innovative commercial model of integration of experiencing offline, ordering online and delivering from long distance. The concept of targeted poverty alleviation was practiced through publicity and marketing of these products to the customers. As at the end of 2018, the “Go Brilliant E-Commerce” platforms helped selling over 100,000 items with total sales exceeding RMB10 million, opening up new channels of poverty alleviation for more than 40 national-level developing counties.

#### **5. Providing targeted assistance through public welfare**

CEB donated RMB5 million to the three Group’s targeted poverty alleviation counties (Xinhua, Xintian and Guzhang counties in Hunan Province). The Bank also actively carried out the “one-to-one” student aid activities. In 2018, the employees of the Bank donated RMB549,500 to help 719 students from impoverished families.

The Bank continued to support public welfare activities, by donating RMB3 million to the “Water Cellar for Mothers” charity project of China Women’s Development

Foundation (CWDF) to improve the quality of drinking water for the poor population in water-deficient areas, providing RMB1.2 million for the “Bright Journey” campaign launched by the Red Cross of Inner Mongolia, and donating RMB2 million to the family relief program of China Police Martyrs and Heroes Foundation to help families of late or disabled police officers.



**On June 19, CEB Shijiazhuang Branch gave donations to impoverished households.**



**CEB Lanzhou Branch donation ceremony at Zhangwan Village, Longyang Town, Tongwei County**

## **ii. Bringing out the best of talents in the warm homeland**

In 2018, CEB focused on cultivating the “One CEB, One Home” culture, recruited talents through various channels, and gave full play to the abilities of employees. The Bank improved the market-based incentive mechanism linking employment, salaries and bonuses with the value created by employees, and rewarding employees with better performance.

### **1. Safeguarding the basic rights and interests of employees**

#### **(1) Protecting the basic rights and interests**

CEB put a premium on fairness and equality in recruitment and appointment, and adopted non-discrimination policies in social and on-campus recruitment to ensure equality to every candidate regardless of their ethnic groups, gender, religion and



cultural backgrounds.

In strict compliance with the *Labor Law of People's Republic of China*, the *Labor Contract Law of People's Republic of China*, the standard working hour rule and the vacation policy, the Head Office, branches and sub-branches banned employment of underage labors and forced labors. CEB provided statutory insurances and benefits for employees in full standard amount and fulfilled employer obligations in accordance with local social security policies and relevant provisions of the Bank.

#### Headcounts by Gender

Index	Unit	2018
Number of male employees	Person	20,108
Number of female employees	Person	24,874
Total number of employees	Person	44,982

#### Headcounts by Age

Age	Unit	2018
≤29	Person	19,061
30~39	Person	18,530
≥40	Person	7,391
Total	Person	44,982

#### Turnover Rate of Contracted Employees by Age

Age	Unit	Turnover rate of contracted employees in 2018
≤29	%	7.72%
30~39	%	5.88%
≥40	%	1.95%
Total	%	5.86%

CEB improved the remuneration system, strengthened performance management, revised the performance evaluation measures, and issued the measures for balanced

scorecard assessment for departments of the Head Office and branches in 2018 to further stimulate the enthusiasm and creativity of employees.

CEB had a multi-pronged pension insurance system. After attending primary pension insurance, the Bank provided employees with supplementary pension, namely enterprise annuity. Following the principle of satisfying the basic needs of employees in the future, CEB further improved the incentive mechanism and the remuneration system based on the long-term development strategy, the allocation of human resources and the internal distribution system reform.

## **(2) Respecting democratic rights**

CEB placed great emphasis on democratic management, and gave full play to the pivotal role of employees. In 2018, three staff congresses were convened, which deliberated and approved the *Medium-and-Long-term Development Strategy of China Everbright Bank (2018-2027)*, the *Accountability Measures of China Everbright Bank*, the *Regulations on Staff Vacation and Leave Management of China Everbright Bank*, and the *Measures for Head Office Staff Attendance Management of China Everbright Bank*.



**Employee representatives casting votes at the staff congress**

## **(3) Ensuring safety rights**

CEB attached great importance to employee health and safety. Following the *Labor Law of People's Republic of China*, the *Work Injury Insurance Regulations* and other state laws and regulations, the Bank provided a wide range of securities for its employees as well as reasonable measures for attendance and leaves. In 2018, the Bank's employee contract signing ratio and social security coverage ratio were 100%, and there was zero death due to job duties.

CEB implemented safety management regulations in an all-round manner, including security rules, infrastructure standards, security manuals and key points in security works. In 2018, the Bank held 4,156 security training sessions, fire drills, lectures on traffic laws and regulations, educational talks on stability maintenance and training sessions on operational safety for about 160,000 participants, which effectively enhanced the staff's and the security teams' alertness and sharpened their emergency response skills.

## **2. Protecting employee's right of career development**

### **(1) Releasing talent vigor by empowering employee's development**

CEB established three position ranking sequences: management ranking sequence, professional ranking sequence and skill ranking sequence, and refined the position ranking system to inspire more talented persons to stand out among different sections. The new position ranking system broadened career development paths for employees and established a comprehensive personnel selection platform, “recruiting hall” being a good example, providing more developing opportunities to the elite.

### **(2) Improving staff training system**

Following the training concept of “aligning with strategies, boosting performance, and helping employees develop better”, CEB focused on developing the top-quality-course program. In 2018, the Bank began to develop micro-courses among eight basic segments including corporate banking, retail banking, risk management, IT, financial management, internal control, comprehensive services and asset management and probed into the curriculum self-development system. CEB also strengthened the application of electronic training and launched a mobile teaching platform “Sunshine Class”, enabling employees to get trained online and offline and achieving common development both for CEB and themselves.

#### **Case: Developing micro-courses and establishing a professional curriculum system**

From September to December in 2018, CEB organized nine micro-course development workshops attended by 334 core employees from eight basic segments including corporate banking, retail banking, risk management, IT, financial management, internal control, comprehensive services and asset management. They developed 310 micro-courses in total. As an efficient communicating and learning tool, the micro-course could follow the trend in internet era and help employees in their development.



**Micro-course development workshops**

The Bank organized five training sessions themed “Solidarity Towards a New Journey” for senior executives, two training sessions on promoting strategy implementation for tier-2 branch heads, six training sessions on implementing branch transition for sub-branch heads, and three training sessions on improving implementation capacity for division-level cadres. CEB carried out the “1,000-Employee Development Program”, “Sunshine Lectures”, the new employee orientation program and the cultivation program of CEB’s overseas talents, targeting primary-level employees to

improve their self-management capacity and job skills. The Bank also organized a stream of training programs centering around retail banking, wealth management, “Sunshine Services”, “Intelligent counters”, aiding in promoting business development.

