

CSR 2019 REPORT

Social Responsibility Report

Huishang Bank Corporation Limited



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Information

About this Report

The Huishang Bank Corporation Limited hereby issues the Bank's Social Responsibility Report for the purposes of assisting all its stakeholders in understanding its concept, practices and achievements of sustainable development in 2019. This Report is the 5th Social Responsibility Report we have published since 2015.

Reporting scope

This Report includes the Huishang Bank Corporation Limited, its branches and sub-branches. This Report covers the same scope as that covered by "Huishang Bank 2018 Social Responsibility Report" released on 25 April 2019.

This Report is an annual report covering the period from 1 January 2019 to 31 December 2019. In order to ensure the completeness and coherence of the narrative, partial content of this Report goes beyond the above-mentioned scope.

References

This Report is written in accordance with the former China Banking Regulatory Commission's "Opinions on Promoting the Social Responsibility of Financial Institutions", the China Banking Association's "Social Responsibility Guidelines for Financial Institutions in China's Banking Sector", the "Environmental, Social and Governance Reporting Guide" ("ESG Reporting Guide") in Appendix 27 to the "Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited", the "Sustainability Reporting Guidelines" of the Global Reporting Initiative ("GRI Standard"), "Guidelines on Listed Companies' Environmental Information Disclosure of Shanghai Stock Exchange", "Guidelines for the Preparation of Corporate Social Responsibility Report", and "Notice on Further Improving Information Disclosure of Poverty Alleviation Work of Listed Companies".

Principles of this Report

This Report is in accordance reporting principles of the "ESG Reporting Guide":

"Materiality": This Report identifies key stakeholders and determines key social responsibility topics through stakeholder engagement and materiality assessment;

“Quantitative”: This Report extracts all data from relevant statistical reports and the Bank’s official documents, and discloses relevant standards and methods used for the calculation of emissions/energy consumption.

“Consistency”: The statistical and disclosure methods used in this Report, with respect to key performance indicators (“KPIs”), are consistent with those used in the “Huishang Bank 2018 Social Responsibility Report”.

Data sources

The financial data in this report are all from the Huishang Bank 2019 Annual Report (“Annual Report”), which have been independently audited by Ernst & Young Hua Ming LLP, while others are from relevant statistical reports or official documents of the Bank. The currency involved in this Report is measured in Renminbi (“RMB”).

Abbreviations

For ease of expression, in this Report, “Huishang Bank Corporation Limited” is also referred to as “Huishang Bank”, “the Bank” or “We”.

Report availability

This Report is available in both hard and electronic copies. The electronic copies can be viewed on the Bank’s official website at <http://www.hsbank.com.cn/> and the HKEx website <http://www.hkexnews.hk>. This Report is published in both Chinese and English. In case of any discrepancy, the Chinese version shall prevail.

Contact information

The Huishang Bank Office

Address: Block A, Tianhui Building, No. 79 Anqing Road, Hefei, China

Post code: 230001

Tel: +86 (0551) 6266 7859

Fax: +86 (0551) 6266 7708

Mail: bangongshi@hsbank.com.cn

Chairman's Statement



The Chairman Mr. Wu Xuemin

The year 2019 marks the 70th anniversary of the founding of the People's Republic of China, and it is also a crucial year for building a moderately well-off society in an all-round way and achieving the first Centenary Goal. Guided by the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, thoroughly practising the spirit of 19th National Congress of the Communist Party of China (the "CPC"), and taking Party building as the overarching principle, high-quality development as the main task, reform and innovation as the driving force, Huishang Bank actively promoted the strategy action plan of "one body-two wings" and steady progress of operation management to keep creating value for all stakeholders.

Fully serving the implementation of significant strategies to create greater value for the society. In the year 2019, we consistently implemented the requirements of the national policy and the strategic deployment of the CPC Anhui Provincial Committee and the People's Government of Anhui Province to support the supply-side structural reform. Guided by the plan of five major developments, we attached great importance to supporting the leading economic projects such as "Three Res and One Create", Manufacturing-oriented Province Construction, and strategic emerging industries. In addition, we focused on the "six major financial" customer fields, including people's livelihood, industry, science and technology, green, inclusiveness and poverty alleviation, to innovate financial service models and support the development of the real economy through down to earth work and deep cultivation. The amount of new loans exceeded RMB82 billion, and the market share of small and micro enterprise loans was first in the province. The Bank also achieved overall completion of "two increases and two controls", loans for the private enterprises and targeted poverty alleviation, and was assessed as "excellent" in supporting local development and awarded as an "A-level Taxpayer" of Anhui Province.

Vigorously promoting high-quality development to create greater value for shareholders. In the year 2019, we reformed the incentive & constraint mechanism and resource allocation mechanism, strengthened market-oriented long-term incentive guidance, so as to continue to improve the efficiency of capital utilisation. The Bank's assets amounted over RMB1 trillion, an increase of RMB81.215 billion from the beginning of the year; revenue, pre-provision profits and profit after tax achieved "three positive growths": profit after tax exceeded RMB10 billion; return on assets (ROA) and return on equity (ROE) were 0.92% and 14.60% respectively, similar as the beginning of the year; the net interest spread and the net interest margin were 2.51% and 2.32%, increased by 14 and 11 percentage point respectively, maintaining at a good level in the industry. The Bank's cost-to-income ratio remained low, the profit per capita and per outlet continued to increase, and the operating management efficiency was further improved.

Accelerating innovation-driven development to create greater value for customers. In the year 2019, regarding customer as center and taking innovation as the core, we abandoned outdated concepts and rigid behaviours, and focused on “six major business systems” to provide integrated financial services to customers under the goals of integration, mobility and digitisation. We incorporated digital transformation into a new five-year development plan to accelerate the pace. We deeply promoted the intelligent transformation of outlets by successfully operating a new generation of centralised operation platform. Moreover, upon approval, we successfully issued the first batch of perpetual bonds of RMB10 billion for city commercial banks, as well as special financial bonds of RMB10 billion for small and micro enterprises. In addition, as the first PRE-debt-to-equity swap business was implemented, the ice-breaking bail-out investments of listed companies succeeded, and online businesses, such as the Credit-e-Loan, Fast-e-Loan, Micro-Connect-Loan, joint loans and credit on-line loans, flourished, a breakthrough in online supply chain finance was realised to enhance the driving force for innovation and development.

Shaping a happy home culture to create greater value for employees. In the year 2019, we put into practice the talent philosophy of “attracting the ambitious, cultivating the malleable, leveraging the competent” to set up a broad stage for talent exploration, attraction, cultivation and development. We took building a happy home culture as a priority. Focusing on physical and mental care, healthy Huishang Bank, welfare security, labour competition, excellence in work, recreation, sports and arts, and institutional guarantee, we built the employee home, made home visits and job hierarchy assessments, and carried out work on temporary post for training, retirement care guarantee, etc. With improvement of the happiness index, sense of dignity and quality of life, employees felt the satisfaction of obtaining basic needs, the comfort of work environment, the fulfilment of spiritual life, and the sense of accomplishment in career development.

Proactively contributing to the society to create greater value for the public. In the year 2019, adhering to targeted poverty alleviation, we assisted in poverty alleviation by promoting infrastructure construction, industries, employment, and targeted districts on the basis of leveraging the professional advantages of financial companies. We also encouraged and unified the entire Bank to participate in promoting poverty alleviation in poverty-stricken areas as scheduled. Hence, the Bank was awarded as the “Best Practice Case Award in Social Responsibilities” by the China Banking Association. We actively advocated the spirit of public welfare, continued to promote the concepts and behaviours of paying attention to people’s livelihood, environment protection and charity by encouraging employees to carry out environmental protection and charity practices as volunteers. In addition, we jointly built brand welfare projects in areas such as elderly care, support for the disabled and poverty alleviation to fully reflect the Bank’s image as a good corporate citizen.

Actively engaging in green finance to create greater value for the environment. In the year 2019, we concentrated on building a multi-layered and widely covered green financial product system including green loans, green bonds, green funds and green trusts. Focusing on energy conservation, environmental protection and pollution control, we actively developed green projects such as green energy, low-carbon economy and recycling economy, and expanded green industries and projects of healthcare, tourism and Chaohu, to get deeply involved in the development of green economy in Anhui Province. We also incorporated environmental, social, and governance requirements into the whole credit granting process. We adhered to the strict principle of environmental protection in all aspects of loan investigation, compliance review, credit granting approval, contract signing and post-loan management. Furthermore, we paid close attention to the energy-saving, emission-reducing, and environmental protection compliance of credit granting companies, and strictly implemented the “one-vote veto system for environmental protection”.

After a long journey over the Guan Mountain, while the dust hasn't yet been washed, the new march towards the future is unfolding. 2020 shall be the year fully completing the building of a moderately well-off society in an all-round way and the “Thirteenth Five-Year Plan”. Under such circumstance, keeping to be guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, following the spirits of the Second, Third, Fourth Plenary Sessions of the 19th National Congress of the CPC, and the spirits of the Central and Anhui Provincial Party Committee's Economic Work Conference, the People's Bank of China and the Banking Regulatory Work Conference as well, we will adhere to seeking steady progress as the overall keynote, implementing the new development philosophy, supply-side structural reform as the main task, reform and opening up as the driving force, and digital transformation as the starting point, so that we can promote high-quality development and create greater value for stakeholders including the society, environment, customers, shareholders and employees.

The Chairman Mr. Wu Xuemin

President's Statement



The President and Executive Director Mr. Zhang Renfu

In the year 2019, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and following the spirits of the Fourth Plenary Session of the 19th National Congress of the CPC, we concentrated on the strategic goal of “building a comprehensively high-quality modern bank” to serve the real economy, prevent and address risks, and deepen reform and innovation. And the Bank’s operation maintained a steady development with a good momentum for growth as a whole. As of the end of the year, the Bank’s total local and foreign currency assets amounted to RMB1131.721 billion, an increase of 7.7% over the beginning of the year; profit after tax was RMB10.06 billion, an increase of 13.6%; the non-performing loan (“NPL”) ratio was 1.04%, maintain the same as the end of last year, and the quality of asset remained at a high level.

Serving the real economy through returning to the roots. Adhering to supply-side structural reform as the main task, we continued to increase loans and financial supply, so as to comprehensively improve the quality and efficiency of serving the real economy. A total of RMB33.09 billion was invested in PPP, housing units rebuilding in rundown urban areas, and people’s livelihood loan; and RMB14.7 billion was provided to support 172 key projects to “Stable investment”. The Bank underwrote 31 debt financing instruments of RMB14.8 billion, the cumulative launch of 47 debt financing plans exceeded RMB20.4 billion, and the sales volume of 27 wealth management and direct financing instruments exceeded RMB8.8 billion. In addition, having RMB18.41 billion of corporate credit bonds of Anhui Province, promoting corporate deleveraging and reducing costs, we provided services to 1,659 technology-based enterprises, and the loan balance was RMB27.68 billion, representing an increase of 514 enterprises and RMB7.52 billion respectively from the beginning of the year, and the market share ranked first in Anhui Province. The Bank’s loan for the private enterprises was RMB122.95 billion, an increase of RMB19.88 billion from the beginning of the year, and the Bank granted loans with a total amount of RMB52.58 billion to 67,000 small and micro enterprises, which were worth less than RMB10 million (inclusive), an increase of 18,000 enterprises and RMB11.77 billion respectively from the beginning of the year, achieving overall completion of “two increases and two controls” and loans for the private enterprises.

Creating remarkable brand through high-quality services. Following the service concept of “being friendly, efficient and professional”, we formed an omnidirectional, full-process, full involvement service pattern covering service specifications, service channels, service efficiency, IT systems and risk management to meet consumer demands for multi-level and diversified financial services. We also promoted the excellent services of institutions, outlets and personnel at multiple levels, actively carried out the construction of civilised and standardised service demonstration outlets in the banking industry, and established a unified complaint management system, to further strengthen services and improve efficiency. Furthermore, we protected the rights and interests of

customers in an effective way based on publicity and education activities for consumer rights and interests protection. Consequently, we were approved for construction of the first banking wealth management subsidiary in central China. Besides, the Bank ranked the 142th among the top 1000 global banks by British “The Banker”, the 313th among the top Chinese 500 list by the “Fortune”, increasing by 20 and 12 places respectively compared with the previous year, further represented the image of local mainstream bank.

Persisting in reform and innovation through science and technology advancing. Taking reform as the fundamental driving force for development, we accelerated product innovation and improve the online digital service. We made steady advance under digital transformation, which brought fruitful achievements driven by innovation.

We conducted the first credit risk mitigation certificate in province, perpetual debt financial planning, the first PRE-debt-to-equity swap business and special bailout trust plan for listed company. We promoted online financial products such as Credit-e-Loan, Micro-Connect-Loan, Fast-e-Loan, with the RMB9.8 billion of total balance, increasing RMB8.53 billion compared to the beginning of the year. At the same time, we promoted Huiyin-E-Payment and had 350,000 customers, added in 100,000. In addition, we launched Huichangyoucai 3.0, the number of direct bank accounts of the Bank exceeded 19 million, and the balance of various loans amounted to RMB25.8 billion, ranking a leading position in China. Moreover, we realised the unified management on corporate customers, users and accounts by investing in and operating the “transaction platform”, the amount of personal mobile financial customer increased 1.404 million by the promotion of Credit Card APP4.0 and WeChat Banking 2.0, and achieved software compatibility and hardware completion by integrating the mobile marketing platform.

Strictly holding the bottom line of risk through steady operation. We always adhered to the risk philosophy of “prudence, rationality and stability”, addressing both the symptoms and root causes to carry out strict risk control. We made every effort to prevent and defuse major risks in order to hold the bottom line of risk, laying a solid foundation for high-quality development. We took actual and solid efforts on asset quality, and strictly implemented the regulatory requirements on classifying loans overdue by more than 60 days into NPL. Therefore, the ratio of more than 90 days NPL was 80.3%, and credit asset quality remained stable. The structure of assets and liabilities was reasonably optimised, and the main liquidity indicators met regulatory requirements. In addition, we strengthened anti-money laundering and related transaction management, becoming the only corporate financial institution rated as Class A in anti-money laundering supervision for eight consecutive years in Anhui Province. We steadily carried out the establishment of the “Safe Huishang Bank” and actively conducted various types of risk prevention and control, including market risk, reputation risk, IT risk, and legal risk. In so doing, there were no major cases or major liability accidents throughout the year.

Protecting lucid waters and lush mountains through green development As a financial institution, we persisted in actively taking responsibility in responding to climate change via enhancing credit support to green environmental protection industries and emerging industries, developing diversified investment and financing products or services such as green loans and green funds, leveraging more social capitals for green usage and construction. As of the end of 2019, the Bank's green loan balance was RMB14.818 billion, an increase of 34.48% or RMB3.79 billion over the beginning of the year. The Bank's green loans mainly covered eleven areas including nature protection, ecological restoration and disaster prevention/control, waste treatment and pollution prevention, industrial energy conservation, water conservation and environmental protection, rural / urban water projects and green transportation. Furthermore, we advocated low-carbon operations and vigorously developed "paperless" business processing to promote environmental protection, and protect lucid waters and lush mountains with all parties.

Actively participating in social undertakings through responsibilities Adhering to the implementation of the CPC Central Committee's strategic deployment of poverty alleviation and rural revitalisation, we were fully committed to the work of "agriculture, rural areas, and farmers" and poverty alleviation as well. We continued to increase financial investments, the balance of agro-related loans was RMB93.97 billion, an increase by RMB17.88 billion from the beginning of the year; loans approved and launched for rural revitalisation amounted to RMB12.4 billion and RMB8.0 billion respectively in this year; accumulated petty loans issued for targeted poverty alleviation was RMB950 million, directly benefiting 24,000 registered poverty-stricken households. Besides, the Bank named and actively participated in the 2019 Hefei International Marathon Championship, and the "Healthy Anhui" 2019 Cycling Tour of Jianghuai. We also actively promoted the development of social undertakings with practical actions, such as financial knowledge dissemination, new RMB knowledge promotion, "Huiyin Teenage Home" construction, etc.

The great achievement is due to the great ambition; while the accomplishment of the great achievement lies in hard work. The New Year is full of hopes and challenges. We will seize the opportunities in the new era to enhance our capabilities of providing comprehensive financial service in an all-round way, and create more economic, environmental and social value with financial wisdom and strength!

The President and Executive Director Mr. Zhang Renfu

Report highlights

Areas	KPIs	Unit	2019	2018	2017
Economic Performance	Total assets	In RMB 100 million	11,317.21	10,505.06	9,081
	Business net revenue	In RMB 100 million	311.59	269.51	225.08
	Net loans and advances	In RMB 100 million	4,504.20	3,706.61	3,052.09
	Shareholders' equity	In RMB 100 million	894.94	702.77	592.12
	Profit after tax	In RMB 100 million	100.62	88.60	78.12
	Return on average assets	%	0.92	0.90	0.94
	Non-performing loan ratio	%	1.04	1.04	1.05
	Provision coverage ratio of non-performing loan	%	303.86	302.22	287.45
	Capital adequacy ratio	%	13.21	11.65	12.19
Social Performance	Small and micro enterprise loans	In RMB 100 million	1,899.38	1,653.9	1,468.1
	Balance of agro-related loans	In RMB 100 million	939.7	760.9	636.6
	Satisfaction with complaints handling	%	98.6	99.08	98.36
	Total number of employees	/	9,499	9,515	9,520
	Ratio of female employees	%	51.36	51.72	52.38
	Training expenses per employee	RMB	3,961.96	3,896	4,540
	Assistance funds to troubled employees	In RMB 10 thousand	24.8	21	22
	Total number of outlets	/	416	424	417
	Total number of county outlets	/	157	166	164
	Automatic services machines	/	1,803	2,074	2,532
	Number of corporate online banking customers	In 10 thousand	24.4	19.47	14.76
	Number of phone banking customers	In 10 thousand	280.46	243.79	205
	Number of mobile banking customers	In 10 thousand	454.09	319.57	221
	Number of personal online banking customers	In 10 thousand	481.48	377.47	293.86
Environmental Performance	Headquarter water use	In 10,000 tons	4.5	6.5	5.8
	Headquarter electricity use	In 10,000 kWh	422.5	485	552.2
	Headquarter gas use	In 10,000 m ³	29.1	32.5	29.2
	Number of Bank-wide video conference	/	190	211	248

About the Bank



The Huishang Bank building

Headquartered in Hefei, Anhui Province, Huishang Bank is the first regional joint stock commercial bank in the PRC established through the merger and reorganisation of city commercial banks and urban credit cooperatives with the approval of the China Banking and Insurance Regulatory Commission (Previous “China Banking Regulatory Commission”). The Bank was incorporated on 4 April 1997, and changed its name to Huishang Bank Corporation Limited on 30 November 2005. On 28

December 2005, the Bank officially merged with the 5 city commercial banks of Wuhu, Ma’anshan, Anqing, Huaibei and Bengbu, and the 7 urban credit cooperatives of Lu’an, Huainan, Tongling, Fuyang Technology, Fuyang Xinying, Fuyang Yinhe and Fuyang Jinda in Anhui Province. The Bank officially opened for business on 1 January 2006. On 12 November 2013, the Bank was listed on the Main Board of the Stock Exchange of Hong Kong Limited (stock code: 3698). The Bank holds a financial institution license numbered B0162H234010001 from the previous CBRC Anhui Office and the unified social credit code numbered 913400001489746613 from the Anhui Provincial Administration of Industry and Commerce. The registered address is Block A, Tianhui Building, 79 Anqing Road, Hefei, Anhui Province, the PRC. As at the end of 2018, the registered capital of the Bank was approximately RMB12,154,801,211. The Bank successfully issued Overseas Preference Shares with an amount of USD888 million in November 2016 and such shares were listed on the Hong Kong Stock Exchange (stock code: 4608).

The Bank's business mainly contains absorbing corporate and retail customer deposits in China, using the absorbed deposits to issue loans, and engaging in capital business, including money market business, investment and transaction business, and brokerage business. Besides headquarters, the Bank has 17 branches and 416 operations (including 1 branch business department and 415 sub-branches), and 623 self-service zones (outlets). The Bank has three subsidiaries, namely Huishang Bank Financial Leasing Co., Ltd., Jinzhai Huiyin Rural Bank Co., Ltd. and Wuwei Huiyin Rural Bank Co., Ltd., and it is the shareholder of Chery Huiyin Motor Finance Service Co., Ltd.

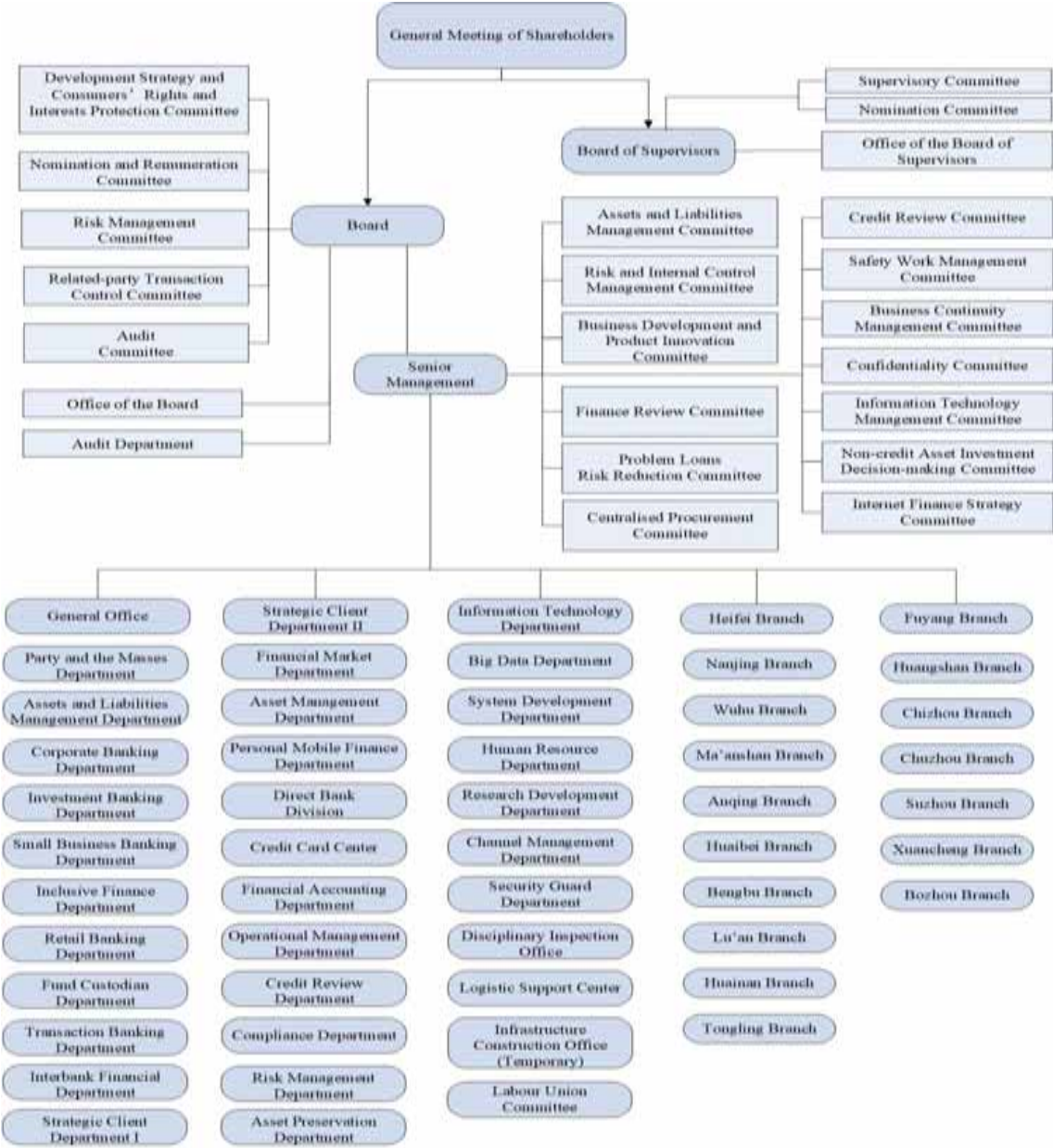
With the market positioning of "serving local economy, small and medium-sized enterprises, and the public", the Bank's business continues to develop rapidly, comprehensive strength has been gradually strengthened, operation and management has been steadily improved, thus achieving coordinated development of scale, quality and efficiency. In addition, the Bank has established a good social image of "local bank", "citizens bank", as well as "bank of small and medium-scaled enterprises", becoming a regional commercial bank in Anhui Province and even the national banking industry with high recognition and certain influence. The Bank was fully recognised and widely praised by all walks of life in the society, and was selected among the top 200 of the "Global 1000 Banks" by the British "Banker", ranking 142th, an increase of 20 places from the previous year.

