

CHINA CITIC BANK CORPORATION LIMITED

2016 Corporate Social Responsibility Report

22nd March 2017

Preparation Explanation

The *2016 Corporate Social Responsibility Report of China CITIC Bank Corporation Limited* is hereinafter referred to as “the Report”. China CITIC Bank Corporation Limited is hereinafter referred to as “the Bank” or “We”. China CITIC Bank Corporation Limited and its subsidiaries are hereinafter referred to as “the Group”.

The subsidiaries of the Group include: Zhejiang Lin’an CITIC Rural Bank, CITIC Financial Leasing Co., Ltd., CITIC International Financial Holdings Limited, China CITIC Bank (Hong Kong) Investment Limited (formerly known as “China Investment and Finance Limited”), London Branch and Sydney Representative Office.

Preparation Basis

The basis for preparation of the Report includes the *SSE Guidelines on Environmental Information Disclosure of Listed Companies*, *Guidelines on Preparation of Report on Company’s Fulfillment of Social Responsibilities*, and *SEHK Guidelines for Environmental, Social and Governance Reporting* plus relevant notifications released by the SSE.

The Report was prepared in accordance with the index systems and relevant disclosure requirements as detailed in the *Guide of Report on Sustainable Development (3rd Version)* (G4) issued by the Global Reporting Initiative (“GRI” hereinafter).

The Report was prepared with reference made to the *Opinions on Strengthening Social Responsibilities of Banking Financial Institutions* promulgated by the China Banking Regulatory Commission (“CBRC” hereinafter), *Guidelines on Corporate Social Responsibilities of Banking Financial Institutions* promulgated by the China Banking Association (“CBA” hereinafter), ISO26000 as well as GB/T36001-2015.

Preparation Method

The work process and work approach related to preparation of the Report were both based on the *Measures of China CITIC Bank for Management of Social Responsibility Reporting* and the Information Management System for Social Responsibility Reporting of the Bank.

Information about the Board of Directors, the Board of Supervisors, corporate governance and risk management information and financial data in the Report were sourced from the 2016 Annual Report (A Share) of the Group. For the purpose of the Report, denomination currency is “Renminbi” and “as by the end of the year” refers to “as at 31st December 2016”.

Reporting periods of the data and statements disclosed in the Report are identical with those of the Report (unless otherwise specified). Methodologies for collection of data, statements and cases disclosed in the Report are made through the online information management system. All data mentioned in the Report relating to the previous reporting period are basically consistent with those disclosed in the previous report of the Bank. In the event of data adjustment, explanations thereof are provided in corresponding sections of the Report.

The Report was written in the Simplified Chinese. The Traditional Chinese version and the

English version were translated based on the Simplified Chinese version. In case of any discrepancies among the versions, the Simplified Chinese version shall prevail.

Preparer of the Report

The Report was prepared by the Mass Work and Security Department at the Head Office of the Group located in No.9 Chao Yang Men Bei Da Jie, Dongcheng District, Beijing, China.

Reporting Period

The reporting period, as covered by the Report, ranges from 1st January 2016 to 31st December 2016 (unless otherwise specified), coinciding with that of the annual report. The time ranges of the statistics regarding the statements, data and cases of the Group as mentioned in the Report coincide with those of the Report.

Scope of the Report

The Report covers 31 departments of the Head Office, 38 tier-1 branches and their sub-branches, and four tier-1 subsidiaries at home and abroad, London Branch and Sydney Representative Office of the Group.

Deliberation of the Report

The Report was deliberated and adopted by the Board of Directors, the Board of Supervisors and the senior management of the Group. The Board of Directors and all directors of the Group guarantee that the information contained herein does not include any false records, misleading statements or material omissions, and assume several and joint liabilities for its truthfulness, accuracy and completeness.

Assurance of the Report

PwC Zhong Tian LLP has carried out independent limited assurance of the Report and produced its assurance report thereof. Please refer to the relevant annex of the Report for details.

Publication of the Report

The Simplified Chinese version of the Report is released in the three forms of printed hardcopy, electronic edition, and APP format. Hardcopies are distributed to the public via outlets of the Bank, by postal service or at related events, with summary information released via public mainstream media. Full text of the electronic edition is made available on the official website of the Group (<http://www.citicbank.com/>). The APP format is published via the mobile customer terminal. The Traditional Chinese version and the English version of the Report are published in electronic form only.

Disclosure of the Report

The Group has officially published its social responsibility report once a year as of 2008. The Report is both the 9th social responsibility report officially published by the Bank and the 8th social responsibility report officially published by the Bank after independent audit by a third party.

Table of Contents

Chairperson’s Statement.....	P5
President’s Statement.....	P8
The Group’s Profile.....	P10
Key Performance Indicators.....	P12
Chapter 1 Strategy and Management.....	P14
Chapter 2 Corporate Governance and Risk Control.....	P25
Chapter 3 Duty Performance and Obligations.....	P34
Chapter 4 Customers and Services.....	P50
Chapter 5 Employees and Culture.....	P67
Chapter 6 Public Benefit and Charity.....	P74
Chapter 7 Green Banking and Environmental Protection.....	P82
Chapter 8 Annexes.....	P91

Chairperson's Statement

In 2016, the Bank conducted social responsibility management, fully supported the implementation of national strategies, actively protected consumer rights and interests, spontaneously participated in poverty alleviation and charity undertakings, created competitive corporation culture and fully performed the economic responsibility, environmental protection responsibility and social responsibility based on China's general policies and financial policies.

Overall Layout around the Supply-side Structural Reforms

In 2016, we based on the spirit of the central economic work conference, overall layout around the supply-side structural reforms. For better support to the development of real economic, we continuously innovated the model of financing service, achieved the reformation from financing to financing + intelligence, enhanced the capacity of providing integrated financial services, while providing traditional financing services. Meanwhile, the Bank resolutely implemented national policies, reasonably controlled the scale of interbank business, positively de-leveraged, and avoided "remove the solid to the deficiency". Based on the demands of reducing the financing costs from the whole society, the Bank actively reduced relevant fees, lightened the burden on Enterprises.

We followed up on China's green industry policy and actively supported strategic emerging industries represented by new economy, service sector and energy conservation and environmental protection, new energy, new generation information technology, biology and high-end equipment manufacturing. CITIC Financial Leasing Co., Ltd., a subsidiary of the Bank, mainly laid out its operations in clean energy, energy conservation and environmental protection and other green credit fields, developed specialized product lines, achieved rapid business development and created the brand of "green". In addition, the Bank also sustained pressure drop the financing to "Two-high Industries".

Implemented the "Belt and Road" initiative

The "Belt and Road" initiative put forward by China in recent years has received response from more and more countries and regions. Based on our features and traditional international banking edge, we supported Chinese companies to trade goods with the companies in the countries and regions along the "Belt and Road" and promote bilateral business exchanges by providing trade finance and L/C. It is worth noting that we provided financing support for the infrastructure construction in the undeveloped countries and regions along the "Belt and Road" based on CITIC Group's unique strengths in serving the financial sector and the real economy at the same time. We received sound social achievements in recent years in such projects as Indonesia-based hydropower plant, new city construction of Angola and railway reconstruction.

Through continuous trail and practice, the "Belt and Road" initiative financial service mode of the Bank keeps escalating, strives to achieve mutually benefit and win-win with countries along "Belt and Road", and open a new situation of long-term. We have led to establish fund of fund "Belt and Road" initiative and overseas main "Belt and Road" initiative fund,

investing in quality enterprises and significant projects from countries and provinces along “Belt and Road” relating to infrastructure, energy, transportation and related financial, consumer and other industries. We have delivered remarkable achievements after recent year’s efforts, the fund had exceeded RMB74 billion by the end of last year. We also actively explored new forms of financial cooperation with the countries along the “Belt and Road”. We signed a memorandum of understanding with Halyk Bank last November to acquire some of its subsidiary’s shares, which is an important step of the Bank’s overseas acquisition and financial and capital cooperation with the countries along the “Belt and Road”.

Reinforce our work of inclusive finance

We adhered to the principle of “customer foremost” in operation and management. Caring for customers and thinking for customers is the starting point of our service for customers. We established the Consumer Right and Interest Protection Committee at the Board of Directors last year and the committee is composed of three independent directors, which fully reflected our high attention to consumers’ rights and interests. Meanwhile, we continued to increase investment, enriched customer service support, actively improved our service and effectively boosted overall customer satisfaction.

We adhered to the concept of inclusive finance, implemented free policy for the basic financial services closely related to the daily life of customers, such as exemption of account management fee and annual fee for all individual accounts, exemption of remittance fee for all individual accounts by using mobile banking and online banking and exemption of fees for deposit and withdraw money in place other than the accounts belonging to. Meanwhile, we specified the scope of preferential service charges for MSEs, to reflect our commercial ethics of support and assist the weak. In the age of the internet, new technology will provide more efficient and practical services and new experiences for customers. We joined Baidu to establish the first direct bank as an independent corporate entity in China, which has been approved by the regulators. We expect the Baidu-CITIC Bank to find a new way to implement inclusive finance.

Make contribution on building moderately prosperous society

China vigorously supported financial service based poverty alleviation and precision poverty alleviation in recent years and we actively implemented the policy. During my surveys in some poor areas in Sichuan last year, I found weak infrastructures and low education are the main causes of poverty. Enlightened, we drew upon the experience and actively planned our work, we prepared the “13th five year” plan for financial service based poverty alleviation and put forward a series of measures such as enhancing credit support and enhancing product system. The balance of loans for precise poverty alleviation in the past year amounted to RMB2.8 billion. We donated RMB7 million last year and continued to conduct targeted poverty alleviation in Tibet, Gansu and Sichuan and sent poverty alleviation officials to these regions.

Precise poverty alleviation work is of great significance, and is a lasting and constant. We meet the needs of local people of poverty and provide the goods they need in time, however, educational poverty alleviation and spiritual assistance is believed to be more important. We

need to encourage them to set up good and correct perspective for life. By popularizing scientific education, overall quality of local people could be improved. This is the way to support and help them fundamentally. It is better to coach them fishing than just give them fishes. We tried and made efforts in this direction during the previous years.

Corporate culture

I believe corporate culture development is the key of leading the employees to improve conduct. First, the Group organized all the Party members to carefully study the spirit of the Party's important meetings and latest theories in different forms, solidly held "Two Studies and One Practice" education, and insisted that the Party Secretary deliver lectures; meanwhile, we strictly implemented the "Two Responsibilities", and strengthened the construction of the Party's conduct and clean governance. Second, the Group adhered to the mission of "To support customer growth, To create employee happiness, To increase shareholder value, To become a responsible corporate citizen.", upheld the core values of "Trust, Innovation, Collaboration, Excellence", promoted the concept of "Performance of social responsibility, Pursuit of sustainable development", continued to push forward the implementation of the three-year plan for corporate culture development, established the awareness to act consistently with the CPC Committee's policy, created and implemented risk culture and compliance culture system, and guided employees to become more sensitive to their mission and responsibility. Last, the Group actively cared for the employees, created the basic welfare support system, adhered to equal pay for equal work, ensured the employees are treated equally in remuneration and promotion, expanded the career development paths for employees, safeguarded the physical and mental health of employees, ensured the employees' right to make appeals, work and rest, the right of trade union members and the special right of women, and provided complete logistics guarantee for the employees to find happiness, satisfaction and fulfillment in their work.

In 2017, we will continue to fulfill its social responsibilities as a state-owned enterprise, support national strategies, practice the philosophy of "innovative, coordinated, green, open and shared" development, carry on the CITIC's corporate culture, and strive to grow into a trustworthy bank, a green bank, a people's bank, a charitable bank, a value bank and a great branded bank, promote the Bank's healthy and sustainable development. Meanwhile, we will keep improve the level of economic, environmental and social responsibility's management, to be a better corporate citizen, contribute to China's campaign of comprehensively completing the building of a moderately prosperous society.

Chairperson and Executive Director

Li Qingping

22nd March 2017

President's Statement

In 2016, the economic situation in China and abroad remained serious and complex, and the difficulties and challenges were tougher than expected. Despite all that, the Group made strenuous efforts to implement the *2015-2017 Development Strategy of China CITIC Bank* in the economic “new normal”, and achieved steady and fast development in general with successful transformation in the development model, operating model, functional positioning, asset-liability management, risk control and profit model. Meanwhile, the Group strengthened communication in multiple forms with stakeholders, and paid attention to and actively responded to their appeals. It also adhered to green development and rewarding the society and comprehensively contributed to the harmonious and sustainable development in economy, society and environment.

Embracing the vision of becoming the “bank of the best integrated financial services”, the Group actively answered to national strategies and served the country's economic development. In 2016, it ramped up its support to a host of national strategies including the “Belt and Road” initiative, “Beijing-Tianjin-Hebei coordinated development”, “Internet Plus”, and “Going Global” as well as the development of green industry, strategic emerging industries and cultural industry. It also conscientiously carried out a string of national policies on preventing and dissolving credit risks, controlling loans to closely watched industries, improving regional loan structure, innovatively serving small and micro enterprises, and comprehensively replacing business tax with VAT. The Group took an active part in many aspects of work that were conducive to development of the financial sector, stepped up efforts to fight corruption and uphold integrity, and strictly controlled money-laundering risks to maintain a stable financial order. By the end of 2016, the Group recorded net profit attributable to shareholders of RMB41,629 million, total assets of RMB5,931,050 million, a capital adequacy ratio of 11.98%, a provision coverage ratio of 155.50% and an NPL ratio of 1.69%.

Cherishing a “customer-centric” service philosophy, the Group is dedicated to improving its customer service capabilities and protecting consumer rights and interests on a constant basis. In 2016, it developed a strategic plan for consumer protection, strengthened the supervision and inspection of consumer protection, disseminated financial knowledge, and improved service. The Group ensured the security of private customer information by enhancing its IT and service guarantee capability, and comprehensively protected customer rights and interests by ensuring the outlet security and improving the contingency management system. By actively improving services, optimizing service channels, boosting service and product innovations and promoting e-banking business, the Group continuously improved the service quality and customer experience. By the end of 2016, it had 1,424 outlets in China, up 5.25%, and its wealth management products created direct benefits of RMB38,071 million for the buyers.

Fully recognizing the fundamental role of employees, the Group offers employees sufficient basic benefits, rational plans for career development and professional training, helping them to achieve sustainable career development. The Group attaches great importance to employees' legitimate rights and interests, upholds equal pay for equal work, ensures smooth channels for employees to express their appeals, guarantees their rights and interests in the trade union, cares for their mental and physical health, and particularly protects female employees' rights and interests. It provides them with sufficient support, in an effort to create an upbeat cultural environment and help the employees live a happy life.

Dedicated to raising social responsibility awareness, the Group promoted the concept of “gratitude and contribution” and has actively rewarded the society by participating in poverty

relief, charity and public welfare activities. In 2016, it actively carried out the national policy of precision poverty alleviation through finance, and ramped up its support to the designated areas. It launched poverty relief projects in and sent cadres to three villages in Xietongmen County of Tibet Autonomous Region and Tanchang County of Gansu province as well as Gaoxian County in Sichuan province. The Group provided heart-warming financial services, kept on cutting service fees and provided the disadvantaged with convenient and considerate financial services with enthusiastic participation of volunteers. By the end of last year, the Group's social contribution per share stood at RMB4.07; it granted 2,598 loans for precision poverty alleviation with a total balance of RMB2,805 million; outgoing donations amounted to RMB22,853,300, up 46.58%; and donations by employees were RMB3,022,400, up 157.93%. Employees participated in volunteer activities for about 4,600 person times.

Promoting a corporate culture of "sustainable development", the Group is committed to building a "green bank". In 2016, it continued to strongly support green credit, and actively engaged in this cause by clarifying credit extension policies, identifying environmental risks, providing more loans and strengthening exchange with peer banks. The Group strictly controlled risks involved in loans to industries with high energy consumption and high pollution, developed green credit intermediary services, and further boosted e-banking transactions, in the endeavor to reduce carbon emission generated by providing financial services and practice energy conservation and emissions reduction. By the end of last year, the Bank's balance of loans granted to industries with high energy consumption and high pollution stood at RMB43,745million, down 12.82%. In 2016, PwC Zhong Tian LLP conducted independent and limited authentication of the important statements and key data in this Report, provided an independent assurance report and offered the Group opinions and suggestions about social responsibility management.

In 2017, the Group will keep to its responsibility philosophy, vehemently support major strategic projects of the country, actively meet regulatory requirements, work hard to maintain and increase the value of state-owned assets, deepen the transformation in business development and risk control, and reinforce lean management and big data management. While building the "bank of the best integrated financial services", it will also well fulfill the due economic, environmental and social responsibilities as a state-owned enterprise, promote ecological progress and conduct precision poverty relief, in a bid to contribute to the common sustainability of all stakeholders.

Executive Director and President

Sun Deshun

22nd March 2017

The Group's Profile

Founded in 1987, the Group is among the earliest emerging commercial banks established during China's reform and opening up and China's first commercial bank participating in financing in both the domestic and international financial markets. It is renowned at home and abroad for renewing numerous track records in the contemporary Chinese financial history. Over the years, it has made positive contributions to China's economic development.

In April 2007, the Group's A shares and H shares were listed on the Shanghai Stock Exchange and the Stock Exchange of Hong Kong simultaneously. In 2009, the Group successfully acquired CITIC International Financial Holdings Limited. In 2016, the London Representative Office in the UK was upgraded to London Branch, the Sydney Representative Office opened, and Hong Kong Branch was being prepared, symbolizing that the Group has ushered into another round of internationalization drive. Besides, the Group signed a Memorandum with Halyk Bank of Kazakhstan, making it the first domestic joint-stock commercial bank acquiring a Pakistani bank.

Currently, total assets of the Group about RMB6.0 trillion. With a brand value of USD7,103 million, it ranked the 34th in the "Top 500 Banking Brands" by the Banker magazine; the Group ranked the 79th place among the "Top 2,000 Global Companies" published by the Forbes magazine; the Group ranked the 30th in terms of tier-one capital and the 36th in terms of total assets among the "Top 1,000 World Banks" published by The Banker magazine of the United Kingdom, reflecting that the Group has grown into an international financial institution with strong capital base, comprehensive competitiveness and brand influence.

In the context of economic new normal and market-orientation of finance, leveraging on the unique competitive edge of CITIC Group in coordinating the development of finance and industries, the Group provides corporate & institutional customers with assorted financial solutions in corporate banking business, international business, financial market business, institutional banking business, investment banking business, factoring business and custody business, and purveys personal customers diversified financial products and services covering general retail banking, credit card, consumer finance, wealth management, private banking, going abroad finance and e-banking, by pursuing the core values of "trust, innovation, coordination, and excellence" and the operational management concepts of "compliant, intelligent, team-based and efficient", aimed at becoming the "bank of best integrated financial services". All in all, the Group is trying its best to meet the comprehensive financial service requirements of corporate and personal customers in an all-around way.

By the end of the year, the Group maintains 1,424 outlets in Mainland China and has about 60,000 employees nationwide. There are four subsidiaries, London Branch and Sydney Representative Office under the Group, namely, Zhejiang Lin'an CITIC Rural Bank and CITIC Financial Leasing Co., Ltd. in Mainland China, as well as CITIC International Financial Holdings Limited and China CITIC Bank (Hong Kong) Investment Limited (formerly known as "China Investment and Finance Limited") in Hong Kong. CITIC International Financial Holdings Limited wholly-owned China CITIC Bank International Limited has nearly

2,100 employees at over 40 outlets in Hong Kong, Macau, New York, Los Angeles, Singapore and Mainland China.

Key Performance Indicators¹

Key Performance Indicators	Unit	2016	2015
Economic Responsibility Performance			
Operating income	RMB 100 million	1,537.81	1,451.34
Total profit	RMB 100 million	546.08	549.86
Net profit attributable to shareholders of the Bank	RMB 100 million	416.29	411.58
Basic earnings per share	RMB Yuan	0.85	0.88
Return on average assets (ROAA)	%	0.76	0.90
Return on weighted average equity	%	12.58	14.55
Total assets	RMB 100 million	59,310.50	51,222.92
Total liabilities	RMB 100 million	55,465.54	48,026.06
NPL ratio	%	1.69	1.43
Provision coverage ratio	%	155.50	167.81
Capital adequacy ratio	%	11.98	11.87
Social Responsibility Performance			
Taxes paid ²	RMB 100 million	259.52	247.99
Total donations	RMB 10 thousand	2,285.33	1,559.11
Value of social contribution per share	RMB Yuan	4.07	4.12
Outlets*	In number	1,424	1,353
Self-service terminals*	In number	10,029	11,044
Headcount*	Person	54,620	53,136
Including: Male employees*	Person	25,532	25,023
Female employees*	Person	29,088	28,113
Ethnic-minority employees*	Person	2,323	2,128
Turnover rate of employees (under labor contracts with the Bank)*	%	m5.44	5.63
Total training input*	RMB 10 thousand	9,181.16	8,607.03
Voluntary activities*	In number	144	57
Voluntary participants*	Person-time	Around 4,600	Around 1,330
Environmental Responsibility Performance			
Loan balance of green credit*	RMB 100 million	254.78	236.96
Transaction value of personal internet banking*	RMB 100 million	114,705.39	114,805.56
Transaction value of corporate internet banking (“e” channels)*	RMB 100 million	661,236.60	560,718.37
Per capita urban power consumption*	KwH	4,776.08	4,689
Per capita urban water consumption*	Tons	38.74	37.8
Per capita Xerox paper purchase volume*	Pack	8.06	7.7
Total number of account statements*	10,000 envelopes	16,058	12,067

¹ Indicators marked with “*” in the table are data of the Bank and those without the “*” mark are data of the Group.

² Data source: “Cash Flow Statement – Taxes Paid” in the annual financial report.

Consumption of hardcopy account statements*	10,000 envelopes	3,286	3,459
Hardcopy-to-e-statement substitution rate*	%	79.54	71.33
Video conferences*	In number	Around 4,300	Around 4,100

Chapter 1 Strategy and Management

1.1 Full Implementation of the New Strategy

The year of 2016 was the second year and also a critical year for the Group to deepen the implementation of *2015-2017 Development Strategy of China CITIC Bank*. Over the past year, the Group maintained its strategic positioning and actively forged ahead under the guidance of constructing a “bank of best integrated financial services”, hence achieving significant breakthroughs and creating a new strategic implementation pattern in the aspects of corporate governance, “*One Body Two Wings*”, “*large industry, large system, large city and high-end customer*”, innovative development, integration and internationalization, risk prevention and control, support and guarantee, and strict rule over the Party. Strategic organization was promoted in an enhanced manner. The Group refined its strategic arrangements by compiling annual strategic indicators and planning major strategic projects. With the intensification of strategic assessment, the strategic assessment report of the Bank was prepared on a quarterly basis, to strengthen the assessment of strategic indicators, project completion rate and orderly progress. Besides, the publicity of strategies was propelled, making the vision of constructing a “bank of best integrated financing services” deeply embedded in people’s mind.

The corporate governance was further improved. The Bank further infused the leadership of the Party into its corporate governance, sorted out responsibilities of and rules of procedure for the Party Committee, the Board of Directors and the Management, perfected authorization and management system of the Board of Directors and coordinated the Party Committee with “Three Meetings and One Layer” (the Shareholders’ General Meeting, the Board of Directors, the Board of Supervisors and the Senior Management).

A new pattern was formed for comprehensive financing services. Under the guidance of the Head Office’s strategies, the Bank actively explored new comprehensive financing products and new modes, gradually realized transformation of asset structure from on balance sheet to off balance sheet and fully off balance sheet, and transformed the service mode from credit intermediary to financial service intermediary.

2017 is the final year for the Group to implement the three-year strategic plan. The Group will continue strengthening strategic implementation, intensify “Five Awareness”³, improve “Six Capabilities”⁴ and focus on value creation. The Group will adhere to coordinative development of “benefit, quality and scale”, deepen operating transformation, accelerate light development and comprehensively complete strategic goals of building a “bank of best integrated financial services”.

1.2 Corporate Value Philosophy

Since the Group officially established the corporate culture system, the Group has enhanced the publicity and implementation of corporate culture through diversified forms and further

³ “Five Awareness” means strengthening tier-1 legal person awareness, responsibility awareness, safety awareness, innovation awareness and service awareness.

⁴ “Six Capabilities” means improving strategic execution capability, innovative development capability, “Team Leading” capability, risk control capability, crisis response capability and comprehensive management capability.

promoted the implementation of corporate culture.

Vision: To become the bank of best integrated financial services.

Mission: To support customer growth, To create employee happiness, To increase shareholder value, To become a responsible corporate citizen.

Core values: Trust, Innovation, Collaboration, Excellence.

Business management philosophy: Compliant, Intelligent, Team-based, Efficient.

Human resource philosophy: Paying equal attention to ability and integrity, Putting right candidates to right positions.

Responsibility philosophy: Performance of social responsibility, Pursuit of sustainable development.

1.3 Corporate culture building

1.3.1 Corporate Culture Implementation

In 2016, keeping pace with new strategy implementation, the Bank steadily pushed forward the implementation of the three-year plan of corporate culture building which stepped into the second stage “demonstration and leading” from the first stage “study, publicity and implementation”. Focusing on “publicizing cultural stories, selecting cultural building demonstration bases and creating cultural environment”, the Bank enhanced assessment, promoted popularity and carried out the “7 Projects” of corporate culture building including “imprint on mind”, “imprint on heart”, “benchmark”, “atmosphere”, “style”, “engine” and “responsibility”, making the Bank’s corporate culture building enter a new chapter.

Intensifying Cultural “imprint on mind”. Based on the publicity and implementation of Handbook on the Corporate Culture in 2015, the Bank specifically carried out multi-level trainings of corporate culture publicity and implementation, continually pushed forward “One Wall, Two Courses and Three Meetings” and cultural recitation ceremony construction in branches, enhanced staff’s cognition and identity of culture philosophy, and strengthened exchange and publicity of internal and external corporate culture construction.

Promoting Cultural “imprint on heart”. The Bank continued carrying out collection, writing and promotion activities in relation to corporate culture stories, created a cultural atmosphere among staff by providing promotional courses and online videos of those deeply explored and edited stories and launched the cultural brand “China CITIC Bank • Our Stories”, arousing staff’s enthusiasm in writing, promoting, publicizing and studying stories across the Bank.

Case: Carrying out “China CITIC Bank • Our Stories” Corporate Culture Brand Activity

In 2016, the Bank paid high attention to the publicity of corporate culture values, and launched the cultural brand “China CITIC Bank • Our Stories”. The activity is based on stories edited into the book *China CITIC Bank People*. Under the uniform planning of the Head Office, story preparing unit’s staff directed, acted by themselves, and brought these stories to all staff in the form of onsite meeting and video meeting. After the promotional activity, the Head Office also

made all the stories into network courseware in time, making them available for staff across the country to get a deeper understanding of corporate culture. These stories were from staff's daily life, touching, close to life and infectious. Through promotion in various forms such as presentation with background music, scene play and interview, the staff's performance of these stories were therefore more natural, real, colorful and vivid. The activity was well-received by many cadres and employees once it was launched. They said "China CITIC Bank • Our Stories" brought them a quality cultural story feast, and these touching stories carrying the Bank's corporate culture had been deeply imprinted on their mind and heart through such promotion, arousing their enthusiasm to learn cultural values from these stories and practice corporate culture. By the end of 2016, the Bank organized two seasons of "China CITIC Bank • Our Stories" activities, promoting 12 stories in total. More than 50 staff attended the promotion, and story compilation unit's performance was watched on site and via video over 8,000 person-times. The online watching rate reached 91.79%.

Establishing Cultural "Benchmark". The Bank vigorously promoted and developed advanced culture, explored advanced individual's stories across the Bank, organized, sorted out and made more than 20 "Touching the Heart of China CITIC Bank" — Promotional Videos of Series Stories of Advanced Individuals, carried out selection and commendation of "corporate culture building demonstration base" for the first time, and created a cultural atmosphere of "emulating, learning from, catching up with, helping and surpassing each other".

Creating Cultural "Atmosphere". The Bank vigorously boosted the overall building of "One Wall, Two Courses and Three Meetings" of corporate culture. The Head Office uniformly formulated display and design codes for standard font of corporate culture, created and designed corporate culture poster drawn by staff and created a diversified, unique and profound cultural environment. By the end of 2016, more than 5,000 corporate culture fonts and posters were posted on the office wall of the Bank's 38 branches, with coverage of over 80%.

Manifesting Cultural "Style". The Bank strongly supported branches' subordinating institutions to carry out characteristic cultural activities and all kinds of cultural, recreational and sports activities for staff to perceive underlying connotation of the Bank's corporate culture values, manifest their high-spirited attitude and transmit positive energy.

Start Cultural "Engine". The Bank carried out corporate culture building assessment at branch level and incorporated corporate culture building into branches' comprehensive performance assessment system for the first time. Such an assessment motivated branches to conduct corporate culture building and thus pushed forward the whole Bank's corporate culture building.

Specifying Cultural "Responsibility". The Bank further strengthened the management of social responsibility information disclosure, developed and launched "Information Management System for Social Responsibility Reporting of China CITIC Bank", took the initiative in precision poverty alleviation, charity and public welfare and practiced responsibility philosophy.

