



(A joint stock company incorporated in
the People's Republic of China with limited liability)
(H Shares Stock Code: 3866)
(Preference Shares Stock Code: 4611)
(A Shares Stock Code: 002948)

2020

青島銀行股份有限公司
BANK OF QINGDAO CO., LTD.

社會責任報告

CORPORATE SOCIAL RESPONSIBILITY REPORT

Sustainable Blue Economy

Member of the Sustainable Blue Economy Finance Initiative
One of the first batch of banks in an emerging market to join it

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About This Report

This report describes the efforts and achievements of Bank of Qingdao Co., Ltd. (hereinafter referred to as “Bank of Qingdao”, “the Bank”, and “we”) in respect of economic, social and environmental issues in 2020 and documents Bank of Qingdao’s assumption of social responsibility and commitment to sustainable development on the basis of providing financial services.

Reporting period

The reporting period is from 1 January 2020 to 31 December 2020 (the “Reporting Period”), with the exception of some matters that extend beyond this period.

Reporting cycle

This report is prepared annually.

Reporting scope

This report focuses on Bank of Qingdao Co., Ltd. as its main reporting entity and covers its head office, branches, sub-branches and affiliates, unless otherwise specified.

Basis of preparation

This report is prepared based on the requirements of the Shenzhen Stock Exchange’s Guidelines for the Standardised Operation of Companies Listed on the Small and Medium-sized Enterprise Board and the disclosure recommendations of The Stock Exchange of Hong Kong Limited’s Guidelines for Environmental, Social and Governance Reporting, with reference to:

The Sustainability Reporting Guidelines of the Global Reporting Initiative (G4.0)

Opinions of the General Office of the Former China Banking Regulatory Commission on Strengthening the Social Responsibility of Banking Financial Institutions

Guidelines of the Shanghai Stock Exchange on the Environmental Information Disclosures of Listed Companies

Guidelines of the China Banking Association on the Corporate Social Responsibility of Banking Institutions of China

Explanation of information

The financial information in this report is based on the 2020 financial statements that were independently audited by KPMG Huazhen LLP. Should there be any conflict between the financial data herein and the 2020 annual report of the Bank, the 2020 annual report shall prevail. Other information is sourced from statistical data generated by the Bank’s internal systems, affiliates, and branches. Cases cited are real cases in the Bank’s operations. Unless otherwise stated, Renminbi is the functional currency throughout the report.

Assurance approach of the report

The Board of Directors of the Bank and all directors undertake that the information in this report contains no false records, misleading statements or material omissions, and they assume individual and joint liability for the authenticity, accuracy and completeness of the information in this report.

KPMG Huazhen LLP was appointed to perform independent limited assurance on the report in accordance with the International Standards on Assurance Engagements (ISAE) 3000: Assurance Engagements Other than Audits or Reviews of Historical Financial Information, and KPMG Huazhen LLP issued an assurance report in this regard.

Issuance form

This report has been issued in print and published on the website of the Bank at <http://www.qdccb.com>.

This report has been prepared in simplified Chinese, with English and traditional Chinese versions also available. If there is any conflict between the different versions, the simplified Chinese version shall prevail.

Preparer of the report

The General Office of Bank of Qingdao

Contact us

The General Office of Bank of Qingdao

Address: BQD Building, No. 6, Qinling Road, Laoshan District, Qingdao, Shandong Province, PRC

Postal code: 266061

Tel: +86 (532) 81758305

Fax: +86 (532) 81758888

E-mail: bgs@qdbankchina.com

Chairman's Statement

2020 was a year full of challenges, but it was also a year in which China was able to demonstrate its national spirit and overcome adversity. In the face of the complex international and domestic environment, the COVID-19 pandemic and natural disasters, the Central Committee of the Communist Party of China (CPC) decisively coordinated efforts for virus prevention and control as well as economic and social development, and led the Party and the nation to control the pandemic, resume work and production, and achieve positive economic growth more quickly than other major economies. Overall, the country made remarkable achievements in the last year of the 13th Five-Year Plan period.



For Bank of Qingdao, 2020 marked a year in which we braved difficulties and worked to fulfil our great potential. The Bank fully implemented the arrangements of the CPC Central Committee, Shandong Province, Qingdao City, and regulators for pandemic prevention and control as well as economic and social development. In addition, we proactively promoted the country's supply-side reforms and the province's and city's economic transformation initiatives, continued to enhance our awareness of our social responsibilities, and offered financial support to high-quality, sustainable economic and social development.

In 2020, we gave full play to our role in boosting economic development. We continued to act as a leading local financial institution to serve the real economy and ensure the "6 priorities" and "stability in 6 areas". To this end, we launched various innovative inclusive finance products, such as the "Anti-pandemic Loan", "Anti-pandemic Subsidy", and "Loan for Restaurant Enterprises". In addition, we steadfastly promoted refinancing and rediscounting policies and firmly applied the "two policy instruments". In short, we made every effort to combat the pandemic, facilitate work and production resumption, and support private enterprises, including small and micro enterprises. Meanwhile, we further explored the local economy and stepped up financial support for manufacturing, technological innovation, projects related to people's livelihoods, and other critical areas. Furthermore, we entered into a comprehensive strategic partnership with COSMOPlat to create an era of industrial Internet finance, and we deployed the "Bank-Enterprise Investment" platform, which provides integrated services such as IPO preparation, diversified financing, and professional services to help enterprises pursue technological innovation. In this way, we are helping attract innovation investors and venture capital companies to Shandong Province. We also established our subsidiary BQD Wealth Management Co., Ltd., and released the Chinese wealth management industry's first direct sales app as well as the "Well-off" brand, so as to provide more inclusive and diversified financial services that cover different markets, thereby promoting the transformation of the region's economic structure and development model.

In 2020, we made practical progress in protecting ecological civilisation. The Bank continued to ensure green and sustainable development during business operations and took specific and practical measures to drive critical tasks in implementing green finance, including measures that serve green industries and facilitate the sustainable development of the real economy. During the Reporting Period, the Bank's green credit balance grew year-on-year by RMB3.646 billion or 31.47% to RMB15.233 billion. In addition, we have identified the blue economy as a major trend of green and sustainable development, and we have been working with the International Finance Corporation (IFC), a member of the World Bank Group, to jointly explore a blue finance development model based on ESG principles. During the Reporting Period, the Bank released The Blue Bond Framework of Bank of Qingdao to help environmentally-friendly programmes access financing and refinancing services. We also signed and pledged to abide by the Sustainable Blue Economy Finance Principles, becoming one of the first batch of banks in an emerging market to join the Sustainable Blue Economy Finance Initiative approved by United Nations Environment Programme (UNEP). Meanwhile, we closely monitored the impact of our business development on the environment, robustly promoted environmentally-friendly online and digital business operations, carried out various health and environmental protection activities, and proactively explored new ideas and methods for green, low-carbon, and low-emission business development.

In 2020, we stepped up efforts to improve people's livelihoods. To fulfil our corporate social responsibility, the Bank focused on providing innovative financial services that improve people's livelihoods. Under the "Caring for the Neighbourhood" brand, our community sub-branches fully engaged in the new urban community governance model and started a community finance business line. In addition, during the year, we continued to deepen our efforts to serve agriculture, rural areas, and farmers across Shandong Province with special financial service measures such as inclusive finance service stations and rural revitalisation cards. By leveraging various technologies, we were able to establish "contactless" intelligent digital banking services to adapt to the new normal of pandemic prevention and control. These services included the application of electronic business licences during over-the-counter services, direct connection to the cross-border financial blockchain-based service platform, "Qingyin Cloud Factoring" and "Pool Financing" for supply chain finance, and other online services. In addition, we launched a corporate banking app and upgraded our personal banking app, opened the Bank's first "5G+ Ecosystem" smart sub-brunch, and became the first bank in China to achieve 5G coverage across our business outlets. Furthermore, during the year, we established a volunteer service organisation and built our Qingyin volunteer service brand by continuing to set up booths to shelter outdoor workers at business outlets, proactively helping communities with nucleic acid testing registration, extending care for the children of migrants, and participating in other community service activities. We also quickly responded to the outbreak of the pandemic by donating funds and materials to help with prevention and control. In addition, we continued to participate in targeted poverty alleviation activities, and we provided financial support to students and teachers. During the Reporting Period, we made charitable donations amounting to over RMB12.8 million.

As the CPC celebrates its 100th anniversary, China is entering a golden age. Against this backdrop, Bank of Qingdao will continue to build on the achievements it has made over the past 25 years. The year 2021 marks the CPC's 100th anniversary and the first year of the 14th Five-Year Plan period, and it is the year in which the country will embark on a new journey in its efforts to build a modern socialist country. It is also the 25th anniversary of Bank of Qingdao's founding. In this new stage of development, the Bank will implement innovative business philosophies and adapt to the new business landscape with faith and passion, better align its growth with the country's and province's overall plans, and work harder to improve customer services, thereby creating more value for society and offering additional financial support to assist Shandong in developing into an outstanding, innovative province.

Chairman of Bank of Qingdao Co., Ltd.

郭少泉



Company overview

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Total liabilities

RMB **428.9** billion



Non-performing loan ratio

1.51 %



Total assets

RMB **459.8** billion



Capital adequacy ratio

14.11 %



Net profit

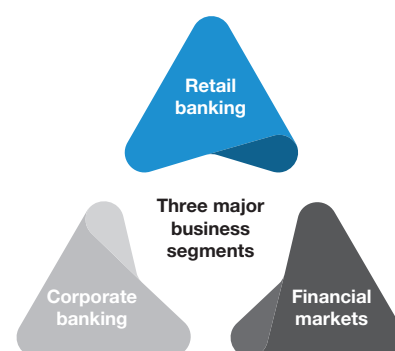
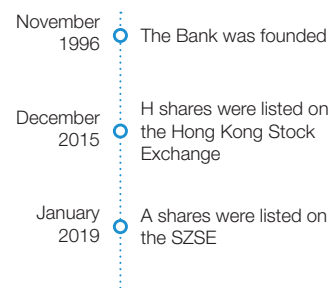
RMB **2.453** billion

Company profile

The Bank was founded in November 1996, and its headquarters are based in Qingdao, Shandong Province. It was formerly known as Qingdao Urban Cooperative Bank and Qingdao Commercial Bank. In the years since its founding, the Bank has continued to improve its governance, risk control and IT capabilities, among other areas; and it has developed unique strengths, which include “Good Governance, Warm Services, Strong Risk Control, and Advanced Technology”. In December 2015, the Bank’s H shares were listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”); and in January 2019, the Bank’s A shares were listed on the Shenzhen Stock Exchange (the “SZSE”). Bank of Qingdao was the first bank in Shandong Province to list in the A-share market, and it was the 11th “A + H-share” listed bank in China. These developments are important milestones in the history of Bank of Qingdao. The Bank has not only successfully opened up domestic and offshore financing channels to continuously improve its capital adequacy and diversify its capital structure, it has also comprehensively improved its public reputation and brand image.

The Bank mainly provides services and products such as corporate and personal deposits, loans, payment and settlement services, and it has developed three major business segments: retail banking, corporate banking and financial markets. The Bank’s goal has been to form a more solid customer base and forge a new financial business model that is unique and conducive to high-quality development. The Bank is based in Qingdao and provides services across Shandong Province. As at the end of the Reporting Period, it had 147 branches in total, including 15 branches in the major cities of Shandong Province such as Jinan, Yantai and Weihai. The Bank has also established special sub-branches such as the Sci-tech Sub-branch and the Cultural Innovation Sub-branch. Furthermore, in February 2017, the Bank set up BQD Financial Leasing Co., Ltd.; and in September 2020, BQD Wealth Management Co., Ltd, which is wholly owned by the Bank, was approved to start business. As at the end of Reporting Period, the Bank had more than 4,200 employees.

The Bank is operating in a critical period that is characterised by an economic “new normal”, stringent industry supervision and the reshaping of traditional banking business development by financial technology. The Bank’s operating indicators at the end of the Reporting Period placed it at the forefront of the banking industry in Shandong Province. Specifically, as at the end of the Reporting Period, the Group’s total assets and total liabilities amounted to RMB459.8 billion and RMB428.9 billion respectively. Its capital adequacy ratio was 14.11%, and its non-performing loan ratio was 1.51%, representing a decrease of 0.14 percentage point. During the Reporting Period, the Group’s accumulated net profit reached RMB2.453 billion, representing a year-on-year increase of 5.04%.



Corporate governance

The Bank strictly abides by the Company Law, the Law on Commercial Banks and other relevant laws and regulations, and acts in accordance with the *Articles of Association of Bank of Qingdao Co., Ltd.* With the goal of creating a regulated, market-oriented and unique corporate governance model, we are constantly improving the corporate governance mechanism to make it more regulated and effective. In addition, the Bank promotes clear authorities and responsibilities; compliant performance of duties; supervision; checks and balances; and the efficient operation of the general meeting of shareholders, the Board of Directors, the Board of Supervisors and senior management. The Bank's efforts in this regard provide a solid governance foundation for the sustainable and high-quality development of the Bank.

During the Reporting Period, the Bank adhered to the Party's leadership and integrated it into all aspects of corporate governance, required the Party Committee to consider issues before making major decisions, and gave full play to the core role of the Party's leadership. Furthermore, we enabled the Board of Directors to fully play its role in strategic guidance and scientific decision-making, insisted on compliant operations, continued to improve overall risk management, and strived to achieve high-quality development. At the same time, we continued to regulate equity management, regularly carried out self-assessment of corporate governance and major shareholder assessments, improving the standardization and effectiveness of corporate governance continuously. Moreover, we continued to optimise arrangements, discussion processes and topic selections for special committee meetings. And we actively carried out specific topic research on independent directors so as to contribute to the scientific decision-making and operational efficiency of the Board of Directors. We also strengthened the Bank's supervision over the performance of the Board of Directors and senior management; conducted in-depth financial, risk and internal control supervision; gave full play to the role of the Board of Supervisors in supervision and checks and balances; and safeguarded the lawful rights and interests of shareholders, employees, creditors and other stakeholders.

The general meeting of shareholders exercises authority over the Bank. During the Reporting Period, the Bank held 2 general meetings of shareholders to review and approve 12 proposals and hear 3 reports. The notification, convening, calling and voting processes of the general meetings of shareholders complied with the relevant provisions of the *Company Law* and the *Articles of Association of Bank of Qingdao Co., Ltd.*

The Board of Directors serves as the Bank's decision-making body and is responsible for reporting to the general meeting of shareholders. As at the end of the Reporting Period, the Board of Directors had 14 members, including 6 non-executive directors, 3 executive directors and 5 independent non-executive directors. During the Reporting Period, the Board of Directors held a total of 10 meetings to review and approve 36 proposals and to review or hear 61 reports.

The Board of Supervisors serves as the Bank's supervisory body. It is responsible for the general meeting of shareholders and for discharging supervisory duties. As at the end of the Reporting Period, the Board of Supervisors had 6 members, including 1 supervisor who was a shareholder, 3 supervisors who were employee representatives and 2 external supervisors. During the Reporting Period, the Board of Supervisors held a total of 7 meetings to review and approve 20 proposals and to review or hear 57 reports.

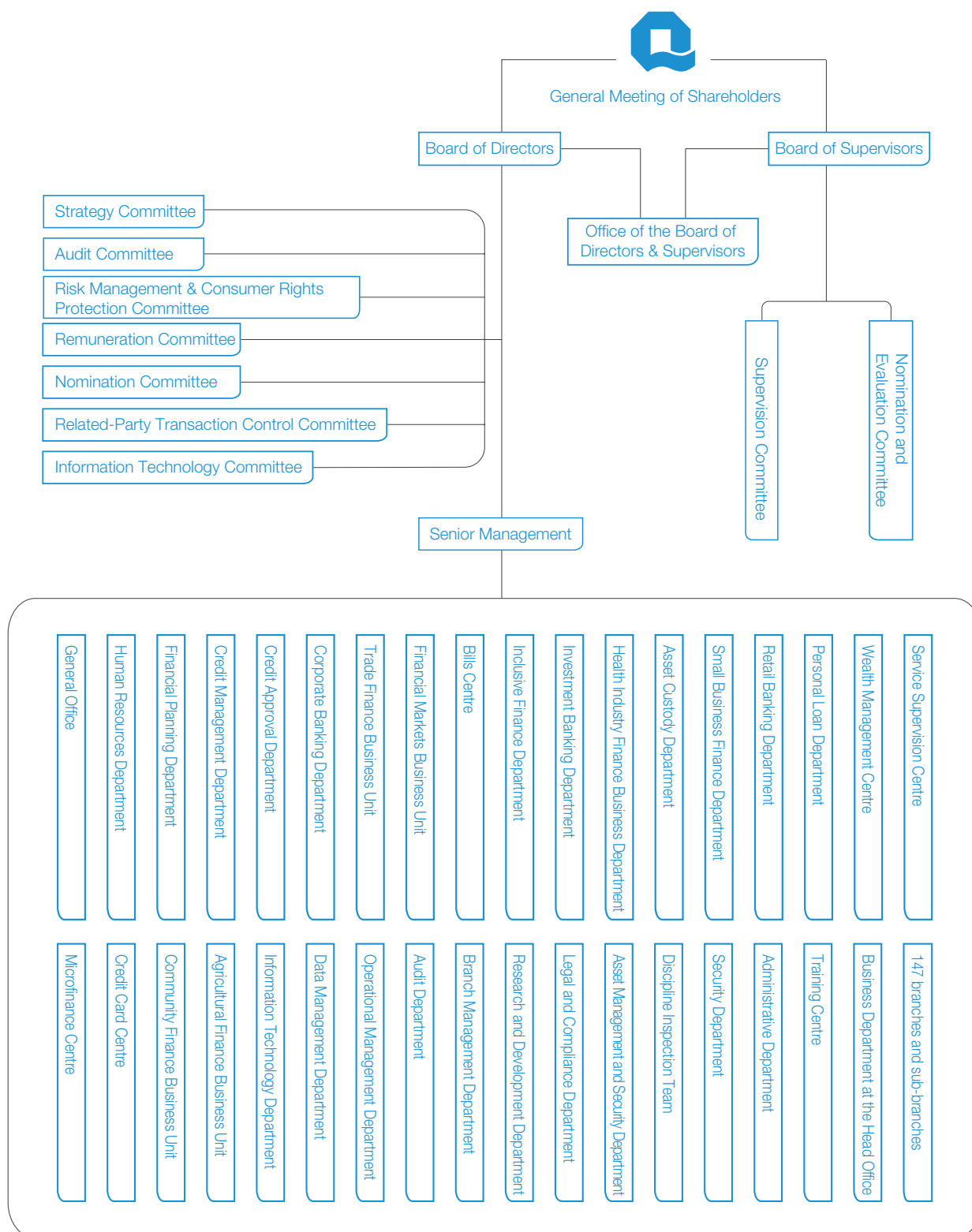
The Bank's unique corporate governance practices

First, we have built a unique, diversified, reasonable and stable long-term equity structure with highly-qualified major shareholders. The three major shareholders of the Bank are privately owned, foreign-owned and state-owned, with similar shareholding ratios. None of the shareholders exercises absolute or relative control in respect of the other shareholders. The three major shareholders reach a dynamic balance, and they keep each other in check.

Second, we fully leverage the independence and professionalism of the Board of Directors. Based on the principles of "Selecting Competent Individuals", "Establishing Sound Rules", "Calling Meaningful Meetings" and "Holding Firmly to the Reins", we have established a well-structured Board of Directors that is composed of industry experts from various fields, established sound procedural rules for the Board of Directors, and improved the operating mechanism that combines professional discussions and collective decision-making. Furthermore, the Bank has enabled the special committees to focus on professional discussions and the Board of Directors to focus on decision-making in order to further improve the operational efficiency of the Board. Moreover, we have focused on core functions such as strategic planning, capital management, internal risk control, incentives and constraints to steer the Bank's business development.

Third, our major shareholders have formed good relationships with our senior management based on mutual respect and trust. Senior management's commitment to compliant and market-oriented operations has helped the Bank achieve years of high-quality development. As stable strategic investors, the major shareholders of the Bank fully acknowledge the development philosophy of senior management and exercise their various shareholder rights within the corporate governance framework and in accordance with laws and regulations. In this way, they provide strong support for the long-term stable development of the Bank.

The Bank's Organisational Chart



Party building as guidance

The Bank has always been committed to upholding the Party's core leadership and political position. We believe that enhancing Party building helps us to take control of the overall situation. In addition, we aim to improve the Party's leadership system and working mechanism and give full play to core political role of the Party organisation. The Party Committee of Bank of Qingdao always regards party building as a "compass" to guide the development of the bank, and uses party building to guide the high-quality development of various businesses.