Corporate governance

Optimising corporate governance

The Bank believes that maintaining high standards of corporate governance mechanisms and high quality corporate governance is one of the key factors to improve our core competitiveness and to build a modern commercial bank.

Therefore, the Bank focuses on elevating the level of corporate governance and abides by the best domestic and international corporate governance practice, to ensure the rights and interests of shareholders and improve the value of the enterprise.



Huishang Bank organisation framework

The Bank has established a relatively comprehensive corporate governance structure, clearly setting forth the responsibilities of the Party Committee, General Meeting, the Board of Directors, the Board of Supervisors and senior management, constantly improving the Bank's decision-making, execution and supervision mechanism so as to ensure the independent operation of various parties with an effective check and balance. The Bank upholds the leadership of the Party, giving full play to the roles of the General Meeting as an authority institution, the Board of Directors as a decision-making institution, the Board of Supervisors as a supervision institution, senior management as an executive institution and the Party Committee as the leading institution.

As of the end of the reporting period, the Board of Directors of the Bank consisted of 15 directors, including 3 executive directors, 7 non-executive directors, and 5 independent non-executive directors, with the number of independent directors of no less than one-third of the total number of directors; the Board of Supervisors consisted of 9 supervisors, including 3 shareholder supervisors, 3 employee supervisors and 3 external supervisors. Please refer to the section of the "Corporate Governance Report" in the "Huishang Bank 2019 Annual Report" for details.

During the reporting period, the Board of Directors convened 12 meetings, discussed and reviewed 121 proposals, constantly contributing to a balanced, healthy and sustainable outlook on scientific development, as well as the Bank's fast, sustainable and healthy development through effective management on the strategy, risk, capital, remuneration and audit of the Bank. The board special committees gave full scope to their role of exercising duties independently, formally and effectively. There were 31 meetings during the reporting period when 111 proposals of great significance to the Bank's sustainable development and corporate governance were discussed and reviewed, promoting the work efficiency and scientific decision-making ability of the Board of Directors, and boosting the healthy development of the Bank's businesses. The Board of Supervisors conscientiously fulfilled the responsibilities entrusted by the Bank's Articles of Association, it held 9 meetings in total, including 4 on-site meetings and 5 written circular meetings, where 36 proposals were deliberated.

The Bank successfully issued perpetual bonds of RMB 10 billion



On 29 November 2019, the Bank successfully issued the perpetual bonds of RMB 10 billion, with a coupon rate of 4.90% and the fixed interest spread from the five-year government bond benchmark of only

1.92%, dramatically narrowing the difference of interest spreads between large great city commercial banks and national joint-stock commercial banks in pricing of similar products, and fully reflecting the high recognition of investors on the Bank's corporate governance, risk management and business performance.

The successful issue of bonds will help the Bank keep meeting the capital regulatory requirements while increasing the capital adequacy ratio, and optimising the capital structure to further serve the real economy.

While making all-out efforts in serving Anhui's economic development, the Bank regards honest tax payment as the development philosophy of legitimate business activities. Besides, in strict compliance with national tax laws and regulations, it pays tax based on laws, declares tax in time, and keeps close connection with the taxation bureau to create a good and harmonious relationship, with total and individual tax payments increase in sync with the rapid growth of its business. The Bank has been among the top 50 tax payers in Anhui Province and rated Class A taxpayer for several consecutive years as a result of its great contributions to the stable fiscal revenue growth at various levels. In 2019, the Bank was rated the "Class A Taxpayer of Anhui Province in 2018" again.

Wu Xuemin, Secretary of the Party Committee and Chairman the Board of Huishang Bank, attended the Conference on Tax and Fee Cuts of Large Enterprises and the Signing Ceremony of Agreement on Tax Compliance Cooperation under the theme of “C&T Cooperation and Co-governance for Shared Benefits”



On 23 April 2019, Anhui Provincial Tax Service, State Taxation Administration held the Conference on Tax and Fee Cuts of Large Enterprises and the Signing Ceremony of Agreement on Tax Compliance Cooperation under the theme of “Taxation-enterprise

Cooperation and Co-governance for Shared Benefits”, and Wu Xuemin, Secretary of the Party Committee and Chairman the Board of Huishang Bank, attended and made a speech.

The Bank and the Anhui Provincial Tax Service signed the “Agreement on Tax Compliance Cooperation” to further strengthen communication and cooperation, establish a sound C&T relationship based on equality, mutual trust and co-governance, and improve the Bank’s ability and level of tax risk prevention and control. At the same time, it helps the Bank can better understand the State Taxation Administration’s policies on tax and fee cuts for large enterprises, so as to set an example for creating an honest and trustworthy tax environment based on strict implementation of relevant policy requirements.

Upholding the leadership of the Party

Focusing on the political direction, leading body, basic rules, major decisions and Party building, the Bank’s Party Committee promotes the leadership of the Party and improves the corporate governance structure of the Bank. We insist and strengthen the leadership of CPC, arrange mission according to the CPC’s building, and bring up “faithful, responsible, typical, warm”. In addition, the Bank sprits the enthusiasm, initiative and creativity of management and basic party members at all levels. We focus on the direction of stable development, serve for real economy,

innovation-driven development, and set benchmarks in improving service quality, leading to the healthy development and stable operation of Huishang Bank.

Diversifying governance structure

The Bank is convinced that the diversification of the governance structure will further enhance the effectiveness of governance. Diversification of the Board is a key factor for the Bank to achieve sustainable development, realise strategic goals and maintain good corporate governance. Hence, the Bank has fully considered the diversified requirements of board members in terms of gender, age, region, education background and professional experience:

- Female directors account for 13% in the Bank’s Board of Directors;
- Ages of the directors range from 47 to 66;
- Directors’ domiciles are located in Hefei, Beijing, Shanghai, Shenzhen, Hong Kong, etc.;
- Directors’ professions include corporate managers, university professors, lawyers, think-tank experts, etc.;
- Directors’ education background and professional experience contain management, economy, finance, accounting, engineering, etc.

Enhancing investor relations

The Bank highly values the shareholders’ equity and investor relations through actively conducting various communication activities with investors and analysts to maintain good relations, attaching much weight to shareholders’ opinions and suggestions, and satisfying the reasonable needs of all shareholders in a timely manner.

The Board of Directors and senior management put a high premium on information disclosure. Our good corporate governance and sound internal control provide investors with timely, accurate and equal access to get the information. Pursuant to requirements of the “Measures for Information Disclosure of Commercial Banks”, the Bank continuously improves the timeliness, accuracy and completeness of its information disclosure. During the reporting period, we provided full-text download channels for the annual report and interim report in both Chinese and English on the Bank’s official website.



The 2018 General Meeting of Huishang Bank Corporation Limited

On 30 June 2019, the Bank’s 2018 General Meeting was held in Hefei. During the meeting, 30 proposals were reviewed, voted and approved, including the “Deliberation and Approval on Proposal of 2018 Annual Financial Accounts Report of the Bank”, “Deliberation and

Approval on Proposal of Amendments to the ‘Rules of Procedure of the General Meeting of Huishang Bank Corporation Limited’”, “Deliberation and Approval on Proposal of the Bank’s Initial Public Offering and Listing of A Shares (‘A Share Issuance’)", etc. In accordance with the resolution of the General Meeting, on 10 July 2019, the Bank paid an annual dividends for 2018 in an aggregate amount of RMB681 million (tax inclusive) to all of its shareholders recorded on the register of members.

Promoting leadership through Party building

In 2019, closely focusing on development, Huishang Bank implemented the “Huiyin Party Building +” brand creation project throughout the Bank, for the purpose of effectively integrating Party building into the fields such as strategic decision-making, business development, risk prevention and control, internal management, team development, poverty alleviation, etc., so as to comprehensively push Huishang Bank to a level of higher quality, better structure and better efficiency.



“Huiyin Party Building +” brand creation project

Strategic decision-making led by Party building

The analysis and discussion at the Party Committee, as a pre-procedure for decisions on major issues of the Board of Directors, the Board of Supervisors and senior management is an important starting point to integrate Party building into strategic decisions. Leveraging the leading and checking role through analysis and discussion at the Party Committee meeting, the Bank concentrates its efforts on the direction, policies and major issues, to firmly keep the correct development orientation; furthermore, making sure that decision-making matters are in line with the guidelines and policies of the Party, the strategic deployment of the Party and the nation, and reflect the actual intentions of the Party, the Bank can improve operating efficiency and development strength, which is conducive to respond to concerns of stakeholders, and safeguard the legitimate rights and interests of employees.

Business development led by Party building

Adhering to Party building as the bond, the Bank extensively carries out Party building activities in villages, communities and enterprises through the establishment of joint Party branches and joint conference system, and in the form of “in-pair” Party building, to provide targeted financial services for objectives of joint Party building. Implementing the grass-roots contact point system, and firmly upholding the concept of “institutions serving the grass-roots, mid- and back-office serving the front, and all staff serving the customers”, the Bank advocates the

contact between headquarters and branches, and the establishment of “in-pair” building of branches and sub-branches, to explore the set-up of a comprehensive internal information exchange platform for policy transmission, document system, information sharing, and interactive communication, forming a bi-directional circulation and rapid rotation management system that can both transmit an order from above and notify the superior of the circumstance of the inferiors.

Risk prevention and control led by Party building

The Bank integrates Party building into risk prevention and control, to implement the spirit of Present Xi Jinping’s import speech. Based on the opinions of Anhui Provincial Committee on resolutely preventing and addressing major risks, the Bank’s Party Committee has formulated and issued a “1 + 8 + N” overall plan to prevent and address major risks on the basis of the actual work. For us, preventing and addressing major risks is not only an inherent requirement for serving the real economy, but also a realistic need for the Bank’s transformation and upgrading to achieve high-quality development. Therefore, the Bank actively deepens ideological understanding, strengthens the division of responsibilities, makes strict demands on supervision and evaluation, and implements plans.

Leading internal management led by Party building

The Bank actively exerts the management function of Party building and integrates it into its internal control management. The Bank’s Party organisation covers all of the head office, branches and sub-branches in the whole bank. The Party Committees at all levels have taken further steps to change their ideology to play a rigid and explicit role of Party organisation’s management and effectively improve management.

Driving team development led by Party building

The Bank strictly implements the principle of “the Party supervises cadres and talents”. It also earnestly studies and implements the “Rules of Work on the Selection and Appointment of Party Leaders and Cadres”, integrates Party building into team development, and involves the supervising role of Party organisation in each process. The Bank has established a completed mechanism of retroactive investigation into accountability for employing talents. It applies a range of measures, including compulsory vacation, reporting, random inspection and

verification of personal matters and resignation audit. We stick to the principle of “putting business first, selecting talents based on business and filling vacant posts with qualified personnel” and broaden vision on selecting and employing talents to achieve a hierarchic pool of old, middle-aged and young talents, and gradually establish and improve the pool of cadres and talents at all levels, providing intellectual support and talent guarantee for high-quality development of Huishang Bank.

Guiding poverty alleviation and elimination led by Party building

The Bank actively practices targeted poverty alleviation and integrates Party building into poverty alleviation and elimination to achieve accurate implementation of policies, precise appointment of personnel and proper implementation of measures. The Bank has earnestly implemented



various arrangements made by the CPC Anhui Provincial Committee and the People’s Government of Anhui Province. Focusing on three dimensions of “regions, industries and poverty-stricken families”, we closely connect financial poverty alleviation products with effective demands from poverty-stricken families and bridges “the last kilometre” of poverty alleviation through accurate introduction of financial resources.

The Bank solidly carried out the education themed “Remain true to the original aspiration and keep our mission firmly in mind”

In 2019, viewing the education themed “Remain true to the original aspiration and keep our mission firmly in mind” as an important political task in the current and coming periods, Huishang Bank’s Party organisations at all levels studied and followed the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, arranged well-organised activities, and clarified responsibilities to effectively take careful, solid and appropriate efforts on the work in all links.

- **Study and discussion**

The Bank insisted on reading the original version to fully understand the theories and enhancing a good ideological and political foundation for thematic education and long-term learning. The Bank successively carried out thematic seminars, such as “Keep the historical mission in mind and undertake the responsibility of the era” and “Study Party’s history and national history and temper a strong Party character”. It continued to deeply study the report to the 19th National Congress of the CPC and the Party Constitution to profoundly understand core principles and practical requirements, strengthened the study of political theories, and kept learning on the learning platform “xuexi.cn”.

○ **Investigation**



According to the requirements of “Five Focuses” proposed by the central government and “delivering publicity at communities, in countryside, on the Internet, on campuses and in the supermarkets” proposed by the CPC

Anhui Provincial Committee, the Bank highlighted key points of investigation, created new investigation methods and generated relevant results, so as to really solve difficult problems and deliver solid results. The Bank led the supervision and guidance for counterpart branches, encouraged Party members in management of the Bank to visit the grassroots and see real conditions, so as to effectively solve practical problems and difficulties.

○ **Inspection of problems**

The Bank inspected problems seriously, listened to feedback from Party members at community level earnestly, and solidly carried out “Three Focuses, Three Inspection and Three Introspection” to identify problems, analyse and dissect root causes one by one.



○ Rectification and implementation

The Bank actively implemented various educational achievements, drew up 4 lists of “problem, task, standard, responsibility” one by one,

made overall plans and took all factors into consideration, addressed both symptoms and root causes, and vigorously carried out the rectification to ensure appropriate implementation through special rectification and centralised governance.



In addition, combined with the theme of the 70th anniversary of the founding of the People’s Republic of China, we carried out a variety of featured activities, stressed highlights and sought practical results to further enhance the influence of these thematic education.

Overall risk management

In 2019, the domestic and international economic situation remained complex and uncertain with intertwined risks. Adhering to the risk philosophy of “prudence, rationality and stability” and addressing both the symptoms and root causes, the Bank carried out strict risk control, made every effort to prevent and defuse major risks, and hold the bottom line of risk, which lays the solid foundation for high-quality development.

Preventing financial risk

Overcoming hardship in the battle against prevention and defusing of financial risks is both an important political requirement for the CPC Central Committee to do a good financial work in the new era and a realistic demand for the Bank to achieve transformation and upgrading and high-quality development.

Improving overall risk management system. Upholding the general framework of “one body-two wings”, the Bank focuses on risk control in major fields and drives to form a three-year action plan of comprehensive risk management system covering “six major finances” of people’s livelihood, industry, technology, green finance, inclusive finance, poverty alleviation, non-credit and concentration risk areas, various kinds of affiliates and major risk categories, providing a unified action guide for establishing a sound overall risk management system.

Strengthening risk policy guidance. For regulatory concerns, such as new asset management rules, lower of leverage, implicit governmental debt risks and offering more credit support to private enterprises, the Bank has involved its identification and assessment results of major risks into guiding opinions on the annual risk management policy, clarified key points of credit risk control and put forward specific prevention and control measures; we published a risk preference statement to specify the bottom line of risk management, risk tolerance, risk compensation level and credit concentration indicators.

Building a multi-dimensional risk warning management system. The Bank deploys credit risk monitoring and warning in key areas, focused on strengthening beforehand risk management, and promotes the formation of a multi-dimensional risk warning system covering industries, regions, products and customers.

Promoting the construction of risk management information system. The Bank optimises the risk warning system for corporates, enriches underlying data categories by using the big data technology, and increases the sensitivity and effectiveness of warning indicators, so as to achieve hierarchical management of warnings.

Building internal control system

The Bank has established three lines of defence against compliance risk with coordination among front, middle and back offices and a vertical dual reporting system between the head office and branches under its sound compliance risk management system and organisational structure. We also improved the management capability and efficiency through continuously optimising the system and mechanism, so as to achieve effective control of compliance risk.

Intensifying anti-money laundering management

Huishang Bank attaches great importance to anti-money laundering, strictly complies with laws and regulations on anti-money laundering, such as the “Anti-Money Laundering Law of the People’s Republic of China”, and takes solid steps to promote anti-money laundering, with prevention and control of anti-money laundering as the goal. Following the idea of “case characterisation, feature indexing, index modelling, model systemisation”, the Bank collects typical money laundering cases and upstream criminal cases through multiple channels, analyses and summarises money laundering characteristics and capital transaction pattern of different criminal types, and expands the independent monitoring indicators of abnormal transactions; it adopts model design, verification, release, evaluation and optimisation to monitor the whole lifecycle management of models.

In 2019, the Bank released the “Work Plan of Huishang Bank on Special Governance of Anti-money Laundering Data”. By a centralised implementation of special governance of anti-money laundering data, it comprehensively sorted out the irregular basic identity information of individuals and corporate customers to improve the completeness, accuracy and effectiveness, and lay a solid foundation for anti-money laundering. The Bank became the only corporate financial institution that was rated as Class A in anti-money laundering supervision for eight consecutive years in Anhui Province.

In addition, the Bank provided public education services for financial consumers to increase their awareness of financial security. In the reporting period, the Bank conducted 14 trainings on anti-money laundering with 1,699 participants.

The Bank held a seminar to share experience on anti-money laundering



On 20 March 2019, the anti-money laundering experience exchange seminar, organised by the Hefei Central Sub-branch of the People’s Bank of China, was successfully held in the Bank. More than 150 participants from 66 anti-money laundering

institutions engaged in banking, securities and futures, and insurance in Hefei attended the seminar. Representatives of the Bank shared the practical experience and innovative measures from aspects of customer due diligence, suspicious fund monitoring, money laundering risk control and integration of anti-money laundering internal control.

Stressing on case prevention and control

According to relevant laws and regulations, including the “Law of the People’s Republic of China on Commercial Banks”, the “Measures for the Prevention and Control of Cases in Banking Financial Institutions”, and case prevention requirements for banking financial institutions, Huishang Bank continues to improve major case prevention system, carries out daily key crime risk investigation and strengthen occupational behaviour management of all employees. By identifying the crime risk points of business areas, the Bank has established a central-region combined crime risk investigation system requiring efforts integrating the head office and all branches.

In 2019, following the requirements of the People’s Bank of China and China Banking and Insurance Regulatory Commission, the Bank actively constructed various inspection and control platforms, such as the transaction risk event management platform for new types of telecommunications and online investigation and control platform for account funds related with illegal and criminal activities, and established the emergent payment termination and quick

blocking mechanism for accounts involved in new types of telecommunications and online illegal and criminal activities.

In addition, the Bank revised and improved the “Management Measures of Huishang Bank for Bank Settlement Accounts in RMB” and other management measures, established a prudent verification mechanism for corporate account opening, strengthened the review of abnormal account opening, and improved the review of corporate accounts with serious violation of laws and default, and accounts opened in other places, so as to effectively enhance the systematic prevention of high-risk businesses.

The Bank successfully launched the online inspection and control system for capital and assets involved in illegal and criminal activities
On 30 January 2019, the online inspection and control system for capital and assets involved in illegal and criminal activities was put into use by Huishang Bank. Running for 7 * 24 hours, the inspection and control system can automatically receive and feedback data of accounts involved in illegal and criminal activities, and improve the processing efficiency of inspection and control on capital involved, providing powerful assistance and data support for the inspection and investigation of the discipline inspection and supervision agency.

Brand management

Strengthening reputation management: The Bank has established and formulated relevant systems and requirements for reputation risk management, proactively and effectively prevents reputation risks and respond to reputation events, and minimises losses and negative impacts. In the process of reputation risk management, the Bank attaches great importance to prevention and pays close attention to the monitoring, analysis and warning of public opinions, achieving good effects. We have established an effective management system to actively carry out external publicity and disclose information in a rapid and timely manner. At the same time, the Bank actively participates in social welfare and public activities and assumes our corporate social responsibility to build a positive and healthy corporate image.

The Bank held the 2019 New Year Media Symposium



On 4 January 2019, Huishang Bank held the 2019 New Year Media Symposium. Leaders of the Bank introduced the Bank's achievements and cases in supporting local enterprises and serving small & micro enterprises in Anhui Province these recent years to the media, and expressed

gratitude to the media for their supports.

Protecting intellectual property: The Bank strictly complies with relevant laws and regulations, including the “Patent Law of the People’s Republic of China”, the “Trademark Law of the People’s Republic of China”, and the “Copyright Law of the People’s Republic of China”, to ensure intellectual property right management is implemented under the principle of “clarifying ownership, encouraging innovation, and ensuring effective protection and legal exploitation”. Besides, the Bank regulates and strengthens the management and utilisation of intellectual property, encourages financial innovation and improves employees’ awareness of intellectual property.

Anti-corruption

The Bank sticks to operations in compliance and views integrity and self-discipline as the underlying principles. The Bank actively promotes all employees to attach great importance to maintain a strong sense of responsibility and initiatives and helps them actively keep away from and resist all kinds of unhealthy trends. Guided by the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and focusing on the Bank’s strategy action plan of “one body-two wings”, the Bank strengthens oversight and inspection, promotes dynamic and in-depth integration of full and strict discipline over the Party and the Bank, so as to further build a solid “dam” for preventing and controlling integrity risk, operational risk and ethical risk.

In 2019, the Bank issued the “Implementation Opinions on Building an Interactive Mechanism for Collaboration between Supervision and Discipline Execution” and established a department-joint, responsibility-division, interactive-coordinate

supervision and discipline execution mechanism led by major leaders from the Commission for Discipline Inspection of the Bank participated by, taken charge of by and cooperated by departments, including the Office of the Board of Supervisors, Compliance Department, Risk Management Department, Organisation Department of Party Committee, Audit Department and Disciplinary Inspection Office, to further strengthen the role of discipline inspection and supervision in internal supervision. It established a sound interactive mechanism for collaboration between supervision and discipline execution, optimised the use of oversight resources, improved oversight efficiency and strived to build a big picture of supervision and discipline execution with coordination among departments, complementary advantages, efficient cooperation and overall joint efforts.

Meanwhile, the Bank actively pushed forward the signing of the “Letter of Commitment of Huishang Bank for Performing Duties with Integrity”, stressed the ethic of working with integrity, accumulated positive energy of doing the job or starting a business, established a good culture of integrity and self-discipline, and strengthened the awareness of the Party’s constitution and rules. The Bank advocates the good practice of celebrating holidays in a frugal and civilised way. It normalises holiday notices, sending messages about integrity to middle-level assistants and above at festivals. Whistle-blower hot-lines are set up to demonstrate its resolution to oppose festival profligacy, and to further strengthen the political consciousness and action consciousness of integrity and self-discipline at all management levels of the Bank. It endeavours to solidify the achievements of operating the Communist Party in a strict manner and to construct clean political ecology and development environment.

The Bank actively conducts anti-corruption, carries forward the revolutionary spirit, promotes thematic education, and turns the mission into the action consciousness of practical actions, fine conduct, integrity and self-discipline to ensure full and accurate implementation. In the reporting period, the Bank conducted 20 trainings on anti-corruption with 1,200 participants.

The Bank's Party Committee held an education seminar on "three reliance on cases"

On 19 July 2019, the Bank held an education seminar about warnings to push forward the work of "Relying on cases as alarms and warnings to promote reform". It drew lessons from cases and notifications to further examine and reflect on the existing problems such as formalism and bureaucracy, and implemented rectification measures, so as to effectively promote the high-quality development of Huishang Bank.

Responsibility management

Social responsibility concept

Responsibility concept

Adhering to the values of “treating people with sincerity, upholding justice while pursuing interests”, the Bank takes responsibility of the “achieving customers’ dreams, creating values for shareholders, promoting staff development and assuming civic responsibilities” mission, and actively fulfils corporate social responsibility of being a high-quality development city commercial bank.