1.3.2 Risk culture construction system

In 2016, to deepen the reform of risk management system and enrich corporate culture, the

Bank stepped up its efforts towards risk culture building and established a risk culture system with the Bank's unique characteristics, namely: following the development strategy, adhering to the core ideology of "holding the bottom line, enhancing responsibilities, highlighting implementation, conducting active management and creating value", and striving to create a risk culture system covering "all staff, all lines and full process".

Holding the Bottom Line. Legality & compliance and risk appetite are the bottom line of operating and risk management. All staff shall strictly abide by laws, regulations and regulatory provisions, strictly implement the Head Office's risk policy and risk appetite, observe professional ethics and guard legal bottom line, compliance bottom line and risk bottom line, and shall not challenge the bottom line for any reason.

Enhancing Responsibilities. Main person in-charge of units at all level is the first liable person for risk management. All employees shall practice and be directly responsible for risk management and compliant and legal operations. In the principle that responsibilities shall be commensurate with powers, the Bank shall define the parties responsible for risk and compliance management and a clear boundary of responsibility, and persist in "holding those who have violated regulations, exempting those that have diligently fulfilled their duties".

Highlighting Implementation. The Bank shall strictly implement policies and rules, execute orders and proclaim prohibitions, and shall not violate provisions or act beyond the authority for any reasons and in any forms. The Bank shall optimize and adjust rules and procedures on a timely basis, and take the initiative in identifying, exposing and eliminating hidden risks.

Conducting Active Management. The Bank shall conduct active management of risks by all means, enhance support of risk management to product innovation, business development and strategic transformation, and realize transformation from risk control to risk operation.

Creating Value. The Bank shall balance relations between risk, capital and income, as well as risk, development and innovation, boost the harmonious development of benefit, quality and scale, and practically enable risk management to create value for the Bank.

1.4 Clarification of the Corporate Social Responsibility (CSR) Philosophy

Based on the CSR philosophy of "performance of social responsibility and pursuit of sustainable development", the Bank has been "committed to growing into a green bank, a people's bank, a charitable bank, a trustworthy bank, a valuable bank of value and a bank with a great brand" while promoting the harmonious and sustainable development of economy, society and environment.

Performance of Social Responsibility: To be a responsible enterprise, to effectively fulfill economic, social and environmental responsibilities, to connect closely with all stakeholders, to be committed to public benefits with love and care, and to become a responsible corporate citizen.

Pursuit of Sustainable Development: To uphold the scientific outlook on development, to support energy conservation and emission reduction, to support credit of green economy and circular economy, to construct a green bank, to advocate a low-carbon life style, to protect the ecological environment, and to take the path of sustainable development.

1.5 Identification of CSR Topics

In 2016, the Group summarized around 780 CSR indicators and conducted substantial analysis according to the GRI (G4) requirement. In line with characteristics of Chinese financial industry and the various business guidelines and regulatory requirements for banking in 2016, the Group identified the following major CSR topics, including: actively supporting national strategies, protecting rights and interests of consumers, providing multiple guarantees for employees, expanding green credit and supporting the course of poverty alleviation.

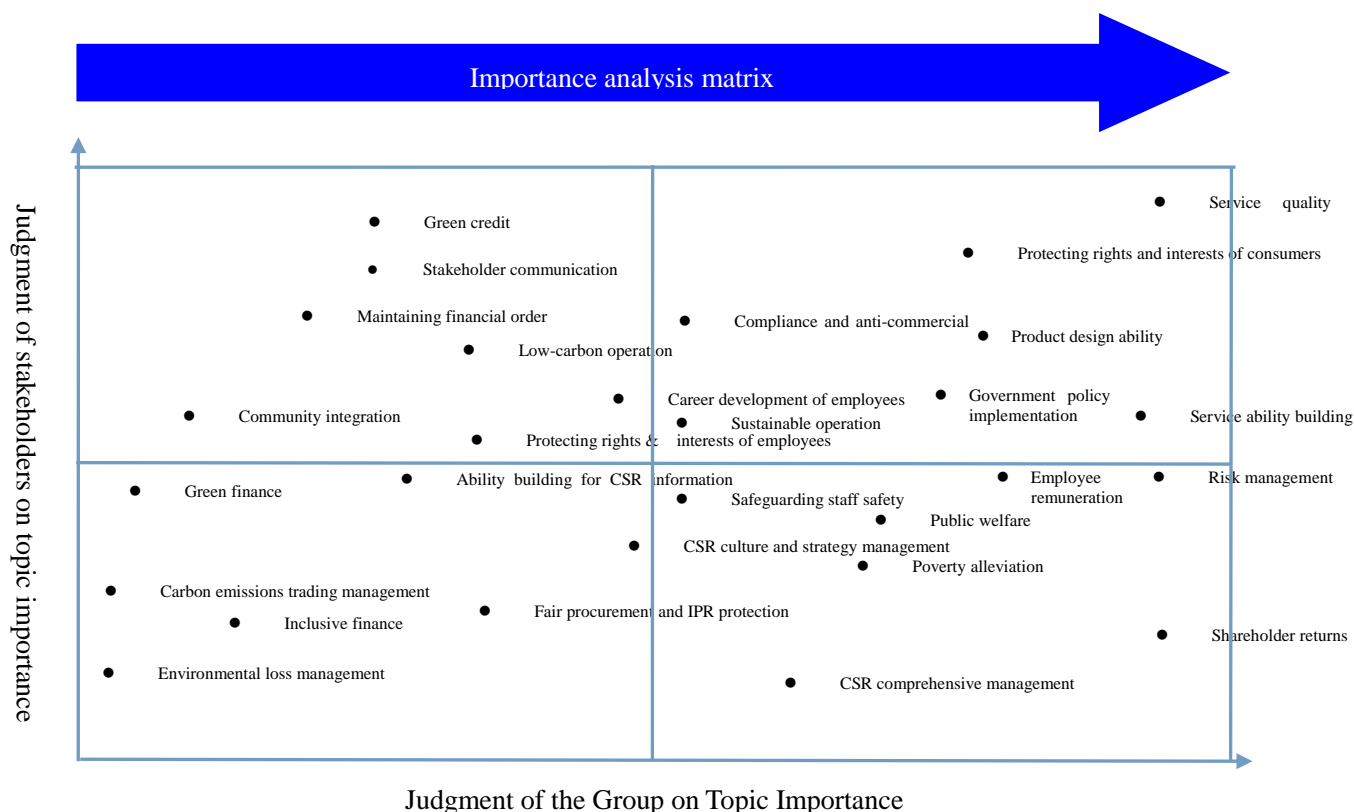


Figure 1: The Group’s Analysis Matrix of Topic Importance

1.6 Enhancement of CSR Communication

In 2016, the Group paid great attention to reinforce communication with stakeholders and adopted effective measures to respond to stakeholder wishes and demands in a timely and sincere manner, thereby promoting harmonious sustainable development of both itself and the stakeholders.

1.6.1 Recognition of Stakeholders

The stakeholders recognized by the Group mainly include:

Table 1 Recognition of Stakeholders by the Group

Stakeholder	Expectations as Understood by the Bank	Forms of Communication	Response Measures	Performance
Government	✓ Compliance with state laws and regulations	✓ Laws, regulations, policy	✓ Answered government calls	✓ Tax payment according to law

	<p>as well as industrial standards and norms</p> <ul style="list-style-type: none"> ✓ Safeguarding safety of bank funds ✓ Fair competition according to law, and safeguarding a fair competition environment. ✓ Sustainable development; 	<p>guidelines and normative documents</p> <ul style="list-style-type: none"> ✓ Industrial meetings, special reports, regulatory announcements and ratings, and briefings. ✓ On-site inspections and off-site regulation ✓ symposiums, seminars and forums 	<ul style="list-style-type: none"> ✓ Implemented regulatory policies ✓ Participated in development of industrial standards and norms ✓ Improved operating and management results ✓ Accepted regulatory evaluation 	<ul style="list-style-type: none"> ✓ Support to the real economy ✓ Steady improvement of operating results ✓ Remarkable management results ✓ Anti-corruption and clean governance ✓ Safeguarding a stable financial order, etc.
Shareholder	<ul style="list-style-type: none"> ✓ Standard corporate governance ✓ Higher return to shareholders ✓ Higher profitability ✓ Higher corporate value ✓ Sustainable development 	<ul style="list-style-type: none"> ✓ Shareholders' Meetings ✓ Periodical announcements ✓ Communication and exchanges with investors ✓ Road shows ✓ Results releases 	<ul style="list-style-type: none"> ✓ Formulated and implemented development strategies ✓ Refined corp. governance ✓ Reinforced risk prevention ✓ Increased transparency of information disclosure 	<ul style="list-style-type: none"> ✓ Better CSR management ✓ Higher social contribution value per share ✓ Lasting brand value and honors ✓ Better operating results ✓ Internal regulatory ratings, etc.
Customer	<ul style="list-style-type: none"> ✓ Provision of high-quality financial services ✓ Provision of high-quality financial products ✓ Provision of complete, truthful and accurate product and service information ✓ Safeguarding information safety 	<ul style="list-style-type: none"> ✓ Business outlets ✓ E-banking ✓ Marketing activities ✓ Salons and lectures ✓ Market surveys ✓ Result evaluation 	<ul style="list-style-type: none"> ✓ Provided convenient express financial services ✓ Diversified financial products ✓ Timely launch product & market announcements ✓ Understood customer comments and suggestions ✓ Strengthened safety and security of business outlets 	<ul style="list-style-type: none"> ✓ Survey of customer satisfaction and demand ✓ Better service quality ✓ Better customer experience ✓ Safeguarding customer rights and interests, etc.
Supplier	<ul style="list-style-type: none"> ✓ Compliance with commercial ethics ✓ Open, equitable and fair procurement ✓ Mutual benefit, win-win and common development 	<ul style="list-style-type: none"> ✓ Publicly available procurement information ✓ Negotiations and exchanges ✓ Cooperation contracts and 	<ul style="list-style-type: none"> ✓ Set up and improved the supplier management mechanism ✓ Established and maintained a supplier database ✓ Reinforced 	<ul style="list-style-type: none"> ✓ Establishment of concentrated procurement center ✓ Formulation of relevant rules and regulations on concentrated

		agreements	communication and contact with suppliers	procurement management ✓ Establishment of partnership with suppliers
Employee	<ul style="list-style-type: none"> ✓ Creation of jobs ✓ Reasonable remuneration and welfare ✓ Satisfactory work environment ✓ Smooth communication mechanisms ✓ Admirable room for personal career development 	<ul style="list-style-type: none"> ✓ Employee representatives' congresses ✓ Trade unions ✓ Intranet emails and forums ✓ Internal meetings 	<ul style="list-style-type: none"> ✓ Uniformly recruited employees ✓ Upheld equal pay for equal work ✓ Safeguarded staff health and safety ✓ Organized cultural and sports activities ✓ Protected essential rights and interests of staff ✓ Provided on-job skill training ✓ Listened to employee viewpoints 	<ul style="list-style-type: none"> ✓ Realizing the role of the trade union ✓ Staff performance evaluation for promotion purpose ✓ Health inspections and psychological counseling for employees ✓ Diversified professional training sessions ✓ Employees arranged to go on all types of leaves ✓ Symposiums with employees
Community	<ul style="list-style-type: none"> ✓ Care for vulnerable groups ✓ Communication with government on poverty alleviation ✓ Charity and public benefit activities ✓ Financial literacy 	<ul style="list-style-type: none"> ✓ Field surveys and visits ✓ Visit to poverty alleviation institutions ✓ Visit to charity and public benefit organizations 	<ul style="list-style-type: none"> ✓ Made outbound donations ✓ Implemented poverty alleviation projects ✓ Assisted vulnerable groups ✓ Promoted financial literacy ✓ Organized public benefit activities 	<ul style="list-style-type: none"> ✓ More outbound donations ✓ Organization of targeted poverty alleviation events and public benefit and charity activities ✓ Participation in voluntary activities, etc.

1.6.2 Communication with Stakeholders

Active Visits. In 2016, Chairperson Li Qingping and President Sun Deshun of the Bank led teams to visit provinces, autonomous regions and municipalities directly under the central government. Their visits strengthened the Bank's communication with leaders of the party committees and provincial governments of Harbin, Chengdu, Kunming, Tianjin and Guiyang as well as party committees and municipal (district) governments of Beijing. During their visits, sufficient communications and exchanges were carried out with government agencies for continuous improvement of the Group's work in various aspects and enhancement of the Group's capacity and competence in serving the real economy.

Information Disclosure. In 2016, to improve the corporate transparency, the Group conducted

information disclosure in accordance with various securities-related regulatory provisions issued by China Banking Regulatory Commission (CBRC), China Securities Regulatory Commission (CSRC) and places where these securities are listed, and published regular reports and interim reports to the public as per laws and ensured the timeliness, fairness, accuracy, authenticity and completeness of information disclosure, thus to protect legal rights and interests of investors and parties concerned. The Group observed the principle of “being subject to the higher, the stricter and the more regulations”, guaranteed fair treatment to all investors, disclosed regular reports, announced to the public the Bank’s important information such as financial operation results, major information changes, related party transactions and major investment and financing projects during the information disclosure. By the end of 2016, the Group published more than 129 interim announcements in Shanghai Stock Exchange (SHSE) and the Stock Exchange of Hong Kong Limited (HKEx).

Administrative Transparency. In 2016, to make staff get a better understanding of the Bank’s development strategies and business development plan, the Group continued to enhance information disclosure mechanism in the internal network, formulated the *Administrative Measures for Internal Network of China CITIC Bank*, and released the Group’s major movements in relation to operation and management in time under the premise of guaranteeing the safety and security of confidential information. By the end of 2016, 24.13 million person-time visits were paid the Group’s internal network, an increase of 34.06%.

Marketing Events. In 2016, the Bank organized about 8,850 bank-wide or regional marketing events for customers. Around 93,700 person-time employees provided professional financial services for 4.85 million person-time customers. The events included content publicity of products, product promotion, door-to-door service provision, care for customer activities, friendship celebrations with customers, and education and communication on financial policies and knowledge. In 2016, wealth management products issued by the Group brought RMB 38.071 billion direct income to their purchasers.

Internal Communication. In 2016, the Bank established communication channels with its staff through senior management “reception day” system, “president’s mailbox”, young employee symposium, consultation symposium and other forms, through which the Bank encouraged staff to make suggestions on and jointly supervise business development and internal management thus to establish a sound internal and external feedback mechanism and rational suggestion soliciting channels.

Brand Promotion. As a sponsor of China Open, the Bank has provided self-service deposit and withdrawal services, China Open Co-branded Card, China Open Souvenir One-card and other quality financial products and services for tennis fans and field audience for six consecutive years, winning a high brand reputation. In 2016, the Bank helped popularize ice hockey and promoted its development in China, to prepare for and contribute to Olympic Winter Games. The Bank debuted at the world-leading Kontinental Hockey League (KHL) on 5th September as an official partner of HC Kunlun Red Star, supporting the development of China’s winter sports via practical action.

Media Publication. In 2016, the Group created the “Social Responsibility Reporting” column on its official website to disclose its CSR information to the general public. By the end of the

year, via various national (and local) media, the Group published over 38,000 pieces of media coverage, the same as last year; on its official website, the Group made over 1,500 news releases, a rise of 7.14%. The summary of the *2015 Social Responsibility Report of China CITIC Bank Corporation Limited* was published on 4 presses, namely *Financial Times*, *China Business News*, *Economic Information Daily* and *Securities Times*.

Case: Organizing Media to Interview Grass-roots Institutions

From 8th September to 10th September 2016, the Bank organized 19 central mainstream media including *Xinhua News Agency*, *Financial Times*, *China Securities Journal*, *Shanghai Securities News*, *Securities Times*, *China Business*, *Economic Information Daily* and *Caijing* and mainstream internet media like *xinhuanet.com*, *china.com.cn*, *sina.com.cn* and *hexun.com* to interview grass-roots institutions. After field interviews and in-depth communications with four partners of Hohhot Branch including Inner Mongolia Communications Investment (Group) Co., Ltd., M. Grass, SK·Xing and Anda Convenience Store, journalists spoke highly of and deeply shocked by Hohhot Branch's regional financial services, and released news reports. *Hohhot Branch of China CITIC Bank: Serving Real Economy and Assisting Economic Transformation in Autonomous Region* released by Xinhua News Agency, *"The Hairy Creates Value: New Mode of "Dairy Cow" Mortgage Benefits Agriculture and Animal Husbandry* published by the journalist of *Financial Times*, *Frontline Investigation: Fund Eliminates Local Funding Bottleneck*, *China CITIC Bank Explains Investment Samples in Detail* released by *China Business*, *Government Guides the Extensive Development of Fund*, *China CITIC Bank Promotes "Equity + Creditor's Rights" Mode* published by *Economic Information Daily*, *Innovation of Agriculture and Animal Husbandry "Occupies" One More City*, *Finance China CITIC Bank Initiated New Mode Biology Mortgage* published by *china.com.cn* and other relevant news reports reflected Hohhot Branch's specific efforts in respect of rail transit development fund, steppe ecology industry alliance, biological asset mortgage loan and agricultural credit, and surfaced the Bank's regional service characteristics in terms of PPP, services for the real economy, support to micro and small enterprises, inclusive finance and precision poverty alleviation. By the end of 2016, this activity triggered 18 primary and in-depth reports and 142 reprinted reports, and the primary reports amounted to more than 30,000 characters.

Interview Exchanges. In 2016, the Group had multiple face-to-face rating communications with Moody and Fitch Rating and assisted CITIC Group in completing the annual interviews by S&P and R&I, promoting their understanding of the Bank. Despite the background of overall slowdown of China's macro-economic growth and continuous pressure on asset quality in Chinese banking industry, Fitch decided to keep the rating for the Group in 2016 the same as 2015.

Convenient Communication. In 2016, the Group continued to release its social responsibility report via APP, enhancing the communication with stakeholders with innovative methods and a friendly interface. The APP was placed on the official website, official WeChat and official Microblog of the Group with rolling advertisement being played at more than 1,500 outlets of the Bank, which made its social responsibility report more readable and the customer experience more comfortable.

In-depth Understanding. In 2016, the Group conducted field investigations of 33 key suppliers in 9 major cities, covering 7 industries including information technology, self-service equipment, office facilities, security and protection equipment, marketing, outsourcing and insurance services. By understanding suppliers' research and development, production and control capacity, the Group actively helped suppliers solve fund shortage during the supply period, pushed forward supplier financing under the Group's procurement contract, and achieved win-win development.

1.7 Strengthening of CSR Management

Enhancement of Special Training. In 2016, the Group developed and launched the "Information Management System for Social Responsibility Reporting of China CITIC Bank" online training courseware, striving to improve information collection capacity of CSR reporting. By the end of 2016, the Group provided training and one-to-one tutoring for 1,500 applicants and 158 managers of information management system of CSR reporting from institutions at all levels.

Establishment of Assessment Mechanism. In 2016, the Group incorporated "social responsibility" into branches' comprehensive performance assessment indicators. The "social responsibility" indicator included four sub-indicators, namely service quality⁵, the "three minimums" for micro and small enterprises⁶, social responsibility data submission⁷ and completion of poverty alleviation and charity activity⁸.

Information System Management. In 2016, the Group innovatively developed the "Information Management System for Social Responsibility Reporting of China CITIC Bank", sorted out and improved its CSR indicator system and realized the online reporting of information on over 780 CSR indicators by all the institutions under the jurisdiction of the Group. It further optimized the channel management, process management and statistical definition on social responsibility and improved truthfulness and traceability of the social responsibility information.

Insistence on Third-party Assurance. Since 2009, the Group hired third-party assurance agencies to conduct independent limited assurance of the truthfulness of all important statements and key data in its social responsibility reports, and produce opinions and recommendations regarding the improvement of the Group's management of social responsibility. Assurance of the Group's *2016 Social Responsibility Report* would be conducted by PwC Zhong Tian LLP, which would review the truthfulness of important statements and key data in the report and produce further opinions and recommendations upon the completion of assurance. In 2016, PwC Zhong Tian LLP put forth 3 key opinions and suggestions, all of

⁵ The "service quality" evaluates retail banking quality of branches and aims at better evaluation guidance for higher service quality. It covers two sub-indicators, namely "third-party mysterious customer monitoring" and "number of subordinating institutions placed on the list of 1,000 Best Role Model Units".

⁶ Loans to micro and small enterprises should meet the "three minimums" requirement, i.e., growth rate being no lower than the average growth rate of all loans, number of customers securing loans being no lower than that of the previous year and rate of loans being granted being no less than that of the previous year. The indicators were focused on guiding domestic branches to step up their credit support for micro and small enterprises.

⁷ Social responsibility data submission assesses the acceptance rate of social responsibility data submitted in every quarter.

⁸ Completion of poverty alleviation and charity donation assesses the direction, project, approval and compliance and budget execution ratio of branches' donations.

which were remedied and responded to in daily work.

Chapter 2 Corporate Governance and Risk Control

2.1 Improvement of Corporate Governance

2.1.1 Corporate Governance Structure

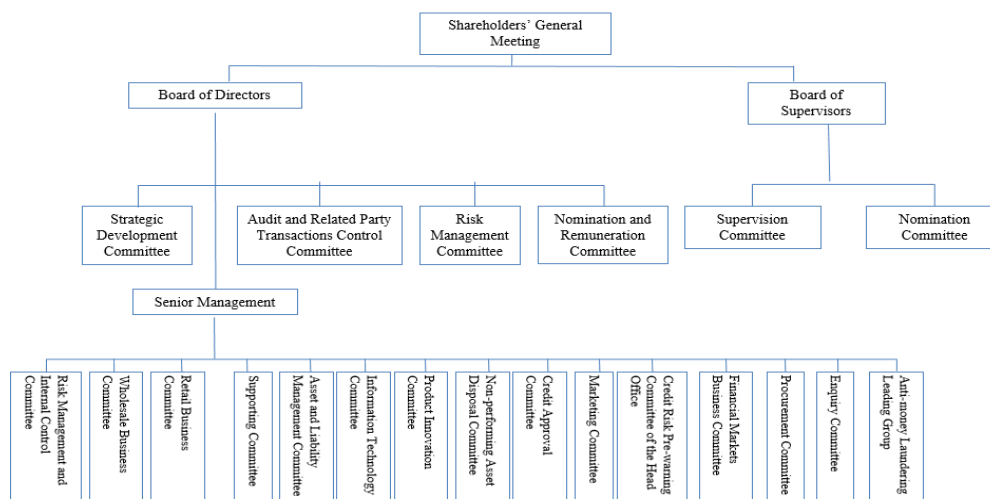


Figure 2: Corporate Governance Structure of the Group

2.1.2 Overall Profile of Corporate Governance

In 2016, the Bank implemented the corporate governance and business operation according to the requirements of the laws and regulations such as the *Company Law of the People's Republic of China*, the *Commercial Bank Law of the People's Republic of China*, the *Banking Supervision Law of the People's Republic of China* and the *Securities Law of the People's Republic of China*.

In 2016, in face of the complicated and severe business environment and the increasingly rigid regulatory environment, the Group strengthened its judgment with calm response and positive innovation, and conscientiously implemented the policies of the state and requirements of the Party Central Committee, to keep improving corporate governance, deepen the implementation of strategies, constantly boost business transformation and actively promote reform and development, hence gaining outstanding results.

In 2016, the Group's corporate governance mechanism was further improved, the relationship between corporate governance entities was further sorted out, and more measures were taken to strengthen the support and guarantee for the performance of duties by the Board of Directors and the Board of Supervisors. The composition of the Board of Directors was further diversified, with the improvement of specialized committees, to further expand the channels for and intensify the capabilities in the performance of duties by directors; the Board of Directors actively played a leading role in the implementation of strategies, to facilitate the business innovation, transformation and development; and the Group further refined the comprehensive risk management system and internal control system and leveraged the audit's role of independent supervision and evaluation. The Board of Supervisors took the initiative

to improve itself and earnestly performed the supervisory function from the aspects of internal control, risk, finance and duty performance. Generally, there is no significant difference between the setting and operation of the Group's corporate governance institutions and the relevant requirements of the Company Law, China Securities Regulatory Commission and the Stock Exchange of Hong Kong, and no unsolved significant corporate governance problem that regulators have requested to solve could be found. The Group total convened one annual shareholders' general meeting, one temporary shareholders' general meeting, one A shareholders class meeting, one H shareholders class meeting, 11 meetings of the Board of Directors (including six regular on-site meetings and five votes by correspondence), eight meetings of the Board of Supervisors and 33 meetings of the specialized committees under the two boards.

The chairperson and president of the Group hold their positions separately. Ms. Li Qingping is Chairperson and Executive Director, responsible for presiding over shareholders' general meetings, convening and presiding over the Board of Directors' meetings and examining implementation of the resolutions of the Board of Directors; and Mr. Sun Deshun is Executive Director and President of the Bank, responsible for implementing the Board of Directors' resolutions, and presiding over the operation and management of the Bank. The respective responsibilities of the Chairperson of the Group and the President of the Bank are clearly defined, which comply with the requirements of the Hong Kong Listing Rules. The Board of Directors shall review the annual social responsibility report of China CITIC Bank Co., Ltd, assess the performance of the social responsibilities and assume responsibilities in this regard in accordance with the supervision requirements of the *Guidelines on Corporate Governance of Commercial Banks* by the China Banking Regulatory Commission (the "CBRC").

The Shareholders' General Meeting approved that the Directors of Board adopted allowance policy. The non-executive directors (excluding the independent non-executive directors) do not receive any director's allowance from the Group; the executive directors shall not receive any directors' allowance from the Group but can receive corresponding remuneration in accordance with his/her position in the Bank, including wages, bonuses, allowances, subsidies, employee benefits and various insurance benefits, housing provident fund and annuity; independent non-executive directors receive pre-tax allowance of RMB300,000 annually.

Case Successful Issuance of Preference Shares worth RMB35 billion

On 9th November, 2016, the Bank issued 350 million preferred shares, with face value of RMB100 per share and a dividend of 3.8% in China and raised fund with total RMB35 billion. The completion of the preferred share registration marked the success of the Bank's preferred stock issuance. The issuance of the preferred share is a timely supplement to other tier-one capital when the Bank is under continuous pressure to reach the capital standard, which enhances the Bank's capital reserves, optimizes the capital structure, improves corporate governance, upgrades the capacity of servicing the real economy. The issuance is warmly responded and greatly over-subscribed by investors.

2.1.3 Board of Directors

In accordance with the relevant requirements of the CBRC, the Board of Directors of the Group

convened a meeting on 27 October 2016 to adopt the establishment of the Consumer Protection Committee, which was composed of three independent directors, Ms. Wu Xiaoqing, Mr. He Cao and Ms. Chen Lihua who served as the Chairperson of the Committee.

As at the disclosure date of the Report, Executive Director Ms. Li Qingping assumed the Chairperson of the Group and Mr. Chang Zhenming was no longer the Chairman of the Group. Mr. Wan Liming and Ms. Huang Fang were appointed as Non-Executive Directors of the Group. , Mr. He Cao, Ms. Chen Lihua and Mr. Qian Jun formally were appointed as Independent Non-Executive Directors of the Group. Mr. Zhang Xiaowei resigned from his duties as Director of the Bank due to work arrangements. Mr. Zhu Xiaohuang resigned from his duties as Director of the Bank because of the age. Mr. Li Zheping and Mr. Yuan Ming were no longer independent directors of the Group. Reviewed and approved by the Board of Directors in meetings convened that Mr. He Cao served as a member of the Audit and Related Party Transactions Control Committee of the Group's Board of Directors, Mr. Chen Lihua was appointed as the Chairperson of the Board of Directors Nomination and Remuneration Committee and Ms. Wu Xiaoqing was the Chairman of the Audit and Related Party Transactions Control Committee.

Composition of the Board of Directors. The Board of Directors is the decision-making body of the Group. As at the disclosure date of the Report,, the Board of Directors of the Group consisted of ten members, including one chairperson namely, Ms. Li Qingping; two executive directors, namely, Ms. Li Qingping(Chairperson of the Board) and Mr. Sun Deshun (President); three non-executive directors, namely, Mr. Chang Zhenming, Ms. Huang Fang and Mr. Wan Li Ming; five independent non-executive directors, namely, Ms. Wu Xiaoqing, Mr. Wong Luen Cheung Andrew, Mr. He Cao, Ms. Chen Lihua and Mr. Qian Jun.

Meetings of the Board of Directors. In 2016, the Board of Directors convened 11 meetings whereby 88 proposals were deliberated and adopted, including *2015 Annual Report of CITIC Bank*, *2015 Corporate Social Responsibility Report*, *2015 CITIC Bank's Internal Control Assessment Report* and *Proposal on CITIC Bank's Annual Development Plan for 2016*; and 16 reports were listened, including the Bank's business operation report of 2015, 2015 Strategy Implementation Assessment Report and comprehensive risk management report for the first half of 2016.

Specialized Committees Under the Board of Directors. As at the disclosure date of the Report,, there were five specialized committees under the Board of Directors, namely the Strategic Development Committee, the Audit and Related Party Transactions Control Committee, the Risk Management Committee, the Nomination and Remuneration Committee and the Consumer Protection Committee. In 2016, the Group convened six meetings of the Strategic Development Committee, 11 meetings of the Audit and Related Party Transactions Control Committee, three meetings of the Risk Management Committee and eight meetings of the Nomination and Remuneration Committee. The Consumer Protection Committee did not hold meetings.