First, we have integrated Party building into our operations. During the Reporting Period, the Bank held weekly work meetings, monthly Party Committee meetings, and monthly study meetings of the Theoretical Centre Group to regularly communicate and coordinate regarding various issues and advance Party building in tandem with business development. We specified the institutions, personnel, expenses, responsibilities, and other details regarding the Party organisation in the Bank's Articles of Association. In addition, we require that major issues be discussed and approved by the Party Committee first to ensure the Party's core leadership and political position in the Bank's governance.

Second, we performed weekly inspections and established a supervision and improvement mechanism. The Bank established its "Weekly Inspection", which is a problem-oriented supervision and improvement mechanism that is mainly run by members of the Party committee. In this regard, the Bank's personnel perform weekly inspections of branches to identify problems in Party building, services and policy implementation, thereby enhancing internal management and forming a virtuous cycle that consists of "problem identification – immediate rectification – policy optimisation – problem resolution".

Third, we organised themed activities to inspire our employees. In accordance with the Party building requirements of the central, provincial and municipal Party Committees in various periods, the Bank launched an educational campaign with the theme of "Remaining True to Our Original Aspirations and Keeping Our Mission Firmly in Mind" and other themed activities, including one that was focused on "Reporting on Discipline, Anti-Corruption Measures, and Work Practices". At all times, we insist on "adhering to what is compulsory and emphasising the real results of innovation" in order to highlight the characteristics of the Bank and inspire all our employees. During the Reporting Period, the Bank held an annual Party building disciplinary inspection work conference to encourage the entire bank to improve its political awareness, "uphold President Xi Jinping's core position in both the Party Central Committee and the Party as a whole, and uphold the Party Central Committee's authority and its centralised, unified leadership". In this way, the Bank is actively working to create an atmosphere that encourages personnel to take responsibility and focus on implementation.

Fourth, we became more innovative in respect of the Bank's brand of Party building in order to stimulate our business. In 2014, the Bank established the first Party building cultural brand in Qingdao's financial industry—"Qing Yin Rong Wan Jia"—thereby introducing the idea of Party building as a brand. The brand embodies the Party building philosophy, which calls for "Fostering Cohesion, Promoting Ethics, Broadening Coverage and Benefiting All Families", and represents the Bank's efforts to guide its corporate culture alongside its Party building culture. As at the end of the Reporting Period, the Bank had created and registered 450 grassroots Party building brands and had recognised 47 as outstanding brands. In this way, the Bank has been able to cultivate a number of thriving grassroots brands, thereby opening up new prospects for Party building.

Fifth, we improved Party conduct within the Bank and promoted clean governance. During the Reporting Period, the Bank issued the *List of Supervisory Responsibilities of the Party Discipline Inspection Commission (2020)*, the *Detailed Working Rules of the Party Discipline Inspection Commission of the Bank of Qingdao on the Application of the "First Form" of Supervision and Discipline Enforcement (Trial)*, and the *Reminder on Deepening the Application of the "First Form" of Supervision and Discipline Enforcement by Party Organisations at All Levels across the Bank*, among other guidance, to help Party organisations at all levels within the Bank gain a better understanding of the relevant policies. In addition, the Party Committee's Secretary and members and the heads of all the departments signed the *2020 Letter of Responsibility for Enforcing Strict Party Self-Governance* to further clarify their relevant responsibilities and objectives. Under the Qingdao Discipline Inspection Commission's "Uncorruptible Qingdao" initiative and the Bank's Party building brand "Qing Yin Rong Wan Jia", we developed the "Clean Bank of Qingdao" brand during the Reporting Period to promote a culture of clean governance. We issued the *Work Plan on Improving the Party's Work Style, Ensuring Clean Governance, and Supervising and Inspecting the Implementation of the Spirit of the Eight-Point Regulation of the CPC Central Committee*, and carried out activities such as "The Year for Improving the Party's Work Style, Ensuring Clean Governance, and Developing a Disciplinary Inspection and Supervision Work System" and "Working Together to Meet the 'Revenue Target of RMB300 Billion'". We issued the *Reminder on Reinforcing Financial Discipline and Standardising Financial Management* and the *Reminder on Exercising Power Impartially in Key Fields* to encourage the Bank's management personnel to thoroughly implement the spirit of the Eight-Point Regulation of the CPC Central Committee, constantly improve their work style and continuously enhance their awareness of legal compliance issues. In 2020, the Bank recorded no corruption cases, including bribery and extortion.

Case study

Official recognition of Party building brands

During the Reporting Period, the Bank continued to create and cultivate grassroots Party building brands. During the year, the Bank officially recognised and assigned names to the following six grassroots brands under the "Qing Yin Rong Wan Jia" Party building brand:

Party building brand: Quan Cheng Yun Lian

The Bank's Jinan Branch has been able to enhance the reproducibility and marketability of its online supply chain business by integrating and innovating existing supply chain-related products. In addition, the branch has been able to gain a better understanding of the needs of different clients, and it shortened the time required to prepare and launch projects. At the same time, through standardised client admission, precise plan design, intelligent analysis of user needs, flexible system connections, customised client services and standardised product types, the Bank sorted out marketing, development and follow-up service processes for existing projects to enable the rapid implementation and launch of the entire business chain.

Party building brand: Community Grid Work Method

The Community Grid Work Method is simple, intuitive and easy to replicate. The Bank's Hefei Road Community Sub-branch devised this work methodology 4 years ago, and it has been continuously summarised, improved and revised since then. This system was derived based on the branch's practical experience, and it constitutes an implementable methodology for the efficient, rapid and sustainable development of community sub-branches.

Party building brand: Considerate Services and a Caring Family

Based on a service philosophy that focuses on considerate services and family-like care, the business department of the Bank's West Coast Branch has created a pleasant work atmosphere that covers Party building, services, management, welfare, finance and consumer protection. In this way, the branch has committed itself to a business philosophy that is people-oriented, encourages devotion and champions a happy life. In order to cultivate high-quality leaders and teams and achieve success, the Bank has continued to strengthen employee training, management and incentive mechanisms, with the goal of tapping into the potential of employees, turning the Bank into a caring family where employees feel a sense of belonging, and creating an excellent service experience for clients.

Party building brand: Bond Business Sandbox Operating Method

Under the sandbox method, the Bank's Yantai Branch categorised bond issuers by analysing the circumstances of the enterprises, some of which had issued bonds and some of which were planning to issue bonds, as well as their specific issuance conditions. The branch analysed each enterprise's situation to fully understand its needs. The branch then simulated various types of products, walked through the marketing process to identify business pain points and breakthroughs, integrated internal and external resources and information, and provided constructive opinions to the enterprises. Based on this rigorous training model, the Bank formed a high-quality communication team that was able to target clients who were covered by the sandbox method, thereby establishing a layered marketing strategy. By coordinating business and resources between the head office and the branches and efficiently interpreting relevant policies, the

Bank has been able to effectively cooperate with non-bank institutions and promote investments to boost customer retention. In this way, the Bank has achieved breakthroughs in its bond business with no or less strain on credit resources.

Party building brand: Party-Masses eHome

In order to earnestly respond to the country's strategic opinions on rural revitalisation and meet the requirements set forth in the *Guiding Opinions on Financial Services for Rural Revitalisation* promulgated by the People's Bank of China ("PBOC") and four other departments, on 16 May 2019, the Bank launched its first agricultural assistance service station at the Laixi Sub-branch. With this service station, the Bank aims to support agriculture, rural areas and farmers and proactively expand into the rural market. Since its launch, the station has helped rural residents solve practical problems by enabling them to access modern financial services locally, thereby promoting the overall revitalisation of various villages.

Party building brand: Subway Financing based on Collaboration between the Bank and Industry

The Bank's Subway Sub-branch conducts operations based on its deep understanding of the metro industry. In this regard, it has actively responded to the country's call for the vigorous development of "new infrastructure" and has focused on its strategic client, Qingdao Metro Group. In accordance with the strategy of "Operating Locally and Pursuing Stable Growth", the head office coordinated with the branches and sub-branches to achieve an early start, early deployment and early investment. The Bank subverted the traditional passive service model by replacing tie-in sales of products with customised and integrated financial solutions. In addition, in this case, the Bank was able to systematically and dynamically transform its service positioning, resource integration and organisational structure from the sub-branch, employee and client perspectives. We also strived to explore and develop a comprehensive financial service system for the client, with a view to creating a new financial model for the metro industry and a new, sustainable and marketable financial ecosystem.



◆ The Bank developed the "Clean Bank of Qingdao" brand to promote a culture of clean governance

Key KPIs

Type of KPI	Name of KPI	Unit	2020	2019
Economic KPIs	Operating income ¹	RMB100 million	105.41	96.16
	Net profit	RMB100 million	24.53	23.36
	Basic earnings per share ²	RMB	0.42	0.39
	Total assets	RMB100 million	4,598.28	3,736.22
	Total loans ³	RMB100 million	2,067.47	1,727.95
	Total deposits ³	RMB100 million	2,722.31	2,127.91
	Return on average total assets	%	0.59	0.68
	Return on weighted average net assets ²	%	8.56	8.27
	Non-performing loan ratio	%	1.51	1.65
	Provision coverage ratio	%	169.62	155.09
Social KPIs	Capital adequacy ratio	%	14.11	14.76
	Total taxes paid	RMB100 million	15.96	12.73
	Charitable donations	RMB10,000	1,280.04	896.80
	Social contribution per share ⁴	RMB	3.16	2.75
	Total number of employees ⁵	Persons	4,231	4,058
	Proportion of female employees ⁵	%	55.52	55.1
Environmental KPIs	Green credit balance	RMB100 million	152.33	115.87
	Balance of loans granted to high-pollution, high-energy consumption or overcapacity industries	RMB100 million	28.44	27.33
	E-banking replacement ratio	%	95.67	95.82
	Head office power consumption	10,000 kWh	362	360
	Head office water consumption	Tonnes	24,140	19,436
	Head office paper consumption	1 million sheets	1.60	1.03
	Head office oil consumption	Litres	39,492	49,487

1 This indicator is calculated based on the requirements of the Accounting Standards for Business Enterprises.

2 Basic earnings per share and return on weighted average net assets are calculated based on the Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings per Share. The dividends on preference shares for the period were deducted from "Net profit attributable to shareholders of the parent company"; the effects of preference shares were deducted from "Weighted average net assets". In 2020, the return on weighted average net assets was 8.56%, increased by 0.29 percentage point from the previous year, which was mainly due to the growth of net profit attributable to the shareholders of the parent company.

3 Accrued interest is excluded from total loans and total deposits.

4 Social contribution per share = (total taxes paid + wages paid to employees + interest paid to creditors + total amount of donations – other social costs incurred due to factors such as environmental pollution) ÷ total number of capital shares + basic earnings per share.

5 This indicator includes the Bank's data but excludes the data of its affiliates.

Honours and awards

Issuer	Name of Award	Time
Shandong Institute of Internal Auditors	Advanced Internal Audit Group in Shandong	January 2020
Shandong Monetary Society	Second Prize and Excellence Award in the key research topics competition in 2019	March 2020
Committee for the Construction of a Spiritual Civilisation of Shandong Province	Civilised Organisation in Shandong Province	April 2020
Qingdao Monetary Society	First Prize for the topic "Research on County Financial Governance Mechanisms Based on Supply-side Structural Reform" in the 2019 key research topics competition	June 2020
Publicity Department of the CPC, Qingdao Municipal Civil Affairs Bureau, and other departments	"Best Volunteer Service Organisation" and "Most Beautiful Volunteer" awards in the selection of advanced models for combatting the epidemic in Qingdao	June 2020
Qingdao Office of the China Banking and Insurance Regulatory Commission	"Advanced Organisation in the Provision of Financial Services to Micro and Small Enterprises" title and "Excellent Innovative Product" award in 2019	June 2020
The Banker, a UK magazine	298th in the "Top 1000 World Banks 2020" list, and one of the top 300 world banks for 3 consecutive years	July 2020
National Local Finance Forum Office, China Academy of Regional Finance, Financial Times, Organising Committee of the China New Financial Institution Forum	National Top 10 Urban Commercial Banks for Inclusive Finance	July 2020
Credit Reference Centre of the People's Bank of China	Excellent Organisation in respect of Credit System Data Quality Work	July 2020
World Brand Laboratory	371st in the "Top 500 Most Valuable Brands in China" in 2020	August 2020
The Asian Banker	"Best Co-branded Credit Card Product in China" award for the credit card co-branded in conjunction with Meituan	August 2020
China Banking Association	Best Inclusive Finance Performance Award	August 2020
Qingdao Municipal Bureau of Industry and Information Technology, Qingdao Development and Reform Commission, Qingdao Municipal Bureau of Agriculture and Rural Affairs	The only financial enterprise in the new batch of enterprises included in the "Qingdao Golden Flower" cultivation initiative	August 2020
Golden Bull Award from China Securities Journal	"2019 Golden Bull Wealth Management Bank", and "2019 Golden Bull Wealth Management Products" award for wealth management products	August 2020
Ministry of Industry and Information Technology	"Excellence Award" for the "5G Smart Application in Financial Scenarios" project in the 3rd "Bloom Cup" 5G application contest	September 2020
World Brand Laboratory	"Top 500 Asian Brands" for 4 consecutive years, ranked 450th	September 2020
The People's Bank of China	"Third Prize" for the "Financial Knowledge Smart Service Platform" project in the "2019 Bank Technology Development Awards" competition	September 2020
China Financial Workers' Union	Demonstration Unit for the Construction of the National Financial System - Workers Congress	September 2020
Financial Times, China Academy of Regional Finance, National Local Finance Forum Office	"Top 10 Competitive Chinese Banks" award for regional finance	October 2020
City Commercial Banks Clearing Co., Ltd.	"Top 10 Outstanding Cases Selected by Experts (First Place)" and "Top 10 Influential Internet Bank Cases" for the HawkEye 360 Intelligent Risk Monitoring Platform, and "Excellent Case of Channel Construction Innovation" for the "5G+ Ecosystem" Smart Bank in the first "City Commercial Bank Digital Innovation and Payment Innovation" competition	November 2020
Chinese Communist Youth League Central Financial Work Committee	"Advanced Group in the Provision of Youth Volunteer Services in the National Financial System in the Fight against the COVID-19 Epidemic" for the Laixi Sub-branch's agricultural assistance volunteer group	November 2020
Sina Finance	"Best Corporate Governance Responsibility Award" from the China ESG "Golden Awards" competition	December 2020
Financial Times	"Gold Medal List of Chinese Financial Institutions & Golden Dragon Award" for the 10th consecutive year, "Most Competitive Small and Medium-sized Bank of the Year", and "Small and Medium-sized Fintech Innovation Bank of the Year"	December 2020
World Brand Laboratory	"Five-Star Diamond Award" for the fifth consecutive year, a top global award in the service industry	December 2020
Annual China Transaction Banking Conference	Best Small and Medium-sized Transaction Bank	December 2020
China Development Bank	"Most Progress Award" from the 2020 Financial Debt Commendations Conference	December 2020



Social responsibility governance

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Social responsibility philosophy

Corporate Culture

Our corporate culture is characterised by compassion, a service mind-set, compliance, strong execution, frugality, love and dedication, among other qualities

Vision

Our vision is to conduct innovative financial operations and offer a first-rate banking experience

Bank of Qingdao's Style

Our style is characterised by integrity, unity, solidarity and motivation

Core Values

The Bank puts the customer first and is employee-oriented. We take responsibility for our social obligations and for shareholder returns, and we consider our purpose to be the pursuit of a better life

Service Concept

We work harder to become affable and trustworthy

Strategic Goals

Our goal is to become a boutique bank that is unique, technology-driven, and managed in a sophisticated way

Core Competitiveness

We offer an extraordinary customer experience, leverage leading financial technologies, and undertake strong risk governance and sophisticated internal management



Responsibility governance system

Social Responsibility Management Structure

The head office's General Office, which is guided by the Board of Directors and led by senior management, is responsible for organising and implementing social responsibility work. Social responsibility work is carried out by various departments at the head office and branches through coordination and collaboration and in accordance with the *Measures for the Regulation of Annual CSR Report Preparation and Disclosure for Bank of Qingdao Co., Ltd. (Trial)*. The Bank has committed itself to a development concept that gives equal emphasis to social and economic responsibilities, and the Bank is committed to achieving its CSR goals through various undertakings, such as formulating credit policies, selecting customer bases and designing financial products.



Communication with stakeholders

In order to understand the expectations and requirements of stakeholders, the Bank has embedded various communication channels into its daily operations. In addition, the Bank has forged a communication mechanism to enhance regular communication with stakeholders through means such as meetings, reports and seminars. In doing so, the Bank aims to improve its capabilities and the adequacy of its social responsibility governance.

Stakeholders	Expectations and requirements	Means of communication	Responses and measures
 Government	<ul style="list-style-type: none"> Support the real economy Implement macro-economic policies Promote local economic development Expand inclusive finance services 	<ul style="list-style-type: none"> Policy documents and guidelines Work meetings Information distribution Specific topic reports 	<ul style="list-style-type: none"> Carry out necessary work in respect of the “six priorities” and “stability in six areas”, drive supply-side structural reform and implement policies for “cutting overcapacity, destocking, deleveraging, reducing corporate costs and shoring up weak spots” Support the development of key projects Vigorously develop inclusive finance Explore the development of digital finance Develop new ways of serving small- and micro-sized enterprises Improve the business environment
 Regulators	<ul style="list-style-type: none"> Ensure regulatory requirements are met Maintain financial stability Take up social responsibility-related work 	<ul style="list-style-type: none"> Regulatory policies Inspections and regulations Work reporting 	<ul style="list-style-type: none"> Strengthen internal control Improve Party conduct and moral integrity Engage in poverty alleviation efforts
 Shareholders	<ul style="list-style-type: none"> Ensure sustainable business operations Improve profitability Improve returns on equity Increase corporate value 	<ul style="list-style-type: none"> General meetings of shareholders Information disclosure Performance roadshows Research and exchanges with investors 	<ul style="list-style-type: none"> Improve the corporate governance structure Make corporate development plans Disclose information in a timely manner Enhance management of investor relations
 Clients	<ul style="list-style-type: none"> Improve service quality and efficiency Provide a richer selection of financial products Ensure information and fund security Expand service channels 	<ul style="list-style-type: none"> Marketing activities Customer hotline Surveys WeChat, online banking and other digital platforms 	<ul style="list-style-type: none"> Improve the customer experience Innovate financial products Promote consumer finance Protect consumer rights and interests Increase service outlets Popularise financial knowledge
 Employees	<ul style="list-style-type: none"> Improve employee benefits Protect the rights and interests of employees Provide professional training and career development opportunities Enrich free-time activities 	<ul style="list-style-type: none"> The trade union General meetings of employee representatives Seminars Feedback Discussions and visits 	<ul style="list-style-type: none"> Improve the compensation and welfare system Collect employees' suggestions from various channels Improve the training system Set up Staff Houses Help employees who are experiencing difficulties
 Suppliers	<ul style="list-style-type: none"> Fair procurement Cooperate to achieve win-win outcomes 	<ul style="list-style-type: none"> Negotiations Conclusion of contracts and agreements Tender and bidding processes 	<ul style="list-style-type: none"> Build a procurement management system Enhance business cooperation
 Partners	<ul style="list-style-type: none"> Mutually beneficial cooperation Communication and exchanges of ideas 	<ul style="list-style-type: none"> Meetings Joint projects 	<ul style="list-style-type: none"> Deepen bank-customs cooperation Enhance interbank exchanges and cooperation
 Communities	<ul style="list-style-type: none"> Care for disadvantaged groups Organise public service activities 	<ul style="list-style-type: none"> Visits Seminars 	<ul style="list-style-type: none"> Financial aid for students Volunteer activities
 Environment	<ul style="list-style-type: none"> Low-carbon and environmentally friendly operations Sustainable development 	<ul style="list-style-type: none"> Energy conservation and emission reduction policies Green public service activities 	<ul style="list-style-type: none"> Green credit Green operations Green public service

Analysis of material issues

The Bank selects relevant issues based on the needs of various stakeholders as well as state macro-economic policies, corporate strategies, important social issues and other factors. We perform a materiality test based on stakeholder surveys and then determine material issues that need to be disclosed in the report.

