

# 2020

## CORPORATE SOCIAL RESPONSIBILITY REPORT OF CHINA BOHAI BANK





# Notes On Reporting

## I. REPORTING SCOPE

The Report focuses on CHINA BOHAI BANK CO., LTD. and covers Our Bank's headquarter and branches. Due to the need for expression, such terms as "China Bohai Bank", "Our Bank" and "we" or "us" are used in the Report.

The Report is the ninth Corporate Social Responsibility Reporting issued by CHINA BOHAI BANK CO., LTD. This Report is an annual report covering the period between January 1, 2020 and December 31, 2020.

The previous report was issued in May 2020.

## II. PRINCIPLES OF PREPARATION

The Report refers to the GRI Standards issued by the Global Sustainability Standards Board (GSSB). As the Bank is an enterprise listed on the Main Board of Stock Exchange of Hong Kong (Stock Code: 09668), the Report also refers to the Environmental, Social and Governance Reporting Guide of Stock Exchange of Hong Kong.

Based on the Bank's actual conditions, the indicators used in the Report are highly relevant to major topics of social responsibility, which can effectively reflect the Bank's performance in relevant topics and can be collected through the Bank's existing management system.

## III. APPROVAL OF THE REPORT

The Report has been reviewed and approved by the office meetings of the president and the Board of Directors of the Bank when it is released to the public.

## IV. DATA DESCRIPTION

Unless otherwise stated, the financial data in the Report are derived from the Bank's 2020 Financial Report, some of which involve data of other years. Unless otherwise specified, all currencies involved in the Report are RMB.

The balance of loans to small and micro enterprises and the balance of loans to inclusive small and micro enterprises in the Report include bill discounting and rediscounting, and the data are sourced from the regulatory statements submitted by the Bank to the China Banking and Insurance Regulatory Commission (CBIRC).

## V. ISSUE FORM

The Report is released in electronic form and can be viewed on the Bank's official website (<http://www.cbhb.com.cn>).

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# Chairman's Statement

2020 is a year witnessing extraordinariness. Under the leadership of the CPC Central Committee with General Secretary Xi Jinping at the core, China made major achievements in coordinating epidemic prevention and control and economic and social development. China Bohai Bank continuously strengthened the Party's leadership, actively responded to the complicated and severe operating situation, and steadily pushed forward high-quality transformation and development. We continued to promote the practice of social responsibility and strove to achieve sustainable growth of comprehensive economic, social and environmental value.

**Implementing internationalization strategy.** In July 2020, China Bohai Bank was listed on the Hong Kong Stock Exchange, integrating itself into the international capital market; Hong Kong Branch, our first overseas branch, was officially opened, marking the launch of our internationalization strategy. Taking the official opening and of Hong Kong Branch and successful listing as an opportunity, we continued to consolidate the implementation of the internationalization strategy.

**Conducting transformation through financial technology.** Focusing on the two priorities of "ecology" and "empowerment", China Bohai Bank strengthened technology empowerment, and continuously deepened the ecosystem bank construction system. We have embedded our core business and services into the work flows run jointly by us and our platform partners, building an open banking system under the brand name of Online Bohai Bank, which upholds the value of "collaboration, sharing and win-win".

**Taking multiple measures for Epidemic Prevention and Control.** China Bohai Bank stepped up its political position and put prevention and control of the epidemic and guarantee of financial services as the current top priority in political task. We strengthened epidemic statistics and monitoring, implemented various prevention and control measures, and enhanced financial services with extraordinary operations during the special period, demonstrating our sense of social responsibility and compassion.

**Intensifying measures for targeted poverty alleviation.** In the face of severe and complicated epidemic situation and economic and financial situation, Bohai Bank further enhanced its sense of responsibility and urgency, strengthened measures and innovated methods, and carried out poverty alleviation services in a down-to-earth and effective manner to help fight against poverty in an all-round way.

**Serving real economy with inclusive finance.** China Bohai Bank actively responded to the overall requirements of "Stable Performance in Six Key Areas" (namely, employment, the finance sector, foreign trade, foreign investment, domestic investment, and market expectations) and "Security in Six Key Aspects" (namely, job, basic living needs, operations of market entities, food and energy security, stable industrial and supply chains, and the normal functioning of primary-level governments), persisted in serving the development of the real economy, vigorously supported private enterprises and small and micro enterprises, strove to enhance the supply of inclusive financial services and products, improves the efficiency of serving the real economy and facilitated the resumption of work and production.

**Caring for people's livelihood and green development.** Focusing on the people's livelihood, China Bohai Bank has driven products and services innovation with financial technology, expanded domestic demand with high-quality products and services, and helped customers to live a happy life. It has always cared for socially disadvantaged groups and actively participated in public welfare and charity. We valued the development of green finance, continuously explored the construction of a green financial system, and accelerated the development of green finance business, contributing to the improvement of regional ecological environment.

2021 marks the centenary of the Communist Party of China (CPC) and the first year of the 14th Five-Year Plan period. Bohai Bank will strive to promote the effective implementation of major national policies, accelerate transformation, innovation and development, and contribute to the creation of a better home.

**CHINA BOHAI BANK CO., LTD.**

**Secretary of the Party Committee and Chairman: LI Fu'an**

# President's Statement

In 2020, China Bohai Bank earnestly implemented the concept of innovative, coordinated, green, open and shared development, adhered to high-quality transformation development with the focus on improving development quality and efficiency, and achieved steady improvement of operating results. China Bohai Bank was successfully listed on the Main Board of the Hong Kong Stock Exchange, setting up a new milestone in the development history of China Bohai Bank. We worked together with the people of the whole country to fight against the epidemic and provided service guarantee in an agile and proactive manner. We have made our contributions to epidemic prevention and control. We have strengthened our faith, forged ahead, and fully fulfilled our corporate social responsibility for financial enterprises.

**Successful listing with growing investment value.** In 2020, the Bank was successfully listed on the Main Board of the Hong Kong Stock Exchange and was awarded the “Main Board Rising Star Award” of the “Listed Company Award of Excellence” by the Hong Kong Economic Journal. The successful listing further enhanced the Bank’s capital strength, fully recognized its investment value, continuously improved its corporate governance and comprehensive competitiveness, and allowed us to better serve the real economy and social development.

**Win-win situation in Prevention and Control of COVID-19 Pandemic.** With the speed, strength and care of prevention and control of COVID-19 pandemic, the Bank has achieved a win-win situation in both business development and epidemic prevention and control. We took swift and effective measures to donate RMB20 million to Hubei Province at the earliest; we spared no effort to protect the life, health and safety of our employees, outsourcing personnel and customers; and we ensured the normal operation of our outlets with quality services continuing to be provided. We allocated a special credit scale, blazed a green path, formulated preferential reduction policies, innovated in products and service models, and worked with small and micro enterprises to overcome difficulties, and fully supported epidemic prevention and control and resumption of work and production.

**Promoting targeted poverty alleviation and serving the real economy.** The Bank stepped up efforts in targeted poverty alleviation by strengthening the primary responsibilities of the party committee, revising relevant systems, increasing resource allocation, optimizing service models and innovating processes, and providing a new round of assistance to the targeted villages in difficulty. Relying on the professional advantages of financial technology and commercial banks, we promoted the development of private enterprises and small and micro enterprises, fully supported the construction of a modern economic system, and provided financial impetus for high-quality economic and social development.

**Technology empowerment to build a bank with ecosystem.** The Bank continued to deepen the construction of the ecological banking system and continuously accelerated the pace of transformation. Focusing on the “pressurized generation (壓力一代)” and “grey-haired group (養老一族)” as the core retail customer groups, the Bank relied on the internet platform and leveraged on financial technology such as big data and cloud computing to enhance customer consumption experience. We insisted on serving the real economy and provide customized products for upstream and downstream enterprises based on the core enterprise ecosystem and business scenarios; built scenario platforms with industry leaders to serve the industrial chain and provide a one-stop supply chain financial platform based on block-chain technology.



**Optimizing services and enhancing customer value.** The Bank continued to strengthen channel construction and enhance the intelligent and scenario service capabilities of the outlets; promoted the “Light Boat Plan (輕舟計劃)” to build an offline service network closer to community customers. We strengthened the infrastructure management, continued to improve the service quality, fulfill the main responsibility of protecting the rights and interests of financial customers, and continuously improved the customer value.

**Green development, and devoting to public welfare and charity.** Based on its actual conditions, the Bank accelerated the development of green finance business in terms of organizational structure, policy and process, identification standards, security measures, product innovation and external cooperation, and achieved good results. We are committed to becoming an excellent corporate citizen, actively participating in public welfare and poverty alleviation projects, promoting voluntary services of employees and contributing to the building of a harmonious society.

**Stable operation and growth with employees.** Centering on the strategic direction of high-quality transformation and development, the Bank continued to improve the comprehensive, vertical and independent organizational system for comprehensive risk management, and established the "four-in-one" internal control organization system, achieving compliant and orderly operation and management, and sound development. We always practice the core value of " Humanity Care ", and pursue and achieve the goal of common development between employees and the enterprise.

We will remain true to our original aspiration, bear in mind our mission, uphold new development concepts, seize new opportunities, continue to deepen high-quality transformation development, build "agile and warm" banking services, and actively perform our corporate social responsibility in an all-round manner. We will continue to create the value of sustainable development, pay tribute to the 100th anniversary of the CPC, make contributions to the beginning of the “14th Five-Year Plan”, and forge ahead on the new journey of building a modern socialist country in an all-round way.

**CHINA BOHAI BANK CO., LTD.**

**Deputy Secretary of the Party Committee and President: QU Hongzhi**

# About China Bohai Bank

## I. Introduction to the Bank

Since 1996, China Bohai Bank is the only newly established national joint-stock commercial bank approved by the State Council. It is the first Chinese- Funded Commercial Banks to introduce a foreign strategic investor at the stage of promotion and establishment, and the first national joint-stock commercial bank headquartered in Tianjin. It was established on December 30, 2005 and officially opened for business in February 2006. It was listed on the Main Board of the Hong Kong Stock Exchange on July 16, 2020.

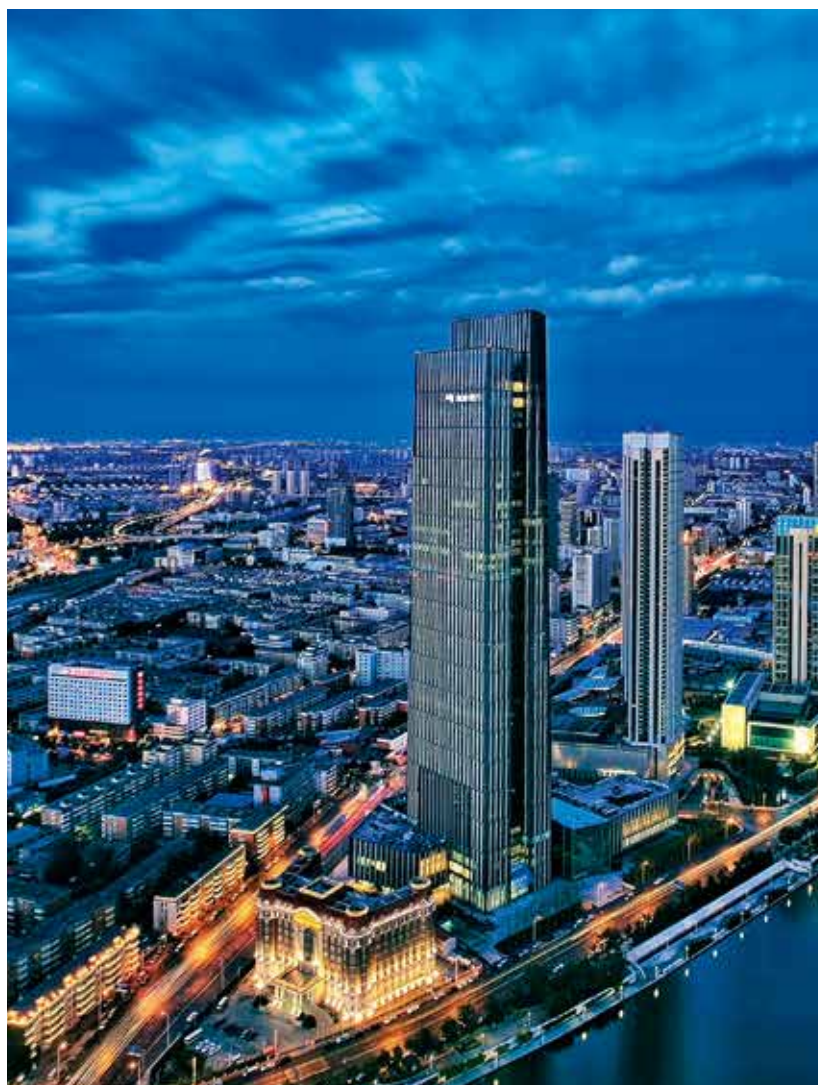
China Bohai Bank was promoted and established by seven shareholders, namely TEDA Investment Holding Co., Ltd., Standard Chartered Bank (Hong Kong) Limited, China Ocean Shipping (Group) Company (currently known as China COSCO Shipping Corporation Limited), State Development & Investment Corporation (currently known as State Development & Investment Corp., Ltd.), Shanghai Baosteel Group Corporation (currently known as China Baowu Steel Group Corporation Limited), Tianjin Trust and Investment Company Limited (currently known as Tianjin Trust Co., Ltd.) and Tianjin Shanghui Investment Holding Company Limited. After listing, the Bank realized more diversification and marketization of shareholders, and further optimized the equity structure.

China Bohai Bank has gone through the start-up period of the first five-year plan and the scale-up period of the second five-year plan. In the third five-year plan, it has established the development mission of becoming "a modern wealth and treasury manager offering the best customer experience. The Bank has adopted the core corporate values of "customer first, open innovation, collaboration and excellence, and people-oriented care". It takes customers as the center and establishes five guarantees of talents, technology, finance, risk and mechanism by means of characteristic, comprehensive, digital and international operation so as to continuously promote the transformation and development. Since its inception, the Bank has made unremitting explorations in the innovation of corporate governance, operation management, business products, business models and technology support system, and realized the collaborative development of capital, risks and benefits. The Bank maintained a healthy and stable growth of growth indicators such as scale and profit. 2021 will be the opening year of the fourth five-year plan.

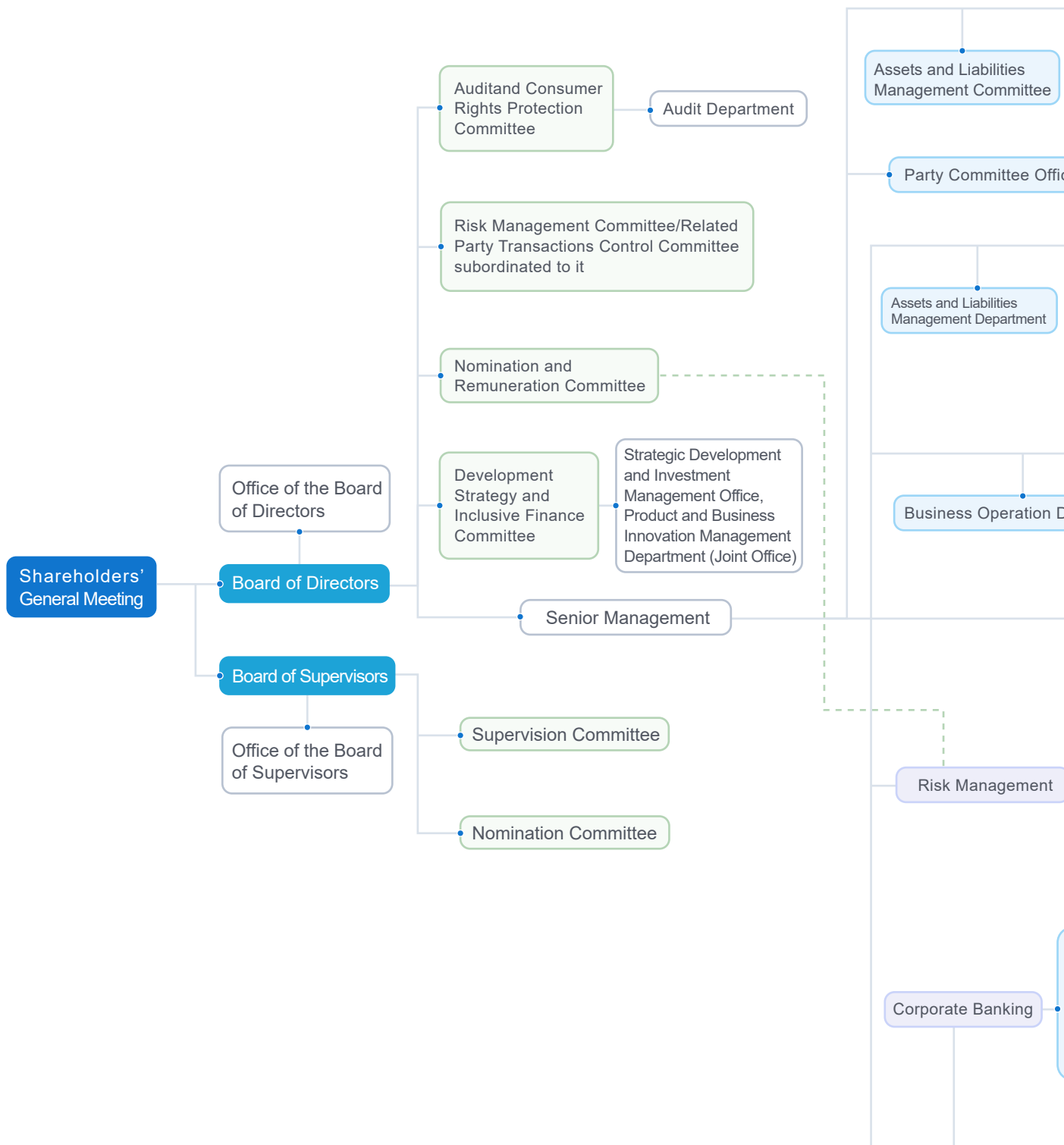
As of the end of December 2020, China Bohai Bank had total assets of RMB1,393.523 billion, an increase of 24.76% over the beginning of the year, total loans of RMB887.538 billion, an increase of 25.35% over the beginning of the year, and balance of customer deposits of RMB746.726 billion, an increase of 17.05% over the beginning of the year. It realized an operating income of RMB32.492 billion, a year-on-year increase of 14.50%. The non-performing loan ratio was 1.77%, a decrease of 0.01 percentage point over the beginning of the year.

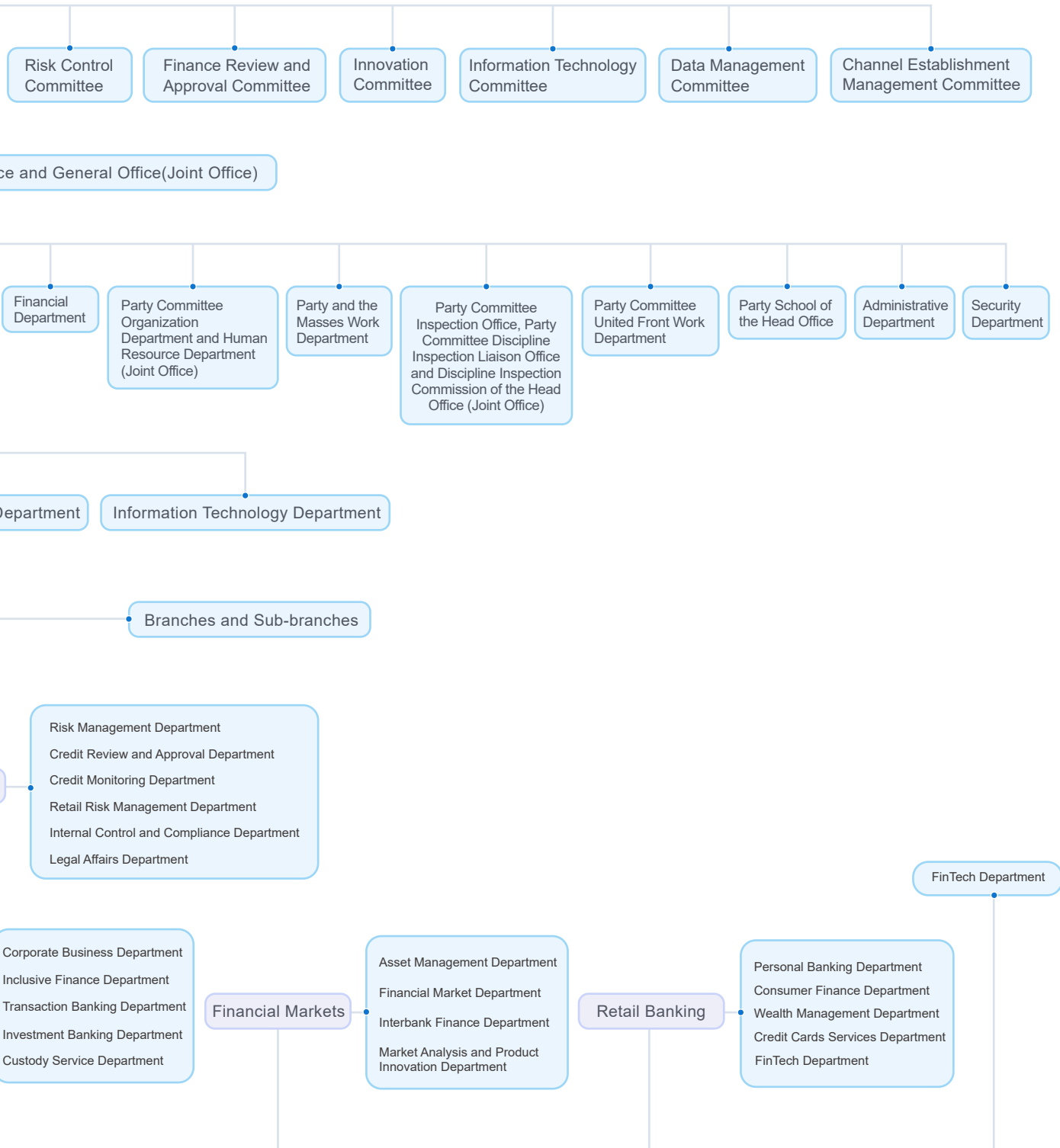
At present, the Bank has established 34 tier-one branches (including three tier-one branches under direct management of the Head Office such as Suzhou, Qingdao and Ningbo Branches and one overseas branch), 31 tier-two branches, 134 sub-branches and 40 small and micro community sub-branches in china, The total number of Branches and Sub-branches and outlets under which reached 239, covering the key cities around the Bohai Sea, the Yangtze River Delta, the Pearl River Delta and the central and western regions.

In 2020, China Bohai Bank ranked 133rd among the "Top 1000 World Banks" released by The Banker, moving up 45 places compared with the previous year, and 457 places compared with 590th in 2006. In 2020, the Bank also won the "Listed Company Award of Excellence – Rising Star Award for Main Board", the "Gold Bancassurance Growth Award", the "Excellent Contribution Award for Inclusive Finance", the "Financial Technology Progress Award", "Ten Best Small and Micro Enterprise Financial Service Innovation Award" and "Annual Golden Bull Wealth Management Bank" and other awards.



## II. Organizational Structure





## III. Corporate Governance

### (I) Corporate governance structure

In accordance with laws and regulations such as the Company Law as well as with reference to the actual situation of the Bank, the Bank has established a corporate governance structure which comprises the Shareholders' general meeting, the Board of Directors and its special committees, the Board of Supervisors and its special committees and the senior management and its special committees, conforms to the modern enterprise system and integrated the Party's leadership into all links of corporate governance. The Party organization plays the core role of leadership and political function, and ensures the direction, overall situation and implementation. The Shareholders' general meeting is the highest organ of authority of our Bank, and exercises its functions and powers according to laws. As the decision-making organ of the Bank, the Board of Directors assumes the ultimate responsibility for the Bank's operation and management and is accountable to the Shareholders' general meeting. The Board of Supervisors is the Bank's supervisory organization and is accountable to the Shareholders' general meeting. The senior management, as the executive organ of the Board of Directors of the Bank, is responsible for the Bank's operation and management and is accountable to the Board of Directors.

In 2020, the Shareholders' general meeting, the Board of Directors and its special committees, the Board of Supervisors and its special committees fully played their roles in decision-making and supervision and held 49 meetings in total, at which they deliberated 159 proposals and adopted 159 resolutions, heard and reviewed 46 work reports and formed opinions thereon, and made timely decisions on major issues concerning the Bank's development and facilitated the implementation thereof.

### (II) Corporate governance system

Since its establishment, the Bank has established a relatively complete corporate governance system and continuously revised and improved it, laying a solid foundation for the legal, compliant and efficient operations of all corporate governance entities. In 2020, in accordance with relevant laws, regulations and regulatory requirements as well as with reference to the actual development situation of the Bank, the Board of Directors revised the Working Rules for the Development Strategy and Inclusive Finance Committee under the Board of Directors, Working Rules for the Risk Management Committee under the Board of Directors, Working Rules for the Related Party Transaction Control Committee under the Board of Directors, Working Rules for the Audit and Consumer Rights Protection Committee under the Board of Directors, Working Rules for the Nomination and Remuneration Committee under the Board of Directors, Management Measures on Consumer Rights Protection, Internal Audit Charter, Management Measures on Related Party Transactions and Connected Transactions, Risk Appetite Statement, Market Risk Management Policy, Outsourcing Risk Management Policy, Coun-

try Risk Management Policy, Management Policy for Fair Value Assessment and Verification of Financial Instruments, Capital Management Policy and Management Measures on Information Disclosure, and formulated the Bank's IT Risk Management Policy (Trial); the Board of Directors and the Board of Supervisors jointly revised the Measures on the Performance Assessment of Duties of Directors; the Audit and Consumer Rights Protection Committee under the Board of Directors revised the Administrative Measures for Off-office Audit of Branch Leadership Members and Head of Departments of the Head Office and the Internal Audit Policies and Procedures of the Bank, which further improved the corporate governance system of the Bank and continuously facilitated the building of its corporate governance system.

### **(III) Standardized information disclosure mechanism**

On the basis of sound corporate governance, the Bank continued to regulate the information disclosure mechanism and treated shareholders and stakeholders fairly. In 2020, more than 30 information disclosure documents including regular reports and interim announcements were published on the websites of the Hong Kong Stock Exchange and the Bank. The Board of Directors successfully completed the preparation and disclosure of the 2019 Annual Report, and completed the preparation and disclosure of the 2020 Interim Report in accordance with the requirements of the Listing Rules. The Audit and Consumer Rights Protection Committee under the Board of Directors and independent Directors strictly implemented the Working Procedure of the Audit Committee under the Board of Directors for Review of Annual Financial Reports and the Working Policy of Independent Directors for Annual Reports. The supervisory role in the preparation, review and disclosure of annual reports was further brought into play.

### **(IV) Good information communication mechanism**

Timely and unimpeded information communication among the Shareholders' general meeting, the Board of Directors, the Board of Supervisors and the senior management is essential for corporate governance entities to fully perform their duties and improve their performance efficiency and level. To ensure timely and unimpeded information communication among the Shareholders' general meeting, the Board of Directors, the Board of Supervisors and the senior management, and improve the efficiency and level of duty performance, a total of 19 issues of information reports, 27 issues of minutes of the President's executive meetings, 32 issues of minutes of President's special meetings, and three issues of information reports were sent in 2020, providing information support for scientific decision-making of the Board of Directors, the Board of Supervisors and their special committees.

## The Topic of Responsibility

### Win-win situation in forceful Prevention and Control of the COVID-19 Pandemic

Since the outbreak of COVID-19, the Bank has made epidemic prevention and control and financial service guarantee the most important tasks, and spared no efforts to help win the battle against the epidemic. With speed, strength and warmth, we acted quickly at the first time, implemented various prevention and control measures, strove to ensure the life, health and safety of employees and all customers, and enhanced financial services with extraordinary operations during special period. We took the initiative to undertake corporate social responsibility, demonstrating the corporate civic awareness and responsibility of financial enterprises.





SERVER



医疗物资仓库





## Swift action in epidemic prevention and control

- After the outbreak of the epidemic, the Bank took multiple measures at the fastest possible speed, and actively supported the fight against the epidemic in Wuhan and other key regions while ensuring its own prevention and control work.
- The Bank immediately convened the party committee meeting to study epidemic prevention and control, set up a leading group for epidemic prevention and control, and issued a special notice on January 23, 2020 for the battle of epidemic prevention and control. The Bank successively formulated and issued epidemic emergency response procedures, work resumption plan, service plan for feverish personnel, business continuity plan and prevention and control measures for outlets, and communicated them to all employees of the Bank through OA, WeChat and DingTalk. In terms of material reserve, the Bank mobilized forces, raised from all sides, and safeguarded the frontline and key areas. All branches, based on their own actual conditions and the requirements of local governments, carried out prevention and control work.
- On January 28, 2020, the Bank donated RMB20 million to Hubei Province through the Red Cross Society to fully support the fight against COVID-19. At the same time, nearly 4,000 Party members of the Bank gave full play to their role as pioneers, actively participated and donated more than RMB750,000 voluntarily; and more than 400 employees, through various channels, donated nearly RMB230,000 to Wuhan Charity Federation, China Youth Development Foundation, Beijing Hanhong Love Charity Foundation, New Sunshine Charity Foundation and other social organizations.
- On February 14, 2020, the Party committee of Bohai Bank held an enlarged meeting to re-deploy, re-mobilize and re-implement the epidemic prevention and control and business work across the Bank, so as to both win the battle against the epidemic and achieve business development, ensuring "Stable Performance in Six Key Areas" and achieving "win-win" results.