By the end of 2018, the Bank held 7,051 training sessions attended by 2,740 senior executives, 49,531 middle-level employees, and 400,930 primary-level employees, with the coverage ratio of training reaching 100%.



**Orientation training for new employees recruited on campus**



**The training for “Personal loan star manager” of the “1,000-Employee Development Program”**

### **3. Caring for staff’s life**

Care was extended for work and life of female employees and retirees. The Bank invited specialized institutions to provide psychological consulting services for



employees and took measures to improve mental health of the staff to increase their sense of fulfillment and happiness. Simultaneously, CEB made full use of the “Sunshine Charity Fund” to support the employees in financial difficulties. By 2018, the Sunshine Charity Fund raised RMB4.2141 million and spent RMB2.7234 million to help more than 270 people.

#### **Case: Professional psychological consulting services for employees**

CEB set up a consulting WeChat official account, launched the i-EAP mobile platform dedicated to employee psychological wellbeing, And held “face-to-face” psychological interviews to understand their psychological needs, in order to resolve their psychological troubles. By conducting psychological health testing to each employee, the Bank helped learn about their conditions and provided psychological consulting services through multiple channels to increase their sense of fulfillment and happiness.



**Games to improve employees’ psychological health**

#### **4. Promoting work-life balance**

CEB carried out a variety of sports and cultural activities such as reading, painting, walking, farm-product-picking, hiking, calligraphy, photography competitions and artistic performances to ensure that employees could be happy at work and live a healthy life.



**Activities at staff’s spare time**



**Walking campaign organized by CEB Wuhan Branch for subsidiaries under China Everbright Group in Wuhan**



**CEB Haikou Branch employees running the Haikou Marathon in 2018**



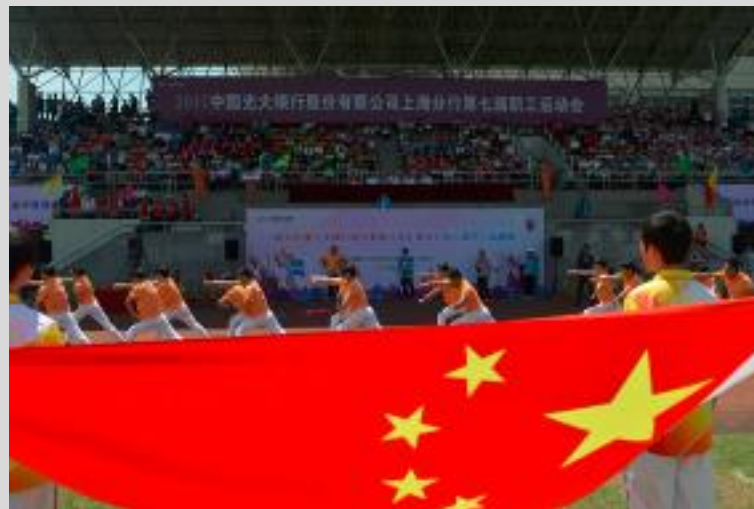
**Spring Festival Celebration of CEB Changchun Branch**

### **Case: Participation in Group's photography competition**

In October, CEB participated in the photography competition of “Everbright love in Chinese Hearts” organized by the Group, marking the 40<sup>th</sup> anniversary of China's Reform and Opening-up and the 35<sup>th</sup> anniversary of China Everbright Group, attracting hundreds of entries from the employees. Among all the prized 160 works, CEB accounted for 120 works.



**First dawn in Everbright Center by Zhu Wen from Labor Union of H.O.**



**Motherland in my heart by Cao Qin from CEB Shanghai Branch**



**Flying together by Xu Zhangcheng from CEB Shanghai Branch**



**Time-honored bank by Ruan Jiadong from CEB Wuhan Branch**





**Fulfilling commitment by own hands by Fu Bo from CEB Shijiazhuang Branch**



**Fighting force by Liang Yuetao from CEB Zhanjiang Sub-branch**

### **iii. Pursuing on green development to build an environment-friendly homeland**

In 2018, acting on the environmental protection concept of sustainable development that is “keeping mountains green before wealth will bring back wealth to you”, CEB promoted “Green Credit”, persisted in green operations and made commitment to environmental protection so as to shape CEB into a leading green bank in China.

#### **1. Promoting green credit**

##### **(1) Strengthening green credit management**

CEB set up *the Green Credit Policy of China Everbright Bank* and the *Guidelines on Green Credit Policy of China Everbright Bank*, improved green credit policies to guide credit resources toward green economic sectors and established the green credit management framework. The Bank also refined the environmental and social risk pre-warning system and control mechanisms of the Head Office and branches, took an initiative part to identify environmental and social risks relevant to customers and projects to take targeted control or mitigation measures to effectively control and

avoid such risks.

## **(2) Aiding in eliminating backward production capacity**

Following the green credit policy, CEB had the power to veto for the projects which failed to meet environmental protection requirement or might have severe harmful impacts on the environment. The Bank sorted out a list of typical practices in violation of relevant laws and regulations that would cause environmental damages and safety problems in process of production. In 2018, the Bank scaled down loans to industries featuring “high pollution, high energy consumption and excess capacity”, followed the trend of industrial restructuring and accelerated the elimination and governance of backward production capacity.

### **Case: Green credit supporting the energy-saving lighting project**

There used to be about 18,809 high voltage sodium lamps and 76,500 traditional energy-saving lamps in the downtown area of Fuzhou city in Jiangxi, which caused high energy consumption and high pollution. In February 2018, CEB Nanchang Branch accommodated Jiangxi Lattice Lighting Co., Ltd with a loan of RMB25 million to support the installation of energy-saving LED lamps in the central area in Fuzhou. Upon completion, the project was expected to save electricity of 13.2887 million kWh and electricity bills of RMB7.96 million per year. Simultaneously, it would also effectively reduce heavy metal pollutions and radiation pollution from ultraviolet rays and infrared rays.