- The Bank takes shareholders, customers, employees and other stakeholders into consideration to comprehensively increase economic benefits, environmental benefits and social benefits;
- Adhering to targeted poverty alleviation, the Bank assists in poverty alleviation by carrying out infrastructure construction, developing competitive industries, supporting employment, and targeting districts on the basis of leveraging the professional advantages of financial companies. We also encourage and unifies the entire Bank to participate in promoting poverty alleviation in poverty-stricken areas as scheduled;
- We advocate green office, energy conservation and environmental protection to minimise the negative impact of daily operations on the environment;
- We actively advocate the spirit of public welfare, continues to promote the concepts and behaviours of paying attention to people’s livelihood, environment protection and charity by encouraging employees to carry out environmental protection and charity practices as volunteers. In addition, the Bank carries out welfare projects under its brand in areas such as elderly care, disabled support and poverty alleviation to fully show its image of a good corporate citizen.

Social responsibility management

The Bank integrates social responsibility into its development strategy, governance structure, corporate culture and business process, establishes a sound social

responsibility management system and a social responsibility management framework, and continuously implements and improves the Interim Measures for the Administration of Corporate Social Responsibility of Huishang Bank.

Board of Directors

The Board of Directors is the highest decision-making body of the Bank's corporate social responsibility management, responsible for:

- proposing strategies, policies and targets of the Bank's corporate social responsibility, and integrating social responsibility into the Bank's strategic planning of development, making fulfilment of social responsibility one of the Bank's strategic goals of development;
- assessing and determining the Bank's social responsibility risk and ensuring that appropriate and effective management of social responsibility risk and internal monitoring systems are in place;
- supervising, inspecting and evaluating the Bank's fulfilment of corporate social responsibility.

Board of Supervisors

- Following up and supervising the Bank's performance of corporate social responsibility and giving independent opinions.

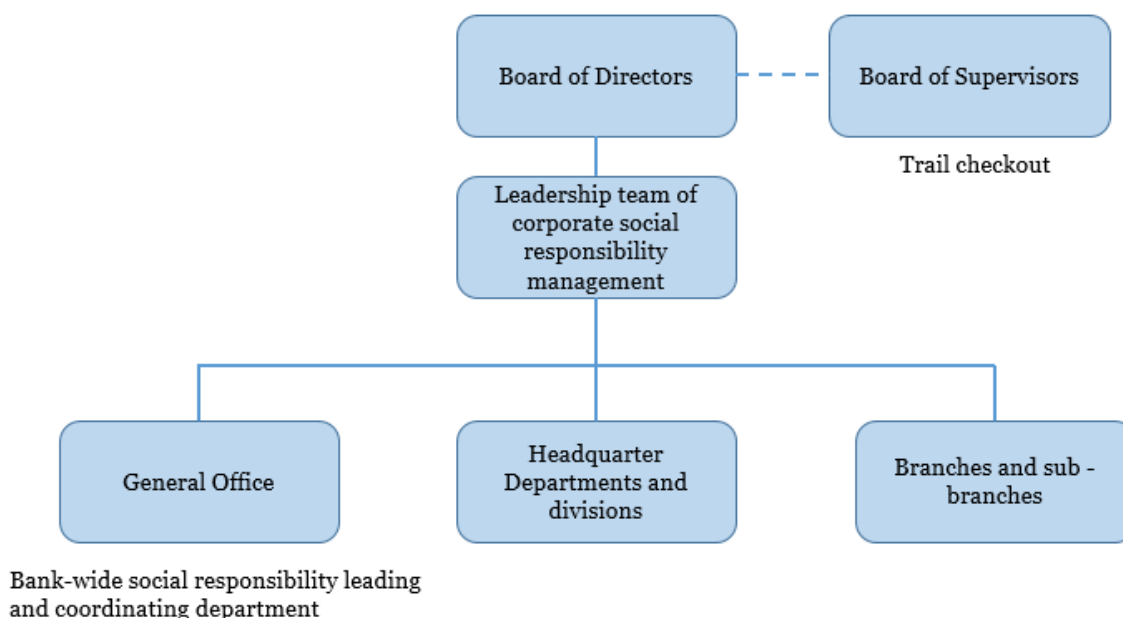
Leadership team of corporate social responsibility management

The Bank has set up a leadership team of corporate social responsibility management as the social responsibility governing body in the whole bank. The leaders of the leadership team are served by the Chairman of the Board, the Bank President and the deputy leaders served by the persons in charge of branches in the office. The team members consist of principal persons in charge of relevant departments, jointly promoting the efficient and orderly development of social responsibility management. Responsibilities of the leadership team of corporate social responsibility management include:

- implementing strategies, targets and measures of the Bank's corporate social responsibility;
- organising and conducting corporate social responsibility related work;

- regularly reporting to the Board of Directors on development status and implementation results of the Bank’s corporate social responsibility.

The leadership team of corporate social responsibility management has an office, which is based on the head office and responsible for the daily work of corporate social responsibility management. The office director is the principal responsible person of the leadership team head office, responsible for the Bank’s daily management and coordination of social responsibility.



Framework of Huishang Bank’s leadership team of corporate social responsibility

Cultivation of social responsibility capability

The Bank actively carries out the cultivation of social responsibility capability, continues to deepen its understanding of sustainable business operation, strengthens the institutionalised management of corporate social responsibility, and establishes a streamlined management system covering links of organisation and implementation, tracking and inspection, assessment at the end year and report release, so as to raise the decision-making level of corporate social responsibility and achieve dynamic combination between performance of corporate social responsibility and daily operation, and realize recyclable and prosperous development in fulfilment of corporate social responsibility.

At the same time, in order to further promote construction of corporate culture, the Bank further enhances its soft power of corporate culture. Guided by the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Bank gives play to the function of culture to guide enterprises, educate employees and promote development, providing strong spiritual drive and cultural support for building itself a modern bank with high-quality development in all respects.

We have formulated the “2020-2024 Implementation Opinions of Huishang Bank on the Construction of Corporate Culture”, and the cultivation and fulfilment of the socialist core values is further integrated into the whole process of high-quality development, applied in various areas of operation management and financial services, reflected in all respects of construction of corporate culture and implemented in action consciousness of cadres and employees.

In 2019, the Bank took an active part in relevant trainings and seminars on corporate social responsibility to understand advanced practices within the industry and would grasp the development trend of social responsibility at home and abroad.

Social responsibility communications

Stakeholder communications

We emphasise on communication with stakeholders and have multiple effective channels to understand their anticipations and demands on our social responsibility, which serve as indispensable reference to the formulation of the Bank’s social responsibility strategy.

Stakeholders	Communication mechanism	Stakeholders’ expectations	The Bank’s Response
Government	<ul style="list-style-type: none"> • Regulatory documents • Work report • On-site inspection • Off-site inspection 	<ul style="list-style-type: none"> • Implement national economic policies • Support real economy • Serve small and micro enterprises • Increase job opportunities • Ongoing tax revenue 	<ul style="list-style-type: none"> • Implement national economic policies and propel economic transition • Step up efforts in leveraging finance to serve real economy • Achieve “two increases and two controls” in small and micro enterprise loans • Create job opportunities • Create good business performance and pay more tax
Regulators	<ul style="list-style-type: none"> • Regulatory documents • Work report • On-site inspection 	<ul style="list-style-type: none"> • Prudent and legal day-to-day operation • Effective risk prevention • Stable and orderly financial system 	<ul style="list-style-type: none"> • Compliance with laws and regulations • Strengthen risk management • Maintain financial order and reinforce compliance and disciplines

	<ul style="list-style-type: none"> • Off-site inspection 		
Shareholders	<ul style="list-style-type: none"> • Shareholders' general meeting • Board of Directors • Roadshow • Result announcement • Daily communication 	<ul style="list-style-type: none"> • Continuous and reasonable return on investment • Thorough, timely and accurate information disclosure • Good corporate governance 	<ul style="list-style-type: none"> • Achieve good business • Disclose information in a thorough, timely and accurate manner • Promote corporate governance
Customers	<ul style="list-style-type: none"> • Product promotion and introduction • 4008896588 • Customer service centre 	<ul style="list-style-type: none"> • Diversified products • Diverse service channels • Continuously improved service quality • Effective protection of consumers' rights and interests 	<ul style="list-style-type: none"> • Create diverse financial products • Promote the establishment of service channels • Improve civilised and regulated services • Protect financial consumers' rights and interests
Employees	<ul style="list-style-type: none"> • Staff communication • Labour union • Workers' Congress • Bank affairs disclosure • Corporate cultural activities 	<ul style="list-style-type: none"> • Reasonable compensation and benefits • Satisfying work environment • Good professional development 	<ul style="list-style-type: none"> • Ensure staff's lawful rights and interests • Enrich corporate culture • Expand professional development channels
Suppliers and partners	<ul style="list-style-type: none"> • Centralised procurement, bid & tender centre • Business communication cooperation 	<ul style="list-style-type: none"> • Fair cooperation opportunities • Honest contract fulfilment • Stable win-win relationship 	<ul style="list-style-type: none"> • Stick to responsible purchase • Strengthen strategic cooperation
Public and communities	<ul style="list-style-type: none"> • Financial community services • Financial knowledge dissemination • Community public welfare activities 	<ul style="list-style-type: none"> • Harmonious social relations • Comprehensive and effective corporate citizen's responsibility fulfilment 	<ul style="list-style-type: none"> • Create diverse financial products • Disseminate financial knowledge • Build a harmonious community environment • Charity and public welfare activities
Media	<ul style="list-style-type: none"> • Media information disclosure 	<ul style="list-style-type: none"> • Open and transparent information disclosure 	<ul style="list-style-type: none"> • Enhance media communication • Disclose information in a comprehensive, timely and accurate manner
Environment	<ul style="list-style-type: none"> • Business activities • Environmental protection activities • Policy information disclosure 	<ul style="list-style-type: none"> • Green financial services • Continuous reduction of energy consumption and carbon emission • Active environmental protection 	<ul style="list-style-type: none"> • Develop green finance • Improve green services • Promote green operation • Involve in green public welfare undertakings

Materiality assessment

Based on the “ESG Reporting Guide”, the Bank identifies the priority of each social responsibility topic based on materiality and determines the materiality of each topic on the Bank’s business development and each stakeholder through a materiality assessment. The result of such assessment serves as an important reference for the Bank to develop social responsibility management strategies and prepare ESG reports:

Step 1 Identify social responsibility topics

According to the “ESG Reporting Guide” and considering actual business and industrial characteristics, the Bank has identified 28 ESG topics:

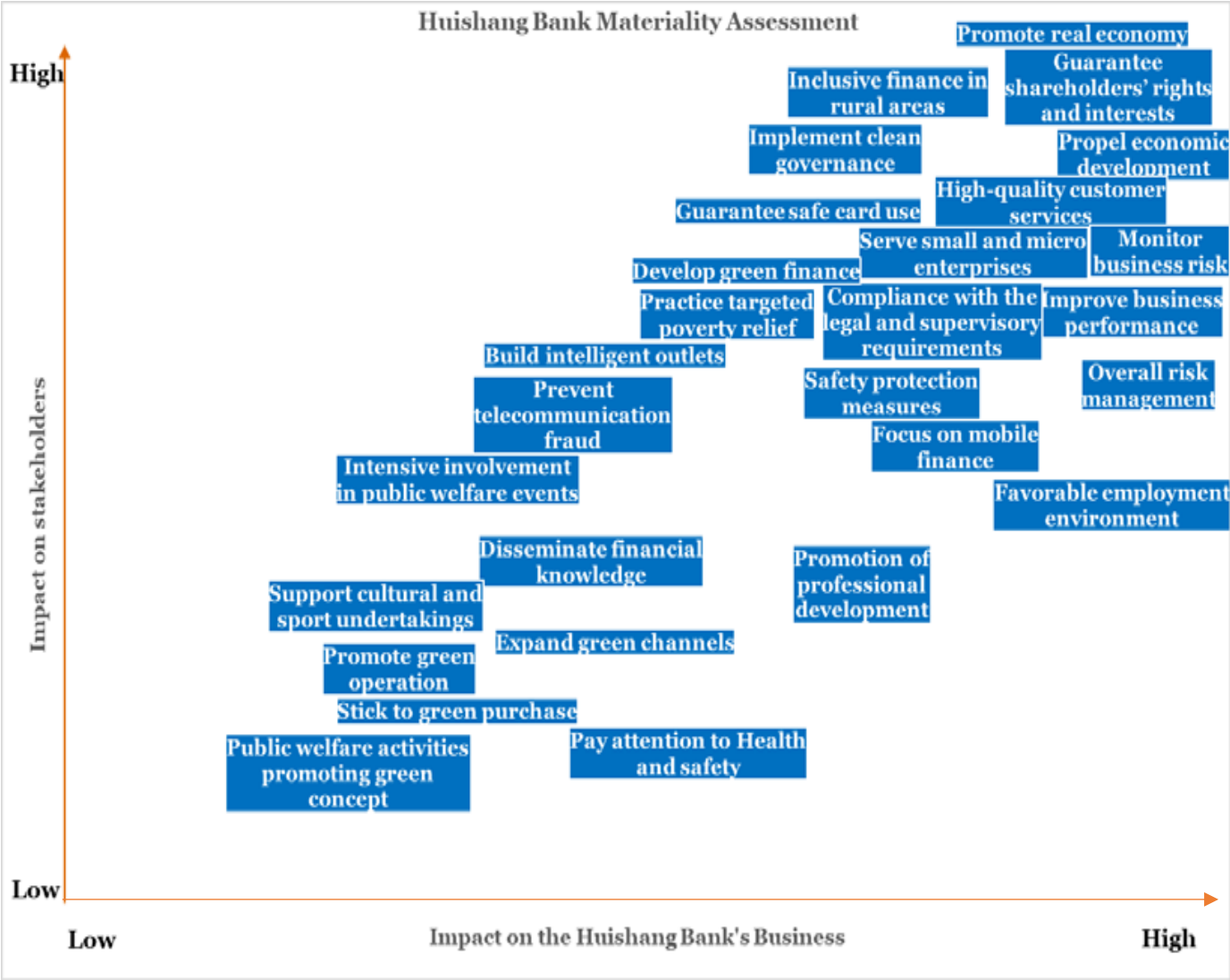
No.	Issue	Aspect	No.	Issue	Aspect
1	Improve business performance	Product responsibility	15	Overall risk management	Product responsibility
2	Propel economic development	Product responsibility	16	Favourable employment environment	Employment/Labour standards
3	Promote real economy	Product responsibility	17	Guarantee safe card use	Product responsibility
4	Guarantee shareholders’ rights and interests	Product responsibility	18	Pay attention to health and safety	Safety and health
5	Serve small and micro enterprises	Product responsibility	19	Build intelligent outlets	Product responsibility
6	Inclusive finance in rural areas	Product responsibility	20	Develop green finance	Environment and natural resources
7	Compliance with the legal and supervisory requirements	Product responsibility	21	Expand green channels	Emission
8	High-quality customer services	Product responsibility	22	Promote green operation	Use of Resources
9	Monitor business risk	Anti-corruption	23	Prevent telecommunication fraud	Product responsibility
10	Practice targeted poverty relief	Product responsibility	24	Intensive involvement in public welfare events	Community investment
11	Focus on mobile finance	Product responsibility	25	Stick to green purchase	Supply chain management
12	Safety protection measures	Safety and health	26	Disseminate financial knowledge	Community investment
13	Promote professional development	Training and development	27	Support cultural and sport undertakings	Community investment
14	Implement clean governance	Anti-corruption	28	Public welfare activities promoting green concept	Community investment

Step 2 Determine the materiality

Through seeking feedback from internal stakeholders and consulting external third-party professional organisations, the Bank has ranked topics in terms of “materiality to Huishang Bank” and “materiality to external stakeholders” and generates materiality assessment matrix based on the survey result.

Step 3 Verify assessment results

The Bank’s leadership team of corporate social responsibility management has reviewed and confirmed the assessment results, then determined significant material issues, so as to disclose them in this report and give responses.



Response to the UN Sustainable Development Goals (“SDG”)

The Bank actively responds to UN Sustainable Development Goals to contribute to the global sustainable development goals in implementing social responsibility strategies.

	SDG	Specific measures	Social responsibility topics	Section(s)
Economic	 SDG8 Decent work and economic growth	Improve governance system Equal employment and protect employees' rights and interests Offer reasonable professional development channels Provide strong support to real economy Support small and micro enterprises Digitisation	Serve small and micro enterprises Favourable employment environment Promote professional development Improve business performance Overall risk management	About the Bank Promoting economic development Concerning employee development
	 SDG9 Industry, innovation and infrastructure	Support economic transformation Serve agriculture, rural areas and farmers Boost infrastructure construction	Promote economic development Improve real economy Build intelligent outlets Inclusive finance in rural areas	Promoting economic development Enhancing customer experience
Social	 SDG1 No poverty	Conduct targeted poverty alleviation in an efficient and orderly way Boost infrastructure construction	Practice targeted poverty relief Inclusive finance in rural areas	Promoting economic development
	 SDG3 Good health and well-being	Create a healthy working environment Care about employees' physical and mental health	Safety protection measures Pay attention to health and safety	Concerning employee development
	 SDG4 Quality education	Actively support social cultural activities Carry out financial knowledge publicity activities at communities Provide employees vocational trainings and relevant skills trainings	Support cultural and sport undertakings Disseminate financial knowledge Intensive involvement in public welfare events Promote professional development	Concerning employee development Contributing to the society
	 SDG11 Sustainable cities and communities	Share information with regulators Maintain social stability Provide strong support to real economy	Prevent telecommunication fraud Intensive involvement in public welfare events Disseminate financial knowledge Promote economic development Improve real economy	About the Bank Promoting economic development Enhancing customer experience Contributing to the society



SDG13 Climate action

Promote green loans

Support the development of clean technologies

Advocate green office

Carry out charitable and environmental protection activities

Develop green finance
Promote green operation
Expand green channels
Stick to green purchase
Participate in public welfare activities promoting green concept

Protecting the ecological environment

Awards and accolades



Timeline	Honour	Awarded by
January	The Most Influential China Banking News Stories of 2018	China Banking Association
January	Top 300 Interbank Local Currency Market Dealer, Core Dealer, Excellent Bond Market Dealer in 2018	China Foreign Exchange Trade System-National Interbank Funding Centre
January	Outstanding Issuing Institutions; Outstanding Underwriting Institutions; Outstanding Dealers among CCDC members	China Central Depository & Clearing Co., Ltd. (CCDC)
January	First prize of Provincial Government Non-tax Income Agency Bank	Anhui Provincial Department of Finance; The People's Bank of China Hefei Central Sub-branch

Timeline	Honour	Awarded by
January	“Award for Hard Work and Earnest Practice” and “Award for Targeted Poverty Alleviation” for debt financing plans; “Innovation and Excellence Award” for debt financing plans of accounts receivable	Beijing Financial Assets Exchange
January	“New Agency Award” and “Excellent Investment Agency” for 2018 direct financing instrument	China Banking Wealth Management Registration System
January	“Promoting China” influential brands - Poverty Alleviation Contribution Award	China Economic Net
January	Most Valuable Brand in 2019 Hurun New Finance Top 100, 2019 Hurun New Finance Top 100	The Organisation Committee of Hurun New Finance Top 100
January	Anhui Netizens’ Favourite Financial Industry Brand Story	ah.sina.com.cn
February	Interbank Local Currency Market Transaction Mechanism Innovation Award (X-Bond) in 2018	China Foreign Exchange Trading System
February	Outstanding Contribution Award in Mobile Payment	China UnionPay
February	2018 Outstanding Group in Mobile Payment Demonstration Project for the Convenience of the People in Anhui Province	The People’s Bank of China Hefei Central Sub-branch
March	Excellent information unit of Association of Anhui Bank in 2018	Association of Anhui Bank
March	Model Female Post	All-China Women’s Federation
March	First prize of 2018 key topic of Banking Accounting Society of Anhui Provincial	Anhui Provincial Banking Accounting Society

Timeline	Honour	Awarded by
March	Second prize of “I offer a policy for the development of payment industry“ and “excellent organization award“ in 2018	Payment & Clearing Association of China
March	2018 provincial demonstration project of Excellent Quality of Building Engineering	Anhui Provincial Construction Quality and Safety Supervision Station
April	2018 May Fourth Red-banner Youth League (Working) Committee in Anhui Province	The Communist Youth League of the CPC Anhui Provincial Committee
May	Most Popular Credit Card of the Year in Anhui Province	Association of Anhui Bank; New Media Group; Toutiao.com
May	Advanced unit of MBFE operation and maintenance of Anhui Province in 2018	The People’s Bank of China Hefei Central Sub-branch
May	Class A Taxpayer of Anhui Province in 2018	Anhui Provincial Tax Service, State Taxation Administration
May	Advanced Units in Legal Risk Management of Banking Industry in Anhui Province in 2018	Association of Anhui Bank
June	Bank with the Strongest Sense of Social Responsibility of the Year in Anhui Province	Toutiao.com
June	Third Place on Good News in Bank of 2018	Association of Anhui Bank
June	2017-2018 National Youth Civilisation	21 members from the Organisation Committee of “National Youth Civilisation”, including Chinese Communist Youth League
June	Best Board Secretary Award	China Financial Market;

Timeline	Honour	Awarded by
June	Top 100 Chinese Unicorn Enterprises in 2019; Internet Finance Quasi Unicorn Brand in 2019	<i>China Internet Week</i> of the Chinese Academy of Sciences; Center for Informatization Study of Chinese Academy of Social Science
June	China's Top 100 in Fintech Competitiveness in 2019	Zhongguancun Internet Finance Institute; CIF30; guopeiwan.com
June	Excellent Cases of Creative Performance in 2019 Banking Digital Marketing competition	China Financial Certification Authority
June	Bronze medal of 2019 MAD Awards	The 26 th China International Advertising Festival
June	"Class-A" in Rating of Compliance and Information Security in Credit Reporting of Institutions Accessing the National Financial Credit Information Basic Database	The People's Bank of China Hefei Central Sub-branch
July	Award for Best Social Responsibility Practice Case in 2018 Top 100 Social Responsibility in China's Banking Sector	China Banking Association
July	Tianji Award for Inclusive Financial Service in 2019	<i>Securities Times</i>
July	Junding Award for Open Non Net value Bank Financial Products	<i>Securities Times</i>
July	Golden Shell Award for China Asset Management in 2019 (Best Branding Wealth Management Performer in 2019)	<i>21st Century Business Herald</i>
August	Best Development Award of Syndicated Loan in 2019	<i>China Banking</i>

Timeline	Honour	Awarded by
August	Excellent Organisation Award of “Payment Security and New Telecommunication Network Fraud Prevention Publicity Week”	Payment & Clearing Association of China
September	Grand Prize for Outstanding Achievements in China’s Banking Development and Research (2019)	China Banking Association
October	Advanced Cooperative Unit of No Card Payment Business	China UnionPay
October	Third prize of Bank Science and Technology Development Award (application and practice of quantum communication in online banking)	The People’s Bank of China
October	BCM Innovation Practice of the Year	DRI International
November	2019 Financial Innovation Top 100; 2019 China Financial Services Top 100	China Economic Net
November	Top 10 Financial Institutions Serving the Real Economy with Financial Innovation in 2019	<i>Hong Kong Commercial Daily</i>
November	Jin Ding Credit Card of the Year Award in 2019	National Business Daily
November	Title of “2019 corporate banking”	Southern Finance Omnimedia Corp.; <i>21st Century Business Herald</i>
November	Excellent organization award of the 10 th national outstanding wealth manager competition	China Banking Association
November	Jinniu Financial Bank Growth Award in 2018	<i>China Securities Journal</i>

Timeline	Honour	Awarded by
November	“Golden Wealth” Net Worth Financial Product Excellence Award in 2019	<i>Shanghai Securities News</i>
November	Best Integrated Team and Best Training Team in the 4 th “Find the Voice” of Comprehensive Business Skills Competition of Banking Customer Service Centre in 2019	China Banking Association
November	Mobile Payment Promotion Active Organization	China National Clearing Centre (CNCC)
November	Most Characteristic Middle and Small Bank in Business	<i>Modern Bankers</i>
December	Compliance and prudent operation on Bank Foreign Exchange Affairs A class Bank	Anhui Province Branch, State Administration of Foreign Exchange
December	Top 10 City Commercial Banks	<i>Financial Times</i>
December	Most Competitive Bank in Anhui in 2019	<i>Xin’an Evening News</i>
December	Inclusive Service Award for Finance Industry in Anhui in 2019	ah.sina.com.cn
December	“Top 1 of the Banking Industry” and “Bank with Highest Resident Satisfaction” in the of Residents Satisfaction Survey of 10 Major Service Industries	Anhui Centre for Provincial Survey
December	Wuhu Nanling Sub-branch, Ma’anshan Taibai Avenue Sub-branch, Chuzhou Fengyang Sub-branch, Lu’an Administrative District Sub-branch, Huaibei Xiangxi Sub-branch were awarded the “2019 Five-star Outlets of the Banking Industry for Civilised and Standardised Service”; Hefei Huayuan Street Sub-branch, Fuyang Taihe Sub-branch, Ma’anshan Hunan Road Sub-branch, Huainan Square Road Sub-branch and Wuhu Huangshan Road Sub-branch were awarded the “Top 1000 civilized and normative demonstration units in China’s Banking Sector”	China Banking Association

Timeline	Honour	Awarded by
December	China Treasury Awards 2019·Best Transaction Bank for Product Experience Award	West Lake Institute of Treasury and Corporate Finance
December	Best Bank for Transaction Services	<i>Trade Finance</i>
December	Expert Organisation for Promotion of Payment via Mobile Number	China National Clearing Centre (CNCC)
December	Best Mobile Banking Innovation Award; 2019 Best Direct Bank	China Financial Certification Authority (CFCA)
December	2019 Best Direct Bank Blockchain Innovation Award	<i>China Internet Week</i> of the Chinese Academy of Sciences; Center for Informatization Study of Chinese Academy of Social Science
December	Outstanding Contribution Award of the 2nd City Commercial Bank Working Committee	China Banking Association
December	Third prize of China Internal Audit Theory Exchange in 2019	China Institute of Internal Audit
December	Excellent Organization Award of An Hui Provincial Internal Audit Theory Exchange in 2019	An Hui Institute of Internal Auditors

Promoting economic development

Serving the real economy

By adhering to serving the real economy as its mission and with the supply-side structural reform as a main line, the Bank continued to increase credit and finance supply to comprehensively improve the quality and efficiency in serving the real economy. We was assessed as “Excellent” for serving the local real economy development for three consecutive years.