Our bank donation  
**RMB20 million**

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Party members donated  
by the whole bank  
**RMB750,000**

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Employee donations  
**RMB230,000**

- Through collaboration between branches and the Head Office, integration of business lines, agile response and multiple measures, the Bank enhanced support for anti-epidemic enterprises, life service enterprises and personal customers, and built a solid financial service "guarantee line". The Bank fully supported enterprises related to epidemic prevention and control. We immediately set up a special integrated rapid response team at the Head Office and branches, established a rapid response mechanism during epidemic prevention and control, and promised to communicate with enterprises in need and put forward feasible solutions, and address needs within two workdays; effectively satisfied the financial service demands of "two types of enterprises" by "case-by-case"; and transmitted the quick response mechanism to each sub-branch and outlet, to provide fast, accurate and professional financial services for two types of enterprises.
- The Bank provided great support to frontline anti-epidemic enterprises and producers of daily necessities and supplies, opened a green channel for foreign exchange business, completed foreign exchange sales and settlements and payment process within six hours, and opened a green channel for anti-epidemic credit business which could complete credit approval within 12 hours; opened the green channel for financial services to ensure the uninterrupted disbursement of treasury funds for 7×24 hours; opened online studios for corporate banking and personal banking, realizing "cloud handling" around the clock. The Bank actively guaranteed the enterprises and units involved in the production and purchase of daily necessities, fully satisfied the capital demand of enterprises for production and operation, and served and guaranteed the daily life of residents. In the first two months of 2020 alone, the Bank has granted nearly RMB8 billion of credit to frontline enterprises in epidemic prevention and control, and approved nearly RMB10 billion of credit to enterprises engaged in production and operation of daily necessities.



## Online and offline linkage with high-quality services

- In response to the customers' financial demands of contact-free, quick response and easy operation, the Bank quickly launched "Bohai Cloud Store" and "Bohai Online Studio", which positioned self-service services for customers. Relying on the mode of online opening of electronic type II and type III accounts, the Bank can satisfy the customers' account opening experience, recommendation of customers, service inquiry, credit card application and other businesses, to enable customers to handle financial business at home.
- On the basis of providing 7×24 full-function services, the Bank optimized and upgraded the functions of its online channels during the special period of the epidemic. The Bank provided such functions as

properly increasing the transfer limit, simplifying the closed-loop operation process, online self-service registration for various businesses, and online donation for the epidemic, so as to enhance the innovative service capacity and meet the needs of customers and avoid clustering at business outlets and increasing the risk of infection.

- After the outbreak of COVID-19, the Bank gave full play to the advantages and functions of telephone banking and collaborated with offline outlets, to carry out multi-period telephone-based precision services such as connection of wealth management upon maturity, purchase of certificates of deposit and allocation of idle funds. Through effective online and offline linkage and collaboration services, the Bank effectively met customer needs. In response to major concerns of customers, such as overdue loan repayment during the epidemic, special business procedures have been developed, ensuring effective response to customer service demands. Wuhan Branch accepted 418 loan extension applications, properly satisfying customers' needs.



## Precise financial services to support the resumption of work and production

- The Bank gave full play to its advantages. Combining with its unique financial products, through a number of innovative service measures such as allocation of special credit scale, opening up green channels, and "dual online application approval" mode, the Bank strongly supported the resumption of work and production of various enterprises.
- The Bank sorted out the list of enterprises in trouble and adopted the differentiated measure of "one policy for one customer". After verifying and confirming, the Bank provided support through loan extension, reduction of loan interest rate, increase of unsecured loans or medium and long-term loans, so as to ease the repayment pressure of enterprises and ensure that loans were not cut off, withdrawn or reduced blindly. The Bank worked together with enterprises to support regional economic development. The Bank protected credit investigation of enterprises in trouble. For enterprises that failed to repay loans in time due to the impact of the epidemic, relevant overdue loan records were not submitted; for enterprises that temporarily lost the source of repayment due to the impact of the epidemic, the Bank adjusted the repayment arrangement according to the actual situation, and reported the credit record according to the adjusted repayment arrangement. The Bank obtained the list of epidemic prevention enterprises through the Head Office and epidemic prevention command department, and took the initiative to communicate by telephone about the impact of the epidemic, the operating status of enterprises and the demand for financial services. For the urgent credit needs of anti-epidemic production and construction, the approval process and loan materials were simplified through electron-

ic office and green approval, so as to improve the approval efficiency and ensure that the funds needed by enterprises for epidemic prevention and control would be available as soon as possible.

- For small and micro enterprises related to epidemic prevention and control, the loan interest rate was lowered by another 0.5 percentage point on the basis of the current interest rate. We worked hand in hand to help small and micro enterprises overcome difficulties; for small and medium enterprises that have made contributions to epidemic prevention and control and have promising prospects but are temporarily affected by the epidemic, we increased and renewed credit extension. The loan interest rate was reduced by more than 10% on the basis of the original loan cost.
- Wuhan Branch, at the forefront of the fight against the epidemic, overcame extreme difficulties caused by the local epidemic and worked in excess of routine to provide enterprises and anti-epidemic heroes with timely and accurate financial services. The general Party branch of Yichang Branch, a tier-two branch under Wuhan Branch, was honored as an advanced grass-roots Party organization at the Commendation Conference for Fighting COVID-19 in Tianjin, and was the only financial unit in the units to be commended.



On January 28, 2020, the Bank donated RMB20 million to Hubei Province through the Red Cross Society to fully support the fight against COVID-19.



In June 2020, LI Fu'an, secretary of the party committee and chairman of the Bank, inspected the epidemic prevention and control work of Beijing Branch. As required, his temperature was checked and he was marked for normal temperature.

**Cases****Yichang Branch in Hubei granted a loan for a pharmaceutical company within 48 hours**

Working in a bank for many years, this was the first time HAN Li signed a loan contract with a customer at a high-speed intersection. The high-speed intersection from Yichang to Yidu, a county-level city under the administration of Yichang, was closed to prevent the spread of the epidemic. On the morning of February 2, HAN Li, the corporate customer manager of Bohai Bank's Yichang Branch, could only go through the face-to-face signing procedure for credit extension with HEC Pharm in Yidu at the high-speed intersection.

As one of the main manufacturers of macrolide antibiotics and antiviral drugs in China, HEC Pharm has been working overtime and running out of stock since the outbreak of the epidemic. There is an urgent need for funds to purchase raw materials. In the critical period of epidemic prevention, all work is in a race against time. HEC Pharm obtained a credit line of RMB300 million from Bohai Bank, and it took less than 48 hours since the first special purpose loan was applied for.

Early in the morning of February 2, HAN Li set out from Yichang to go to Yidu with DENG Qiankun, a colleague from the risk control department. The two made the trip to sign a loan contract and receipt for a loan with HEC Pharm in Yidu to provide funds for HEC Pharm to purchase raw materials in time, ensure smooth production and fight against the epidemic. However, as a result of traffic control, HAN Li, after asking for permission from the superior bank, could only inform HE Shuwei, the financial staff of HEC Pharm to rush to Yidu Expressway Exit Toll Station to sign the loan contract and receipt for a loan. Before she had time for lunch, HAN Li hurried back to the office and initiated the loan granting process. At 4:00 p.m., the first special purpose loan of RMB50 million was successfully granted to the account of HEC Pharm. It took less than 48 hours from application to arrival of the first special purpose loan at HEC Pharm's account.

The granting of loan within 48 hours was related to the "dual online application approval" mode implemented by the Bank during the epidemic. The so-called "dual online application approval" mode means online approval through "DingTalk" office software, online operation of internal system, continuous approval and efficient approval during the New Year holiday and epidemic period. At the same time, the Bank proposed to open a green channel for epidemic prevention and control credit business based on the principle of "case-by-case and priority support" for epidemic prevention and

control credit demand, and held a business review meeting in the form of video at any time to ensure safety and efficiency. "On the basis of a series of policies of the Head Office, our Branch completed the credit investigation and application at 10:00 a.m. on February 1; Wuhan Branch and Guangzhou Approval Center formulated and initiated the online application and approval process as soon as receiving the loan application. Finally, all credit approval was completed at 9:00 p.m. on the same day, and a special credit extension of RMB300 million was issued." DENG Yisong, head of Bohai Bank's Yichang Branch, recalled.

(Originally published on China Business Journal)

## Cases

### **Dalian Branch provided strong support for epidemic prevention and control and resumption of work and production of enterprises**

In October 2020, The People's Government of Dalian Municipality sent a letter of thanks to the Bank, thanking Dalian Branch for actively responding to the call of Dalian municipal Party committee and municipal government for doing a solid job in "Stable Performance in Six Key Areas and Security in Six Key Aspects" while conducting epidemic prevention and control, which effectively ensured the capital demand for epidemic prevention and control and resumption of work and production of enterprises in Dalian.

Dalian Branch actively responded to the call of The People's Government of Dalian Municipality to provide differentiated preferential financial services to small and micro enterprises affected by the epidemic, quickly helped them and spared no effort to help them overcome difficulties. Dalian Branch implemented the Bank's "Nine Measures for Financial Support to Small and Micro Enterprises to Fight against the Epidemic". The Branch did not blindly withdraw loans, cut off loans and reduce loans to industries greatly affected by the epidemic. In addition, the Branch provided financial assistance to troubled small and micro enterprises by extending the loan period, lowering the loan interest rate and renewed loan without principal repayment, and assumed the responsibility of supporting small and micro enterprises with financial services.



In the early stage of the epidemic, the Branch quickly adopted a number of featured financial products, including Small and Swift Loans for small and micro enterprises and online overdraft for medical enterprises. By virtue of the marketing campaign of inclusive finance featuring "inclusive wind and smooth progress", the Branch launched the policy of "online operation, quick approval, renewal of loans and increase of credit extension" and implemented "Stable Performance in Six Key Areas and Security in Six Key Aspects" work. In addition, the Branch has continuously stepped up financial innovation and opened up remote and online financial service channels: on the one hand, it has vigorously promoted online products and made use of the "big data" technology to vigorously promote the inclusive finance credit loan product "Bohai Business Loans" which does not require mortgage guarantee, can be borrowed and repaid at any time, and can be handled online; on the other hand, the Branch promoted "Bohai Tax-based Business Loans" for small and micro enterprise owners and individual business owners that pay tax normally. Based on the borrower's tax payment credit data, the Branch granted personal production and operation loans through online application, automatic approval and independent disbursement to support the financing of small and micro enterprises and solve the difficult problem of information asymmetry between banks and enterprises, to facilitate resumption of work and production of small and micro enterprises.

Besides, the Branch timely grasped and understood the impact of the epidemic on the production and operation of small and micro enterprises by investigating the operation of small and micro enterprises, and pertinently helped them solve their financing problems. After the outbreak of the epidemic, a characteristic hotel in Dalian was suspended for a time, and there was difficulty in fund flow. The Branch immediately launched the green channel for bailout of small and micro enterprises, reported the company's appeal and the application for loan interest rate reduction and exemption to the Inclusive Finance Department of the Head Office, and completed the loan interest rate reduction and exemption within two workdays. "Sister Hong", the owner of a small and micro catering company in Dalian, faced unprecedented repayment pressure due to the sudden outbreak of the epidemic. The customer manager of the Branch came up with the idea of "online sales" and designed and registered online platform store with the daughter of "Sister Hong". At the same time, the Branch also promoted the online store for Sister Hong with the help of the public account platform, which solved the urgent needs of the customer.

As of the end of October 2020, the Branch accumulatively renewed loan without principal repayment for 63% of the mature inclusive corporate loans, and realized an increase of 177% over the same period of last year in the cumulative extension of inclusive corporate loans in the first eight months, 135% higher than the growth rate of all loans, contributing to the anti-epidemic and epidemic prevention and the resumption of work and production.

# ESG Report

## I. Economic Performance

Indicator	Unit	2019 year	2020 year
Total assets	RMB'0,000	111,311,651.0	138,967,527.4
Operating income	RMB'0,000	2,828,223.5	3,247,641.2
Net profit	RMB'0,000	833,553.7	859,025.3
Return on total assets	%	0.78	0.69
Return on net assets	%	13.93	10.88
Non-performing loan ratio	%	1.78	1.77
Capital adequacy ratio	%	13.07	12.08
Provision coverage ratio	%	187.73	158.80

## II. Market Performance

The Bank's remuneration system, oriented by development strategy, is consistent with the operation management requirements of modern commercial banks, coordinated with the interests of Shareholders, the Bank and employees, and aligned with the Bank's current development requirements. Besides, it reflects the difference of post value, emphasizes the market value, values the development of employees' personal ability, and focuses on the return on investment in human capital. The Bank observes the principles of strategic orientation, fairness and competitiveness, combination of incentives and constraints, performance within its capacity, coordination and sustainability, and sets a remuneration level slightly higher than the average remuneration of similar employees and posts in the market to attract, retain and motivate employees. The Bank's remuneration is not affected by any gender factor. Both male and female employees are paid according to their posts and paid according to their work.

### III. Indirect Economic Impact

As of December 31, 2020, the Bank established 34 tier-one branches (including Suzhou, Qingdao and Ningbo Branches under direct management of the Head Office and one overseas branch), 31 tier-two branches, and 134 sub-branches in 61 key cities and special administrative regions in China, including Tianjin, Beijing, Hangzhou, Taiyuan, Chengdu, Jinan, Shanghai, Shenzhen, Nanjing, Dalian, Guangzhou, Changsha, Shijiazhuang, Wuhan, Hohhot, Fuzhou, Hefei, Zhengzhou, Xi'an, Changchun, Chongqing, Shenyang, Xiamen, Haikou, Qingdao, Ningbo, Nanning, Nanchang and Hong Kong. There were 199 sub-branches or above, 40 small and micro community sub-branches, and 239 outlets.

Indicator	Unit	2019 year	2020 year
Number of domestic and overseas branches	/	244	239
Number of domestic self-service banks	/	182	205
Number of self-service devices	Set	587	613

### IV. Procurement Practice

#### (I) Optimizing and improving the institutional system

The Bank's procurement institutional system has formed a sound mechanism for continuous improvement. The Bank revised and issued the Working Procedure of Bohai Bank for Grade-A Procurement Project and the Administrative Measures for Procurement of Bohai Bank. The Bank issued Administrative Measures for Procurement of Branches of Bohai Bank to further regulate and sort out the procurement procedures of branches. The Bank issued five rules and regulations, including the Operating Procedure of Bohai Bank for Shortlisted Procurement Project, which further improved the procurement institutional system. In light of the actual procurement during the epidemic, the Bank issued Notice on Procurement of Anti-epidemic Materials during the Period of Epidemic Prevention and Control.

#### (II) Regulating efficient procurement procedures

First, the Bank adhered to the "open-oriented" procurement method. The amount of public Grade-A procurement projects accounted for 60.42% and the number of projects made up 62.81%. Second, the Bank insisted on the procurement organization form featuring "entrusted procurement". The amount of public Grade-A procurement projects accounted for 82.39% and the number of projects made up 92.56%. Third, the Bank

established the procurement review team adhering to the principle that "external experts account for an absolute majority". For 92% of Grade-A procurement projects, external experts accounted for no less than two thirds of the total. Fourth, the Bank continuously improved the "compliant and efficient" procurement capability. In 2020, the Bank organized and completed 121 Grade-A procurement projects, including 92 single-batch procurement projects involving a procurement budget of RMB389 million, a transaction amount of RMB354 million and a saving amount of RMB34.46 million.

### III. Effectively promoting digital intelligent procurement

The Bank made every effort to build the brand of "Bohai Procurement" and actively promoted the digital intelligent "management and procurement". The "Bohai Cai Yi Guan" saw preliminary transformation. The first phase of "Bohai Procurement Easy Management Platform" is expected to be put into operation in 2021. The shopping mall of "Bohai Procurement Easy Management Platform" was launched in late June 2020. As of the end of December 2020, the Head Office and 28 tier-one branches had over 1,500 orders and completed an order amount of more than RMB12 million. It further improved the transparency and competitiveness of procurement and created a new mode of open shopping mall procurement.

Indicator	Unit	2019 year	2020 year
Number of suppliers in Chinese Mainland	/	608	881
Number of overseas suppliers	/	8	21
Total number of centralized procurement projects	/	717	1146
Budget amount involved in centralized procurement	RMB'0,000	27,780	51,376
Average project cycle of centralized procurement	Day	50	42
Coverage ratio of centralized procurement catalog project performance management	%	100	100
Coverage ratio of supplier review	%	100	100
Total number of financial technology projects	/	166	269
Budget amount involved in financial technology projects	RMB'0,000	13,609	30,962
Average project cycle of financial technology projects	Day	40	38

## V. Environmental Performance

### (I) Materials

The material consumption of the Bank mainly comes from the paper consumption of documents, bills, and documents generated in the business and office processes. In view of this, the Bank made great efforts to promote online banking and actively applied WeChat, SMS and other electronic information channels and means to reduce material consumption in business operation. The Bank persisted in promoting the OA system, strove to improve electronic office and IT-based management, and promoted paperless office.

Indicator	Unit	2019 year	2020 year
Paper consumption of various promotional materials, card envelopes and single pages	10,000 pieces	23.12	84.31
Proportion of customers using electronic billing for credit cards	%	90.96	99.34
Paper saving of electronic billing	10,000 pieces	134.36	218.91

### (II) Energy

For major energy consumption projects in daily operation, the Bank applied energy-saving facilities and equipment and implemented management and control measures to effectively reduce unnecessary energy consumption. In 2020, due to the needs of operation and management of the Bank, the vacant floors of the Bohai Bank Building were put into operation one after another, and the office power consumption of the Head Office increased. As an inevitable result of business development, the power consumption of the Bank's Data Center increased.

Through tightened management and supervision, the total fuel consumption of official business vehicles of the Head Office decreased significantly.

Indicator	Unit	2019 year	2020 year
Average energy utilization efficiency of the Data Center	-	1.97	2.02
Total power consumption of the Data Center	Kwh	8,869,336	10,577,866
Total office power consumption of the Head Office	ton	16,532,180	16,774,940
Total fuel consumption of official business vehicles of the Head Office	litter	32,258	24,193

**(III) Water resources**

The Bank took comprehensive measures in terms of technology and management to reduce water consumption. Since its settlement in the Bohai Bank Building, the Bank has regularly inspected the automatic water-replenishing devices of water dispensers on all floors of the building to ensure that the water-saving function is normal. During the cooling period in summer, the Bank has made regular inspections of the cooling tower to ensure the normal operation of the floating valve for water replenishment, timely adjust the water replenishment quantity to prevent water waste; the Bank records and summarizes the water consumption of the building every month, and realize the water consumption according to the demand.

Indicator	Unit	2019 year	2020 year
Total office water consumption of the Head Office	ton	76,173	72,863

**(IV) Sewage and Waste**

The sewage generated by the Bank in the course of business operation and office operation is discharged into the municipal sewage pipeline network in accordance with relevant laws and regulations, and the domestic garbage is transported by the local environmental health team for treatment every day. Overall cleaning is conducted once a week; other wastes are concentrated and transported in a "harmless" manner without any violation of regulations. The Bank used the updated office furniture and electric appliances as temporary revolving materials or temporary office equipment for newly-built institutions, "making the best use of everything and eliminating waste" and minimizing the adverse impact of e-waste on the environment.

**(V) Products and Services**

In 2020, the Bank continued to deepen the construction of the ecology bank system, accelerate the financial empowerment of the ecology platform, speed up the transformation and restructuring in modes of business, channel, marketing and operation, and steadily expand various businesses, effectively enhancing financial service capacity.

Indicator	Unit	2019 year	2020 year
Diversion rate of e-channel business	%	99.48%	99.70%

### (VI) Environmental Compliance

In 2020, the Bank was not punished for environmental protection violations and did not receive any environmental complaints.

### (VII) Green Procurement

The Bank promoted environmental protection through procurement policies and technical indicators. In the standard procurement document (bidding document), the requirements are clearly raised for the qualified applicants (suppliers) to comply with laws, regulations, rules on environmental protection, energy saving and green protection; the procurement technical indicators set clear requirements for environmental protection indicators such as formaldehyde content and grade of finished products and raw materials provided by suppliers.

In the standard procurement contract, it is required that the products, accessories and raw materials of the cooperative suppliers shall comply with the national environmental protection standards (ISO9001, ISO14001, GB/T28001, China environmental labeling products, etc.) and be attached with the factory certificate and other relevant evidence that can be inspected; the suppliers shall undertake to compensate for the unqualified products at twice the agreed price if the products fail to meet the national environmental protection standards after testing.

The Bank actively promoted green procurement through on-site inspection of suppliers' production environment, equipment, raw materials, production processes and environmental protection measures, and strengthening acceptance inspection. Administrative Measures for Procurement of Branches of Bohai Bank explicitly requires branches to give priority to the procurement of energy-saving and environmental protection products. The Bank successively built and launched the platforms of Bohai Cai Yi Guan, Bohai Cai Yi Cai and Bohai Cai Yi Gou to increase the openness, transparency and competitiveness of procurement, and further improved the procurement efficiency through digitalization, informatization and intelligence, to save the cost of procurement organization, and reduce the resources and costs invested by suppliers in procurement activities.

## VI. Social Performance

### (I) Employment

The Bank strictly abides by the Labor Law of the People's Republic of China, Law of the People's Republic of China on the Protection of Women's Rights and Interests and other laws and regulations, and fully protects the legitimate rights and interests of employees. In 2020, the Bank optimized the existing position system based on the advanced practices of other banks, and issued the Provisional Measures for the Management of Positions of Employees of Bohai Bank.

Indicator	Unit	2019 year	2020 year
Total number of employees	Person	9491	10,447
Number of female employees	Person	4944	5430
Number of male employees	Person	4547	5017
Number of employees under 30 years old	Person	2471	2411
Number of employees aged 31-50	Person	6680	7595
Number of employees over 50 years old	Person	340	441
Number of new employees	Person	527	1241
Number of employees from Chinese Mainland	Person	9462	10,398
Number of employees from Hong Kong, China	Person	29	49
Employee turnover rate	%	4.75	3.58
Turnover rate of male employees	%	2.45	1.87
Turnover rate of female employees	%	2.30	1.71
Turnover rate of employees under 30 years old	%	1.69	0.97
Turnover rate of employees aged 31-50	%	2.98	2.57
Turnover rate of employees over 50 years old	%	0.08	0.04

## (II) Labor-capital Relationship

The Bank implements the labor contract system for all employees, and all contract employees must sign labor contracts with the Bank according to law. The Bank fully respects and effectively protects the legitimate rights and interests of employees, and takes effective measures such as building a collective contract system and constantly improving the employees' representative meeting to continuously promote democratic management. We sincerely care for the employees pregnant and perinatal period, provide full convenience for the employees who receive the antenatal inspection in terms of work arrangement, give relevant employees maternity leave according to law, and set up "Mommy's Home" in the office and business premises that provide a healthy and warm private space for employees during the lactation period.

## (III) Occupational Health and Safety

We cooperate with local well-known medical institutions to carry out annual physical examination and health consultation for all employees. Through various types of staff sports associations, we continuously enhanced



extensive participation of employees, advocated a positive and healthy lifestyle, and helped employees adopt an optimistic and positive attitude and keep healthy. We continued to strengthen the management of employee canteens to ensure food safety; conducted regular employee satisfaction surveys to improve the service quality of canteens in a targeted manner; in response to COVID-19, we formulated and strictly implemented the disciplines on raw material procurement, food safety, environmental disinfection and dining during the epidemic period, and fully safeguarded the health and safety of employees.

#### (IV) Training and Education

In 2020, we re-formulated the training system construction plan, which was reviewed and approved by the President's Executive Meeting. We actively mobilized the Bank's resources to participate in the training system construction. The Bank remained active in online training throughout the year, with 992 self-designed online courses, 575,045 participants and 110,967 hours of total staff learning.

Indicator	Unit	2019 year	2020 year
Number of employee training periods	Class	7,028	5,319
Number of employees participating in training	Person	154,972	163,392
Number of employees learning online	Person	9,619	11,083
Average length of training and learning for employees	Hour	5.96 (hours)	25.11 (hours)
Proportion of middle-level management participating in training	%	100	100
Proportion of grassroots employees participating in training	%	100	100
Average length of training for middle-level management	Hour	71	104
Average length of training for front-line employees	Hour	6	25

#### (V) Diversification and Equal Opportunities

The Bank values the diversity and equal opportunities for development of its employees. The Bank has established a scientific performance appraisal and remuneration system to achieve fair, impartial, open and democratic performance assessment. It strictly follows the principle of "equal employment" and does not discriminate against employees or restrict others from employment on the basis of race, nationality, region, religion or gender.

Indicator	Unit	Male	Female
Gender ratio of employees	%	48.02	51.98
Gender ratio of middle-level management	%	79.70	20.30

Indicator	Unit	2019 year	2020 year
Number of minority employees	Person	357	397

**(VI) Handling Mechanism for Labor Issues**

The Bank owns well-organized labor unions at all levels, has established the system of reception days for members of the Party committee, opened the column of "Direct Access to the Senior Management" on the employees' BBS, and opened the column of "Reasonable Suggestions" on the internal website. The Bank has also established the annual performance appraisal result appeal mechanism to collect and report the questions, opinions and suggestions raised by employees.

The Bank strictly complied with the Labor Law, the Labor Contract Law and other relevant laws and regulations when establishing/terminating labor relations. The Bank has also established the labor relation management system based on the Employee Handbook, the Measures of Bohai Bank for Handling Violations of Employees and the Operational Procedures for Personnel Management of Bohai Bank, specifying the procedures for signing, renewal, cancellation or termination of labor contracts, handling of labor discipline, and handling of violations of rules and disciplines.

**(VII) Local Community**

In 2020, the Bank continued to push forward the implementation of the "Light Boat Plan", formulated the annual "Comprehensive Light Sub-branches" construction plan, and issued the Manual on Design Standards for Indoor Decoration of Comprehensive Light Sub-branches (2020 Trial). The Bank strengthened training on branch institution building and actively promoted the construction of comprehensive light sub-branches across the Bank. In 2020, the Bank opened such comprehensive light sub-branches as Zhengzhou Weilai Road Sub-branch, Jinhua Yiwu Small & Micro Business Sub-branch, Suzhou Kunshan Sub-branch, Zhengzhou Shangdu Road Sub-branch, Wuhan Hongshan Sub-branch and Jiangyin Sub-branch.

In 2020, the Bank's Hong Kong Representative Office was upgraded to Hong Kong Branch, and Shenzhen Qianhai Branch was upgraded to a tier-one branch; Tongzhou Sub-branch was upgraded to a tier-two branch,

and the relocation of Hangzhou Xiaoshan Sub-branch, Hangzhou Yuhang Sub-branch and Hebei Road Sub-branch in Tianjin Binhai New Area (former Haiyang Gaoxin Sub-branch) was completed; The Bank initiated preparations for the establishment of two tier-one branches in Guiyang and Kunming, and two tier-two branches in Taizhou and Datong in Jiangsu.

### **(VIII) Anti-corruption**

In 2020, the Bank consolidated the basic work, implemented the pilot tasks, strengthened the "Three Promotions with Cases", fostered a culture of clean government, and promoted the improvement of the Party conduct, clean government and anti-corruption.

The Bank formulated the Key Points of China Bohai Bank in 2020 on Improving the Party Conduct, Clean Government and Anti-corruption, specifying the main tasks of the year, 21 priorities in six aspects. The Bank took effective measures to promote the Party committees and discipline inspection committees at all levels to implement the tasks and strengthen the organization, promotion and supervision of the "Two Responsibilities". The Bank conducted special surveys on how to better promote the construction of Party conduct, clean government and anti-corruption under the new discipline inspection and supervision system, laying a solid foundation for promoting discipline inspection and supervision in depth under the new system.

The Bank strengthened the leading role of standardization. The Bank formulated the Work Plan for the Pilot Political Supervision in the Credit Field of Bohai Bank, specifying supervision priority, supervision object, supervision content and supervision method, and forming institutional arrangements to launch the pilot program. The "four mechanisms", including communication meeting, situation reporting, up and down linkage and information sharing, broke down the "five focuses" into 49 supervision matters in the credit field. The Bank issued the Implementation Opinions on the Pilot Political Supervision in the Credit Field of Bohai Bank. As per the three principles of "unified leadership, hierarchical responsibility, differentiated control, linkage between business lines, addressing both symptoms and root causes, and consolidating the foundation", the Bank ensured the pilot work to be implemented in a detailed manner through the three stages of "organization and deployment, inspection and implementation, summary and improvement". The Bank issued the Breakdown Table of Tasks for the Pilot Political Supervision in the Credit Field of Bohai Bank, specifying the division of tasks and the implementation of responsibilities, and keeping a close eye on the completion nodes and effectiveness. The Bank strengthened supervision and guidance. We focused on the "key minority", adhered to the overall responsibility of the top leaders, unified the thinking of "how to see" political supervision, held meetings to continuously promote the pilot work. Besides, based on the "long-term" and "practical" principle, we carried forward the implementation of the work by special subjects.

The Bank formulated the 2020 Work Plan of Bohai Bank for "Three Promotions with Cases", implemented

specific requirements of promoting education by cases, promoting reform by cases and promoting construction by cases, promoted Party organizations at all levels to study and formulate detailed implementation rules in light of their own conditions, carried out "monthly statistics" and paid attention to "keep ringing the alarm bell". The Bank prepared the Typical Cases of Violations of Laws and Regulations in the Finance (Management Personnel) and the Typical Cases of Violations of Laws and Regulations in the Finance (Grassroots Operator). The Bank pertinently used typical cases involving violations of laws and disciplines to promote education, reform and construction, and urge Party members and cadres to be alert, aware of the bottom line, in awe and in fear. We held conferences on warning education, organized members of various branches and committees to visit the warning education center of the municipal discipline inspection commission, receive political education and discipline education, to form a strong deterrent and effectively improve the ideological understanding of Party members and cadres in government organs, laying a solid foundation for "don't want to be corrupt" and "don't dare to be corrupt". The Bank organized more than 130 study sessions of various types of warning education, with a total of over 40,000 participants.