**Energy-saving LED lamps in the urban centre in Fuzhou**

## **(3) Supporting the development of green economy**

CEB continuously gave backing to the green economy, the low-carbon economy and the circular economy, strengthened innovation in aspects of green credit products, modes and services and refined allocation of credit resources in an endeavor to guide the whole society to minimize the waste of resources and environmental damage. The Bank advocated ecological conservation, prevention and control of pollution and use of resources properly and effectively, so as to achieve sustainable development of the economy and resources.

### **Case: Hong Kong Branch issuing first green bond**

CEB Hong Kong Branch successfully issued a three-year green bond worth USD300 million with a coupon rate of 3MLibor + 85 basis points through the USD5 billion-worth European Medium Term Note (EMTN) listed on the HKEX. It was the first green bond issued by CEB, making it the first joint-stock commercial bank to issue green bonds outside the Chinese mainland.

To issue the green bond will finance green projects with environmental benefits, and was a practical step of CEB Hong Kong Branch to support Hong Kong's initiative to build a "global green financial hub". It would help Hong Kong Branch improve the debt structure, expand medium-and-long-term sources of funds, promote balanced development of assets and liabilities business, and enhance its capacity of global resource allocation.

### **Case: Supporting circular economy and renewable energy development**

In Mianzhu City, an agricultural city in Sichuan, stubble burning was a low-cost straw-disposal practice in most villages, which would generate heavy smoke and had a serious impact on the environment.

To solve the problem, CEB Chengdu Branch extended RMB340 million in loans to the biomass power generation project in Mianzhu, which used straw stubble for biomass power generation. The project had an installed capacity of 30MW, and consumed straw of about 240,800 tons a year, which would greatly reduce stubble burning and air pollution and therefore was conducive to the environment.

## **2. Persisting in green operations**

### **(1) Reducing resource consumption**

CEB encouraged green office operations management, abiding by *Environmental Protection Law of PRC*, and strictly implemented the *Measures for Practicing Economy and Avoiding Waste of China Everbright Bank*. It used energy-saving products, phased out high-energy-consuming facilities and equipment, and shifted to new energy and renewable energy sources. It saved water by using water-saving devices, building waste water storage pools, and recycling waste water from filtration for drinking water. It promoted paperless office measures to reduce the consumption of disposable office supplies, advocated video conferencing while limiting the number of on-site meetings, and encouraged employees to save water and electricity and reduce waste to help build a "green bank".

### **(2) Properly handling emissions**

As a comprehensive financial institution, CEB conducted its daily operations without causing pollution to water and soil. In 2018, the amount of harmful waste generated in daily operations was 194.63 tons, mainly waste lead-acid batteries and waste cartridges, waste selenium drums, waste carbon powder and waste ribbons of office printing equipment, all of which were handled by specialized companies. 2,712.19 tons of harmless waste was generated, mainly including office waste and discarded hard drives, and all of them were handed over to recycling companies for proper

disposal.

Greenhouse gas emissions are mainly generated in daily office operations, such as vehicles, business travels, and the use of high-power equipment. In order to protect environment, CEB preferred shortest driving route and reduced vehicle idle running time in business trip as far as possible, and gave priority to the purchase of new energy vehicles to cut emissions of greenhouse gas. In 2018, the Bank's total greenhouse gas emissions were 71,661.43 tons. In the meantime, the Bank vigorously carried out green charity activities to protect the environment, such as planting trees to absorb carbon dioxide.

### 3. Contributing to environmental protection

CEB actively supported ecological progress, promoted environmental protection in combination with environmentally friendly products, organized employees to carry out a series of environmental protection activities, and took practical steps to disseminate the concept of ecological conservation and environmental protection among the public, and to promote sustainable development of the society.

#### Case: “Going Green Together” talent show with Everbright as the lead

CEB Shanghai Branch and Shanghai Jinqiao Recycling Market Management Co., Ltd. jointly issued the Ala Environmental Protection Card, a bank card combining financial services and the concept of environmental protection. On this basis, the two sides, together with Shanghai Landscaping & City Appearance Administrative Bureau, organized the CEB Cup “Going Green Together” environmental volunteer talent show. The sub-branches of CEB went to surrounding communities to promote the concept of green finance. The activities publicized the principles and practices of CEB with respect to environmental protection, and were covered by Shanghai TV, *Pudong Times*, *Xinmin Evening News* and other media, drawing wide attention and winning high praises.



CEB Cup “Going Green Together” talent show with Everbright as the lead



### **Case: Protecting the environment as everyone's responsibility**

On March 20, CEB Guiyang Branch carried out a tree planting volunteering campaign in an effort to fulfill the responsibility for environmental protection. The volunteers wrote down their wishes for a better living environment, such as “everyone should care about the environment”, “make the Earth greener”, and “spreading love, protecting the environment”.



**Tree planting volunteering campaign of CEB Guiyang Branch**

## **iv. Contributing to a harmonious community**

### **1. Providing volunteer services**

In 2018, we upheld the volunteerism of “Dedication, Fraternity, Mutual-aid and Progress”, strengthened the building of volunteer teams, encouraged employees to serve voluntarily, and organized volunteer activities of “Learning from Lei Feng”. In 2018, our employees provided volunteer services of 3,162 hours, an increase of 0.6% over the previous year.

### **Case: Blood donation with glory**

On September 28, 24 employees of CEB Kunming Branch took part in the blood donation campaign of financial institutions in Wuhua District. After filling in forms, going through blood pressure measurement and blood tests, and inquiry about their health status, they donated more than 7,200ml blood in total, bringing hope to people in need.



**Employees of CEB Kunming Branch donating blood**

## 2. Helping disadvantaged groups

CEB kept in mind our mission, cared for disadvantaged groups, and actively took actions to help them. The Bank supported the development of culture and education, and made donations to help students.

### Case: “Passing a Smile, Care for Children”

On June 1, CEB Yinchuan Branch organized the activities of “Passing a Smile, Care for Children” at Xingping Sunshine Home nursing center for people with disabilities in Xixia District of Yinchuan. The employees not only brought rice, noodles, oil and other daily necessities to the 58 children with disabilities, but also presented performances for them and celebrated the Children’s Day together, bringing them warmth and greetings.



**“Passing a Smile, Care for Children” activities of CEB Yinchuan Branch**



### **Case: Spreading love in rural primary school**

On May 8, CEB Dalian Branch carried out the “Sunshine Lunch” student aid activity at Goodyear Hope Primary School in Pulandian County of Dalian for the third straight year. 350 employees of the branch made donations, exceeding RMB100,000 every year, and making a total of RMB341,000 over the past three years, helping nearly 400 student-times in need.