Identification

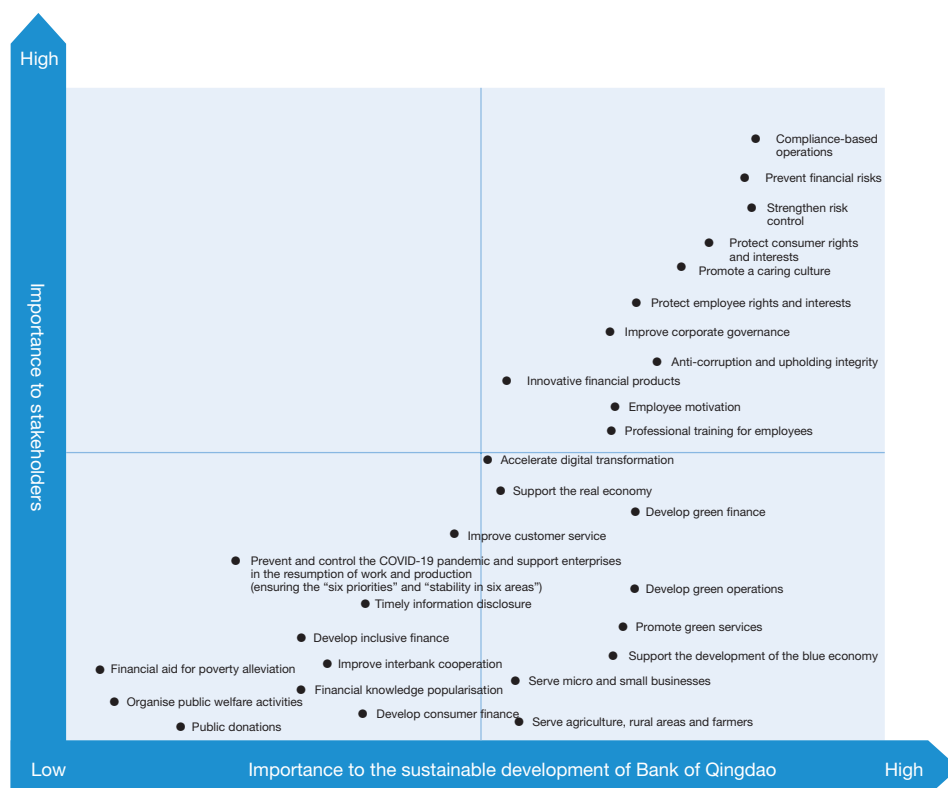
Identify issues that are vitally important to the Bank's social responsibility in economic, environmental and social respects by considering the needs of various stakeholders, state macro-economic policies, corporate strategies, important social issues, industry practices and other factors.

Evaluation

Distribute surveys to stakeholders and invite shareholders, clients, employees and other types of stakeholders to rate the importance of selected issues (430 valid surveys were received).

Selection

Build a materiality matrix based on the survey results and management's judgement of the importance of the issues, comprehensively evaluate and rate the importance of the issues, and determine the vitally important issues that need to be disclosed.





Responsibilities

- 20 Ensuring the “6 priorities” and “stability in 6 key areas” and supporting the development of the real economy
- 21 Launching Qingyin Wealth Management Co., Ltd. and the Jiaodong Economic Circle Financial Alliance

Ensuring the “6 priorities” and “stability in 6 key areas” and supporting the development of the real economy

We have thoroughly implemented the plan to ensure the “6 priorities” and “stability in 6 areas”. In its efforts to mitigate the impact of the pandemic, the Bank considered increasing credit investment to be an important way to serve the real economy. To this end, the Bank focused on providing financial services for major projects in Qingdao City and other areas of Shandong Province in order to accelerate the flow of financing into the market. The Bank has also given full play to the leading role of financial institutions in combatting the pandemic and has strived to act as a “stabiliser” for the economy by strengthening its efforts to ensure the “6 priorities” and “stability in 6 areas”. These efforts represented the Bank’s commitment to helping accelerate recovery and development for the benefit of the economy and society as a whole.

First, our commitment: In a bid to resolutely implement the decision of the Party Central Committee and the State Council on the prevention and control of the pandemic and fully implement the requirements of the China Banking and Insurance Regulatory Commission (the “CBIRC”), the Bank quickly set up an emergency leading team for the prevention and control of the pandemic to discuss and decide the Bank’s various work arrangements during the pandemic. The Bank also established a green channel working team for credit and payment business and introduced 12 measures to strengthen financial services during the pandemic, so as to fully support and cooperate with all social sectors in the prevention and control of the pandemic. These changes included multiple measures to help enterprises resume production and development so that they could make it through this difficult period of time.

Second, our efficiency: In the early stages of the COVID-19 pandemic, the Bank proactively organised and adjusted the work of the branches according to the development of the pandemic to ensure that online services would not be interrupted. Based on our strength as an incorporated bank, we were able to quickly provide financial services in response to the pandemic. For instance, we clarified the division of labour among departments, opened green business channels, simplified business processes, arranged special credit lines, provided special pandemic prevention loans, and offered first-rate services and optimal interest rates based on the principle of “special

and urgent matters come first”, so as to meet the various business needs of enterprises that were engaged in pandemic prevention efforts in a timely and efficient manner.

Third, our actions: We proactively assisted troubled enterprises by strengthening financial support. During the pandemic period, the Bank set up 14 counselling teams in Qingdao to help enterprises on the front lines. During this time, the Bank was able to register, certify, which represented a significant counselling achievement. By enabling the relevant enterprises to register their financing needs online, we were able to improve our work efficiency. At the same time, the Bank was able to resolve these enterprises’ financing difficulties through fee reductions and policy support, which helped them resume work and production. For small and medium-sized enterprises with temporary liquidity difficulties, the Bank has arranged for the temporary deferment of principal and interest payments and refinancing services, thereby effectively reducing their financing costs while facilitating their healthy development. As at the end of the Reporting Period, the Bank had invested more than RMB15 billion in special credit to support enterprises and help them combat the pandemic and resume production.

Fourth, our innovations: The Bank has launched a variety of inclusive financial products such as the “Anti-pandemic Loan”, the “Anti-pandemic Subsidy”, and the “Loan for Restaurants”, and the Bank also initiated the “Financial Assistance Plan for the Restaurant Industry”. In addition, we have adjusted the “Loan for Small Business Owners”, the “Investment (Insurance) Loan”, the “Patent Pledge Insurance Loan”, “Cloud Chain Financing”, online bill discounting, and various online micro-credit products for micro, small and medium-sized enterprises, so as to assist small and micro enterprises in resuming work, production and efficiency through both online and offline methods. Using trade financing products such as export order financing, packaged loans, credit insurance buyouts, and innovative financing models such as the “Lu Trade Loan” and “Yin Trade Pass”, the Bank was able to provide trade financing support in a preferential manner to eligible small and medium-sized export enterprises and private enterprises. In this way, we were able to ensure the supply of funds to these enterprises through multiple channels and help stabilise foreign trade.



◆ The Bank actively visited companies to provide support

Launching Qingyin Wealth Management Co., Ltd. and the Jiaodong Economic Circle Financial Alliance

On 19 November 2020, the launch ceremony for Qingyin Wealth Management Co., Ltd. ("Qingyin Wealth Management") and the Shanghai Alliance-Jiaodong Economic Circle Financial Alliance was held in the Qingdao International Convention Centre.

Qingyin Wealth Management is wholly owned by the Bank, with a registered capital of RMB1 billion. Qingyin Wealth Management was the first wealth management subsidiary approved by the CBIRC in 2020. In addition, it was the sixth wealth management subsidiary of an urban commercial bank to be approved in the country. Furthermore, it is the only wealth management subsidiary to be approved for a bank with total assets of less than RMB1 trillion.

On the day of its opening ceremony, Qingyin Wealth Management released its strategy for the future. In addition, it introduced the "Brighter Life" product series for customers' different life stages, which included the "Hard Work", "Achievement" and "Well-off" products, and it also launched the Qingyin Wealth Management app. This app is the first direct wealth management

sales app released by a bank in China. Based on the concept of "Simple but Wonderful", Qingyin Wealth Management leverages its excellent investment management capabilities and a wide range of financial products to provide clients with simplified, comprehensive and multi-dimensional asset management solutions that help them achieve a better life.

In line with the *Guiding Opinions on Accelerating the Integrated Development of the Jiaodong Economic Circle* released by the provincial government of Shandong, which aims to promote financial cooperation among the five cities in the Jiaodong area, and in order to accelerate the construction of the financial factor market, the Bank signed an agreement with representatives of more than 20 institutions, including Weihai Urban Commercial Bank, Lujiazui International Trust and Zhonglu P&C Insurance, to establish the Jiaodong Economic Circle Financial Alliance, and released the economic bond index for the five cities in the Jiaodong Economic Circle, the order of which is to improve economic integration and exchange in the Jiaodong Economic Circle and comprehensively enhance financial services for the area's real economy.



Deepening inclusive finance to support the real economy

- 24 Implementing macro-economic policies
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- 24 Facilitating regional economic development
- 28 Developing inclusive finance and offer special financial services
- 32 Exploring ways to promote digital finance

RMB15 billion special credit to support enterprises and help them combat the pandemic and resume work and production



The first bank in the country to offer 5G coverage in all business outlets



Committing ourselves to the prosperity of our business and our nation

The development of inclusive finance is critical to China's national welfare and the people's livelihood. The relationship between the real economy and financial development is reciprocal. The transformation and upgrading of the real economy requires financial support, and at the same time the real economy serves as the foundation for financial and business development. The "14th Five-Year Plan" has explicitly requires financial institutions to "build an institutional mechanism to provide effective financial support to the real economy, enhance fintech capabilities, and improve financial inclusion".

The Bank is fully implementing the spirit of the 19th CPC National Congress. To this end, we have refocused our financial services on the real economy, and we are proactively practising inclusive finance theories. In addition, we are concentrating on the real economy by increasing financing support for manufacturing, private, and small and micro enterprises; offering innovative products; optimising services and improving efficiency. In this way, we are continuously delivering financial resources to the real economy.

Implementing macro-economic policies

During the Reporting Period, the Bank implemented supply-side structural reforms and policies for "cutting overcapacity, destocking, deleveraging, reducing corporate costs and shoring up weak spots". To this end, the Bank increased financial support for manufacturing, private, and small and micro enterprises; offered financial services to ensure high-quality development and the reduction of overcapacity in the manufacturing industry; and directed funds to next generation information technology, new energy, energy conservation, environmental protection and other emerging strategic industries. In addition, the Bank has increased financial support for education, medical care, health and other new consumer areas. Furthermore, we have devised overall financial service plans for major national initiatives such as the Pilot Free Trade Zone, the SCO Demonstration Zone, the Military-civilian Integration Innovation Demonstration Zone and rural revitalisation. The Bank is helping drive industrial restructuring by introducing credit quotas by customer or by industry to reduce the amount of business it does with industries associated with high pollution, high energy consumption or overcapacity, as well as industries that need to be downsized or eliminated. The Bank has also strengthened the collection, disposal and resolution of its risk assets in order to continuously optimise asset quality.

Guarding against financial risks

During the Reporting Period, the Bank improved its risk management framework, strictly implemented the regular reporting system for risk management, adhered to the strategy of comprehensive risk management, and made timely risk judgements to prevent the Bank's asset quality from being affected by various risks. In addition, the Bank improved its risk management system and continued to optimise the risk management information system to support risk identification, measurement and control for major business lines. Furthermore, the Bank explored the use of big data, blockchain and other fintech innovations in order to enhance its risk management capabilities and modernise its risk management system. The Bank also improved its internal control mechanism for various risks and gave full play to the role of the risk management committee to ensure the accuracy of information for decision-making and the effective implementation of the Bank's risk management policy. Currently, the Bank has achieved sound overall risk control.

Facilitating regional economic development

Supporting the Belt and Road International Cooperation Platform

The Bank actively participated in Qingdao's efforts to build the Belt and Road International Cooperation Platform, continued offering innovative financial products and services by leveraging its geographical advantages, and devoted itself to serving corporate clients.

Supporting the establishment of the Pilot Free Trade Zone and the SCO Demonstration Zone

After the establishment of the Pilot Free Trade Zone and the SCO Demonstration Zone, the Bank closely followed the facilitation policies of Qingdao Customs and the PBOC. In addition, the Bank established its Pilot Free Trade Zone Sub-branch and developed a series of innovative financial services that target these zones. In terms of corporate finance, the Bank provided a tailored financial service package that covers account opening, settlement and remittance, cross-border financing, cross-border guarantees, direct investment and cash management to meet the diversified needs of enterprises within the zones. In terms of personal finance, the Bank introduced products and services to help residents and non-residents in the zones conduct foreign exchange transactions and cross-border settlement according to their daily needs. In terms of financial markets, we cooperated with government departments, and we also continued to broaden debt financing channels for non-financial enterprises and reduce their financing costs.

Innovating cross-border settlement and financing services

The Bank conducted the SGD financing transactions under the "China-Singapore Currency Swap" programme in the Qingdao Area of the China Pilot Free Trade Zone, and also provided the online supply chain financial services for China-Europe freight train business under the Belt and Road International Cooperation Platform in the SCO Demonstration Zone. During the Reporting Period, the Bank collected a cross-border payment denominated in Tenge, which it did for a machinery company in Qingdao. This is one example of the Bank's efforts to widen remittance channels for enterprises. On 30 March 2020, the Bank received approval to participate in the RMB to Tenge regional trading market as a quoting bank. This means that the Bank can participate in Tenge regional trading through the China Foreign Exchange Trade System as the first commercial bank outside the Tenge regional trading area. The Bank also launched Citi's multi-currency remittance services in order to provide innovative cross-border settlement and financing services for cross-border trade under the Belt and Road International Cooperation Platform and for enterprises in the SCO Demonstration Zone. The Bank received the "Straight Through Processing (STP) Excellence Award" from Citi Bank for the 17th consecutive year for our efficient and high-quality cross-border settlement services.

Case 1

Directly link to the cross-border financial blockchain-based service platform

In June 2020, the Bank directly linked to the cross-border financial blockchain-based service platform. On the day when the direct link was initiated, the Bank conducted its first transaction over the platform by helping a small and mirco agricultural products exporter obtain financing based on its export receivables. This initiative serves as one example of the Bank's efforts to comprehensively improve the quality and efficiency of financing for exporters.

Case 2

The China-Japan Entrepreneur Salon was held to jointly celebrate new opportunities associated with the Regional Comprehensive Economic Partnership (RCEP) agreement

On 20 November 2020, the Bank, Qingdao International Economic Cooperation Zone, and the Qingdao Branch of Mizuho Bank (China), Ltd. jointly held the "2020 China-Japan Entrepreneur Salon" in Qingdao Japan International Parlour to celebrate the new opportunities brought by the RCEP agreement.

Supporting the construction of key projects

The Bank continued to support the key areas such as Shandong Province's economic transformation and Qingdao City's "15 Economic Goals", and allocate more resources to major programmes, key projects, people's livelihood projects, manufacturing, medical and health care, green finance, blue economy, and other critical fields. The Bank continued to enhance credit investments in provincial and municipal key projects, people's livelihood initiatives and other fields, and proactively support key projects for urban infrastructure, transportation, shanty town reconstruction, people's livelihood improvement, rural construction, pension industry development, etc.

Helping Qingdao develop a world-leading position in industrial Internet

In response to the "Made in China 2025" initiative, the Bank accelerated financial innovation to proactively drive high-quality development of Qingdao's manufacturing industry. We concentrated on supporting the high-end manufacturing industry by expanding business ties, creating high-level comprehensive partnerships. As high-end manufacturing industry accelerated segment integration and industry clustering gained a significant momentum, the Bank strongly advocated investment in industrial chain synergy, product optimisation, capacity expansion, technology attraction, and other area, and fully supported the integration and upgrading of high-quality manufacturing enterprises.

Case

We followed the trend of the industrial Internet and set up comprehensive strategic partnership with COSMOPlat

On 29 September 2020, the Bank and COSMOPlat signed the Comprehensive Strategic Cooperation Agreement to Help Qingdao Develop a World-leading Position in Industrial Internet, and jointly explored a new era of customised finance for the industrial Internet with COSMOPlat. The Bank and COSMOPlat also signed the BQD-COSMOPlat-Shuangxing "Qingyin Cloud Leasing" Industrial Internet Tire Leasing Business Strategic Cooperation Agreement with Shandong Shuangxing Group Co., Ltd. and the BQD-COSMOPlat-Ruifeng Industrial Internet Cross-border Finance Comprehensive Strategic Cooperation Agreement with Qingdao Century Ruifeng Group Co., Ltd.

On the day of the event, the Bank and COSMOPlat launched the "Industrial Internet Finance Innovation Lab", the first of its kind jointly established by a financial institution and COSMOPlat. The Lab was supported by the Office of the Chief Economist and Postdoctoral Work Station of the Bank, in collaboration with COSMOPlat' industrial Internet experts to help Qingdao develop a world-leading position in industrial Internet.



Helping turn Qingdao into an international venture capital investment centre

The Bank, the SZSE and government departments in charge of science and technology innovation and venture capital investment jointly held the “Bank of Qingdao Cup” Blue Star “Equity Financing and Debt Financing” roadshow competitions to help enterprises seeking technological innovation to access equity and debt funds.

As at the end of the Reporting Period, the Bank held nearly four roadshow competitions, providing comprehensive financial services such as investment brokerage, funds custody, debt issuance, financing and settlement for more than 90 companies going public; and raised RMB250 million for more than 20 SMEs seeking technological innovation, more than 50% of which accessed credit loans or first loans, with a total intentional equity investment of RMB110 million.



Providing comprehensive financial services for more than

90

companies going public

Case 1

We launched the “Bank-Enterprise Investment” acceleration platform for enterprises seeking technological innovation

At the 2020 Qingdao Global Venture Capital Network Conference held on 8 May 2020, the Bank launched the “Bank-Enterprise Investment” acceleration platform for enterprises seeking technological innovation. The platform is an innovative initiative to further support such enterprises and to promote Fintech platform development. The platform is designed based on the core concept of “boosting development using platforms”. It gathers premium capital market elements and resources from all over China, and uses big data and cloud platform to build an innovative multi-functional platform integrating IPO preparation, diversified financing, professional services, experience exchange, information sharing and management improvement for enterprises seeking technological innovation in Shandong Province or Qingdao City. The platform is positioned as a “broker”, the most important role of Fintech, and is committed to creating a new ecology to promote a healthy and prosperous capital market across Shandong Province.



Case 2

Further explored IPO financing

A Qingdao high-tech enterprise with excellent growth potential mainly engaged in vegetation restoration and ecological treatment. It had cutting-edge ecological restoration technology in China. It required a large amount of funds to facilitate rapid sales growth, and therefore the company strategically engaged a nationally renowned venture capital enterprise as its investor. The Bank leveraged the investment-loan linkage business model and granted a credit line via equity financing and debt financing to fund the company, thereby quickly addressing its needs for working capital. After years of rapid development, the company gained an industry-leading position in China, with increasing sales revenue and profitability. As a result of growth driven by funds from the venture capital and the Bank, the company met the basic listing requirements and its IPO proposal has been approved by the China Securities Regulatory Commission.

Contributing to the “High-end Manufacturing + AI” initiative

In order to keep up with the upgrading and transformation of high-end equipment manufacturing industry, the Bank offered strong support to the high-end equipment manufacturing industry, which was one of China’s strategic emerging industries, and at the same time proactively facilitated the transformation and upgrading of the traditional equipment manufacturing industry. The Bank prioritised credit support to the manufacturing industry, fully facilitated the transformation and upgrading of the traditional manufacturing industry and equipment manufacturing enterprises as well as the development of intelligent manufacturing industry. Our Internet+finance business model based on advanced technology, mature business model, convenient settlement channels, innovative business products, and efficient services ensured special multi-functional, comprehensive financial services for the development of Qingdao manufacturing industry.

Boosting enterprise development through direct financing

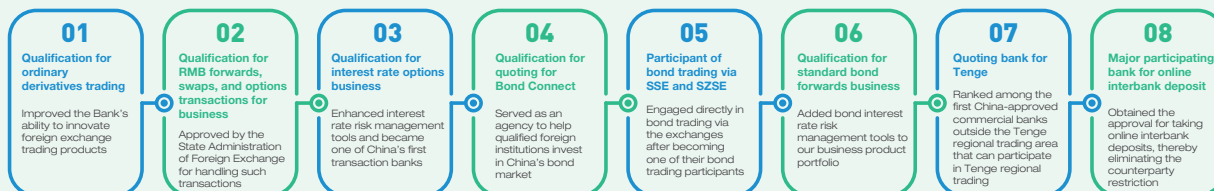
During the Reporting Period, the Bank made breakthrough in direct financing, aiming at serving the real economy and supporting the transformation and upgrading of the economic structure, thereby adding financial drivers for the development of the real economy. In 2020, the Bank invested over RMB40 billion self-owned funds in enterprises and projects in Shandong Province through bonds and non-standard investments, including investments of approximately RMB13 billion in Qingdao City. Throughout the year, the Bank participated in 41 bids for Qingdao's local government bonds of over RMB10 billion, and won the bidding for bonds of over RMB1 billion, which strongly supported the issuance of local government bonds and the construction of local key projects.

Furthermore, as the only incorporated financial institution in the province certified for inter-bank bond underwriting, the Bank makes full use of the direct financing in the bond market and focuses on government enterprises and key projects in the province that are related to regional development and the people's livelihood. In 2020, the Bank issued more than 50 debt financing instruments, wealth management direct financing instruments and debt financing plans, with a total issue amount of nearly RMB30 billion. This well satisfied the financing needs of key regional enterprises and supported the construction of key projects, which offered firm support for the government and enterprises to overcome the COVID-19 pandemic and spurred economic recovery.