We promoted the goal of fostering a culture of clean government, set up a special column on "Construction of the Party conduct and clean government" at Bohai E School for the first time, produced and put the Interpretation of the Spirit of the Fourth Plenary Session of the 19th CPC Central Commission for Discipline Inspection online. We organized all Party members and non-Party members to participate in the study, and promoted the Bank to thoroughly study and implement the spirit of the important speech delivered by General Secretary Xi Jinping at the fourth plenary session of the 19th CPC Central Commission for Discipline Inspection. A total of 14,000 persons of the Bank studied at Bohai E School and achieved good results. We leveraged the key time points of major holidays such as New Year's Day, Spring Festival, Qingming Festival, Labor Day, Dragon Boat Festival, Mid-Autumn Festival and National Day, reiterate the discipline of clean government, and always ring the alarm bell of clean government. The Bank sent 10 disciplinary prompts on integrity to the Party committee of the Head Office and branches through the intranet platform, e-mail and WeChat group, repeatedly stressing that we should resolutely implement the spirit of the eight-point austerity rules of the CPC Central Committee, oppose the "Four Forms of Decadence" and clearly announced that we should strictly implement the requirements of "Ten Prohibitions" of Tianjin Discipline Inspection Commission.

### **(IX) Anti-unfair Competition**

In strict compliance with the Anti-Unfair Competition Law of the People's Republic of China and the Convention on Anti-Unfair Competition of the Chinese Banking Industry, the Bank carried out in-depth self-inspection and rectification of market chaos in the banking industry, strictly managed and restricted business activities, put an end to all kinds of unfair competition behaviors, and effectively maintained a good financial market order.

**(X) Marketing and Logo**

For various financial products, the Bank has detailed and standardized product manuals, which provide systematic description and introduction of investment types, sales channels, expected returns, risk rating, transaction time limit and redemption period and fully prompt and inform customers of potential risks.

Through a series of policy development, the Bank has clarified the requirements of various codes of conduct for financial marketing and publicity through online and offline channels, and further strengthened the management of sales behaviors of employees. In April 2020, the Bank formulated the Notice on Further Improving the Review of the Protection of Consumers' Rights and Interests, which explicitly included the marketing promotion plan, promotion text and marketing verbal tricks into the review of the protection of consumers' rights and interests.

The Bank strictly complied with the relevant provisions on prohibited marketing behaviors, comprehensively and accurately described the true conditions of products and services when carrying out marketing and promotion activities, and there was no false, fraudulent, concealment or misleading publicity; it did not cite untrue or inaccurate data and information or conceal restrictive conditions, or exaggerate past performance or product income; it did not take advantage of the review or filing procedures of financial regulators for financial products or services to mislead financial consumers to believe that the financial regulators have provided guarantees for such financial products or services; there was no guarantee commitment on the future effect, income or relevant information of the non-principal-guaranteed investment financial product, or express or implied principal-guaranteed, risk-free or income-guaranteed behavior; no other behaviors in violation of laws, regulations and regulatory requirements on the protection of consumers' rights and interests were found.

Indicator	Unit	2019 year	2020 year
Overall customer satisfaction	%	99.5% (Telephone channel only)	99.1% (Telephone and text channels)
Manual service volume of remote banking	10,000 persons	36.38	48.19
Online channel chat-bot service volume	10,000 persons	20.85	30.91
Number of customer complaints received	Piece	2,566	4,345
Number of being praised and recognized by customers	Times	10	38

### **(XI) Market Promotion**

The Bank has always adhered to the principle of legal compliance and honest operation, strictly required institutions, outlets and employees to conduct standardized publicity, strictly regulated marketing and promotion activities, and strictly prevented any acts that infringe upon the legitimate rights and interests of consumers.

### **(XII) Customer's Privacy Right**

The Bank made efforts to protect the privacy of customers by strengthening the construction and implementation of policies and enhancing the technical level of customer information protection.

In 2020, the Bank continued to strengthen the construction of customer information protection management system, revised and issued the Privacy Policy of CHINA BOHAI BANK CO., LTD. (Revised in 2020), putting forward specific requirements for collection, storage, use, entrusted processing, sharing, transfer, public disclosure, cross-border transmission and privacy policy of personal financial information.

The Bank regularly removes customer data from relevant Internet terminals by installing hardware recovery cards, restores hard disk data after each use by consumers, and clears financial information data that may be retained by consumers. Meanwhile, the Bank issued the Notice on Strengthening the Data Security Protection Level of the Computer Access to the Internet of Each Sub-branch, and put forward specific management requirements and technical suggestions to ensure effective protection of the data security of consumer information.

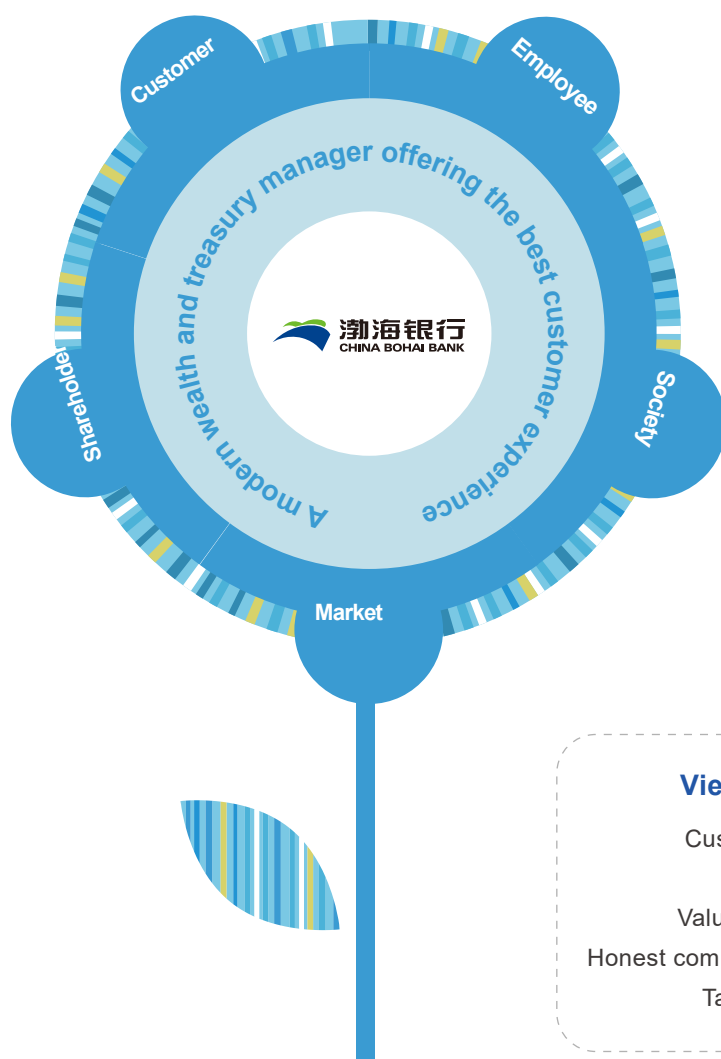
In order to improve the protection of personal financial information and enhance the ability to respond actively to emergencies related to personal financial information, the Bank organizes emergency drill for personal financial information every two years. In 2020, the Bank completed the implementation of five drill scenarios, seven drill steps and more than 50 specified actions.

The Bank actively performed the responsibility of reviewing, assessing and supervising outsourcing service providers, and didn't transfer or reduce the obligation to protect personal financial information due to cooperation with outsourcing service providers. The Bank further strengthened the review and assessment of the ability of outsourcing service providers to protect personal financial information, and took necessary measures to ensure the security of customer information.

# Social Responsibility Strategy and Management

## I. View of Social Responsibility

### (I) View of Social Responsibility and Model



## (II) Duty Performance Methods

### Customer first, best experience

The Bank regards customers as the standard, the interests of customers as the benefit, and the success of customers as the success. The Bank pursues the maximization of customers' overall income contribution and life cycle value, rather than short-term benefits. The Bank is committed to creating the best experience for customers, providing high-quality financial products and services through innovating financial products, simplifying business processes and improving service quality, and striving to make customers enjoy a comfortable business environment.

### Respect and care for growth

The Bank regards employees as the most valuable asset, respects the dignity and value of employees, and tries its best to create good working conditions and competitive incentive and selection mechanism for employees. The Bank meets the value requirements of employees for "obtaining stable and reasonable income, enjoying full rights and interests protection, and good career and growth opportunities".

### Value creation and sustainable return

Shareholders hope to fully understand the Bank's operating conditions and obtain steady and sound investment income through stable operation. The Bank adheres to legal and compliant operation, and pushes forward high-quality transformation and development to realize characteristic and sustainable development; and meets shareholders' information requirement through timely, true, accurate and standardized disclosure of operating information to fulfill the commitment of "value creation and sustainable return" to shareholders.

### Honest competition, mutual benefit and win-win result

The Bank regards integrity as the lifeline, and honest operation is the foundation of our business. Fair competition is the basic business ethics of the socialist market economy as well as the business ethics that the Bank has always adhered to. We firmly oppose unfair competition, adhere to the principle of reciprocity, and pursue the establishment of long-term and mutually beneficial relations with all competition participants in an equal market environment to achieve win-win results.

### Take responsibility and offer love

"Caring for people" is an important part of the core values of the Bank's corporate culture, and the Bank recog-



nizes its corporate social responsibility from the perspective of achieving sustainable development and realizing the Chinese Dream of Rejuvenation. Adhering to the unification of economic and social benefits, the Bank works hard to establish and improve the social responsibility management mechanism, earnestly fulfills its responsibilities and obligations to the society and the public, cares for the society and people's livelihood and pays attention to green and environmental protection.

### **(III) Responsibility Practice**

The Bank firmly establishes and effectively implements the concept of "innovative, coordinated, green, open and shared development", earnestly implements the national macro-economic policies and industrial policies. Centering on the development vision of "a modern wealth and treasury manager offering the best customer experience", the Bank actively promotes the transformation of operation management and the transformation of development mode, increases economic contribution, better serves the real economy, supports small and micro enterprises in a deeper way, and more vigorously promotes the improvement of people's livelihood. The Bank pursues the harmonious and balanced growth of shareholder value, customer value, social value and employee value, and strives to achieve comprehensive, coordinated and sustainable development.

Adhering to the customer-centric approach, the Bank has established five guarantees of talent, technology, finance, risk and mechanism by means of characteristics, integration, digitalization and internationalization, and provided integrated financial solutions with focus on customer experience. The Bank meets customers' financial needs in various aspects of the capital market and traditional commercial banking business at different stages, and enhances the ability to provide "best experience" services to target customers.

Through scientific career planning, the Bank helps employees realize their own value at work; improves employees' professional quality through comprehensive capacity expansion and business training; safeguards the legitimate rights and interests of employees by continuously improving the system and organizational system; promotes the physical and mental health of employees through a variety of cultural and sports activities.

The Bank earnestly responds to the expectations and demands of stakeholders, offers love, gives back to the society, pays close attention to people's livelihood and promotes social harmony. The Bank pays attention to environmental protection, strives to develop green credit, persists in green operation and actively participates in green public welfare. The Bank also cares about community development, actively carries out public welfare activities and is committed to becoming an excellent corporate citizen.

## II. Substantive Issues

Through the identification, assessment and screening of social responsibility issues, the Bank identifies substantive issues that are important to us and stakeholders, and discloses and responds to them in the annual social responsibility report.

### Substantive analysis

Identification	Assessment	Screening
<ul style="list-style-type: none"> <li>▶ The Bank deeply understood the macro and industrial policies, and defined the policy requirements, orientation and policy opportunities for commercial banks to perform social responsibilities.</li> </ul> <hr/> <ul style="list-style-type: none"> <li>▶ Based on the background of sustainable development and social responsibility issues, the Bank benchmarked itself against domestic excellent joint-stock commercial banks and understand the hot topics of corporate social responsibility at home and abroad.</li> </ul> <hr/> <ul style="list-style-type: none"> <li>▶ On the basis of the above, the Bank identified the issues of social responsibility important to the Bank and core stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>▶ The Bank assessed the importance of the identified issues of social responsibility.</li> </ul> <hr/> <ul style="list-style-type: none"> <li>▶ The ranking result of the issues was obtained based on the importance assessment.</li> </ul> <hr/>	<ul style="list-style-type: none"> <li>▶ High-substantive issues were disclosed in the annual social responsibility report or as the focus of disclosure.</li> </ul> <hr/>

## III. China Bohai Bank and Stakeholders

Stakeholders	Expectations and Requirements	Responsibility Response
Government	The Bank accomplished the tasks set forth in the national strategy and promoted economic and social development.	Centering on the three major tasks of "serving the real economy", "preventing and defusing risks" and "deepening financial reform", the Bank actively integrated itself into such major national strategies as the "Coordinated Development of the Beijing-Tianjin-Hebei Region" and implemented the requirements of the poverty alleviation strategy, firmly returned to the

Stakeholders	Expectations and Requirements	Responsibility Response
		original source, and increased the services and support for the real economy, especially private enterprises and small and micro enterprises; while ensuring self-protection, the Bank gave full play to its financial advantages, actively supported the prevention and control of COVID-19, and realized a "win-win situation" in business development and epidemic prevention and control.
Regulatory authorities	The Bank operated in compliance with laws and regulations and achieved healthy development.	The Bank resolutely implemented various regulatory policies, implemented comprehensive risk management and strengthened internal control; and carried out in-depth rectification of market chaos in the banking industry and consumer rights protection.
Customers	The Bank provided high-quality financial products and services and continuously improved customer satisfaction.	The Bank strove to build "a modern wealth and treasury manager offering the best customer experience" in the minds of customers, comprehensively enhanced the application of financial technology, built a financial ecological service system covering the full value chain, created a "warm agile bank", promoted consumption upgrading, boosted people's wealth growth and met people's growing needs for a better life.
Employees	The Bank provided broad space for career development, a scientific remuneration and welfare system, and a sound working environment.	The Bank continuously expanded career development channels, improved the constraint and incentive mechanism, resolutely safeguarded the legitimate rights and interests of employees, and cared for their physical and mental health and well-being.
Shareholders	The Bank realized sustainable operation, improved return on investment, and disclosed information in a timely, truthful, accurate and comprehensive manner.	The Bank further promoted high-quality transformation and development, created sound operating results, continuously strengthened corporate governance and improved the information disclosure mechanism.

Stakeholders	Expectations and Requirements	Responsibility Response
Market	The Bank achieved mutual benefit and win-win results	benign competition, equal cooperation and honest performance.
Public	The Bank participated in social welfare events and promoted social harmonious development.	The Bank continued to participate in poverty alleviation and other social welfare events, widely and deeply popularized financial knowledge, supported and encouraged employees to participate in voluntary services.
Environment	The Bank supported green and environmental protection	The Bank accelerated the development of green credit, adhered to its own green operation and supported green social welfare.



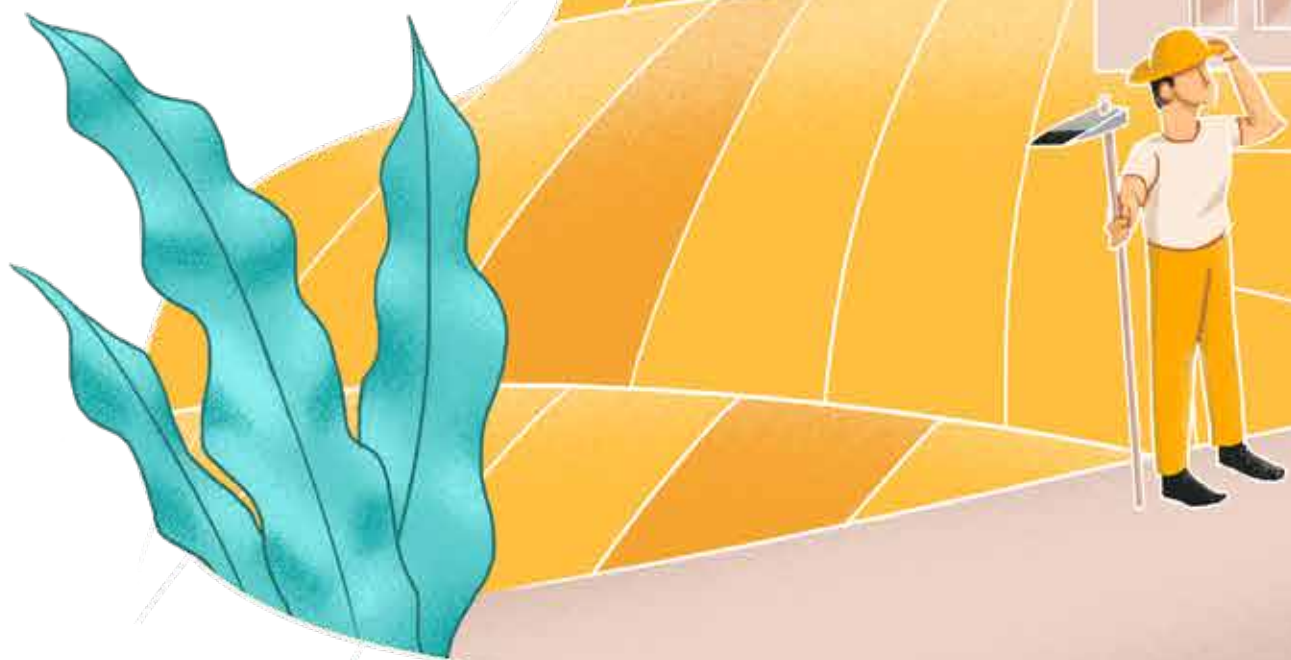
## IV. Social Responsibility Management

In 2020, the Bank strove to improve the quality of its social responsibility work. First, the Bank carried out social responsibility information disclosure, completed the preparation and release of the 2019 Social Responsibility Report of Bohai Bank, and earnestly improved social responsibility information disclosure based on the Environmental, Social and Governance Reporting Guide of Hong Kong Stock Exchange. Second, the Bank continued to improve donation management, simplified the preliminary donation procedures of branches, and further clarified the collective decision-making procedures for donations. Third, centering on the need to enhance the corporate social responsibility performance capacity after listing, the Bank closely contacted and fully discussed with foundations affiliated to famous universities in Tianjin, and actively carried out the research and planning of themed social welfare events.



## The Bank strengthened measures to help fight against poverty in an all-round way

2020 was the year of achieving the goal of building a moderately prosperous society in all respects and the year of witnessing the final success of winning the battle against poverty. In the face of severe and complicated epidemic situation and economic and financial situation, the Bank further enhanced its sense of responsibility and urgency, strengthened measures and innovated methods, and carried out anti-poverty services in a down-to-earth and effective manner. The Bank strengthened support for poverty-stricken areas to help fight against poverty by strengthening the primary responsibilities of the party committee, revising relevant systems, increasing resource allocation, optimizing service models and innovating processes, and providing project assistance, industry assistance, intelligence assistance and consumption assistance to targeted villages in difficulty. As of December 31, 2020, the Bank's balance of loans for targeted poverty alleviation amounted to RMB5.087 billion, an increase of RMB1.635 billion or 47.33% over the beginning of the year.







## Optimizing the Poverty Alleviation and Reduction Mechanism

### ■ Strengthening the primary responsibilities of the party committee, continuously optimizing poverty alleviation system and mechanism.

In 2020, in order to strengthen the primary responsibilities of the party committees at all levels in poverty alleviation, the Bank incorporated the targeted poverty alleviation indicator into the party building assessment indicators of the party committees at all levels. Under the unified command of the poverty alleviation leading group headed by the secretary of the party committee, the whole bank continuously enhanced the joint force and pushed forward the poverty alleviation work in depth. Through targeted poverty alleviation, consumption poverty alleviation and other key sectors, the Bank increased the financial supply to the severely impoverished areas, strove to improve the quality of poverty alleviation and prevent the return to poverty, and paid attention to the coordination of financial policies after the end of the poverty alleviation period.

### ■ Conducting in-depth research and implementing precise policies, and determining development plans in line with local conditions.

Leaders of the party committee at all levels of the Bank led teams to conduct surveys in poverty-stricken areas, carefully analyzed the causes of poverty, and determined the mode of industrial development in poverty-stricken areas. The secretary of the party committee of the Head Office led a delegation to Sangzi Town, Jizhou District, Tianjin, and Nimu Village, Dege County, Ganzi Prefecture, Sichuan, and took targeted measures to address the problems found, such as lack of collective income and difficulty in landing photovoltaic projects.

” Tianjin Branch of the Bank and Sangzi Town worked together to build the "High-quality Watermelon Industrial Park" project. Tianjin Branch actively sought to provide project loans and other financial services for the High-quality Watermelon Industry Project in Sangtian Zidi and Juhe River Bay, and vigorously promoted a new round of partner assistance to help the industrial development of villages in difficulty. ”

Chengdu Branch of the Bank invested funds to develop the cow industry in Nimu Village, expanded the industrial scale of the collective cooperative, stimulated the production capacity of downstream milk factories and employment of poor people, and entrusted the government to subsidize the output income to poor families.





On April 3, 2020, LI Fu'an, secretary of the party committee and chairman of the Bank, visited Sangzi Town, Jizhou District, Tianjin, and conducted a survey on the poverty-stricken village.

■ **Revising and improving relevant systems to ensure poverty alleviation in an orderly manner.**

The Bank further improved relevant credit risk management policies. The Bank included rural revitalization and poverty alleviation into the credit support areas in 2020, defined the key directions and areas of credit support for rural revitalization, and guided the whole bank to actively explore financial service models for poverty alleviation and adhered to differentiated management. Besides, the Bank supported key poverty alleviation projects and poverty alleviation in severely impoverished areas, and met the demand of poverty alleviation micro-credit for employment and schooling of poverty-stricken people and the demand of financial services for poverty alleviation and relocation.

While strengthening assessment and incentives and deepening poverty alleviation, the Bank advocated due diligence and exemption from responsibility. The Bank made it clear that if the non-performing loan ratio of inclusive agriculture related loans and targeted poverty alleviation loans is higher than the annual non-performing loan ratio target of its own loans by no more than 3 percentage points (inclusive), it may not be taken as a deduction factor for internal assessment.

The Bank guided the whole bank to actively explore financial service models for poverty alleviation, adhered to differentiated management, supported key poverty alleviation projects and poverty alleviation in deep poverty-stricken areas, and met the demand of poverty alleviation micro-credit for employment and schooling of poverty-stricken people and the demand of financial services for poverty alleviation and relocation.



## Stepping Up Innovation in Poverty Alleviation Models

Adhering to the principle of adapting measures to local conditions and poverty alleviation needs, the Bank adhered to the market orientation, grasped national policies, took the "1+N" business mode as the main starting point, and actively utilized modern technologies to continuously strengthen service model and process innovation and improve the financial poverty alleviation capacity.

The Bank implemented the Business Plan of Bohai Bank for "Bank-Government-Guaranteed Rural Loan", so as to give full play to the role of fiscal guarantee in credit enhancement through risk sharing and establish a sustainable cooperative model of reasonable sharing of risks with joint participation of the government, bank and financing guarantee institution. The Bank strengthened cooperation with leading companies to drive poverty-stricken areas out of poverty.

The Bank actively promoted the application of supply chain business in agriculture related poverty alleviation, relied on the trade background of supply chain business, and solved the problems such as information asymmetry of agricultural customers and weak risk mitigation capacity through the credit enhancement of core enterprises.

■ **Focus on severely impoverished areas and increasing credit support for "three districts and three prefectures".**

In 2020, in line with the "all-for-one tourism" development strategy implemented by the government of Liangshan Prefecture, Sichuan Province, the Bank granted a credit fund of RMB185 million to Liangshan Cultural Tourism Investment and Development Group Co., Ltd., supporting the development and construction of high-quality tourism projects with local ethnic and cultural characteristics, and driving the poverty-stricken population out of poverty through the development of tourism projects. Xi'an Branch invested RMB750 million to support the "Yellow River Water Diversion Project", support the construction of water conservancy infrastructure in the revolutionary base area of northern Shaanxi, and improve water supply and water quality safety in relevant poverty-stricken counties. The Financial Times carried a special report on this issue, and commented that "it established a sound image of financial institutions actively supporting poverty alleviation".

■ **Actively guiding and supporting companies to issue poverty alleviation bonds.**

In 2020, the Bank actively guided and supported related companies to issue poverty alleviation bonds, reasonably adjusted and guided credit resources, and realized innovation in poverty alleviation finance. Nanchang Branch successfully invested in the first poverty alleviation corporate bond of Anyuan County Urban Development Investment Group Co., Ltd. in the non-public issuance of poverty alleviation corporate bond (Phase I). Since 2016, the bond has offered the lowest interest rate for regional and county-level corporate bonds with the same term and the same rating and has been well received by the local government.

■ **Strengthening cooperation with leading enterprises to drive poverty-stricken areas out of poverty.**

Hohhot Branch of the Bank granted a loan related to industry-targeted poverty alleviation of RMB100 million to Inner Mongolia Fuyuan International Industrial (Group) Co., Ltd., a leading agricultural and animal husbandry enterprise in Inner Mongolia Autonomous Region, and actively supported the enterprise to give full play to its demonstration effect in targeted poverty alleviation and increasing farmers' income. Over 3,000 farmers could find jobs and got out of poverty and became rich through training in modern planting skills. Guangzhou Branch took the initiative to contact Yuneng Electronic Industry Co., Ltd., a leading enterprise in Ruyuan Yao Autonomous County, Guangdong Province and granted a comprehensive credit line of RMB760 million to the company's subsidiaries, including Yangzhiguang Hydrophilic Foil Co., Ltd. and Dongyangguang Chemical Foil Co., Ltd., and provided comprehensive financial services based on the actual needs of the company to support the targeted poverty alleviation work in Ruyuan County.



## Continuing to Provide Targeted Assistance

In accordance with the deployment requirements of the CPC Central Committee and Tianjin Municipal Party Committee on resolutely fighting against poverty, the Bank has been actively implementing the new round of paired assistance for difficult villages in Jizhou District of Tianjin since August 2017. The Bank set up a new round of leading group with secretary of the party committee and chairman of the Head Office as the team leader, and conducted several surveys in difficult villages in Jizhou District, where the Bank helped to effectively solve practical problems. The Bank made greater investment as the supporting point of the assistance, implemented the working and living conditions of the dispatched staff, improved the working efficiency, and carried out the work in a down-to-earth manner, with remarkable results in the assistance work.

- **Strengthening the Party building, promoting assistance, and focusing on discipline and ensuring the implementation.**

The assistance staff of the Bank gave full play to the role of village Party branches, promoted village construction through Party building, and promoted the implementation of assistance work. The assistance staff strictly complied with various disciplines and requirements of assistance work, held regular meetings on assistance, and timely formulated the three-year plan and annual work plan for villages in difficulty.

- **Sparing no effort and over-fulfilling the village collective operating income target.**

The Bank always attached great importance to industrial assistance, and imported hematopoietic functions for villages in difficulty. In line with the "One Policy for One Town," arrangement in Sangzi Town, the Bank actively implemented the development project of high-quality watermelon industry in Juhe River Bay, and allocated supporting funds of RMB2 million in a timely manner; The Bank invested special funds to obtain water from deep wells in the four poor villages, purchase and allocate large-scale water purification equipment, and provide high-quality drinking water for the villagers at a preferential price. The Bank helped villagers actively clear their contracted operation contracts, standardized the system of contracted operation, and helped village collectives collect the income from contracted operation in a timely manner; actively marketed high-quality green agricultural products in Jizhou, and implemented the policy of consumption assistance, obtaining dividend income from consumption assistance for poor villages.

- **Actively implementing infrastructure projects in villages in difficulty.**

The Bank focused infrastructure construction on newly-built office sites in difficult villages, and hardened, brightened, beautified and greened the main roads of the villages in an all-round way. The newly-built village offices of the four poverty-stricken villages covered a total floor space of 1,600m<sup>2</sup>, and all the newly-built party and mass service centers reached the "ten" standards. All the village committee members of the four villages worked in the newly-built offices, forming the activity center, education center and exchange center of Party members and masses.

- **Actively visiting and helping villagers in need.**

The assistance staff of the Bank visited low-income and poor families, asked about the situation and made friends, formulated the Spring Festival greeting plan, and effectively extended the care of the Party organization to the people in the villages in need. For families suffering from serious diseases or sudden accidents, the assistance staff took the lead in making donations, and led relevant branches of the Head Office and village cadres to make donations together to help them overcome the difficulties.

■ **Supporting the COVID-19 prevention in assistance villages.**

The Bank's assistance team actively communicated with the Party Committee of Sangzi Town and assistance villages in Jizhou to gain an in-depth understanding of anti-epidemic work, strictly implemented anti-epidemic measures and provided four tons of anti-epidemic liquid in Sangzi Town and villages in need.

■ **Actively purchasing agricultural products in Jizhou and increasing the income of poverty-stricken villages.**

The labor unions at all levels of the Bank in Tianjin distributed holiday gifts to employees, and gave priority to procurement of agricultural and sideline products in Jizhou. The labor union of the Head Office regarded Jinong Company as the priority supplier of holiday gifts to employees. In addition, the Bank actively contacted and expanded the procurement channels, and formed a long-term mechanism for the purchase and sales of agricultural and sideline products in Jizhou.

**Cases**

**Tianjin Branch conducted targeted poverty alleviation work to help villages in difficulty**

Tianjin Branch has successively sent 10 branch cadres to four villages, namely, Touying Village, Liujiading Village, Daanzhai Village and Xiaoanzhai Village, in Sangzi Town, Jizhou District, Tianjin, to carry out point-to-point targeted poverty alleviation. At the same time, the branch continued to invest in infrastructure construction funds for environmental improvement projects in difficult villages, funds for visits to difficult villages during the Spring Festival, industrial development projects and supporting funds, as well as funds for consumption assistance and funds for improving the work and living conditions of the assistance staff. In order to improve the infrastructure projects in difficult villages, 120 sets of office tables and chairs and kitchen utensils were donated to the difficult villages and Sangzi Town Government.