**“Sunshine Lunch” activity of CEB Dalian Branch**

## Outlook for 2019

2019 marks the 70<sup>th</sup> anniversary of the founding of the People's Republic of China, and a key year for securing a decisive victory in building a well-off society in an all-round way. It is also the "Year of Value Creation" of CEB. In the New Year, we will take resolute measures to advance the "Wealth Management 3.0" initiative, and strive to realize the strategic vision of "building a first-class wealth management bank", and set an example in CSR performance for the banking industry.

Inclusive finance leads to common prosperity. We will continuously develop inclusive finance, and support the private economy, small and micro enterprises and "agriculture, rural areas and rural people". We will boost innovation in financial products, improve service quality, make financial services accessible, and reduce financing costs.

Sunshine services create value. Services are the essential attribute of the banking industry and the lifeline of a bank's development. We will keep pursuing excellence, refine the service management system, improve customer experience, and strengthen service innovation to create greater value for customers.

Targeted poverty alleviation ushers in shared development. We will continue to provide support for the targeted developing areas relying on our financial resources, innovated poverty alleviation models according to local conditions, and take solid measures to help developing areas out of poverty and achieve prosperity.

Care for employees brings growth together with the employer. We will further improve the career development path for employees, and establish a multi-channel and all-dimension training system to improve the overall quality of employees. We will consistently care about the physical and psychological wellbeing of employees, and increase their sense of fulfillment and happiness.

Building homeland needs green development. We will uphold the concept of green development, promote green credit, improve policies on credit destinations, use our veto power over projects that fall short of environmental standards, and improve the green credit management framework to promote low-carbon green development and harmony between mankind and nature.

Heartfelt contributions deliver community development. We will continue supporting traditional charity projects such as the "Water Cellar for Mothers", explore innovation in charity activities, and increase support for education, culture, health and poverty alleviation to make the Bank an example and a leading promoter in rewarding the society.

Success only comes through hard work. Forging ahead into the New Era, we will work together with all stakeholders and take solid steps to realize the strategic vision of "building a first-class wealth management bank".

## **Appendix**

### **Appendix 1 Notes**

#### **I. Coverage**

Organizations: The Corporate Social Responsibility Report (“CSR Report” or “the Report”) covers the Head Office of China Everbright Bank and the institutions in its jurisdiction.

Reporting Period: January 1, 2018 to December 31, 2018 (Some contents may not fall into the aforesaid reporting period.)

Reporting Cycle: Annual report.

#### **II. Basis**

China Banking Regulatory Commission

*Opinions on Strengthening Social Responsibility of Banking Financial Institutions*

China Banking Association

*Guidelines on Corporate Social Responsibility of Banking Financial Institutions*

Shanghai Stock Exchange (“SSE”)

*Guidelines on Environmental Information Disclosure of Companies Listed on Shanghai Stock Exchange*

Hong Kong Exchanges and Clearing Limited

The latest version of *Environmental, Social and Governance Reporting Guide*

Chinese Academy of Social Sciences

*Guidelines on Corporate Social Responsibility Report of Chinese Enterprises (CASS-CSR4.0)*

Global Reporting Initiative (“GRI”)

*Sustainable Development Reporting Standards*

#### **III. Notes on data**

The financial data in the Report comes from the 2018 annual financial statement of CEB, mainly of 2018, while some of the previous years. All monetary amounts stated in the Report are denominated in RMB, unless otherwise specified.

#### **IV. Reporting quality assurance**

To ensure the authenticity and reliability of the Report, PricewaterhouseCoopers Zhong Tian LLP has performed limited assurance of key data disclosed in the Report, and issue an independent assurance engagement report in accordance with the

*International Standard on Assurance Engagements (ISAE) 3000: Assurance Engagements Other than Audits or Reviews of Historical Financial Information.*

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## Appendix 2 Table of Key Performance Indicators

Economic performance	Unit	2018	2017	2016
Total assets	RMB1 trillion	4.36	4.09	4.02
Operating income	RMB100 million	1,102.44	918.50	940.37
Net profit	RMB100 million	337.21	316.11	303.88
Balance of loans to small and micro businesses	RMB100 million	4,521.33	4,002.78	3409.70
Average return on total assets	%	0.80	0.78	0.85
Weighted average return on net assets	%	11.55	12.75	13.80
Non-performing loan ratio	%	1.59	1.59	1.61
Capital adequacy ratio	%	13.01	13.49	10.80
Social performance	Unit	2018	2017	2016
Volunteer activity hours	Hour	3,162	3,142	495
Total workforce	Person	44,982	44,066	42,250
Number of female employees	Person	24,874	24,374	23,457
Number of disabled employees	Person	16	18	16

## Environmental performance

Statistic scope of the environmental performance section herein covers the Head Office and domestic tier-1 branches.

### 1. Discharges and emissions<sup>1</sup>

Sulfur dioxide (ton) <sup>2</sup>	0.01
Nitrogen oxide (ton) <sup>3</sup>	0.55
Total greenhouse gas emissions (Category I & Category II) (ton) <sup>4</sup>	71,661.43
Greenhouse gas emissions per capita (Category I & Category II) (ton/person)	3.81
Greenhouse gas emissions per square meter of floor area (Category I & Category II) (ton/m <sup>2</sup> )	0.11
Direct discharges & emissions (Category I) (ton)	5,470.77
Fuel consumption of corporate vehicles <sup>5</sup>	1,515.66
Diesel consumption of facilities <sup>6</sup>	1,652.77
Gas	2,302.34

Indirect discharges & emissions (Category II) (ton)	66,190.66
Purchased electricity power	66,190.66
Total hazardous waste discharges (ton) <sup>7</sup>	194.63
Hazardous waste discharges per capita (ton/person)	0.01
Hazardous waste discharges per square meter of floor area (ton/m <sup>2</sup> )	0.0003
Total non-hazardous waste discharges (ton) <sup>8</sup>	2,010.20
Non-hazardous waste discharges per capita (ton/person)	0.11
Non-hazardous waste discharges per square meter of floor area (ton/m <sup>2</sup> )	0.003

**Notes:**

1. As data concerning wastes, energy and resource consumption of computer rooms cannot be calculated separately for the time being, the calculation of intensity of greenhouse gas emissions, hazardous waste discharges, non-hazardous waste discharges, energy consumption and daily water consumption, in terms of both per capita and per square meter of floor area, covers both office areas and computer rooms.