Case 1

In 2020, the Bank was certified for a number of financial market businesses, which enabled us to help enterprises hedge interest rate risks and broaden their financing channels, further enriching means and channels to allow Shandong Province and Qingdao to engage foreign investments in supporting the real economy. In addition, we won several financial market awards for our professionalism and openness.



Case 2

The Bank was selected as one of the new "Qingdao Golden Flower" Enterprises

On 26 August 2020, Qingdao's Municipal Bureau of Industry and Information Technology, Municipal Development and Reform Commission and Municipal Bureau of Agriculture and Rural Development jointly issued a notice announcing the List of New "Qingdao Golden Flower" Enterprises 2020. We were the only financial enterprise included on the list as a service entity. "Qingdao Golden Flower" is Qingdao's action plan to cultivate enterprises and enable them to play a leading role in the latest round of industrial transformation and consumption upgrade, to play a leading role of the brand, and to promote economic transformation and high-quality development. Being selected as one of the new "Qingdao Golden Flower" enterprises represents the society's high recognition of the Bank.

Developing inclusive finance and offer special financial services

Developing inclusive finance

The Bank took inclusive finance development as an opportunity to further explore the supply-side structural reform in the financial sector, made every effort to promote professional operation and large-scale development of inclusive finance, and continuously increased our financial support to micro and small enterprises. We also promoted deep integration between inclusive finance and policies on creating a rich and well-off society, continued to develop digital inclusive finance, and used the Internet, big data, cloud computing and other technological means to expand service coverage, thereby boosting the high-quality development of inclusive finance.

During the pandemic, the Bank conscientiously implemented the regulators' requirements regarding financial services for micro and small enterprises, and adhered to the inclusive loan granting principles –to ensure that the application, review and approval, and issuance of loans were not interrupted. Firstly, we promised to review personal business loan applications as soon as they were submitted, and process them on the day of submission; secondly, we provided comprehensive credit support for personal business loan borrowers involved in the production, transportation and sales of medical supplies for the pandemic prevention and control; thirdly, we promised not to withdraw, cut off or defer personal business loans to clients temporarily experiencing difficulties due to the pandemic.

Implementing “two policy instruments”

The Bank actively responded to the two new monetary policy instruments launched by the PBOC to directly support the real economy, i.e. inclusive loan repayment extension and credit loan support for micro and small enterprises.

Concentrating on policy inclusiveness. In order to ensure policy inclusiveness, the Bank broke industry and sector restrictions, and made every effort to extend the terms of loans to eligible personal and corporate customers requiring so. In order to improve the policy coverage, the Bank designed inclusive credit loan products based on the new instruments specifically for micro and small enterprises to meet their various financing needs.

Concentrating on direct access to preferential policies. In order to ensure that the micro and small enterprises in need could directly benefit from preferential policies, the Bank took “three initiative actions”. First, we took the initiative to support micro and small borrowers by extracting a list of loan borrowers from our back office database, identifying the eligible micro and small borrowers based on the list, and proactively providing timely services to them. Second, we “took the initiative to understand clients’ financial needs” by carefully categorising customers, and designing credit solutions for them by industry, occupation, credit status, etc. Third, we “took the initiative to contact clients” by proactively understanding eligible clients’ needs for credit loans or loan term extension and offering relevant services. In addition, the Bank informed enterprises of relevant policies by sending them notices, group SMS messages, etc.

Case

The Bank implemented “two policy instruments” to address enterprises’ pressing issues

The Bank’s proactive implementation of the “two policy instruments” benefited an intelligent machine company in Qingdao, among others. The company is the first high-tech enterprise in China to engage in developing unmanned vehicles for mining areas. With the rapid business volume growth of the company in the year, its demand for working capital surged. However, as an asset-light technology company, it faced debt financing difficulties worsened by the pandemic. The Bank became aware of the company situation during enterprise survey and visit, and acted proactively to gain an insight, apply the “two policy instruments”, and issue a credit loan of RMB5 million to the company in the shortest possible time, solving its financing difficulties.

Innovating inclusive financial products to benefit customers

With a view to fully implementing the policy against the pandemic and supporting the development of the private economy, the Bank formulated the *Implementation Plan on Leveraging Refinancing Policies to Further Support the Prevention and Control of the Pandemic and the Resumption of Work and Production of Enterprises*, and rolled out a series of products such as “Loan for Restaurants”, “Housing Loan”, “Credit Enhancement Loan”, “Settlement Loan” and “Easy Credit Loan” for micro and small businesses and individual businesses, with favourable interest rates and simple procedures, so as to financially support their work and production resumption.

Case

The Bank offered “Loan for Restaurants” to support restaurant enterprises

The restaurant industry was seriously hit by the pandemic, resulting in some common difficulties such as insufficient cash flow and high operation pressure. In response to the pain point of the industry, the Bank extended one-year short-term working capital loans with an annual interest rate of as low as 3.8% under the “Loans to Support Restaurants” initiative to regional restaurant enterprises or individuals that enjoyed a good brand recognition, good word of mouth and implemented standardised management, but faced temporary operating difficulties due to the pandemic. These loans were characterised by efficient approval, flexible and simple procedures, which met the needs of the micro and small enterprises for easily accessible small loans. As at the end of the Reporting Period, the Bank has granted over RMB80 million such loans to more than 30 micro and small restaurant enterprises.

Innovating industry chain finance services

In order to fully enable core enterprises to benefit their industry chains with their credits, the Bank designed products based on actual transactions between the core enterprises and their upstream and downstream business partners, thereby allowing the core enterprises to share accessible credits with their business partners who were SMEs to address their urgent needs for funds. For such purpose, we quickly launched products targeting upstream business partners, such as Qingyin Cloud Factoring and Accounts Receivable Pledge Pool Financing, as well as products for downstream business partners, such as Online E-Fast Loan and Financing on Right to Claim Delivery of Goods. Through continuous product innovation, we have practically solved the difficulties of inclusive finance customers in seeking cost-effective funds during the pandemic, and address SMEs' inability to obtain financial support from banks due to insufficient collaterals, thereby broadening their financing channels. During the Reporting Period, the Bank extended 1,339 supply chain finance facilities with a total amount of RMB746 million online, of which more than 95% were used to support inclusive finance customers. Such online approach allowed the customers to make withdrawal and repayment without submitting paper documents or completing procedures via business counters.



Extended

1,339

finance facilities

Total amount
of RMB

746

million

Case

The Bank implemented supply chain finance to help fight against the pandemic

To help enterprises in Wuhan, the first city hit by the pandemic, resume work and production, the Bank granted 30 loans of RMB17.4 million in total to four enterprises in Wuhan through online supply chain finance services. One of the loans of RMB1.5 million was timely issued on 31 March 2020, the second day after official resumption of work in Wuhan. This fully reflected the convenience and flexibility of the Bank's supply chain finance services and served as an attempt to explore new methods to support inclusive finance development for micro and small enterprises under the new normal of pandemic prevention and control.

Developing unique financial services

The Bank played an active role in supporting inclusive finance initiatives and rolled out a series of special sub-branches targeting to serve the science and technology finance, ports finance, and cultural innovation finance. The Bank also leveraged the sub-branches to serve small and micro businesses and continued to innovate products and services tailored to the financial needs of targeted enterprises.



Port finance

To support the marine economy in Shandong Port, the Bank set up a dedicated port sub-branch to facilitate the development and business plan of the port. During the Reporting Period, the Bank entered into a strategic partnership with Shandong Port Group, as part of the Bank's broad efforts to deepen strategic ties with the group. The Bank continued to invest resources to improve the existing partnership model and further engage with customers in the group's port industry chain. The Bank broadened access to project loans, comprehensive credit loans, and trade financing for the port, upstream or downstream terminals, logistics, terminal yards, and import and export enterprises. In addition, the Bank attended a number of events including the "Belt and Road" Land-Sea Linkage Qingdao Summit held by Shandong Port Group and the International Oil Product Conference, issued direct financing tools for wealth management, and innovated debt financing tools to further develop our unique port finance business. Also, to practise inclusive finance, the Bank conducted visits to terminal yards, terminals, and upstream and downstream customers to understand their needs.



Metro finance

The Bank also played an active role in supporting metro projects to improve people's livelihood. The Bank has been supporting the Qingdao Metro project since the project was initiated, and set up the dedicated Yan'an Second Road Sub-Branch that focuses on Qingdao Metro Group, which is of strategic importance to the Bank, thereby developing a unique metro finance ecosystem based on the "Intelligent Financing" integrated service model. In 2020, the Bank continued to deepen our partnership with Qingdao Metro Group. In October 2020, we signed a strategic partnership agreement with the group to step up financial support. During the Reporting Period, to align with Qingdao Metro Group's "Transit-Oriented Development (TOD) + Industry" (or "Transit Industry-Oriented Development (TIOD)") business model, the Bank developed an "Integrated Financial Services for Production, Daily Life and Industrial Ecosystem" service model to cover the business segments of Qingdao Metro Group. This unique metro finance service model provides financial solutions for the "Internet + Smart Transportation + Mobile Payment", "Group Client + Supply Chain", and "Traditional Credit Extension + Investment Banking Thinking + Resource Integration" business models.





Culture finance

The Bank proactively engaged in the blue ocean of financial services for cultural innovation, and opened the Cultural Innovation Sub-branch, the one to serve the cultural innovation industry. Through the sub-branch, we explored ways to innovate offerings for the cultural innovation industry, and launched five unique product series, namely Movie, Television, and Performance Loan, Cultural Tourism Loan, Innovation Copyright Loan, Cultural Innovation Town (Park) Loan, and "Belt and Road" Cultural Trade Loan, to further drive financial support to the industry. In terms of the management model, the Bank put together a professional service team, implemented a differentiated interest rate-based pricing mechanism and a green credit approval process, and built a dedicated batch credit extension platform to serve various cultural innovation clients. During the Reporting Period, the Bank's Cultural Innovation Sub-branch proactively visited Qingdao Cultural Innovation Industry Association and major cultural industrial parks and enterprises to help them understand new policies and address financing needs.



Technology finance

Through its Sci-tech Sub-branch, the Bank integrated Qingdao's financial resources to establish the city's efficient technology finance platform focusing on providing covenant-lite loans to small and micro technology companies. The Bank has built close ties with entities including Qingdao Municipal Science and Technology Bureau, the local government of the Qingdao High-Tech Industrial Development Zone, high-tech innovation enterprises, science and technology industrial parks, guarantee companies, insurance companies, equity investment institutions, equity exchanges, securities firms, etc., to provide a one-stop integrated financial solution for technology and innovation companies that cover their entire business life cycles and processes, thereby optimising the investment and financing environment for small and micro enterprises and startups seeking technological innovations.

For the startups, the Bank introduced angel investment and venture capital to address their financial needs; for the fast growing enterprises, we provided them with science and technology innovation credit loans, equity-backed loans, patent-backed loans, equity investment and other financial support, as well as listing/licensing advisory services, thereby helping them access the domestic and overseas capital markets; for the well-established enterprises, we focused both on long-term equity investment and debt financing, and provided them with liquidity and debt instruments, merger and acquisition financing, industrial fund, asset securitisation, bond underwriting, IPO sponsorship and underwriting, professional advisory, and other financial services; and for enterprises pursuing transformation, we helped them speed up asset liquidation and reallocation, and provided them with financial restructuring, debt-to-equity swap, finance leasing, asset-backed financing, and other financial services.



Community finance

The Bank established our Community Finance Business Unit in January 2020 to accelerate the implementation of our community finance strategy and the construction of related outlets, and to explore and identify new service scenarios and models for community finance. During the Reporting Period, the Bank selected sites and completed the interior and decoration for 5 community sub-branches, 2 of which have obtained a business license and passed the on-site acceptance by the PBOC.

The Bank operates our community sub-branches under the "Happy Neighbourhood" brand, and sticks to the "Caring for the Neighbourhood" commitment when providing indoors and outdoors services for local communities. Based on this, the Bank proactively engaged in voluntary community activities and promoted the "Voluntary Services for a Happy Neighbourhood +" working model. We encouraged staff to "combine the spirit of volunteerism and work" in delivering services, fostered an inclusive business philosophy, and extended our financial services scope for caring community finance.



Exploring ways to promote digital finance

The Bank fully implemented a technological innovation strategy, adhered to a new "Finance + Technology + Scenario" service methodology, constantly explored for a comprehensive fintech solution, and sped up efforts to achieve digital transformation, thereby better serving the real economy and improving people's livelihood.

Launching a data governance framework

The Bank established a data management department in September 2020, as part of the Bank's extensive efforts to improve data governance capabilities, data quality, and management capabilities to further unlock data value. The department is responsible for developing a data governance system and a standardised data system, managing data quality, and implementing the big data strategic plan for the Bank, so as to facilitate the development of a future-oriented data-enabled business model.

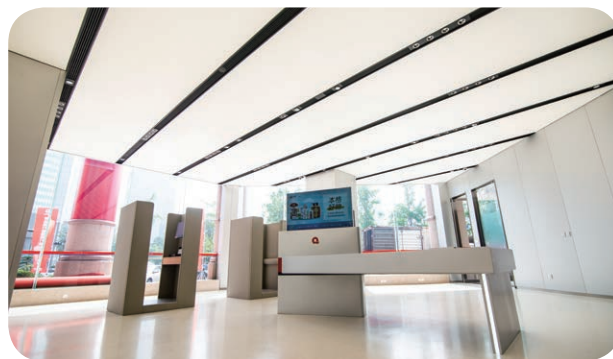
Opening a flagship smart sub-branch

To implement our "5G+ Ecosystem" strategy, the Bank opened a flagship smart sub-branch on 8 July 2020, a big step toward digital transformation. It is the Bank's first comprehensive financial service outlet to cover multiple new cross-industry scenarios. Powered by smart technologies, the outlet targets living scenarios, including parent-child interaction, education, culture, medical treatment, clothing, food, housing and travel scenarios, to create an innovative "Finance+Living" experience underpinned by intelligent services, making it "a place for facilitating daily lives with intelligent financial services" instead of "a place for accessing intelligent financial services". The outlet offers a brand new interactive customer experience that is more open, technology-driven, and convenient.



The Bank with full 5G coverage

During the Reporting Period, in order to keep up with the application of the 5G technology and leverage its "wide bandwidth, strong connectivity, low latency, and high speed" to offer a more remarkable financial service experience to clients, the Bank engaged a number of telecommunications companies to implement a deployment plan to offer 5G coverage in all our business outlets, making us the first bank in the country to realise such achievement. Looking forward, we will strive to develop innovative "5G+Finance" products that are more aligned with the national macro-economic policies, and improve internal management capabilities to drive growth.



◆ On 5 August 2020, the Bank held a press conference on "5G•Foreseeing the Future, Bank of Qingdao Steps into the 5G Era"

Releasing refreshed mobile banking apps

During the Reporting Period, the Bank continued to upgrade our online service tools, including mobile banking apps.

Upgrading the mobile banking app for individual customers

The Bank released Mobile Banking 5.0, a specialised wealth management app that has a refreshed user-friendly homepage featuring smart reminders, smart search, Siri-based fund transfer, asset visualisation, and customised wealth management product recommendations. For better user experience, the upgraded app further incorporated biometrics technologies such as voiceprint recognition and fingerprint verification before transfer. To improve public services, the upgraded app connects with the Qingdao Municipal Housing Provident Fund Management Centre to enable customer to conveniently query provident fund information, withdraw contributions to repay commercial loans, etc.

Releasing a mobile banking app for corporate clients

In response to the new mobile-office work mode, the Bank released a mobile banking app (v1.0) for corporate clients, offering them with online financial services for the first time. During the COVID-19 pandemic, the app allowed corporate clients to complete account balance inquiry, transaction approval, and financial product purchases with a single tap on a mobile device at home without corporate devices such as computers.

Achieving a great result in issuing a co-branded credit card online

The Bank partnered Meituan to release a "Internet+Finance" credit card online. By doing so, we have gained the ability to issue cards merely through online channels, and developed a business cycle of acquiring clients from scenario-based consumption and driving scenario-based consumption in return, thereby creating a new user experience. The Bank saw rapid credit card business growth in the past two years, securing a high ranking among urban commercial banks in China. As at the end of the Reporting Period, the Bank issued over 2 million QDB-Meituan co-branded credit cards. On 28 August 2020, the Bank received "Best Co-branded Credit Card Product in China" award from The Asian Banker, a renowned Singapore-based financial magazine, for the QDB-Meituan co-branded credit card.



Successfully completing core business system upgrades and business continuity emergency exercises

The Bank initiated upgrades to its core business servers and operating systems in March 2020 to further improve our system performance and risk control capabilities. The upgrades took more than 7 months, covering key processes including application shutdown, data migration, data verification, service verification with peripheral systems, application restoration, and service provision. Our business was then resumed as scheduled. In addition, the Bank successfully completed the first overall failover test for all our key systems covering all channels on 12 and 13 December 2020.

The completion of core business system upgrades and business continuity emergency exercises marked the Bank's significant progress in promoting information technology upgrades and improving IT operation and maintenance service architecture. The upgrades have significantly improved the Bank's core systems in terms of stability and reliability, and strengthened our ability to guarantee business continuity and improve the ability of information technology to prevent risks.

Establishing a digital economy circle

During the Reporting Period, the Bank signed a strategic partnership agreement with JD Digital Technology Holdings Co., Ltd. ("JD Digital"), Qingdao Municipal Bureau of Big Data Development, and Ping An Group, as part of the Bank's broad efforts to promote digital transformation and upgrading. According to the agreement, the Bank will engage JD Digital in asset management technology, blockchain, and smart services to empower financial services with technology. To unlock and leverage the value of big data, the Bank collaborated with Qingdao Municipal Bureau of Big Data Development to create a new service model based on big data technologies, platforms and industrial ecosystems. The Bank partnered Ping An Group in human resources, general administration, and cloud-based financial services through a smart management transformation project, opening a new chapter in the Bank's efforts toward smart technology-powered management.



Firmly pursuing green development

- 36 Developing green finance
- 36 Promoting green operation
- 38 Fulfilling the green corporate social responsibility



Green credit balance RMB15.233 billion



One of the first batch of banks to pilot the issuance of green bonds



We forge ahead with firm pursuit of long-term growth

The "14th Five-Year Plan" has required efforts to "drive green development for the harmonious coexistence of human beings and the nature". Accordingly, Bank of Qingdao actively implemented a green and sustainable development strategy; developed an overall goal for green credit business; strengthened support for the growth of green economy, blue economy, low-carbon economy, and recyclable economy; and heavily invested in the research and development of green credit products, so as to achieve solid progress in promoting green finance.

Developing green finance

The Bank actively implemented a green and sustainable development strategy; developed an overall goal for green credit business; strengthened support for the growth of green economy, blue economy, low-carbon economy, and recyclable economy; heavily invested in the research and development of green credit products, with an aim to prevent environmental and social risks. We further improved our green credit system, strictly controlled the credit extension for industries featuring high pollution, high consumption or overcapacity, and strived to achieve coordinated and sustainable development of the economy, society and environment.

Implementing the green credit policy

Policy as guidance. The Bank developed the *Green Credit Policy of Bank of Qingdao* and operated under the guiding principle of green development. While keeping risks under control, the Bank fully implemented the relevant policies and systems released by the State Council and CBIRC, and actively enhanced green financial services.

Rules as assurance. The Bank's policy stipulated that the Board of Directors shall be responsible for determining the green credit development strategy, instructing the senior management on setting overall green credit business goals, and supervising and assessing performance in line with the strategy and goals. On an annual basis, the Bank updates the *Green Credit Policy of Bank of Qingdao* by adding the business goals and management measures for the Bank's green credit business for the year. Furthermore, the Bank established a steering group responsible for promoting and implementing green credit projects. The steering group is led by a bank president in charge of the relevant matters and involves representatives from relevant departments.

Business plan. The Bank's green credit business aimed to support regional eco-friendly industries and targeted companies focusing on energy conservation, pollution prevention, resource conservation and recycling, clean transportation, clean energy development, and ecological protection and climate change adaptation. The Bank also worked with local government and enterprises and played an active role in promoting the transformation and upgrading of regional economic structure and growth model.

Supporting energy saving and eco-friendly industries and China's efforts to remove outdated industrial capacity

To help speed up initiatives of replacing old growth drivers with new ones, the Bank continued to reduce credits to industries featuring high energy consumption and overcapacity, including the coal, steel and coking industries. Meanwhile, the Bank offered credit support for upgrading and technological transformation and innovation by leading enterprises in traditional industries; increased credit support for energy conservation and environmental protection projects (e.g. clean energy development, environmental governance, pollution prevention, energy and water conservation, and green transportation) as well as for labour-intensive industries and other traditional industries to seek transformation and upgrading; orderly withdrew credit from enterprises with outdated industrial capacity and "zombie enterprises"; and effectively implemented the national macro-economic policy and green credit policy.