Guided by the business strategy of the “Three-year Action Plan of ‘one body - two wings’ of Huishang Bank (2019-2020)”, the Bank further implemented the strategies of “reinforcing the weaknesses in infrastructure sector”, “supporting the development of strategic emerging industries”, “supporting transformation and upgrading of traditional industries”, unified the thoughts and returned to the fundamental purposes from the Bank’s business strategy perspective to increase support for the real economy.

Supporting infrastructure construction

The Bank continued to increase financial support in the fields of transportation, water conservancy, energy, ecological and environmental protection, agriculture and rural areas, new urbanisation, disaster prevention and mitigation, information networks, modern logistics, other weakness areas requiring strengthening and infrastructure construction areas. In the “2019 Credit Granting Policy of the Huishang Bank”, the Bank regarded “bolster weakness industries of infrastructure sectors” as priority support industries, such as transportation, airports, ports, bridges, communications, water conservancy, urban water supply and drainage, gas supply and heating facilities; construction of fixed assets needed to provide intangible products or services for science, education, culture, health and other sectors; the public service in government planning for guidance, participation of various social assets, and urgent needs for social production and resident life, etc. As of the end of the reporting period, the Bank’s infrastructure loan balance reached RMB134.852

billion, an increase of RMB47.725 billion from the beginning of the year and a total investment of RMB73.599 billion in 2019. Among them, 145 key projects regarding “stable investments” and “bolstering the weaknesses” have been supported by the Bank, with total financing of RMB20.589 billion.

The Bank supported the infrastructure construction in Anhui - Sixian County Section of G104 First-class Highway Reconstruction Project



The Sixian County Section of G104 First-class Highway Reconstruction Project is one of the first batch of major investment projects in Anhui Province featuring “stable investments”. The project is related to the reconstruction of a first-class highway in

Suzhou. As of the end of the reporting period, the Bank has provided loans totalling RMB1.29 billion for this project. After the project is completed, it will improve the development of local infrastructure and the road traffic condition in Suzhou City, and enhance the convenience of urban transportation, thus promoting the rapid development of local urbanisation.

Supporting the supply-side structural reform

During the reporting period, the Bank underwrote 31 debt financing instruments of RMB14.8 billion, launched debt financing plans with cumulative worth exceeding RMB80 billion, and underwrote wealth management and direct financing instruments with sales volume exceeding RMB10 billion, promoting corporate to deleverage and lower costs. We had RMB18.41 billion of corporate credit bonds in the province, and promoted comprehensive regional economic and social development in a variety of channels and orientations.

The Bank's first domestic regional bond index officially launched

In 2019, the Anhui Corporate Credit Bond Index created by Huishang Bank was officially released. This index is the first regional bond index released in China, and the index constituents includes corporate credit bonds that were publicly issued and listed in China by domestic issuers registered in Anhui Province.

Huishang Bank innovated credit bond financing instruments to support the development of the real economy, reducing the financing costs of enterprises in the province, improving the financing environment and financing efficiency. It demonstrates the economic construction achievements and enterprise development status of Anhui Province.

Promoting economic transformation and upgrading

○ Promoting the optimisation and upgrading of traditional industries

The manufacturing industry is the foundation of the industry and the main focus of the Bank in serving the real economy. Through the years of hard work and cultivation, Anhui's manufacturing industry is entering a new stage of rapid development with quality. The Bank conscientiously implemented various decisions and arrangements of the CPC Anhui Provincial Committee and the People's Government of Anhui Province on supporting the development of the manufacturing industry, helping the manufacturing industry in the province to enter a new stage of rapid expansion and quality development.

As of the end of the reporting period, the Bank's balance of loan for the manufacturing industry was RMB46.895 billion, supporting a total of 4,038 customers; the cumulative loans to the manufacturing industry were RMB53.417 billion, a year-on-year increase of RMB18.593 billion.

Leaders of the Bank went to Hefei BOE Technology Group Co., Ltd. for survey

On 9 January 2019, Zhang Renfu, Deputy Secretary of the Party Committee and President of the Bank, and Gao Guangcheng, member of the Bank's Party Committee and Executive Vice President of the Bank, led the heads of relevant departments



of the head office to Hefei BOE Technology Group Co., Ltd. for survey. Taking this survey as an opportunity, Huishang Bank deepened the understanding of the needs of enterprises and improved the comprehensive financial services capabilities in a bid to achieve win-win cooperation between banks and enterprises.

○ **Supporting the development of strategic emerging industries**

In 2019, the Bank further increased its support for customers from strategic emerging industry, focused on the construction of 24 strategic emerging industrial bases, and strengthened financial support for major fields including smart manufacturing, integrating circuits, new displays, smart devices, industrial robots, new energy vehicles and new materials and for major strategic emerging projects such as Hefei BOE, Hefei 506 and Visionox.

The Bank signed a strategic cooperation agreement with HKUST QuantumCTek Co., Ltd.



On 27 November 2019, Peng Chengzhi, Chairman of HKUST QuantumCTek Co., Ltd., and his delegations came to the Bank to discuss business cooperation.

Zhang Renfu, Deputy Secretary of the Party Committee of the Bank and President of the Bank, and Gao Chunming, Director of the Bank, attended the meeting. The two parties signed a strategic cooperation agreement to lay a solid foundation for further deepening cooperation. By signing a strategic cooperation agreement, both parties would further deepen multi-level and all-round cooperation in the field of “quantum finance”.

○ **Supporting innovative entrepreneurship**

In order to implement the CPC Central Committee and the State Council’s strategic deployment of mass entrepreneurship and innovation initiatives, the Bank strongly supported technology companies, fully mobilised enthusiasm for innovative entrepreneurship inside and outside of Anhui Province, accelerated the implementation of outstanding entrepreneurial projects and fostered emerging industries in the province. As of the end of the reporting period, the Bank’s business performance in technology finance had achieved sustained growth, with its market share ranking first in Anhui Province, the technology loans to small and medium-sized enterprises reached RMB27.68 billion, an increase of RMB7.52 billion.

The Bank participated in the “2019 Chuangxiang China” - Anhui Innovation & Entrepreneurship Competition



The Bank actively participated in the “2019 Chuangxiang China” - Anhui Provincial Innovation and Entrepreneurship Competition jointly hosted by the Development and Reform Commission of Anhui Province, Hefei Municipal People’s Government, Anhui Association For Science and Technology and Anhui Provincial Investment Group Holding Co., Ltd. It made full use of technology financial services to support entrepreneurial enterprises.

Supporting private enterprises

Focusing on the work arrangements of the China Banking and Insurance Regulatory Commission on strengthening the financial services of private enterprises, the Bank successively issued documents such as the “Implementation Opinions of Huishang Bank on Supporting the Development of Private Enterprises” and the “Work Plan of Huishang Bank to Strengthen the Financial Services of Private Enterprises in 2019”, which determined the



The Chairman Mr. Wu Xuemin visits private enterprises

Bank’s action plan to support the development of private enterprises. In 2019, the Bank further increased its support for private enterprises and continued to increase the proportion of loans to private enterprises. As of the end of the

reporting period, the private enterprise loan balance is RMB122.952 billion, an increase of RMB18.986 billion (18.26% equivalently) over the beginning of the year, effectively supporting the development of private enterprises.

- **Building the service system**

The Bank has formulated specific measures to support the development of private enterprises in terms of strengthening assessment and incentives, prioritising the allocation of credit resources, strengthening the innovation of business models, implementing due diligence and exemption systems and implementing classified assistance, which determined the Bank's action plan to support the development of private enterprises.

This year, the Bank successively circulated and organised the learning of the "Several Opinions of the General Office of the CPC Central Committee and the General Office of the State Council on Strengthening Financial Services for Private Enterprises", "Circular of the China Banking and Insurance Regulatory Commission on Further Strengthening the Related Work of Financial Services for Private Enterprises" and other related documents supporting the development of private enterprises. The entire bank was required to be fully aware of the necessity and importance of serving private enterprises, proactively enhanced service awareness and comprehensively improved service efficiency and service levels.

- **Supporting credit granting policy**

The Bank actively promoted the credit granting policy to support the financing of private enterprises and expressly required "adhering to serving the real economy and increasing financial support for private, small and micro enterprises". The Bank intensified efforts to issue hard loans, better played the role of loans in connecting basic customers, and increased financial support for weak links in private enterprises. In terms of credit resources, the Bank increased support for private enterprises and ramped up efforts to issue more loans; in terms of asset quality assessment, the Bank gave enterprises a certain degree of tolerance to help them to alleviate difficulties. Under the premise of

complying with laws and regulations, the Bank increased effective investment to give private enterprises a real sense of gain.

○ **Strengthening cooperation of banks and enterprises**

The Bank actively implemented the “Four Frees, One Service” double-thousand project launched by the CPC Anhui Provincial Committee and the People’s Government of Anhui Province, and used the “Four Frees, One Service” online service platform to strengthen benign interactions between banks and enterprises. As of the end of the reporting period, the Bank has cumulatively handled the service requirements of 35 private enterprises in the province through the “Four Frees, One Service” online service platform, and resolved financing needs of nearly RMB10 million for small and micro enterprises.

The Bank solidly carried out the “Thousands of Bank Presidents Visiting Enterprises under Finance in Action” campaign



In order to implement the CPC Central Committee and the State Council’s decision to deepen the financial services for private, small and micro enterprises, from August 2018 to June 2019, the Bank launched “Thousands of Bank Presidents Visiting Enterprises under Finance in Action” campaign across the Bank, establishing one-to-one ties with service entrepreneurs. We completed a survey of 1,356 enterprises, held lectures of financial policies and products in 1,334 enterprises and actually provided services to 865 enterprises with financing needs, providing RMB3.845 billion and strong financial support for corporate development and the building of a Beautiful

and Modernized Anhui Featuring Innovative, Coordinated, Green, Open and Shared Development.

○ **Supporting cost reduction of enterprises**

The Bank actively supported cost reductions and benefits surrendering for the real economy. Since 2014, Huishang Bank has sorted and streamlined the fee catalogue every year according to market conditions. After reducing and merging, the number of fee items have been reduced from 232 to 211 in 2019. The quantity and price standards were at a relatively low level in the industry. At the same time, the Bank continued to expand the scope of fee concessions, reducing and exempting more than 20 business service fees for small and micro enterprises of national standards.

To better serve the real economy, the Bank has established a green channel for fee reduction and exemption. Due to the needs of business development, with comprehensive consideration of business costs, risks and other factors, sub-branches could apply for a reduction in the price of intermediate business services separately.

In addition, the Bank proactively responded to the requirements of the CPC Central Committee and the State Council on “Delegate Power, Streamline Administration and Optimise Government Services” reforms, and actively implemented the work of cancellation of corporate bank account licensing. On the premise of “no reduction of the convenience in opening enterprises’ account and no reduction of risk prevention and control”, the Bank strengthened optimisation account services and account management, ensuring that enterprises can obtain various financial services more quickly on the basis of account security to support the development of private, small and micro enterprises.

Involving inclusive finance

The Bank continued to promote inclusive finance, dredge the channels of financial supports for small, micro-sized, “agriculture, farmers and rural places” and private enterprises, bridge “the last kilometre” of financial services, and improve financial products and service systems to provide high-quality and effective financial services to different groups, enabling more people to appreciate benefits of financial services and jointly enhancing social welfare.

Serving small and micro enterprises

- **Strengthening policy and guideline**

The Bank established a full-time department responsible for the research, promotion and implementation of service work for small and micro enterprises. The Bank actively responded to the deployment and promoted bank-government cooperation to support the development of small businesses. Huishang Bank cooperated with external agencies to formulate an “Activity Plan to Assist the Implementation of the Credit Evaluation for small and micro enterprises that Pursue “Specialised, Elaborate, Unique or Innovative” Development to Obtain Financial Support in Anhui Province”, strengthening the financial support for small and micro enterprises that pursue specialised, elaborate, unique or innovative development, and promoting the implementation of the financing white list of the Anhui Provincial Economic and Information Department and making good publicity for high-quality small and micro enterprises.

In 2019, the Bank continued to increase its support for small and micro enterprises, focusing on achieving the regulatory goal of “two increases and two controls”, facilitating in-depth and careful efforts in the small enterprise market to truly implement, active, optimise and strengthen small business financial services. As of the end of the reporting period, the Bank’s loan balance of small and micro-sized enterprise which qualified with the national standards amounted to RMB189.938 billion, an increase of RMB24.548 billion over the beginning of the year. Among them, the Bank’s inclusive small and micro-sized

enterprise loan balances were RMB52.58 billion, an increase of RMB11.77 billion or 28.83% from the beginning of the year, which was 7.21 percentage points higher than the growth rate of the Bank’s other loans. The number of loan customers was 66,960, an increase of 18,000 from the beginning of the year, completing the “two increase target”.

In addition, to further increase support for small and large enterprises, the Bank further clarified due diligence work for small and micro enterprises credit service, and standardised the due diligence work process.

○ **Key service products for small and micro enterprises**

The Bank launched a variety of innovative products to meet various financing needs of small and micro enterprises.



Credit-e-Loan

Credit-e-Loan: this product provides credit loan business for lawful operation small enterprises through on-line application acceptance and approval based on the credit information and legal representatives, promoting the sustained and sound development of small and micro enterprises with convenient and high efficient advantages in channel construction, service experience, and business processes;

Online-e-Loan: this product is an important business model for making online the Bank’s traditional credit

business for small enterprises. It makes full use of the advantages of the Internet and mobile financial services to realise online application, online acceptance, paperless approval, online issuance and whole process management of repayments to enhance customer experience and improve small enterprises business processing efficiency.

Micro-e-Loan: the Bank developed its first full-process self-help on-line loan product “Micro-e-Loan”, which has truly realised easy application by customers, automated model approval, data-based risk control, and online whole process, greatly improving the efficiency of loan approval and customer experience. The target customers of Micro-e-Loan are mainly small and micro enterprisers, individual industrial and business owners and other small and micro customer groups. It is the Bank’s first pilot product to explore the digital inclusive financial service system. As of the end of the reporting period, this business has invested a total of RMB2.315 billion, an increase of RMB1.236 billion from the beginning of the year, in order to meet the financing needs of small and micro enterprises conveniently and quickly.

○ **Facilitating brands building**

Huishang Bank actively built the “Small Giant” and “Eyas” enterprise service brands, with the goal of enhancing customer value, and developed long-term cooperation relation with small enterprises with certain development potential and prospects, to further promote the establishment of “Small Giant” club and create six major service platforms of “financial services, cooperation and exchange, project docking, policy information, entrepreneur growth, and integrity culture”. As of the end of the reporting period, the Bank has cultivated 515 “Small Giant” customers and 387 “Eyas” customers, established 22 “Small Giant” clubs at head office-level and branch-level, including 1 head office-level club, 40 enterprise members, 11 branch-level clubs, 10 sub-branch-level clubs and more than 300 enterprise members.

The Bank successfully issued financial bonds to support the development of small and micro enterprises

From 6 March to 8 March of 2019, the Bank actively responded to the nation’s call for “encouraging banking financial institutions to issue financial bonds to small and micro enterprises” and “increasing credit resources to small and micro enterprises”, and successfully issued its 2019 First Tranche Financial Bonds in the national interbank bond market. The bonds issued totalling

RMB10 billion. After deducting the issuing expenses, all the funds were exclusively used to provide loans to small and micro enterprises, which further increased credit support and provided strong financial support for the development of these kind of enterprises in Anhui Province.

Fuelling the development of rural areas

The Bank expanded its business and outlets to rural areas to develop inclusive finance in rural areas with focus on rural revitalisation, targeted poverty alleviation in the financial sector and beautiful rural construction. It strived to make the effective and comprehensive financial achievement accessible to the public and helped narrowing the gap between rural and urban areas. We actively promoted the construction of financial service channels and product



“Huinong Loan” financing solutions

innovation for the “agriculture, rural areas and farmers”, and endeavoured to bridge “the last kilometre” and offered financing services to rural areas, thus boosting the harmonious and healthy development of economic society. As of the end of the reporting period, we have set up 99 Huinong sub-branches, serving more than 970,000 rural customers.

Through integrating Huinong sub-branches, Huinong Card, Huinong Loan, Huinong Tong, and Huinong Bao, the Bank has initially established an inclusive financial product system with strong market competitiveness that combines general products with exclusive products, and has built a rural inclusive financial service system with the characteristics of the Bank. Among them, the series of Huinong Loan products were special credit products launched by the Bank

which were customised for rural customers. With the characteristic agricultural industries in local, the Bank continuously researched and developed special products or customises solutions based on regional industries to better cater to local market needs, such as special arrangements like “Fishing Loan” of Hefei Branch and special products including “B&B Loan” of Huangshan Branch, “Tea Valley Loan” of Lu’an Branch, “Pear Loan” of Suzhou Branch, “Pecan Loan” of Xuancheng Branch and “Straw Mat Loan” of Huainan Branch.

Building a credit investigation system in rural area

In order to facilitate the construction of rural customs and civilisation, improve the effectiveness of rural governance, promote the full implementation of the Party’s policies to support agriculture and mobilise more financial resources to gather in rural area, the Bank actively carried out the construction of credit villages led by party building, continuously enhanced the organisation of grass-roots party organisations and helped to lift poverty, overcome hardship and boost rural vitalisation.

The Bank led the financial institutions to carry out household-to-household information collection with the cooperation of township-level party committees and village-level party organisations, and input the information into the rural credit information system. The village-level party organisations took the lead to establish a rural civilisation assessment group to review qualitative indicators such as social morals, interpersonal relationships, and personal conduct of farmers. At the same time, we facilitated the evaluation of credit ratings. County-level government organised with the local People’s Bank of China, the local financial regulatory agency and other departments, and assessed credit rating of farmers and villages based on credit files.

Relying on the achievements of the credit system construction, the Bank innovatively released a series of financial products as “the Party Building Leads Xinyidai Loan”. According to the model of “centralised credit granting and village-level loan lending”, credit users and economic entities in credit villages were granted loans based on the level of credit village, and obtained stronger

funding support through multi-level preferential policies such as the favourable loan scale, loose credit line, preferential interest rates and prioritised lending. This move has also greatly improved the effectiveness of rural governance. The construction of credit users and credit villages was taken as a key indicator for the performance evaluation of the “two committees” at township and village level, and was included in the review and evaluation of party building at the grass-roots level to improve rural credit construction.

Wu Xuemin, Secretary of the Party Committee and Chairman of the Bank, attended the signing conference for credit conventions on party building leading credit village construction



On 19 July 2019, the signing and training conference for credit conventions on Anhui’s party building leading credit village construction was held in Hefei. Wu Xuemin, Secretary of the Party Committee and Chairman of the Bank, attended the conference and

launched the product “Xinnong Loan” of Huishang Bank. The Bank provided users with high-quality and efficient services, adding new impetus to the rural social and economic development of Anhui Province.

Fuelling poverty alleviation

○ Strengthening the service system construction

As one of the “six major finances”, the Bank has incorporated the “poverty alleviation finance” into the Bank’s action plan, and successively formulated “Three-Year Action Plan for Poverty Alleviation Finance of Huishang Bank” and “Essentials of Huishang Bank’s Poverty Alleviation Finance in 2019” and other policy documents, combining long-term planning and short-term

implementation to promote the high-quality development of financial poverty alleviation.

We have set up a leading group for targeted financial poverty alleviation at levels of both the head office and its branches, headed by the principle responsible persons in a coordinated manner. In terms of organisational structure, the Bank's Inclusive Finance Department is responsible for the organisation and promotion of poverty alleviation finance, and has a poverty alleviation finance team dedicated to the research, promotion and implementation of poverty alleviation finance.

- **Targeted poverty alleviation mechanisms**

In 2019, the Bank carried out targeted poverty alleviation work, established a targeted poverty alleviation work mechanism and strengthened organisational leadership, deployed and promoted targeted poverty alleviation and business management together, actively implemented assistance programs, and organised branches to scientifically formulate annual assistance plans, detail assistance measures and strengthen overall planning.

Targeted poverty alleviation is the specific deployment of the “a five-sphere integrated plan and moderately prosperous society in all respects” and “play hardball” strategies, an important part of the poverty alleviation and development undertaking with Chinese characteristics, and, what's more, a focus in financial poverty alleviation. Having been combining the advantages of the financial industry with the actual situation in poverty-stricken areas, the Bank carried out targeted poverty alleviation work.

We strengthened the organisational guidance for targeted assistance. The Party Committee of the Head Office incorporated poverty alleviation work into the essentials of the Party Committee's annual plan, and regularly held the Bank's designated poverty alleviation scheduling meeting and financial poverty alleviation leading group meetings to accurately implement policies. At the same time, the Bank continued to improve the effectiveness of assistance by establishing a targeted poverty alleviation model under which the three-level

institutions of head office were all co-managed, with the village team and poverty alleviation cadres as the ties of responsibilities to achieve accurate implementation of the assistance work. So far, the Bank has appointed a total of 34 poverty alleviation cadres and dispatched 4 organisational poverty alleviation teams to the village. In the past three years, the total amount of donated poverty alleviation funds recorded RMB9.887 million, and 13 poverty-stricken villages (communities) have been successfully removed from the list of poverty. Tao Yi, the leader of the Bank's poverty alleviation task force in Wangzhou Village, Dalukou Township, Sixian County, was awarded the "Advanced Individual for Poverty Alleviation in Anhui Provincial Units".

Leaders of the Bank visited Wangzhou Village, Sixian County, to investigate poverty alleviation work



On 5 June 2019, Wu Xuemin, the Secretary of the Party Committee and Chairman of the Bank, and He Jiehua, Deputy Secretary of the Party Committee of the Bank, went to Wangzhou Village, Sixian County, to visit the poor households, investigating and guiding the work to lift poverty and overcome hardship. Wangzhou Village has achieved remarkable results in poverty alleviation work in recent years. As an assistance unit, Huishang Bank will continue to adhere to its mission, shoulder its responsibilities, effectively perform its "double undertaking" duties and actively help the village to completely win the poverty alleviation battle.