2. Emissions of sulfur dioxide mainly come from fuel consumption of corporate vehicles; the sulfur dioxide emission data are calculated according to the *Technical Guidelines for the Compilation of Air Pollutant Emission Inventories of Road Motor Vehicles (Trial)* released by the Ministry of Environmental Protection of the People's Republic of China.

3. Emissions of nitrogen oxide mainly come from fuel consumption of corporate vehicles; the nitrogen oxide emission data are calculated according to the *Technical Guidelines for the Compilation of Air Pollutant Emission Inventories of Road Motor Vehicles (Trial)* released by the Ministry of Environmental Protection of the People's Republic of China.

4. The greenhouse gas inventories contain carbon dioxide, methane and nitrous oxide, which are mainly produced from purchased electricity power and fuels. Emissions of greenhouse gases are presented in terms of carbon dioxide equivalent, and calculated in accordance with the *2015 Power Grid Baseline Emission Factors in China* released by the National Development and Reform Commission (NDRC) and *2006 IPCC Guidelines for National Greenhouse Gas Inventories* publicized by the Intergovernmental Panel on Climate Change (IPCC). As there is no power grid baseline emission factor in Tibet, and the impact of the data on purchased power of Lhasa Branch is slight, and lower in importance, the purchased power of Lhasa Branch is not included in the statistical scope of greenhouse gas emission.

5. "Fuel consumption of corporate vehicles" includes gasoline and diesel consumed by corporate vehicles.

6. "Diesel consumption of facilities" refers to diesel consumed by backup generators and a few kitchen ranges.

7. Hazardous wastes from business operation, mostly in the form of used lead-acid batteries and waste ink cartridge, waste toner cartridge, waste carbon powder and waste ink ribbon of office printing equipment, are handed over to qualified specialized companies for treatment.

8. Non-hazardous wastes of the Bank, mostly office wastes and discarded hard disks, are also conveyed to recyclers for treatment. Office wastes of Nanjing Branch, Xiamen Branch, Jinan Branch, Qingdao Branch, Nanchang Branch and Yinchuan Branch are handed over for treatment to the property management companies in charge of respective business premises. As a result, office wastes of these entities cannot be separately measured, so they are estimated according to the *Manual of Coefficients of Pollutants Discharged from Urban Domestic Sources in the First National Census on Pollution Sources* released by the State Council.



## 2. Energy and resource consumption

Total energy consumption (megawatt hour) <sup>1</sup>	117,507.34
Energy consumption per capita (megawatt hour/person)	6.25
Energy consumption per square meter of floor area (megawatt hour/m <sup>2</sup> )	0.18
Direct energy consumption (megawatt hour)	24,244.60
Fuel consumption of corporate vehicles	6,184.17
Diesel consumption of facilities	6,285.94
Natural gas	11,774.49
Indirect energy consumption (megawatt hour)	93,262.74
Purchased electricity power	93,262.74
Purchased electricity power consumption of the Head Office (megawatt hour) <sup>2</sup>	31,731.055
Daily water consumption (ton) <sup>3</sup>	501,748.50
Daily water consumption of the Head Office (ton) <sup>4</sup>	102,405
Daily water consumption per capita (ton/person)	26.70
Daily water consumption per square meter of floor area (ton/m <sup>2</sup> )	0.75
Total copy paper consumption (ton)	701.98

### Notes:

1. Calculation of energy consumption data is based on relevant conversion coefficients provided in the national standards of *General Rules for Calculation of Comprehensive Energy Consumption* (GB/T 2589-2008), including purchased electricity power, natural gas, diesel consumption of facilities and fuel consumption of corporate vehicles.

2. “Purchased electricity power consumption of the Head Office” includes that of China Everbright Center, Shangdi Office, Taoranting Office, Everbright Building and Shijingshan Office.

3. “Daily water consumption” includes tap water and intermediate water. As the daily water consumption of Urumqi Branch is managed by the property management office, and water fees included in property management fees, water consumption cannot be separately calculated. So it is estimated according to the national standards, i.e. *Water Consumption Standards of Urban Residents* (GB/T 50331-2002) released by the Ministry of Construction.

4. “Daily water consumption of the Head Office” includes that of China Everbright Center, Shangdi Office, Taoranting Office and Shijingshan Office.

5. Copy paper include A4 and A3 copy paper.

Package data are inapplicable to the Bank.

### Appendix 3 Statistical Table on Targeted Poverty Alleviation Efforts

Statistical Table on Targeted Poverty Alleviation in 2018				
		Indicator	Unit	Quantity and status
<b>I. Overview</b>		Donations for poverty alleviation	RMB10,000	944.953
		Poverty alleviation loans	RMB10,000	303,636.26
		Amount equivalent to materials' value	RMB10,000	297.3749
		Number of filed poverty alleviation population	Person	15,604
<b>II. Breakdown</b>	Poverty alleviation by industry	Types of industrial poverty alleviation projects		<ul style="list-style-type: none"> <li>➤ Agriculture and forestry</li> <li>➤ Tourism</li> <li>➤ E-commerce</li> <li>➤ Asset investments</li> <li>➤ Technology-oriented business</li> <li>➤ Others</li> </ul>
		Number of industrial poverty alleviation projects		48
		Loan capital input into industrial poverty alleviation	RMB10,000	59,059.79
		Donations to industrial poverty alleviation projects	RMB10,000	217.76
		Number of filed poverty alleviation population	Person	10,517

	Poverty alleviation by employment shift	Capital input into vocational training	RMB10,000	13.6
		Number of people who received occupational training	Person-time	523
		Number of filed poverty alleviation population under employment	Person	86
	Poverty alleviation by relocation (None)	Number of people aided to relocate and get reemployed	Person	164
	Educational poverty alleviation	Financial aids to students from poverty-stricken families	RMB10,000	73.85
		Number of students who received financial aids	Person	640
		Donations to help improve educational resources in poverty-stricken areas	RMB10,000	70.64
		Loan capital input to improve educational resources in poverty-stricken areas	RMB10,000	5000
	Poverty alleviation in health care	Donations to medical and sanitary resources in poverty-stricken areas	RMB10,000	4.598
		Loan capital input to medical and sanitary resources in poverty-stricken area	RMB10,000	15,000