Promoting green operation

Driving green operational management

In 2020, the Bank focused on effective and efficient operational management for better account service and customer experience.

In terms of account service improvement, with the guidance of "optimizing the business environment", as the first city commercial bank in Shandong Province, the bank completed the application of the counter electronic business license.

The Bank also piloted online service processing with the personal asset certification service, thereby offering "contactless" services under the new normal arising from the COVID-19 pandemic outbreak.

Use of recycled electronic equipment (retired equipment)

The Bank was very conscious of the negative impacts of electronic equipment on the environment. Environmental protection indicators were one of the top considerations in selecting equipment and suppliers. The Bank engaged a professional service provider for the reuse and harmless treatment of waste electronic equipment. The recycled components were reused as spare products or parts to extend service life of such equipment, and to reduce their adverse effects on the environment.

Electronic equipment retired by Bank of Qingdao in 2020

Item	2020 (pieces)	2019 (pieces)
Computer for business purpose	301	374
Monitor	0	6
Printer	3	23
ATM	22	12
Self-service terminal	5	1

Note: Only pieces of equipment with a residual value that were confirmed and retired by the bank were counted.

Case

The Bank supported an eco-friendly company to expand production capacity

The Bank offered a credit of RMB20 million to a company engaging in the collection, storage and disposal of hazardous waste to expand its production capacity by installing a new incineration system line with an additional capacity of 50 t/d (16,550 tonnes/year) for incinerating hazardous waste.

Energy conservation

Energy consumptions by Bank of Qingdao in 2020

Category	Unit	2020	2019
Head office power consumption	10,000 kWhs	362	347
Head office water consumption	Ton	24,140	19,436
Head office paper consumption	1 million sheets	1.60	1.03
Head office oil consumption	Litre	39,492	49,487
Head office natural gas consumption	Cubic metre	29,636.5	28,205
Head office greenhouse gas emission	Ton carbon dioxide equivalent	3,695	4,389.7
——Direct greenhouse gas emission*	Ton carbon dioxide equivalent	90.66	111.67
——Indirect greenhouse gas emission**	Ton carbon dioxide equivalent	3,604.34	4,278.03

* Including greenhouse gas emission resulting from natural gas consumption and oil consumption

** Including greenhouse gas emission resulting from power consumption and municipal heating supply

The Bank drastically improved its utilisation of vehicles by exerting a centralised management and unified arrangement policy. In addition, we strengthened management of the gasoline usage of vehicles, implemented “one gas card for one vehicle”, and special-purpose car only for special purposes, and set limits on gasoline quality, the amount to be used and gas station according to different vehicles. We improved vehicle fuel management with special checks on those highly gas-consuming vehicles. In 2020, the vehicles of the head office generated a total of 0.276 ton of nitrogen oxide, 0.0006 ton of sulphur dioxide and 0.026 ton of particulate matters.

During the Reporting Period, no major climate-related issues that have and may have an impact on the Bank’s operation have been discovered.



Purchase management

During the Reporting Period, the Bank further improved our centralised procurement management approach and centralised procurement process, and revised the *Administrative Measures for Centralised Procurement Management of Bank of Qingdao* and *Centralised Procurement Operating Rules of Bank of Qingdao*. On the basis of these two documents, the Bank prepared the *Administrative Regulations of Bank of Qingdao on the Supplier Pool for Centralised Procurement* and *Administrative Regulations of Bank of Qingdao on the Evaluator Pool for Centralised Procurement*, and implemented a supplier admission review mechanism. We further improved our supplier replacement, disengagement, selection, and assessment mechanisms, and enhanced the compliance of centralised procurement management. When assessing suppliers, the Bank considered whether products to be purchased from the suppliers would meet all the prevailing regulations regarding environmental protection in China and excluded suppliers and products featuring high pollution and energy consumption. The Bank also guided its suppliers to fulfil mandatory social responsibilities.

The number of suppliers by region

Country	Number of suppliers
Yangtze River Delta region	123
Pearl River Delta region	62
Bohai Rim region	902
Central China	8
Northeast China	4
West China	14
Other regions	5

Fulfilling the green corporate social responsibility

During the Reporting Period, all our branches and sub-branches carried out a number of green public initiatives, including tree planting, the "Protect Clean Waters and Green Mountains" (garbage segregation) activity, urban environment improvement, eco-walk campaign, and eco-friendly ways of commuting.



Weihai sub-branch carried out voluntary activities to help win the title of "National Civilised City"



Binzhou sub-branch carried out voluntary activities for sanitation improvement



Weihai sub-branch took part in activities to help win the title of "National Civilised City"



Dezhou sub-branch launched eco-walk campaign





Zaozhuang sub-branch carried out voluntary tree planting activities



Laoshan sub-branch launched garbage segregation publicity activities



Laoshan Sub-branch launched the "Protect Clean Waters and Green Mountains" garbage segregation activities

Promoting public well-being

- 42 Operating in compliance with the laws and regulations
- 45 Protecting consumers' rights and interests
- 48 Improving customer services
- 51 Safeguarding employees' rights and interests
- 55 Supporting charity and poverty alleviation programmes

Signed agreements with
1,168 inclusive finance
service stations



More than RMB12.80
million public welfare
donations



Issued about 60,000
rural revitalisation cards

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

The Bank strongly advocate the value of compliance through rightful activities. We keep pursuing public charity and poverty alleviation. We are also deeply aware of our social responsibility to offer caring and considerate services.

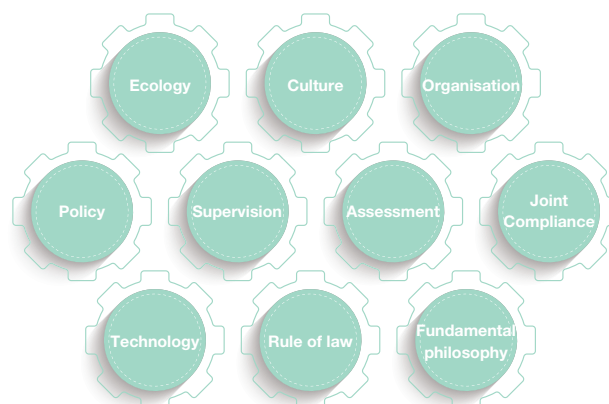
The Bank has incorporated the concept of “compliance and consumer protection” into our corporate culture, and turned it into the code of conducts of employees in daily business activities; we have established the Qingyin Charitable Foundation and created the Qingyin Voluntary Services brand to make a difference with trivial act of kindness. We constantly improved cohesion with a culture of love and care and gave back to society by fulfilling our social responsibility.



Operating in compliance with the laws and regulations

The Bank adhered to the principle of “compliance” and fully complied with laws and regulations and other regulatory requirements including the Guidelines on Compliance Risk Management in Commercial Banks. The Bank developed the *Compliance Risk Administrative Policy of Bank of Qingdao*, *Compliance Risk Administrative Provisions of Bank of Qingdao* and other policies to govern service and operational management practices. The Bank continued to raise the awareness of proactive and full compliance, and strengthened the three lines of defence composed of the business lines, compliance & risk management function and internal audit function. The Bank took comprehensive monitoring measures including regular risk management meetings and internal control review meetings, compliance inspections, external assessment agencies, and system monitoring to enhance identification, monitoring, and assessment of compliance risks, consolidate the foundation of internal control and compliance, and improve the compliance management mechanism.

- In 2020, in order to achieve comprehensive compliance, the Bank released the No. 1 document *Opinions on Driving Comprehensive Compliance with a Solid Foundation*.
- The bank built a new “comprehensive compliance” ecosystem by improving our compliance practices in 10 major areas, including ecology, culture, organisation, policy, supervision, assessment, joint compliance, technology, rule of law, and fundamental philosophy.
- The Bank continued to conduct compliance promotion campaigns online and offline, including speeches, Q&A sessions, risk alerts, and a negative list of employee behaviours, to create a corporate compliance culture driven by enhanced compliance management.



Compliance practices in 10 major areas

Constructing an internal control compliance system

Inspection mechanism

The Bank's internal compliance inspection mechanism was sound and comprehensive. The Bank carried out compliance inspections on a regular basis, including “Weekly Inspection Practice”, “I-Discover”, “Behaviours Check for Compliance Risk”, and “Operation Check for Compliance Risk”. We also held “Internal Control Review” meetings on a quarterly basis and launched virtual sub-branches to perform an audit to ensure compliance. The Audit Department of the Bank thoroughly monitored and assessed our internal control performance. In 2020, the Bank took a “retrospective approach” when conducting a series of self-examinations and inspections. During the Reporting Period, we performed a comprehensive audit over our internal control, 41 “Weekly Inspections” and 4 “Internal Control Review” meetings.

System construction

It has always been our goal to put in place a well-developed system that's easy to be implemented. The Bank launched a number of events including “The Year of Development”, “The Year of Implementation”, “The Year of Evaluation”, “The Year of Optimisation” and “The Year of Improvement” to initially shift from static policy management to dynamic policy management, from one-way policy development to two-way policy development, and from passive policy implementation to active policy implementation. During the Reporting Period, the Bank carried out a “Sword Action” to optimise the policy development process, set up a mechanism for policy checking and assessment, and to refine the separation of duties. This aimed to foster an environment of duly policy implementation, and to ensure the effectiveness of internal controls.

Reporting system

We have established a reporting system for non-compliance and illegal acts, according to which compliance risk issues were reported by grassroots business outlets and relevant administrative departments. The Audit Department conducted oversight of internal audit and reported findings based on its working procedures. During the Reporting Period, the Bank's Board of Directors conducted approval and review procedures on the *2019 Self-assessment Report on Internal Control of Bank of Qingdao*, *2019 Compliance Risk Management Report of Bank of Qingdao*, *2019 Operational Risk Management Report of Bank of Qingdao*, and *2019 Anti-Money Laundering Risk Management Report of Bank of Qingdao*.

Supervision over internal audit

The Bank followed the guiding principle of compliance with laws and regulations when performing internal audit, stepped up efforts to transform our audit model, further explored for new audit methods and techniques, and upgraded audit management. Through off-site data analysis, the Bank expanded the scope of and added value to internal audit. With an aim to develop and improve our internal control system for bank-wide risk prevention, the Bank's internal audit during the Reporting Period performed an in-depth analysis of the Bank's potential risks, and achieved remarkable progress in the transformation from business-oriented audit to management-oriented audit. Meanwhile, the Bank gradually shifted to online internal audit to obtain early warnings through non-field audit, which allowed earlier access to supporting data and systematic analysis, thereby achieving technology-empowered internal control management effectiveness.

Anti-money laundering

Based on the guiding principles of the relevant documents released by the PBOC and taking into account our specific circumstances, the Bank refined and issued 9 administrative measures for anti-money laundering in 2020, including the *Administrative Measures of Bank of Qingdao on the Reporting of Large-amount Transaction and Suspicious Transactions*, *Administrative Measures of Bank of Qingdao on Money Laundering Risk Assessment for Products (Services)*, *Administrative Measures of Bank of Qingdao on Customer Identification and Money Laundering Risk Ratings* and *Administrative Measures of Bank of Qingdao on Anti-Money Laundering Emergency Response*. With these new and updated documents, the Bank developed a systematic, regulated, and long-term mechanism for anti-money laundering efforts, and further improved our internal control over money laundering and terrorist financing risks.

The Bank carried out bank-wide self-inspection and rectification over our product and service policies. To ensure adequate, effective, and practical anti-money laundering work, the Bank included the money laundering risk prevention requirement as part of the policies governing customer acceptance, customer identification, fund audits, risk control and other key processes. This was to guarantee that the Bank could promptly and accurately identify money laundering risks and prevent them from developing into troubles.

The Bank stepped up efforts to strengthen its customer identification and exception investigation processes. Following the latest regulatory trends, the Bank took multiple measures to prevent money laundering and terrorist financing crimes from happening, or to trace the root causes. In addition, the Bank made progress in implementing an automatic control solution to identify expired customer documents and missing information. In response to the impact of the COVID-19 pandemic, the Bank released special guidelines on service procedures to ensure good customer service experience while controlling risks.

The Bank provided targeted anti-money laundering training and guidance. For new recruits, the Bank focused on induction training about money laundering risk concepts, real-life cases, and harms of money laundering, so as to improve the trainees' risk awareness. For money laundering risk management personnel, the Bank provided on-the-job training on an ongoing basis, and took into consideration their experience in practising anti-money laundering risk monitoring and inspecting, and proactively organised both internal and external subject-matter training programmes and tests to broaden their horizons. These helped our staff expand their anti-money laundering knowledge and capabilities.

The Bank continued to educate the general public on the harms of money laundering and other illegal and criminal activities, as well as on the requirements of relevant laws and policies, including the *Opinions of the General Office of the State Council on Improving the Regulatory Systems and Mechanisms of Combating Money Laundering, Financing of Terrorism, and Tax Evasion*. In 2020, in addition to holding such activities in local communities, schools, public institutions, and business outlets, the Bank leveraged online media platforms to answer related questions, perform propagation via a public official account, and promote educational videos through electronic channels. By such online and offline means, the Bank demonstrated the harms of money laundering to the society with real-life cases. For recent hot issues, the Bank focused propagation on the key areas and pain points in safeguarding personal rights and interests from different perspectives, effectively covering a larger audience and helping them understand the importance of and their role in combating money laundering.



Strengthening the protection of intellectual property rights

The Bank has always attached great importance to the protection of intellectual property rights and has formulated the *Administrative Measures for Intellectual Property Rights* in accordance with the national laws and regulations, including the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China, and the Copyright Law of the People's Republic of China. We have strictly regulated the management of intellectual property rights and improved the intellectual property protection system. Meanwhile, we were committed to creating distinctive brands, and giving full play to the role of intellectual property rights in supporting financial innovation and business development. As of the end of the Reporting Period, the Bank had an exclusive right to use a total of 190 registered trademarks in China, covering a wide range of financial services. In making continuous improvement to the existing trademark system, the Bank continued to add registered the "QDB Roadshow Loan" trademark to develop our corporate banking trademark series and enhance our soft power. While expanding our scope of intellectual property rights protection, the Bank fully recognised the legal rights of any third party. We have made it a key principle to protect intellectual property rights throughout our operation and management activities, so as to guard us against risks of intellectual property infringement.



Exclusive right to use

190

registered trademarks

Standardising code of ethics

The Bank formulated the *Code of Ethics for Staff*, the *List of Banned Behaviours for Staff*, the *Measures on Dynamic Administration of Staff's Abnormalities*, the *Measures on Addressing Staff's Irregularities*, the *Measures on Integral Administration of Staff's Irregularities*, the *Measures for Administrative of Staff's Non-Compliances Reporting*". During the Reporting Period, we formulated the *2020 Implementation Plan for Conducting On-Site Inspections and Visits during the Mid-Autumn Festival and National Day Holiday*, and conducted on-site inspections and visits and prepared reports on findings. To impose constraints on their behaviours, we required the head of each business unit to sign a "Letter of Commitment on Integrity and Self-discipline". The supervision threshold is moved forward, aiming at the key areas that are prone to corruption risks and frequently occur, and provide targeted integrity and self-discipline reminders. 22 issues of integrity and self-discipline reminders have been issued. We issued 24 "Weekly Case Sharing" on the internal portal; and organised all CPC members to watch 6 educational documentaries. In response to the new normal arising from the COVID-19 pandemic, the Bank strengthened supervision over implementation of pandemic prevention and control measures, identified and shared 71 effective measures, and issued 32 special monitoring reports on prevention and control of the COVID-19 pandemic.



Effective measures of the pandemic

71



Special monitoring reports on prevention and control of the pandemic

32

Disclosing information in a timely manner

The Bank provided a timely response via various channels to the general concerns raised by investors, including our official website, contact number for investors, IR mailbox and SZSE's "Easy Interaction" platform. The Bank conducted in-depth informative communication and interaction with investors frequently by various ways, including press conference to announce operating results and regular meetings, so as to ensure the investors' legitimate rights and interests. During the Reporting Period, the Bank held an online briefing session on our annual operating result and an online open day for listed company investors in Qingdao, and participated in one survey by investors.

In strict accordance with the appropriate laws and regulations, the Bank issued all kinds of periodic reports and interim announcements, to ensure that information disclosure was authentic, accurate, complete, timely and fair, and to protect the legitimate rights and interests of investors, in particular small and medium investors. During the Reporting Period, the Bank released a total of 182 announcements on websites of SZSE, Hong Kong Stock Exchange (HKEX news) and our official website, including 90 on SZSE and 92 on Hong Kong Stock Exchange. The Bank has set up an investor-relation column on our official website, published our email address and contact information. We carefully responded to the consultation and inquiry from shareholders and ensured that shareholders had an equal access to information.



Released announcements

182

Including

SZSE

Hong Kong Stock Exchange

90

92

Protecting consumers' legitimate rights and interests

Improving the customer complaints mechanism

The Bank strictly implemented the relevant requirements of the *Administrative Measures for the Handling of Consumer Complaints in the Banking and Insurance Sectors* (Decree [2020] No.3 of the China Banking and Insurance Regulatory Commission) and the *Implementation Rules of Bank of Qingdao for the Handling of Consumer Complaints in the Banking and Insurance Sectors* (Qing Yin Bao Jian Fa [2020] No. 12) .

First, the Bank established and improved our organisational structure and defined roles and responsibilities for consumer complaint management, and set up the complaint reception, handling and management roles at the head office, branch, and sub-branch level. Second, the Bank established the principle, separation of duties, and requirements regarding consumer complaint handling and management, managed complaint handling processes, registered consumer complaints, and appointed special personnel to make confirmation calls to customers after complaint handling, thereby proactively driving appropriate consumer complaint solutions. Third, the Bank established a service review mechanism to ensure identification

of root causes of consumer complaints and rectification. Fourth, the Bank continued to optimise our consumer complaint management structure, and establish and improve the consumer complaint management system.

In 2020, the Bank received a total of 2,524 consumer complaints and closed 2,524, with a closing rate of 100%. According to the "Statistical Standards for Financial Consumer Complaints of China's Banking Financial Institutions", categorize by business category: 898 bank cards, 360 loans, 304 payments and settlements, 197 debt collections, 94 RMB deposits, 87 self-employed wealth management, 35 personal financial information, 19 banking agency business, 17 other intermediary business, 12 treasury, 10 RMB management, 4 foreign exchange, 0 precious metal and 487 other business. The distribution of complaint areas is as follows: 2,172 in Qingdao, 60 in Weihai, 58 in Jinan, 50 in Weifang, 34 in Zibo, 32 in Yantai, 27 in Zaozhuang, 22 in Binzhou, 19 in Linyi, 18 in Dongying, 17 in Dezhou, 9 in Jining area, 4 in Laiwu and 2 in Tai'an.

Protecting customer information and funds

Launching the HawkEye 360 intelligent risk monitoring platform

During the Reporting Period, HawkEye 360, an intelligent risk monitoring platform developed by the Bank went into operation. HawkEye 360 was designed to cover more than 300 risk control models, including unexpected cash withdrawals, unexpected regular drawdowns, frequent card loss reporting and account opening/cancelling, access to mobile banking with an abnormal IP address, and lifetime risk monitoring for corporate accounts. It represented the Bank's technological advantage in terms of combating telecom frauds. Since its launch in September 2020, the platform has detected a total of more than 110 cases of account leasing or lending, as well as highly suspicious telecom frauds based on its risk control models.

Stepping up efforts to investigate bank accounts for telecom fraud risks and cut the "telecom fraud financing chain"

During the Reporting Period, with severe measures to control regulatory accounts and combat telecom frauds, the Bank completed 15 programmes to investigate a total of 400,000 pieces of customer/account information, further strengthening our control over internal and external risks of accounts. The Bank fulfilled its duty to investigate into abnormal transactions/accounts and assisted the public security authorities in arresting 6 suspects involved in the buying and selling of bank cards. The Bank's efforts were recognised by the PBOC and Qingdao Municipal Public Security Bureau.

Intensifying staff training

The Bank conducted special staff training on consumer rights and interests protection on a regular basis. For wealth management managers and personal account managers, we provided training and guidance on customer information confidentiality and business compliance; those who disclosed confidential customer information without approval or harmed the interests of customers were deemed as underperformance; we also strictly followed our service handling procedures, and put in place system and process controls to ensure the security of customer accounts and funds by verifying and confirming customer identities and transaction intentions. In accordance with the requirements of the Civil Code of the People's Republic of China, the Bank revised our personal credit business documents, and further implement our obligation to interpret contract terms as the party preparing standard contracts, effectively protecting consumers' legitimate rights and interests.

Case

HawkEye quickly identified and blocked risks

A telecom fraud gang disguised a senior customer of the Bank as a "calligrapher" to commit fraud. This was very deceptive as one could easily find the name and other information of the "calligrapher" via Baidu. However, HawkEye accurately detected the case and stopped the subsequent fraudulent transactions.