2.1.4 Board of Supervisors

The Board of Supervisors is the supervisory body of the Group reporting to the shareholders'

general meeting. As at the disclosure date of the Report, the Board of Supervisors consisted of eight members, including Mr. Cao Guoqiang (chairman), Mr. Shu Yang, Ms. Wang Xiuhong, Mr. Jia Xiangsen, Mr. Zheng Wei, Mr. Cheng Pusheng, Ms. Wen Shuping and Mr. Ma Haiqing, among whom one was the chairman, one shareholder representative supervisor, three external supervisors, and the other three employee representative supervisors.

In 2016, the Board of Supervisors held eight meetings whereby 18 proposals were deliberated. Research and review were made on the periodic report, the profit distribution plan, the internal control evaluation report, the social responsibility report, and the evaluation report on performance of directors, supervisors and the senior management; 12 reports were listened, mainly covering the business operation report, the comprehensive risk management report, report on the rectification of problems notified by the CBRC and regulatory opinion implementation report. By examining the proposals and listening to reports, the Board of Supervisors earnestly supervised the key proposals, major contents and effectively fulfilled the duties of meetings and supervisory. Furthermore, the Board of Supervisors supervised the Group's operation and management by attending Board of Directors meetings as non-voting delegates, conducting field studies at branches and subsidiaries, and reviewing various documents.

2.1.5 Senior Management

The senior management is the executive body of the Group reporting to the Board of Directors. In 2016, the Board of Directors evaluated the performance of the senior management, the results of which were used as the basis for determining remunerations and other incentive schemes for the senior management. The senior management should truthfully report the Group's operating results, major contracts, financial condition, risk profile, business prospects and significant events, among others, to the Board of Directors or the Board of Supervisors on a regular basis, or as required by the latter. As at the disclosure date of the Report, the senior management of the Group consisted of seven members, namely, Mr. Sun Deshun, Mr. Zhang Qiang, Mr. Zhu Jialin, Mr. Fang Heying, Mr. Guo Danghuai, Mr. Yang Yu and Mr. Lu Wei.

The Group set up its mechanism for annual performance assessment of the senior management. The annual performance assessment covered the completion of business indicators as well as behaviors and competence of duty discharge, the results of which were used as the basis for determining the remuneration, appointment and removal, adjustment, exchange and training of senior management members.

2.1.6 Management of Related Party Transactions

The Board of Directors attaches great importance to the management of related party transactions and has carefully performed their duties of review, approval and supervision in relation to the management of related parties to ensure the legal and compliant operation of related party transactions conducted throughout the Group. In 2016, the Group strictly followed the regulatory requirements of Shanghai and Hong Kong, continuously stepped up optimization of the system, rules and processes for related party transaction management, improved the related party transaction management mechanism, and boosted the overall level and refinement degree of related party transaction management, which strongly supported business

development in a compliant manner, and contributed to the exertion of Group synergies and appreciation of shareholder value. Detailed work included:

The Group strictly supervised management of upper limit of related party transactions, controlled the concentration of related party credit, strengthened the statistics, reporting and testing of related party transactions, and considered and disclosed related party transactions in accordance with regulatory requirements, so as to ensure related party transactions complied with applicable laws and regulations, and earnestly safeguard the interests of small and medium shareholders.

The Group updated the list of related parties in a timely manner and enabled related party management to be more initiative and forward-looking. The Group also sorted out and updated, and strengthened prompt, statistics and analysis of the related party information in the routine related party transactions management to ensure that related party transactions were effectively identified. Risk of related party transactions can be effectively prevented by consolidating the basis of related party transactions management.

The Group comprehensively reviewed and revised the rules for related party transactions, refined the management process, strengthened the coordination of the front office, the middle office and the back office in the management of related party transactions to further enhance its practicality, and provided the foundation for the compliant carryout of related party transactions.

The Group adopted measures such as the establishment of a related party credit line transfer center, and consultation mechanism and the classification management for related party credit to further strengthen the refined management in this regard. On the basis of compliance, the Group optimized the allocation of credit resources and simplified the corporate governance approval process.

The Group strengthened communication and exchanges with shareholders, other companies under the CITIC Group and that between the Head Office and branches. With the help of the development of related party transaction management system, the Group consolidated the transaction data base, improved the risk control capability, reduced capital-and asset-heavy businesses and promoted capital-and asset-light ones, and made full use of large asset management model to play of the overall synergistic effect of the Group.

2.2 Strengthening Risk Management

2.2.1 Risk Management Structure

Comprehensive Risk Management Structure of China CITIC Bank

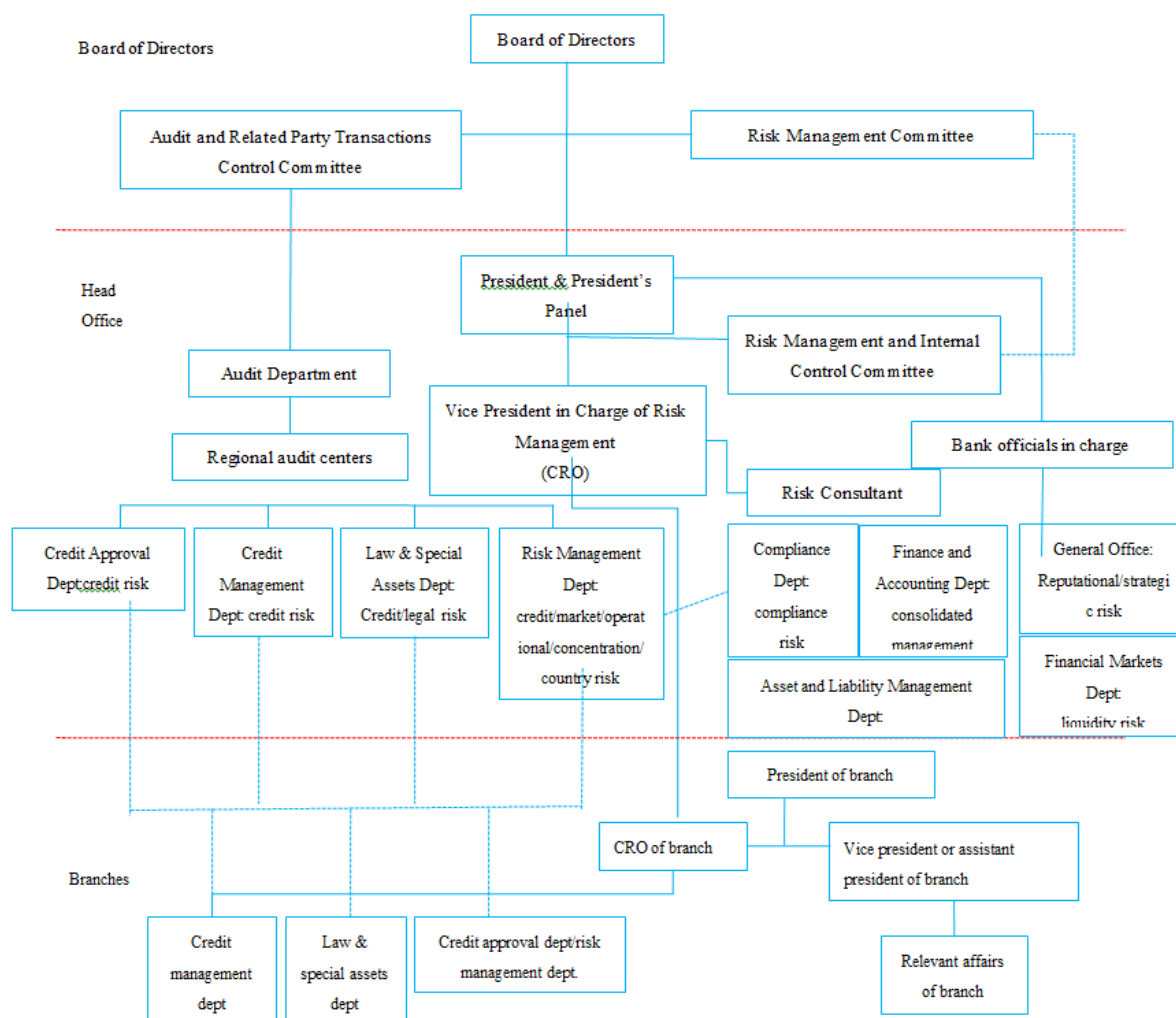


Figure 3: Comprehensive Risk Management Structure of the Bank

2.2.2 Comprehensive Risk Management System

Improvement of the Comprehensive Risk Management System. In 2016, the Risk Internal Control Committee of the Head Office the Bank reviewed 45 major risk management issues, fully tapped its role of decision-making, established the risk management daily reporting mechanism and risk information reporting mechanism and prepared the monthly and quarterly comprehensive risk management report, which further improved the comprehensive risk reporting system.

Launch and Application of Operational Risk Tools. In 2016, the Bank adopted various measures to continuously strengthen operational risk control. The Bank achieved the application of three major management tools of operational risk in the system, and promoted

the rearrangement of major processes in accordance with the principle of “key business first, high-risk business first”. The Bank, combining the cultural construction and management and control of operational risk, promoted multi-dimensional operational risk investigation for all business lines. In addition, the Group carried out the qualification assessment for operational risk management staff of branches, and established an assessment and evaluation system on branches operational risk management.

Case: Electronic Seal was Put into Use and Promoted Throughout the Bank

In 2016, the Bank promoted the electronic seal project in an all-around manner, which was an important move of the Bank to rebuild its operating process and strengthen risk prevention and control. The counter-based transactions were transformed with the use of electronic seal, to realize the control over “strong association of counter-based transaction to seal”; important physical seals as stipulated by the People's Bank of China were included in the “seal control instrument”, to achieve the “transaction-driven and machine-used” control; besides, through the enhancement of system building, the entire life cycle of physical seals was managed electronically. The introduction of the project could be regarded as a major innovation of seal management for the Bank's counter-based business, which could truly realize the rigid system control of “no transaction, no use of seal”, effectively strengthen the management and use of counter-based business seals, and greatly reduce the risk of loss, misuse and abuse of seals.

Enhancement of Market Risk Management Level. In 2016, the Bank regulated the market risk limit management and stress testing process methods, simplified some of the approval process, and standardized the contents of the application materials, stress testing management processes and stress testing methods. The Bank also optimized the market risk limit setting and gradually established the quantitative relationship between the limit level and the market risk capital level so that the limit setting method can be further optimized.

Strengthen Management of Other Risks. In 2016, the Bank completed the goal that set up a business continuity management system covering the Head Office, branches and outlets, and organized all primary branches to manage the business process within their respective jurisdictions, developed overall emergency plans and contingency plans for all the key A class recovery businesses for branches, carried out a number of desk exercises and practical drills, which further enhanced the Bank's emergency response capacity. The Bank strengthened the outsourcing project audit and outsourcing catalog management and carried out outsourcing risk assessment for the first time. The Bank strengthened the management mechanism of agency derivatives and the counterparty credit risk management, formulated the centralized management scheme of agency foreign exchange derivatives business, and implemented the walk-through test to improve the orchestration mechanism of the foreign exchange agency derivatives management for branches. The Bank further strengthened the country risk management, refined the methods and procedures for the country risk stress testing, and identified the country risk limit management and reserve requirements. It also sorted out the risk levels regarding countries (regions) with existing and possible claim exposures. The Bank continued to strengthen the reputational risk management, achieve monthly public opinion notification and prompts, and constantly upgrade the investigation and early warning of risk events, developed disposal norms and guidelines for major reputational risks and carried out

the reputational risk disposal simulation drills and training.

2.2.3 Strengthen the Environmental and Social Post-lending Management

In 2016, the Bank established a clear post-lending management process to manage environmental and social risks, including credit fund use inspection, post-lending monitoring and regular inspection, parallel operations, risk early warning and resolution, loan recovery, overdue management, risk classification, credit inspection and others. Responsibility accidents due to violation of relevant laws and regulations regarding safety production and environmental protection as well as regulatory requirements or industry standards by debtors were regarded by the Bank as early warning signals and were subject to intensified management. Once a customer failed to fulfill the environmental and social responsibilities agreed upon in the contract, the Bank would promptly initiate a risk warning and handle it in a timely manner. The customer would be taken into the list of low quality and subject to initiative exit according to the severity of violation.

2.2.4 Strengthen Internal Control Compliance Management

In 2016, the Bank, in accordance with the requirements of the CBRC, organized a campaign, namely, “two curbing look-back” to take the initiative to reveal violations and potential risks in the internal business and management, and continuously rectify and hold accountability of problems. The Bank continued the inspection and rectified problems inspected in the inspection without hesitation and strengthened relevant accountability. By the end of the year, the Bank completed 92.2% of total rectification, finished about 760 compliance reviews and proposed 2,000 opinions on this regard with about 96% adopted.

The Bank carried out on-site and off-site inspections on the implementation of credit and financial authorization, fully investigated the outstanding rights and ultra vires acts in credit and financial fields, and intensified punishment in this regard to resolutely curb ultra vires acts. The Bank sorted out the existing management rules and integrated the corporate culture into it, and unified the thinking and behavior of the employees so that the employees could practice the culture in their behavior. Thus, every rule, process, link could be in line with the Bank’s corporate culture system.

2.2.5 Optimizing Audit Supervision and Management

In 2016, the Bank continued to consolidate the audit and supervision on key institutions, key risk areas and key business management links pursuant to the annual audit plan of the Board of Directors. It conducts some special audit projects concerning the “two curbing look-back” activity, financial revenue and expenditure, credit business and agency sales as well as the comprehensive audit project for several branches. By the end of the year, the Bank performed a total of 33 audit projects, an increase of 50%.

In 2015, the Party Committee of the Head Office reviewed and approved *the Audit System Reform Plan of China CITIC Bank*, which, based on the original “one department and four centers”, defined that four regional audit centers would be additionally established in Xi’an, Kunming, Wuhan and Shenyang, and the audit function previously undertaken by branch’s audit department would be stripped off, so as to achieve the “icebreaking” move in the audit

system reform. In 2016, the Bank conscientiously implemented the instructions and requirements of the Party Committee of the Head Office and actively propelled the reform of audit system. By the end of 2016, four new regional audit centers were set up. Overall, the completion of an audit system framework with “one department and eight centers” marks the further improvement of audit independence.

Chapter 3 Duty Performance and Obligations

3.1 Enthusiastic Response to National Strategies

3.1.1 Support for *the Belt and Road Initiative*

In 2016, the Group's annual credit policy incorporated 'the *Belt and Road Initiative*' into key strategies for management, which clarified that industries including high-end equipment manufacturing, construction, key sources of energy, energy saving and environmental protection, as well as key products such as all-round, diversified financial services constituted of *The On-balance Sheet and Off-balance Sheet, Great Transaction, Great Coordination and Great Investment Banking*, should be the key point of *the Belt and Road Initiative* credit support. As the cooperation between China and Kazakhstan continuously deepening in various fields, the Group took full advantage of historic opportunities brought by *the Belt and Road Initiative* for both China and Kazakhstan, and enthusiastically explored financial cooperation scope and models. In November 2016, the Group signed the memorandum with Halyk Bank for the acquisition of Altyn Bank's equities, which marked a significant step of the Group's overseas M&A and financial cooperation under *the Belt and Road Initiative*.

China CITIC Bank (Hong Kong) Investment Limited (one of the Group's subsidiary company) and the CITIC Securities International joined forces to initiate the establishment of China CITIC Bank "the Belt and Road Fund" based on overseas businesses in Hong Kong. With a total scale of USD500 million, the Fund was aimed at investing in excellent enterprises, such as infrastructure, energy transportation, finance and consumption, which come with them in China and ASEAN countries in the regions covered by the "Belt and Road". The Fund planned to invest in projects in China, projects in ASEAN countries and other overseas projects at proportions of about 20%, 40% and 40% respectively.

The Bank has a strong ability to expand the coverage of financial businesses and to provide financial services in institution outlets in inland cities along the Silk Road and coastal port cities, which powerfully supporting facilities construction, smoothness of trading and accommodation of funds in the regions covered by the "Belt and Road Initiative". By the end of 2016, the Bank had set up more than 760 outlets in total in Xi'an, Lanzhou, Xining, Chongqing, Guangzhou, Fuzhou and Haikou, accounting for 54% of all outlets, among which there were more than 80 new outlets, accounting for 74% of all the newly-established ones.

3.1.2 Support for Government Strategies of Beijing-Tianjin-Hebei Integration and Yangtze River Economic Belt

In 2016, the Bank enthusiastically strengthened and promoted Beijing-Tianjin-Hebei Integration, during which the Bank's key financing was directed to projects featuring traffic integration, infrastructure construction, high-end manufacturing, medical education, real estate projects in Beijing outskirts, and clean energy projects in north Hebei. By the end of 2016, the Bank had achieved various ways of financing including on-the books lending, , structured financing (including M&A loans), financing wealth management, finance lease and bond issuance. The total amount of money put in key financing projects was RMB63.038 billion.

The Bank has further optimized and adjusted assets direction structure of the Beijing-Tianjin-Hebei regions, actively optimized the allocation of credit resources, promoted the implementation of a series of major projects. It included mainly the loan for development of matching plots and urbanization of Xinghuo Station on Beijing-Shenyang High-Speed Rail, the loan for the transformation project of shantytowns in Yushuzhuang, Fengtai District, Beijing, the loan for urbanization of Sanpu Wealth Park of Gu'an New Industry City, Langfang, the loan for the new business area project and urbanization of shantytowns in Binhai New Area, the loan for the railway project from Tangshan to Caofeidian, and loan for the post-disaster reconstruction project of Binhai New Area after the "8-12" explosion. Therefore, the Bank powerfully supported the development of the Beijing-Tianjin-Hebei regions. By the end of 2016 the Bank had offered loans to the Beijing-Tianjin-Hebei regions of the total amount RMB29.93 billion.

The Bank devoted itself to the reinforcement of dynamic management of key project reserved in the Beijing-Tianjin-Hebei regions, the formulation and implementation of risk sharing, profit sharing and post-issuance evaluation mechanisms of major projects, especially the promotion of process management at stages of project marketing, issuance and post-loan in the Beijing-Tianjin-Hebei regions, and active supervision of the branches' implementation of regular self-inspection of newly-issued credit projects and unscheduled on-site inspection of branches, therefore taking effective control of operational risks and ensuring the implementation of major projects in the Beijing-Tianjin-Hebei regions.

3.1.3 Support for the Government Strategy of "Internet Plus"

Since the introduction of *Guiding Opinions on Actively Promoting the "Internet Plus" Actions* by the country, 10 ministries and commissions issued a joint document requesting banks' coordination with Internet companies for the development of Internet finance, acceleration in financial system's reform, improvement of real economy efficiency of financial services, refinement of financial institution systems in which cooperative financings are under rational division of labor and complement each other.

On 5th January 2017, the China Banking Regulatory Commission (CBRC) approved of the establishment of China CITIC Baixin Bank Co., Ltd. Which initiated by the Bank and Fujian Baidu BoRui Network Technology Co., Ltd. Jointly. It marked the implementation of the first reform scheme since CBRC's reform proposal of commercial bank subsidiaries two years before and was a milestone for the implementation of innovative development of China's banking industry.

Case: Baixin Banking ode

Baixin Bank is a direct bank based on China CITIC Bank and Baidu, and is the first direct bank (subsidiary) in the industry to adopt independent legal parson operation mode, creating an all-new mode of "Finance + Internet", which is a milestone in the Internet finance field. Baixin Bank is finance-oriented and make full use of the professional advantages of its parent companies, China CITIC Bank and Baidu. China CITIC Bank's focal points of work in the future is product creation and innovation, risk management, internal-control and compliance management, and customer motivation and services, while Baidu makes use of its advantage

in big data processing and scenario-based designing. With the efforts of both sides, a new direct bank is going to make full use of their advantages to form powerful synergy of “Finance + Internet”, to meet the increasing needs of the vast number of users and small and micro enterprises for financial services, and to make contributions to the development of inclusive finance and real economy.

The Bank, leading 12 national joint stock commercial banks, has initiated “Internet Finance Alliance of Commercial Banks” jointly, and has been the first co-chairman bank. The Alliance advocates the vision of “Equality, Connection, Openness, All-Win” and objectives of “For the convenience and benefits of people”. It will formulate action plans while implementing the managerial requirements of supervision accounts; it will bring customers safer account security and more creative financial services by means of system interconnection, account mutual recognition and fund communication; it will bring more benefits to customers using the lowest inter-bank channel pricing strategy.

The Bank follows the development trend of global financial portal and the network reform of finance of traditional banks, satisfies the customers’ demand in the “Internet Plus” era, releases the power of the Internet under the guidance of “implementation of the channel integration strategy using Internet finance as a sally port”, with customer experience as the orientation, and integrates service capability of professional banks to create a financial platform of vitality.

Case: Vigorous Promotion for Internet Finance Services

As one of the first traditional commercial banks to explore in Internet finance field, the Bank has maintained its starter’s advantage in the field all the time. The Bank proposed the strategic goal of “creating a China CITIC Bank online” as early as 2012. The Bank then set multiple records in the Internet finance field in aspects of payment, investment and financing. By the end of 2015, the Bank proposed a new strategic planning, which requested implementation of the channel integration strategy using Internet finance as a sally port.

The Bank’s four strategies for implementing channel integration are presented below. First, the Bank establishes an expressway of the electronic channel. It reinforces the integration of electronic channels, emphasizes product development and services of mobile Internet, strengthens the development of mobile banking applications, and creates a one-stop financial service platform. Second, the Bank builds a bridge between the two realms, finance and the Internet. It makes every effort to promote the initiation and establishment of Baixin Bank, expands third-party channel resources, promotes innovation of mobile payment, and creates a comprehensive cross-border payment and settlement system. Third, the Bank builds an O2O customer service system. It constructs a smart community O2O platform, which, focused on community life service, combines on-line customer acquisition with off-line service, mutual promotion with mutual transformation. Fourth, the Bank strengthens the construction of big data platforms, and supports the interconnection and integration of channels. It reinforces the application of big data, integrates various kinds of channels, and provides smart channel services in which the contact of one port triggers response throughout the course.

In June 2016, the Bank officially launched the all-new financial portal (www.citicbank.com). The platform adopts scenario-based interface oriented towards user experience, and is

incorporated with the open, sharing and smart genes of the Internet. It has completed a systematic transformation and become a one-stop comprehensive smart financial service platform with more than 40 channel columns, 134 functional points and 12 new special services. The platform applies responsive design to the whole site, which means, no matter what device ends or browsers the customer is using to open the website, he/she can always see a perfectly adapted webpage. Multi-screen sharing among portals including PCs, mobile phones and iPads can thus be realized. The platform has launched a service called “CITIC Passport” which allows users to log on different service platforms of the Bank and operate on them with only one user account. The practical actualization of “logging on with one click” has significantly improved users’ experience of convenience. The platform has satisfied the users’ demand of comprehensive wealth management and payment services, allowing customers to enjoy comprehensive wealth management services including “Xinjinbao”, Wealth Management Night Market and professional financial information. Users holding other banks’ cards can also carry out transactions on the Platform, and be provided with multi-dimensional services for the convenience of people such as living payment and outlet query, as well as one-stop financial services for going abroad, with better refined functions, including studying abroad, business trips, immigration, consulting, visa, ticket business and insurance.

3.1.4 Support for Enterprises to “Go Global”

In 2016, the Bank set its orientation towards value creation and lightweight development, when facing the general background of continuously shrinking import and export. Following general backgrounds, such as the progress in RMB internationalization, national strategies of “the Belt and Road Initiative”, China- enterprises’ “Going Global” strategy, and reform trends of exchangeable capital account, the Bank grasped hot topics in the market, held on to compliance operation and improved comprehensive cross-border service capabilities. By the year of 2016, the Bank had had a consignments quantity of balance of payments of USD212.44 billion accumulatively. The Bank’s market share had steadily risen and had been sitting pretty on the top of all joint stock banks. The Bank had accumulatively reached a cross-border RMB consignments quantity of RMB289.69 billion, which ranked the second among joint stock banks.

The Bank has made achievements in promoting key businesses and accelerating product innovation. The businesses of the free trade area of the Bank has achieved steady growth, and the businesses such as offshore transactions under the FT and guarantee lease financing have been gradually increased in scale. The foreign-related guarantee business has supported overseas mergers and acquisitions, bond issuance and projects, provided customers with various businesses including FDI/ODI, cash concentration after going public overseas, full-caliber cross-border financing and settlement-at-will of capital projects. The Bank has become one of the first domestic banks to issue domestic L/C for service trade.

The Bank has further intensified its efforts to invest in overseas capital markets such as overseas issuance of bonds to Chinese companies and overseas mergers and acquisitions, and actively provided comprehensive services such as scheme consulting and design, as well as raising of capital backflows, for the overseas issuance of bonds of some excellent domestic enterprises, in order to help China-invested enterprises to expand global financing channels. In

2016, the Bank actively responded to China's "Made in China 2025" strategy, followed closely domestic and international M&A market opportunities, focused on the globalized strategic layout of Chinese enterprises and the upgrading of industrial technology, actively took advantage of the synergy of the domestic and foreign investment banking platforms and excellent enterprises within CITIC Group, and joined forces with China CITIC Bank International and China CITIC Bank Investment to provide diversified, whole-process and comprehensive financial services for Chinese enterprises' "Going Global" strategy, successfully helping a number of cross-border M&A projects in the mainstream of the market.

The Bank has vigorously promoted export credit business and provided financial support for China-invested enterprises to carry out infrastructure construction and cooperative energy development in "the Belt and Road Initiative" regions and the underdeveloped countries. The key points include projects such as the Indonesian hydropower station, Albert Dock in UK, construction of the Angolan Metro, and renovation of Angola Railway.

Case: Royal Albert Dock project in UK

On 11th November, 2016, Chang Zhenming, the Chairman of CITIC Group, Li Qingping, the Deputy General Manager of CITIC Group and Chairperson of China CITIC Bank, and Chen Xiaojia, Chairman of CITIC Construction attended signing ceremony of General Engineering Contract of CITIC Construction - Royal Albert Dock Project (Phase 1) held in London, UK. Zhu Jialin, Vice President of China CITIC Bank, Piao Bo, Deputy General Manager of CITIC Construction, and representatives from the Greater London Authority and the Newham Council attended the signing ceremony together.

The amount of General Engineering Contract of Royal Albert Dock Project (Phase I) is GBP 222 million. The floor area of Phase 1 is 638,900 square feet, including 20 A-type office buildings, one B-type office building, an energy center, the repairs of two protective historical buildings, and supporting infrastructure for Phase 1. The duration is 98 weeks, and the construction is planned to start officially at the beginning of 2017.

On 25th July, Wang Jiong, Vice Chairman and General Manager of CITIC Group, paid a visit to Royal Albert Dock, London for site inspection. He said that CITIC Group was China's largest integrated enterprise, and that real estate was an important business composition of CITIC Group. The development of 440,000 square meters of real estate complex in London, is both an opportunity and a challenge for CITIC Group. The project had been signed the year before at the summit of the two countries, so the project was of great significance; CITIC should pay more attention to the project's future social benefits in addition to making economic benefits. CITIC Group would support all the work of this project with might and main.

On 20th September, CITIC Construction signed the equity investment agreement for Royal Albert Dock Project. According to the agreement, CITIC Construction would jointly establish a joint venture platform company with the HSBC holdings PLC in UK and indirectly hold a 10% stake in Royal Albert Dock Project through the platform company. Meanwhile, CITIC Construction would also participate in the construction of the project as a general contractor of Phase 1 of the project. On 22nd September, Vice President Yang Yu of the Bank led a delegation to pay a visit to CITIC Construction - Royal Albert Dock for site inspection, met with the

project executive team, inspected the preparatory construction of Phase 1, and had a detailed conversation about the development, implementation, marketing and finance of the project.

3.1.5 Support for the Development of Green Industry

In 2016, the Bank strongly supported the development of green economy, circular economy and low-carbon economy, such as energy saving and environmental protection, new energy sources, and strictly controlled the financing needs of high energy consumption and high pollution industries. The Bank actively supported the upgrading of high-end manufacturing and traditional manufacturing industries, as well as the upgrading of traditional services such as health care, education services, catering and accommodation, transportation, press and publications, and tried to make breakthroughs in modern service industry such as modern logistics, new-media culture creativity, online e-commerce and pension security while keeping risks under an acceptable level. The Bank has adopted measures including “support, maintenance, compression and exit” to support excellent enterprises with superior technology, high efficiency, great potential and considerable market share.

Case: Support for the Development of Recycled Economic Projects

One of the Bank’s customers, a company carries out main businesses including the treatment of hazardous industrial waste, environmental services, municipal waste disposal, use of renewable energy, and dismantling of electronic waste and electronic products. The company went public in 2003 in Hong Kong GEM, and became listed on the Hong Kong Main Board in 2010. In 2012, the company successfully landed on the SME board of the Shenzhen Stock Exchange. The company has actively carried out circular economy projects during years of development, and has not only made breakthroughs in the municipal processing and disposal business, winning itself the first municipal sewage treatment operations project which enables 110,000 tons of sewage to be treated every day, but also strengthened the use of renewable energy resources. For example, its Xiaping Landfill Gas Power Generation Project has got 2 more generators and has been connected to the grid, thus reaching a total capacity of landfill power generation of 24mwh, grid-connected capacity being 152.85 million kWh. In 2016, the company, as an environment-friendly enterprise, was offered by the Bank a comprehensive credit line of RMB200 million, and an average credit balance of RMB155 million during the year mainly for the company’s daily operating turnover.