	Poverty alleviation in ecological conservation	Project name		<ul style="list-style-type: none"> <li>➤ Carrying out ecological protection and construction initiatives</li> <li>· Designing compensatory methods for ecological protection</li> <li>· Setting up full-time positions in charge of ecological welfare work</li> <li>➤ Others</li> </ul>
		Donations to support projects	RMB10,000	133.06
		Loan amount to support projects	RMB10,000	46,100
	Poverty alleviation with minimum subsistence	Capital input to help children, women and the elderly “left-behind ”	RMB10,000	24.495
		Number of “left-behind people aided ”	Person	221
		Capital input to help the impoverished disabled people	RMB10,000	11.84
		Number of the impoverished disabled people aided	Person	39
	Social poverty alleviation	Capital input to east-west collaborative poverty alleviation	RMB10,000	0

		Capital input to one-to-one poverty alleviation programs	RMB10,000	283.585
		Poverty alleviation charity fund	RMB10,000	28.385
	Other projects	Number of projects		34
		Donations	RMB10,000	83.14
		Loan amount	RMB10,000	178,476.47
		Number of filed poverty alleviation population	Person	5,087
		Notes to other projects		
<b>III. Awards &amp; Honors</b>	1. On January 11, 2018, CEB won the Annual Poverty Alleviation Award at the ceremony of “New Era, New Responsibility, New Role” of the 12th CSR Excellence Awards hosted by <i>People.cn</i> .			
	CEB Chengdu Branch was honored as Advanced Unit in Financial Poverty Alleviation in 2017 by Sichuan Office of the former CBRC.			

## Appendix 4 Honors and Awards

1. On January 11, 2018, the Bank won the Annual Poverty Alleviation Award at the ceremony of “New Era, New Responsibility, New Role” of the 12<sup>th</sup> CSR Excellence Awards hosted by *People.cn*.
2. On January 18, 2018, the Bank was named the Best FinTech Bank and the Best Corporate Service Bank when *Caijing Magazine* unveiled the 2<sup>nd</sup> Evergreen Awards: 2017 Best Financial Institutions.
3. On February 2, 2018, the Bank won the Outstanding Award for Mobile Banking, the Outstanding Award for Credit Card Innovation, the Outstanding Bank Award for Asset Management, and the Outstanding Award for Cash Management Innovation when *JRJ.com* held the 2<sup>nd</sup> FinTech International Forum and the 6<sup>th</sup> Annual Ceremony of “Navigating China”.
4. On February 5, 2018, the Bank won the Excellent Bank Award for Brand Value when *Ifeng.com* hosted the Golden Phoenix Annual Financial Selection for 2017.
5. On June 6, 2018, the Bank was selected as the Best Bank for Trade Finance when China Banking Association held the 7<sup>th</sup> Chinese Trade Finance Annual Meeting.
6. On July 27, 2018, the Bank won the Junding Award for Private Banking in China, Junding Award for Wealth Management in China, and Junding Award for Credit Card in China when *Securities Times* convened the 2018 China Wealth Management Summit and the 12<sup>th</sup> Junding Awarding Ceremony for Wealth Management Institutions.
7. On June 30, 2018, the Bank won the Award of Excellent Inclusive Financial Service in 2018 when *21<sup>st</sup> Century Business Herald* held the Awarding Ceremony for Leading Enterprises of China in FinTech for 2018.
8. On July 3, 2018, the Bank won the Award of Most Socially Responsible Financial Institution when China Banking Association released the *Standards for Banks to Create Barrier-free Environment* and the *2017 Social Responsibility Report of China’s Banking Sector*.
9. On July 28, 2018, the Bank won the Best Bank for Wealth Management by *21<sup>st</sup> Century Business Herald*.
10. On November 24, 2018, the Bank won the 2018 Top Ten Chinese Commercial Bank in supporting SMEs when China Association of SMEs hosted the 13<sup>th</sup> Annual Conference for SMEs in China.
11. On December 3, 2018, the Bank won the FinTech Bank of the Year when *21<sup>st</sup> Century Business Herald* released the evaluation results of 21<sup>st</sup> Century Asian Financial Institutions Competitiveness.
12. On December 11, 2018, the Bank was named the Award of 2018 Excellent Financial Institution in Competitiveness and Brand Building when the Chinese Academy of Social Sciences, *China Business Journal*, and China Business Journal Institute of Finance co-hosted the 10<sup>th</sup> Extraordinarily Competitive Financial Institutions Awarding Ceremony.
13. On December 12, 2018, the Bank was selected as the 2018 Best Inclusive Financial Service Platform, the 2018 Best Bank for Inclusive Financial Service, and



the 2018 Best Bank for Strategic Innovation when *Financial Times* hosted the 2018 New-era Financial Development Summit and the Annual Awarding Ceremony for Top Chinese Financial Institutions.

14. On December 20, 2018, the Bank was awarded the Excellent Mobile Banking Brand, the 2018 Credit Card Brand, and 2018 Bank for Innovative Products for “New E-Loan” product when *hexun.com* held the 16<sup>th</sup> Summit of Influential Chinese Banks.

15. On December 28, 2018, the Bank won the Social Responsibility and Public Welfare Award issued by *Xinhuanet* in the 2018 China Social Responsibility and Public Welfare Commendation Ceremony and the 11th Chinese CSR Summit.

## Appendix 5 Indicator Index

Contents	CASS-CSR4.0 indicator	Position in the report
Chairman's message	P2.1-P2.2	
President's message	P2.1-P2.2	
About us	Introduction to CEB	P4.1-P4.3,M1.1,M1.4,M1.6
	CSR management	G2.1-G2.3,G3.1,G4.1-G4.3,G5.1,G6.1-G6.3
Significant events	P3.1-3.2	
2018 in numbers	M1.7,S2.15,S4.8,S4.11,S4.13,E1.7	
Responsibility culture: ▪ Staying true to our original aspiration to serve the country	CSR Story: Accompanying 15 years of developing and creating new glory in the new era	P3.1
	Focusing on main business to support national strategies	S1.4
	Developing inclusive finance to benefit all	S1.4
	Forging ahead to further explore international market	S1.4
Pro-business culture: ▪ Fostering value with our mission in mind	CSR Story: "Bank-yi"	P3.1
	Fostering centripetal force through Party-building	S1.1-1.2
	Enhancing cohesion through refined management	M2.2-2.3,M3.10,S1.1-1.2, S2.4
	Improving capabilities with technology	M2.4
Sunshine culture: ▪ Providing customers with sincere services	CSR Story: Sunshine services with Everbright	P3.1
	Highly-efficient services to improve customer experience	M2.1-2.2,M2.15-2.16,M2.18
	Innovative services to lead the industry future	M2.4
	Security services to win the trust of customers	M2.8-M2.10,M2.13
	Considerate services to bring warmth to customers' hearts	M2.1-2.2
Homeland Culture: ▪ Inclusive and shared development for common benefits	CSR Story: Everbright's sincere efforts giving rise to successful orange business	P3.1
	Jointly building a happy home through targeted poverty alleviation	S1.4,S4.12-S4.14
	Bringing out the best of talents in the warm homeland	S2.1-S2.4,S2.7,S2.10-S2.18,S3.3-S3.4, S3.7
	Pursuing green development to protect	S1.4,E1.1,E1.7,E2.8,E2.15-E2.16, E2.24, E3.1-3.2,E3.6