专家评审十大优秀案例奖

青岛银行

鹰眼360智能风险监控平台



Ensuring safety in business outlets

The Bank established protection using equipment and technologies and fire-fighting facilities in accordance with the relevant national public safety standards, so as to meet the requirement for preventing and fighting against theft, robbery and fire. In addition, the Bank established and improved 18 safety measures in accordance with relevant laws and regulations, including the Work Safety Law of the People's Republic of China, Fire Control Law of the People's Republic of China and other regulations governing enterprises' work safety responsibility. The Bank also established a safety inspection system and a safety accountability system to align responsibilities with posts to ensure the proper implementation of safety measures.



Established safety measures

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Protecting the personal safety of customers and employees

The Bank established a safety education and training policy, and share safety cases on a monthly basis and conducted safety emergency exercises on a quarterly basis. These training sessions and exercises helped improve the safety awareness and emergency response skills of employees. Each business outlet was equipped with security guards on duty to prevent and handle emergencies. We detailed safety operation procedures for cash transactions, and played safety educational videos and slogans regularly on TV screens in business outlets and self-service device screens to alert customers. For self-service banking (equipment), we had equipment to alert customers when they entered or exited the business area, and put in place a "Help" button in case of emergencies. We also established and improved our emergency response system to improve employees' emergency response (handling) capabilities.

The Bank implemented strict pandemic prevention and control measures to ensure the safety of employees and customers in our business outlets. The Bank issued 10 work instruction documents, including the *Notice on Strengthening Safety Management during the COVID-19 Pandemic*, *Notice on Strengthening Fire Control during the COVID-19 Pandemic*, and *Safety Guidelines for Entering and Leaving Business and Office Premises during the COVID-19 Pandemic*. These documents stated specific prevention and control measures and requirements. The Bank also designated specific personnel to measure body temperature, verify health codes, register visitors, and ensure social distancing. By doing so, the Bank strictly contained the spread of the virus.



Issued work instruction documents

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Ensuring safe & secure payment and settlement during the COVID-19 pandemic

During the COVID-19 pandemic, the Bank established a 24-hour monitoring mechanism to ensure that our payment system met customers' payment and settlement service demands. We strictly implemented cash disinfection when handling withdrawal and deposit of cash totalling RMB769 million during the pandemic so as to protect their personal health during such transactions.



During the pandemic, withdrawal and deposit of cash totalling RMB

769 million

Propagating financial knowledge

In 2020, the Bank continued to build the "Qingcheng" consumer protection brand, developed a "3+5" work model for protecting financial consumers' rights and interests, and actively conducted one-stop online and offline financial knowledge propagation under the Qingxin and Qingcheng brands and based on scenarios and customer groups. By doing so, we created an excellent propagation effect among financial consumers. The Bank adopted the "new media, small class, seasoned lecturers, caring assistance and warm service" approach, and carried out different educational activities and initiatives and events, including the "3.15 Financial Consumer Rights Day" initiative, special tours to propagate financial knowledge, campaigns to extend financial knowledge to every household, and activities to promote financial knowledge for financial security. These improved the risk awareness of financial consumers and the general public and their capabilities to identify frauds, and drove regular and systematic financial knowledge propagation.



Launching education campaigns on combating counterfeit money

In 2020, the Bank carried out more than 510 campaigns to promote combat against counterfeit money, as well as more than 910 campaigns to propagate RMB knowledge in communities and rectify refusal of cash payment. In accordance with the requirements of regulatory authorities at different levels and Qingdao Municipal Public Security Bureau, the Bank centrally organised more than 300 education campaigns to fight against illegal use of SIM and bank cards and gambling at communities, enterprises, and villages and towns. During the campaigns, we handed out 3,000 leaflets in more than 1,000 communities for a better propagation result. Drawing on the materials from the China Banking Association, we compiled and pushed several educational articles via our official WeChat account "Wei Qingyin". The Bank received the "Outstanding Financial Guardian Combating Gambling" award by the Payment & Clearing Association of China.



Carried out more than

510

campaigns to promote combat
against counterfeit money



Improving customer services

Enhancing service quality

The Bank adopts the philosophy of offering “considerate services” in its daily operations. We have been recognised as one of “China’s 500 Most Valuable Brands” and “Asia’s 500 Most Influential Brands” in August and September 2020 respectively, and we won the “International Five Star Diamond Award” in December 2020.



China’s 500 Most Valuable Brands
in 2020



The 15th
Asia’s 500 Most Influential Brands



International Five Star Diamond
Award in 2020

Soft skills training

The Bank has held several experience sharing sessions and service training courses, and it has devoted a significant amount of effort to boosting the competence of its trainers. Our training system includes a training programme that is designed to improve the deportment of lobby managers, the updated “Qingyin Le Xue Tang” service course series, training courses on improving the service skills of account managers, sharing sessions that focus on personnel’s experience in serving corporate clients, training programmes for general lobby staff that enable them to create value, and development of an internal trainer team of service. The ultimate goal of the Bank’s training system is to maintain good service quality and give the Bank a competitive edge.

In 2020, in order to promote its “customer experience centric” service concept, the Bank released a new set of value-based service experience criteria to encourage branches and sub-branches to get out of their comfort zones in respect of service management and continually improve the customer service experience to allow for more productive and longer lasting customer relationships.

Improving outlet facilities

To enhance the service experience at its outlets, the Bank has taken comprehensive measures to make its business lobbies feel more inviting and user friendly based on the five senses of “vision, smell, taste, hearing and touch”. In this way, the Bank is striving to implement the refined management principle that states, “Everything should be pleasing to customers’ senses”.

Refining management of daily service facilities:

In order to implement its refined management principles, the Bank conducted internal patrol inspections, monitoring visits and other self-inspection and self-correction activities to facilitate the overall rectification of issues in five key aspects: cleanliness, facility idleness, facility vulnerabilities, existing processes, and the Bank’s unique procedures. In this way, the Bank has been able to promote its three guidelines “criteria, supervision and inspections” in respect of lobby service management.

Shaping a personalised lobby experience for customers:

To meet customer requirements and enable a better lobby experience, the Bank has provided insulated wall sockets, weekend and holiday notices, lockers, and other convenient facilities in its lobbies. In addition, the Bank staged the “Most Beautiful Outlets” touring exhibition to showcase excellent lobby decorations and wonderful events, with the aim of highlighting the importance of the customer experience and encouraging branches and sub-branches to provide a unique banking experience by interacting with customers in a more intimate and fun way.

User-friendly services for special groups

The Bank has set up convenient facilities and services for special groups at each outlet, such as children's areas, baby chairs, wheelchairs, priority seats, and braille cards. We have also posted our service telephone numbers on the exterior of our facilities to enable special customers to call for help. In addition, we have installed handrails in bathrooms and provided notebooks to record donations, which reflects our care for special customer group.

The Bank has set up care booths for outdoor workers in order to combine its "Qingxin" service brand with creating activities and better understand the needs of outdoor workers. These booths provide outdoor workers with a place to take a break and shelter from inclement weather. With these booths, the Bank aims to steadily improve its service processes and expand its service scope.

We have established service teams for special groups to enhance our ability to deliver door-to-door financial services at residences, nursing homes, hospitals and other places. We have also set up care areas in each business lobby to shelter outdoor workers such as sanitation workers and couriers from extreme temperatures in the summer and winter.

The Bank has continued to implement its innovative service model for senior customers, which is based on the principles of "friendliness, sincerity, diligence, simplicity and care". This service model, which was developed based on multi-channel surveys, aims to address the top three difficulties faced by senior customers at our outlets. We have promoted special principles, measures and green channels for senior customers in order to fulfil our goal of "assisting, giving and caring" and improve the service experience of senior customers.

Service delivery reviews and undercover inspections

Continuous service delivery review mechanism:

We conducted service delivery review meetings on a quarterly basis to provide comments at the central level on customer compliments and complaints that were received by internal organisations and to evaluate the service performance of branches and sub-branches. In addition, we put forward solutions to address the key issues identified during the review so as to continuously improve overall service quality and customer satisfaction.

Undercover inspections of lobby personnel's service performance:

To ensure the quality of services delivered by lobby staff and improve the customer experience, we appointed inspectors to make undercover visits to examine the service performance of counter staff, lobby managers and wealth managers. For key issues and recurring issues that were identified, we continued to conduct monitoring and rectification activities. In addition, we improved our service monitoring programme and launched new criteria for the value-added service experience.



Expanding service channels

New outlets

Name of indicator	Unit	2020	2019
Business outlets	Count	147	141
Business outlets set up during the year	Count	6	9
Business outlets set up in rural areas (including community banks)	Count	1	1
Community sub-branches, small sub-branches, and micro sub-branches	Count	17	16

Community sub-branches, small sub-branches, and micro sub-branches

As at the end of Reporting Period, we had set up 17 community sub-branches.

Self-service facilities

As at the end of Reporting Period, we had 105 self-service banks, 423 self-service facilities (including 52 ATMs, 252 cash recycling systems, 2 large deposit and withdrawal machine and 117 self-service terminals), through which cash withdrawal, deposits, money-transfer, account check and utility bill payment services were available to the public.

Official opening of the Heze Branch

On 11 December 2020, the Bank officially opened the Heze Branch, which is its 15th branch. At the opening ceremony, the Bank signed a strategic partnership agreement with the Heze City municipal government; and the Heze Branch signed a bank-enterprise partnership agreement with three key enterprises.

As the 15th branch established by the Bank, the Heze Branch represents a significant achievement in the Bank's efforts to improve its service outlet network and broaden service coverage in Shandong province. In addition, this branch will improve the Bank's operational capabilities as well as the sustainability of its development. Since it began operating on a trial basis, the Heze Branch has earned a good reputation among the locals. The branch represents the start of the Bank's efforts to get more deeply involved in the regional economy, broaden its service channels and establish a comprehensive financial service system. The branch is certain to offer significant financial support to the development of the local real economy.



Safeguarding employees' rights and interests

Classification		As at 31 December 2020	
		Total number of people (person)	Percentage
By gender	Male employees	1,882	44.48%
	Female employees	2,349	55.52%
By employment type	Contract employees	4,231	100.00%
	Dispatched employees	–	–
	Temporary employees	–	–
By age group	Under 30	1,641	38.79%
	30 (inclusive) to 40	1,702	40.23%
	40 (inclusive) to 50	692	16.36%
	Over 50 (inclusive)	196	4.63%
By geographical region	Employees from Shandong Province	4,231	100.00%
	Employees not from Shandong Province	–	–
By education background	Junior college graduates	483	11.42%
	Bachelors	2,988	70.62%
	Masters	746	17.63%
	PhDs	14	0.33%
New employees		366	8.65%
Disabled employees		2	0.05%
Employees of minority		40	0.95%

Numbers above excluded data from affiliates of the Bank.

Employment for each position complied with the Labour Laws of the People's Republic of China and the relevant provisions of the labour contracts. During 2020, we did not employ any child labour or have employees who were injured or dead due to work during our daily operation.

Classification		Total number of turnover	Turnover rate ¹
By gender	Male employees	106	2.37%
	Female employees	133	2.96%
By age group	Under 30	102	2.28%
	30 (inclusive) to 40	81	1.81%
	40 (inclusive) to 50	42	0.94%
	Over 50 (inclusive)	14	0.31%
By geographical region	Employees from Shandong Province	239	5.35%
	Employees not from Shandong Province	–	–

Numbers above excluded data from affiliates of the Bank.

¹ Turnover rate = number of people left / (total number of employees + total number of people left)

We fully safeguarded employees' rights to work and rest according to the laws, and clearly stipulated the working hours, rest time and leaves, labour protection and working conditions in the contracts. We did not impose any mandatory (overtime) situation. We complied with the relevant laws and regulations on employees' health and safety, and on environment.

We signed a labour contract with every employee according to the Labour Law and the relevant provisions of the contract. In terms of the labour management, we had developed the regulations and relevant implementation guidelines for internal use, including the *Attendance and Holiday Management System* and the *Measures for the Administration of Employment Termination*. With such regulations, we safeguard employees' labour rights in accordance with the law. We pay basic social security insurance for the employees, including basic pension, basic medical insurance, unemployment insurance, work-related injury insurance and maternity insurance, and have in place such welfare systems as housing fund, corporate annuity and supplementary medical insurance, to ensure better pension and medical security for the staff.

Career development

The Bank has established a dual-path promotion mechanism that offers a choice between an administrative career and a professional career. We formulated a number of measures, such as the *Administrative Measures of Bank of Qingdao on the Selection and Appointment of Managers*, the *Measures of Bank of Qingdao on Cadre Management* and the *Administrative Measures of Bank of Qingdao on Internal Nominations*, to expand career development prospects for our staff. To fully implement the "532 Reserve Talents Cultivation Project", during the Reporting Period we organised and implemented the "Chuying Project" throughout the Bank to select manager-level reserve talent for operations, corporate banking, retail banking, and other business lines. Following the application process, qualification evaluations, written examinations, interviews and the collective review, the Bank recognised 24 and 71 candidates as reserve talents for the mid-level management talent pool and the managers talent pool respectively. This project helped us enlarge our pool of young, high-quality talent.

The mid-level management talent pool

The managers talent pool

24 candidates

71 candidates



Protecting employees' rights and interests

We provided social insurance coverage, housing fund contributions, leave quotas, incentive plans and other benefits for all staff in accordance with the Labour Laws of the People's Republic of China and the relevant provisions of the employment contracts. The Bank actively fulfilled its social responsibilities by outsourcing a variety of jobs, such as security positions. We provide a safe and comfortable work environment, reading rooms, staff canteens and other facilities for our staff. We have also established a Staff House, and we improve it on an ongoing basis. The Staff House has a yoga room, work-out room, reading room, nursery room, area for showcasing employees' calligraphy work and paintings, a ping-pong table, and billiard tables. It also has women's and men's changing rooms, shower stalls, toilets and self-service drink machines. We attach great importance to the opinions and suggestions of our staff. For this reason, we have established the "I-Discover" column in the office system to listen to their recommendations. We have adopted these recommendations where appropriate and have even rewarded the remarkable ones. We have also given full play to the role of the Workers' Congress in our collective decision-making, management, and supervision.

Employee care

Health checks

We arrange for our staff to receive a health check at a grade 3, class A hospital on a yearly basis. We also arrange for female employees to undergo special health checks so that they can stay informed of their health and maintain it.

Health lectures

We held health lectures pertaining to various health issues at the Xianggangzhong Road Second Sub-branch and the Liaoyang Road Sub-branch in order to demonstrate our care for our employees.

Financial aid for employees in need

The Bank's labour union visited employees and their families. In addition, during the New Year and Spring Festival holidays in 2020, we distributed 18 financial aid packages totalling RMB76,000 to employees with health or financial issues. We handled mutual medical insurance issues for employees in a timely manner and with due care. Specifically, we contributed RMB 140,000 to mutual medical insurance plans, and we handled 107 claims amounting to more than RMB128,000.

Holiday benefits

We held a special event that focused on safeguarding female employees' interests in celebration of International Women's Day. On Labour Day, we visited recipients of the Bank's Employee Role Model Award and Outstanding Employee Award. In addition, to mark the anniversary of the Bank's founding, we arranged for concerts and other health activities for outstanding employees.

Leisure activities for employees

In recent years, the Bank has established various clubs to meet our employees' demands for various recreational activities, such as the "Ping-Pong Club", "Football Club", "Badminton Club", "Basketball Club", "Mountaineering Club", "Photography Club", "Choir", "Military Band", "Drum Band", "Yoga Club", "Cycling Club", "Sailing Club", "Fishing Club", and "Taiji Club", among others. During the Reporting Period, we arranged sailing activities and basketball games to enrich employees' leisure time. We also themed activities to celebrate International Women's Day, and work-out sessions. In addition, we bought an AED device (automated external defibrillator) for the sports enthusiasts in the Work Out Club to protect against relevant health incidents. Furthermore, the Bank's employees participated in a chorus performance at the "Prosperous Country, Chinese Dream" show; the 6th Chorus Festival of Qingdao; a dancing & musical instrument performance competition at the 2nd Qingdao Labour Culture and Art Festival; and the 2020 Qingdao Workers' Rope Skipping Competition. The employees won awards based on their performance.

Establishing a learning organisation

Launching a management improvement project

To improve management and facilitate stable business development, we engaged external consulting companies to diagnose problems and conduct management improvement planning during the Reporting Period. This project focused on three major areas: technology enablement, credit approval transformation and operating process refinement. We also established the Management Improvement Committee of Bank of Qingdao, released the *Administrative Measures for the Management Improvement Committee of Bank of Qingdao*, and formulated a project operation mechanism to ensure smooth project progress and effective execution of follow-up plans.

Establishing diversified research platforms

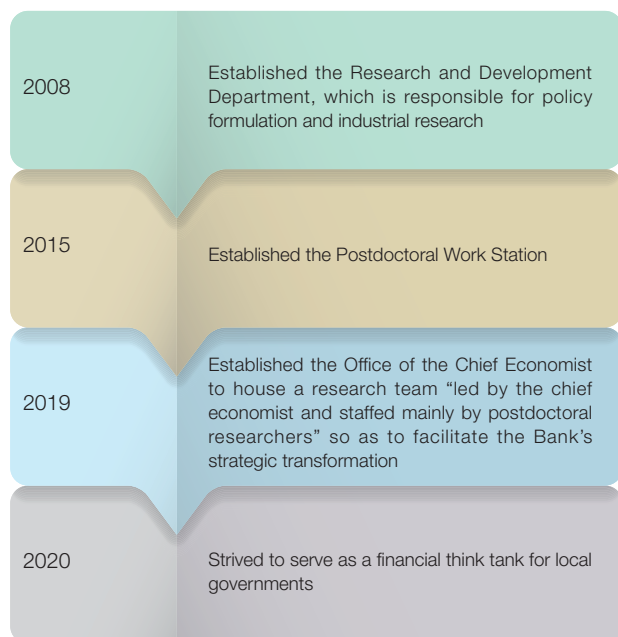
The Bank aims to develop itself into an organisation that is steadily learning in order to enhance its overall research capabilities. Meanwhile, in order to forge an academic brand based on the Bank's unique characteristics and enhance its overall research capabilities and business strength, the Bank took the initiative to hold the "JinJialing Financial Forum of Bank of Qingdao" in 2020 and other events to encourage communication and exchanges. In this way, the Bank has been striving to create an atmosphere of learning and discussion across the Bank.

During the Reporting Period, the Bank received recognition and praise from Qingdao City's government officials for its notable research achievements. We published more than 10 papers in well-known industry journals, including China Banking, Dazong Daily, Qingdao Daily, Financial Views and the Special Issue of Asian Financial Think Tank. Furthermore, the Bank published a total of 73 original articles via Caixin Media and via the public WeChat accounts "Office of the Chief Economist of Bank of Qingdao" and "Xiaoshu's Economic Views".

The Bank also proactively engaged in external research projects. In this regard, the Bank won the second prize and the outstanding award under the programme for Shandong's 2019 Key Research Topics, the first prize and the third prize under the programme for Qingdao's 2019 Key Research Topics, and the second prize and the outstanding award under the programme for Financial Research Innovation in Qingdao in 2020.

During the Reporting Period, the Bank hosted the 7th JinJialing Financial Forum and invited external experts as well as Liu Xiaoshu, the chief economist of the Bank, to deliver speeches on topics such as the digital economy, banking transformation and integration, new media enablement, the macroeconomic outlook under the "14th Five-Year Plan", and financial development priorities according to the "14th Five-Year Plan". The exchange of ideas and knowledge at the forum enhanced the Bank's research culture and professional research capabilities.

During the Reporting Period, we also held 26 communication and exchange sessions to promote cooperation and achieve mutual benefits between the Bank's research and business development functions.

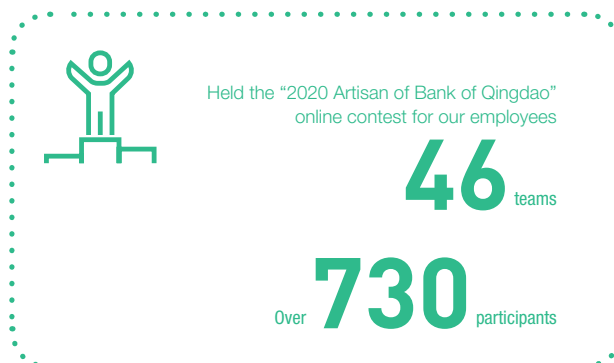


Enhancing online training

In 2020, the Bank emphasised the importance of online training by organising online training sessions for recruits of Heze Branch and other new employees. We delivered 28 live online training courses for our employees, which covered corporate banking, retail banking, operations, and comprehensive skills. In addition, during the year we encouraged and helped business units join online training and tests using the online training platform “Qing Yin Le Xue Tang”.

Banking knowledge contest

To meet the requirements for COVID-19 prevention and control, we held the “2020 Artisan of Bank of Qingdao” online contest for our employees. Over 730 people from 46 teams participated in the contest, which helped identify business talent for business development purposes.