- **Supporting infrastructure construction in poverty-stricken areas**

The Bank actively supported infrastructure construction in poverty-stricken areas. Through the efforts for the targeted poverty alleviation fund, the Bank integrated financial funds and bank funds into targeted poverty alleviation projects in a united way. It has launched a total of 6 funds and invested RMB4.9 billion. At the same time, the Bank innovated the PPP service model to support the people's livelihood projects in poor poverty-stricken areas, such as municipal projects, garbage disposal, water conservancy and environmental treatment, with an additional loan of RMB5.3 billion and a total balance of RMB12.2 billion. We innovated loan products for rural revitalisation to support rural relocation poverty alleviation, rural infrastructure construction, etc. Rural revitalisation loans have realised an additional investment of RMB8.011 billion, and the loan balance was RMB8.211 billion. In addition, the Bank innovatively launched the poverty alleviation debt financing plans, accumulatively issuing RMB500 million, and raising funds specifically for targeted poverty alleviation projects in Jinzhai County.

- **Strengthening poverty alleviation by developing competitive industrials**

Developing competitive industrials is one of the most important means of poverty alleviation. Enterprises take the lead in promoting the integration of poor households into the industrial development chain so as to enable the poor households to be lifted out of poverty steadily through their own labour, which is the impetus for rooting the development genes, activating the development momentum and stopping poverty from happening. The Bank actively innovated industrial poverty alleviation models and strongly supported industrial development in poverty-stricken areas. The Bank strengthened support for the development of agriculture-related industries, innovatively launched the "one district, one strategy" comprehensive financial service plan. We cohesively supported local agricultural industrialization leading enterprises and key enterprises in national or provincial agricultural industrial parks and modern

agricultural demonstration zones to strongly promote the development of county agricultural industry. As of the end of 2019, the balance of the Bank's inclusive agriculture-related corporate loans was RMB5.58 billion, an increase of RMB1.586 billion from the beginning of the year, equivalent to an increase of 39.7%.

In addition, the Bank supported the financing of enterprises through bond investment in 7 poverty-stricken counties, including Sixian County and Shouxian County, with a total investment of RMB2.14 billion and an addition of RMB690 million this year to effectively support local economic development and industrial growth.

- **Supporting individual poverty alleviation**

The poor are not only the target, but also the mainstay of poverty alleviation. In the financial targeted poverty alleviation work, providing appropriate financial support to the poor households who have the ability to develop is the most effective and core way to help them self-develop and promote steady poverty alleviation. The Bank insisted on targeted assistance and supported the registered poverty-stricken households to increase their income so as to be lifted out of poverty.

By continuing to promote the steady development of poverty alleviation micro-credit model, the Bank thoroughly practised the spirit of the CPC Anhui Provincial Committee and the People's Government of Anhui Province on micro-credit for poverty alleviation, and organised the entire bank to actively cooperate with the municipal and county governments to issue the micro-credits for poverty alleviation to achieve sustained and healthy business development and effectively assist poor households in shaking off poverty and achieving prosperity. The Bank also effectively strengthened the support for entrepreneurial guarantee loans, also optimised and upgraded the loans for personal. We effectively improved the quality of entrepreneurial loan services by further increasing loan amounts and expanding guarantee methods. In 2019, the Bank accumulatively issued an amount of RMB192 million of loans to

support a total of 1,165 personal in entrepreneurship and employment; accumulatively issued RMB950 million of petty loans for targeted poverty alleviation directly benefiting 24,000 registered poverty-stricken households.

The Bank lent a hand to ecological poverty alleviation project in Yingshang County of Fuyang



Yingshang Sub-branch of the Bank integrated ecology, industry and poverty alleviation to explore a new way of poverty alleviation - ecological forestry loan for poverty alleviation. In this model, a village-based professional cooperative was set up, recruiting

poverty-stricken households who were willing to participate in tree planting as members, and Yingshang Branch issued petty loans for poverty alleviation to poverty-stricken households. The poverty-stricken households entrusted the professional cooperative to pool funds to purchase tree seedlings from garden companies, and participated in tree planting and seedling maintenance. The garden company provided technical training for free, and signed a seedling repurchase agreement with the professional cooperative. At the same time, poor households who were healthy and strong were selected as forest guards. When the trees were sold, after returning the poverty alleviation loan, the remaining profits were the economic income for those households.

Concerning people's livelihood

○ **Supporting people's livelihood projects**

In order to steadily prepare and launch projects for the people's livelihood loan project, the Bank promptly revised the business management measures and some key points of the operation for the "bid-winning loan" according to the actual needs of customers and branches to fit the actual business situation further. We formulated the "Detailed Rules for the Evaluation of Comprehensive Marketing Awards for the 'Bidding of People's Livelihood Projects'", and encouraged branches to increase the issue of "people's livelihood loan". The head office followed up branches' project reserve and reviewed the progress of approval and releases for "people's livelihood loan" every week, and visited branches multiple times to carry out special trainings and specific support to steadily expand the project reserve and accelerate the launching of loans.

As of the end of reporting period, the Bank had accumulatively approved and invested RMB15.787 billion and RMB10.112 billion worth of "people's livelihood loans", respectively. In 2019, an increase of RMB6.401 billion was approved, and an addition of RMB8.618 billion was invested.

Lu'an Branch provided "bid-winning loan" service for municipal projects

Anhui Huajing Construction Co., Ltd. was in need of working capital due to the lag between the specific construction time and the agreed time in the construction contract regarding the municipal project. Lu'an Branch effectively resolved the company's financing pitfall and met the financial needs of its bid project through the "bid-winning loan" product. By solving the financing problems of people's livelihood projects and key projects, the Lu'an Branch was recognised by the government, further strengthening the relationship between banks and government.

○ **Fostering consumer finance**

In order to build the core competitiveness of consumer credit and promote the transformation and upgrading of business models, Huishang Bank's Inclusive Finance Department actively promoted the innovation of online consumer credit products and launched "Fast-e-Loan" products. Customers can apply through mobile banking, and complete the use of credit line and loan withdrawal and repayment through electronic channels. The entire process is operated online without manual intervention.



Fast-e-Loan

○ **Mobile convenient payment**

In order to better meet the people’s needs of safe and convenient payment, and promote the healthy and sustainable development of the retail payment market, the Bank practised the “people-orientated payment” concept, and actively carried out project construction for mobile convenient payments by adhering to the service notion of “convenience, favour and benefit for people”.

In order to improve the users’ payment experience, the Bank has continuously optimised the functions of aggregate payment products, successively launched functions such as Huiyin-E-Payment, marketing incentives and automated approval of merchant access, and at the same time, has updated code payment tools to improve payment efficiency and build mobile payment scenarios. In 2019, the Bank identified 10 universities and 3 hospitals as targets for the

construction and transformation of mobile convenience scenarios, and also actively carried out special activities named “into the campus”.

The Bank actively builds key convenience payment scenarios



On 31 October 2019, the Bank and Anhui UnionPay carried out the “UnionPay” activities at the campus of Anhui Vocational College Of City Management. Through simply downloading the “UnionPay” APP and completing the bank card binding, teachers and students can be able to travel around the campus with just one mobile phone, eliminating the inconvenience of bringing cards, queuing up for recharging, etc. It saves energy and time, creating a more humane and intelligent learning and living campus for college teachers and students.

Feature: building a digital bank

With the rapid development of mobile internet, artificial intelligence, quantum communication and other technologies, the fourth scientific and technological revolution has come and human beings have begun to enter the intelligent era. The Bank was actively trying to reshape the business structure and reengineer business processes with digital means. By breaking the barriers among departments as well as internal and external environments in customer operations, channel management, product design, risk management, operational services and external cooperation, the Bank promote the integration of online and offline activities and facilitate data-driven

Digital product

- The Bank created customised products for business scenarios, accessed and integrated the connection, governance, mining and analysis of major core data such as industry and commerce, justice, taxation, administrative penalties and PBOC credit information, improved the external data integration management of business lines for small enterprises, promoted the effective integration of big data technology and small enterprises credit business scenarios, optimised and updated products such as “Credit-e-Loan”, “Micro-e-Loan”, “Fast-e-Loan” and “Car-e-Loan” by combining digitalisation with products, to realise on-line processing of all processes.

Digital service

- In order to improve marketing efficiency and online service capabilities, the Bank constructed an intelligent customer service system and an intelligent micro-credit service platform, and flexibly used new technologies such as live face comparison, face recognition authentication and OCR ID card scanning to streamline manual processing, simplify business processes and improve business processing efficiency, operational security and customer experience.

Digital management

- In accordance with the operation model of “user introduction, user activation, customer retention, in-depth marketing and mass promotion”, the Bank conducted digital customer analysis to accurately classify customers, tap the value of online retail customer and boost their activities and scale of product sales.
- In daily operations, we built an integrated operation management platform, an electronic file management system, and an issue management platform to realise the digital management of the Bank’s operational business credentials, and to digitally dredge the information channel for the whole lifecycle management among the head office and its branches operation.

Digital cooperation

- By opening up external innovation channels through the platform of direct bank and dealer, we further cooperated with third parties, such as industrial platforms, e-commerce platforms and government affairs platforms, and introduced their service resources to build a jointly constructed financial ecosystem featuring transparent interconnection, cooperative empowerment, technological innovation, and harmonious win-win outcome.

Digital marketing

- The Bank used data analysis tools to carry out quantitative analysis through theme day activities, credit card consumption and other special offers to effectively discover potential customers.

transformation. At present, the Bank has incorporated the notion of “Building a Digital Bank” into its development strategy plan for the next five years, striving to build a full-process digital bank that faces all customers, supports all businesses and covers all channels.

Enhancing customer experience

Innovating service channels

Efficient financial platform

As the economy grows rapidly, the financial service has gained more sources of supply. In terms of changes in consumer demand and behaviours, Huishang Bank gradually developed “On-line Huishang Bank”, “Data Huishang Bank” and “Open Huishang Bank” via a wide range of technological means including big data, cloud computing and artificial intelligence. We will constantly strengthen the utilisation of FinTech in a bid to create the ultimate customer experience.



Huishang Bank Mobile Banking

○ Mobile banking 5.0

In October 2019, the Bank successfully launched mobile banking 5.0 and updated WeChat mini program synchronously. The new version was optimised and upgraded on system architecture, function innovation, user experience, secure transfer and expanded services. As of the end of the reporting period, the mobile banking 5.0 accumulated 4540.9 thousand mobile banking clients and handled 28.5013 million transactions in the whole year, up by 55.77% year-on-year; and the transaction amount is RMB756.246 billion, which shows an increase of 98.33% over the previous year. Besides, the bank had 4.8148 million personal online banking clients, and handled 1.9206 million accounting

transactions in the whole year, up by 9.93% year-on-year, and the transaction amount reached RMB845.781 billion.

○ **Huichangyoucai**

As the direct bank platform successfully built by Huishang Bank, “Huichangyoucai”, driven by innovation and unique concept, has rapidly



Huichangyoucai

earned a place in the Internet finance market. Embedded with Internet thinking and genes, it developed a broad investment and financial product system involving treasure basin, cash cow and saving pot, and built strong competitiveness with high earnings,

sound experience, undoubted safety and plentiful benefits, which aroused customers' enthusiasm to invest and fulfil their diversified financial needs.

In 2019, Huichangyoucai was awarded “2019 Direct Bank Innovation Pioneer”, “2019 Best Direct Bank” and others. As of the end of the reporting period, the number of direct bank account of the Bank exceeded 19 million, the accumulated trading volume of wealth products surpassed RMB99.938 billion, the accumulative launch of loans reached RMB33.22 billion, and the balance of loans reached RMB25.785 billion.

○ **Jiaoyijia platform**

In order to adapt to the transformation and development strategy of digital



Jiaoyijia platform

bank, Huishang bank integrates and upgrades all major business product lines of transaction bank, and carefully creates a brand-new one-stop financial service support platform for enterprise customers -- the Jiaoyijia platform, with a view to providing enterprise customers with home-like service experience. The platform drives business innovation and IT system architecture with technology empowerment and implements transaction

banking business platform with the help of big data, cloud computing, micro service, distributed and other technology tools to realize unified customer management, unified user management, unified account management, unified data management, and unified business management, and so as to develop transaction banking business with online, scenario and platform thinking. As of the end of the reporting period, the platform has 244.7 thousand clients, handled 99.0441 million financial transactions in the whole year, with a year-on-year growth of 88.31%, and the transaction amount was RMB2699.282 billion yuan, with a year-on-year growth of 33.63%.

○ **Open platform**

Huishang bank's open platform provides free, seamless and boundless financial service to customers based on customer needs, business scenarios and API / SDK interface. The open platform represents the development mode of transaction banking platform of Huishang bank which breaks the traditional thinking of banking service. It provides customers with not only those standardized products but also customized solutions embedded with specific business scenarios, so that customers can enjoy seamless and smooth service experience.

Best Direct Bank Award and Best Mobile Banking Innovation Award



The “Discovery & Innovation” 2019 Summit Forum of Banking Digital Transformation and the 15th China Electronic Banking Annual Awards hosted by China Financial Certification Authority (CFCA) was held in Beijing on 5 December 2019, where the 2019 China Electronic Banking Gold

Rank was solemnly announced. The Bank won Best Direct Bank Award and Best Mobile Banking Innovation Award by virtue of product innovation and outstanding performance of business development

Intelligent network customer service



Online intelligent customer service

The intelligent network customer service system realizes intelligent and digital operation by using artificial intelligence technology such as semantic recognition, data mining and model analysis. The intelligent robot “Xiaowan” integrates various service entrances, unifies back-end system, personnel and service mode, and realizes “cross channel unified interaction” service. The intelligent voice navigation combs transaction nodes in telephone bank self-service voice system, and can quickly identify user needs by voice and accurately position to the corresponding business module. The intelligent call out system matches different human-computer interaction processes according to the recognition translation results and semantic processing results, and realizes the intelligent call service for customers, such as collection, marketing, publicity, etc.

In 2019, the intelligent robot “Xiaowan” at customer service centre served a total of 434 thousand customers and achieved 96.97% of customer problem recognition rate; and it provided 206 thousand voice navigation services and achieved 95.78% of customer problem recognition rate. The intelligent outbound system completed about 24,000 outbound calls every month and effectively improves the operation efficiency.

Intelligent transformation of outlets

In 2019, the Bank set up a leading group of network channel transformation, and formulated the “Guiding Opinions on the Standardised Configuration of Equipment in Huishang Bank Outlets”. We pursued our goal of building the overall development framework of “one body-two wings”, and carried out the channel transformation project which sets customer demands as the centre, “digitisation” of outlet channels as the foundation, “intelligence” as the core, “streamlining our business” as the direction, and “ecology-building” as the side wing, so as to establish the new channel featuring smartness, profession and user-friendliness.

Digitisation:

- Conducted channel data governance, management platform construction and management model development in an orderly manner;
- Improved the efficiency and refinement of channel management and optimised the quality and efficiency of customer marketing services to realise the optimal allocation of channel resources and the omni-channel coordinated development.

Intelligence:

- Improved the service function, interface process, configuration standard and application promotion of intelligent self-service terminal;
- Realised self-service for basic business, counter service for complex business and exclusive service for high-end business in an intelligent manner.

Streamline:

- Optimised the structure of existing outlets and personnel according to the change of customer behaviour pattern and financial resource distribution;

- Streamlined and transformed channel outlets to save fixed cost resources and release labour costs.

Ecology-building:

- Strengthened the integration of outlet channels and surrounding ecological scenarios to provide customers with scene-based and experiential services;
- Shortened the distance between outlets and customers by combining with emerging technologies such as big data and artificial intelligence, and embedded open, free and lively atmosphere, value and ideas in outlets to constantly improve customers' experience.

As of the end of the reporting period, the Bank has established 623 self-service banking service zones (outlets) in total and 1,803 units of automatic services machines, including 63 units of ATMs, 1,095 units of cash recycling systems, 318 units of self-service terminals and intelligent self-service terminals (with 327 units of self-service card dispenser covered). The accounting transactions via retail electronic channel accounted for 95.97%, up by 2.6 percentage points over the past year; and the accounting transactions via corporation electronic channel accounted for 89.26%, up by 4.13 percentage points over the previous year.

Rendering heart-warming services

In 2019, the Bank made sustained efforts to regulate outlet services and laid emphasis on the concept of “all for improving our operating efficiency and front-line business” to serve customers with supreme experience.

Improving outlet service

The Bank made all efforts to convert customers from “coming to outlets” to “visiting outlets” by making full use of the service concept of retail business and innovating boldly and consistently to create extreme customer experience of physical outlets and build outlets of extensive functions, so that customers could experience the good atmosphere and unique design at outlets when handling their business. Thus, the Bank established the effective mode of interaction with customers and greatly improved the customer experience:

- Set up café, book bars and restroom at outlets to provide customers with some rooms to rest and chat;
- Offered free tea, shredding equipment, presbyopic glasses, currency count machine, wheelchair, baby chair, umbrella, medicine cabinet, cash bag and other convenient facility for customers;
- Provided customers with free meeting room;



Considerate outlet service

- Arranged regular community activities, such as business forums, book clubs and sports events.

In 2019, we launched a bank-wide campaign of “considerate service” to further optimise hall services by sending an apology card or a little gift

to customers who have been waiting over 30 minutes to placate their dissatisfaction. The Bank, under the premise that the risk was controllable and the business was handled in accordance with the regulations, also developed visiting service for special customers who were unable to arrive at the counter but in urgent needs.

To further improve the service quality of outlets, the Bank entrusted the third party consultant to conduct secret visit monitoring on its outlets to evaluate the overall service quality of the current outlets and measure the gap between the actual service of the outlets and the standard service, and compare the service gap between branches and between all kinds of outlets.

The Bank values customer privacy protection. The business outlets are required to set divisions for their E-banking experience zones. It is required to separate E-banking experience equipment from each other to ensure privacy. A one-meter line is required between the experience equipment with independent space spared. Otherwise, the following methods must be taken to protect the privacy: setting anti-spy film, separating with clapboard or blocking with green plants.

Multiple outlets of the Bank were honoured as “Five-star Outlet with Civilised and Normative Service in China’s Banking Sector” and “Top 1000 civilized and normative demonstration units in China’s Banking Sector” by the China Banking Association



establish a service model.

In 2019, a total of 15 outlets of the Bank passed the selection acceptance activities of civilised and normative units hosted by the China Banking Association, and were shortlisted for star-class outlets, among which Wuhu Nanling Sub-branch, Ma’anshan Taibai Avenue Sub-branch, Chuzhou Fengyang Sub-branch, Lu’an Administrative District Sub-branch and Huaibei Xiangxi Sub-branch were honoured with “2019 Five-star Outlet with Civilised and Normative Service in China’s Banking Sector”, with the number of financial institutions awarded ranking the top in the banking industry of

Quality service is the eternal lifeline of banking industry. The China Banking Association will organise the selection of the civilised and normative units in China’s banking sector among over 200,000 bank outlets nationwide every year to

the province. Besides, Hefei Huayuan Street Sub-branch, Fuyang Taihe Sub-branch, Ma'anshan Hunan Road Sub-branch, Huainan Square Road Sub-branch and Wuhu Huangshan Road Sub-branch of the Bank were awarded the “Top 1000 civilized and normative demonstration units in China’s Banking Sector”, with number and quality ranking the first in the banking industry of the province, indicating the high recognition on our specialisation, refinement and contemporaneity of outlet services from the China Banking Association.

Army support and preferential treatment



Wuhu Branch's green channel for army support and preferential treatment

In order to promote harmonious military-civilian relationship and give play to the unique role of the financial system in the mutual support task - the government and the people should support the army and give preferential treatment to the families of servicemen and martyrs, and the army should support the government and cherish the people, the Bank designed exclusive and comprehensive financial service program to support the army and offer them with preferential services, fully showing our

worship to contemporary military:

- Introduced military-supported card and opened green channel to such cardholders
- Established special service window at civilised and normative service model outlet to support the military, and posted signs at prominent locations to offer priority for military personnel and entitled groups
- Responded to individual needs and provided comprehensive and high-quality financial services.

The Bank signed “Cooperation Agreement on Army Support and Preferential Treatment in Anhui Province” with Anhui Department of Veterans Affairs



The Bank signed “Cooperation Agreement on Army Support and Preferential Treatment in Anhui Province” with Anhui Department of Veterans Affairs on 17 May 2019.

Giving full play to the unique role of the financial system in the mutual support task, the Bank strengthened the exploration and practice in the cause of military support and preferential treatment, designed the exclusive comprehensive financial programmes to support the army, and provided entitled groups with personalised, comprehensive and high-quality financial services.

Multi-service platform

Focusing on customers’ real demands, the Bank established Huiyin e+, a personal comprehensive service platform for non-integrated financial services (hereinafter referred to as “Huiyin e+”), based on the current retail services, characteristic business model and channel of each branch, offering retail customers with credits exchange, smart services, tourism finance, exclusive products and other value-added services to serve customers in all spheres of their lives. As of the end of the reporting period, the cumulative registered customer of Huiyin e+ reached 198,448, with an average monthly growth rate of 18.5%; the number of accumulated sales was 27,964, with an average monthly increase of 28.6%; and the accumulative credits consumption recorded 0.468 billion points, with an average growth of 26.9% per month.

Huiyin e+ consisted of the following existing segments: credit mall, regional discount, tourism finance and smart service:



Huiyin e+ personal comprehensive service platform for non-integrated financial services

- **Credit mall:** Provided unified integrated credit value-added services such as credit inquiry, credit exchange, credit-gift swap and credit purchase.
- **Regional discount:** Opened special exhibition zones at each branch, which are utilised for presenting the information and special offers of concessionary and preferential merchants cooperated with each branch in a unified manner and providing on-line merchant discounts for our retail customers.
- **Tourism finance:** Cooperated with the third party tourism financial service platform to offer retail customers with comprehensive tourism financial services such as scenic spot ticket sale, tourist route sale and hotel recommendation.
- **Smart service:** Provided on-line services for physical examination, medical channel, travel, driving service and other related rights and interests, as well as on-line service application and appointment to facilitate customers' daily life.

Safeguarding customers' rights and interests

As a responsible financial enterprise, the Bank developed convenient and personalised financial services to meet citizens' diversified modern financial requirements. In 2019, by thoroughly practising the "customer-oriented" development philosophy and strictly abiding by the "Law of the People's Republic of China on the Protection of Consumer Rights and Interests" and other laws and regulations, the Bank launched the "Promotion Plan on Consumer Rights Protection of Huishang Bank in 2019". The Bank was dedicated to maintaining a safe and stable financial environment and building a fair and just financial market. It made constant efforts to promote the establishment of the civilised, standardised and excellent service system at outlets, placed emphasis on security-building, actively guarded against telecom fraud, and improved financial security for customers to effectively protect their rights and interests.

Improving management system

The Bank has set up the Development Strategy and Consumers' Rights and Interests Protection Committee at the Board of Directors level to further strengthen the directorate's guidance function on the protection of customers' rights and interests, including integrating the actions into the corporate governance, development strategy and corporate culture construction, gradually establishing and improving the special assessment mechanism, so as to improve service and guarantee customers' rights and interests.



Consumer protection training

We continued to upgrade the internal organisation structure to safeguard consumers' rights and interests by establishing a leading group for such protection with unequivocal accountability on sub-branch leader, setting up consumer protection commissioners and a cross-department team to deal with

and communicate daily consumer protection, and arranging regular meetings

to discuss improvement measures for the observed pain points and complaints in our customer service, and follow-ups of corresponding corrective actions.

In addition, we took the following measures to optimise the system for consumers' rights and interests protection:

- Embedded the idea of such protection in product design, process design and rulemaking, intensifying administrative departments' sense of protection fundamentally;
- At the level of head office, trainings on personal financial information protection, products and services, information disclosure, complaint handling and other key areas were regularly carried out;
- Service and consumer protection trainings were organised by each branch and each sub-branch regularly for all the staff at outlets, integrating training regarding consumers' rights and interests protection in each intensive on-the-job training;
- Conducted special audit on the construction and implementation of the consumer protection system, and put great efforts on sample testing of the completeness of consumer protection system, reliability of system implementation, effectiveness of work implementation and propriety of assessment management.

Whole-process service monitoring

With the goal of retaining customer satisfaction and trust, the Bank puts great premiums on customer experience and strives to deliver supreme, convenient



First-rate service offered by Huishang Bank

and considerate services as well as sincerity and warmth to customers. We strengthens the monitoring and management during the whole process of protecting consumers' rights and interests on products and services, and continuously improves service quality.

- Pre-sale management

The Bank gradually regulated the market entry review of its products & services', and a series of documents regarding individual customers, including related rules and regulations, contract agreements, business processes, customer rights and interests instructions, product specifications, risk reminders, publicity programmes, service charges, information disclosure channels and methods and code of conduct for employee sales (marketing); they must be reviewed by the Department of Consumer Rights and Interests Protection and could be promoted to customers only after the revision and improvement based on audit opinion.