	ecological environment	
	Dedicating to contributing to a harmonious community	S4.6,S4.8,S4.10-S4.11
Outlook for 2019		A1
Appendix 1 Notes		P1.1-P1.3
Appendix 2 Table of Key Performance Indicators		M1.6-M1.8,M2.18,S2.1,S4.8,A2
Appendix 3 Statistical Table on Targeted Poverty Alleviation Efforts		S4.13-4.14
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## Appendix 6 ESG Index

The Report is presented in accordance with the latest *Environmental, Social and Governance (ESG) Reporting Guide* issued by Hong Kong Exchanges and Clearing Limited (“HKEX”). In 2018, the Report applied general disclosures of 11 aspects and 32 key performance indicators stated in the *ESG Reporting Guide*.

Scope, aspect, general disclosure and KPI		Index	Remark
<b>A. Environment</b>			
<b>Aspect A1</b>	<b>Emissions</b>		
General disclosure	Information related to air and greenhouse gas emissions, discharges into water and land and generation of hazardous and non-hazardous wastes: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Pursuing green development to protect ecological environment	/
A1.1	The types of emissions and respective emission data.	Table of Key Performance Indicators	/
A1.2	Total greenhouse gas emissions (in tons) and, if applicable, intensity (e.g. per unit of production volume, per facility).	Table of Key Performance Indicators	/
A1.3	Total hazardous wastes produced (in tons) and, if applicable, intensity (e.g. per unit of production volume, per facility).	Table of Key Performance Indicators	/
A1.4	Total non-hazardous wastes produced (in tons) and, if applicable, intensity (e.g. per unit of production volume, per facility).	Table of Key Performance Indicators	/
A1.5	Description of measures to mitigate emissions and results achieved.	Pursuing green development to protect ecological environment	/

A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Pursuing green development to protect ecological environment	/
<b>Aspect A2 Use of resources</b>			
General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Pursuing green development to protect ecological environment	/
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Table of Key Performance Indicators	/
A2.2	Total water consumption and intensity (e.g. per unit-of-production volume, per facility).	Table of Key Performance Indicators	/
A2.3	Description of energy use efficiency initiatives and results achieved.	Pursuing green development to protect ecological environment	/
A2.4	Description of whether there is any issue in water sources that are fit for purpose, water efficiency initiatives and results achieved.	Pursuing green development to protect ecological environment	/
A2.5	Total packaging materials used for finished products (in tons) and, if applicable, with reference to per unit produced.	/	N/A
<b>Aspect A3 Environment and natural resources</b>			

General disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Pursuing green development to protect ecological environment	/
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Pursuing green development to protect ecological environment	/
<b>B. Society</b>			
<b>Aspect B1</b>	<b>Employment</b>		
General disclosure	Information related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination and other benefits and welfare: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Bringing out the best of talents in the warm homeland	/
B1.1	Total workforce by gender, employment type, age group and geographical region.	Bringing out the best of talents in the warm homeland	/
B1.2	Employee turnover rate by gender, age group and geographical region.	Bringing out the best of talents in the warm homeland	/
<b>Aspect B2</b>	<b>Health and safety</b>		
General disclosure	Information related to providing a safe working environment and protecting employees from occupational hazards: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Bringing out the best of talents in the warm homeland	/

B2.1	Number and rate of work-related fatalities.	Bringing out the best of talents in the warm homeland	/
B2.2	Number of lost days due to work injury.	Bringing out the best of talents in the warm homeland	/
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Bringing out the best of talents in the warm homeland	/
<b>Aspect B3</b>	<b>Development and training</b>		
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to occupational training. It may include internal and external courses paid by the employer.	Bringing out the best of talents in the warm homeland	/
B3.1	Percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Bringing out the best of talents in the warm homeland	/
B3.2	Average training hours completed per employee by gender and employee category.	Bringing out the best of talents in the warm homeland	/
<b>Aspect B4</b>	<b>Labor standards</b>		
General disclosure	Information related to preventing child and forced labor; (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Bringing out the best of talents in the warm homeland	/
B4.1	Description of measures to review employment practices to avoid child and forced labor.	Bringing out the best of talents in the warm homeland	/
B4.2	Description of steps taken to eliminate such practices when discovered.	/	N/A
<b>Aspect B5</b>	<b>Supply chain management</b>		



General disclosure	Policies on managing environmental and social risks of the supply chain.	Enhancing cohesion through refined management	/
B5.1	Number of suppliers by geographical region.	Enhancing cohesion through refined management	/
B5.2	Description of practices related to engaging suppliers, number of suppliers who are implemented these practices, and how these practices are implemented and monitored.	Enhancing cohesion through refined management	/
<b>Aspect B6</b>	<b>Product responsibility</b>		
General disclosure	Information related to health and safety, advertising, labeling and privacy matters related to products and services provided and methods of redress: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Security services to win the trust of customers	/
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	/	N/A
B6.2	Number of products and services related complaints received and how they are dealt with.	Security services to win the trust of customers	/
B6.3	Description of practices related to observing and protecting intellectual property rights.	Enhancing cohesion through refined management	/
B6.4	Description of quality assurance process and recall procedures.	/	N/A
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Security services to win the trust of customers	/

<b>Aspect B7</b>	<b>Anti-corruption</b>		
General disclosure	Information related to bribery, extortion, fraud and money laundering: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Enhancing cohesion through refined management	/
B7.1	Number of concluded legal cases regarding corruption brought against the issuer or its employees during the reporting period and the outcomes of the cases.	/	N/A
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Enhancing cohesion through refined management	/
<b>Aspect B8</b>	<b>Community investment</b>		
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.	Dedicating to contributing to a harmonious community	/
B8.1	Focus areas of contribution (e.g. education, environmental concerns, staff's needs, health, culture, sports).	Dedicating to contributing to a harmonious community	/
B8.2	Resources contributed (e.g. money, time) to focus areas.	Dedicating to contributing to a harmonious community	/

*English Translation for Reference Only*

### **Independent practitioner' s assurance report**

To the Board of Directors of China Everbright Bank Corporation Limited

We have been engaged to perform a limited assurance engagement on the selected 2018 key data in the 2018 Corporate Social Responsibility Report ( "CSR report" ) of China Everbright Bank Corporation Limited ( "the Bank" ).