3.1.6 Support for the Development of Strategic Emerging Industries and Cultural Industries

Strategic emerging industries represent the direction of the new round of scientific and technological revolution and industrial reform, and are key fields for nurturing the development of new kinetic energy and gaining competitive advantages for the future. In 2016, the Bank was always guided by the national industrial policy, and actively guided the flow of credit funds to strategic emerging industries, especially high-end equipment, energy saving, emission reduction and information technology.

Case: Support for the Development of New Energy Projects

In 2016, a company voiced its financing leasing business demand to the Bank’s CITIC

Financial Leasing Co., Ltd. for the company's procurement of photovoltaic power plant equipment which was in construction. The total financing amount was no more than RMB1 billion. The company found its way into the photovoltaic power generation industry by means of investment and operation of photovoltaic power plants, in order to accelerate the pace of energy structure adjustment. The total solar energy resources of the project area are rich and stable. The annual solar radiation was 5,018.8 MJ / square meters, and the average annual sunshine hours was 1,462.9 h, which constitute good development conditions and application value and can guarantee higher generating capacity and good prospects for development. By the end of 2016, the Bank's CITIC Financial Leasing Co., Ltd. has issued RMB 560 million of finance leases to the three power plants under the company to meet the financing needs of the company in the PV sector and effectively reduce its financing costs.

In 2016, the Bank actively tried to get involved in cultural industry whose industry development and business model was relatively mature, whose enterprises or projects had stable cash flow, and whose space for future growth was still large; chose the outstanding ones as potential customers, such as cinemas, theaters for artistic shows, and national and provincial key cultural industry parks which are of steady operation, normative management, healthy finance and large market share. As for industries that significantly put more stress on creativity than assets, or those belonging to emerging cultural industries, or those that had great potential of growth but were currently immature in operating mode and unsteady in profit making, the Bank also actively studied the industries' development trend and financing mode, intensified the innovation of businesses and products, and chose and supported quality customers and key projects.

3.2 Implementation of National Policies

3.2.1 Prevention and Mitigation of credit risks

In 2016, the Bank actively implemented the national policy, strengthened the prevention and mitigation of credit risks, intensified the adjustment of credit structure, supported the fields including high-end manufacturing, modern services and new economy, and strove to improve the proportion of credit in such industries. The Bank strictly controlled the new credit for industries subject to overcapacity such as coal, steel, nonferrous metals and textile industries, and formulated differentiated credit policies. It mainly supported the high-quality enterprises that conformed to direction of the industrial transformation and upgrading, and industries of advanced capacity, compressed or withdrew from enterprises whose backward capacity accounts for a high proportion and enterprises who can't meet the environmental protection standards.

The Bank paid close attention to all kinds of risks in the process of resolving the excess capacity of industries such as steel, coal and nonferrous metals and in the process of "market clearing" of zombie enterprises, and strengthened the post-credit management of stock business. The Bank adopted a proactive exit strategy for credit customers with large potential risk of stock, and achieved the optimal adjustment of credit asset structure through active exit. Specific measures include:

The Bank carries out industry exit to avoid systematic risks. As for wholesale industry which

is of high risk and low overall quality of assets, and steel, coal, shipbuilding, textile, cement industries which are faced with overcapacity and huge pressure to adjust, and real estate industry whose market segmentation is severe, the Bank choose to initiate exit from those credit customers who are in poor operating conditions with weak market competitiveness and backward production capacity, on the basis where the supply side's reform and adjustments of industrial structure are supported.

The Bank intensifies the exit from group customers, guarantee ring customers, private SMEs and tacit real estate customers. It optimizes customer structure on the local government financing vehicle while keeping the total number under control.

In order to ensure the continuous and healthy development of the businesses, the Bank firmly repels businesses which have no real trading background, lack compliance, and have severe potential risks, among trade financing businesses especially supply chain financing, short-term export credit insurance financing and A/R financing.

3.2.2 Strict Control of Loans to Highly Concerned Industries

In 2016, the Bank, with the premise of compliance management, upheld the steady overall risk appetite, put emphasis on the scale of business, profitability and risk-taking match, and brought capital constraints function into active play; with advanced risk quantification technique as a support and by strengthening the economic capital management, in line with the "profit covers risk" principle, the Bank improved the integrated income and rate of venture capital return, and accomplished the transformation from risk control to risk operation. The Bank continued to implement differentiated credit policies for regions, industries, customers and products. The policies include:

Real Estate Industry: The Bank implemented on/off-balance-sheet full-caliber risk limit management on real estate industry, reinforced limit management of single group customer credit scale; the Bank persisted in selecting preferentially the rigid-demand general residence projects and first-time improved residence projects from quality enterprises with strong capability and brands for cooperation; the Bank strictly kept real estate financing leverage proportion under control, persisted in mortgaging, and reinforced closed-off management after credit granting.

Highway Industry: The Bank actively supported highway industry credit, promoted the support of highway industry credit, and raised the granting proportion. The Bank strongly supported the 2016 - 2018 China's key projects and construction of local highway network, preferentially granted on-balance sheet project loans. Support for China's key projects can be in many creative modes, such as structured financing, private equity, letter of guarantee, buyer's credit, PPP and government purchases.

Railway Industry: The Bank actively supported railway industry credit, follows national railway regulations, intensified the support for railway industry credit, raised the granting proportion, and raised the pricing and integrated income level. The Bank especially supports China Railway Corporation and its subordinate railway administration and stock-holding enterprises, and interurban railway operation companies in urban agglomerations such as Yangtze River Delta, Pearl River Delta and middle reaches of the Yangtze River; the Bank

actively supported the 2016 - 2018 China's key railway projects determined by Ministry of Transport.

Government Financing Business: The Bank took the initiative to dock major national strategy implementation and major construction projects, and actively supported the government whose source of repayment are practicable in purchasing services and PPP projects. The Bank avoided government financing businesses from high-risk fields and regions, and comprehensively analyzed the project's feasibility, mainly from dimensions such as regional comprehensive financial resources, debt levels, project balance, capital investment and security methods.

The Bank's loans tilt towards industries including manufacturing, real estate development, wholesale and retail, leasing and business services. By the end of 2016, the Bank's balance of loans to the manufacturing industry was RMB 372.152 billion, a decrease of 7.72%. The Bank's loans to manufacturing industry accounted for 22.42% of corporate loans, which dropped 2.36 percentage points compared with the end of last year.

Table 2 The Bank's Loans by Sector

Industries	2016		2015	
	Loan balance (RMB100 million)	Share (%)	Loan balance (RMB100 million)	Share (%)
Manufacturing	3,721.52	22.42	4,032.85	24.78
Transportation, warehousing and postal service	1,576.66	9.50	1,444.53	8.88
Production and supply of power, gas and water	447.43	2.70	490.86	3.02
Wholesale and retail	2,231.18	13.44	2,454.19	15.08
Real estate development	2,515.64	15.16	2,248.73	13.82
Water conservancy, environment and public utility management	1,373.65	8.28	1,207.04	7.42
Leasing and commercial services	1,778.07	10.71	1,461.15	8.98
Construction	885.56	5.34	1,011.88	6.22
Public and social organizations	194.12	1.17	208.35	1.28
Others	1,874.34	11.29	1,716.15	10.54
Total corporate loans	16,598.17	100.00 ⁹	16,275.73	100.00 ¹⁰

3.2.3 Optimization of regional economic loan structure

In 2016, the Bank actively participated in development of the Going West strategy, the emergence of the central regions and the revitalization of northeast old industrial base, seized the opportunity of the central and western regions undertaking the transferred industries from the eastern regions, paid special attention to advantageous industries and leading enterprises,

⁹ Due to the rounding question, the sum of "Share" was more than 100%, it can be ignored as data adjustment.

¹⁰ Due to the rounding question, the sum of "Share" was more than 100%, it can be ignored as data adjustment.

stressed efficiency of green credit and accelerated development of green economy. By the end of last year, the Bank's balance of loans to the western region reached RMB379.192 billion with an increase of 11.45%, accounting for 14.22% that represents a decrease of 0.17 percentage points. The Bank's loan balance in the eastern region was RMB1,806.54 billion with an increase of 14.74%, accounting for 67.75% that represent an increase of 1.17 percentage points; the Bank's balance of loans to the central region was RMB374.358 billion, an increase of 7.30%, accounting for 14.04% that represents a decrease of 0.71 percentage points.

The Bank has 257 business outlets in the western region, 11 new, an increase of 4.47%, accounting for 18.05%, down 0.13 percentage points from the previous year. In the western region, the Bank allocated 2,071 ATMs, down 2.40%, accounting for 20.65%, up by 1.44 percentage points over the previous year. The Bank has 7,679 employees in the western region, accounting for 14.06%, up 0.07 percentage points over the previous year.

Table 3: The Bank's Loans by Region

Region	2016		2015	
	Loan balance (RMB100 million)	Share (%)	Loan balance (RMB100 million)	Share (%)
Eastern region	18,065.36	67.75	15,744.08	66.58
Central region	3,743.58	14.04	3,488.82	14.75
Western region	3,791.92	14.22	3,402.26	14.39
Northeastern region	1,064.82	3.99	1,010.40	4.27
Total loans	26,665.68	100.00	23,645.56	100.00 ¹¹

Note: "Eastern region" herein corresponds to the "Yangtze River Delta", "Bohai Rim (including the Head Office)" and "Pearl River Delta and West Strait" as mentioned in the annual report of the Bank (except for Dalian Branch); "central region" refers to the following areas where tier-1 branches of the Bank are located: Taiyuan, Hefei, Nanchang, Zhengzhou, Changsha, and Wuhan; "western region" refers to the following areas where tier-1 branches of the Bank are located: Chengdu, Chongqing, Xi'an, Kunming, Nanning, Hohhot, Urumqi, Guiyang, Lanzhou, Xining, Yinchuan and Lhasa; and "northeastern region" includes "Northeastern region" as mentioned in the annual report plus Dalian Branch.

3.2.4 Innovative services for micro and small enterprises

In 2016, the Bank gave careful consideration to the development strategy of small-sized enterprise businesses and established Guidance on the Development of Proprietary Mode of Small-sized Enterprise Financial Business of China CITIC Bank that made clear the development strategy of proprietary mode for small-sized enterprise business. The Bank put forward a business delegation plan for small-sized enterprises and initially determined a hierarchical delegation system of "Tier-one Branch Delegation Committee + Small-sized Enterprise Professional Delegation Committee + small-sized enterprise professional approver" and a delegation authorization system. By the end of the year, the balance of loans to micro and small enterprises stood at RMB478.861 billion, accounting for 17.97% and representing

¹¹ Due to the rounding question, the sum of "Share" was less than 100%, it can be ignored as data adjustment.

an increase of 8.34% over the last year. In particular, the balance of loans to small enterprises amounted to RMB321.379 billion, 3.49% higher than that in the last year and balance of loans to micro enterprises amounted to RMB84.28 billion, 33.98% higher than that in the last year.

Table 4 Loans of the Bank to Micro and Small Enterprises

	2016	2015	Change (%)
Balance of loans to micro and small enterprises (RMB100 million)	4,788.61	4,419.89	8.34
Including: Balance of loans to small enterprises (RMB100 million)	3,213.79	3,105.54	3.49
Balance of loans to micro enterprises (RMB100 million)	842.80	629.06	33.98

In 2016, the Bank pro-actively researched and developed exclusive products for small- and micro enterprises and accelerated the construction of a cooperation platform at the same time. The Bank focused on the government platform and technology-based innovative businesses as well as accelerated the development of new products and issued management rules for four products, i.e. government procurement loan, bank-tax credit, loan pledged by equity on the New Three Board and option businesses. The Bank was closely connected with the New Three Board stock transfer system and government agencies such as the Ministry of Industry and Information Technology. It strengthened the cooperation with subsidiaries such as China Securities, China Capital Management Co., Ltd. and CITIC Securities and initially built an investment and loan coordination platform for enterprises listed on the New Three Board, covering security companies and PE institutions that effectively pushed forward the business promotion of startups of the New Three Board. The Bank pro-actively promoted the establishment of Suzhou government investment and loan coordination platform, directed funds and sub-funds to support the financing needs of technology businesses and accomplished key projects of the branches such as the application of Hangzhou electronic tracking system among the small- and micro-merchants in Zhejiang produce market. A special comprehensive financial service plan was also made.

3.2.5 Full Implementation of Replacing Business Tax with Value-added Tax

Replacing business tax with value-added tax is an important part of the national fiscal and taxation system reform and has important influence on the Bank's management of businesses, financial affairs, accounting, system and operations. In order to be well prepared for the implementation of replacing business tax with value-added tax, the Bank got an early start with elaborate organization to overcome all kinds of obstacles and made great efforts to carry out the implementation of the project, which laid a solid foundation for the success of replacing business tax with value-added tax. In June 2015, the Bank initiated the program of replacing business tax with value-added tax with a further comprehensive study of the policy. A business-line special training and a bank-wide training were organized one after the other to make sure the service procedure of value-added tax, strengthen the system re-constructing. By 1st May 2016, the program was successfully completed as scheduled with the joint efforts of nearly a thousand employees of the Bank. During the implementation of the program, the Bank received

several investigations from regulatory authorities such as the People's Bank of China, Taxation Division of the Ministry of Finance, Beijing Office of Fiscal Supervision Commissioners and the Chaoyang District Office of the State Administration of Taxation, which offered plenty of fiscal advice and calculation schemes that played an active role in the implementation of the follow-up policies.

3.3 Participation in Development of the Banking Sector

In 2016, the Group pro-actively participated in the related work of profession associations and contributed for the development of banking industry by actively taking part in the routine activities held by the China Banking Association and its three professional committees, namely, Reputational Risk Management Committee, Pension Business Professional Committee, and Custody Business Professional Committee. The Group also engaged in the academic exchanges hosted by the National Debt Association of China, China Institute of Internal Audit, Financial Procurement Professional Committee of China Financial Association, China Chamber of International Commerce, Youth Federation of National Financial System, China Financial Standards Technology Committee, Information Technology Risk Management Senior Level Guidance Committee of Banking Industry, Mobile Finance Industry Alliance, National Association of Financial Market Institutional Investors and Note Professional Committee of Payment & Clearing Association of China.

The Bank also took the lead of establishing the Internet Finance Alliance of Commercial Banks, holding banking forums and issuing banking service white papers. The main contributions included:

In January, in league with the internationally known research institution AC Nielsen, the Bank issued *A White Paper of the Evaluation Index of Overseas Study Intermediaries* that was the first white paper issued from the perspective of third party in China.

In July, the Internet Finance Alliance of Commercial Banks co-launched by 12 national joint-stock commercial banks including the Bank, China Merchants Bank and Shanghai Pudong Development Bank held a signing conference in Beijing. A cooperation agreement on the interconnection of commercial bank accounts was officially signed and it was announced that the customer transaction fee of e-channel interbank transfer such as the mobile banking service and personal online banking among members would be canceled.

In August, Yao Jingyuan, the chief economist of the Bank was interviewed by Economic Information Daily, National Business Daily and China Times. He gave his opinions on the current hot spots of economy such as the residents housing credit granting, private investment and supply-side structural reform.

In October, the Bank took the lead to hold a symposium on Block-chained and financial innovation with the following advocated statement: Based on the Block-chained characteristic of consensus mechanism and decentralization, it is necessary to carry research on establishing an Interbank Block-chained Association in order to accelerate the practical application of Block-chained for the financial industry.

In November, the Bank's private banking arm co-issued with the Hurun Research Institute *the*

Overseas Study Need and Trend for Chinese High Net Worth Individuals in 2016, which comprehensively analyzed the overseas study need and trend for Chinese high net worth individuals and so on.

3.4 Promotion of Party Building

3.4.1 Implementation of the Party's Spirit

According to the requirements of the Central Committee of the Communist Party of China and the Party Committee of the Group, the Party Committee of the Group had all the Party members learn hard the studies on the theoretical and practical issues of Party building and have a good command of the spirit of the Sixth Plenary Session of the 18th CPC Central Committee and the Meeting of Party Building in SOEs.

Strict implement the study policy of the Party Committee central group. The Group organized to hold a Party Committee central group (larger) learning seminar and invited specialists to deliver special reports in the aspect of the Sixth Plenary Session of the 18th CPC Central Committee, political life within the Party and the inner-party supervision regulations, trying to hold up with the Central Committee of the CPC centered on Comrade Xi Jinping in thought, policy and action as well as the Party's theories, causes, principles and policies.

The studies on studying the Party Constitution and speeches of leaders of the CPC and being a qualified member of the CPC were solidly implemented. According to the work features of the Group, we identified the education theme of "intensifying consciousness, clarifying disciplines, sticking to the bottom line and acting as a role model" and made working plans in different grades, identifying the tasks and elaborating the measurements to make sure that the Party Committee could develop regulations, the grass-roots Party organizations could clarify the rules and all the Party members could follow such rules.

The secretary of the Communist Party Committee took the lead to give a Party lecture. Li Qingping, the Secretary of CPC Party Committee of the Head Office and Chairperson of China CITIC Bank gave a Party lecture entitled "Learning Party Constitution to Strength Party Building" for all the Party members in the Bank. More than 1,500 leading cadres of Party members took part in the lecture activity held by the Party's organization at the corresponding level. Secretary Li Qingping of CPC Committee of the Head Office gave a special lecture and shared her learning experience in the two sessions of Party spirit training of senior managers held by the China Executive Leadership Academy Yan'an.

Progress was made in the Party lectures. The Group made great efforts to carry out online learning, distributed the reading materials of Party lectures and effectively organized the Party learning and activities. The online courses of the studying the Party Constitution and speeches of leaders of the CPC and being a qualified member of the CPC designed by the Bank were popular with the Party members with its learning effectiveness and edutainment. By the end of the year, the Group distributed 110,000 internal Party education guidance materials in 14 categories across the Bank. 285,000 Party members learned the knowledge of Party building for 533,000 hours.

3.4.2 Promotion of construction of the Party conduct and clean governance

In 2016, the Group strengthened the construction of working style and facilitated compliance management with inspection, rectification and reform. In light of the problems occurred in the inspection, the Group formulated a corrective action plan to implement the corrective actions in details and a question log as well as a checklist to clarify the time line, made all efforts to promote the corrective actions and increased efforts to investigate the problems identified in the inspection. In order to strictly implement the “two responsibilities” of comprehensively strengthening Party discipline, the Group held a meeting of Party building and discipline inspection and supervision in the Bank, signed layer by layer A Commitment Letter for Performing as the Subject of Honest Party and Clean Government and A Commitment Letter for Performing the Supervision of Honest Party and Clean Government to transmit pressure and convey the importance of responsibility to the members as well as adhere to the development of the conversation. To continuously conduct caution education on combating corruption and building a clean government, the Group constantly strengthened the warning case bulletins through leadership meetings to analyze the typical cases in and outside the Bank; timely relayed the typical case bulletins on the institutions that violated the spirit of the Eight-Point Regulation of the Commission for Discipline Inspection of the Central Committee of the CPC through editing and releasing the Work Information of Discipline Inspection and Supervision; strengthened the Party members’ concept of Party spirit through intensively watching the feature film entitled *Always on the Road*. According to the remediation of the “Four Styles” problem, the Group tried hard to do the related work of “looking back” and carried out self-rectification and corrective actions as well as conducted a random inspection focusing on the “looking back” process in some branches and subsidiaries, effectively attributing to the construction of an honest Party and clean government.

3.5 Safeguarding Financial Order

3.5.1 Strict Control of Money Laundering Risks

According to the *PRC Anti-money Laundering Law* and the anti-money laundering regulatory requirements of the People’s Bank of China on “legal person regulation and risk-based supervision”, the Bank pro-actively enhanced the risk management level regarding anti-money laundering and anti-terrorist financing. In 2016, on the one hand, the Bank pro-actively promoted the construction of overseas branch institutions. On the other hand, in light of the regulatory requirements of the management area, the Bank established a compliance management and communication mechanism of anti-money laundering while prepared well for the assignments in terms of staff equipment, institution establishment and system construction during the period of overseas branch establishment preparation. Through the formulation of the *Self-assessment Management Methods of China CITIC Bank for Money-laundering Risk* and the *Risk Assessment and Classification Management Methods of China CITIC Bank for Customer in Money-laundering and Terrorist Financing*, the Bank earnestly guided the money-laundering risk self-assessment and customer’s money-laundering risk; clarified the internal operational processes and regulatory measurement of the freezing of assets associated with terrorist acts and complemented the risk control measurement by implementing the *Management Methods of China CITIC Bank for the Freezing of Assets Associated with Terrorist Acts*.

The Bank tried hard to carry out the branch's pilot of concentrated anti-money laundering operation and set up an anti-money laundering regulatory center by adjusting the reporting procedures and the analysis and identification mode of suspicious large-value transactions to transfer part of the sub-branch's tasks to the branch, so that the Bank maintained the timeliness and integrity of the data while comprehensively improved its ability of anti-money laundering risk control. The Bank reported the money-laundering typology analysis reports and annual reports to the People's Bank of China at regular intervals and earnestly assumed its obligation of reporting large-value and specious data. By the end of the last year, the Bank organized one bank-wide anti-money laundering training with approximately 2,000 participants.

3.5.2 Prevention of Counterfeit Money Circulation

In 2016, the Bank continued to rigorously sort cash in full amount and provided training for cashiers' work related to cash so as to improve cashiers' ability to recognize counterfeit currency. The quality of cash sorting work was strictly controlled to prevent the circulation of counterfeit currency. The Bank constantly optimized the inquiry and management system for serial codes of banknotes and standardized the procedure of inquiring serial codes so as to avoid disputes over accountability. The Bank organized inspection on cashiers' work and supervised and guided branches to improve the quality of cashiers' work involved with cash. By the end of 2016, the Bank confiscated 20,661 counterfeit RMB banknotes, up by 21% compared with that in last year, and the total amount of the counterfeit banknotes was RMB1,484,708.50, 19.40% more than the previous year.

3.5.3 Maintenance in Stability and Strengthening of Safety

In 2016, the Bank continued to put efforts in combating telecommunication fraud across the whole bank, helped customers identify risks of telecommunication frauds, and froze the accounts and canceled the transactions that were used for telecommunication frauds. The Bank successfully guarded customers' interests and reduced destabilizing factors in the society. The Bank actively coordinated with the police, immediately reported destabilizing factors once spotting them, assisted the police in criminal emergencies and guarded the social stability and harmony.

Case: A victim of pyramid scheme was rescued.

At 9:40 in the morning of 15th, June, 2016, a young man came to the sub-branch of the Bank in Chengdu to open an account, accompanied by two women in their thirties. Looking quite nervous, the man deliberately avoided the two women to submit the application form to the wealth manager. After receiving the application form, the manager found the word "Help" was written on the paper, and thus immediately realized that this man needed help urgently. The wealth manager pretended to talk loudly with the man that he made several mistakes on the form and took him to the account opening counter. In the meantime, the manager winked to the teller there, tacitly telling the teller there was an emergency. The teller knowingly received the application and found the "Help" signal as well. At this point, the two women had already followed him to the counter. With the face reddening all over, the man constantly skewed at the two women, looking increasingly anxious. The teller became vigilant at once, concluding that the man's plight must be related to the two women. To avoid alerting them, the teller asked the

man some questions about account opening and constantly asked him to revise the application form to buy time.

At the same time, the wealth manager quickly reported the emergency to the leader of the sub-branch and called the police in the precinct. When waiting for the police, the wealth manager pretended to recommend some wealth management products for the man, working jointly with the teller to buy time. After ten minutes, the police arrived. The man knelt down immediately, too excited to speak anything. The two women tried to escape, but were caught by police on the spot. At last, after understanding the case, the police took the three people to the police station. Later, it turned out that the man was a victim of a pyramid scheme organization. When being forced to open an account, he took the chance to seek help from the sub-branch of the Bank in Chengdu. The successful rescue of the pyramid scheme victim reflects the strong awareness of the Bank's employees towards criminal cases and the high level of coordination of related departments. It shows that the Bank's staff are able to calmly confront law breakers and help victims be rescued by the police, which is the due social responsibility of the Bank.

Chapter 4 Customers and Services

4.1 Insistence on the “Customer-oriented” Philosophy

In 2016, the Bank continued to advance the construction of the corporate culture in a comprehensive way. In the aspect of customer service, it is the Bank’s mission to “support customer growth”. Adhering to the “customer-oriented” philosophy, the Bank strove to provide satisfactory products and services for customers to realize the growth of the value that customers own. The Bank completed financial services so as to guarantee and further improve the quality of the services.

Case: Helped a Customer Recovered His Money from a Fraud

With 11th November evolving into an “online shopping feast” in China, the increasingly rampant Internet frauds and telecommunication frauds are also targeted on more and more online shoppers. At 17:40 on 11th November, 2016, when a sub-branch of the Bank in Kunming was about to close, Mr. Qiu, a customer, came in hurry. The reception manager soothed Mr. Qiu and asked him to sit down and explain himself in detail. After calming down, Mr. Qiu told the manager that on this day, someone transferred RMB200,000 from his debit card in three times. Mr. Qiu insisted that in the whole day the debit card was never lost and he had not told anyone about the password.

According to the customer, he received a call about applying for large-limit credit card from the so-called credit card center in the afternoon, and he sent his personal identity information and the verification code shown on the phone to the caller. Then he received a message indicating his funds were debited. After learning about the case, the reception manager instructed Mr. Qiu to immediately report the case to the police, and reported it to the accounting manager and sub-branch leaders. The sub-branch leaders immediately launched the contingency plan, and the reception manager and the accounting manager worked together. First, they instructed the customer to apply for loss of the card by phone to prevent the remaining funds from being deducted again, and immediately sought guidance from a number of departments of the Kunming Branch. At 18:00, the Kunming Branch of the Bank contacted UnionPay and found that it was another bank which received the transfer. UnionPay requested the customer to call the UnionPay to verify the relevant money. Subsequently, Kunming Branch of the Bank submitted information about Mr. Qiu and assisted him in applying for intercepting the deduction of the funds. The outlet staff also called the Bank receiving the Bank, negotiated with the Bank about the solution and guided Mr. Qi to modify the password of the bank account which was opened by others in his name. Meanwhile, the Bank receiving the funds also stated that it would return the funds in the same way the next day.

At 10 o’clock of the next day, Mr. Qiu returned to the sub-branch of the Bank, and indicated that RMB200,000 had all been recovered and expressed his gratitude to the outlet staff. In the meantime, the outlet helped the customer to open a new card and warned the customer not to disclose personal information to others and to guard against of being deceived again. The disposal and settlement of this incident fully reflect the Bank insists on “Customer First” and earnestly safeguards the rights and interests of consumers and make every endeavor to service

the customers.

4.2 Protection of Customer Rights and Interests

4.2.1 Protection of Consumer Rights and Interests

In 2016, the Bank strictly complied with the *Law of the People's Republic of China on Protection of Consumer Rights and Interests* and adhered to the “customer-oriented” philosophy. It earnestly safeguarded the rights and interests of consumers and built a harmonious relationship with consumers through formulating strategic plans of protecting consumer rights and interests, perfecting the management organizational structure of protecting consumer rights and interests, strengthening supervision and inspection of protecting consumer rights and interests, comprehensively assessing protection of consumer rights and interests, carrying out publicity and education activities about financial knowledge, organizing training in protection of consumer rights and interests for employees, enhancing service levels and optimizing the management of complaints channels.

A Refined Top-level Design The Bank continued to promote the implementation of the *2015-2017 Strategic Plan for Protection of Consumer Rights and Interests of China CITIC Bank*. Also, the Bank further enhanced the top-level design based on the service concept of Customer First and in accordance with the Guidelines of the General Office of the China Banking Regulatory Commission on Strengthening the Protection of Consumers Rights and Interests in Banking Industry and Solving the Current Problems Concerning the Mass. In 2016, the Bank set up a special committee for protection of consumer rights and interests under the Board of Directors, and established a function administrative department--the Office of Protection of Consumer's Rights and Interests and built a sound management system of protection of consumer rights and interests to ensure that the protection of consumer rights and interests can be carried out in an effective and orderly manner.

The Establishment of Appraisal System Over the years, the Bank has inspected the service quality and protection of consumer rights and interests of the Bank's outlets by means of organizing mysterious visits, investigation, video surveillance inspection and peer inspection of branches, and thereby constantly improved the customer satisfaction. In 2016, in light of the regulatory requirements, the Bank formulated the internal appraisal system for the protection of consumer rights and interests of the Head Office, and included the service quality, customer complaints and handling, indicators consumer rights and interests protection into the annual comprehensive performance appraisal indicator system and the comprehensive appraisal of the branches' retail banking, hence laying the foundation for further enhancing the service level of consumer rights and interests protection.

Strict Regulations on Sales of Wealth Management Products In 2016, in order to ensure that the protection of consumer rights and interests targets at customers, the Bank strictly regulated the sales of wealth management salespeople. For example:

The Bank provides that the salespeople of WM products must strictly abide by the requirements of the *Measures for the Administration of the Sales of Wealth Management Products of Commercial Banks* and effectively identify the customers' identity before sales; introduce the sales business process, charge standards and ways of WM products to customers; understand

the assessment of customers' ability of risk acceptance, duration of investment and liquidity requirements; remind customers to read sales documents, especially the statement of risk disclosure and instructions of rights and interests; confirm customers copied the risk confirmation statements.