Supporting charity and poverty alleviation programmes

Fighting shoulder-to-shoulder against COVID-19

On 28 January 2020, the Bank quickly responded to the sudden outbreak of COVID-19 by donating RMB1 million to the Qingdao Charity Federation. On 14 February 2020, Bank of Qingdao donated RMB1 million each to Qingdao Municipal Hospital and the Affiliated Hospital of Qingdao University to set up the "Fund for Medical Workers Aiding Hubei Province" in an effort to support the fight against COVID-19.



Supporting poverty alleviation programmes

2020 was a decisive year in the country's efforts to alleviate poverty. During the year, the Bank adhered to its overall policy of serving national strategies and took responsibility for contributing to poverty alleviation programmes. In this regard, the Bank expanded the financial services it provides to the agricultural sector, rural areas and farmers. The Bank dispatched personnel to the rural revitalisation task force and contributed nearly RMB600,000 to targeted villages. All of these funds were used for rural revitalisation projects, such as infrastructure construction, road surface treatments, street lamp installation, and village committee office renovations, with the overall goal of supporting the fight against poverty. Since April 2019, we have set up pilot service stations for inclusive finance in Jiaozhou, Pingdu, Laixi and Jimo. As at the end of the Reporting Period, we had signed agreements with about 1,168 agricultural service stations, 189 of which had officially opened for business. On 23 June 2020, we issued rural revitalisation-themed cards to mark the expansion of our payment and settlement services into rural areas. The Bank's services now cover production and the economic ecosystem in these areas, in addition to customers' daily lives. In this way, the Bank is striving to support construction and production efficiency in rural areas. As at the end of the Reporting Period, about 60,000 rural revitalisation cards had been issued.



Charity assistance

On 21 November 2020, in order to celebrate the anniversary of the Bank's founding, we launched a donation drive with the theme of "Celebrating the Bank's Birthday with Charity Donations". In this campaign, the Bank raised more than RMB1.83 million from its employees, and all of the funds have been used for charity programmes.

In 2020, the Bank carried out 7 poverty alleviation projects through the Qingyin Charity Foundation, with a project expenditure of RMB3.19 million. The details are as follows:

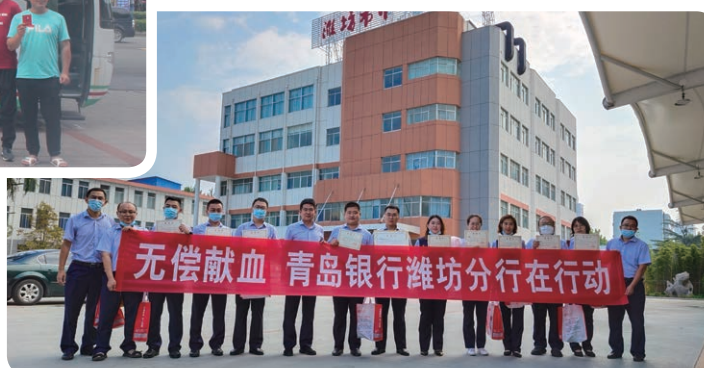
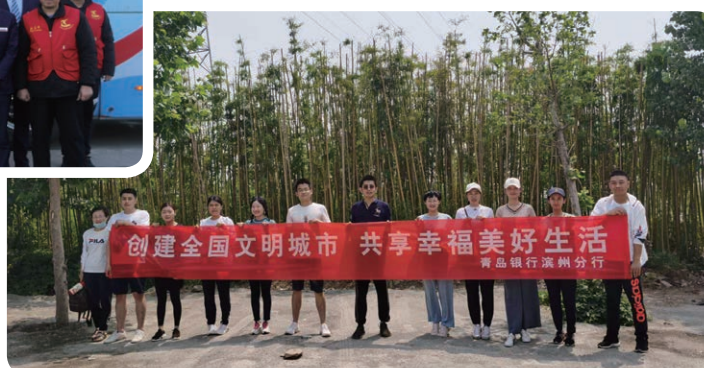
Project name	Amount (RMB10,000)	Purpose
Qingdao Veterans Care Fund	200	Care for Veterans
Qingdao Charity Federation	100	Fight against COVID-19
Yuanding Village Poverty Alleviation Project of Baiguan Town	5	Poverty alleviation counterpart assistance in Longnan city
Assistance project of Shuangshi Village, Wendeng District	5	Renovating the water supply project, village mountain road, the small reservoir, etc.
Assistance project of Shanmajia Village, Rongcheng City	3	Project construction of comprehensive treatment, sewage renovation, environmental remediation, etc.
Assistance project of Longshanqian Village, Rongcheng City	3	Road maintenance, water supply renovation and other project construction
Photovoltaic construction project of Shijia Village, Rushan City	3	Cement road hardening construction, etc.

Financial aid for students

We contributed again to the "Qingyin Scholarships" that we have established with seven universities, including Ocean University of China, Shandong University of Science and Technology and Qingdao University, in order to encourage students to pursue academic achievements and personal development. We also set up sub-branches on the campuses of Shandong University of Science and Technology and Qingdao University to provide financial services for tens of thousands of college teachers and students.

There are 11 student aid projects, with total expenditure of RMB7 million, which are used to improve the teaching environment, facilities, enhance teaching strength, student aid, scholarship, and teaching awards, etc. The details are as follows:

Project Name	Amount (RMB10,000)
Education Foundation Scholarship Project of Ocean University of China	200
Qingdao Educational Development Foundation Scholarship Project	100
Anshun Educational Aid Project	100
Educational Development Foundation of Shandong University	50
Educational Development Foundation of Qingdao University	50
Education Development Foundation of Shandong University of Science and Technology	50
Educational Development Foundation of Qingdao University of Science and Technology	30
Educational Development Foundation of Qingdao University of Technology	30
Educational Development Foundation of Qingdao Agricultural University	30
Education Development Foundation of Shandong Technology and Business University	30
Educational Development Foundation of Shandong Agricultural University	30



◆ In 2020, the Bank was engaged in a variety of charitable activities

Volunteer activities

In order to promote volunteering and cultivate a high-quality Qingyin volunteer service brand, the Bank established a volunteer service organisation during the Reporting Period for employees who are willing to devote themselves to public welfare undertakings. In 2020, we also provided financial aid to students from low-income families, cared for the children of migrants, set up booths to shelter outdoor workers, and assisted communities with nucleic acid testing registration. In 2020, the "Rural Affairs Volunteer Team of the Laixi Sub-branch of Bank of Qingdao" was honoured by the Central Financial Work Committee of the Chinese Communist Youth League as an "Outstanding Youth Volunteer Team in the National Financial System in the Fight against COVID-19". In addition, the Jimo Sub-branch and Liu Caiyan from the Laoshan Sub-branch were given the "Best Volunteer Service Organisation" award and the "Most Respectable Volunteer" award respectively by the Publicity Division of the Qingdao Municipal Party Committee, the Qingdao Municipal Civil Affairs Bureau, and other government departments in their campaign to recognise role models in the fight against COVID-19 in Qingdao.



◆ The Bank assisted in conducting nucleic acid tests and national census

Volunteer activities

Activity	Date	Description	Location
Supporting targeted poverty alleviation and caring for orphans and seniors	January to October 2020	Visited Dongwulin Village to conduct on-site poverty alleviation activities	Dongwulin Village, Manshan Town, Lingang District, Weihai City
		Extended care and compassion to orphans in the orphanage	Weihai Orphanage
		Visited senior community residents who were experiencing difficulties	Three residential communities on Heyang Road and Huacheng Road in Chengyang District, Qingdao City
		Conducted a poverty alleviation activity with the theme of "Care and Compassion for Society"	A family raising triplets in Sijiaofang Village, Fengshui Town, Zibo City
		Carried out the "Warmth on Cold Winter Days" activity to offer help and care to seniors living alone	Mengzhuang Town, Zaozhuang City
		Visited poverty-stricken families	Hetoudian Town, Laixi City, Qingdao City
		Visited students in Changqing Xinzhihang Hope Primary School	Xinzhihang Hope Primary School in Changqing District, Jinan City
		Offered help to seniors during the Double Ninth Festival	Lingnantou, Xiage Village, Laixi City, Qingdao City
Supporting COVID-19 control and prevention	February to October 2020	Performed guard duty for COVID-19 control and prevention in the community	Hexi Community, Yatou Neighborhood Community, Rongcheng City, Weihai City
		Donated cash to support the fight against COVID-19	Linyi Sub-branch
		Served as volunteer guards during the COVID-19 control and prevention period	Zibo Exit of the G20 Qingyin Express
		Assisted sub-districts in conducting nucleic acid tests	Shilaoren Community in Jinjialing Sub-district and Lijiazhuang Community in Zhonghan Sub-district of Laoshan District, and Fushanxin Neighborhood Community in Shibei District, Qingdao City
		Donated materials for COVID-19 control and prevention efforts	Kaiyuan International Branch Campus of Jinan Foreign Language School
		Assisted Dunhua Road Sub-district in conducting nucleic acid tests for all its residents	Gateway of Darong City, 7080 Basketball Square, Dunhua Road, Qingdao City
		Donated 200 protective medical suits to Qingdao Starr Heart Hospital's "Medical Assistance Team for Hubei"	Qingdao Starr Heart Hospital
Propagating financial knowledge	January to December 2020	Propagated knowledge regarding financial legislation under the theme of "Combatting Pyramid Schemes and Fraud"	Guangrao Sub-branch, Dongying City
		Lectured on insurance and finance topics	Dongying District, Dongying City
		Propagated Anti-money Laundering knowledge	Zaoyuan Market, Lijin County, Dongying City
		Provided financial education to on-campus students	First Experimental School, Lijin County, Dongying City
		Provided financial education to families	Huanghe Square, Dongying City
		Held a public education campaign that focused on financial fraud	Linxianlu Community, Qingdao City
Facilitating the development of urban civilisation	July to September 2020	Helped win the title of "National Civilised City"	Urban area of Weihai City, Rongcheng City, and Rushan City
		Joined a volunteer traffic safety promotional activity with the theme of "Show Your Care for Zibo by Observing Traffic Rules"	Shiji Road, Zhangdian District, Zibo City
		Engaged in volunteer traffic safety promotional activities in urban areas	Bincheng District, Binzhou City
		Propagated knowledge about building a civilised city	Shouguang City, Weifang City
		Engaged in volunteer traffic rule promotional activities	Tianqu Intersection, Jinghua Avenue, Dezhou City
Proactively fulfilling the Bank's social responsibilities	May to December 2020	Donated blood	Linyi Sub-branch
		Donated blood to relieve blood shortages during the COVID-19 pandemic	Central Blood Station of Weifang City
		Assisted sanitation workers with snow removal	Kuiwen District, Weifang City
		Participated in public service related to environmental protection	Fenghuangling Park, Zhaoyuan City, Yantai City
		Donated blood	Central Blood Station of Dongying City
		Delivered lectures on environmental protection	Meeting Room, 3rd Floor, Jinggang Mountain Road Sub-branch, West Coast New District, Qingdao City
		Participated in public service on Mothers' Day	Jiaoyun Community, Dongying City
		Promoted waste sorting	Dongtai Primary School, Wanggezhuang Sub-district, Laoshan District, Qingdao City
		Provided assistance with the national census	Communities in Qingdao City, such as the Jingjialing Community, Wangjiacun Community, Shilaoren Community, Huadu Community and Beicun Community

C oncentrating on creating a blue financial characteristic bank

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RMB10.06 billion credit to the blue industry



One of the first batch of banks from an emerging market to join the Sustainable Blue Economy Finance Initiative, and the 50th member of the initiative in the globe

Following trends and seizing opportunities to develop business

The marine economy has become the “blue engine” for high-quality economic development, and financial services provide vital support for the blue economy and play a critical role in its development. We have positioned ourselves as a provider of “blue finance” services. To this end, we have been steadily working to effectively combine industrial capital and financial capital, build a comprehensive strategic plan of blue finance development and an excellent blue finance service system, and vigorously explore innovative financial services models, with the goal of serving the “blue economy”.



Focusing on blue driving energy and empowering the high-quality development of the marine economy

Marine economy is a "blue engine" for high-quality economic development. According to Statistical Communiqué on the Marine Economy of the People's Republic of China in 2019 published in May 2020, China's gross ocean product (GOP) exceeded RMB8.9 trillion in 2019, and the economic structure and dynamics of the country's marine economy are steadily improving. As the "blue engine" for high-quality economic development, the marine economy will increasingly focus on marine scientific research innovation and marine ecological protection. Shandong Province is a great maritime province. Shandong Province and Qingdao City in particular attach great importance to the development of the marine economy. In this regard, Shandong Province has released the *Action Plan for Improving the Development of the Marine Economy in Shandong Province and the Operating Plan for Invigorating New and Old Kinetic Energy Conversion in Qingdao (2019-2022)* so as to promote the construction of a strong maritime economy in the province and propel the high-quality development of the marine economy. In 2021, the Fifth Session of the 13th National People's Congress of Shandong Province put forward the goal of highlighting the overall planning of the land and the sea in the period of the "14th Five-Year Plan" to create a new situation in ocean management.

According to the internationally recognized definition, "blue economy" refers to a sustainable marine economy that ensures the health and resilience of the marine ecosystem over a long period of time while engaging in economic activities. The core of the blue economy is marine ecological protection and sustainable marine economic development. According to the World Bank's classification criteria, the blue economy includes six categories of economic activities: marine renewable energy, fisheries, marine transport, tourism, tackling climate change and marine waste disposal. Blue finance stems from the blue economy. The development of the blue economy requires strong financial resource support from the private sector, as well as a blue finance development model that can achieve business sustainability based on environmental, social and governance principles.

Blue finance is gaining attention as the international community starts to realise the significance of the blue economy. The International Finance Corporation (hereinafter referred to as IFC), a member of the World Bank Group, is committed to promoting sustainable development across the globe. It actively promotes the establishment and improvement of blue economy standards and encourages the private sector to participate in blue finance business by way of investment and advisory services. As the "blue engine" for the economy, the marine economy needs a series of financial innovations to facilitate the development of an emerging industry cluster. On 3 January 2020, the CBIRC promulgated the *Guiding Opinions on Promoting the High-quality Development of the Banking and Insurance Industries (Yin Bao Jian Fa [2019] No. 52)*, which for the first time proposed the exploration of "blue bonds" as an innovative financing instrument. This represented an official call for financial innovation to be used to support the development of the marine economy and the blue economy. As a local incorporated bank, the Bank has a geographical advantage in developing blue finance, with a solid foundation for blue industry-related businesses, and it is accumulating efforts to develop "blue finance". The 9th issue of China Finance published a research article authored by the Bank's Chairman Guo Shaoquan in 2020 on "Exploring Blue Bonds". The Bank's experiment in applying "Blue Bonds" in China not only has great significance for the Bank itself, but also sets an example for other financial institutions. In addition to its theoretical exploration, the Bank has been actively combining industrial capital and financial capital through various pioneering initiatives.



Focus on creating a bank
with blue finance features

Starting the economy's "blue engine" and driving the advancement of blue finance

The Bank has accumulated rich experience through the services it has provided to the region's marine economy over the years. In this regard, we have formulated the *Comprehensive Financial Services Plan of Bank of Qingdao for Supporting the High-quality Development of Qingdao's Marine Economy* and the *Comprehensive Financial Services Plan for Qingdao's Marine Initiatives*. The Bank has built a high-standard blue financial service system from the aspects of financial products and service model innovation, new financing channels construction, service process optimization, one-stop service support platform construction to efficiently serve the marine real economy and inject financial momentum into the development of blue economy.

the Comprehensive Financial Services Plan of Bank of Qingdao for Supporting the High-quality Development of Qingdao's Marine Economy

- Worked closely with government departments including Qingdao Municipal Marine Development Bureau to step up credit support for key marine economic fields of Qingdao City;
- Innovated financial products to facilitate the development of the marine economy; set up support platforms and developed innovative product portfolios to broaden financing channels for the marine industrial chain;
- Proactively drove the establishment of marine industry funds and the implementation of other measures to offer diversified financing means for enterprises engaging in the marine economy and help achieve high-quality, sustainable development of Qingdao's marine economy;
- Built a special "Haiyirong" financial product series for Qingdao's marine economy steadily, and explored a Qingdao-specific business model to serve marine science and technology development as well as medium, small, and micro enterprises engaging in the marine economy.

the Comprehensive Financial Services Plan for Qingdao's Marine Initiatives

- Established an outstanding financial service system targeting the marine economy;
- Set up sub-branches to support the marine industry and help build the unique "Haiyirong" marine finance brand;
- Formulated special credit policies and established credit quotas to address various financial needs of enterprises in the marine industry;
- Proactively participated in the discussion and deliberation on marine economic mechanism innovation;
- Set up a one-stop marine financial services platform to meet diversified demands of enterprises engaging in the marine economy;
- Enhanced bank-enterprise cooperation and developed a new financial service model for the marine industrial chain;
- Actively promoted financial service innovation to effectively serve the marine economy;
- Adopted an innovative mindset to offer more efficient and convenient settlement services to enterprises participating in the global marine economy;
- Took initiative to improve service quality and reduce service charges for a better marine business environment;
- Prevented potential financial risks arising from financial innovations, so as to help safeguard marine finance.

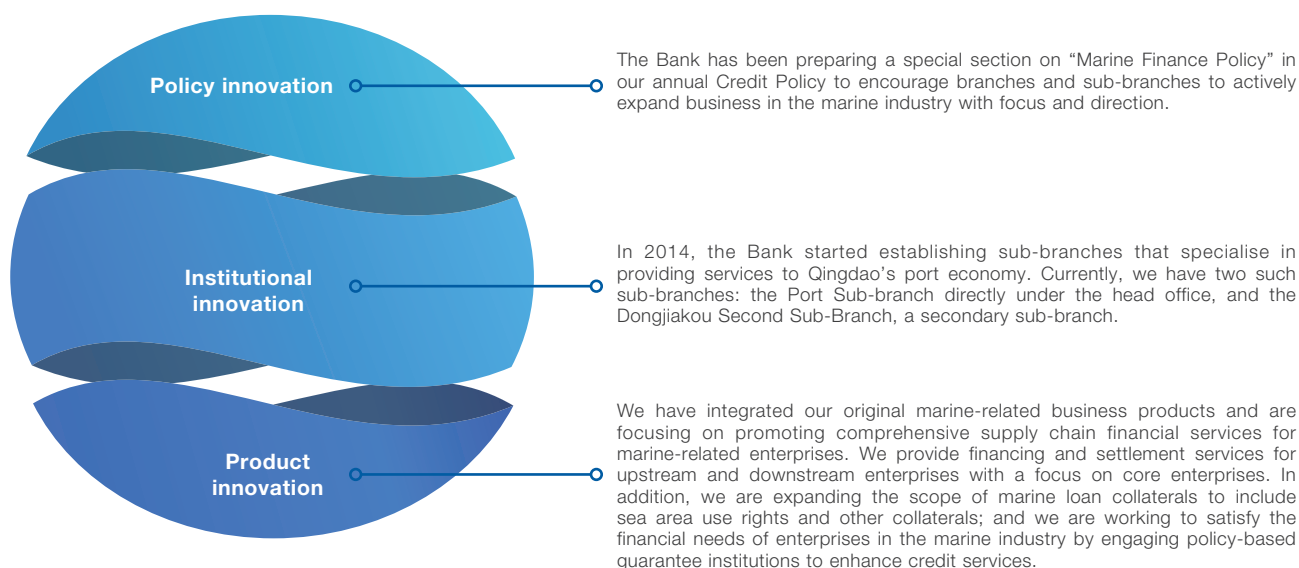
Based on the strategic positioning of the Shandong Peninsula Blue Economic Zone and the goal of building a strong maritime economy in the province, the Bank is actively serving the blue economy and helping ocean-related enterprises accelerate their development, including some local enterprises, such as Qingdao Port International Co., Ltd., Qingdao Ocean Science and Technology Co., Ltd., and Qingdao Bright Moon Blue Ocean BioTech Co., Ltd. As at the end of 2020, the credit lines granted by the Bank to the blue industry totalled RMB10.06 billion. Based on its commitment to "explore marine potential", the Bank has also explored the idea of developing a sustainable financial support system for the marine industry. During the Reporting Period, the Bank signed strategic cooperation agreements with Shandong Marine Group Ltd. and Qingdao West Coast New Area Ocean Holdings Group, both of which are large enterprises that focus on the marine industry. They are important entities that are responsible for establishing a strong maritime economy in the province and ultimately in the nation. They are working to create new marine industry clusters, promote high-end marine equipment manufacturing, and cultivate new models and fields in the marine economy. Through these partnerships, the Bank is exploring the development of a sustainable financial support system to jointly address economic development challenges facing the marine industry.