## Cases

### Chengdu Branch participated in poverty alleviation in different angles

Chengdu Branch continued to pay attention to the credit business in the poverty-stricken areas of Sichuan Province in accordance with the Notice on Further Strengthening the Poverty Alleviation Efforts in Banking and Insurance Business in the "Three Districts and Three Prefectures" in severely impoverished areas issued by the regulatory authority. After learning that Liangshan Cultural Tourism Investment and Development Group Co., Ltd. had fund demand, the business department of the Branch took the initiative to make door-to-door contact to further understand the actual business demand of the customer. Liangshan Cultural Tourism Investment and Development Group Co., Ltd. is a pilot unit of the cultural system reform in Liangshan Yi Autonomous Prefecture and a state-funded platform enterprise for the project and capital operation of the national cultural tourism industry in Liangshan Prefecture. The company develops and builds high-quality tourism destinations with local ethnic and cultural characteristics, and drives poverty-stricken population out of poverty through tourism. After learning about the situation, the Branch actively coordinated and granted a credit fund of RMB185 million to Liangshan Cultural Tourism Investment and Development Group Co., Ltd. in two installments in March this year for supporting the operation and main business development of the company and its subsidiaries, and participated in the regional poverty alleviation work.

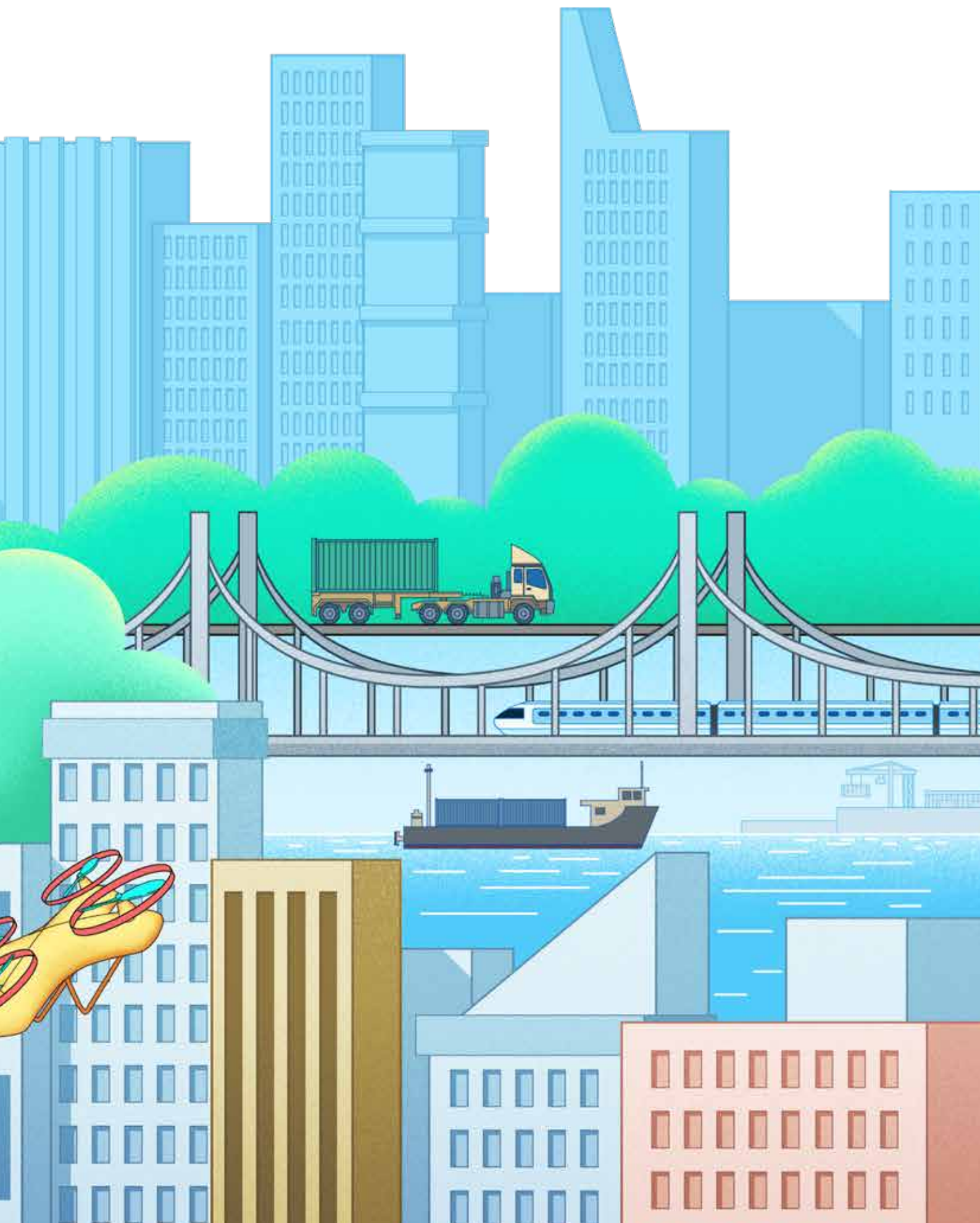
In addition, the Branch signed an assistance agreement with the People's Government of Dege County, Ganzi Prefecture, and designated Nimu Village, Gengqing Town, Dege County, as a designated assistance unit. This year, after learning about the use of the first batch of poverty alleviation fund from the local government, the Branch decided to step up the assistance by re-granting a special poverty alleviation fund of RMB300,000, which was smoothly transferred on January 9. Affected by the epidemic, the second batch of cows purchased by the local government were all released to poor families in the second half of this year, benefiting 30 poor families. So far, a total of 80 cows in the two batches have been released to poor families, which will continue to be used to support the development of animal husbandry in Nimu Village and improve the life of people in poverty-stricken areas.

## Deepening transformation to boost high-quality economic and social development

As China's economy enters a stage of high-quality development, the Bank firmly grasped the key areas of promoting the development of private enterprises and small and micro enterprises, expanding domestic demand, building new infrastructure and promoting the development of rural economy, as well as the transformation and upgrading of industrial structure, coordinated development of regional economic society. Besides, relying on the professional advantages of financial technology and commercial banks, the Bank fully supported the construction of a modern economic system and provided financial impetus for high-quality development of economic society. At the same time, the Bank pushed forward high-quality transformation and development, successfully sailed into the international capital market, and made outstanding contributions to high-quality development of economic society by winning favor from the international capital market.









## High-quality serviced for small and micro enterprises

In 2020, the Bank resolutely implemented the policies and decisions of the CPC Central Committee and the state on inclusive finance, supported "Stable Performance in Six Key Areas" and "Security in Six Key Aspects", and mainly supported the resumption of work and production of small and micro enterprises and private economy. Besides, the Bank continuously expanded the width and depth of inclusive finance services, consolidated the customer base, broadened the online and offline channels for customer acquisition, and focused on online products to increase the investment. The Bank took multiple measures to implement the overall objective of "improving quality, increasing efficiency, expanding coverage and reducing cost" and promoted the stability, development and expansion of inclusive finance business. As of December 31, 2020, the Bank's inclusive small loans balance reached RMB43.165 billion, with a net increase of RMB28.55 billion compared to that at the beginning of the year, and the growth rate reached 195.35%. The number of loan households reached 87,537, with an increase of 71,647 compared to that at the beginning of the year. The balance of inclusive small non-performing loans reached RMB434 million, and the non-performing loan ratio reached 1.01%, decreasing by 1.31 percent compared to that at the beginning of the year. This year, the average loan execution interest rate for small loans under RMB10 million (inclusive) for a single account reached 5.74%, decreasing by 0.45 percent compared to that at the beginning of the year, which achieved the objectives of "two growths and two controls" of supervision.

### ■ Improving the business mechanism of micro and small enterprises

- We formulated the Notice on Issuing Nine Measures for Financial Support to "Small and Micro" Enterprises in Fighting against the Epidemic, Work Priorities of Inclusive Finance Business Division during the Period of Epidemic Prevention and Control, the Notice on the "One Hundred Banks Enter One Million Enterprises" Activity in the Bank, and the Application Process for Exemption of Default Interest of Small and Micro Enterprise Loans during the Epidemic.
- We established a quick response team with the bank leader as the team leader, the president of the

territorial branch and the general manager of the inclusive finance business division as the deputy team leaders to be responsible for studying and responding to various types of financial service requirements of micro and small enterprises during epidemic prevention and control and resumption of work and production period, to ensure financial stability.

- We implemented the "five special arrangements" mechanism and initially completed the organizational reform of the inclusive finance business division, which solved the problems of inadequate management, inadequate customer positioning, inadequate technical support, inadequate risk management, and inadequate policy incentives. We improved the proportion of inclusive financial business in the comprehensive performance appraisal of the branch to more than 10%, and included important indicators such as initial loan, inclusive small credit loans, and targeted poverty alleviation into the evaluation; revised the Management Measures on Inclusive Small and Micro Enterprise Credit Business Due Diligence and Liability Exemption of Bohai Bank to increase the grassroots enthusiasm for "daring to loan, willing to loan, and able to loan"; increased resources to inclusive financial business, offered an FTP discount of 50bps for inclusive business across the bank and a discount of 5-15bps based on the completeness of the branch implementing the evaluation, and gave special regional FTP discounts to Tianjin and Wuhan.

## ■ Reducing the Financing Costs of Micro and Small Enterprises and Alleviating the Financial Difficulties in Micro and Small Enterprises

- We streamlined the pricing channel of inclusive loans for owners of micro and small enterprises and individual business owners across the bank, and reduced 0.5 percentage point on the basis of the current interest rate for owners of micro and small enterprises and individual business owners related to epidemic prevention and control; reduced 1 percentage point on the basis of the current interest rate for loans of owners of micro and small enterprises and individual business owners in Hubei; at the same time, we launched special offers on interest rate for owners of micro and small enterprises and individual business owners from time to time.
- We provided services such as default interest reduction and exemption, credit protection, and delay of principal and interest repayment. In order to take real action on the financial support to the epidemic prevention and control, the Bank has successively formulated the Work Arrangements on the Post-disbursement Management of Retail Loans and Credit Management during the Epidemic and the Notice on Forwarding the Temporary Deferment of Repayment of Principal and Interest for Loans to Micro, Small and Medium Enterprises and the Notice on Further Implementing Reduction and Exemption of Default Interest and Modification of Credit Overdue Records during Epidemic, etc., refined the operational process, clarified the job responsibilities, and provided medical staff, government, transportation, basic

public service personnel, owners of micro and small enterprises, and individual business owners, participating in epidemic prevention and control, as well as people who were diagnosed or suspected of being COVID-19 cases, and others who could not repay their loans on time due to the influence of the epidemic, if their retail loans were overdue during the epidemic, they would not be deemed as default and will not be included in the list of default customers. At the same time, it granted a special authorization to Wuhan branch to handle the deferred repayment, reduction and exemption of default interest, and modification of overdue credits for local individual operating business according to the national policies and the local policies in Hubei, while handling with application, to actively alleviate the financial difficulties for individual business owners and micro and small enterprises.

## ■ Continuously promoting the innovation and optimization of inclusive financial products

- We actively promoted the construction of the "Inclusive Financial Management Service Business Platform". The platform meets the design requirements of the bank's business middle office, and the project feasibility report has been completed and approved by the bank's office. Overall planning of the platform; standardization, modularization, plug-in, and reusable functions; realize the interconnectivity of the whole chain, the whole product, and the whole terminal, as well as full capability access. At the same time, with refined pricing rules by means of science and technology, functions such as risk-based assessment according to different customer groups, and scale management online automatic approval have entered the development stage.
- We carried out white list customer expansion and exploration. According to the development of a new generation of information technologies such as cloud computing, big data, Internet of Things, mobile Internet, artificial intelligence, etc., across all links from production, transaction to financing, circulation, and industry Internet, we matched the headquarters of Top 50 in Internet innovation ranking list with the branch under the jurisdiction through analysis, and the branch carried out a headquarter-branch-linkage marketing activity for channel development.
- We continuously upgraded and optimized the existing products, and completed the process optimization and system revision of 8 products including "Bohai Business Loans", "Small and Swift Loans", "Micro and Small Enterprise Mortgage Loans" etc. For example, in order to meet the fund demand of micro and small enterprises with temporary circulation difficulties during the epidemic, we upgraded the "continuous loans of micro and small enterprises" produce, optimized aspects of extending the loan period, simplifying the process, and clarifying the joint management requirements, and stipulated that the existing customers with temporary difficulties due to the epidemic could apply for the continuous

loan business according to the simplified process of "three checks". We launched the online financing product "Bohai Business Loans". We used data of industry and commerce, taxation, justice and finance to make a portrait for micro and small enterprises, and realized online approval through the automatic risk control system. We realized the online handling of loan application, approval, signing, withdrawal, and repayment and the automatic processing of information collection, identification and screening, order dispatching, and information feedback. At the same time, through the upgrading of the product co-lending mode, we realized the business mode of providing straight loans for micro and small enterprises. As of the end of December, the Bohai Business Loans product has provided pre-credit for 5,587 customers, and granted loans of RMB1.03 billion to 1,290 micro and small enterprises. We strengthened the application of advanced technology and continued to promote various product innovations. We developed and launched the pre-credit calculator for Mortgage Quick Loans, formulated the Business Operation Procedures on Mortgage Quick Loans (Intelligent Version) for Micro and Small Enterprises of Bohai Bank, realized online customer acquisition, offline standardized acceptance, and performed automatic approval on housing mortgage business of micro and small enterprises according to external data, credit investigation in the People's Bank of China, and online evaluation. The business system has entered the testing stage. We designed and formulated the online entrusted payment process for inclusive micro and small enterprises to improve customer experience. We actively promoted online notarization projects to provide more effective risk control measures for online credit business of the Bank and to provide quick disposal measures when overdue. We further strengthened the implementation of the "Bohai Tax-based Business Loans" product in all branches throughout the country. As of the end of December 2020, a total of 29 tier-1 branches and 27 provinces/cities had completed the signing for tax-based loans cooperation, of which 24 branches had completed product launches.

- According to the characteristics of inclusive business, we optimized and improved the risk control management of inclusive micro and small enterprises of the Bank, and realized "classified management, unification of power and responsibility, and applying advanced technology" in post-disbursement management. The scheme has been approved by the bank office, the supporting system's construction has been carried out, the Guidelines has been issued to all branches, and the system construction has been underway.
- We implemented data governance and consolidated the business foundation. First, we sorted out the existing business management reports, comprehensively considered the various dimensions of institutions, businesses, products, customers, channels, etc., and proposed more than 10 system report requirements, which have all been launched at present; second, we consulted with CBIRC several times to confirm that the data caliber of "Inclusive Agriculture Related Micro and Small Enterprises Legal Person Loans" in the S71 report should include the bill financing business, and the system report optimization has been completed according to the latest regulatory regulations.



## Financial Innovation Drives Domestic Demand

- ▶ In 2020, the Bank focused on the customer requirements, responded to the market's pain points, followed the basis of deepening the structure reform of the financial supply side, highlighted the characteristics of digitalization, intelligence, and scene-based, focused on public wellbeing with high-quality innovative products and services in the era of financial technology, set foot on target customers, and helped expand domestic demand.
- ▶ The Bank made great efforts to promote residential mortgage loans, grasping high-quality assets and core customers. We promoted the launch and application of the "online + offline" mortgage loans processing mode, and used Tencent virtual business outlet to complete online customer identification, application data collection, credit power of attorney signing and preliminary audit. At the same time, we made full use of the Bank's residential mortgage products and related innovative products such as relay loans, redemption loans, second-hand estate loans, foreclosure housing loans, homeowner loans, and other innovative housing loans products to continuously improve the service quality of personal housing loans.
- ▶ We continuously launched star products, and made "Bohai Happy E Loans" self-owned online product bigger and stronger. During the epidemic prevention and control period, in order to support and care for the fighters participating in the epidemic prevention and control, we launched an exclusive personal online unsecured loans product - "Epidemic Fighter Loans" in time to provide convenient, affordable and considerate finance services for the epidemic fighters, providing financial services for nearly 10,000 epidemic fighters. We insisted on customer segmentation, launched an exclusive online credit loans product "New Marriage Loans", performed iterative upgrade and optimization of the product with respect to the branch's feedback and changes in market demand, and solved the pain points and difficulties of the financial demand of young couples starting from the use of scenarios. We practiced the responsibilities of serving local economic and social development, in line with the objectives of providing agile and efficient financial services for Haihe Talents, actively cooperated with Tianjin Social Welfare Bureau to launch the "Bohai Bank Talent Loans" product.
- ▶ The Bank signed a strategic cooperation framework agreement with Red Star Macalline. The two parties agreed to establish a long-term strategic partnership with the vision of jointly building a "new financial ecosystem". On this basis, the two parties jointly launched the promotion activity of "Global Home Decoration Carnival" during the National Holiday, providing one-stop financial services for customers in 30 cities with home decoration stores of Red Star Macalline such as Beijing, Shanghai, Shenzhen, Tianjin, etc.



On October 21, 2020, the Bank successfully signed a comprehensive strategic cooperation agreement with Ali Local Life Keruyun in Tianjin. Ali Local Life is committed to extending the digital local services to all aspects of people's living and consumption.

## Cases

### The Bank Boosted Domestic Demand with Supply Chain Financing

The Bank cooperated with domestic and cross-border e-commerce to boost domestic demand with supply chain financing. In 2020, all the testing and system production of Phase I of the cross-border e-commerce cooperation project between the Bank and Cainiao Logistics was completed, and all work from demand discussion to testing and production of the Phase II project was completed.

At the same time, the Bank continuously promoted Cainiao Phase III demand and line verification & optimization demand, and actively communicated with logistics companies such as Jingdong Logistics, SF Express, Ouyeel, and Supply and Marketing Cooperative Grain and Oil with regard to supply chain cooperation plans.

## Cases

### The Bank Signed a Strategic Cooperation Agreement with Red Star Macalline Holding Group Co., Ltd.

On September 19, 2020, the Bank signed a strategic cooperation agreement with Red Star Macalline Holding Group Co., Ltd. In this strategic cooperation, the Bank agreed to create an one-stop financial service solution for Red Star Macalline's merchants, customers, and massive upstream and downstream users on the industry chain.



### Promote New Infrastructure Construction

The new infrastructure construction is a new driving force for a new round of economic growth, a new opportunity to promote the upgrading of information industry, an important support for promoting high-quality development, and a new engine of effective investment. In 2020, the Bank actively supported the construction of new infrastructure, and focused on the construction of projects "strengthening point of weakness" such as inter-city high-speed railway and inter-city rail transit projects, coal, water, electricity, and public health and medical care. The Bank issued the relevant marketing guidance, formulated a white list of customers for infrastructure construction, clarified the relevant supporting policies, appropriately eased access, set up special marketing rewards, established agile teams to promote business implementation, etc., and formulated the relevant preferential policies, implemented differentiated pricing management of financial products for key customers, and realized credit resource tilt, to continuously make their own contributions to promote the development of new infrastructure construction, promote industrial transformation, and build new infrastructure systems. As of December 31, 2020, the Bank had 185 customers of new infrastructure construction, of which 124 customers had completed the line withdrawal, realizing an increase of RMB14.402 billion. The Bank has realized financing for 39 customers of urban rail transit and traditional infrastructure to "strengthen point of weakness", with the amount reaching RMB5.545 billion.



### ■ The Bank Formulated a Customer Marketing System in the Field of "New Infrastructure".

Taking the customers of new infrastructure construction as the key targets to support in 2020, on March 12, the Bank issued the Notice on Carrying out Marketing on Customers in the "New Infrastructure" Field, which was the first to propose the concept of new infrastructure construction throughout the bank, providing customer marketing clues for the whole bank and performing process management to supervise the marketing work of the whole bank. Share key excellent marketing cases across the bank, and select cases such as Huawei Group of Shenzhen Branch, Dongshan Precision of Suzhou Branch, Ubisoft of Qianhai Branch, Kelin Electric in Shijiazhuang Branch, and Narada Power Source in Hangzhou Branch successively. The scope of cases covers internationally famous technology-based unicorn enterprises, high-quality listed high-end manufacturing enterprises, and unlisted AI potential enterprises, promoting the experience in customer marketing of the new infrastructure construction to the whole bank from multiple dimensions.

### ■ The Bank Introduced Marketing Guidance in the Field of "New Infrastructure".

In June 2020, the Bank officially issued the Bohai Bank's Guidance on Marketing in the "New Infrastructure" Field. In the guidance, the importance of customer marketing of "new infrastructure" was reiterated, and the marketing guidelines were proposed combining the current development status of the Bank, clarifying the coverage scope of new infrastructure construction field, the key marketing target industries of the Bank, the applicable product portfolio, and risk prevention and control requirements.

By referring to, screening, and analyzing numerous research reports in the field of new infrastructure construction, and combining the list of whitelisted customers in new infrastructure construction collected from the whole bank in earlier stage, a white list of customers in new infrastructure construction was formulated in the guidance. The list covers nearly 400 high-quality enterprises in eight major industries, including central enterprises, locally-administered state enterprises, listed companies, part of non-listed high-quality private enterprises and other economic attributes. The areas where the enterprises are located basically cover the location of the tier-1 branches of the Bank, effectively providing marketing clues and directions for the whole bank. At the same time, relevant supporting policies have also been determined in the guidance, such as the establishment of agile teams to promote business implementation, credit resource tilt, appropriate reduction of access standards, differentiated pricing management, specific marketing rewards, etc. At the same time, the indicators for customer marketing of the 2020 new infrastructure construction are issued to the whole bank.

## ■ The Bank Further Clarified Preferential Policies in the Field of New Infrastructure Construction.

In October 2020, with respect to the marketing difficulties and main problems reflected by the whole bank in the previous marketing work, the Bank formulated the Notice on Further Clarifying Preferential Policies in Key Fields Such As Central Enterprises and New Infrastructure and issued a document for implementation. On the basis of the preferential interest rate policy in the Bohai Bank's Guidance on Marketing in the "New Infrastructure" Field, it granted a LPR benchmark interest rate discount for the working capital loans of customers in new infrastructure construction who meet the risk appetite of the Bank and have higher comprehensive income, free of income compensation, with the total amount of loans at preferential interest rate not exceeding RMB5 billion, and the fixed asset loans and project loans businesses continuing to adhere to the original preferential policies.



On December 14, 2020, the Bank signed a strategic cooperation agreement with China Railway Construction Investment Group. Both parties agreed to carry out long-term cooperation in the construction of infrastructure and municipal works.

## Cases

### Shenzhen Qianhai Branch Established Cooperation with Huawei

As a leading enterprise in the 5G industry in the new infrastructure construction, Huawei is a key customer of the Bank for supporting the new infrastructure construction.

Huawei operates in more than 170 countries and regions, and its overseas regional income accounts for about 40% of its operating income. There is a huge demand for cross-border inward

remittance, which involves multiple currencies. With cross-border business as the entry point, Qianhai Branch formulated a comprehensive financial service plan, optimized the information filling and review process, and established cooperation with Huawei with high-quality and efficient services. The branch has been highly recognized by the enterprise and has marked a key step of cooperation. At the same time, in order to better meet the needs of Huawei's cross-border business, Qianhai Branch strengthened the communication with the Shenzhen Administration of Foreign Exchange, actively strove for policy support, and made great efforts to provide more convenient clearing services for the cross-border inward remittance of the enterprise.

In order to further support the development of Huawei and its related enterprises, Qianhai Branch actively communicated with Huawei, and obtained its consent to build the "1+N" cooperation mode with Huawei as the core, and reported an active comprehensive credit of RMB10 billion for Huawei, to be used by the headquarters of Huawei Investment Holding Co., Ltd. and its subsidiaries to repay loans and bonds of other banks, and for daily turnover, so as to provide high-quality financing services for Huawei's upstream and downstream customers.

## Cases

### Shijiazhuang Branch Helped Kelin Electric to Save Financial costs

Established in 2000, Shijiazhuang Kelin Electric Co., Ltd. seizes the opportunity of upgrading of rural power grid and sets foot in the electrical industry, while embarking on power secondary equipment products. Within just 3 years, the branch has set foot in primary equipment manufacturing; in 7 years, it has built a well-known brand "KE", while focusing on the construction of smart grid, with sales exceeding RMB100 million; in 10 years, it has introduced strategic investors; in 2017, having been around for 17 years, it was successfully listed in A Share and become the first enterprise in Shijiazhuang to land on the Shanghai Stock Exchange over the 23 years. Shijiazhuang Kelin Electrical Equipment Co., Ltd. is a wholly-owned subsidiary of the company. The two companies both belong to the industry of power transmission & distribution and control equipment manufacturing. The products mainly include smart grid substation equipment, smart grid power distribution equipment, smart grid electrical equipment, high and low voltage switches and complete sets of equipment.

Due to the large asset scale of the enterprise and the numerous cooperative banks, it is relatively strong, and the cooperation methods and prices offered by various banks to the customer are also preferential. Although the Bank occupies no advantages in varieties and prices, Shijiazhuang branch carefully calculated and designed the costs and benefits of each business variety for the customer, compared them with other banks, and visited the customer's financial personnel many times to calculate the costs of credit products, revised the financing plan, and changed the signed recycling loan contract to a bank acceptance agreement, using the bank's acceptance drafts of usage requirements of the customer to replace the loans, and saving the financial costs of the customer to the greatest extent.



## Greatly Support Rural Development

In 2020, the Bank further strengthened its sense of responsibility and urgency, returned to basics, firmly positioned itself, strengthened measures, focused on key tasks such as complementing the shortcomings in the "San Nong" fields (sectors related to agriculture, rural areas, and farmers), etc., increased credit investment, greatly supported the development of rural economy, and helped build a moderately prosperous society in an all-round way. As of December 31, 2020, the Bank's agriculture related loans balance reached RMB44.915 billion, with an increase of RMB9.328 billion compared to that at the beginning of the year, and an increase rate of 26.21%, completing 4257.42% of the annual credit plan; the inclusive agriculture related loans balance reached RMB1.789 billion, with an increase of RMB961 million compared to the beginning of the year, and an increase rate of 116.01%, completing 524.65% of the annual credit plan.

### ■ The Bank revised the completion system and ensure orderly development of agriculture related work.

The Bank further improved the relevant credit risk management policies and clarified that the key areas of

financial services for the "San Nong" financial services this year include: Building a moderately prosperous society in an all-round way, accelerating the rural infrastructure construction and complementing the shortcomings in public services, ensuring the effective supply of key agricultural products, promoting the development of various agricultural management main bodies, strengthening financial services for special groups, and ensuring the five aspects of agricultural related financial services during the epidemic prevention and control of COVID-19; continued to include rural revitalization in the 2020 credit investment supported field, formulated the policies and investment guidelines to support rural revitalization this year, and clarified the key aspects and fields of credit support for rural revitalization.

The Bank strengthened performance appraisal and deepened the "San Nong" financial work. In order to guide and stimulate the branches to implement the "San Nong" work, the Bank adjusted the annual comprehensive performance appraisal index, increased the proportion of inclusive financial appraisal index including agriculture related loans in the comprehensive performance appraisal of branches to above 10%, and included the agriculture related index in basic management index for appraisal, striving to use the role of the appraisal to supervise the "San Nong" finance as a difficult task. The Bank clarified the relevant regulations on the due diligence and exemption of agriculture related loans, and reaffirmed that the non-performing loan ratio of inclusive agriculture related loans within 3 percent of the annual target of the ratio of non-performing loans of the branches themselves is not a factor for deducting internal appraisal scores.

#### ■ **The Bank identified the key areas of "San Nong" financial services.**

The Bank implemented China's food security strategy, provided financial services for the animal husbandry including the hog industry, and promoted stable production and supply of meat, eggs, and milk. The Bank promoted the development of various agricultural management main bodies, and strove to develop special advantage products for small farmers. In 2020, Chengdu Branch reached a share intention with Zhengbang Group, a national key leading enterprise in agriculture industrialization, formulated and approved a special batch credit plan to support hog breeding in Sichuan Province, which would be used to cultivate agriculture related high-quality micro and small enterprises and farmers in batches, and to help farmers and herdsmen increase their operating income.

#### ■ **The Bank enhanced resource guarantee and ensured that agriculture related credit funds are in place.**

The Bank specially allocated risk-bearing assets to support the launch of agriculture related businesses,

increased the proportion of capital allocation, and effectively supported and ensured resources. By setting preferential parameters for agriculture related businesses, we reduced their economic costs, and provided support and guarantee for the "San Nong" business from the perspective of capital assessment; by expanding the positive incentive effect of the assessment policy, we guided various branches to actively contribute to rural revitalization; implemented differential internal and external pricing mechanisms, in terms of external pricing, as for agriculture related loans under key support, comprehensively evaluated the funding cost, operation cost, service mode, guarantee mode, product type, regional fellow-trader price, and other factors, realized reduction in interest rate on the basis of pricing level of ordinary business interest rate, and applied the most preferential interest rate. In terms of transfer price of internal funds, we conducted dynamic adjustment on the basis of accurate accounting, and executed the transfer price of internal funds at the highest discount of 50bps. We standardized fee management, reduced the costs of agriculture related customers, and benefited customers by further expanding the branch's authority to reduce or exempt charge items.

■ **The Bank strengthened innovation and empowerment, and improved the capability and level of "San Nong" financial services.**

The Bank continuously adhered to the principle of adapting measures to local conditions and meeting the needs of "San Nong", insisted on market orientation, grasped national policies, took the "1+N" business mode as the main means, actively applied modern technologies, and continuously strengthened service mode and process innovation, to improve "San Nong" financial service ability and level. Relying on the "Rural Land Contractual Management Rights + Big Data", the Bank realized the "San Nong" financial dual innovation. Changchun Branch launched the platform cooperation product "Bohai Agriculture Loans" to support the production and operation of farmers. Through the cooperation with Jilin Rural Financial Services, it innovatively used rural land contractual management rights as collateral, and located the tilled plots of farmers applying for loans through visual satellite maps. With the help of the cooperator's offline rating system, it obtained the pre-loan survey data such as the family assets and liabilities of the farmers applying for loans, combining the Bank's online approval system and the big data risk control model, it realized online links such as account opening, loan approval, contract signing, loan issuing, etc. The Bank allocated special personnel to go deep into the rural areas to improve the professional service level. By equipping a professional management team that serves the rural areas, Ningbo Branch continuously extended financial services from the six aspects of product, marketing, mechanism, brand, personnel and management.