The Bank provides that the salespeople of WM products must give a comprehensively introduction to the products, including the duration, investment direction and income estimates in different scenarios, to customers when selling the products; meanwhile fully disclose the risk of WM products, explain the most unfavorable investment situation and investment results in a highly accessible way and with necessary examples, and confirm customers' complete and accurate understanding.

The Bank provides that the salespeople of WM products shall not make publicity or commitments of the products' principal and income which are inconsistent with the products to customers, and shall not guide customers to purchase the products by giving compulsory or misleading publicity. When guiding the salespeople of WM products to purchase WM products online through online banking channels, the salesperson of WM products are prohibited from going through the related process and from keeping the certificate media (files or USBKEY) on behalf of the customers.

The Bank provides that when selling the WM products, the salespeople of WM products shall strictly conduct customer evaluation through questionnaire survey, and shall fully understand and evaluate the customers' age, financial status, investment experience, investment objectives, income expectations, risk appetite, liquidity requirements, understanding of risk and extent of risk loss and acceptance.

Case: Helped a Customer Identify Fraud Tricks

On the morning of 20th April 2016, a customer came to a sub-branch of the Bank in Shijiazhuang in a panic, requested the clerk to open online banking and transferred all his funds, a total of RMB1.1 million, to a strange account. The handling teller immediately gave risk warning of telecommunication fraud to the customer, and asked in detail about the remittance and use of such funds. The customer hastily told the teller that he had received a call from a self-proclaimed police officer with Yinchuan Criminal Police Team. According to the officer, the customer suspected of involvement in a credit card fraud since his lost identity card was embezzled and his account was regulated. Therefore, to protect security of the customer's funds, the officer required the customer to transfer all the funds to a "dedicated account" designated by the "Public Security Bureau". Because the customer indeed lost his identity card some time ago and a house payment was transferred to his account in recent days, to protect the security of his funds, the customer decided to transfer funds to the dedicated account as soon as possible. Based on the customer's description, the teller at the sub-branch initially judged that this call was in all likelihood a telecommunications fraud in light of the main features of telecommunications fraud. As a result, the clerk again gave the customer risk warning, and immediately reported the relevant circumstances to the accounting manager of the sub-branch. At that moment, the self-proclaimed police officer with Yinchuan Criminal Police Team just called the customer, took a tough stance and required the customer to immediately transfer funds to the designated account. The accounting manager of the sub-branch answered the

phone, asked the caller to describe specific details and inquired the caller's police ID number and specific department and name. The caller was slightly irritable, reproached the accounting manager, and claimed that the bank did not have the right to inquire such information and shall not prevent judicial authorities from handling the case. When the accounting manager insisted on learn about such information, the caller found his fraud might be seen through and immediately hung up the phone. At this point, it can be confirmed that this is a telecommunications fraud conducted by criminals who pretend to be police officers. Subsequently, the accounting manager of this sub-branch explained the typical characteristics of telecommunications frauds, reminded the customer to be on high alert, and prevented similar incidents from happening again, thus defending the rights and interests of customers.

4.2.2 Safety Protection For Customer Information

Information Technology Guarantee. In 2016, the Bank introduced a means of identity authentication with a higher level of security for USBKEY targeting customers of online banking in order to ensure the security of customer transactions. Additionally, the Bank adopted the authentication method of mobile dynamic password for customers of online banking in order to build a targeted risk control pattern satisfying the transaction needs of different lines. The Bank also gave an alarm based on the analysis of the abnormal behaviors during the transaction, and promoted authentication measures of different security levels in accordance with different risk levels in order to provide more thoughtful financial services to customers. The UKEY and the digital certificates employed by the Bank are certified by the China Financial Certification Authority (CFCA) to ensure the authenticity of the identity of both parties and the confidentiality, completeness and non-repudiation of the transaction information during electronic transactions. Besides, the Bank also adopted the "shield" series technology developed by the China Information Technology Security Evaluation Center to strengthen the SSL, transaction data, keyboard input security and process protection controls, and eliminate Trojans through remote permeability validation.

Customer Service Guarantee. The Bank has formulated relevant management measures for customer information protection. Anyone who retrieves customer information should be required to go through the necessary approval and desensitization process in case of malicious disclosure of customers' personal private information. The Bank has set dual security mechanisms. One is to inform customers of fund movements through text message and the other is to inform customers of operations on the E-banking through text message. In this way, customers have convenience in knowing changes in the account and control fund security in real time. The Bank delivers information through encrypted and special lines when making bank cards. Data used to make cards won't go off the line during the whole process, in case that personal private information will be disclosed due to internal contact with customer information.

Case: Proactive Promotion on The Central Bank's New Transfer Policy

In order to better prevent and combat telecommunications frauds, the People's Bank of China provided that from 1st December, 2016, the issuing bank should transfer funds after accepting transfer business for 24 hours for individual transfer through ATM, except transfer to the same person's account with the same bank. Within 24 hours of the issuing bank's acceptance, the

person can apply to the issuing bank for canceling the transfer. For requirements that “the issuing bank should transfer funds after accepting transfer business for 24 hours for individual transfer through ATM, except transfer to the same person’s account with the same bank” in the new regulation, the Bank actively publicized the central bank’s new transfer policy to the vast number of users through detailed cases in a comprehensible way, so that customers can know and understand relevant regulations of the new policy as soon as possible.

4.2.3 Safety Protection for Outlet Operation

In 2016, in accordance with the requirements of *Fire Protection Law of People’s Republic of China*, *Regulations on Internal Security of Enterprises and Institutions* and other laws and regulations, the Bank further strengthened the business security of outlets, and fully played the role of protecting operation management. According to the *Rating Measures for the Security of China CITIC Bank*, the Bank continued to carry out on-site rating task for branches’ safety and security. Led by the Head Office, the Bank formed a number of rating groups to conduct a comprehensive on-site inspection for the construction and management of the civil air defense, physical defense, technical defense and fire protection at the office area of branches’ outlets, and made the assessment report. In light of these major problems found during the rating process that security personnel hired were not well reviewed, images of video monitoring systems were not clear, overall fire-prevention systems at premises rented were not complete, security personnel were understaffed and other issues, the Bank developed a rectification plan to further strengthen management for key posts and security personnel, stepped up formulating the corresponding management practice and implementation rules, and assessed security operational risks with quantified indicators. Focusing on preventing emergencies happened at business outlets and self-service equipment such as robbery, theft, fire and terrorist attack, the Bank carried out drills for emergency contingency plans and training for “119” National Fire Prevention Day publicity by combining with the security precautions and risk points, which further enhanced the safety awareness and practice skills of the Bank.

4.2.4 Improvement For Emergency Response Management System

In 2016, the Bank established a working group mechanism for emergency resolution of major events and a working group mechanism for business continuity management, covering all levels of institutions. The Bank also set up a linkage mechanism for the emergency resolution of major operational interruptions covering the business emergency and IT emergency at Head Office, all branches and sub-branches, and formulated management methods for continuity of business, information system production and operation, so as to timely prevent significant information security issues. The Bank has established a better disaster recovery system, forming a disaster recovery mode of “two locations and three centers” with high local availability, local disaster recovery and out-of-region disaster recovery. The system can provide customers with emergency solutions instantly and offer a more robust service system.

4.3 Improvement For Service Quality

4.3.1 Great Efforts in Capacity Improvement

In 2016, in order to further improve customer satisfaction, the Bank aimed to create the “Bank with the Best Customer Experience”, and made great efforts to improve customer satisfaction

through promoting the “Ten Ones” service process, 6S management model, Smart Counter, comprehensive financial services and so on.

The Implementation of “Ten Ones” Service Procedure The Bank integrated service standards and processes of reception managers and tellers by considering many factors such as customer circulation, pain points of customer experience, banking business standards and so on, and formed the “Ten Ones” for reception service process and “Heptalogy” of the counter service process. As for reception staff’s service, the Bank helped save customers’ time through “Ten Ones” service including “one greeting, one smile, one inquiry, one guidance, one piece of reminder, one instruction, one care, one beverage, one diversion and one goodbye”, and provided smoother and more satisfactory service. As for tellers’ service, the Bank assured staff members’ accurate and instant service and care for customers through implementing “Heptalogy” including “welcoming with hands raised, greeting with smiles, treating in polite manners, handling business at once, caring for customers with enthusiasm, delivering bills with reminder, and seeing off customers with eye contact.” By the end of last year, the “Ten Ones” and “Heptalogy” standards were posted at conspicuous positions at all outlets of the Bank, which represents the Bank’s service commitment to the public, and reflects confidence and determination of the Bank to provide the public with the best service.

The Promotion for 6S Store Management Model The Bank has introduced the 6S management mode of “tidy, consolidate, sweep, clean, safe and attainment” across the whole bank to further meet the greater customer demand and effectively improve the customer service experience. At the same time, the Bank urged each staff to develop a good habit, and work according to rules.

“Tidy, consolidate, sweep, clean”: Outlets are required to solve problems in how to make good use of spaces, and fully use spaces, keep environment clean and form good habits. So that there is “zero disturbance” at the hall of the outlet. Outlets are required to create a spacious, comfortable, free, and casual environment, so that customers can possibly keep good moods during the whole process of enjoying service and really gain pleasant spiritual enjoyment from the beginning to the end.

“Safe and attainment”: Outlets are required to solve the problem that guaranteeing customers’ personal safety and property safety while guaranteeing the Bank’s good service for customers.

Case: “Go to CITIC when going abroad”

On 15th April 2016, the press conference of “China-US Travel, Happy Journey” of the Bank was held at the Olympic Forest Park. Together with the Corporation for Travel Promotion of the US, tourism authorities of New York, Los Angeles and other states, Visa, China UnionPay and other important cooperative partners at home and abroad, the Bank officially launched the one-stop solution service for traveling in the US.

The Bank launched the “Global Visa” service. Every customer who uses the Bank’s debit cards or credit cards can have easy access to visa service of more than 70 countries, including the US, UK and Canada. The Bank also launched the “Million People Going Abroad Program” partnering with China UnionPay, UnionPay International, China Eastern Airlines and the Corporation for Travel Promotion of the US, in a bid to help the Chinese people to fulfill their dream of going aboard.

The Bank, along with China UnionPay and SIMON from the United States, provided Chinese customers with multiple benefits. During the golden week of the National Day, the Bank's customers can enjoy discounts, cash rebates in 15 outlets, DFS, the Metropolitan Museum of Art and other merchants, and also established the exclusive VIP shopping zone for customers. Meanwhile, the Bank, along with HNL in the US, launched the American toll-free hotline in a bid to provide customers in the United States with multiple interests, and emergency contact assistance service.

The Bank took the lead in obtaining license to use EVUS trademark authorized by the US Department of Homeland Security, also in providing customers with free service in EVUS information update in both English and Chinese versions.

The Intelligentization for Customer Service The Bank released the “Smart Counter” at the end of 2015, which can effectively support self-service fast processing in a number of non-cash services, including acquisition of debit card, signing contract of electronic banking, and wealth management product contract signing and subscribing.

“Smart Counter” utilized many advanced service mechanisms, such as face detection and recognition, remote identity review, integrated contract signing, dynamic verification of mobile phone numbers and electronic signature, which all greatly reduced the difficulty and time of business process and comprehensively improved customer experience. Meanwhile, by imposing restrictions on customers about the number of card issues per day, retaining time-out cards, key information protection and other risk management and control mechanisms, the Bank assured the safety of customers' business transactions. By the end of the year, the Bank had provided the “Smart Counter” service across the Bank.

Achievements in Cooperative Service In the second half of 2015, the Bank, along with eight financial subsidiaries of CITIC, including CITIC Securities, CITIC Trust, CITIC Prudential, CITIC China Securities, Tian'an Property Insurance and CITIC Prudential Fund Management, built a CITIC Expert Team in a bid to further develop the Group's synergistic advantage, integrate resources, build a CITIC management service system and provide customers with better service experience.

Team members in the CITIC Expert Team held decision-making meeting every month at regular intervals to track and analyze markets, establish the asset allocation system and dynamic adjusting strategy, apply the strategy of CITIC wealth index asset allocation to product end and form the product portfolio scheme, release “CITIC wealth index”, launch “selected product portfolio”, provide high-net-worth customers with guidance on the selections of wealth management product portfolio. By the end of the year, by publishing on official website and broadcasting on the Himalaya FM, the “CITIC Wealth Management” platform had provided customers with advice on asset allocation, published unique perspectives on the Brexit, set quantitative increase, Hong Kong stocks and PPP, as well as perspectives from team experts and celebrities in the industry which combined with current hot spots. These had attracted attentions from many customers and investors, which improved the effective allocation and value of customer assets.

4.3.2 Appropriate Handling for Complaints

In 2016, adhering to the “customer-oriented” philosophy, the Bank established the one-stop 24/7 95558 customer service hotline, and improved the quality of service by providing card holders with remote data analysis on business consultation, business processing and customer complaints. For example, the Bank had a special team aiming to deal with customer complaints, which carefully listened and dealt with customer demands. By using the complaint indicators of branches and sub-branches of the Bank and reviewing the effects, it conducted briefing on monthly and quarterly basis, so as to fundamentally reduce customer complaints. Meanwhile, the Bank formulated regulations to deal with the quality and procedures of complaint processing, strictly strengthened management, conducted response and processing to deal with customer demands within 3 working days and completed the processing only when customers were satisfied with the result. By doing this, the Bank further ensured that customer complaints can be effectively resolved. By the end of 2016, customer service telephone system of the Bank had received 83,479 customer complaints via 4008895558, an increase of 5.96%, while the degree of customer satisfaction of complaint processing was 97.76%, an increase of 0.19% over the last year.¹²

4.3.3 Assessment of Customer Satisfaction

In 2016, the Bank aimed to become the “Bank with the Best Customer Experience”, and improved our customer satisfaction by promoting 6S management model, “Ten Ones” service process, Smart Counter and all-new e-finance portal. The Bank reviewed and called back all dissatisfied customers, and collected reasons of dissatisfaction as well as provided feedback from customers. By organizing the five-star outlets of the Bank, the Bank pro-actively participated in the “Thousand Model Outlets of Standardized Service in the Chinese Banking Industry” campaign organized by the China Banking Association, established the benchmark outlet of the service brand, actively promoted service experience of advanced outlets, and ultimately improved the quality of overall service. By the end of 2016, the Bank had completed 819,184 phone calls concerning customer satisfaction survey through auto-call inquiry. The percentage of customer satisfaction was 98.17%, an increase of 0.13%, which indicated that the overall customer satisfaction had effectively improved and had maintained its upward momentum.

Case: A Sincere Praise from an 84-year-old Customer

On a late afternoon of mid-autumn, at the end of our business day, there were a few customers waiting for processing business service in the hall of the Banking Department of Bengbu Branch. The noisy business hall gradually quieted down. When everyone was preparing for ending the business, an elder man with the cane hobbled into the hall. Before the reception manager started to speak, the old gentleman said, “where is your leader’s office, little girl?” “Would you please take me to see your leader?” The elder man came here to send his letter of thanks. The elder man was very excited, and while he was holding the sales manager’s hand, he slowly took out a thick pile of letters from his coat pocket. He chokingly said, “Thank you! Thank you, China CITIC Bank. You made me feel the warmth of home.” Then the elder man

¹² The Group disclosed number of customer complaints and customer satisfaction rate received via two customer service hotlines at 4008895558 and 95558 in the Group’s 2015 Corporate Social Responsibility Report. Due to a change to the Bank’s complaint acceptance and management mode, the statistics are consolidated and disclosed in this Report.

unfolded the faded old letter and described the whole story to the manager with tears in his eyes.

The elder man's name is Du Zhigao, and he is 84 years old. On the afternoon of 31st July 2016, the time when he arrived at the Banking Department was about 12 o'clock, he talked with the teller while unintentionally mentioned that he hadn't eaten anything yet since the morning, and the teller immediately asked the reception manager to bring a jar of canned peach to him. At first, the elder man was too shy to accept and refused the kindness of the reception manager. But to his surprise, the reception manager opened the can and gave it to him. The elder man then accepted the can from the reception manager when tears welled up in his eyes. The elder man described his feeling in the letter: "I was the factory manager with the biggest cannery in China, and I have tasted countless cans in my whole life. However, when the reception manager gave me the canned peach, I felt the deep sentiment in this can because it was filled with personal feelings. This is the most touching can that I have ever had in the past decade", "I have processed numerous businesses in banks, but no one like China CITIC Bank who really cares about my well-being". The elderly's words were simple and unadorned, while filled with love and sentiment, which made everyone who read this letter brimmed with tears in his/her eyes.

By adhering to the principles of "Care for the elderly and care for other's children as one's own" and "think what customers want and do what customers feel urgent", we, the members of China CITIC Bank, dedicated ourselves to the work with a sincere heart. "Dedication" is an important connotation of the corporate culture of China CITIC Bank, and it is the good quality that every member in China CITIC Bank possesses. "Gratitude and dedication" is contained in the employee code of conduct in China CITIC Bank, guiding every member in the Bank to learn to feel grateful for every customer and help and serve others with a genuine heart. The elder man praised in the letter: "China CITIC Bank is the bank with the most conscientious service, the best quality and the best service attitude in Bengbu, and it is the role model in the banking industry!"

4.3.4 Proactive Service Improvement

In 2016, the Bank continued to improve services and further enhanced the level of customer service. In response to the problems of single mode of card limit adjustment, long-term use of card and unsuccessful online application of limit adjustment, the Bank adopted the following corrective measures, including: a. make non-routine adjustments, and optimize limit adjustment policies to meet customers' requirements within a reasonable range; b. launch dream-realization limit, standby limit, overseas exclusive limit and others for qualified customers; c. provide a variety of self-adjustment channels to provide customers with convenience and meet their diversified demands, including dynamic card space, voice systems, online banking, text messages, etc.

In response to the issues of failure in installment application or high bank charge rate, the Bank adopted the following corrective measures, including: a. provide diversified form of installment, and increase "Yuanmengjin", "Xinkuaixian", "Suijiejin" and other installments apart from consumption installment to meet diversified customer demands; b. provide convenient and fast handling channels and increase dynamic card space, WeChat and online banking apart from

manual service to reduce the dependence on manual services and improve self-service efficiency; c. carry out installment discount activities from time to time; d. provide card usage recommendations for customers who fail to meet basic conditions of installment services, etc.

4.4 Enhancement for Customer Experience

4.4.1 Optimization of Service Channels

In 2016, the Bank adopted prudent network development strategies. By the end of the year, the Bank had opened 1,424 business outlets, of which 71 were new outlets, representing an increase of approximately 5%. Among the new outlets, 12 were opened in administrative regions at or above municipal level and six were located in the central and western regions, accounting for 50%. This further expanded the coverage of the Bank's regional financial services, and effectively optimized and complemented local financial ecological network. In 2016, the Bank opened one sub-branch in the national 5A-level scenic spot of Xikou Town, Fenghua and one sub-branch in the National Wetland Reserve of Hangzhou Bay New Zone.

The Bank launched and carried out the construction of pilot projects, including "Xingfu Nianhua" (senior community), wealth-based community, precious metals, overseas finance, unmanned intelligence, joint development with securities and other characteristic pilot projects, and the construction proceeded orderly. Considering the commercial distribution in urban area and holding the principle of providing convenient services, the Bank enhanced the selection criteria of outlet locations; fully adopted outlet location selection mode to assess the newly built and relocation sites; fully considered residence, office group, commercial facilities, traffic conditions and other factors around the proposed locations; refined location selection methods scientifically to facilitate customers. By the end of the year, the Bank had relocated 24 outlets.

Case: The Shutdown of Xiaguan Sub-branch in Nanjing

In 2016, in order to further optimize outlet layout, Xiaguan Sub-branch of the Bank was closed with the approval of Jiangsu Banking Regulatory Bureau following the principle of intensive, centralized and professional management, with its public and retail business and the customers undertaken by Chengbei Sub-branch nearby and its staff placed properly. After consultation with the house owner, a self-service bank was set up at the original site to facilitate individual customers. Right after the sub-branch was closed, the Bank had fully informed customers and staff was sent by Chengbei Sub-branch to work at the self-service bank to explain and guide customers and express the Bank's apology for any inconveniences. The majority of the customers of former Xiaguan Sub-branch expressed their understanding and the close was carried out steadily.

In 2016, the Bank further strengthened layout optimization, enhanced production capacity of self-service outlets and enriched the function of self-service equipment. It launched cash self-service equipment payment business to support the payment of water, electricity and gas fees; it supported the acceptance of non-contact cards to enable customers to carry out deposit, withdrawal, transfer and other business through non-contact methods; it supported mobile payment to enable customers to carry out deposit and withdrawal business on bank equipment through Apple Pay, Samsung Pay and other mobile payment methods. By the end of the year, the Bank had put into operation 10,029 units of self-service equipment, including 3,067 units

of Smart Counter equipment, achieving a network coverage of 100%.

4.4.2 Innovative Services and Products

In 2016, the Group actively implemented new development strategy, fulfilled the concept of “innovation”, enhanced product and service innovation, built industrial comparative advantage, and launched a series of financial services and products with the characteristics of the Group. The Group strictly complied *the Advertising Law of the People’s Republic of China, the Trademark Law of the People’s Republic of China*. The Group also abided with relevant national laws and regulations in product promotion and marketing, and protected its own intellectual property rights.

Corporate Service and Products

Non-tax Electronic Business. In 2016, the Bank pro-actively implemented the relevant requirements since the Ministry of Finance continued to promote non-tax electronic-based business, and its central non-tax electronic system was launched smoothly after being accepted by the Ministry of Finance. By the end of the year, the Bank ranked the first among correspondent banks in terms of amount of central non-tax fund accumulated.

“Huijiaofu” Business. “Huijiaofu” business of the Bank has been launched successfully and the range of its application included tax, non-tax, public resources, social security medicine, education services, life services, transportation services, etc. Six branches of the Bank are selected to implement “Huijiaofu” innovation incubator bases and promote excellent projects in the Bank.

Case: The Launch of Innovative “Transaction Plus” Financial Products

In November 2015, the Bank launched “Transaction Plus”, which reshaped domestic transactional banking business with the business development concept of “more than finance”. “Transaction Plus”, on the basis of the product concept of “enhancement, extension, integration and interconnection”, created a top-down product development path, built six sub-brands (e-receipt and payment, e-money, e-trade, e-commerce, e-collocation, and e-channel) and 16 product systems of characteristic products, and achieved the comprehensive innovation of concept, path, product system and presentation form.

In 2016, the Bank vigorously promoted the construction of “Transaction Plus” brand, compiled *China CITIC Bank “Transaction Plus” Product Catalog and China CITIC Bank Transaction Banking Application Manual* to further enrich the connotation of “Transaction Plus” brand. Through the transaction banking scheduling platform, the Bank achieved unified storage of corporate e-channel data, unified delivery of products, unified management of channel portal, and unified monitoring of transactions. The Bank provided corporate mobile banking that is intended for business executives and small- and medium-sized business owners to utilize mobile banking services. Through customer portrait, user travel and other methods, the Bank further improved customer experience at electronic channel and achieved one-stop contract signing. By the end of the year, the Bank had 337,200 transaction banking customers, an increase of 13.90% over last year; the number of transactions reached 52.2241 million, an increase of 8.52% over last year; the volume of transaction reached RMB66.12 trillion, an

increase of 17.92% over last year.

Retail Service and Products

In 2016, the Bank approved 11 innovation projects at HO level, including Intelligent Acquiring Platform, Smart Investment Account, Online Micro-Credit Loan 2.0, Quanfutong, Mobile Banking 4.0, E-Household Treasure, Account Plus, Tobacco Credit Payment, Low Value Customer Promotion, ETC Integrated Services and WeChat Overseas Finance. The Bank also launched a number of financial services for individual customers. For example:

UK Internship Program for Customers' Children. In January, the Bank signed a strategic cooperation agreement on students' UK internship program with UK Overseas Student Service Center to open a new chapter of service in the UK. In accordance with the agreement, the children of the Bank's customers have the priority to receive sponsored Tier5 (GAE) visa from the Overseas Student Service Center, and can be recommended to take internship at Swiss Bank, Rlichemont Group, IBM, Armani, CCTV European station, Phoenix Satellite TV European channel, Huawei (Europe) and other well-known enterprises at home and abroad.

Credit Card "Family Account". In January, credit card center of the Bank took the lead in launching family account, which integrates family daily consumption pertinent to new consumption demands of modern family with sharing, interesting, interaction and social contact being the core. Family account could transform the traditional personal credit-card consumption to new forms of family consumption and joint credit-card consumption, and it also provides credit card points interchange, equity exchange, bonus points, credit card gifts and other value-added services to enhance the happiness level of family.

CITIC U-tour Co-branded Credit Card. In May, the Bank launched U-tour CITIC co-branded credit card, enabling cardholders to enjoy discounted price and membership exclusive service when purchasing tourism products on U-tour, as well as multiple benefits of multiple rewards of the Bank, free flight delay insurance and Club Med (U-tour participation) membership fee deductions and exemptions, etc.

Uber CITIC Co-branded Credit Card. On 29th June, the Bank and Uber announced to issue CITIC Uber co-branded credit card. In future, the two sides will integrate all platform resources to carry out in-depth cooperation in travel payment, user interest and marketing.

CITIC Baidu Finance Credit Card. On 24th October, credit card center of the Bank and Baidu Finance announced to issue CITIC Baidu Finance co-branded credit card. The Bank will provide customers with more convenient and customized financial services to achieve complementary advantages of traditional commercial banks and financial technology and create innovative financial model.

Foodie Credit Card. On 13th December, credit card center of the Bank and Meituan Comment announced to issue CITIC Dianping co-branded credit card, the first and exclusive "foodie" credit card. With food as the entry point, the product explores the emerging consumption demands of the young Internet population, and realizes full covering of cardholders' daily life. Meanwhile, the two sides will carry out comprehensive cooperation to grasp customers' personalized demands on quality life in the era of mobile Internet and to build a panoramic eco-circle of life consumption.

Financial Market Service and Products

In 2016, the Bank increased innovation strength in cross-border financing products, and adopted diversified product portfolios such as equity + debt, on-balance sheet and off-balance sheet to provide customers with comprehensive financing services, which effectively supported the overseas M&A business of Chinese enterprises.

Cross-border Equity Financing Business. Based on the demands of corporate customers during cross-border industrial acquisitions and capital operations, the Bank provided customers with financial advisory, financing commitment letter issuance, on-balance sheet general loans, M&A loans, syndicated loans, financing financial management, external loan with internal guarantee, FTN account financing and other services independently or jointly with other financial organizations at home and abroad. Such services feature large transaction amount, wide project influence, complicated transaction and financing structure and strong professionalism, providing comprehensive financing services.

Standard Bond Forward Innovative Transaction. The Bank's Standard Bond Forward Innovative Transaction uses standard bond forward products to manage the interest rate risk of the Bank's bond self-trading business. It enhances risk resistivity by increasing risk hedging method of the trading business, so as to enhance the innovation scheme of self-trading business the profitability. In November 2016, the Bank officially launched standard bond forward innovative transaction program.

Dual Currency deposits product. The Bank provided customers with customized foreign currency structural value-added program through option transaction, and, with the branded retail dual currency products named "Shuangbibao", put the program on sale through "CITIC Investment" personal platform APP. The Bank became the first bank to carry out user experience optimization package of dual currency deposits products and to provide purchase service in the mobile terminal. By the end of the year, the Bank's dual-currency deposits products were launched as scheduled, achieving a transaction amount of RMB456 million.

Case: The Launch of "CITIC Interbank Plus" Financial Services Platform

On 22nd December, 2016, the Bank officially launched and published interbank financial cooperation Internet service platform "CITIC Interbank Plus" with the purpose to give full play to the advantages of Internet technology, promote the transformation of "Internet Plus" in the financial industry, and strengthen cooperation within the industry. It is a one-stop financial service platform aimed at enhancing comprehensive services for joint-stock banks, securities, trust, insurance, futures, financial leasing and finance companies, and other financial institutions with the support for CITIC Group following the Internet thinking of "openness, equality, collaboration and sharing".

Wealth Management Service and Products

In 2016, financial services have entered the era of large capital management. In order to meet the increasingly diversified customer demands for products and services, the Group took customer needs as the core to promote product and service innovation and create a full coverage product system for corporate, private and interbank businesses. For example:

High Liquidity Products. The Group developed and launched three series of products: T+0

series, segmented interest rate series and cyclical products to meet the needs of customers who had greater demand for capital liquidity, or had no definite date on capital using, or had a certain demand for tenor of capital, meeting the flexible configuration demand of customers with great liquidity under the prerequisite of maintaining principal safe.

Customized Custody Products. Based on the personalized configuration requirements of high net worth customers, the Group provided fully trusted asset management business for private banking customers whose single contract could form an investment financial asset of or above RMB30 million. In accordance with the agreement, the Group set up financing products specifically and provided one-to-one, interactive asset management services.

High-risk, High-yield Products. Based on the capital market configuration requirements of customers with high risk preference, the Group developed and launched Ruiying series products, mainly including Ruiying Selected portfolio funds, Ruiying Private Placement Investment Fund, Ruiying Growth Monthly wealth management product and index enhancing series.