◆ The Bank signed strategic cooperation agreements with Shandong Marine Group Ltd. and Qingdao West Coast New Area Ocean Holdings Group

“Blue finance” innovations

In 2016, the Bank became one of the first batch of banks to pilot the issuance of green bonds, and it issued green bonds amounting to RMB8 billion during the year. Since then, we have accumulated extensive experience in green bonds and green credit business, and this has provided us with a solid foundation for blue bond innovation. We have also carried out the following “blue” innovations:



◆ The Bank supports the construction of “Genghai No. 1”, which is a large modern marine ranch complex by financing to promote the transformation and upgrading of traditional marine fisheries

*Focus on creating a bank
with blue finance features*

“Blue finance” breakthrough

As one of the first pilot banks in China, the Bank started working with the IFC to jointly improve the capacity of blue finance. In this regard, the Bank aims to develop leading banking practices, create capital market solutions, establish industry business benchmarks, and provide experience and knowledge for promoting sustainable blue finance at the global level. During the Reporting Period, the Bank carried out a series of discussions with IFC on blue finance, improved our internal policies, processes, and systems from the perspectives of blue finance strategic plan, blue credit product and project management, digital inclusive blue finance, blue credit-related environmental and social risk management, and blue finance knowledge management, thereby increasing our capabilities to deliver blue finance. In addition, we stuck to the Sustainable Development Goals (SDGs) of the United Nations, pursued the blue finance business to help protect oceans and marine resources for sustainable development. During project financing, we managed the environmental and social risks throughout the project life cycle, appropriately allocated more credits to industries that met the requirement for sustainable development of the blue economy, and actively disengaged with businesses harmful to sustainability of ocean.



Holding workshops with IFC on blue finance and sustainable ocean development

On 9 January 2020, the Bank held a workshop with IFC with the theme of “Addressing Marine Pollution Challenges and Exploring Sustainable Development of Banking Blue Finance”. A delegation of 10 experts including Randall Riopelle (IFC’s Country Manager for China, Korea, and Mongolia) and Bekele Debele (the World Bank’s program leader for sustainable development and infrastructure for China, Mongolia and Korea) relevant officials from PBOC Qingdao Branch and Qingdao Municipal Marine Development Bureau, professors from the College of Environmental Science and Engineering of the Ocean University of China, as well as the Bank’s relevant personnel attended the workshop. During the workshop, the participants discussed the concept of “sustainable development of blue finance”, business opportunities for and sustainability of blue finance, and potential blue finance partnerships between the Bank and IFC. This provided guidance for the Bank in developing our blue finance business.



Holding the first meeting of the blue finance project steering committee with the IFC

On 10 August 2020, the Bank held the first meeting of the blue finance project steering committee with 10 delegates including Randall Riopelle (IFC’s Country Manager for China, Korea, and Mongolia) to deepen our partnership. During the meeting, we further discussed our cooperation in blue finance, aiming at jointly promoting the “blue bonds” project and exploring innovative blue finance business models for Chinese banks.



Becoming a member of the Sustainable Blue Economy Finance Initiative

On 16 November 2020, the Bank was approved by the United Nations Environment Programme (UNEP) to become the 50th member of the Sustainable Blue Economy Finance Initiative. The Bank signed the relevant documents and pledged to abide by the Sustainable Blue Economy Finance Principles, making us one of the first batch of banks from an emerging market to join the initiative.

The Sustainable Blue Economy Finance Principles, which are sponsored by the Sustainable Blue Economy Finance Initiative of the United Nations Environment Programme Finance Initiative (UNEP FI), aim to rebuild ocean prosperity, biodiversity and health by harnessing blue finance. These principles represent the first global guidance framework on sustainable blue economy finance for banks, insurers and investors.

By participating in the Sustainable Blue Economy Finance Initiative, the Bank has made a commitment to persistently meet its social responsibility in respect of the blue economy. The membership allows the Bank to participate in relevant seminars and activities, thereby strengthening communication with international financial institutions, better fulfilling the Bank's social responsibilities and keeping the Bank on par with its global peers. The initiative also allows the Bank to learn from the advanced experience of its international peers, and it helps the Bank accelerate the promotion of blue finance projects and the cultivation of its blue finance brand.

Protection principle	Compliance principle
Risk awareness principle	Systematic principle
Tolerance principle	Cooperation principle
Transparency principle	Purpose principle
Influence principle	Precautionary principle
Diversity principle	Solution-oriented principle
Partnership principle	Science leading principle

◆ The Sustainable Blue Economy Finance Principles

Attending the “Roundtable on Economic Opportunities for Blue Investment” session during the “2020 China Business Roundtable Autumn Meeting”

On 3 December 2020, Guo Shaoquan, Chairman of the Bank, was invited to deliver a speech at the “Roundtable on Economic Opportunities for Blue Investment” session during the “2020 China Business Roundtable Autumn Meeting” held by the World Economic Forum. The session focused on three topics, including “Key areas of ocean economy development for the 14th Five-Year Plan”, “Investment opportunities for blue economy”, and “Best practice of corporate ocean responsibility”. During his speech, Mr. Guo noted that the banking

sector should carry out conducive experiment and practice on blue finance and properly expand marine loans to meet marine enterprises' financial needs. He also suggested Chinese banks to work with international institutions on blue finance, so as to learn experience and improve capabilities; and to observe blue finance principles and explore industrial standards and practices, thereby contributing to sustainable ocean development.

Hosting sustainable fishery closed-door workshops with the IFC, and Marine Stewardship Council (MSC)

Given that MSC sustainable fishery standards and supply chain management standards will serve as important reference indicators for the fishery sector in the Bank's blue financial project, the Bank hosted the first online workshop with the IFC and MSC on 8 December 2020. During the workshop, we introduced our blue finance strategy and the participants exchanged on the development history of MSC sustainable fishery in the international market and the current situation in China.

On 29 December 2020, the Bank met with the IFC and MSC to further discuss topics on “how to connect MSC sustainable fishery with food

traceability and quality”, “forms of MSC-certified marine products”, “enterprises with MSC certification”, and “how Bank of Qingdao could offer blue finance support for the fishery industry”.

MSC is a not-for-profit international standard organisation committed to promoting sustainable development of fishery. Its sustainable fishery standards set forth stringent requirements for fishing and supply chain. These closed-door workshops enabled the Bank to better communicate and cooperate with the MSC, further driving our involvement in the blue finance and sustainable fishery industries.

The Blue Bond Framework of Bank of Qingdao

In 2020, the Blue Bond Framework of Bank of Qingdao was established as a mechanism for issuing offshore blue bonds for the purposes of financing and refinancing projects with environmental benefits. The key components of Blue Bond Framework of Bank of Qingdao cover the use of the funds raised, the project evaluation and selection process, the management of the funds raised, and reporting, among other topics. The Framework defines six categories of activities that are eligible for the raised funds based on a world-leading blue finance classification methodology.

Focus on creating a bank
with blue finance features

The outlook of “blue finance”

New growth

According to government planning, Shandong Province's GOP is expected to grow at an average annual rate of over 9% to reach RMB2.3 trillion by 2022, accounting for 23% of the local gross domestic product (GDP). Qingdao's GOP is expected to exceed RMB500 billion which is accounting for over 31% of the local GDP, and emerging marine industries will account for 16% of the GOP. The Bank will fully support the development of a sustainable blue economy and will work steadily to turn this promising economic sector into a new business driver.

New brand

We will fully leverage our strength and opportunities to pioneer pilot projects and improve international cooperation and communication, so as to develop a distinctive blue finance business and create the first renowned blue banking brand in the industry.

New power

The Bank's strategic upgrade toward blue finance will cover corporate banking services, services for medium, small and micro-sized enterprises, and retail business innovation. In addition, the Bank will optimise the relevant credit policies, processes and systems and promote exchanges with leading international practitioners in areas such as green finance, digital inclusion, ESG standards and environmental and social management systems. The Bank will focus on improving its blue finance capacity by way of international cooperation, with the ultimate goal of improving its overall capacity.



Improvements

In 2020, the Bank prepared its CSR Report in accordance with the Measures for the Regulation of Bank of Qingdao on Annual CSR Report Preparation and Disclosure and related requirements and guidelines.

During the preparation of the CSR Report in 2020, the Bank concentrated on the impact of business activities on the economy, environment and society. In addition, we added a “Blue Finance” section to explain our efforts to innovatively explore financial business models for the blue economy and demonstrate our understanding of CSR from a wider perspective.

CSR management is critical to enterprises’ attempts to improve core competitiveness. Most importantly, CSR reporting drives us to effectively identify CSR issues and improve related activities, thereby helping us achieve sustainable development. Based on the issues identified, the Bank will better balance benefits among our stakeholders and manage the economic, environmental, and social impacts of our business activities to further ensure stable and sustainable development of the Bank.



Prospects for the future

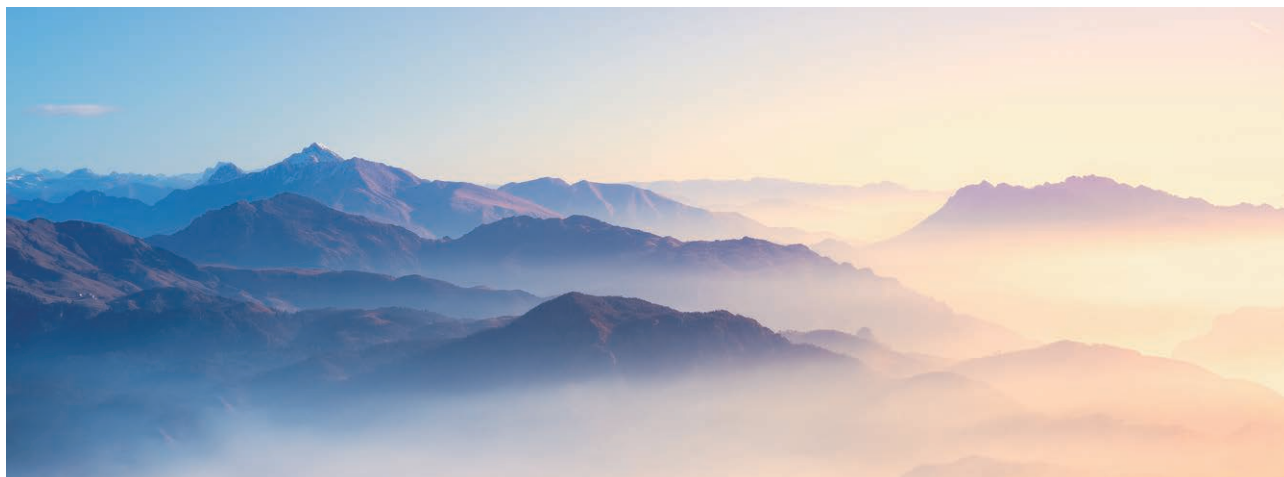
The year 2021 marks the first year to implement the spirit of the 5th Plenary Session of the 19th Central Committee of China and to kick off China's "14th Five Year Plan". It is also a critical year for China to build an all-round well-off society and start a new journey of building a modern socialist country, and for the Bank to drive reform and transformation for high-quality development. We will continue to reinforce financial services and fully align our business with the needs of regional economic and social development, so as to develop into "an innovative bank driven by science and technology and with fine management and distinctive features".

In terms of implementing national strategies and comprehensively supporting the local economy, the Bank will leverage our financial strength to facilitate the construction of the National Comprehensive Test Area for New and Old Kinetic Energy Conversion, China (Shandong) Pilot Free Trade Zone, China-SCO Local Economic and Trade Cooperation Demonstration Zone, and other national projects, serve the construction of Jiaodong Economic Circle Integration initiative, a hub of the global ocean economy, international venture capital and innovation investment, and industrial Internet. We will relentlessly explore innovative financial inclusion models to address the emerging needs of private enterprises, including small and micro businesses, and step up credit support for critical sectors including "agriculture, rural areas, and farmers"; proactively assist enterprises in pursuing technological advancement, and deepen the creation of a full-life cycle comprehensive fintech service system; as well as offer more credit facilities to the advanced manufacturing industry and emerging industries with strategic importance, accelerate convergence between the real economy and digital economy, and promote the transformation and upgrade of traditional industries.

In terms of enhancing green and low-carbon growth with an environmental protection mindset, the Bank will endeavour to develop new and unique green finance products and services and improve green finance services; continue optimising our credit resources allocation to guide more funds to enterprises operating in environmental protection sectors; and partner IFC to drive blue finance programmes, explore the sustainable development of the blue economy, and develop distinctive "blue finance" business, with an aim to achieve the "peak carbon dioxide emissions and carbon neutral" objectives. We will also further raise the environmental protection awareness among our staff, promote green operations, digital offices, and energy conservation, and proactively engage in environmental protection activities, so as to ensure harmony between the society and the nature and help build a "Beautiful China".

In terms of improving customer services and fully undertaking responsibilities, the Bank will optimise our services at business outlets and leverage the 5G network coverage to innovate scenario-based technology application for better customer experience; further explore community finance to enable community residents to access financial services more conveniently; carry out various charity programmes and volunteer activities; actively carry out financial education, popularize financial knowledge, and improve the public's financial knowledge level; and foster a caring corporate culture to help staff grow and provide them with more opportunities to develop expertise and careers.

As we start our next journey and begin working towards new achievements, the Bank will adhere to its core values, which consist of "customer-centricity, a focus on employees, the pursuit of social responsibility and shareholder returns, and the goal of improving people's lives". Furthermore, we will give back to society while achieving healthy and rapid growth, and proactively shoulder more economic, environmental and social responsibilities. In this way, we hope to honour and celebrate the CPC's 100th anniversary.



Appendix

Independent Limited Assurance Report

To the Board of Directors of Bank of Qingdao Co., Ltd.:

We were engaged by the Board of Directors of Bank of Qingdao Co., Ltd. ("the Bank") to provide limited assurance on the 2020 Corporate Social Responsibility (Environmental, Social and Governance) Report of the Bank for the year ended 31 December 2020 ("the CSR Report").

Responsibilities of the Board of directors

The Board of Directors of the Bank is solely responsible for the preparation and presentation of the 2020 CSR Report, including the information and assertions contained within it, in accordance with the disclosure recommendations of the Guidelines of Shenzhen Stock Exchange on Standardized Operation by Listed Companies (2020 Revision) ("SZSE's Guidelines") and the Stock Exchange of Hong Kong Limited's Guidelines for Environmental, Social and Governance Reporting ("SEHK's Guidelines").

The Board of Directors is also responsible for designing, implementing and maintaining internal control that enables the preparation and presentation of the CSR report that is free from material misstatement, whether due to fraud or error.

Responsibilities of KPMG

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our work in accordance with International Standard on Assurance Engagements 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board.

We have complied with our independence and other relevant ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and complied with the applicable requirements of International Standard on Quality Control 1 to maintain a comprehensive system of quality control.

Our independent limited assurance report is made solely to the Bank in accordance with the terms of our engagement. Our work has been undertaken so that we might state to the Board of Directors of the Bank those matters we have been engaged to state in this independent limited assurance report and for no other purpose. We do not accept or assume responsibility to anyone other than the Bank for our work, for this independent limited assurance report, or for the conclusions we have reached.

Summary of work performed

A limited assurance engagement on a CSR report consists of making inquiries, primarily of persons responsible for the preparation of information presented in the CSR report, and applying analytical and other procedures, as appropriate. Our procedures included:

- Inquiries of management to gain an understanding of the Bank's processes for determining the material issues for the Bank's key stakeholders;
- Interviews with management and relevant staff at the Bank concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- Interviews with relevant staff at the Bank responsible for providing the information in the CSR Report;
- A media analysis and an internet search for references to the Bank during the reporting period;
- Inquiries about the design and implementation of the systems and methods used to collect and process the information reported, including the aggregation of data into information as presented in the CSR Report;
- Comparing the information presented in the CSR Report to corresponding information in the relevant underlying sources by limited testing to determine whether key information contained in such underlying sources has been included in the CSR Report;
- Reconcile key financial data and figures with the audited financial statements; and
- Reading the information presented in the CSR Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of the Bank.

The extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore, a lower level of assurance is provided. In addition, our work was not undertaken for the purpose of opining on the effectiveness of the Bank's systems and procedures.

Conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the CSR Report of the Bank is not prepared, in all material respects, in accordance with the SZSE's Guidelines and the SEHK's Guidelines.

KPMG Huazhen LLP
Beijing
30 March 2021

ESG Report Indicator Index

Content of ESG Report Indicator Index released by Stock Exchange of Hong Kong Limited

Subject Areas and Aspects	General Disclosures	Disclosure location	KPIs	Disclosure location
A. Environmental				
A1 Emissions	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Pages 36-37	A1.1 The types of emissions and respective emissions data.	Page 37
			A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Page 37
			A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Page 37
			A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Page 37
			A1.5 Description of measures to mitigate emissions and results achieved.	Pages 36-37
			A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Pages 36-37
A2 Use of resources	Policies on the efficient use of resources, including energy, water and other raw materials.	Pages 36-37	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).	Pages 12, 37
			A2.2 Water consumption in total and intensity (e.g. per unit of production volume per facility).	Pages 12, 37
			A2.3 Description of energy use efficiency initiatives and results achieved.	Pages 36-37
			A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Pages 36-37
			A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A
A3 Environment and Natural Resources	Policies on minimising the issuer's significant impact on the environment and natural resources.	Pages 36-37	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Pages 36-37
B. Social				
B1 Employment	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Page 51	B1.1 Total workforce by gender, employment type, age group and geographical region.	Page 51
			B1.2 Employee turnover rate by gender, age group and geographical region.	Page 51

Subject Areas and Aspects	General Disclosures	Disclosure location	KPIs	Disclosure location
B2 Health and Safety	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Pages 51-53	B2.1 Number and rate of work-related fatalities.	Page 51
			B2.2 Lost days due to work injury.	Page 51
			B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	Pages 51-53
B3 Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Pages 53-54	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Note 1
			B3.2 The average training hours completed per employee by gender and employee category.	Note 1
B4 Labour Standards	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Page 51	B4.1 Description of measures to review employment practices to avoid child and forced labour.	Page 51
			B4.2 Description of steps taken to eliminate such practices when discovered.	Page 51
B5 Supply Chain Management	Policies on managing environmental and social risks of the supply chain.	Page 37	B5.1 Number of suppliers by geographical region.	Page 37
			B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Page 37
B6 Product Responsibility	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Pages 44-47	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 service related complaints received and how they are dealt with.	Page 45
			B6.3 Description of practices relating to observing and protecting intellectual property rights.	Page 44
			B6.4 Description of quality assurance process and recall procedures.	N/A
			B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	Pages 45-47
B7 Anti-corruption	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Pages 10, 42-44	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Page 10
			B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Pages 10, 42-44
B8 Community Investment	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.	Pages 55-59	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Pages 55-59
			B8.2 Resources contributed (e.g. money or time) to the focus area.	Pages 55-59

Note 1: The Bank will disclose the relevant information in a planned manner in the future

Feedback from Readers

Thank you for reading the 2020 Corporate Social Responsibility Report of Bank of Qingdao. For the purpose of enhancing information communication, better understanding and meeting your expectations and demands, providing more valuable information for you and other stakeholders and improving the Bank's ability to perform its corporate social responsibility, we hope that you can share with us your valuable comments and suggestions on this report by completing the feedback from below and sending it to us via any of the following ways:

Tel:+86 (532) 81758305

Fax:+86 (532) 81758888

E-mail:bgs@qdbankchina.com

Address:Bank of Qingdao Building, 6 Qinglin Road, Laoshan District, Qingdao City, Shandong Province, China

Postal code:266061

1. Which kind of stakeholder are you:

☐Customer ☐Employee ☐Government ☐Regulator ☐Shareholder ☐Vendor ☐Partner ☐Community ☐Environment ☐Others

2. Your general evaluation on this report:

☐Poor ☐Average ☐Good ☐Excellent

3. Your evaluation of Bank of Qingdao in performing social responsibilities for economic development:

☐Poor ☐Average ☐Good ☐Excellent

4. Your evaluation of Bank of Qingdao in performing social responsibilities for environment:

☐Poor ☐Average ☐Good ☐Excellent

5. Your evaluation of Bank of Qingdao in performing social responsibilities for social progress:

☐Poor ☐Average ☐Good ☐Excellent

6. Do you think Bank of Qingdao meets your expectations and demands?

☐No ☐Average ☐Yes

7. Do you think this report gives a true and fair picture of how Bank of Qingdao performs its corporate social responsibility for promoting economic, environmental and social progress?

☐No ☐Average ☐Yes

8. Do you think this report is clearly stated and easy to understand?

☐No ☐Average ☐Yes

9. Do you think the content and typography is suitable for reading?

☐No ☐Average ☐Yes

10. Do you have any other comments or suggestions on the report and on the improvement and development of Bank of Qingdao for performing social responsibilities?

Thank you for your feedback and support!

青島銀行股份有限公司
BANK OF QINGDAO CO., LTD.