**Cases****Xi'an Branch Supported the Construction of Water Conservancy Infrastructure in the Old Revolutionary Base Areas**

Xi'an Branch issued a project loan of RMB750 million to Yan'an Yellow River Drinking Water Engineering Co., Ltd. with a term of five years, especially for the construction of the Yellow River Drinking Water Engineering Project in Yan'an City. This project is a Shaanxi "Double Network" Joint Scheduling Key Water Supply Project and one of Shaanxi 13th Five-Year Plan's "Ten Major Water Supply Projects", a provincial key water conservancy project, and a major water supply project, which is of great importance to the acceleration of industry transformation and the energy & chemical industry base construction in Yan'an City, and alleviation of living water difficult of urban and rural residents.

Yan'an is located in the hilly and gully region of the Loess Plateau, with severe lack of water resources. The per capita water resource is only 612 cubic meters, which is far below the internationally recognized per capita water line of 1,000 cubic meters, only accounting for 1/3 of the per capita water resources in the country. The per capita domestic water index of residents in Yan'an area is only 71.9L, which is far below the quota of industry-used water in Shaanxi Province.

**Cases****The Bank's "San Nong" Work was Commended by CBIRC**

In 2020, the Bank took "San Nong" as a major task, and achieved certain results. In August 2020, in the Notice on the "San Nong" Financial Work of the Banking and Insurance in the First Half of 2020 issued by CBIRC (Yin Bao Jian Pu Hui Jin Rong Fa [2020] No. 9), many tasks of the Bank were commended. First, the growth rate of inclusive agriculture related loans is prominent among similar institutions; second, strengthen the construction of the "San Nong" financial system, strive to improve the quality and efficiency of "San Nong" financial services, enhance the training on agriculture related businesses for related personnel, and improve the professional service level of agriculture related businesses; third, innovate financial products and service modes, issue and implement Bohai Bank's "Bank-Government Guaranteed Agriculture Development Loans" Business Plan.



## Make Efforts to Promote Industrial Upgrading

The Bank will place the high-quality development of the manufacturing industry in an important position, promote the elimination of outdated capacity, strive to reduce industry loans for the "heavy pollution, high energy consumption or overcapacity", and enhance the credit support to high-tech industries such as equipment and high-end manufacturing and emerging industries. As of December 31, 2020, the Bank's manufacturing loans balance reached RMB80.015 billion, with an increase of RMB22.275 billion compared to that at the beginning of the year, and a growth rate of 38.58%, overfulfilling the growth target of 25% required by CBIRC; the high-tech manufacturing loans balance reached RMB36.208 billion, with an increase of RMB14.9 billion compared to that at beginning of the year, with a growth rate of 69.89%.

## Cases

### Government Industry Funds Helped Industrial Upgrading

As an important instrument for direct financing, private equity funds are playing an increasingly important role in promoting the formation of innovative capital and serving the development of real economy. Promoting the coordinated development of regional integration is one of the major national strategic initiatives. In recent years, local governments have set up industrial funds based on local economic foundation and development planning to facilitate industrial upgrading and promote the coordinated development of regional economy.

Under the impact of this COVID-19 epidemic, small and medium-sized enterprises encounter difficulties in cash flow, financing and operating costs. The government industrial funds have made great contributions to helping the enterprises to scientifically design resumption plans according to the local government's epidemic prevention arrangements, increasing investment, providing funds and resource supports for the resumption of production and employment of enterprises, and stabilizing social employment.



The Bank responded to the call of the Party Central Committee as soon as possible, based on the fight against the epidemic, and based on public wellbeing, it supports the resumption of production and work of the enterprises. We provided reduction and exemption not only for industrial funds that support economic development, but also for custody fees for funds and asset management products that support the fight against the epidemic. In 2020, we provided reduction and exemption for fund product fees of a total of 15 industrial funds or sub-funds.

## Cases

### Ningbo Branch Increased Support for Advanced Manufacturing

Since the establishment of Ningbo branch, the Bank has always adhered to its original intention and policy orientation of serving the real economy. Focusing on the requirements of the Ningbo City Manufacturing Medium-and Long-term Loans Promotion Special Action Plan (2020-2022), it has formulated "one branch, one policy" plan of the branch, to increase the support for regional advanced manufacturing. In October 2020, the branch successfully granted a medium-and long-term loan of RMB200 million to a key manufacturing enterprise, realizing the "ice-breaking" of medium-and long-term loans in manufacturing industry.

At the beginning of 2020, the Branch formulated a special credit policy support plan for the manufacturing industry, especially to increase the delivery of medium-and long-term loans. The branch leader personally oversaw the policy implementation, led the organization of the company departments, identified the characteristics and needs of relevant customers in the jurisdiction, formulated and issued the Bohai Bank Ningbo Branch 2020 Corporate Business Marketing Guidance, and led a team to visit key manufacturing customers in the jurisdiction.

Multiple departments worked together to formulate targeted financing service plans. By visiting a certain key manufacturing customer in its jurisdiction at multiple levels and multiple frequencies, the branch business marketing team deeply explored the financial service requirements of the enterprise. With the joint cooperation of the branch's corporate finance department, risk management department and other departments, we formulated a package financial service plan including medium-and long-term loans to meet the diversified financial requirements of customers.



## Focus on Regional Coordinated Development

The Bank firmly grasped the fundamental purpose of the national development strategy of financial services, continuously improved the quality and efficiency of serving the real economy, focused on "regional coordinated development", increased investment in financial resources in key areas, and realized the positive interplay between projects and funds, and in-depth fusion of service and innovation. At the same time, we fully considered the different characteristics and development positioning of each regional sector, to ensure all-round comprehensive financial services.

## Cases

### The Bank Participated in the 2020 "Longshangxing of Tianjin Enterprises" Activity

As a national joint-stock commercial bank, the Bank has always believed that strengthening east-west collaboration and helping poverty alleviation with industry are the natural missions and responsibilities for the financial enterprises to serve the real economy.

In 2020, LI Fu'an, the party secretary and chairman of the Bank, led a team to Gansu Province to participate in the 2020 "Longshangxing of Tianjin Enterprises" activity, and visited some leaders of Gansu Province and Lanzhou City, hoping that Gansu Province and Bohai Bank would adhere to the principle of mutual benefits, give full play to their respective advantages, seize the strategic opportunities of "the Belt and Road Initiative" and the new round of western development, and actively promote the cooperation and exchanges in the financial field. At the "Longshangxing of Tianjin Enterprises" activity, under the witness of the leaders of the National Poverty Alleviation Office, and leaders from Tianjin City and Gansu Province, the Bank signed a cooperation agreement with the Gansu Provincial Financial Supervision Bureau.

The Bank will accelerate the plan to set up branches in Gansu, and focus on supporting industrial poverty alleviation, private enterprise financing, and ecological environment governance, to

promote the upgrading of manufacturing industry and the development of emerging industries, and help the high-quality development of economy and society of Gansu.

## Cases

### Wuhan Branch was Awarded the Honorary Title of "Outstanding Contribution Unit for Financial Support to Hubei's Economic Development"

In July 2020, the Wuhan branch of the Bank was awarded the honorary title of "Outstanding Contribution Unit for Financial Support to Hubei's Economic Development" by the Hubei Provincial Government, becoming one of the only three joint-stock commercial banks that received such honor.

Since 2019, the Wuhan branch has closely followed the working ideas of "stabilizing growth, facilitating reforms, restructuring the economy, benefiting people's livelihoods, and preventing risks" proposed by the provincial party committee and the provincial government, adhered to the general principle of seeking progress while working to keep performance stable, and actively contributed to the high-quality development of the economy of the province. The contributions have been highly recognized by the Hubei Provincial Government and all walks of life. The branch insisted on serving the real economy, proactively seized development opportunities, continuously increased the investment of credit funds, and achieved the objective of "double 10 billion" in which the net increase of various loans for the whole year exceeded RMB10 billion and the balance of retail loans exceeded RMB10 billion; adhered to the "four major" key directions focusing on major institution businesses, major transaction banks, major investment banks, and major retails, strove to promote business transformation, and continuously innovated financial service methods; adhered to the service objectives of "bringing preference, convenience and benefits to people", fully completed the objective of "two growths and two controls" of micro and small loans, and continuously promoted the inclusive financial service level; insisted on actively embracing technology and ecology, actively built a comprehensive online financial service platform featured by inclusive finance, scenario finance, and smart finance, and continuously promoted technology finance ecological construction; adhered to a strict approach to risk limitation, resolutely fought the tough battle to prevent financial risks, and continuously improved the capabilities of risk prevention, control and management.

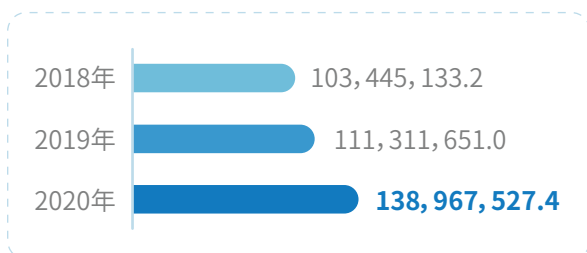


## Sail on International Capital Markets

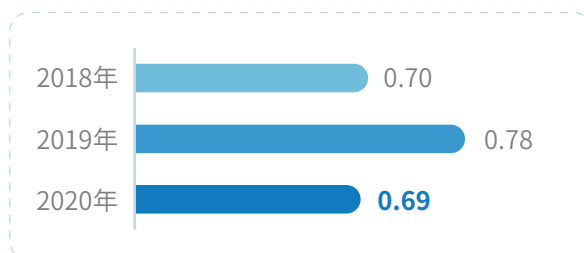
Adhering to the brand concept of "once choose, lifelong companionship", with the corporate vision of providing "a modern wealth and treasury manager offering the best experience", it has deeply promoted high-quality transformation and development, and achieved steady improvement in operating performance. On July 16, 2020, the Bank was listed on the Hong Kong Stock Exchange, setting up a new milestone in the history of development. On December 17, 2020, the Bank won the "Excellence Award for Listed Companies - Main Board Rising Star Award" by Hong Kong Economic Journal. It was the only banking institution among the four listed enterprises that won the "Main Board Rising Star Award" that year.



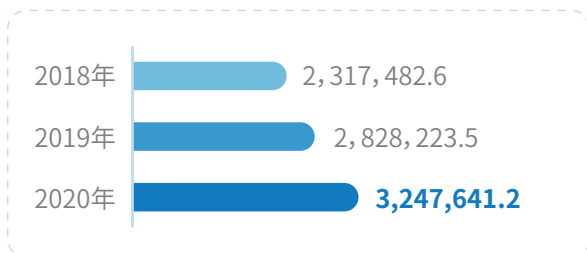
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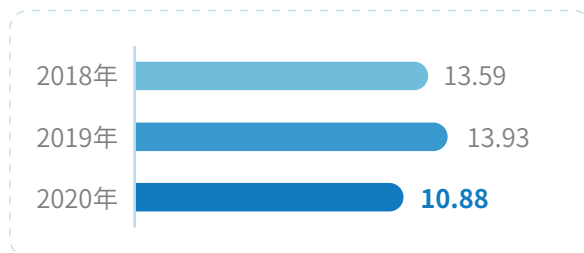
**Total assets in last three years  
(RMB'0,000)**



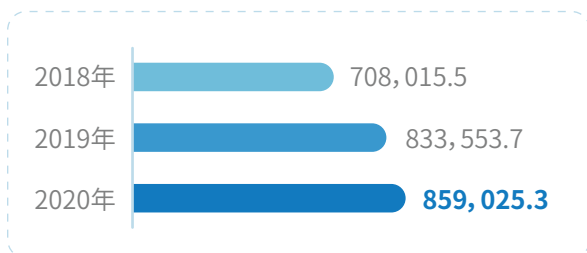
**Return on total assets in last three years (%)**



**Operating income in last three years  
(RMB'0,000)**



**Return on net assets in last three years (%)**

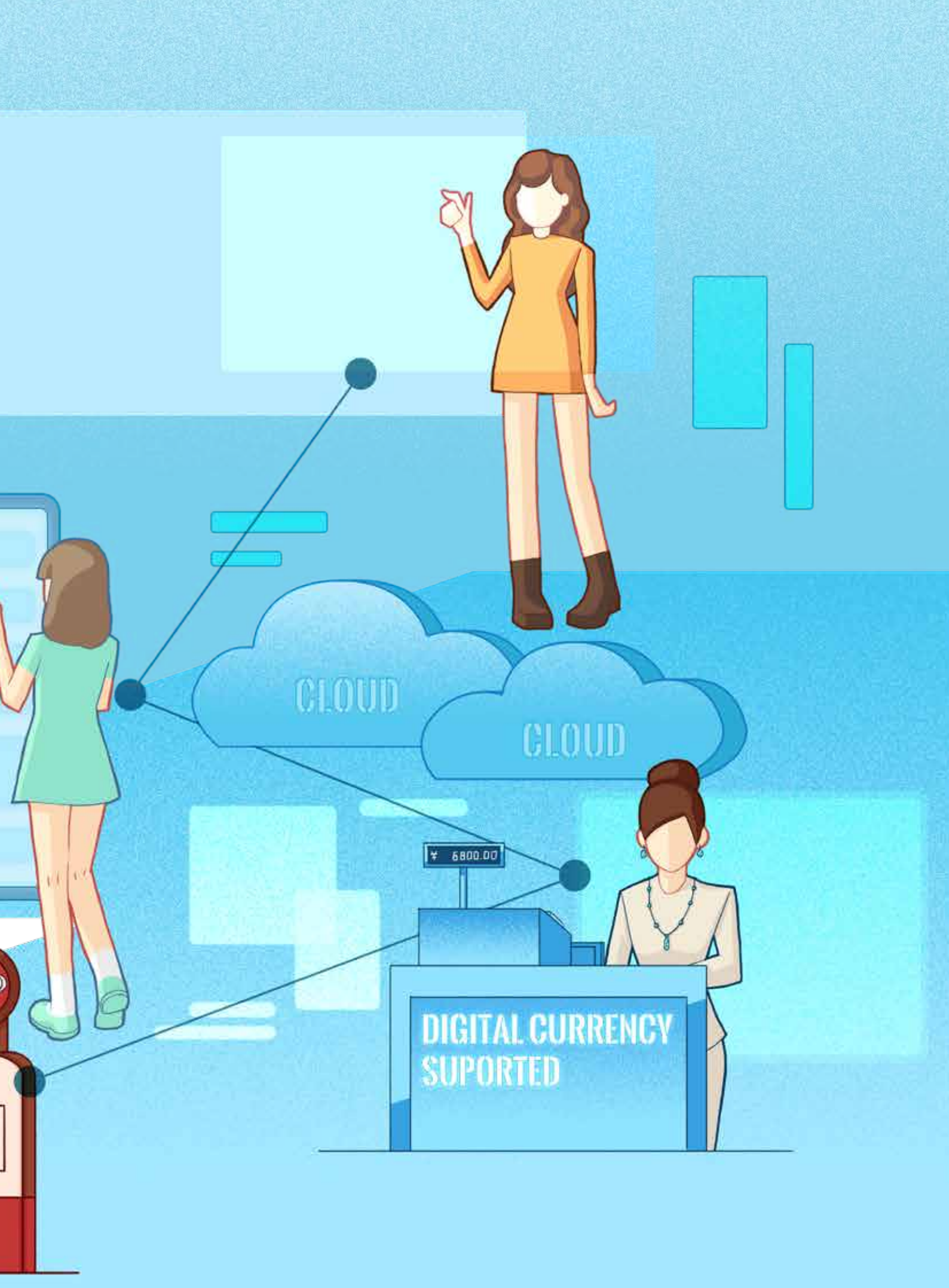


**Net profit in last three years  
(RMB'0,000)**

## Applying Advanced Technology, and Constructing an Agile Bank with Love in an Ecological Way

The Bank continuously enhanced its ability of information technology application, continuously deepened the construction of ecosystem bank, and continuously accelerated the pace of transformation. Focusing on the retail customer groups with the "generation under pressure" and "pensioners" as the core, we improved the consumption experience of customers by relying on the Internet platform and financial technology means such as big data and cloud computing. We are committed to serving the real economy, providing customized products for upstream and downstream enterprises based on the core enterprise ecosystem and business scenarios, and working with industry leaders to build scenario platforms and service industry chains based on blockchain technology to provide one-stop supply chain financing platform.





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## Continuously Deepen Ecosystem Bank

- ▶ In 2020, the Bank continued to deepen the construction of the ecosystem bank, accelerate the financial empowerment of the ecology platform, speed up the transformation and restructuring in business mode, channel mode, marketing mode and operation mode, and steadily expand various financial technology businesses, and effectively enhanced financial service capacity. As of the end of the Reporting Period, the users of Internet banking channel reached 10,676.7 thousand, with an increase of 1,508.1 thousand, and a growth rate of 16.4% compared to the end of last year; the transactions of Internet banking channel reached 56,536.5 thousand, and the transaction amount reached RMB5.91 trillion.
- ▶ We accelerated platform financial empowerment and continuously improved the ecosystem bank. We continuously promoted the construction and output of the standard mode of the platform account system; enriched the B2C business functional modules, built an online smart property platform, and optimized the launch of the Sincerity Deposit 2.0 product; carried out strategic cooperation with Tencent to successfully launch the enterprise wallet mobile payment product; launched the Bohai Champion Commerce 2.0 mode, and obtained the approval for Xiong'an Supervision Sandbox Innovation Project Pilot, using the electronic account mode to solve the pain points of the B-end customer's online financing channels; continuously expanded and explored the construction of the financial ecosystem, initially formed a smart manpower ecosystem, and deep explored tourism, real estate, property, and other ecosystems.
- ▶ We accelerated the intelligent deployment and continuously improved the financial service capability of electronic channels. We made all efforts to promote the construction of mobile portal, and built an Internet financial operation system with customer service as the core; continuously improved the service capability of electronic channels, accelerated the development of new product functions for mobile banking and personal online banking, promoted the online process of offline business, enriched the service scenarios of life channel of mobile banking, and continuously improved customer experience.
- ▶ We accelerated the construction of financial ecology scenes and continuously enriched scene-based services. We continuously improved the operating capacity of the WeChat public platform and significantly drove the growth of fans; improved the points system and points mall construction, add WeChat bank points mall channels, and continuously enriched the types of point products; promoted the construction of "cloud service" scenario project, and added multiple daily life services in mobile banking life sector.



- ▶ We accelerated the business development of advance payment and continuously improved the service mode. We completed the construction of the Hainajin (海納金) business system, launched the fund payment system and the Shenzhen Securities Communication (深證通) financial file transmission platform; continuously improved the industry advance payment function of the Jiesuanbao, taking the issuing business of human resources and flexible employment enterprises, and the loan business of consumer finance of trust companies as the marketing key points, explored the needs of industry customers; continuously improved the advance payment service mode, and launched the smart issuing business to meet the needs of enterprises to resume work safely, remotely opened accounts, and made payroll payment online during the epidemic.
- ▶ We accelerated the improvement of channel development and continuously improved the service capabilities for payment and settlement. We built a new UnionPay collection and authentication channel to open the "last kilometer" of electronic accounts; accelerated the construction of the collection and payment system channel, continuously optimized the functions of the original payment system, and continued to improve the payment settlement system; accelerated the optimization of the online payment channel and completed multiple upgrading and transforming items to facilitate the development of mobile payment services.
- ▶ We accelerated the development progress of new products and projects, and continuously improved the innovation capacity. We introduced the Shanghai Metro APP project, completed the development of the intrabank undertaking system connected to the UnionPay SASS platform, and realized the full-featured type III account system output, online recharge and online payment functions for the first time; carried out the "Ele.me" platform customer diversion project to achieve the one-stop service for customers to open accounts, bind cards and recharge on the platform.

## Cases

### The Bank Built a Smart Property Platform

The Bank greatly supported the grid management of communities so as to promote online property services. According to the three steps of "business plan matchmaking, platform cooperation and launch, and business operation", we introduced the smart property platform to the whole nation. With respect to centralized issues such as community prevention and control, residents living, and community financial services, the smart property platform has launched sectors and

products such as epidemic prevention and control information query & entry, visitor management, community group buying, financial videos, studios, and online deposits, effectively solving the pain points of community property and of residents.

As of the end of December 2020, 19 branches have reported a total of 59 smart property projects, of which 22 projects have been launched and 28 projects have been approved.



On September 16, 2020, the 3rd China Fintech Industry Summit and the 2<sup>nd</sup> Sino-Singapore (Suzhou) Fintech EXPO opened in Suzhou. The opening ceremony of the Bank's Ecosystem Bank Innovation Lab was held at the summit.



## Enlarge Investment to Apply Advanced Technology

The year of 2020 was the last year of the Bank's "Third Five-Year" strategic plan, and also a year that ushered in a new era of transformation and development for the "Fourth Five-Year" strategic plan. Focusing on the corporate vision of creating a "modern wealth and treasury manager offering the best experience", the Bank accelerated the construction of an "agile and warm bank". We increased applying advanced technology, realized parallel operations of customers, marketing, product design, technology, R&D, and risk control, and created an agile, open, shared, and co-governance open ecosystem bank organization mode with a centralized middle office.

The Bank practiced the transformation and development of financial technology and increased investment in science and technology, with an annual investment of RMB560 million in science and technology. We built a unified application platform to realize the standardization of system development and one point access to comprehensive financial products and services; built an open platform for retail cooperation and build a multi-scenario and multi-channel online customer operation system through diversified technical mode; built a unified big data service platform throughout the bank to realize "full data service". We leveraged artificial intelligence, biological recognition, big data and other technologies to accelerate the transformation planning of financial technology and comprehensively promote the Bank's transformation to a digital bank.

We ensured efficient work under the new situation, strengthen operation management, and built an intelligent operation & maintenance system. We created the network security system for Bohai Bank; with the gradual perfection of the intra-city dual active center, we realized the smooth service takeover capacity without interruption experienced by customers. We continuously improved the ability to guarantee stable operation, and the overall system availability ratio of the year reached 99.9%.

## Cases

### The "Bohai Bank Smart Brain" Project Won the Outstanding Case Award in the 2020 China Banking Financial Technology Application Achievement Competition

On December 11, 2020, the "Fourth China Digital Banking Forum" was held in Shenzhen. This forum organized multi-party experts to discuss and selected excellent practice cases with the theme of "Developing Digital Banking, and Creating Value by Fusion". The "Bohai Bank Smart Brain" project reported by the Bank won the Outstanding Case Award in the 2020 China Banking Financial Technology Application Achievement Competition.

The "Bohai Bank Smart Brain" project aimed to leverage big data and artificial intelligence as the fulcrum to realize data empowerment and give full play to data value to help the Bank's digital strategic transformation. Through the three-step policy of building portals, expanding channels; combining business and technology, empowering wisdom; creating ecology, and winning motivation, we built "Bohai Bank Smart Brain" into a smart factory combining business and technology, a data products supermarket with shared capabilities, and an open, agile, unified, and venture data innovation ecosystem. As of December 2020, the "Bohai Bank Smart Brain" project had incubated 49 data products combining business and technology, which applies AI technologies such as big data, machine learning, knowledge graph, and biological recognition in many fields such as operation management, marketing, and risk control.

## Cases

### The Bank Successfully Carried out the 2020 Intra-city Dual Active Data Center Takeover Drill

From November 21 to 22, 2020, the Bank successfully carried out the intra-city dual center takeover drill. More than 300 people from multiple departments of Information Technology Department, Business Operation Department, Personal Finance Department, Financial Technology Department, Internal Control and Compliance Department, etc. and 30 tier-1 branches of the head office participated in this drill, comprehensively verified the effect of the plan in various aspects of technology, business, customer service, and public opinion.

After meticulous preparation and careful implementation of this drill, all links were completed in strict accordance with the plan, and the expected verification targets were achieved. Compared with drills in previous years, first, this drill featured more sophisticated technology, directly shut down and took over key components such as core switch and core database; second, it applied the "one-click switch", laying the foundation for the realization of automated takeover; third, the takeover is smoother and closer to the goal of no interruption experienced by customers.



## Technology Drives Product Innovation

The Bank focused on serving strategic corporate customers, providing customized, modern wealth and treasury manager services covering the full value chain; closely tracked the pain points of financial needs of the "generation under pressure" and "pensioners", and continuously improved the comprehensive and butler financial service capabilities.

The Bank strengthened the content and form of interaction between customers and bank, integrated financial scenarios and life scenarios, and spared no effort to create an asset and wealth management ecosystem that "penetrates" different financial markets and service scenarios for customers, to provide customers with an agile and warm bank service covering the full life cycle. Relying on artificial intelligence, big data and other technological means, the Bank continuously enriched all-round, all-weather, standardized, comprehensive, and inclusive asset and wealth management product portfolio. The Bank adhered to the ecosystem bank development concept of "consolidation of online and offline business, integration of self-development and jointly-developed ecosystems", further promoted the overall scenario smart strategy layout, cooperated with leading platform enterprises to jointly build segmented ecosystems, realized multi-channel composite service, and enhanced customized, personalized and differentiated asset and wealth management service capabilities.

### ■ Product Innovation Facing Individual Customers

- In order to enrich the types of structured deposit products of retail banks, the Bank increased the interval accumulated structured deposit products, selling them through the counter channels, mobile banking channels, online banking channels and self-service equipment channels. We increased the product billing function for structured deposit products of retail banks, and performed monthly bill disclosures for retail structured deposit products on the official website of the Bank.
- In order to support and care for the medical staff, public security officers, and community staff participating in the epidemic prevention and control, the Bank timely launched an exclusive personal online unsecured loans product - "Epidemic Fighter Loans" to provide convenient, affordable and considerate

finance services for the epidemic fighters. As of the end of the year, the Bank had accepted a total of 35,000 applications, granted a total of RMB1.55 billion in credit, and realized loan issuing of RMB1.35 billion, with a balance of RMB992 million, providing financial services to nearly 10,000 anti-epidemic workers to face the impact of the epidemic.

- The Bank actively promoted the upgrading and optimization of existing self-operated consumer online loans, realized product output with the tripartite platform to varying degrees through H5 embedding and API methods, and improved product output capability and integration capability with the tripartite platform. We have realized providing customers with "one-stop" online services through online certificate issuance and opening of type II electronic accounts by self-service, to make the transformation of new customers more convenient. On the basis of Yichang Resident Loans, we further enriched the atomic transaction service. With the help of the State Grid's non-stop power supply and platform projects, we completed the full process API service development and partial production and application including credit application, approval, type II electronic account opening, contracted SMS verification, and lending, to enhance service output capability and to meet the needs of construction and development of ecosystem bank.
- The Bank actively promoted the ecological construction of outlets. Based on customer requirements during the epidemic, all branches actively introduced and established ecological service scenarios. Such as online inquiry, convenient purchase of fruits and vegetables, and iQiyi card recharge with regard to basic living needs of customers during the epidemic period; online education, reading clubs, public welfare live broadcasts with regard to the suspension of classes during the epidemic period; app development, community entry card customization, etc. that enter the community epidemic prevention and control process with regard to the community epidemic prevention and control. These activities gradually laid the foundation for the normalized ecological service functions of outlets, the subsequent in-depth services for customers, and the promotion of customer experience.
- The Bank launched the digital credit card system, which has realized card free of credit cards, that is, customers who apply for the Bank's credit cards through the Internet and complete the online automatic approval, need not to wait for the delivery of physical cards, and can go to the Bank's outlets to handle the activation business with important information such as the card number, etc., which reduces the time consumed by card production and delivery, and further improves the service experience of the Bank's credit card business. At the same time, we optimized the electronic channel products of credit cards, continuously conducted function optimization and operation management on credit card mobile banking and WeChat bank, and continuously optimized credit card mobile banking and WeChat bank from aspects of UI design, product process, function coverage, and customer experience. In 2020, the Bank completed a total of more than 30 optimizations of APPs and WeChat in aspects of functions and

customer experience, and the growth rate of user scale both exceeded 100%. In order to enrich the types of credit card products of the Bank, we categorized customer groups based on their characteristics, developed theme credit card products with their own features for specific customer groups, and gradually launched a series of credit card products with rights and interests of mainstream market. The Bank launched the Bohai Bank & JD co-brand credit card. The product makes effective use of the powerful traffic scenarios and precise data integration capabilities of the JD ecosystem, fully integrates them with the Bank's resources, and provides customers with more profound product functions and better service experience. Besides, since July 2020, the Bank has successively launched car travel cards, self travel cards, gourmet cards, and online shopping cards. With continuously accumulation and expansion of credit card customer size of the Bank, the demand for diversified marketing activities and value-added services has emerged, while the necessity and importance of equity services have become increasingly prominent. Under this background, the Bank has completed the "0 to 1" full process work of the credit card interest platform project from project approval, bid invitation, contract signing and system construction to promotion and application. Taking the Bank's credit card mobile banking APP and credit card WeChat bank as the entry, the interest platform adopts the H5 page design to provide cardholders with one-stop exclusive rights and gift exchange services. After winning the award, customers can independently operate online, easily complete login and interest exchange, and can check the progress of target hitting at any time.

## ■ Product Innovation for Enterprise Customers

- On August 10, 2020, the Bank officially launched the company's first online loan product "short e-loan", which filled in the gap in the Bank's corporate loan online products, increased the credit use rate of existing credit customers, and satisfied customers' temporary and stage capital turnover needs to increase customer viscosity, thus further driving customers' contribution to the Bank's deposits, bond issuance and other businesses.
- The Bank cooperated with the PBOC Credit Reference Center to open the function of customers' self-service inquiry on the corporate internet banking and downloading the credit reports of PBOC. As of the end of 2020, customers who downloaded the PBOC's credit reports through self-service inquiry of corporate Internet banking of the Bank reached 2,702, including 1,087 new customers this year, registering a total of 5,377 inquires. The Internet banking inquiry and downloading of the credit reports of the Bank is real-time and convenient, which is obviously superior to those of our competitors and is generally well received by customers.
- In July and August 2020, the Bank connected with the PBOC center signing accounts receivable financing service platform, and respectively put the central signing platform's accounts receivable financing

business and government procurement loan business into production. Through the system matchmaking between the two parties, the Bank's means of serving small and medium-sized enterprises in the supply chain have been further improved.