Global Configuration Products. The Group has established a complete structured wealth management and cross-border wealth management product system. In 2016, the Group developed structured wealth management products; enhanced global asset allocation product system (net value type); developed foreign currency wealth management products (prospective return type), QDII wealth management products and free trade area FT wealth management products; launched themed cross-border configuration products/product series, including “Overseas Preferred Stock” and “High Dividend Payout Hong Kong Stock”, as well as characteristic structured wealth management products, including “CITIC Overseas Hedge Fund Index” and the “CITIC Bulk Commodity Strategy Index”.

Financing Service Innovation. The Group actively explored the innovative business model of transforming non-standard asset to standard asset, and increased investment in innovative investment products such as equity assets, industrial M&A funds and capital market projects. For example, the Group achieved the asset transfer business mode of wealth management funds through non-standard asset to standard asset transformation business of “Banking Credit Assets Register Transfer Center” platform; achieved the combination of industry and finance through real estate equity investment fund business; entered the equity financing market as a commercial bank through Chinese Concept Stock returning to A stock market and executive stockholding plans program; provided a new service program through cross-border linkage business of pledge of stock earning right; solved the problem of belated disposal of off-site pledge through off-site equity pledge business, and greatly enhanced the Bank’s integrated financing services.

4.4.3 Enhancement of E-banking Services

In 2016, the Bank focused on promoting the application of Internet products, updated and improved cross-bank transfer account intelligent routing, investment selection, financial abroad, personal assets business and other mobile banking products and services. On the “2016 China E-Banking Publicity Year Launching Ceremony (the Fourth Financial Brand Summit)” hosted by the China Financial Certification Center (CFCA), the Bank’s mobile Internet

marketing portal “Cloud Marketing Club” won the “Best Platform for Social Marketing” award of China Financial Marketing Gold Chestnut Award with the highest votes.

Improvement in Personal E-banking Customer Experience. The Bank accomplished steady transition from the previous personal e-banking version to the new one. It pro-actively promoted the establishment of the personal e-banking multi-language version and further raised the efficiency of cash concentration and channel notification service. The Bank continuously collected customer feedback regarding optimization demand, carried out routine optimization and upgrade on a monthly basis and optimize the relatively complicated problems according to the submitted demands at regular intervals.

Accessible Service. The Bank enhanced the improvement in color validation of personal e-banking transfer validation and enabled enlargement of font size of multiple choices so as to raise the effectiveness of business independently processed by the color-blind customers. The Bank’s personal e-banking system offered online customer service to those who had difficulties in communicating with us via the customer service hotline due to hearing problems.

Brand New Internet Finance Web Portal. The Bank expedited the reconstruction and revision of the web portal, officially launched a brand new Internet finance web portal, achieved functional transformation shifting from information publication to online business processing, intensified the integration of channels and resources such as web portals, finance mall, debit card mall and credit card mall, etc. in order to shape the Bank’s web portal into a one-stop integrated financial platform that provided all-round services including “information, transaction, service, interaction” for customers for the convenience of processing business via the web portal.

4.4.4 Service Star=

In 2016, the Bank was awarded the “Outstanding Contribution Award in Civilized and Standard Services of the Chinese Banking Sector” by China Banking Association. By the end of the year, the Bank had 47 outlets selected as the “Top 100 Demonstration Institutions of Civilized and Standard Services of the Chinese Banking Sector” in 2016.

Table 5: List of the Bank’s Subordinating Institutions Selected as the “Top 100 Demonstration Institutions of Civilized and Standard Services of the Chinese Banking Sector”

No.	Branch	Sub-branch	No.	Branch	Sub-branch
1	Head Office Banking Department	Beijing Guanhu International Sub-branch	25	Chengdu Branch	Chengdu Zijing Sub-branch
2	Head Office Banking Department	Beijing Guangqu Road Sub-branch	26	Chengdu Branch	Banking Department of Chengdu Branch
3	Head Office Banking Department	Beijing Fangzhuang Sub-branch	27	Chongqing Branch	Chongqing Shangqing Temple Sub-branch
4	Head Office Banking Department	Beijing Zhushikou Sub-branch	28	Chongqing Branch	Northern Chongqing New Area Sub-branch
5	Guangzhou Branch	Guangzhou Beijing Road Sub-branch	29	Wuhan Branch	Banking Department of Yichang Branch
6	Guangzhou Branch	Banking Department of Guangzhou Branch	30	Wuhan Branch	Wuhan Economic and Technological Development Zone Sub-branch
7	Guangzhou Branch	Guangzhou Baogang Avenue Sub-branch	31	Shenzhen Branch	City Plaza Flagship Sub-branch
8	Guangzhou Branch	Banking Department of Jiangmen Branch	32	Dalian Branch	Dalian Zhongshan Sub-branch

9	Qingdao Branch	Weihai Technological Development Zone Sub-branch	33	Suzhou Branch	Banking Department of Kunshan Development Zone Sub-branch
10	Qingdao Branch	Banking Department of Weifang Branch	34	Fuzhou Branch	Banking Department of Fuzhou Branch
11	Qingdao Branch	3rd Yan'an Road Sub-branch	35	Tianjin Branch	Tianjin Haihe Sub-branch
12	Shenyang Branch	North Shenyang Station Sub-branch	36	Ningbo Branch	Ningbo Beilun Sub-branch
13	Shenyang Branch	Banking Department of Shenyang Branch	37	Changsha Branch	Banking Department of Changsha Branch
14	Shenyang Branch	Shenyang Hunnan Sub-branch	38	Kunming Branch	Banking Department of Kunming Branch
15	Zhengzhou Branch	Zhengzhou Nanyang Road Sub-branch	39	Shijiazhuang Branch	Shijiazhuang North Tiyu Street Sub-branch
16	Zhengzhou Branch	Banking Department of Zhengzhou Branch	40	Xi'an Branch	Xi'an Electronic City Sub-branch
17	Zhengzhou Branch	Zhengzhou Runhua Sub-branch	41	Taiyuan Branch	Banking Department of Taiyuan Branch
18	Hohhot Branch	Hohhot South Dongying Road Sub-branch	42	Nanchang Branch	Banking Department of Nanchang Branch
19	Hohhot Branch	Banking Department of Ordos Branch	43	Nanning Branch	Banking Department of Nanning Branch
20	Hohhot Branch	Banking Department of Hohhot Branch	44	Guiyang Branch	Guiyang Jinyang Sub-branch
21	Ji'nan Branch	Ji'nan Gaoxin Sub-branch	45	Ürümqi Branch	Ürümqi Qingnian Road Sub-branch
22	Ji'nan Branch	Banking Department of Dongying Branch	46	Xining Branch	Banking Department of Xining Branch
23	Hangzhou Branch	Wenzhou Ruian Sub-branch	47	Yinchuan Branch	Banking Department of Yinchuan Branch
24	Hangzhou Branch	Hangzhou Xiaoshan Sub-branch			

4.5 Strengthened Management of Suppliers

In 2016, the Bank completed the central procurement based on the principles of “centralization, independence, competitiveness and applicability” and “separated administration and procurement”. It obtained goods of comparative advantages in the market in the centralized and unified way by leveraging the specified procurement methods and procedures.

Centralization. The Bank’s systematic procurement level should converge on the Head Office in steps. With gradual integration and centralization of the Bank’s demand for commodity procurement in steps, the Bank’s procurement policy and process should be regulated and unified.

Independence. The Central Procurement Department (Team) of the Bank should operate independently according to the central procurement policy and the procurement process to ensure the publicity, fairness and equity as well as effective supervision.

Competitiveness. During procurement, the Bank should ensure sufficient competition among commodity suppliers to maximize the efficiency of procurement.

Applicability. The Bank should acquire a wide range of commodities in line with operation and management demands with reasonable procurement methods. In particular, the principle of competitiveness has positive significance for “local procurement” and “procurement from the origin”. Since “local procurement” and “procurement from the origin” spare the time of intermediate link of the supply chain as well as the transportation cost, these methods show cost advantage and relevant suppliers are likely to distinguish themselves and successfully be selected as the Bank’s suppliers in the environment of sufficient competition. The Bank

completed central procurement based on the principles of pursuing lower costs and better quality so as to provide quality products at the favorable and appropriate prices in the procurement industry.

Fundamental conditions of supplier acceptance and candidate suppliers of the Bank include but are not limited to: (1) being able to bear civil liabilities independently; (2) having a good business reputation and complete financial and accounting policies; (3) having the necessary financial strength, professional technical skills, service access support skills and industry experience for performance; (4) showing no record of any gross violation of laws regarding business activities or bad information concerning violation of social responsibility in the recent three years; (5) meeting other special conditions related to the supplied commodities. In accordance with relevant regulations, the Bank conducted acceptance inspection of all suppliers in 2016. By the end of the year, the Bank mainly had cooperation relationship with 24 suppliers in total in China mainland.

The Bank insisted and advocated the cultural philosophy of “assuming social responsibility, pursuing sustainable development”, enhanced acceptance and assessment of suppliers, refused manufacturers and products of high pollution and energy consumption levels and instructed the suppliers to assume their social responsibility as required. The Bank strongly promoted the establishment of “electronic assessment” and procurement management information system, made full use of information technology to regulate procurement assessment, raised the efficiency of procurement, simplified the paperwork of procurement response, reduced social costs and assumed the environmental responsibility. At the request of the Bank, the candidate suppliers of each procurement project should evaluate whether the procurement was carried out fairly during on-site assessment.

Chapter 5 Employees and Culture

5.1 Basic Profile of Employees

The headcount of the Bank had a weak growth in 2016. By the end of the year, the Group registered a total of 58,023 employees, the Bank registered a total of 54,620 employees, the four subsidiaries, the London Branch, and the Sydney Representative Office registered a total of 3,403 employees.

At the end of the year, the Bank registered a total of 54,620 employees, with an increase of 2.79%, declining by 1.94 percentage points compared with the end of the previous year. Among them, the number of employees with labor contract was 49,916, accounting for 91.39%, 5.78% higher over the end of the previous year; the percentages of female and male employees were respectively 53.26% and 46.74%, with the former increasing by 0.35%; the employees of ethnic minorities was 2,323, accounting for 4.25%, increasing by 9.21%; the percentages of basic-level employees, management staff of branches and the Head Office were respectively 88.75%, 10.48% and 0.77%; the percentage of basic-level employees kept rising, and that of management staff dropped mildly; the percentage of employees with college education was 89.78%, increasing by 2.74%; the turnover rate of employees with labor contract was 5.44%, decreasing by 0.19%.

In accordance with government regulations on dispatched labor, the Bank reinforced the management of dispatched staff. There had been no dispatched labor added since 2015. The Bank also worked out a detailed plan for employees without labor contract, some of whom would gain permanent status, some remain current status, and some be laid off, so as to gradually reduce the proportion in total staff. By the end of the year, the number of employees without labor contract was 4,704, accounting for 8.61%, decreasing by 20.89%. The employees at all posts of the Bank were employed in accordance with relevant requirements of the *Labor Law of the People's Republic of China* and *Labor Contract Law of the People's Republic of China*, and no child labor was used.

By the end of the year, four subsidiaries, the London Branch, and the Sydney Representative Office of the Group registered a total of 3,403 employees. Specifically, 45 were employed by Zhejiang Lin'an CITIC Rural Bank, 88 by CITIC Financial Leasing Co., Ltd., 2,109 by CITIC International Financial Holdings Limited, 1,243 by China CITIC Bank (Hong Kong) Investment Limited (formerly known as "China Investment and Finance Limited"), five by the London Branch, and three by the Sydney Representative Office.

Table 6 Employee Statistics

	2016	2015	Changes
Headcount	54,620	53,136	2.79%
Employees under labor contract with the Bank	49,916	47,190	5.78%
Employees dispatched to the Bank or hired with letters of engagement	4,704	5,946	-20.89%
Male employees	25,532	25,023	2.03%

Female employees	29,088	28,113	3.47%
Ethnic-minority employees	2,323	2,128	9.16%
Basic-level employees	48,472	47,107	2.90%
Branch managerial employees ¹³	5,722	5,614	1.92%
Head Office managerial employees ¹⁴	426	415	2.65%
PhDs	174	182	-4.40%
Postgraduates	9,465	9,410	0.58%
Undergraduates	39,398	36,656	7.48%
Junior college graduates	5,079	5,109	-0.59%
Below junior college (non-inclusive)	504	1,779	-71.67%
Aged 30 and below	27,184	28,414	-4.33%
Aged between 31 and 40	19,075	16,972	12.39%
Aged between 41 and 50	6,640	6,196	7.17%
Aged between 51 and 59	1,717	1,543	11.28%
Aged above 60	4	11	-63.64%
Employees (under labor contract) Turnover Rate	5.44%	5.63%	0.19 percentage points

5.2 Basic Staff Welfare Programs

In 2016, in accordance with the *Labor Law of the People's Republic of China* and *Labor Contract Law of the People's Republic of China*, *Social Insurance Law of the People's Republic of China*, as well as local basic staff welfare regulations, the Bank established the basic staff welfare system, comprising the basic pension insurance, basic medical-care insurance, unemployment insurance, work injury insurance, maternity insurance for employees, and housing provident funds.

5.3 Equal Pay for Equal Work

In 2016, the Bank formulated the remuneration standards based on value of particular post. The Bank fully observed the principle of equal pay for equal work, with no gender-specific differences in its remuneration and promotion standards. The Bank met local minimum pay requirements with regard to its minimum remunerations.

5.4 Improved Assessment Mechanism

In 2016, based on the post system, the Bank set up the value creation-oriented performance management system. On the basis of the key performance indicators specified in the post description and combining its strategic objectives and key tasks, the Bank developed the annual performance plan to guide the works of all posts. The Bank made thorough assessment of employees' fulfillment of performance plan by means of performance assessment and online assessment.

¹³ Including assistant general managers at tier-1 departments of the branches, assistant general managers of sub-branches (inclusive), and above.

¹⁴ Including assistant general managers (inclusive) at tier-2 departments of the Head Office and above.

5.5 Career Planning for Employees

In 2016, the Bank continued to embrace such philosophy conveyed in its selection, utilization and promotion of talents, i.e., pay equal attention to ability and integrity but prioritize integrity in promotion, select the best from the elites, apply the principle of survival of the fittest, take full advantage of the talents pool, put the right candidates to the right positions, and motivate employees with a sound incentives mechanism, thereby tapping into the full potential of talents.

The Bank further deepened the management of human resources, optimized the organizational structure, set up the post system, established the remuneration system based on assessment of post value, improved performance management, expanded employees' career development channel, perfected the system for selection, appointment, supervision and management of managerial talents, enhanced the competitive mechanism for talent selection, and implemented the system for bank-wide selection of talents across regions. The talent-based strategy was implemented, enhancing the development of managerial staff at all levels, back-up management team and international talents. By the end of the year, 188 managerial staff members at middle level participated in the post competition, and 46 succeeded. The back-up management talent pool of more than 170 persons for the Head Office and branches was created, and the post competition of senior management staff was carried out in the Bank for the first time.

5.6 Caring Physical and Mental Health

In 2016, out of its great care for physical and mental health of employees, the Group organized health training courses and lectures for its employees, covering extensive areas, such as how to keep fit with the use of traditional Chinese medicine (TCM), tips on the health of female employees, health-care of infants and young children, prevention and treatment of middle to old-age diseases (coronary heart disease, hypertension, diabetes, etc.), psychological knowledge, and emergency self-rescue and first aid. All these helped employees to understand their bodies, improve their work habits and develop self-consciousness of disease prevention. By the end of the year, the Group had organized about 200 health-related training courses and lectures, attracting participation of around 5,700 employees, close to the level of previous year.

In order to help its employees maintain top form, the Group organized routine physical check-ups for its employees on a regular basis. Some branches offered more items checked for employees aged 45 and above, and organized special physical check-ups for female employees. By the end of the year, employees voluntarily participating in physical check-ups recorded about 51,500 person-times, up about 5,200 person-times over the end of the previous year.

The Bank supported the trade unions of branches' courtesy visits to employees, cultural and sports events and "employees' home", and visited sick employees with both mental and monetary cares. Senior management members of the Bank paid courtesy visits to retirees on a regular basis and called on sick employees.

5.7 Protection of the Legitimate Rights and Interests of Employees

5.7.1 Protection of employee right to make claims

Following the introduction of "President's Mailbox", the Bank introduced the "Leaders' Open

Day” in September 2016, which broadened the communication channel for employees to express opinions and make suggestions, and showed that the senior management took practical actions to communicate with staff at the basic level.

President’s Mailbox. Employees were encouraged to offer opinions on business development and internal management, so as to build a sound internal and external feedback mechanism and a channel for solicitation of rationalization proposals. The President’s Mailbox is an important channel for staff at the basic level to communicate with the senior management. Each employee may send mail to the Box in real name or anonymously to file complaints, comments or suggestions. The presidents would give feedback to and settle the hot issues within set time limit.

Leaders’ Open Day. The Bank worked out and implemented the *Rules for Leaders’ Open Day of China CITIC Bank*, specifying that from September 2016 on, employees in the Head Office may have face-to-face talks with the senior management on Monday in the last week of each month, so that they could talk about problems encountered at work or give opinions and suggestions on the management, reform and development of the Bank, and the senior management could know the difficulties that employees may have in work and life and solve them in a timely manner. The opinions and suggestions provided by employees would be forwarded to relevant functional departments for investigation and solution, and the results would be sent to the employee concerned in time. By the end of the year, four sessions of “Leaders’ Open Day” had been carried out, and the information on the sessions and feedback was published on the notice-board in the office area of the Head Office before the year end.

Case: Young employees were organized to attend the symposium on review of *A Lifetime Choice*

In May 2016, Chairperson Li Qingping watched the CCTV series report *A Lifetime Choice*, organized by the Youth League Committee of the Head Office, and held a symposium on the report review to hear employees’ comments and suggestions. Young employees expressed their opinions and views on the implementation of strategic plans of the Head Office, career development and issues of common concern, and provided a number of comments and suggestions on the innovative spirit, career planning, training and learning, managerial work, employee care, relations between employees and the Youth League, etc. The Youth League Committee of the Head Office summarized 23 pieces of comments and suggestions regarding five aspects after the symposium, and supervised relevant departments to solve these problems. All solvable problems were addressed in a timely manner, and explanations were offered to employees on those hard to solve for the present.

5.7.2 Protection of employee right to work and rest

In 2016, the Bank fully safeguarded employee’s right to work and rest according to law, and clearly defined the working hours, breaks and leaves, labor protection and working conditions of its employees in the labor contracts. There was no forced labor (overtime) found in the Bank. If employees were required work overtime due to work demand, the application form shall be submitted to the department head for review and approval. In the event that the number of employees to work overtime exceeds 20% of the department headcount, approval of bank

leaders in charge must be sought. In this way, forced labor (overtime) is avoided. By the end of the year, the Group registered total overtime of about 3,109,700 hours or 53.59 hours per capita, the Bank registered total overtime¹⁵ of about 3,068,500 hours or 56.18 hours per capita in the year, decreasing by 7.91% and 10.41%. In 2016, the employees totaled 1,378,500 days of due annual leaves, of which 24.00% or 330,900 days were actualized, 0.19 percentage points higher over the end of the previous year. Other leaves including marital leave, personal leave, sick leave and funeral leave of the Group was totaled 275,500 days, or 4.75 days per capita; other leaves of the Bank was totaled 266,800 days, or 4.88 days per capita, 9.82% higher than the end of the previous year.

5.7.3 Protection of employee rights as trade union members

In 2016, in accordance with the requirements of the *Trade Union Law of the People's Republic of China*, the Head Office and branches of the Bank all had trade unions in place and budgeted operating funds for trade unions in full amounts to ensure extensive organization of trade union activities. By the end of the year, the Bank achieved 100% trade union membership rate among employees with labor contract; employee representatives' congresses were already in place at the Head Office, the Credit Card Center and 38 branches; 40 branches signed the *Special Collective Contract of China CITIC Bank for Protecting the Rights & Interests of Female Employees*, equaling to the previous year. For the whole year, the Bank convened 68 employee representatives' congresses at different levels, 12 congresses more than that at the end of previous year, deliberated over 170 items, and recorded about 5,600 participants in total, up approximately 29% over the end of the previous year.

5.7.4 Satisfactory logistic services

In 2016, the Bank provided employees with a clean, quiet working environment, as well as auxiliary facilities including libraries, chess and poker rooms, fitness rooms, employees canteens, and shower rooms. Employees were routinely reminded to pay attention to their personal safety during the work days and public holidays. By the end of the year, there is no employee death accident of the Bank, and 41 employees of the Bank were injured at work in sport activities, on the way to/from offices, in offices and during business trips, an increase of 19 persons compared with last year. Working time lost due to employees' injuries at work totaled 2,953.5 days. For these injury incidents, the Bank made active efforts to apply to local authorities of human resources and social security on verifying the injuries as work-related ones, and, in the event that the decisions were made otherwise due to some reasons, the Bank would actively provide material and spiritual compensations to the concerned employees, and made sure that the latter would focus on regaining health and returning to their jobs thereafter.

Clean and tidy employees canteens with professional chefs were available at the Head Office and some branches and sub-branches, relieving employees of dining worries during working hours. Branches unable to establish canteens made arrangements with third-party suppliers to make timely meal delivery to the employees, another reason for employees to feel joyful and happy in their work, so as to fulfill the enterprise culture of "creating employee happiness".

¹⁵ This includes overtime in extended work time, weekend and holidays.

5.7.5 Protection of women's rights and interests

In 2016, 38 branches, the Head Office and the Credit Card Center of the Bank all signed the *Special Collective Contract of China CITIC Bank for Protecting the Rights & Interests of Female Employees*, so as to protect the rights and interests of female employees by institutional improvement. The Head Office and 25 branches set up private, convenient, comfortable and cozy baby-care rooms for the special protection of breastfeeding female employees. The Bank strengthened courtesy visits to badly-off female employees. A wide range of activities intended for female employees were held during the International Women's Day and Children's Day, including lectures on female health, etiquette and image, recuperation and parent-child events.

5.8 Enhanced Vocational Training

In 2016, the Bank enhanced the training of new executives, heads of main business lines and managerial staff at middle level, and carried out training of international talents, backup talents, and internal trainers in an in-depth manner, highlighting the characteristics of "CITIC Lectures". By the end of the year, the Bank's training input totaled RMB91,811,600, increasing by 6.67%; 6,376 training sessions were held, involving 674,000 participants, increasing by 28.97%.

Case: CITIC Lectures

The "CITIC Lectures" are a training program for employees launched by the Bank, aiming to improve employees' professional ability and overall competency and promote the building of a learning organization. Based on the strategies and annual work of the Bank and emphasizing vocational study, it covers training on corporate culture and development strategy, and serves as an important platform for the Head Office to publicize the corporate culture, interpret internal and external significant policies and disseminate information and knowledge. In 2016, 19 special lectures in 6 modules including current events, Party building, culture and mobile classroom were organized by the Head Office, covering such topics as the international situation, macroeconomic situation, intelligent marketing, folk culture and workplace health care.

In 2016, the Bank further intensified online learning and mobile learning. By the end of the year, the online school of the Bank presented over 200 courses, totaling over 3 million students and nearly 3.5 million school hours; 286 online examinations were held, five fewer compared with the previous year with a drop of 1.73%; a total of 33 examinations were held, 74 micro courses were presented, two bank-wide surveys were conducted, and two bank-wide votes were held, involving 92,000 person-times. By the end of February 2017, the WeChat University of China CITIC Bank saw registration of 58,423 employees, nearly all the employee members.

Table 7 Training Statistics

	2016	2015	Changes
Total training input (RMB10,000)	9,181.16	8,607.03	6.67%
Training input per capita (RMB)	1,680.92	1,619.81	3.77%
Total training attendance (person-time)	674,035	522,628	28.97%
Training courses per capita (person-time)	12.34	9.84	25.41%

Training days (day)	12,849.5	11,865	8.30%
Training days per capita (day)	29.52	24.05	22.74%

5.9 Diverse Cultural and Sports Activities

In 2016, the Bank organized the bank-wide Extensive Competition of Internal Retail Trainer at Head Office Level, and staged the China CITIC Bank Marketing Service Contest, which effectively benefited business development, upgraded employees' professional ability, business skill and customer service level, and boosted the transformation of retail business. Besides, the Bank organized the bank-wide 2016 Operation Knowledge Contest, which further stimulated the enthusiasm of employees of all business lines to learn business skills and become experts in their respective areas.

The Bank together with CNOOC and the Trade Union of CITIC Securities jointly held the 2016 Win-win Cup Employees Friendship Badminton Match, positively promoting the communication and exchanges between the two sides. It also staged the social gathering of single young staff on the theme of "Gathering at CITIC Makes Mid-Autumn Full of Love". More than 80 young men and women were invited from seven institutions, namely, CITIC Securities, People's Bank of China, Head Office of Agricultural Bank of China, Beijing Branch of Bank of Communications, CRRC Corporation Limited, China Aerospace Science and Technology Corporation, and Ministry of Foreign Affairs of the People's Republic of China. The event offered a good platform for employees of the Bank to interact and communicate with those of the Group's subsidiaries and key strategic clients. Regional employees basketball matches were organized in Shenyang and Shenzhen, enhancing the communication and interaction between branches and between subsidiaries of the Group. Furthermore, a number of activities including the employees fun games, brisk walking, target-hitting contests of shuttlecock kicking and rope skipping, parent-child events on Children's Day, and selection of happy family were held, which enriched employees' after-work life.

Chapter 6 Public Benefit and Charity

6.1 Enthusiastic Return to the Society

In 2016, the Group strictly observed the newly promulgated *Charity Law of the People's Republic of China* and other laws and regulations, pro-actively repaid society, and mainly donated money to the neediest areas. By the end of the year, the Group donated RMB15.5651 million and HKD8.1478 million, equivalent to a total of ¹⁶RMB22.8533 million, primarily for poverty alleviation, disaster relief, assisting poor students and aiding social disadvantaged groups. Employees of the Group donated RMB3,022,400, up by 157.93%. Social contribution per share of the Group stood at ¹⁷RMB4.07, down RMB0.05 per share or 1.21% than that at the end of the previous year.

6.2 Implementation of the Government's Targeted Poverty Reduction Policy

In 2016, the Bank conscientiously acted on the core message from the Communist Party of China Central Committee and the State Council on the *Decision of Winning the Fight against Poverty*. In accordance with the work arrangement of regulatory authorities such as the People's Bank of China and the China Banking Regulatory Commission, the Bank regarded financial poverty alleviation as an important political mission and social responsibility, arranged carefully, and planned actively. The Head Office of the Bank formulated the "13th Five-Year Plan" and the annual work plan, and established a mechanism for financial poverty alleviation. The Bank's financial poverty alleviation work has achieved initial results through strengthening credit support, improving product system and strengthening information statistics. By the end of 2016, the Bank has issued 2,598 loans for financial poverty alleviation with a loan balance of RMB 2.805 billion. The Bank has also supported the impoverished students with RMB 1.79 million for a total number of 660 students. Three projects of fixed-point poverty alleviation were implemented with RMB 7 million.

Financial Poverty Alleviation Mechanism was Established. The Bank set up a leading group for financial poverty alleviation led by Head Office leaders and a working group composed of the front and back offices to promote the Bank's poverty alleviation endeavor. The branches of the Bank also set up the leading group and working group of financial poverty alleviation with clear division of responsibilities to steadily push forward the work of poverty alleviation across the country.

Financial Poverty Alleviation Plans were Formulated. The Bank formulated and issued the *Work Plan of China CITIC Bank for Financial poverty Alleviation in the 13th Five-Year Plan Period* and the *2016 Financial Poverty Alleviation Work Plan of China CITIC Bank*, which proposed targets and measures concerning financial poverty alleviation, credit resource allocation, performance appraisal, credit approval, financial knowledge popularization and publicity during the 13th Five-Year Plan period.

¹⁶ Calculated based on the announcement on the RMB central parity rate released by the China Foreign Exchange Trade System (CFETS) on 31st December 2016, i.e. 1 HK dollar = 0.8945 yuan.

¹⁷ Social contribution per share = (annual tax paid + staff salaries paid + loan interest paid to creditors + total outbound donations + other social costs as a result of environmental pollution) ÷ total share capital + basic earnings per share. Decrease in social contribution per share in the year mainly resulted from increases in the total shares.

Credit Support for Financial Poverty Alleviation Projects was Strengthened. The Bank pro-actively supported the credit needs of poverty-stricken areas and poverty reduction projects, opened up a green channel, and sought to speed up the approval process for projects on the list of targeted poverty alleviation. When necessary, the Bank considered adopting special credit limit.

Financial Poverty Alleviation Product System was Improved. The Bank formulated and issued the *Interim Measures of China CITIC Bank for the Pilot Project on Land-use Rights Mortgage Loans* and the *Interim Measures of China CITIC Bank for Farmers' Housing Property Mortgage Loans*. The Bank made active efforts to develop mortgage loans for the rights to use rural contracted land and farmers' housing property. The Bank accelerated the innovation of poverty alleviation model, developed diversified credit services and financing models, and strengthened cooperation with the government and insurers on developing innovative financial products for poverty alleviation.

Financial Poverty Alleviation Statistics System was Established. The Bank strengthened the building of poverty alleviation information system, added or improved relevant statistical marks in the credit management system, and refined ledger information of poverty alleviation loans. The Bank formulated and issued a *Special Accounting Policy of China CITIC Bank for Financial Targeted Poverty Alleviation Loans*, which clearly clarified the division of responsibilities, the rules of accounting and the process of submission to guarantee both quality and quantity of data submission on financial targeted poverty alleviation loans.