Besides, the Bank intensified advertising management. Pursuant to the "Advertisement Law of the People's Republic of China" and other laws and regulations, it standardised the daily release process of advertisement and publicity materials, and put an end to exaggerated and false advertisement, one-sided guidance, malicious speculation and other bad practices to effectively safeguard customer's rights and interests.

➤ In-sale management

During the inspection of the businesses of each branch and business outlet, service quality monitoring projects, and civilised, standardised and excellent service of the Bank, the head office inquired and collected opinions and suggestions on products and businesses, and verified the actual implementation of consumer rights protection in the sale. For problems identified, the head office would notify such defects by consumer protection proposal and urge relevant branch or outlet to rectify in a timely manner.

➤ After-sale management

The consumer complaints, difficulties or problems reflected in public opinion would be sent to departments of the head office or branches in consumer protection proposal by the Bank in a timely manner. As the proposal was received, these departments or branches would report their verification and the following rectification programme. Regarding the rectification programme developed by departments of the head office, the leading group of consumers' rights and interests would supervise its implementation, and for that by each branch, the Department of Consumer Rights and Interests Protection would handle such task.

The Bank arranged customer satisfaction call-back, and attached importance to customer opinions and took timely improving measures. The Bank applied bottom-up approach to supervise the protection of financial consumers' legal rights and interests, so as to ensure the orderly implementation of consumers rights protection and achieve the goal of improving customer service level.



The Bank was awarded the “Residents’ Most Satisfied Bank”

The Bank ranked “Top of the Banking Industry” and won the “Residents’ Most Satisfied Bank” in the “Survey of Residents’ Satisfaction in Top Ten Service Industries in Anhui Province” hosted by Anhui Centre for Provincial Survey for the seventh consecutive time. In addition, Bengbu branch was honoured the “Enterprise for Best Service

Quality”.

Ensuring account security

Huishang Bank further fulfilled regulatory requirements and issued privacy policy to take more stringent protective measures for network information and consumer rights and guarantee the legitimate rights and interests of financial consumers.

In accordance with the “Real-Name System for Personal Deposit Account”, we verified and improved customer identity information, supplemented individuals’ basic identity information in batches, encouraged customers to visit outlets by themselves and updated their identity information in time through electronic banking and other channels, and took account control measures in batches for customers with incomplete and false identity information.

In order to meet the growing demand to protect the security under various payment scenarios of Internet finance, the Bank provided free personal account insurance to prevent private account from losses caused by credit card fraud or

theft via bank counter/ATM and mobile banking/on-line banking channel, shielding customers' capital safety and creating more secure payment experience.

In order to ensure safe credit card use, we newly applied face recognition and comparison technology in 2019, which enhanced risk control and reduce losses. The Bank intensified management and control measures before, during and after the event, so as to provide customers with high-quality service and protect their interests to the greatest extent:

➤ Access before the event

The Bank improved the review and approval efficiency by expanding the application of new technologies such as face recognition and device fingerprinting, fully exploiting the value of external data, constantly optimizing the application scoring model, building an automatic credit granting system, developing an automatic review and approval procedure for handling of submittals, and realizing whole-process automatic review and approval for part of the submittals on the premise of risk control, which improved the efficiency of approval and ensured consumption credit business with efficient and high-quality processing .

➤ Management during the event

The Bank established a 7*24 hour risk transaction monitoring mechanism. By deploying and regularly optimising and adjusting the transaction monitoring rules, the Credit Card Centre maximised the monitoring of high-risk transactions and minimised the loss of fraudulent transactions. In regard to proactive risk inspection, we fought against illegal cash withdrawals, credit card repayment with another credit card and other high-risk card using behaviours by setting up the detection models of illegal cash withdrawal and abnormal transactions.

➤ Credit card loss guarantee

The credit card loss guarantee business of the Bank comprised online payment compensation, ePOS compensation and withdrawal compensation, which improved the compensation scope of credit card fraud. Thanks to the commercial insurance compensation, the card use safety was guaranteed and the safety image for the Bank's credit card was established.

Customers' rights and interests were successfully guaranteed by the Bank

On 12 May 2019, a customer called customer service centre for a transaction not operated personally with tens of thousands worthy (yuan) generated by credit card. Our fraud investigators immediately contacted the customer to get the picture and inform the customer to report the case. The investigation verified that both the customer and the card were located in Wuhu, China, while the transaction occurred in New York, which was considered to be a fraud. Shortly after 5 days receiving the report and application for compensation, the Bank reimbursed the losses to customer's account on 20 May 2019.

Customer complaint management

In order to integrate and optimise the Bank's complaint management system and realise the whole-process control of omni-channel complaints, we have built a centralised complaint management platform of Huishang Bank, integrating the Bank's complaint management systems and complaint information to realise the real-time update and whole-process tracking of the complaint information through hierarchical management. Pursuant to the regulatory requirements, the Bank has completed the complaint classification and report updates regarding complaint management platform, customer service work order system and credit card work order system in accordance with the complaint classification and coding standards of the People's Bank of China. Over the year, the Bank handled 2,058 complaints in total with the customer satisfaction reaching 98.6%.



The Bank performed well in the 4th “Find the Voice” of comprehensive business skills competition hosted by the China Banking Association

Moreover, we classified and rectified customer complaints and comprehensively reduced our customer complaints from various reporting channels:

Outlet complaints: The complaint handling principles of “Confirm accountability first, solve with time limit, track the feedback, and interconnect through coordination” were thoroughly implemented by the Bank. The Bank strengthened the business training for the front-line personnel to improve their capability in handling and resolving complaints. We also respond customer complaints timely to prevent escalation, enhance the hall management ability of outlets, and set proper number of windows to strengthen customer guidance and reduce queuing.

Information disclosure complaints: We set up a unified product and service inquiry platform at the head office level to standardise information disclosure channels and contents; we regulate business personnel’s marketing methods and wording and they are advocated to expound the charging items and business rules in a way easy to understand by customers, and not to deliberately conceal or exaggerate earnings.

Service attitude complaints: Following the “customer-oriented” principle, the Bank devoted itself to improving outlet personnel’s service consciousness and service etiquette, to delivering smile services, and to eliminating forbidden service language and behaviour. We would respond to customers’ demands and resolve service difficulties and contradictions with sincere and friendly attitude.

Concerning employee development

The Bank regards its employees as its most valuable asset as well as inexhaustible driving force for its continuous and healthy development. The Bank invariably promotes the management culture of “putting people first” and puts into practice the talent philosophy of “attracting the ambitious, cultivating the malleable, leveraging the competent”. We are committed to protecting employees’ legitimate rights and interests as well as providing an open and equal communication platform to promote democratic management and create an optimistic, positive and harmonious working atmosphere.

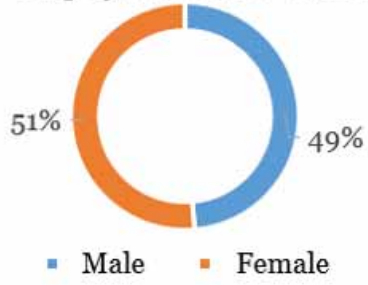
The talent policy of the Bank:

- Attracting the ambitious
- Cultivating the malleable
- Leveraging the competent

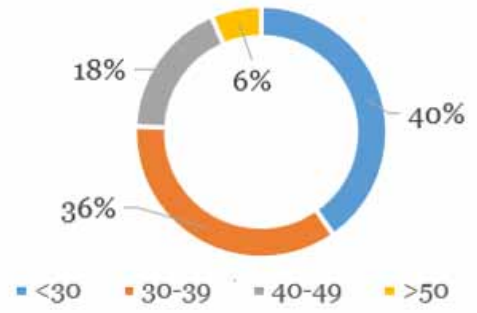
As of the end of 2019, the Bank’s signing rate of labour contracts, social security coverage rate, labour union formation rate and physical examination coverage rate all reached 100%.

As of the end of 2019, the Bank hired 9,499 employees in total. The employee structure is shown as below:

Employee structure- Gender



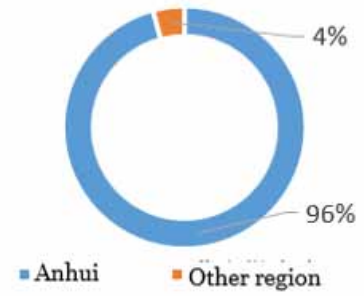
Employee structure- Age



Employee structure- Education background



Employee structure- Region



Safeguarding employees' rights and interests

The Bank strictly complies with the “Labour Law of the People’s Republic of China”, the “Labour Contract Law of the People’s Republic of China”, the “Prohibition of Using Child Labour” and other labour-related laws and regulations. We formulates the “Measures for the Management of Employees’ Compensation of the Huishang Bank”, the “Measures for the Management of Employee Recruitment of the Huishang Bank”, the “Measures for the Management of Employee Demission of the Huishang Bank”, the “Attendance Management Policy for Huishang Bank” and other management systems to safeguard the legitimate rights and interests of employees.

Compensation and benefits

The Bank connected salary administration with job hierarchy management, adapted the total volume to risk-adjusted performance, aligned improved competitiveness with sustainable development, considered both efficiency and internal equity, combined short-term incentives with medium- and long-term kinds, associated employee compensation with team performance, and coordinated dynamic maintenance with standardised and unified management. In obedience to adjustments of macro-policies and systems and changes of the regional market environment, we further diluted regional differences to improve the Bank’s competitiveness and employees’ stability.

The Bank has established a bank-wide enterprise annuity scheme based on relevant national laws and regulations to ensure and improve employees’ post-retirement benefits, to mobilise their working enthusiasm, and to establish a long-term incentive mechanism for talents.

For purpose of further enhancing the building of professional team and standardising employment with certificates, the Bank issued the “Notice on Further Standardising Related Matters of Employment with Certificates” in 2019, which explained the subjects and objects required certificates, and offered certain incentives to employees with certificates to encourage employees of all business lines to take the initiative to learn and obtain relevant professional certificates.

Recruitment and termination

The Bank has established rules and regulations governing recruitment and demission, which specified the recruitment principle of “setting up posts and prescribing staffing quota; filling vacant posts with qualified personnel; upholding equality, fairness and openness and practising two-way selection; selecting the superior and ensuring quality”, so as to standardise and strengthen the Bank’s recruitment management, improve the market-oriented recruitment mechanism, and promote the Bank’s staff structure adjustment and optimisation.

As of the end of 2019, the Bank hired 9,499 employees in total, with men and women dividing equally and the age bracket mainly under 30 and 30-39. The majority of employees had bachelor’s degree or above. The local employment rate reached 96%. During the reporting period, the Bank’s turnover rate¹ was 4.21%.

Working hours

The Bank adopted the Standard Working Hour System, which provided that an employee may work no more than 8 hours per day and, as such, working hours were capped at 40 hours per week. Voluntary overtime shall be practised and employees working overtime shall be compensated under national laws and regulations.

Holidays

All the employees were entitled to weekends as well as national statutory holidays under applicable national regulations. In addition, employees were granted paid annual leave, maternity leave, nursing leave, marriage leave, compassionate leave, casual leave, sick leave and home leave.

Equality and diversification

The Bank stuck to the principle of fairness and equality, provided employees with equal job opportunities and working environment, and allowed no discrimination based on national origin, race, gender or religious beliefs.

¹ Turnover rate = Turnover number during the reporting period / (Total employee number at the end of the period + Turnover number during the reporting period)

Democracy and communication

The Bank positively built harmonious labour relationship and put emphasis on democratic management. We would irregularly hold staff forum, arranged annual employee representative meeting, conducted staff satisfaction survey, and proactively listened to the staff's



The 2nd employee representative meeting of Huishang Bank

voice, bringing employees' right to know and make decisions into play effectively. The Bank's labour union has established the WeChat official account of "Huiyin E Home" and took such opportunity, through various publicity activities, to build a communication platform, which enhanced the pertinence, flexibility and inclusiveness of labour union activities, discovered employee stories, promoted the power of role models, and publicise the Bank's culture.

Proposal collection for office environment and staff service carried out by the head office



In March 2019, the labour union of the head office collected employees' opinions and suggestions regarding office environment, staff service, office security and activity space, carried out on-the-spot investigation and organised on-site forum to listen to employees' voice and respond to their requirements in a timely manner.

Promoting professional development

Attaching importance to talent reserve

The Bank attached great importance to the cultivation and selection of excellent young managerial staff, the use of reserve talents, the exploitation of managerial staff of various age groups and the construction of talent pools. We established a standardised system for selecting and appointing management personnel, which generally works on the principle that managers are promoted step by step. The head office conducted quality assessments on the second-level team leaders and senior managers of each department and office to identify high-potential and high-performance talents, which formed an important basis for the training and selection of middle management personnel.

Strengthening the foundation for training

To better ensure sources of talents for the Bank's business development and maintain a scientific and standard middle-level management selection and employment mechanism, the bank formulated the "Management Measures for the Middle Management Selection and Employment of the Huishang Bank", which identified the requirements on years of service.

To accelerate professional team building, the Bank widened the road for employees to develop and progress. Meanwhile, the bank promoted the establishment of the management system of job hierarchy covering all staff subject to the principle of "overall planning, unified designing, multi-level management, dynamic adjustment, and effective motivation". We formulated the "Interim Measures for the Management of Job Hierarchy of the Huishang Bank" to build the basic framework for Bank-wide management of job hierarchy and define four levels including management, profession, agency and marketing.

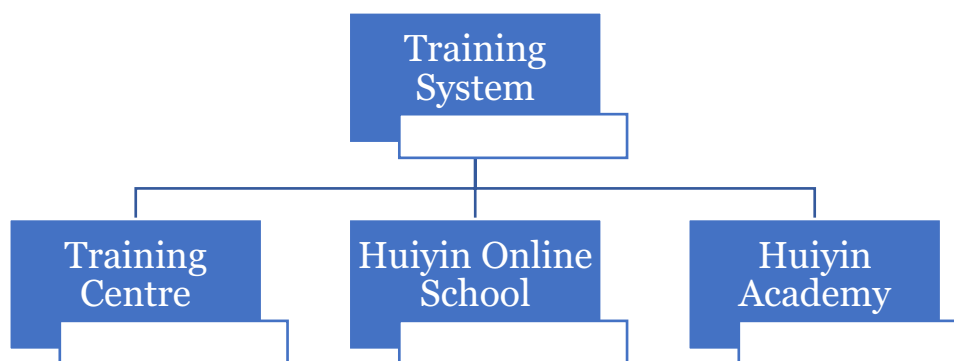
Cultivating talents with potential

- **Improving the training system**

The Bank attaches great importance to staff development and strives to build a professionalised and diversified training system. Focusing on the strategy action plan of "one body-two wings" and the building of a learning bank in an all-round way, the Bank has established a training system dominated in three education brands, i.e., "Training Centre", "Huiyin Online School" and "Huiyin

Academy” to meet different needs of new staff, staff of various positions, the management, etc., so as to achieve diversified talent development.

While establishing an excellent training system, the Bank clarified the training indicators for business lines and formulated the “Reward and Punishment Plan for Education and Training of the Huishang Bank”, under which it set up rewards from four aspects such as Huiyin Good Trainees, Huiyin Good Courses, Huiyin Good Sharing and Huiyin Good Projects, creating a favourable atmosphere of active learning.



- **Building the education brand**

In 2019, the Bank optimised the existing omni-channel training system continuously, and developed high-quality and characteristic training courses targeting talents at different levels, including “Huizhuo Plan”, “Huiying Plan”, “Huijing Plan”, “Huihang Plan”, “Huidao Plan” and “Huiyun Plan”. To promote employee’s development, the Bank conducted a total of 18 training sessions, with 1,580 trainees.

➤ **Huizhuo Plan - Training seminars for middle and senior management of the Bank**



“Trends and Changes” and “Transformation and Innovation” Seminars for Middle and Senior Management

“Huizhuo Plan”, through cooperation with domestic universities, aimed at helping trainees develop a macro vision and enhance their abilities in decision-making, judgement and leadership by incorporating the Bank’s business development and current economic hotspots. In 2019, the head office launched 5 special training sessions, which attracted more than 200 participants.

➤ **Huiying Plan - Management training for young and middle-aged management**

For common issues and shortcomings of the team, the Bank launched training sessions in the Binhu Training Centre to introduce external excellent trainers from Zhejiang University and the People’s Bank of China Hefei Central Sub-branch, with focus



“Huiying Plan” Special Training

on team management proficiency, financial product innovation, integrity, work ethics, the guiding principles of the 19th CPC National Congress, etc.

In 2019, the Bank conducted 7 special training sessions, with more than 400 participants.

➤ **Huijing Plan - Cultivation of young talents**



“Huijing Plan” - Training Camp for Professional Growth of Excellent Young Backbones

The Bank arranged training sessions for outstanding newly-hired staff (with term of employment of 3-5 years) annually on knowledge of professional line businesses, team building and management skills, marketing know-how, as well as communication and negotiation

techniques to accelerate professional growth, form talent leading demonstration effect, enhance employees’ identity and corporate cohesion and cultivate the backbone of the Bank’s sustainable development in the future.

➤ **Huihang Plan - Orientation training for new recruits**

The Bank made an elaborate plan of concentrated pre-job training sessions, which took advantage of internal teaching and exchange between new joiners and experienced employees to help new recruits to fit into the Bank, to foster professional ethics, dedication and team spirit, to familiarise with the



“Growing Into the Future” - Orientation Training for New Recruits

Bank’s businesses and products, relevant policies and roles and responsibilities of all business lines, to empower them with operational skills that are conducive to their future work performing and to help them adapt to the new role of professionals from college students.

➤ **Huidao Plan - Special training for internal trainers**

The Bank is well aware that internal trainers are backbones in the education and training of employees. For the development of internal trainer team with high quality, the Bank stipulated the essential requirements and certification standards for internal trainers and divided internal trainers into three levels as lecturer, senior lecturer and experienced lecturer and conducted dynamic management based on their coaching skills and experience in accordance with

the “Management Measures for Education and Training of the Huishang Bank” and the “Management Measures for Internal Trainer of the Huishang Bank”.

From 27 to 29 November 2019, the Bank organised a special training themed “Special Training Camp for Gold Medal Internal Trainers” for 3 days and 2 nights. A total of 44 excellent internal trainers from head offices and Branches participated in the training, and 44 quality tuition materials were optimised. Through the training, the comprehensive skills (experience learning and teaching) of internal trainers have been further strengthened, and communication between internal trainers in different business lines has been improved.

➤ **Huiyun Plan - Online platform building**

To meet the new demands for education and training in the era of mobile Internet and push forward transformation and upgrade of the Bank’s education and training, the Bank launched two online training platforms, namely “Huiyin Online School” (PC) and “Huiyin Academy” (mobile).

The Training Centre set up a “Q&A” section in the “Huiyin Academy”, a customised developed Zhiniao learning platform, promoting bank-wide knowledge sharing among employees. At the same time, the head office launched an online micro course contest, shortlisting more than 296 excellent micro-courses. Besides, course production was also taken into consideration. Such reward and punishment mechanism was targeted at fully mobilising employees’ teaching enthusiasm, increasing the number of online courses continuously, improving training quality and efficiency, strengthening employees’ professional abilities as well as promoting the development of various business lines. As at the end of the reporting period, the number of courses enrolled by Huiyin Online School for the year was 99,520, an increase of 60.50% year on year. The number of active users of Huiyin Academy exceeded 8,723, with 42,609 courses enrolled in the year and the maximum number of online users reached 2,919 in a single day.

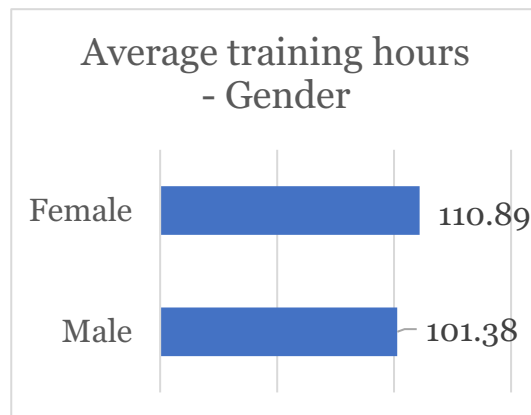
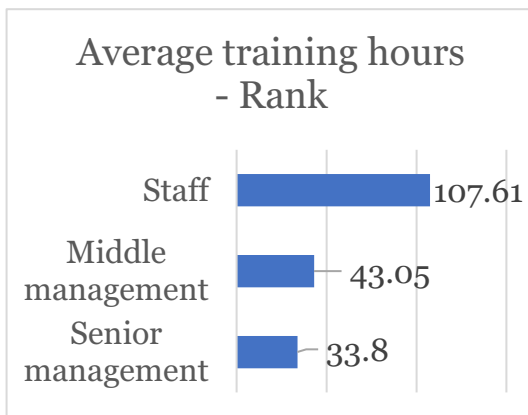


Huiyin Online School

As of the end of the reporting period, the hours of concentrated training sessions conducted by the Bank totalled 9,866,636.4, with 103.86 hours per capita for the year.

During the reporting period, the Bank's employee training coverage rate was:

• **100%**



Concerning health and safety

The Bank is committed to creating a safe and comfortable work environment for our employees. Based on our nature of financial institution, the Bank outlined key points in handling occurrences of security emergencies highly relevant to the sector, including explosion, robbery, theft, fraud and formulated the “Key Points of Safety Emergency Response of the Huishang Bank”. To implement the “Emergency Response Law of the People’s Republic of China”, the Bank issued the “Natural Disaster Emergency Response Plan of the Huishang Bank” and the “Office Building Fire Emergency Response Plan for the Huishang Bank Headquarters”. At the same time, to enhance the safety awareness of all employees, the head office invited the public security management experts of the Anhui Provincial Public Security Department to provide professional explanations on emergency management mechanisms and public emergency response during security management skills training. To implement the workplace safety program in an all-round and orderly manner, the head office Security Gaurd Department was responsible for the comprehensive supervision and risk investigation of buildings of the head office and branches. In 2019, no work-related injuries or fatalities occurred and the number of lost days due to work injury is zero.

Enhancing security management

In order to further consolidate the security base of the Bank, innovate and improve the level of refinement, standardisation and scientific management of security, the Bank stepped up efforts in developing a “Safe Huishang Bank” to ensure high-quality development of a modern bank.

Top Seven Tasks for a “Safe Huishang Bank”

- Strengthen the organisation and leadership of security
- Carry out training on safety and security laws and regulations
- Promote the transformation of safety protection facilities
- Improve information technology security management
- Innovate methods for detecting hidden dangers
- Upgrade internal security management
- Improve emergency management

Attaching importance to fire safety

We continued to strengthen the fire control management and issued the “Fire Emergency Response Plan of the Huishang Bank” in accordance with relevant requirements of Anhui Banking and Insurance Regulatory Bureau. The head office organised staff to carry out firefighting training and drills, so as to instruct employees in knowledge and skills about fire suppression and escape, increase their awareness and improve their skills of security. The branches carried out activities relating to firefighting based on practical situations, including drills, training, and knowledge contests.

Wuhu Branch conducted a fire drill at the office building

On 29 August 2019, Wuhu Branch conducted a fire drill, which was evaluated and summarised on site by the Security Guard Department and experts from the fire brigade of the head office, for the purpose of enhancing fire emergency response and personnel evacuation capabilities, improving employees’ fire safety awareness, and further testing the effectiveness of the fire emergency plan.



Concerning employee health

We organised employee physical examinations every year and regularly carried out sports events and physical fitness activities for employees. The Bank established a bank-wide supplementary medical insurance mechanism in accordance with relevant national laws and regulations to serve as a powerful supplement to employees’ basic medical insurance, fully reflecting the Bank’s people-oriented corporate culture.

Given that employees are emotionally stressed in handling complaints, the Customer Service Centre developed psychological guidance course and psychological counselling program for employees to alleviate their psychological pressure, demonstrating its concern for the physical and mental health of its staff and echoing its slogan of “Creating a Happy Huishang Bank”.

The Bank held a bank-wide basketball game in 2019



In October 2019, Huishang Bank held a bank-wide basketball game to promote the health of employees and strengthen the communication among them, which not only enriched the employees' amateur lives in cultures and sports, but also enhanced the friendship between

employees and cultivated teamwork spirit.