- At the beginning of 2020, after the outbreak of COVID-19, the Bank exempted the trust fees of charitable trust business (meaning that the trustor entrusts its property to the trustee according to law, for the purpose of charity, and the trustee carries out management and disposal in the name of it according to the intention of the trustor, to carry out charity activities) rushing to the rescue of epidemic area, conquered difficulties, and timely completed capital division and business launch with its green channel, giving full play to the trusteeship in the fight against COVID-19, and making active contributions to the prevention and control of the epidemic.
- Besides, facing corporate customers, the Bank has also launched a full-function cross-border two-way RMB fund pool business and successfully implemented it in the Shanghai Pilot Free Trade Zone Branch, and set up a separate letter of guarantee project on the direct connected platform.

## Cases

### The Bank's Tencent Enterprise Wallet Project was Successfully Launched

On June 20, 2020, the Tencent Enterprise Wallet project under the cooperation of the Bank and Tencent was successfully launched. The project takes the industrial Internet platform - Zhanggang.com as the first business landing platform, which is jointly built by the Bank and Tencent. Through the in-depth integration of the Bank's Bohai Champion Commerce product and Tencent's Tenpay product, they will work together to provide Zhanggang.com platform and its customers with online financial services such as account system, order payment, fund deposit and management, trade settlement, etc., which solves the pain points that the platform orders cannot match the funds, and the closed-loop data cannot be grasped in time.

At the same time, based on real trade data such as "business flow", "logistics" and "information flow" within the platform, combining the Bank's Bohai Champion Commerce online financial services, that is, "fund flow" support, the project assists the platform in completing the "four flows in one" industrial transformation and upgrading.



**Cases****The Bank Launched a Package Solution for Financial Ecology Innovation**

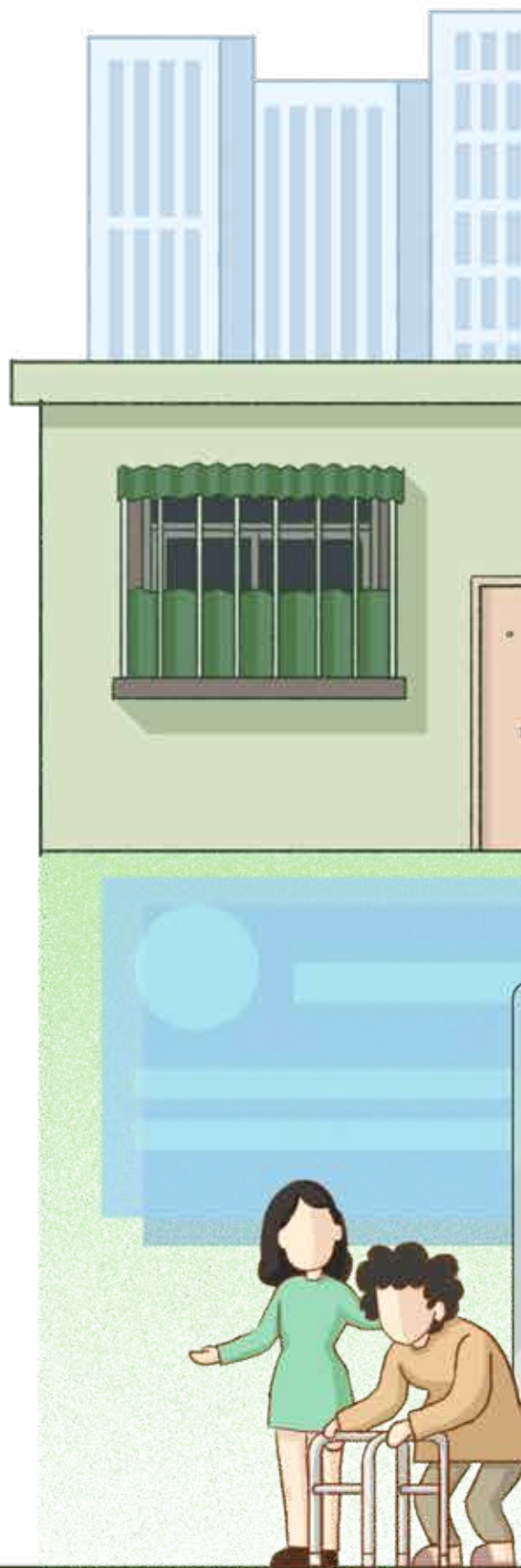
On December 9, 2020, the Bank held an ecosystem bank product launch in Suzhou "Ecological Bank Innovation Lab" to launch a package solution for financial ecology innovation. The solution aims to mainly serve the upstream and downstream medium and small and micro enterprises of the industry chain, and promote the restructuring of the industry chain and supply chain through platform-based thinking, thus promoting the formation of the industry chain ecosystem.

The four financial innovation products that appeared at the conference - Bohai&Yijian Online Supply Chain Financial Service Platform, Bohai&China Enterprise Cloud Chain Online Supply Chain Financial Service Platform, Bohai&Hegang Online Supply Chain Financial Service Platform, Bohai&Zhongchi Chetu Online Supply Chain Financial Service Platform, although the positioning and technical attributes are not exactly the same, there are open service platforms and vertical industry chain platforms, as well as blockchain technology platforms and an AI intelligent service platforms, however, without exception, these are all committed to realizing contextualization of product services, and transaction of business management; online of product services, and automation of loan application; product contracting and intelligence of business acceptance; product real-time transformation, and facilitation of business handling through financial technology innovation. Taking the Bohai&China Enterprise Cloud Chain Online Supply Chain Financial Service Platform released this time as an example, by reaching direct connections with leading enterprises of third-party supply chain platform, the Bank successfully completed the entire online processing and the first order of automated lending.

This order helped the upstream supplier of a certain municipal construction company in Hebei Province to pay the wages of workers in a timely manner. Relying on the direct connection of the system, it can realize the online transmission and online approval of business data. The system can also automatically complete the inquiries of industry and commerce, justice, acquisition and invoices, and access the [www.zhongdengwang.org.cn](http://www.zhongdengwang.org.cn) through the quick registration interface. This full process online loan approval method has improved business processing efficiency to a certain extent, shortened the loan approval process, ensured timely relief of medium and small and micro enterprises, and effectively guaranteed the legitimate rights and interests of workers.

## The Bank Optimized Experience and Improved Customer Value Creation Ability

The Bank has always insisted on the customer-oriented approach, adhering to the service concept of "once choose, lifelong companionship", and continuously optimizing customer experience, to shape the "wealth and treasury manager" brand with ingenuity. In 2020, the Bank continued to strengthen the channel development, and enhanced the intelligence-based and scenario-based service capabilities of its outlets; it also promoted the "Light Boat Plan", optimizing the layout of comprehensive light outlets in key central cities, to build an offline service network closer to community customers. The Bank comprehensively strengthened the top-level design, highlighted system first, consolidated multiple management mechanisms, reinforced basic management, took serious measures to ensure implementation at the primary level, continuously improved service quality, earnestly performed the main responsibilities of protecting the rights and interests of financial consumers, and continuously promoted customer service experience.





全面推进“轻舟计划”





## Accelerate the Construction of Intelligent Outlets

- ▶ The Bank actively promoted the intelligent transformation and upgrading of outlets, and continued to improve the efficiency of lobby services through intelligent counter equipment, chatbots, and intelligent number calling at outlets. The intelligent counter equipment closely met the requirements of the bank's business work and transformation and development. With respect to the business characteristics, staffing and business process, after nearly two years of deep digging and refined research, we have created the unique intelligent counter equipment; the Bank's intelligent counter equipment completes the substitution of most of scenarios of similar counter businesses under the premise of risk control, and deeply simplifies the compressible links; at present, 69 high frequency business functions such as all cash in RMB, individual non-cash, financial product sales, structured deposits, certificate of deposit, Bohai time deposit, customer query, printing, etc. have been successfully implanted into the equipment.
- ▶ At the end of April 2020, it was promoted for use to the whole bank. As of December 31, a total of 238 UCR devices have been deployed in 193 outlets of 32 branches, of which 26 branches have achieved 100% deployment of UCR devices under the jurisdiction; 13 branches' business substitution ratio of UCR devices has exceeded 80%. The 100% deployment of UCR devices in business outlets has formed a new mode of processing lobby business with UCR devices as the core, which is highly integrated. The portable card issuance channel puts the off-bank UKEY issuance function into production, which realizes the functions of door-to-door UKEY handling and certificate downloading for customers, and puts the off-bank non-first contracted money management and non-first risk assessment functions for customers; the intelligent PAD channel puts the Bohai time deposit function into production, providing the function of off-bank purchasing Bohai time deposit products for customers, and puts "Tian Jin Bao+" signing function into production, providing the function of off-bank signing "Tian Jin Bao+" for customers; the VTM channel puts the risk assessment and signing functions of consignment insurance of the Bank for customers, and puts the Bohai time deposit function into production, opening up a new channel for attracting deposit; the self-service equipment channel puts the function of "intelligent card returner at self-service device" into production, realizing the function of instant taking swallowed cards at the device of the Bank, puts the function of "withdrawal by swiping face" function into production, realizing the function of withdrawal by face recognition at the device of the Bank without a card, and puts the function of certificates of deposit into production.
- ▶ As of the end of 2020, the Bank had a total of 353 VTM devices and 613 ATM and CRS devices, including 10 off-bank devices. The Bank continuously strengthened intelligent applications and the develop-

ment of new product functions, including launching the medical insurance electronic certificates, online self-service handling of LPR conversion, and realizing the full process online processing of mobile phone certificates; offline business to online, including agent insurance business, structured deposit business, counter personal business to online, and other products and services; customer experience promotion, including increasing money management and deposit product sales in mobile banking (query version), optimizing client, and account opening process of H5 output type II and type III accounts, which simplified the operation process, and realized real-time account opening.

- ▶ The 95541 customer service center aims to continuously improve customer experience as its goal, and create more than 150 functions to put into production such as all-round intelligent customer service, telephone banking deposit purchase transaction, telephone voice system version 2.0, intelligent text service version 3.0, monitoring system, call-in system and report platform optimization projects, etc. Since the COVID-19 epidemic, the Bank has ensured the 7×24h all-weather, multi-channel and integrated services, and effectively guided customer business flow, by means of vigorously optimizing the intelligent voice knowledge base, establishing the operation guide flow chart for the popular businesses of intelligent customer service, enriching the online text interactive mode, and promoting the iteration of the basic platform of the customer service system.
- ▶ The overall intelligent service diversion rate of the year reached 49.36%, and the problem identification rate reached 96.01%. The credit card customer service center keeps up with the pace of the era of intelligence. In May of this year, it connected the online customer service chatbot in the credit card WeChat bank, responding to customer requirements 7×24h, answering 36 common business questions, and reducing the costs of human services. Upgraded the text interaction, link jump and other functions for the robot, so that it can respond to the diversified expressions of customers, realizing self-service Q&A, shortening the waiting time, and providing efficient and convenient service experience.



## Promote the Implementation of Light Boat Plan

In 2020, an agglomeration effect of physical outlets was formed, which further enhanced the coverage of high-quality financial services and made the power of financial technology benefit the wider public. The Bank actively promoted the implementation of the "Light Boat Plan", and

increased the number of integrated light outlets in key cities across the country, while developing sub-branches in key cities.

The comprehensive light sub-branch refers to a commercial bank branch-level business entity established according to supervision requirements with retail personal business, micro and small enterprise finance, and inclusive financial services as the main business scope. Its "integration" refers to the integration of its functional orientation and business scope, which focuses on retail business, micro and small enterprises and inclusive financial services, while giving consideration to corporate business; "light" refers to its miniaturization and lightweight in outlet scale and human resources allocation.

## Cases

### The Bank's First Comprehensive Light Sub-branch, Zhengzhou Weilai Road Sub-branch Officially Opened

On November 11, 2020, Zhengzhou Weilai Road Sub-branch, the Bank's first integrated light sub-branch, was inaugurated and officially opened. The sub-branch firmly emphasized the development orientation of "integration" and "light", with retail personal business, micro and small finance, and inclusive financial services as the main operating characteristics, while developing corporate business, to create a full-featured, full-product, and full-channel business development mode.

Taking the Bank's system and platform as its technical support, and taking the combined application of personal financial products, inclusive, micro and small enterprises' products, and corporate financial products as an edged tool to provide customers with comprehensive financial solutions, the light sub-branch enhanced wholesale and retail linkage, explores scenario construction, and provided high-quality services for key customer groups such as communities and merchants.



## Promote Customer Service Level

In 2020, the Bank deepened the implementation of the concept of high-quality service, steadily promoted various service management tasks, and continuously improved service quality and customer satisfaction. By means of establishing and improving the service management system, strictly following service standards, strengthening supervision and assessment, enhancing complaint management, organizing service activities, and carrying out service innovation, we continuously improved the overall customer service quality, improved the service management level of the whole bank, and strove to build a high-quality service brand of Bohai Bank. In 2020, the overall customer service satisfaction of the Bank reached 99%.

Valid questionnaires

**23,306**

Effective evaluations of the year

**866,428**

Questionnaire/evaluation outlets

**229**

Customer satisfaction rate

**99%**

Accepted customer calls: **1806.1** thousand

Year-on-year growth

**94.1%**

01

Customer calls accepted by manual service through telephone channel **395.2** thousand

customer satisfaction

**99.5%**

02

Customer inquiries accepted at online customer service channel **86.7** thousand

customer satisfaction

**96.4%**

03

## ■ Strengthen Service Management

- The Bank further strengthened the service management of whole bank, improved the assessment and evaluation system, and comprehensively improved the standardization and normalization of the service system of the whole bank. In 2020, the Bank formulated or revised the Administrative Measures on the Protection of Consumer Rights and Interests Protection of Bohai Bank Co., Ltd., Retail Bank Trust Business Process of Bohai Bank, and Administrative Measures on "Bohai Bank Merchant Loans" Personal Production and Operation Loans of Bohai Bank, Administrative Measures on the Protection of Consumer Rights and Interests of the Financial Technology Department of Bohai Bank, and dozens of systems.
- In 2020, the Bank conducted service video inspections at 32 business outlets, and conducted third-party 'mystery man' service inspections at 690 sub-business outlets, covering 100% of all first-tier branches. The inspection content included the construction of the service management system of each branch, the implementation of service management requirements, the service environment of each business outlet, service facilities, and the implementation of service specifications and service skills for positions such as lobby managers, tellers, and retail customer managers. The inspection results were included in the branch performance appraisal and one-to-one guidance and key assistance to branches with weak service management and many problems, which have achieved obvious effects. Through the complementary service inspection, the supervision and rectification for inspecting and discovering problems, and comprehensive scientific service assessment, the overall service level of the whole bank has been continuously improved.
- The Bank formulated the Administrative Measures on the Evaluation of Consumer Rights and Interests Protection of Bohai Bank, including the service management evaluation into the evaluation system for consumer rights and interests protection, and including it into the comprehensive performance appraisal of branches as a basic management index (accounting for 6 points), and made necessary adjustments on evaluation content according to the work key points and work plans of service management each year. The 2020 service management assessment items include head office service inspection, head office "disguised" service inspection, branch service inspection and monitoring of major service issues, which further improves the service quality assessment system and content.

## ■ Continuously Optimize Business Processes

- The Bank used the results of Lean Six Sigma management analysis to continuously promote process reengineering and effectively enhance customer experience. We optimized the account closure process for customers in production, increased the one-click termination function for individual customers and



corporate account client; optimized the business process analysis and process reengineering for corporate fixed time deposit account opening, simplified business processing links, and released human resources at business outlets; put into operation the automatic lending of personal loan business, and realized the transformation of personal loan business to automation, online, and paperless; conducted real-time monitoring and timely adjustment of the effectiveness of the centralized job staffing model with single-value control chart; achieved mutual exclusion functions for centralized job account business processing positions, and promoted the liberalization of processing authority of the complex business.

- The Bank continuously improved the functions of UCR equipment to meet the needs of lobby services. In 2020, 21 service transaction functions were added to the UCR equipment, and the cumulative service functions had reached 40 transactions, including 18 new financial product transactions, 4 large deposit certificates, and 3 fixed deposit transactions in Bohai Bank, effectively covering the needs for handling daily business of customers.
- The Bank continuously optimized the counter digitization process of structured deposit products, and promoted the digitization of online channel sales and sales processes of agency trust products, and adopted advanced technologies such as electronic signatures, electronic seals, electronic contracts, and electronic files to minimize business processing time, improve customer experience and satisfaction. The Bank launched the sales channel on mobile banking in June 2020, including transaction functions such as account signing/termination, risk assessment, insurance purchase, and policy inquiry in the module, with the simple and intuitive transaction interface, which is convenient for customers to operate; the VTM transaction channel was launched in November, including the account signing/termination, risk assessment transaction functions in the module, which facilitates customers to complete account transaction operations in one-stop self-service terminals in the lobby.
- The Bank initiated the transformation of online loan review process and online automatic loan. The loan automation and online review projects was launched thanks to our active exploration of transforming "process banks and agile banks" in accordance with the Bank's strategic deployment requirements, and powerfully practice the "customer-centric" management philosophy, playing great role in the follow-up development plan of the loan reviewing link. The loan review program has been operating stably in the four pilot institutions, and more than 3,500 businesses have been loaned through the loan review platform, of which the proportion of automatic loans has steadily increased from less than 10% initially to the current 33.25%.
- The Bank optimized and improved the loan product systems and procedures such as "Bohai Business Loans", "Small and Swift Loans", "Mortgage Quick Loans", "Micro and Small Enterprises Mortgage Loans", etc., adjusted appropriately the interest rate, admission condition, collateral, insurance premium payment and other aspects, and revised the "Micro and Small Enterprises Continuous Loans"

product adaptively. The Bank stipulated that existing customers who are temporarily in difficulty due to the epidemic can apply for continuous loan business according to the "three checks" process, and reformed the initiation process of micro and small enterprise mortgage loans and quick loan business starting from extending the loan period, simplifying the process, and clarifying the management requirements for connection, and in accordance with the relevant requirements during the epidemic.

- The Bank formulated special service response plans and customer appointment business processing procedures for special customer calls, to improve response capabilities for special situations, effectively prevent and control service risks, and comprehensively improve customer service satisfaction; optimized oral loss register business acceptance procedures to protect the security of customers' account. We simplified the manual verification process by adding the system's secret verification function, effectively avoiding operational risks, and meanwhile provided customers with more professional, standardized and efficient services.

## ■ The Bank Optimized Complaint Handling Mechanism

- The Bank's complaint management system was put into production on January 8, 2020. It was among the first batch of financial institutions across the country to successfully interface with the PBOC's complaint data system, realizing real-time monitoring of the quality, efficiency, and consumer satisfaction of the Bank's complaint handling.
- The Bank revised the Administrative Measures on the Handling of Consumer Complaints of Bohai Bank, strictly implemented the unified industry standard of banking financial institution JR/T 0169-2018 Statistical Classification and Coding of Financial Consumer Complaints, standardized the classification of complaints, and optimized complaint handling process, formulated complaint acceptance, transfer, and handling procedures, clarified complaint handling principles and division of responsibilities, while adding "dispute mediation" and "data recording and preservation" to ensure the effective functioning of complaint working mechanisms, realize closed-loop circulation, and improve the overall service quality control, ensuring that customer complaints are handled timely and effectively.
- In accordance with the revised Administrative Measures on the Evaluation of Consumer Rights and Interests Protection of Bohai Bank, the Bank adjusted the complaint evaluation mechanism according to the performance evaluation structure, incorporated complaint management into the consumer protection evaluation (accounting for 15%), and refined in detail the complaint evaluation indicators, clarifying the division of responsibilities, assessment content, assessment methods, and use of results, and further standardizing the complaint management. The head office also uniformly designed and printed

out a new version of the customer opinion book and customer complaint handling flow chart this year. Business organizations and official websites at all levels publicize clear operating prompts for complaint channels such as telephone, Internet, and letters in locations to further smooth the flow of customers.

- The 95541 Customer Service Center further strengthened the standardization of customer complaint handling, and formulated a number of procedures and plans including the Administrative Measures on Customer Complaints in the Electronic Channel of Bohai Bank (Revised in 2020). The credit card customer service center developed and designed complaint management reports, changing the single mode of only following up complaints manually. The report visually reflected the processing progress of each complaint and prompted overtime complaints to follow up complaints easily and accurately. Meanwhile, every complaint must be handled on the same day to ensure the timeliness of complaint handling.
- In 2020, the Bank accepted a total of 6,300 consumer complaints through various complaint channels, with a complaint resolution rate of 99.03%, and a customer satisfaction rate (return visit) of 95.70%. During the process of complaint handling, the Bank adhered to the consumer-oriented service concept, faced the complaints, resolved contradictions in a timely manner, conducted statistical analysis in accordance with complaint statistical classification and coding industry standards, continuously improved service levels, improved product and service quality, and improved customer satisfaction. At the same time, it conducted in-depth analysis of typical cases of financial consumer complaints, effectively improved the efficiency and quality of complaint handling, and protected the legitimate rights and interests of financial consumers.



## Effectively Guarantee Rights and Interests of Customers

### 01

#### Expectations and Requirements of Customers

- Transaction and fund security.
- Transaction information and personal information security.
- Enjoying the right to know and the right to choose products and services.

## 02 Response of Bohai Bank

- Strengthening the organizational building of consumer rights protection.  
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- Enhancing institutional improvement of consumer rights protection and strictly implementing the system.  
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- Strictly guarding against telecommunication and Internet frauds, preventing counterfeit money, and preventing and cracking down on illegal fund-raising.  
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- Comprehensive use of technical and civil defense means to strengthen customer information protection capacity.  
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- The Bank strengthened the education and training of all employees, especially the front-line and operating personnel of outlets, to ensure that employees could understand and master the policies, rules and requirements for compliant operation, protection of customer transaction and information security and consumer rights and continuously improve their service awareness and capability.  
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- The Bank strictly implemented laws, regulations and industry standards to effectively protect consumers' right to know, right to choose and other legitimate rights and interests.  
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## 03 Actual working methods and results

- The Board of Directors of Bohai Bank undertakes ultimate responsibility to consumer rights protection, and the Audit and Consumer Rights Protection Committee (the former Audit Committee) under the Board of Directors assists the Board of Directors in performing relevant responsibilities.  
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- The Head Office has set up a leading group for consumer rights protection headed by the bank leader in charge and composed of heads of relevant departments of the Head Office; the Head Office has set up a consumer rights protection office and each tier-one branch has established a consumer rights protection team to organize and implement consumer rights protection work.  
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- The Bank has established a reporting system for consumer rights protection. According to relevant provisions of the Bohai Bank Administrative Measures for Consumer Rights Protection, the branches submit the consumer rights protection work report to the consumer rights protection department of the Head Office on July 10 and January 20 of the next year, as well as submit the brief report on consumer rights protection and the report on financial knowledge popularization every month on an irregular basis.
- The Head Office has seven full-time employees for consumer rights protection, including two new staff joining in 2020.
- The Bank adhered to zero tolerance of case risk, and effectively blocked telecommunication and Internet frauds, abnormal account opening and abnormal Internet banking business.
- Publishing List of Financial Service Prices at outlets.
- Transparent fee rates that are easy to retrieve.
- Establishing and opening a variety of complaint and reporting channels.
- Carrying out special training on consumer rights protection.

The Bank formulated and issued the Key Points of Consumer Rights Protection Work of CHINA BOHAI BANK CO., LTD. in 2020 at the beginning of the year, making an overall plan for the Bank's consumer rights protection work in the year and ensuring the effective implementation of the strategic objectives and policies of consumer rights protection. The Bank also formulated the Breakdown Table of Key Points of Consumer Rights Protection Work of Bohai Bank in 2020, breaking down the work in detail, and defining the responsible departments and persons. The leading group for consumer rights protection of the Head Office actively played the role of the Bank's consumer rights protection deliberation and coordination mechanism, established and improved the coordination mechanism for consumer rights protection, and strengthened information exchange, coordination and collaboration between relevant functional departments of consumer rights protection. In the full year, five consumer rights protection joint meetings were held to convey and implement the spirit of regulatory documents and work arrangements, study regulatory rules and regulations, guide and

determine the consumer rights protection work plan, communicate, unify the understanding and promote the work.

The Bank incorporated consumer rights protection into the Bank's internal control management system, and formed a risk prevention and control system consisting of three lines of defense, namely, business departments, internal control departments and audit departments. Through daily supervision, inspection and assessment, the Bank identified weak links in work, urged all departments of the Head Office and branches at all levels to continuously strengthen the building of consumer rights protection system and mechanism, and regulate products, services and operating behaviors, to protect the legitimate rights and interests of consumers. In April 2020, the Bank formulated and issued the Notice on Conducting Self-inspection on Consumer Rights Protection, and carried out self-inspection and self-correction of consumer rights protection across the Bank, which covered the construction of consumer rights protection working mechanism, implementation of consumer rights protection codes of conduct, personal financial information security management, complaint management, format clauses, publicity, education and training. The Bank also formulated and issued the Circular on Self-inspection of Consumer Rights Protection to summarize the overall self-inspection and self-correction, and found and effectively rectified 18 problems in eight aspects in the self-inspection and self-correction. In the full year, the Bank conducted four inspections on service quality, covering 100% of 33 tier-one branches and 722 outlets accumulatively.



## Improving Services for Special Group

- In order to provide financial services for special consumer group, protect legitimate rights and interests of consumers, and maintain a fair and just market environment, the Bank issued the Regulation of Bohai Bank on Financial Services for Special Consumer Group (Trial) and the Notice on Regulating the Processing Requirements for Operating Businesses for Special Consumer Group. The branches formulated and improved the financial service standards for special consumer group in accordance with the work requirements of the Head Office, local regulatory authorities and actual conditions, so as to ensure that the financial services for special group were supported by evidence.

- Outlets fully considered the business habits of the elderly, continuously optimized the business process and simplified the procedures. Lobby managers and wealth managers guided elderly customers to handle the business at the outlets and continuously improved the service experience for the elderly. The Bank provided exclusive services and door-to-door services for elderly customers with mobility problems and one-to-one instructions to elderly customers to use the Bank's mobile banking, Internet banking and self-service equipment until they fully grasped the operating essentials and could use the self-service equipment. Moreover, by popularizing and promoting mobile banking, the Bank reduced the number of times that elderly customers go to outlets to handle business in person and reduced the inconvenience caused by travel. Some branches held regular training courses on elderly people's use of WeChat and mobile banking to improve the service experience of elderly customers.



## Extensive Financial Knowledge Popularization

In order to promote comprehensive, continuous and in-depth financial knowledge publicity and education activities, the Bank actively implemented the work requirements of the People's Bank of China, the China Banking and Insurance Regulatory Commission and the China Banking Association and organized to carry out themed activities for consumer rights protection, such as "March 15 Action", "Popularizing Financial Knowledge, Holding the 'Money Bag'", "Financial Knowledge Popularization for Miles", "Month of Financial Knowledge Popularization, Financial Knowledge Popularization to Every Family, Be a Rational Investor and a Good Financial Netizen".

publicity activities

**1600**

Distribution copies of publicity materials

**1.6** million copies

Receiving consumers

**3.5** million

domestic outlets participated in the activity

**235**

■ **Improving the consumer education service mechanism.**

In early 2020, the Bank formulated and issued the 2020 Work Plan of Bohai Bank for Financial Knowledge Popularization and Consumer Education, and continuously improved the construction of consumer education service mechanism with unified deployment and overall planning. The Bank gave full play to the leading role of the Head Office and the role of outlets in publicity, carried out financial knowledge popularization activities in an in-depth manner. While striving to improve customer satisfaction and service level, the Bank actively performed the social responsibility of the banking industry and established a good image of the banking industry in the society.

■ **Exploring new forms of financial knowledge popularization and financial consumer education under the situation of normalized epidemic prevention and control.**

The Bank has established a three-dimensional and all-round publicity and education network featuring horizontal+vertical linkage between the Head Office and branches, all online+offline channels, multiple forms of external expansion+position, and extensive coverage of publicity targets+precise popularization. A variety of promotional activities were carried out in a way favored by financial consumers. In the face of the sudden outbreak of COVID-19, the Bank applied advanced technology, made full use of traditional offline channels to carry out publicity, and took the initiative to upgrade its publicity channels to the online level, and innovated in digital and interesting publicity means. The Bank promoted consumer rights protection by "daily", "life" and "ordinary" means of "daily signature, daily update, weekly tweets, monthly cartoons, and quarterly videos", effectively improving the financial knowledge level and risk prevention ability of consumers, and achieving good results.

■ **Establishing the publicity and education form of "risk analysis based on cases" and continuously strengthening risk warning and warning education for financial consumers.**

The Bank kept abreast with current events, issued risk alerts in line with regulatory requirements and consumer demand orientation, and guided financial consumers to stay away from illegal and non-compliant financial activities. The Bank has internally developed the "three-minute consumer rights protection" education concept, and the branches and sub-branches will share consumer rights protection cases every morning and evening, and carry out consumer rights protection case drills on a monthly and quarterly basis to enhance the consumer rights protection awareness and service capability of employees. Externally, the Bank analyzed problems in the form of cartoons and videos based on typical cases, and enhanced the risk identification awareness and prevention capacity of financial consumers with immersive experience.