Case: The Project Implementation of 'China CITIC Bank-New Great Wall High School Student Self-improvement Classes' on Education Poverty Alleviation

Led by the Head Office and acted by all the branches, the Bank offered financial assistance to under-privileged students of fine character and good academic performance until they graduated from high school. Starting from 2013, the Bank launched the program of "China CITIC Bank-New Great Wall High School Student Self-improvement Classes" together with the China Foundation for Poverty Alleviation (CFPA), providing tuition fees and living expense subsidies for under-privileged high school students from 17 provinces, cities and autonomous regions (including 12 minority ethnic groups) to help them finish schooling until their graduation from high school. Under the unified deployment of the Head Office, apart from offering grants to students of 17 classes, the Bank's employee volunteers from 17 branches (including Chengdu, Changsha, Taiyuan, Nanchang, Harbin and Hohhot Branches) carried out teaching activities by combining teaching with entertainment, which were very popular among local students and faculties. In the last three years, the Bank has run 17 "Self-improvement Classes" across the country, donated RMB5.1 million in total and offered financial assistance to 850 under-privileged high school students. By the end of the year, 500 under-privileged high school students from 10 classes have completed high school, with no one dropping out. All these students have taken the college entrance examination. Approximately 300 students were admitted to universities, accounting for about 60%. Approximately 430 students were admitted to junior colleges, accounting for 86%. Approximately 70 students chose to restudy or work, accounting for 14%. Twenty-seven students were admitted to Program 985 or Program 211

colleges, accounting for about 5.4%. The student, Chen Zheng who came from Pingshun No. 1 Middle School, Shanxi Province, was accepted by the Renmin University of China with a score of 617. Wang Yuxin, Wang Zhuoling, and Li Shuang from Wulong High School, Chongqing were admitted respectively to China Foreign Affairs University, Southwest University and Chongqing Medical University, with the scores of 613, 605 and 605.

6.3 Enhancement of Efforts in Targeted Poverty Alleviation

In 2016, the Bank continued donated RMB 7million to support the poverty alleviation in Xaitongmoin County(Tibet Autonomous Region) Zhaoyuhe Village, Rushu Village, and Poli Village of Dangchang County(Gansu Province) and Tongshu Village of Gao County (Sichuan Province). The Bank also dispatched cadres to the poverty-stricken areas to promote the targeted poverty alleviation project, help the poverty-stricken people to get rid of poverty and inject vitality into local economy.

Case: Poverty Alleviation Project in Tibet

In 2016, the Group dispatched cadres to Xaitongmoin County, Shigatse City, Tibet Autonomous Region to conduct poverty alleviation work and donated RMB4 million to support local infrastructure construction and schooling of local students from poor families. In particular, RMB3 million was used to construct five “CITIC Bank Canals”, while RMB1 million was used as the education aids.

The “CITIC Bank Canals” are located at Buru Village, Nibu Village, Laga Village, Pengchong Village, and Chongdang Village of Danapu Township, covering a total length of 6.15 km and involving 123 crossing buildings. The design, invitation of public bidding, construction, and supervision of “CITIC Bank Canals” were carried out in strict accordance with the standard procedures of engineering construction made by the county government. The county government served as the legal person of the project, while the county’s water conservancy bureau was responsible for the management of construction. The Water Quality and Safety Supervision Station of Shigatse City Water Conservancy Bureau took charge of the supervision of quality. By the end of the year, 80% of the five “CITIC Bank Canals” had been completed. They will be fully completed by May 2017 and opened for water discharge.

The aids are aimed at university freshmen and primary and middle school students from Xaitongmoin County, Shigatse City who had passed PE exam of inland Tibetan Class. The lump-sum fund of RMB3,000 was granted to a junior college student and RMB3,500 for an undergraduate student. A lump-sum fund of RMB4,000 was granted to a student who had passed PE exam of inland Tibetan Class. The county’s education bureau would provide the name, ID card number, and family background of students who were qualified to receive the fund. After the approval of the county’s finance bureau, the county’s education bureau would apply for the aids from the Bank. On 11th August 2016, Xaitongmoin County Government held a ceremony to grant the CITIC Bank aids. It had sponsored 79 junior college students, 157 undergraduate students, and 45 primary and middle school students of inland Tibetan Class. Additionally, Wuhan Branch had donated 4,000 books worth RMB100,000 to Danapu Township Primary School to form a “CITIC Bank Library”. The Banking Department of the

Head Office donated 1,200 books to the children in poverty-stricken mountainous areas of Tibet.

The Bank's poverty alleviation project in Shigatse will have a positive influence on the increase of income, employment, ecological protection, and schooling. First, to increase the yield of farming per *mu*. The construction of the five "CITIC Bank Canals" started in 2016 will help solve the irrigation problem of 3,930 *mu* (1 *mu* equals to ~666.67 square meters) of farmlands for 2,011 farmers from 392 households in five administrative villages in Danapu Township, which basically covered all the farmlands there. After the completion of the project, the yield per *mu* will increase from 350 *jin* (1 *jin* equals to 500 grams) to 450 *jin*. The annual increase of yield will be about 400,000 *jin*, bringing in an income of RMB707,400. The income per capita will increase by RMB351.3. Second, to create jobs. Four of the five construction teams, are hired locally, while remaining one from Sichuan also employs most workers locally and rents local construction machines. For the "CTIC Bank Canals" project, they rent an excavator for 100 days and 6,500 workers per day, bringing RMB950,000 in income for Danapu Township. Third, to protect the environment. According to the estimation by forestry experts, the completion of "CITIC Bank Canals" means better irrigation of forests and grasslands, which will help improve local ecological environment. Fourth, to help students from poor families. Because of lack of natural resources, Tibetans have low incomes. Tuition fee accounts for the majority of a family's expenditure. The poverty alleviation fund provided by the Bank directly alleviates the economic pressure of poverty-stricken families and helped Tibetan students walk out of the mountains, broaden horizons, receive better education, and contribute to their homeland.

Chhime Rigzing, Vice Chairman of the Tibet Autonomous Region, Zhang Yanqing, Secretary of the CPC Shigatse Municipal Committee, and other regional and municipal leaders expressed appreciate for the Bank's generous support for the development of poverty-stricken areas in Tibet, and sending cadres to Tibet to express the sincere gratitude. Xaitongmoin County Government wrote a letter of thanks to the Bank, presented a pennant, and made promotional panels in front of the government building. *Shigatse Daily* reported the Bank's assistance to poor college students, and the students wrote a letter of thanks to the Bank. In the interview, Tibetan folks grinned and nodded with blunt Chinese, and repeatedly expressed their gratitude to the Bank in Tibetan.

6.4 Engagement in Public Benefit Undertakings

6.4.1 Considerate Financial Services

Deduction and Exemption of Service Charges. In 2016, the Bank lowered and adjusted its charging standards, not only making deductions on the annual fee of debit cards and administration fee for low deposits accounts, but also exempting all the service charge for domestic transfers via mobile banking and personal Internet banking.

Provision of Convenience Services. In 2016, all the outlets of the Bank stepped up efforts to help and support the vulnerable groups, and further improved the measures for convenience services, presenting the philanthropy of the Bank.

Case: Charity Corner, Love from Small Action

Outlets of Zijin Sub-branch, Chengdu creatively opened up an area as a “Charity Corner”, where the handicrafts made by more than 20 disabled people from “Sunshine Home” workshop were sold to help these brave people with disabilities. The “Charity Corner” has attracted attention of caring people. When customers heard the touching story of these disabled people, they would lend a helping hand. By the end of the year, the “Charity Corner” has sold many handicrafts, worth RMB11,200. All the money was given to disabled people from “Sunshine Home”. Customer Mr. Liu said, “The charity activities of China CITIC Bank provide them with a platform to do something for others”. Chen Youming, a disabled craftsman, said, “I’m proud to see the handicrafts made by myself are shown on the platform of China CITIC Bank. We are all grateful for the economic and spiritual help provided by the Bank”.

When the employees of Baotou Branch of the Bank saw the children in the Baotou City Social Welfare Institute in 2011, they found inadvertently that the children had learned to make hand-woven crafts. In order to engage these children in social life and give them more help, Baotou Branch and Baotou City Welfare Institute signed a “charity agreement.” Banking Department of Baotou Branch, Qingshan District Sub-branch, Donghe District Sub-branch and Kaixuan Sub-branch set up a “Charity Corner”, where the handicrafts made by the children were sold, with all proceeds returned to children in the Welfare Institute.

More Attention to Details in Serving the Visually Impaired. In 2016, all the outlets of the Bank were equipped with Braille keyboards, service guides in Braille, courtesy seats and fast track windows. The Bank has taken into account the convenience of special customers for delivering the services, so the courtesy seats were set closer to the window. The Bank also thoughtfully posted signs saying “Guide Dogs Allowed”, allowing guide dogs to enter the outlets without affecting others, and assisting in explaining to and reassuring other customers. There was audio queue management equipment in the outlets to provide more convenience services for visually-impaired customers.

Thoughtful Services to the Elderly. In 2016, the Bank continued to provide the “Xingfu Nianhua” Card (literally meaning card for “happy times”) for the elderly customer group, explained to card holders about the basics of finance and how to detect counterfeit banknotes and prevent frauds, and prepared amenities for elderly customers such as reading glasses, wheelchairs and courtesy seats in outlets.

Support to Groups of Special Occupations. In 2016, the Bank set up service stations in its outlets for traffic police and cleaners, and launched film-watching activities for families of sanitation workers, bringing warmth to these families.

Case: Service Station for Sanitation Workers, Social Responsibility of the Bank

In 2016, a service station for sanitation workers was set outside the outlets of Zijin Sub-branch in Chengdu to bring convenience and warmth to sanitation workers. There were sun shades, microwave ovens, floor fans, water dispensers, chairs and other facilities in the station. It also provided free lunches for the hard-working sanitation workers. The service station served as a rest harbor so that the angels who brought us clean environment could enjoy a moment of leisure. The service station was applauded by the sanitation workers and people of the nearby

communities. One of the sanitation workers, Ms. Li commented, “There is no other bank like China CITIC Bank, which cares so much about us sanitation workers. We are very grateful to China CITIC Bank for providing us with these services.” The small act of kindness of Zijin Sub-branch in Chengdu is a microcosm of the Bank’s practice of “thanksgiving” culture.

6.4.2 Promotion of Financial Literacy

In 2016, all outlets of the Bank organized a series of activities to spread financial knowledge. In campaign for “promoting financial literacy” advocated by the China Banking Association (CBA), the Bank achieved significant results in teaching people “how to distinguish the authentic new edition of RMB100 banknote, and to keep away from the counterfeit money” in June, “how to cherish personal credit, and to get a loan for happiness” in July, and “how to prevent telecommunications network fraud, and to protect safety of money”. CBA granted an award to the Bank for producing the best results in the financial sector’s 2016 campaign for promoting financial literacy.

In September, the Bank launched the “Financial Literacy Promotion” campaign with the theme of “understanding more about finance for higher security about your wealth”. Various channels such as WeChat, outlets and online banking were leveraged to widely spread financial security knowledge, raise public awareness of financial risk prevention, and maintain security of customers’ funds. In addition, outlets of the Bank integrated public education with other activities of the Bank in communities such as the CITIC Red campaign, “Ten Ones” service standards, square dance, and other activities, and focused on customers’ experience to disseminate knowledge and deliver happiness to the public. China Banking Regulatory Commission recognized the Bank as a model organization in the 2016 “Financial Literacy Promotion” campaign.

6.5 Employee Volunteer Activities

The Bank established the CITIC Bank Youth Volunteer Association in 2014. The association works for the following purposes: to practice the voluntary spirit, disseminate advanced cultures, and contribute to the construction of a harmonious society characterized by unity and mutual help, equality and fraternity, and common advancement. Volunteers of the Bank have made the following solemn commitments: “Help others and serve the society to our best capacity irrespective of remunerations”.

Under the leadership of volunteer organizations, employee volunteers of the Group participated in various voluntary service activities, including but not limited to voluntary teaching, tree planting, caring for the elderly, caring for children suffering from diseases as well as other vulnerable groups, donating to disaster-stricken areas, providing warmth and caring to sanitation workers, advocating the Lei Feng Spirit, donating blood, advocating traffic compliance, raising funds for disaster relief by organizing charity bazaars, distributing Spring Festival couplets, etc. By the end of 2016, the Group organized 135 employee volunteers activities, involving approximately 4,600 person-times of employee volunteers.

Case: “China CITIC Bank, Your Companion” Poverty Alleviation Campaign

In December 2016, 12 volunteers from the Communist Youth League of the Head Office and

Chengdu Branch of the Bank went to Tongshu Village, Yibin City, Sichuan Province for a two-day campaign “China CITIC Bank, Your Companion” composed of activities for supporting education, conducting researches and spreading financial knowledge.

Volunteers of the Bank donated more than 100 books and sporting goods through CITIC Library to Minglang Primary School in Laifu Town and gave a CITIC lecture to introduce world-famous universities to and share learning methods and success stories with local students, inspiring them to explore the outside world. To demonstrate the power of knowledge in changing one’s destiny, the volunteer team also invited the staff of the Bank who were admitted to prestigious universities from the local middle school and achieved remarkable achievements after graduation to give a lecture. The students were encouraged to study hard by the role models.

The volunteers went into homes of villagers to help them with winter farming, poultry feeding, poor housing repair and other work. They carried out one-on-one questionnaire survey, and investigated in detail the situation and reasons of poverty-stricken households. They also talked with village officials to find out their difficulties in developing local economy and industries, and collected information on the demand for financial services to help the village committee apply for financial subsidies for farmers or projects. The volunteers drafted a preliminary follow-up assistance program that very night.

The volunteers also explained anti-counterfeiting, anti-fraud and poverty alleviation policies and other financial matters to the farmers in the villagers’ square by means of lectures, performances, Q&A sessions, etc. In this way, they reminded the villagers to raise their vigilance, and protect personal information and property security, and encouraged the villagers to learn to use the existing poverty alleviation policy and the Internet+ agricultural development model to shake off poverty leveraging the power of knowledge.

Case: “Hyacinth” Charity Education Fund Activity

In 2016, volunteers from the Risk Management Department of the Bank’s Head Office carried out the “Hyacinth” Charity Education Fund Activity. They went to Yanjing Little Swan Public Welfare School for Migrant Workers’ Children, Changping District, Beijing to carry out donations and teaching assistance activities. Yanjing Little Swan School is a specialized school for children of migrant workers in Beijing. The operation of the school was difficult. Most parents of the students do waste recycling, cleaning and other low-income work, with a low level of literacy and high mobility. There is a general lack of family care and self-confidence among the students. After the call of the Head Office’s Risk Management Department, the Bank, with the donation of the employees, purchased emergency supplies, electric fans, finishing boxes and other living necessities needed by the students, and used the weekend leisure time to help the school strengthen the school premises, reclaim the private places. It also sent staff to teach children efficient learning methods, Mathematical Olympiad, chess, calligraphy and other courses. By the end of the year, the Risk Management Department of the Head Office donated 248 books and RMB6,300, and 16 employees were involved in the activity as volunteers.

Case: Volunteers’ Active Involvement in Voluntary Blood Donation Activity

In 2016, hospitals in Hainan Province were getting short of blood as the number of patients grew. So the Hainan Provincial Government issued a call for blood donation. Haikou Branch of the Bank responded actively to the call of the Hainan Provincial Government, took the initiative to confirm the time for blood donation with the blood station, encouraged the staff to sign up, and put up blood donation notices. On 14th December, more than 80 volunteers from Haikou Branch participated in the blood donation activity”, and 50 of them donated a total of 13,050 ml blood, making a great contribution to the easing of blood shortage. The activity was widely acclaimed by the public, reflecting the spirit of “when trouble occurs at one spot, help comes from all quarters”.

Chapter 7 Green Banking and Environmental Protection

During the “12th Five-Year Plan” period, China promulgated a series of laws and regulations on building “resource-conserving” and “environmentally friendly” society and changing the previous extensive mode of economic development. The State Council also reiterated its determination to vigorously develop the environmental protection industry, and has established the National Energy Commission. Such moves will not only promote the shift of China’s economic model from “high carbon” to “low carbon”, but also significantly fuel the development of carbon finance. The Bank strictly follow the requirements of laws and regulations such as *Environmental Protection Law of the People’s Republic of China* and *Energy Conservation Law of the People’s Republic of China*, and the *2015-2017 Development Strategy of China CITIC Bank* defines the Bank’s industry positioning in the future, namely, adhering to putting the new economy and service industries as well as strategic emerging industries represented by energy conservation and environmental protection, new energy, new-generation information technology, biology and high-end equipment manufacturing as the key supporting areas.

7.1 Influence of Climate Change

The extreme weather and natural disasters caused by climate change will, on the one hand, lead to increased government spending on the response to natural disasters and special subsidies for energy conservation and emission reduction, new energy development and afforestation. On the other hand, it will pose a serious threat to the health of social groups, and a challenge to the supporting capacity of existing social system and social security fund.

7.2 Support for Green Credit

7.2.1 Participation in Green Credit

Defining Credit Policy. In 2016, the Bank positioned its industry development direction as “extending great support to green economy, circular economy and low-carbon economy featuring energy conservation, environmental protection and new energy, strictly controlling the financing demands in heavy-pollution high-energy-consumption industries; backing up the upgrading of high-end manufacturing and traditional manufacturing industries; actively supporting the upgrade of traditional service sectors, including healthcare, education services, catering and accommodation, transportation, journalism and publishing; and realizing breakthrough in modern service sectors like modern logistics, new media, cultural & creative services, E-commerce and old-age security without causing risk out of control”. It has put forward the green credit principle and requirements in credit extension policies for equipment manufacturing, petrochemicals, cement production, automobile manufacturing, construction and textile.

Case: Vigorous Promotion of the Green Leasing Business

From the beginning of 2015, CITIC Financial Leasing Co., Ltd. has adhered to the “market-oriented, professional, international” development path, focusing on creating a “green leasing” brand. In 2016, the company focused on the layout of clean energy, energy saving and

environmental protection and other related green credit areas to form special product lines. Business has been developing rapidly, business structure transformation has been achieved, the scale of business has been expanded, professional management has been gradually deepened, and its image in the market has been further enhanced. The company has signed a strategic cooperation agreement in the field of clean energy with the Beijing Enterprises Group New Energy, Chint Group, ZNSHINE PV-TECH and many other industry leaders. By the end of the year, the company's green credit leasing balance reached RMB12.526 billion, accounting for 36.61%. The proportion of clean energy and energy saving and environmental protection was 36% and 6% respectively.

CITIC Financial Leasing Company Co., Ltd. strengthened innovation by introducing leasing asset exchange in the industry and a three-party cooperation system "Leasing+", signing strategic cooperation agreements with many other financial institutions, establishing cooperation channels with more than 80 leasing companies and third-party financial institutions, thus building an open, collaborative brand image in the industry. The company has joined the Photovoltaic Green-ecosystem Organization (PGO) and is a member of many professional industry associations including China Environment Chamber of Commerce and China Energy Conservation and Environmental Protection Financial Alliance. Besides, it has been recognized as "The Most Innovative Leasing Company" in the 2016 Top Chinese Financial Institutions List released by *Financial Times*, "The Best Financial Leasing Company for Innovation" in the 13th China International Finance Forum, "Financial Leasing Company of the Year" by *Financial Money*, among others, establishing a brand of green leasing in the industry.

Identifying Environmental Risk. In 2016, the Bank formulated and strictly implemented "Four No-lending" principle¹⁸ and "Six Necessary Conditions"¹⁹ for project financing. At the pre-lending investigation stage, the Bank took compliance, land use, environmental protection, safe operation, case and lawsuit relating to the projects proposed for credit grant as key investigation targets. At the review and approval stage, the Bank implemented the "one-vote-down system" in environmental protection, taking enterprises' environmental protection and law compliance condition as the precondition.

Case: Stricter in-lending and Post-lending Management.

In 2016, Zhengzhou Branch of the Bank implemented stricter credit reviews, strengthened post-lending inspection and credit management, and attained gratifying results. During the process of customer development, the Bank required its operating institutions to attach importance to relevant information released by the Ministry of Environmental Protection, the Ministry of Land and Resources, the Ministry of Housing and Urban-Rural Development, the Food and Drug Administration, the State Administration of Taxation and other relevant government agencies, and take precautions against involvement of enterprises suspected of

¹⁸ Namely, no loans should be granted to: Projects unapproved by the authorized environmental assessment department; new projects restricted or eliminated by the national industry policy; high-polluting projects in the lists of "Restricted Regions" and "Restricted Drainage Basins" set by the environmental protection authorities; and enterprises and projects in violation of environmental protection laws.

¹⁹ The industrial policy and market access standards, project examination and approval or archival filing procedures, land use pre-examination, approval of environment impact assessment, energy-saving assessment review and credit, safety and urban planning regulations and requirements must be complied with, and those failing to meet the "Six Necessary Conditions" will not be qualified for credit support.

violating laws and rules. At the stage of routine post-lending inspection, the Bank promptly coordinated enterprises to rectify in accordance with relevant national regulations once those enterprises were found penalized by administrative departments on the notifications of administration and law enforcement column announced by Henan Provincial Environmental Protection Bureau. Meanwhile, it conducted in-depth analysis of the impact of illegal behavior on enterprises' production and operation, paid close attention to their operating conditions, kept track and grasp of the resolving progress, delivered reports as soon as possible in the event of major changes while actively adopting risk mitigation measures. As for credit clients with serious illegal or rule-violating behaviors, the Bank urged them to assume environmental and social responsibilities that they had promised to undertake at the beginning by taking concrete measures such as suspension of credit line, early declaration of the maturity of loans and so on.

More Green Loans. In 2016, the Bank conducted strict green credit management in highway, railway, port, airport, steel, non-ferrous metal, basic chemical engineering, cement and glass industries, taking environmental protection, energy conservation & emissions reduction standards and the implementation of social responsibility as the core conditions of credit access to the above industries, and exercised the one-vote-down right in granting loans to enterprises not meeting the requirements of environmental protection, energy conservation & emissions reduction and social responsibility. The Bank's green credit was mainly granted to projects for green transport, renewable and clean energies, energy conservation and environmental protection services, waste disposal, and pollution prevention and control. By the end of the year, the balance²⁰ of loans to green credit projects stood at RMB25.478 billion, an increase of 7.52% compared with the end of the previous year.

Case: Fast Freezing of Problematic Credit-granting Applications

In 2014, Xining Branch of the Bank established credit business relationship with a chemical company in Qinghai, and granted the company a low-risk credit line of RMB25 million, used for banker's acceptance of bills of exchange discounts. The credit was effective for six months. In 2015, the company received an overall credit line of RMB10 million for its daily operation.

In 2016, when the company applied to the Bank for loans and after it was reviewed, the Bank found that the company and relevant personnel had committed crime in polluting environment, and the court of first instance affirmed that the company directly discharged untreated production wastewater into fertilizer pools and self-built sedimentation tanks (without going through anti-seepage treatment and acceptance), resulting in leakage and spill of wastewater. After tested, the content of hexavalent chromium in the fertilizer pools and sedimentation tanks exceeded the maximum permissible emission concentration by 193 times and 36.34 times, respectively. Accordingly, the Bank froze the company's credit-granting application in time.

More Exchanges with Stakeholders. In 2016, the Bank carried out in-depth exchanges with the Ministry of Environmental Protection, the Ministry of Water Resources, the Central University of Finance and Economics, the World Bank, the Asian Development Bank, environmental interests bourses, listed water conservancy companies and other institutions in some areas such as prevention and control of water pollution, air quality control, green finance

²⁰ Statistical caliber includes 21 categories as per the Industry Classification of the National Economy (GB/T 4754 - 2011).

(green loans, green bonds), carbon finance, environmental protection funds and started some substantial cooperation in some fields. The Bank also took the initiative to visit the Shanghai Environment and Energy Exchange. The two sides held a talk about the construction of national carbon emissions trading market, and negotiated over the cooperation on the construction of cash and forward carbon emissions trading system and settlement by both sides, and now the relevant forward trading system has been released. The Bank was invited to give a lecture on the training conference with the theme of “green consumption and green bonds”, organized by the China Banking Association. The lecture touched on the relevant industrial policies and regulatory requirements on green consumption and green bonds, shared the practice of green consumption credit in the banking sector and the experience of practice of green bonds issuance, and made a positive contribution towards the facilitation of the banking sector as a whole to promote green finance.

7.2.2 Stringent Risk Control of “Two-high Industries”²¹

In 2016, the Bank adopted differentiated policies towards enterprises with high pollution and high emission. According to the actual conditions, the Bank took different measures including “support, maintenance, compression and withdrawal”. What will be supported are those excellent enterprises with high technology, high efficiency, huge potential and broad market prospect. As for other companies, the Bank formulated plans in time for their gradual tightening and exiting. For enterprises that cannot be tightened and exit in a short time, on the premise that their interests are well protected, the Bank adopted the policy that credit granting is maintained and tightening and exiting will be carried out at an opportune time. The Bank further strengthened the risk management of “two-high industries”, granted them credit, strictly adhered to the access standard of the industries, expanded research and examination on environmental and social risks including compliance, site selection, production processes, resource consumption and pollutant emission, and strengthened post-lending monitoring.

Table 8 Statistics on Loans to “Two-high Industries”

High energy consumption & heavy pollution industries	2016		2015	
	Balance of loans (RMB100 million)	Share in total corporate loans (%)	Balance of loans (RMB100 million)	Share in total corporate loans (%)
Iron and steel	219.63	1.31	222.77	1.30
Cement	54.08	0.31	60.14	0.35
Coke	29.25	0.19	39.64	0.23
Copper smelting	12.85	0.07	21.02	0.12
Aluminum smelting	23.17	0.14	29.92	0.17
Lead and zinc smelting	4.21	0.02	11.94	0.07
Thermal power generation	94.26	0.57	116.37	0.68
Total	437.45	2.64	501.80	2.92

²¹ Statistical caliber is based on the balances of items with the category names as per the Industry Classification of the National Economy (GB/T 4754-2011).

The Bank resolutely controlled credit grant to heavy-pollution high-energy-consumption industries, and practiced the mechanism of gradual exit from a group of overcapacity steel manufacturers. By the end of 2016, the Bank's balance of loans to "two-high industries" stood at RMB43.75 billion, down by 12.82% over the previous year; and the share of such loans in total corporate loans of the Bank went down by 28 percentage points over the previous year. Specifically, the balance of loans granted to the steel and iron industry was RMB21.96 billion, RMB0.31 billion or 1.41% less than the previous year; that to the thermal power generation industry was RMB9.43 billion, down by RMB2.21 billion and 19.00% from a year earlier.

7.2.3 Development of Green Intermediary Credit Business

Green intermediary credit business of the Bank means that the Ministry of Finance ("MOF") concluded a foreign currency denominated loan contract with an overseas financing bank, whereby the MOF borrowed foreign currency funds and entrusted the Bank to invest the funds in eligible energy conservation and emission reduction projects, and the Bank guaranteed to the MOF that it would repay both principals and interests to the overseas financing bank in a timely manner. The Bank had exchanges with KfW about green fee-based credit business in 2016. KfW issued an assessment report on green fee-based credit business to the Bank, summarizing and evaluating the overall operation of the business.

In 2012, entrusted by the Ministry of Finance, the Bank cooperated with KfW in green fee-based credit business. KfW provided the Bank with a loan of EUR42 million, a special fund for the Bank's green project to reduce greenhouse gas emission. In 2016, the Bank continued to invest the fund in ten green projects, including new-energy buses of Tianjin Public Transport Group Holdings, Ltd., waste disposal technology of Beijing GeoEnviron Engineering & Technology, Inc., and heating energy conservation project of Jilin Kelong Architectural Energy Saving Technology Co., Ltd. By the end of 2016, the remaining loan prepared for green projects was EUR29.31 million, down by 12.34%. The reserved green projects of the Bank valued over RMB10 billion.

Case: Green Fee-based Credit supported the bus project of Panyu, Guangzhou.

In the Panyu bus project, the Bank plans to develop a new-energy bus whose fuel is shifted from the original diesel to condensed natural gas (CNG). The total investment of the project is RMB133 million, among which RMB20 million comes from green credit. The project can save energy and cost, reduce greenhouse gas emissions and improve the service of public transport. The project is estimated to save 1,314.9 MWh and reduce CO₂ emissions by 4,010.3 tons every year.

7.3 Promotion of E-banking Transactions

In 2016, the Bank continued the two-way balanced development of "Internet-based financial services" and "finance-based Internet business". With Internet finance as the breakthrough point, it mainly focused on mobile finance, and e-banking business achieved rapid development. By the end of the year, the Bank's total number of personal mobile banking customers reached 19,584,800, up by 53.87%. Amount of personal mobile banking transactions reached RMB27,213.52, up by 138.56%. Personal online banking business was growing steadily, with existing subscribers reaching 23,081,900 and new subscribers 5,050,000, up by 28% from a

year earlier. The transaction substitution rate of e-banking transactions reached 97.83%, representing a year-on-year increase of 1.7 percentage points.