#### **Key Data**

We carried out limited assurance procedures on the following key data of the Bank' s 2018 CSR report:

- Balance of loans to small and micro businesses
- Total number of employees
- Total number of female employees
- Proportion of effective complaint resolution
- Public welfare donations of the Head Office
- Balance of green credit
- E-channel transaction ratio
- Number of branch institutions
- Number of self-service cash machines
- Daily water consumption of the Head Office
- Purchased electricity power consumption of the Head Office
- Balance of urbanization loans

Our assurance was with respect to the selected key data of 2018 CSR report only and we have not performed any procedures with respect to any other elements included in the 2018 CSR report or information in 2017 and earlier periods.

### **Criteria**

The criteria of the preparation of the key data in the Bank' s 2018 CSR report are listed in the basis of reporting of the key data (the "basis of reporting" ) after this assurance report.

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### **Responsibilities of the Board of Directors**

The Board of Directors of the Bank is responsible for the preparation of the selected key data in the 2018 CSR report. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the selected key data in the 2018 CSR report that is free from material misstatement, whether due to fraud or error.

### **Our Independence and Quality Control**

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

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented

policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Practitioner' s Responsibilities**

It is our responsibility to express a conclusion on the key data in the 2018 CSR report based on limited assurance engagement.

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

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion on any matter that would materially affect the key data in the 2018 CSR report. Our work involves assessing the risks of material misstatement in key data in the 2018 CSR report whether due to fraud or error, and responding to the assessed risks. The extent of procedures selected depends on our judgment and assessment of the engagement risk. Within the scope of our work, we have only performed the following procedures in the Head Office and Beijing Branch of the Bank. We did not perform assurance work in other branches. The procedures we performed comprised:

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- 1) Interviews with management and personnel in the departments involved in providing information in relation to the selected key data for inclusion in the CSR report;
- 2) Analytical procedure;
- 3) Sampling of selected key data in the CSR report;

- 4) Recalculation;
- 5) Other procedures deemed necessary.

### **Inherent Limitation**

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

### **Conclusion**

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the selected key data in the 2018 CSR report are not prepared, in all material respects, in accordance with the basis of reporting.

### **Restriction on Use**

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

**PricewaterhouseCoopers Zhong Tian LLP**

Shanghai, China

March 28, 2019

## **Appendix: Basis of Reporting of Key Data**

**Balance of loans to small and micro businesses:** At the end of December 31<sup>st</sup>, 2018, the loan balance of China Everbright Bank ( "the Bank" ) to small businesses, micro businesses, the individual business, and small and micro business owners. The enterprises are categorized according to the Standard for the Classification of Small and Medium-size Enterprises (Ministry of Industry and Information Technology [2011] No. 300).

**Total number of employees:** At the end of December 31<sup>st</sup>, 2018, the total number of contract employees and dispatching employees of the Bank.

**Total number of female employees:** At the end of December 31<sup>st</sup>, 2018, the total number of female employees of the Bank.

**Proportion of effective complaint resolution:** The number of compliant resolution divided by all complaints received by the Bank in 2018.

**Public welfare donations of the Head Office:** The amount of the Bank' s external donations approved by the head office in 2018.

**Balance of green credit:** At the end of December 31<sup>st</sup>, 2018, the loan balance of



Green agricultural development project, Green forestry development project, Industrial energy-saving, water-saving and environmental protection project, Nature conservation, Ecological restoration and Disaster prevention and control project, Resource-cycling project, Waste treatment and prevention project, Renewable and clean energy project, Urban and Rural water project, Energy-saving and green architecture project, Green traffic project, Energy-saving and environmental protection project, and Overseas projects with international practices or standards of the Bank. The projects are categorized according to the Notice of the General Office of CBRC on submitting green credit statistics, issued by China Banking Regulatory Commission on July 4<sup>th</sup>, 2013.

**E-channel transaction ratio:** The number of e-banking transactions divided by the sum of the number of e-banking transactions and the number of counter transactions of the Bank in 2018.

**Number of branch institutions:** At the end of December 31<sup>st</sup>, 2018, the total number of the Bank's branch institutions that have received licenses from the CBRC in the territory (excluding Hong Kong, Macao, and overseas branches).

**Number of self-service cash machines:** At the end of December 31<sup>st</sup>, 2018, the total number of operating self-service cash machines of the Bank in the

territory (excluding Hong Kong, Macao, and overseas branches), including ATM, CRS, and TCR.

**Daily water consumption of the Head Office:** Total water consumption of the head office of the Bank in 2018, including the daily water consumption of Guangda Center, Shangdi office area, Taoranting office area and Shijingshan office area.

**Purchased electricity power consumption of the Head Office:** Total electricity power consumption of the head office of the Bank in 2018, including the purchased electricity power consumption of Guangda Center, Shangdi office area, Taoranting office area, Guangda Building office area and Shijingshan office area.

**Balance of urbanization loans:** At the end of December 31<sup>st</sup>, 2018, the Bank sponsored enterprises and institutions to undertake urbanization such as the renewal of shanty towns, old towns, old factories and old villages (villages in the city), construction of affordable houses, land comprehensive improvement, urban infrastructure, etc.

## Appendix 8 Feedback

Dear reader,

We highly appreciate your reading of the *2018 Corporate Social Responsibility Report of China Everbright Bank*. The Report may have some unavoidable mistakes or omissions. We hope you can provide your valuable opinions so that we can make continuous improvement in our CSR work.

Thank you!

China Everbright Bank

March 2019

We highly value your opinions on the Report. Please answer the following questions and give us your timely feedback.

1. What is your overall evaluation of the Report?

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2. Which part of the Report are you most interested in?

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