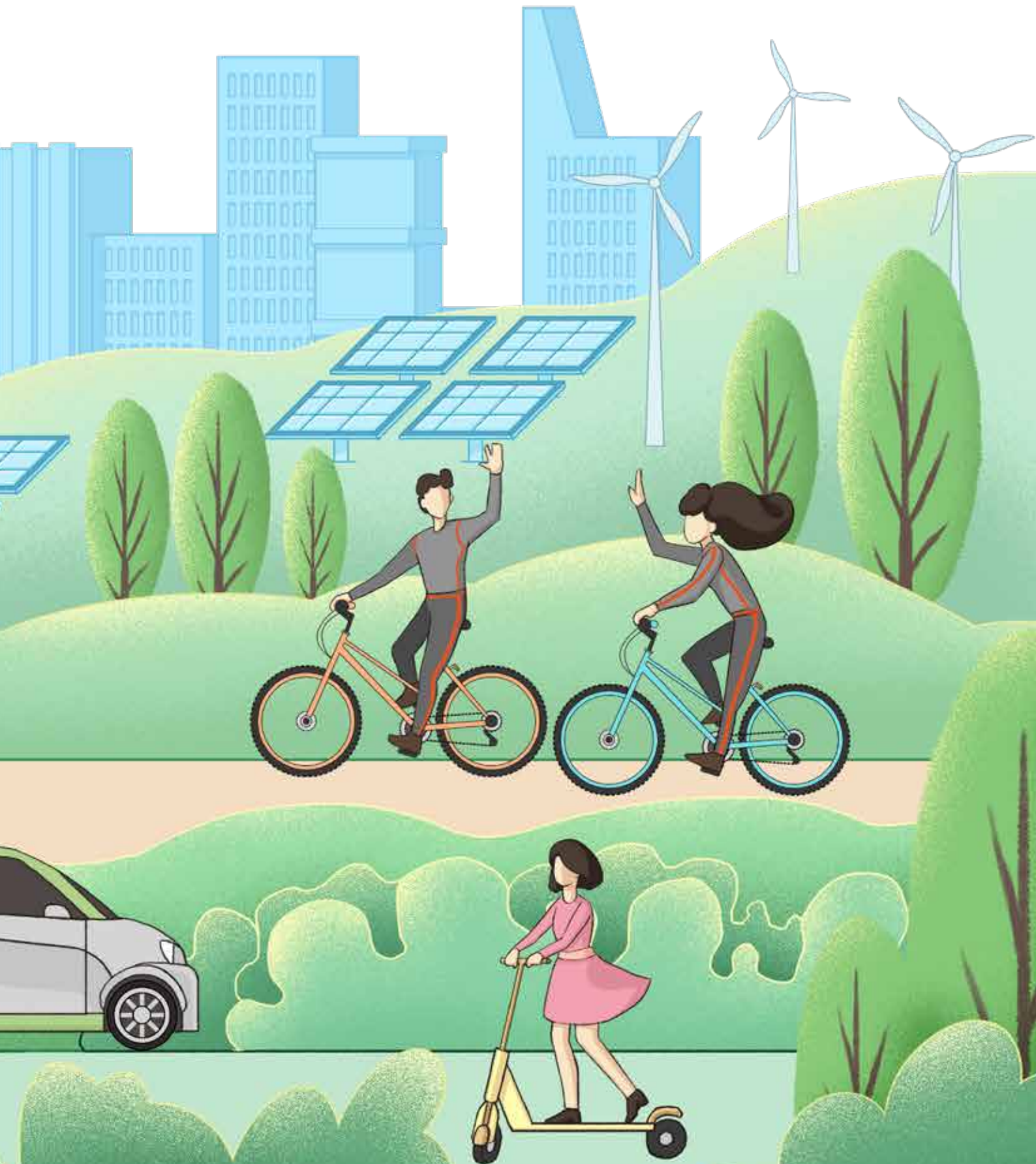
Guangzhou Branch of the Bank actively carried out financial knowledge popularization activities



## Sustainable development and joint efforts to build a green and harmonious new era

The Bank valued the development of green finance, and makes the development and support of green finance a key position in the Bank's strategic plan. We have accelerated the development of green finance business in terms of organizational structure, policy and process, identification standard, guarantee measure, product innovation and external cooperation in light of our own conditions. In terms of building a green financial system and strengthening the management of environmental and social risks, the Bank made good achievements and made certain contributions to improving the regional ecological environment. We are committed to becoming an excellent corporate citizen, actively participating in public welfare and poverty alleviation projects, promoting voluntary services of employees and contributing to the building of a harmonious society.







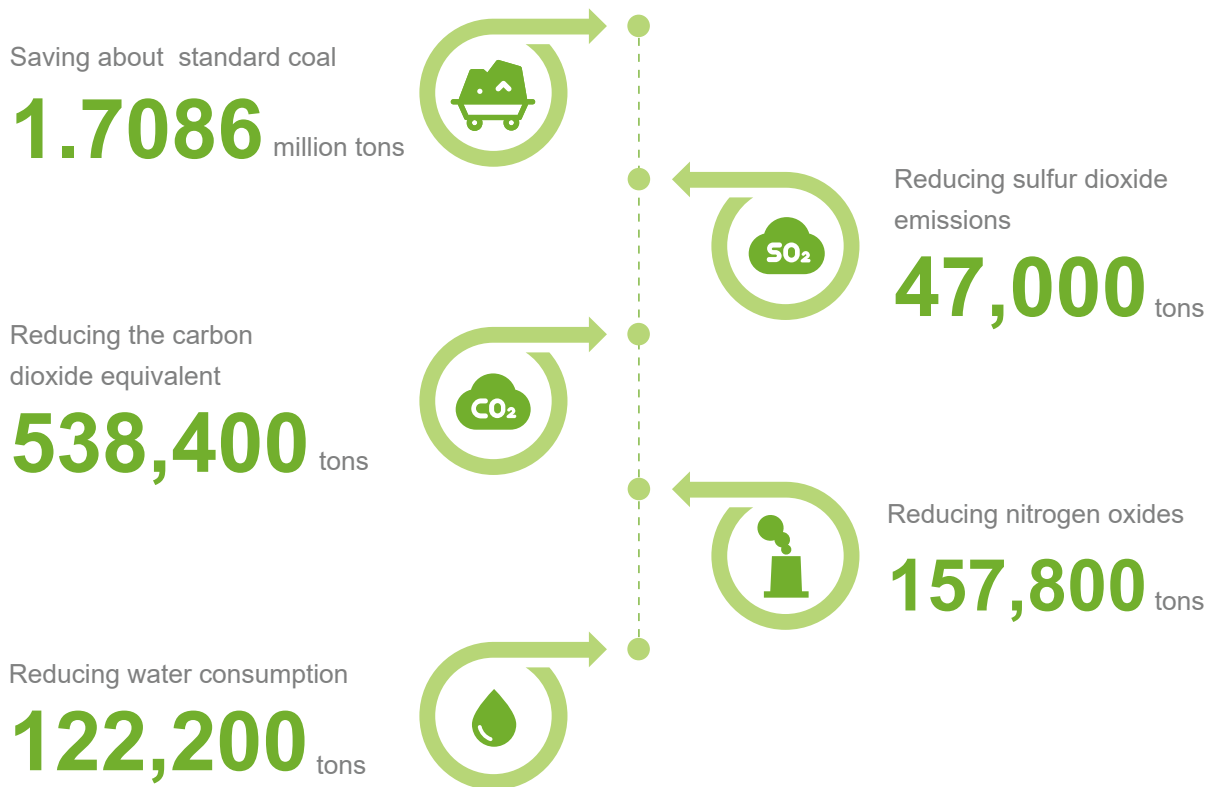
## Vigorously Carrying out Green Finance

- ▶ In 2020, the Bank earnestly implemented the regulatory requirements, vigorously developed green finance business, actively performed its social responsibility, and achieved certain results.
- ▶ The business scale, number of customers and industry scope continued to expand. As at the end of 2020, the Bank's balance of on-balance-sheet green finance was RMB19.881 billion, providing green finance support to 215 companies nationwide, involving environmental protection projects such as renewable energy and clean energy, waste treatment and pollution prevention and control, industrial energy saving, water saving and environmental protection. The Bank contributed to strengthening the climate environment management, coping with the climate change and improving regional ecological environment. As a member of Tianjin Climate Exchange, the Bank, through the channel of the Exchange, actively provided business support for companies in industrial upgrading and adjustment, energy saving and environmental protection, and promoted companies to improve the utilization rate of resources and reduce pollutant emissions. At the same time, the Bank actively responded to the strategic arrangement of the national energy saving and emission reduction work, seized the important opportunity of the establishment of the national carbon market to carry out marketing and set up a business platform for transaction fund custody for providing efficient transaction fund custody service for carbon emission transaction institutions.
- ▶ The Bank improved the organizational structure of green finance. In accordance with the Guidelines on Green Finance of Commercial Banks, the Bank established and improved a green finance leading group with an office responsible for organizing, managing, coordinating and promoting green finance. The branches set up full-time green finance staff to carry out green finance policies and business of the Head Office, and took charge of information collection, data statistics, assessment report and other related work.
- ▶ The Bank established and improved a green finance management system. The Bank continuously improved the green finance system and policies such as marketing guidelines, market access and differentiated credit extension, and further defined the credit granting strategy for the key support directions of green finance in energy saving and environmental protection industry, clean energy industry, ecological environment industry, infrastructure green upgrade, infrastructure green upgrade and green service industry, providing institutional guarantee and decision-making basis for the professional development of green finance. In 2020, the Bank issued the Guidelines of Bohai Bank on Marketing in the Field of "New Infrastructure" (Bo Yin Hang Ban [2020] No. 215) and the Guidelines on Marketing of New Energy Vehicles (Bo Yin Hang Ban [2020] No. 280). In the "new infrastructure" field, the Bank's guided

the marketing strategy and promoted the projects of intercity high-speed railway and intercity rail transit, charging posts and UHV that belong to the "green new infrastructure" projects in the "Green Industry Guidance Catalog (2019 Edition)" jointly issued by the National Development and Reform Commission and other seven ministries and commissions. At the same time, the Bank issued the Implementation Opinions of Bohai Bank on Accelerating the Development of Green Finance Business (Bo Yin Hang Ban [2020] No. 187), further implementing the thought and concept of developing green finance set forth in the recommendations of the 14th Five-Year Plan and the goal of "extensively forming a green production and life style" by 2035.

- ▶ The Bank improved and reinforced process management. The Bank optimized business process, established a "green channel" for green finance that run through the Head Office, branches, front office and back office, and strove to realize the connection of various links, including prior marketing, due diligence, identification, risk review, loan extension review and post-disbursement management. In the credit risk management system (CRMS), the Bank established signs such as "industrial transformation and upgrading logo, type of industrial structure adjustment, industry restricted by the state or not", "high pollution, high energy consumption and resource", requiring to make relevant identification judgment when applying for business. The Bank promoted the comprehensive identification and management of the quantity of green finance customers, balance, variety, distribution, energy saving and emission reduction and other relevant data items.
- ▶ The Bank improved the system functions of green finance business. The Bank embedded the classification of environmental and social risks into the risk management system, and managed the environmental and social risks of the customers or projects to be granted credit fully online. At the same time, the Bank systemized the green finance identification process and added the green finance business logo in the system to meet various management and statistics needs.
- ▶ The Bank introduced supporting measures. First, since 2012, the Bank has incorporated the development indicator of green finance business into the comprehensive evaluation and KPI indicators of the business plan of the branches and relevant departments of the Head Office. The Bank guided and urged the whole jurisdiction to improve the implementation of green finance regulatory policies by means of the evaluation leverage. Second, the Bank gave priority to credit resources allocation. From the limited new credit scale and risk assets each year, the Bank satisfied the occupation demand of high-quality large-scale green finance customers and relevant innovative products. In the past few years, the Bank has successively supported a number of valuable customers such as "China Renewable Resources" and "BYD Automobiles". Third, the Bank has established a regular notification and interim reporting system. The Head Office notified the progress and quality of branches' green finance work on a regular basis, and branches timely reported to the Head Office on major environmental risk events and typical cases of major projects supporting green finance.

### Achievements of the Bank's green credit project in energy conservation and emission reduction in 2020



### Cases

#### Chongqing Branch facilitated the battle for pollution prevention and control

Chongqing Branch has always been committed to supporting Chongqing to accelerate water pollution control, water ecological restoration and water resource protection, promoted the "Three Rivers in Common Control", and built a solid ecological barrier in the upper reaches of the Yangtze River.

In order to help Chongqing win the battle against pollution, in its credit policy, Chongqing Branch clearly supports prevention and control of water, air and soil pollution; gives priority to companies with advanced pollution prevention and control technologies; provides credit support for companies with high emission and energy consumption in energy, metallurgy and building materials; allocates special scale of green credit for pollution prevention and control, expands the pricing approval right, and opens the channels of "priority acceptance, priority assessment and priority approval" and rapid loan granting.

As of the end of December 2020, the balance of green loan of the Branch was RMB582 million. In terms of water pollution control, the Bank granted RMB70 million of capital construction credit to Chongqing Kanda Environmental Protection Group and other leading sewage treatment companies, and the sewage treatment plant of the group accounted for 55% of the treatment scale of the main urban area of Chongqing.

## Cases

### Tianjin Branch paid constant attention to key industry of green finance

Tianjin Branch continues to pay attention to key industry of green finance, and increases credit support for energy saving and environmental protection companies and projects in energy saving and emission reduction, circular economy and clean energy. Since its establishment, the Branch has provided credit support for wind power, photovoltaics, solar energy, water conservancy, seawater desalination, circular economy industrial park construction and green transportation, including the construction of the first phase desalinated seawater delivery project of Beijiang Power Plant, the Dashentang Wind Power Farm project in Hangu District, the supporting project of the South-to-North Water Diversion Project in Tianjin, the roads and affiliated projects of Tianjin Ziya Circular Economy Industrial Zone and high-efficiency solar cell project, facilitating the green development of Tianjin.

Tianjin Aixu Solar Energy Technology Co., Ltd. is a high-quality company in the ecological environment protection and construction industry which is strongly supported by the state. Since

the company planned to set up a presence in Tianjin, Tianjin Branch has established contact with the company through Haihe Fund, provided services, and implemented the financing plan according to the progress of the project. After several rounds of negotiation and communication, and taking into full consideration the project fund demand and repayment ability of the company, the Bank finally granted a project loan of RMB900 million to the company for the construction of high-efficiency PERC solar cell project with an annual output of 3.8GW. With a total investment of RMB2.2 billion, the project is located in the high-end equipment manufacturing park of Tianjin Beichen Science Park. In order to grant loans in time to support the project and procurement progress of the company, Tianjin Branch allocated the credit scale and fund position to the maximum extent, thus ensuring the completion and smooth operation of the company's Tianjin project as scheduled. As of the end of 2020, Tianjin Branch had a financing balance of RMB849 million for the project, the first phase of the project basically reached full capacity, and the company started the planning and construction of the second phase of the project.

## Cases

### Xi'an Branch helped the construction of water-saving ecological environment

Shaanxi, one of the provinces with the greatest shortage of water resources in China, has a total water resources of only 44.2 billion m<sup>3</sup>, and the water resources per capita and per mu only account for 54% and 42% of the national average respectively. To solve the problem of water is to solve the problem of development and survival, and to build a water-saving society and optimize the allocation of water resources is the only way to the development of Shaanxi Province. The construction of related water conservancy projects has become the top priority of the national economy and the people's livelihood and the green development. For the above reasons, Xi'an Branch paid special attention to financing support for key water conservancy projects in provinces and cities in its business development.

Since 2019, Xi'an Branch has granted a project loan of RMB400 million to Weinan Yellow



River Water Co., Ltd. for the construction of the "Weinan Yellow River Taking and Water Supply Project" on the basis of full investigation. Weinan Yellow River Taking and Water Supply Project is a national and provincial key project. According to the survey conducted by the Water Resources Management Center of the Ministry of Water Resources, Weinan's per capita water resources is 1/5 of the provincial level and 1/10 of the national level, ranking the ninth among the ten cities (prefectures) in the province. It is a serious water shortage area, far below the internationally recognized per capita 500m<sup>3</sup> of serious water shortage line. After completion, the project will take water from the Yellow River to supply water to the central urban area of Weinan, Weibei coal chemical industry industrial area and the development zone of Luyang Lake, and effectively relieve the water supply pressure in the central urban area after completion, as well as solve water for production and living in the industrial zone and development zone. At the same time, the use of groundwater can be reduced, so that the regional water ecological environment can be maximally protected.

After the loan was granted, it achieved good social benefits, balanced allocation and efficient utilization of water resources in the Yellow River basin, conducive to the protection of the ecological environment and poverty alleviation.



## Striving to Reduce Energy Consumption in Operation

As a financial company that always earnestly fulfills its social responsibility, the Bank paid special attention to its energy consumption, and is committed to constantly restraining and optimizing its behaviors to reduce the energy consumption generated by its operation. The Bank actively participates in the construction of a beautiful China in which "lucid waters and lush mountains are invaluable assets". Bohai Bank Building of our Head office is not only a landmark building in Tianjin, but also a resource-saving and environment-friendly office space.

## Green building

- For the use of high-power electrical equipment, we formulate relevant prompt and restraint systems to strictly require employees to save energy and reduce consumption.
- In order to save power, we make full use of the building automatic control system, and shut down the power equipment that can be shut down firmly; and strengthen the lighting management through the light control system, to ensure the effective use of lighting facilities and avoid waste.
- We conduct energy management, formulate and strictly implement the indoor temperature standard according to the work nature and characteristics of each area of the building, the temperature and comfort requirements of different areas and different time periods of the building, and the change of outdoor temperature. The working environment is about 26 ℃ in summer and 20 ℃ in winter, so as to save energy while ensuring good office conditions.
- We insist on monthly statistics and records of energy consumption of the building, and find and rectify problems in time through daily data changes of energy consumption.

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## Green finance

- We vigorously develop Internet banking channels.
- We actively promote e-billing.

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## Green procurement

- We promote environmental protection through procurement policies and technical indicators.
- In the standard procurement document (bidding document), there are clear requirements for the qualified applicants (suppliers) to comply with laws, regulations, rules and regulations on environmental protection, energy saving and green.

## Green office

- Official documents between departments of the Head Office, between the Head Office and branches, and between branches and tier-two branches and sub-branches are processed in the OA system, and an archive system is built to realize data interconnection between the OA system and the archive system, improving the digitalization level of the office. In 2020, the Bank processed about 668,000 official documents in the OA system, with an online daily average of nearly 200.
- All departments of the Head Office assign special persons to manage office consumables, especially consumables for printers, photocopiers and fax machines, so as to make reasonable use and avoid waste, and to facilitate timely and full recovery of consumables by external service providers.

- The procurement technical indicators set clear requirements for environmental protection indicators such as formaldehyde content and grade of finished products and raw materials provided by suppliers.
- In the standard procurement contract, it is required that the products, accessories and raw materials of the cooperative suppliers shall comply with the national environmental protection standards (ISO9001, ISO14001, GB/T28001, China environmental labeling products, etc.) and be attached with the factory certificate and other relevant evidence that can be inspected.
- The suppliers shall undertake to compensate for the unqualified products at twice the agreed price if the products fail to meet the national environmental protection standards after testing.
- The Bank actively promoted green procurement through on-site inspection of suppliers' production environment, equipment, raw materials, production processes and environmental protection measures, and strengthening acceptance inspection.
- Administrative Measures for Procurement of Branches of Bohai Bank explicitly requires branches to give priority to the procurement of energy-saving and environmental protection products.
- The Bank successively built and launched the platforms of Bohai Cai Yi Guan, Bohai Cai Yi Cai and Bohai Cai Yi Gou to increase the openness, transparency and competitiveness of procurement, and further improved the procurement efficiency through digitalization, informatization and intelligence, to save the cost of procurement organization, and reduce the resources and costs invested by suppliers in procurement activities.



## Dedicated to Charity

Bohai Bank is committed to becoming an excellent corporate citizen, and has insisted on actively participating in public welfare and charity since its establishment. In 2020, the Bank actively participated in public welfare and poverty alleviation projects, promoted voluntary services of employees and contributed to the building of a harmonious society.

United Nations sustainable development goals	Our actions	Achievements
<p>No poverty</p>	<ul style="list-style-type: none"> <li>▶ Increase the assistance to designated villages.</li> <li>▶ Promote targeted poverty alleviation with superior financial services.</li> <li>▶ Participate in poverty alleviation public welfare activities.</li> </ul>	<ul style="list-style-type: none"> <li>▶ As of the end of 2020, a total of RMB10,012,700 has been invested in a new round of designated assistance villages in Jizhou District, Tianjin.</li> <li>▶ The balance of targeted poverty alleviation loans was RMB5.087 billion as of the end of 2020.</li> <li>▶ The total consumption of poverty alleviation was RMB3,115,100 in 2020.</li> <li>▶ The total donation for poverty alleviation and charity was RMB1.004 million in 2020.</li> <li>▶ The "Splendid New Life: Rediscovery of Poverty Counties" charity activities have been carried out for nine consecutive years, and a total of RMB6 million has been invested by the end of 2020.</li> </ul>
<p>Reduction of inequality</p>	<ul style="list-style-type: none"> <li>▶ Strengthen the organization and promotion of employee volunteer services.</li> </ul>	<ul style="list-style-type: none"> <li>▶ The Head Office and various branches have generally established employee volunteer teams and carried out content-rich activities. Some volunteer teams have obtained professional qualifications such as first aid.</li> <li>▶ Employees of the Bank won the title of Excellent Volunteer Service Workers in Tianjin in 2020.</li> </ul>

## ■ Active development of public welfare poverty alleviation

- The Bank actively participated in poverty alleviation and charity in 2020. On the one hand, the Bank donated RMB460,000 to the corresponding poverty-stricken areas in Gansu Province through the Finance Bureau of Tianjin Hedong District and related charitable organizations with the aid of the counterpart assistance and poverty alleviation cooperation mechanism in the east and west of Tianjin. On the other hand, the Bank actively implemented the strategic deployment and mission objectives of "winning the battle against poverty", and pro-actively carried out poverty alleviation in a variety of ways. All branches of Bohai Bank's poverty alleviation donations totaled RMB540,400 in 2020.
- At the same time, the Bank included consumption poverty alleviation as a key work item and actively promoted it. By including poverty alleviation products in the special condolences for epidemic prevention and control, holiday condolences for employees, poverty alleviation counters, office water and other projects; and actively participating in poverty alleviation product exhibitions, completing the RMB250,000 procurement task of poverty alleviation products in Hetian area and other consumer poverty alleviation channels, the Bank jointly participated in the sales of agricultural products in poor areas, supported the development of characteristic industries, promoted the smooth sales of agricultural products in poverty-stricken areas, and facilitated the requirements of poverty alleviation industrial upgrading and rural revitalization. The Bank's total consumption for poverty alleviation amounted to RMB3,115,100 in 2020.

## ■ Continued participation in the "Splendid New Life" project

- The 21st Century Business Herald has launched the "Splendid New Life - Discovery Journey for Public Welfare in Poor Areas in China" since 2013, which is committed to exploring and discovering the silent civilization in poor areas and expressing its historical value, humanistic value, public welfare value and potential commercial value.
- The Bank continuously participated in the "Splendid New Life" project and promoted the development of local industries through cultural poverty alleviation. The Bank has invested a total of approximately RMB6 million in this charity project as of the end of 2020.



The Bank has continuously participated in the "Splendid New Life" charity project.

### ■ Promotion of employee volunteer service

In 2020, the Bank has thoroughly implemented General Secretary XI Jinping's instigation of voluntary service, and earnestly implemented the Voluntary Service Regulations of the State Council and the Regulations of Tianjin Municipality on Volunteer Service. Focusing on fighting against the epidemic of COVID-19 and building a high-quality well-off society in an all-round way, and relying on the civilized practice of the new era, the Bank carried forward the volunteer spirit of dedication, friendship, mutual assistance and progress, gathered the powerful force of employee volunteer service, and wrote the Lei Feng spirit of the new era with practical actions. Employees of the Bank won the title of Excellent Volunteer Service Workers in Tianjin in 2020.

## Cases

### Taiyuan Branch was selected as the designated service bank of "Youth Station"

At the beginning of 2020, the Provincial Party Committee of Shanxi Youth League launched the construction of "Youth Station" for the province's banking system. "Youth Station" is the Com-

unist Youth League's initiative to adapt to the characteristics and service needs of young people in emerging fields. It is a comprehensive service place that provides one-stop, all-round, and multi-level services for young people in emerging fields such as express delivery and takeaway, relying on a wide range of convenient services, as well as a platform for youth league organizations to contact young people in emerging fields and a position to carry out work to serve young people in emerging fields.

Taiyuan Branch of the Bank took the initiative in youth volunteer services and social activities, and actively implemented the service concept of "interpreting social responsibility with love and serving customers wholeheartedly". It actively participated in the selection of designated service banks for "Youth Station". On October 28, 2020, the Shanxi Provincial Financial League Working Committee selected the Taiyuan Branch's business department as the designated service bank for "Youth Station" and awarded the license.

## Cases

### "Bin Duty" by volunteers of Beijing Branch demonstrated the service spirit

In September 2020, the Beijing Branch of the Bank organized employees to volunteer to be on duty at the waste sorting bin station in Wenchang Community in accordance with the requirements of the Notice of Financial Street on Further Strengthening Party Building to Lead Mobilization and Mobilizing Party Members to Participate in Waste Classification, demonstrating the spirit of service.

The volunteer service team of the branch actively participated in the "Bin Duty" operation, correctly guided the masses who came to put the garbage, and cleaned and eliminated the garbage cans. At the same time, they walked into the streets wearing vests to conduct garbage classification knowledge publicity, and distributed letters on garbage classification and promotional leaflets.

## Cases

### Dalian Branch set up "anti-epidemic love stations" to fully serve the nucleic acid testing

In late July 2020, COVID-19 in Dalian revived, and the city entered a wartime state of anti-epidemic. Dalian City has launched a national nucleic acid test since July 26 to fully grasp the situation of the epidemic situation and find out suspected patients as soon as possible. Dalian Branch fully cooperated with the government's work and set up "anti-epidemic love stations" around the outlets to provide services for nearby nucleic acid testing sites.

Medical staff often had to work from 7 am to 10 pm because it was the hottest period in midsummer and the number of people tested was large. Moreover, in order to ensure the ventilation of the monitoring points and the separation of personnel, almost all the test points were located in open outdoor places, and the citizens waiting in line for the test were exposed to the scorching sun for a long time. In order to provide services to the surrounding nucleic acid testing sites, the branch provided free fans, paper towels, wet wipes, drinking water, sunshades and other heatstroke prevention materials at the "anti-epidemic love stations" to medical staff, volunteers and community residents waiting for testing, which was highly praised by the public and medical staff.







The Bank's Active Promotion of Voluntary Services of Employees



## Stable operation, human-oriented care and mutual growth of employees

Centering on the strategic direction of high-quality transformation and development, the Bank continued to improve the comprehensive, vertical and independent organizational system for comprehensive risk management, and established the "four-in-one" internal control system, achieving compliant and orderly operation and management, and sound development. We always practiced the core value of "people-oriented care", fully protected the legitimate rights and interests of employees, continuously expanded the development path of employees, helped employees create a happy life, and ultimately achieved shared development of employees and the enterprise.







## Stable Operation in Compliance with Laws and Regulations

Centering on the strategic direction of high-quality transformation and development, the Bank strived to practice the risk management culture and philosophy of "comprehensive, proactive, agile and in place", continued to improve the comprehensive, vertical and independent organizational system for comprehensive risk management, established the "four-in-one" internal control system, and adhered to the "comprehensive, whole- process, and whole-work-force" control principle in internal control management, achieving compliant and orderly operation and management, and sound development.

### ■ Risk management

- In 2020, the Bank focused on the strategic direction of high-quality transformation and development, adhered to the "prudent" risk appetite, strictly upheld the law and compliance business philosophy, and further enhanced the comprehensive risk management and effectiveness with the goal of "double-strike and win-win". Comprehensive risk management capabilities continued to improve, various risk management control measures were appropriate and effective, the overall risk was controllable, and the main risk indicators met the regulatory and risk appetite requirements of the Bank, escorting business transformation and development and high-quality listing.
- The Bank continued to promote the construction of a unified credit system, accelerated the digital transformation of credit risk management, and enriched the risk management toolbox. Portfolio risk management capabilities and data modeling capabilities continued to improve, and positive results were achieved in the construction of credit risk management systems and mechanism optimization, overall credit risk was controllable, and asset quality remained healthy and stable. The Bank consolidated market risk management, continuously optimized transaction book limit management, implemented active interest rate risk management, improved the accuracy and precision of market risk management, and made the overall level of market risk controllable. The Bank improved the interest rate risk management system of the bank book and improved its refined and proactive management capabilities. The interest rate risk indicators of the bank book all met the regulatory and internal management requirements. The Bank strengthened the establishment of liquidity risk management system, and improved

liquidity risk management methods, various liquidity risk management tools, and liquidity resistance to risks. Liquidity remained reasonable and sufficient, and liquidity risk levels were stable and controllable. The Bank consolidated and improved the foundation for operational risk and compliance risk management, improved the quality and efficiency of operational risk management, and no major operational risk incidents occurred throughout the year. The Bank continued to strengthen the country-specific risk management system, strengthened country-specific risk monitoring analysis and limit management, and improved country-specific risk management capabilities. The overall level of country-specific risks was low and country-specific risks were controllable. The awareness of reputation risk prevention and the ability to respond to public opinion continued to improve, creating a good public opinion environment for the successful listing. The Bank improved its strategic planning and research capabilities, effectively ensuring the realization of the objectives of the 3rd Five-Year Plan. The Bank further improved its information technology management system and risk management structure to meet the Bank's requirements for "lower" risk appetite for information technology risks. The Bank implemented multi-level capital intensive management, continuously improved the efficiency of capital operation and the level of capital return, and possessed good risk resistance capabilities.

- At the same time, the Bank actively implemented the risk management culture of "comprehensive, proactive, agile, and in place", actively implemented the national macro credit policy and regulatory requirements, and actively responded to the major impact of the epidemic risk. The Bank seized the opportunity, adjusted its credit strategy in a timely manner, and encouraged to increase support for key areas and weak links of the national economy such as small and micro enterprises and private enterprises. The Bank continued to improve the quality and efficiency of approvals, supported the development of various market entities affected by the epidemic, fully guaranteed the release of credit projects, and strongly supported the development of the real economy.