Table 9 Statistics on E-banking Business of the Bank

	2016	2015	Changes
Personal E-Banking			
Customer number of personal Internet banking (10,000 accounts)	2,308.19	1,803.19	28.01%
Transaction amount of personal Internet banking (RMB100 million)	114,705.39	114,805.56	-0.09%
Customer number of personal mobile banking (account)	1,958.48	1,272.73	53.89%
Transaction amount of personal mobile banking (RMB100 million)	27,213.52	11,407.49	138.56%
Corporate E-Banking			
Transaction amount of corporate Internet banking (RMB100 million)	661,236.60	560,718.37	17.93%
Transaction number of corporate Internet banking (10,000 transactions)	5,222.41	4,812.05	8.53%

7.4 The Practice of Energy Conservation and Emission Reduction

7.4.1 Video Conferences

In 2016, the Bank vigorously advocated video conferences and tried hard to control the number of on-site meetings. By the end of the year, the Bank held about 4,323 video meetings and trainings, up by 4.40%, including 378 at the Head Office level, up by 41.04%; and about 3,945 at the branch level, down by 1.86%.

7.4.2 The Use of Eco Business Cards

In 2016, the Bank continued to adopt business cards made by the environmentally-friendly paper named “250g Diemei 100% Environmentally Friendly Recycled Paper 700*1000mm”. By the end of 2016, the Bank purchased about eight tons of recycled papers used for business cards. Compared with non-recycled paper, this amount of recycled papers means to reduce CO₂ and greenhouse gas emissions by 1,456 kg, dumped solid waste by 9,848 kg, and car mileage by 14,560 km, and save 279,200 liters of water, 15,688 kWh of electricity and 16,000 kg of wood.²²

7.4.3 Usage of Copy Paper

In 2016, the Bank encouraged employees to reduce the use of copy paper and the printing of hard copies of regular reports and conference materials. By the end of 2016, the Bank purchased approximately 440,100 packs of A4 copy paper (equivalent to approximately 1,051.83 tons²³ of CO₂ emissions, an increase of 7.05%), with per capita purchase thereof 8.06

²² Data resource: Beijing Branch of Antalis China (Shanghai).

²³ Each pack of A4 copier paper is of the 500-piece standard specification and weighs 2.5 kg; CO₂ emission factor for the entire life cycle of paper is 956kg CO₂ emission/ton. Data source is DEFRA 2014.

packs, an increase of 4.68% over the previous year.

Case: Strengthened Management on Paper Saving.

The Ningbo Branch of the Bank:

- Promotes publicity and education on paper saving;
- Adopts integrated management of paper purchase and distribution with cost shared proportionally;
- Strives to build an electronic office, adopts multimedia as much as possible for conference materials, and encourages less use of e-mail and fax;
- Requires that when printing, if possible, both sides of paper should be used, typeface and page margin should be reduced appropriately so as to use paper more efficiently;
- Calls for checking and previewing documents before printing to avoid unnecessary printing;
- Replaces paper holiday cards with electronic ones.

7.4.4 Management of Business Vehicles

In 2016, the Group consumed 2,336,800 liters of gasoline for business vehicles, which equivalent to 5,551.63 tons²⁴ of CO₂ emissions. The Bank consumed 2,293,800 liters of gasoline for business vehicles, which equivalent to 5,449.52 tons of CO₂ emissions and decreased by 16.19%.

Case: Measures for enhanced management of business vehicles

The Nanchang Branch of the Bank has made the following rules:

- Official vehicles should be refueled at specified gas stations, strengthens the management on oil consumption calculation of official vehicles, and establishes a unified ledger.
- According to rules of the Branch, official vehicles cannot be left at any staff's home overnight or used for personal purpose in holidays, weekends or after work in workdays.
- Users of official vehicles should choose economical routes as much as possible.
- Persons heading for the same direction should try to carpool to avoid unnecessary vehicle use.
- After being started, vehicles should begin to drive within one minute and keep driving at a moderate speed for three to five km for warm-up.
- Air pressure of tires should be checked regularly to ensure that they are in the best condition.
- Users of official vehicles should try to use air conditioner as less often as possible, and if

²⁴ Average fuel consumption intensity of business vehicles is calculated at 0.731kg/l. Data source is DEFRA 2014. CO₂ emission factor is 3.25 CO₂ emission/ton. Data sources include IPCC Guidelines for National Listing of GHG Emissions and China Energy Statistics Year Book 2012.

using it, set it to an appropriate temperature.

- Official vehicles should run at an economical speed and driving over speed limit is prohibited.
- Engines of official vehicles should be turned off if users have to wait for more than one minute in queue, traffic jam or other affairs.

7.4.5 Energy Consumption in Logistics

In 2016, the Group delivered 1,276,200 pieces of couriers with 956,620 kilograms, which equaled to 22.00 pieces per capita with 17.51 kilograms per capita. In 2015, the Bank delivered 1,263,700 pieces of couriers, an increase of approximately 9.31% than the previous year, or 956,200 kilogram of couriers by weight, an increase of 43.34% compared with the previous year. The corresponding per capita figure was 23.14 pieces of couriers and 17.51 kilogram by weight, an increase of 6.33% and an increase of 39.38% than the previous year, respectively.

7.4.6 Electricity and Water Consumption

In 2016, the Bank consumed 26,086,95kWh of power (equivalent to 182,100 tons²⁵ of CO₂ emissions), 4.70% higher than the previous year. The per capita power of consumption was recorded 4,776.08 kWh, 1.86% higher than the previous year. The Bank consumed about 2,116,000 tons²⁶ of municipal water, approximately 5.41% higher than the previous year, with per capita amount of about 38.74 tons, approximately 2.49% higher than last year.

Case: The Strengthened Management of Electric Power Saving.

The Taiyuan Branch of the Bank:

- Has issued management rules to regulate electricity for lighting and electrical appliances;
- Replaces ordinary lights with LED lights;
- Requires that the temperature of air conditioners should be no lower than 26 degrees Celsius in summer and higher than 18 degrees Celsius in winter;
- All lights should be turned off after staff leave the office, and staff should check the condition of lights before leaving and then security guards should check for a second time;
- Electric power saving signs and “Turn off the Light When Leaving” signs should be posted, and lights in staircases should be turned off in daytime;
- On non-working days, staff on duty are required to avoid using electrical equipment in non-business districts.

7.4.7 Hardcopy Account Statements

In 2016, the Bank reinforced efforts to cultivate awareness of energy conservation and environmental protection, guiding customers to shift from hardcopy to electronic account

²⁵ The CO₂ emission factor was sourced from the 2012 data in 2011 and 2012 Average CO₂ Emission Factors of Grids in the China Region.

²⁶ The data for the previous year exclude shared water consumption, but those for this year include shared water consumption.

statements with the use of multiple channels such as its official website, account statements and SMS text messages. By the end of 2016, annual number of credit card account statements of the Bank were 161 million with an up of 33.07%. A hardcopy-to-e-statement substitution rate was 79.54%, which up 8.2 percentage points compared with the end of the previous year. It was equivalent to a reduction of 128 million hardcopies, or a reduction of paper use by approximately 2,560 tons²⁷, equivalent to a reduction of 2,447 tons of CO₂ emissions. The aforementioned number of credit card account statements included 32.86 million hardcopies of enveloped statements, a decrease of 5.01%, which was equivalent to 628 tons²⁸ of CO₂ emissions.

7.4.8 Waste Disposals

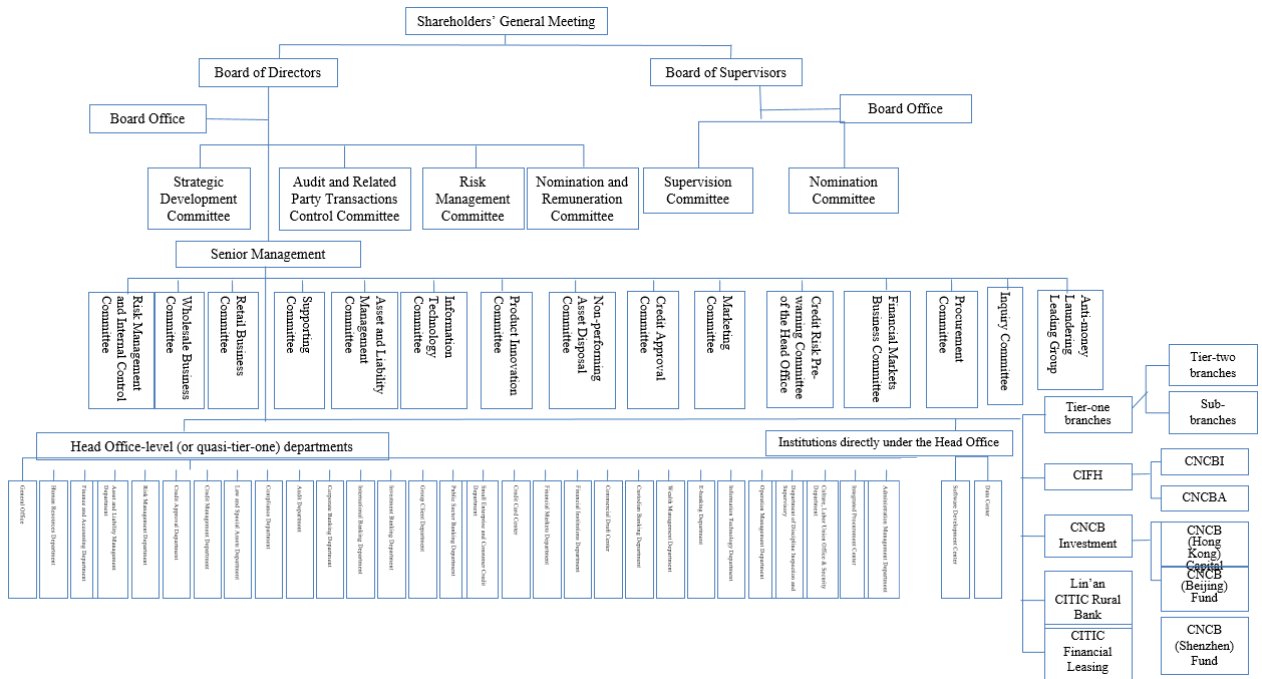
In 2016, the Group disposed more than 12,500 electronic devices (including personal computers, displays, printers, fax machines, MFPs, laptops, servers, projectors, video cameras, cameras, recorders, video capture cards, racks, terminals, telephone sets, water dispensers, queuing machines, cash registers, electronic screens and dashboards). Decommissioned office consumables were approximately 47,300 items (including printer ink boxes, cartridges, keyboards and mice). About 47,700 batteries of all types were disposed. The total destroyed paper through formal channels was 166.32 tons. In 2016, the Bank disposed equipment of 12,500 items with a decrease of 45.40%. Decommissioned office consumables were approximately 46,000 items and increased 7.66% compared with the last year. All types of batteries disposed were 46,200 items, which up to 17,10%. Through formal channels, total paper destroyed was 165.01 tons with a 50.4% increase.

²⁷ Calculation criteria: Hardcopy statements weigh 20g/envelope.

²⁸ CO₂ emission factor for the entire life cycle of paper is 956kg CO₂ emission/ton. Data source is DEFRA 2014.

Chapter 8 Annexes

8.1 Corporate Structure



8.2 Outlet Map



8.3 Honors

8.3.1 Overseas Institutions

In March, the Bank ranked the 34th with a brand value of USD7,103 million among the “Banking 500 2015” selected by the British magazine *The Banker*;

In March, the Bank was named the “2016 Most Improved Retail Bank in China” by *The Asian Banker*;

In May, the Bank ranked 79th among the “Top 2,000 Global Companies” published by the *Forbes* magazine;

In May, the Bank was given the “Best Corporate Financial Trade Transactions Achievement in China” and the “Achievement in Enterprise Risk Management of the Year” by *The Asian Banker*;

In June, the Bank was selected as the “Bank with Best Customer Relationships in China 2016” by *The Asian Banker*;

In July, the Bank ranked the 30th in terms of tier-one capital and the 36th in terms of total assets among the “Top 1,000 World Banks” published by the British magazine *The Banker*;

In July, the Bank ranked the 245th among the Top 500 “Green Rankings” published by the *Newsweek* of the United States and the first among Chinese banks;

In July, the Bank was presented the “2016 ECI Awards Golden Prize in Product Innovation” by the International E-Commerce Innovation Association (IECIA);

In November, Hong Kong Institute of Certified Public Accountants issued the Best Corporate Governance Awards in H-share Companies and Other Mainland Enterprises Category” to the Bank;

In December, the International E-Commerce Innovation Association (IECIA) granted the “Financial Industry---2016 ECI Annual Business Innovation Institution Award” to the Bank;

In December, the Bank was given the “Best Growing Wealth Management Business Award” by *The Asian Banker*.

8.3.2 Domestic Government Agencies

In March 2016, the Bank received the “Best Market Maker Award”, “Best Spot Trade Award”, “Best Forex Transaction Award”, “Best Standard Forex Swap Market Maker Award” and “Best Backend Support Market Maker Award” for 2015 as well as the “Top Market Influence Award”, “Best Derivative Trading Award”, “Money Market Innovation Award”, and “Interbank CDs Outstanding Contribution Award” for interbank domestic currency market from the China Foreign Exchange Trade System (CFETS).

In May 2016, the Bank was recognized as “2015 Excellent Institution by Quality of Data in Personal Credit Management System” by the Credit Reference Center of the People’s Bank of China.

In October 2016, the Bank won one first prize, two second prizes and two third prizes of the 2015 Award of Banking Scientific and Technological Development granted by the People's Bank of China.

In December 2016, the Bank was honored as a model organization in the 2016 "Financial Literacy Promotion" campaign by the China Banking Regulatory Commission (CBRC).

In December 2016, the Bank received one award for Category-1 findings and two awards for Category-4 findings in the 2016 Research Program on IT-related Risk Management in the Banking Sector from CBRC.

8.3.3 Domestic Media Outlets

In March 2016, the Bank was recognized as the "2016 Best Investment Bank of China for Universal Banking" and the "2016 Best Bank of China for Cross-border Financing" by *Securities Times*.

In May 2016, the Bank received the 2016 China Financial Innovation Award in the category of "Top 10 Financial Products" from *The Chinese Banker*.

In June 2016, the Bank was recognized as the "Best Investment Bank" by Finance.sina.com.cn.

In July 2016, the Bank won the "2016 Most Popular Internet Finance Platform", "Best Wealth Management Product for Equity Investment" and "Best Wealth Management Product for Secured Returns" awards from *Securities Times*.

In July 2016, the Bank was honored as "2016 Best Bank for Strategic Innovation" by *21st Century Business Herald*.

In September 2016, the Bank was recognized as an "Outstanding Bank for Online Marketing" by *National Business Daily*.

In September 2016, the Bank was honored as the third favorite joint-stock commercial bank of the general public by *The Chinese Banker* in the 2016 rankings of Chinese commercial banks by competitiveness.

In November 2016, the Bank was ranked among the "Top 10 Banks in Internet Finance Innovation" by *Financial Times* in the selection of Top Chinese Financial Institutions or winners of Golden Dragon Award.

In November 2016, the Bank was recognized as the "Outstanding Internet Innovation Bank of the Year" by *The Economic Observer*.

In November 2016, the Bank was honored as the "Most Innovative Credit Card Issuer" by Yicai Media Group.

In November 2016, the Bank received the "2016 Corporate Banking Innovation Award" by *21st Century Business Herald*.

In November 2016, the Bank was recognized as the "Best Bank in Corporate Auto Finance" at the China Auto Finance Annual Meeting held by *21st Century Business Herald*.

In November 2016, the Bank won the “Chinese Financial Brands Bauhinia Award” from Sina.com.cn and the China Center for Financial Research, Tsinghua SEM.

In December 2016, the Bank received the “Excellent CSR Report Award” from Xinhuanet.com.

In December 2016, the Bank was honored as a “Credible Financial Service Provider for International Students” by *China Daily* in the selection of “2016 Top Players in China’s English Training Industry by Value”.

In December 2016, the Bank won the “2016 Most Innovative Internet-based Credit Card Award” from CIWEEK.

In December 2016, the Bank was recognized as the “Best Bank of the Year in Brand Building” by *Financial Times*.

In December 2016, the Bank was honored as the “Best Commercial Bank of the Year in Communication” by *21st Century Business Herald*.

In December 2016, the Bank was recognized as the “Golden Joint-stock Commercial Bank of the Year” by *Financial Money*.

In December 2016, the Bank won the “Excellent Private Banking Brand Award” in the selection of Golden Tripod Award by *National Business Daily*.

In December 2016, the Bank was ranked among the “Top 50 Best Employers of College Graduates in China” and the “Top 15 in the Financial Sector” at the 14th China HR Best Employers Award Ceremony.

In December 2016, the Bank was recognized as the “Best Asset Custodian Bank” by China Internet Finance Center and China.org.cn.

8.3.4 Domestic Associations and Other Institutions

In May, the Bank received the “Best Wealth Management Capacity Award”, “Best Innovation Award”, “Best Risk Control Award”, “Best Compliance Award”, and “Best Social Responsibility Award” from China Banking Association.

In June, the Bank won the “Best CSR Practice Award” granted by China Banking Association.

In July, the Bank was ranked fifth among commercial banks that operate across the country for its GYROSCOPE evaluation system by China Banking Association.

In November, the Bank won the “Best Mobile Banking Experience Award” granted by China Financial Certification Authority (CFCA).

In October, the Bank received the “Best Mobile Financial Platform Award” from Tsinghua University.

In December, the Bank received the “2016 Award of Outstanding Contributions to Standard Service Delivery in China’s Financial Sector” from China Banking Association.

In December, the Bank was honored as an “Exemplary Organization in Building Corporate Culture in the Chinese Financial System” by China Society for Cultural and Ethical Progress

in the Financial Sector.

IV. Independent Limited Assurance Report

2017/SH-089

(Page1/4)

English Translation for Reference Only

Independent practitioner's assurance report

To the Board of Directors of China CITIC Bank Corporation Limited

We have been engaged to perform a limited assurance engagement on the 2016 Social Responsibility Report ("SR report") of China CITIC Bank Corporation Limited ("the CITIC Bank").

Responsibilities of the Board of Directors

The Board of Directors of the CITIC Bank is responsible for the preparation of the SR report based on Guidelines on Environmental Information Disclosure by Companies Listed on the Shanghai Stock Exchange ("SSE") and Guidelines on Preparation of 'Corporate Report on Performance of Social Responsibilities' (collectively known as the "SSE Guidelines"), and Hong Kong Exchange and Clearing Limited ("HKEx")'s Environmental, Social and Governance Reporting Guide ("ESG Reporting Guide"), and with reference to Global Reporting Initiative ("GRI")'s Sustainability Reporting Guidelines ("G4"), Opinions on Strengthening Social Responsibilities of Banking Financial Institutions promulgated by the China Banking Regulatory Commission, Guidelines on Corporate Social Responsibilities of Banking Financial Institutions promulgated by the China Banking Association, ISO 26000, and GB/T36001-2015 Guidance on Social Responsibility Reporting. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the SR report that is free from material misstatement, whether due to fraud or error.

The Board of Directors is also responsible for setting the Bank's objectives in respect of social responsibility performance and reporting, including identification of stakeholders and material issues that are relevant to these stakeholders.

2017/SH-089

(Page2/4)

Our Independence and Quality Control

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

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibilities

It is our responsibility to express a conclusion on whether we are aware of any matter that would materially affect the SR report based on limited assurance engagement.

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

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion on any matter that would materially affect the SR report. Our work involves assessing the risks of material misstatement in the SR report whether due to fraud or error, and responding to the assessed risks. The extent of procedures selected depends on our judgment and assessment of the engagement risk.

Within the scope of our work, we have performed the following procedures in the Head Office the CITIC Bank and Tianjin Branch.

The procedures we performed comprised:

- 1) Interviews with the management in terms of the strategy and policy of SR report, to inquire the formulation and implementation of SR-related strategy and policy;
- 2) Interviews with departments in charge of SR report and departments involved in providing performance information for inclusion in the SR report, to inquire the design and operation of SR report information collection and summary procedures;
- 3) Consistency comparison between key financial performance data in the SR report with related data in financial report;
- 4) Analytical procedure of KPIs in the SR report, based on which we carried out sampling and recalculation of selected KPIs;
- 5) For information other than KPIs, selecting samples for comparison and check with related internal documentation or public information;
- 6) On-site interviews with Tianjin Branch;
- 7) Other procedures deemed necessary.

Our assurance was with respect to the year ended 31 December 2016 information only and we have not performed any procedures with respect to earlier periods or any other elements included in the SR report.

2017/SH-089

(Page4/4)

Inherent Limitation

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

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the SR report is not prepared, in all material respects, based on the SSE Guidelines and the ESG Reporting Guide and with reference to GRI's Sustainability Reporting Guidelines ("G4").

Restriction on Use

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

PricewaterhouseCoopers Zhong Tian LLP

Shanghai, China

March 22nd, 2017

V. Index for GRI²⁹ Indicators

Profile	Location of disclosure	Profile	Location of disclosure	Profile	Location of disclosure
1. Strategy and Analysis		GA4-47	Undisclosed	G4-EN31	Undisclosed
G4-1	P5-13	G4-48	2016 Annual Report	G4-EN32	P65-66
G4-2	P5-13	G4-49	P25-26	G4-EN33	P65-66
2. Organizational Profile		G4-50	P25-26	G4-EN34	Not applicable
G4-3	P2-3	G4-51	2016 Annual Report	G4-LA1	P67-68
G4-4	P10-11	G4-52	2016 Annual Report	G4-LA2	P69-72
G4-5	P106	G4-53	Undisclosed	G4-LA3	P70
G4-6	P10-11	G4-54	Undisclosed	G4-LA4	Undisclosed
G4-7	P10-11	G4-55	Undisclosed	G4-LA5	P69
G4-8	P10-11	7. Ethics and Integrity		G4-LA6	P71
G4-9	P10-11	G4-56	Undisclosed	G4-LA7	Undisclosed
G4-10	P12, P67-68	G4-57	P69-70	G4-LA8	P69-72
G4-11	P68-70	G4-58	P69-70	G4-LA9	P72-73
G4-12	P65-66	G4-EC1	P8-9	G4-LA10	P72-73
G4-13	P65-66	G4-EC2	P82-83	G4-LA11	Not applicable
G4-14	P25-33	G4-EC3	P8-9	G4-LA12	P67-68
G4-15	P87-90	G4-EC4	Proprietary information	G4-LA13	Proprietary information
3. Identified Material Aspects and Boundaries		G4-EC5	P68	G4-LA14	P65-66
G4-16	P45-46	G4-EC6	P67-68	G4-LA15	Not applicable
G4-17	P10-12	G4-EC7	P5, P34-42	G4-LA16	Undisclosed
G4-18	P2-3	G4-EC8	Not applicable	G4-HR1	Not applicable
G4-19	P18-20	G4-EC9	Undisclosed	G4-HR2	P72-73
G4-20	P2-3	G4-EN1	P87-90	G4-HR3	Undisclosed
G4-21	P2-3	G4-EN2	P87	G4-HR4	Undisclosed
G4-22	Not applicable	G4-EN3	P87-90	G4-HR5	Undisclosed
G4-23	P2-3	G4-EN4	P87-90	G4-HR6	Undisclosed
4. Stakeholder Engagement		G4-EN5	P87-90	G4-HR7	Undisclosed
G4-24	P20-23	G4-EN6	P87-90	G4-HR8	Not applicable
G4-25	P18-24	G4-EN7	P87-90	G4-HR9	Undisclosed
G4-26	P20-23	G4-EN8	P89	G4-HR10	Undisclosed
G4-27	P20-23	G4-EN9	Not applicable	G4-HR11	Undisclosed
5. Report Profile		G4-EN10	Undisclosed	G4-HR12	Undisclosed
G4-28	P2-3	G4-EN11	P57	G4-SO1	Undisclosed

²⁹ GRI stands for Global Reporting Initiative.

G4-29	P2-3	G4-EN12	Not applicable	G4-SO2	Undisclosed
G4-30	P2-3	G4-EN13	Not applicable	G4-SO3	Undisclosed
G4-31	P2-3	G4-EN14	Not applicable	G4-SO4	P46-47
G4-32	P96-99	G4-EN15	P87-90	G4-SO5	Undisclosed
G4-33	P96-99	G4-EN16	P87-90	G4-SO6	P74-77
6. Governance		G4-EN17	Not applicable	G4-SO7	Not applicable
G4-34	P25	G4-EN18	Not applicable	G4-SO8	Proprietary information
G4-35	2016 Annual Report	G4-EN19	P87-90	G4-SO9	Undisclosed
G4-36	Undisclosed	G4-EN20	Not applicable	G4-SO10	P65-66
G4-37	P18-24	G4-EN21	Not applicable	G4-SO11	Undisclosed
G4-38	P25-29	G4-EN22	Undisclosed	G4-PR1	Not applicable
G4-39	P25-29	G4-EN23	P90	G4-PR2	Not applicable
G4-40	2016 Annual Report	G4-EN24	Not applicable	G4-PR3	Not applicable
G4-41	P25-29	G4-EN25	Not applicable	G4-PR4	Not applicable
G4-42	P25	G4-EN26	Not applicable	G4-PR5	P57-58
G4-43	Undisclosed	G4-EN27	Not applicable	G4-PR6	Not applicable
G4-44	Undisclosed	G4-EN28	Not applicable	G4-PR7	Proprietary information
G4-45	P30-33	G4-EN29	Undisclosed	G4-PR8	Undisclosed
G4-46	P30-33	G4-EN30	Not applicable	G4-PR9	Proprietary information

8.5 Index for ESG³⁰ Indicators

Content	Pages
A. Environmental aspect	
A1 Emissions	
General disclosure: Information on: (i) the policies; and (ii) 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.	P82-84
A1.1 The types of emissions and respective emissions data.	P87-90
A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P87-90
A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P90

³⁰ ESG stands for Environmental, Social and Corporate Governance.

A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P90
A1.5 Description of measures to mitigate emissions and results achieved.	P87-90
A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	P90
A2 Use of resources	
General disclosure: Policies on efficient use of resources including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	P87-89
A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kwh in '000s) and intensity (e.g. per unit of production volume, per facility).	P89
A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P89
A2.3 Description of energy use efficiency initiatives and results achieved.	P87-89
A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Not applicable
A2.5 Total packaging material used for finished products (in tonnes), and if applicable, with reference to per unit produced.	Not applicable
A3 The environment and natural resources	
General disclosure: Policies on minimizing issuer's significant impact on the environment and natural resources.	P82-84
A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P82-84
B. Social aspect	
B1 Employment	
General disclosure: Information on: (i) the policies; and (ii) 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.	P67-68
B1.1 Total workforce by gender, employment type, age group and geographical region.	P67-68
B1.2 Employee turnover rate by gender, age group and geographical region.	P67-68
B2 Health and safety	
General disclosure: Information on: (i) the policies; and (ii) compliance with relevant laws and regulations that have a significant impact on	P67-72

the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	
B2.1 Number and rate of work-related fatalities.	P71
B2.2 Lost days due to work injury.	P71
B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	P69-71
B3 Development and training	
General disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	P72
B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management, etc.).	P72-73
B3.2 The average training hours completed per employee by employee category and gender.	P72-73
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 or forced labor.	P67
B4.1 Description of measures to review employment practices to avoid child and forced labor.	P67
B4.2 Description of steps taken to eliminate such practices when discovered.	P67
B5 Supply chain management	
General disclosure: Policies on managing environmental and social risks of supply chain.	P65-66
B5.1 Number of suppliers by geographical region.	P65-66
B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	P66
B6 Product responsibility	
General disclosure: Information on: (i) the policies; and (ii) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	P60
B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable
B6.2 Number of products and service related complaints received and how they are dealt with.	P50-51, P57-58
B6.3 Description of practices relating to observing and protecting intellectual property rights.	P60

B6.4 Description of quality assurance process and recall procedures.	Not applicable
B6.5 Description of consumer information protection and privacy policies, how they are implemented and monitored.	P53-54
B7 Anti-corruption	
General disclosure: Information on: (i) the policies; and (ii) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	P46-47
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.	Undisclosed
B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	P46-47, P69-70
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 communities' interests.	P74-82
B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	P74-82
B8.2 Resources contributed (e.g. money or time) to the focus area.	P74

8.7 Feedback Questionnaire

To better understand your needs, improve quality of CITIC Bank's social responsibility report and provide you and other stakeholders with more valuable information, we would like to invite you to answer relevant questions in the Feedback Questionnaire and send your response to us either by facsimile or by mail delivery (please kindly indicate "Feedback Questionnaire about CITIC Bank's Social Responsibility Report" on the envelope if you choose mail delivery).

Postal Address: Supervisory Department, Head Office, China CITIC Bank, No. 9 Chaoyangmen Beidajie, Dongcheng District, Beijing

Postal Code: 100010

What is your overall view of the Report?

Do you think the Report fully discloses what you hope to understand about CITIC Bank's performance of social responsibility?

What further information do you hope to be disclosed in CITIC Bank's social responsibility report?

Do you think the Report is of the right length?

Do you think the Report is of a reasonable structure? How can we make further improvement?

Are you satisfied with the design style of the Report? How can we make further improvement?

What are your other suggestions regarding CITIC Bank's social responsibility report?

Your Information

Name-----Work unit-----

Position-----Telephone-----

Fax-----Email-----

Contact:

China Citic Bank Corporation Limited

Address: Supervisory Department, Head Office, China CITIC Bank, No. 9 Chaoyangmen Beidajie, Dongcheng District, Beijing 100010, P.R.China

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