Creating a happy Huishang Bank

Corporate cultural activities

The Bank is committed to “Creating a happy Huishang Bank”. Trade unions send festival greetings on the New Year’s Day and the Spring Festival and send birthday greetings, creating a sense of belonging for and communicating the concept of “a happy Huishang Bank” to all employees. The Bank also provides employees with a wide array of fitness and entertainment facilities at the workplace, such as table tennis tables and billiard tables, and arranges various activities to offer a relax and harmonious environment for employees after work.

The head office held the 2019 Lunar New Year Party



On 27 January 2019, the Spring Festival Party in the head office, with the theme of “Ushering in a New Era and Pressing Ahead for a New Journey with Huishang Bank”, was staged in the Song and Dance Theatre of Anhui Province. The leaders of the Bank, together with employees, gathered in the party to celebrate the Chinese New Year.

The head office held a parent-child activity, with a theme of “Little Banker, Big Dream”

On 22 June 2019, the Personal Mobile Finance Department of the head office carried out an employee parent-child activity with a theme of “Little Banker, Big Dream” for the purposes of enriching the employees’ amateur lives, enhancing employees’ sense of belonging and showing a



harmonious and warm working atmosphere. The children mastered basic financial knowledge from vivid scenarios in activities.

The Bank participated in the Anhui Theatrical Performance of Employees that celebrated the 70th anniversary of the founding of the People’s Republic of China.



On 26 September 2019, the Bank was invited to participate in the Anhui Theatrical Performance of Employees that celebrated the 70th anniversary of the founding of the People’s Republic of China with a

theme of “Building Dreams for Jianghuai District and Making Glorious Progress”. During the period, 44 employees displayed a patriotic slogan of “Building Dream for 70 Years and Achieving Another Shot at Glory for Huishang Bank” and the Huishang Bank LOGO. This activity not only demonstrated the motivated and united spirit of our employees, but also promoted a favourable corporate image for the Bank.

Assisting and supporting employees in straitened circumstances

The Bank carried on its fine norms concerning traditional festivals and important visits. All grass-roots trade unions implemented the “Five must-visits” policy by conducting follow-up and visited to employees troubled with severe illnesses, hospitalisation and poverty. In 2019, the Bank granted RMB248,000 of aid, with 62 people assisted.

Leaders of the Bank visited Party-member employees in straitened circumstances of the branches



During the reporting period, leaders of the Bank visited employees in straitened circumstances who were Party members in the branches to understand their working and living conditions in detail and encourage them to overcome difficulties with confidence and then work in full energy.

Caring for female employees

To implement the “Regulations Concerning the Labour Protection of Female Staff of Anhui Province”, safeguard their lawful rights and interests, and show care about their work, the Bank has held discussion about the Attendance Policy, arranged forums intended for female staff, installed feeding rooms at headquarters, and formed female yoga hobby club, so as to safeguard their rights and interests. In 2019, the head office won the honorary title of “Woman Civilisation Station” commended by the All-China Women’s Federation, affirming the contribution of our female employees to the country, society and the people.

Tongling Branch carried out employees caring activities on “International Women’s Day (March 8)”

On 9 March 2019, Tongling Branch organised female employees to mountaineer, allowing female employees walk into nature to cultivate sentiment, release stress and spend a healthy and pleasant holiday.



Caring for retired employees

The development of Huishang Bank is inseparable from the efforts of loyal employees. To share the achievement of the Bank’s development with them and in line with the principle of “care for employees”, the Bank gives its retired employees guarantees with complementary medical insurance and critical illness insurance and guarantees on medical reimbursement for treatments in other districts, thus strengthening the medical security for retired employees and improving their quality of life.

The Bank organised the activity of “My View on China’s Remarkable Achievements Over the Past 70 Years”



for the past 70 years.

From 21 to 23 August 2019, the head office organised retired cadres and employees to carry out the theme activity of “My View on China’s Remarkable Achievements Over the Past 70 Years” to celebrate the accomplishments of the motherland

Contributing to the Society

The Bank has been making vigorous efforts to fulfil its social responsibility and repay the society, show concern for and offer help to the disadvantaged group, push ahead culture and sports undertakings, and seek development for remote and poverty stricken areas, so as to achieve a harmonious and better future for the society.

Attaching more importance to education

Education is a great source of the vitality of social development and determines the future of the country and the nation. The Bank encourages all branches and sub-branches to carry out educational public welfare activities such as caring for left-behind children and the growth of the teenage, which fully demonstrates the Bank's good corporate image. All branches arrange one-to-one assistance where money and goods are donated to left-behind children of poverty stricken areas and support local construction. In order to better care for and protect left-behind children in rural areas and children of rural migrant workers in the city, the Youth League committee and provincial Party committee of Anhui Province, as well as the headquarters of the Huishang Bank decided to build the "Huiyin Teenage Home" volunteer stations at schools or communities where left-behind children and children of rural migrant workers assembled according to the principle of unified planning, unified declaration and unified logo. In addition, we carried on our past fine norms of engaging in volunteer services for the students taking college entrance examinations, assisting them to start the journey to pursue their dreams.

The Bank carried out "Huiyin Youth Home" themed activities



The Bank vigorously carried out a series of theme activities of “Huiyin Youth Home” to bring care and joy to the left-behind children and improved the brand image and influence of Huishang bank. In 2019, branches in Huaibei, Chizhou and Chuzhou carried out caring activities themed “Celebrating Spring Festival in a Safe, Green and Happy Manner”, and Children’s Day celebrations themed “Colourful Tomorrow” targeting left-behind children.

The Bank carried out public welfare activities themed “Realising Little Wishes to Warm Children’s Heart”.



From April to May 2019, in order to implement poverty alleviation and accurately understand the needs of poor children, the Bank learned about little wishes of poor children, which was claimed and realised by employees through both online and offline channels.

The Bank vigorously carried out the public welfare activity of “Volunteer Services for the College Entrance Examination to Cheer for Examinees”



On 7 June 2019, branches in Xuancheng, Wuhu and Lu’an got together to carry out a series of activities themed “Volunteer Services for the College Entrance Examination” to help numerous students to set sail their dreams. The Bank set up “Volunteer Service Stations for the College Entrance Examination” at the testing centre, to provide exam kits, information and

guidance for examinees and their parents, and offer them with anti-heatstroke drugs and drinking water for free. Some branches also provided refreshing green bean soups.

In addition, the branches also provided the majority of examinees and their parents with high-quality, efficient and considerate test assistance services such as delivering public lectures on college entrance examination application, and engaging experts to interpret the modules and factors that should be considered in the application, application policies, parallel application mechanism and precautions, reflecting the Bank's unique humanistic care.

Supporting cultural and sport undertakings

In passionate support of cultural and sport development, the Bank has stepped up its efforts in sponsoring and participating sport and cultural activities. In addition to promoting healthy living style and disseminating arts and culture, the Bank encouraged the staff to actively participate in such activities, so as to deliver a positive attitude towards life as a member of the Bank.

“Huishang Bank Cup” Hefei Marathon and National Marathon Championship (Hefei) 2019 was successfully held



On 10 November 2019, the National Marathon Championship (Hefei) 2019, sponsored by the Bank for five consecutive years, was launched, which attracted over 60,000 contestants from 31 provinces, autonomous regions and municipalities, Hong Kong, Macao and Taiwan, and 21 countries including South Africa, Singapore, Canada, Germany, and the United States. The Hefei International Marathon has been awarded the “Bronze Label” by the IAAF and the “Gold Medal” awarded by the Chinese Athletic Association, enlisted as one of the “Double Label” events. This year’s Hefei International Marathon demonstrated the Bank’s active role in supporting of the development of sports and in serving local economic and social development.

The Bank sponsored the Fifth Provincial Football League

From 29 December 2019 to 19 January 2020, the “Fifth Provincial Football League of Huishang Bank Cup”, sponsored by Huishang Bank, successfully concluded at the Shushan Football Training Base in Hefei. The Bank’s football team



carried forward the fighting spirit in the game, and won four consecutive titles with the excellent record of eight wins. This game was also broadcast live on the mobile network, attracting hundreds of thousands of fans to watch online.

The Bank sponsored and organized the volunteer activity of 2019 Jianghuai Cycling Competition named “Healthy Anhui”



In 2019, the Huishang Bank Cup “Healthy Anhui” (2019 Jianghuai Cycling Competition 2019), sponsored by Huishang bank for two consecutive years, was held in 19 regions including Huaibei, Sanshan, Hanshan and Tongling, attracting more than 10,000 contestants. During the preparation of the activity, the Bank actively coordinated with the main organiser, and arranged employees to form a volunteer team on the day to provide volunteer services for contestants with full spirit and enthusiasm. We also publicised and introduced our financial products, policies, and financial knowledge to raise the public’s knowledge and security awareness in finance, which was well received by the main organiser and contestants.

Disseminating financial knowledge

In order to further improve the financial knowledge disseminating mechanism, the Bank formulated the “Administrative Measures for Publicity and Education Regarding Protection of Consumers’ Rights and Interests of Huishang Bank” to establish principles of publicity and education regarding the protection of consumers’ rights and interests, the requirements of publicity, and the daily supervision and management measures, so as to standardise the work flow of publicity and education regarding the protection of consumers’ rights and interests.

3.15 Publicity Event

During the “3.15” education and publicity week for the protection of consumers’ rights and interests in the banking and insurance industry, the Bank organised publicity and education activities bank-wide on the theme of “Consumer-

centric Optimisation of Services”, and carried out extensive publicity through various internal and external media channels. A total of 486 publicity and education activities with 188,800 participants in total were launched, 149,000 copies of publicity materials were distributed, and RMB20,000 of economic losses for consumers was recovered.

The Bank launched the “3.15 Financial Consumers’ Rights and Interests Day” outdoor publicity event



In March 2019, the Bank launched an outdoor publicity event on the “3.15 Financial Consumers’ Rights and Interests Day” with the theme of “Power, Responsibility and Risk”, where young volunteers took the leading role. Young volunteers answered questions about financial knowledge to enhance financial consumers’ risk management capabilities, self-protection consciousness and responsibility-taking awareness, and to further protect their property safety and legal rights. All branches actively participated in protecting financial consumers’ rights and interests and providing public education services.

Co-building the citizen culture

Over the years, the Bank has vigorously launched public welfare cultural festival activities that covered all citizens in the province through all-media integration and dissemination to lead citizens to a healthy cultural life and activate social welfare forces, which were included in “China’s Banking Industry Service Report” and “Blue Book on the Development of China’s Bank Card Industry” for many years.

In 2019, we, together with Anhui Story Radio, continued to launch the “Public Welfare Cultural Festival for Anhui Citizens” for the fourth consecutive year and carried out public welfare activities in disseminating financial knowledge, with the theme of “Celebrating the 70th Anniversary of the Founding of the People’s Republic of China• Giving Gifts to the Motherland” by ways of story contests, live webcasts and WeChat activities.

The Bank launched the Fourth “Public Welfare Cultural Festival for Anhui Citizens”



The public welfare cultural festival composed of four parts, which were “Praise of the Motherland• Anhui Story”, “Praise of the Motherland• Anhui Song and Dance”, “Praise of the Motherland• Anhui Life” and “Praise of the Motherland•

Anhui Heritage”. Lu’an Branch and Chuzhou Branch, as venues for live events, would conduct competitions in speech, song and dance as well as photography, public welfare activities and lectures during the event. The employees of the Bank would participate in the competitions and services of activities, showcasing the good image of Huishang Bank as a “Humanistic Bank”.

“Help Protect ‘Money Bag’” publicity activities

The Bank conducted concentrated publicity activities underlining “Spread Financial Knowledge, Help Protect ‘Money Bag’” within the jurisdiction of the Bank. Guided by the consumer’s financial knowledge needs and preferences, the Bank carried out financial knowledge disseminating activities for such key groups as farmers, elderly people, migrant workers and young people to help financial consumers make rational choices of financial products and services.

The Bank carried out publicity activities underlining “Spread Financial Knowledge, Help Protect ‘Money Bag’”



In June 2019, focusing on the current key areas of consumer concern, the Bank introduced such knowledge as deposit and loan, credit investigation, payment and settlement, safe use of bank card, personal finance and financial consumer complaints to the public in

rural areas, communities, streets and campuses in response to the weak links and financial needs of different groups of people, reminding the public to pay attention to the protection of personal financial information and improve risk awareness and ability of prevention.

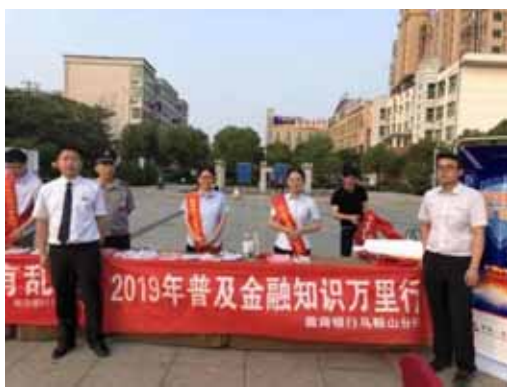
Ten Thousand Journey to Publicise Financial Knowledge

In 2019, the Bank continued to carry out a series of activities of ten thousand journey to publicise financial knowledge to build a brand system of “Disseminate Financial Knowledge +”, and launched special activities in the context of “poverty alleviation”, “law popularity”, “college entrance examination” and “Party building”.

416 business outlets of 17 branches of the Bank actively participated the activity, with a coverage rate of 100%. A total of 2,019 outlets and 9,730 employees organised 3,150 on-site promotions, and sent out 278.33 thousand promotional messages and 284,111 promotional WeChat messages to 1.8612 million customers.

The Bank vigorously carried out publicity activities underlining “Ten Thousand Journey to Publicise Financial Knowledge”

In June 2019, we carried out a series of activities of ten thousand journey to publicise financial knowledge by closely focusing on the current key areas of consumer concern, which centred on five themes of “Personal Information Protection”, “Prevention of Telecommunication Network Fraud”, “Payment Security”, “Boycott of Illegal Fund-raising” and “Financial Management Knowledge”. We explained financial knowledge to the masses through field visits and distributing publicity materials to improve the financial ecosystem continuously and create a healthy financial atmosphere.



Month of Spreading Financial Knowledge to Households

According to the relevant national requirements, the Bank carried out the activity of “Month of Spreading Financial Knowledge to Households, Help Customers to Be a Rational Investor and a Good Financial Netizen” in line with local conditions to publicise financial knowledge through various outlets, media and online channels to financial consumers at different levels and the masses. The activity achieved full coverage of outlets within the jurisdiction, with a total of 577 times of centralised publicity, 3,289 participated employees, 163.2 thousand copies of publicity materials and 300,000 customers.

The Bank carried out the activity of “Month of Spreading Financial Knowledge to Households, Help Customers To Be a Rational Investor and a Good Financial Netizen”



In September 2019, the Bank carried out the activity of “Month of Spreading Financial Knowledge to Households, Help Customers To Be a Rational Investor and a Good Financial Netizen”. The Bank and its branches and sub-branches visited communities to organised public welfare publicity and education activities. We disseminated financial knowledge in an all-around manner and improved the coverage and actual reach of knowledge through activities at such outlets and populated places as residential communities, schools and business parks, with a focus on special groups of people, as well as through channels such as website, WeChat official account and mobile banking. As a result, the financial literacy and risk prevention awareness of the general public were greatly enhanced.

Preventing financial risk

In order to effectively protect financial consumers’ rights and interests, provide public education services, improve public financial knowledge level and raise financial security awareness, the Bank vigorously carried out targeted financial knowledge disseminating activities to raise the awareness of financial risk prevention among the general public.

The Bank undertook the national cyber security publicity week underlining “Cyber Security for the People, Cyber Security by the People”



On 20 September 2019, the Bank undertook and carried out the financial day of national cyber security publicity week with the theme of “Cyber Security for the People, Cyber Security by the People”. Hefei’s

various banking financial institutions and China UnionPay Anhui Branch actively participated. During the activity, employees of the Bank introduced such information as personal financial information, financial security strategies and types of financial fraud.

During the national cyber security publicity week, the Bank also utilised websites and WeChat official account to carry out various forms of publicity so as to strengthen the publicity of financial knowledge, comprehensively improve the financial quality of the public, and effectively fulfil social responsibilities of banking financial institutions for the public's financial education publicity activities.

The Bank launched “Anti-fake Currency and New RMB” publicity activities



The Bank conducted publicity activities of “Anti-fake Currency and New RMB Notes” via the official website. Each branch launched various publicity activities to strengthen the public's understanding of the new RMB notes. They visited communities and campuses to promote the knowledge of new RMB notes actively through on-site Q&A and distribution of promotional materials. In addition, they also explained on-site the anti-counterfeiting features of the new RMB notes and informed the public that manufacturing, selling and use of fake currency were all illegal acts.

The Bank conducted activity of “Payment Security and New Telecommunication Network Fraud Prevention Publicity Week”



The Bank conducted the activity of “Payment Security and New Telecommunication Network Fraud Prevention Publicity Week” to popularise the main types, characteristics and fraud means of telecommunication network fraud cases to the public and to explain

emergency measures and tips on ways of preventing telecommunication network fraud, making more people pay attention to the importance of payment security.

The Bank launched “5.15” publicity activities to combat and prevent economic crimes

On 15 May 2019, the Bank actively organised propaganda personnel to participate in the “5.15” publicity day activities themed “Preventing and Combating Illegal Fund Raising and Punishing Financial Evil Forces” to combat and prevent economic crimes.

At the event site, the propaganda personnel set up a help desk for Q&A, distributed publicity leaflets to the past citizens to publicise the ways of preventing illegal fund raising and to guide the general public to correctly choose investment channels, so as to create a good atmosphere of mass prevention, build a harmonious and stable financial environment and effectively fulfil social responsibilities.



Protecting the Ecological Environment

As a responsible financial institution, the Bank, despite non-involvement in large-scale production, sticks to the concept of sustainable development and presses ahead with the development of green finance and low-carbon economy, against a backdrop of mounting natural resources consumption and carbon emissions. On top of that, it manages its environmental impact during its operational and office activities and delivers the concept of green lifestyle to the public, in an effort to defend our green homeland.

With the commitment to the co-development of E-banking business and environmental protection, the Bank endeavours to expand its E-banking channels (On-line Banking, Mobile Banking, WeChat Banking, Self-service Banking, and Telephone Banking) and continuously enrich e-banking products/services, so as to reduce costs for customers, conserve social resources and mitigate its undesirable environmental impact. With the continued improvement of customer service capacity and standards, the Bank's services have seen development onto a stage of green digital operation.

Practising green finance

To mitigate climate change and address the global climate challenges, the Bank promoted green products and services vigorously and moved towards a low-carbon economy with customers to protect the ecological environment.

The Bank firmly upheld the concept of green development, and thoroughly implemented the “Five Development Initiatives of Anhui Province” and the “Action Implementation Plan for Green Development”. In addition, the Bank insisted on the combination of fulfilling social responsibility and achieving commercial sustainability, adapted to new situation, new tasks and new requirements, and enhanced the awareness of green finance strategy at the Bank level. By focusing on “building brands, establishing platforms, seeking innovation, expanding markets and building teams”, it built a comprehensive green financial service and management system and further increased the innovation of green financial products, thus providing strong financial support to the building of a green and beautiful Jianghuai home.

- **Organisation management:**

The responsibilities of the Bank's green loans were clear. The Credit Evaluation Department of the Bank was responsible for promoting green loans bank-wide and supporting sustainable economic development while the Front Desk Department took charge of implementing green loans policies and innovating financial products and solutions.

The Bank also clarified the Bank's green loans strategy in the "Interim Measures for the Administration of Corporate Social Responsibility of Huishang Bank", including:

- We should vigorously develop green finance, attach more importance to the green economy, low-carbon economy and circular economy, improve our environmental and social performance and optimise loans structure and service level.
- We should lead customers to save energy, reduce consumption and emission, protect the environment and save resources through loans and other related financial instruments; support and encourage customers to continuously increase their awareness of social responsibility and actively take action.
- **Development goals and plans:**

The Bank strived to build a distinctive, diversified and differentiated green loan system of Huishang Bank, lead the industry in innovating green loan products, continuously strengthen market competitiveness of green loans, develop a successful brand image of green loans of Huishang Bank and be widely recognised by the market and customers.

In order to fully implement the overall requirements of the Central Party's and Anhui Provincial committees to promote ecological civilisation and green development, the Bank integrate the development concepts of innovation, coordination, green, openness and sharing into the high-quality development of Huishang Bank, and continuously build green loans system of Huishang Bank to meet the requirements of green loans in green industry development and sustainable economic and social development. The Bank formulated the "Three-year Action Plan for Developing Green Finance of Huishang Bank (2018-2020)", which set up specific action targets and work measures for the

development of green finance throughout the Bank from such aspects as basic customers, business development, institutional mechanisms, product series and team building to ensure implementation of the development plan for green loan business.

- **Credit granting strategies**

In accordance with the requirements of the national industrial policies and environmental protection policies, the Bank clarified its three-year action plan and goals for developing green finance, and issued the “2019 Credit Granting Policy of the Huishang Bank”, which specifies:

- Credit must be granted to customers who have maintained good environmental performance, and must not be granted to enterprises that are not environmental-friendly;
- The economic and industrial transformation and development opportunities arising from the environmental protection policies implemented by the country should be fully leveraged, to give preference in investing credit resources into the national strategic emerging industries and into small and micro enterprises that satisfy the requirements of “innovation and business start-ups” in an effective and efficient way, and enhance credit support for technology-based enterprises;
- Credit granted to high-pollution and high-emission industries should be strictly controlled, and that granted to polluting processes and outdated production capacities should be ceased as soon as possible, to gradually reduce the ratio of loans in those high-pollution, high-energy-consumption and overcapacity industries;
- A sound environmental and social risk management system should be developed and credit policies and process management should be improved, to identify, measure, monitor, and control the environmental and social risks in credit activities in an effective and efficient way.

- **Overall process control**

The Bank has been actively conducting due diligence on the environmental and social risks of green credit, as an important basis for credit approval.

- Conditions of granting credit to customers include compliance with the national industrial policies, such as industrial and regional development planning, energy conservation and emission reduction, elimination of outdated capacities, and industrial revitalisation planning, and inspections on pollutant emissions by the environmental protection departments and satisfaction with the national emission standards.
- Projects must meet the requirements of the national environmental protection policies, including the potential impacts arising from project construction and manufacturing process on the social and ecological environment, energy conservation and emission reduction, and major measures for environmental protection. When necessary, it is required to provide the ratio of environmental investment to the total investment of such projects.
- Pre-loan investigations of granting credit by the Bank should be conducted from aspects such as industry access, production permits, technical standards, business qualifications, work safety and environmental approval, to evaluate and classify customers' environmental and social risks, and identify and prevent potential risks arising from non-compliance with the environmental protection.

Adhering to the principle of “comprehensive management, classified management, dynamic management, and continuous management” and taking the environmental and social risks as important risk drivers, the Bank incorporated processes such as information collection, identification, classification, and dynamic analysis of customers' environmental and social risks into the post-loan duration management and timely issued an early warning to those customers who failed to satisfy the national environmental and social standards.

In addition, the Bank developed a green credit assessment indicator system applicable bank-wide, which directly linked the green loan indicators to the

annual assessment of branches. The system includes the following indicators: the implementation of the green credit system, the growth rate of the green credit business, the ratio of the green loan balance to the corporate loans, the quality of the green credit statistics, and the implementation of risk limits for overcapacity industries.

During the reporting period, the Bank's green loan balance was RMB14.818 billion, an increase of 34.48% or RMB3.79 billion over the beginning of the year, and a year-on-year growth of RMB267 million, mainly covered eleven areas including nature protection, ecological restoration and disaster prevention and control, waste treatment and pollution prevention, industrial energy conservation, water conservation and environmental protection, rural and urban water projects and green transportation. The NPL ratio of the Bank's green loans was zero.

The Bank supported the PPP project for black and odorous water body improvement and wastewater treatment in Guoyang County, Bozhou City



The black and odorous water body improvement and wastewater treatment project in Guoyang County was conducted in the PPP mode. The total investment of the project was RMB2,948 million. The loan limit for the project approved by the Bank was RMB2 billion. Funds for the project were mainly intended for works such as watercourse and dredging, waterlogging control, water quality protection, waterfront environmental improvement, and municipal works, to improve the city's capability to resist floods and waterlogging.