## ■ Internal control compliance

- The Bank established a "four-in-one" internal control system consisting of process execution, functional management, second-line supervision and internal audit. The Bank adhered to the "comprehensive, whole- process, and whole-workforce" control principle in internal control management, compliance support, operational risk prevention, case prevention and control, anti-money laundering management, business continuity management, auditing and inspection and other aspects, to promote compliant and orderly management and steady development of all operations.
- During the Reporting Period, the Bank actively implemented the decisions of the Party Committee of the Head Office, led the new infrastructure project of the "internal control and compliance system", designed seven "small infrastructure" projects of it with reference to the Basel and COSO risk framework and the

internal control guidelines of commercial banks, grasped the key links, comprehensively explored the top-level design of internal control and compliance, and consolidated a number of management mechanisms. The Bank further clarified the responsibilities of the first or second lines of defense for internal control and compliance, sorted out the management coverage and connection of various mechanisms of the compliance system, highlighted the construction of internal control environment, system first, case prevention and control and employee behavior management, highlighted the "self-abuse" type of anti-money laundering reform, conducted in-depth inspection, rectification and responsibility identification, highlighted the technology empowerment and information technology risk management, and actively cooperated with on-site supervision and inspection, opening a new chapter in internal control and compliance management across the Bank.

- The Bank earnestly fulfilled its anti-money laundering obligations and maintained a stable financial order. The Bank adjusted the members of the anti-money laundering leading group and working group of the Head Office, issued a number of systems such as the Measures for the Administration of Large-sum and Suspicious Transaction Reports of Bohai Bank and the Guidelines for the Identification of Suspicious Transactions in Anti-Money Laundering of Bohai Bank, which further consolidated the foundation of anti-money laundering and the main responsibility. The Bank fulfilled the reporting obligations of suspicious transactions, and some reports provided valuable clues for the public security organs to solve major cases and were praised by the local regulatory authorities. The Bank carried out the investigation and management of customer identification, conducted a comprehensive inspection of existing customers, and prevented and controlled money laundering risk from the source. The Bank completed self-evaluation of money laundering risk, evaluated the inherent risks of the Bank and the effectiveness of control measures in a scientific, comprehensive and accurate manner, formulated improvement measures and proposed systematic solutions for deficiencies. The Bank carried out money laundering risk evaluation on businesses, during which it conducted money laundering risk evaluation for all business products in the China Bohai Bank Product Catalog (《渤海銀行產品目錄》), assessed risk levels, and formulated corresponding risk prevention and control measures. The Bank also carried out the second phase construction of the anti-money laundering system and the monitoring list system, optimized system functions and monitoring models, and improved system support capability and work efficiency. The Bank promoted the data governance of anti-money laundering, established the data standards of it, and improved the data source quality of the anti-money laundering system. The Bank organized training and publicity, carried out multiple anti-money laundering trainings for employees of the Bank, and launched a publicity month activity for preventing illegal fund-raising activities for the public to actively fulfill social responsibilities.
- In accordance with the requirements of the Notice of CBIRC on Carrying out "Follow-up Re-examinations" on Rectifying the Market Disorders in Banking and Insurance Industry (Yin Bao Jian Fa [2020] No.

27), the Bank adhered to the guidance of XI Jinping thought on socialism with Chinese Characteristics for a New Era, deeply understood the "Stable Performance in Six Key Areas", implemented the important significance of the "Security in Six Key Aspects", made overall planning, conscientious self-examination, continued rectification and serious accountability, consolidated the main responsibility, and continuously promoted "follow-up re-examinations" of rectification of market disorders. Starting from the institution, process, system and other root systems, the Bank continuously improved the long-term mechanism of internal control and compliance, effectively reduced the repeated violations of laws and regulations, and continuously improved the ability to serve the real economy.



## Promotion of Employee Development and Success

Talent is the key factor for the success of an enterprise, and the achievements of employees are closely related to the sustainable development of the enterprise. We encouraged and helped employees to have a "promising" career, and also paid attention to the happiness and diversity of their lives. We always practiced the core value of "people-oriented care", fully protected the legitimate rights and interests of employees, continuously expanded the development path of employees, persistently created a good working environment for employees, helped employees create a happy life, and ultimately achieved the goal of shared development of employees and the enterprise.

### ■ Broadening of the development path

- In order to implement the Bank's development strategy, establish and improve a sound corporate governance mechanism and effective incentive and restraint mechanism, and form a position management system that adapts to development requirements and organizational changes, and satisfies the career development of employees, in 2020, the Bank optimized the existing position system based on the current advanced practices of the industry, and issued the Trial Measures for Management of Positions and Grades of Employees of Bohai Bank, formulated a clearer and more specific position sequence system, and expanded the development channels of employees.
- The Bank formulated a rotation exchange plan for grassroots cadres and employees at the Head Office and branches, which promoted the communication and training of grassroots cadres between them in an orderly manner, and completed the training and reserve of grassroots cadres and employees.



On the "May 4th Youth Day" in 2020, LI Fu'an, secretary of the party committee and chairman of the Bank, sent a letter to the young employees, extended holiday congratulations and expressed ardent expectations.

### ■ Protection of employee rights

The Bank resolutely opposed occupational discrimination and adhered to fair employment; continuously strengthened the protection of employees' rights and interests, and continuously improved the democratic management mechanism; established a scientific performance appraisal and remuneration system, and implemented fair, just, open and democratic performance appraisal and assessment.

Legitimate rights and interests of employees	Measures of Bohai Bank
<ul style="list-style-type: none"> <li>➢ The right to equal employment.</li> <li>➢ The right to labor remuneration and security and welfare.</li> <li>➢ The right to resolve labor disputes fairly and properly.</li> <li>➢ The right to work-life balance.</li> </ul>	<ul style="list-style-type: none"> <li>➢ Strict and fair recruitment system and working mechanism.</li> <li>➢ In accordance with the relevant provisions of the Measures for Management of Employees' Compensation of Bohai Bank Co., Ltd., the Bank continuously carried out the basic salary adjustment for the entire bank's employees.</li> <li>➢ The Bank promoted the establishment of a collective contract system.</li> <li>➢ The Bank continuously improved the union organization and working mechanism.</li> <li>➢ The Bank implemented a system of workers' congress. All policies,</li> </ul>



systems, work arrangements, etc. involving employees' rights and interests must be reviewed and approved by the employee representative conference. In 2020, the labor union of the Head Office organized and convened two employee representative meetings, and deliberated and voted six management measures and systems including the Report on Performance of Employee Supervisors of Bohai Bank in 2019; the labor union organized and convened two employee congresses, deliberated and voted on three measures and systems including the Recommended Persons for Model Workers in Tianjin in 2020.

- ▶ In accordance with the requirements of the Interim Measures of Bohai Bank for Administration of Employee Leave and the Notice on Adjustment of Marriage and Maternity Leave of Employees of Bohai Bank, the Bank actively advocated work-life balance and protected the legitimate rights and interests of paid annual leave, sick leave, marriage leave, maternity leave and other rest and vacation of employees as per laws and regulations.

The Bank safeguarded the rights and interests of female employees in accordance with the law and organized a series of distinctive activities to encourage female employees to advocate new deeds, play new roles, establish a new image, and start a business at work. In 2020, the Bank optimized the construction and configuration of the Mummy's Home maternity room in the Bohai Bank Building, and built a new maternity and infant room in the Beijing office to effectively protect the special rights and interests of female employees in "three periods (pregnancy, perinatal and breast-feeding period)".

### ■ Enhancement of employee training

- The Bank's President's Office reviewed and approved the Bohai Bank's training system construction plan in 2020. The plan actively mobilized the whole bank's resources to participate in the system construction, and further refined the functions and roles of relevant departments and branches in the training organization system, hierarchically improved the training course system and training objects, and benchmarked against work indicators; highlighted the demand system, established an internal

learning "crowdfunding" platform; unified the learning path, integrated the entrances of online and offline courses, strengthened platform construction, and realized a full-time training system; and established a series of characteristic training brands and a learning organization ecology to serve business development and team building.

- In 2020, the Bank organized various training courses in line with the course development process of determining course goals, designing course processes, clarifying pre-class basis, and choosing presentation methods, mainly including: Huawei senior management seminars for middle and senior managers to learn Huawei's methodology and practical experience in strategic planning and execution, business innovation and digital transformation, business special capacity building, and corporate culture building; induction training for fresh college students to carry out three phases of training for information technology, management training and management training trainees and newly recruited college students of the branch according to their positions and training directions; and increase in the training of teachers to organize and carry out the training of elementary and intermediate internal trainers, and lay a certain foundation for the construction of the Bank's teacher system.
- The online training continued to maintain its vitality throughout the year. Experts, scholars and senior managers from the Central Party School, Ministry of Finance, Renmin University of China and other institutions were invited to give lectures and seminars on national policies, project management, and strategic management. The online training platform also contributed to the promotion of business expansion, knowledge dissemination, organizational efficiency, and employee quality from the aspects of party building, business support, epidemic prevention and control, and skills improvement.



The Bank launched activities of business competition and labor competition, which promoted the improvement of employees' capabilities

### ■ Care and warmth for employees

The Bank practiced the value of "people-oriented care", cared for the physical and mental health of employees, and provided good office conditions; regularly organized physical examination for employees and invited experts for health guidance. The Bank promoted the unity of employees and carried out a wealth of amateur cultural and sports activities. The Bank cared for the needy employees, paid attention to young employees, and strived to enhance the employees' sense of happiness and belonging.

### ■ Various cultural and sports activities were organized and carried out in a timely manner in accordance with the requirements of epidemic prevention and control.

In 2020, the Bank overcame the impact of the epidemic and continued to "strengthen the grassroots, make up for shortcomings, and increase practical results". The Bank increased its funding support and allocated RMB2.55 million. The labor union team independently carried out various cultural, sports, movie watching, autumn outings and other activities, opening up the last mile for employees to participate in cultural and sports activities. The labor union and the agency labor union of Head Office also organized and carried out table tennis, shuttlecock, chess and card competitions, which enriched the amateur cultural life of employees on the premise of strictly welcoming relevant requirements for epidemic prevention and control.

### ■ Conscientiously implement the system of care for serious illnesses of employees, assistance for serious illnesses, and exclusive assistance for card-holder members.

The Bank implemented measures such as precise identification, precise policy implementation, dynamic management, and bottom-up guarantees, conducted regular assistance, and continued to increase protection, assistance, and supports. The Bank formulated the Implementation Rules for the Management of Usage of the Labor Union Assistance Funds of Bohai Bank (hereinafter referred to as the "Implementation Rules") to solve the worries, troubles and problems, and do practical things for the grassroots labor unions and the employees. The labor union of the whole bank paid a total of 15,085 visits to employees and their family members, and distributed consolation items and consolation funds totaling more than RMB6 million for cool, caring, and warmth (including two periods of warmth and hardship compensation and overtime subsidies, etc.). The Head Office issued nearly RMB5 million of consolation products for resumption of work, resumption of production and festivals; visited 183 inpatient employees and paid more than RMB100,000 of consolation money; issued a fund of RMB180,000; and visited 65 people for retirement, marriage and childbirth and distributed sympathy products of more than RMB50,000. The sense of gain, happiness, and security of the employees was significantly improved.

## Social Responsibility Outlook

2021 is the first year of the "14th Five-Year Plan" and third year of the "Fourth Five-Year Plan" of Bohai Bank. The Bank will adhere to the XI Jinping thought of socialism with Chinese Characteristics for a New Era, implement the new development concept based on the new development stage, strive to promote the effective implementation of major national policies, accelerate transformation and innovation and development, and make greater contributions to economic and social development.

- **The Bank will deeply cultivate financial technology and optimize products and services.**

In 2021, we will build a "channel + scenario + ecology" multi-level and independent service system, strengthen the interoperability and penetration of product channels, provide agile banking services in a welcoming way, and create a wealth and treasury manager with the best experience; enhance the integrated customer experience, achieve seamless online and offline connection, and strive to build a production, supply and marketing system for high-quality financial products. At the same time, we will expand the breadth and depth of services, effectively protect the legitimate rights and interests of financial consumers, and continuously improve the service experience

- **Develop inclusive finance and serve the real economy.**

In 2021, we will actively serve major national strategic initiatives such as the construction of the Xiong'an New Area, the Coordinated Development of the Beijing-Tianjin-Hebei Region, the Yangtze River Economic Belt, and the Guangdong-Hong Kong-Macao Bay Region, closely following the policy direction of "new infrastructure" and providing comprehensive financial service solutions. At the same time, we will vigorously develop inclusive financial services, reduce the financing costs of small and micro enterprises, create a digital inclusive of the continuous transmission of big data and artificial intelligence, and improve service efficiency through online, data, intensification, and standardization, and serve the real economy.

- **Focus on green finance and develop green economy.**

In 2021, we will increase support for green economy, low-carbon economy, and circular economy, and actively implement green finance business to help the development of green finance. At the same time, we will continue to take effective measures to save energy and reduce emissions, and operate with low carbon emissions. We will practice the concept of green development with all sectors of society and work together to promote the harmony between man and nature.

■ **Prevent financial risks and operate steadily and compliantly.**

In 2021, we will continue to enrich smart risk control methods, further improve the risk prevention mechanism, and strengthen the control and continuous optimization of asset quality; further strengthen internal control and compliance management, regulate employee behavior, perform anti-money laundering duties, and maintain a sound financial order.

■ **Participate in public welfare and charity, undertake social responsibilities.**

In 2021, we will continue to care about people's livelihood, care for and help disadvantaged groups, and support the development of culture and sports. We will establish a sound human resource incentive mechanism and training system, build a "power source" and "accelerator" for agile innovation, and maximize employee value.

Going forward, Bohai Bank will continue to uphold the concept of modern financial corporate social responsibility, cherish and actively respond to the expectations and requirements of stakeholders. We will create greater economic, social and environmental comprehensive value in the new journey of building a socialist modern country in an all-round way while continuously promoting the transformation and development from height to quality.



## Social Recognition

- ▶ Tianjin Hedong Branch of the Bank won the title of "National Civilized Unit" in the "6th National Advanced Selection of Civilized Cities, Civilized Villages and Towns, Civilized Units, and the 2nd National Advanced Selection of Civilized Families, Civilized Campuses and New National Advanced Selection of Ideological and Moral Construction of Minors".  
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- ▶ In 2020, the Bank ranked 133rd among the "Top 1000 World Banks" released by The Banker, moving up 45 placed compared with the previous year.  
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- ▶ The Bank won the "Listed Company Excellence Award - Main Board Rising Star Award" by Hong Kong Economic Journal. This is the first major capital market award that the Bank has won since its listing on the main board of the Hong Kong Stock Exchange. The Bank is also the only banking institution among the four listed companies to be awarded the "Main Board Rising Star Award" in 2020.  
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- ▶ The Bank won the "National Banking Industry Helping Poverty Alleviation Outstanding Organization Award for Typical Cases" at the Banking Insurance Industry Helping Poverty Alleviation Forum hosted by the China Banking and Insurance Regulatory Commission and hosted by the China Banking Association and the China Insurance Association.  
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- ▶ The "Bohai Bank Brain" project reported by the Bank won the Outstanding Case Award in the 2020 China Banking Financial Technology Application Achievement Competition at the "4th China Digital Banking Forum".  
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- ▶ The Bank won the "2020 Digital Banking Optimization Award" in the "Golden Jubilee Award•2020 Annual Selection". This is the first time that the Bank has participated in the award.  
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- ▶ The Bank won the "Excellent Organization Award" for four consecutive years in the "11th National Outstanding Wealth Manager Competition" co-sponsored by the China Banking Association, the Hong Kong Institute of Banking and the Financial Times.  
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- ▶ The Bank won the "2020 Gold Bank-Insurance Growth Award" in the selection of the "Golden Pixiu Award" at the 2020 3rd Bank-Insurance Cooperation Development (Beijing) Summit Forum hosted by Financial Money and eBay Finance. This is the second time that the agency insurance business of the Bank won the award.  
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- ▶ The Bank won the "Annual Outstanding Contribution Award for Inclusive Finance" and the "Annual Financial Technology Progress Award" in the selection of the "11th China Financial Jinding Award". The Bank won two awards of the "Best Happiness Team in China's Customer Contact Center Industry in 2020" and the "Best Service Case of China's Customer Contact Center in 2020 (Online Customer Service Team)" at the 4th China Customer Service Festival in 2020 hosted by the China Information Association, the Customer Contact Center Branch of the China Information Association, and China Electronics Beihai Industrial Park Development Co., Ltd.

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- ▶ The Bank won the "2019 Golden Bull Wealth Management Bank" and won the "Golden Bull Award" for six consecutive years at the 8th "Golden Bull Asset Management Forum" and the 2019 "Golden Bull Wealth Management Products" Awards Ceremony.

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- ▶ The innovation case of the Bank's "Bohai Business Loans" won the "Top 10 Small and Micro Enterprise Financial Service Innovation Award" of 2020 China Financial Innovation in the miscellaneous financial innovation organization excellent innovation case selection organized by The Banker.

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- ▶ The Bank was awarded the title of "2019 Advanced Unit in the Overall Green Bank Evaluation" in the "2019 Green Bank Evaluation" of the China Banking Association.

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- ▶ The Bank won the "Best Wealth Management Bank in China", "Best Fixed Income Investment" and "Outstanding Contribution Award" in the "2019 Advanced Appraisal Activity" of the Private Banking Professional Committee of the China Banking Association.

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- ▶ The Bank was awarded the title of "2019 Wealth Management Registration Work Excellent Unit of Banking Industry" in the "2019 Banking Industry Wealth Management Registration Work Evaluation" of the National Banking Industry Wealth Management Registration and Custody Center.

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- ▶ The Bank won the "2020 Outstanding Issuer-Financial Bond Issuer Award" in the "ChinaBond Outstanding Member" selection activity sponsored by China Government Securities Depository Trust & Clearing Co., Ltd., which is the fifth time that the Bank has won this award.

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- ▶ The Bank was rated as an "Excellent Joint-stock Commercial Bank" and ranked first on the list in the 2020 wealth management information registration quality appraisal of National Banking Wealth Management Registration and Custody Center.

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# Gri Indicator Index

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102-36	Process of determining remuneration	-
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102-41	Collective bargaining agreement	-
102-42	Identification and selection of stakeholders	40-42
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205-2	Communication and training of anti-corruption policies and procedures	33-34
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## VII. GRI206: Unfair Competition

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## VIII. GRI301: Materials

Disclosure item	Content	Relevant section or paragraph
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301-2	Recycled feed used	-
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## IX. GRI302: Energy

Disclosure item	Content	Relevant section or paragraph
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302-3	Energy intensity	27-28
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## X. GRI303: Water Resources

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303-2	Water sources that are significantly affected by water intake	-
303-3	Water recycling and reuse	28

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Disclosure item	Content	Relevant section or paragraph
305-1	Direct (Scope 1) greenhouse gas emissions	-
305-2	Energy indirect (Scope 2) greenhouse gas emissions	-
305-3	Other indirect (Scope 3) greenhouse gas emissions	-
305-4	Greenhouse gas emission intensity	-
305-5	Greenhouse gas reduction	-
305-6	Emissions of ozone depleting substances (ODS)	-
305-7	Emissions of nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ) and other major gas	-

## XII. GRI306: Sewage and Waste

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306-1	Total amount of water discharged by water quality and discharge destination	28
306-2	Total waste classified by type and treatment method	-
306-3	Major leak	-
306-4	Hazardous waste transportation	-
306-5	Water bodies affected by drainage and/or runoff	28

## XIII. GRI307: Environmental Compliance

Disclosure item	Content	Relevant section or paragraph
307-1	Violation of environmental laws and regulations	29

## XIV. GRI308: Supplier Environmental Assessment

Disclosure item	Content	Relevant section or paragraph
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308-2	Negative impact of the supply chain on the environment and the actions taken	29

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401-2	Benefits provided to full-time employees (excluding temporary or part-time employees)	29-32, 125-129
401-3	Parental leave	-

## XVI. GRI402: Labor Relations

Disclosure item	Content	Relevant section or paragraph
402-1	Minimum notice period for operational changes	-

## XVII. GRI403: Occupational Health and Safety

Disclosure item	Content	Relevant section or paragraph
403-1	Worker representatives in the Labor-Management Joint Health and Safety Committee	-
403-2	Types of work-related injuries, rates of work-related injuries, occupational diseases, lost working days, absenteeism, etc.	-

Disclosure item	Content	Relevant section or paragraph
403-3	Workers in occupations with high incidence of occupational diseases and occupations with high risk of occupational diseases	-
403-4	Health and safety issues in the formal union agreement	-

## XVIII. GRI404: Training and Education

Disclosure item	Content	Relevant section or paragraph
404-1	Average training hours received by an employee per year	31
404-2	Employee skill improvement program and transition assistance program	31,127-128
404-3	Percentage of employees who regularly receive performance and career development appraisals	-

## XIX. GRI405: Diversity and Equal Opportunity

Disclosure item	Content	Relevant section or paragraph
405-1	Diversity of governance institutions and employees	31-32
405-2	Ratio of basic salary to remuneration for men and women	31-32

## XX. GRI406: Anti-discrimination

Disclosure item	Content	Relevant section or paragraph
405-1	Discrimination incidents and legal corrective actions	29-30,31,32



## XXI. GRI407: Freedom of Association and Collective Bargaining

Disclosure item	Content	Relevant section or paragraph
407-1	Operating sites and suppliers where freedom of association and collective bargaining rights may be at risk	-

## XXII. GRI408: Child Labor

Disclosure item	Content	Relevant section or paragraph
408-1	Operating sites and suppliers with significant risk of child labor incidents	-

## XXIII. GRI409: Forced or Compulsory Labor

Disclosure item	Content	Relevant section or paragraph
409-1	Operating sites and suppliers with significant risks of forced and compulsory labor incidents	-

## XXIV. GRI410: Security Practice

Disclosure item	Content	Relevant section or paragraph
410-1	Security personnel trained in human rights policies or procedures	-

## XXV. GRI411: Rights of Indigenous Peoples

Disclosure item	Content	Relevant section or paragraph
411-1	Incidents involving violations of the rights of indigenous peoples	-

## XXVI. GRI412: Human Rights Assessment

Disclosure item	Content	Relevant section or paragraph
412-1	Operating sites subject to human rights review or impact assessment	-
412-2	Employee training on human rights policies or procedures	-
412-3	Important investment agreements and contracts that contain human rights clauses or have undergone human rights review	29-30,31,32

## XXVII. GRI413: Local Communities

Disclosure item	Content	Relevant section or paragraph
413-1	Operating sites with local community participation, impact assessment and development plan	-
413-2	Operating sites that have actual or potentially significant negative impacts on local communities	-

## XXVIII. GRI414: Supplier Social Assessment

Disclosure item	Content	Relevant section or paragraph
414-1	New suppliers screened by social criteria	-
414-2	Negative impact of the supply chain on society and the actions taken	-

## XXIX. GRI415: Public Policy

Disclosure item	Content	Relevant section or paragraph
415-1	Political contributions	-

**XXX. GRI416: Customer Health and Safety**

Disclosure item	Content	Relevant section or paragraph
416-1	Assessment of the health and safety impact of product and service categories	-
416-2	Violations involving the health and safety impact of products and services	-

**XXXI. GRI417: Marketing and Identification**

Disclosure item	Content	Relevant section or paragraph
417-1	Requirements for product and service information and labeling	35
417-2	Violations involving product and service information and labeling	-
417-3	Violations involving marketing	-

**XXXIII. GRI418: Customer Privacy**

Disclosure item	Content	Relevant section or paragraph
418-1	Complaints of violations of customer privacy or loss of customer information	-

**XXXIV. GRI419: Socio-economic Compliance**

Disclosure item	Content	Relevant section or paragraph
419-1	Violation of laws and regulations in the social and economic fields	-

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Aspect	Main performance indicators	Guidance requirements	Relevant section or paragraph
<b>▪ A. Environment</b>			
<b>Aspect A1: Emissions</b>			
General disclosure	Policies and compliance with relevant laws, regulations related to the emission of exhaust gas and greenhouse gases, sewage discharge to water and land, generation of hazardous and non-hazardous wastes, etc.	Explanation or compliance	27-29 21 104-113
A1.1	The types of emissions and respective emissions data	Explanation or compliance	27-28. As a financial institution rather than an industrial enterprise, the Bank does not produce emissions that have a significant impact on the atmosphere and the environment during its operations, so it has not established an emissions density statistical system.
A1.2	Greenhouse gas emissions in total (in tons) and, where appropriate, intensity	Explanation or compliance	The Bank has not yet established a statistical system for total greenhouse gas emissions, and plans to gradually establish it in the future.
A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity	Explanation or compliance	27,28

Aspect	Main performance indicators	Guidance requirements	Relevant section or paragraph
A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity	Explanation or compliance	27
A1.5	Description of measures to mitigate emissions and results achieved	Explanation or compliance	27-29,111-113
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Explanation or compliance	28,112
<b>Aspect A2: Use of resources</b>			
General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Explanation or compliance	28,112
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total and intensity	Explanation or compliance	28
A2.2	Water consumption in total and intensity	Explanation or compliance	28
A2.3	Description of energy use efficiency initiatives and results achieved	Explanation or compliance	27-28,112
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Explanation or compliance	28

Aspect	Main performance indicators	Guidance requirements	Relevant section or paragraph
A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	Explanation or compliance	This indicator is not applicable to the Bank

### A3: Environment and natural resources

General disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Explanation or compliance	27-28,111-113
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Explanation or compliance	27-28,111-113

## ▪ B Society

### Conventions for employment and labor

#### Aspect B1: Working conditions

General disclosure	Policies and compliance with relevant laws, regulations and other data having great impact on the issuer that are related to the remuneration and dismissal, appointment and promotion, working hours, holidays, equal opportunity, diversity and anti-discrimination and other benefits and welfares.	Explanation or compliance	29-32,125-129
B1.1	Total workforce by gender, employment type, age group and geographical region	Suggested disclosure	30

Aspect	Main performance indicators	Guidance requirements	Relevant section or paragraph
B1.2	Employee turnover rate by gender, age group and geographical region	Suggested disclosure	30
<b>Aspect B2: Health and safety</b>			
General disclosure	Policies and compliance with relevant laws, regulations and other data having great impact on the issuer and related to provision of a safe working environment and assurance of employees from occupational hazard.	Explanation or compliance	30-31
B2.1	Number and rate of work-related fatalities	Suggested disclosure	The Bank plans to disclose this indicator in detail.
B2.2	Lost days due to work injury	Suggested disclosure	The Bank plans to disclose this indicator in detail.
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Suggested disclosure	30-31,126-127,129
<b>Aspect B3: Development and training</b>			
General disclosure	Policies of knowledge and skills about enhancement on employees' fulfillment of job responsibilities. Description of training activities	Explanation or compliance	31,127-128
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	Suggested disclosure	32

Aspect	Main performance indicators	Guidance requirements	Relevant section or paragraph
B3.2	The average training hours completed per employee by gender and employee category	Suggested disclosure	31
<b>Aspect B4: Labor standards</b>			
General disclosure	Policies and compliance with relevant laws, regulations and other data having great impact on the issuer and related to the prevention of use of child labor or force of labor	Explanation or compliance	32
B4.1	Description of measures to review employment practices to avoid child and forced labor	Suggested disclosure	32
B4.2	Description of steps taken to eliminate such malpractices when discovered	Suggested disclosure	The Bank has no child labor and forced labor issues
<b>Operating practices</b>			
<b>Aspect B5: Supply chain management</b>			
General disclosure	Policies on managing environmental and social risks of the supply chain	Explanation or compliance	25-26,29
B5.1	Number of suppliers by geographical region	Suggested disclosure	26
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Suggested disclosure	25-26,29



Aspect	Main performance indicators	Guidance requirements	Relevant section or paragraph
<b>Aspect B6: Product responsibility</b>			
General disclosure	Policies and compliance with relevant laws, regulations and other data having great impact on the issuer and related to the health and safety, advertising, labels, privacy issues and remedy methods of supplied products and services.	Explanation or compliance	35-36,97-100
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Suggested disclosure	This indicator is not applicable to the Bank
B6.2	Number of products and service related complaints received and how they are dealt with	Suggested disclosure	35,97-100
B6.3	Description of practices relating to observing and protecting intellectual property rights	Suggested disclosure	The Bank abided by the laws and regulations of the People's Republic of China and maintained and protected intellectual property
B6.4	Description of quality assurance process and recall procedures	Suggested disclosure	This indicator is not applicable to the Bank.
B6.5	Description of policies about consumer data security and privacy and relevant implementation and supervision methods	Suggested disclosure	36,97-100

Aspect	Main performance indicators	Guidance requirements	Relevant section or paragraph
<b>Aspect B7: Anti-corruption</b>			
General disclosure	Policies and compliance with relevant laws, regulations and other data having great impact on the issuer and related to the prevention of bribery, extortion, fraud and money laundering.	Explanation or compliance	33-35,123-125
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	Suggested disclosure	There is no such situation in the Bank.
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Suggested disclosure	33-35,123-125
<b>Community</b>			
<b>Aspect B8: Community investment</b>			
General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Explanation or compliance	15-23,44-53 113-119
B8.1	Focus on areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport)	Suggested disclosure	15-23,44-53 113-119
B8.2	Resources contributed (e.g. money or time) to the focus area	Suggested disclosure	15-23,44-53 113-119

# Reader's Feedback

Dear Readers:

Hello!

Thank you for reading. We would like you to evaluate this report so as to improve the Bank's ability to fulfill its social responsibilities. Please put forward your valuable comments and suggestions during your busy schedule to facilitate the continuous improvement of our social responsibility report and the entire social responsibility work.

You may provide feedback through the following means.

Fax: 022-58314881

Letter: Party and Mass Work Department, Bohai Bank, No.218 Haihe East Road, Hedong District, Tianjin City (Zip Code: 300012)

E-mail: yj.hao@cbhb.com.cn

## Please give us your comments:

1. Are you able to fully obtain the required information from this report?

Yes       Partly       No

2. Do you think this report fully reflects the economic responsibilities of the Bank?

Yes       Partly       No

3. Do you think this report fully reflects the social responsibilities undertaken by the Bank?

Yes       Partly       No

4. Do you think this report fully reflects the environmental responsibilities undertaken by the Bank?

Yes       Partly       No

5. Does the layout design of this report meet your aesthetic requirements? Does it make your reading and understanding easier?

Good       Normal       No

6. If you have other comments and suggestions, please briefly describe them.



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