Promoting green operation

The Bank has been strictly following laws and regulations including the “Environmental Protection Law of the People’s Republic of China”, fully implementing energy and resource conservation, and disseminating the green concept among the public for the purpose of defending our green homeland concertedly. Adhering to the goal of creating a conservation-oriented enterprise, the Bank has been promoting green operations and striving to integrate the concepts of environmental protection, energy conservation and low-carbon sustainable development into its daily operations.

In order to deal with the potential operational risks arising from extreme weather and natural disasters, the head office formulated and improved the emergency plans such as the “Flood Prevention Emergency Response Plan for Headquarters Buildings”, the “Power Outage Emergency Response Plan for Headquarters Buildings”, and the “Anti-seismic Emergency Response Plan for Headquarters Buildings”, and was ready for responding to natural disasters such as floods, power outages, and earthquakes, and providing relief in an efficient and well-organised way, to minimise the damage to the Bank’s equipment and facilities, the impact on its business, and the harm to its employees’ lives caused by those disasters.

Reducing emissions

As a financial institution, the Bank produces little emissions of industrial effluent, waste gases or hazardous wastes, and only a limited amount of office wastewater and household waste.

In the aspect of wastewater, the Bank complies strictly with applicable laws and regulations including the “Water Pollution Prevention and Control Law of the People’s Republic of China”, and discharging its wastewater into urban sewer systems after preliminary sedimentation. The impurities in the sediment will be cleaned by municipal sanitation offices.

Greenhouse gas emissions of the Bank are mainly attributed to the electricity purchased in Scope 2. In strict compliance with the “13th Five-Year Plan Work Scheme for Control of Greenhouse Gas Emissions”, the Bank takes measures to preserve energy and increase power use efficiency, such as promoting energy

conservation, adopting LED light sources, etc., so as to reduce greenhouse gases emission.

In the aspect of household waste, the Bank has been strictly following the “Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste”. All wastes in its office buildings is sorted by cleaners on a daily basis. Non-recyclable wastes will be timely placed at temporary sites by municipal cleaning companies and recycled by specialised recycling companies.

During the reporting period, the Bank’s KPIs in the aspect of emissions are as follows:

Emissions	2019	2018	2017
Wastewater discharge (10 thousand tonnes)	2.4	2.3	2.0
Total GHG emissions (Scopes 1 and 2) (tonnes)	3,703.8	4,218.8	4,637.0
Direct GHG emissions (Scope 1) (tonnes)	731.5	806.8	753.0
Including: Natural gas (tonnes)	629.3	702.9	631.4
Including: Petrol (tonnes)	102.2	103.8	121.6
Energy Indirect GHG emissions (Scope 2) (tonnes)	2,972.3	3,412.0	3,885.0
Including: Electricity purchased (tonnes)	2,972.3	3,412.0	3,885.0
Total GHG emissions per employee (tonnes/employee)	3.0	3.4	3.7
Total Non-hazardous waste emissions (tonnes)	14.4	12.0	8.5
Non-hazardous emission intensity (tonnes/employee)	1.1×10^{-2}	9.6×10^{-3}	6.8×10^{-3}

Note: 1. The statistics of the KPIs in the aspect of emissions are exclusively intended for the head office. In the future, the Bank will systematically include branches and sub-branches into the scope of the statistics.

2. Based on the Bank’s operational characteristics, our GHG emissions are mainly derived from direct GHG emissions caused by petrol and fossil fuel combustion consumption of the Bank’s commercial vehicles (Scope 1), and energy indirect GHG emissions caused by purchased electricity (Scope 2).
3. GHG emissions include carbon dioxide (CO₂). GHG emissions are presented as CO₂e and accounted for according to the “Accounting Methods and Reporting Guide for Greenhouse Gas

Emissions from Public Building Operators” issued by the National Development and Reform Commission (“NDRC”).

4. Since the hazardous wastes generated during the operation of the Bank are mainly a small amount of discarded toner cartridges and ink cartridges produced by office printing equipment, which are all recycled by the supplier and have no substantial impact, KPI A1.3 (hazardous waste generated in total) is not disclosed in this Report.

Conserving resources

In strict adherence to the “Energy Conservation Law of the People’s Republic of China”, the Bank commits itself to upgrading the use efficiency of energy, water resources, and materials. To better meet the requirements set out in applicable national and local laws and regulations, further reduce use of all sorts of natural resources and protect the environment, the Bank issued the “Interim Measures for the Management of Energy Conservation of the Huishang Bank”, specifying management scope and measures relating to water, electricity, oil and gas



Energy conservation billboard

conservation, with the goal of effective implementation of energy conservation. In response to the national call for “Building a resources conserving, environmental friendly and harmonious society”, it works hard to promote green practices at workplace, enforce energy saving, and enhance the use efficiency and economic benefits of natural resources. Centred on the theme of “Practice energy conservation and emission reduction, and achieve scientific development”, it involves all staff in putting the strategy of energy conservation and emission reduction into practice in its routine work based on reality.

- Conserve air-conditioning power consumption: set air-conditioner operating temperature above 26°C in summer and below 22°C in winter; the air conditioning mainframe shall be closed at 17:00. The Bank exerted strict control over access to air conditioner and adjusted the

running time of air conditioners based on real-time weather changes, to minimise electricity and natural gas consumption on the premise of comfortable office environment.

- Conserve office equipment power consumption: reduce the stand-by time of computers, printers, photocopiers and other office equipment; take advantage of natural light where possible to reduce electricity consumed for lighting; the property management companies shall check lightings from floor to floor, and then turn off lights of floors clear from staff at 19:00 and turn off all lights at 24:00 every working day.
- Conserve elevator power consumption: discourage the use of elevators from the 5th floor down and have only one elevator in operation at the south and north door each after 19:00 of every working day and during holidays.
- With active use of telecommuting to reduce unnecessary business travel, the Bank held 190 video conferences during the reporting period.
- Introduce water saving apparatus gradually: induction faucets have been applied in areas such as the restaurants and restrooms; strengthen water management in key areas by putting up logos, conducting routine patrolling, etc., and avoid water running out, bubbling, leaking or dripping.
- Set up office supplies purchase and receipt policies to regulate the procedures of office supplies maintenance, receipt, recycling and disposal etc.; circulate documents through the OA system and default to double-sided printing, in an effort to cut paper waste.

In view of the above, the Bank has developed an assessment policy for energy conservation. At the same time, the Bank regularly carry out energy conservation supervision and inspection, and maintain the record of relevant inspection. The Bank conducted energy consumption analysis on a quarterly basis, to enhance resource utilisation management and improve energy efficiency management.

During the reporting period, the Bank's KPIs in the aspect of use of resources are as follows:

Use of resources	2019	2018	2017
Total energy consumption (MWh)	7,790.5	8,792.2	9,179.3
Including: Gasoline (10 thousand litre)	4.6	4.9	5.8
Including: Natural gas (10 thousand m ³)	29.1	32.5	29.2
Including: Electricity purchased (10 thousand kWh)	422.5	485.0	552.2
Total energy consumption per employee (MWh/employee)	6.2	7.1	7.4
Running water consumption (10 thousand tonnes)	4.5	6.5	5.8
Running water consumption per employee (tonnes/employee)	36.0	52.4	46.7

Note: 1. The statistics of the KPIs in the aspect of use of resources are exclusively intended for the head office. In future, the Bank will systematically include branches and sub-branches into the scope of the statistics.

2. Total energy consumption is calculated based on the consumption of electricity and fuel and the default parameter values related to fossil fuel as shown in Attached Table 1 to the Accounting Methods and Reporting Guide for Greenhouse Gas Emissions from Public Building Operators issued by the NDRC.

3. KPI A2.5 (consumption of packaging materials in total for finished products) is not applicable to the Bank since our operations don't involve the usage of packaging materials.

Sticking to green purchase

In order to strengthen the Bank's management of centralised procurement of bidding agencies, regulate their behaviours, and improve the quality of centralised procurement, the Bank formulated the "Interim Measures on the Management of Centralised Procurement of Bidding Agencies of the Huishang Bank" pursuant to applicable laws, regulations and policies including the "Bidding Law of the People's Republic of China", the "Regulation on the Implementation of the Bidding Law of the People's Republic of China" and the Bank's regulatory rules. Based on those measures, it strengthened supplier evaluation, controlled costs on the premise of ensuring the quality of goods and services, and saved social resources by further refining and standardising the management of procurement behaviours.

The Bank sticks to green and environmentally friendly standards in its routine purchase. In its bidding documents, the Bank specified unified supplier access standards, which are compliant with the national environmental criteria, where certain amounts of bonus points will be granted to suppliers who have obtained the environmental management system certification and quality management system certification. It has been also set out in the bidding documents that bidders shall prepare a statement explaining the reality of the bidder as well as the green, energy saving, low-carbon and environmentally friendly elements in its projects. Requirements have been laid out asking bidders to practice thrift in preparing tender documents, such as adopting double-sided printing, avoiding luxurious cover, and implementing green purchase policy. The Bank spares no effort in constructing green and energy efficient buildings, and invariably practising the low-carbon and environmental concept throughout the implementation of its projects, aiming at the completion of first-rate environmentally friendly programs.

GRI Standards Index

GRI Standards	Disclosure Title	Chapter (s)
Organisational profile	102-1 Name of the organisation	About the Bank
	102-2 Activities, brands, products, and services	About the Bank
	102-3 Location of headquarters	About the Bank
	102-4 Location of operations	About the Bank
	102-5 Ownership and legal form	About the Bank
	102-6 Markets served	About the Bank
	102-7 Scale of the organisation	About the Bank
	102-8 Information on employees and other workers	Concerning Employee Development
	102-9 Supply chain	Sticking to green purchase
	102-10 Significant changes to the organisation and its supply chain	Not applicable (No significant changes)
	102-11 Precautionary principle or approach	Overall risk management
	102-12 External initiatives	/
	102-13 Membership of associations	/
Strategy	102-14 Statement from senior decision-maker	Chairman's Statement
	102-15 Key impacts, risks, and opportunities	Overall risk management; Social responsibility communication
Ethics and integrity	102-16 Values, principles, standards, and norms of behaviour	Promoting leadership through Party building; Overall risk management; Social responsibility concept
	102-17 Mechanisms for advice and concerns about ethics	Promoting leadership through Party building; Overall risk management; Social responsibility concept
Governance	102-18 Governance structure	Corporate governance
	102-19 Delegating authority	Social responsibility concept
	102-20 Executive-level responsibility for economic, environmental, and social topics	Responsibility Management

102-21 Consulting stakeholders on economic, environmental, and social topics	Social responsibility communication
102-22 Composition of the highest governance body and its committees	Corporate governance
102-23 Chair of the highest governance body	Corporate governance
102-24 Nominating and selecting the highest governance body	Corporate governance
102-25 Conflicts of interest	Social responsibility concept
102-26 Role of highest governance body in setting purpose, values, and strategy	Corporate governance
102-27 Collective knowledge of highest governance body	Corporate governance
102-28 Evaluating the highest governance body's performance	Corporate governance
102-29 Identifying and managing economic, environmental, and social impacts	Social responsibility concept
102-30 Effectiveness of risk management processes	Overall risk management
102-31 Review of economic, environmental, and social topics	Social responsibility communication
102-32 Highest governance body's role in sustainability reporting	Social responsibility concept
102-33 Communicating critical concerns	Social responsibility communication
102-34 Nature and total number of critical concerns	Social responsibility communication
102-35 Remuneration policies	/
102-36 Process for determining remuneration	/
102-37 Stakeholders' involvement in remuneration	/
102-38 Annual total compensation ratio	/
102-39 Percentage increase in annual total compensation ratio	/

Stakeholder engagement	102-40 List of stakeholder groups	Social responsibility communication
	102-41 Collective bargaining agreements	Not applicable
	102-42 Identifying and selecting stakeholders	Social responsibility communication
	102-43 Approach to stakeholder engagement	Social responsibility communication
	102-44 Key topics and concerns raised	Social responsibility communication
Reporting practice	102-45 Entities included in the consolidated financial statements	About this Report
	102-46 Defining report content and topic boundaries	About this Report
	102-47 List of material topics	About this Report
	102-48 Restatements of information	Not applicable (No significant changes)
	102-49 Changes in reporting	About this Report
	102-50 Reporting period	About this Report
	102-51 Date of most recent report	About this Report
	102-52 Reporting cycle	About this Report
	102-53 Contact point for questions regarding the report	About this Report
	102-54 Claims of reporting in accordance with the GRI Standards	About this Report
	102-55 GRI content index	GRI Index
102-56 External assurance	/	
Management approach	103-1 Explanation of the material topic and its boundary	Social responsibility communication
	103-2 The management approach and its components	Corporate governance; Responsibility Management
	103-3 Evaluation of the management approach	Corporate governance; Responsibility Management
GRI 201: Economic performance	201-1 Direct economic value generated and distributed	Report highlights
	201-2 Financial implications and other risks and opportunities due to climate change	/

	201-3 Defined benefit plan obligations and other retirement plans	Safeguarding employees' rights and interests
	201-4 Financial assistance received from government	/
GRI 202: Market presence	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	/
	202-2 Proportion of senior management hired from the local community	/
GRI 203: Indirect economic impacts	203-1 Infrastructure investments and services supported	Serving the real economy; Involving inclusive finance
	203-2 Significant indirect economic impacts	/
GRI 204: Procurement practices	204-1 Proportion of spending on local suppliers	/
GRI 205: Anti-corruption	205-1 Operations assessed for risks related to corruption	Overall risk management
	205-2 Communication and training about anti-corruption policies and procedures	Overall risk management
	205-3 Confirmed incidents of corruption and actions taken	/
GRI 206: Anti-competitive behaviour	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Not applicable (During the reporting period, no lawsuit has occurred to the Bank)
GRI 301: Materials	301-1 Materials used by weight or volume	Promoting green operation
	301-2 Recycled input materials used	/
	301-3 Reclaimed products and their packaging materials	Not applicable (The usage of packaging materials is not relevant to the Bank's operation)
GRI 302: Energy	302-1 Energy consumption within the organisation	Promoting green operation
	302-2 Energy consumption outside of the organisation	/
	302-3 Energy intensity	Promoting green operation

	302-4 Reduction of energy consumption	Promoting green operation
	302-5 Reduction in energy requirements of products and services	Promoting green operation
GRI 303: Water	303-1 Water withdrawal by source	Promoting green operation
	303-2 Water sources significantly affected by withdrawal of water	/
	303-3 Water recycled and reused	/
GRI 304: Biodiversity	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	/
	304-2 Significant impacts of activities, products, and services on biodiversity	/
	304-3 Habitats protected or restored	/
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	/
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	Promoting green operation
	305-2 Energy indirect (Scope 2) GHG emissions	Promoting green operation
	305-3 Other indirect (Scope 3) GHG emissions	Promoting green operation
	305-4 GHG emissions intensity	Promoting green operation
	305-5 Reduction of GHG emissions	/
	305-6 Emissions of ozone-depleting substances (ODS)	/
	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	/
GRI 306: Effluents and waste	306-1 Water discharge by quality and destination	Promoting green operation
	306-2 Waste by type and disposal method	Promoting green operation
	306-3 Significant spills	Not applicable (Spill risks are not relevant to the Bank's operation)
	306-4 Transport of hazardous waste	Not applicable (Hazardous wastes produced from the

		Bank's operation are recycled by vendors for disposal)
	306-5 Water bodies affected by water discharges and/or runoff	Not applicable (Water bodies affected are not relevant to the Bank's operation)
GRI 307: Environmental compliance	307-1 Non-compliance with environmental laws and regulations	Not applicable (Within the year, no any non-compliance with environmental laws and regulations has occurred to the Bank)
GRI 308: Supplier environmental assessment	308-1 New suppliers that were screened using environmental criteria	Sticking to green purchase
	308-2 Negative environmental impacts in the supply chain and actions taken	/
GRI 401: Employment	401-1 New employee hires and employee turnover	Safeguarding employees' rights and interests
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Safeguarding employees' rights and interests
	401-3 Parental leave	Safeguarding employees' rights and interests
GRI 402: Labour/ Management relations	402-1 Minimum notice periods regarding operational changes	Not applicable (The Bank has been strictly following relevant laws and regulations)
GRI 403: Occupational health and safety	403-1 Workers representation in formal joint management-worker health and safety committees	/
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Concerning health and safety
	403-3 Workers with high incidence or high risk of diseases related to their occupation	Concerning health and safety
	403-4 Health and safety topics covered in formal agreements with trade unions	/

GRI 404: Training and education	404-1 Average hours of training per year per employee	Promoting professional development
	404-2 Programs for upgrading employee skills and transition assistance programs	Promoting professional development
	404-3 Percentage of employees receiving regular performance and career development reviews	Promoting professional development
GRI 405: Diversity and equal opportunity	405-1 Diversity of governance bodies and employees	Corporate governance; Concerning Employee Development
	405-2 Ratio of basic salary and remuneration of women to men	/
GRI 406: Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	/
GRI 407: Freedom of association and collective bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	/
GRI 408: Child labour	408-1 Operations and suppliers at significant risk for incidents of child labour	/
GRI 409: Forced or compulsory labour	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	/
GRI 410: Security practices	410-1 Security personnel trained in human rights policies or procedures	/
GRI 411: Rights of indigenous peoples	411-1 Incidents of violations involving rights of indigenous peoples	Not applicable
GRI 412: Human rights assessment	412-1 Operations that have been subject to human rights reviews or impact assessments	/

	412-2 Employee training on human rights policies or procedures	/
	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	/
GRI 413: Local communities	413-1 Operations with local community engagement, impact assessments, and development programs	Promoting Economic Development; Contributing to the Society
	413-2 Operations with significant actual and potential negative impacts on local communities	/
GRI 414: Supplier social assessment	414-1 New suppliers that were screened using social criteria	/
	414-2 Negative social impacts in the supply chain and actions taken	/
GRI 415: Public policy	415-1 Political contributions	Not applicable
GRI 416: Customer health and safety	416-1 Assessment of the health and safety impacts of product and service categories	Not applicable (The item is not relevant to the Bank's operation)
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Not applicable (The item is not relevant to the Bank's operation)
GRI 417: Marketing and labelling	417-1 Requirements for product and service information and labelling	Rendering heart-warming services; Safeguarding customers' rights and interests
	417-2 Incidents of non-compliance concerning product and service information and labelling	Not applicable (During the reporting period, no any non-compliance has occurred to the Bank)
	417-3 Incidents of non-compliance concerning marketing communications	Not applicable (During the reporting period, no any non-compliance has occurred to the Bank)
GRI 418: Customer privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Safeguarding customers' rights and interests

GRI 419: Socioeconomic compliance	419-1 Non-compliance with laws and regulations in the social and economic area	Not applicable (The Bank has been strictly following relevant laws and regulations)
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ESG Reporting Guide Index

KPI	Description	Chapter (s)	Notes
A1 Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Protecting the Ecological Environment	
A1.1	The types of emissions and respective emissions data	Promoting green operation	
A1.2	Greenhouse gas emissions in total and intensity	Promoting green operation	
A1.3	Total hazardous waste produced and intensity	Not applicable	Hazardous wastes produced from the Bank's operation are recycled by vendors for disposal
A1.4	Total non-hazardous waste produced and intensity	Promoting green operation	
A1.5	Description of measures to mitigate emissions and results achieved	Promoting green operation	
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Promoting green operation	
A2 Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Protecting the Ecological Environment	
A2.1	Direct and/or indirect energy consumption by type in total and intensity	Promoting green operation	
A2.2	Water consumption in total and intensity	Promoting green operation	
A2.3	Description of energy use efficiency initiatives and results achieved	Promoting green operation	
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Promoting green operation	
A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	Not applicable	The item is not relevant to the Bank's operation

A3 The Environment and Natural Resources

General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	Practising green finance
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Practising green finance

B1 Employment

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer, relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Safeguarding employees' rights and interests
B1.1	Total workforce by gender, employment type, age group and geographical region	Concerning Employee Development
B1.2	Employee turnover rate by gender, age group and geographical region	Safeguarding employees' rights and interests

B2 Health and Safety

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer, relating to providing a safe working environment and protecting employees from occupational hazards	Concerning health and safety
B2.1	Number and rate of work-related fatalities	Concerning health and safety
B2.2	Lost days due to work injury	Concerning health and safety
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Concerning health and safety

B3 Development and Training

General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Promoting professional development
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	Promoting professional development
B3.2	The average training hours completed per employee by gender and employee category	Promoting professional development

B4 Labour Standards

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer, relating to preventing child and forced labour	Safeguarding employees' rights and interests
B4.1	Description of measures to review employment practices to avoid child and forced labour	Safeguarding employees' rights and interests
B4.2	Description of steps taken to eliminate such practices when discovered	Safeguarding employees' rights and interests

B5 Supply Chain Management

General Disclosure	Policies on managing environmental and social risks of the supply chain	Sticking to green purchase
B5.1	Number of suppliers by geographical region	/
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Sticking to green purchase

B6 Product Responsibility

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer, relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Promoting Economic Development; Enhancing Customer Experience	
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Not applicable	The item is not relevant to the Bank's operation
B6.2	Number of products and service related complaints received and how they are dealt with	Safeguarding customers' rights and interests	
B6.3	Description of practices relating to observing and protecting intellectual property rights	Overall risk management	
B6.4	Description of quality assurance process and recall procedures	Not applicable	The item is not relevant to the Bank's operation
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Safeguarding customers' rights and interests	

B7 Anti-corruption

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer, relating to bribery, extortion, fraud and money laundering	Overall risk management
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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	/
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B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored	Overall risk management
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B8 Community Investment

General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Contributing to the Society
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B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health,	Contributing to the Society
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B8.2	Resources contributed (e.g. money or time) to the focus area	Contributing to the Society
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Readers Feedback Form

Thank you for reading the “Huishang Bank Corporation Limited 2019 Social Responsibility Report”. In order to provide more valuable information to the Bank’s stakeholders and improve its ability and level of fulfilling social responsibilities, the Huishang Bank would welcome any feedback or suggestions you might have about this report.

You can send this form to any of the following:

E-mail address: bangongshi @hsbank.com.cn

Mailing address: Block A, Tianhui Mansion, No.79, Anqing Road, Hefei City, Anhui Province, the PRC

How would you rate your opinion of the Huishang Bank Corporation Limited 2019 Social Responsibility Report?

Very High High Neutral Low Very Low

How would you rate your opinion of the economic, social and environmental responsibilities of the Huishang Bank?

Economic responsibility	<input type="checkbox"/> Very High <input type="checkbox"/> High <input type="checkbox"/> Neutral <input type="checkbox"/> Low <input type="checkbox"/> Very Low
Social Responsibility	<input type="checkbox"/> Very High <input type="checkbox"/> High <input type="checkbox"/> Neutral <input type="checkbox"/> Low <input type="checkbox"/> Very Low
Environmental Responsibility	<input type="checkbox"/> Very High <input type="checkbox"/> High <input type="checkbox"/> Neutral <input type="checkbox"/> Low <input type="checkbox"/> Very Low

Please rate the effectiveness of this Report in reflecting the economic, social and environmental impact the Huishang Bank has brought about through its social responsibility practices?

Excellent Good Fair Poor Terrible

How would you rate your opinion of the clarity, accuracy and completeness of the information, data and indicators this Report has disclosed?

Clarity	<input type="checkbox"/> Very High <input type="checkbox"/> High <input type="checkbox"/> Neutral <input type="checkbox"/> Low <input type="checkbox"/> Very Low
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Accuracy	<input type="checkbox"/> Very High <input type="checkbox"/> High <input type="checkbox"/> Neutral <input type="checkbox"/> Low <input type="checkbox"/> Very Low
Completeness	<input type="checkbox"/> Very High <input type="checkbox"/> High <input type="checkbox"/> Neutral <input type="checkbox"/> Low <input type="checkbox"/> Very Low

Do you find this Report in easy-to-read contents and formatting?

Yes Neutral No

Feel free to share any comments or suggestions you may have on the Huishang Bank and this Report:



Address: Block A, Tianhui Building, No. 79 Anqing Road, Hefei City, Anhui Province, China

Postcode: 230001

Tel: +86 (0551) 6266 7912

Fax: +86 (0551) 6266 7708